

FINANCIAL STATEMENTS

2018

Corficolombiana

Corficolombiana

Individual Financial Statements
as of December 31, 2018

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KPMG

TAX AUDITOR'S REPORT

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

Report on the financial statements

I have audited the individual financial statements of Corporacion Financiera Colombiana S.A. (the Company), which comprise the individual statement of financial position as of December 31, 2018 and the individual 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 individual financial statements

Management is responsible for the adequate preparation and presentation of these individual 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 individual 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 individual 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 individual financial statements are free of material misstatement.

An audit includes carrying out procedures to obtain evidence of the amounts and disclosures in the individual financial statements. The selected procedures depend on the tax auditor's judgment, including the assessment of risk of the material misstatements in the individual financial statements. In such risk assessment, the tax auditor considers the relevant internal control for the preparation and presentation of individual 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 individual 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 individual financial statements mentioned, prepared according to the information faithfully taken from the books and enclosed to this report, reasonably present, in all material aspects, the individual financial position of the Company as of December 31, 2018, the individual results of its operations and its individual 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 separate 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.

Report on other legal and regulatory requirements

1. Based on the results of my tests, below is my opinion for 2018:
 - a) The accountancy of the Company has been taken pursuant to the legal regulations and the accounting techniques.
 - b) The operations registered in the books comply with the bylaws and the decisions of the Shareholders' Assembly.
 - c) The correspondence, the accounts vouchers and the minutes and stock registry books are duly managed and kept.
 - d) There is compliance with the rules and instructions of the Superintendence of Finance of Colombia regarding the appropriate management and use of the goods received as payment, and with the implementation and impact of the statement of financial position and the income statement and other comprehensive income in the applicable risk management.
 - e) The enclosed financial statements and the management report prepared by the managers, which includes a certificate by the management on the free circulation of the invoices issued by the sellers or vendors, are consistent.
 - f) The information contained in the self-liquidating statement of contributions to the comprehensive social security system, especially regarding the affiliates and their base liquidation income has been taken from the accounting records and supports. The Company is not in default for the contributions to the comprehensive social security system.

To comply with the requirements of articles 1.2.1.2 and 1.2.1.5 of Sole Regulatory Decree 2420/2015, as amended by articles 4 and 5 of Decree 2496/2015, respectively, in the performance of my responsibilities as Statutory Auditor contained in number 1 and 3 of Article 209 of the Code of Commerce, regarding the assessment on whether the actions by the managers of the Company comply with the bylaws and the orders or instructions of the Shareholders' Assembly, and whether the internal control, conservation and custody measures for the goods of the Company or of third parties in the Company's power are in place and are appropriate, I issued a separate report dated February 20, 2019.

2. I monitored the responses to the letters of recommendation addressed to the management of the Company, and there are no pending material matters which may affect my opinion.

Diana Alexandra Roza Muñoz

Statutory Auditor of Corporacion Financiera de Colombia S.A.

Professional License 120741 -T

Member of KPMG S.A.S.

February 20, 2019

REPORT BY THE STATUTORY AUDITOR ON COMPLIANCE WITH NUMBER 1) AND 3) OF ARTICLE 209 OF THE CODE OF COMMERCE

Dear Shareholders
Corporacion Financiera de Colombia S.A.

As part of my duties as Statutory Auditor, and in compliance with articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420/2015, as amended by articles 4 and 5 of Decree 2496/2015, respectively, I hereby present the results of the procedures conducted in compliance with number 1) and 3) of article 209 of the Code of Commerce, detailed as follows, for the year ending on December 31, 2018 by Corporación Financiera Colombiana S.A., hereinafter “the Company”:

- 1) Whether the actions of the managers of the Company comply with the bylaws and the orders or instructions of the Shareholders Assembly; and

- 3) Whether the internal control, conservation and custody measures for the goods of the Company or of third parties in the Company’s power are in place and are appropriate.

Criteria

The criteria considered for evaluating the matters mentioned in the preceding paragraph include: a) the corporate bylaws and the minutes of the Shareholders Assembly, and b) the internal control components implemented by the Company, such as the control environment, the risk assessment procedures, the information and communication systems and the monitoring of the controls by management and by those in charge of the corporate governance, which are based on the provisions issued by the Finance Superintendence of Colombia.

Responsibility of Management

Management is responsible for compliance with the bylaws and the decisions of the Shareholders Assembly and for designing, implementing and maintaining appropriate internal control measures, which include the risk management, conservation and care systems implemented for the goods of the Company and for those of third parties in the Company’s power as required by the Finance Superintendence of Colombia.

Responsibility of the Statutory Auditor

My responsibility consists in conducting a work of reasonable assurance to express a conclusion based on the evidence obtained. I performed my procedures pursuant to the International Standards on Assurance Engagements 3000 – ISAE 3000, accepted in Colombia, translated to Spanish and issued in April 2009 by the International Auditing and Assurance Standard Board - IAASB. Such standard requires the compliance with ethical requirements and to plan and perform the procedures considered as necessary to obtain reasonable assurance on whether the actions of the managers comply with the bylaws and the decisions of the Shareholders Assembly, and whether the internal control measures, which include the risk management, conservation and care systems

implemented for the goods of the Company and those of third parties in the Company's power are in place and are appropriate, as required by the Finance Superintendence of Colombia in all the relevant matters of the assessment.

Procedures performed

This reasonable assurance work includes the acquisition of evidence for the year ending on December 31, 2018. The procedures include:

- Procurement of a written statement by Management on whether the actions of the managers comply with the bylaws and the decisions of the Shareholders Assembly, and whether the internal control measures, which include the risk management, conservation and care systems implemented for the goods of the Company and those of third parties in the Company's power are in place and are appropriate, as required by the Finance Superintendence of Colombia.
- Reading and verification of compliance with the bylaws of the Company.
- Procurement of a certificate issued by Management on the meetings of the Shareholders Assembly, documented in the minutes.
- Reading of the minutes of the Shareholders Assemblies and the bylaws, and verification of whether the actions of the managers adhere thereto.
- Inquiries with the Management on the changes or projects to amend the bylaws of the Company during the relevant period, and validation of their implementation.
- Evaluation whether the internal control measures, which include the risk management, conservation and care systems implemented for the goods of the Company and those of third parties in the Company's power are in place and are appropriate, as required by the Finance Superintendence of Colombia, which include:
 - Tests on the design, implementation and operational efficacy of the relevant controls over the internal control components for the financial reporting and the elements established by the Company, such as: control environment, risk appraisal process by the company, information systems, control activities, and monitoring of said controls.
 - Evaluation of the design, implementation and operational efficacy of the relevant controls, both manual and automatic, of the key processes of the business related to the significant accounts of the financial statements.
 - Verification of the appropriate compliance with the rules and instructions on the Risk Management and Consumer Service Systems applicable to the Company: SARM, SARL, SARLAFT, SARO and SAC.
- Monitoring the action plans implemented by the Company regarding the matters identified by the Finance Superintendence of Colombia, including the Administrative Act with reference 2018141395-000-000 dated October 24, 2018, as a result of the supervision visit by such entity to the Company in July and August 2018.

Inherent limitations

Due to the limitations inherent to any internal control structure, it is possible that there are effective controls as of the date of my examination that change said condition during the evaluated period since my report is based on selective tests. Additionally, the evaluation of the internal control has the risk of becoming inappropriate due to changes in the conditions or because the degree of compliance with the policies and procedures may be impaired. On the other hand, the limitations inherent to the internal control include human error, flaws due to the collusion of two or more people, or an inappropriate excess of control by management.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations presented in this report. I consider that the evidence obtained provides a base of reasonable assurance to justify the conclusion expressed below:

Based on the results of my tests and on the evidence obtained, in my opinion the actions of the managers comply with the bylaws and the decisions of the Shareholders Assembly, and the internal control measures, which include the risk management, conservation and care systems implemented for the goods of the Company and for those of third parties in the Company's power as required by the Finance Superintendence of Colombia, are appropriate.

Diana Alexandra Rozo Muñoz

Statutory Auditor of Corporación Financiera de Colombia S.A.

Professional License 120741 -T

Member of KPMG S.A.S.

February 20, 2019

Corficolombiana

Individual Financial Statements
as of December 31, 2018

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

	Notes	December 31, 2018	December 31, 2017
Assets			
Cash and cash equivalents	6	\$ 540,887	946,125
Active positions in money market operations	7	274,731	310,653
Investments, net			
Measured at fair value with changes in results	8(a)	1,113,100	927,909
Measured at fair value with changes in other comprehensive income (OCI)	8(b)	3,066,123	2,433,906
Measured at amortized cost	9	49,923	50,255
Derivative financial instruments	10	56,504	36,591
Investments in related companies	12(b)	52,379	51,835
Investments in subsidiaries, net	12(a)	6,638,200	4,216,094
Accounts Receivable, net	11	102,732	98,080
Tangible Assets			
Property and equipment, net	13	19,617	18,444
Investment properties, net	14	33,017	32,205
Intangible assets, net		1,096	-
Current tax assets	15	7,058	6,760
Other assets, net	16	737	756
Total Assets		\$ 11,956,104	9,129,613

Maria Lorena Gutierrez Botero
President (*)

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

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

(*) 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.

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

	Notes	December 31, 2018	December 31, 2017
Liabilities			
Deposits and current liabilities	17	\$ 3,315,581	3,330,886
Derivative financial instruments	10	74,426	24,008
Passive positions in money market operations	18	2,575,908	2,554,925
Accounts Payable	21	36,066	22,769
Employee benefits	19	10,424	10,927
Other provisions	20	8,230	9,338
Deferred tax liability		2,140	2,138
Other liabilities		6	6
Total liabilities		\$ 6,022,781	5,954,997
Shareholder's Equity			
Subscribed and paid-in capital	22	2,794	2,337
Share placement premium	22	3,826,564	2,742,400
Reserves	22	680,014	583,204
First time adoption of IFRS		(436,397)	(436,237)
Dividends decreed in shares			
Other comprehensive result		(97,867)	64,954
Results of previous years		350,552	-
Profit of the period		1,607,663	217,958
Total Equity		\$ 5,933,323	3,174,616
Total Liability and Equity		\$ 11,956,104	9,129,613

See notes that make integral part of the Individual Financial Statements

Maria Lorena Gutierrez Botero
President (*)

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

Diana Alexandra Rozo Muñoz
Tax Auditor
PL No. 120741-T
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CORPORACION FINANCIERA COLOMBIANA S.A.

Individual Income Statements

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

Years ended on December 31,	Notes	2018	2017
Profit in valuation of investments in debt securities, net			
At amortized cost		127,356	79,747
At fair value		41,332	72,944
Profit from the investment of holding interests, net		1,839,035	445,963
At fair value		1,685	535
Equity method, net	30	1,781,374	402,490
Dividends and holding interests	31	55,976	42,938
Profit from the sale of investments, net		17,723	14,164
(Loss) profit in derivatives and spot transactions, net		(15,019)	(7,694)
In derivatives		(16,341)	(6,627)
In spot transactions		1,322	(1,067)
Operating expenses in the money market, net		(13,441)	(27,294)
Interest expenses, net		(283,890)	(276,604)
Interests for clients deposits	26(a)	(205,183)	(244,755)
Interests for money market transactions	26(b)	(103,064)	(91,201)
Other interests		34,357	59,352
Profit in exchanges, net		20,387	2,334
Commissions and fees, net	27	(1,931)	5,170
Employee Benefits		(45,456)	(43,126)
Income(expenses) for leases, net		129	(306)
Depreciation		(2,208)	(1,618)
Amortization		(212)	(8)
Other income	28	3,726	78,640
Profit for control acquisition		-	56,766
Sundry		3,726	21,874
Other expenses		(74,023)	(105,413)
Taxes and fees		(13,599)	(12,671)
Contributions, affiliations and transfers		(2,525)	(2,627)
Insurance		(10,771)	(10,495)
Maintenance and Repairs		(4,219)	(6,307)
Sundry expenses	29	(11,686)	(15,206)
Impairment of accounts receivable and other assets, net		(31,223)	(58,107)
Profit from the sale of property and equipment	25	10	60
Profit before income tax		1,623,518	\$236,959
Income tax	16	(15,855)	(19,001)
Profit of the period		(1,607,663)	\$217,958
Net profit per basic share attributable to shareholders (in Colombian Pesos)		6,427.89	\$935.30

See notes that make integral part of the Individual Financial Statements

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

Years ended on December 31,	Notes	2018	2017
Cash flow of operational activities:			
Net profit of the semester		\$ 1,607,663	217,958
Reconciliation of net profit before income tax with the cash used and by operational activities			
Income tax	16	15,855	19,001
Depreciation		2,208	1,618
Amortization of deferred charges		212	8
Impairment for receivables, net		16,019	56,628
Impairment of non-financial assets, net		14,876	(67)
Impairment of investment properties		328	1,546
(Profit) in sale of investments, net		(17,723)	(14,164)
(Revenues) equity method	30	(1,781,374)	(402,490)
(Profit) in sale of property and equipment		(10)	(60)
Adjustment of fair value in investment properties		(1,142)	(2,793)
(Profit) in valuation of investments at fair value		(43,017)	(73,479)
Loss in valuation of financial derivative instruments, net		15,019	7,694
(Profit) in valuation of investments at amortized cost		(127,356)	(79,747)
Accrual of interests, deposits and current liabilities	26	205,183	244,755
Net variation in operational assets and liabilities			
Decrease (Increase), net of Financial Derivative Instruments		15,485	(45,313)
Decrease in active positions of monetary market		35,922	363,095
Decrease net of investments at amortized cost		1,246	5,455
(Increase) Decrease in investments at fair value		(789,661)	312,892
(Increase) net of investments in subsidiaries and related companies		(282,711)	(91,914)
(Increase) other investments in equity securities		(726)	(4)
(Increase) in accounts receivable		(415,095)	(386,903)
Proceeds of sale of goods received in payment		8	-
Net (Decrease) Increase in other assets		(29,139)	4
Increase Accounts Payable		21,462	26,244
Increase of Deposit and current liabilities		11,110	125,391
(Decrease) Increase labor obligations		(711)	2,787
(Decrease) Increase Provisions		(1,108)	3,084
(Decrease) net in other liabilities		-	(5)
(Decrease) effects of adoption		(160)	(1,046)
Reserve for wealth tax		264	(5,720)
Dividends received in the period of subsidiaries and related companies		337,947	408,186
Dividends received in the period of other investments in equity securities		58,688	52,472
Taxes paid		(24,017)	(32,714)
Interests paid in money market operations and deposits and current liabilities		(231,600)	(265,735)
Net cash (used in) provided by operational activities	\$	<u>(1,386,055)</u>	<u>446,664</u>
Cash flow of investment activities			
Acquisition of property, plant and equipment		(3,415)	(921)
Proceed of sale of properties and equipment		39	-
Proceed of sale of investment properties		-	90
Net cash provided by investment activities	\$	<u>(3,376)</u>	<u>(831)</u>
Cash flow of financing activities:			
Dividends paid		(24,266)	(66,413)
Shares issue		987,475	-
Increase (Decrease) of money market operations		20,984	(563,325)
Net cash provided for (used in) financing activities		<u>984,193</u>	<u>(629,738)</u>
Net decrease in cash and cash equivalents		(405,283)	(183,904)
Cash and cash equivalents at the beginning of the period		946,125	1,130,029
Cash and cash equivalents at the end of the period	\$	<u>540,887</u>	<u>946,125</u>

See notes that make integral part of the Individual Financial Statements

Maria Lorena Gutierrez Botero
President (*)

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

Diana Alexandra Rozo Muñoz
Tax Auditor
PL No. 120741-T
Member KPMG Ltda.

