

FINANCIAL STATEMENTS

2018

Corficolombiana

Corficolombiana

Consolidated Financial Statements
as of December 31, 2018

Corficolombiana
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TAX AUDITOR'S REPORT

To the Shareholders of
Corporacion Financiera Colombiana S.A.:

Report on the financial statements

I have audited the consolidated financial statements of Corporacion Financiera Colombiana S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2018 and the consolidated income statement, of other comprehensive income, changes in equity and cash flows for the semester that ended on that date and its respective notes, which include a summary of the significant accounting policies and other explanatory information.

Responsibility of management regarding the consolidated financial statements

Management is responsible for the adequate preparation and presentation of these consolidated financial statements according to Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and keeping relevant internal control for the preparation and presentation of consolidated financial statements free of material misstatement, whether due to fraud or error, selecting and applying the appropriate accounting policies, as well as establishing the reasonable accounting estimates in the circumstances.

Tax auditor's responsibility

My responsibility consists in expressing an opinion on the consolidated financial

statements based on my audit. I obtained the necessary information to fulfill my functions and performed my examination according to the Information Assurance Standards accepted in Colombia. Such standards require that I fulfill ethical requirements, plan and perform the audit to obtain reasonable assurance of whether the consolidated financial statements are free of material misstatement.

An audit includes carrying out procedures to obtain evidence of the amounts and disclosures in the consolidated financial statements. The selected procedures depend on the tax auditor's judgment, including the assessment of risk of the material misstatements in the consolidated financial statements. In such risk assessment, the tax auditor considers the relevant internal control for the preparation and presentation of consolidated financial statements, in order to design audit procedures that are appropriate under the circumstances. An audit also includes assessing the use of appropriate accounting policies and the reasonableness of the accounting estimates made by management, as well as assessing the presentation of consolidated financial statements in general.

I consider that the audit evidence I obtained provides a reasonable basis to support the opinion I express below.

Opinion

In my opinion, the consolidated financial statements mentioned and enclosed to this report, reasonably present, in all material aspects, the consolidated financial position of the Group as of December 31, 2018, the consolidated results of its operations and its consolidated cash flows for the semester that ended on that date, according to the Accounting and Financial Reporting Standards accepted in Colombia, applied in a uniform way, except for the application of

IFRS 15 that entered into force from January 1, 2018.

Other matters

The consolidated financial statements as of and for the year ending on December 31, 2017 were exclusively prepared for comparison purposes, were audited by a different public accountant (member of KPMG S.A.S.), who issued a clean opinion thereon in his report dated February 19, 2018.

Diana Alexandra Rozo Muñoz

Statutory Auditor of Corporacion Financiera de Colombia S.A.

Professional License 120741 -T

Member of KPMG S.A.S.

February 20, 2019

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Expressed in millions of Colombian Pesos)

	Notes	December 31, 2018	December 31, 2017
Assets			
Cash and cash equivalents	8	\$ 1,767,343	1,971,359
Active positions in money market operations	9	277,127	317,275
Investments measured at fair value with changes in results	10 (a)	1,980,592	1,609,924
<i>Debt instruments</i>		1,357,517	1,090,025
<i>Equity instruments</i>		623,075	519,899
Investments measured at fair value with changes in other comprehensive income (OCI)	10 (b)	3,126,809	850,351
<i>Debt instruments</i>		2,115,514	-
<i>Equity instruments</i>		1,011,295	850,351
Investments measured at amortized cost	11	62,488	1,805,470
<i>Debt instruments</i>		62,488	1,805,470
Derivative financial instruments	12	52,437	41,273
Investments in related companies and joint ventures	13	759,222	820,124
Portfolio of credits, net	14	1,697,746	2,447,461
Accounts receivable, net	15	1,546,559	1,379,101
Financial assets in concession agreements	16	5,118,682	3,068,629
Property, plant and equipment, net	17	2,370,546	2,471,885
Investment properties	18	165,884	161,015
Biologic assets	19	84,206	66,139
Inventories, net	20	122,907	196,511
Capital gain	21	399,975	399,975
Rights in concession agreements	16	5,514,481	3,114,167
Current tax assets	22	106,233	83,888
Deferred tax assets	22	90,831	93,766
Other assets, net	23	377,018	236,764
Non-current assets kept for sale and discontinued operations	24	623,841	20,939
Total Assets		<u>26,244,927</u>	<u>21,156,016</u>

See notes that make integral part of the consolidated financial statements

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES
Consolidated Statements of Financial Position
(Expressed in millions of Colombian Pesos)

	Notes	December 31, 2018	December 31, 2017
Liabilities and Equity			
Deposits and current liabilities	25	3,805,028	4,094,365
Passive positions in money market operations	26	2,560,805	2,622,275
Financial obligations	27	4,260,125	3,892,352
Derivative financial instruments	12	89,339	24,521
Securities issued outstanding	32	2,852,288	2,360,326
Accounts Payable	28	1,594,877	1,334,273
Employee benefits	29	77,180	84,901
Other provisions	30	34,358	3496,574
Current tax liability	22	81,455	119,209
Deferred tax liability	22	1,461,755	703,026
Other liabilities	31	1,024,092	290,226
Non-current liabilities for discontinued operations		4,936	4,505
Total liabilities		18,126,238	15,876,553
Subscribed and paid-in capital	33	2,794	2,337
Share placement premium	33	3,804,062	2,742,400
Retained earnings		100,883	145,873
Profit of the period		1,620,160	210,808
Other comprehensive accrued result		505,807	154,783
Total Controlled Equity		6,033,706	3,256,201
Non-controlling interest	35	2,084,983	2,023,262
Total Equity		8,118,689	5,279,463
Total Liability and Equity		\$ 26,244,927	21,156,016

See notes that make integral part of the consolidated financial statements

(*) The undersigned Legal Representative and Accountant certify we have previously verified the statements contained in these consolidated financial statements and the same have been faithfully taken from the accounting books of the Corporation and its subsidiaries.

The Corporation and its subsidiaries adopted IFRS 9 and 15 from January 1, 2018 in a prospective manner. (See note 2.32).

Maria Lorena Gutierrez Botero (*)
Legal Representative

Agustin Forero Lopez (*)
Accounting Manager
PL No. 40364-T

Diana Alexandra Roza Muñoz
Tax Auditor
PL No. 120741-T
Member KPMG Ltda.
(See my report of February 20, 2019)

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Income Statements

(Expressed in millions of Colombian Pesos, except profit per share)

	Note	For years ended on:	
		December 31, 2018	December 31, 2017
Income from interest on loan portfolio and financial leasing operations		\$ 401,609	413,376
Interest, deposits and current liabilities, loans and other financial obligations		(487,954)	(569,868)
Interest on debt securities measured at amortized cost		131,669	86,088
Exchange difference, net		(10,041)	3,902
Income from interest, net		35,283	(66,502)
Profit on repo operations, simultaneous operations and other interests, net		(180,259)	(166,516)
Income from financial assets in concession	16	205,803	209,936
Commissions and fees, net	37	59,321	69,296
Net profit on valuation of financial instruments		41,253	77,517
Net profit on sale of investments		22,938	18,873
Impairment of loan portfolio		(45,032)	(63,274)
Impairment of investments		(129,319)	(144,018)
Operating, financial income, net		9,988	(64,688)
Income from sale of goods and provision of services	38	7,690,575	5,481,254
Income from valuation of biological assets		20,605	13,503
Income from valuation of investment properties		2,556	8,839
Other operating income		198,920	67,295
Profits from controlling acquisitions	7	-	56,767
Income from dividends and other interests	39	63,844	46,486
Net income from equity stake methods		184,419	159,208
Income from leases		2,708	3,516
Profit from sale of assets, net		2,032	7,962
Impairment of accounts receivable		(16,923)	(30,141)
Total operating income		8,158,724	5,750,001
Costs of sales and provision of services	38	3,780,072	3,367,942
Expenses for employee benefits		299,250	310,597
Other operating expenses	40	639,015	654,087
Depreciation of tangible assets		97,205	76,594
Amortization of intangible assets		318,464	299,531
Expense for provisions		12,767	9,482
Impairment of non-financial assets		34,788	23,590
Total operating costs and expenses		5,181,561	4,741,823
Profits before income taxes		2,977,163	1,008,178
Income tax	22	908,261	443,639
Net earnings continuous operations		2,068,902	564,539
Net loss of discontinued operations		(383)	-
Net earnings of the year		2,068,519	564,539
Attributable to:			
Controlling interest		1,620,160	210,808
Non-controlling interest	35	448,359	353,731
		2,068,519	564,539
Net profits per share of controlling interest (in Colombian pesos)	33	6,477.86	904.61
Number of shares subscribed and paid-in, common and preferred		250,107,380	233,034,712

See notes that make integral part of the Individual Financial Statements

(*) The undersigned Legal Representative and Accountant certify we have previously verified the statements contained in these Individual Financial Statements and the same have been faithfully taken from the accounting books of the Corporation and its Subsidiaries.

Maria Lorena Gutierrez Botero (*)
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(See my report of February 20, 2019)

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Statements of Other Comprehensive Income

(Expressed in millions of Colombian Pesos)

	For the years ended on:	
	December 31, 2018	December 31, 2017
Net profit of the exercise	\$ 2,068,519	564,539
Items that will not be reclassified in results		
Other comprehensive income of associates or joint ventures using the equity method	22,300	913
Net actuarial (loss) profit in defined plans of benefits	2,846	(838)
	25,146	75
Items that are or can be subsequently reclassified in results of the year		
Net variation of cash flow hedging	(6,652)	(978)
Net (loss) profit for financial assets measured at fair value with change in OCI	(149,548)	63,168
Adjustment of impairment model of portfolio from individual to consolidated statement	-	(4,375)
Adjustment of conversion of businesses abroad	2,834	(832)
Other comprehensive income for the year, net of taxes	(128,220)	57,058
Comprehensive income of the year, net of taxes	\$ 1,940,299	621,597
<i>Attributable to:</i>		
<i>Controlling interest</i>	<i>\$ 1,477,101</i>	<i>270,996</i>
<i>Non-controlling interest</i>	<i>463,198</i>	<i>350,601</i>
	\$ 1,940,299	621,597

See notes that make integral part of the Individual Financial Statements

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CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Cash Flow Statements
(Expressed in millions of Colombian Pesos)

	For the years ended on	
	December 31,	December 31,
	2018	2017
Cash flow of operational activities:		
Net profit of the year	2,068,519	564,539
Reconciliation of net profit with the cash provided by (used in) operational activities		
Depreciation of tangible assets	97,205	76,594
Amortization of intangible assets	318,464	299,531
Income tax provision	908,261	443,639
Impairment for credit portfolios and accounts receivables, net	61,955	93,415
Impairment of investments, net	129,319	144,018
Impairment non-financial assets	34,788	23,590
Profit in sale of assets, net	(2,032)	(7,962)
Interests from loan portfolio and leasing operations	(401,609)	(413,376)
Deposits and current liabilities, loans and other financial obligations	487,954	569,868
Returns from repo operations, simultaneous and other interests	180,259	166,516
Earnings from financial instrument valuation, net	(41,253)	(77,517)
Earnings from sale of investments	(22,938)	(18,873)
Reversion of tangible asset impairment	-	(118)
Exchange rate adjustment	10,041	(3,902)
Income from investment property valuations	(2,556)	(8,839)
Income from biological asset valuations	(20,605)	(13,503)
Interests financial instruments measured at amortized cost	(131,669)	(86,088)
Provisions	12,767	9,482
Fair value of financial assets in concession	(205,803)	(209,936)
Equity method on profits in investments in associates and joint ventures	(184,419)	(159,208)
Net variation in operational assets and liabilities		
Investments measured at fair value with changes in income	1,409,601	-
Investments measured at fair value with changes in other comprehensive income	(2,313,176)	-
Investments measured at amortized cost	(67,582)	291,495
Derivative instruments	104,304	(44,256)
Credit portfolio	249,383	295,865
Accounts receivable	(734,386)	(512,980)
Non-current assets kept for sale	(49)	1,007
Other assets	9,864	(24,058)
Deposit of Clients	(266,837)	262,563
Interbank loans and overnight funds	(62,512)	(604,618)
Employee benefits	10,992	11,676
Income tax paid	(322,557)	(281,112)
Other liabilities and provisions	862,362	435,736
Interests received	399,392	428,646
Interests paid	(707,290)	(780,146)
Net cash provided by operating activities	1,868,157	871,688

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES
Consolidated Cash Flow Statements
(Expressed in millions of Colombian Pesos)

	December 31, 2018	December 31, 2017
Cash flow of investment activities		
Product of the redemption of financial assets of investment at amortized cost	34,829	228,889
Acquisition of property, plant and equipment of own use	(177,143)	(95,680)
Reduction of investment properties	-	536
Capitalization of costs of biological assets	(20,900)	(24,408)
Reduction of interest in associate companies and joint ventures	-	44,668
Capitalization costs in intangible assets under concession	(3,417,908)	(610,908)
Acquisition of other intangible assets	(29,832)	(23,237)
Product of the sale of properties, plant and equipment	6,013	38,955
Investment properties	4,526	(239)
Product of the sale of non-current assets kept for sale	2,154	20,105
Dividends received	162,385	110,812
Net cash used in investment activities	(3,435,876)	(310,507)
Cash flow of financing activities:		
Dividends paid	(310,022)	(362,221)
Acquisition of Financial Obligations	1,936,376	1,602,547
Payment of financial obligations	(1,683,517)	(1,646,451)
Issuance of investment in securities outstanding	520,429	14,673
Payment of investment in securities outstanding	(4,600)	(3,711)
Issuance of shares in cash	981,611	(13,981)
Net transactions with non-controlling interests	(67,159)	-
Net cash provided by (used in) financing activities	1,373,118	(409,144)
Effect of profit or loss in change of cash and cash equivalents	(5,857)	(14,980)
Cash and Cash equivalents in discontinued and unconsolidated operations	(3,558)	36,407
(Decrease) Increase of cash and cash equivalents	(204,016)	173,464
Cash and cash equivalents at the beginning of the period	1,971,359	1,797,895
Cash and cash equivalents at the end of the period	1,767,343	1,971,359

See notes that make integral part of the Individual Financial Statements

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PL No. 120741-T
Member KPMG Ltda.
(See my report of February 20, 2019)

CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Change in Equity Statement

(Figures expressed in millions of pesos)

For the years ended December 31, 2018 and 2017	Subscribed and paid-in capital	Share Placement Premium	Retained Earnings	Profit of the Year	Other comprehensive income accumulated	Controllers' Equity	Non-controlling Interest	Total Equity
Balance as of December 31, 2017	2,337	2,742,400	145,873	210,808	154,783	3,256,201	2,023,262	5,279,463
Adjustment for change in accounting policy**	-	-	(124,424)	-	494,083	369,659	(37,641)	332,018
Updated balance as of January 1, 2018	2,337	2,742,400	21,449	210,808	648,866	3,625,860	1,985,621	5,611,481
Other net comprehensive income of the year	-	-	-	-	(143,761)	(143,761)	15,541	(128,220)
Acquisition of non-controlling interest – OCI	-	-	-	-	702	702	(702)	-
Net profit of the year	-	-	-	1,620,160	-	1,620,160	448,359	2,068,519
Comprehensive income	-	-	-	1,620,160	(143,059)	1,477,101	463,198	1,940,299
Transfer of income	-	-	210,808	(210,808)	-	-	-	-
Issuance of shares (See note 33)	415	987,929	-	-	-	988,344	-	988,344
Distribution of dividends in cash	-	-	(24,267)	-	-	(24,267)	-	(24,267)
Distribution of dividends in shares	42	97,104	(97,146)	-	-	-	-	-
Acquisition of non-controlling interest	-	(23,371)	739	-	-	(22,632)	(44,527)	(67,159)
Splits of entities	-	-	(8,150)	-	-	(8,150)	-	(8,150)
Liquidation of entities	-	-	(2,550)	-	-	(2,550)	-	(2,550)
Non-controlling interest	-	-	-	-	-	-	(319,309)	(319,309)
Balance as of December 31, 2018	2,794	3,804,062	100,883	1,620,160	505,807	6,033,706	2,084,983	8,118,689

See notes that make integral part of the Individual Financial Statements

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(**) The Corporation and its subsidiaries adopted IFRS 9 and 15 from January 1, 2018 in a prospective manner. (See note 2.32)

Continues....

Maria Lorena Gutierrez Botero (*)
Legal Representative

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CORPORACION FINANCIERA COLOMBIANA S.A. AND SUBSIDIARIES

Consolidated Change in Equity Statement
(Figures expressed in millions of pesos)

For the years ended December 31, 2017 and 2016	Subscribed and paid-in capital	Share Placement Premium	Retained Earnings	Profit of the Year	Other comprehensive income accumulated	Controllers' Equity	Non-controlling Interest	Total Equity
Balance as of December 31, 2016	\$ 2,317	2,685,093	(67,304)	301,795	94,595	3,016,496	1,932,383	4,948,879
Other net comprehensive income of the year	-	-	-	-	60,188	60,188	(3,130)	57,058
Net profit of the year	-	-	-	210,808	-	210,808	353,731	564,539
Comprehensive income of the year, net of taxes	-	-	-	210,808	60,188	270,996	350,601	621,597
Transfer of income	-	-	301,795	(301,795)	-	-	-	-
Distribution of dividends in cash	-	-	(34,438)	-	-	(34,438)	-	(34,438)
Distribution of dividends in shares	20	57,307	(57,327)	-	-	-	-	-
Transfer of other comprehensive income	-	-	17,735	-	-	17,735	-	17,735
Payment of wealth tax	-	-	(10,965)	-	-	(10,965)	-	(10,965)
Splits of entities	-	-	587	-	-	587	-	587
Liquidation of entities	-	-	(4,210)	-	-	(4,210)	-	(4,210)
Non-controlling interest	-	-	-	-	-	-	(259,722)	(259,722)
Balance as of December 31, 2017	\$ 2,337	2,742,400	145,873	210,808	154,783	3,256,201	2,023,262	5,279,463

Corficolombiana

Notes to the Consolidated Financial Statements

as of December 31, 2018

1. Corporate Information

Corporación Financiera Colombiana S.A. is a private financial institution, authorized to operate by the Finance Superintendence of Colombia by means of the Resolution dated October 18, 1961 and was incorporated as a public limited company on November 27, 1961 by means of Public Deed No. 5710 of Notary Public's Office One of the Circle of Cali. The Company's term of duration is until December 31, 2100, which may be extended by decision of the General Shareholders Assembly.

The merger between Corporación Financiera del Valle S.A. (Surviving Entity) and Corporación Financiera Colombiana S.A. (Merging Entity) was formalized by means of public deed No. 12364 of December 30, 2005, executed at Notary Public's Office 18 of Bogotá. In that same document, the surviving entity changed its company name to Corporación Financiera Colombiana S.A. and moved its main offices from the city of Cali to the city of Bogotá. The merger between Corporación Financiera Colombiana S.A. (surviving entity) and Proyectos de Energía S.A. (merging entity), which was dissolved without being liquidated, was formalized by means of public deed No. 10410 of Notary Public's Office 71 of Bogotá on December 26, 2007.

The Company's corporate purpose is to carry out all acts and contracts authorized for this type of credit institutions by the Organic Statute of the Financial System or other special provisions or rules that replace, amend or add to the same. To achieve its corporate purpose, the Company can carry out all kinds of acts and contracts such as promoting savings and private investments, developing the capital market, promoting the creation, reorganization, merger, transformation and expansion of any type of company in those sectors to which it can provide its services, as well as granting medium and long-term financing, subscribing and preserving shares or interest in such companies and offering them specialized financial services for their growth and development.

As of June 21, 2016, Grupo Aval Acciones y Valores S.A. acquired the capacity as direct

controlling company over the Company in the terms of articles 260 and 261 of the Code of Commerce, through a shareholders' agreement entered into by Grupo Aval Acciones y Valores S.A., Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A. Prior to this date, the company had been under the control of Banco de Bogotá S.A. (subsidiary of Grupo Aval Acciones y Valores).

The Company is part of the financial conglomerate of Grupo Aval Acciones y Valores S.A., as provided in Law 1870/2017.

In compliance with the provisions of article 29 of Law 222/1995, from December 31, 2018 the Company is part of Grupo Empresarial Sarmiento Angulo and renders a special report where the intensity of the economic relationships of the Company with the controlling person Luis Carlos Sarmiento Angulo and/or other entities part of the corporate group are detailed. The special report is part of the management report.

The Company has its main offices in the city of Bogotá at Carrera 13 No. 26-45, 8th floor; as of December 31, 2018 and 2017 2016 it operated through its five regional offices and five agencies in different cities of the country. The Company and its subsidiaries do not have any non-bank correspondents. As of December 31, 2018, the Company and its subsidiaries had 11,132 direct employees, 124 indirect employees, 1,173 temporary employees and 267 apprentices. As of December 31, 2017 it had 9,073 direct employees, 337 indirect employees, 1,625 temporary employees and 274 apprentices. As of December 31, 2016 it had 316 direct employees, 58 indirect employees, 27 temporary employees and 3 apprentices. It also holds the following affiliates and subsidiaries under the terms of Law 222/1995: Leasing Corficolombiana S.A., Fiduciaria Corficolombiana S.A., Casa de Bolsa S.A. - Sociedad Comisionista de Bolsa, Organizacion Pajonales S.A. and subsidiaries, Hoteles Estelar S.A. and subsidiaries, Gas Comprimido del Peru S.A., Valora S.A.S. and subsidiaries Proyectos de Infraestructura S.A. and subsidiaries, Estudios, Proyectos e

Inversiones de los Andes S.A. and subsidiaries, Promotora y Comercializadora Turistica Santamar S.A., Colombiana de Licitaciones y Concesiones S.A.S., Tejidos Sinteticos de Colombia S.A., Plantaciones Unipalma de los Llanos S.A., Estudios y Proyectos del Sol S.A.S. and subsidiaries, Industrias Lehner S.A. in liquidation, Proyectos de Ingenieria y Desarrollos S.A.S., CFC Gas Holding S.A.S., CFC Private Equity Holdings S.A.S., CFC Energy Holding S.A.S, Proyectos y Desarrollos Viales del Pacifico S.A.S. and subsidiaries, Proyectos y Desarrollos Viales de Oriente S.A.S. and subsidiaries, Proyectos y Desarrollos Viales del Mar S.A.S. and subsidiaries, Proyectos y Desarrollos Viales Andino S.A.S. and subsidiaries, Gestora en Infraestructura y Desarrollo S.A.S., Compañía en Infraestructura y Desarrollo S.A.S.; and according to the definition of control given by the International Financial Reporting Standards (IFRS 10), it has control over Concesionaria Vial del Pacifico S.A.S., Concesionaria Nueva Via al Mar S.A.S. and Promigas S.A. E.S.P. and subsidiaries.

Once the results of Pizano S.A. as of December 31, 2017 were evaluated, the shareholders of the Company in an Assembly held on January 29, 2018, authorized the management to request before the Superintendencia of

Companies the admission to a judicial liquidation proceeding under the terms of Law 1116/2006; the previous determination was adopted in order to protect the asset of the company, avoiding its impairment and thus seek the payment of the existing liabilities. Once the request was made by the legal representative, the Superintendencia of Companies in writ served on February 14, 2018 authorized the company to a judicial liquidation proceeding. As of December 31, 2018, the entity is not consolidated.

The management of Banco Corficolombiana (Panama) S.A., on March 16, 2018, requested before the Superintendencia of Banks of Panama an authorization to carry out the voluntary liquidation process. On April 19, 2018, once the relevant analysis was conducted, the Superintendencia of Banks of Panama, by RESOLUTION SBP-0046-2018, exercising its legal powers and taking into account that no objection was applicable to the request since the Bank has sufficient assets to meet its liabilities, authorized the management to commence the voluntary liquidation process and cessation of operations covered by the International Banking License. In November 2018, the entity was liquidated and the investment was written down.

2. Technical Regulatory Framework, Basis of Presentation and Summary of Significant Accounting Policies.

2.1 Technical Regulatory Framework

The Company's Consolidated Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (IFRSC), established in Law 1314 of 2009, regulated by Sole Regulatory Decree 2420 of 2015 modified by Decrees 2496/2015, 2131/2016, 2170/2017 and 2483/2018. The IFRSC applicable in 2018 are based on the International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB); the basic standards correspond to those translated into Spanish and issued by IASB as of the first semester of 2016. January 1, 2014 and to the amendments made during the year 2015 by the IASB. For the legal purposes in Colombia, the main financial statements are the Individual financial statements, the consolidated financial statements of the Corporation must be read along with the individual financial statements of the Corporation.

The main accounting policies applied in the preparation of the consolidated financial statements of the Corporation and its subsidiaries, are submitted below:

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis with the exception of the following significant items included in the consolidated statement of financial position:

Item	Basis of Measurement
Equity instruments	Fair value
Debt instruments measured at fair value through profit or loss	Fair value

Item	Basis of Measurement
Derivative Instruments	Fair value
Financial assets on concession agreements allocated at fair value	Fair value
Investment properties	Fair value
Assets related to biological products and livestock	Fair value less sale costs
Inventories	The lower between the cost and the net value of realization
Non-current assets held for sale	The lower of the carrying amount and its fair value less sales costs

2.3 Basis of presentation

In accordance with Colombian law, the Company must prepare individual and consolidated financial statements. Individual financial statements are the basis for the distribution of dividends and other appropriations by shareholders. The consolidated financial statements are only submitted to the General Shareholders Assembly with informative purposes.

As of 2017, the General Shareholders Assembly approved the amendment to the Corporation's bylaws in its article 30 of chapter VI and article 59 of chapter XII pursuant to minutes 087 of September 26, 2016, to establish the closing of the annual accounting period on January 1, 2017.

As of December 31, 2018 and 2017 the Corporation and subsidiaries have annual accounting closings, except for Promigas S.A. E.S.P.; Proyectos de Infraestructura S.A.; Gas Holdings S.A.S.; Concesionaria Vial del Pacifico S.A.S., whose accounting closings are biannual.

2.3.1 Investments in subordinates

According to the International Financial Reporting Standard IFRS 10, the Company and its subsidiaries must prepare consolidated financial statements with the entities over which it has control. The Company has control over another entity only if all of the following elements are fulfilled:

- Power over the invested company with the capacity to direct its relevant activities significantly affecting its performance.
- Exposure or right to variable returns from its involvement with the invested company.
- The ability to use its power over the invested company to affect the amounts of the returns for the investor.

In the Company consolidation process, assets, liabilities and comprehensive income of the entities on which it determines control are combined, prior homogenization of its accounting policies and the conversion into Colombian pesos of the subordinate entities abroad. This process comprises the elimination of reciprocal transactions and unrealized profits between them. The share of non-controlling interests in subordinate entities is presented in the consolidated equity separately from the equity of the Company's shareholders.

The financial statements of subsidiary companies abroad are translated into Colombian pesos in the consolidation process, their assets and liabilities at the closing exchange rate, the income statement and other comprehensive income at the average exchange rate of the year and their equity at the historical exchange rate. The resulting net adjustment is included in equity

as "adjustment by translation of financial statements" in a separate account.

Non-controlling interests

The non-controlling interests in the consolidated statement of financial position are shown in equity, separately from the equity of the owners of the controlling company. Changes in the ownership interest in a subsidiary that do not result in a loss of control are considered equity transactions.

The accompanying consolidated financial statements include the assets, liabilities, equity and comprehensive income of the Company and subsidiaries.

The accompanying consolidated financial statements include the following entities:

Leasing Corficolombiana S.A. Compañía de Financiamiento – It is a private business corporation established in accordance with Colombian law, incorporated on January 21, 1988 by means of Public Deed No. 116 issued by the First Notary Public of Cali. The Company is duly authorized to carry out any of the operations of a finance company; its main corporate purpose is to conduct financial leasing operations in all forms, raise funds through term deposit certificates, grant loans, factoring, bank acceptances and repo operations, among others. The main domicile of Leasing Corficolombiana S.A. is located in the city of Cali and it operates through offices in Bogota, Medellin, Ibague, and Bucaramanga.

Fiduciaria Corficolombiana S.A. – It is a private corporation subject to the control and surveillance of the Finance Superintendence of Colombia, established according to Colombian law on September 4, 1991 by means of Public Deed No. 2803 issued by the First Notary Public of Cali and its validity expires on October 7, 2107. By means of Resolution S.B. 3548 of September 30, 1991, the Finance Superintendence of Colombia authorized the operating permit.

The sole purpose of Fiduciaria Corficolombiana S.A. is the development of all fiduciary businesses regulated by the law and by any amending or adding rules, regarding all kinds of movable and immovable, tangible and intangible property. The main domicile of Fiduciaria Corficolombiana is located in the city of Cali and it operates through agencies in Bogota, Medellin, Barranquilla and Bucaramanga.

Casa de Bolsa S.A. – Sociedad Comisionista de Bolsa – Private entity, established by means of public deed No. 6771 of July 22, 1993 and surveilled by the Finance Superintendence of Colombia. Its corporate purpose is the performance of the commission agreement for the purchase and sale of securities registered in the Colombia Stock Exchange and the National Registry of Securities and Issuers (RNVE), the administration of Collective Investment Funds, the administration of securities, the performance of own operations, securities brokerage and the advisory in the capital market, among others. For the development of its own corporate purpose, the Finance Superintendence of Colombia granted Resolution No. 1024 of August 13, 1993. The legal validity of the entity is until 2043.

On December 21, 2016, by the execution of the shareholders' agreement entered into between Corporación Financiera Colombiana S.A., Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A., the Company acquired control over Casa de Bolsa S.A. Sociedad Comisionista de Bolsa maintaining its ownership interest of 38.95% and without a consideration transfer for this economic fact. This control change is caused with the intention to strengthen the operating synergies between Casa de Valores and Corficolombiana, besides the business ones between the broker and the financial entities subsidiaries of the Company.

Organizacion Pajonales S.A. – It was incorporated as a corporation established

under Colombian law, by means of public deed No. 1048 of May 2, 1980, issued by the Second Notary Public of Ibague (Tolima) and registered with the Ibague Chamber of Commerce on May 5, 1980 under No. 4331 of the respective book. According to public deed No. 0003509 of December 21, 2006 issued by the Third Notary Public of Ibague, registered on December 28, 2006 under No. 0035795 of book IX, the company changed its name from Compañía Agropecuaria e Industrial Pajonales S.A. to Organizacion Pajonales S.A. According to minutes No. 000065 of the Shareholders' Assembly of March 8, 2016, registered on April 20, 2016 under number 00059103 of book IX, the corporation underwent the following transformation: transformation from S.A. to S.A.S., for tax purposes it is registered under Tax ID (RUT) No. 890.704.021-6 and its head office is located at CR 5 No. 29-32 Cc La Quinta Oficina 292 Barrio Hipodromo in Ibague.

The corporate purpose of the Company is to industrially exploit agriculture, livestock farming and forestry; to invest or promote agricultural, livestock, forestry, agribusiness, construction, real estate, commercial and industrial enterprises.

Organizacion Pajonales S.A.S. is consolidated with the following company:

Mavalle S.A.S. was incorporated on December 23, 1986 by means of public deed No. 0003737 issued by the First Notary Public of Cali, registered on September 10, 2001 under number 00028547 of book IX with the Ibague Chamber of Commerce. It changed its name to Mavalle S.A. and it also changed its domicile from Cali to the city of Ibague by means of public deed No. 0001838 issued by the First Notary Public of Cali on June 8, 2001, registered on September 10, 2001 under number 00028560 of book IX with the Ibague Chamber of Commerce. According to minutes No. 049 of the shareholders' assembly held in

Ibague on August 22, 2014, registered on September 30, 2014 under No. 00054232 of book IX, the company changed its name from Mavalle S.A. to Mavalle S.A.S.

Its main corporate purpose is the promotion and creation of business companies or the holding of interests in existing companies, to make investments or obtain savings in real or personal properties to thus obtain revenues for the company. The purchase, sale, import, export, promotion, financing and exploitation of natural and synthetic rubber and any other kind of materials suitable for manufacturing all kinds of rubber.

Hoteles Estelar S.A. - It was incorporated on April 10, 1968 by means of public deed No. 1740 issued by the Second Notary Public of Cali, with legal validity until December 31, 2220. Its corporate purpose is the promotion, construction, management, operation and exploitation of hotels of its own or of others, in the country and abroad; the organization of all activities aimed at promoting and developing the national and international hospitality industry by exploiting the country's resources; the promotion of companies whose purpose comprises real estate activities and the performance of all kinds of activities related to the construction of buildings and similar activities, as well as a partner or shareholder of companies engaged in this activity; the management of properties and trade establishments of its own or of others, intended to provide accommodation, food or recreation for the community anywhere in the country and abroad.

Hoteles Estelar S.A. is consolidated with the following companies:

Esencial Hoteles S.A.S. - The Company was incorporated on November 28, 2003 by means of public deed No. 7887 issued by the 7th Notary Public of Cali, with legal validity until December 31, 2220. This

company mainly engages in: 1) The investment, promotion, management and/or operation of hotels in any city or place in the country and/or abroad; 2) The acquisition, construction, renovation, expansion and/or disposal of hotels.

Compañía Hotelera de Cartagena de Indias S.A. - It is a business corporation incorporated under the rules provided in Colombian law, on December 24, 1971, headquartered in the city of Cartagena, with the following purposes: 1) The promotion, construction, management and operation of hotels in the city of Cartagena and in any other places in the country; 2) The organization of all activities intended to promote, develop and exploit the national and international hospitality industry, by leveraging on the country's resources for this industry; and 3) To participate in bids and public and private tenders or direct contracts, for the development of its corporate purpose. The legal validity of the company is until December 31, 2050.

Hoteles Estelar de Peru S.A.C. - Hoteles Estelar S.A. acquired control over such company, domiciled in Lima, in July 2011, which purpose is the development and management of hospitality activities that includes, among other things: 1) The promotion, construction, management, operation and exploitation of hotels of its own or of others in the country; 2) The organization of all activities intended to promote and develop the national and international tourism industry by exploiting the country's resources; 3) The promotion of companies whose purpose is comprised of real estate business activities and the performance of all kinds of activities related to the construction of buildings and similar activities. These activities also include its participation as a partner or shareholder of companies engaged in this activity; and 4) The management of real estate or trade establishments of its own or of third

parties, intended to provide accommodation, food or recreation for the community anywhere in the country.

Hoteles Estelar Panama S.A. – It was incorporated in July 2012. The main purpose of the company is to engage in the Republic of Panama or in any other country, colony or foreign territory, in the purchase, sale, transfer, disposal, negotiation, financing, exchanging, holding, managing, lending or borrowing, opening and managing bank accounts in Panama or anywhere in the world, giving or taking all kinds of properties, whether movable or immovable, shares or rights as commission, mortgage, pledge, lease, use, usufruct or antichresis, and enter into and carry out all lawful acts, contracts, operations, businesses and transactions. The company may also engage in performing all acts, contracts, operations, businesses or transactions allowed by the law to corporations.

Gas Comprimido del Peru S.A. – Its corporate purpose is the transportation, distribution and marketing of natural gas. The company was incorporated on April 3, 2009 and notarized by means of a public deed before a notary public in the city of Lima, registered under No. 12302719 of the Sunarp. It is domiciled in Lima, Peru and it was created with an undefined legal term.

Valora S.A.S. – It was incorporated on September 23, 1993 by means of public deed No. 3040 issued by the First Notary Public of Cali, with an indefinite legal term. Its corporate purpose is to develop all kinds of lawful business activities, especially those related to the management, consulting, planning, promotion, marketing, commercialization, development, brokerage, investment and implementation of all kinds of activities in all sectors of the economy; the export, import, production, purchase and sale of all kinds of goods and services; the design, planning, budgeting, construction

and supervision of all kinds of architecture, engineering and urban planning works.

Valora S.A.S. consolidates with the following 6 companies with an interest of 100% in each one:

Agro Santa Helena S.A.S. – It was incorporated on September 27, 2011 domiciled in Bogotá.

Plantaciones Santa Rita S.A.S. – It was incorporated on October 3, 2011 domiciled in Bogotá.

Hevea de los Llanos S.A.S. – It was incorporated on October 3, 2011 domiciled in Bogotá.

TSR20 Inversiones S.A.S. – It was incorporated on October 5, 2011 domiciled in Bogotá.

Hevea Inversiones S.A.S. – It was incorporated on October 5, 2011 domiciled in Bogotá.

Agro Casuna S.A.S. – It was incorporated on October 5, 2011 domiciled in Bogotá.

These companies have a common corporate purpose involving the purchase, sale, import, export, production, financing and promotion of natural and synthetic rubber or any other kind of suitable materials for manufacturing rubber products and the like. To provide technical assistance and services to the production sectors contemplated in its corporate purpose, to organize, establish, manage, operate nurseries, multiplication centers and tree seed selection, to acquire for agriculture and forestry exploitation purposes, equipment, permits, licenses, patents, trademarks, trade names, industrial names and other real or personal property, give or take them on lease or on any other account that does not involve the ownership thereof. In general, to perform all acts and enter into all contracts directly related to its corporate purpose.

Proyectos de Infraestructura S.A. – It is a corporation established under Colombian law on March 26, 1985, by means of public deed No. 893 issued by the First Notary Public of Cali. The legal validity of the

company is until March 1, 2058. The entity is supervised by the Superintendence of Transport and is currently controlled by the Finance Superintendence of Colombia.

The corporate purpose of Proyectos de Infraestructura S.A. mainly consists of the construction of public works under the concession system, as well as of the complete or partial development of private and public construction works under any system other than concessions.

On October 27, 2017 the liquidation minutes were registered before the Chamber of Commerce of Cali for the company Compañía de Inversiones en Infraestructura S.A.S.

Proyectos de Infraestructura S.A. is consolidated with the following companies:

Concesiones CCFC S.A. – It is a Colombian company, based in Bogota, incorporated on June 17, 1995 by means of public deed No. 1614 issued by the 16th Notary Public of Bogota. The legal validity of the Company is until June 17, 2045. Its corporate purpose is the construction of public works under the concession system and the partial or complete development of public and private construction works under any alternative system other than concessions.

Estudios, Proyectos e Inversiones de los Andes S.A. – It is a company legally incorporated by means of public deed No. 12202 of December 28, 1987 and registered on January 5, 1988, issued by the 5th Notary Public of Bogotá, as amended by public deed No. 2023 of March 13, 1995 issued by the 29th Notary Public of Bogota. Its main domicile is Bogota D.C., the legal validity of the company is established by its bylaws until October 5, 2036, but it may be dissolved or extended before such term. Its main corporate purpose is to develop infrastructure projects for public utilities, the construction of roads and road networks, to invest in all types of infrastructure projects at national or regional level.

Estudios, Proyectos e Inversiones de los Andes S.A. is consolidated with the following companies:

Concesionaria Vial de los Andes S.A. –

It was incorporated on July 29, 1994 by means of public deed No. 6997. By means of minutes No. 50 of the Shareholders Assembly registered on July 22, 2015 in the city of Bogota, under the number 02004652 of book IX, COVIANDES transformed from limited company to joint-stock company. Its legal validity extends until July 29, 2044. The corporate purpose of COVIANDES is to participate in different kinds of tenders for the development of infrastructure projects under the concession system and the performance of the projects that are awarded to it. In the development of its corporate purpose, the Concessionaire can carry out the design, construction, equipment, preservation, maintenance, financing, exploitation and operation activities under the concession system regarding the projects that may be awarded to it, the execution of all kinds of contracts, legal acts and the development of all activities that may be necessary or appropriate to achieve its purposes.

Promotora y Comercializadora Turistica Santamar S.A. –

It is a company incorporated by means of public deed No. 0061 of January 20, 1998 issued by the 9th Notary Public of the Bucaramanga Circuit, as amended by public deed No. 410 dated February 10, 1998, with legal validity until June 6, 2034. Its main purpose is to engage in the hospitality business through one or more commercial establishments, the promotion of tourism projects, the management of timeshare subscriptions for the tourist project called Santamar Club, to invest its available funds in bonds, notes and other securities issued by private or public entities and generally hold any acts for the development of its corporate purpose; likewise, it may delegate either the operation, maintenance or management of

these establishments. Today, Hoteles Estelar S.A. operates Hotel Santamar and the Convention Center located in Santa Marta.

Colombiana de Licitaciones y Concesiones S.A.S. – It was incorporated on November 30, 1994 by means of public deed No. 6626 issued by the 18th Notary Public of Bogota; its legal validity is until November 30, 2064. Its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, being able to enter into any type of contract, especially concession contracts, with the State and other decentralized entities at any level; the submission of proposals or bids in public and private tenders of any kind for infrastructure projects, especially public utilities, power generation and transformation, transport and roads, ports and communications; to provide comprehensive advice to others in all kinds of infrastructure projects aimed at determining the feasibility and desirability thereof, their financial plans and formulate proposals, it can also obtain loans for their implementation and development. Its main domicile is located in Bogota.

Tejidos Sinteticos de Colombia S.A. – It was incorporated on June 27, 1985 by means of public deed number 1946 in the city of Bucaramanga; its legal validity is until December 31, 2085. Its corporate purpose is the assembly and operation of factories for the production of items made from plastic raw materials and other related materials. It is located in Giron, Santander.

Plantaciones Unipalma de los Llanos S.A. – It was incorporated by means of public deed No. 2627 issued by the 1st Notary Public of Cali on June 20, 1966. Its corporate purpose is the cultivation of different varieties of African palm and its industrial exploitation, as well as the provision of technical assistance services related to the cultivation and export of African palm. Its main domicile is located in the city of Bogota.

Estudios y Proyectos del Sol S.A.S. – It was incorporated by means of public deed No.

10308 issued by the 71st Notary Public of Bogota on December 20, 2007, its legal validity is until December 20, 2097. Its domicile is located in Bogota. Its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, being able to enter into any type of contract, especially concession contracts, with the State and with other decentralized entities at any level; the submission of proposals or bids in public and private tenders of any kind for infrastructure projects, especially public utilities, power generation and transformation, transport and roads, ports and communications.

On December 27, 2012 Episol merged with its affiliate *Intrex Investment Inc.*, which was the parent company of the Colombian company “Concesionaria Panamericana S.A.”, a direct affiliate of Estudios y Proyectos del Sol S.A.S.

Estudios y Proyectos del Sol S.A.S. is consolidated with the following companies:

Concesionaria Panamericana S.A.S. – It is engaged in the design, construction, operation and exploitation of works under the concession system, in particular the project contracted with the Department of Cundinamarca under tender No. SV 01/97 “Los Alpes-Villeta, Chuguacal-Cambao Concession” contract OJ121- 97 that is currently being performed.

Constructura de Infraestructura Vial S.A.S. – It was incorporated by means of a private document issued by the Shareholders’ Assembly on October 15, 2010 and registered on October 21, 2010 under number 01423093 of book IX with an indefinite legal validity.

Its main corporate purpose is to participate in all kinds of infrastructure projects as a contractor or subcontractor of work and construction activities necessary for the implementation of any

type of contract, especially turnkey or EPC contracts (Engineering, Procurement and Construction).

Peajes Electronicos S.A.S. - In October 2011, Episol created the company Peajes Electronicos S.A.S. with a 100% stake. Its corporate purpose is to directly or indirectly carry out or perform the operation, exploitation and overall management of the toll collection service. Its main domicile is located in the city of Bogota.

Concesionaria Vial Andina S.A.S. – It was incorporated as a trading limited company on May 7, 2015. The shareholders' liability regime will be that set forth in Law 1258/2008, in accordance with article 18 of Law 1682/2013. Its legal validity extends until December 31, 2075.

The corporate purpose of the concession company is the execution, performance, development, termination, liquidation and reversion of the Partnership Agreement under the PPP modality, awarded in instances of public tender No. VJ-VE-APP-IPV-002-2015 opened by the National Infrastructure Agency - ANI, whose purpose is the study, design, financing, construction, operation, maintenance, social, property and environmental management of a new road between Chirajara and the intersection of Fundadores, and the maintenance and operation of the Bogota-Villavicencio road.

Concesionaria Vial del Oriente S.A.S. – It was incorporated as a trading limited company on June 19, 2015. The liability regime of shareholders will be that set forth in Law 1258/2008, in accordance with article 18 of Law 1682/2013. Its legal validity extends until December 31, 2052

The corporate purpose of the concession company is the execution, performance, development, termination, liquidation and reversion of the Partnership Agreement under the PPP modality, awarded in instances of public tender No. VJ-VE-IP-LP-015-2013 opened by the National Infrastructure Agency - ANI, whose purpose is the financing, preparation of studies and designs, construction, restoration, improvement, operation and maintenance, social, property and environmental management and reversion of the Villavicencio-Yopal road.

Industrias Lehner S.A. in Liquidation– Its corporate purpose is the manufacturing and marketing of products used in the construction industry, made from aluminum, glass and wood. It was incorporated on October 5, 1957 by means of public deed No. 4714 issued by the 2nd Notary Public of Cali, with legal validity until May 7, 2096. Its main domicile is located in the city of Palmira. The company has not been operating since July 2012; it is currently in the process of negotiating the obligations it is responsible for. The Shareholders Assembly declared the company dissolved and in liquidation by means of Minutes No. 130 of September 8, 2017, filed before the Chamber of Commerce of Cali on September 14, 2017 under number 5644 of book IX.

Proyectos de Ingenieria y Desarrollos S.A.S. – It is a company incorporated by means of a private shareholders' document dated May 9, 2012, registered on May 17 of the same year under No. 01634716 of book IX. Its main corporate purpose is the development of any lawful activity, both in Colombia and abroad, and especially those related to the provision of advisory services, planning, studies, designs, supervision, auditing, oversight, management of works and projects and consulting services of all kinds, related to all fields of engineering, in different sectors, including but not limited to finance, architecture, public utilities, administration

of information and communication technologies, computing, technological services, economy, urbanism, environmental and social sciences, geology and generally, the provision of services related to these specialties. The main domicile is located in the city of Bogota, D.C., the legal validity of the company will be indefinite.

CFC Gas Holding S.A.S. – It is a company incorporated by means of a private sole shareholder’s document dated June 1, 2012 under No. 01639683 o book IX. The company may carry on any lawful business activity both in Colombia and abroad, especially those related to the management and growth of its assets by supporting and promoting industrial and commercial activities. The legal validity of the company will be indefinite.

CFC Energy Holding S.A.S. – This company was initially incorporated on September 27, 2011 under the name of Goajira S.A.S. According to minutes number 005 issued by the shareholders’ assembly on November 21, 2012 its name changed to CFC Energy Holding S.A.S.; the direct control exercised by Corporacion Financiera Colombiana S.A. was communicated by means of a private document on January 10, 2013; its main corporate purpose is to develop all kinds of lawful business activities, both in Colombia and abroad, and especially those related to the management and growth of its assets through the development and promotion of industrial and commercial activities, especially through investments in companies or other legal entities, regardless of their corporate purpose.

CFC Private Equity Holdings S.A.S. – It was incorporated on September 24, 2012 and registered on October 1, 2012 under number 01670269 of book IX; its corporate purpose is the creation of companies of any type, whether or not they are affiliates, being able to join or participate in the capital of existing companies, whether such companies are domestic or foreign; it may also carry out

investment and marketing activities of all kinds of movable and immovable properties, manage such properties and collect any proceeds thereof; the legal validity of the company is indefinite.

Proyectos y Desarrollos Viales del Pacifico S.A.S.-It was incorporated on September 4, 2017, registered on September 5, 2017 under number 02256920 of Book IX; its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, with the capacity to enter into concession agreements with the State and other territorial entities or decentralized at any level, construction of civil works, construction and purchase and sale of all types of movable and immovable assets, construction of road corridors, highways, road tunnels, bridges, viaducts, housing, roads and any other related job.

Proyectos y Desarrollos Viales del Pacifico S.A.S. is consolidated with the following company:

Proyectos de Inversion Vial del Pacifico S.A.S.: It was incorporated on October 18, 2017; registered on October 25, 2017 under number 02270467 of book IX; its corporate purpose is participating in all types of infrastructure projects acting as subcontractor or contractor in activities related to construction necessary for the performance of any type of agreement, especially turnkey agreements or E.P.C. (Engineering, Procurement and Construction).

Proyectos y Desarrollos Viales del Oriente S.A.S.- It was incorporated on September 4, 2017, registered on September 5, 2017 under number 02256909 of Book IX; its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, with the capacity to enter into concession agreements with the State and other territorial entities or decentralized at any level, construction of

civil works, construction and purchase and sale of all types of movable and immovable assets, construction of road corridors, highways, road tunnels, bridges, viaducts, housing, roads and any other related job.

Proyectos y Desarrollos Viales del Oriente S.A.S. is consolidated with the following company:

Proyectos de Inversion Vial del Oriente S.A.S.: It was incorporated on October 18, 2017; registered on October 25, 2017 under number 02270610 of book IX; its corporate purpose is participating in all types of infrastructure projects acting as subcontractor or contractor in activities related to construction necessary for the performance of any type of agreement, especially turnkey agreements or E.P.C. (Engineering, Procurement and Construction).

Proyectos y Desarrollos Viales del Mar S.A.S.- It was incorporated on September 4, 2017, registered on September 6, 2017 under number 02257204 of Book IX; its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, with the capacity to enter into concession agreements with the State and other territorial entities or decentralized at any level, construction of civil works, construction and purchase and sale of all types of movable and immovable assets, construction of road corridors, highways, road tunnels, bridges, viaducts, housing, roads and any other related job.

Proyectos y Desarrollos Viales del Mar S.A.S. is consolidated with the following company:

Proyectos de Inversion Vial del Mar S.A.S.: It was incorporated on October 18, 2017; registered on October 25, 2017 under number 02270531 of book IX; its corporate purpose is participating in all types of infrastructure projects acting as subcontractor or contractor in activities related to construction

necessary for the performance of any type of agreement, especially turnkey agreements or E.P.C. (Engineering, Procurement and Construction).

Proyectos y Desarrollos Viales del Andino S.A.S.- It was incorporated on June 13, 2018, registered July 5, 2018 under number 02354581 of Book IX; its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, with the capacity to enter into concession agreements with the State and other territorial entities or decentralized at any level, construction of civil works, construction and purchase and sale of all types of movable and immovable assets, construction of road corridors, highways, road tunnels, bridges, viaducts, housing, roads and any other related job.

Proyectos y Desarrollos Viales del Andino S.A.S. is consolidated with the following company:

Proyectos de Inversión Vial Andino S.A.S.: - It was incorporated on September 1, 2017; registered on September 5, 2017 under number 02256910 of Book IX; its corporate purpose is participating in all types of infrastructure projects acting as subcontractor or contractor in activities related to construction necessary for the performance of any type of agreement, especially turnkey agreements or E.P.C. (Engineering, Procurement and Construction).

Promigas S.A. E.S.P. – It was incorporated in accordance with Colombian law on December 27, 1974 and its corporate purpose is the purchase, sale, transportation, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general and the development of gas and oil activities in all their forms. Additionally, it may sell or provide goods or services to third parties, whether financial or not, and finance the purchase of goods or services by third parties with its own resources. Its main

domicile is located in the city of Barranquilla (Colombia) and its legal validity expires on December 27, 2074.

Promigas S.A. E.S.P. is consolidated with the following companies:

Surtidora de Gas del Caribe S.A. E.S.P. – Its corporate purpose is the purchase, storage, packaging and distribution of gases derived from hydrocarbons; the construction and operation of industrial, commercial and domestic natural gas pipelines and the purchase and sale of items, services and artifacts related to the sale and distribution of fuel gases and related products. The company is active in the departments of Bolivar, Sucre, Cordoba and in some municipalities of Antioquia and Magdalena. Its domicile is located in the city of Cartagena.