(See my report of February 20, 2019)

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CORPORACION FINANCIERA DE COLOMBIA S.A.
Separate Statement of Changes in Equity
(figures in millions of Colombian Pesos)

Year ending on December 31, 2017 and 2016	Unrealized Earnings (Losses)									
	Subscribed and Paid-in capital stock	Share placement premium	Legal reserve	Statutory and Occasional Reserves	Total Reserves	Other Comprehensive income	First adoption of the IFRS	Results of previous years	Profit for the year	Shareholders' Equity, net
Balance as of December 31, 2016	\$ 2,317	\$ 26,85,093	\$41,810	\$579,845	\$621,655	(\$26,192)	(\$435,191)	(249,421)	\$308,455	\$2,906,716
Transfer of profit from the year at the disposal of the shareholder to income of previous years	-	-	-	-	-	-	-	308,455	(308,455)	-
Reserve release for future distribution	-	-	-	(104,000)	(104,000)	-	-	104,000	-	-
Occasional reserve release	-	-	-	(231,116)	(231,116)	-	-	231,116	-	-
Wealth tax reserve release	-	-	-	(5,720)	(5,720)	-	-	-	-	(5,720)
Reserve release over valuation of investments under Decree 2336/95 (Unrealized income)	-	-	-	(239,009)	(239,009)	-	-	239,009	-	-
Constitution of reserve for future distributions (MPU profit)	-	-	-	205,000	205,000	-	-	(205,000)	-	-
Constitution of occasional reserves	-	-	-	336,394	336,394	-	-	(336,394)	-	-
Dividends ordered in shares that were paid in cash at the request of the shareholders	-	-	-	-	-	-	-	(34,438)	-	(34,438)
Dividends on shares	20	57,307	-	-	-	-	-	(57,327)	-	-
Realization of the adoption of investments in holding interests	-	-	-	-	-	-	(1,046)	-	-	(1,046)
OCI Adjustments										
Unrealized profit from investments available for sale in debt securities	-	-	-	-	-	17,477	-	-	-	17,477
Exchange difference in transactions abroad	-	-	-	-	-	(236)	-	-	-	(236)
Actuarial losses in employee benefits plans	-	-	-	-	-	(239)	-	-	-	(239)
Net unrealized profit from investments in holding interests	-	-	-	-	-	74,144	-	-	-	74,144
Net profit for the year	-	-	-	-	-	-	-	-	217,958	217,958
Balance as of December 31, 2017	\$2,337	\$2,742,400	\$41,810	\$541,394	\$583,204	\$64,954	\$436,237	-	\$217,958	\$3,174,616

CORPORACION FINANCIERA DE COLOMBIA S.A.
Separate Statement of Changes in Equity
(figures in millions of Colombian Pesos)

Year ending on December 31, 2018 and 2017	Unrealized Earnings (Losses)									
	Subscribed and Paid-in capital stock	Share placement premium	Legal reserve	Statutory and Occasional Reserves	Total Reserves	Other Comprehensive income	First adoption of the IFRS	Results of previous years	Profit for the year	Shareholders' Equity, net
Balance as of December 31, 2017	\$ 2,337	\$2,742,400	\$41,810	\$541,394	\$ 583,204	\$64,954	(\$ 436,237)	\$ -	\$ 217,958	\$ 3,174,616
Change in policies by adoption of new standards (**)	-	-	-	-	-	-	-	352,325	-	352,325
Balance as of December 31, 2018 updated	\$ 2,337	\$2,742,400	\$41,810	\$541,394	\$ 583,204	\$64,954	(\$ 436,237)	352,325	\$ 217,958	\$ 3,526,941
Transfer of profit from the year at the disposal of the shareholder to income of previous years	-	-	-	-	-	-	-	217,958	(217,958)	-
Reserve release for future distribution	-	-	-	(205,000)	(205,000)	-	-	205,000	-	-
Occasional reserve release	-	-	-	(336,394)	(336,394)	-	-	336,394	-	-
Wealth tax reserve constitution	-	-	-	264	264	-	-	-	-	264
Constitution of reserve for future distributions (MPU profit)	-	-	-	427,174	427,174	-	-	(427,174)	-	-
Constitution of occasional reserves	-	-	-	210,766	210,766	-	-	(210,766)	-	-
Dividends ordered in shares that were paid in cash at the request of the shareholders	-	-	-	-	-	-	-	(24,266)	-	(24,266)
Dividends on shares distribution	42	97,104	-	-	-	-	-	(97,146)	-	-
Shares issue (See note 22)	415	987,060	-	-	-	-	-	-	-	987,475
Realization of the adoption by Banco Corficolombiana Panamá S.A. Liquidation	-	-	-	-	-	-	(160)	160	-	-
OCI Adjustments										
Unrealized loss from investments available for sale in debt securities	-	-	-	-	-	(10,826)	-	-	-	(10,826)
OCI realization by equity method use discontinuation (See note 23)	-	-	-	-	-	1,933	-	(1,933)	-	-
Exchange difference in transactions in foreign currencies	-	-	-	-	-	(21,174)	-	-	-	(21,174)
Actuarial losses in employee benefits plans	-	-	-	-	-	(276)	-	-	-	(276)
Net unrealized loss from investments in holding interests	-	-	-	-	-	(132,478)	-	-	-	(132,478)
Net profit for the year	-	-	-	-	-	-	-	-	1,607,663	1,607,663
Balance as of December 31, 2018	\$ 2,794	\$3,826,564	\$41,810	\$638,204	\$680,014	(\$ 97,867)	(\$ 436,397)	\$350,552	\$1,607,663	\$5,933,323

See notes that make integral part of the Individual Financial Statements

Maria Lorena Gutierrez Botero
President (*)

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

Diana Alexandra Rozo Muñoz
Tax Auditor
PL No. 120741-T
Member KPMG Ltda.

(See my report of February 20, 2019)

(*)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.

(**) Adoption of IFRS 9 and IFRS 15 generates changes to the equity of subsidiaries where Corficolombiana holds an interest and therefore, to the application of the equity method as of January 1, 2018. (See note 2.25)

CORPORACION FINANCIERA COLOMBIANA S.A.

Individual Statements of Other Comprehensive Income

(Expressed in millions of Colombian Pesos)

Years ended on December 31,	Notes	2018	2017
Net profit of the exercise	\$	1,607,663	\$ 217,958
Items that can be subsequently reclassified in results			
Difference in conversion of operations in foreign currencies		(21,174)	(236)
Unrealized (Loss) Profit of investments available for sale of debt securities		(10,826)	17,477
Unrealized net (loss) profit in Investments in equity securities		(132,478)	74,144
		(164,478)	91,385
Items that will not be reclassified in results			
OCI realization by the equity method use discontinuation	23	1,933	-
Actuarial losses in plans of employee benefits		(276)	(239)
		1,657	(239)
Total other comprehensive income during the period		(162,821)	91,146
Total comprehensive income of the period	\$	1,444,842	\$ 309,104

See notes that make integral part of the Individual Financial Statements

Maria Lorena Gutierrez Botero
President (*)

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

Diana Alexandra Rozo Muñoz
Tax Auditor
PL No. 120741-T
Member KPMG Ltda.

(See my report of February 20, 2019)

(*)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.

Corficolombiana

Notes to the Individual Financial Statements

CORPORACIÓN FINANCIERA COLOMBIANA
S.A.

Notes to the Individual Financial Statements
(In millions of Colombian Pesos, unless
otherwise indicated)

(1) Reporting Entity

Corporacion 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, 3rd, 6th, 7th and 8th floors, and it operates through its five regional offices and five agencies in different cities. The Company does not have any non-bank correspondents.

As of December 31, 2018, it had 317 direct employees, 63 indirect employees, 46 temporary employees and 4 apprentices. As of December 31, 2017, it had 326 direct employees, 56 indirect employees, 42 temporary employees and 7 apprentices.

It has the following subsidiaries:

Investment	% of interest December 31, 2018	% of interest December 31, 2017
Financial Companies		
Fiduciaria Corficolombiana S.A.	94.50	94.50
Leasing Corficolombiana S.A.	94.50	94.50
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa (*)	38.95	38.95
Banco Corficolombiana (Panamá) S.A. (**)	-	100.00
Energy, gas, mining		
Promigas S.A.	34.87	34.22
Fondo de Capital Privado Corredores Capital I	97.30	97.30
CFC Gas Holding S.A.S.	100.00	100.00
CFC Private Equity Holdings S.A.S.	100.00	100.00
CFC Energy Holdings S.A.S.	100.00	100.00
Gas Comprimido del Perú S.A.	91.87	91.87
Infrastructure		
Colombiana de Licitaciones y Concesiones S.A.S.	100.00	100.00
Proyectos de Ingeniería y Desarrollos S.A.S.	100.00	100.00
Estudios y Proyectos del Sol S.A.S.	100.00	100.00
Proyectos y Desarrollos Viales del Oriente S.A.S.	100.00	100.00
Proyectos y Desarrollos Viales del Pacífico S.A.S.	100.00	100.00
Proyectos y Desarrollos Viales del Mar S.A.S.	100.00	100.00
Proyectos y Desarrollos Viales del Andino S.A.S.	100.00	0.00
Gestora en Infraestructura y Desarrollo S.A.S.	100.00	0.00
Compañía en Infraestructura y Desarrollo S.A.S.	100.00	0.00
Estudios Proyectos e Inversiones de los Andes S.A.	99.98	99.93
Proyectos de Infraestructura S.A.	88.25	88.25
Concesionaria Vial de los Andes S.A.	0.25	0.25
Hotels		
Hoteles Estelar de Colombia S.A.	84.96	84.96
Promotora y Comercializadora Turística Santamar S.A.	84.66	84.60
Agribusiness and others		
Valora S.A.	100.00	100.00
Tejidos Sintéticos de Colombia S.A.	94.99	94.99
Organización Pajonales S.A.	99.35	98.67
Plantaciones Unipalma de los Llanos S.A.	54.53	54.53
Mavalle S.A.	46.77	46.77

(*) 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 by the intention to strengthen the operative synergies between Casa de Valores and Corficolombiana, besides the business ones between the broker and the financial entities subsidiaries of the Company.

(**) On April 19, 2018, once the relevant analysis was conducted, the Superintendence 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.

(2) Technical regulatory framework, basis of preparation of financial statements and summary of significant accounting policies.

2.1 Technical Regulatory Framework

As of December 31, 2018, the Company's individual 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 2420/2015 amended by Decree 2496/2015 and by decree 2131/2016, by Decree 2170/2017 and Decree 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 as of the first semester of 2016 by IASB.

These financial statements were authorized for their issuance by the Board of Directors of the Company on February 20, 2019.

The Company applies the following exceptions contemplated in Title 4 Special Regimes of Chapter 1 of Decree 2420 of 2015 to these individual financial statements:

- IAS 39 and IFRS 9 regarding the treatment, classification and valuation of investments; the provisions of Chapter I-1 of the Basic Accounting and Financial Circular of the Finance Superintendence of Colombia (SFC) continue to apply.

In addition, the Company applies the following guidelines in accordance with laws and other regulations in force in Colombia:

- Exceptions established in External Circular 036 of the Finance Superintendence of Colombia dated December 12, 2014, for supervised and controlled companies.
- Book 2 of Decree 2420/2015 according to the amendments included in article 3 Decree 2131/2016, applicable to entities of Group 1: the interests in subordinates by controlling entities must be recognized in the individual financial statements in accordance with the interest method (article 35 of Law 222), as described in IAS 28.

2.2 Basis of measurement

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

Item	Basis of Measurement
Equity instruments through OCI (Note 8b)	Capital variation Fair value, value published by Precia S.A. (price provider authorized by the Finance Superintendence of Colombia)
Debt instruments measured at fair value through profit or loss (Note 8a)	Fair value
Debt instruments measured at fair value through OCI (Note 8b)	Fair value
Derivative Financial Instruments (Note 10)	Fair value
Investment properties (Note 14)	Fair value

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 General Assembly of Shareholders approved the amendment of the Company's bylaws in its chapter VI, article 30 and Chapter XII article 59, to establish the cut-off of annual accounting period from January 1, 2017 in accordance with Minutes No. 087 dated September 26, 2016.

In the preparation of the financial statements as of December 31, 2018, the Company has not presented changes to the accounting policies, except for that disclosed in numeral 2.25 Impact of the adoption of new standards IFRS 9 - IFRS 15.

2.4 Functional and presentation currency

The Company's main activity is the investment in securities issued by the Republic of Colombia or by national entities, whether they are registered or not in the National Register of Securities and Issuers - RNVE in Colombian pesos; and investments in securities issued by foreign banks, securities issued by foreign companies in the real sector whose shares are listed on one or more internationally recognized stock exchanges, bonds issued by multilateral credit institutions, foreign governments or public entities. The Company's performance is measured and reported to its shareholders and to the general public in Colombian pesos. Due to the above, the Company's management considers that the Colombian peso is the currency that more accurately represents the economic effects of the Company's underlying transactions, events and conditions and for this reason the financial statements are

presented in Colombian pesos as its functional currency.

Summary of the main significant accounting policies

The following accounting policies have been applied in the preparation of the individual financial statements. These financial statements were prepared to comply with the legal provisions that the Company must comply with as an independent legal entity; some accounting principles can differ from those principles applied on the consolidated financial statements and also, they do not include the adjustments or eliminations necessary for the presentation of the consolidated financial position and the consolidated comprehensive income of the Company and its subsidiaries. Therefore, the individual financial statements shall be read jointly with the consolidated financial statements of Corficolombiana and subsidiaries;

2.5 Transactions in foreign currency

Transactions in foreign currency are translated into Colombian pesos using the existing exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rate prevailing on the cut-off date of the statement of financial position. Gains or losses resulting from the conversion process are included in the statement of income. As of December 31, 2018 and 2017 rates were \$ 3,249.75 and \$2,984.00, respectively (figures in Colombian pesos).

2.6 Cash and cash equivalents

Cash and cash equivalents include available cash, bank deposits and other short-term investments in active markets with original maturities of three months or less from the

date of acquisition. The Company maintains within cash equivalents, cash and deposits in Colombia's Central Bank for the purposes of complying with legal requirements. The Company presents the statement of cash flows using the indirect method.

2.7 Money market operations

It groups interbank funds, repo and simultaneous operations and the temporary transfer of securities:

- **Interbank funds**

Interbank funds are those that are placed or received by a financial institution from another financial institution directly, without an investment transfer agreement or loan portfolio. Overnight transactions made with foreign banks using Company funds, as well as 'time deposits' are recorded as interbank funds.

Interest income generated from the transaction is recorded in the statement of income.

- **Repo operation**

A repo operation occurs when an entity acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in said act and moment the commitment to transfer or acquire the ownership of securities of the same kind and characteristics once again from its "counterparty", the same day or at a later date and at a specified price.

The initial amount can be calculated with a discount on the market price of the securities subject of the operation; it may be established that during the validity of the operation, the values initially delivered by others are replaced and restrictions placed on the mobility of the securities subject of the transaction.

Yields recorded in this item are calculated exponentially during the term of the operation and are recognized in the statement of income.

The transferred securities subject to the repo operation are recorded in contingent debtor or creditor accounts, depending on whether it is an open or closed repo operation, respectively.

- **Simultaneous Operations**

Simultaneous operations take place when an entity acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in said act and moment the commitment to transfer or acquire the ownership of securities of the same kind and characteristics once again the same day or at a later date and at a specified price.

The initial amount cannot be calculated with a discount on the market price of the securities subject of the operation, and the values initially delivered by others cannot be replaced during the validity of the operation. No restrictions are placed on the mobility of the securities subject of the transaction.

Yields accrued by the acquirer and paid by the seller as cost of the operation during the term thereof are recognized as the greater value of the simultaneous operation.

The difference between present value (cash delivery) and future value (final transfer price) is considered to be revenue from financial yields that is calculated exponentially during the term of the operation and is recognized in the statement of income.

The transferred securities subject of the simultaneous transaction are recorded in contingent debtor or creditor accounts for active or passive positions, respectively.

- **Temporary Transfer of Securities**

These operations take place when an entity transfers the ownership of some securities, with the agreement to retransfer them on the same date or at a later date. In turn, the counterparty transfers the ownership of other securities or a sum of money of equal or greater value to that of the securities subject of the transaction.

2.8 Investments

Includes investments acquired by the Company for the purpose of maintaining a secondary liquidity reserve, acquiring direct or indirect control over any company in the financial or services sector, complying with

legal or regulatory provisions, or with the exclusive purpose of eliminating or reducing the market risk to which the assets, liabilities or other items in its financial statements are exposed.

The purpose of valuing investments is to calculate, record and disclose to the market the value or fair price of exchange at which a certain security may be traded on a particular date, according to its particular characteristics and within the conditions prevailing in the market on that date.

The following is the way in which the different types of investment are classified, valued and accounted for:

Classification	Characteristics	Valuation	Accounting
Investments at fair value through profit or loss	Securities and in general, any type of investment that has been acquired for the main purpose of obtaining profits from short-term price fluctuations.	<p>According to the price provided by the price vendor designated as official for the corresponding segment, according to the instructions established in the Basic Accounting Circular.</p> <p>Marketable securities represented by debt securities should be valued at fair price based on the price determined by the price vendor.</p> <p>For exceptional cases where it does not exist, for the valuation date fair value should be determined subject to exponential valuation based on the Internal Rate of Return.</p> <p>Fair value of the respective investment must be estimated or approximated by calculating the sum of the present value of future flows for returns and capital, with the procedure of estimating the future flows of funds by way of income and capital.</p> <p>The Company will determine the yields according to:</p> <ol style="list-style-type: none"> 1. Fixed-rate debt securities. 2. Variable-rate debt securities. 3. Securities with prepayment option. 	<p>The accounting for changes between acquisition cost and fair value of investments will be made from the date of purchase, individually, for each security.</p> <p>The accounting of these investments must be made in the respective "Investments at Fair Value through Profit and Loss" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p> <p>In the case of debt securities, outstanding taxable yield is recorded as a higher value of the investment. Consequently, the collection of such yield must be accounted for as a lower value of the investment.</p>
Investments at fair value through other comprehensive income (OCI)	<p>Available-for-sale investments are securities and, in general, any type of investment, which is not classified as marketable investments or as investments held to maturity.</p> <p>Securities classified as available-for-sale investments may be delivered as collateral in a central counterparty clearing house in order to support compliance with the operations accepted by the counterparty for clearing and settlement.</p> <p>Likewise, with these investments, money market (repurchase or repo transactions, simultaneous or temporary transfer of securities) operations can be made and delivered as collateral.</p>	<p>According to the price provided by the price vendor designated as official for the corresponding segment, according to the instructions established in the Basic Accounting Circular.</p> <p>Available-for-sale securities represented by debt securities should be valued at fair price based on the price determined by the price vendor.</p> <p>For exceptional cases where it does not exist, for the valuation date fair value should be determined subject to exponential valuation based on the Internal Rate of Return.</p> <p>Fair value of the respective investment must be estimated or approximated by calculating the sum of the present value of future flows for returns and capital, with the procedure of estimating the future flows of funds by way of income and capital.</p>	<p>They must be initially recorded at their acquisition cost and from that same day must be valued at fair value.</p> <p>The accounting for changes between acquisition cost and fair value of investments will be made from the date of purchase, individually, for each security.</p> <p>The accounting of these investments must be made in the respective "Investments at Fair Value through Other Comprehensive Income – OCI" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p>
Investments at amortized cost	<p>Securities and, in general, any type of investment in respect of which the investor has the purpose and legal, contractual, financial and operational capacity to hold the same until the expiration of their term of maturity or redemption. The purpose of holding investments is the positive and unequivocal intention not to transfer the security.</p> <p>With these investments, money market operations (repurchase or repo, simultaneous operations or temporary transfer of securities) cannot be carried out, except in the case of forced or compulsory investments subscribed in the primary market and provided that the counterparty of the transaction is the Central Bank, the General Directorate of Public Credit and the National Treasury or the entities under the supervision of the Finance Superintendence of Colombia.</p>	<p>Exponentially based on the Internal Rate of Return calculated at the time of purchase, based on a 365-day year.</p> <p>When the conditions of the issuance establish the use of the value of the indicator of the date of commencement of the period to be paid, the Internal Rate of Return must be recalculated each time the value of the face indicator changes and when coupons expire.</p> <p>In these cases, the present value on the recalculation date, excluding the outstanding taxable income, should be taken as the purchase value.</p> <p>When the conditions of the issuance establish the use of the value of the indicator of the date of expiration of the period to be paid, the Internal Rate of Return must be recalculated each time the value of the face indicator changes.</p> <p>In the case of securities incorporating prepayment options, the Internal Rate of Return must be recalculated whenever future flows and payment dates change for valuation purposes. In these cases, the present value on the recalculation date of the future flows should be taken as the purchase value.</p>	<p>The accounting of these investments must be made in the respective "Investments at Amortized Cost" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p> <p>The updating of the present value of this type of investments should be recorded as a higher value of the investment, affecting the results of the period.</p> <p>Outstanding taxable yield is recorded as a higher value of the investment. Consequently, the collection of such yield must be accounted for as a lower value of the investment.</p>

<p>Participatory securities</p>	<p>Securities, and in general any type of investment, which are not classified as marketable investments or as investments held to maturity.</p>	<p>Investments in subsidiaries, affiliates and interests in joint ventures: Investments in subsidiaries must be valued such that the books of the parent or controlling company are recognized by the equity method in the individual financial statements.</p> <p>In cases where the rules of the Commercial Code or other legal provisions do not provide for the accounting treatment of investments in subsidiaries, affiliates and associates, they shall comply with the provisions of IAS 27, IAS 28 and IFRS 11, as appropriate.</p> <p>Participatory securities registered in the National Register of Securities and Issuers (RNVE): Participatory securities registered in the RNVE and listed on a stock exchange in Colombia, other than investments in subsidiaries, affiliates, associates and interests in joint ventures, shall be valued in accordance with the price determined by valuation price vendors authorized by the SFC at fair value.</p> <p>Investments in collective investment funds, private equity funds, hedge funds, mutual funds, among others, and securities issued in the development of securitization processes should be valued taking into account the unit value calculated by the management company on the day immediately prior to the date of valuation.</p> <p>Participatory securities that are listed only on stock exchanges abroad: These investments, other than investments in subsidiaries, affiliates, associates and interests in joint ventures should be valued in accordance with the price determined by valuation price vendors authorized by the SFC at fair value. In case the price determined by the price vendor is in a denomination other than Colombian pesos, it should be converted into the Colombian legal tender.</p> <p>Participatory securities not listed on the stock exchange. When the price vendor designated as official of the relevant segment does not have a valuation methodology for these investments, entities must increase or decrease the acquisition cost in the interest percentage corresponding to the investor on the subsequent variations of the respective issuer's equity.</p> <p>For this purpose, the variation in the issuer's equity will be calculated based on the certified financial statements as of December 31 of each year. However, when more recent certified financial statements are known, they should be used to establish the respective variation. Entities will have a maximum term of three (3) months after the cutoff date of the financial statements to provide the respective update.</p> <p>Equity investments in entities under liquidation: The valuation is calculated based on the financial statements certified by the liquidator and are presented as transactions within other assets.</p>	<p>Investments in subsidiaries, affiliates and interests in joint ventures are initially recorded at cost and adjusted periodically using the equity method. Dividends received in cash are recognized as the lower value of the investment.</p> <p>Participatory securities registered in the National Register of Securities and Issuers (RNVE): The effect of the valuation of the investor's interest is accounted for in the respective unrealized gains or losses (OCI) accounts charged or credited to the investment.</p> <p>Dividends distributed in cash or in kind must be recorded as income, adjusting the corresponding unrealized gains or losses account (up to their accumulated value) and, if necessary, also the value of the investment in the amount of the surplus over that account.</p> <p>Investments in collective investment funds, private equity funds, hedge funds and mutual funds are accounted for by adjusting the value of the unit as a higher or lower value of the fund, and with a corresponding entry in the statement of income.</p> <p>Participatory securities that are listed only on stock exchanges abroad: The effect of the valuation of the investor's interest is accounted for in the respective unrealized gains or losses (OCI) accounts charged or credited to the investment.</p> <p>Participatory securities not listed on the stock exchange are recorded by subsequent variations in the respective issuer's equity as a higher or lower value of the investment against the respective "unrealized gains or losses (OCI) account".</p> <p>Dividends distributed in cash or in kind must be recorded as income, adjusting the corresponding unrealized gains or losses account (up to their accumulated value) and, if necessary, also the value of the investment in the amount of the surplus over that account.</p> <p>Equity investments in entities under liquidation: They are registered by the variation of the equity certified by the liquidator in the financial statements and are impaired at 100% and presented as transactions within other assets.</p>
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Derecognition of assets

A financial asset (or, as the case may be, part of a financial asset or part of a group of similar financial assets) is derecognized:

- Upon the expiry of contractual rights over the asset's 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 all risks and benefits of ownership of the asset have been substantially transferred;
- When the risks and rewards of ownership of the asset are substantially retained, but control of the asset has been transferred.

Where the Company has transferred its 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.

Reclassification of investments

The Company may reclassify its investments only in accordance with the following provisions:

Reclassification of investments at amortized cost to investments through profit and loss

There is a possibility to reclassify an investment from the category of investments at amortized cost to the category of investments through profit and loss when any of the following circumstances occur:

- A significant impairment in the conditions of the issuer, its parent company, its subsidiaries or its affiliates;
- Changes in regulation that prevent holding the investment;
- Merger or institutional reorganization processes that entail the reclassification or realization of the investment, in order to maintain the previous position of interest rate risk or to comply with the credit risk policy previously established by the surviving entity;
- In other cases in which the Finance Superintendence of Colombia has given its prior and express authorization.

Reclassification of investments through other comprehensive income to investments through marketable income or to investments at amortized cost

Investments may be reclassified in the category of investments through other comprehensive income to any of the other categories:

- When the composition of the company's significant activities is redefined as a result of circumstances such as changes in the business cycle or market niche in which the regulated entity is acting or in its risk appetite;

- When the assumptions of adjustment in the management of the investments that the business model has previously defined materialize;
- When investors lose its parent or controlling interest, and such circumstance also implies the decision to dispose of the investment in the short term as of that date; or
- When any of the circumstances contemplated in the reclassification of the investments to hold marketable investments to maturity takes place.

Provisions applicable to the reclassification of investments

In relation to reclassification of investments, the following rules must be observed:

- When investments at amortized cost are reclassified to investments through profit and loss, the rules on the valuation and accounting of the same must be observed;
- When investments through other comprehensive income are reclassified to investments through profit and loss, the result of the reclassification of investments must be recognized and maintained in "Other Comprehensive Income (OCI)" as unrealized gains or losses, until the sale of the corresponding investment is made;
- When investments through other comprehensive income are reclassified to investments at amortized cost, the rules on the valuation and accounting of the same must be observed. Consequently, unrealized gains or losses, which are recognized in OCI must be written off

against the registered value of the investment, since the effect of the fair value will no longer be realized given the decision to reclassify to the category of investments at amortized cost. This way the investment must be registered as if it had always been classified in the category of investments at amortized cost. Likewise, as of that date the investment must be valued under the same conditions of Internal Rate of Return of the day prior to the reclassification;

- When the General Directorate of Public Credit and the National Treasury of the Ministry of Finance and Public Credit carry out debt management operations or transitory liquidity operations on public debt securities, entities subject to the inspection and supervision of the Finance Superintendence of Colombia may reclassify such securities from the "available-for-sale" or "held-to-maturity" investments category to the "marketable investments" category. In any case, only securities may be reclassified in those transactions carried out with the fulfillment of the assumptions and conditions provided, for the amount effectively traded.

Impairment or losses by issuer risk rating.

For the impairment of investments in debt securities, as well as equity securities that are valued at equity variation, the Company adjusts them on each valuation date based on:

- The rating applicable to the issuer and/or the security in question whenever it exists;
- Objective evidence that an impairment loss has been incurred or could be incurred in asset value.

For the purposes of measuring and recognizing the impairment of investments in subsidiaries, affiliates and associates in the individual financial statements, the Company must comply with the provisions of IAS 36 contained in the Technical Framework of the Annex to Single Regulatory Decree 2420/2015, amended by Decree 2496/2015, Decree 2131/2016 and Decree 2170/2017 or the rules that amend or replace the same.

When there is likelihood of impairment, the provisions to be realized are estimated according to Chapter I-1 of the Basic Accounting and Financial Circular.

Securities from unrated issuances or issuers:

Securities that do not have an external rating or that are issued by entities that are not rated will be classified as follows:

Category	Risk	Characteristics	Impairment
A	Normal	They comply with the terms agreed in the security and have an adequate ability to pay principal and interest.	Not applicable.
B	Acceptable	Corresponds to issuances that present uncertainty factors that could affect the ability to continue to adequately comply with debt services. Likewise, their financial statements and other available information exhibit weaknesses that may affect their financial situation.	Net value cannot exceed 80% of the acquisition cost, net nominal value of the amortizations made up to the valuation date.
C	Appreciable	Corresponds to issuances that exhibit high or medium probability of default in the timely payment of principal and interest. Likewise, their financial statements and other available information show deficiencies in their financial situation that jeopardize the recovery of the investment.	In the case of debt securities, the value for which they are accounted for may not exceed sixty percent (60%) of their nominal value, net of amortizations made up to the valuation date. In the case of participatory securities, the value for which they are accounted for cannot exceed sixty percent (60%) of their investment value by the equity method at the valuation date.

Category	Risk	Characteristics	Impairment
D	Significant	Corresponds to those issuances that exhibit breaches in the terms agreed in the security, as well as the investments in issuers that according to their financial statements and other available information present marked deficiencies in their financial situation.	In the case of debt securities, the value for which they are accounted for may not exceed forty percent (40%) of their nominal value, net of amortizations made up to the valuation date. In the case of participatory securities, the net value of credit risk provisions (carrying value less provision) at which they are accounted for cannot exceed forty percent (40%) of their investment value by the equity method at the valuation date.
E	Uncollectible	Corresponds to those investments by issuers estimated to be uncollectible according to their financial statements and other available information.	The value of these investments is fully provisioned.

Securities from issuances or issuers with external ratings

Long-term rating (*)	Maximum Value %	Short-term rating	Maximum value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)	5 and 6	Zero (0)
(*) Corresponds to the rating code reported by the Finance Superintendence of Colombia for long-term issuers, "Speculative Investment Category"			

In any case, if the impairment on investments classified at amortized cost and in respect of which a fair value can be established; such impairment corresponds to the difference between the registered value of the investment and the fair value, when this is lower.

For the effect of estimating impairment on term deposits, the rating of the respective issuer should be taken into consideration.

External ratings must be made by a securities rating company authorized by the Finance Superintendence of Colombia or by an internationally recognized securities rating company, in the case of securities issued by foreign entities and placed abroad.

In the event that the investment or issuer has rating from more than one rating company,

the lowest rating must be taken into account, if they were issued within the last three (3) months, or the most recent when more than three months have elapsed between the two ratings.

2.9 Accounts Receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. After initial recognition, these financial assets are measured at amortized cost using the effective interest rate method, less any impairment. Amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate. The accrual of

the effective interest rate is recognized as financial income in the statement of income. Losses resulting from impairment are recognized in the statement of income as financial costs.

2.10 Transactions with derivative financial instruments.

In accordance with International Financial Reporting Standard 9 a derivative is a financial instrument, whose value changes over time based on an underlying variable, does not require a net initial investment or requires a small investment in relation to the underlying asset and is settled at a future date.