Transoccidente S.A. E.S.P. – Its corporate purpose is to transport fuel gas through the construction, operation and maintenance of transportation systems and subsystems. The assembly, construction, operation, maintenance and commercial exploitation of systems and subsystems anywhere in the country or abroad on its own behalf or on behalf of others. It operates in the city of Santiago de Cali.

Gases de Occidente S.A. E.S.P. – The provision of gas fuel distribution services. The purchase, sale, storage, transportation, packaging, distribution and marketing of natural gas or any other fuel, as well as hydrocarbons or any derivatives. The marketing and/or financing of any kinds of products directly or indirectly related to the activities or services provided, which activities are carried out in the department of Valle del Cauca and Cauca. The Nation awarded to Gases de Occidente S.A. E.S.P. the concession for a term of 50 years from the date when the

pipeline enters into operation (September 23, 1997 for non-exclusive service areas and December 29, 1997 for exclusive service areas) to provide the public service of transport and distribution of liquefied petroleum gas and natural gas through the propane pipeline and gas pipeline, at least, in the city of Santiago de Cali.

Gases de Occidente S.A. E.S.P. is consolidated with the following companies:

Compañía Energetica de Occidente S.A.S. E.S.P. – On June 28, 2010 the company signed a management agreement with Cedelca S.A. E.S.P. in order to assume, on their own account and risk, the administrative, operational, technical and commercial management, the investment, expansion of coverage, renovation and preventive and corrective maintenance of infrastructure and other activities necessary for the provision of power distribution and marketing services in the Department of Cauca. The management agreement began on August 1, 2010 and has a term of 25 years.

Orion Call Center S.A.S. – Its corporate purpose is the provision of call center and contact center services, business process outsourcing services and personalized assistance services for all types of businesses. Its main domicile is located in the city of Santiago de Cali.

Transportadora de Metano S.A. E.S.P. – To transport fuel gas through the construction, operation and maintenance of transportation systems. This activity is carried out in the municipalities of Cimitarra, Puerto Berrio, Yolombo, Cisneros, Maceo, San Roque, Santodomingo, Barbosa, Guarne, Rionegro and Girardota. Its domicile is located in the city of Medellin.

Promisol S.A.S. – Its corporate purpose is the provision of compression and dehydration services for natural gas and any other service related to the natural gas industry and businesses directly related to these activities; the implementation of power management systems, the development of power diagnoses, the development and implementation of onsite or distributed power generation projects, change or replacement of technology, predictive power maintenance programs and comprehensive advice on the management, purchase, sale, distribution, exploitation, commercialization of products, professional and technical services. In the development of its corporate purpose, the company has made business offers to provide dehydration and compression services for natural gas from fields of Ballena and Chuchupa, before being transported. Its domicile is located in the city of Barranquilla. On May 31, 2016, the merger between Enercolsa S.A.S. with Promisol S.A.S., the latter being the surviving company, was registered before the Chamber of Commerce of Barranquilla.

Promisol S.A.S. is consolidated with the following companies:

Zonagen S.A.S. – The Company's main corporate purpose is the generation, transmission and distribution of power to partner companies, associates, members or enterprises economically related to it. Its main domicile is located in Barranquilla.

Promisol Mexico S.A. de C.V. – This company was created on August 10, 2015 and its corporate purpose is the provision of compression and dehydration services for natural gas and any other service related to the natural gas industry and businesses directly related to these activities; the

implementation of power management systems, the development of power diagnoses, the development and implementation of onsite or distributed power generation projects, change or replacement of technology, predictive power maintenance programs and comprehensive advice on the management, purchase, sale, distribution, exploitation and commercialization of products, professional and technical services. Its main domicile is located in Mexico City, Federal District.

Transportadora de Gas del Oriente S.A. E.S.P. - The corporate purpose of the company is the transport of fuel gas through the construction, operation and maintenance of trunk pipelines and branch lines. The assembly, construction, operation, maintenance and commercial exploitation of gas pipelines anywhere in the country or abroad, on its own behalf or on behalf of others. Its activities are carried out in the municipalities of Lebrija, Giron, Bucaramanga and its Metropolitan Area. Its main domicile is located in the city of Bucaramanga. By means of public deed No. 0042 of January 16, 2014 issued by the 9th Notary Public of the Bucaramanga circuit, the company changed its corporate name, it was formerly known as Transportadora del Oriente S.A. E.S.P.

Sociedad Portuaria El Cayao S.A. E.S.P. - The corporate purpose of the company is to make investments in the construction, maintenance and management of ports, loading and unloading, storage at ports and other services directly related to port activities. Its domicile is located in the city of Barranquilla.

Gases del Pacifico S.A.C. – The company's corporate purpose is the

purchase, sale, production and marketing of power in any form, including but not limited to natural gas, electric power, petroleum hydrocarbons, coal and other fuels. The company's main domicile is located in Lima, Peru.

Gases del Norte del Peru S.A.C. – The company's corporate purpose is the purchase, sale, production and marketing of power in all its forms, including but not limited to natural gas, electric power, petroleum hydrocarbons, coal and other fuels. The company's main domicile is located in Lima, Peru.

Enlace Servicios Compartidos S.A.S. – Its corporate purpose is to contract with individuals and government entities, purchase, sell or permit the enjoyment of movable and immovable assets, perform financial operations, in general execute all types of operations that allow it to obtain funds or other necessary assets for the development of the company. Its domicile is located in the city of Barranquilla.

Concesionaria Vial del Pacifico S.A.S.- Company incorporated on June 19, 2014; its corporate purpose is the subscription, execution, performance, termination, liquidation and reversal of the joint venture agreement under the PPP model executed with the Agencia Nacional de Infraestructura –ANI; whose purpose consists of the definitive studies and designs, financing, environmental, property and social management, construction, improvement, rehabilitation, operation, maintenance and recovery of the Pacifico I connection highway concession, of the project “Autopistas para la

prosperidad”. It has legal validity until December 31, 2055.

Concesionaria Nueva Via al Mar S.A.S.- Company incorporated on January 9, 2015; its corporate purpose is the subscription, execution, performance, termination, liquidation and reversal of the joint venture agreement under the PPP model executed with the Agencia Nacional de Infraestructura –ANI; whose purpose consists of the definitive studies and designs, financing, environmental, property and social management, construction, improvement, rehabilitation, operation, maintenance and recovery of the Pacifico I connection highway concession, of the project “Mulalo-Loboguerrero”. It has legal validity until December 31, 2055.

Gestora en Infraestructura y Desarrollo S.A.S. – It was incorporated on December 21, 2018, registered on December 26, 2018 under number 02408421 of Book IX; its corporate purpose is to exercise the legal representation of other companies, commercial establishments, representation offices and other entities with legal capacity of any nature, as well as the management thereof and in general the provision of management services and being the liquidator of other companies.

Compañía en Infraestructura Desarrollo S.A.S. – It was incorporated on December 21, 2018, registered on December 26, 2018 under number 02408420 of Book IX; its corporate purpose is to exercise the legal representation of other companies, commercial establishments, representation offices and other entities with legal capacity of any nature, as well as the management thereof and in general de provision of management services and being the liquidator of other companies.

The consolidated entities and their interest in assets, liabilities, equity and income statements as of December 31, 2018 and 2017, were as follows:

Balances as of December 31, 2018

Trade Name	Shareholding Interest %	Assets	Liabilities	Total Equity	Controlled Equity
Corporacion Financiera Colombiana S.A.		12,029,769	6,022,774	6,006,995	6,006,995
Fiduciaria Corficolombiana S.A.	100.00	70,690	10,683	60,006	60,006
Colombiana de Concesiones y Licitaciones S.A.S.	100.00	1,694,538	15,190	1,679,348	1,679,348
Estudios y Proyectos del Sol S.A.S. and controlled	100.00	5,934,251	3,460,053	2,474,199	1,316,378
Valora S.A.S. y controladas	100.00	219,359	32,536	186,823	186,823
CFC Gas Holding S.A.S.	100.00	659,663	66	659,597	659,597
Proyectos de Ingeniería y Desarrollos S.A.S.	100.00	3,414	989	2,424	2,424
CFC Private Equity Holdings S.A.S.	100.00	57,320	156	57,164	57,164
CFC Energy Holding S.A.S.	100.00	3,012	2,913	99	99
Proyectos y Desarrollos Viales del Pacífico S.A.S. and controlled	100.00	416,797	10,405	406,392	406,392
Proyectos y Desarrollos Viales del Oriente S.A.S. and controlled	100.00	66	31	35	35
Proyectos y Desarrollos Viales del Mar S.A.S. and controlled	100.00	125,888	2,872	123,016	123,016
Concesionaria Nueva Vía al Mar S.A.S.	100.00	370,590	363,065	7,555	7,555
Leasing Corficolombiana S.A.	100.00	747,708	659,718	87,991	87,991
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled	99.98	581,371	232,286	349,085	298,974
Tejidos Sintéticos de Colombia S.A.	99.65	28,524	6,233	22,291	22,291
Organización Pajonales S.A.S. and controlled	99.35	258,372	98,873	159,499	159,667
Gas Comprimido del Perú S.A.	91.87	64,184	63,510	674	674
Concesionaria Vial del Pacífico S.A.S.	89.90	1,282,517	1,044,349	238,167	238,167
Proyectos de Infraestructura S.A. and controlled	88.25	333,444	163,717	169,727	146,094
Hoteles Estelar S.A. and controlled	84.96	844,250	451,751	392,499	345,092
Promotora y Comercializadora Turística Santamar S.A.	84.66	43,274	3,142	40,132	40,132
Plantaciones Unipalma de los Llanos S.A.	54.53	190,525	61,658	128,867	128,867
Industrias Lehner S.A. – In Liquidation	53.35	138	7,987	(7,849)	(7,849)
Promigas S.A. E.S.P. y controladas	50.88	10,427,106	6,993,284	3,433,822	3,212,951
Casa de Bolsa S.A.	40.77	34,101	3,876	30,225	30,225
Proyectos y Desarrollos Viales Andinos S.A.S. and controlled	100	152	12	141	141
Compañía en Infraestructura y Desarrollo S.A.S.	100	0	0	0	0
Gestora en Infraestructura y Desarrollo S.A.S.	100	0	0	0	0
Eliminations due to Consolidation		(10,176,096)	(1,585,861)	(8,590,235)	(9,168,542)
		26,244,927	18,126,238	8,118,689	6,033,706

Balance as of December 31, 2018

Trade Name	Shareholding Interest %	Revenues	Profit before taxes	Income taxes	Results of the period
Corporacion Financiera Colombiana S.A.		3,228,390	1,636,231	(15,855)	1,620,375
Fiduciaria Corficolombiana S.A.	100	80,675	18,579	(6,870)	11,709
Colombiana de Concesiones y Licitaciones S.A.S.	100	768,724	767,218	(9,091)	758,126
Estudios y Proyectos del Sol S.A.S. and controlled	100	2,955,314	1,637,348	(504,208)	1,133,140
Valora S.A.S. y controladas	100	6,742	(4,142)	(735)	(4,877)
CFC Gas Holding S.A.S.	100	50,146	49,434	(205)	49,229
Proyectos de Ingeniería y Desarrollos S.A.S.	100	9,300	46	(25)	21
CFC Private Equity Holdings S.A.S.	100	11,148	3,034	(171)	2,863
CFC Energy Holding S.A.S.	100	4	(14)	(1)	(15)
Proyectos y Desarrollos Viales del Pacífico S.A.S. and controlled	100	202,052	114,248	(8,817)	105,432
Proyectos y Desarrollos Viales del Oriente S.A.S. and controlled	100	1	(66)	0	(66)
Proyectos y Desarrollos Viales del Mar S.A.S. and controlled	100	4,531	(3,429)	158	(3,272)
Concesionaria Nueva Vía al Mar S.A.S.	100	65,656	(2,139)	883	(3,022)
Leasing Corficolombiana S.A.	100	121,233	1,153	(1,504)	(351)
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled	99.98	580,416	68,548	(18,231)	50,317
Tejidos Sintéticos de Colombia S.A.	99.65	37,827	1,952	(666)	1,286
Organización Pajonales S.A.S. and controlled	99.35	85,363	2,165	981	3,145
Gas Comprimido del Perú S.A.	91.87	30,849	340	(1,411)	(1,071)
Concesionaria Vial del Pacífico S.A.S.	89.90	614,714	330,417	(99,371)	231,045
Proyectos de Infraestructura S.A. and controlled	88.25	251,023	165,100	(45,706)	119,395
Hoteles Estelar S.A. and controlled	84.96	350,785	13,650	(6,005)	19,655
Promotora y Comercializadora Turística Santamar S.A.	84.66	2,754	1,769	(474)	1,294
Plantaciones Unipalma de los Llanos S.A.	54.53	73,089	(9,281)	(494)	(9,775)
Industrias Lehner S.A. - In Liquidation	53.35	4	(208)	0	(208)
Promigas S.A. E.S.P. and controlled	50.88	4,276,523	965,235	(189,711)	775,524
Casa de Bolsa S.A.	40.77	66,889	(754)	(363)	(1,117)
Proyectos y Desarrollos Viales Andinos S.A.S	100	1	(27)	0	(27)
Compañía en Infraestructura y Desarrollo S.A.S.	100	0	0	0	0
Gestora en Infraestructura y Desarrollo S.A.S.	100	0	0	0	0
Eliminations due to Consolidation	100	(3,405,997)	(2,779,244)	(369)	(2,789,853)
		10,468,156	2,977,163	(908,261)	2,068,902

Balances as of December 31, 2017

Trade Name	Shareholding Interest %	Assets	Liabilities	Total Equity	Controlled Equity
Corporacion Financiera Colombiana S.A.		9,192,994	5,954,992	3,238,002	3,238,002
Fiduciaria Corficolombiana S.A.	100.00	177,633	116,934	60,698	60,698
Banco Corficolombiana (Panama) S.A.	100.00	278,969	250,012	28,957	28,957
Colombiana de Concesiones y Licitaciones S.A.S.	100.00	442,479	2,121	440,359	440,359
Estudios y Proyectos del Sol S.A.S. and controlled	100.00	2,291,395	1,314,671	976,724	824,173
Valora S.A.S. y controladas	100.00	216,231	35,865	180,366	180,366
CFC Gas Holding S.A.S.	100.00	973,033	201	972,832	972,832
Proyectos de Ingeniería y Desarrollos S.A.S.	100.00	3,266	863	2,403	2,403
CFC Private Equity Holdings S.A.S.	100.00	46,920	1	46,919	46,919
CFC Energy Holding S.A.S.	100.00	115	1	115	115
Proyectos y Desarrollos Viales del Pacífico S.A.S. and controlled	100.00	166,455	20,268	146,187	146,187
Proyectos y Desarrollos Viales del Oriente S.A.S. and controlled	100.00	1	1	-	-
Proyectos y Desarrollos Viales del Mar S.A.S. and controlled	100.00	59,461	6,743	52,719	52,719
Concesionaria Nueva Vía al Mar S.A.S.	100.00	226,345	203,745	22,600	22,600
Leasing Corficolombiana S.A.	100.00	936,540	844,465	92,076	92,076
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled	99.93	521,650	408,550	113,101	71,888
Tejidos Sintéticos de Colombia S.A.	99.65	28,158	5,622	22,536	22,536
Organización Pajonales S.A. and controlled	98.67	247,708	112,970	134,738	128,017
Gas Comprimido del Perú S.A.	91.87	67,709	66,906	803	803
Concesionaria Vial del Pacífico S.A.S.	89.90	444,157	441,683	2,474	2,474
Proyectos de Infraestructura S.A. and controlled	88.25	335,639	181,162	154,476	133,148
Hoteles Estelar de Colombia S.A.S. and controlled	84.96	802,195	430,556	371,638	324,409
Promotora y Comercializadora Turística Santamar S.A.	84.60	42,719	4,366	38,353	38,353
Plantaciones Unipalma de los Llanos S.A.	54.53	202,551	63,779	138,772	138,772
Industrias Lehner S.A. - In Liquidation	53.35	134	7,776	(7,641)	(7,641)
Promigas S.A. E.S.P. and controlled	50.23	9,634,659	6,455,781	3,178,877	2,962,662
Casa de Bolsa S.A.	40.77	46,805	15,112	31,693	31,693
Pizano S.A. and controlled	39.99	217,246	171,527	45,899	45,923
Eliminations due to Consolidation		(6,447,331)	(1,240,120)	(5,207,213)	(6,745,242)
		21,156,016	15,876,553	5,279,463	3,256,201

Balances as of December 31, 2017

Trade Name	Shareholding Interest %	Revenues	Profit before taxes	Income taxes	Results of the period
Corporacion Financiera Colombiana S.A.		2,347,324	234,214	(19,001)	215,213
Fiduciaria Corficolombiana S.A.	100.00	71,535	16,939	(7,278)	9,661
Banco Corficolombiana (Panama) S.A.	100.00	10,246	1,176	-	1,176
Colombiana de Concesiones y Licitaciones S.A.S.	100.00	76,914	73,762	(5,622)	68,140
Estudios y Proyectos del Sol S.A.S. and controlled	100.00	899,503	49,658	(74,893)	(25,235)
Valora S.A.S. y controladas	100.00	15,779	(4,570)	(1,226)	(5,796)
CFC Gas Holding S.A.S.	100.00	46,417	45,676	(302)	45,374
Proyectos de Ingeniería y Desarrollos S.A.S.	100.00	8,240	(497)	(45)	(542)
CFC Private Equity Holdings S.A.S.	100.00	2,012	(1,900)	(8)	(1,908)
CFC Energy Holding S.A.S.	100.00	5	(7)	(2)	(9)
Proyectos y Desarrollos Viales del Pacífico S.A.S. and controlled	100.00	37,468	4,061	(1,207)	2,854
Proyectos y Desarrollos Viales del Oriente S.A.S. and controlled	100.00	-	(1)	-	(1)
Proyectos y Desarrollos Viales del Mar S.A.S. and controlled	100.00	5,813	732	(125)	607
Concesionaria Nueva Vía al Mar S.A.S.	100.00	7,389	1,459	(532)	927
Leasing Corficolombiana S.A.	100.00	129,311	(3,729)	(2,217)	(5,946)
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled	99.93	593,728	25,843	(5,768)	20,075
Tejidos Sintéticos de Colombia S.A.	99.65	39,767	3,307	(1,233)	2,074
Organización Pajonales S.A. and controlled	98.67	70,500	3,876	(1,696)	2,180
Gas Comprimido del Perú S.A.	91.87	33,173	2,280	(4,542)	(2,262)
Concesionaria Vial del Pacífico S.A.S.	89.90	63,159	93	2,134	2,227
Proyectos de Infraestructura S.A. and controlled	88.25	283,689	150,556	(63,513)	87,043
Hoteles Estelar de Colombia S.A.S. and controlled	84.96	340,721	26,478	(4,786)	21,692
Promotora y Comercializadora Turística Santamar S.A.	84.60	3,094	2,129	(777)	1,352
Plantaciones Unipalma de los Llanos S.A.	54.53	86,365	8,096	(1,371)	6,725
Industrias Lehner S.A. - In Liquidation	53.35	32	(1,104)	-	(1,104)
Promigas S.A. E.S.P. and controlled	50.23	3,909,773	931,136	(242,980)	688,156
Casa de Bolsa S.A.	40.77	47,448	1,007	(392)	615
Pizano S.A. and controlled	39.99	137,869	(78,296)	(5,884)	(84,180)
Eliminations due to Consolidation		(803,036)	(484,195)	(373)	(484,568)
		8,464,237	1,008,179	(443,639)	564,539

- During 2018, the Corporation acquired a non-controlling interest of: 0.65% in Promigas S.A. E.S.P. to complete a stake of 50.88%; 0.06% in Promotora y Comercializadora Turística Santamar S.A. completing a stake of 84.66%; likewise, a non-controlling interest of 0.68% of Organización Pajonales S.A.S. was acquired resulting in a stake of 99.35% and 0.05% of Estudios y Proyectos e Inversiones de los Andes S.A. to complete a stake of 99.98%.
- In November 2018, Banco Corficolombiana (Panama) S.A. was liquidated and the investment was written down.
- Due to the liquidation proceeding to which Sociedad Pizano S.A. was linked, it was defined, according to the updated controlling situation position analysis, that the Corporation had a loss of control over such entity and therefore all balances included in the consolidated financial statement as of December 2017 were written down.
- In 2018, the following entities were incorporated: Proyectos y Desarrollos Viales Andino S.A.S, Compañía en Infraestructura and Desarrollo S.A.S, Gestora en Infraestructura y Desarrollo S.A.S., of which the Corporation holds 100% interest.
- During 2017 the Corporation acquired a non-controlling interest of 0.04% in Casa de Bolsa S.A. to complete a stake of 40.77%; likewise a non-controlling interest of 0.54% in Organización Pajonales S.A.S. was acquired resulting in a stake of 98.67%.
- In September 2017 the following entities were incorporated: Proyectos y Desarrollos Viales del Pacifico S.A.S., Proyectos y Desarrollos Viales del Oriente S.A.S.

and Desarrollos Viales del Mar S.A.S. in which the Corporation has a 100% stake.

- Through its stake in Episol S.A.S., Prodepacifico S.A.S. and Prodevimar S.A.S; the Corporation indirectly controls the entities Covipacifico S.A.S. and Covimar S.A.S. with 89.9% and 100% respectively.

2.3.2 Investments in associates

The investments of the Corporation and subsidiaries in entities where they have no control or joint control but a significant influence are called “investments in associates” and are accounted for by the equity method. It is presumed that a significant influence is exercised in the other entity if directly or indirectly owning between 20% and 50% or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist.

According to IAS 28, the Corporation exercises significant influence directly or through its subsidiaries when several of the following conditions are met:

- When it has representation on the board of directors or equivalent governing body of the investee;
- When it participates in policy-setting processes, including decisions on dividends and other distributions;
- When there are material transactions between the entity and the investee;
- When there is an exchange of managerial personnel; or
- When essential technical information is provided.

The equity method is an accounting method whereby the investment is initially recorded at cost and is periodically adjusted due to the changes in the investor's share in the net assets of the

investee. The profits or loss for the year and Other Comprehensive Income of the

investee is included by the investor according to its participation.

The following is the participation and corporate purpose of the investments made in associate companies as of December 31, 2018 and 2017:

Entity	Country of origin	December 31, 2018	December 31, 2017	Corporate purpose
Aerocali S.A.	Colombia	50%	50%	Airport infrastructure projects
Colombiana de Extrusion S.A. (Extrucol)	Colombia	30%	30%	Networks and Infrastructure
Concesionaria Tibitoc S.A.	Colombia	33%	33%	Infrastructure Projects
Metrex S.A.	Colombia	18%	18%	Manufacturing and marketing of industrial equipment
Ventas y Servicios S.A.	Colombia	20%	20%	Services
CI Acepalma S.A.	Colombia	11%	11%	Marketing of oil palm and derivatives
Gases del Caribe S.A. E.S.P.	Colombia	31%	31%	Gas distribution
Gas Natural de Lima y Callao (Calidda)	Peru	40%	40%	Gas distribution
Energia Eficiente S.A. E.S.P.	Colombia	39%	39%	Gas distribution
Concentra Inteligencia en Energia S.A.S	Colombia	24%	24%	Gas distribution
Complejo Energetico del Este S.A.	Panama	33%	33%	Gas conversion

The following are the balances of the financial statements of the investments in the most relevant associate companies:

As of December 31, 2018

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Aerocali S.A.	104,506	66,191	38,315	126,094	117,281
Colombiana de Extrusion S.A. (Extrucol)	86,398	48,643	37,756	104,812	101,689
Concesionaria Tibitoc S.A.	57,420	2,403	55,017	16,271	12,771
Metrex	31,482	19,938	11,544	37,767	35,520
Ventas y Servicios S.A.	78,080	47,150	30,930	230,226	224,673
C.I. Acepalma S.A.	281,161	232,843	48,318	724,008	717,532
Gas Natural de Lima y Callao S.A. (Calidda)	2,943,477	1,916,017	1,027,460	2,168,665	1,947,962
Gases del Caribe S.A. E.S.P.	2,585,669	1,608,107	977,562	1,687,510	1,423,116
Energia Eficiente S.A.	57,226	36,188	21,038	103,719	100,364

As of December 31, 2017

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Aerocali S.A.	133,977	99,008	34,969	117,169	100,900
Colombiana de Extrusion S.A.	68,059	29,807	38,252	65,870	12,012
Concesionaria Tibitoc S.A.	79,566	19,069	60,497	47,125	12,063
Metrex	38,933	24,726	14,207	47,763	15,384
Ventas y Servicios S.A.	65,242	39,770	25,472	194,441	193,647
C.I. Acepalma S.A.	290,406	240,547	49,859	798,782	31,807
Gases del Caribe S.A. E.S.P.	2,363,464	1,481,320	882,144	1,577,041	306,462
Gas Natural de Lima y Callao S.A.	2,441,398	1,536,738	904,660	1,575,804	352,124
Energia Eficiente S.A.	40,853	23,142	17,711	92,170	4,982

2.3.3 Joint arrangements

According to IFRS 11, a joint arrangement is that whereby two or more parties maintain joint control according to the sharing of control contractually agreed upon in the shareholders' or consortium agreement, which exists only when the decisions on relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are divided in turn into joint operations where the parties involved are entitled to the assets and assume obligations with respect to the liabilities relating to the arrangement, and into joint ventures where the parties involved are

entitled to the net assets of the arrangement. An entity shall determine the type of joint arrangement in which it is involved considering its rights and obligations. An entity will assess its rights and obligations by considering the structure and legal form of the arrangement, the clauses agreed by the parties to the arrangement and, where appropriate, other factors and circumstances.

Joint operations are included in the financial statements based on the basis of their proportionate and contractual participation of each in the assets, liabilities and profits of the contract or entity where there is the agreement.

Participation %

Entity	Country of origin	December 31, 2018	December 31, 2017	Corporate purpose
Consorcio Vial Andino	Colombia	100%	100%	Construction of civil works
Consorcio Obras CCFC	Colombia	67%	67%	Construction of civil works
Consorcio Constructor del Pacifico 1	Colombia	100%	100%	Construction of civil works
Consorcio Constructor Mulalo	Colombia	100%	100%	Construction of civil works
Consorcio para la Prosperidad	Colombia	33%	33%	Construction of civil works
Consorcio 4G Llanos	Colombia	100%	100%	Construction of civil works

The joint ventures of the Corporation and its subsidiaries are recorded by the equity method in the same way as the investments in associates described in the note 2.3.2 above.

Entity	Country of origin	December 31, 2018	December 31, 2017	Corporate purpose
CFC SK Eldorado Latam Advisory Company S.A.S	Colombia	50%	50%	Equity Fund
CFC SK El Dorado Latam Capital Partners Ltda.	Cayman Islands	50%	50%	Financial manager
CFC SK El Dorado Latam Management Company Ltda.	Cayman Islands	50%	50%	Manager

The following are the balances of the financial statements of the investments made in joint ventures:

As of December 31, 2018

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
CFC SK Eldorado Latam Advisory Company S.A.S	1,077	281	796	1,939	1,762
CFC SK El Dorado Latam Management Company Ltda.	13,573	45	13,528	3,697	410
CFC SK El Dorado Latam Capital Partners Ltda.	1,125	26	1,098	150	126

As of December 31, 2017

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
CFC SK Eldorado Latam Advisory Company S.A.S	893	204	689	2,037	1,877
CFC SK El Dorado Latam Management Company Ltda.	9,169	34	9,135	3,584	374
CFC SK El Dorado Latam Capital Partners Ltda.	1,007	16	991	-	131

2.4. Functional and presentation currency

Management assesses the performance of the Corporation in Colombian pesos and therefore deems it is currency that best represents the underlying economic effects of the transactions, events and conditions of the Corporation, therefore the consolidated financial statements are presented in Colombian pesos as the functional currency.

The amounts reported in the individual financial statements of the subsidiaries of Corficolombiana are expressed in the currency of the primary economic environment (functional currency) where each entity operates:

Country	Functional Currency
Colombia	Colombian pesos
Peru	Nuevos Soles
Panama	United States Dollars
Mexico	Mexican Pesos

The consolidated financial statements are presented in millions of Colombian pesos, the presentation and functional currency of Corficolombiana. Consequently, all balances and transactions denominated in

currencies other than the Colombian peso are considered as translated into foreign currency.

Corficolombiana and its subsidiaries, in accordance with IAS 21 Effects of changes in exchange rates of foreign currency, may submit their financial statements in any currency.

Conversion of functional currency to presentation currency:

The information reported in the consolidated financial statements of Corficolombiana and its subsidiaries, converted from the functional currency into presentation currency, are translated at the exchange rate prevailing on the date of the reporting period.

The monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate of the functional currency ruling on the closing date of the reporting period. Non-monetary items measured in terms of historical cost in foreign currency are translated using the exchange rates prevailing on the date of the original

transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates on the date when such fair value is determined. All translation differences are recognized as a separate equity component.

Exchange rates, conversion from functional currency to presentation currency:

Closing Rate:

Countries	Currency	Expression	December 31, 2018	December 31, 2017
Peru	Soles	PEN/USD	3.37	3.24
Mexico	Mexican Pesos	USD/MXN	19.66	19.74
Panama	United States Dollars	COP/ USD	3,249.75	2,984.00

Average Rate:

Countries	Currency	Expression	December 31, 2018	December 31, 2017
Peru	Soles	PEN/USD	3.36	3.25
Mexico	Mexican Pesos	USD/MXN	20.14	19.15
Panama	United States Dollars	COP/USD	3,212.48	2,991.42

The assets and liabilities of foreign operations are translated into Colombian pesos at the exchange rate prevailing on the closing date of the reporting period and income statements are translated at the average exchange rates prevailing on the dates of the transactions. The equity is translated at its respective historical rate.

The following subsidiaries have a functional currency different from the functional currency of the Corporation:

Subordinate	Functional Currency
CFC Private Equity Holdings S.A.S.	United States Dollars, USD
Hoteles Estelar del Peru S.A.C.	Nuevos soles, PEN
Hoteles Estelar Panamá S.A.	United States Dollars, USD
Gas Comprimido del Peru S.A.	Nuevos soles, PEN
Gases del Pacifico S.A.C.	Nuevos soles, PEN
Gases del Norte del Peru S.A.C.	Nuevos soles, PEN
Sociedad Portuaria El Cayao	United States Dollars, USD
Promisol Mexico S.A. de C.V.	Mexican pesos, MEX

2.5. Foreign currency transactions

Transactions in foreign currencies are translated into Colombian pesos using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rate ruling on the reporting date of the consolidated financial position statement and non-monetary foreign currency assets are measured at the historical exchange rate. Any gains or losses resulting from the conversion process are included in the income statement and in consolidated other comprehensive income.

2.6. Cash and cash equivalents

Cash and cash equivalents include the cash at hand, bank deposits and other short-term investments in active markets with original maturities of three months or less (from the date of acquisition). The Corporation and its subsidiaries submit their cash flow statement using the indirect method.

2.7. Financial Instruments

2.7.1. Financial Assets

Applicable policy after January 1, 2018

The new IFRS 9 includes three main classification categories for financial assets: measured at amortized cost (CA), at fair value with changes in other comprehensive income (FVOCI) and at fair value with changes in income (FVCI), complementing the two categories existing in previous IFRS 9 of CA and FVCI that are currently in force in Colombia for the consolidated financial statements, adding the category of FVOCI.

A financial asset is measured at amortized cost if both conditions below are met:

- The asset is kept within a business model whose purpose is to keep assets to obtain contractual cash flows, and
- The contractual terms of the financial asset establish specific dates for the derivative cash flows only from payments of principal and interests.
- A debt instrument is measured at FVOCI only if it meets the following conditions and has not been designated as FVCI;
- The asset is kept within a business model whose purpose is achieved when collecting contractual cash flows and selling these financial assets, and
- The contractual terms of the financial asset establish specific dates for the cash flows derived exclusively from payments of principal and interests.

During the initial recognition of investments in equity instruments not kept for trading, it can be irrevocably chosen to record the subsequent changes in fair value as part of other comprehensive income in equity. This choice must be made on an instrument by instrument basis.

All financial assets not classified as measured at amortized cost or fair value with changes in OCI as described above, are measured at fair value with changes recognized in profit or loss. A financial asset meeting the measurement requirements can be irrevocably designated to CA or FVOCI to be measured to FVCI if an accounting asymmetry is significantly eliminated or reduced.

A financial asset is classified in one of the categories mentioned at its initial recognition.

Assessment of business model

The Corporation and its subsidiaries assessed the objectives of the business models in which the different financial instruments are kept at a portfolio level to reflect, as best as possible, the way how it manages the business in each subsidiary and how the information is provided to management.

The financial assets kept or managed to trade and whose performance is assessed on a fair value basis are measured at fair value with changes in results, since these are not kept within the business models to collect contractual cash flows or to obtain contractual cash flows and sell these financial assets.

The following accounting policies are applied to the subsequent measurement of the financial assets

Financial assets at fair value with changes in income (FVCI)	These assets are subsequently measured at fair value. The net gains and losses including the interests or dividend revenues are recognized in income.
Financial assets at amortized cost (CA)	These assets are subsequently measured at amortized cost by using the effective interest method. The amortized cost is reduced by losses for impairment. The revenues for interests, gains and exchange losses and impairment are recognized in profit or loss.
Debt investments with changes in other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. The revenues for interests calculated by using the effective interest method, gains in exchange differences and losses for impairment are recognized in income. Other net gains and losses for valuation are recognized in OCI.
Equity investments with changes in other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. The dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of a part of the investment cost. Other net gains and losses are recognized in OCI and are never reclassified to income.

The effect of adopting the IFRS 9 on the accounting balances of financial assets as of January 1, 2018 is related to the category changes and the new impairment requirements, as described below.

Assess if the contractual cash flows are only payments of principal and interest (SPPI)

For purposes of this assessment, “principal” is defined as the fair value of the financial asset at the time of the initial recognition. “Interest” is defined as the consideration of the value of the money in time and the credit risk associated to the sum of the principal outstanding for a specific period of time and other basic risks of a loan agreement and other related costs

(example: liquidity risk and administrative costs), as well as the profit margin.

When assessing if the contractual cash flows are only payments of principal and interests, the Group shall consider the contractual terms of the instrument. This included the assessment to determine if the financial asset contains a contractual term that could change the time period or the contractual cash flow amounts, so as not to meet the condition. When making

the assessment the Group considered the following:

- Contingent events that will change the amount and frequency of the cash flows
- Leverage conditions
- Early payment terms and extensions
- Terms that limit the Corporation to receive cash flows from specific assets (example: assets without recourse agreements); and
- Characteristics that modify the considerations for the value of money in time, example: periodic review of interest rates.

Applicable policy before January 1, 2018

Initial recognition and measurement

All financial assets are initially recognized at fair value; in the case of financial assets not carried at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset are added.

Purchases or sales of financial assets that require the delivery of the assets within a time frame established by market regulations or convention (conventional purchases and sales or *regular way trades*) are recognized on the date of the purchase or sale, i.e. on the date when the Corporation and its subsidiaries commit to purchase or sell the asset.

The financial assets of the Corporation and its subsidiaries include cash and short-term investments, trade receivables, loans and other receivables, debt and equity securities listed and unlisted, financial

instruments and financial assets under concession.

Subsequent classification and measurement

Financial assets are classified as measured at amortized cost or at fair value on the basis of:

- a. The business model of the entity to manage portfolios of financial assets.
- b. The characteristics of the contractual cash flows of the financial asset.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include the assets held for trading and the financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near future. This category includes derivative financial instruments, if any, taken by the Company and not designated as hedging instruments in effective hedging ratios as defined by IFRS 9.

Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are recognized in the consolidated statement of financial position at fair value and the changes in fair value are recognized as financial income or costs in the consolidated statement of income.

Corficolombiana and its subsidiaries evaluate the financial assets held for trading that are not derivatives, to determine whether their intention to sell them in the short term is still appropriate.

When Corficolombiana and its subsidiaries cannot trade these financial assets due to the existence of inactive markets and, therefore, must significantly change their intention of trading them in the near future, they may choose to reclassify these financial assets, but only in exceptional circumstances.

Criteria for the classification of financial assets or liabilities at fair value through profit or loss: The financial assets or liabilities at market prices through profit or loss are financial assets or liabilities that meet one of the following criteria:

- Assets classified as trading instruments under the following conditions:
 - If the asset or liability was acquired for the purpose of selling or repurchasing it in the short term.
 - If upon initial recognition it is part of a portfolio of identified financial instruments managed together with evidence that there is a current pattern of profit taking in the short term.
 - If referring to a derivative (except for derivatives that relate to a financial guarantee contract or a designated and effective hedging instrument).
 - If upon initial recognition it has been designated by the entity as an asset or liability at fair market value through profit or loss.

A company may use this designation permitted by IFRS 9 only when more relevant information is obtained when doing so and if it meets one or more of the following conditions:

- The valuation substantially eliminates or reduces an inconsistent measurement or

recognition (“mismatch”) that would arise from a measurement of assets or liabilities made on a different basis.

- A group of financial assets, financial liabilities or both are managed and their return is evaluated based on the fair market value, in accordance with the documented risk management or investment strategy, and the information of the investment of Corficolombiana and its subsidiaries is provided on the same basis.
- The asset or liability includes one or more embedded derivatives, unless the embedded derivative does not substantially alter the cash flows or if the separation of the embedded derivative is prohibited.

Financial assets measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity instruments. The equity instruments designated at fair value through Other Comprehensive Income are those which are neither classified as held for trading nor as at fair value through profit or loss; this classification is irrevocable.

After initial recognition, financial assets measured at fair value through Other Comprehensive Income are measured at fair value, and unrealized gains or losses are presented as Other Comprehensive Income in the net gain (loss) item on financial assets measured at fair value, until the investment is written off. At that time, the cumulative gain or loss is reclassified as accumulated income (loss).

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets to obtain contractual cash flows and if the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely correspond to payments of principal and interest on the amount outstanding.

The amortized cost is the initial measurement of the asset or liability minus principal repayments, plus or minus the accumulated depreciation calculated with the effective interest rate method with any difference between the initial amount and the repayment amount at maturity, and minus any reduction due to impairment or uncollectibility.

The *effective interest rate* is the discount rate that exactly matches the estimated cash flows receivable over the expected life of the financial instrument (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. To calculate the effective interest rate, cash flows are estimated considering all the contractual conditions of the financial instrument. The calculation includes all fees and interest paid or received by the parties to the contract, which integrate the effective interest rate, and transaction costs and all other premiums or discounts.

Debt Instruments

A debt instrument is measured at fair value when:

a) Speculation and Trading Portfolio

It is a portfolio of fixed income instruments the purpose of which is to obtain short-term results according to the rotation thereof according to market movements. This portfolio includes TES securities from the National Government, corporate debt securities in pesos and dollars taking into account the risk policies established by the

Corporation for determining credit quotas and the maturities of such securities.

A debt instrument is measured at amortized cost when:

a) Investments:

1. The Corporation holds this investment portfolio in order to obtain contractual cash flows.
2. In this case, payments of principal and interest on the amount outstanding are related to an inflation index linked to the currency in which the instrument was issued.
3. The linking of the payments of principal and interest on the amount outstanding with an unleveraged inflation index has the effect of considering the time value of money, providing a present value, which means that the interest rate on the instrument reflects the 'real' interest rate.
4. Accordingly, the amounts of cash flows receivable from mandatory investments without interest and indexed to inflation in Colombia represent a consideration for the time value of money on the amount outstanding. Such instruments would comply with the *Solely Payments of Principal and Interest - SPPI test*, i.e. they only involve the payment of principal and interest.

b) Portfolio of TES securities or corporate debt in pesos and dollars solely intended to obtain contractual cash flows and maintain the corresponding security to maturity.

c) Structural Portfolio:

This portfolio only contemplates fixed-income instruments intended to obtain principal and interest flows for a certain period in which certain conditions on the

minimum margin and profits must be met. That investment can be sold once this has taken place. These portfolios generate amounts of principal and interest once the condition on the margin estimated by the Corporation is met according to risk and liquidity levels.

These portfolios include TES securities from the National Government, corporate debt securities in pesos and dollars taking into account the risk policies established by the Corporation for determining credit quotas and the maturities of such securities.

Moreover, these portfolios may be sold at some point without meeting the profitability defined according to the liquidity conditions that the Senior Management of the Corporation believes that may affect the appropriate liquidity and solvency levels of the company or upon the occurrence of any of the following circumstances:

- a. Significant impairment of the conditions of the issuer, its parent, subsidiaries or related parties.
- b. Changes in the regulation that hinder holding the investment.
- c. Mergers or institutional reorganization processes involving the reclassification or the realization of the investment, in order to maintain the previous interest rate risk position or to adjust to the credit risk policy previously established by the merged entity.
- d. • In other cases where the Finance Superintendence of Colombia has given its prior express authorization.

Equity instruments measured at fair value

Equity instruments are measured at fair value through profit or loss except those designated through other comprehensive income because of being considered

strategic. However, in specific circumstances, the cost may be an appropriate estimate of fair value. This may be the case if the recent information available is insufficient to measure such fair value, or if there is a wide range of possible fair value measurements and the cost represents the best estimate of the fair value within such range.

The indicators that the cost may not be representative of the fair value include:

- a. A significant change in the performance of the investee, when compared with budgets, plans or objectives.
- b. Changes in the expectations that the technical production objectives of the investee will be achieved.
- c. A significant change in the market for the equity instruments of the investee or its products or potential products.
- d. A significant change in the global economy or in the economy of the environment in which the investee operates.
- e. A significant change in the performance of its peers, or in the assessments suggested by the global market.
- f. Internal problems of the investee such as fraud, commercial disputes, litigation, changes in the management or strategy.
- g. Evidence from external transactions in the equity of the investee, whether caused by the investee itself (such as a recent issue of equity instruments) or by transfers of equity instruments between third parties.

The above list is not exhaustive. An entity shall use all the information on the performance and operations of the investee that becomes available after the date of initial recognition. To the extent that any of these relevant factors takes place, this may indicate that the cost may

not be representative of the fair value. In these cases, the entity must measure the fair value.

Loan portfolio, financial leasing operations and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in any active market. After initial recognition, these financial assets are measured at amortized cost using the effective interest rate method, minus any impairment. The amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The accrual of the effective interest rate is recognized as a financial income in the income statement. Any losses arising from impairment are recognized in the income statement as financial costs.

Financial assets on concession agreements

A financial asset is recognized when according to the contractual conditions there is an unconditional contractual right to receive cash or another financial asset for construction services from the grantor or from the Colombian State.

If the concession contract is classified as a financial asset, the asset arising from the contract is included in the account "financial assets under concession" and is recorded at present value of the future payments to which the Corporation and its subsidiaries are entitled, discounted using the effective interest rate, in the case of financial assets related to a mandatory sale at a fair price at the end of the contract; these financial assets are designated at fair value through profit or loss.

Operations with derivative financial instruments

According to IFRS 9, a derivative is a financial instrument whose value changes over time based on a variable called the underlying asset, it does not require an initial net investment or requires a small investment relative to the underlying asset and it is settled on a future date.

In the development of its operations, the Corporation generally trades financial instruments in financial markets with forward contracts, futures contracts, swaps and options that fall within the definition of a derivative.

The derivative transactions are recorded initially at fair value. Subsequent changes in fair value are recognized in income, as appropriate, unless the derivative is designated as a hedge and in case it is, it shall depend on the nature of the hedged item, according to the following:

- Fair value hedges of assets or liabilities recognized or commitments in force, in which case the changes in the fair value of the derivative are recorded in income, as well as any change in the fair value of the asset, liability or commitment in force attributable to the hedged risk.
- Cash flow hedges for a particular risk associated with a recognized asset or liability or a highly probable transaction, in which case the effective portion of the changes in the fair value of derivatives is recognized in the other comprehensive income in equity. The gain or loss on the derivative related to the ineffective portion of the hedge or not corresponding to the risk covered is immediately recognized in the consolidated income statement.

The gain or loss in the derivative related to the party that is not effective to the hedging or that does not correspond to the

hedged risk is immediately recognized in income.

The amounts accumulated in the other comprehensive income account are carried to the profits for the same period in which the hedged item is carried to income.

- Hedging of a net investment in foreign currency, which are similarly recorded as cash flow hedges; the portion of the gain or loss of the hedge instrument determined to be an effective hedge shall be recognized in other comprehensive income and the ineffective part shall be recognized in income. The cumulative gains or losses of the hedging instrument in equity are recognized in income when the net investment in a subsidiary abroad is completely sold or proportionally when it is partially sold.

The Corporation and its subsidiaries document, at the beginning of the transaction, the relationship between the hedging instrument and the hedged item as well as between the risk hedge objective and the strategy for undertaking the hedge. Their assessment also documents, both at the start date of the transaction and on a recurring basis, whether the hedging ratio is highly effective in offsetting changes in the fair value or in the cash flows of hedged items.

Financial assets and liabilities from derivative transactions are not offset in the statement of consolidated financial position; however, when there is a legal and enforceable right to offset the amounts recognized and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously, these are presented on a net basis in the consolidated statement of financial position.

Financial guarantees

“Financial guarantees” are considered as contracts that require the issuer to make specific payments to reimburse the creditor for any loss incurred when a specified debtor fails to comply with its payment obligations in accordance with the conditions, original or modified, of a debt instrument, regardless of its legal form.

Upon initial recognition, the financial guarantees provided are accounted for by recognizing a liability at fair value, which is generally the present value of the fees and returns receivable from these contracts over their life, having the amount of the fees and returns received at the start of operations and the accounts receivable at the present value of future cash flows to be received as an offsetting item under assets.

Financial guarantees, irrespective of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required for them, which is determined by application of criteria similar to those established for quantifying impairment losses experienced on financial assets.

The provisions constituted on the financial guarantee agreements considered as impaired are recorded in the liability as “Provisions – Provisions for risks and contingent commitments” with charge to income.

The revenues obtained from guarantee instruments are recorded in the fee revenues account and are calculated by applying the fee percentage established in the contract on the nominal amount of the guarantee.

Impairment of financial assets

Applicable policy after January 1, 2018

The new IFRS 9 replaces the model of loss incurred of IAS 39 for a model of expected credit loss (PCE). This new model requires that a considerable judgment is applied on how the changes in the economic factors affect the PCE, which shall be determined on an average weighted basis.

The new impairment model is applied to the following financial assets that are not measured at FVCI:

- Debt instruments
- Leases receivable
- Other accounts receivable
- Credit portfolio
- Financial guarantee agreements issued; and
- Loan commitments issued.

The new IFRS 9 requires recognizing a provision for impairment of financial assets at fair value with changes in OCI in an amount equal to a loss for impairment expected in a period of twelve months after the cut-off date of the financial statements or during the remaining life of the loan. The expected loss in the remaining life of the loan are the expected losses resulting from all the possible impairment events over the expected life of the financial instrument, while the expected losses in the period of twelve months are the portion of expected losses that shall be the result from impairment events possible within the twelve months after the reporting date of the financial statements.

Measurement of PCE

PCE is the expected value of credit loss according to an exposure under credit risk characteristics and it is measured as follows:

- Financial assets not presenting credit impairment at the reporting date

- Financial assets impaired at the reporting date
- Pending loan commitments; and
- Financial guarantee agreements.

The financial assets impaired are defined by the IFRS 9 similarly to the impaired financial assets under IAS 39.

Applicable policy before January 1, 2018

At the end of each reporting period, Corficolombiana and its subsidiaries assess whether there is any objective evidence that a financial asset or group of financial assets that are not recorded at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed impaired only if there is objective evidence of such impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss generating event") and if the event that has caused the loss has an impact on the estimated future cash flows of the financial asset or financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or group of debtors are in significant financial difficulties, default or delinquency in the payment of principal or interests, when it is likely that they will be declared bankrupt or undergo any other form of financial reorganization, and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as adverse changes in the status of delinquent payments or in the economic conditions that are related to such defaults.

For financial assets carried at amortized cost, first it is assessed whether there is individual objective evidence of the impairment of the financial assets that are individually or collectively significant for financial assets that are not individually

relevant. If it is determined that there is no objective evidence of the impairment of a financial asset assessed individually, regardless of its relevance, the asset will be included in a group of financial assets with similar credit risk characteristics and will be evaluated together to determine whether there is any impairment. Assets that are assessed individually to determine whether there is impairment and for which an impairment loss is recognized or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses not yet incurred). The present value of estimated future cash flows is obtained from discounting the original effective interest rate of financial assets. If a loan accrues a variable interest rate, the discount rate for measuring any impairment will correspond to the current effective interest rate.

The carrying amount of the asset is reduced through an impairment account and the amount of the loss is recognized in the consolidated income statement. The interests earned continue to be accrued on the basis of the reduced book value of the asset, using the effective interest rate used to discount future cash flows for purposes of measuring the impairment.

The interests earned are recorded as financial income in the consolidated income statement. The loans and the corresponding impairment are recognized as a loss when there is no expectation of any future recovery and all collaterals thereon were used or transferred to Corficolombiana and its subsidiaries. If, in a subsequent year, the estimated amount of the impairment loss increases or

decreases due to an event occurring after recognizing the impairment, the impairment loss recognized above is increased or decreased by adjusting the impairment account. If an item that was recognized as a loss is subsequently recovered, such recovery is credited as a lower financial cost in the consolidated income statement.

Derecognition of financial assets

A financial asset or a part of a financial asset or part of a group of similar financial assets is derecognized:

- Upon the expiry of contractual rights over the assets' cash flows;
- When the contractual rights to the asset's cash flows are transferred or an obligation to pay all cash flows to a third party is assumed without a significant delay and through a transfer agreement;
- When the risks and rewards of ownership of the asset are substantially retained, but control of the asset has been transferred.
- When all risks and benefits of ownership of the asset have been substantially transferred;

Where Corficolombiana and subsidiaries have transferred their contractual rights to receive the asset's cash flows, or has entered into a transfer agreement but has not substantially transferred or retained all the risks and benefits ownership of the asset, or transferred the control over the same, the asset continues to be recognized to the extent of its enforcement. In this case, it also recognizes the related liabilities. The asset transferred and the related liabilities are measured in a way to reflect the rights and obligations that Corficolombiana and subsidiaries have retained. A continued implication taking the form of a guarantee on the transferred

asset is measured as the lower amount between the original amount on the asset books and the maximum compensation amount that Corficolombiana and its subsidiaries would be required to return.

2.7.2. Financial liabilities

Recognition and initial measurement

All the financial liabilities are initially recognized at their fair value minus, in the case of loans and accounts payable, the directly attributable transaction costs.

The financial liabilities of Corficolombiana and subsidiaries include trade accounts payable, loans and other accounts payable, financial guarantee agreements and derivative financial instruments.

Subsequent classification and measurement

The subsequent measurement of the financial liabilities depends on its classification, as follows:

Financial liabilities at fair value with changes in profit and loss

The financial liabilities at fair value with changes in profit and loss include the financial liabilities maintained to negotiate and the financial liabilities designated at the moment of their initial recognition as at fair value with changes in profit and loss.

The financial liabilities are classified as maintained to trade if they are contracted with the purpose to deal with them in the near future. This category includes the derivative financial instruments taken by the companies that are not designated as hedge instruments in hedge relationships as defined by the IFRS 9.