In the performance of its operations the Company generally trades in the financial markets in financial instruments with forwards, futures, swaps and options that comply with the definition of derivative.

All derivative transactions are initially recorded at fair value with subsequent changes in fair value adjusted with a charge or credit to profit and loss.

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

As of December 31, 2018 and December 31, 2017, the Company has not applied hedge accounting operations in derivative financial instruments.

2.11 Assets delivered under lease.

Assets delivered under lease by the Company 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. A lease is classified as an operating lease if it does not substantially transfer all the risks and benefits inherent in the property. The Company holds assets leased to its subsidiaries and are classified as operating leases.

2.12 Property and equipment for own use.

Property and equipment for own use include the assets owned or leased by the Company for current or future use and which it expects to use for more than one fiscal year. It also includes the tangible assets received for the total or partial liquidation of financial assets that represent collection rights to third parties and which are expected to be used continuously.

Property and equipment for own use are recorded in the balance sheets at cost, less accumulated depreciation and, if applicable, estimated losses resulting from comparing the net book value of each item with its corresponding recoverable value.

Depreciation is calculated using the straight-line method on the acquisition cost of the assets, less their residual value; it being understood that the land on which the buildings and other constructions are built have an indefinite useful life and that, therefore, are not subject to depreciation. This depreciation charged to income is calculated based on the following useful lives:

Component	Useful Life	Residual Value	Method
Buildings	70	20%	Straight line
Adaptations	20	10%	Straight line
Office equipment and furniture	10	0%	Straight line
Computer equipment	5	0%	Straight line
Vehicles	5	10%	Straight line
Mobilization equipment	20	0%	Straight line

At each accounting close, the Company analyzes whether there are indications, both external and internal, that a material asset may be impaired. If there is evidence of impairment, the entity analyzes whether there is in fact such impairment by comparing the net book value of the asset with its recoverable value (as the greater of its fair value less disposal costs and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to its recoverable amount, modifying future amortization charges, in accordance with its new remaining useful life.

Similarly, when there are indications that the value of a tangible asset has been recovered, the Company estimates the recoverable value of the asset and recognizes it in the statement of income, recording the reversal of the impairment loss accounted for in previous periods, and adjust future charges for depreciation accordingly. In no case the reversal of the impairment loss of an asset may result in an increase in its carrying amount above that which would have been incurred if there were no impairment losses recognized in prior years.

The maintenance expenses of property and equipment are recognized as an expense in the year in which they are incurred and recorded under "Administrative expenses".

At least once a year, the Company assesses the useful lives and their residual value, and will make adjustments in the financial statements if necessary. See note 13.

2.13 Investment Properties

In accordance with International Accounting Standard IAS 40 "Investment Properties" investment properties are defined as those lands or buildings considered wholly, in part or both that are held by the Company to obtain income, valuation of the asset or both in lieu of their use for purposes of the Company.

Investment properties are initially recorded at cost, which includes all costs associated with the transaction. Subsequently such assets can be measured at depreciated cost in the same way as property, plant and equipment or at their fair value. Changes in the fair value variation are recognized in the statement of income.

Such fair value is determined on the basis of appraisals conducted periodically by independent experts using level three valuation techniques described in IFRS 13 "Measurement of Fair Value".

This category includes Assets Received in Payment or Refunded which, in accordance with the provisions of circular 036 of 2014 of the Finance Superintendence of Colombia

must be provisional regardless of their accounting classification, in accordance with the instructions established in Chapter III of the Basic Accounting and Financial Circular.

Realizable assets received as payment – Registers the value of the assets received by the Company in payment of uncollected balances from loans in its favor.

Assets received in payment represented in real estate are received based on a technically determined commercial appraisal based on market value.

The following conditions are taken into account for the registration of assets received in payment:

- The initial registration is made according to the value determined in the legal award or that agreed with debtors;
- When the property received in payment is not disposed of, its cost is increased with the necessary expenses incurred for the sale.
- If, between the value at which the asset is received and the amount of the loan to be canceled there is a positive balance in favor of the debtor, this difference is accounted for as an account payable. If the value of the asset does not cover the entire obligation, a provision is created for the amount equivalent to the difference.

Provision for realizable assets received in payment – Individual provisions for real estate are created by applying the model developed by the Company and approved by the Finance Superintendence of Colombia. The model estimates the maximum expected loss in the sale of the assets received in payment, according to its history of recoveries on assets sold, the inclusion of expenses incurred in the receipt, maintenance

and sale of the same and the grouping of these expenses in common categories for estimating the base rate of provision. This rate is adjusted monthly to eighty percent (80%) of the provision.

Once the legal term for sale has expired without an extension being authorized, the provision must be one hundred percent (100%) of the remaining book value. In the event of an extension, thirty percent (30%) of the provision may be created at the end of the same. See note 14.

2.14 Assets received under lease.

Assets received under lease at initial receipt are also classified as financial or operating leases in the same way as the leased assets described in 2.11. Leases that are classified as financial leases are included in the balance sheet as property, plant and equipment for own use or as investment properties according to their subject matter and are initially recorded in assets and liabilities simultaneously for an amount equal to the fair value of the asset received under lease or by the present value of the minimum rent, whichever is lower. The present value of the minimum rent is determined using the unimpaired interest rate in the lease, or if it does not have an interest rate, the average interest rate on the bonds placed by the Company in the market. Any initial direct cost of the lessee is added to the amount recognized as an asset. The amount recorded as a liability is included in the financial obligations account and recorded in the same manner.

2.15 Other Assets.

The following, among others, are included in this item, (a) expenses paid in advance of the Company in the performance of its corporate purpose in order to receive future benefits and correspond mainly to computer software, which are measured initially at the cost

incurred in the acquisition and after their initial recognition, these assets are amortized over their estimated useful life which for software is a period of no more than three (3) years. However, in the case of advanced technology software that are deemed to be global platform that will allow the future growth of the entity in line with market developments and whose development or acquisition costs exceed 30% of the technical capital of the respective entity, including the hardware, subject to the favorable opinion of the Finance Superintendence of Colombia may be deferred to five (5) years from the moment each product begins its productive stage, through a gradual and upward program with percentages of 10%, 15%, 20%, 25% and 30%, respectively or similar percentages, (b) Art and Culture Goods that are measured at cost, and (c) Equity investments in entities under liquidation, which are registered based on the financial statements certified by the liquidator.

2.16 Financial Liabilities.

A financial liability is any contractual obligation of the Company to deliver cash or another financial asset to another entity or person or to exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the Company, a contract that will be or may be liquidated using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value, which, unless otherwise determined, is similar to their fair value, less transaction costs that are directly attributable to their issuance. Subsequently, these financial liabilities are measured at amortized cost in accordance with the effective interest rate method determined at the initial time charged to results as financial expenses.

Financial liabilities are only derecognized when the obligations they generate are extinguished or when they are acquired (either with the intention of canceling them or with the intention of replacing them). See note 18 and 19.

2.17 Employee Benefits.

In accordance with International Accounting Standard IAS 19 "Employee Benefits", for the purposes of recognition are all forms of consideration granted by the Company in exchange for services rendered by employees and are divided into four classes:

a) Short-term benefits

According to Colombian employment standards, these benefits correspond to salaries, legal and extralegal premiums, vacations, severance and social security contributions to state entities that are paid 12 months after the end of the period. These benefits are accrued by the accrual system, charged to results.

b) Post-employment benefits

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

c) Other benefits to long-term employees

These are all employee benefits other than short-term and post-employment benefits and severance payments. In accordance with the Company's regulations, these benefits essentially correspond to seniority premiums.

The liability for long-term benefits is determined based on the present value of the estimated future payments to be made to employees, calculated on the basis of actuarial studies prepared by the projected unit credit method using actuarial assumptions of mortality rates, salary increases and staff turnover, and interest rates determined with reference to the current market yields of bonds at the end of the period of National Government emissions or high quality business obligations. Under the projected unit credit method, future benefits to be paid to employees are assigned to each accounting period in which the employee renders the service. Therefore, the corresponding expense for these benefits recorded in the Company's statement of income includes the present service cost assigned in the actuarial calculation plus the financial cost of the calculated liability. Variations in the liability for changes in actuarial assumptions are recorded in equity in the other comprehensive income account.

d) Benefits of termination of employment contract with employees

These benefits correspond to payments that have to be made by the Company from a unilateral decision of the Company to terminate the contract or by an employee decision to accept a benefits offer from the Company in exchange for the termination of the employment contract. In accordance with Colombian law, these payments correspond to severance payments and to other benefits that the Company unilaterally decides to grant to its employees in these cases.

Termination benefits are recognized as a liability charged to results on the first of the following dates:

- When the Company formally notifies the employee of its decision to terminate the employment contracts;
- When provisions for restructuring costs are recognized by a subsidiary or business of the Company that involves the payment of termination benefits.

The Company currently has no restructuring plans in place. See note 19

2.18 Accounts Payable

After initial recognition, interest-bearing accounts payable are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when liabilities are derecognized, as well as through the amortization process using the effective interest rate method.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate. The effective interest rate is recognized as a financial cost in the statement of income. See note 21.

2.19 Income tax

Income tax expense includes current tax and deferred tax. The tax expense is recognized in the statement of income except in the portion corresponding to items recognized in the of other comprehensive income account in equity. In this case the tax is also recognized in said account.

The current income tax is calculated on the basis of the tax laws in force in Colombia at the date of the financial statements. The Company's Management periodically

evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of expected amounts 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 financial statements that give rise to amounts that are deductible or taxable when determining the future taxable profit or loss when the book value of the asset is recovered or the liability is settled. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if the initial recognition of an asset or liability arises in a transaction other than a business combination that at the time of the transaction does not affect the accounting or taxable profit or loss. Deferred tax is determined using tax rates that are in effect at the balance sheet date and are expected to be applied when the deferred tax asset is realized or when the deferred tax liability is offset.

Taking into account that IAS 12 "Income Taxes" only refers to the term income tax, which includes all taxes, whether domestic or foreign, based on tax gains. In that sense, when taxed by the presumptive income system, the company's tax payable is determined on a different tax base based on a presumption of the net assets' profitability and not on ordinary income or tax gains. Under this presumptive system temporary differences will not generate higher or lower tax payments in future periods as long as the entity continues to pay its taxes under this system.

This is in accordance with IAS 12, where the recognition of deferred taxes is based on the recovery of the carrying amount of the assets or settlement of the liabilities, resulting in

higher or lower tax payments in future related periods with tax gains determined on the ordinary system.

Therefore, Management considers that in order for its Financial Statements to facilitate decision-making, by providing relevant information adjusted to its tax system it will not recognize deferred income taxes except on temporary differences resulting in supplementary taxes on irregular income, since a change in the nature of its operations that would modify the tax base is not expected in the foreseeable future. This situation should be reviewed at each cutoff date in order to determine the most appropriate treatment for the recognition of deferred taxes in accordance with IAS 12 Income Taxes.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which temporary differences may be used.

Deferred tax liabilities are provided on taxable temporary differences arising, except for the deferred tax liability on investments in subsidiaries, associates and joint ventures when the opportunity for reversal of the temporary difference is controlled by the Company and it is probable 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 in investments in associates.

Deferred tax assets are recognized on deductible temporary differences of investments in subsidiaries and associates only to the extent that it is probable that the temporary difference will be reversed in the future and there is sufficient fiscal profit against which the temporary difference can be used.

Deferred tax assets and liabilities are offset when there is a legal right to offset deferred taxes against tax liabilities and when deferred tax assets and liabilities are related to taxes levied by the same tax authority on the same entity or different entities when there is an intention to offset balances on net bases. See note 16.

2.20 Provisions.

Provisions for legal claims are recognized when the Company has a present or assumed legal obligation as a result of past events, it is probable that an outflow of resources is required to settle the obligation and the amount has been estimated reliably. Restructuring provisions include penalties for cancellation of leases and payments for dismissal of employees.

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 measured reliably.

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. See note 20.

2.21 Non-voting preferred shares

In accordance with IFRS 32 "Financial Instruments: Presentation", the issuer of a non-derivative financial instrument must evaluate its conditions to determine whether it contains liability and equity components.

These components are classified separately as financial liabilities or equity instruments for the issuer. In accordance with the foregoing, the Company has evaluated this requirement in relation to the non-voting preferred shares it has issued as of the cutoff dates of this financial statement and has concluded that these shares do not have the characteristics of financial liabilities and are therefore recognized as a greater value of equity.

2.22 Revenues

Revenues are measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods delivered, net of discounts, returns, and value added tax. The Company recognizes revenues when their amount can be reliably measured, it is probable that the company will obtain future economic benefits and when the specific criteria for each of the Company's activities have been met, such as outlined below:

Provision of services

The Company provides services of different kinds. The recognition of revenues from the provision of services is effected in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and evaluated on the basis of the actual service provided as a proportion of the total services to be provided. When services are rendered through an undetermined number of acts over a specified period of time, revenues from ordinary activities are recognized in a linear fashion over the agreed time interval.

Commission income

Corficolombiana's investment banking department generates commission income for structuring and advising on syndicated loans, corporate bonds and investment project research. (See note 27).

Among the products offered by Corficolombiana investment banking are:

- Funding: project financing and capital market (equity and debt);
- Corporate finance: mergers, acquisitions and sale of companies and capitalizations;
- Advice and structuring: structuring of projects, consultancies and financial diagnostics.

Interest income

Interest income is recorded using the effective interest rate method for all financial instruments measured at amortized cost. The effective interest rate is the rate that exactly discounts the estimated cash payments or collections during the expected life of the financial instrument, or a shorter period, when applicable, to the net book value of the financial asset or liability. Interest income is recorded as financial income in the statement of income. (See note 26).

Equity method

Corresponds to increases or decreases in the equity of subsidiaries and/or associates originating in the results of the period and in the variations of other equity items, which must be cleaned and reconciled. This value in the proportion proportional to the Company's interest will be recognized as a higher or lower value of the investment at the date of the calculation. Its counterpart will be an income or expense in the statement of income

or effects in equity, as appropriate. See note 30.

Dividends

Revenues are recognized when Corficolombiana's right to receive the corresponding payment is established, which usually happens when the shareholders approve the dividend. The dividend is recognized in profit or loss for the period unless the entity chooses to use the equity method, in which case the dividend will be recognized as a reduction in the carrying amount of the investment.

Revenues received as dividends or profit sharing methods are considered as operating income when these are directly related to the corporate purpose of the entity and if these are recurring or when they come from entities that have a similar corporate purpose. See note 31.

Lease income

Revenues from operating leases in real estate investments are recognized on a straight-line basis over the lease period and are included as ordinary revenue due to their nature as operating income.

2.23 Net Earnings per Share

To determine net earnings per share, the Company divides the net profit for the period by the weighted average number of shares outstanding during the year. As of December 31, 2018 and 2017, the weighted average of the shares was 250,107,380 and 233,034,712 respectively.

2.24 Related Parties

Under IAS 24, 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 parent 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 (parent 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;

- Shareholders: it includes major shareholders together with transactions with related parties as defined in IAS 24.
- Board Members: it includes main and alternate Board members together with transactions with related parties as defined in IAS 24.
- 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.
- Subordinated Companies: it includes the companies where the group has control in accordance with the definition of control of the code of

commerce and IFRS 10 on consolidation.

- Associated companies: it includes companies over which Grupo Aval has significant influence, which is generally considered when owning a share between 20% and 50% of their capital.

2.25 Differences in the application of international financial reporting standards in force at an international level and accounting and financial reporting standards accepted in Colombia.