Loans and accounts payable

Upon the initial recognition, the loans and accounts payable accruing interests are measured at the amortized cost by using the effective interest rate method. The profits and losses are recognized in the consolidated income statement when the liabilities are derecognized, as well as through the amortization process by using the effective interest rate method.

The amortized cost is calculated by taking into account any discount or premium in the acquisition and the commissions or the costs that are an integral part of the effective interest rate. The effective interest rate is recognized as financial cost in the consolidated income statement.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the corresponding agreement has been paid or cancelled, or has expired.

When an existing financial liability is replaced by another resulting from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially amended, said exchange or amendment is treated as a derecognition of the original liability and the recognition of a new liability and the difference on the respective book values are recognized in the income statement.

Set off of financial instruments

A financial asset and liability will be offset and their net amount will be submitted in the financial position statement when and only when_

- a. The legally enforceable right to offset the amounts recognized is available at the current time; and
- b. There is the intention to liquidate for the net amount or to realize the

asset and liquidate the liability in a simultaneous basis.

The entity will not offset the asset transferred with the associated liability in the accounting of a transfer of a financial asset that does not meet the requirements for the derecognition.

Reclassification of financial instruments

When and only when, the Company or its subsidiaries change their business model for the management of their financial assets, it will reclassify all the affected financial assets. Notwithstanding, no financial liability can be reclassified.

The following changes in the circumstances are not reclassifications:

- a. An item that was previously designated as an efficient hedge instrument in a coverage of cash flows or a net investment hedge that has ceased to meet the requirements to be considered as such;
- b. An item that has passed to be a designated and efficient hedge instrument in a hedge of cash flows or a hedge of net investment; and
- c. Changes in the measurement when designating a credit exposure at fair value with changes in profit and loss.

2.8 Inventories

The inventories of the subsidiary Entities of the Company are valued at the cost or net value of realization, whichever is lower. The cost of these inventories is calculated by using the weighted average cost. The net realization value is the estimated sale value during the normal course of business less the termination costs and estimated sale expenses. The impairment of the inventories is counted to cover eventual losses for obsolescence lacks or

impairment thereof, as a result of the analysis of each of the items that make part of the inventory group. The inventories in transit accumulate the FOB value and the related import costs; do not include costs for purposes of conversion of foreign currency rates to the functional currency.

The acquisition cost of the inventories comprises the purchase price, the import tariffs and other taxes (which are not recoverable after from the local authorities), the transportations, storage and other costs directly attributable to the acquisition of commodities, materials or services. The commercial discounts, rebates and other similar items will be deducted to determine the acquisition cost. (See Note 19).

2.9 Properties, plant and equipment

The properties, plant and equipment include the assets, in ownership or in leasing, that the Company and subsidiaries keep for their current use and which they expect to use during more than one year. Likewise, it includes the material assets received by the consolidated entities for the total or partial liquidation of financial assets representing collection rights before third parties and which are intended to have a continuous use.

The properties, plant and equipment are recorded on the consolidated balances for their acquisition cost, less their corresponding cumulative depreciation and if applicable, the estimated losses resulting from comparing the net accounting value of each item with its corresponding recoverable value.

The depreciation is calculated by applying the straight line method, on the acquisition cost of the assets less their residual value: understanding that the lands on which the buildings and others are built have an undefined useful life and therefore, they are not subject to depreciation. Said

depreciation recorded with charge to results is calculated based on the useful lives below:

Percentages of depreciation and useful lives of Properties, Plant and Equipment

<u>Asset</u>	<u>Percentage</u>	<u>Useful life (years)</u>
Buildings of own use	1% - 4%	70 - 100
Furniture	8% - 10%	10- 20
Facilities	5% - 12%	5 - 20
Office and computer equipment	8% - 25%	3 - 10
Machinery and equipment	5% - 25%	5 -25
Private gas pipelines	1.43%	70
Compressors	3% - 13%	8 - 35
Production plants (Biological assets)	13% - 25%	25 - 35

The depreciation is recorded in the result of the period incurred as management expense in the item “management expenses” or in the “sale cost” when dealing with operational assets; however, at times where the future economic benefits incorporated to an asset are incorporated to the production of other assets. In this case, the charge for depreciation will make part of the cost of the other asset and will be included in its book value.

The criteria of the Company and subsidiaries to determine the useful life of these assets and in particular of the buildings of own use, is based on independent appraisals in determined moments, unless there are signs of impairment.

The Company and subsidiaries analyze if there are signs, both external and internal, that a material can be deteriorated in every accounting close. If there is impairment evidence, the entity determines if said impairment effectively exists by comparing the net book value of the asset with its recoverable value (as the higher between its reasonable value less the disposal costs

and its value in use). When the book value exceeds the recoverable value, the book value is adjusted up to its recoverable value by amending the future charges in depreciation, in accordance with its new remaining useful life.

Similarly, when there are signs that the value of a material asset has been recovered, the Company estimates the recoverable value of the asset and recognizes it in the consolidated income account, by recording the reversion of the loss for impairment accounted in previous periods and adjusting as a consequence the future charges in amortization. In no case, the reversion of the loss for impairment can suppose the increment of its book value above that it would have if no losses for impairment would have been recognized in previous years.

The preservation and maintenance expenses of the properties and equipment are recognized as expense in the period where they are incurred and are recorded in the item “management expenses” or in the “sale cost” when they are operational assets.

When the use of a property changes from occupied by the owner to investment properties, this is measured at fair value and is reclassified to investment properties. Any increment in the book value is recognized in results to the extent that said increment is the reinvestment of a loss for impairment of the value, previously recognized for that property.

2.10 Investment Properties

The investment properties are those lands or buildings fully deemed, in part or in both owned by the Company and subsidiaries to obtain rents, valuation of the asset or both instead of its use for own purposes. The investment properties are initially recorded at cost, which includes the costs associated to the transaction and

subsequently said assets are measured at their fair value with changes in the fair value recorded in the consolidated income statement. The Company and subsidiaries have made the choice to record said assets in their balance at fair value. Said fair value is determined based on appraisals periodically made by independent experts by using level three valuation techniques described on IFRS 13 Measurement of Fair Value.

2.11 Goods received under lease

Assets received under lease at their initial reception are also classified in financial or operational leases as well as the goods delivered under lease. The lease agreements classified as financial leases are included in the balance as properties, plant and equipment or as investment properties according to their purpose and are initially accounted in the asset and in the liabilities simultaneously for a value equal to the fair value of the good received under lease or good by the present value of the minimum lease payments, if lower. The present value of the minimum lease payments is determined by using the interest rate implied in the lease agreement and if it is not available, an average interest rate of the bonds placed by the Company or its subsidiaries in the market is used. Any initial direct cost of the lessee is added to the amount recognized as asset. The value recorded as liability is included in the account of financial liabilities and is recorded in the same way.

The payments made under lease agreements classified as operating are recognized in income on a linear basis during the lease term. The incentives received for lease are recognized as an integral part of the total expense for lease during its term.

2.12 Assets delivered under lease.

Assets delivered under lease by the Company and subsidiaries are classified upon the execution of the respective contract as financial or operating leases. A lease is classified as a financial lease when it substantially transfers the risks and advantages inherent in the property. The lease agreements classified as financial leases are included in the balance sheet within the item of "financial assets for credit portfolio at amortized cost" and are accounted as the other credits granted. The lease agreements classified as operational leases are included in the account of properties, plant and equipment and are accounted and depreciated as this type of assets.

2.13 Non-current assets held for sale and discontinued operations

The goods received in payment of credits and the non-current assets held for sale on which the Company and subsidiaries have the purpose to sell them in a term not exceeding one year and their sale is deemed highly probable, are recorded as "non-current assets held for sale", said goods are recorded at the lower of their book value at the time of transfer to this account and their fair value less estimated sale costs.

The value of the assets of the entities in process of liquidation is submitted in discontinued operations.

2.14 Biological Assets

The agricultural activities related to biological assets (animals or plants) of Organizacion Pajonales S.A. and subsidiaries, Plantaciones Unipalma de los Llanos S.A. and Valora S.A. and subsidiaries are separately recorded in this account both in the moment of their initial recognition as at the end of the period where it is informed at its fair value less the sale costs, except for short cycle crops where their fair value less sale costs are

reflected in results through their sale and for long-term cycle crops for which the amendment of AIS 16 and AIS 41 is applied.

The biological assets complying with the concept of producing plant must be accounted as properties, plant and equipment in accordance with the IAS 16, however, the products growing on the producing plants will continue to be accounted in accordance with IAS 41 (See note 19).

A producing plant is a living plant that meets the characteristics below:

- a. is used in the elaboration or supply of agricultural products
- b. is expected to produce during more than one period; and
- c. has a remote probability to be sold as agricultural products, except for incidental sales of thinning and pruning.

In this sense, the crops of rubber and African palm would comply with this definition since these producing plants are only maintained to harvest products throughout its economically useful life. According to the regulatory change, the biological assets related to producing plants must be recognized and measured separately, producing plant (holder of the biological product) under IAS 16 and the biological product under IAS 41.

2.14.1 Treatment of the Production Plant under IAS 16

The production plants in establishment and growing stage are subject to a biological transformation which must be reflected through an approach of accumulated cost to its maturity, which for the case of African Palm is year 2 of the cultivation and for Rubber year 7. When reaching maturity, the production plants are completely developed and therefore, the single economic future benefits

resulting from the production plants arise from the sale of the agricultural products they produce.

According to the foregoing, the production plants will be measured at their cost less the cumulative depreciation and any loss for impairment. The useful life is the production period of the plants that for the case of rubber are 35 years and for African palm, 25 years. The depreciation method to be used is production units in order to reflect the use of the asset, in the case the plant can be recovered at the end of the production period as timber plants, this recoverable value will be taken as the residual value of the asset.

2.14.2 Treatment of the Biological Product under IAS 41

The agricultural products harvested or collected from the biological assets of an entity must be measured in the harvest or collection point, at their fair value less the estimated costs in the point of sale. Said measurement is the cost on said date, when the IAS 2, Inventories is applied. The losses or gains arising from the initial and subsequent recognition at fair value of the agricultural products are included in the net gain or loss of the period. The costs incurred in the agricultural production process are also carried directly to the income statement.

2.15. Business combination

The Company or its subsidiaries when acquiring the control on a business, it is accounted in the consolidated financial statements by the so-called "acquisition method". Under said method, the acquisition price is distributed between the identifiable assets acquired, including any intangible asset and assumed liability, on the basis of their respective fair values.

When in the acquisition of the entity control there are non-controlling minority

interests, those minority interests are recorded at selection of the Company and subsidiaries at fair value, or at the proportional participation of the current property instruments, in the amounts recognized of the net identifiable assets of the entity acquired. In a combination of businesses by stages, the Corporation measures once again the participation had before in the equity of the entity acquired at fair value on the date of the acquisition and recognizes the resulting profit or loss.

The difference between the price paid and the value of the non-controlling interests and the net value of the assets and liabilities acquired determined as indicated above, is recorded as capital gain.

The capital gain recorded is not subsequently amortized but is subject to an annual evaluation for impairment. In addition to the foregoing, the accounts of the consolidated income statement of the entity acquired in the consolidated financial statements are only included from the date in which the acquisition was legally completed.

2.16 Concession agreements

The concession agreements where the Company and subsidiaries related to the infrastructure, energy and gas sector undertake with the Colombian State in the construction or maintenance of infrastructure works during a specified period and in which those companies receive the revenues during the term of the agreement, whether through direct contributions of the State or through rates collected from the users, according to the accounting construction IFRIC 12 Service Concession Agreements, are accounted as financial assets and/or intangible assets in operating stage. In some cases, there can be mixed agreements where a part of the agreement is a financial asset and another is an intangible asset.

According to IFRS 15, the following performance obligations are defined for each concession agreement:

- Construction and/or improvement of infrastructure: It is considered that the construction and improvement duties of infrastructure are a single performance obligation taking into account the interrelation existing between the different sections of the works.
- Management, Operation and Maintenance of infrastructure: Although they are contractually defined as separate activities for the management, operation and maintenance, they are considered a single performance obligation taking into account that these have been homogeneously distributed during the operating period and for that purpose, they are developed considering the same benefit pattern for the customer.

During the construction phase, the concession asset is recognized as an asset of the agreement, according to IFRS 5 during the operation phase the intangible asset is measured at cost less the cumulative amortization and the cumulative amount of the losses for impairment of the value and the financial asset at amortized cost.

When there are obligations to maintain or restore the infrastructure to a specified operation condition before handing it over to the grantor at the end of the service arrangement, these obligations must be recognized and measured in accordance with IAS 37, i.e. according to the best estimate of the expenditure that would be required to settle that obligation at the end of the reporting period.

2.17. Intangible assets

The intangible assets of the Company and its subsidiaries that have not been

acquired in the business combination processes described in paragraph 2.15 and from the concessions described in the paragraph below, which relate mainly to computer software, are initially measured at the cost incurred on the acquisition or in their internal development phase (see note 23). The costs incurred in the research phase are directly carried to income. Subsequent to their initial recognition, these assets are amortized over their estimated useful life, which, in the case of computer software, is 3 years or according to the period defined in the contractual terms agreed upon.

Licenses

The licenses of the applications used by the Company and its subsidiaries are recorded at cost minus accumulated amortization. The amortization is calculated by using the straight-line method to charge the cost to income at the end of their useful life.

Software

Software maintenance-related costs are recognized as an expense when incurred. The amortization is calculated by using the straight-line method to charge the cost to income in the term of the contract.

Intangible assets on concession agreements

An intangible asset is recognized when the concession agreement does not grant any unconditional right to receive cash and revenues are conditioned to the extent of use by the public of the service provided by the asset under concession.

If the concession agreement is qualified as an intangible asset, the accrued revenues accumulated as an asset during the construction phase of the project are recognized as intangible assets and are amortized against income from the date when the construction is completed and the corresponding asset is made available to users, during the term of the concession

agreement. The payments received from tolls or fees upon the completion and commissioning of the construction are recorded when actually received.

2.18. Borrowing costs

The Company and its subsidiaries capitalize borrowing costs when they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of such assets, provided that they are likely to produce future economic benefits for the entity and can be measured reliably. Otherwise, they are recognized as an expense in the period in which they have been incurred.

2.19. Prepaid expenses and prepaid assets

Prepaid expenses mainly comprise insurance, services, prepaid lease and are amortized on a monthly basis according to the contractual deadline established, with a charge to income.

Insurance

Insurance is recognized at cost; amortization is calculated by using the straight-line method to assign the cost to income at the end of the term of the policy, i.e. one (1) year.

2.20. Impairment of non-financial assets

A test for impairment is made when there is evidence that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount of an asset is the higher of its fair value minus disposal costs and its value in use. The Company and its subsidiaries assess at the end of each period whether there is any indication that an asset has been impaired. If this is the case, the Company and its subsidiaries will estimate the impairment of such asset.

2.21. Employee benefits

The calculation of the obligations for the established benefits is done every year by a qualified actuary, pursuant to the parameters established in IAS 19 and decree 2783/2001 for 2018 and 2017, respectively.

For defined contribution plans, the Corporation and its subsidiaries pay contributions to public or private pension plan managers with regards to a mandatory, contractual or voluntary base. There are no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses when provided. The contributions paid in advance are recognized as an asset provided that a cash reimbursement or reduction of future payments is available.

Employee benefits for their accounting recognition are all forms of consideration granted by the Company and its subsidiaries in exchange for the services provided by employees, which are divided into four classifications:

Short-term benefits

According to Colombian labor standards, these benefits correspond to salaries, legal and extralegal bonuses, vacations, severance pay and non-tax contributions made to state entities that are paid 12 months before the end of the period. These benefits are accumulated by the accrual system charged to income.

Post-employment benefits

These are benefits paid by the Company and its subsidiaries to their employees at the time of retirement or after completing their employment period, other than indemnification. These benefits, according to the Colombian labor standards, correspond to retirement pensions directly assumed by the Company or its

subsidiaries, severance payable to employees who continue in the labor regime prior to Law 50 and certain extralegal benefits agreed upon in collective agreements.

The liability for post-employment benefits is determined on the basis of the present value of the estimated future payments to be made to employees, calculated based on actuarial studies prepared by the projected credit unit method, using for this purpose actuarial assumptions on mortality rates, salary increases and staff turnover, and interest rates determined according to the yields of the market in force of bonds at the end of the period on issuances of the National Government or high-quality corporate obligations. Under the projected credit unit method, the future benefits to be paid to employees are carried to each accounting period where the employee provides his services. Therefore, the expenditure for these benefits recorded in the consolidated income statement of the Company and its subsidiaries includes the service cost determined in the actuarial calculation plus the financial cost of the liability calculated. Any changes in liabilities due to changes in actuarial assumptions are recorded in equity in the account "Other Comprehensive Income (OCI)".

Changes in the actuarial liability due to changes in the labor benefits granted to employees with a retroactive effect are recorded as an expense in the first of the following dates:

- Upon the modification of the labor benefits granted.
- When provisions for restructuring costs are recognized by a subordinate or by a business of the Company.

Other long-term employee benefits

These correspond to all employee benefits other than short-term, post-employment

and termination employee benefits. According to the collective bargaining agreements and the regulations of the Company and its subsidiaries, such benefits relate mainly to seniority bonuses.

Liabilities for long-term employee benefits are determined in the same way as the post-employment benefits described in letters above, with the only difference that changes in the actuarial liabilities due to changes in actuarial assumptions are also recorded in the income statement.

Benefits from the termination of the employment agreement with employees

These benefits correspond to payments to be made by the Company and its subsidiaries resulting from a unilateral decision taken by the Company or its subsidiaries to terminate the agreement or from the employee's decision to accept an offer from the Company for benefits in exchange for the termination of the employment agreement. According to Colombian law, such payments correspond to severance and other benefits that the Company unilaterally decides to grant to its employees in these cases.

Termination benefits are recognized as a liability charged to income in the first of the following dates:

- When the Company and its subsidiaries have formally communicated to the employee their decision to terminate the employment agreement.
- When provisions for restructuring costs are recognized by a subordinate or by a business of the Company that entails the payment of termination benefits.

2.22. Income taxes

The income tax expense comprises current tax and deferred tax. The tax expense is

recognized in the consolidated income statement except for the portion corresponding to items recognized in Other Comprehensive Income. In this case, the tax is also recognized in said statement.

The current income tax is calculated on the basis of the tax laws in force in Colombia at the closing date of the financial statements or in the country where some of the subsidiaries of the Company are domiciled. The Management of the Company and its subsidiaries periodically evaluate the positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of the amounts expected to be paid to the tax authorities.

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the consolidated financial statements, which will result in amounts that are deductible or taxable when determining the profit or loss corresponding to future periods when the carrying amount of the asset is recovered or when the carrying amount of the liabilities is liquidated. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill unless their tax amortization is deducted from income; deferred taxes are not accounted for either if they arise from the initial recognition of an asset or liability in a different transaction from a business combination that at the time of the transaction does not affect the accounting or tax profit or loss. Deferred tax is determined by using the tax rates in force at the balance sheet date and which are expected to be applied when the deferred tax asset is realized or when the deferred tax liability is offset.

Deferred tax assets are recognized on deductible temporary differences from investments in subsidiaries, associates and

joint ventures only to the extent it is likely that the temporary difference will reverse in the future and there is sufficient taxable profit against which the temporary difference can be used. Deferred tax assets are recognized only to the extent where it is probable that future taxable income will be available against which the temporary differences can be used.

Deferred tax liabilities are provided on arising account taxable temporary differences, except for the deferred tax liability on investments in subsidiaries, associates and joint ventures when the opportunity to reverse the temporary difference is controlled by the Company and its subsidiaries and it is likely that the temporary difference will not be reversed in the near future. Generally, the Company does not have the ability to control the reversal of temporary differences on investments in associates but it does on investments in its subsidiaries.

Deferred tax assets and liabilities are offset when there is a legal right to offset deferred taxes against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same entity or on different entities when intending to offset the balances on net basis pursuant to IAS 12.

Recognition of deferred taxes on entities paying taxes under presumptive income

For the determination of the taxable basis of the income tax, the Colombian legislation provides two systems: the Ordinary System (normal deputation of the taxable basis) and Presumptive Income System. In the first one, the net income (net enrichment) is determined by starting from the revenues by subtracting the costs and deductions authorized in the Colombian Tax Statute. In the second one, this rule sets forth in its article 188 a minimum estimated profitability amount of

3% of net equity as of December 31 of the year immediately preceding the taxable year. Every year, the taxpayer must calculate and compare the income obtained by both systems and it will liquidate the tax on the highest value resulting from both.

The Company has analyzed new technical positions with respect to the recognition of deferred taxes in entities paying taxes on the presumptive income system and where this situation has been recurrent and in accordance with the tax projections in the foreseeable future it is not expected to change said tax behavior.

Now, IAS 12 "Profit tax" only refers to the term profit tax including all taxes, whether national or international, based on taxable profits. In that sense, when the taxes are paid through the presumptive income system, the tax payable is determined on other tax basis based on a presumption of the net equity profitability and not on the ordinary income or tax profit. Under this presumptive system the temporary differences will not generate greater or lower payments of taxes in future periods while the Entity continues liquidating its tax on this system.

The above in accordance with the provisions of IAS 12, where the recognition of deferred taxes is based on the recovery of the carrying amount of the value of assets or liquidation of liabilities by originating greater or lower payments of taxes in future periods related to Tax Profits determined on the ordinary deputation system. Therefore, the Management of the Company deems that in order for its Financial Statements to facilitate the decision-making, when providing relevant information adjusted to its taxation system, it will not recognize a deferred income tax; except on temporary differences generated by the complementary tax to the income tax for Sundry Income, provided that no change is expected on the nature of its operations in

the foreseeable future amending the taxation basis. The situation above must be reviewed at each close in order to determine the most appropriate treatment for the recognition of deferred taxes in accordance with IAS 12 *Profit Taxes*.

2.23 Provisions.

Provisions for decommissioning and environmental restoration, financial guarantees, restructuring costs and legal claims are recognized when the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions include lease termination penalties and employee termination payments.

When there are several similar obligations, the probability that a cash outflow is required is determined by considering the type of obligations as a whole. A provision is recognized even if the probability of the outflow of a cash flow with respect to any item included in the same class of obligations can be immaterial.

Provisions are valued at the present value of the disbursements expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the value of money over time and of the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as a financial expense..

2.24 Non-voting preferred shares

When the Company and its subsidiaries issue a non-derivative financial instrument, they evaluate its conditions to determine if it contains liability and equity components. These components are classified separately as financial liabilities or equity instruments

for the issuer. According to the above, the Company has evaluated this requirement in connection with the preferred shares without voting rights that it has issued as of the closing submitted in this consolidated financial statement and has concluded that such shares do not exhibit the characteristics of financial liabilities and therefore, are recognized as a greater equity amount.

2.25 Revenues

Policy applied from January 1, 2018

IFRS 15 sets forth a conceptual framework to determine how and when the revenues are recognized; this standard replaced IAS 18 Revenues, IAS 11 Construction agreements and other policies related with its constructions, IFRIC 13 Customer loyalty programs, IFRIC 18 Transfers of customers assets and SIC 31 Revenues: exchange transactions involving advertising.

Assets of Agreements

An asset of agreement is the right of the Corporation and subsidiaries to receive a payment in exchange for goods or services that the entity has transferred to a customer.

The costs of complying with an agreement eligible for capitalization as incremental costs when obtaining an agreement are recognized as a contractual asset. The contractual costs are capitalized when they are incurred if those costs are expected to be recovered. The contractual costs constitute non-current assets to the extent that it is expected to receive the economic benefits of those assets in a period greater than twelve months. The agreements are systematically and consistently amortized with the transfer to the customer of the services, once the corresponding revenues have been recognized. The capitalized contractual costs are impaired if the

customer withdraws or if the carrying amount of the asset exceeds the projection of the discounted cash flows related to the agreement.

Liabilities of Agreements

The liabilities of agreements constitute the obligation of the Corporation and its subsidiaries to transfer goods or services to a customer, for which the entity has received a payment from the final customer. They also include the deferred revenue related to goods or services to be delivered or provided in the future, which are invoiced to the customer in advance but not overdue yet.

The Corporation and subsidiaries recognize the revenues resulting from agreements with customers based on a model of five steps established in the IFRS 15.

- Step 1. Identification of agreements with customers: an agreement is defined as an arrangement between two or more parties, which creates enforceable rights and obligations and sets forth criteria to be met for each agreement. The agreements can be written, oral or implied through the usual corporate practices of a company.
- Step 2. Identification of the performance obligations in the agreement: A performance obligation is a promise in an agreement with a customer for the transfer of a good or service to the latter.
- Step 3. Determination of the transaction price: The price of the transaction is the amount of the payment to which the group expects to be entitled in exchange of the transfer of goods or services promised to a customer, without taking into account the amounts received in representation of third parties.

- Step 4. Assignment of the price of the transaction to the performance obligations of the agreement: In an agreement having more than one performance obligation, the Corporation and its subsidiaries distribute the price of the transaction between the performance obligations in amounts representing the consideration to which the Corporation and its subsidiaries expect to be entitled in exchange of the fulfillment of each performance obligation.
- Step 5. Recognition of revenues when (or to the extent that) the Corporation and its subsidiaries meet a performance obligation.

The Corporation and its Subsidiaries fulfill a performance obligation and recognize the revenues over time if any of the following criteria is met:

- a) The performance of the entity does not create an asset with alternative use for the entity and has an enforceable right to the payment for the performance completed to date.
- b) The performance of the entity creates or improves an asset that the customer controls to the extent that it is created or improved.
- c) The customer receives and consumes at the same time the benefits resulting from the performance of the entity to the extent it works.

For performance obligations where no condition mentioned above is met, the revenue is recognized when the performance obligation is fulfilled.

When the Corporation and subsidiaries fulfill a performance obligation by delivering the goods or services promised, it creates a contractual asset for the amount of the compensation obtained with

the performance. When the amount of the compensation received by a customer exceeds the amount of the revenue recognized, this generates a contractual liability.

The revenue is measured based on the compensation specified in the agreement with the customer and excludes the amounts received in representation of third parties. The entity recognizes revenues when it transfers the control over a good or service to a customer. The revenue is presented net of value added tax (VAT), reimbursements and discounts and after eliminating the sales inside the group.

The revenues are recognized to the extent that it is likely that the economic benefits flow to the entity and that the revenues and costs, if applicable, can be reliably measured.

Main activities from which the Corporation and its subsidiaries generate revenues for agreements with customers are:

- Financial services
- Operation and construction services (Concessions)
- Energy and gas utilities
- Hotel services
- Agricultural production
- Wholesale and retail trade

2.26. Expenses

The Company and its subsidiaries recognize their costs and expenses as economic events that take place so that they are systematically recorded in the corresponding accounting period (accrual) regardless of the flow of monetary or financial resources (cash).

An expense is recognized immediately when a payment does not generate future economic benefits or when it does not meet the requirements for being recognized as an asset.

Costs on construction agreements

Costs related to construction agreements include costs that are directly related to the specific agreement, the costs related to the contracting activity in general and can be attributed to the specific agreement and any other costs that can be charged to the customer, under the terms agreed upon in the agreement.

The costs incurred related to future activities on the agreement are recorded as an asset provided it is likely that they will be recovered in the future. These costs represent amounts due from the customer and are often classified as constructions in progress.

2.27 Wealth Tax

In December 2014 the National Government issued Law 1739, which created the wealth tax to be paid by all entities in Colombia with a net worth of more than \$1 billion. The Law establishes that for accounting purposes in Colombia such tax can be registered charged to equity reserves within equity. The Company and its subsidiaries have decided to apply such an exception and have registered the wealth tax accrued in 2016 and 2017 charged to their equity reserves provided that it has been approved by the Shareholders Assembly.

This tax is no longer applicable for 2018.

2.28 Segments of operation

The Corporation is organized in business units based on the economic sectors where they hold investments. There are five main sectors and a sixth one that comprises the entities that do not reach the qualitative threshold to be considered an operative segment; therefore, the defined segments in the Corporation are: Financial Sector (includes financial leasing, trusts, foreign

banking and brokerage), Gas Sector (Includes natural gas and power transportation and distribution deals), Infrastructure Sector (Includes road infrastructure projects, mainly construction and operation and maintenance services), Hotels Sector (Includes hotel services mainly), Agro-industrial Sector (Includes mainly timber, palm oil, rubber and rice businesses).

2.29 Related Parties

Under IAS 24 Information to be disclosed about related parties, a related party is a person or entity that is related to the entity preparing its financial statements in which control or joint control over the reporting entity could be exercised; exercise significant influence over the reporting entity; or be considered a member of the key management personnel of the reporting entity or of a controlling entity of the reporting entity. The definition of related party includes: a) persons and/or relatives related to the entity, entities that are members of the same group (controlling company and subordinate), associates or joint ventures of the entity or entities of the group, post-employment benefit plans for employees of the reporting entity or a related entity.

The related parties of the Company are as follows;

1. Shareholders: it includes major shareholders together with transactions with related parties as defined in IAS 24.
2. Board Members: it includes main and alternate Board members together with transactions with related parties as defined in IAS 24.

3. Key management personnel: it includes the President and Vice-Presidents of the company, who are involved in the planning, direction and control of the company. Some key management personnel, or their related parties, hold positions in other entities, resulting in them having significant control or influence over the financial or operating policies of these entities.
4. Associated companies: it includes companies over which the Company has significant influence, which is generally considered when owning a share of 20% or more of their voting power.

2.30. Differences in the application of International Financial Reporting Standards in force and Accounting and Financial Reporting Standards Accepted in Colombia.

Some standards issued subsequently at an international level are not yet applicable in Colombia and in turn certain standards not currently in force at an international level are applicable in Colombia.

2.31. Standards and amendments applicable from January 1, 2019

According to the provisions of Decrees 2170 dated December 2017 and 2483/2018, the new standards and the amended standards applicable from 2019 are detailed below. The impact of these standards is under evaluation by the Corporation management:

Financial Information Standard	Subject of the amendment	Detail
IFRS 16 Leases	Recognition, measurement, presentation and information to be disclosed of leases	<p>IFRS 16 of Leases sets forth the principles for the recognition, measurement, presentation and information to be disclosed of leases. The purpose is to ensure that the lessees and lessors provide relevant information in a manner that it faithfully represents these transactions.</p> <p>This information provides a basis for the users of the financial statements in order to evaluate the effect that the leases have on the financial position, the financial performance and the cash flows of the Company.</p>
IAS 40 Investment Property	Investment property transfers	<p>It amends paragraph 57 so as to reflect the principle that a change of use would imply:</p> <p>(a) An evaluation of whether a property complies, or has ceased to comply, with the definition of investment property; and (b) Having the evidence supporting that this change of use has occurred. By means of the application of this principle, an entity will transfer properties in construction or development to, or from, investment properties when, and only when there is a change of use of this property supported by evidence.</p>
IFRS 2 Share-based Payment	Classification and measurement of transactions with share-based payments	<p>Considerations to address the accounting of a modification of the terms and conditions of a share-based payment that changes the classification of transaction from liquidated in cash to liquidated with equity instruments, the classification of a transaction with characteristics of net liquidation for the withholding of tax obligations and the accounting of the effects of the conditions, for the irrevocability of the concession on the measurement of a share-based payment that is liquidated in cash.</p>
Annual Improvements to the IFRS Cycle 2014-2016	<p>Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards.</p> <p>Amendments to IFRS 12 Disclosure of interests in other entities</p>	<p>Removal of short-term exemptions for the entities that adopt the IFRS for the first time.</p> <p>Clarification of the scope of the standard.</p> <p>Measurement at fair value of an associate or a joint business.</p>
Amendments to IAS 28	Long-term interests in associate companies and joint ventures	<p>The amendments clarify that the companies account for the long-term interests in an associate or joint venture to which the equity method is not applied, using IFRS 9.</p> <p>The IASB also provided an example showing how the companies apply the requirements of IFRS 9 and IAS 28 to the long-term interests in an associate company or joint venture.</p>
Amendments to IFRS 9	Characteristics of early cancellation with negative compensation	<p>Amendments to IFRS 9 allow the companies to measure financial assets, cancelled early with negative offset at amortized cost or fair value, through other comprehensive income, if a specific condition is met; instead of doing it at fair value with benefit or loss.</p>

IFRIC 22	Transactions in foreign currency and early compensation	It corrects the lack of clarity existing on the date and exchange rate to be used for the conversion of transactions in foreign currency in which a payment or early collection are made.
Improvements to cycle 2015-2017	Amendment to IAS 12 Income tax	Consequences in the income tax of the payments for financial instruments classified as equity.

2.32. Change in accounting policies

IFRS 9 Financial Instruments

IFRS 9 sets forth requirements to know and measure financial assets, financial liabilities and some agreements to purchase or sell non-financial items. This standard replaces IAS 39 Financial Instruments: recognition and measurement.

The table below summarizes the impact, net of taxes, of the transition to IFRS 9 in the retained profits and the non-controlling interests as of January 1, 2018:

	Reference	Impact of adoption of IFRS 9 as of January 1, 2018
Retained earnings		
Impairment of assets under IFRS 9	ii.	(16,382)
Related tax	ii.	3,593
Classification and measurement of the financial assets	i.	(2,774)
Related tax	i.	(183)
Impact as of January 1, 2018		(15,746)
Non-controlling interests		
Recognition of expected losses under IFRS 9	ii.	(10,854)
Related tax	ii.	3,529
Impact as of January 1, 2018		(7,325)
Total i		(2,957)
Total ii		(20,114)

The details of the new significant accounting policies and the nature and effect of the changes in the previous accounting policies are set forth below:

The Corporation and subsidiaries took the exception of not re-expressing the comparative information of previous periods with respect to the classification and measurement requirements (including impairment). The differences in the book

balances in the financial assets and liabilities resulted from the adoption of IFRS 9 were recognized in retained earnings and other comprehensive income as of January 1, 2018. Likewise, the information submitted for 2017 does not reflect the requirements of IFRS 9 (version 2014), but those of IFRS 9 (version 2012 for measurement and classification) and IAS 39 (for impairment).

I. Classification and Measurement of financial assets and liabilities

The new IFRS 9 contain a new classification and measurement approach for financial assets that reflects the business model where these assets are managed and their cash flow characteristics.

The table below and the notes attached below explain the original classification in accordance with the categories according to IFRS 9 (version 2012) and the new measurement categories under IFRS 9 (Version 2014) for each type of financial assets of Corficolombiana and its subsidiaries as of January 1, 2018:

	Original classification under IAS	New classification under IFRS 9 (version 2014)	Original amount as of 12/31/2017 under IAS 39	Change in policy IFRS 9 (version 2014)	New amount under IFRS 9 (version 2014)
Financial assets					
Cash and cash equivalents	Fair value	Fair value	1,971,359	-	1,971,359
		Amortized cost	1,805,470	(1,720,982)	84,488
	Amortized cost	Fair value (FVCI)	-	-	-
		Fair value (FVOCI)	-	-	-
		Amortized cost	-	-	-
Debt instrument	Fair value	Fair value (FVCI)	1,090,025	(11,319)	1,078,706
		Fair value (FVOCI)	-	-	-
		Amortized cost	-	-	-
	Fair value (FVOCI)	Fair value (FVCI)	-	-	-
		Fair value (FVOCI)	-	1,729,527	1,729,527
	Fair value (FVCI)	Fair value (FVCI)	519,899	-	519,899
		Fair value (FVOCI)	-	-	-
Equity instruments	Fair value (FVOCI)	Fair value (FVCI)	-	-	-
		Fair value (FVOCI)	850,351	-	850,351
Derivative instruments	Fair value (FVCI)	Fair value (FVCI)	41,273	-	41,273
Credit portfolio	Amortized cost	Amortized cost	2,447,461	-	2,447,461
Accounts receivable	Amortized cost	Amortized cost	1,379,101	-	1,379,101
Financial assets of concessions	Amortized cost	Amortized cost	786,018	-	786,018
	Fair value (FVCI)	Fair value (FVCI)	2,282,611	-	2,282,611
Total financial assets			13,173,568	(2,774)	13,170,794
Related tax				(183)	
Total impact for investment classification				(2,957)	

Impact of the change of loss allowance model due to impairment of financial instruments

For the assets in the scope of the impairment model according to IFRS 9, the losses for impairment are generally expected to increase and be more volatile. Corficolombiana and its subsidiaries have determined that the application of the impairment requirements of IFRS 9 as of January 1, 2018 results in an additional impairment assigned as follows:

Impairment losses recognized as of December 31, 2017 under IAS 39	\$	<u>(230,905)</u>
Additional impairment recognized on January 1, 2018 on:		
Credit portfolio		(7,756)
Accounts receivable		(11,713)
Fixed income investments		(77)
Financial asset under concession		<u>(568)</u>
Total impairment application IFRS 9		<u>(20,114)</u>
Impairment losses recognized as of January 1, 2018 under IFRS 9	\$	<u>(251,019)</u>

III. Hedge Accounting

For the initial application of IFRS 9 relative to hedge accounting, the IASB allows an option of accounting policies between applying the requirements contained in IFRS 9 or continuing to apply the requirements existing in IAS 39 for all the financial instruments designated in a hedge relationship, until the accounting project for macro-hedges is completed. In view of the foregoing, the hedge accounting has been chosen to continue under the provisions of IAS 39.

IV. Transition

The changes have been applied in accounting policies resulting from the adoption of IFRS 9 retroactively except as described below:

- The Corporation has taken an exemption for not restating the comparative information for previous periods with regards to the classification and measurement requirements (including impairment). The differences carrying amounts of the financial assets and liabilities resulting from the adoption of IFRS 9 are

recognized in the cumulative reserves and results from January 1, 2018. Accordingly, the information submitted for 2017 does not generally reflect the requirements of IFRS 9 but reflects those of IAS 39.

- The following assessments have been made based on facts and circumstances that existed to the date of the initial application
- The determination of the business model under which the financial asset is maintained
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVCI.
- The designation of certain investments in equity instruments not held to negotiate FVOCI.
- If an investment in a debt security had a low credit risk as of the date of initial application of the IFRS 9, then the Corporation has assumed that the credit risk of the asset has not increased significantly since its initial recognition.

IFRS 15 Revenue resulting from contracts in ordinary activities with customers

IFRS 15 sets forth a comprehensive framework to determine how and when the revenues are recognized. This IFRS replaced IAS 18 Revenues, IAS 11 Construction Agreements and those related to their constructions.

Adoption of IFRS 15 was prospectively applied by recognizing the initial application effect in the cumulative income. Accordingly, the information submitted for 2017 has not been amended with the adoption of said standard.

As of January 1, 2018, there was a positive impact net of taxes for the application of IFRS 15 (“Revenues of ordinary activities resulting from agreements with customers”), which was generated by the agreements held by the Corporation in infrastructure projects. The foregoing, since the methodology established by this new standard requires that the revenues of ordinary activities must be recognized pursuant to the progress in the fulfillment of performance obligations of an agreement.

The table below summarizes the impact of the transition to IFRS 15 in the statement of financial position.

Impact in assets and liabilities in the recognition of IFRS 15	Balance reported as of December 2017	Adjustment IFRS 15	Impact of adoption of IFRS 15 as of January 1, 2018
Asset			
Rights on concession agreements	388,693	619,949	1,008,642
Financial asset on concession agreements	786,018	450,878	1,236,896
Total impact IFRS 15 in the asset			2,245,538
Liability	1,174,711	1,070,827	
Provision for contractual funding	-	(527,417)	(527,417)
Deferred tax for concessions	(32,912)	(181,680)	(214,592)
Total impact IFRS 15 in the liability	(32,912)	(709,097)	(742,009)
Totals	1,141,799	361,730	1,503,529
Controlling Equity			
Concessions	-	542,308	542,308
Tax related with concessions	-	(181,066)	(181,066)
Total impact IFRS in the controlling equity	-	361,242	361,242
Non-controlling interests			
Concessions	-	1,102	1,102
Tax related to concessions	-	(614)	(614)
Total impact IFRS 15 in the non-controlling equity	-	488	488
Totals		361,730	361,730

Corficolombiana and its subsidiaries recognized the revenues resulting from agreements with customers based on a five-step model established in IFRS 15:

- Step 1. Identification of agreements with customers
- Step 2. Identification of the performance obligations in the agreement
- Step 3. Determination of the transaction price
- Step 4. Distribute the price of the transaction among the performance obligations of the agreement
- Step 5. Recognition of revenues when (or to the extent that) it fulfills the performance obligation.

The revenue is measured based on the compensation specified in the agreement with the customer and excludes the amounts received in representation of third parties. The revenues are recognized when the control over a good or service is transferred to a customer, to the extent that it is likely that the economic benefits flow to the Company and it is possible to reliably measure it. The revenue is presented net of value added tax (VAT), reimbursements and discounts and after eliminating the intercompany operations.

Main activities by means of which Corficolombiana and its subsidiaries generate revenues for agreements with customers are submitted below:

- I) Financial services
- II) Operation and construction services (Concessions)
- III) Energy and gas utilities
- IV) Hotel services
- V) Agricultural production
- VI) Wholesale and retail trade

Other changes in accounting policies

Taking into account the current regulatory context, Corficolombiana and its affiliates have determined to make changes to the policies in a prospective manner in the preparation of the consolidated financial statements, which are submitted below:

- a) Equity reclassification of the portfolio provision between OCI accounts and profits retained in accordance with the provisions of IFRS 9.
- b) Recalculation of employee benefits by taking into account the provisions of IAS 19.
- c) Taxes related to letters above

The net impact of taxes of the changes in accounting policies was \$(6,641).

2.33. New accounting opinions

The Corporation and subsidiaries must adopt IFRS 16 Leases from January 1, 2019. The Group has evaluated the estimated impact that the initial application of IFRS 16 shall have in its consolidated financial statements, as described below. The real impacts of adopting the standard on January 1, 2019 can change since:

- It has not completed the tests and evaluation of controls on its new IT systems;
- The new accounting policies are subject to changes until the Corporation and subsidiaries present their first financial statements including the initial application date.

IFRS 16 introduces a single accounting model of lease in balance for the lessees. A lessee recognizes an asset for right of use that represents its right to use the underlying asset and a liability for lease that represents its obligation to make lease items. There are recognition exemptions for short-term leases and leases of low value items. The accounting of the lessor continues to be similar to the current standard, meaning, the lessors continue classifying the leases as financial or operating.

IFRS 16 replaces the existing lease guideline, including IAS 17 Leases, IFRIC 4 that determines if an agreement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Assessment of the substance of transactions involving the legal form of a lease.

The Corporation and subsidiaries shall recognize the new assets and liabilities generated by lease agreements. The nature of the expenses related to those leases shall change now since a charge for depreciation shall be recognized for the assets for right

of use and interest expenses over the liabilities for lease.

Formerly, the operating lease expenses were recognized in straight line during the lease term.

No significant impacts are expected for the financial leases of the Corporation and subsidiaries.

The Corporation and subsidiaries expect to recognize assets of right of use for \$174,295 on January 1, 2019, lease liabilities for \$214,554. These impacts might generate a decrease in the retained profits from January 1, 2019 for \$40,259.

The Corporation and subsidiaries plan to initially apply IFRS 16 on January 1, 2019 using the amended retrospective approach. Therefore, the cumulative effect of the adoption of IFRS 16 shall be recognized as an adjustment to the opening balance of retained profits as of January 1, 2019, without the comparative information being reexamined.

3. Critical accounting judgments and estimates in the application of the Accounting Policies.

The Company and subsidiaries make estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amount of the assets and liabilities within the subsequent fiscal year. The judgments and estimates are continuously assessed and are based on the experience of the Management and other factors, including the expectations of future events believed to be reasonable under the present circumstances. The Management also makes certain judgments in addition to those involving estimates in the process of applying the accounting policies. The judgments with the most significant effects on the recognized amounts in the financial statements and the estimates that may cause a significant adjustment in the assets and liabilities book value for the next year include:

3.1. Going Concern:

The Management prepares the financial statements based on a going concern. When making this judgment, the Management considers the current financial position of the Company and subsidiaries, their current intentions, the result of the operations and the access to financial resources in the financial market, and analyzes the impact said factors have in future operations of the group. As of the date of this report, we are not aware of any situation that makes us believe that the Company will not be able to continue as a going concern.

3.2. Investment in debt securities classified at amortized cost:

The Management applies judgments on assessing if the debt securities of the consolidated financial statements may be categorized at amortized cost particularly considering their business model to

manage the financial assets and if they meet the conditions for said financial assets to be included at amortized cost. The Company and subsidiaries may sell these assets when it complies with the risk policies established by the Company for determining the credit quotas and the maximum term of the securities. On the other hand, these portfolios may be sold at any time without meeting the profitability defined pursuant to the liquidity conditions that the Senior Management of the Company considers may affect the appropriate liquidity and solvency levels of the company, or upon the occurrence of any of the following circumstances:

- a) Significant impairment in the conditions of the issuer, its parent company, its subsidiaries or its affiliates.
- b) Changes in the regulations preventing keeping the investment.
- c) Merger or institutional reorganization processes that imply a reclassification or the realization of the investment with the purpose of maintaining the previous interest rate risk position or of adjusting to the credit risk policy previously established by the resulting entity.
- d) In the other cases where the Finance Superintendence of Colombia has granted its prior and express authorization.

3.3. Impairment of loan portfolio and other receivables

The Company and its subsidiaries regularly review their loan portfolio and other receivables for impairment according to the provisions of Note 2.7.1.

3.4. Fair value of financial instruments and derivative instruments

Information on the fair values of financial instruments and derivatives valued by using assumptions not based on observable market data is disclosed in corresponding note.

3.5. Elimination of financial assets from the balance sheet

Management applies judgments to determine if all substantially significant risks and returns of financial assets ownership are transferred to third parties.

3.6. Deferred income tax

Deferred tax arises from the evaluation of the differences of facts recognized in the financial statements or in tax returns and which are going to have a future tax consequence.

Deferred tax assets and liabilities shall be valued by using the expected tax rates for the periods in which the assets are going to be realized or the liabilities are going to be liquidated based on the rates and laws in force or practically enacted on the date of the statement of financial position. When there are different tax rates according to the tax benefit levels, the deferred tax assets and liabilities are valued at the rates known for each of the future periods in which it is expected that the temporary differences will be reversed.

The following Entities were incorporated:

Compañía en Infraestructura y Desarrollo SAS - Covindesa - Incorporated by Shareholders Minutes on December 21, 2018, registered on December 26, 2018 under number 02408420 of book IX; its corporate purpose is to exercise the legal representation of other companies, trade establishment, representation offices, branches and other entities with legal capacity of any nature, both national and

foreign, as well as their management and in general the provision of management services in all its manifestations and be a liquidator of other companies.

Gestora en Infraestructura y Desarrollo SAS - Geindesa - Incorporated by means of sole private shareholders document dated December 2018, registered on December 26, 2018 under number 02408421 of book IX; its corporate purpose is to exercise the legal representation of other companies, trade establishment, representation offices, branches and other entities with legal capacity of any nature, both national and foreign, as well as their management and in general the provision of management services in all its manifestations and be a liquidator of other companies.

The assumptions of the Corporation generated during 2018 in the business were:

Promigas S.A. E.S.P. and subsidiaries

Deferred income tax is recognized by using the liability method on the temporary differences between the taxable basis of assets and liabilities and their respective book values at the closing date of the reporting period, calculated with the tax rates expected to be enforced in the period in which the asset is realized or the liability is canceled, based on the rates approved or practically upon the termination of the approval process by the Government.

Deferred tax liabilities are recognized for all the taxable temporary differences, except the taxable temporary differences related to the investments in subsidiaries, associates and interests in joint ventures, when the opportunity of the reversion of the temporary differences can be controlled and it is probable that those temporary differences are not reversed in the near future.

Deferred tax assets are recognized for all the deductible temporary differences and by the future set-off of tax credits and unused taxable losses to the extent that the availability of future taxable gains is likely, against which these tax credits or unused taxable losses can be charged, except for the deductible temporary differences related to the investments in subsidiaries, associates and interests in joint ventures.

Concesionaria Panamericana S.A., Proyectos de Infraestructura S.A. PISA and Concesiones CCFC

Concesionaria Panamericana S.A., Proyectos de Infraestructura S.A. PISA and Concesiones CCFC have recognized deferred tax assets regarding deductible temporary differences related to the concession intangible asset and deferred revenues from Concessions, mostly generated by stand-alone trust funds.

These deductible temporary differences are estimated to be reversed as tax revenues fiscally realized and the infrastructure works recorded as intangible assets amortized by enforcing Article 32 of TC structured in Tax Reform Law 1819/2016.

In addition, PISA S.A. records deferred tax asset to the extent that the amount of the taxable temporary differences related to the same fiscal entity is much greater than the deductible temporary differences (see note 22).

Estudios y Proyectos del Sol S.A. EPISOL

Deferred tax recognized is represented mainly in items of capitalized studies and projects, which have been recognized as an expense in IFRS, while it is fiscally classified as an asset and is pending to be amortized.

Deferred tax asset is also recorded on Forward Valuations that at closing are

generating a loss, deferred revenues that will be reversed to the extent they are amortized and recognized as revenue on the following periods, Industry and Trade Tax and other minor taxes.

These deductible temporary differences are estimated to be reversed as the capitalized studies and projects are amortized, the losses carried on the valuation of derivatives are fiscally realized and the industry and trade tax is paid in the next fiscal year.

Valora S.A. and subsidiaries

The deferred tax recorded is represented mainly by tax credits and deductible temporary differences identified on biological assets whose administrative and banking expenses are recognized as expenses in accordance to the IFRS accounting and are fiscally capitalized during the non-productive stage of the crops.

Rubber plantations owned by Valora are currently in a non-productive stage, which is why it is generating no revenues for its crops and is paying taxes on the Income Tax by the Presumptive Income method. According to Law 939, the net tax income generated on the productive stage will be exempted income for a period of ten years on the income tax and complementary. Notwithstanding, said exempted income is accrued at the rate of 9% in accordance with the most recent amendment incorporated by Law 1819/2006. It is estimated that the crops start their productive stage in 2019.

The deferred tax calculated on crops is only at the rate of 9%, so only the differences reversed are expected to affect the tax accrued at this rate when the production stage has started.

Gas Comprimido del Peru Gascop

For income tax purposes and according to Article No. 50 of TUO of the Income Tax Law in Peru, the fiscal losses can be offset by imputing them year by year until exhausting their amount, to the net income of third category obtained in the four immediately subsequent years counted from the next year of generation.

Now, during recent years, Gascop has submitted accounting losses due to operational problems and extraordinary situations; therefore, the deferred tax recorded is mainly represented in the fiscal credits.

3.7. Initial recognition of related party transactions

The Company and its subsidiaries conduct transactions with related parties in the normal course of business. IFRS 9 requires the initial recognition of financial instruments based on their fair values; therefore, determining whether the transactions are carried out at market values of interest rates when there is no active market for such transactions, it is applied as judgment. The bases of such judgment consist on evaluating similar transactions with unrelated parties and an analysis of effective interest rates.

3.8 Impairment of Goodwill

The Management of Corficolombiana and its subsidiaries annually perform an impairment assessment of commercial loans recorded in their financial statements in accordance with IAS 36 Impairment of Assets, unless the most recent detailed calculations are used for the impairment test of that unit in the current period, provided the following criteria are met:

- a. The assets and liabilities that comprise that unit have not changed significantly from the most

recent calculation of the recoverable amount.

- b. The calculation of the most recent recoverable amount resulted in a figure that exceeded the carrying amount of the unit by a substantial margin.
- c. Based on an analysis of the events that have occurred and the circumstances that have changed since the most recent recoverable amount calculation, the probability of determining the current recoverable amount as lower than the current carrying amount of the unit is remote.

These studies are made on the basis of valuations of cash-generating units having the respective goodwill assigned in their acquisition by the discounted cash flow method, taking into account factors such as the economic situation of the country and the sector in which the company operates, historical financial information and projected revenue growth and the costs of the company over the next five years and thereafter growth in perpetuity by considering the capitalization rates of profits, discounted at the risk-free interest rates adjusted to the risk premium required pursuant to the circumstances of each company.

The following are the main assumptions used in the impairment assessment of the most significant goodwill:

Goodwill on Promigas S.A. E.S.P.

- To determine the fair value of the controlling interest on Promigas S.A. E.S.P., the quoted price at the end of the period published by the Colombia Stock Exchange was used as reference.

Goodwill on the subsidiaries of Promigas S.A. E.S.P.

- Valuation horizon:
 - 10 years for mature companies (stable flows as of year 11).
 - 16 years for Calidda (BOOT agreement expires on 2033)
 - 18 years for CEO (term of the agreement), without value in perpetuity.
 - 16 years for Promioriente (16 years of Gibraltar – UPME reserve data).
 - 9 years for SPEC (term of the agreement), without value in perpetuity.
 - 20 years for GDP (concession agreement, zero transfer value)
- Taxes are directly assumed from the operational flow
- Long-term traffic growth of 3%.
- The valuation of the company is made by discounting the free cash flows at a rate of 11.78%, which is calculated under the WACC methodology, with a capital structure of 50%-50%.
- The risk-free rate corresponds to the geometric average (1992-2018) of the U.S. Treasury bonds “T Bonds”.
- The country risk premium is taken from the publications of Damodaran.

As of December 31, a financial analysis of the results of each Company was performed in order to monitor financial soundness indicators reflected if there has been impairment on the businesses. In order to determine if there is impairment of goodwill, the following criteria were evaluated.

- Significant reduction in the fair value of a long-term asset
- Significant adverse changes in the way in which the long-term asset is being used or in its physical condition.
- Adverse changes in the legal or business environment factors that can affect the asset value.

- Accumulation of costs higher than the originally expected amount in the acquisition or construction of the asset.
- A current period or history of operating losses in the movement of cash supposing continuous losses.
- A current expectation, of high probability, that a long-term asset is sold or released before its estimated useful life.

No reduction in the value of long-term assets or group assets was found. No significant changes are recognized in the legal or business environment factors that can affect the asset value.

Goodwill on Concesionaria Panamericana S.A.S.

- The valuation of the company is made by discounting the free cash flows for the period of the concession term at a rate of 7.15%, which is calculated under the WACC methodology.
- The risk-free rate corresponds to the average of treasuries for a period of ten years in order to reflect the effects of the economic cycle.
- The country risk premium is taken from the publications of Damodaran.

The methodologies and assumptions used for the valuation of different cash-generating units allocated to goodwill were properly reviewed by management and based on this review, it has been concluded that as of December 31, 2018 and 2017 it was not necessary to record goodwill impairment. The following is the summary of the tests conducted (see note 21).

The summary of the tests made is submitted below.

Cash-generating units	December 31, 2017				December 31, 2016			
	Goodwill	Equity value	Recoverable amount	Surplus	Goodwill	Equity value	Recoverable amount	Surplus
Gas Natural de Lima y Callao S.A.C.	20,913	428,527	872,155	443,628	20,913	384,052	845,095	461,043
Compañía Energetica de Occidente S.A.S. E.S.P.	448	58,835	258,249	199,414	448	59,715	277,033	217,318
Gases de Occidente S.A. E.S.P.	65,577	241,008	1,161,993	920,985	65,577	289,300	1,571,935	1,282,635
Promioriente S.A. E.S.P.	2,845	278,561	497,907	219,346	2,845	272,225	497,002	224,777
Promisol S.A.S. (1)	2,135	108,053	385,245	277,192	2,135	81,270	271,708	190,438
Surtidora de Gas del Caribe S.A. E.S.P.	35,415	496,400	980,786	484,386	35,415	479,756	760,548	280,792
Transportadora de Metano E.S.P. S.A.	922	160,034	354,379	194,345	922	159,583	337,241	177,658
Sociedad Portuaria El Cayao S.A. E.S.P.	330	106,541	141,596	35,055	330	93,725	123,709	29,984
Transoccidente S.A. E.S.P.	234	8,010	11,296	3,286	234	7,223	11,862	4,639
Compañía Hotelera de Cartagena de Indias S.A.	6,661	54,468	131,500	77,032	6,661	98,688	179,420	80,732
Concesionaria Panamericana S.A.S.	119,916	182,491	236,189	53,698	119,916	169,451	261,223	91,772
Promigas S.A. E.S.P.	40,868	1,885,969	4,663,606	2,777,637	40,868	1,826,849	4,696,133	2,869,284
Casa de Bolsa S.A.	1,335	13,108	19,018	5,910	1,335	13,680	13,680	-
Concesionaria Vial del Pacifico S.A.S	102,376	316,469	1,126,989	810,500	102,376	104,600	111,026	6,426

(1) It includes Enercolsa – acquired company

3.9. Determination of functional currency

The determination of the functional currency of the Corporation and its subsidiaries was carried out on the basis of the correlative economic conditions of the country where they conduct their operations. This determination requires judgment. In making this judgment the Corporation and its subsidiaries evaluate, among other factors, the location of activities, sources of income, the risks associated with these activities and the denomination of the operating currencies of different entities.

3.10. Valuation of investment properties

Investment properties are reported in the statement of financial position at their fair value determined in the reports prepared by independent experts at the end of each reporting period. Due to the current conditions of the country, the frequency of property transactions is low; however, the Management estimates that there are

enough market activities to provide comparable prices for orderly transactions of similar properties when the fair value of the investment properties of the Corporation and its subsidiaries is determined.

Forced sale transactions are excluded in the preparation of the assessment reports of the investment properties of the Corporation or its subsidiaries. Management has reviewed the assumptions used in the valuations made by independent experts and considers that factors such as inflation, interest rates, etc., have been properly determined based on market conditions at the end of the reporting period; nevertheless, Management believes that the valuation of investment properties is currently subject to a high degree of judgment and to an increased probability that current revenues from the sale of such assets may differ from their book value. The valuations of investment properties are considered in tier III of the fair value measurement hierarchy.

3.11. Valuation of biological assets

The valuation of the biological assets held by the Corporation and its subsidiaries in late-yield crops is determined on the basis of reports prepared internally by experts in the development of such crops and in the preparation of valuation models. Due to the nature of such crops and the lack of comparable market data, the fair value of these assets is determined on the basis of discounted cash flow models for each crop, taking into account the future estimated quantities of the products to be harvested, the current prices of such products and the estimated costs for their growth, maintenance and harvesting in the future, discounted at risk-free interest rates adjusted for the risk premiums required in such circumstances.

The main assumptions used in determining the fair values of different crops are detailed below:

1. Rubber Plantations

Price forecast: An average of the price of the last three years of the TSR20 per ton since year 2014 was established to forecast the price of natural rubber and it is averaged with the future prices of the next 3 months (USD \$1,521.0 as of December 2018 and USD\$1,542.8 as of December, 2017) so as to reflect the behavior of the commodity during a full economic cycle. Once this average was obtained, it was projected making annual adjustments according to the U.S. inflation rate.

Yield per hectare: Taking into account the composition of the plantation and the planting years of different clones, a phased yield per hectare was estimated from the seventh year reaching stable production in the tenth year.

	Tons of dry rubber per hectare per year
Year 7	0.60
Year 8	0.90
Year 9	1.40
10 and forward	1.80

Costs and expenses: The forecast of the costs of the project took into account the different activities carried out during the life of the natural rubber project. The cost per hectare per year is projected for each of the general activities, such as the maintenance and exploitation of mature plants.

Discount rate: Based on the “*Farming/Agriculture*” sector of the Global Markets database of *Damodaran Online*, parameters were obtained with which the equity cost inherent in the forest cover was calculated as 16.75% as of December 2018 and 15.23% as of December 2017. Additionally, a debt rate of 6.29% as of December 2018 and 5.84% as of December 2017 was obtained and therefore a WACC of 10.74% as of December 2018 and 11.71% as of December 2017 using a standard market financing rate.

2. African Palm Plantations

Price forecast: A historical average since 2016 (USD \$661.13 per ton 2018 and USD\$650.58 per ton 2017) was established for the forecast of the price of palm oil so as to reflect the behavior of the commodity during a full economic cycle.

The official source of information for the indicators of international prices for the consumer market of Colombia is the following:

- a. Crude Palm Oil: BURSA MALAYSIA DERIVATIVES (BMD) - Crude Palm Oil Futures (FCPO) - 3rd position. It is a quote from the relevant international market, it is easily accessible by the public and comes

from an objective and transparent source.

- b. The CPO futures available in the market are used for the projection of the price and this growth was projected in the future according to the average US inflation rate; it is estimated at 2.00% annually for the duration of the project.

Yield per hectare: Given that a phased reseeded process is used since 2006, the ages and yields of crops are different as shown in the table below. For the end of the period the yield per hectare of the plantation is broken down as follows:

Year	Tons of fresh fruit per hectare
From 0 to 3	-
4	4
5	10
6	12
7	22
7 to 18	22
Over 18	36
Weighted Average	18

Extraction Rate: The oil extraction rate (OER) is a factor that determines the amount of crude palm oil produced, it is a crucial factor in determining the profits of an oil producing company, the age of the plantation also affects the extraction percentage and varies depending on the detail shown below:

Year	Extraction Percentage (%)
From 0 to 3	19
4	23
5	23
6	23
7	23
8 to 25	23
Over 25	21
Weighted Average	22

Costs and expenses: The cost forecast takes account the different agricultural activities involved in the process. A cost per hectare is projected for the period in each of the general activities, such as the establishment of crops, the maintenance and exploitation of the plantation, harvesting and transportation costs.

Discount rate: Based on the "Farming/Agriculture" sector of the Global Markets database of *Damodaran Online*, parameters were obtained with which the equity cost inherent in the forest cover was calculated as 16.75% (15.23% as of December 2017). Additionally, a debt rate of 6.29% (5.84% as of December 2017) was obtained and therefore a WACC of 10.74% (11.71% as of December 2017) using a standard market financing rate. The valuations of biological assets are considered in tier III of the fair value measurement hierarchy, see in note 6.

3.12. Estimation of the fair value of financial assets under concession

Promigas and its subsidiaries designate the group of financial assets related to concession agreements governed by the oil law at fair value through profit or loss due to the contractual nature of the assets, considering that the Government will carry out the purchase at the end of the agreement at fair price in accordance with article 51 of the Oil Code. The income approach is applied in order to determine fair value. Discounted cash flows correspond to the residual value (perpetuity) of the cash flows generated by the assets under concession, i.e. these are the estimated flows that these assets would generate from the end of the concession onwards; subsequently the value of a financial asset will be adjusted in each period; this adjustment will take into account new changes in the assumptions used for determining the discount rate of the company (WACC) and the new horizon for the completion of the concession.

The assumptions used in the calculation of Financial Assets are as follows:

- The financial asset per company is calculated taking into account the date of termination of the respective concession agreement.
- The operating cash flows of these assets under concession are only taken into account. The calculation method is as follows:



Detail:

- FCF: Free cash flow generated solely by assets under concession.
- n: expiration of the concession.
- Residual value: Value in perpetuity of the free cash flow FCF for year n.
- Financial asset: Current value of the residual value @ WACC.
- Financial income: Annual adjustment of the financial asset @ WACC.

* Nominal **WACC** calculated using the CAPM methodology for each company (the WACC that will be updated year to year). The following variables are used to determine the discount rate:

- Unleveraged beta for U.S.A. (*Oil/Gas Distribution*): Damodaran. [Unleveraged beta of 0.61].

- Risk-Free Rate, Source: Geometrical Average 1992-2018 of U.S. Treasury bonds "*T-Bonds*".
- Return of the Market, Source: Geometrical Average 1992-2018 Damodaran "*Stocks*" USA.
- Market Premium: Return of the Market – Risk-Free Rate.
- Country Risk Premium: Average of the last 5 years EMBI (Difference between 10 year sovereign bonds of Colombia and 10 year "*T-Bonds*". Damodaran
- Emerging Market: Equity Premium Emerging Countries (Lambda - Damodaran).

The following is the sensitivity of the fair value of the financial assets under concession measured at fair value with changes in the following variables for low and high scenarios with a variation of more or less 10 basic points:

	2018	
	High	Low
Net profit impact		
Discount interest rates	(80,133)	83,585
Slope of growth in perpetuity	48.662	(47,020)
	%	
Discount interest rates	(11.0%)	11.5%
Slope of growth in perpetuity	6.7%	(6.5%)

The valuations of financial assets are considered at tier III of the fair value measurement hierarchy.

3.13. Estimation of the fair value of unlisted equity instruments

The Corporation and its subsidiaries estimate fair values using valuation techniques widely used by the market. Below is a summary of the different techniques used:

APPROACH	APPLICATION TECHNIQUE	WHEN IS IT USED
Net adjusted value of assets		The value of the company is possible to be determined through this method from the information level, available at the valuation. The Company has assets and liabilities with a realizable market value for any market participant, the adjusted net value of its assets is constituted a fair value indication.
Income	Present value adjusted per discount rate	Under the conservative growth assumptions and with a basic detail level to estimate the projection of dividend flows.

Equity instruments measured at their asset-adjusted net value

- Camara Central de Riesgo de Contraparte de Colombia S.A.

It is a Valuation technique in which the net value is calculated by assigning the market value to assets and subtracting liabilities at market value, according to the value that a market participant would pay. The Statement of financial position as of

October 31, 2018 was used to apply this technique. For the calculation of assets and liabilities with a chance of being realizable, a calculation factor of 100% was assigned to them. The following is the sensitivity to changes in the price per share as of December 31, 2018:

Variation	Favorable Impact	Unfavorable Impact
+/- 10%	0.99%	(-0.81%)

Equity instruments measured using discounted cash flows

Flows are projected for a 5-year horizon, the present value of the 2018-2022 Operating Free Cash Flow discounted at the *WACC* cost plus a flow in perpetuity after the explicit forecast period. According to the behavior of the flows, the Terminal Value is calculated assuming growth in perpetuity.

The investments measured, using this valuation technique, are the following:

- Camara de Compensacion de Divisas de Colombia S.A.
- Centro de Eventos del Valle del Pacifico S.A.
- CCI Marketplace S.A.
- Fiduciaria Occidente S.A.

The following is the sensitivity to changes in the price per share:

Variable	Variation	2018		Variation	2017	
		Favorable impact	Unfavorable impact		Favorable Impact	Unfavorable Impact
Revenues (5-year growth percentage)	+/- 1%	4.18%	(-4.36)%	+/- 1%	4.32%	(-4.69%)
Slope of growth in perpetuity	+/- 30%	0.94%	(-1.81)%	+/- 10%	1.18%	(-1.41)%
Discount interest rates	+/- 50 PB	2.28%	(-3.57)%	+/- 50PB	2.84%	(-2.71)%

The valuations of those equity instruments that are not publicly traded and for which valuation techniques were used are considered in Tier II and III of the fair value measurement hierarchy depending on the importance of the market parameters used in such valuations.

3.14. Provision for contingencies

The Corporation and its subsidiaries estimate and record a provision for contingencies in order to cover possible losses resulting from labor cases, civil and commercial proceedings and tax claims or other depending on the circumstances, based on the opinion of external legal counsels, which are considered likely to produce a loss and can be reasonably estimated. Given the nature of many of the claims, cases and/or proceedings, it is not possible in some opportunities to make an

accurate forecast or to reasonably quantify the amount of the loss, so the actual amount of the disbursements made for such claims, cases and/or proceedings is constantly different from the amounts estimated and initially provisioned, and such differences are recognized in the year in which they are identified.

3.15. Pension plan

The measurement of pension obligations, costs and liabilities is dependent on a variety of long-term premises based on actuarial assumptions, including estimates of the present value of future projected pension payments for participants in the plan, considering the likelihood of potential future events such as increases in minimum urban wages and demographic experience. These premises may have an effect on the amount of future

contributions if there is any variation. In addition, the plan trustee conducts an independent valuation of the fair value of the assets of the pension plan.

The discount rate allows establishing future cash flows at present value on the measurement date. The Corporation and its subsidiaries determine a long-term rate that represents the market rate of high-quality fixed income investments or Government bonds that are denominated in the currency in which the benefits will be paid, and considers the timing and amounts of payments of future benefit, for which the Corporation has selected Government bonds.

The Corporation and its subsidiaries use other key premises used to value actuarial liabilities, which are calculated on the basis of the specific experience of the Company combined with published statistics and market indicators. The variables used to calculate the projected obligations of different retirement and long-term benefits of employees are shown below:

	December 31, 2018		December 31, 2017	
	Pension Liabilities (1)	Long-term benefits	Long-term Benefits	Long-term Benefits
Discount rate	7.11%	6.81%	10.82%	6.45%
Inflation rate	3%	3%	5.74%	3.50%
Wage increase rate	3%	4%	5.74%	3.50%
Pension increase rate	3%	0%	5.74%	3.50%

The expected life of employees is calculated based on the mortality tables published by the Finance Superintendence of Colombia, which have been prepared on the basis of the mortality information provided by different insurance companies operating in Colombia.

The sensitivity analysis of the liability for retirement benefits to employees with respect to various financial and actuarial variables is as follows, keeping other variables constant:

	2018			2017		
	Change in the variable	Increase in the variable	Decrease in the variable	Change in the variable	Increase in the variable	Decrease in the variable
Discount rate	-50bp and +50 bp	9,436	10,084	-50bp and +50 bp	871.61	(809.03)
Wage increase rate	-50bp and +50 bp	1,385	1,235	-50bp and +50 bp	(907.36)	972.40

The Corporation estimates that the payment of future expected benefits will be as follows:

Year	Post-employment benefits	Other Long-Term benefits
2019	1,127	1,067
2020	1,105	1,122
2021	1,066	1,271
2022	1,203	1,202
2023	987	789
Years 2024-2028	4,458	5,565

The participation of the employees included within the post-employment and long-term benefit plan is as follows:

	December 31, 2018	December 31, 2017
Post-employment participants	558	698
Long-term participants	2,918	2,964

4. Administration and Risk Management

The activities of the Corporation expose it to variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and to operational and legal risks.

According to the standards provided by the Finance Superintendence of Colombia, the risk management process of the Corporation is framed within the guidelines designed by Senior Management, consistent with the general management guidelines approved by the Board of Directors.

The Corporation has a Credit and Counterparty Risk Committee, an ALCO Committee and an Investment Committee, which regularly meet to discuss, control and analyze the financial risk management, and has Corporation treasury risk management systems (SARM), assets, liabilities and liquidity management by the Liquidity Risk Management System (SARL), the money laundering and terrorism financing risk management (SARLAF) and a Financial Consumer Service (SAC); that related to the monitoring of the Operating Risk Management System (SARO) is developed in the Governance, Risk and Compliance Corporate Committee. Legal risks are monitored in their compliance by the general secretary of the Corporation. On its part, there is a Board of Directors Risk Committee that regularly meets every 6 months or especially if the liquidity and market risk situations are met.

Objectives - The Corporation treasury activities are performed within a limits and policies framework set forth by the Board of Directors and monitored and controlled by the Risk Corporate Management. Decisions are made within such framework

from the permanent and continuous follow-up of internal and external economic variables. All of it with the purpose of maximizing the risk/return ratio of the managed portfolios, optimize the return of the business relationship with the Corporation customers and capture opportunities detected in the different markets where it intervenes:

- Internal Public Debt (in the capacity as Market Creator)
- Private Debt
- Foreign Currencies
- Local currency derivative instruments
- Foreign currency derivative instruments

Philosophy in risk taking - To make sure that treasury activities are adjusted to objectives and strategies of the Corporation, the Board of Directors exercises permanent monitoring of treasury positions, the Market Risk, Credit Risk, Liquidity Risk and Operating Risk limits.

The risk assumption philosophy is consistent with the general policies of the management of assets and liabilities and considers aspects such as economic analyses, technical analyses, fundamental analyses and the effect of changes in the banking book and in the treasury book.

Management

Board of Directors - The Board of Directors is the body responsible for approving policies and limits that enable a proper corporate risk management. It

defines the risk appetite and tolerance and is obliged to know the results obtained and the risks assumed in Corficolombiana and its Subsidiary Entities. Likewise, it is responsible for the approval of the policies for treasury operations; it ensures the proper organization, monitoring or tracking of the different treasury activities. This responsibility includes setting limits for taking risks in such activities and take organizational measures to limit the risks inherent to the treasury business.

Similarly, the Board of Directors is who approves the action policies, strategies and rules the entity must follow in performance of the treasury activities, such as approving credit operations in local and/or foreign currency, the market or markets where it is permitted to act, proceedings to measure, analyze, monitor, control and manage risks, as well as the limits of the risk positions according to the risk, business, counterparty, product or organizational area type.

The Board of Directors also has the authority to approve the procedures to be followed if the limits are exceeded or if facing strong and unexpected changes in the market. This body is also responsible for analyzing and evaluating both internal and external management and accounting reports.

ALCO Committee – The main functions are to establish and recommend policies, objectives, limits and procedures for managing risk to the Board of Directors. Monitor the risk management plan to be adopted, which will include operating, monitoring and control procedures of the risk tolerance levels established. Monitor limit compliance reports and authorize excesses based on the powers granted by the Board of Directors. Implement contingent action procedures in the event of losses at the maximum levels permitted and approve maximum variation values

and variable costs for realizing sensitivities.

Credit Committee - The purpose of this Committee is to assess and approve or recommend counterparty quotas of the treasury business, such as spot, forwards, funding, issuers, etc. quotas to the Board of Directors.

Operational Risk Committee - Its main function is to support the Presidency of the Corporation and subsidiaries in the adequate identification, measurement, control and monitoring of Corporate Risk. Likewise, from the operating risk view, its functions are to submit the operational risk management policies and standards for approval by the Board of Directors and the Senior Management and carry out monitoring and control activities. Design the operational risk management strategy of the Corporation and lead its implementation. Establish procedures and mechanisms by approving methodologies and systems for the proper management of operational risks. Be aware of and understand the operational risks assumed by the Corporation, permanent evaluating risk exposure. Participate in the evaluation of whether to participate in new markets and the negotiation of new products. Develop strategies for building an organizational operational risk management culture in the Corporation. Assess contingency and business continuity plans and establish the resources necessary for their timely implementation.

Investment Committee – The purpose of this committee is to conduct assessments on investments in order to classify, appraise and account for investments in equity securities including their provisions or losses by credit risk ratings, as well as to assess compliance with policies and limits (legal and/or external) required for the Corporation investment portfolio in the investment and/or disinvestment

processes. Its main functions are to monitor the procedure used and the result of the risk ratings of the Corporation capital investment portfolio, pronounce on rating changes and allocations, review and approve the proceedings used for investment ratings and semiannually monitor the financial performance of capital investments.

Governance, Risk and Compliance Corporate Vice-Presidency - The Governance, Risk and Compliance corporate Vice-President reports to the Presidency and its main functions, among others, are to establish and recommend to the Board of Directors the policies, objectives, limits and proceedings to manage the corporate risk; lead the risk process inside Corficolombiana and Subsidiary Entities; supervise performance and implement risk models in the analysis and control of corporate risks and assess the results of follow-ups and reports prepared by the Audit and Tax Auditor.

Corporate Risk Manager - The Corporate Risk Manager reports to the Governance, Risk and Compliance Corporate Vice-Presidency. Its main functions are to measure risks, verify compliance with policies and limits set forth and conduct risk analysis. Also, this area is in charge of preparing reports on compliance with policies and limits and with the exposure levels of the different risks.

There is an Operational Risk Director and 1 analyst who are in charge of developing the Operational Risk Management System (SARO) inside the Corporation and financial affiliates.

Likewise, there is a Market and Liquidity Risk Coordinator and 3 analysts specialized in the different treasury risks, such as market, conducts, credit and liquidity risks, who report to the Corporate Risk Manager. It is important to mention

that the legal risk is covered by the Legal Vice-Presidency.

Finally, there is a Credit Risk Coordinator and 1 analyst who are in charge of designing and implementing financial models for credit analysis and counterparty quotas; also, they are responsible for the presentation of the quotas requested in the Quota Committee.

4.1 Market risks

The market risk of the Corporation and its financial subsidiaries is measured through various analyzes carried out using recognized financial risk management techniques in order to control the levels of loss to which the investments in financial assets of the Corporation may be exposed due to the volatility in the markets in which it participates.

The Senior Management and the Board of Directors of the Corporation are actively involved in the management and control of risks by analyzing a reporting protocol established and by conducting various Committees that comprehensively carry out both technical and critical monitoring on the different variables that influence markets both internally and externally, in order to support strategic decisions.

The risks assumed in conducting operations are consistent with the overall business strategy of the Corporation and its financial subsidiaries, these are reflected in a structure of limits for positions in different instruments according to their specific strategy, the depth of the markets in which they operate, the impact on the risk weighted assets, solvency level and balance sheet structure. Based on the above, the following limit scheme is used by Corficolombiana and by every financial affiliate, considering the risk profile of each entity.

Portfolio position. The nominal value of the position in public debt securities is limited taking into consideration the risk appetite of the Corporation as well as its rate characteristics: fixed or variable and the maturity thereof. The position in negotiable securities other than public debt securities is limited considering the same aspects mentioned above and the corresponding issuer quotas.

Currency position - The value of the dollar position (Short or Long) is limited, both intraday and nextday, according to the risk profile of the entity. Positions in other currencies such as Swiss Franc, Japanese Yen, British Pound, Euro, Australian Dollar, Canadian Dollar, Brazilian Real, Mexican Peso and Chilean Peso are also limited, considering the same aspects mentioned above.

Daily P&L: It is the main control tool the middle office has to monitor the treasury activities of the entity. It is also essential in defining the maximum losses authorized by the Board of Directors for each entity.

VaR (Value at Risk): With internal management parametric and nonparametric models based on the VaR methodology, which allow complementing the market risk management through the identification and analysis of variations in factors risk (interest rates, exchange rates and price indices) on the value of the different instruments that make up the portfolios. These models are the JP Morgan *Risk Metrics* and historical simulation. The methodologies used for measuring the VaR are periodically evaluated and subject to backtesting which determine their effectiveness. In addition, the Corporation has tools for stress and/or sensitization testing of portfolios under simulated extreme scenarios.

CVaR (Conditional Value at Risk): It is a trigger for meeting the VaR limit of the entity, since it is a risk measure that takes

into account the size of the losses exceeding the VaR. The CVaR is defined as the expected value of the losses exceeding the VaR.

MAT (Management Action Trigger): It is the maximum loss that the Corporation or a subordinate is willing to assume bearing also in mind the equity and solvency capacity of the entity. The MAT limits total losses to the amount of accrued and potential losses (VaR) associated with the current portfolio under normal circumstances. The MAT is equal to 30-day Profits plus VaR.

DV01 (Dollar Value of 1 basis point - Sensitivity of the value to 1 basis point): It is the change in the market value of the fixed income or derivative portfolio resulting from a change of 1 basis point in the discount rate.

These limits are monitored daily and are reported monthly to the Board of Directors of each entity. Similarly, the Corporation and its financial subsidiaries use the standard model for the measurement, control and management of the market risk of interest rates, exchange rates and the stock price in the Treasury and Banking books, in accordance with the requirements of the Finance Superintendence of Colombia contained in Chapter XXI of the Basic Accounting and Financial Circular Letter. These exercises are performed on a daily basis for each risk exposure.

Similarly, the Corporation and its financial subsidiaries have established counterparty and trading quotas per operator for each one of the trading platforms available in the markets in which they operate. Trading limits per operator are allocated to the different hierarchical levels of the Treasury based on the experience of the officer in the market, in the negotiation of this type of products and in the management of portfolios. Finally, the monitoring of

operations includes control over various aspects of negotiations such as the conditions agreed upon, unconventional or off-market transactions, operations with related parties, unusual operations with P&L or with null effect, among others.

According to the standard model, the market value at risk VaR of the Corporation as of December 31, 2018 was \$219,656 due to the effect of a change of 11.01% basis points and as of December 2017 was equal to \$159,214 million pesos due to the effect of a change of 10.91% basis points in the individual solvency ratio of the Corporation. The Consolidated VaR as of December 31, 2018 is summarized below:

	Minimum	Average	Maximum	Last
Interest rate	187,983	201,515	211,039	208,375
Exchange rate	436	4,490	7,707	436
Shares	10,125	10,370	10,954	10,125
Collective portfolios	699	856	1,020	720
Total VaR	205,505	217,231	226,727	219,656

Finally as a result of the behavior of the VaR, as of December 31, 2018 and 2017, the Market Risk Weighted Assets remained on average around 3.54% and 8.33%, respectively in the Total Risk Weighted Assets (APR).

Regarding the non-financial subsidiaries of the Corporation, according to the current regulations, they are not required to calculate the market value at risk VaR, under the regulations of the Finance Superintendence of Colombia.

4.2. Liquidity risk

The liquidity risk is related to the inability to meet the obligations acquired with customers and counterparties in the financial market at any time, currency and place, for which the Corporation and its financial subsidiaries review their available resources on a daily basis.

The Corporation and its financial subsidiaries manage the liquidity risk according to the standard model established in Chapter VI of the Basic Accounting and Financial Circular Letter issued by the Finance Superintendence of Colombia and in accordance with the rules

on the management of liquidity risk through of the basic principles of the Liquidity Risk Management System (SARL), which establishes the minimum prudential parameters to be monitored by entities in their operations to efficiently manage the liquidity risk to which they are exposed.

To measure the liquidity risk, the Corporation and its financial subsidiaries calculated weekly Liquidity Risk Indicators (LRI) in periods of 7, 30 and 90 days, as set out in the standard model of the Finance Superintendence of Colombia and in accordance with internal models. As part of the liquidity risk analysis, the Corporation and its financial subsidiaries measure the volatility of deposits, debt levels, the structure of assets and liabilities, the liquidity of assets, the availability of financing facilities and the overall effectiveness of the management of assets and liabilities; the above in order to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to deal with possible own or systemic stress scenarios.

The quantification of the funds obtained in the money market is an integral part of the liquidity measurement carried out by the

Corporation. On the basis of technical studies, primary and secondary liquidity sources are determined to diversify the sources of the funds, with the purpose of ensuring the stability and adequacy of resources and minimize the concentrations of sources. Once the sources of the funds have been established, these are allocated to different businesses according to the budget, the nature and depth of the markets.

The availability of resources is monitored on a daily basis not only to meet reserve requirements, if applicable, but also to foresee and/or anticipate any changes in the liquidity risk profile of the entity and thus take strategic decisions as appropriate. In this regard, the Corporation has liquidity alert indicators in place that allow establishing and determining the scenario to which it is subject, as well as the strategies to be followed in each case. Such indicators include, among others, the LRI, the concentration levels of deposits,

the use of liquidity quotas of the Banco de la Republica, among others.

Through the ALCO Committee or its equivalent in each financial institution, the Senior Management is aware of the liquidity situation of the company and takes the necessary decisions taking into account the high-quality liquid assets to be maintained, the tolerance in the management of liquidity or minimum liquidity, the strategies for lending and raising funds, the policies on the placement of liquidity surplus, changes in the characteristics of existing products and new products, the diversification of the sources of funds to avoid the concentration of deposits in a few investors or savers, hedging strategies, the results of the Corporation and changes in the structure of the balance sheet.

Below is an analysis on the contractual maturities of the financial assets as of December 31, 2018 and 2017 for the Corporation:

As of December 31, 2018	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
<u>Liquid Assets</u>						
Cash and deposits in banks	606,766	-	-	-	-	-
Tradable investments in debt securities	488,026	-	31	480	512	3,476
Tradable investments in equity securities	45,194	-	-	-	-	-
Investments held to maturity	59,308	-	-	7,833	7,833	-
Other liabilities and creditor contingencies	25,884	-	-	-	-	-
Subtotal	1,225,178	-	31	8,313	8,345	3,476
Contractual maturities of assets						
Ordinary interbank funds sold	-	15,223	133	250	15,607	968
Contractual maturities of all investments held to maturity - TES	-	-	-	3,116	3,116	-
Transfer rights of investments	-	2,005,613	307,879	179,360	2,492,852	-
Loan portfolio	-	1,244	75,163	11,111	87,517	32,475
Derivative financial instruments	-	7,064	15,737	17,607	40,408	21,410
Flow of revenues with contractual maturities of assets and off-balance positions - FIVC	-	2,029,144	398,912	211,444	2,639,500	54,853
<u>Contractual maturities of liabilities</u>						
Money market operations	-	2,081,193	285,007	156,477	2,522,676	-
Term deposit certificates	-	26,646	72,167	82,722	181,535	393,290
Derivative financial instruments	-	5,285	9,834	9,179	24,298	21,202
Financial obligations	-	374	914	1,872	3,161	21,794
Other liabilities	25,884	965	355	2,845	4,165	6,920
Flow of expenditures with contractual maturities of liabilities and off-balance positions - FEVC	25,884	2,114,463	368,277	253,095	2,735,835	443,206
Net flow (estimated) of non-contractual maturities - FNVNC	-	79,566	90,932	170,498	340,995	276,750
Net flow	(25,884)	(164,884)	(60,298)	(212,149)	(437,330)	(665,102)
Net estimated liquidity requirement - RLN (2)	-	548,507	114,802	203,836	769,208	2,845,275
Partial LRI	-	223%	185%	385%	159%	34%
Accumulated LRI	-	676,671	561,868	358,033	455,970	(2,389,305)

(1) Liquid Assets are equal to the sum of the assets defined by the Finance Superintendence of Colombia as liquid assets. As established by the LRI Regulatory Model paragraph 2.3 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular Letter issued by the Finance Superintendence of Colombia.

(2) It corresponds to the net estimated liquidity requirement for the first band or the sum of the three (3) first time bands, as appropriate, as established by the LRI Regulatory Model paragraph 2.4 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular Letter issued by the Finance Superintendence of Colombia.

As of December, 2017	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
<u>Liquid Assets</u>						
Cash and deposits in banks	1,123,172	-	-	-	-	-
Money market operations	157,346	-	2,618	30,191	32,810	161,536
Tradable investments in debt securities	207,056	-	18	115	132	4,021
Tradable investments in equity securities	11,415	-	-	-	-	-
Investments held to maturity	96,745	-	-	8,004	8,004	-
Other liabilities and creditor contingencies	7,875	-	-	-	-	-
Subtotal	1,603,609	-	2,636	38,310	40,946	165,557
<u>Contractual maturities of assets</u>						
Ordinary interbank funds sold	154,153	5,818	68	30,293	36,179	161,938
Contractual maturities of all investments held to maturity - TES	40,264	-	-	8,004	8,004	-
Transfer rights of investments	-	1,888,605	282,464	42,584	2,213,653	131,854
Loan portfolio	22,920	8,023	5,949	18,224	32,196	52,948
Derivative financial instruments	-	3,521	3,220	4,333	11,074	5,524
Flow of revenues with contractual maturities of assets and off-balance positions - FIVC	217,381	1,905,967	291,701	103,438	2,301,106	352,264
<u>Contractual maturities of liabilities</u>						
Money market operations	109,833	2,086,641	282,752	55,976	2,425,369	195,158
Term deposit certificates	85,767	30,126	59,272	216,183	305,579	444,435
Derivative financial instruments	107	2,425	2,360	3,656	8,442	6,866
Financial obligations	-	892	1,287	1,801	3,980	6,743
Other liabilities	7,875	317	1,225	2,195	3,747	6,440
Flow of expenditures with contractual maturities of liabilities and off-balance positions - FEVC	203,582	2,120,401	346,896	279,811	2,747,107	659,642
Net flow (estimated) of non-contractual maturities - FNVNC	-	54,523	62,311	116,834	233,668	189,644
Net flow	13,800	(268,956)	(117,506)	(293,207)	(679,669)	(497,021)
Net estimated liquidity requirement - RLN (2)	-	543,731	117,506	293,207	745,194	497,021
Partial LRI	-	295%	243%	168%	215%	129%
Accumulated LRI	-	1,059,878	942,372	649,166	858,415	361,394

(1) Liquid Assets are equal to the sum of the assets defined by the Finance Superintendence of Colombia as liquid assets. As established by the LRI Regulatory Model paragraph 2.3 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular Letter issued by the Finance Superintendence of Colombia.

(2) It corresponds to the net estimated liquidity requirement for the first band or the sum of the three (3) first time bands, as appropriate, as established by the LRI Regulatory Model paragraph 2.4 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular Letter issued by the Finance Superintendence of Colombia.

The Corporation and its financial subsidiaries carry out statistical analyzes to quantify, with a predetermined confidence level, the stability of deposits with and without contractual maturity.

To meet requirements of the Banco de la Republica and the Finance Superintendence of Colombia, the Corporation and its financial Subsidiaries must maintain cash at hand and in restricted banks as part of the legal reserve required according to the following percentages of average daily deposits in the following accounts:

	Requirement
Deposits and current liabilities on demand and before 30 days	11%
Deposits of official establishments	11%
Deposits and current liabilities after 30 days	11%
Ordinary savings deposits	11%
Term savings deposits	11%
Repurchase commitments of traded investments	11%
Other accounts other than deposits	11%
Term deposit certificates:	
With maturity of less than 540 days	4.5%
With maturity equal to or greater than 540 days	0%

The Corporation has properly complied with this requirement.

With regard to the non-financial affiliates of the Corporation, according to the current regulations, they are not required to calculate the LRI, under the regulations of the Finance Superintendence of Colombia.

Exposure to liquidity risk

The following is the contractual maturity of liabilities as of December 31, 2018 and 2017:

As of December 31, 2018

DESCRIPTION	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES						
AT FAIR VALUE						
Derivative financial instruments	48,895	29,096	6,363	4,985	-	89,339
Subtotal	48,895	29,096	6,363	4,985	-	89,339
AT AMORTIZED COST						
Money market operations	2,560,805	-	-	-	-	2,560,805
Customer Deposits	1,149,142	1,276,116	534,627	400,676	444,467	3,805,028
Short-term financial obligations	91,057	199,143	207,505	1,283,151	2,379,375	4,160,231
Obligations with rediscount entities	709	3,838	12,282	43,866	39,199	99,894
Securities issued	105,317	311,171	201,130	610,441	1,624,229	2,852,288
Subtotal	3,907,030	1,790,268	955,554	2,338,134	4,487,270	13,478,246
FINANCIAL LIABILITIES	3,955,956	1,819,371	961,907	2,343,081	4,487,270	13,567,585

As of December 31, 2017

DESCRIPTION	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES						
AT FAIR VALUE						
Derivative financial instruments	7,974	9,440	1,771	5,336	-	24,521
Subtotal	7,974	9,440	1,771	5,336	-	24,521
AT AMORTIZED COST						
Money market operations	2,610,623	11,652	-	-	-	2,622,275
Customer Deposits	1,149,456	1,559,989	472,572	547,309	365,039	4,094,365
Short-term financial obligations	182,029	627,594	213,638	721,657	2,046,124	3,791,042
Obligations with rediscount entities	130	3,434	10,092	44,585	43,069	101,310
Securities issued	-	-	416,685	432,416	1,511,225	2,360,326
Subtotal	3,942,238	2,202,669	1,112,987	1,745,967	3,965,457	12,969,318
FINANCIAL LIABILITIES	3,950,212	2,212,109	1,114,758	1,751,303	3,965,457	12,993,839

4.3. Risk of changes in the exchange rate of foreign currency

The Corporation and its subsidiaries operating internationally are exposed to variations in the exchange rate arising from exposures in several currencies, primarily with respect to United States dollars and Euros. The exchange rate risk arises from the assets and liabilities recognized in investments made in foreign subsidiaries and affiliates and in future commercial transactions.

Specifically and for the case of Financial corporations in Colombia, such entities are authorized by the Banco de la Republica to trade currencies and maintain balances of foreign currencies in accounts overseas. In accordance with the External Resolution No. 3/2017 of the Board of Directors of Banco de la Republica (JDBR) and other standards amending, adding to or complementing it, the Own Position (PP) of the Foreign Exchange Brokers (IMC) is defined as the difference between all the rights and obligations denominated in foreign currency and recorded off and on the balance sheet, realized or contingent, including those payable in Colombian legal tender.

The arithmetic average of three (3) business days of IMC PP may not exceed the equivalent in foreign currency of twenty percent (20%) of the regulatory capital, provided in article 5 of the External Resolution No. 9/2013 by JDBR.

For the case of the IMC required to consolidate financial statements according to SFC instructions and having investments controlled abroad, the arithmetic average of three (3) business days of the IMC PP may not exceed the equivalent in foreign currency of thirty percent (30%) of the regulatory capital, provided in article 5 of the External Regulation No. 9/2013 by JDBR.

The arithmetic average of three (3) business days of the PP may be negative without exceeding the equivalent in foreign currency of five percent (5%) of the regulatory capital, provided in article 5 of the External Resolution No. 9/2013 by JDBR.

With regard to the own cash position according to the External Resolution No. 9/2013 by JDBR and other standards amending, adding to or complementing it, the IMC PPC is defined as the difference between all assets and liabilities denominated in foreign currency.

The arithmetic average of three (3) business days of the IMC PPC may not exceed fifty percent (50%) of the regulatory capital, provided in article 5 of the External Resolution No. 9/2013 by JDBR and may be negative without exceeding the equivalent in foreign currency of twenty percent (20%) of the regulatory capital, provided in article 5 of the External Resolution No. 9/2013 by JDBR.

The maximum limit of the PPC of IMCs acting as counterparties to the National Government in the performance of the debt management transactions referred in Resolution 1255/2008 by the Ministry of Finance and Public Credit and the standards adding to or amending it, shall be increased by the amount of the hedge transactions contracted with the National Government.

The counterparties to the National Government in these transactions may transfer to the IMCs the additional amount of own cash position resulting from the value of hedges, in which case the own cash position limit shall be increased for the latter and the limit of the own cash position of the party assigning shall be reduced by an equal amount.

The National Government shall report to Banco de la Republica (BR) and SFC, the counterparties and the amount of the transactions made for purposes of the PPC calculation. The counterparties deciding to transfer the additional amount of own cash position resulting from the hedges value, shall inform this situation to the National Government who shall forward it to BR and SFC.

In addition, it must meet the limits of the gross leverage position, which is defined as the sum of: i) the rights and obligations in forward and future contracts denominated in foreign currency, excluding the obligations of those transactions implying both a right and an obligation in foreign currency; ii) cash transactions denominated in foreign currency with maturity equal or exceeding one banking day , excluding the obligations of those transactions implying both a right and an obligation in foreign currency; and iii) the exchange exposure related to debtor and creditor contingencies in the trade of options and exchange rate derivatives.

The arithmetic average of three (3) business days of the gross leverage position (PBA) of the IMC may not exceed five hundred and fifty percent (550%) of the regulatory capital, provided in article 5 of the External Resolution No. 9/2013 by JDBR.

The determination of the maximum or minimum amount of its own daily position and its own cash position in foreign currency must be established based on the regulatory capital of the Corporation on the last day of the previous second calendar month, translated at the exchange rate set by the Finance Superintendence at the end of the immediately preceding month. Mainly, all the assets and liabilities in foreign currency of the Corporation are maintained in dollars of the United States of America and Euros.

The following is a summary of the assets and liabilities in foreign currency (expressed in millions of Colombian pesos) held by the Corporation as of December 31, 2018:

As of December 31, 2018

	United States Dollars	Euros	Other Currencies	Total Colombian Pesos
Assets				
Cash and cash equivalents	\$ 65,302	5,001	802	71,105
Asset positions in money market operations	198,019	-	-	198,019
Investments in debt securities at fair value	17,294	-	-	17,294
Investments in debt securities at amortized cost	108,719	-	-	108,719
Investments in equity instruments	1,938	-	-	1,938
Derivative financial instruments	1,907.85	18,226	3,905	1,929,316
Financial assets by loan portfolio at amortized cost	825,043	-	23,522	848,565
Other accounts receivable	108,264	9,307	9,943	127,514
Total Assets	3,231,764	32,534	38,172	3,302,470
Liabilities				
Customer Deposits	46,578	-	-	46,578
Liability positions in money market operations	154,551	-	-	154,551
Derivative financial instruments	2,113,337	18,731	3,905	2,135,973
Other liabilities	1,355,387	10,399	52,526	1,418,312
Total Liabilities	3,669,853	29,130	56,431	3,755,414
Asset (Liabilities) Position Net	\$ (438,089)	3,404	(18,259)	(425,944)

As of December 31, 2017

	United States Dollars	Euros	Other Currencies	Total Colombian Pesos
Assets				
Cash and cash equivalents	\$ 242,692	828	1,031	244,551
Asset positions in money market operations	244,906	-	-	244,906
Investments in debt securities at fair value	34,145	-	-	34,145
Investments in debt securities at amortized cost	217,780	-	-	217,780
Investments in equity instruments	1,796	-	-	1,796
Derivative financial instruments	2,012,392	80,894	14,525	2,107,811
Financial assets by loan portfolio at amortized cost	1,665,494	-	-	1,665,494
Other accounts receivable	411,844	-	-	411,844
Total Assets	4,831,049	81,722	15,556	4,928,327
Liabilities				
Customer Deposits	170,023	-	-	170,023
Liability positions in money market operations	302,156	-	-	302,156
Derivative financial instruments	2,124,769	80,219	14,696	2,219,674
Other liabilities	1,884,063	197	-	1,884,260
Total Liabilities	4,481,011	80,416	14,686	4,576,113
Asset Position Net (Liabilities)	\$ 350,038	1,306	870	352,214

The Management of the Corporation has established policies that require its subsidiaries to manage their exchange rate risk with their functional currency. The subordinate companies are required to economically hedge their exposure to the exchange rate using derivative financial instruments.

The Corporation holds various investments abroad, the net assets of which are exposed to the risk of conversion of their financial statements. These investments are classified as investments in foreign subsidiaries and affiliates which are determined by the equity method, as provided in the External Circular 034/2014 issued by the Finance Superintendence of Colombia. The exposure arising from the net assets in foreign operations is covered mainly by obligations in foreign currency or derivatives.

Hedge accounting

Promigas and its subsidiaries generate revenue from the provision of gas transportation services under a regulated United States dollar rate. To mitigate the exchange rate risk, hedging positions are taken with non-delivery forward contracts to cover expected cash flows based on the income forecasts of each entity and each contract. The company’s policy is to ensure at least the revenues budgeted by the company, neutralizing the currency risk without speculating with the currency. (See note 12).

Item Hedged	First revenues recognized on account of gas transportation, up to the face value of the corresponding forwards in each month. Specifically for the portion determined using the COP-USD ratio, which could reach the total (100%) of the revenues forecasted for a specific period.
Type	Highly probable expected transactions
Currency	USD
Total Period	18 months

The high probability of occurrence of the transaction is based on the financial planning of the company, specifically on the annual budget.

Based on the above information, the exposure to currency risk that will exist in different time horizons is estimated. These figures are backed by customer contracts.

Promigas and its subsidiaries consider that the following is true:

- It is a future transaction anticipated by the company, based on estimates of the determinants of volumes and sales.
- It is an identifiable transaction (or a group of identifiable transactions).
- Transactions share the same risk.
- It is a highly probable transaction.

The status of “highly probable” has been evaluated on the basis of:

- The frequency of similar transactions in the past.
- The financial and operational ability to perform these operations.
- The substantial investment in resources for the particular business activity.
- The extent of the loss or disruption of transactions in the business plans of the entity and the timing of such transactions.

Promigas contractually monetizes monthly invoices with the average TRM for the current month; thus hedging contracts must replicate the TRM of the contract. There is an option through non-delivery forward contracts to take as many forwards as business days in the month, since these are negotiated (settled) daily, with an averaged basis of the revenues to be covered with different strike rates. At the end of the month, the average rate at which revenues are contractually settled is simulated with the sum of the forwards liquidated.

The risk management strategy of Promigas and its subsidiaries consists of adjusting the amount of the hedging instrument periodically, so as to reflect any changes in the hedged position. In order to measure the expected efficiency at the beginning of the hedge and the actual efficiency during the hedging period, the Mark to Market - MtM valuation methodology and the Dollar Offset methodology are used with an efficiency range between 80 and 125 percent. Below is a descriptive summary of the hedging relationships:

Type	Cash flow hedging for a group of highly probable expected transactions (TEAP).
Risk	Risk of change in the magnitude of the cash flows associated with the portion of gas transportation revenues denominated in USD and liquidated in COP, due to fluctuations in the COP-USD parity.
Objective	Mitigate the uncertainty with respect to the magnitude of flows of the portion of gas transportation revenues which allows setting the contribution margin for this activity.
Strategy	Successive taking of forwards for the sale of foreign currency in the future to set the exchange rate at which the portion of the flows denominated in foreign currency is expressed. This is carried out for maturities of up to 18 months.

4.4. Price risk

The Corporation, within the listed equity instruments (*Bladex S.A., Alimentos Derivados de la Caña S.A., Banco Comercial AV Villas S.A., Gas Natural S.A. E.S.P., Colombia Stock Exchange S.A., Empresa de Energía de Bogotá S.A. E.S.P., Mineros S.A.*), is exposed to price changes of such investments; as of December 31, 2018 and 2017, if the prices of these investments had been 1% above or below, the lesser or greater impact on the Other Comprehensive Income of the Corporation would be \$9,603 and \$7,952, respectively.

Regarding, the financial subsidiaries and as of December 31, 2018, Fiduciaria

Corficolombiana is exposed to a price risk with BVC shares, which were received in December 2017 by the merger of Deceval and Bolsa de Valores de Colombia S.A.; regarding Casa de Bolsa, the price risk exposure as of the same date was with the following entities (Almacenes Éxito S.A., Avianca Holdings S.A., Banco Bancolombia S.A, Bolsa de Valores de Colombia S.A., Ecopetrol S.A., Empresa de Energía del Pacifico S.A., Horizons ETFs Management).

Each and all such investments are within the limits provided and the risk thresholds of each subsidiary.

4.5. Credit risk

The Corporation and subsidiaries shall allocate each exposure to a credit risk rating based on a variety of data determined to be predictive of the default probability (PI) and applying expert credit judgment, it is expected to use these ratings for purposes of identifying significant increases in the credit risk under the new IFRS 9.

The credit risk ratings are defined and calibrated so that the risk of loss increases exponentially as the credit risk is impaired and, so that, for example, the difference in the risk of loss between ratings 1 and 2 is less than the difference in credit risk between ratings 2 and 3.

Each exposure shall be given a credit risk rating at the initial credit risk recognition based on available information of the debtor. The exposures will be subject to continuous monitoring which can result in changes of an exposure to a different credit risk rating.

The Corporation, through Leasing Corficolombiana S.A. and Promigas S.A. E.S.P. and its subsidiaries, has exposures to credit risk which is that the debtor will cause a financial loss to the entity for failing to meet its obligations. The exposure of the Corporation to the credit risk is the result of its lending activities and transactions with counterparties that give rise to financial assets.

The Corporation and its financial subsidiaries assume on a daily basis the credit risk on the following fronts: credit activities, including commercial, consumer, leasing and treasury activities, which include interbank transactions and counterparty quotas. Despite being independent business, the nature of the solvency risk of the counterparty is

equivalent and therefore the criteria managed are the same.