In accordance with Colombian law, the financial information standards applicable in Colombia are those issued by the National Government through the regulatory decrees of Law 1314 of 2009. To date, the National Government has issued, for such purpose, the Single Regulatory Decree 2420/2015, amended by Decree 2496/2015, by Decree 2131/2016, by Decree 2170/2017 and Decree 2483/2018, which include the IFRS in force at an international level as of December 31, 2017, in which it is established that IFRS will be applied in individual financial statements, except as regards the treatment of the loan portfolio and its impairment and the classification and valuation of investments in IFRS 9, for which the accounting provisions issued by the Finance Superintendence included in the Basic Accounting and Financial Circular Letter are applied.

2.26 New regulations and amendments not adopted

Regulations and amendments applicable as of January 1, 2019

In accordance with the provisions in Decrees 2170 dated December 2017 and 2483/2018, the new standards and the amended standards applicable as from 2019 are listed below. The impact of these standards is in process of evaluation by management.

Financial Information Standard	Subject of the amendment	Detail
IFRS 16 Leases	Recognition, measurement, presentation and information to be disclosed of leases	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. 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.
IAS 40 Investment Property	Investment property transfers	It amends paragraph 57 so as to reflect the principle that a change of use would imply: (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.
IFRS 2 Share-based Payment	Classification and measurement of transactions with share-based payments	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.
Annual Improvements to the IFRS Cycle 2014-2016	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards. Amendments to IFRS 12 Disclosure of interests in other entities	Removal of short-term exemptions for the entities that adopt the IFRS for the first time. Clarification of the scope of the standard. Measurement at fair value of an associate or a joint business.
Amendments to IAS 28	Long-term interests in associate companies and joint ventures	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. 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.
Amendments to IFRS 9	Characteristics of early cancelation with negative compensation	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.
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.
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.

Impact of the adoption of new standards and amended standards

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standard Board (IASB) issued the final version of the International Financial Reporting Standard No. 9 (IFRS 9) "Financial Instruments" for its mandatory application in the annual periods that begin on or from January 1, 2018, this rule replaces the International Accounting Standard No. 39 (IAS 39) and in Colombia it replaces the previous version of IFRS 9 "Financial Instruments" that had been issued in 2010 and that was included in decree 2420/2015.

The previous rules fundamentally apply for the preparation of the financial statements of the Company due to the exceptions set forth in decree 2420/2015 by means of which in the preparation of the individual financial statements of the financial entities, regulations of the Finance Superintendence of Colombia are used for the classification and valuation of the investments and the calculation of the provisions due to impairment of the credit portfolio and not the rules issued by the IASB.

IFRS 15 Revenues of ordinary activities from contracts with customers

In July 2014, the IASB issued IFRS 15 "revenue of ordinary activities from contracts with customers", which replaces several previous regulations, but particularly IAS 11 "Construction Agreements" and IAS 18 "Revenues of ordinary activities". This new standard with mandatory application from January 1, 2018, requires the revenue of ordinary activities of customers other than those originated in financial instruments and financial lease agreements to be recognized with specific rules for their registration. Under IFRS 15 it is established that the revenue is recognized so as to reflect the

transfer of control of goods or services committed with the customers in exchange for an amount that expresses the consideration to which the Company expects to be entitled. Under this new premise, the Company recognizes the revenue of ordinary activities, other than financial returns such as: bank services fees, sale of goods or services by different concepts and revenue from construction contracts by means of the application of the following stages:

1. Identification of the contract with the customer.
2. Identification of the performance obligations in the contract.
3. Determination of the price of the transaction
4. Allocation of the transaction price within the performance obligations.
5. Recognition of the revenue to the extent that the Company fulfills each performance obligation to its customers.

Adoption of IFRS 15 and 9 generate changes on the equities of the subsidiaries in which Corficolombiana has an interest and therefore in the application of the equity interest method as of January 1, 2018, which are detailed below:

Results of previous years	IFRS 9 (*)	IFRS 15 (**)	Overall total
Colombiana de Licitaciones y Concesiones S.A.S.	(133)	281,210	281,077
Estudios y Proyectos del Sol S.A.S.	(1,900)	82,907	81,007
Fiduciaria Corficolombiana S.A.	38	-	38
Hoteles Estelar de Colombia S.A.	(722)	-	(722)
Leasing Corficolombiana S.A.	90	-	90
Organización Pajonales S.A.	(26)	-	(26)
Plantaciones Unipalma de los Llanos S.A.	(19)	-	(19)
Proyectos y Desarrollos Viales del Pacífico S.A.S.	(74)	1,933	1,859
Proyectos y Desarrollos Viales del Mar S.A.S.	(2)	(4,807)	(4,809)
Promigas S.A.	(6,205)	-	(6,205)
Proyectos de Infraestructura S.A.	(30)	-	(30)
Tejidos Sintéticos de Colombia S.A.	(3)	-	(3)
Total	(8,986)	361,243	352,257

The detail of the impact on the change of policies is shown below:

Concept	December 31, 2018
Impact IFRS 9 through the application of the equity interest method (*)	(8,986)
Impact IFRS 15 through the application of the equity interest method (**)	361,243
Actuarial losses in employee benefit plans	68
Total	352,325

(**) As of December 31, 2018, the investments in subsidiaries had an increment in connection with the application of the IFRS 15 (“Revenues of ordinary activities resulting from agreements with customers”), which had impacts on the accounting of the investments that the Corporation maintains 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 compliance with the performance obligations of an agreement.

IFRS 16 Leases

IFRS 16 replaces the guides for existing leases, including IAS 17 leases, IFRIC 4 determination whether an arrangement contains a lease, SIC 15 Operating leases - incentives and SIC 27 evaluating the substance of transactions in the legal form of a lease.

IFRS is effective for the annual periods starting from January 1, 2019 and the early adoption may be applied.

IFRS 16 introduces a single accounting lease registration model for the lessees. The lessee

recognizes an asset by right of use representing the right to use of the underlying asset and a liability by lease representing its obligation to make the lease payments. There are recognition exemptions for short-term leases and lease of low-value goods. The accounting of the lessor remains similar to the current accounting standards, meaning, the lessors classify the lease agreements as financial or operating leases.

The Company has terminated its initial evaluation of the possible impact in its individual financial statements but it has not ended yet its detailed evaluation. So far the most significant impact identified is that the Company shall recognize new assets and liabilities in its operating lease agreements,

especially of properties used in the operation of offices. In addition, the nature of the expenses corresponding to the lease agreements will change since IFRS 16 replaces the linear expense for operating lease for a depreciation charge for assets of right of use and the expense of interests for lease liabilities.

The impact on the financial leases of the Company amounts to \$1,258 in the value of assets and liabilities.

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

The Company makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amount of the assets and liabilities within the subsequent accounting period. The judgments and estimates are continuously assessed and are based on the experience of the Company and other factors, including the expectations of future events believed to be reasonable under the circumstances.

The Company 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 subsequent accounting period include:

3.1. Going Concern: The Company prepares the financial statements based on a going concern. When making this judgment, the Company considers the current financial position, 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. 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 (Note 9): The Company assesses if the debt securities of the 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 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 subordinates 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) Any other cases in which the SFC has granted prior and express authorization.

3.3. Removal of financial assets from the balance sheet: The management applies judgments to determine if substantially all the significant risks and returns of the property of the financial assets are transferred to third parties, particularly what are the most significant risks and returns.

3.4. Appraisal of investment properties (Note 14): The investment properties are reported in the balance sheet at their fair value as 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 transactions with properties is low; however, management estimates that there is sufficient market activity to provide comparable prices for the ordered transactions with similar properties when determining the fair value of the investment properties of the Company, except for the properties where the Company has no control or these have legal or public problems.

The Company has revised the assumptions used for the appraisal by the independent experts and considers that factors such as inflation, interest rates, etc., have been appropriately determined considering the market conditions as of the end of the reporting period; notwithstanding the foregoing, management considers that the appraisal of the investment properties is currently subject to a high degree of judgment and an increase probability that the current income for the sale of said assets may differ from its carrying amount.

3.5. Estimates for contingencies (Note 20): The Company calculates and registers an estimate for contingencies with the purpose of covering its possible losses for labor cases, civil and commercial proceedings, and tax provisions or others according to the circumstances that, based

on the opinion of internal or external legal advisors, are considered probable losses and may be reasonably quantified.

Considering the nature of many of the claims, cases and/or proceedings, in some cases it is not possible to make an accurate forecast or quantify an amount of losses in a reasonable way, for which the actual amount of the disbursements effectively made by the claims, cases and/or proceedings constantly differs from the initially estimated and provisions amounts, and said differences are recognized in the year in which they are identified.

3.6. Retirement Plan (Note 19): The measurement of the pensions obligations, costs and liabilities greatly depend on long-term premises determined over actuarial bases, including estimates of the current value of the projected future pension payments for the members of a plan, considering the probability of future potential events, such as increases in the minimum salary and demographic experience. These premises may affect the amount and the future contributions in the event of any variation.

The discount rate allows establishing future cash flows at the current value as of the date of measurement. The Company determines a long-term rate that represents the high-quality fixed-income investment market rate or for Government Bonds in the currency in which the benefit will be paid, and considers the opportunity and amounts of the payments of future benefits, for which the Company has selected Government bonds.

3.7. Business Model.

Corficolombiana manages several investment models according to the strategy it develops in Treasury:

1. A speculative or tradable portfolio is where every value or security

acquired with the main purpose of obtaining profit due to the market price fluctuations. This portfolio is funded by the money market and short-term deposits. It has position limits, value at risk, sensibility for movement of basis points in the rates (DVO1) and maximum losses.

2. A portfolio to be held until maturity, created with the purpose of maintaining the securities during the entire term and with the purpose of receiving the contractual cash flows. This portfolio shall mainly hold mandatory investments, includes securities issued by Finagro, a governmental entity. These securities have a one-year maturity and a variable effective DTF rate minus some basic points. These securities are constituted on a quarterly basis on January, April, July and October.
3. Structural or Available for Sale portfolios are created with the purpose of investing in Debt Securities both in local and foreign currency in order to optimize the resulting financial margin. This portfolio has position, DVO1, MAT, and VAR limits, and depends on the duration of the securities.

(4) Risk Management

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

According to the regulations established by the Finance Superintendence of Colombia, the risk management process of the

company is within the guidelines designed by Senior Management, in line with the general management guidelines approved by the Board of Directors.

The Company has a Credit and Counterpart Risk Committee, an ALCO Committee and an Investment Committee, which periodically meet to discuss, measure, control and analyze the financial risk management and it has treasury risk management systems of the Company (SARM), the management of assets, liabilities and liquidity through the Liquidity Risk Management System (SARL); money laundering and terrorism financing risk management (SARLAF) and a Financial Consumer Assistance System (SAC); matters related to the monitoring of the Operating Risk Management System (SARO) are developed in the Corporate Governance, Risk and Compliance Committee. Compliance with legal risks is monitored by the general secretary of the Company. Moreover, there is a Risk Committee of the Board of Directors that holds regular meetings every 6 months or extraordinary meetings if there are established situations of liquidity risk and market risk.

Objectives – The treasury activities of the Company are made within a limit and policies framework established by the Board of Directors, and are monitored and controlled by Corporate Risk Management. The decisions are made within said framework based on the permanent and continuous monitoring of the internal and external economic variables. All with the purpose of maximizing the risk/return ratio of the managed portfolios, of optimizing the return of the commercial relationship with the clients of the Company and capturing the opportunities detected in the different markets in which it participates:

- Internal Public Debt (as Market Creator)
- Private Debt
- Currencies

- Derived instruments in local currency
- Derived instruments in foreign currency

Risk taking philosophy – To ensure that the treasury activities adhere to the objectives and strategies of the Company, the Board of Directors permanently monitors the risk profile by monitoring the treasury positions, the Market Risk, Credit Risk, Liquidity Risk and Operating Risk limits.

The risk assumption philosophy is consistent with the general policies for asset and liability management and considers aspects such as economic analysis, technical analysis, fundamental analysis and the effect of environmental changes in the bank ledger and the treasury ledger.

Management

Board of Directors – The board of directors is the body in charge of approving the policies and limits that allow an adequate corporate risk management. It defines the appetite and the risk tolerance and it has the obligation to know the results obtained and the risks undertaken in Corficolombia and its Subsidiary Entities. Similarly it is also in charge of approving the policies for the treasury operations; it ensures the proper organization, monitoring or surveillance of the treasury activities. This responsibility includes establishing the risk-taking limits on said activities, and adopting the organizational measures necessary to limit the risks inherent to the treasury business.

Likewise the board of directors approves the policies, strategies and regulations for acting to be followed by the entity in performance of treasury activities, such as approving credit operations in the local and/or foreign currency, the market or markets in which it is allowed to act, the procedures to measure, analyze, monitor, control and manage the risks, as well as the

limits of the risk positions according to the type of risk, the business, the counterparty, the product or the organizational area.

The Board of Directors also has the power to approve the procedures to be followed in the event that the limits are exceeded or in the event of strong and sudden changes in the market. Likewise, this body is responsible for analyzing and assessing both the internal and external types of management and accounting reports.

ALCO Committee – The main duties are to establish and recommend to the Board of Directors the policies, objectives, limits and procedures for managing risks. Monitor the risk management plan adopted, which shall include procedures for the operation, monitoring and control of the tolerance levels for a specific risk. Monitor the limit compliance report and authorize excesses based on the powers granted by the Board of Directors. Implement contingent action procedures in the event of losses in the maximum permitted levels and approve maximum variation values and variable benchmarks for sensibilities.

Credit and Counterparty Risk Committee – Its main duty is to evaluate and approve or recommend to the Board of Directors quotas for counterparties of the treasury business, such as quotas for spot, forwards, funding, issuers, etc.

Corporate Governance, Risk and Compliance Committee – Its main duty is to support the Presidency of Corficolombiana in the adequate identification, measurement, control and monitoring of the Corporate Risk. However, from the operating risk perspective, its main duties are to present, for the approval by the Board of Directors and senior management, the policies and rules for managing the operating risk and monitoring and controlling them. Design the operating risk management strategy for the

Company and lead its execution. Establish the procedures and mechanisms, approving the methodologies and systems, for an appropriate operating risk management. Know and understand the operating risks assumed by the Company, permanently assessing the exposure to said risk. Participate in the assessment of the participation in new markets and in the negotiation of new products. Develop strategies for the construction of an operating risk management organizational culture within the Company. Assess the contingency and business continuity plans and establish the resources necessary for their timely execution.

Investment Committee – The objective of this committee is to make evaluations of the investments in order to classify, value and account the investments in securities or equities including their provisions or losses for credit risk rating, as well as to evaluate compliance with policies and limits (whether legal and/or internal) demanded for the portfolio of investments of the Company in the investment and/or disinvestment processes. The main functions are to monitor the procedure used and the result of the risk ratings of the capital investment portfolio of the Company, give opinions about changes and allocations of rating, review and approve the procedures used for the rating of investments and monitor the financial performance of the capital investments on a bi-annual basis.

Corporate Governance, Risk and Compliance Vice-presidency – The Corporate Governance, Risk and Compliance Vice-president reports to the Chairman, and its main duties are, among others, to establish and recommend the policies, objectives, limits and procedures for risk management to the Board of Directors, lead the risk process within Corficolombiana and Subsidiary Entities, supervise the

performance and implement risk models in the analysis and control of corporate risks and assess the results of the monitoring and reports conducted by the Tax or Statutory Audit Office.

Corporate Risk Manager – The Corporate Risk Manager reports to the Executive Vice-presidency and its main duties are to measure the risks, to verify compliance with the established limits and policies, and to perform the risk analysis. Likewise, this area is in charge of preparing the reports on compliance with the policies and limits and the levels of exposure to different risks.

There is an Operating Risk Director and one analyst, who are in charge of developing the Operating Risk Management System (SARO) within the Company and its financial affiliates.

Likewise, there is a Market and Liquidity Risk Coordinator and 3 analysts, who are specialists in the different risks of the treasury, such as market, conduct, credit and liquidity risk, who report to the Corporate Risk Manager. Note that the legal risk is handled by the Legal Vice-presidency.