The principles and rules for the management of credit and credit risk in the Corporation and its subsidiaries are recorded in the credit Manuals of both the Corporation and its subsidiaries with financial intermediation operations such as Leasing Corficolombiana and Banco Corficolombiana (Panama) S.A., which have been conceived for both traditional banking and treasury activities. The instructions given by the Credit Risk and Treasury Committee comprise the evaluation criteria used to measure the credit risk.

The highest authority on credit matters is the Board of Directors of the different entities, whether of the parent or the subsidiaries, which guides the general policy and has the power to grant the highest credit levels allowed. In financial intermediation operations, the authority to grant quotas and credits depend on the amount, term and guarantees provided by the customer. The Board of Directors has delegated its lending authority to different levels and officials, who handle credit applications and are responsible for the analysis, monitoring and results thereof.

The Board of Directors approves operation and counterparty quotas for treasury activities. In addition, the probability of default, the recovery rate of the collateral received, the term of the loans and the concentration by economic sectors are taken into account, among other considerations, for the approval of loans.

The financial subsidiaries of the Corporation have a Credit Risk Management System (SARC) in place, which is administered by the Risk Management at corporate level and by the Risk and Strategic Planning Management in the case of Leasing Corficolombiana S.A., which contemplates, among others, the

design, implementation and evaluation of the risk policies and tools defined by the Risk Committee and the Board of Directors.

The effect of the counterparty credit risk is included for the valuation of operations with derivative financial instruments through the incorporation of the Credit Value Adjustment CVA and Debit Value Adjustment DVA.

For commercial loans, Leasing Corficolombiana S.A. specifically evaluates its portfolio every month according to the sample selected depending on the payment behavior, the behavior in the financial sector and the evolution of financial indicators. To review the entire portfolio, a semiannual analysis and evaluation of the customer in the portfolio is carried out on the basis of up-to-date financial information of customers, compliance with the terms agreed upon, the guarantees received and inquiries made with risk agencies; based on this information customers are classified in categories according to their risk levels (AA-A-BB-B-CC-D and E) and according to the reference model provided by the Finance Superintendence of Colombia.

The companies Promigas S.A. E.S.P., Surtidora de Gas del Caribe S.A. E.S.P. and Gases de Occidente S.A. E.S.P., leveraging on their network of users, have developed a business line known as Non-Banking Financing (hereinafter referred to as FNB),

By economic use

As of December 31, 2018

Sector	Commercial	Consumption	Financial Leasing	Total	Part. %
Supply of power, gas, steam and air conditioning	-	368,851	1,328,771	1,697,622	100%
Employees: Natural persons or unsettled successions, whose revenues come from the employment, legal or regulatory relationship or originating therefrom	-	124	-	124	0%
Total by economic use	-	368,975	1,328,771	1,697,746	100%

which purpose is to allow customers to finance various products such as construction materials, home appliances, gas appliances, furniture and fixtures, computer equipment, education loans and school supplies, among others. Due to this financing service the companies receive a commission that is equal to the difference between the market price of the good funded and the amount paid to the supplier, plus interest charged monthly to the user due to the financing of the good acquired. The model of provisions for incurred losses is based on taking the portfolio by maturity and getting the percentage of recoveries (the percentage of the value of a maturity that does not pass to the next maturity in the following month), and the average percentage for the last 2 years is calculated for greater precision in the final step of the calculation of the provision. (See note 14).

Portfolio concentration

Under the credit risk management, the concentration risk is continuously monitored by analyzing the portfolio, reviewing exposure limits and establishing credit policies. As of December 31, 2018 and 2017, the entity does not hold risk concentrations greater than 1% for individual borrowers. The following is the distribution of the consolidated loan portfolio under various categories for different reporting dates:

By economic use

As of December 31, 2017

Sector	Commercial	Consumption	Financial Leasing	Total	Part. %
Agriculture, cattle farming, forestry and fishing	22,264	-	13,328	35,592	2%
Mining and quarrying	7,657	-	5,159	12,816	1%
Manufacturing industries	60,022	-	66,247	126,269	5%
Supply of power, gas, steam and air conditioning	3,363	-	5,669	9,032	0%
Supply of water; drainage of wastewater, waste management and decontamination	817	-	5,139	5,956	0%
Construction	34,044	-	43,420	77,464	3%
Wholesale and retail trade; repair of motor vehicles and motor bikes	109,694	-	73,070	182,764	8%
Transport and storage	53,590	-	1,395,742	1,449,332	59%
Lodging and food service activities	16,377	-	3,900	20,277	1%
Information and communications	5,220	-	6,805	12,025	1%
Financial and insurance activities	12,113	-	898	13,011	1%
Real estate activities	7,845	10,684	25,624	44,153	2%
Professional, scientific and technical activities	13,521	-	21,469	34,990	1%
Administrative and support service activities	6,893	-	24,097	30,990	1%
Public and defense administration; social security plans of mandatory affiliation	628	-	8	636	0%
Teaching	2,621	-	549	3,170	0%
Human health care and social welfare activities	9,272	-	21,031	30,303	1%
Artistic, recreational and entertainment activities	491	-	3,279	3,770	0%
Other service activities	3,773	-	2,913	6,686	0%
Employees: Natural persons or unsettled successions, whose revenues come from the employment, legal or regulatory relationship or originating therefrom	10,613	318,984	6,447	336,044	14%
Capital landlords only for Natural Persons: natural persons or unsettled successions, whose revenues come from interest, discounts, benefits, earnings, profits and in general, anything representing investment returns or a difference between the invested amount or the amount provided and the future amount and/or amount paid to the provider or investor	8,155	-	4,026	12,181	0%
Total by economic use	388,973	329,668	1,728,820	2,447,461	100%

By geographic location

As of December 31, 2018

	Commercial	Consumption	Financial Leasing	Total
Colombia	-	368,975	1,328,771	1,697,746
Total	-	368,975	1,328,771	1,697,746

As of December 31, 2017

	Commercial	Consumption	Financial Leasing	Total
Colombia	387,606	329,668	1,728,820	2,446,094
Guatemala	1,367	-	-	1,367
Total	388,973	329,668	1,728,820	2,447,461

By maturity

As of December 31, 2018

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	322,740	18,323	9,678	18,234	368,975
Financial Leasing	241,612	530,884	108,699	447,576	1,328,771
Total portfolio	564,352	549,207	118,377	465,810	1,697,746

As of December 31, 2017

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	68,380	105,917	60,126	154,553	388,973
Consumption	192,208	102,801	34,345	314	329,668
Financial Leasing	220,846	304,928	368,849	834,197	1,728,820
Total portfolio	481,434	513,646	463,317	989,064	2,447,461

By type of guarantee:

As of December 31, 2018

	Commercial	Consumption	Financial Leasing	Total
Unsecured loans	-	-	-	-
Collateralized loans:	-	-	-	-
<i>Other real estate</i>	-	-	-	-
Other assets	-	368,975	1,328,771	1,697,746
Total	-	368,975	1,328,771	1,697,746

As of December 31, 2017

	Commercial	Consumption	Financial Leasing	Total
Unsecured loans	121,620	-	-	121,620
Collateralized loans:	198,492	1,043	4,207	203,742
<i>Other real estate</i>	198,492	1,043	4,207	203,742
Other assets	68,861	328,625	1,724,613	2,122,099
Total	388,973	329,668	1,728,820	2,447,461

By currency:

As of December 31, 2018

	Legal currency	Foreign currency	Total
Consumption	368,975	-	368,975
Financial Leasing	171,855	1,156,916	1,328,771
Total portfolio	540,830	1,156,916	1,697,746

As of December 31, 2017

	Legal currency	Foreign currency	Total
Commercial	365,859	23,114	388,973
Consumption	329,668	-	329,668
Financial Leasing	617,279	1,111,541	1,728,820
Total portfolio	1,312,806	1,134,655	2,447,461

By credit quality:

As of December 31, 2018

	Commercial	Consumption	Financial Leasing	Total
A	-	315,848	1,328,752	1,644,600
B	-	38,305	0	38,305
C	-	8,930	0	8,390
D	-	1,283	19	4,302
E	-	2,149	-	2,149
Total	-	368,975	1,328,771	1,697,746

As of December 31, 2017

	Commercial	Consumption	Financial Leasing	Total
A	331,105	285,976	1,668,174	2,285,255
B	27,571	30,494	29,920	87,985
C	12,762	7,518	17,185	37,465
D	14,961	4,420	12,214	31,595
E	2,574	1,260	1,327	5,161
Total	388,973	329,668	1,728,820	2,447,461

4.6 Price risk of biological assets

The Corporation and its subsidiaries obtain a portion of their revenue from the sale of biological assets from African palm and rubber plantations. Sometimes, the Corporation and subsidiaries use derivative financial instruments to hedge the risks of variation in the dollar-peso exchange rate and changes in international market prices. The Group does not produce African palm oil from Malaysia nor sell its product on the Rotterdam market; however, the Group has determined that its African palm oil is highly correlated with the palm oil prices traded in those two places.

During 2018 excluding the effect of hedging activities, if the average price of technically specified rubber (TSR20) would have been 5% higher or lower, with all other variables kept constant, the earnings before taxes for the period for the companies would have been as follows:

Rubber plantations

Rubber plantations	Reference price for TSR20 USD/Ton	Change in year closing price	Biological asset value	Effect on earnings before taxes	Effect on net equity
December 2018	1,597	5%	43,609	4,241	160,121
	1,521	-	41,533	2,164	159,499
	1,445	-5%	39,456	88	158,045
December 2017	1,620	5%	25,366	5,084	135,548
	1,543	-	24,158	3,876	134,738
	1,466	-5%	22,950	2,668	133,929

African palm plantations

African palm plantations	Reference CPO price USD/ton	Change in year closing price	Biological asset value	Effect on earnings before taxes	Effect on net equity
December 2018	694	5%	31,272	(7,792)	139,769
	661	-	29,783	(9,281)	138,772
	628	-5%	28,293	(10,770)	137,774
December 2017	683	5%	27,883	9,423	139,661
	651	-	26,555	8,096	138,772
	618	-5%	25,228	6,768	137,882

4.7 Operational Risk

The Company has an Operational Risk Management System (SARO) in place that has been implemented in accordance with the guidelines established in Chapter XXIII of the Basic Accounting and Financial Circular (External Circular 100/1995) issued by the Finance Superintendence of Colombia. This system is managed by the risk area of the entity.

This system features:

1. An Operational Risk Policy Manual approved by the Board of Directors whereby the guidelines under which the SARO was developed in the Corporation are established
2. Procedure manuals describing how the Operational Risk Policies are met
3. Organizational Structure: the Board of Directors, the Legal Representative, the Risk Management and the Operational Risk Unit participate in the SARO
4. Operational Risk Matrices in which risks and controls are identified and rated, matrices of inherent and residual risk are constructed per process and are periodically updated for changes in processes or due to evidence obtained in the record of Operational Risk Events
5. A database consisting of the record of Operational Risk Events that have taken place since August 2007
6. Expense accounts where the events that generated the loss due to Operational Risk are accounted
7. Periodic reports to the Senior Management, the Operational Risk Committee and the Board of Directors
8. Annual training to officers
9. Biannual audit on the effectiveness of the system by the Comptroller and the External Auditor

As of December 31, 2018 there are operational risk matrices for the 23 processes, where 403 risks and 868 controls have been identified.

The evolution of the figures resulting from each update of the operational risk profile of the Corporation is shown below:

	December 31, 2018	December 31, 2017
Processes	23	23
Risks	403	401
Controls	868	867

The losses for operational risk events in 2018 correspond to eight (8) operational risk events of type A amounting to \$315 The largest corresponds to:

Payment for situation of internal fraud in Bucaramanga Branch by an officer of the commercial area materialized in \$198.

Payment for correction of 2017 GMF statements, incurring in errors while complying with monetization requested by the customer on the dates and for the amounts withheld in the incorrect account for \$55.

205 events of type B (without impact in results) and 90 events type C (quasi losses) complete the record.

According to the classification of the 304 events registered as of December 31, 2018, the risk factor with greatest participation was Technological Platform with 110 events (36%), Human Resources with 89 events (29%), Processes with 86 events (28%), External Events with 16 events (5%) and Infrastructure with 3 (1%).

Financial Subsidiaries

Since the financial subsidiaries belong to the financial sector, they have an Operational Risk Management System

(SARO) according to the guidelines of the Corporation and the provisions of chapter XXIII of the Basic Accounting and Financial Circular Letter (External Circular 100/1995) issued by the Finance Superintendence of Colombia. .

The most common risks in these entities are associated with failures in human resources, processes and technology. To mitigate the above, controls have been implemented aimed at improving the skills of the personnel involved in the performance of processes, controls associated with authorization levels, segregation of duties, reconciliations, management reviews and exception reporting, among others. In the case of technology, controls associated with the protection of data have been implemented such as daily backups, data masking and access control, segregation protocols for environments and procedures to control the software versions, control over access matrix for applications and data, the monitoring of databases and privileged users. These entities also have contingency plans that allow them to operate in exceptional conditions due to incidents or events that impact the normal development of activities.

Non-Financial Subsidiaries

The Company is working with non-financial affiliates in the implementation of an Operational Risk Management System (SARO), following the guidelines set out in chapter XXIII of the Basic Accounting and Financial Circular Letter (External Circular 100/1995) issued by the Finance Superintendence of Colombia tailored to the needs of each affiliate.

The following is a summary of the findings made in these entities, grouped by sector:

Power and Gas Sector

The most significant operational risks in the sector are associated with those

impacting the revenues of the entity. These include the following among others: invoicing errors, delays in invoicing time and attacks on fuel pipelines. To mitigate the first two, review, authorization and monitoring controls have been implemented for the invoicing and collection process to ensure the timeliness thereof. The third risk described involves internal and external monitoring and control strategies.

Infrastructure Sector

This sector includes road concessions and operational risks are associated with failures in bidding processes, failures in the construction process of the road network that is part of the concession, management failures regarding the road under concession and failures in the toll collection process.

For failures that may take place in bidding processes, the Company, through its group of lawyers, monitors compliance with the bidding terms and that the required documents are sent. In the construction process, controls are applied to ensure that procurement processes meet the standards defined by the entity and the Corporation and controls are implemented to ensure that the construction is carried out within the time and budget defined.

In the management of roads under concessions, controls are applied to ensure that the road network is maintained in optimum conditions of use and safety.

An electronic toll system has been implemented for the collection of tolls, whereby the vehicular circulation and toll collection process is optimized.

Agro-industrial sector

In the agro-industrial sector, the most significant operational risks are associated with those affecting animal production and

agricultural processes. In agricultural processes the following may be mentioned: failure in the use of productive land, failures in planting processes, failures in pest control processes, failures in irrigation processes, failures in collection processes, failures in storage and distribution processes. To mitigate the above, technological renovation plans, land use planning, land preparation and fertilization, programmed irrigation systems, water quality controls, monitoring of pest control plans, adaptation of collection and drying silos, environmental control and monitoring of delivery plans of the product have been implemented, among others.

In animal production, operational risks are associated with failures in animal reproduction processes and failures in animal care. In the first, controls associated with the selection of animals to be reproduced and with the monitoring of the reproductive process are applied. In animal care, controls are applied to mitigate the illness or death of animals.

Hospitality Sector

In the entities belonging to the hospitality sector, specifically Hoteles Estelar, hired the services of a firm to provide support in the process of identifying operational risks. This activity is being monitored by the Corporation and was implemented during 2018.

4.8 Risk of Money Laundering and Terrorism Financing

The risk of money laundering and terrorist financing is understood as the possibility of economic loss or reputation damage that could be suffered by the Entity if it were used directly or through its operations as a money laundering instrument or for the channeling of resources towards the execution of terrorist activities, or when

assets from such activities are intended to be concealed through the Entity.

In view of the above, and in recognition of its commitment to fight criminal organizations, the Company, in compliance with the provisions of the Finance Superintendence of Colombia, adopted the necessary mechanisms to avoid the occurrence of events that may adversely affect its results and its business. Consequently, Corficolombiana has a Money Laundering and Terrorism Financing Risk Management System (SARLAFT), which is comprised by stages, elements, policies, proceedings and methodologies to identify, assess, control and monitor these risks, as well as the knowledge of the customers, their transactions with the Corporation and market segments attended. The system, included in SARLAFT Manual approved by the Board of Directors, also takes into account transaction monitoring, personnel training and collaboration with authorities, and is administrated by the Compliance Officer, who is in charge of assessing the prevention and control mechanisms, in order to establish the effectiveness thereof and their compliance by all Corporation officers.

SARLAFT activities were developed considering the methodologies adopted by the Corporation, which allowed continuing with the risk mitigation by the application of the controls designed for each risk factor defined in the Basic Legal Circular Part I Title IV Chapter IV by the Finance Superintendence of Colombia (Customer, Product, Channel and Jurisdiction). According to the measurements made in 2018, based on SARLAFT, the entity maintains on average risk levels at “low” and “very low” scales, which are quarterly monitored.

There are technological tools that have allowed implementing the customer knowledge policy and red flags monitoring

in order to identify unusual transactions and report suspicious activities to the Financial Information and Analysis Unit (UIAF), as provided by Law. The system also contains segmentation models of SARLAFT risk factors (customer, product, channel and jurisdiction) that allow for the entity the identification of risks and detection of unusual transactions based on the segment profiles.

On the other hand, in order to foster and consolidate the prevention culture, the Corporation has an institutional training program addressed to collaborators, where knowledge and relevant information are transmitted and guidelines related to the regulatory framework and control mechanisms on laundering money and terrorism financing risk prevention are given.

With regard to the duty of collaboration with authorities and in compliance with the provisions of the legal standards, the Corporation timely submitted the institutional reports to the Financial Information and Analysis Unit (UIAF) and processed the information requests from the authorities.

The direct supervision of the controls to prevent these risks is conducted by the Compliance Officer; similarly, they supervise the Internal Audit and Tax Audit, as well as the management and the Board of Directors through the reports regularly submitted by the Compliance Officer and the Tax Auditor. According to the results of the different SARLAFT stages, the reports from the control bodies and the statements by the Board of Directors on the reports submitted by the Compliance Officer on a quarterly basis, the entity maintains a proper management of the money laundering and terrorism financing risk. During 2018, the reports submitted by the Corporation Comptroller and the Tax Audit on SARLAFT were processed, in order to

implement the recommendations for the System optimization.

Thus, the entity has policies, procedures and mechanisms for the administration of the possible risk situations to which it is exposed, derived from its participation as capital investor in subordinated entities.

Financial Affiliates

The Money Laundering and Terrorism Financing Risk Management Systems of the financial entities subordinated to Corficolombiana have similar characteristics with the SARLAFT of the Company in order to eliminate possible arbitration between them (External Basic Legal Circular issued by the Finance Superintendence of Colombia Part I - Title IV - Chapter IV paragraph 4). In fact, Casa de Bolsa S.A., Fiduciaria Corficolombiana S.A. and Leasing Corficolombiana S.A. Compañía de Financiamiento have implemented the SARLAFT according to the guidelines given by the Company and the provisions of said External Circular Letter and Decree 663/1993 of the Financial System Organic Statute. Similarly, in the case of the affiliate Banco Corficolombiana (Panama) S.A., this entity had a Money Laundering and Terrorism Financing Risk Prevention and Control System in place, in compliance with the instructions of the Company and the provisions of Agreement 12/2005 of the Superintendence of Banks of that country, and Law 23 of April 27, 2015 issued by the National Assembly of the Republic of Panama.

The aforementioned money laundering and terrorism financing management systems are composed of steps, elements, policies, procedures and methodologies for the identification, evaluation, control and monitoring of these risks, as well as know your customer mechanisms and mechanisms for operations, the monitoring

of transactions, the training of staff and collaboration with the authorities. The entities have a Compliance Officer appointed by the Board of Directors and his respective alternate, who is responsible for evaluating prevention and control mechanisms in order to establish their effectiveness and the fulfillment thereof by all officials of the entities.

Non-Financial Affiliates

On the other hand, the Company has developed activities for the promotion of anti-money laundering and anti-terrorism financing systems for companies in the real sector that make up its portfolio of equity investments, in order to prevent contagion risks associated with money laundering and terrorism financing that may arise from these companies. During 2018, Corficolombiana continued carrying out monitoring and support activities for these companies to implement the money laundering and terrorism financing risk control and self-management system (SAGRLAFT) established by the Superintendence of Companies, which establishes that monitored entities which gross income in the previous year was equal to or greater than 160,000 minimum legal salaries were subject to it.

The self-management and control system designed by the Superintendence of Companies is of special interest to the partners of business companies, since it provides standards and guidelines for them to design and implement policies, procedures, methodologies and structures that operate in an integrated manner to prevent the occurrence of money laundering or terrorism financing events, which are harmful to the economy of the country and threaten the competitiveness, productivity and sustainability of companies.

The portfolio companies of Corficolombiana that meet the parameters

of the Circular Letter issued by the Superintendence of Companies have complied with the requirements of the regulations and have structured prevention systems within due legal term.

4.9 Financial Customer Service System SAC

For 2018, the policies provided in SAC Manual were met, by applying the proceedings for the instrumentation of the system elements and stages according to the current regulations. Likewise, there was a proper infrastructure for the correct management and operation of SAC, providing an effective attention to the petitions filed by the financial consumers, so that no complaint or claim was filed directly before the Corporation.

In connection with the training, all officers have certifications of the virtual module dedicated to the inclusive Attention and culture and for the second semester the training module was dedicated to the personal data training.

The entity prepared financial education plans and programs addressed to financial consumers through forums, lectures and the participation in congresses with guest speakers. Such activities were conducted in a direct way and through collaboration agreements with Asobancaria.

Via email, the Corporation and financial subsidiaries continue to send to all their officers and regularly, bulletins with educational contents that included subjects related to bank security, pension regimes, credit history and good debt management.

Training and Instruction of Officials

In order to consolidate an environment of respect and provide tools allowing the improvement of service experience for the disabled financial consumer, the virtual training module was developed in 2018 through e-learning platform, addressed in this opportunity to “Personal Information Processing”.

In addition, advertising pieces aiming at spreading the message on the benefits of honoring debts and timely doing so in the campaign “I pay on time” were received, which was posted on the digital bulletin board during June. During the second semester of 2018, the campaign “October – International Savings Month” was carried out in order to spread the message of the benefits of saving as a means to organize income and prioritize consumption.

On the other part, publications are periodically sent to all employees of the Corporation and its financial subsidiaries with educational contents including topics such as financial security, rights of financial consumers, pension schemes in Colombia, adequate handling of debts, among others.

In the SAC section in the corporate Intranet the material supporting the training activities is updated in order to make it available for permanent consultation of the employees of the entity, whenever they wanted to deepen or learn about the programs of Financial Education of AMV and Asobancaria.

Financial Education

The Corporation and its financial subsidiaries develop financial education plans and programs aimed at financial consumers through forums, seminars and participation in conferences with guest

speakers. These activities were carried out both directly and through collaboration agreements with third parties.

The Company, as a member of the committee of Financial Education of Asobancaria has been participating in the financial education program “Know More With You” in agreement with German Foundation, with the participation of the officers of the financial entities on financial planning, savings, credit and financial services issues.

Financial Consumer Information

Information channels such as the web page, customer service line and personalized attention points have been provided so our financial consumers have true, sufficient, clear and timely information in order to make informed decisions with regard to the negotiations to be performed with our entity.

Therefore, in compliance with the regulatory requirements in that regard, the document “Information on products and services” is regularly updated. This document describes the portfolio of products offered by Corficolombiana and its financial subsidiaries, its general characteristics, fees, tax charges, as well as the models of the adherence agreements used, the existence and functions of the Financial Consumer Ombudsman and the other general information and of Corficolombiana considered of interest for the public.

In addition, the section “*Avoid frauds*” is periodically updated to warn and inform the citizenship that unethical persons are offering credit services in the national territory in a fraudulent manner by using the name of Corporacion Financiera Colombiana S.A. through flyers, press notices, emails, web sites and social media.

Financial Consumer Ombudsman

In development of clear constitutional and legal principles, Corficolombiana S.A. has the service of the Financial Consumer Ombudsman, which may be used by all our financial consumers. Pursuant to the appointment made by the General Shareholders Assembly, the post is currently held by Defensoria del Cliente laguado Giraldo Ltda., firm that appointed Mr. Dario Laguado Monsalve as main ombudsman, who has duly taken possession before the Finance Superintendence of Colombia.

As informed to the financial consumers through other means, including the website of Corficolombiana S.A., the ombudsman office constitutes a protection mechanism for the rights of the financial consumers, to which it has been given, among other functions, that of acting as spokesperson before the institution and attending autonomously, objectively and for free the claims emerging due to the development or performance of the services it provides or of the products offered. Likewise, it is responsible for processing the conciliation requests of the controversies emerging between the financial consumer and the Company.

Within the fundamental purposes of the Corporation and its financial subsidiaries we have the permanent satisfaction of its consumers, task in which all the personnel is involved, which is fully aware of its importance.

4.10 Legal Risk

The Legal Division supports the legal risk management in the operations carried out by the Company. In particular, it defines and establishes the procedures necessary to properly control the legal risks of operations, ensuring that these comply with the legal regulations and that are documented, and analyzes and draws-up

the contracts that support the operations performed by different business units. In relation to legal situations with respect to the Company, it should be noted that, in the cases required, the respective contingencies have been adequately provisioned.

The Company, in accordance with the instructions given in External Circular Letter 066/2001 issued by the Finance Superintendence of Colombia and IAS 37 Provisions, contingent assets and contingent liabilities, assessed the claims of the proceedings against it based on the analyses and opinions of the attorneys in charge.

With regard to copyrights, the Company only uses software or licenses legally acquired and it does not allow the use of software other than that officially approved on its computers. Note 28 to these financial statements describe the most significant processes against the Company.

4.11 Antifraud and Anticorruption Risk

In compliance with the provisions issued by the Finance Superintendence of Colombia and the guidelines of the shareholders and the Board of Directors, Corficolombiana has an ANTIFRAUD AND ANTICORRUPTION POLICY in place which main objectives are to ensure the development of coordinated actions by the entity and its related parties to prevent fraudulent events, promote transparency in the administration, deter misconducts and encourage the commitment of its stakeholders against fraud and corruption. The policy contains guidelines and rules mainly related to gifts, entertainment and gratuities, use of intermediaries, recruitment, donations, sponsorships, mergers and acquisitions and internal control measures over the financial reporting process; it also includes

guidelines on high-risk accounts, the assessment of the system by internal auditors and compliance with the external regulatory framework, especially the Foreign Corrupt Practices Act FCPA of the United States of America.

In compliance with the Antifraud and Anticorruption Policy, during 2018 the Company transactions were monitored and training activities to strengthen the knowledge and skills of administrators and collaborators were carried out, as mechanisms for preventing and controlling risks of fraud, corruption and bribery.

4.12 Reputational Risk

The Corporation has mechanisms tending to ensure that reputational risks, which may arise in the development of its different lines of business, are adequately identified, assessed, controlled, monitored and reported. Control activities with regard to events such as lapses in ethics, compliance with internal standards and policies, and those that may adversely affect the reputation of the entity, are contained in the Code of Ethics and Conduct, the Antifraud and Anticorruption Policy and the Manual of the Money Laundering and Terrorism Financing Risk Management System.

Likewise, in order to respond to the occurrence of situations exposing the good name of the Corporation, or to mitigate the eventual impact of unexpected reputational events, the entity has within its organizational structure the Communication and Marketing and Relationship with Investors areas, which permanently assess information to understand market and environmental trends, as well as the exposure of the name of the entity in the media and social networks, and in this way monitor the reputational impact.

Finally, it is worth noting that the entity has a communication protocol so that there is a transparent and responsible handling of communication, and thus prevent any type of confusion in the stock market or the general public.

4.13 Corporate Governance

Corporación Financiera Colombiana S.A. has included principles governing the good corporate governance, as well as the protection of the rights of shareholders and investors.

Board of Directors and Senior Management - The Board of Directors and Senior Management determine the entity risk strategies, policies and profiles. The Board of Directors is permanently informed of the processes and businesses carried out by the Corporation.

This Management Body approves the limits of granting loans and exposure to market risk, liquidity and credit risk management for the different businesses of the Corporation. The Governance, Risk and Compliance Vice-Presidency, through the Risk Management, is the area dedicated to the identification, administration, measurement, control and monitoring of the risks inherent to treasury operations and other business of the Entity. This area is responsible for generating the risk control mechanisms and for informing Senior Management and the Board of Directors about the risk exposures that the Corporation may present.

Policies and division of functions - The risk management policies are approved by the Board of Directors and are in accordance with the different lines of business of the Corporation. It has specific elements for each type of risk (credit, market, liquidity and operational) and is followed rigorously in compliance by the Risk Management.

Reports to the Board of Directors - The Board of Directors is permanently informed of the risk exposures of the different businesses carried out by the Corporation. The Board of Directors is presented with a monthly report that contains a description of the transactions carried out by the money desk, the results of the business, risk levels and compliance with the established limits, if applicable. The transactions with related parties are submitted for consideration of the Board of Directors.

The limits of maximum portfolio positions, maximum losses and value at risk are controlled by the Risk Management and reported daily to the Senior Management of the Corporation.

Technological Infrastructure - The Corporation has an adequate technological infrastructure that allows it to efficiently support the transactional requirements of its daily operation.

Methodology for risk measurement - Corporación Financiera Colombiana is classified as a financial entity and due to its business role in the different fronts in which it focuses (money desk products, investment banking, equity investments, etc.), is exposed to a variety of risks generated by the evolution of the environment in all its dimensions.

Based on the foregoing, it is clear that risk management has become the determining factor to achieve one of the main objectives of Corficolombiana, obtaining a satisfactory profitability for its shareholders, and therefore it is in the definition itself of each and all the institutional strategies and the decision-making procedure on all Corporation businesses and activities.

The Corporation defined that the risk management procedure must comply with the following stages:

Risk Identification - Risks related to each of the products are determined. It is intended to identify undue risk concentrations and implement new technologies to manage them.

Risk Measurement - The measurement and management processes of the different risks are determined. The monitoring systems must precisely operate and address all aspects defined, in order to facilitate managerial management. The risk measurement implies the availability of trained human resources and technical tools that facilitate the quantification of the risks inherent in each business.

Limit Allocation - Limits are determined separately for each risk (market, credit and/or counterparty, operational and liquidity), even when they are linked among them. Management assesses and defines the limits based on the willingness to take risks and the ability of the Entity to absorb losses.

Limit Measurement and Control - The value of the positions against the limits must be permanently reviewed and excesses arising must be timely reported to Senior Management to take the applicable corrective measures. Assessments and measurements are performed with different periodicity, according to the needs of each business line.

Report Generation - They must be periodically presented, as defined by the Board of Directors and the different risk levels. They must contain information referring to the current risk exposure against the established limits, being considered as fundamental elements for decision making.

The existing methodologies identify and measure the different types of risk to which the Corporation is exposed in its activity and this is how the methods stated

and explained in detail in these notes to the financial statements operate.

Organizational Structure - The Corporation has defined an organizational structure through its Board of Directors, Corficolombiana financial subsidiaries. This Vice-Presidency is in charge of Risk Management and has the purpose of fostering, leading and controlling the execution of risk policies approved by compliance with the risk management strategy defined, using the risk management process previously defined.

which shall ensure adequate risk management. This is how the Governance, Risk and Compliance Vice-Presidency is in charge of building a strong risk culture within the organization, always seeking an integrated risk view also covering

Investment Banking Vice-Presidency

In the Corporation structure, there is independence among the negotiation, risk control and operation accounting areas. Each of these tasks is allocated to different functional areas that in turn report to the different Corporation areas as follows:

Responsibility	Area	Report to:
Negotiation	Treasury Vice-Presidency	Presidency
	Commercial Vice-Presidency	Presidency
	Investment Banking Vice-Presidency	Presidency
Control	Investment Vice-Presidency	Presidency
	Risk Management	Governance, Risk and Compliance Vice-Presidency
Accounting	Treasury Transactions	Corporate Operating Service Management
	Tax Accounting Management	Executive Vice-Presidency

5. Deconsolidation of Entities

As part of the liquidation process which the company Pizano S.A. joined, according to the provisions of IFRS 10 and the updated analysis of controlling position, it was defined that the Corporation presents a loss of control over said entity and therefore, all the balances included in the consolidated financial statement as of December 2017 were written-down as follows:

Assets

Cash and cash equivalents	\$	3,602
Investments measured at fair value with changes in income		126
Investments measured at fair value with changes in other comprehensive income		183
Credit portfolio, net		339
Accounts receivable, net		33,833
Property, plant and equipment		122,865
Biological assets		4,225
Inventories, net		42,312
Current tax asset		6,931
Deferred tax asset		2,108
Other assets, net		331
Non-current assets kept for sale		369
Total Assets	\$	<u>217,224</u>

Liabilities

Financial Obligations	\$	72,424
Accounts payable		65,794
Employee benefits		19,563
Other provisions		6,791
Other liabilities		9,172
Total Liabilities		<u>173,744</u>
Total deconsolidated equity	\$	<u>43,480</u>

6. Estimate of Fair Values

The fair value of financial assets and liabilities that are traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded on stock exchanges or interbank markets) are based on market prices at the close of trading at the year-end date. If a significant variation in fair value occurs after the close of trading until midnight on the year-end date, valuation techniques are used to determine fair value.

An active market is a market in which transactions for assets or liabilities are carried out with sufficient frequency and volume in order to provide price information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques. The Company and subsidiaries use a variety of methods and assumes that they are based on existing market conditions as of the end of each year. Valuation techniques used for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives include the use of similar recent transactions on equal terms, references to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants who make the most use of market data and rely as little as possible on entity-specific data.

The fair value of the biological assets has been determined based on the valuations made by internal professionals with sufficient experience in valuations of this kind using cash flow models discounted from the corresponding biological asset. The cash flow expected of the total life of the plantation is determined using the market price and the estimated productive life of the plants, net of maintenance and

harvest costs and of any cost required to keep the plant during its production period. The estimated productive life of the plants is estimated depending on the age of the plant, its location and the kind of product. The market value of the product of the plants is very sensitive to the current market prices of each product. Therefore, to make a more reasonable price, the following information is considered:

- a. Historical series of market prices, calculating an average at least of the last ten years
- b. Price projections, adjusted in the future years for the estimated value of inflation in the United States

The Company and subsidiaries may use internally developed models for instruments that do not have active markets. Such models are generally based on generally accepted valuation methods and techniques in the financial sector. Valuation models are mainly used to value financial instruments of unlisted equity, debt securities and other debt instruments for which the markets were or have been inactive during the financial period. Some inputs from these models may not be observable in the market and therefore are estimated on the basis of assumptions.

The output (result) of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all factors relevant to the Company's positions. Therefore, the valuations are adjusted, if necessary, to allow additional factors, including model risks, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Tier 1 entries are quoted (unadjusted) prices in active markets for assets or liabilities identical to those that the entity can access at the measurement date.
- Tier 2 entries are entries other than quoted prices included in Tier 1 that are observable for the asset or liability, either directly or indirectly.
- Tier 3 entries are unobservable inputs for the asset or liability.

Tiers in the fair value hierarchy within which the measurement of fair value is classified as a whole are determined based on the entry of the lowest tier that is significant for the measurement of fair value as a whole. For this purpose, the importance of an entry is evaluated in relation to the measurement of the fair value as a whole. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, such measurement is a Tier 3 measurement. The assessment of the importance of a particular input to the measurement of fair value in its entirety requires judgment, taking specific asset or liability factors into consideration.

The determination of what "observable" is requires significant judgment by the Company; the Company considers market data that are already available, that are regularly distributed or updated, that are reliable and verifiable, that do not have proprietary data, and which are provided by independent sources actively involved in the market in question as observable data.

In Colombia there are no markets quoting prices of Collective Investment Funds. The value of the contributions in a collective investment fund is measured through units that represent shares of the equity value of the respective fund. The value of the unit, which represents the yields that have been obtained, is determined by the total amount of resources contributed more or less the returns of the investments that make up the portfolio. These yields are given by the valuation of the assets invested by the fund and therefore the hierarchy tier is determined by the tiers of these assets. The Company and subsidiaries have investments in collective investment plans which investment portfolios are composed only of fixed-income securities that are valued by means of the prices published by INFOVALMER (currently, PERCIA S.A. pricing provider authorized by the Finance Superintendence of Colombia). Therefore, since these assets are Tier 1 or Tier 2, the Company has classified its investments in collective investment funds as Tier 2.

(a) Measurements of fair value on a recurring basis

Measurements of fair value on recurring basis are those that IFRS require or permit in the statement of financial position at the end of each accounting period. The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Company and subsidiaries measured at fair value at December 31, 2018 and 2017 on a recurring basis.

As of December 31, 2018

Assets	Tier 1	Tier 2	Tier 3	Total
Assets at fair value through profit and loss				
Debt instruments				
Treasury securities TES issued by the Government	2,424,566	463,566	-	2,887,663
Bonds from other entities of the Colombian Government	18,968	85,005	-	103,973
Corporate bonds	-	481,395	-	481,395
Equity instruments				
Equity funds and collective portfolios	-	574,233	45,780	620,013
Corporate shares	970,799	27,507	16,051	1,014,357
Derivative financial instruments				
Forward agreements	-	40,515	-	40,515
Swap agreements	-	9,945	-	9,945
Other derivatives	-	1,977	-	1,977
Other financial assets				
Financial assets under concession	-	-	2,488,414	2,488,414
Non-financial assets				
Investment properties	-	-	165,884	165,884
Biological assets	-	-	76,573	76,573
Total assets measured at fair value on a recurring basis	3,414,333	1,683,674	2,792,702	7,890,709
Liabilities				
Liabilities at fair value through profit and loss				
Derivative financial instruments				
Forwards agreements	-	72,129	-	72,129
Swaps agreements	-	11,794	-	11,794
Other derivatives	-	5,416	-	5,416
Total liabilities measures at fair value on a recurring basis	-	89,339	-	89,339

As of December 31, 2017

Assets	Tier 1	Tier 2	Tier 3	Total
Assets at fair value through profit and loss				
Debt instruments				
Treasury securities TES issued by the Government	803,110	8,914	-	812,024
Bonds from other entities of the Colombian Government	1,613	10,282	-	11,896
Corporate bonds	9,102	257,004	-	266,106
Equity instruments				
Equity funds and collective portfolios	9,207	-	430,963	440,170
Corporate shares	659,795	117,704	152,581	930,080
Derivative financial instruments				
Forward agreements	-	28,173	-	28,173
Swap agreements	-	6,151	-	6,151
Other derivatives	-	6,949	-	6,949
Other financial assets				
Financial assets under concession	-	-	2,282,611	2,282,611
Non-financial assets				
Investment properties	-	-	161,015	161,015
Biological assets	-	-	60,011	60,011
Total assets measured at fair value on a recurring basis	1,482,827	435,177	3,087,181	5,005,185
Liabilities				
Liabilities at fair value through profit and loss				
Derivative financial instruments				
Forwards agreements	-	13,417	-	13,417
Swaps agreements	-	7,229	-	7,229
Other derivatives	-	3,875	-	3,875
Total liabilities measures at fair value on a recurring basis	-	24,521	-	24,521

(1) See analysis of sensibilities of the financial assets under concession and biological assets in note 3, 12 and note 4.6, respectively.

Investments whose amounts are based on market prices quoted in active markets and are therefore classified in Tier 1, include active equity investments on stock exchanges, exchange traded derivatives, treasury bonds of the US government and certain non-US sovereign obligations. The collective portfolio is not adjusted to the quoted price for these instruments.

The financial instruments listed in markets not considered active but valued according

to quoted market prices, broker quotes or alternative pricing sources supported by observable inputs, are classified as Tier 2. This includes investment grade corporate bonds and certain non-US sovereign obligations, investments in stock exchanges and OTC derivatives. As Tier 2 investments include positions not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity or non-

transferability, which are generally based on available market information.

Investments classified in Tier 3 have significant unobservable inputs given they are infrequently traded. Tier 3 instruments include private investments and corporate debt securities. As observable prices are not available for these securities, the collective portfolio has used valuation techniques to determine fair value.

Note 3 summarizes the valuation techniques and inputs used in measuring the fair value for each Tier 2 and 3 measurement.

The reconciliation of the movement of fair value measurements classified in Tier 3 is shown below:

	Equity instruments	Financial assets under concession agreements	Biological assets	Investment properties
Balance as of December 31, 2016	53,937	2,072,675	41,729	148,160
Adjustment of valuation with effect in results	-	209,936	13,503	8,839
Adjustment of valuation with effect in OCI	529,607	-	-	-
Additions	-	-	5,580	7,252
Transfers	-	-	-	(3,143)
Sales/withdrawals	-	-	(801)	(93)
Balance as of December 31, 2017	583,544	2,282,611	60,011	161,015
Adjustment of valuation with effect in results	(58,224)	205,803	20,606	2,555
Adjustment of valuation with effect in OCI	(8,288)	-	-	-
Additions	1,053	-	1,217	4,715
Transfers	(192,667)	-	-	3,436
Impairment	(18,222)	-	-	-
Sales/withdrawals	(245,365)	-	(5,261)	(5,837)
Balance as of December 31, 2018	61,831	2,488,414	76,573	165,884

The management of Corficolombiana and its subsidiaries revise Tier 3 valuations periodically. The appropriateness of the inputs used in the valuation model and the result of the valuation is analyzed using various standardized assessment methods and techniques of the industry. In selecting the most appropriate valuation model, the committee conducts the tests again and considers which are the results of the model that are historically more accurate with the actual market transactions.

The following table shows the transfers between tiers for the period ended on December 31, 2018.

	Tier 1 to Tier 2	Tier 2 to Tier 1
Assets		
TES Treasury Securities issued by the Government	534	21,279
Corporate bonds	-	18,968
Total Assets	534	40,247

The transfer from Tier 2 to Tier 1 and Tier 2 to Tier 1 in TES Treasury Securities issued by the government mainly obeys to the liquidity assessment of the securities.

The transfer from Tier 2 to Tier 1 in Corporate Bonds corresponds to securities in Dollars issued by Ecopetrol.

(b.) Fair value of assets not measured at fair value

The following is a comparison of the carrying value and the fair value of each class of financial instruments that the Company presents in its financial statements:

	December 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
Cash and cash equivalents	1,767,343	1,767,343	1,971,359	1,971,359
Money market operations	277,127	277,127	317,275	317,275
Debt instruments				
At amortized cost	62,488	62,545	1,805,470	1,804,232
Financial assets under concession				
At amortized cost	2,630,268	2,630,268	786,018	786,018
Loan portfolio	1,697,746	1,697,746	2,447,461	2,447,461
Accounts receivable	1,546,559	1,546,559	1,379,101	1,379,101
Total Assets	7,981,531	7,981,588	8,706,684	8,705,446
LIABILITIES				
Deposits and current liabilities	3,805,028	3,806,885	4,094,365	4,054,284
Money market operations	2,560,805	2,560,811	2,622,275	2,622,275
Financial obligations	4,260,125	4,075,566	3,892,351	3,617,718
Securities issued outstanding	2,852,288	2,852,288	2,360,326	2,360,326
Accounts payable	1,594,877	1,594,877	1,334,273	1,334,273
Total Liabilities	15,073,123	14,890,427	14,303,590	13,988,876

The fair value of assets and liabilities is determined on the basis of the amount at which the instrument could be exchanged in a transaction between interested parties, other than a forced or liquidated sale. The following methods and hypotheses were used to estimate fair values:

- For cash and cash equivalents, active and passive monetary operations, accounts receivable, accounts payable and other current liabilities, the fair value corresponds to the carrying amount due in large part to the short-term maturities of these instruments

- Long-term loans receivable with fixed and variable interest rates are assessed by the Company and its subsidiaries depending on parameters such as interest rates, the risk factors specific to the entity, the creditworthiness of the individual customer and the risk characteristics of the project financed. Based on this assessment, the impairment for losses expected on these accounts receivable is included. As of December 31, 2018 and 2017, the carrying amounts of these receivables net of impairment are not materially different from their fair values.
- The fair value of the securities issued is based on quoted prices on the closing date. The fair value of unlisted instruments, bank loans and other financial liabilities, finance lease debentures and other non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debts which conditions, credit risk and the remaining maturities are similar.
- The financial assets under concession measured at amortized cost are not likely to be measured at fair value since each concession contract has its own characteristics and are not comparable in the market for the risks assumed by the concessionaire and the specific conditions of the contracts.

7. Combination of business

On November 20, 2017, Iridium Colombia Concesiones Viarias S.A.S. and Dragados IBE Sucursal Colombia agreed with Corficolombiana through two subordinated vehicles, Prodepacífico S.A.S. and Prodevimar S.A.S., the purchase of the entirety of the shares and the assignment of the subordinated debts owned by Iridium in the companies Concesionaria Vial del Pacífico S.A.S. and Concesionaria Nueva Via al Mar S.A.S. (hereinafter Covipacífico and Covimar, or the concessionaires), and the consortium participations owned by Dragados in Conpacífico and Conmulalo. This operation was performed because the Company was interested in acquiring the control of these concessionaires.

Covipacífico is a concessionaire that intends to conduct the studies, designs, financing, construction, operation and maintenance of the Pacifico I connection highway concession, of the project Autopistas para la prosperidad. Covimar is a concessionaire that intends to conduct the studies, designs, financing, construction, operation and maintenance of the project Mulalo – Loboguerrero. Conpacífico and Conmulalo (CML) are the construction consortia of each of these concessionaires by means of which the construction of the works related to the concession agreements is developed.

Prior to the acquisition, Corficolombiana, by means of Estudios y Proyectos del Sol S.A.S. owned a direct interest in Covipacífico (49.90%), Covimar (60%), Conpacífico (51%) and CML (51%). In accordance with the shareholders' agreements and/or consortium agreements, Episol does not exercise control on such investments, but a joint control given that the relevant decisions are unanimously made by the parties that share control (Episol and Iridium and/or Dragados).

Iridium's interest in the concessionaires was 40%, an interest that was acquired by Prodepacífico and Prodevimar in an operation executed on December 12, 2017, date on which the following two conditions precedent were met:

- i. With regard to the financing documents, the written consent of the local and international creditors to conduct the Purchase or, failing this, the written cancellation of the commitments of willingness as well as the termination thereof; and
- ii. The ANI's authorization set forth in section 19.5(b) of the General Part of the Concession Agreements for the acquisition of the Shares on Sale by the Buyers.

The price of the assets on sale was convened at \$166,205 for the acquisition of the capital stock and the subordinated debt provided by Iridium in the concessionaires, plus \$18,931, corresponding to the fund contributions made by Dragados to the Construction Consortia. The entirety of the price of the assets on sale was paid on the closing date of the transaction.

The price paid for the acquisition of the shares and the assignment of the subordinated debts was allocated as follows:

- The value paid for the subordinated debt corresponds to the balance due of the capital plus interests accrued and capitalized until the closing date of the transaction.
- The purchase value of the capital stock corresponds to the difference between the total value paid less the value paid for the subordinated debt acquired.

Taking into account that the additional shareholding interest is acquired through other subordinated vehicles of the Company and Episol which is the entity of the group that has the previous investment does not acquire control, the Company acquired the indirect control of Covipacifico and Covimar, because the Company owns 100% of the shareholding interest in Episol, Covipacifico and Covimar.

Determination of the fair value of the previously held interest

In order to determine the fair value of the previously held interest, the transaction price was taken as reference under IFRS 13 Fair Value Measurement, because the value of the purchase includes the control acquisition premium. Below is the profit or loss to be recognized, related to the adjustment at fair value of the interest held prior to the control acquisition:

As of December 31, 2017

	Covipacifico	Covimar	Total
Purchase multiple (shareholding interest)	224.38x	1.00x	
Previous shareholding interest	49.90%	60.00%	
Previous Interest's Fair Value	57,021	13,066	70,087
(-) Carrying value investment	(254)	(13,066)	(13,320)
Profit/(Loss) Control Acquisition	56,767	-	56,767

Determination of the capital gain obtained

The value of the capital gain is impaired when its carrying amount exceeds its recoverable amount, which is the highest between its fair value less the costs of disposal and its value in use. It is not always necessary to determine the fair value of the asset less the costs of disposal and its value in use. If any of those amounts exceeds the carrying amount of the asset, it would not suffer an impairment of its value and it would not be necessary to estimate the other amount. For tax purposes, the recognized capital gain will not be tax deductible.

As of December 31, 2018 an assessment of the capital gain acquired was made and as a result, it was evidenced that there is no impairment.

8. Cash and Cash Equivalents

The balances of cash and cash equivalents comprise the following as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
In Colombian pesos		
Cash on hand	2,005	3,198
In the Central Bank of Colombia	105,065	96,477
Banks and other on demand financial entities	997,162	1,264,314
Subtotal in Colombian pesos	1,104,232	1,363,989
In foreign currency		
Cash on hand	116	121
Banks and other on demand financial entities	111,889	141,010
Subtotal in foreign currency	112,005	141,131
Restricted cash (1)	551,106	466,239
TOTAL CASH AND CASH EQUIVALENTS	1,767,343	1,971,359
Restricted cash	551,106	466,239
Unrestricted cash	1,216,237	1,505,120
TOTAL CASH AND CASH EQUIVALENTS	1,767,343	1,971,359

The following is the breakdown of the credit quality of cash and cash equivalents held in banking entities except for restricted cash:

	December 31, 2018	December 31, 2017
Credit quality		
Central Bank of Colombia	105,065	96,477
Investment grade	1,109,051	1,405,256
Speculative	-	68
Without rating	2,121	3,319
Total	1,216,237	1,505,120

(1) The balance comprising the restricted cash items is detailed below:

Entity	Detail on cash restrictions	December 31, 2018
	<i>Environmental compensation and properties</i>	162
	<i>Toll collection (future compensation of concession and Fosevi payment)</i>	143,392
	<i>Funds to conduct the Inspection and Supervision of the project under APP010 agreement</i>	10,868
	<i>Values that are transferred from the returns of the other subaccounts in favor of the ANI and that will be used to compensate minor works according to the contents under APP010 agreement</i>	554
Concesionaria Vial del Oriente S.A.S.	<i>Collection of surpluses (it corresponds to the surplus values in favor of the concessionaire that are paid until they are transferred to the concession)</i>	4,058
	<i>For contractual Support of the project (corresponds to the funding performed by Covioriente to pay to whoever provides contractual support of the project as convened in the APP010 agreement)</i>	1,304
Concesionaria Vial Andina S.A.S. Coviandina	<i>Bank accounts of the ANI which is the only one who can order expenses</i>	8,845
Orion Call Center S.A.S.	<i>Cash on hand basis for collection</i>	12
Surtidora de Gas del Caribe S.A. E.S.P.	<i>Seizures</i>	1,010
Promotora de Gas del Oriente S.A. E.S.P.	<i>Seizures</i>	85
Concesionaria Vial del Pacifico S.A.S.	<i>Set forth in agreement and management of the ANI, it is only used when the ANI authorizes it.</i>	248,659
Concesionaria Nueva Via al Mar S.A.S.	<i>Corresponds to the cash available as guarantee in case of contingencies for offices and computer equipment</i>	132,157
TOTAL RESTRICTED CASH (Special Funds)		551,106

The amounts of cash and cash equivalents are not subject to restrictions or limitations except for the previous comment. To date, there are no reconciliatory items with seniority and there is no evidence of impairment.

9. Active positions in money market operations

The following is the detail of the money market operations as of December 31, 2018 and 2017:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
Operations agreed between 0 and 90 days				
In Colombian pesos				
Transfer Commitments on Investments in Simultaneous Operations	79,108	3.85%	226,512	4.49%
Subtotal Colombian pesos	<u>79,108</u>		<u>226,512</u>	
Operations agreed greater than 90 days				
Foreign currency				
Ordinary interbank funds sold	198,019	2.80%	90,763	2.82%
Subtotal Foreign Currency	<u>198,019</u>		<u>90,763</u>	
Total Monetary Operations	<u>277,127</u>		<u>317,275</u>	

The previous amounts are not subject to restrictions or limitations.

10. Investments measured at fair value

The balance of investments in debt instruments and equity instruments at fair value as of December 31, 2018 and 2017 comprises the following:

(a) Investments measured at fair value with changes in income

	December 31, 2018	December 31, 2017
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by the Colombian Government	1,008,830	812,442
Issued or secured by other entities of the Colombian Government	18,636	2
Issued by national issuers	330,051	254,464
Total debt instruments in Colombian pesos	1,357,517	1,066,908
In foreign currency		
Issued or secured by Foreign Governments or other foreign issuers	-	23,117
Total debt instruments in foreign currency	-	23,117
TOTAL DEBT INSTRUMENTS	1,357,517	1,090,025
EQUITY INSTRUMENTS		
In Colombian pesos		
Corporate shares	99	572
Funds and Collective Portfolios (1)	622,976	519,327
TOTAL EQUITY INSTRUMENTS	623,075	519,899
TOTAL INVESTMENTS AT FAIR VALUE WITH CHANGES IN INCOME	1,980,592	1,609,924

(1) The Company and Subsidiaries have financial instruments represented in collective portfolios with restriction of use related to contributions made to the National Infrastructure Agency (ANI) as well as the collection of tolls that can only be used when all the conditions established on the concession agreements are met. As of December 31, 2018 this amount increases to \$199,821 (\$43,629 as of December 31, 2017).

(b) Investments measured at fair value with changes in other comprehensive income OCI

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by the Colombian Government	1,878,833	-
Issued or secured by other entities of the Colombian Government	85,337	-
Issued by national issuers	118,502	-
Total debt instruments in Colombian pesos	<u>2,082,672</u>	-
In foreign currency		
Issued or secured by Foreign Governments or other foreign issuers	32,842	-
Total debt instruments in foreign currency	<u>32,842</u>	-
TOTAL DEBT INSTRUMENTS	<u>2,115,514</u>	-
EQUITY INSTRUMENTS		
In Colombian pesos		
Corporate shares	1,010,400	849,470
In Foreign currency		
Corporate shares	895	881
TOTAL EQUITY INSTRUMENTS	<u>1,011,295</u>	<u>850,351</u>
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE WITH CHANGES IN OCI	<u>3,126,809</u>	<u>850,351</u>
TOTAL FINANCIAL ASSETS IN DEBT INSTRUMENTS AND INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE	<u>5,107,401</u>	<u>2,460,275</u>

The investments at fair value are valued based on observable market data, which also reflects the credit risk associated with the asset. The equity instruments designated at fair value with changes in Other Comprehensive Income are those that the Company and subsidiaries deem strategic or with commitment to stability.

For 2018, the investments measured at fair value had a significant variation in their presentation derived from the application of IFRS 9, which is explained in note 2.7.1 of this report.

	Participation	December 31, 2017	December 31, 2016
Acueducto y Alcantarillado de Barranquilla S.A. E.S.P.	0.65%	5,832	4,480
Aeropuerto de Barranquilla S.A.	9.76%	0	0
Agrogranadera del Valle del Cauca S.A. in liquidation	0.25%	4	4
Alimentos derivados de la Caña (Adecaña)	0.32%	210	37
Banco Comercial AV Villas S.A.	0.03%	318	415
Bolsa de Valores de Colombia S.A. (1)	5.05%	36,634	39,448
Camara de Compensacion de Divisas de Colombia S.A.	3.19%	1,117	917
Camara de Riesgo Central de Contraparte de Colombia S.A.	1.09%	392	427
Cci Marketplace S.A.	7.22%	139	139
Centro de Eventos Valle del Pacifico S.A.	0.81%	553	645
Centro de Ferias Exposiciones y Convenciones de Bucaramanga S.A.	2.80%	480	480
Cooperativa Serviarroz S.A.	1.20%	20	19
Edubar S.A.	0.00%	-	25
Empresa de Energia de Bogota S.A. E.S.P.	5.18%	841,279	659,208
Fiduciaria de Occidente S.A.	4.44%	25,997	26,885
Fondo Ganadero del Tolima S.A.	0.62%	28	28
Forestal Monterrey GWR S.A.S.	0.00%	-	13
Gas Natural S.A. E.S.P.	1.68%	43,460	49,998
Gestion y Contacto S.A.	1.02%	127	127
Granabastos S.A.	0.22%	0	0
Inducarbon Ltda.	0.09%	0	0
Industria Colombo Andina Inca S.A.	0.67%	19	19
Grupo Argos S.A.	0.00%	6	7
Inversiones Sides S.A.S.	0.38%	61	61
Mineros S.A.	8.54%	45,708	56,546
Nutresa S.A.	0.00%	7	8
Petroleos Nacionales S.A.	19.54%	0	0
Pizano S.A. (3)	39.99%	-	-
Promesa S.A.	0.28%	4	4
Promisan S.A. In liquidation	0.05%	26	26
Promotora de Inversiones Ruitoque S.A. (Promision)	2.65%	540	541
Promotora Industrial Comercial y Turistica de Sevilla S.A.	0.27%	0	0
Promotora la Alborada S.A.	1.83%	-	0
Promotora la Enseñanza S.A.	2.45%	-	113
Semillas e Insumos Algodoneros	10.78%	64	64
Sociedad Aeroportuaria de la Costa S.A.	11.55%	7,141	8,528
Sociedad Hotelera Cien Internacional S.A. (Hotel Bogota Royal)	0.39%	58	58
Soforestal S.A.	0.18%	176	175
Tripe A Barranquilla	0.00%	-	25
In Colombian pesos		1,010,400	849,470
Bladex S.A.	0.01%	116	165
Corporacion Andina de Fomento	0.00%	779	716
Petroleos Colombianos Limited	0.05%	-	-
In foreign currency		895	881
Total equity instruments measured at fair value and through OCI		1,011,295	850,351

- (1) In Adecaña the variation is given for the application of IFRS 9, on which the investments listed in the stock exchange are valued with price of "Precia S.A.", which significantly differs from the Stock Exchange price with which it was valued in 2017.
- (2) Empresa de Energia de Bogota S.A. E.S.P. purchased 148,148,148 shares in July 2018 for a value of \$298,962.
- (3) Pizano S.A. entered into liquidation process in February 2018, making the investment go from an investment in subsidiary to an equity instrument.

The variations in fair values fundamentally reflect variations in the market conditions mainly due to changes in the interest rates and other economic conditions of the country where the investment is made. As of December 31, 2018 and 2017, the entity deems that there have been no important losses in the fair value of the financial assets for conditions of credit risk impairment of those assets.

The following investments have impairment at closing:

Investment	December 31, 2018			December 31, 2017		
	Investment value	Impairment	Fair value	Investment value	Impairment	Fair value
Petroleos Colombianos Limited	161	(161)	-	149	(149)	-
Petroleos Nacionales S.A.	125	(125)	-	125	(125)	-
Promotora de Inversiones Ruitoque S.A. (Promision)	675	(135)	540	676	(135)	541
Promotora la Alborada S.A.	316	(316)	-	316	(316)	-
Promotora la Enseñanza S.A.	70	(70)	-	183	(70)	113
Reforestadora de Santa Rosalia	12	(12)	-	12	(12)	-
Textiles el Espinal S.A.	-	-	-	2,399	(2,399)	-
Pizano S.A. (1)	18,222	(18,222)	-	-	-	-
Total impaired investments	19,581	(19,041)	540	3,860	(3,206)	654

(1) The liquidator of Pizano submitted the liquidation financial statements with cut-off August 31, 2018, showing a negative net asset of \$60,988; thus 100% of the investment was impaired.

The detail of the credit quality determined by independent rating risk agents of the main counterparties in debt securities and investments in equity instruments in which the Company has financial assets at fair value is submitted below.

Credit quality	December 31, 2018	December 31, 2017
Investment grade	5,023,414	1,706,718
No rating or unavailable rating	83,987	753,557
Total	5,107,401	2,460,275

Currently there are no restrictions related to debt or equity instruments.

11. Investments measured at amortized cost

As of December 31, 2018 and 2017, the balance of the investments measured at amortized cost comprises the following:

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by the Colombian Government	-	1,452,115
Issued or secured by other entities of the Colombian Government	62,488	91,964
Issued by national issuers	-	20,295
TOTAL DEBT INSTRUMENTS IN COLOMBIAN PESOS	<u>62,488</u>	<u>1,564,374</u>
In foreign currency		
Issued or secured by Foreign Governments	-	106,997
Issued by foreign issuers	-	60,082
Other securities	-	74,017
TOTAL DEBT INSTRUMENTS IN FOREIGN CURRENCY	<u>-</u>	<u>241,096</u>
TOTAL INVESTMENTS MEASURED AT AMORTIZED COST	<u>62,488</u>	<u>1,805,470</u>

The detail of the credit quality determined by independent risk agents of major counterparties in debt instruments in which the Company holds financial assets at amortized cost is as follows:

Credit quality	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Issued and secured by Governments (National or Foreign)	62,488	1,619,740
Investment grade	-	122,436
Without rating or unavailable rating	-	63,294
Total	<u>62,488</u>	<u>1,805,470</u>

As of December 31, 2018 and 2017, the Company and its subsidiaries had no indications of impairment in debt instruments. Currently there are no restrictions related to investments measured at amortized cost.

For 2018, the investments measured at fair value had a significant variation in their presentation derived from the application of IFRS 9, which is explained in note 2.7.1 of this report.

12. Derivative Financial Instruments

Below is the breakdown of the derivatives as of December 31, 2018 and 2017:

a. Derivative financial instruments

The following table shows the fair values at the end of the period of forwards, options, futures and interest rate and foreign currency swaps to which the Company and its subsidiaries are parties.

Derivative financial instruments include the following:

Item	December 31, 2018		December 31, 2017	
	Notional amount	Fair value	Notional amount	Fair value
ASSETS				
Speculative derivatives financial instruments				
Forwards for purchase of foreign currency	968,954	38,642	704,964	2,508
Forwards for sale of foreign currency	174,848	1,769	2,472,253	24,976
Forwards for purchase of securities	31,280	50	283,000	349
Forwards for sale of securities	258,200	11	820,070	340
SUBTOTAL	1,433,282	40,472	4,280,287	28,173
Interest rate swaps	186,000	446	250,200	661
Cross currency swaps	1,285,276	9,499	2,103,720	5,490
SUBTOTAL	1,471,276	9,945	2,353,920	6,151
Futures for purchase of foreign currency	7,251	-	2,976	-
SUBTOTAL	7,251	-	2,976	-
Currency call options	172,767	1,977	358,378	1,795
SUBTOTAL	172,767	1,977	358,378	1,795
Total speculative derivatives financial instruments	3,084,576	52,394	6,995,561	36,119
Hedging derivatives financial instruments				
Forwards for sale of foreign currency	-	-	393,143	5,153
Forwards for purchase of foreign currency	12,665	43	22,328	1
Total hedging derivatives financial instruments	12,665	43	415,471	5,154
TOTAL ASSETS	3,097,241	52,437	7,411,032	41,273

Item	December 31, 2018		December 31, 2017	
	Notional amount	Fair value	Notional amount	Fair value
LIABILITIES				
Forwards for purchase of foreign currency	38,334	516	822,973	8,028
Forwards for sale of foreign currency	1,460,086	55,491	1,153,863	4,498
Forwards for purchase of securities	-	-	356,000	167
Forwards for sale of securities	665,710	1,279	804,200	724
SUBTOTAL	2,164,130	57,286	3,137,036	13,417
Interest rate swaps	722,493	1,917	273,392	1,144
Cross currency swaps	875,972	9,877	1,645,841	6,85
SUBTOTAL	1,598,465	11,794	1,919,233	7,229
Futures for sale of foreign currency	7,254	-	2,982	-
SUBTOTAL	7,254	-	2,982	-
Currency put options	80,078	5,416	151,289	3,710
SUBTOTAL	80,078	5,416	151,289	3,710
Cash operations	27,295	-	11,938	-
Total speculative derivatives financial instruments	3,877,222	74,496	5,222,478	24,356
Hedging derivatives financial instruments				
Forwards for purchase of foreign currency	13,450	2	24,080	119
Forwards for sale of foreign currency	352,420	14,841	5,790	46
Total hedging derivative financial instruments	365,870	14,843	29,870	165
TOTAL LIABILITIES	4,243,092	89,339	5,252,348	24,521
NET POSITION	(1,145,851)	(36,902)	2,158,684	16,752

The following is a summary of the credit quality of the active derivative financial instruments:

Credit quality	December 31, 2018	December 31, 2017
Investment grade	36,404	18,195
Without rating or unavailable rating	16,033	23,078
Total	52,437	41,273

The following is a summary of the credit quality of the passive derivative financial instruments:

Credit quality	December 31, 2018	December 31, 2017
Investment grade	(61,404)	(15,083)
Without rating or unavailable rating	(27,935)	(9,438)
Total	(89,339)	(24,521)

The derivative financial instruments contracted by the Company and subsidiaries are generally traded in organized markets and with customers of the financial, real and offshore sector. Derivative instruments have favorable net (asset) or unfavorable (liability) conditions as a result of fluctuations in foreign exchange rates and in the interest rate market or in other variables related to their conditions. The cumulative amount of the fair values of assets and liabilities in derivative instruments may vary significantly from time to time.

As of December 31, 2018 the Company and subsidiaries have obligations to deliver financial instruments in debt securities or foreign currency with a fair value of \$89,339 (\$24,521 as of December 31, 2017) and receive financial assets or foreign currency with a fair value of \$52,437 (\$41,273 as of December 31, 2017).

Currently there are no restrictions related to derivative financial instruments.

b. Coverage of cash flows of foreign debt securities issued:

The fair values of the derivatives designated as cash flow hedges are as follows:

Item	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Type of instrument: Currency Forwards	43	(14,843)	5,154	(165)

The periods of time in which hedged cash flows are expected to occur and affect the comprehensive income for the year are as follows:

	Within 1 year	1-5 years	More than 5 years
December 31, 2018	(14,800)	-	-
December 31, 2017	4,986	-	-

During year 2018, net earnings amounted to \$701, while the net earnings of 2017 amounted to \$31,395 in relation to the effective portion of cash flows recognized in OCI.

During 2018 and 2017, there were no inefficiencies in relation to hedging.

13. Investments in Associates and Joint Ventures

The detail of investments in associates and joint ventures is shown below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Associates, net	751,511	702,934
Joint ventures, net	7,711	117,190
Total investments	<u>759,222</u>	<u>820,124</u>

The following are the participation percentages and investment amounts in each of the associates and their corporate purpose:

Investment in Associates	<u>As of December 31, 2018</u>		<u>As of December 31, 2017</u>	
	<u>Participation %</u>	<u>Investment</u>	<u>Participation %</u>	<u>Investment</u>
Aerocali S.A.	50%	19,157	50%	17,632
Colombiana de Extrusion S.A. Extrucol	30%	11,327	30%	11,476
Concesionaria Tibitoc S.A.	33%	18,339	33%	20,165
Ventas y Servicios S.A.	20%	6,156	20%	2,559
Metrex S.A.	18%	2,054	18%	5,069
C.I. Acopalma S.A.	11%	5,458	11%	5,625
Gases del Caribe S.A. E.S.P.	31%	269,183	31%	269,739
Gas Natural del Lima y Callao S.A. (Calidda)	40%	410,984	40%	363,139
Concentra Inteligencia en energia S.A.S.	24%	601	24%	6,927
Energia Eficiente S.A.	39%	8,252	39%	603
Complejo Energetico del Este	33%	-	33%	-
		<u>751,511</u>		<u>702,934</u>

The movement of investments in associates and joint ventures is shown below:

	Associates	Joint Ventures	TOTAL
Balance as of December 31, 2016	651,349	281,237	932,586
Dividends received	(100,737)	-	(100,737)
Equity method with effect in OCI	1,173	(12)	1,161
Equity method with effect in Income	157,592	1,616	159,208
Capitalization (Decapitalization) of investments	-	87	87
Investment impairment	-	(140,691)	(140,691)
Transfers / Reclassifications	-	(12,405)	(12,405)
Adjustments for conversion of transactions of subsidiaries abroad	(10,823)	3	(10,820)
Hedge of investments abroad	4,380	-	4,380
Balance acquired in business combinations	-	(12,645)	(12,645)
Balance as of December 31, 2017	702,934	117,190	820,124
Changes in accounting policies	(3,691)	-	(3,691)
Dividends received	(159,508)	-	(159,508)
Equity method with effect in OCI	22,607	-	22,607
Equity method with effect in Income	182,695	1,724	184,419
Investment impairment (1)	-	(111,783)	(111,783)
Exchange difference with effect in equity	(9,609)	580	(9,029)
Hedge of investments abroad	16,083	-	16,083
Balance as of December 31, 2018	751,511	7,711	759,222

- (1) Concesionaria Ruta del Sol S.A.S. (the “Concessionaire”), is the awardee company of Concession Agreement No. 001 dated January 14, 2010, whose purpose was the construction, operation and maintenance of Sector 2 of the Ruta del Sol Road Project, comprised between Puerto Salgar and San Roque and its modifications (the “Concession Agreement”).

Due to the investigations conducted by Colombian authorities as a result of the corruption acts in twelve countries, including Colombia, confessed on December 2016 before the United States justice by the Brazilian firm Odebrecht S.A., which participates as a controlling party of Concesionaria Ruta del Sol S.A.S. (62.01%) through its affiliates Constructora Norberto Odebrecht S.A. and Odebrecht Latinvest Colombia S.A.S., and as controlling party of Consortium Constructor Ruta del Sol CONSOL (62.01%) through its affiliate Constructora Norberto Odebrecht S.A., some measures concerning the Concession Agreement have been taken.

Thus, on February 16, 2017, and after several visits conducted to the Concessionaire, the Superintendence of Industry and Trade-SIC issued Resolution 5216/2017, by means of which it decreed as an interim measure, the suspension or cessation of the effects of the conducts allegedly contrary to the free economic competition deployed by the National Infrastructure Agency-ANI and the Concessionaire, which is why the SIC ordered the ANI to terminate the Concession Agreement immediately. In that regard, on October 1, 2018, the Superintendence of Industry and Trade – SIC notified by notice Resolution No. 67837/2017, by means of which an investigation is opened and a list of charges is formulated for (i) alleged bribery payment, (ii) alleged use of conflict of interests and (iii) alleged private and direct contacts for change of guarantees and interpretation of the specifications, investigate. On October 30, 2018, Episol submitted its defense to the first and second charge attributed to it.

On February 17, 2017, the Superintendence of Ports and Transport subjected the Concessionaire to control by means of Resolution 2809/2017.

Additionally, on January 26, 2017, the Attorney General of the Nation filed a popular action against the ANI and the Concessionaire based on the corruption facts of Odebrecht that were reported by the media and the Prosecutor's Office. Within the framework of said process, the Administrative Court of Cundinamarca decreed the following interim measures:

- Suspension of the effects of the Concession Agreement, executed between the Ruta del Sol Concessionaire and the ANI.
- Order the President of the Republic to appoint the authority that would administer the project, taking immediate possession of the works. Such measure was materialized with the infrastructure delivery from the Concessionaire to the ANI on October 20, 2017.
- Seizure of accounts, personal property and dividends obtained by the Concessionaire, its shareholders and other related persons up to an amount of \$191,118.

Considering the previous measures and in strict compliance with them, the Concessionaire and the ANI executed an agreement on February 22, 2017 and an amendment thereto on March 27, 2017, whereby it provided the early termination and the formula for the settlement thereof (the "Agreement") was agreed. Based on the settlement formula of the Agreement, and preliminary values of calculation thereof, Corporacion Financiera de Colombia S.A. (parent company of Episol) and Episol, which is the holder of 33% of the shareholding capital of the Concessionaire, recognized a first adjustment by impairment for a value of \$102,275 with regard to such investment on December 31, 2016.

It is hereby stated that, subsequently, by means of writ dated September 14, 2017, the Administrative Court of Cundinamarca decreed supplementary interim measures, related to the delivery of sections to the INVIAS, assignment of environmental and mining licenses, registration of title deeds, guarantees, payment to suppliers and creditors. In execution of the order issued by the Administrative Court of Cundinamarca, on October 20, 2017, the Concessionaire executed with the ANI the "Minutes of material delivery of the sections corresponding to the physical scope of Concession Agreement No. 001/2010, in compliance with the interim measure decreed in popular action proceeding No. 2007-0083".

Additionally, during 2017, extensions were made for the payment of the interests of the Long-Term Debt in Dollars and Pesos with the Lenders of the project. In that regard, on December 22, 2017, the ANI authorized the payment of \$792,603 as a contribution for the payment of the financial obligations arising from the Loan Agreement corresponding to the debt in Dollars and Pesos of the Concessionaire.

Also, during 2017 and 2018, the process of demobilization of the staff that was linked to the project was carried out. Likewise, the Concessionaire and the Consortium made the payment of the majority of suppliers, workers and third parties.

Taking into account the above, the claims of the parties, the Agreement, the settlement formula of the Concession Agreement, the value of liquidation of the work and the amounts to be recognized which are subject to discussion within the framework of the Arbitration Court which will settle the differences between the Concessionaire and the ANI, the Company and Episol decided to prudentially recognize a second adjustment by impairment to the investment for a value of \$140,691, which are specified to be additional to the amount recognized on the financial statements corresponding to the second half of 2016. The remaining value of the investment (\$111,783) corresponds to the contributions made by Episol to the concessionaire between years 2009 to 2012, updated by CPI as of December 31, 2017.

In November, 2018, according to the analysis internally made and taking into account the provisions of the International Financial Reporting Standards, the impairment of the remaining balance of the investment was recognized in such a way that to that date, 100% of the investment in Concesionaria Ruta del Sol S.A.S. was already impaired (\$354,749).

Below are the ownership interests and investment amount in each of the joint ventures:

Investment in Joint Ventures	As of December 31, 2018		As of December 31, 2017	
	Participation %	Investment	Participation %	Investment
Concesionaria Ruta del Sol S.A.S., net	33%	-	33%	111,783
CFC SK Capital S.A.S.	50%	398	50%	345
CFC SK El Dorado Latam Management Company Ltda.	50%	6,764	50%	4,567
CFC SK El Dorado Latam Capital Partners Ltda.	50%	549	50%	495
		<u>7,711</u>		<u>117,190</u>

Currently there are no restrictions related to the investments on associates or in the joint ventures.

14. Loan Portfolio

The classification of the consolidated loan portfolio per type of risk is submitted below:

	December 31, 2018	December 31, 2017
SUITABLE GUARANTEE		
Commercial		
"A" Normal Risk	-	240,769
"B" Acceptable Risk	-	21,336
"C" Appreciable Risk	-	2,503
"D" Significant Risk	-	8,921
"E" Uncollectibility Risk	-	1,233
COMMERCIAL SUBTOTAL	-	274,762
SUITABLE GUARANTEE		
Leasing		
"A" Normal Risk	1,328,752	1,668,174
"B" Acceptable Risk	0	29,920
"C" Appreciable Risk	0	17,185
"D" Significant Risk	19	12,214
"E" Uncollectibility Risk	-	1,327
LEASING SUBTOTAL	1,328,771	1,728,820
OTHER GUARANTEES		
Consumption		
"A" Normal Risk	315,848	285,976
"B" Acceptable Risk	38,305	30,494
"C" Appreciable Risk	8,390	7,518
"D" Significant Risk	4,283	4,420
"E" Uncollectibility Risk	2,149	1,260
CONSUMPTION SUBTOTAL	368,975	329,668
SUITABLE GUARANTEE		
NO GUARANTEES		
Commercial		
"A" Normal Risk	-	90,336
"B" Acceptable Risk	-	6,235
"C" Appreciable Risk	-	10,259
"D" Significant Risk	-	6,040
"E" Uncollectibility Risk	-	1,341
COMMERCIAL SUBTOTAL	-	114,211
TOTAL PORTFOLIO FOR RATING (1)	1,697,746	2,447,461

(1) Leasing Corficolombiana S.A.: For the closing of 2018, it closed with a portfolio balance of \$680,393 compared to a closing of 2017 of \$808,664 which represents a decrease of 15.86%, the above because the placements were suspended from June 2018. The aspects to highlight in the portfolio include the fact of the recomposition by product thereof with the leasing operations having a greater weight within the total portfolio going from 52% at the end of 2017 to 54% as of December 2018 with regard to the product of credit notes. The other relevant point to mention is the increase in the level of risk of the portfolio associated with the aforementioned with regard to the slowdown of the economic cycle and the impact it has had in the customers of Leasing Corficolombiana S.A. to be able to fulfill its obligations. Based on the foregoing, as of December 2017, the risk portfolio of the entity, classified as the one ranked in a risk level higher than "A" was at \$176,362 and at the end of 2017, the latter was located at \$176,347 meaning that it maintained the same levels but due to the reduction of the portfolio, the Portfolio in Risk indicator was impaired. The Entity is in process of assignment of assets and liabilities.

The following is a breakdown of provisions for credit risk impairment established as of December 31, 2018 and 2017, taking into account how they were determined, individually for loans greater than \$2,000 and collectively for other loans. The following annexes show the balance in the portfolio including the interest accrued measured at amortized cost.

	Consumption	Commercial	Commercial leasing	Total
As of December 31, 2018				
Impairment:				
Loans individually evaluated	13,108	-	1,183	14,291
Loans collectively evaluated	-	-	-	-
Total impairment	13,108	-	1,183	14,291
Net balance of the financial assets for loan portfolio:				
Loans individually evaluated	368,975	-	1,328,771	1,697,746
Loans collectively evaluated	-	-	-	-
Total financial assets for loan portfolio	368,975	-	1,328,771	1,697,746
As of December 31, 2017				
Impairment:				
Loans individually evaluated	-	10,289	17,589	27,878
Loans collectively evaluated	5,161	14,657	12,029	31,847
Total impairment	5,161	24,946	29,618	59,725
Net balance of the financial assets for loan portfolio:				
Loans individually evaluated	-	36,177	49,235	85,412
Loans collectively evaluated	329,668	352,796	1,679,585	2,362,049
Total financial assets for loan portfolio	329,668	388,973	1,728,820	2,447,461

The allocation of loan portfolio of the Company per maturity period as of December 31, 2018 is shown below:

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumption	322,760	18,323	9,678	18,234	368,975
Portfolio	322,740	18,323	9,678	18,234	368,975
Commercial leasing	241,612	530,884	108,699	447,576	1,328,771
Financial leasing (1)	241,612	530,884	108,699	447,576	1,328,771
Total portfolio	564,352	549,207	118,377	465,810	1,697,746

The allocation of loan portfolio of the Company per maturity period as of December 31, 2017 is shown below:

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	62,968	108,337	62,185	155,645	389,135
Consumption	192,047	102,801	34,344	314	329,506
Portfolio	255,015	211,138	96,529	155,959	718,641
Commercial leasing	219,795	304,162	362,003	842,698	1,728,658
Consumption leasing	31	131	-	-	162
Financial leasing	219,826	304,293	362,003	842,698	1,728,820
Total portfolio	474,841	515,431	458,532	998,657	2,447,461

- (1) As of December 31, 2018 and 2017, it mainly includes the financial leasing of Sociedad Portuaria El Cayao S.A. E.S.P. to Grupo Termico for the investment in gas pipeline and floating regasification unit (FSRU) for \$1,158,196 and \$1,111,541 and Promisol S.A.S. product of the lease agreements executed with Hocol and Canacol for \$171,855 and \$236,693, respectively.

The allocation of the loan portfolio per currency is submitted below:

	As of December 31, 2018		
	Legal tender	Foreign currency	Total
Commercial	-	-	-
Consumption	368,975	-	368,975
Portfolio	368,975	-	368,975
Commercial leasing	170,575	1,158,196	1,328,771
Consumption leasing	-	-	-
Financial leasing	170,575	1,158,196	1,328,771
Total portfolio	539,550	1,158,196	1,697,746

	As of December 31, 2017		
	Legal tender	Foreign currency	Total
Commercial	366,021	23,114	389,135
Consumption	329,506	-	329,506
Portfolio	695,527	23,114	718,641
Commercial leasing	617,117	1,111,541	1,728,658
Consumption leasing	162	-	162
Financial leasing	617,279	1,111,541	1,728,820
Total portfolio	1,312,806	1,134,655	2,447,461

As of December 31, 2018 the financial assets of the loan portfolio are pledged as collateral for an amount of \$104,633 and as of December 31, 2017 for \$101,309 in support of financial obligations with rediscount entities.

The following is the conciliation of gross investments in financial leasing and the present value of the minimum payments to be received on such dates:

	December 31, 2018	December 31, 2017
Total gross rents to be received in the future	2,342,243	2,965,127
Residual estimated value of assets delivered in lease (unsecured)	15,225	35,478
Gross investment in leasing agreements	2,357,468	3,000,605
Net investment in leasing agreements	1,330,051	1,758,438
Impairment of net investment in leasing agreements	302,634	29,618
Leasing agreements net of impairment	1,027,417	1,728,820

The detail of the gross investment and net investment in leasing agreements to be received as of December 31, 2018 and 2017 in each of the following periods:

	As of December 31, 2018		As of December 31, 2017	
	Net investment	Gross investment	Net investment	Gross investment
Up to 1 year	75,606	273,648	220,846	396,844
Between 1 and 5 years	503,397	1,133,917	673,777	1,412,705
More than 5 years	751,048	949,903	834,197	1,191,056
Total	1,330,051	2,357,468	1,728,820	3,000,605

Below is the summary of the movement of the portfolio impairment:

Balance as of December 31, 2016	58,839
Impairment	3,484
Portfolio write-offs	(2,598)
Balance as of December 31, 2017	59,725
Impairment	-
Portfolio write-offs	-
Transfers	(45,434)
Balanced as of December 31, 2018	14,291

15. Accounts Receivable, net

Below are the balances of other accounts receivable as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Trade accounts receivable	1,372,605	1,200,650
Less: Impairment of the trade accounts receivable	(215,417)	(171,180)
Trade accounts receivable, net	1,157,188	1,029,470
Other accounts receivable	222,165	200,377
Payment for customer account	79,018	79,018
Deposits	88,188	70,236
Total accounts receivable	1,546,559	1,379,101

The detail of the accounts receivable as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Interest	47,947	34,310
Dividends	966	870
Commissions	11,304	17,180
Leases	16	157
Customers	1,112,489	1,007,694
Deposits (1)	88,188	70,236
Taxes	63,538	18,415
Advance payments	67	1,775
Agreement withholdings	-	5,829
Payment for customer account (2)	79,018	79,018
Other accounts receivable	222,165	200,377
Related accounts receivable (3)	136,278	114,420
Gross total trade accounts	1,761,976	1,550,281
Impairment of accounts receivable	(215,417)	(171,180)
Net total accounts receivable	1,546,559	1,379,101

- (1) On January 26, 2017, the Attorney General of the Nation filed a popular action against the National Infrastructure Agency and the Concessionaire Ruta del Sol S.A.S., due to the alleged infringement of the collective rights to administrative morality, the defense of public equity and access to utilities. Within the framework of said process, the Administrative Court of Cundinamarca included Episol S.A.S., among others, and decreed interim measures that include, among others, the seizure of accounts and dividends obtained by the Concessionaire, its shareholders and other related persons. Given that the funds came out from the banks and were transferred to the judicial deposits of Banco Agrario de Colombia S.A., Episol S.A. registered in the item deposits on behalf of Banco Agrario de Colombia S.A., an account receivable for \$24,835.

- (2) For 2017, Estudios y Proyectos del Sol S.A.S. and Subsidiaries was the developer of Concesionaria Panamericana S.A. to which withholdings were made as guarantee on the agreements then under performance. For 2018, Episol S.A.S. does not perform construction work, it only manages 4G concessions.
- (3) This item recognizes accounts receivable in favor of the Company with Electricaribe, due to the performance of guarantees and related financial costs supported with counterguarantee agreements executed.
- (4) The accounts receivable with related parties correspond to the following entities:

Entity	Detail of other accounts receivable	December 31, 2018
CFC Private Equity Holdings S.A.S.	The value of the account receivable of PEH corresponds to CFC-SK Eldorado Latam Fund decreed a return to its Investors, from the value corresponding to the capital call number nine, for the value of this capital return, it constituted an account receivable and its recovery is expected in the short term. The value is USD \$9,435,651 with the closing rate of \$3,249.75 equivalent to \$27,413.	27,413
Estudios Y Proyectos del Sol S.A.S. and subsidiaries	It corresponds to the value on which the self-withholding tax was applied by way of income tax and complementary taxes for each payment of the consortiums that make part of Episol: Conpacifico \$66, Conmulalo \$44, 4G Llanos \$325 to comply with Art. 1.2.6.8 of decree 2201/2016 and other rules amending or replacing it. In addition to an account receivable to CDRS for the interests accrued of the arbitration court for a value of \$71, Consol for Income self-withholding and personnel in Mission for \$2,909 and leasing assigned to Coinpacifico for \$26.	3,444
Estudios Proyectos e Inversiones de los Andes S.A. and subsidiaries	It corresponds to the value on which a self-withholding tax was applied by way of the income tax and complementary taxes on each payment of the consortiums comprising Epiandes: Road Consortium 4G Llanos for a value of \$178 and Consorcio Vial Andino for value of \$96, in compliance with Article 1.2.6.8 of Decree 2201/2016 and other rules amending or replacing it.	274
Hoteles Estelar S.A. and subsidiaries	Its internal operations between the "C.O." Center of Operations or Branches owned by Hoteles Estelar at a national level in the provision of the service. Similarly it is managed in Peru and its branches.	105,147
Total		136,278

Below is the movement of the impairment of the other accounts receivable:

Balance as of December 31, 2016	106,976
Impairment	32,789
Portfolio write-offs	(13,497)
Reclassifications	47,555
Reimbursements	(2,648)
Adjustment in change	5
Balance as of December 31, 2017	171,180
Impairment (1)	34,340
Change in accounting policies	12,296
Portfolio write-offs	(16,793)
Reclassifications	24,654
Reimbursements	(16,998)
Deconsolidation of Entities	6,731
Adjustment in change	7
Balance as of December 31, 2018	215,417

(1) The impairment registered during 2018 mainly corresponds to the following affiliates: Promigas S.A. E.S.P. and subsidiaries for \$28,223, Casa de Bolsa S.A. for \$2,417, Leasing Corficolombiana S.A. for \$1,075, Hoteles Estelar S.A. and Subsidiaries for \$1,004 and Others for \$1,621.

Currently there are no restrictions related to other accounts receivable

16. Assets on Concession Agreements

The balance of the assets recognized on concession agreements as of December 31, 2018 and 2017 includes the following:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Rights on concession agreements		
Promigas S.A. E.S.P. and subsidiaries	2,531,278	2,176,164
Concesionaria Vial de los Andes S.A.	90,146	219,061
Proyectos de Infraestructura S.A. and subsidiaries	236,651	264,324
Episol S.A.S. and subsidiaries	2,656,406	454,618
Total rights on concession agreements	<u>5,514,481</u>	<u>3,114,167</u>
Financial assets under concession		
Promigas S.A. and subsidiaries	2,488,414	2,282,611
Episol S.A.S. and subsidiaries	1,480,612	389,550
Concesionaria Nueva Via al Mar S.A.S.	181,931	99,716
Concesionaria Vial Del Pacifico S.A.S.	967,725	296,752
Total financial concession assets	<u>5,118,682</u>	<u>3,068,629</u>

The detail of the movement of rights on concession agreements is as follows:

	Promigas S.A. and subsidiaries	Epiandes S.A. and subsidiaries	Proyectos de Infraestructura S.A. and subsidiaries	Episol S.A.S. and subsidiaries	Total
Cost					
As of December 31, 2016	2,369,929	650,641	273,660	155,587	3,449,727
Additions	193,489	82,628	29,305	305,486	610,908
Reclassification – Change in estimates	(14,408)	-	-	-	(14,408)
Sales or removals	(1,915)	(1,590)	-	-	(3,505)
Adjustment by conversion	(1,041)	-	-	-	(1,041)
As of December 31, 2017	2,546,054	731,679	302,865	461,083	4,041,681
Additions	428,375	28,626	4,630	1,584,050	2,045,681
Reclassification – Change in estimates	25,840	-	-	619,949	645,789
Sales or removals	(1,249)	(125)	(21,229)	-	(22,603)
Adjustment by conversion	33,993	-	-	-	33,993
As of December 31, 2018	3,033,013	760,180	286,266	2,665,082	6,744,541
Cumulative amortization					
As of December 31, 2016	(251,729)	(359,405)	(28,459)	(4,820)	(644,413)
Amortization in the period Expense	(17,351)	(153,213)	(10,082)	(1,645)	(182,291)
Amortization in the period Cost	(102,198)	-	-	-	(102,198)
Reclassification – Change in estimation	842	-	-	-	842
Sales or removals	630	-	-	-	630
Adjustments by conversion	(84)	-	-	-	(84)
As of December 31, 2017	(369,890)	(512,618)	(38,541)	(6,465)	(927,514)
Amortization in the period Expense	(18,863)	(157,416)	(11,074)	(2,211)	(189,564)
Amortization in the period Cost	(110,646)	-	-	-	(110,646)
Reclassification – Change in estimation	(665)	-	-	-	(665)
Sales or removals	146	-	-	-	146
Adjustments by conversion	(1,817)	-	-	-	(1,817)
As of December 31, 2018	(501,735)	(670,034)	(49,615)	(8,676)	(1,230,060)
Total intangible assets					
Net balance as of December 31, 2016	2,118,200	291,236	245,101	150,777	2,805,314
Net balance as of December 31, 2017	2,176,164	219,061	264,324	454,618	3,114,167
Net balance as of December 31, 2018	2,531,278	90,146	236,651	2,656,406	5,514,481

The rights on concession agreements, recorded as intangible assets, correspond to the remuneration for the provision of construction services for the infrastructure under concession; in this regard, the amortization of intangible assets is positively correlated to the generation of operating revenues from users of the public service. This means that an operating asset that generates cash flows related to the right to charge users who use such infrastructure is considered.

The detail of the movement of financial assets on concession agreements at fair value and amortized cost is as follows:

	Promigas S.A. and subsidiaries	Epiandes S.A. and subsidiaries	Episol S.A.S. and subsidiaries	Concesionaria Nueva Via al Mar S.A.S.	Concesionaria Vial del Pacifico S.A.S.	Total
At fair value through profit or loss						
As of December 31, 2016	2,072,676	-	-	-	-	2,072,675
Fair value adjustments	209,936	-	-	-	-	209,936
As of December 31, 2017	2,282,611	-	-	-	-	2,282,611
Fair value adjustments	205,803	-	-	-	-	205,803
As of December 31, 2018	2,488,414	-	-	-	-	2,488,414
At amortized cost						
Net balance as of December 31, 2016	-	-	203,241	-	-	203,241
Business combination	-	-	-	97,613	233,677	331,290
Payments received	-	(140,232)	(22,039)	-	-	(162,271)
Adjustments for interest	-	24,439	20,780	1,080	-	46,299
Additions	-	115,793	187,568	1,023	63,075	367,459
Balance as of December 31, 2017	-	-	389,550	99,716	296,752	786,018
Business combination	-	-	-	-	-	-
Payments received	-	-	(22,803)	-	-	(22,803)
Adjustments for interest	-	-	17,763	-	25,374	43,137
Additions	-	-	734,500	62,846	576,659	1,374,005
Reclassification – change in estimation	-	-	362,349	19,377	69,151	450,877
Impairment provision	-	-	(747)	(8)	(211)	(966)
Balance as of December 31, 2018	-	-	1,480,612	181,931	967,725	2,630,268
Total Financial Assets						
Net balance as of December 31, 2016	2,072,675	-	203,241	-	-	2,275,916
Net balance as of December 31, 2017	2,282,611	-	389,550	99,716	296,752	3,068,629
Net balance as of December 31, 2018	2,488,414	-	1,480,612	181,931	967,725	5,118,682

As of December 31, 2018 and 2017, financial costs were capitalized for a value of \$23,824 and \$27,902 with a weighted average rate of 6.95% and 17.80% E.A. respectively.

The movement of the revenues obtained and the costs incurred during the construction phase of concession agreements:

Accumulated revenues capitalized as intangible assets or financial assets recorded in the income statement

	Promigas S.A. and subsidiaries	Epiandes S.A. and subsidiaries	Proyectos de Infraestructura S.A. and subsidiaries	Episol S.A.S. and subsidiaries	Concesionaria Nueva Via al Mar S.A.S.	Concesionaria Vial del Pacifico S.A.S.	Total
As of December 31, 2016	1,288,300	1,622,858	502,282	399,657	-	-	3,813,097
Accruals in the period of revenues from concession agreements	193,185	217,954	51,939	413,203	104	63,149	939,534
Accruals in the period of revenues from tolls	-	236,790	228,642	40,841	-	-	506,273
Accruals in the period of revenues from AOM service	-	-	-	67,468	919	-	68,387
Accrual of adjustment by interests	-	24,439	-	20,780	1,080	-	46,299
Total revenues from participation in concessions	193,185	479,183	280,581	542,292	2,103	63,149	1,560,493
Accrual of financial yields	209,936	-	-	-	-	-	209,936
Balance in the period as of December 31, 2017	403,121	479,183	280,581	542,292	2,103	63,149	1,770,429
Accrued balance as of December 31, 2017	1,691,421	2,102,041	782,863	941,949	2,103	63,149	5,583,526
Accruals in the period of revenues from concession agreements	346,175	29,412	2,865	2,300,407	56,219	529,637	3,264,715
Accruals in the period of revenues from tolls	-	218,969	243,516	43,413	-	-	505,898
Accruals in the period of revenues from AOM service	-	-	-	276,129	6,627	35,263	318,019
Financing component	-	-	-	28,021	-	25,273	53,394
Total revenues from participation in concessions	346,175	248,381	246,381	2,647,970	62,846	590,273	4,142,026
Accrual of financial yields	205,803	-	-	-	-	-	205,803
Balance in the period as of December 31, 2018	551,978	248,381	246,381	2,647,970	62,846	590,273	4,347,829
Accrued balance as of December 31, 2018	2,243,399	2,350,422	1,029,244	3,589,919	64,949	653,422	9,931,355

Accumulated costs incurred in the concession recorded in the income statement

	Promigas S.A. and subsidiaries	Epiandes S.A. and subsidiaries	Proyectos de Infraestructura S.A. and subsidiaries	Episol S.A.S. and subsidiaries	Concesionaria Nueva Via al Mar S.A.S.	Concesionaria Vial del Pacifico S.A.S.	Total
As of December 31, 2016	799,466	1,110,561	91,340	150,147	-	-	2,151,514
Construction costs incurred in the period	193,185	209,055	51,939	214,105	104	11,993	680,381
Financial costs incurred in the period	3,308	-	-	39,388	4,908	-	47,604
Balance in the period as of December 31, 2017	196,493	209,055	51,939	253,493	5,012	11,933	727,985
Accrued balance as of December 31, 2017	995,959	1,319,616	143,279	403,640	5,012	11,993	2,879,499
Construction costs incurred in the period	346,176	29,412	2,865	202,689	55,792	47,060	683,994
Costs for AOM	-	-	-	36,572	4,865	26,163	67,600
Financial costs incurred in the period	-	1,936	-	35,385	-	-	37,321
Balance as of December 31, 2018	346,176	31,348	2,865	274,646	60,657	73,223	788,915
Accrued balance as of December 31, 2018	1,342,135	1,350,964	146,144	678,286	65,669	85,216	3,668,414

A summary of the concession agreements of the Company and its subsidiaries is shown below:

Concessionaire / Concession	Generation	Purpose	Remuneration paid by	Residual Value	Stage	Agreement Date	Construction Initiation Year	Progress % of Work	Concession Termination Year
Promigas S.A. E.S.P. and Subsidiaries (Gas and Energy)									
Transmetano E.S.P. S.A.	N/A	Transport fuel gas through the construction, operation and maintenance of transportation systems. This activity is developed in the municipalities of Cimitarra, Puerto Berrio, Yolombo, Cisneros, Maceo, San Roque, Santodomingo, Barbosa, Guarne, Rionegro and Girardota.			Operation	08/25/1994	1996	100%	2044
Promioriente S.A. E.S.P.	N/A	Transport fuel gas through the construction, operation and maintenance of sectional and branch gas pipelines. The assembly, construction, operation, maintenance and commercial exploitation of gas pipelines in any part of the national territory or abroad, at own or third party account. Its activities are developed in the municipalities of Lebrija, Giron, Bucaramanga and its Metropolitan Area.		The Government shall be entitled to purchase the infrastructure when it deems it appropriate, without this implying that it has an absolute	Operation	09/01/1995	1995	100%	2045
Gases de Occidente S.A. E.S.P.	N/A	Provide the utility of transportation and distribution of liquefied petroleum gas and natural gas through propane and gas pipelines, at least, in the city of Santiago de Cali.	The remuneration of the construction service is included in the rates set by the CREG, which are fixed in consideration of the provision of the Oil Code.	option of waiver of an obligation of payment but choose when it is going to make the payment. None of the parties has the option to exceed the terms established in the agreement with respect to the exercise of the right of purchase by the Government and the obligation of sale by Promigas and its controlled companies.	Operation	08/31/1998	1998	100%	2047
Sociedad Portuaria El Cayao S.A. E.S.P.	N/A	Invest in construction, maintenance and management of ports, the loading and unloading, storage at ports and other services directly related to the port activity.			Operation	07/17/2015	2015	100%	2035
Promigas S.A. E.S.P.	N/A	Perform purchase, sale, transportation, distribution, exploitation and exploration activities of natural gas, oil and hydrocarbons in general and the gas and oil activity in any manifestation. In addition, sell or provide goods or services to third parties, whether financial or non-financial and finance with own resources the acquisition of goods or services by third parties.			Operation	05/25/1976 to 11/09/1994	1976	100%	2026 to 2044
Surtigas S.A. E.S.P.	N/A	Its corporate purpose is the purchase, storage, packaging and distribution of gases derived from hydrocarbons; the construction and exploitation of gas pipelines of industrial, commercial and residential natural gas and the purchase and sale of elements, services and items related to the sale and distribution of fuel and similar gases. The company develops activities in the departments of Bolivar,			Operation	03/27/1984 to 04/28/1994	1984	100%	2034 to 2045

Compañía Energética de Occidente S.A. E.S.P.	N/A	<p>Sucre, Córdoba and in some municipalities of Antioquia and Magdalena.</p> <p>Assume at its own account and risk the Third parties At the termination of administrative, operating, technical and paying the the management commercial management, the concession: the agreement for any investment, extension of coverages, users of the cause, the rehabilitation and preventive and Energy infrastructure and corrective maintenance of the network. assets owned by CEO shall pass without infrastructure and other activities necessary for the provision of the distribution and commercialization services of electricity in the Department of Cauca.</p>	Operation and construction	01/08/2010	2010	34%	2035	
Gases del Pacífico S.A.C.	N/A	<p>Perform purchase, sale, production, The concession During the term of the commercial activities of energy in any of shall be paid concession agreement, its forms, including, without limitation, through the the Company shall own natural gas, electricity, hydrocarbons natural gas the goods of the derived from oil, coal and other fuels. The distribution concession, which shall company has its main registered office in rates, which are be transferred to the the city of Lima in Peru. regulated in the grantor at the end of the concession agreement.</p>	Operation and construction	10/31/2013	2015	37%	2034	
Estudios Proyectos e Inversiones de los Andes S.A. and Subsidiaries – EPIANDES (Infraestructure)								
Concesionaria Vial de los Andes S.A.S. – Coviandes	1G	<p>Perform the design, construction, National Road The infrastructure is equipment, preservation, maintenance, Institute - returned to the grantor financing, exploitation and operation INVIAS without any activities for the concession system of the Future Terms consideration at the end of the agreement, projects awarded to it, the execution of Users-Tolls. unless the grantor has purchased it before the term as a function of the development of all the activities necessary or appropriate for the achievement of its purposes.</p>	Operation	08/02/1994	1996	100%	2019-2023	
Proyectos de Infraestructura S.A. – PISA and Subsidiaries (Infraestructure)								
Proyectos de Infraestructura S.A.	1G	<p>Build public works for the concession system, as well as the total or partial development of construction of public and private works under any other system than the concession. Assignment of the toll collection rights of the stations of Betania and Uribe.</p>	<p>Assignment of the rights of toll collection of Stations Betania and Uribe.</p> <p>By the end of the concession term, the asset and investments made therein are returned to the State. By the end of the concession agreement, the operator shall deliver to the grantor the goods subject to the concession, such as</p>	Operation	12/30/1993	1994	100%	2033

				right of way, civil work: roadways, separators, intersections, structures, drainage works, art works and signaling, toll stand, service areas, operating control centers of tolls Betania and Uribe; equipment for toll operation and S.O.S. beams, free of charge, free of any encumbrance and with a service level reaching a minimum rating, in accordance with the rules to rate the physical conditions of a highway. By the end of the concession agreement, the operator shall deliver to the grantor the goods subject to the concession, such as right of way, civil work: roadways, separators, intersections, structures, drainage works, art works and signaling, toll stand, service areas, operating control centers of tolls Bogota and Corzo; equipment for toll operation and S.O.S. beams, free of charge, free of any encumbrance and with a service level reaching a minimum rating, in accordance with the rules to rate the physical conditions of a highway.					
Concesiones CCFC S.A.S.	1G	Build public works for the concession system, as well as the total or partial development of construction of public and private works under any system other than the concession. Assignment of the toll collection rights of Stations of Rio Bogota and El Corzo.	Assignment of the rights of toll collection of Stations Bogota and El Corzo.	Operation	06/30/1995	2001	100%	2024	

Estudios y Proyectos del Sol S.A.S. and Subsidiaries – EPISOL (Infrastructure)

Concesionaria Vial del Oriente S.A.S.	4G	Perform the financing activities, preparation of studies and designs, constructions, rehabilitation, improvement, operation and maintenance, property management,	National Infrastructure Agency (ANI) future terms Users - Tolls	The infrastructure is returned to the grantor (ANI) without any consideration at the end of the agreement	Construction	07/23/2015	2018	12.83%	2038
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Concesionaria Vial Andina S.A.S.	4G	social and environmental management and reversion of road corridor Villavicencio - Yopal. Perform the studies, designs, financing, construction, operation, maintenance, social, property and environmental management of a new roadway between Chirajara and the intersection of Fundadores and the maintenance and operation of the entire corridor Bogota - Villavicencio. Perform the design, construction, operation and exploitation of works for the concession system, particularly the project contracted with the Department of Cundinamarca by means of Tender No. SV 01/97 "Concesion los Alpes - Villeta, Chuguacal - Cambao".	National Infrastructure Agency (ANI) Users - Tolls Bogota - Villavicencio. Institute of Infrastructure and Concessions of Cundinamarca - ICCU Tolls and future terms.	The infrastructure is returned to the grantor without any consideration at the end of the agreement, unless the grantor has bought it before the term as a function of the economic value.	Construction	06/09/2015	2016	38.37%	2050
Concesionaria Panamericana S.A.S.	2G				Operation	12/16/1997	2009	100%	2035

Concesionaria Nueva Via al Mar S.A.S. (Infraestructure)

Concesionaria Nueva Via del Mar S.A.S.	4G	Perform the subscription, performance, development, termination, liquidation and reversion of the partnership agreement under the PPP scheme subscribed with the National Infrastructure Agency - ANI; whose purpose consists on the final studies and designs, financing, environmental, property and social management, construction, improvement, rehabilitation, operation, maintenance and reversion of project Mulalo - Loboguerrero.	National Infrastructure Agency (ANI) future terms Users - Tolls	The infrastructure is returned to the grantor (ANI) without any compensation at the end of the agreement.	Preconstruction	01/22/2015	-	2.61%	2044
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Concesionaria Vial del Pacifico S.A.S. (Infraestructure)

Concesionaria Vial del Pacifico S.A.S.	4G	Perform the subscription, performance, development, termination, liquidation and reversion of the partnership agreement under the PPP scheme subscribed with the National Infrastructure Agency - ANI; whose purpose consists on the final studies and designs, financing, environmental, property and social management, construction, improvement, rehabilitation, operation, maintenance and reversion of the concession highway connection Pacifico I of the project Highways for prosperity	National Infrastructure Agency (ANI) future terms Users - Tolls	The infrastructure is returned to the grantor (ANI) without any compensation at the end of the agreement.	Construction	09/15/2014	2018	14.03%	2040
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17. Properties, plant and equipment

The following is the net balance in books as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Cost	2,726,849	2,759,943
Cumulative depreciation	(354,633)	(286,093)
Impairment	(1,670)	(1,965)
Total	2,370,546	2,471,885

Currently there are no restrictions related to Properties, Plant and equipment.