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

4.1. Market risk

The market risk of the Company is measured through the different analysis made based on recognized techniques for managing the financial risk with the purpose of controlling the levels of loss to which the Company may be exposed in its investments on financial assets due to the volatility of the markets in which it may participate.

The Senior Management and the Board of Directors of the Company actively participate in the risk management and control by analyzing an established reports protocol and by holding several Committees who jointly technically and fundamentally monitor the different variables that affect the markets at an internal and external level with the purpose of supporting strategic decisions.

The risks assumed with the operations are consistent with the general business strategy for the company and are contained within a limits structure for the positions in different instruments according to their specific strategy, the depth of the markets in which there are operations, their impact in the weighing of assets per risk and the level of solvency as well as the structure of the balance sheet.

Pursuant to the foregoing, Corficolombiana and each financial affiliate use the following limits scheme, considering the risk profile for each entity.

Portfolio position – The par value of the long-term, short-term and net position in public debt securities is limited considering the risk appetite of the Corporation and their rate characteristics: fixed or variable, and according to their maturity. Likewise, it limits the position in negotiable securities different to public debt securities, considering the aforementioned aspects and respective issuer quotas.

Currency Position – Limits the value of the position in Dollars (Short-term and Long-term), both in the “intraday” and “next day”, according to the risk profile of the entity. Likewise, it limits the positions in other currencies, such as the Swiss Franc, the Japanese Yen, the Pound Sterling, the Euro, the Australian Dollar, the Canadian Dollar, the Brazilian Real, the Mexican Peso and the Chilean Peso, considering the aforementioned aspects.

Daily P&L – Is the main control tool available to the middle office to monitor the treasury of the entity. Additionally, it is critical in defining the maximum losses authorized by the Board of Directors for each entity.

VaR (Value at Risk) – With parametrical and non-parametrical internal management models based on the VaR methodology, which have allowed to complement the market risk management based on the identification and the analysis of the variations of the risk factors (interest rates, exchange rates and price indexes) over the value of the different instruments comprising the portfolios. Said models are Risk Metrics by JP Morgan and historical simulation. The methodologies used for measuring the VaR are periodically assessed and subject to back testing to determine their effectiveness. Additionally, the Company has tools for conducting stress tests and/or portfolio sensitization under extreme scenario simulation.

CVaR (Conditioned Value at Risk) – It is a trigger for compliance with the VaR limit of the entity, considering that it is a risk measurement that considers 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 the Company or the affiliate is willing to assume considering the equity and solvency capacity of the entity. The MAT limits the total losses to the sum of the actual and potential losses (VaR) related to the current portfolio under normal conditions. The MAT is equal to the 30 Days Revenue plus the VaR.

DV01 (Sensibility of 1 base point) – Is the change in the market value of the fixed income portfolio or derivative product of 1 base point in the discount rate.

These limits and trigger are monitored daily and reported monthly to the Board of

Directors of each entity. Likewise, the Company uses the standard model for the measuring, control and management of the market risk of the interest rate, exchange rates and price of shares in the Treasury and Bank books in accordance with the requirements made by the Finance Superintendence of Colombia contained in Chapter XXI of the Basic Accounting and Financial Circular Letter. These exercises are made with a daily frequency for each risk exposure.

Cost to close public debt (Cost to close the positions) – Potential cost to close the open positions of the treasury, including the liquidity of the title in the securities market.

These limits are monitored daily and are reported to the Board of Directors of each entity.

Likewise, the Company uses the standard model for measuring, controlling and managing the market risk of the interest rates, the exchange rates and the stock prices in the Treasury and Banking ledgers, pursuant to the requirements of the Finance Superintendence contained in Chapter XXI of the Basic Accounting and Financial

Circular Letter. These exercises are made daily for each of the risk exposures.

Likewise, the Company has established counterparty and negotiation quotas per operator for each of the negotiation platforms of the markets in which they operate. The trading limits per operator are assigned to the different hierarchical levels of the Treasury based on the experience the officer has in the market, the trading of this type of products and the management of portfolios.

Finally, as part of monitoring the operations, different aspects of the trades such as the conditions agreed, unconventional or outside of market operations, operations with partners, operations with unusual P&L or with a null effect, etc. are controlled.

Pursuant to the standard model, the market value at risk (VaR) as of December 31, 2018 was \$215,717 with an effect of 12.04% basis points and as of December 31, 2017 was \$149,610 with an effect of 13.93% basis points in the individual solvency ratio of the Company. Below is the VaR of the Company as of December 31, 2018 and 2017:

	December 31, 2018			
	Minimum	Average	Maximum	Latest
Interest rate in Pesos	162,204	179,829	199,281	199,281
Interest rate in foreign currency	3,330	4,093	4,705	3,706
Interest rate in UVR	2,563	8,668	19,752	2,563
Exchange rate	414	4,098	7,534	414
Stock	9,049	9,252	9,698	9,131
Collective Investment Funds	601	758	923	621
Total VaR	194,726	206,697	215,717	215,717

	December 31, 2017			
	Minimum	Average	Maximum	Latest
Interest rate in Pesos	72,152	100,237	130,735	130,735
Interest rate in foreign currency	4,522	4,996	5,653	4,522
Interest rate in UVR	329	1,820	4,164	329
Exchange rate	648	2,915	3,979	3,979
Stock	9,986	10,003	10,143	9,928
Collective Investment Funds	93	101	118	118
Total VaR	93,729	120,070	149,610	149,610

Finally, and a consequence of the VaR behavior, as of December 31, 2018 and 2017, the Assets Weighed per Market Risk were, on average, at 3.54% and 8.33%, respectively, of the Total Assets Weighed per Risk (APR).

On the other hand, regarding the interest rate risk, the Company has exposures to the effects of fluctuations in the interest rate market affecting its financial position and future cash flows. The interest margins can increase as a result of changes in the interest rates but they may also decrease and create losses in the event that unexpected movements arise in those rates.

The table below summarizes the exposure of the Company to changes in interest rates. The table presents the cumulative amounts of the assets and liabilities of the entity at their carrying amount and their relevant rate. A sensibility exercise is made to the margin by adding and subtracting 50 basis points, with the following result as of December 31, 2018 and 2017, respectively:

ACCOUNT DETAIL	December 31, 2018				
	AVERAGE	REVENUE OF INTEREST EXPENSE	AVERAGE INTEREST RATE	VARIATION OF 50 BP IN THE INTEREST RATE (4)	
				Favorable	Unfavorable
Financial assets earning interests					
Active operations in the money market in Colombian Pesos	276,269	48,751	35%	691	(691)
Investments in debt securities at amortized cost in Colombian Pesos	47,212	16,410	70%	118	(118)
Total Financial Assets earning Interests	323,481	65,161	40%	809	(809)
Financial Liabilities with Financial Cost					
Passive operations in the money market in Colombian Pesos	2,715,499	117,458	9%	6,789	(6,789)
Clients deposits in savings accounts and CDT in Colombian Pesos	497,296	21,146	9%	1,243	(1,243)
Client Deposits in Fixed-term Deposit certificates CDT in Colombian Pesos	2,887,197	184,037	13%	7,218	(7,218)
Total Financial Liabilities with Financial Cost	6,099,992	322,641	11%	15,250	(15,250)
Total Net Financial Assets subject to interest rate risk	(5,776,511)	(257,480)	9%	(14,441)	14,441

December 31, 2017					
ACCOUNT DETAIL	AVERAGE	REVENUE OF INTEREST EXPENSE	AVERAGE INTEREST RATE	VARIATION OF 50 BP IN THE INTEREST RATE (4)	
				Favorable	Unfavorable
Financial assets earning interests					
Active operations in the money market in Colombian Pesos	301,702	78,751	52.2%	754	(754)
Investments in debt securities at amortized cost in Colombian Pesos	52,570	1,660	6.3%	131	(131)
Total Financial Assets earning Interests	354,272	80,411	45.4%	885	(885)
Financial Liabilities with Financial Cost					
Passive operations in the money market in Colombian Pesos	2,166,344	110,600	10.2%	5,415	(5,415)
Clients deposits in savings accounts and CDT in Colombian Pesos	469,430	37,985	16.2%	1,173	(1,173)
Clients Deposits in Fixed-term Deposit certificates CDT in Colombian Pesos	2,820,441	206,769	14.7%	7,051	(7,051)
Total Financial Liabilities with Financial Cost	5,456,215	355,354	13.0%	13,639	(13,639)
Total Net Financial Assets subject to interest rate risk	(5,101,943)	(274,943)	10.8%	(12,754)	12,754

4.2. Liquidity Risk

The liquidity risk is related to the impossibility of complying with the obligations acquired with the clients and counterparties of the financial market at any time, currency and place, for which the Company reviews the funds available on a daily basis.

The Company manages the liquidity risk according to the standard model set forth in Chapter VI of the Basic Accounting and Financial Circular Letter issued by the Finance Superintendence of Colombia and pursuant to the regulations regarding the management of the liquidity fund through the basic principles of the Liquidity Risk Management System (SARL), which provides the minimum prudential parameters to be monitored by the entities during their operations for an efficient management of the liquidity risk to which they are exposed.

In order to measure the liquidity risk, the Company calculates Liquidity Risk Indicators (IRL) for 7, 30 and 90 day terms on a weekly basis, as provided in the standard model of the Finance Superintendence of Colombia and pursuant to internal models.

As part of the liquidity risk analysis, the Company measures the volatility of deposits, the indebtedness levels, the structure of the assets and liabilities, the degree of liquidity of the assets, the availability of funding lines, and the general effectiveness of the assets and liabilities management. This, with the purpose of maintaining sufficient liquidity (including liquid assets, securities and collateral) to face possible own or systemic stress scenarios.

The quantification of the funds obtained in the money market is an integral part of the liquidity measurement by the Company. Supported in technical studies, we

determine the main and secondary sources of liquidity to diversify the fund providers with the purpose of ensuring the stability and sufficiency of the resources and of minimizing the concentrations of the sources. After establishing the sources of the resources, these are allocated to the different business depending on the budget, the nature and the depth of the markets.

The availability of resources is monitored daily not only to comply with the reserve requirements, if applicable, but to foresee and/or anticipate possible changes in the liquidity risk profile of the entity and to be able to make strategic decisions, as the case may be. In this sense, the Company has liquidity warning indicators that allow establishing and determining its current scenario, as well as the strategies to follow in each case. Said indicators include, among others, the IRL, the deposit concentration levels, the use of liquidity quotas of Banco de la Republica, among others.

Through the ALCO Committee, the Senior Management knows the liquidity situation of the entity and makes the decisions necessary considering the high-quality liquid assets to be maintained, the tolerance in the management of liquidity or the minimum liquidity, the strategies for granting loans and the collection of resources, the policies on the placement of liquidity surplus, the changes in the characteristics of the current products as well as new products, the diversification of the sources of funds to prevent the concentrations of collections in few investors or savers, the coverage strategies, the results of the Company and the changes in the balance structure.

Below is an analysis of the contractual expirations of the financial assets and liabilities as of December 31, 2018 and 2017:

DESCRIPTION	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						
Liquid Assets						
Cash and cash equivalents	529,682	-	-	-	-	-
Investments negotiable in debt securities	487,971	-	27	480	507	2,184
Investments negotiable in equity securities	42,540	-	-	-	-	-
Investments to hold to maturity	45,387	-	-	3,116	3,116	-
Other liabilities and credit contingencies	25,884	-	-	-	-	-
Subtotal	1,131,464	-	27	3,596	3,623	2,184
Active contractual maturities						
Ordinary interbank funds sold	-	117	133	250	501	968
Contractual maturities of all the investment to hold to maturity – TES.	-	-	-	3,116	3,116	-
Investment Transfer Rights	-	2,005,612	307,879	179,360	2,492,850	-
Income flow with Contractual Maturities of the assets and out of balance positions – FIVC	-	6,861	15,737	17,607	40,205	21,410
Passive contractual maturities						
Operations in the money market	-	2,081,192	285,007	156,476	2,522,675	-
Fixed-term deposit certificates- CDT	-	19,633	17,298	56,634	93,565	270,490
Derivative financial instruments	-	5,285	9,834	9,179	24,298	21,202
Other liabilities	25,884	-	-	-	-	-
Flow of Expenses with						
Contractual Maturities of the liabilities and out of balance positions – FEVC	25,884	2,106,110	312,139	222,289	2,640,538	291,692
Net Flow (estimate) of Non-Contractual Maturities – FNVNC						
Net Flow	(25,884)	(173,085)	(79,322)	(192,454)	(444,862)	(546,064)
Estimated Net liquidity requirement RLN (2)	-	546,419	100,768	188,858	745,383	2,727,529
Partial IRL	0%	207%	175%	391%	152%	33%
Accrued IRL	-	585,045	484,277	295,420	386,081	(2,341,449)

(1) Liquid Assets correspond to the addition of assets defined by the Finance Superintendence of Colombia as liquid. According to the provisions of the IRL Regulatory model, numeral 2.3 – Annex 1 – Chapter VI of the Basic Financial and Accounting Circular Letter of the Finance Superintendence of Colombia.

(2) Corresponds to the estimated net liquidity requirement for the first band or the addition of the three (3) first periods of time, as applicable, as provided by the IRL regulatory model numeral 2.4 – Annex 1 – Chapter VI of the Basic Financial and Accounting Circular Letter of the Finance Superintendence of Colombia.

DESCRIPTION	As of December 31, 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						
Liquid Assets						
Cash and cash equivalents	940,653	-	-	-	-	-
Investments negotiable in debt securities	155,436	-	10	115	125	4,006
Investments negotiable in holding securities	8,025	-	-	-	-	-
Investments to hold to maturity	45,764	-	-	8,004	8,004	-
Other liabilities and credit contingencies	7,875	-	-	-	-	-
Subtotal	1,157,753	-	10	8,119	8,129	4,006
Active contractual maturities						
Ordinary interbank funds sold	-	41	68	102	210	401
Contractual maturities of all the investment to hold to maturity – TES.	-	-	-	8,004	8,004	-
Investment Transfer Rights	-	1,773,156	282,464	42,584	2,098,204	131,854
Derivative financial instruments	-	3,520	3,219	4,333	11,073	5,524
Income flow with Contractual Maturities of the assets and out of balance positions – FIVC						
Passive contractual maturities	-	1,776,717	285,751	55,023	2,117,491	137,779
Operations in the money market						
Fixed-term deposit certificates- CDT	-	19,401	36,945	176,893	233,239	275,922
Derivative financial instruments	-	2,425	2,360	3,656	8,442	6,865
Other liabilities	7,875	-	-	-	-	-
Flow of Expenses with Contractual Maturities of the liabilities and out of balance positions – FEVC						
Net Flow (estimate) of Non-Contractual Maturities – FNVNC	-	54,523	62,311	116,834	233,668	189,644
Net Flow	(7,875)	(268,898)	(98,617)	(285,145)	(653,659)	(453,313)
Estimated Net liquidity requirement RLN (2)	-	511,403	98,605	277,026	692,537	453,312
Partial IRL	0%	226%	190%	308%	167%	101%
Accrued IRL	-	646,351	547,745	270,718	465,217	11,904

(1) Liquid Assets correspond to the addition of assets defined by the Finance Superintendence of Colombia as liquid. According to the provisions of the IRL Regulatory model, numeral 2.3 – Annex 1 – Chapter VI of the Basic Financial and Accounting Circular Letter of the Finance Superintendence of Colombia.

(2) Corresponds to the estimated net liquidity requirement for the first band or the addition of the three (3) first periods of time, as applicable, as provided by the IRL regulatory model numeral 2.4 – Annex 1 – Chapter VI of the Basic Financial and Accounting Circular Letter of the Finance Superintendence of Colombia.