According to the amendment of the IAS 16 Properties, plant and equipment, the biological assets related to the production plants will be recognized and measured according to this standard.

The following is the movement of the accounts of property, plant and equipment, including the cumulative depreciation as of December 31, 2018 and 2017:

	Land	Buildings and constructions	Ongoing constructions	Office equipment, furniture and fixtures	Computing, communication and network equipment	Vehicles	Mobilization, Machinery, Plant and Equipment under Assembly	Gas Pipelines, networks, lines and cables	Production plants (Biological Assets)	Other property, plant and equipment	Total
Cost:											
Balance as of December 31, 2016	365,640	544,970	169,380	20,795	47,193	67,967	468,073	825,893	199,090	31,431	2,740,432
(+)Capitalized purchases or expenses (net)	1,076	20,795	(146,940)	3,284	7,166	2,429	178,168	7,381	21,124	1,197	95,680
(-)Withdrawals / Sales (net)	(45)	(9,098)	(267)	(214)	(1,034)	(2,480)	(24,309)	(89)	(774)	(1,283)	(39,593)
(+/-) Reclassifications and Transfers	3,965	12,470	122,411	(167)	2,753	(66)	(163,218)	43,343	-	74	21,565
(+/-) Entity Splits	-	(1,465)	-	(201)	(1,088)	-	(63,949)	-	-	-	(66,703)
(+) Combination of business	-	26	--	320	1,202	2,980	824	-	-	-	5,352
(+/-)Translation adjustments	409	1,643	49	86	(9)	12	961	-	-	59	3,210
Balance as of December 31, 2017	371,045	569,341	144,633	23,903	56,183	70,842	396,550	876,528	219,440	31,478	2,759,943
(+)Capitalized purchases or expenses (net)	2,205	29,790	65,410	2,757	9,924	3,515	41,488	1,247	17,010	3,797	177,143
(-)Withdrawals / Sales (net)	(56)	(34,553)	-	(299)	(767)	(1,439)	(12,247)	(3)	(8,733)	(1,529)	(59,626)
(+/-) Reclassifications and Transfers	308	(5,382)	(63,809)	146	1,622	(40,669)	47,280	44,549	458	(8,336)	(23,833)
(+/-) Entity Splits and Liquidation of entities	(37,011)	(23,364)	-	(341)	(492)	(322)	(72,982)	(545)	-	(31)	(135,088)
(+/-)Translation adjustments	2,388	2,021	123	271	274	26	3,045	-	-	62	8,310
Balance as of December 31, 2018	338,879	537,853	146,357	26,537	66,744	31,953	403,134	921,776	228,175	25,441	2,726,849
Cumulative Depreciation											
Balance as of December 31, 2016	-	(30,242)	-	(7,781)	(22,842)	(35,569)	(98,289)	(36,656)	(2,665)	(4,850)	(238,994)
(+)Depreciation with charge to expenses	-	(9,983)	--	(2,016)	(5,708)	(2,429)	(8,865)	(90)	(3,405)	(2,180)	(34,676)
(+) Depreciation with charge to costs	-	(208)	-	(536)	(2,048)	(644)	(24,509)	(12,996)	(977)	-	(41,918)
(+) Depreciation of capitalized year	-	(300)	-	(27)	(91)	(436)	(11,355)	(181)	-	(50)	(12,440)
(-)Withdrawals / Sales	-	354	-	166	889	1,081	6,155	35	-	1,082	9,762
(+/-) Reclassifications and Transfers	-	(977)	-	(95)	44	(55)	(887)	(34)	-	185	(1,819)
(+/-) Entity splits	-	877	-	122	755	-	34,506	-	-	-	36,260
(+)Combination of business	-	(8)	-	(188)	(485)	(996)	(167)	-	-	-	(1,844)
(+/-)Translation adjustments	-	(437)	-	(41)	(7)(2)	(6)	83	-	-	(21)	(424)
Balance as of December 31, 2017	-	(40,924)	-	(10,396)	(29,488)	(39,154)	(103,328)	(49,922)	(7,047)	(5,834)	(286,093)
(+)Depreciation with charge to expenses	-	(8,605)	-	(2,277)	(5,754)	(476)	(6,797)	(79)	(11,727)	(3,845)	(39,560)
(+) Depreciation with charge to costs	-	(989)	-	(781)	(3,418)	(2,027)	(35,989)	(14,441)	-	-	(57,645)
(+) Depreciation of capitalized year	-	(726)	-	(88)	(19)	(324)	(3,880)	(73)	(130)	(283)	(5,523)
(-)Withdrawals / Sales	-	(144)	-	382	604	530	5,988	1	8,733	1,023	17,117
(+/-) Reclassifications and Transfers	-	(1,100)	-	(50)	(1,640)	32,425	(15,950)	1,767	983	(17,914)	(1,479)
(+/-) Entity splits and liquidation of entities	-	1,319	-	264	375	107	16,168	324	-	1,827	20,384
(+/-)Translation adjustments	-	(596)	-	(160)	(95)	-	(916)	-	-	(67)	(1,834)
Balance as of December 31, 2018	-	(51,765)	-	(13,106)	(39,435)	(8,919)	(144,704)	(62,423)	(9,188)	(25,093)	(354,633)

	Land	Buildings and constructions	Ongoing constructions	Office equipment, furniture and fixtures	Computing, communication and network equipment	Vehicles	Mobilization, Machinery, Plant and Equipment under Assembly	Gas Pipelines, networks, lines and cables	Production plants (Biological Assets)	Other property, plant and equipment	Total
Cumulative deterioration											
Balance as of December 31, 2016	(1,451)	-	-	-	-	-	(239)	-	-	(393)	(2,083)
(+) Reversal of impairment	-	-	-	-	94	-	24	-	-	-	118
Balance as of December 31, 2017	(1,451)	-	-	-	94	-	(215)	-	-	(393)	(1,965)
(+) Impairment with charge to income	-	-	-	-	-	(4)	-	-	-	-	(4)
(+) Reversal of impairment	-	-	-	-	(94)	-	-	-	-	393	299
Balance as of December 31, 2018	(1,451)	-	-	-	-	(4)	(215)	-	-	-	(1,670)
Net balance:											
Balance as of December 31, 2016	364,189	514,728	169,380	13,014	24,351	32,059	369,545	789,237	196,425	26,188	2,499,355
Balance as of December 31, 2017	369,594	528,417	144,633	13,507	26,789	31,688	293,007	826,606	212,393	25,251	2,471,885
Balance as of December 31, 2018	337,428	486,088	146,357	13,431	27,309	23,030	258,215	859,353	218,987	348	2,370,546

As of December 31, 2018 and 2017 financial costs were capitalized for a value of \$15,888 and \$17,102 with weighted average rates of 7.63% and 8.67% E.A. respectively.

The most representative variations in property, plant and equipment correspond to:

- a) Organizacion Pajonales S.A.: During 2018, 1,639.9 hectares were activated, which passed from an unproductive period (crop in development) to a productive period (amortizable plantation) after capitalizing the costs of the cultivation area in development.
- b) Promigas S.A. E.S.P.: Corresponds to the network activations for Surtigas S.A. E.S.P. in projects of south of Bolivar for an amount of \$11,000 and Gases de Occidente S.A. E.S.P. in the municipalities of Cauca and Valle del Cauca, mainly Cumbre, Dagua, Jamundi, San Pedro, Bugalagrande and Cartago for \$16,000.

18. Investment Properties

The balance of investment properties as of December 31, 2018 and 2017 is as follows:

	As of December 31, 2018	As of December 31, 2017
Investment properties	165,884	161,015

The following are the movements of investment properties as of December 31, 2018 and 2017:

	Land	Buildings	Total
Balance as of December 31, 2016	103,715	44,445	148,160
Purchases or expenses capitalized, net	5,529	1,723	7,252
Withdrawals/Sales (net)	(93)	-	(93)
Changes in fair value	5,042	3,797	8,839
Transfers to non-current assets held for sale	(615)	-	(615)
Transfers property, plant and equipment	(2,528)	-	(2,528)
Balance as of December 31, 2017	111,050	49,965	161,015
Purchases or expenses capitalized, net	3,169	1,546	4,715
Withdrawals/Sales (net)	(5,764)	(72)	(5,836)
Changes in fair value	1,407	1,148	2,555
Transfers to non-current assets held for sale	586	(1,081)	(495)
Entities split	-	3,065	3,065
Transfers property, plant and equipment	9,823	(8,958)	865
Balance as of December 31, 2018	120,271	45,613	165,884

Real estate investments are valued annually at fair value based on market values determined by qualified independent experts with enough experience in the valuation of similar properties. The significant methods and assumptions used in determining the fair value are in line with the provisions of IFRS 13.

The above amounts are not subject to any limitations or restrictions.

19. Biological Assets

The following is a breakdown of biological assets as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Measured under the cost model		
Short cycle crops	3,565	2,453
Fish farming	4,068	3,675
Total	7,633	6,128
Measured at fair value less sales costs		
Biological products	71,316	54,939
Livestock	5,257	5,072
Total	76,573	60,011
Total biological assets	84,206	66,139

The following is a breakdown of the movements in the amount of biological assets including productive plants pursuant to their measurement:

	Biological products	Short cycle crops	Livestock	Fish Farming	Total
Measured under the cost model:					
Cost:					
Balance as of December 31, 2017	-	2,453	-	3,675	6,128
Purchases or expenses capitalized, (net)	-	17,718	-	1,965	19,683
Withdrawals/Sales (net)	-	(16,606)	-	(1,572)	(18,178)
Balance as of December 31, 2018	-	3,565	-	4,068	7,633
Net balance:					
Balance as of December 31, 2017	-	2,453	-	3,675	6,128
Balance as of December 31, 2018	-	3,565	-	4,068	7,633
Measured at fair value less sales costs					
Balance as of December 31, 2017	54,939	-	5,072	-	60,011
Purchases or expenses capitalized, net	-	-	1,217	-	1,217
Withdrawals/Sales (net)	-	-	(940)	-	(940)
Changes in fair value	20,602	-	4	-	20,606
Reclassifications	-	-	(96)	-	(96)
Entities split	(4,225)	-	-	-	(4,225)
Balance as of December 31, 2018	71,316	-	5,257	-	76,573
Total biological assets					
Balance as of December 31, 2017	54,939	2,453	5,072	3,675	66,139
Balance as of December 31, 2018	71,316	3,565	5,257	4,068	84,206

As of December 31, 2018 financial costs were capitalized at a value of \$2,496.

The detailed balances of the long cycle crops according to their stage are:

	As of December 31, 2018	As of December 31, 2017
Long cycle crops		
African palm tree		
Biological products	29,783	26,555
Rubber plantations		
Biological products	41,533	24,158
TOTAL	71,316	50,713

The above amounts are not subject to any limitations or restrictions.

African palm plantations

The account of palm oil biological assets does not include the land where trees are grown or the plants and equipment used in the harvesting process. The biological process begins with the initial preparation of the site and planting and ends with the harvest and dispatch of fruit to oil production plants, in which oil is extracted from the palm fruit. The growth process of the plant until its entry into production lasts approximately 3 to 4 years and its subsequent production process lasts approximately 30 years.

Note 3 details the main assumptions of unobservable data in the market used for the valuation of the biological assets of African palm.

The following is a detail of the hectares sowed by the Group in growing process and in production process as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
In production process (a)	4,343	5,179
In growing process (b)	78	96
Total	4,421	5,275

(a) The following is the breakdown of hectares expected per years of production as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
Between 1 and 5 years	1,086	138
Between 5 and 10 years	1,966	2,074
More than 10 years	1,291	2,967
Total	4,343	5,179

(b) The following is the breakdown of the time expected of entry into production as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
Less than 1 year	78	-
2 years	-	96
Total	78	96

Rubber plantations

The account of rubber biological assets does not include the land where trees are grown or the plants and equipment used in the harvesting process. The biological process begins with the initial preparation of the site and planting and ends with the harvest and delivery of technically specified rubber to production plants. The valuation of the biological product is set forth at fair value, based on cash flow models discounted at three years taking into account the future estimated amounts of products to be harvested, the current prices of those products and the estimated costs in their accretion, maintenance and collection in the future, discounted at free-risk interest rates adjusted by risk premiums required in those circumstances. The growth process of the plant until its entry into production lasts approximately 6 to 7 years and the subsequent production process lasts approximately 35 years.

Note 3 details the main assumptions of unobservable data in the market used for the valuation of the biological assets of rubber.

The following is a detail of the hectares sowed by the Group in growing process and in production process as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
In production process (a)	4,191	2,552
In growing process (b)	5,797	5,653
Total	9,988	8,205

(a) The following is the breakdown of hectares expected per years of production as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
Less than 1 year	1,639	1,168
Between 1 and 5 years	2,108	940
Between 5 and 10 years	-	-
More than 10 years	444	444
Total	4,191	2,552

(b) The following is the breakdown of the time expected of entry into production as of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Areas sowed in hectares		
Less than 1 year	515	2,049
2 years	900	-
Between 2 and 4 years	1,800	2,805
More than 4 years	2,582	799
Total	5,797	5,653

During the periods ended on December 31, 2018 and 2017 the Group recorded revenues and costs on account of biological assets in the income statement according to the following breakdown:

	As of December 31, 2018	As of December 31, 2017
Sales revenues	88,382	43,788
Changes in fair value of the biological assets	20,606	13,503
Subtotal (revenue)	108,988	57,291
Costs and expenses	(85,797)	(37,313)
General expenses of administration and sales	(5,390)	(7,278)
Financial expenses	(5,599)	(4,136)
Subtotal (Expenses)	(96,786)	(48,727)
Total net revenue	12,202	8,564

The above amounts regarding biological assets are not subject to any limitations or restrictions.

20. Inventories, net

The following tables show the balances as of December 31, 2018 and 2017.

	Cost	Inventories at fair value less sales cost (VNR)	Impairment	Impairment net cost
As of December 31, 2018	127,175	135,962	(4,268)	122,907
As of December 31, 2017	207,742	215,373	(11,231)	196,511

The following is the balances per type of inventories:

	Cost	Inventories at fair value less sales cost (VNR)	Impairment	Impairment net cost
Raw materials	16,992	17,349	(1,054)	15,938
Goods produced	15,064	15,699	(780)	14,284
Products in process	11,915	15,790	(283)	11,632
Ongoing construction works	16,948	16,948	-	16,948
Performing agreements	122	122	-	122
Goods not manufactured by the company	77,752	80,470	(1,241)	76,511
Materials, spare parts and accessories	59,243	59,289	(7,873)	51,370
Inventories in transit	5,720	5,720	-	5,720
Inventories held by third parties	3,986	3,986	-	3,986
Balance as of December 31, 2017	207,742	215,373	(11,231)	196,511
Raw materials	6,839	6,839	-	6,839
Goods produced	3,917	4,253	-	3,917
Products in process	7,384	11,397	-	7,384
Goods not manufactured by the company	53,431	56,709	(2)	53,429
Materials, spare parts and accessories	48,186	49,345	(4,266)	43,920
Inventories in transit	1,537	1,537	-	1,537
Inventories held by third parties	5,881	5,881	-	5,881
Balance as of December 31, 2018	127,175	135,961	(4,268)	122,907

As of December 31, 2018, the subsidiaries of the Company held an inventory of \$122,907 which includes \$73,345 of Promigas S.A.S. E.S.P. and its subsidiaries; \$4,508 of Episol S.A.S. and its subsidiaries; \$13,966 of Organización Pajonales S.A. and its subsidiaries and the remaining in the other entities of the group. As of December 31, 2017, the affiliates have a balance of \$196,511 including an amount of \$42,313 from Pizano S.A. and its subsidiaries; \$86,923 from Promigas S.A. E.S.P. and its subsidiaries; \$22,841 from Episol S.A.S. and its subsidiaries; \$13,647 from Organización Pajonales and its subsidiaries and the remaining balance from the other entities of the group.

The consolidated balances of the inventories and impairment adjustment as of December 31, 2018 and 2017 per sector to reach a Consolidated are shown below.

As of December 31, 2018

	Infrastructure	Agroindustry	Hospitality	Energy and Gas	Others	Consolidated
Inventory	11,488	16,601	8,928	81,915	8,243	127,175
Impairment	-	(291)	-	(3,975)	(2)	(4,268)
Net inventory	11,488	16,310	8,928	77,940	8,241	122,907

As of December 31, 2017

	Infrastructure	Agroindustry	Hospitality	Energy and Gas	Others	Consolidated
Inventory	26,761	64,520	8,274	98,836	9,351	207,742
Impairment	-	(4,308)	-	(6,919)	(4)	(11,231)
Net inventory	26,761	60,212	8,274	91,917	9,347	196,511

There are no balances regarding inventories in the financial sector. The above amounts are not subject to any limitations or restrictions.

21. Goodwill

The goodwill recognized by the subsidiaries of the Corporation as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Promigas S.A. and Subsidiaries	128,819	128,819
<i>Gas Natural de Lima y Callao S.A.C.</i>	20,913	20,913
<i>Compañía Energetica de Occidente S.A.S. E.S.P.</i>	448	448
<i>Gases de Occidente S.A. E.S.P.</i>	65,577	65,577
<i>Promioriente S.A. E.S.P.</i>	2,845	2,845
<i>Promisol S.A.S.</i>	2,135	2,135
<i>Surtidora de Gas del Caribe S.A. E.S.P.</i>	35,415	35,415
<i>Transportadora de Metano S.A. E.S.P.</i>	922	922
<i>Sociedad Portuaria el Cayao S.A. E.S.P.</i>	330	330
<i>Transoccidente S.A. E.S.P.</i>	234	234
Hoteles Estelar – Hoteles Cartagena de Indias (1)	6,661	6,661
Episol – Panamericana (2)	119,916	119,916
Corficolombiana – Promigas (3)	40,868	40,868
Corficolombiana – Casa de Bolsa S.A. (4)	1,335	1,335
Corficolombiana – Concesionaria Vial del Pacifico S.A.S. (5)	102,376	102,376
Total	399,975	399,975

(1) Acquisition on December 2008 of Compañía Hotelera de Cartagena de Indias S.A. by Hoteles Estelar S.A. by means of absorption of losses

(2) The goodwill acquired as a result of the merger of Estudios y Proyectos del Sol S.A.S. and Intrex Investments Inc. originated from the purchase of Concesionaria Panamericana S.A.S. On June 24, 2011 took place the disposal process of 100% of the shares of the Concesionaria Panamericana S.A. to Intrex Investment Inc., a subsidiary of Corficolombiana S.A. on 30 December 2012. Intrex Investment Inc. was merged with Episol S.A.S..

(3) The goodwill recognized by the Corporation on Promigas S.A. E.S.P. amounting to \$40,868, adopting the exception of IFRS 1 (First-time Adoption of IFRS) for business combinations, i.e. not restated under IFRS 3 (business combinations) taking the carrying amount under the previous GAAP.

(4) As of December 21, 2016, the Corporation Financiera Colombiana S.A. acquired the control on Casa de Bolsa S.A. generating goodwill for \$1,335.

(5) On December 12, 2017, Prodepacifico S.A.S. 100% affiliate of Corficolombiana acquired a total amount of shares that Iridium had on Concesionaria Covipacifico S.A.S. and the subordinated debt issued to the concessionaires by Iridium. The sale price for the capital acquisition and the subordinated debt was agreed on \$111,026 generating goodwill of \$102,376.

The goodwill recorded is not subsequently amortized but is subject to an annual assessment for impairment in accordance with IAS 36 Impairment of Assets. These studies are performed based on valuations of cash-generating units assigned with the respective goodwill upon their acquisition by the discounted cash flow method, taking into account factors such as the economic situation of the country and the sector in which the company operates, historical financial information, and projected growth of the revenues and costs of the company in the next five years.

The methodologies and assumptions used for the valuation of different cash-generating units with goodwill assigned were properly reviewed by management and based on this review it concluded that as of December 31, 2018 and 2017 and it was not necessary to record any provision for impairment of goodwill.

The above amounts of intangibles are not subject to any limitations or restrictions.

22. Income taxes

See accounting policy in note 2.22. and estimates to determine the recoverability of deferred tax assets in note 3.6.

Provision for income tax

The income tax expense for the years ended on December 31, 2018 and 2017 includes:

a. Breakdown of the income tax expense (income) in the Income Statement

	December 31, 2018	December 31, 2017
Current income tax	298,461	326,902
Income surtax	24,141	44,201
Subtotal current tax	322,602	371,103
Adjustment of previous periods	(17,813)	(1,903)
Adjustment by uncertain tax positions in previous periods	2,392	-
Surplus provisions of the period	34	(321)
Deferred tax		
Net deferred tax for the period	601,046	74,787
Deferred tax subtotal	601,046	74,787
Total	908,261	443,639

The balances related to the current tax assets and liabilities are shown below:

	December 31, 2018	December 31, 2017
Current tax asset	106,233	83,888
Current tax liability	(81,455)	(119,209)
Net total	(24,778)	(35,321)

b. Conciliation of tax rate in accordance with the tax provisions and the effective rate:

In Colombia

The current tax legislation applicable to the Company provides that in Colombia:

- Income tax rates for 2017 and 2018 are 40% and 37% respectively (including the income surtax of 6% and 4%, respectively).
- As provided in the Financing Law 1943/2018, the income tax rate for the years 2019, 2020, 2021, 2022 and following is 33%, 32%, 31% and 30%, respectively. Additionally, for financial entities obtaining in the period taxable revenues equal to or exceeding 120,000 UVT, some additional points of the income tax of 4% for the year 2019 and 3% for the years 2020 and 2021 are applicable.

- In the years 2017 and 2018, the presumptive income to determine the income tax cannot be less than 3.5% of net equity on the last day of the immediately preceding taxable year.
- With the Financing Law 1943/2018, presumptive income tax is reduced to 1.5% of net equity on the last day of the immediately preceding taxable year in the years 2019 and 2020, and 0% from the year 2021.
- For taxable years 2019 and 2020, an audit benefit is created for taxpayers increasing their net income tax of the taxable year compared to the income tax of the immediately preceding year by at least 30% or 20%, with which the income statement will be final within 6 or 12 months following its submission date, respectively.
- As of January 2017, tax losses can be offset with ordinary net income obtained in the following 12 taxable periods.
- Excesses of presumptive income can be offset in the following 5 taxable periods.
- Windfall earnings are taxed at a rate of 10%.

In other countries

The tax rate for the subsidiary Banco Corficolombiana (Panama) S.A. is 0% since they have an international license and for the subsidiaries of Peru, the applicable rate is 29.5% and 30% in 2017 and 2018 respectively.

The following is the detail of the conciliation between the total income tax expense calculated at the tax rates currently in force and the actual tax expense recorded in the income statement of the period for the years ended on December 31, 2018 and 2017, respectively:

	December 31, 2018	December 31, 2017
Earnings before income tax	2,977,163	1,008,178
Total tax rate in force in Colombia	37%	40%
Theoretical tax expense calculated according to tax rates in force	1,101,550	403,271
Non-deductible expenses	145,110	145,135
Difference in presumptive income surplus that did not generate deferred taxes	33,280	7,737
Difference in tax losses on which no deferred tax was calculated	100,249	95,023
Wealth tax	-	396
Dividends received not constituting income	(23,931)	(18,902)
Revenues through equity method not constituting income	(34,602)	(63,682)
Profit (loss) in sale of valuation of investments not constituting income	(1,615)	(17,507)
Interest and other nontaxable revenues	(36,869)	(102,565)
Exempt revenues	(1,527)	(3,964)
Hotel, Agroindustry and other income at different rates	-	(4,604)
Other income with different tax rates	(1,614)	-
Deductions with different rates for surtax (Income)	(11,060)	(11,788)
Tax benefit for acquisition of productive assets	(15,213)	(10,703)
Profit (loss) of subsidiaries in tax-free countries	(26,182)	2,523
Profit (loss) of subsidiaries in countries with different tax rates	-	(1,519)
Effect of deferred taxes due to application of different tax rates	(233,865)	21,276
Adjustment of previous periods	(17,813)	(1,930)
Adjustment for uncertain tax positions	2,392	-
Excess provision for the period	34	(321)
Other items	(70,063)	5,763
Total tax expense for the period	908,261	443,639

c. Tax losses and excess presumptive income:

The following is a breakdown as of December 31, 2018 and 2017 of the best estimate of tax losses and excess presumptive income of the companies of the Group that have not been used and on which the Corporation and its subsidiaries have not registered deferred tax assets due to the uncertainty inherent to their recovery.

	December 31, 2018	December 31, 2017
Tax losses to expire on:		
December 31, 2019	-	4,732
December 31, 2020	-	1,758
December 31, 2022	66	-
December 31, 2025	1,216	-
December 31, 2029	172,770	160,084
December 31, 2030	271,685	-
Without expiration date	452,811	481,791
Tax losses subtotal	898,548	648,365
Excess presumptive income to expire on:		
December 31, 2018	-	43,668
December 31, 2019	60,483	64,100
December 31, 2020	45,292	47,754
December 31, 2021	60,916	63,280
December 31, 2022	49,739	46,727
December 31, 2023	48,218	-
Excess presumptive income subtotal	264,648	265,529
Total tax credits	1,163,196	913,894

In addition to the above, the Group had deductible temporary differences as of December 31, 2018 and 2017 for \$24,856 and \$251,870, respectively, for which deferred tax assets were not recognized due to the uncertainty inherent to their recovery.

d. Deferred taxes in respect of subsidiaries, associates and joint ventures:

Pursuant to paragraph 39 of IAS 12, the Group did not record deferred income tax liabilities related to temporary differences from investments in subsidiaries and associates, mainly by items corresponding to earnings not transferred to Colombia from such affiliates and the translation adjustment of the financial statements recorded in equity. This is because: i) the Group has control over its subsidiaries and, therefore can decide on the reversal of such temporary differences; and ii) the Group

has not planned their realization in the medium term; therefore, it is likely that such temporary differences will not reverse in the foreseeable future.

Therefore, as of December 31, 2018 and 2017, the Corporation has taxable temporary differences on investments in subsidiaries and associates amounting to \$2,558 and \$697 on which no deferred tax liabilities have been recorded.

e. Deferred taxes by type of temporary difference:

The differences between the bases of the assets and liabilities for IFRSC purposes and the bases thereof, for tax purposes, give rise to temporary differences that generate taxes deferred, calculated and recorded for the years ended on December 31, 2018 and 2017.

As of December 31, 2018

	Balance on January 1, 2017	Translation adjustment	Effect on income	Effect on Other Comprehen- sive Income	Accounting Policies Change	Balance on December 31, 2018
Deferred tax assets						
Valuation of debt instruments	1,116	-	(471)	46	-	691
Valuation of equity instruments	8	-	334	-	-	342
Valuation of derivatives	54	-	1,314	11,280	-	12,648
Accounts receivable	366	3	(233)	-	-	136
Differences between accounting and tax bases of loan portfolio	13,298	(638)	150	-	-	12,810
Impairment for loan portfolio	6,331	2,606	(3,380)	-	601	6,158
Impairment for accounts receivable	4,649	(3,603)	4,182	-	31	5,259
Provision for goods received in lieu of payment	468	-	(468)	-	-	-
Intangible assets in concession agreements	28,533	-	136,434	-	(6,322)	158,645
Differences between accounting and tax bases of the cost of property, plant and equipment	360,049	1,603	(80,828)	-	-	280,284
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	11,990	-	3,169	-	-	15,159
Biological assets	168	-	(64)	-	-	104
Differences between accounting and tax bases on other intangible assets	144,032	(2)	19,069	-	-	163,099
Tax losses	43,876	3,191	(3,011)	-	-	44,056
Excess presumptive income	2,528	-	2,142	-	-	4,670
Non-deductible liability provisions	86,042	-	16,876	-	-	102,918
Employee benefits	2,226	62	(409)	(65)	-	1,814
Deferred revenues	-	-	(9,762)	-	12,349	2,587
Financial leasing agreements	6,810	(75)	1,857	-	-	8,592
Others	83,949	242	14,534	-	-	98,725
Total deferred tax asset	796,493	2,849	101,435	11,261	6,659	918,697

As of December 31, 2018

	Balance on January 1, 2017	Translation adjustment	Effect on income	Effect on Other Comprehen- sive Income	Accounting Policies Change	Balance on December 31, 2018
Deferred tax liabilities						
Valuation of debt instruments	(1,694)	-	1,265	(1)	-	(430)
Valuation of equity instruments	(17,330)	-	(1,235)	1,561	-	(17,004)
Valuation of derivatives	(620)	(277)	(1,009)	1,865	-	(41)
Accounts payable	(306,547)	-	19,306	-	-	(287,241)
Differences between accounting and tax bases of loan portfolio	(38,252)	-	8,686	-	6,671	(22,895)
Impairment for loan portfolio	-	-	-	-	-	-
Impairment for accounts receivable	(227)	(951)	(58)	-	-	(285)
Differences between accounting and tax bases of the cost of property, plant and equipment	(86,135)	(951)	12,213	-	-	(74,873)
Differences between accounting and tax bases of accrual of depreciation of property, plant and equipment	(90,352)	(169)	(9,331)	-	-	(99,852)
Differences between accounting and tax bases of deferred charges of intangible assets	(77,302)	-	(498,793)	-	-	(576,095)
Profits not transferred from investments in subsidiaries	(1,602)	-	(160)	-	-	(1,762)
Non-deductible liability provisions	(2,330)	-	205	-	-	(2,125)
Employee benefits	(347)	(69)	132	(33)	-	(317)
Goodwill	(804)	-	(263)	-	-	(1,067)
Deferred revenues	(40,534)	-	(75,500)	-	-	(116,034)
Others	(10,865)	(2,278)	330	1	-	(12,812)
Financial assets in concession agreements	(506,051)	-	(199,427)	-	449	(705,029)
Intangible assets in concession agreements	(175,697)	-	19,720	-	(188,156)	(344,133)
Biological assets	(16,583)	-	(6,750)	-	-	(23,333,293)
Financial leasing agreements	(32,481)	-	28,188	-	-	(4,293)
Total deferred tax liabilities	(1,405,753)	(3,744)	(702,481)	3,393	(181,036)	(2,289,621)
Net total	(609,260)	(895)	(601,046)	14,654	(174,377)	(1,370,924)

As of December 31, 2017

	Balance on January 1, 2017	Translation adjustment	Effect on income	Effect on Other Comprehensive Income	Balance on December 31, 2017
Deferred tax assets					
Valuation of debt instruments	984	-	132	-	1,116
Valuation of equity instruments	38	-	(30)	-	8
Valuation of derivatives	281	-	(82)	(145)	54
Accounts receivable	227	10	129	-	366
Differences between accounting and tax bases of loan portfolio	5,548	-	7,750	-	13,298
Impairment for loan portfolio	6,219	-	112	-	6,331
Impairment for accounts receivable	3,134	-	1,515	-	4,649
Provision for goods received in lieu of payment	1,105	-	(637)	-	468
Intangible assets in concession agreements	22,703	125	5,705	-	28,533
Differences between accounting and tax bases of the cost of property, plant and equipment	281,751	-	78,298	-	360,049
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	2,765	-	9,225	-	11,990
Biological assets	101	-	67	-	168
Differences between accounting and tax bases on other intangible assets	70,091	-	73,941	-	144,032
Tax losses	27,398	55	16,423	-	43,876
Excess presumptive income	19,481	-	(16,953)	-	2,528
Non-deductible liability provisions	83,734	-	2,308	-	86,042
Employee benefits	3,178	-	(994)	42	2,226
Deferred revenues	113,380	-	(113,380)	-	-
Financial leasing agreements	7,246	-	(436)	-	6,810
Others	55,938	1,159	26,852	-	83,949
Total deferred tax asset	705,302	1,349	89,945	(103)	796,493

Deferred tax liabilities

Valuation of debt instruments	-	-	(1,694)		(1,694)
Valuation of equity instruments	(17,877)	608	2,192	(2,253)	(17,330)
Valuation of derivatives	(3,611)	3	1,676	1,312	(620)
Accounts payable	(260,621)	-	(45,926)	-	(306,547)
Differences between accounting and tax bases of loan portfolio	(18,223)	-	(20,029)	-	(38,252)
Impairment for loan portfolio	(3,885)	-	135	3,750	-
Impairment for accounts receivable	(5,593)	-	5,366	-	(227)
Differences between accounting and tax bases of the cost of property, plant and equipment	(75,925)	(38)	(10,172)	-	(86,135)
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	(64,196)	(129)	(26,027)	-	(90,352)
Differences between accounting and tax bases of deferred charges of intangible assets	(14,013)	-	(63,289)	-	(77,302)
Profits not transferred from investments in subsidiaries	(2,212)	-	610	-	(1,602)
Non-deductible liability provisions	(471)	-	(1,859)	-	(2,330)
Employee benefits	(498)	-	(6)	157	(347)
Goodwill	(4,611)	-	3,807	-	(804)
Deferred revenues	(35,951)	-	(4,583)	-	(40,534)
Others	(7,701)	-	(3,164)	-	(10,865)
Financial assets in concession agreements	(552,358)	(2,790)	49,097	-	(506,051)
Intangible assets in concession agreements	(166,138)	-	(9,559)	-	(175,697)
Biological assets	(6,370)	-	(10,213)	-	(16,583)
Financial leasing agreements	(1,387)	-	(31,094)	-	(32,481)
Total deferred tax liabilities	(1,241,641)	(2,346)	(164,732)	2,966	(1,405,753)
Net total	(536,339)	(997)	(74,787)	2,863	(609,260)

f. Deferred taxes off-set

The balances of deferred tax assets and liabilities recorded in the statement of financial position as of December 31, 2018 and 2017, after offsets as provided in paragraphs 73 and 74 of IAS 12, is as follows:

As of December 31, 2018	Deferred Tax Calculated	Offset Adjustment	Deferred Tax Balance
Deferred tax asset	918,697	(827,868)	90,831
Deferred tax liability	(2,289,621)	827,868	(1,461,755)
Net Deferred Tax	(1,370,924)	-	(1,370,924)

As of December 31, 2017	Deferred Tax Calculated	Offset Adjustment	Deferred Tax Balance
Deferred tax asset	796,493	(702,727)	93,766
Deferred tax liability	(1,405,753)	702,727	(703,026)
Net Deferred Tax	(609,260)	-	(609,260)

g. Effect of current and deferred tax on each component of the other comprehensive income account in equity:

The effects of current and deferred taxes on each component of the other comprehensive income account are detailed below:

	December 31, 2018			December 31, 2017		
	Amount before taxes	Deferred tax expense (income)	Net	Amount before taxes	Deferred tax expense (income)	Net
Items not to be reclassified later into income						
Other comprehensive income of associates or businesses	(120,841)	1,561	(119,280)	(838)	-	(838)
Associates conversion adjustment	2,834	-	2,834	776	137	913
Net actuarial profit of defined benefit plans	2,934	(88)	2,846	(1,028)	196	(832)
Subtotal	(115,073)	1,473	(113,600)	(1,090)	333	(757)
Items that are or can be reclassified later into income						
Net variation of the cash flow hedges	(19,788)	13,136	(6,652)	(1,973)	995	(978)
Net profit from financial assets measured at fair value through changes other comprehensive income	(8,013)	45	(7,968)	65,384	(2,216)	63,168
Adjustment of portfolio model impairment (Separate or Consolidated)	-	-	-	(8,126)	3,751	(4,375)
Subtotal	(27,514)	13,181	(14,620)	55,285	2,530	57,815
Total other comprehensive income during the period	(142,597)	14,654	(128,220)	54,195	2,863	57,058

h. Uncertainty in open tax positions

	Sociedad Portuaria del Cayao	TOTAL
Increase in the provisions for the year	2,392	2,392
Amounts reversed due to unused provisions	-	-
Balance as of December 31, 2018	2,392	2,392

i. Realization of deferred tax assets

In future periods it is expected to continue to generate net taxable revenues against which values recognized as deferred tax assets may be recovered. The estimates of future tax results are based mainly on the Group Companies operation forecast, which positive trend is expected to continue.

The estimates of these economic forecasts are the basis for the recovery of deferred tax assets over tax credits, resulting from tax losses and presumptive income excesses to offset in future tax results.

j. Current Tax Regulations

By Law 1819 of December 29, 2016 and Law 1943 of December 28, 2018, the structural tax Reform was issued, by which provisions on tax matters in Colombia are amended and added. The main effects and changes regarding the income tax, besides the changes already noted in point b, are:

- Duty Free Zone Income Rate

From January 1, 2017, the income tax rate for users of duty free zones shall be 20% (Art. 240-1 TC)

- The following income will be taxed at the rate of 9%:

Services provided in new hotels constructed in municipalities of up to two hundred thousand inhabitants, as certified by the competent authority as of December 31, 2016, within ten (10) years following the effective date of the Law, for a term of 20 years. (Paragraph 5, Art. 240 TC)

Hotel services provided in remodeled and/or expanded hotels in municipalities of up to two hundred thousand inhabitants, as certified by the competent authority as of December 31, 2016, within ten (10) years following the effective date of the Law, for a term of 20 years. The exemption provided shall correspond to the proportion represented by the value of the remodeling and/or expansion in the tax cost of the Urban Planning Office or otherwise the Major's Office of the location of the remodeled and/or expanded property. (Paragraph 5, Art. 240 TC)

Income for the use of new crops with late return (palm, cacao, rubber and citrus fruits (Art. 235-2 TC)

- In concession agreements and Public Private Partnerships, for income and complementary tax purposes, construction, management, operation and maintenance stages are included, the intangible asset model shall be considered. (Art. 32 TC).
- Tax on dividends for national companies is created by way of withholding tax at a rate of 7.5% on untaxed profits and for taxable profits at a rate of 33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 and following to which they correspond plus 7.5% once the income tax is decreased; this tax is transferable to the final natural personal beneficiary shareholder. (Art 242-1 E.T).

23. Other assets, net

The other assets as of December 31, 2018 and 2017 that due to their insignificant value do not fall into this category:

	December 31, 2018	December 31, 2017
Other assets		
Prepaid expenses	276,212	152,244
Art and cultural assets	990	990
Minor intangibles (1)	94,927	82,828
Other minor assets	4,889	702
Total	377,018	236,764

(1) Corresponds to the renewal of the insurance policies of concessions, credit quota availability commissions and advances to suppliers related to construction contracts.

Detail of minor intangibles:

	Patents and Intellectual Property	Other Rights	Licenses	Computer Software and Applications	Easement	Other Intangible Assets	Total
Cost							
As of December 31, 2016	-	5,392	91,717	4,595	6,015	5,075	112,794
Additions	295	91	8,612	3,042	858	10,339	23,237
Reclassification – changes in estimates	5	-	(2,784)	14,569	(92)	(15,392)	(3,694)
Sales or withdrawals	-	(5,392)	(146)	(514)	-	-	(6,052)
Business consolidation	-	168	489	-	-	-	657
Entities deconsolidation	-	-	(28)	-	-	-	(28)
Conversion adjustments	-	-	(5)	11	-	-	6
As of December 31, 2017	300	259	97,855	21,703	6,781	22	126,920
Additions	-	6,969	20,296	8,550	675	36,080	72,570
sales or withdrawals	(300)	(6,969)	(1,447)	(15,364)	(339)	(22,359)	(46,778)
Entities deconsolidation	-	-	(3)	(9)	-	-	(12)
Conversion adjustments	-	-	963	25	-	-	988
As of December 31, 2018	-	259	117,664	14,905	7,117	13,743	153,688
Accumulated amortization							
As of December 31, 2016	-	(5,392)	(29,062)	(2,381)	(982)	(691)	(38,508)
Amortization for the Period expense	-	-	(7,630)	(2,054)	(503)	(225)	(10,412)
Amortization for the Period cost	-	-	(4,460)	(63)	(107)	-	(4,630)
Reclassification – changes in estimates	-	-	2,445	(238)	596	894	3,694
Sales or withdrawals	-	5,392	150	511	-	-	6,053
Business Combination	-	-	(161)	-	-	-	(161)
Conversion adjustment	-	-	(117)	(11)	-	-	(128)
As of December 31, 2017	-	-	(38,838)	(4,236)	(996)	(22)	(44,092)
Amortization for the Period expense	-	-	(8,233)	(4,049)	(1,060)	(537)	(13,879)
Amortization for the Period cost	-	-	(3,968)	(300)	(107)	-	(4,375)
Sales or withdrawals	-	-	1,859	1,805	10	(5)	3,669
Entities deconsolidation	-	-	3	9	-	-	12
Conversion adjustments	-	-	75	(21)	-	-	(96)
As of December 31, 2018	-	-	(49,252)	(6,792)	(2,153)	(564)	(58,761)
Total Intangible Assets							
Net balance as of December 31, 2016	-	-	62,655	2,214	5,033	4,384	74,286
Net balance as of December 31, 2017	300	259	59,017	17,467	5,785	-	82,828
Net balance as of December 31, 2018	-	259	68,412	8,113	4,964	13,179	94,927

The above amounts are not subject to any limitations or restrictions.

24. Non-current assets held for sale and discontinued operations

The following is a breakdown of non-current assets held for sale as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Real estate	3,517	982
Vehicles	97	511
Equipment and machinery	15,314	19,312
Subtotal	18,928	20,805
Credit portfolio (1)	604,490	-
Discontinued operations	423	134
Total	623,841	20,939

- (1) On November 27 and December 7, 2018, the assignment of leasing and credit operations in favor of Banco de Bogotá S.A. and Banco de Occidente was approved in Leasing Corficolombiana S.A., according to Minutes No. 70 and 81. Taking into account that the value of the assignment with Banco de Occidente S.A. exceeds 25% of the total assets of the company, they required prior and express authorization by the Finance Superintendence of Colombia, who authorized the operation by Resolution 1871/2018 dated December 27, 2018.

It is estimated that the effective date of the assignments mentioned shall be the first quarter of 2019, by which the value of each assignment shall be adjusted according to the balances of the operations to such date as determined in each agreement executed to implement the assignments.

The following are the balances of the non-current assets held for sale of the Corporation and its subsidiaries:

As of December 31, 2018

	Book Value	Impairment	Impairment %	Recoverable Amount
Real estate	3,517	-	%	3,517
Vehicles	97	-	%	97
Equipment and machinery	15,314	-	%	15,314
Total	18,928	-	0%	18,928

As of December 31, 2017

	Book Value	Impairment	Impairment %	Recoverable Amount
Real estate	982	-	%	982
Vehicles	511	-	%	511
Equipment and machinery	19,312	-	%	19,312
Total	20,805	-	0%	20,805

The movements in non-current assets held for sale in the period are as follows:

	Real Estate	Vehicles	Machinery and Equipment	Total
Balance as of December 31, 2016	8,395	5,885	32,537	46,817
Additions	-	-	156	156
Assets sold (1)	(615)	(6,508)	(12,982)	(20,105)
Impairment	-	(152)	(1,011)	(1,163)
Reclassifications	(6,798)	1,286	538	(4,974)
Discontinued operation	-	-	74	74
Balance as of December 31, 2017	982	511	19,312	20,805
Additions	-	79	248	327
Assets sold (1)	(26)	(493)	(1,635)	(2,154)
Impairment	-	-	(176)	(176)
Reclassifications	2,930	-	(2,345)	495
Discontinued operation	(369)	-	-	(369)
Balance as of December 31, 2018	3,517	97	15,314	18,928

(1) For 2018, sales amounting to \$2,154 were made and the companies comprising this item are: Colombiana de Licitaciones y Concesiones Ltda. real estate \$78, Leasing Corficolombiana S.A. machinery \$1,539, vehicles corresponding to goods returned under leasing contracts \$493 and Proyectos de Infraestructura S.A. Pisa machinery \$43. During 2017, the companies sold assets amounting to \$20,105, represented by the following companies: Leasing Corficolombiana S.A. machinery \$9,404, vehicles corresponding to goods returned under leasing contracts \$7,120 and Pizano S.A. land \$3,347.

These assets will not produce significant adverse effects on the financial statements. Currently the Corporation and its subsidiaries are undertaking efforts for the realization of these assets within the time limits set by the Finance Superintendence of Colombia.

The above amounts are not subject to any limitations or restrictions.

25. Deposits and current liabilities

The following is a breakdown of the balances of customer deposits received by the Corporation and its subsidiaries in the development of its taking operations:

	December 31, 2018	December 31, 2017
By nature		
Savings accounts	567,749	402,463
Other deposits on demand	47,402	32,950
Total on demand	615,151	435,413
Total term deposit certificates	3,189,877	3,658,952
Total	3,805,028	4,094,365

The following are the balances of customer deposits by currency:

	December 31, 2018	December 31, 2017
By currency		
In Colombian pesos	3,757,711	3,924,142
In US dollars	47,317	170,223
Total	3,805,028	4,094,365

Expiration of the term deposit certificates

	December 31, 2018	December 31, 2017
Up to 1 year	536,036	503,535
Between 1 and 5 years	488,046	706,455
More than 5 years	2,165,795	2,448,962
Total	3,189,877	3,658,952

The following is a breakdown of the effective interest rates applied on customer deposits.

As of December 31, 2018

	In legal tender	
	Minimum Rate	Maximum Rate
Savings accounts	1.00%	4.70%
Term deposit certificates	3.85%	8.80%

As of December 31, 2017

	In Domestic Currency		In Foreign Currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Savings accounts	1.00%	5.00%	0.05%	0.50%
Term deposit certificates	2.50%	8.94%	0.05%	2.75%

The following is the detail of the concentration of customer deposits by economic sector:

	December 31, 2018	December 31, 2017
Sector		
Colombian government or governmental entities	100,368	20,428
Manufacturing	21	7,242
Real Estate	-	6,198
Commerce	2,692	76,372
Agriculture and livestock farming	10	13,376
Individuals	222,723	297,062
Others	3,479,214	3,673,687
Total	3,805,028	4,094,365

26. Liabilities in money market operations

The following is the summary of market operations by currency held by the Corporation and its subsidiaries as of December 31, 2018 and 2017, with the main purpose of financing its operations:

	December 31, 2018	December 31, 2017
Domestic currency		
Ordinary interbank funds acquired	70,227	188,031
Repo operations	560,192	-
Simultaneous operations	1,724,824	2,156,024
Commitments arising from short positions	51,011	130,207
Total convened operations in domestic currency	2,406,254	2,474,262
Foreign currency		
Repo operations	154,551	148,013
Total operations in Foreign Currency	154,551	148,013
Total convened operations	2,560,805	2,622,275

The following is a breakdown of the effective interest rates applied to short-term financial obligations:

	December 31, 2018		December 31, 2017	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Domestic currency				
Interbank funds	4.24%	4.28%	4.69%	4.79%
Foreign currency				
Interbank funds	-	-	2.89%	2.79%

27. Financial Obligations

See accounting policy in note 2.7.2. The following is the summary of the financial obligations of the Corporation and its subsidiaries as of December 31, 2018 and 2017, with the main purpose of financing its operations:

	December 31, 2018	December 31, 2017
Financial obligations with promotion entities	99,894	101,310
Financial obligations with financial entities	4,160,231	3,791,042
Total	4,260,125	3,892,352

Financial obligations with promotion entities

The Colombian Government has established certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. These programs are managed by various governmental entities such as the Banco de Comercio Exterior de Colombia S.A. ("BANCOLDEX") and the Fund for Financing the Agricultural Sector ("FINAGRO").

The following is the detailed balance of the loans obtained by the Corporation with promotion entities as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Bancoldex	90,834	88,245
Finagro	9,060	13,065
Total	99,894	101,310

The following is the detail of the expiration of financial obligations with promotion entities as of December 31, 2018 and 2017:

Expiration	December 31, 2018	December 31, 2017
2017	-	4
2018	-	3,561
2019	4,548	10,092
2020	12,282	23,028
After 2020	83,064	64,625
Total	99,894	101,310

Financial obligations with financial entities

	December 31, 2018	December 31, 2017
Domestic Financial Entities	2,002,830	1,742,384
Foreign banks (1)	1,135,337	982,176
Bank checking account discoveries	748	547
Financial Leasing (2)	1,021,316	1,065,935
Total	4,160,231	3,791,042

(1) As of December 31, 2018 and 2017, the syndicated loan taken by Promigas S.A. E.S.P. and Gases del Pacífico S.A.C. for USD\$200,000,000 is included, of which USD\$125,000,000 and USD\$75,000,000 correspond to them respectively. Promigas allocated a part of the syndicated loan as hedge instrument, as it has identified the fluctuation risk in the exchange rate by the translation of the investments with dollar functional currency. The value of the loan in pesos to date is \$406,219.

(2) During the second half of 2016, Sociedad Portuaria El Cayao S.A. E.S.P. undertook a long-term financial lease, with Hoegh LNG International, of the FSRU (Floating Storage Regasification Unit) for \$793,936.

Long-term financial obligations due to financial leasing operations

The Corporation and its subsidiaries have acquired property and equipment through financial leasing operations. The following table summarizes the credit operations obtained through the financial leasing system by expiration:

	Less than 1 year	Between 1 and 5 years	More than 5 years	TOTAL
Balance as of December 31, 2018				
Minimum lease payments to be made in future years	195,313	860,839	307,034	1,363,186
Minus future financial costs	(79,089)	(232,793)	(29,988)	(341,870)
Present value of minimum lease payments	116,224	628,046	277,046	1,021,316
Balance as of December 31, 2017				
Minimum lease payments to be made in future years	180,382	719,248	550,536	1,450,166
Minus future financial costs	(77,918)	(229,540)	(76,772)	(384,230)
Present value of minimum lease payments	102,464	489,708	473,764	1,065,936

28. Accounts Payable

See accounting policy in note 2.7.2. Accounts payable include the following:

	December 31, 2019	December 31, 2017
Commissions and fees	6,799	4,294
Suppliers and services (2)	522,484	485,326
Taxes	51,739	39,611
Dividends	32,576	31,110
Leases	3,639	2,996
Labor withholdings and contributions	47,177	45,476
Acquisition of capital goods	344,367	254,195
Related parties (1)	531,309	453,479
Other accounts payable	54,787	17,786
TOTAL	1,594,877	1,334,273

For 2018, accounts payable increased by 19.53% in connection to December 2017, this mainly due to the increase in the following items: capital goods acquisition, 35.47%, commissions and fees 58.37% and other accounts payable 208.04%.

(1) Related parties represent 33.31% as of December 2018 of the total accounts payable. This value is comprised by Estudios y Proyectos del Sol S.A.S. and subsidiaries with \$426,143 corresponding mainly to a debt with Grupo Aval Ltd, and Hoteles Estelar S.A. and subsidiaries \$105,166 corresponding to transactions between the operation centers and the business units. As of December 31, 2017, 33.9% represented the total accounts payable comprised mainly by Promigas S.A. E.S.P. and subsidiaries.

(2) Suppliers and services is the second most representative item with a share of 32.76% of this value, Estudios y Proyectos del Sol S.A. and Subsidiaries with \$150,561, Concesionaria Vial del Pacifico S.A.S. \$90,950, Hoteles Estelar S.A and Subsidiaries \$90,990, Promigas S.A. E.S.P. and Subsidiaries \$70,169 and Estudios y Proyectos e Inversiones de los Andes S.A and Subsidiaries participates with \$32,958 as of December 31, 2017 it represented 36.37% of the total accounts payable, the most representative entities are Hoteles Estelar S.A. and Subsidiaries \$100,341, Concesionaria Nueva Vía al Mar S.A.S \$84,227, Estudios y Proyectos del Sol S.A.S and Subsidiaries with \$78,059 and Promigas S.A. E.S.P and Subsidiaries with \$54,237.

29. Employee benefits

The following is a breakdown of the balances of provisions for employee benefits as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Short-term benefits	59,400	53,192
Postemployment benefits	9,749	23,398
Long-term benefits	8,031	8,311
Total	77,180	84,901

Post-employment benefits

In Colombia the retirement pension of employees who retire after reaching certain age and seniority are assumed by public or private pension funds based on defined contribution plans to which companies and employees contribute on a monthly basis the amounts defined by the law to have access to retirement pension; however, in the case of some employees hired by companies of the Corporation prior to 1968 that met the requirements of age and seniority, pensions are assumed directly by the companies of the Corporation.

Certain employees hired by companies of the Corporation before 1990 are entitled to receive on the date of retirement, at the choice of the employee or the company, a compensation corresponding to the last month's salary multiplied by each year of work.

The Corporation recognizes additional extra-legal bonuses or additional bonuses under collective agreements to employees who retire upon reaching the age and seniority to enjoy the pension paid by pension funds. The actuarial assumptions are presented in note 3.15.

Long-term employee benefits

The Corporation and its subsidiaries provide their employees with long-term extra-legal bonuses during their working life depending on the number of years of service, five, ten, fifteen and twenty years, etc., calculated as days of salary (between 30 and 90 days) for each payment.

The following is the movement of post-employment benefits and long-term benefits for the periods ended on December 31, 2018 and 2017:

	Pension Plans		Other Benefits	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Balance at the beginning of the period	23,398	22,499	8,311	7,045
Adjustment for voluntary adoption	3,579	-	-	-
Restated balance at the beginning of the period	26,977	22,499	8,311	7,045
Costs incurred during the period	45	33	709	644
Interest costs	1,694	2,097	(181)	464
Cost subtotal	1,739	2,130	528	1,108
Loss for changes in demographic assumptions	178	-	-	-
(Profit)/loss for changes in financial assumptions	(3,114)	1,146	239	1,393
Profit - loss subtotal	(2,936)	1,146	239	1,393
Payments to employees	(1,026)	(2,377)	(1,047)	(1,235)
Effect for combination of businesses/entities split	(15,005)	-	-	-
Balance at the end of the period	9,749	23,398	8,031	8,311

30. Other Provisions

The following is a breakdown of the movement of provisions for legal contingencies and other provisions during the periods ended on December 31, 2018 and 2017.

	Legal processes, fines, penalties and indemnifications	Major contractual maintenance	Other provisions	Total
Balance as of December 31, 2016	83,658	204,669	9,913	298,240
New provisions	3,671	18,994	7,140	29,805
Increase (decrease) in existing provisions	10,840	26,082	15,839	52,761
Acquisitions made through business combinations	(656)	-	-	(656)
Provisions used	(2,722)	(12,596)	(4,191)	(19,509)
Reverted unused provisions	(5,095)	(7,904)	(501)	(13,500)
Entities split	-	-	(768)	(768)
Increase (decrease) by net exchange differences	-	201	-	201
Balance as of December 31, 2017	89,696	229,446	27,432	346,574
Adjustment for adoption of IFRS 9	-	-	419	419
New provisions	10,812	-	7,437	18,249
Increase in existing provisions	7,474	50,677	4,402	62,553
Provisions used	(56,600)	(40,322)	(10,440)	(107,362)
Reverted unused provisions	(1,251)	(890)	(54)	(2,195)
Entities split	(2,753)	-	(3,700)	(6,453)
Discontinued operations	(656)	-	(262)	(918)
Increase for net exchange differences	-	3,471	20	3,491
Balance as of December 31, 2018	46,722	242,382	25,254	314,358

Below is a summary of the most significant provisions recognized in relation to legal processes:

Promigas S.A. E.S.P. and Subsidiaries

- Promigas S.A. E.S.P.: It has a balance of \$4,207 for the proceeding 2002-00438 of the Judicial Office of the Council of State - previously the Administrative of the Circle of Riohacha, according to class action of Luis Carlos Martínez and others against the entity, which intends to declare Promigas S.A. E.S.P. civilly liable for the explosion that took place on October 21, 2001 of the oil pipeline from Manaure to Barranquilla and that

subsequently compensates the victims of such explosion.

- Promigas S.A. E.S.P.: It presents a balance of \$11,568 for the abandonment cost of the compressor stations of Sahagún, Caracolí, Filadelfia and Palomino 1. In the construction licenses there are decommissioning requirements. Considering the historical records obtained of the decommissioning of Heroica compressor station, the scope provided by ANLA - National Authority of Environmental Licenses - for the decommissioning of compressor stations, and the adjustments based on the opinion of experts of

the organization, a percentage of 5% of the total cost of the investment was established as the value to be considered for the compressor station decommissioning costs.

At the time a partial disabling of a compressor station or asset component is required, the manager leading the decommissioning project will notify the Financial Results Management, in order to make the respective identification and application of the provision the asset has at that time, any difference will be recognized against profits.

- Promioriente S.A. E.S.P.: It recognized \$50,107 from July 2014, for lawsuit according to proceeding 00100-2014 of the Superior Court Civil Chamber of Bogota, because of the differences in the construction of Gibraltar Gas Pipeline (Bucaramanga) between Promioriente S.A. E.S.P. and Cosacol-Confurca Consortium. Additions to this provision by arbitration award are made monthly.
- Compañía Energética de Occidente S.A.: According to concession agreement of the electric networks, that for 2017 has a balance of \$147,537. The entity makes from 2014 an estimate of the Investment plan by the commitment to perform an expansion, replacement and improvement plan of the

infrastructure for the development of marketing services of Cedelca.

- Sociedad Portuaria del Cayao S.A. E.S.P.: In April 2017, and at the end of the same year there is a provision of \$17,451. It is recognized for the replacement of LNG for the burn in the storage provided in the agreements with the thermal plants TermoBarranquilla, TermoCalendaria and Zona Franca Celsia. The gas is mainly from the thermal plants; however, there is a minimum availability that SPEC must secure at the time the thermal plant will make its regasification. This minimum gas in circulation undergoes a decrease because it evaporates, so SPEC records a provision for the replacement of such gas.

Plantaciones Unipalma S.A.

- Ordinary labor proceeding initiated to declare that the affectations and damages suffered by the former employees are a result of the occupational accidents suffered during their labor activity. They request compensation for material (consequential damage and loss of profit) and moral damages.

From the analysis, the labor advisors of the Company consider this process as probable, so a provision for \$586 million pesos was created in favor of the defendants.

31. Other Liabilities

As of December 31, 2018 and 2017, the other liabilities item includes the following:

	December 31, 2018	December 31, 2017
Income received in advance	35,955	45,857
Income received for third parties (1)	947,678	140,136
Retention of guarantees on contracts (2)	20,882	10,458
Other liabilities	19,577	93,775
Total Other Liabilities	1,024,092	290,226

(1) It mainly corresponds to payments made by the National Infrastructure Agency for the future terms and contractual funds.

(2) Corresponds to the guarantee withholdings on agreements with different suppliers and contractors, which are returned once the goods or services are satisfactorily delivered.

32. Securities issued outstanding

The details of the bonds of subordinated companies issued by the Corporation as of December 31, 2018 and 2017 by issuance date and expiration date are as follows:

Issuer	Type of Issue	Maturity	December 31, 2018	December 31, 2017	Interest Rate	Date of Issue	Date of Expiration
Proyectos de Infraestructura S.A.	Floating	10 years	57,400	57,400	CPI+6.9	05/20/2009	05/20/2019
Fiducoldex	Floating	15 years	80,000	80,000	CPI + 4.25% TV	10/25/2012	10/25/2027
Promigas S.A. E.S.P	Ordinary Bonds	10 years	150,000	150,000	CPI+ 5.40%	08/27/2009	08/27/2019
Promigas S.A. E.S.P	Ordinary Bonds	15 years	170,000	170,000	CPI+ 5.99%	08/27/2009	08/27/2024
Promigas S.A. E.S.P	Ordinary Bonds	7 years	99,821	99,821	CPI+ 3.05%	01/29/2013	01/29/2020
Promigas S.A. E.S.P	Ordinary Bonds	10 years	150,179	150,179	CPI+ 3.22%	01/29/2013	01/29/2023
Promigas S.A. E.S.P	Ordinary Bonds	20 years	250,000	250,000	CPI+ 3.64%	01/29/2013	01/29/2033
Promigas S.A. E.S.P	Ordinary Bonds	4 years	105,000	105,000	CPI+ 2.55%	03/11/2015	03/11/2019
Promigas S.A. E.S.P	Ordinary Bonds	7 years	120,000	120,000	CPI+ 3.34%	03/11/2015	03/11/2022
Promigas S.A. E.S.P	Ordinary Bonds	15 years	175,000	175,000	CPI + 4.37%	03/11/2015	03/11/2030
Promigas S.A. E.S.P	Bond	4 years	100,000	100,000	CPI + 3.29%	09/08/2016	09/08/2020
Promigas S.A. E.S.P	Bond	10 years	150,000	150,000	CPI + 3.74%	09/08/2016	09/08/2026
Promigas S.A. E.S.P	Bond	20 years	250,000	250,000	CPI + 4.12%	09/08/2016	09/08/2036
Surtidora de Gas del Caribe S.A. E.S.P	Ordinary Bonds	10 years	130,000	130,000	CPI+ 3.25%	02/12/2013	02/12/2023
Surtidora de Gas del Caribe S.A. E.S.P	Ordinary Bonds	20 years	70,000	70,000	CPI+ 3.64%	02/12/2013	02/12/2033
Gases de Occidente S.A. E.S.P.	Ordinary Bonds	10 years	100,206	100,206	CPI + 5.89% EA	07/23/2009	07/23/2016
Gases de Occidente S.A. E.S.P.	Ordinary Bonds	10 years	110,382	110,362	CPI + 3.75% EA	12/11/2012	12/11/2022
Gases de Occidente S.A. E.S.P.	Ordinary Bonds	20 years	89,618	89,618	CPI + 4.13% EA	02/11/2012	12/11/2032
Gases de Occidente S.A. E.S.P.	Bond	7 years	126,400	-	CPI + 3.65% EA	03/02/2018	03/02/2025
Gases de Occidente S.A. E.S.P.	Bond	25 years	173,600	-	CPI + 4.12% EA	03/02/2018	03/02/2043
Promotora de Gas del Oriente S.A. E.S.P.	Ordinary Bonds	5 years	100,000	-	7.10% EA	01/23/2018	01/23/2023
Promotora de Gas del Oriente S.A. E.S.P.	Ordinary Bonds	7 years	105,000	-	CPI + 3.54%	01/23/2018	01/23/2025
TOTAL FACE VALUE			2,862,606	2,357,606			
(-) Issuance costs			(40,133)	(29,038)			
(+) Interest accrued			29,815	31,758			
TOTAL BONDS VALUE			2,852,288	2,360,326			

33. Controlled Equity

The number of shares authorized, issued and outstanding as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Number of shares authorized, issued and outstanding	300,000,000	250,000,000
Number of shares subscribed and paid-in capital	279,448,317	233,717,234
Total shares	279,448,317	233,717,234
Subscribed and paid-in capital (1)	2,794	2,337
Share issue premium (2)	3,804,062	2,742,400

(1) On September 3, 2018, 40,000,000 common shares and 1,529,542 preferred shares were registered in the shareholders ledger, which correspond to the issuance of shares authorized by the Superintendence of Finance of Colombia by means of resolution 0941 dated July 25, 2018.

(2) During 2018 there was a share issue premium recorded at \$987,929 which corresponds to the issuance of shares made by the Corporation on September 3; likewise, from the distribution of dividends in shares a premium was incurred of \$97,104. On the other hand, as a result of the acquisition of a non-controlling interest in Promigas S.A. E.S.P., Transoccidente S.A. E.S.P. and Gases de Occidente S.A. E.S.P., an adjustment was made of (23,371) given the excess value paid in these operations.

The Preferred Stock issued in 1993 grant the right to receive minimum preferred dividends on the net profits of the Corporation after (i) paying any losses from previous fiscal years and (ii) allocating any amount legally required to establish the statutory reserve. The minimum dividend earned by each share with preferred dividend without voting rights, will be equal to 2% per annum of the subscription price in Colombian pesos. In any case, the dividend per share to be paid for these securities may not be less than the dividend per share of common stock. The minimum preferred dividend referred to above will be adjusted each year in an amount equal to one hundred

percent of the change in the consumer price index ("CPI") certified annually by the competent authority in Colombia for the applicable calendar year (to date the value of such dividend is \$823.42 per share).

Any unpaid minimum dividend will be cumulative if, in any fiscal year, the sum of the net profits of the Corporation is not enough to pay for it. In this case, any outstanding balance in respect of the minimum dividend in any year shall be accumulated, until fully paid, with the corresponding minimum dividend for the following three (3) years.

The detail of share issues as of December 31, 2018 and 2017 is as follows:

Item	As of December 2018		As of December 2017
	Shares Issued	Dividend Distribution in Shares	Dividend Distribution in Shares
Common stock	40,000,000	3,857,324	3,040,319
Preferred stock	1,529,542	344,217	260,184
Total shares issued	41,529,542	4,201,541	3,300,503
Price per share	24,000	23,400	28.36
Price per preferred stock	20,000	20,000	21.3
Value of the issuance	990,590	97,146	91,765
Issuance commission %	0.3147%	-	0%
Net value of issuance	987,476	97,146	91,765
Accounting:			
Capital	415	42	20
Share issue premium	987,929	97,104	57,307
Total accounting of issuances	988,344	97,146	57,327

Retained earnings

	December 31, 2018	December 31, 2017
Reserves (1)	1,921,748	1,534,082
Accumulated results	(1,153,229)	(712,213)
IFRS adjustment to 2014 profits	(75,949)	(63,060)
First-time adoption of IFRS	(591,687)	(612,936)
Retained earnings	100,883	145,873

(1) The detail of Reserves is shown below.

Legal Reserve

In accordance with current regulations, the Corporation and its financial subsidiaries must create a statutory reserve by appropriating ten percent (10%) of the net profits of each year until reaching an amount equal to fifty percent (50%) of the capital subscribed. This reserve may be reduced below fifty percent (50%) of the subscribed capital to offset losses in excess of retained earnings. The statutory reserve cannot be lower than the above percentage except to cover losses in excess of retained earnings.

Mandatory and voluntary reserves

Mandatory and voluntary reserves are determined during Shareholders' Assemblies; the balances of the reserves of the entity are shown below:

	December 31, 2018	December 31, 2017
Legal reserve	117,699	105,744
Statutory reserve	78,970	65,538
Occasional reserve	1,725,079	1,362,800
Total	1,921,748	1,534,082

Dividends declared

Dividends are declared and paid to shareholders based on the non-consolidated net profits of the previous six-month period. The dividends declared were as follows:

	Balance as of December 31, 2018	Balance as of December 31, 2017
Non-consolidated profits of immediately preceding year	217,958	59,034
	A total of 3,857,324 new common shares were issued, the unit price of the shares given corresponded to the closing price of the common shares as of March 21, 2018, \$23,400.	A total of 1,993,552 new common shares were issued, the unit price of the shares given corresponded to the closing price of the common shares as of March 28, 2017, \$28,360.
Dividends paid in shares (1)	A total of 344,217 new preferred shares were issued, the unit price of the shares given corresponded to the closing price of the common shares as of March 21, 2018, \$20,000.	A total of 37,094 new preferential shares were issued, the unit price of the shares given corresponded to the closing price of the common shares as of March 27, 2017, \$21,300.
	Dividend decreed in common shares that were paid in cash at the request of shareholders that chose this alternative or remained silent, regarding 836,866 common shares. The unit price of the shares given corresponded to the closing price of the common shares as of March 21, 2018.	Dividend decreed in common shares that were paid in cash at the request of shareholders that chose this alternative or remained silent, regarding 1,046,767 common shares. The unit price of the shares given corresponded to the closing price of the common shares as of March 28, 2017.
	Dividend decreed in preferred shares that were paid in cash at the request of shareholders that chose this alternative or remained silent, regarding 234,171 preferred shares. The unit price of the shares given corresponded to the closing price of the common shares as of March 21, 2018.	Dividend decreed in preferential shares that were paid in cash at the request of shareholders that chose this alternative or remained silent, regarding 223,090 preferential shares. The unit price of the shares given corresponded to the closing price of the common shares as of March 27, 2017.
Dividends decreed in shares, paid in cash (2)		
Common outstanding shares	219,688,071	217,694,519
Preferred outstanding shares	14,029,163	13,992,069
Total outstanding shares	233,717,234	231,686,588
Total shares issued	4,201,541	2,030,646
Total dividends decreed in shares (1)	97,146	57,327
Total dividends decreed in cash (2)	24,267	34,438

(1) It corresponds to the total number of shares outstanding in accordance with the proposed distribution of shares approved by the General Shareholders Assembly, which differ from the number of shares outstanding as of the reporting date of these financial statements since they have already been issued.

(2) The payment of the dividends in shares, by express mandate of Decree 2336/1995, must be mandatorily made on shares, since the profits to be allocated for this concept must be generated as a consequence of the application of special unrealized investment valuation systems at market prices held by the company. The fractions resulting from the capitalization will be returned to the reserve of Decree 2336/1995.

Net profit per share

The table below summarizes the net profit per share for years 2018 and 2017:

	December 31, 2018	December 31, 2017
Net profit of the period	2,068,519	564,539
Minus: Participation in non-controlling interests	448,359	353,731
Net profit attributable to controlling interests	1,620,160	210,808
Net profit per share of controlling interests (in Colombian pesos)	6,477.86	904.61

Other cumulative comprehensive income

As of December 31, 2018 and 2017, the effect of the valuation by the equity method of the investments in associates is included in the other cumulative comprehensive income.

34. Capital Adequacy Management

The objectives of the Company as to the management of its adequate capital are addressed towards meeting the capital requirements established by the Colombian Government to financial institutions that are subsidiaries of the Company in Colombia.

The technical equity cannot be less than nine percent (9%) of risk-weighted assets plus the market risk premium (in domestic and foreign currency), as stated in article 2.1.1.1.2 of Decree 2555/2010, formerly article 2 of Decree 1720/2001.

Individual compliance is verified monthly and quarterly on a consolidated basis with its financial subsidiaries. The classification

of risk assets in each category is made by applying the percentages determined by the Finance Superintendence of Colombia to each of the items of assets, contingent accounts, business and trusteeships established in the Single Account Plan. As of January 30, 2002, market risks are also included as part of the risk-weighted assets.

During years 2018 and 2017, the various financial entities that consolidate the Company have adequately complied with capital requirements. The following is a breakdown of the solvency of each of the entities and the consolidated financial result as of December 31, 2018 and 2017:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Technical equity		
Ordinary basic equity		
Subscribed and paid capital	2,635	2,197
Issue premium	3,827,433	2,742,400
Appropriation of net profits	55,717	54,425
Value of the minority interest (non-controlling interest) recognized in the PBO	796	
Cumulative losses	(465,947)	(465,952)
Investments made from other financial institutions	(39,084)	(40,611)
Adjustment for translation of financial statements	-	9,489
Deferred income tax	-	(6,020)
	<u>3,381,550</u>	<u>2,295,928</u>
Additional equity		
Subscribed and paid capital	159	140
Unrealized cumulative losses in Debt Securities	(16,123)	(2,467)
Unrealized cumulative profits in Participation Titles	(72,384)	30,571
Valuation in Investments	338,597	342,315
50% of tax reserve	-	-
	<u>250,249</u>	<u>370,559</u>
Total Technical Equity	<u>3,631,799</u>	<u>2,666,487</u>
Risk-weighted assets		
Credit risk		
Category II (High security assets weighting at 20%)	82,331	71,607
Category III (High security assets but with low liquidity weighting at 50%)	681,069	689,747
Category IV (Other assets in risk weighting at 100%) and includes other categories of credit risk having special weightings for credit risk, according to Decree 1771/2012.	7,071,198	4,659,443
	<u>7,834,598</u>	<u>5,420,797</u>
Market risk	2,440,618	1,769,040
Total risk-weighted assets	<u>10,275,216</u>	<u>7,189,837</u>
Total solvency risk rate	35.35%	37.09%
Basic solvency risk rate	32.91%	31.93%

35. Non-Controlling Interests

The following tables show financial information in accordance with the non-controlling participations in each of the subsidiaries in which the Company holds significant non-controlling interests:

As of December 31, 2018

	Country	Interest	Assets	Liabilities	Equity	Revenues	Profits
Organizacion Pajonales S.A. and subsidiaries	Colombia	0.65%	1,682	644	979	556	20
Hoteles Estelar de Colombia S.A.S. and subsidiaries	Colombia	15.04%	126,982	67,947	99,311	52,761	7,823
Gas Comprimido del Peru S.A.	Peru	8.13%	5,220	5,165	55	2,509	(87)
Proyectos de Infraestructura S.A. and subsidiaries	Colombia	11.75%	39,176	19,235	40,797	29,492	26,873
Estudios, Proyectos e Inversiones de los Andes S.A. and subsidiaries	Colombia	0.02%	137	55	49,570	137	8,799
Promotora y Comercializadora Turistica Santamar S.A.	Colombia	15.34%	6,639	482	6,157	422	199
Tejidos Sinteticos de Colombia S.A.	Colombia	0.35%	99	22	77	131	4
Plantaciones Unipalma de los Llanos S.A.	Colombia	45.47%	86,631	28,036	58,596	33,233	(4,491)
Estudios y Proyectos del Sol and subsidiaries	Colombia	0.00%	-	-	21,741	-	(16,660)
Industrias Lehner S.A.	Colombia	46.65%	64	3,726	(3,662)	2	(97)
Caja de Bolsa S.A.	Colombia	59.23%	20,198	2,296	17,902	39,618	(662)
Concesionaria Vial del Pacifico S.A.S.	Colombia	10.10%	129,534	105,479	24,055	62,086	23,336
Promigas S.A. and subsidiaries	Colombia	49.12%	5,122,158	3,435,345	1,769,405	2,100,777	403,302
					2,084,983		448,359

As of December 31, 2017

	Country	Interest	Assets	Liabilities	Equity	Revenues	Profits
Organizacion Pajonales S.A. and subsidiaries	Colombia	1.33%	3,287	1,499	1,683	936	27
Hoteles Estelar de Colombia S.A.S. and subsidiaries	Colombia	15.04%	120,656	64,759	96,023	51,247	6,747
Gas Comprimido del Peru S.A.	Peru	8.13%	5,507	5,442	65	2,698	(184)
Proyectos de Infraestructura S.A. and subsidiaries	Colombia	11.75%	39,433	21,284	36,972	33,330	21,038
Estudios, Proyectos e Inversiones de los Andes S.A. and subsidiaries	Colombia	0.07%	391	306	40,764	445	6,200
Promotora y Comercializadora Turistica Santamar S.A.	Colombia	15.40%	6,580	672	5,908	477	208
Tejidos Sinteticos de Colombia S.A.	Colombia	0.35%	98	20	78	138	7
Plantaciones Unipalma de los Llanos S.A.	Colombia	45.47%	92,099	29,000	63,099	39,270	3,103
Pizano S.A. and subsidiaries	Colombia	60.01%	130,486	102,941	27,536	82,741	(50,493)
Estudios y Proyectos del Sol and subsidiaries	Colombia	0.00%	50,658	12,257	38,401	71,728	2,006
Industrias Lehner S.A.	Colombia	46.65%	63	3,628	(3,565)	15	(515)
Caja de Bolsa S.A.	Colombia	59.23%	27,722	8,950	18,772	28,103	365
Concesionaria Vial del Pacifico S.A.S.	Colombia	10.10%	44,860	44,610	250	6,379	225
Promigas S.A. and subsidiaries	Colombia	49.77%	4,795,287	3,213,121	1,697,276	1,945,942	364,997
TOTAL					2,023,262		353,731

During the period ended on December 31, 2018, there is a reduction in the minority percentage of Organización Pajonales S.A. going from 1.33% to 0.65%, for the case of Promotora y Comercializadora Turística Santamar S.A. the minority interest went from 15.40% to 15.35%, for the case of Promigas, S.A. E.S.P. a reduction of 49.77% to 49.2% took place and for Estudios y Proyectos e Inversiones de los Andes S.A it experienced a reduction from 0.07% to 0.02%

There were no other significant transactions performed with non-controlling interests of the Corporation and subsidiaries, as well as protection rights or restrictions in the access to the use of the assets or cancellation of liabilities thereof.

36. Commitments and Contingencies

Commitments

a) Credit commitments

In the development of their normal operations the financial institutions of the Group grant guarantees or letters of credit to its customers in which the Group irrevocably agrees to make payments to third parties if customers fail to fulfill their obligations to such third parties, with the same credit risk as the financial assets in the loan portfolio. The granting of guarantees and letters of credit is subject to the same approval policies for the disbursement of loans in terms of the credit quality of customers and the guarantees deemed appropriate given the circumstances are obtained.

Commitments for the extension of loans represent unused portions of authorizations to extend credits in the form of loans, using credit cards or letters of credit. With respect to the credit risk on commitments to grant credit facilities, the Group is potentially exposed to losses in an amount equal to the total amount of unused commitments, if such unused amount were to be removed completely; however, the amount of the loss is less than the total amount of unused commitments since most commitments to grant loans are contingent once the customer maintains specific credit risks standards. The Group monitors the expiration of commitments related to credit quotas because long-term commitments have a higher credit risk than short-term commitments.

The following is a breakdown of guarantees, letters of credit and loan commitments in unused credit facilities as of December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Notional Amount	Fair Value	Notional Value	Fair Value
Guarantees	7,000	7,000	7,000	7,000
Unused credit card limits	853,399	853,399	8,222	8,222
Others	230,114	230,114	264,199	264,199
Total	1,090,513	1,090,513	279,421	279,421

The outstanding balances of unused credit lines and guarantees do not necessarily represent future cash requirements because such limits may expire and not be completely or partially used. Below is the detail of credit commitments per currency:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Credit commitment per currency		
Colombian pesos	1,090,513	279,421
Total	1,090,513	279,421

Contingencies

The Corporation for the periods ended December 31, 2018 and 2017 did not have provisions on legal contingencies as the legal processes are not classified by the attorneys as probable.

Below, the most relevant processes for the Corporation are described:

- On December 6, 2018 the Administrative Court of Cundinamarca, issued a first instance ruling regarding a class action suit promoted by the General Attorney's Office against Concesionaria Ruta del Sol S.A.S., Episol S.A.S. and other individuals and legal entities. The ruling declared the defendants severally liable for the damages caused to the collective interests sought and sentenced to pay \$800,156 to the Ministry of Transportation and likewise declared them disqualified for a ten year term to enter into agreements with Colombian governmental entities and hold public offices.

The Administrative Court of Cundinamarca, by means of writ dated February 8, 2019, upon resolving some requests for the correction of the ruling filed by the defendants, modified the amount of the sentence by reducing it to \$715,656.

The ruling is not currently in force, as the defendants, including Episol S.A.S., filed an appeal in time.

In the attorneys-in-fact's and the legal advisor's opinion there is a high probability the sentence will be overturned or modified by the Council of State, with regards to Episol S.A.S., as a result of the many substantial and procedural defects contained in the same.

- The Superintendence of Industry and Trade initiated, on September 13, 2018, an investigation and indictment, as a result of the Odebrecht corruption scandal, whose implications in Colombia were made public on December 2016. The SIC seeks to establish if Corficolombiana and Episol S.A.S. participated in behaviors violating free competition in the tender for Sector II of Ruta del Sol.

The contingency is considered possible because there is an indictment; however, consideration must be given to the fact that an open investigation does not mean the imposition of a penalty, because, only now in this stage, the investigated parties will have the opportunity to prove their innocence and challenge the evidence supporting the indictment. The Corporation has strenuously denied the facts and behaviors on which the Superintendence of Industry and Trade bases its investigation, providing pertinent arguments and proof to challenge the accusation. Likewise, it invoked the expiration

of the enforcement powers by the entity.

With regards to the sum of the contingency, the SIC could impose penalties of up to \$82,800 per count, for a total of \$165,600 in Corficolombiana, but to date it is not possible to determine an exact

amount, as we are not only at an early stage of the investigation where the evidence has not been debated and there is no certainty regarding a possible penalty, but also, the result of the investigation will be what determines the possible imposition of a fine and the amount of the same.

37. Commissions and Fees, Net

Below is the detail of income and expenses for commissions for the semesters ending on December 31, 2018 and 2017.

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Income		
Bank guarantees	-	5
Fiduciary businesses (commissions and fees)	23,871	25,215
Drafts	2	3
Commission agreements	9,146	7,823
Management of Collective Investment Funds	34,623	41,250
Others	11,829	22,262
Total Income	<u>79,471</u>	<u>96,558</u>
Expenses		
Bank services	8,372	2,489
Fiduciary businesses	763	717
Service from office network	22	90
Commissions on sales and services	1,004	2,823
Others	9,989	21,143
Total Expenses	<u>20,150</u>	<u>27,262</u>
Income and expenses for commissions, net	<u>59,321</u>	<u>69,296</u>

38. Revenues and Costs for Sale of Goods and Provision of Services

The breakdown of the revenues and costs of sales for the years ended as of December 31, 2018 and 2017 is below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Revenues		
Supply of electricity, gas and water	3,058,412	2,941,311
Infrastructure (1)	3,778,487	1,687,291
Participation in concessions	346,176	193,185
Hotel and tourism services	337,250	325,520
Agriculture	132,648	267,979
Wholesale and retail trade	36,588	65,546
Real estate activities	1,014	422
Total revenues	<u>7,690,575</u>	<u>5,481,254</u>
Costs		
Supply of electricity, gas and water	2,370,167	2,118,405
Infrastructure (1)	801,771	665,905
Participation on concessions	346,176	193,185
Hotel and tourism services	119,778	115,323
Agriculture	111,658	237,521
Wholesale and retail trade	28,797	35,874
Real estate activities	1,725	1,729
Total revenues	<u>3,780,072</u>	<u>3,367,942</u>

(1) As of December 31, 2018, income evidenced an increase with regards to the application of IFRS 15 ("Income from normal activities from contracts with clients"), which had an effect because of the contracts that the Corporation has in infrastructure projects, this because the methodology established in the new standard requires income from normal activities to be recognized as progress is made in the performance obligations of the contract.

39. Revenues from Dividends and Other Interests

The breakdown of dividends received from the investments measured at fair value during 2018 and 2017 is as follows:

As of December 31, 2018:

Investment	Total dividend value	Amount in cash	Amount in shares
Empresa de Energia de Bogota S.A. E.S.P.	46,149	46,149	-
Sociedad Aeroportuaria de la Costa S.A	7,215	7,215	-
Gas Natural S.A. E.S.P	3,985	3,985	-
Mineros S.A.	3,487	3,487	-
Bolsa de Valores de Colombia S.A.	1,529	1,529	-
Fiduciaria de Occidente S.A.	846	333	513
Industria Colombo Andina Inca S.A.	191	191	-
Aportes en Linea S.A.	151	151	-
Sociedad de Acueducto, Alcantarillado y Agua S.A. E.S.	129	129	-
Camara de Compensacion de Divisas de Colombia S.A.	49	49	-
Almacenes Exito S.A.	34	34	-
Camara de Riesgo Central de Contraparte de Colombia S.A.	26	26	-
Banco Comercial AV Villas S.A.	23	23	-
Grupo Bancolombia S.A.	15	15	-
Baldex S.A.	10	10	-
Ecopetrol S.A.	5	5	-
	<u>63,844</u>	<u>63,331</u>	<u>513</u>

As of December 31, 2017:

Investment	Total dividend value	Amount in cash	Amount in shares
Empresa de Energia de Bogota S.A. E.S.P.	32,388	32,388	-
Gas Natural S.A. E.S.P.	4,633	4,633	-
Mineros S.A.	3,165	3,165	-
Sociedad Aeroportuaria de la Costa S.A.	2,552	2,552	-
Fiduciaria de Occidente S.A.	1,214	245	969
Deceval S.A.	1,211	1,211	-
Bolsa de Valores de Colombia S.A.	647	647	-
Sociedad de Acueducto, Alcantarillado y Agua S.A. E.S.	523	523	-
Camara de Compensacion de Divisas de Colombia S.A.	49	49	-
Banco Comercial AV Villas S.A.	30	30	-
Almacenes Exito S.A.	25	25	-
Ecopetrol S.A.	22	22	-
Bancolombia S.A.	15	15	-
Bladex S.A. Clase E	9	9	-
Grupo Nutresa S.A.	2	2	-
Pacific Rubiales Energy Corp.	1	1	-
	<u>46,486</u>	<u>45,517</u>	<u>969</u>

40. Other Operational Expenses

The detail of other operational expenses for the years ended on December 31, 2018 and 2017 is submitted below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Services	76,419	76,156
Legal	1,251	1,878
Fees	84,172	94,727
Taxes	102,424	108,462
Leases	21,342	24,107
Contributions and affiliations	13,406	14,223
Insurance	24,363	35,892
Maintenance and repairs	109,776	72,382
Travel expenses	9,958	9,552
Transportation	17,293	26,576
Stationery and supplies	5,099	3,752
Publications and subscriptions	5,722	4,823
Donations	14,320	12,679
Other operational expenses (1)	153,470	168,878
Total administrative expenses	<u>639,015</u>	<u>654,087</u>

(1) The detail of the other operational expenses as of December 2018 and 2017 is submitted below:

Concept	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Co-owners income	37,563	40,193
Other commissions, fees and services	41,682	32,026
Royalties and remaining hotel services	5,322	6,393
Taxes assumed	636	3,992
Other costs and expenses	67,288	84,870
Systematization expenses	823	754
Operational risk	156	650
	<u>153,470</u>	<u>168,878</u>

41. Related Parties

The most representative balances as of December 31, 2018 and 2017 with related parties are as follows:

As of December 31, 2018

	Board and Management personnel	Group- related entities	Associated Companies	Other key personnel of another entity	Total
Assets					
Cash and cash equivalents	-	890,319	-	-	890,319
Investments	-	6,689,497	719,262	-	7,408,759
Portfolio	68	637,347	-	1,412	638,827
Accounts receivable	773	440,083	6,155	155	447,166
Hedging Derivatives	-	1,939	-	-	1,939
Other assets	2	4,441	19,767	430	24,640
Total assets	843	8,663,626	745,184	1,997	9,411,650
Liabilities					
Deposits	182	84,035	8,090	38,603	130,910
Financial obligations	-	571,765	-	-	571,765
Dividends payable	-	37,486	-	-	37,486
Liabilities hedging derivatives	-	1,331	-	-	1,331
Employee benefits	169	-	-	-	169
Other accounts payable	8	360,482	4,086	223	364,799
Bonds	-	95,196	-	-	95,196
Other liabilities	27	204,182	23,495	58	227,762
Total Liabilities	386	1,354,477	35,671	38,884	1,429,418

As of December 31, 2017

	Board and Management personnel	Group- related entities	Associated Companies	Other key personnel of another entity	Total
Assets					
Cash and cash equivalents	-	1,136,332	11	768	1,137,111
Investments	-	6,144,591	748,119	763,682	7,656,392
Portfolio	28	119,587	187	3,163	122,695
Accounts receivable	922	870,398	15,302	2,641	889,263
Other assets	4	82,817	156,628	2,735	242,184
Total assets	954	8,353,725	920,247	772,989	10,047,915
Liabilities					
Deposits	1,333	51,429	8,829	350,243	411,834
Financial obligations	-	608,298	-	26,902	635,200
Dividends payable	2	31,868	3,152	3,152	38,174
Liabilities hedging derivatives	-	23	-	-	23
Employee benefits	287	-	-	2	289
Other accounts payable	30	602,737	616	103	603,486
Bonds	-	87,025	-	-	87,025
Other liabilities	33	182,979	(490)	(388)	182,134
Total Liabilities	1,685	1,564,359	12,107	380,014	1,958,165

The most representative transactions for concept of revenues and expenses with related parties for the year ended on December 31, 2018 and 2017 include the following:

As of December 31, 2018

	Board and Management personnel	Group-related entities	Associated Companies	Other key personnel of another entity	Total
Revenues					
Interests	67	80,755	576	184	81,582
Commissions	4	14,265	1,104	416	15,789
Leases	-	1,626	45	-	1,671
Other revenues	44	251,871	237,543	1,911	491,369
Total revenues	115	348,517	239,268	2,511	590,411
Expenses					
Interests	5	37,922	34	69	38,030
Commissions	-	2,234	-	-	2,234
Fees	775	13,815	70	65	14,725
Leases	-	1,512	-	-	1,512
Short-term personnel	2,962	-	-	271	3,233
Personnel post-employees	39	8	-	324	371
Other expenses	3,955	231,453	7,294	4,969	247,671
Total expenses	7,736	286,944	7,398	5,698	307,776

As of December 31, 2017

	Board and Management personnel	Group-related entities	Associated Companies	Other key personnel of another entity	Total
Revenues					
Interests	80	122,451	2,926	2,940	128,397
Commissions	15	9,096	7,587	-	16,698
Leases	8	1,816	41	-	1,865
Other revenues	12	460,422	233,573	77,364	771,371
Total revenues	115	593,785	244,127	80,304	918,331
Expenses					
Interests	85	70,318	262	2,102	72,767
Commissions	-	5,304	48	114	5,466
Fees	2,011	13,749	80	10	15,850
Leases	-	2,068	-	13	2,081
Short-term personnel	4,108	5	-	250	4,363
Personnel exceeding 12 months	-	-	3,572	3,572	7,144
Shares-based payments	-	41	-	-	41
Other expenses	5,607	223,659	10,011	56,662	295,939
Total expenses	11,811	315,144	13,973	62,723	403,651

The amounts outstanding are not guaranteed and will be paid in cash. No guarantees have been granted or received. No expense has been recognized in the current period or in prior periods with respect to uncollectible or doubtful accounts related to amounts owed by related parties. Transactions with related parties are made at market rates and therefore, there are no preferential rates. See initial recognition analysis of transactions with related parties in note 3.7.

Remuneration of key management personnel:

Key management personnel include the members of the Board of Directors, Audit Committee, President and Vice-Presidents. The remuneration received by key management personnel consists of the following:

Items	December 31, 2018	December 31, 2017
Salaries	42,993	39,591
Short-term employee benefits	7,077	7,205
Other long-term benefits	2,237	2,340
Total	52,307	49,496

The compensation of key management personnel includes wages, benefits other than cash and contributions to a post-employment defined benefit plan.

The following is the conformation of key personnel of the organization:

	No. of executive directors	
	December 31, 2018	December 31, 2017
Directors	10	10
Managers	16	16
Area managers	105	103
Other Key Personnel	106	105
Total	237	234

42. Operating Segments

Management separately monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The performance of segments is evaluated based on the result of their operation and is consistently measured with the operating income disclosed in the consolidated financial statements.

Transfer pricing between operating segments are similar to those applied to transactions with third parties; i.e. at market prices.

The financial information of the Corporation and its subsidiaries for the operational segments as of December 31, 2018 y 2017 is submitted below:

As of December 31, 2018

	Financial	Power and Gas	Infrastructure	Hospitality	Agroindustry	Others	Adjustments and eliminations	Consolidated
Financial assets	5,259,379	1,113,349	1,483,772	62,398	32,096	6,437	(690,635)	7,266,796
Investments in associates and joint ventures	6,716,373	689,021	1,409,671	-	5,458	-	(8,061,301)	759,222
Credit portfolio and accounts receivable	124,376	2,590,848	190,524	182,868	19,055	9,342	127,292	3,244,305
Assets under concession	-	5,019,690	5,613,473	-	-	-	-	10,633,163
Properties, plant and equipment, investment properties	123,415	1,186,158	143,653	606,786	505,666	3,816	(33,064)	2,536,430
Biological assets and inventories	-	77,940	11,488	8,928	100,516	8,241	-	207,113
Goodwill	-	128,819	119,915	6,661	-	-	144,580	399,975
Tax assets	30,123	97,388	53,102	13,292	1,389	659	1,111	197,064
Other assets, ANMV and discontinued operations	628,602	247,740	146,010	6,591	4,076	3,179	(35,339)	1,000,859
Total Assets	12,882,268	11,150,963	9,171,608	887,524	668,256	31,674	(8,547,356)	26,244,927
Financial liabilities	6,471,345	14,843	3,339	1,078	758	-	(36,191)	6,455,172
Financial obligations and securities issued	132,734	5,561,582	1,171,030	173,033	116,285	7,330	(49,581)	7,112,413
Accounts payable	61,292	523,764	608,800	209,100	26,388	8,526	157,007	1,594,877
Employee benefits	17,983	22,208	16,874	10,886	8,707	522	-	77,180
Tax liability	5,055	602,110	872,621	27,143	36,325	-	(44)	1,543,210
Other Provisions	5,841	239,565	42,630	24,828	1,477	673	(656)	314,358
Other liabilities and discontinued operations	2,801	92,787	949,060	8,825	3,127	82	(27,654)	1,029,028
Total liabilities	6,697,051	7,056,859	3,664,354	454,893	193,067	17,133	42,881	18,126,238
Equity	6,185,217	4,094,094	5,507,254	432,631	475,189	14,541	(8,590,237)	8,118,689
Non-financial operating income	15,748	3,490,834	3,876,899	348,736	161,590	36,739	(13,150)	7,917,396
Financial operating income and expenses, net	13,773	200,717	(145,340)	(8,620)	(9,178)	(842)	(40,522)	9,988
Income for dividends, MPP and other interests	1,858,325	223,398	953,304	-	1,383	(6)	(2,788,141)	248,263
Operating costs and expenses	(201,175)	(2,680,847)	(1,383,461)	(297,202)	(144,865)	(33,968)	23,181	(4,718,337)
Provisions and impairment	(23,820)	(40,640)	(16,998)	(65)	(7,571)	(120)	24,736	(64,478)
Depreciations and amortizations	(7,643)	(178,452)	(205,695)	(10,554)	(12,618)	(72)	(635)	(415,669)
Profit before taxes	1,655,208	1,015,010	3,078,709	32,295	(11,259)	1,731	(2,794,531)	2,997,163
Income Taxes	(24,592)	(191,327)	(684,580)	(6,479)	(248)	(668)	(367)	(908,261)
Profit from Continued Operations	1,630,616	823,683	2,394,129	25,816	(11,507)	1,063	(2,794,531)	2,068,902
Losses from discontinued operations	-	-	(176)	-	-	-	(207)	(383)
Net profit	1,630,616	823,683	2,393,953	25,816	(11,507)	1,063	(2,795,105)	2,068,519

As of December 31, 2017

	Financial	Power and Gas	Infrastructure	Hospitality	Agroindustry	Others	Adjustments and eliminations	Consolidated
Financial assets	5,270,145	1,346,649	1,048,633	74,988	58,505	4,913	(1,208,181)	6,595,652
Investments in associates and joint ventures	4,293,005	640,407	301,774	-	5,625	-	(4,420,687)	820,124
Credit portfolio and accounts receivable	898,962	2,564,347	1,079,104	140,585	58,142	8,585	(923,163)	3,826,562
Assets under concession	-	4,458,774	1,724,022	-	-	-	-	6,182,796
Properties, plant and equipment, investment properties and ANCMV	134,246	1,185,418	146,128	601,251	623,579	4,207	(40,990)	2,653,839
Biological assets and inventories	-	91,917	26,761	8,274	126,351	9,347	-	262,650
Goodwill	-	128,819	119,915	6,661	-	-	144,580	399,975
Tax assets	31,267	89,018	37,474	7,809	10,344	594	1,148	177,654
Other assets	5,315	170,052	54,071	5,347	1,370	646	(37)	236,764
Total Assets	10,632,940	10,675,401	4,537,882	844,915	883,916	28,292	(6,447,330)	21,156,016
Financial liabilities	6,932,118	66,640	1,045	-	-	(192,808)	6,741,161	
Financial obligations and debt issuance	174,618	5,107,232	727,356	173,630	211,910	7,107	(149,175)	6,252,678
Accounts payable	51,175	403,204	1,456,105	189,710	87,858	4,187	(857,966)	1,334,273
Benefits to employees	16,641	21,508	10,291	9,787	25,444	1,232	(2)	84,901
Tax liability	2,138	655,865	100,180	26,204	37,956	-	(108)	822,235
Other Provisions	3,624	257,522	54,691	24,828	7,970	673	(2,734)	346,574
Other liabilities and discontinuous operations	1,198	77,394	230,545	9,718	13,004	196	(37,324)	294,731
Total liabilities	7,181,512	6,522,891	2,579,808	434,922	384,142	13,395	(1,240,117)	15,876,553
Total Equity	3,451,428	4,152,510	1,958,074	409,993	499,774	14,897	(5,207,213)	5,279,463
Non-financial operating income	64,053	3,201,616	1,829,085	337,925	301,410	38,936	(133,889)	5,639,136
Financial operating costs and expenses, net	1,269	184,122	(206,967)	(8,471)	(17,483)	(756)	(16,402)	(64,688)
Income for dividends, MPP and other interests	445,901	188,687	57,700	-	1,681	-	(488,275)	205,694
Operating costs and expenses	(199,338)	(2,408,121)	(1,167,725)	(288,276)	(327,528)	(35,079)	93,441	(4,332,626)
Provisions and impairment	(56,801)	(20,128)	(21,115)	(1,829)	(27,728)	(818)	65,206	(63,213)
Depreciations and amortizations	(5,476)	(167,084)	(187,221)	(10,738)	(1,247)	(82)	(4,277)	(376,125)
Profit before taxes	249,608	979,092	303,757	28,611	(70,895)	2,201	(484,196)	1,008,178
Profit Taxes	(28,888)	(247,824)	(149,580)	(5,562)	(10,177)	(1,233)	(375)	(443,639)
Net profit	220,720	731,268	154,177	23,049	(81,072)	968	(484,571)	564,539

The consolidated balances of the figures of all operating segments are as follows:

	December 31, 2018	December 31, 2017
Assets of segments	34,792,283	27,603,346
Banks and trusts	(2,143)	(8,306)
Financial assets	(8,734,690)	(5,460,644)
Leasing operations	(2,783)	(8,500)
Accounts receivable	157,928	(888,733)
Tangible assets	(32,986)	(40,990)
Elimination of dividends	(27,853)	(25,930)
Monetary operations	(15,103)	(159,918)
Deferred tax adjustment	339	339
Other minor	109,935	145,352
Consolidated assets	26,244,927	21,156,016
Liabilities of segments	18,083,357	17,116,670
Financial obligations	(75,158)	(253,589)
Securities issued	(10,614)	(88,394)
Accounts payable	157,268	(857,966)
Other minor	(28,615)	(40,168)
Consolidated liabilities	18,126,238	15,876,553
Income of segments	4,863,624	1,049,110
Net operating income	(1,243,082)	(504,542)
Net financial income	(2,009,357)	(721)
Valuation of investments	(10,421)	(11,323)
Commissions	(21,603)	(3,519)
Sale of tangible assets	0	(2,236)
Exchange difference	1,578	(177)
Dividends	(51,387)	(46,935)
Leases	(1,166)	(1,062)
Other revenues	(3,274)	(3,513)
Other expenses	543,814	89,457
Discontinued operations	(207)	-
Consolidated profits	2,068,519	564,539

The revenues per countries other than Colombia are detailed below:

As of December 31, 2018

	Financial	Agroindustry	Power and Gas	Hotel	TOTAL
Panama	-	-	-	575	575
Peru	-	-	250,567	21,494	272,061
Total consolidated revenues	-	-	250,567	22,069	272,636

As of December 31, 2017

	Financial	Agroindustry	Power and Gas	Hotel	TOTAL
Panama	10,246	-	-	608	10,854
Peru	-	-	80,511	20,726	101,237
Venezuela	-	2	-	-	2
Total consolidated revenues	10,246	2	80,511	21,334	112,093

Largest customers of the parent company

The Corporation has no customer representing more than 10% of the total income of the parent company during the periods ended on December 31, 2018 and 2017.

43. Approval of Financial Statements

The Consolidated Financial Statements and accompanying notes were authorized by the Board of Directors and the Legal Representative in accordance with Minutes No. 1893 dated February 20, 2019 to be submitted to the General Shareholders Assembly for approval.

44. Events occurred after the reporting period

The General Shareholders Assembly of Leasing Corficolombiana S.A., in special meetings dated November 27, 2018 and December 7, 2018 approved: (i) the assignment to Banco de Bogota S.A. of part of the leasing and loan operations, (ii) the assignment of part of its active operations (financial and operating leasing, lease and active loans) and passive activities (CDs, rediscounts and passive loans) to Banco de Occidente S.A. and (iii) The assignment of its passive operations (CDs) to Corporacion Financiera Colombiana S.A., together with the corresponding cash value of such operations.

On December 27, 2018 the Superintendence of Finance of Colombia by means of Resolution 1871, authorized the partial assignment of Leasing Corficolombiana S.A.'s assets, liabilities and contracts to Banco de Occidente S.A. and to Corficolombiana S.A.

On January 1, 2019, Leasing Corficolombiana S.A. finalized the transaction with Banco de Bogota S.A., with a face value of \$148,830, which represented 20.6% of the total value of the assets as of the closing of December 2018. Based on the valuation report prepared by the independent external auditor, Incorbank S.A. Banqueros de Inversión, Banco de Bogota S.A. paid Leasing Corficolombiana S.A. \$72,611 for the 781 operations assigned (392 leasing operations and 389 loan operations). The net effect in income for the month of January 2019, for the assignment of the assets was a loss of \$18,949.

On February 1, 2019, Leasing Corficolombiana S.A. finalized the assignment to Banco de Occidente S.A., whose face value was \$506,286, the

amount represents 85.3% of the assets, it assigned 77.4% of liabilities in CD operations and 100% of the financial obligations from rediscounts and passive loans for a sum of \$440,264, this amount represents 80.1% of the liabilities as of the closing of January 2019.

Likewise, it assigned to Corficolombiana S.A. the remaining 22.6% of its passive operations in CDs whose face value was \$90,771.

Considering that the registration of the assignment in the public records of the underlying assets of the leasing operations and the guarantees that back both the leasing and loan operations, is expected to be made within five (5) months following the effective date of the assignment, the final value of the aforementioned assignments will be adjusted pursuant to how these processes develop.

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