To control the liquidity risk between the assets and liabilities, the Company conducts statistical analysis that allows quantifying the stability of the collections with and without contractual maturity with a predetermined reliability.

To comply with the requirements by Banco de la Republica and the Finance Superintendence, the Company must maintain cash and restricted banks as part of the required legal reserve pursuant to the following percentages over the daily average of the deposits in the following accounts:

Item	Required
Deposits and liabilities on demand before 30 days	11.0%
Deposits of official establishments	11.0%
Deposits and liabilities after 30 days	11.0%
Ordinary savings deposits	11.0%
Term savings deposits	11.0%
Negotiated investments repurchase commitments	11.0%
Other accounts different to deposits	11.0%
Term deposit certificates:	
Less than 540 days	4.5%
Equal or greater than 540 days	0.0%

The Company has appropriately complied with this requirement.

Exposure to Liquidity Risk

The contractual maturity of liabilities as of December 31, 2018 and 2017 is presented below:

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	44,438	20,137	6,018	3,826	-	74,419
Subtotal	44,438	20,137	6,018	3,826	-	74,419
AT AMORTIZED COST						
Operations in the money market	-	119,087	192,773	1,065,365	1,115,625	2,492,850
Client Deposits	302,717	1,056,710	489,022	393,500	434,000	2,675,949
Subtotal	302,717	1,175,797	681,795	1,458,865	1,549,625	5,168,799
TOTAL FINANCIAL LIABILITIES	347,155	1,195,934	687,813	1,462,691	1,549,625	5,243,218

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	13,341	10,275	2,301	2,516	-	28,433
Subtotal	13,341	10,275	2,301	2,516	-	28,433
AT AMORTIZED COST						
Operations in the money market	6,046	-	9,908	632,762	826,485	1,475,201
Client Deposits	472,061	1,144,835	389,435	523,323	357,910	2,887,564
Subtotal	478,107	1,144,835	399,343	1,156,085	1,184,395	4,362,765
TOTAL FINANCIAL LIABILITIES	491,448	1,155,110	401,644	1,158,601	1,184,395	4,391,198

4.3. Risk of foreign exchange rate variation

The Company operates internationally and is exposed to changes in the exchange rate arising from exposures to different currencies, mainly regarding the United States Dollars and the Euro. The foreign exchange rate risk arises from recognized assets and liabilities and investments in subsidiaries and affiliates abroad and in future commercial transactions.

The Financial Companies in Colombia are authorized by Banco de la Republica to negotiate in currencies and to maintain balances in foreign currencies in offshore accounts. In accordance with External Resolution No. 2/2013 of the Board of Directors of Banco de la Republica (JDBR) and any other rules that modify it, amend it or complement it, the Proprietary Position (PP) of the Exchange Market Intermediaries (IMC) is defined as the difference between all rights and obligations in foreign currency registered in and outside of the balance sheet, realized or contingent, including those that are realizable in Colombian legal currency.

The arithmetic average of three (3) business days of the PP of the IMC may not exceed the equivalent in foreign currency to twenty percent (20%) of the technical equity,

indicated in article 5 of External Resolution No. 9/2013 of the JDBR.

For the case of the IMC bound to consolidate financial statements according to the instructions of the SFC and that have investments controlled abroad, the arithmetic average of three (3) business days of the PP of the IMC may not exceed the equivalent in foreign currency to thirty percent (30%) of the technical equity, indicated in article 5 of External Resolution No. 9/2013 of the JDBR.

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

As for the upfront proprietary position, in accordance with External Resolution No. 9/2013 of the JDBR and any other rules that modify it, amend it or complement it, the PPC of the IMC is defined as the difference between all assets and liabilities in foreign currency.

The arithmetic average of three (3) business days of the PPC of the IMC may not exceed fifty percent (50%) of the technical equity, indicated in article 5 of External Resolution No. 9/2013 of the JDBR, and it may be

negative, without exceeding the equivalent in foreign currency to twenty percent (20%) of the technical equity, indicated in article 5 of External Resolution No. 9/2013 of the JDBR.

The maximum limit of the PPC of the IMC that act as counterparties of the National Government in development of the debt management operations referred to in Resolution 1255/2008 of the Ministry of Finance and Public Credit and the rules that amend it or modify it, shall be increased in the amount of coverage contracted with the National Government.

The counterparties of the National Government in these operations may transfer to the IMC the additional upfront proprietary position amount resulting from the value of the coverage, in which case the limit of the upfront proprietary position shall increase to the latter and the limit of the upfront proprietary position of whoever assigns shall be reduced in an equivalent amount.

Additionally, it must comply with the limits of the gross leverage position, which is defined as the sum of: i) the rights and obligations in term and future agreements in foreign currency, excluding the obligations of those operations that imply both a right and an obligation in foreign currency; ii) the

cash operations in foreign currency with greater or equal compliance to one bank day, excluding the obligations of those operations that involve both a right and an obligation in foreign currency; and iii) the exchange exposure associated with the debit contingencies and the credit contingencies acquired in the negotiation of options and derivatives on the exchange rate.

The arithmetic average of three (3) business days of the PBA of the IMC may not exceed five hundred fifty percent (550%) of the technical equity, indicated in article 5 of External Resolution No. 9/2013 of the JDBR

The maximum or minimum amount of the own daily position and the own upfront position in foreign currency must be determined based on the technical equity of the Company on the last day of the second preceding calendar month, converted at the exchange rate set by the Finance Superintendence at the end of the immediately preceding month. Substantially all of the foreign currency assets and liabilities of the Company are maintained in United States Dollars and in Euros.

Below is a summary of the foreign currency assets and liabilities (in Colombian Pesos) maintained by the Company as of December 31, 2018 and 2017.

December 31, 2018				
Account	U.S. Dollars	Euros	Other Currencies	Total
Assets				
Cash and cash equivalents	46,399	4,982	424	51,805
Active operations in the money market	198,019	-	-	198,019
Investments in debt securities at fair value with changes in OCI	108,719	-	-	108,719
Investments in equity instruments	1,938	-	-	1,938
Instruments derived from negotiation	1,900,658	18,227	3,905	1,922,790
Other accounts receivable	58,978	9,307	-	68,285
Total Assets	2,314,711	32,516	4,329	2,351,556
Liabilities				
Deposits from Clients	46,578	-	-	46,578
Instruments derived from negotiation	2,092,397	18,731	3,905	2,115,033
Commitments of transfer in repo operations	154,551	-	-	154,551
Other liabilities	10,750	10,358	-	21,108
Total Liabilities	2,304,276	29,089	3,905	2,337,270
Net Active Position (Liability)	10,435	3,427	424	14,286

December 31, 2017				
Account	U.S. Dollars	Euros	Other Currencies	Total
Assets				
Cash and cash equivalents	56,083	828	528	57,439
Active operations in the money market	90,763	-	-	90,763
Investments in debt securities at fair value	7,557	-	-	7,557
Investments in debt securities at fair value with changes in OCI	156,024	-	-	156,024
Investments in equity instruments	30,966	-	-	30,966
Instruments derived from negotiation	2,002,476	80,895	14,525	2,097,896
Other accounts receivable	40,528	-	-	40,528
Total Assets	2,384,397	81,723	15,053	2,481,173
Liabilities				
Deposits from Clients	32,184	-	-	32,184
Instruments derived from negotiation	2,123,377	80,219	14,686	2,218,282
Commitments of transfer in repo operations	192,323	-	-	192,323
Other liabilities	696	56	-	752
Total Liabilities	2,348,580	80,275	14,686	2,443,541
Net Active Position (Liability)	35,817	1,448	367	37,632

The Management of the Company has established policies requiring a management of its foreign exchange risk against its operating currency. The Company economically covers its exposure to the exchange rate by using derivative operations.

The Company has several investments abroad, whose net assets are exposed to conversion risk of its financial statements, these investments are classified as investments in foreign subsidiaries and affiliates which are valued through the equity interest method, in accordance with the provisions in External Circular Letter 034/2014, issued by the Finance Superintendence of Colombia. The exposure that arises from the net assets in operations abroad is mainly covered by

obligations in foreign currency or derivatives.

4.4. Price risk

Within the equity instruments listed on the stock exchange (Bladex S.A., Alimentos Derivados de la Caña S.A., Banco Comercial AV Villas S.A., Gas Natural S.A. ESP, Bolsa de Valores de Colombia S.A., Empresa de Energía de Bogotá S.A. E.S.P., Mineros S.A.), the Company is exposed price variations in said investments; as of December 31, 2018 and 2017, if the prices of these investments were 1% above or below, the minor or major impact on the Company's Other Comprehensive Income (OCI) would be \$ 9,603 and \$7,952 respectively.

As of December 31, 2018					
Name of investment	Number of shares	Stock price (*)	Investment value	Effect on OCI +/- 1% Favorable	Unfavorable
Bladex S.A.	2,070	56,221	116	1	(1)
Alimentos derivados de la Caña S.A.	52,000	4,030	210	2	(2)
Banco Comercial AV Villas S.A. (Common Shares)	45,677	4,977	227	2	(2)
Banco Comercial AV Villas S.A. (Preferred Shares)	20,763	4,284	89	1	(1)
Gas Natural S.A. ESP	621,866	69,886	43,460	435	(435)
Bolsa de Valores de Colombia S.A.	2,442,597	11,980	29,262	293	(293)
Empresa de Energía de Bogotá S.A. E.S.P.	475,298,648	1,770	841,279	8,413	(8,413)
Mineros S.A.	22,350,263	2,045	45,706	457	(457)
Total			906,349	9,604	(9,604)

As of December 31, 2017					
Name of investment	Number of shares	Stock price (*)	Investment value	Effect on OCI +/- 1%	
				Favorable	Unfavorable
Bladex S.A.	2,070	80,270	166	2	(2)
Alimentos derivados de la Caña S.A.	52,000	4,423	230	2	(2)
Banco Comercial AV Villas S.A. (Common Shares)	45,677	6,122	280	3	(3)
Banco Comercial AV Villas S.A. (Preferred Shares)	20,763	5,661	118	1	(1)
Gas Natural S.A. ESP	621,866	75,904	47,202	472	(472)
Bolsa de Valores de Colombia S.A.	1,221,298,743	26	31,510	315	(315)
Empresa de Energía de Bogotá S.A. E.S.P.	327,150,500	2,015	659,209	6,592	(6,592)
Mineros S.A.	22,350,263	2,530	56,546	565	(565)
Total			795,261	7,952	(7,952)

* Stock prices are expressed in Colombian pesos.

4.5. Credit Risk

The Company makes the credit and counterparty risk evaluation for the allocation of Treasury Operations limits for customers. Likewise, there is a Credit and Counterparty Risk Committee (CCRYC), where the credit risk management (SARC) is controlled and analyzed.

4.6. Operating Risk

The Company has an Operating Risk Management System (SARO) implemented pursuant to the guidelines set forth in Chapter XXIII of the Basic Accounting and Financial Circular Letter (External Circular 100/1995) issued by the Finance Superintendence of Colombia. This system is managed by the risk area of the entity.

This system includes:

- Manual with Operating Risk Policies, approved by the Board of Directors, establishing the guidelines under which the Company's SARO is performed.
- Procedure manuals describing how to comply with the Operating Risk Policies.
- Organizational Structure: the Board of Directors, the Legal Representative, the Risk Management and the Operating Risk Unit participate in the SARO.
- Operating Risk Matrices, which identify and rate the risks and controls, constructs inherent and residual risk matrices per process and periodically update them due to changes in the processes or evidence obtained from the Operating Risk Events record.
- A database comprised by the Operating Risk Events records that occurred since August 2007.

- Accounts to be registered in expenses, where the events that caused losses due to Operating Risk are accounted for.
- Periodical reports for the Senior Management, the Corporate Governance, Risk and Compliance Committee and the Board of Directors.
- Annual training of officers.
- Semiannual audit of the effectiveness of the system by the Comptroller and the Tax Auditor.

As of December 31, 2018, there are operating risk matrices for the 23 processes of the Company, in which it has identified 403 risks and 868 controls.

Below is the evolution of the figures resulting from every updated operating risk profile of the Company:

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

In 2018, the losses for operating risk registered correspond to eight [sic] (9) events of Type A operating risk that amount to \$315.28. The most representative event is:

Payment for situation of Internal fraud in the Office of Bucaramanga of an officer belonging to the commercial area materialized in \$198.8.

Payment for correction of the statements made of GMF of 2017 for incurring in mistakes when performing the compliance of monetization requested by the customer on the dates and for the values withheld in the incorrect account for a value of \$55.1.

205 Type B events (without impact in income) and 90 Type C events (near losses) complete the registry.

According to the classification of the 304 events registered as of December 31, 2018, the largest risk factor is the Technological Framework, with 110 events (36%), Human Resource with 89 events (29%), proceedings with 86 events (28%) External Occurrences with 16 events (5%) and infrastructure, with 3 (1%).

4.7. Risk of money laundering and terrorist 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. For this reason, the Company has a Money Laundering and Terrorism Financing Risk Management System [SARLAFT for its acronym in Spanish] which is composed of stages, elements, policies, procedures and methodologies for the identification, evaluation, control and monitoring of these risks, as well as the knowledge of clients, their operations with the Company and the market segments served. The system, which is contained in the SARLAFT Manual approved by the Board of Directors, also considers the monitoring of transactions, staff training and collaboration with authorities, and is managed by the Compliance Officer, who has

the responsibility of evaluating the prevention and control mechanisms and establish their effectiveness and compliance by all the Company's officers.

Within the framework of the regulation of the Finance Superintendence of Colombia and especially following the instructions given in Part I Title IV Chapter IV of the Basic Legal Circular Letter, the Company presents satisfactory results in the activities performed in relation to the Money Laundering and Terrorism Financing Risk Management System [SARLAFT], which are in accordance with current regulations, policies and methodologies adopted by the Board of Directors and the Recommendations of the International Standards related to the subject. During 2018, actions were performed to adjust some of the System components in order to carry out enhancement plans scheduled by the Company and its financial affiliates to attend instructions of the Finance Superintendence of Colombia addressed to strength the prevention and control mechanisms, in consideration of the dynamic and changing environments of the business.

SARLAFT activities were conducted taking into account the methodologies adopted by the Company, which made it possible to continue with the mitigation of risks through the application of controls designed for each of the risk factors defined in Part I Title IV Chapter IV of the Basic Legal Circular Letter of the Finance Superintendence of Colombia (Client, Product, Channel and Jurisdiction). In accordance with the measurements made during 2018 based on SARLAFT, the entity maintains in average "low" and "very low" risk levels, which are monitored quarterly.

The Company has technological tools that have enabled it to implement its client knowledge policy and the monitoring of warning signs for the purposes of identifying unusual operations and reporting suspicious transactions to the Financial Information and

Analysis Unit (UIAF) in the terms established by law. The system also contains SARLAFT risk factor segmentation models (client, product, channel and jurisdiction) that allow the entity to identify risks and detect unusual operations based on the profile of the segments.

In order to promote and consolidate a culture of prevention, the Company has an institutional training program for employees, which transmits knowledge and relevant information and provides guidelines on the regulatory framework and mechanisms of control over money laundering and terrorist financing.

As regards the duty of collaboration with the authorities, and in compliance with legal provisions, the Company timely submitted its institutional reports to the Financial Information and Analysis Unit (UIAF) and responded to the requests for information submitted by the authorities.

The Compliance Officer is in charge of the direct supervision of controls to prevent these risks. The Internal Auditor and the Statutory Auditor, as well as Management and the Board of Directors, carry out supervision through the reports periodically presented by the Compliance Officer and the Statutory Auditor. According to the results of the different stages of SARLAFT, the reports issued by the Company's control bodies and the opinion of the Board of Directors on the reports presented by the Compliance Officer on a quarterly basis, the entity is able to appropriately manage the money laundering and terrorism financing risk. During 2018, the reports presented by the Comptroller and Statutory Auditor on SARLAFT were taken into account in order to implement the recommendations aimed at optimizing the System.

4.8. Financial consumer service system (SAC)

For 2018, the Company complied with the policies established in the Financial Consumer Service [SAC for its acronym in Spanish] Manual, applying the procedures for the implementation of the elements and stages of the system in accordance with current regulations. Likewise, it had the adequate infrastructure for the correct administration and operation of the SAC, offering an effective attention to the petitions filed by the financial consumers, so that during this period no complaint or claim directly filed before the Company was received.

Seven (7) complaints from financial consumers filed before the Finance Superintendence of Colombia were received, however, they were not appropriate as they corresponded to persons who do not have, nor have had commercial ties with the Company.

As stated in the reports issued by the Company's Comptroller and Statutory Auditor, the design and application of policies and procedures are adequate within the framework of the SAC. The opportunities for improvement that were identified in those reports were duly implemented and/or requested before the responsible areas.

As for training, the entirety of the officers is certified in the virtual module dedicated to Service and inclusive culture and for the second semester, the training module was dedicated to Processing of Personal Data.

The entity prepared 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 Asobancaria.

Via email, the Company continues sending to all of its officers and regularly, bulletins with educational content that included matters in terms of bank security, pension regimes, credit history and good debt management.

4.9. Legal Risk

The Legal Department supports the legal risk management duties in the operations made by the Company. Particularly, it defines and sets forth the necessary proceedings to adequately control the legal risk of the operations by ensuring that these are in compliance with the legal standards, they are documented and it analyzes and writes the agreements supporting the operations made by the different business units. Regarding legal situations related to the Company, it must be indicated that, as required, the relevant contingencies are duly provided.

The Company, according to the instructions given in External Circular Letter 066/2001 of the Finance Superintendence of Colombia and IAS 37 Provisions, contingent assets and contingent liabilities, valued the claims of the proceedings against it based on analyses and concepts of the lawyers in charge.

Regarding copyrights, the Company only uses software or licenses legally acquired and it does not allow programs different to those officially approved to be used in its equipment. The proceedings against the Company are detailed in note 20 to the financial statements.

4.10. Anti-Fraud and Anti-Corruption Risk

In compliance with the provisions issued by the Finance Superintendence of Colombia and the guidelines of the shareholders and the Board of Directors, the Company has an Anti-Fraud and Anti-Corruption Policy which main objectives are to ensure the performance of coordinated actions to prevent fraudulent

events within the Company, to promote transparency in the actions undertaken by Management, to discourage misconduct and to support the commitment of its stakeholders against fraud and corruption. The policy contains guidelines mainly in relation to gifts and gratifications, the use of intermediaries, contracts, donations, sponsorships, mergers and acquisitions and internal control measures on the financial reporting process. It also includes guidelines on high-risk accounts, system evaluation by the internal audit department and compliance with the external regulatory framework, in particular the United States' Foreign Corrupt Practices Act (FCPA).

During the 2018 and 2017, training was provided in this regard in order to strengthen their knowledge and skills as a mechanism for preventing the risk of fraud and corruption.

4.11. Reputational Risk

The Company has mechanisms intended for the reputational risks that may arise in development of its different lines of business to be adequately identified, evaluated, controlled, monitored and reported. Control activities before events such as failure to ethics, compliance with standards and internal policies and those others that can negatively affect the reputation of the entity are contained in the Code of Ethics and Conduct, Anti-Fraud and Anti-Corruption Policy and 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 Company, or to mitigate the eventual impact of unexpected reputational events, the entity has within its organizational structure, the Communications and Marketing and Relationship with Investor areas, which permanently evaluate information to

understand the market and environmental trends, as well as the exposure of the entity's name in the means of communication and social media and thus monitor the reputational impact.

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

4.12. Corporate Governance

Corporación Financiera Colombiana S.A. has incorporated principles that govern the entity's 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's strategies, policies and risk profiles. The Board of Directors is permanently informed of the processes and business carried out by the Company.

The Board approves the limits of loans granted and exposure to market risk, liquidity and credit risk management for the Company's different businesses. The Governance, Risk and Compliance Vice-President, through the Risk Management Office, is in charge of the identification, administration, measurement, control and monitoring of the risks inherent in treasury and other business operations. This department is in charge of generating risk control mechanisms and informing the Senior Management and Board of Directors of the Company's exposure to risk.

Policies and division of functions – Risk management policies are approved by the Board of Directors and are in line with the Company's different lines of business. These policies have specific elements for each type of risk (credit, market, liquidity and operational) and are rigorously monitored 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 Company.

The Board of Directors is presented with a report containing a description of the operations performed by the money desk, the results of the business, the levels of risk and compliance with the limits established, if applicable on a monthly basis. Transactions with affiliates are submitted to the Board of Directors for consideration.

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

Technological Infrastructure – The Company has appropriate technological infrastructure that allows it to efficiently support the transactional requirements of its daily operations.

Methodology for the measurement of risk – Corporación Financiera de Colombia is classified as a financial institution and for its business role in the different fronts where it operates (money desk products, investment banking, equity investments, etc.) and as such it is exposed to a variety of risks brought about by the evolution of the environment in all its spheres.

Based on the above, it is clear that risk management has become an essential factor for achieving one of the main purposes of

Corficolombiana, which is obtaining a satisfactory return for its shareholders, and therefore is in the definition of each and every one of the institutional strategies and decision-making processes for all the Company's businesses and activities.

The Company defined that the risk management processes must comply with the following stages:

Identification of risk – The risks associated with each of the products are determined by seeking to identify undue concentrations of risk and to implement new technologies to manage them.

Measurement of risks – The processes for measuring and managing the different risks are determined. Monitoring systems must operate accurately and cover all the defined aspects, so as to facilitate management. Risk measurement involves the availability of trained human resources and technical tools to facilitate the quantification of risks inherent to each business.

Allocation of limits - Limits are determined for each of the risks separately (market, credit and/or counterparty, operational and liquidity), even though they are connected to each other. Management evaluates and defines limits based on the willingness to take risks and the Entity's ability to absorb losses.

Measurement and control of limits – The value of positions against limits should be permanently reviewed and timely reports sent to the Senior Management as to any excesses in order to adopt corrective action. Evaluations and measurements are carried out with different frequencies according to the needs of each line of business.

Drafting of reports – Reports must be presented periodically according to the requirements of the Board of Directors and the different levels of risk. They should

contain information regarding the current risk exposure against established limits considered as essential elements for decision-making processes.

Existing methodologies identify and measure the different types of risk to which the Company is exposed in its activities and this is how the methods that were explained and explained in detail in these notes to the financial statements operate.

Organizational Structure – Through its Board of Directors, the Company has defined an organizational structure, which must ensure appropriate risk management processes.

This is how the Governance, Risk and Compliance Vice-President is in charge of building a strong risk culture within the organization, seeking to always obtain an integrated risk vision that also covers the financial subsidiaries of Corficolombiana. This Vice-President is in charge of the Risk Management Office with the purpose of promoting, leading and controlling the

execution of approved risk policies by complying with the risk management strategy, using the previously defined risk management process.

In the Company’s structure, the negotiation, risk control and operations accounting departments are all independent. Each of these tasks is assigned to different functional departments, which in turn report to the Company’s different departments as follows:

(5) Estimate of Fair Value

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

Responsibility	Department	Reports to:
Negotiation	Vice-President of Treasury	CEO
	Vice-President of Sales	CEO
	Vice-President of Investment Banking	CEO
	Vice-President of Investments	CEO
Control	Risk Management Office	Governance, Risk and Compliance Vice-President
Accounting	Treasury Operations	Operations and Systems Management Office
	Accounting Office	Executive Vice-President

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 uses 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 Company may use internally developed models for instruments that do not have active markets. Such models are generally based on generally standardized 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 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 of the investment property assets has been determined through appraisals made by independent experts with sufficient experience and knowledge of the real estate market or the asset being valued. These valuations are generally made by references to market data or based on replacement cost when there is insufficient market data. This measurement is classified as level 3.

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. 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 has 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. Therefore, since these assets are Tier 1 or Tier 2, the Company has classified its investments in collective investment funds as Tier 2.

Investments classified in Tier 3 have significant unobservable inputs. Tier 3 instruments mainly include investments in equity instruments, which are not quoted on the stock exchange. The Company has equity investments in various entities with a share of less than 20% of the assets of each entity, such as Cámara de Compensación de Divisas, Cámara de Riesgo Central de Contraparte y Fiduciaria de Occidente. In general, all these companies do not trade their shares in a public securities market and therefore, the determination of their fair value as of December 31, 2018 has been made with the help of Precia S.A., the following is a summary of the different techniques used:

Equity instruments measured at their net adjusted value (VNA) of the assets

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

It corresponds to a valuation technique, which is calculated allocating the market value to the assets and subtracting

Approach	Application Technique	When is it used
Net Adjusted Value of the Assets		The value of the company can be determined through this method based on the level of information present at the time of the valuation. The company has assets and liabilities with a realizable market value for any market participant, the net adjusted value of its assets constitutes an indication of fair value.
Revenues	Present value adjusted by discount rate	Under the conservative growth assumptions and with a basic level of detail to estimate the projection of flows of dividends.

the liabilities at market value, according to the value that a market participant would grant. In order to apply this technique, the statement of financial position was used as of December 31, 2018. For the calculation of the assets and liabilities with a chance to be realizable, a calculation factor of 100% was assigned to them.

Below is the sensibility 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 at their present value adjusted by the discount rate

Under the approach of net value of the assets, the result is determined through the allocation of the market value to the assets and deducting the liabilities at market value, according to the value that a market participant would grant.

The investments measured using this valuation technique, are:

- Fiduciaria Occidente S.A
- Camara de compensación de Divisas S.A.

Variables	Variation	Favorable Impact	Unfavorable Impact
Revenues (% growth of 5 years)	+/- 1%	4.18%	-4.36%
Residual values growth after 5 years	+/- 30%	0.94%	-1.81%
Discount interest rates	+/- 50PB	2.28%	-3.57%

The valuations of those equity instruments that are not listed on the stock market and for which valuation techniques were used are considered in tiers II and III of the hierarchy of the measurement of the fair value, depending on the importance of market parameters taken in said valuations.

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 period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Company measured at fair value at December 31, 2018 and 2017 on a recurring basis.

ASSETS	December 31, 2018			
	TIER 1	TIER 2	TIER 3 (1)	TOTAL
Assets at fair value with adjustment in profit or loss				
Derivative financial instruments				
Forwards	-	40,471	-	40,471
Swaps	-	9,946	-	9,946
Cash operations	-	14	-	14
Other derivatives	-	6,073	-	6,073
Subtotal	-	56,504	-	56,504
Debt Instruments				
With changes in profit and loss	944,792	86,148	-	1,030,940
With changes in Other Comprehensive Income	1,461,262	614,781	-	2,076,407
Subtotal	2,406,418	700,929	-	3,107,347
Equity Instruments				
With changes in profit and loss	-	89,173	-	89,173
With changes in Other Comprehensive Income	841,279	119,070	30,324	990,673
Subtotal	841,279	208,243	30,324	1,079,846
Total assets measured at fair value on a recurring basis	3,247,697	965,676	30,324	4,243,697
Liabilities				
Liabilities at fair value with adjustment in profit and loss				
Derivative financial instruments				
Forwards	-	57,286	-	57,286
Swaps	-	10,715	-	10,715
Cash operations	-	6,418	-	6,418
Other derivatives	-	7	-	7
Total liabilities measured at fair value on a recurring basis	-	74,426	-	74,426

ASSETS	December 31, 2017			
	TIER 1	TIER 2	TIER 3 (1)	TOTAL
Assets at fair value with adjustment in profit or loss				
Derivative financial instruments				
Forwards	-	28,089	-	28,089
Swaps	-	6,067	-	6,067
Cash operations	-	2,435	-	2,435
Subtotal	-	36,591	-	36,591
Debt Instruments				
With changes in profit and loss	737,495	152,416	-	889,911
With changes in Other Comprehensive Income	1,382,995	225,655	-	1,608,650
Subtotal	2,120,490	378,071	-	2,498,561
Equity Instruments				
With changes in profit and loss	-	45,011	-	45,011
With changes in Other Comprehensive Income	659,209	136,052	33,338	828,599
Subtotal	659,209	181,063	33,338	873,610
Total assets measured at fair value on a recurring basis	2,779,699	595,725	33,338	3,408,762
Liabilities				
Liabilities at fair value with adjustment in profit and loss				
Derivative financial instruments				
Forwards	-	13,376	-	13,376
Swaps	-	6,026	-	6,026
Cash operations	-	6	-	6
Other derivatives	-	4,600	-	4,600
Total liabilities measured at fair value on a recurring basis	-	24,008	-	24,008

(1) Tier 3**Equity Instruments**

	December 31, 2018	December 31, 2017
Cámara de Compensación de Divisas de Colombia S.A.	1,117	916
Camara de Riesgo Central de Contraparte de Colombia S.A.	392	427
Depósito Central de Valores – DECEVAL		-
Fiduciaria de Occidente S.A.	25,997	26,884
Subtotal	27,506	28,227

Financial Instruments at changes in equity through Other comprehensive income

Corporación Andina de Fomento	1,202	1,039
Inducarbón Ltda.	1	1
Inca Fruehauf S.A. in liquidation	-	73
Petróleos Colombianos Limited	161	148
Petróleos Nacionales S.A.	257	257
Promotora de Inversiones Ruitoque S.A. (Promisión)	696	696
Promotora la Alborada S.A.	316	316
Promotora la Enseñanza S.A.	70	70
Reforestadora de Santa Rosalia C.I. S.A.	12	12
Sociedad Hotelera Cien Internacional S.A.(Hotel Bogotá Royal)	103	100
Textiles el Espinal S.A.	-	2,399
Subtotal	2,818	5,111
Total Tier 3	30,324	33,338

() See sensibility analysis note (5) Fair value estimation*

As of December 31, 2018, transfers from tier 2 to tier 1 occurred in TES with maturities in September 2030 amounting to \$16,289 and a BOND with maturity in September 2023 amounting to \$18,968 due to greater liquidity in those securities.

Fair value of assets and liabilities 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
Cash and equivalents	540,887	540,887	946,125	946,125
Money market operations	274,731	274,731	310,653	310,653
Debt instruments				
At amortized cost	49,923	49,802	50,255	50,107
Accounts receivable, net	102,732	102,732	98,080	98,080
Total financial assets	968,273	968,152	1,405,113	1,404,965
Deposits and liabilities	3,315,581	3,315,581	3,330,886	3,330,886
Money market and related operations	2,575,908	2,575,908	2,554,925	2,554,925
Accounts payable	36,066	36,066	22,769	22,769
Total financial assets	5,927,555	5,927,555	5,908,580	5,908,580

The fair value of financial assets and financial 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 does not significantly differ from the carrying amount due in large part to the short-term maturities of these instruments.
- The fair value of listed securities is based on listing as of the closing date.

(6) Cash and cash equivalents

The balances of cash and cash equivalents comprise the following:

	December 31, 2018	December 31, 2017
In Colombian pesos		
Cash	3	3
Petty cash	3	3
Banks and other financial institutions on demand*	489,079	888,683
Banks or financial institutions	403,268	814,790
Banco de la Republica de Colombia	85,811	73,893
Subtotal in Colombian pesos	489,082	888,686
In foreign currency		
Cash	19	21
General cash	19	21
Banks and other financial institutions on demand*	51,786	57,418
Banks or financial institutions	51,786	57,418
Subtotal foreign currency	51,805	57,439
TOTAL CASH AND CASH EQUIVALENTS	540,887	946,125

* Includes the Reserve Requirement available for the corresponding two-week period for the periods ended December 31, 2018 and 2017, valued at \$85,811 and \$73,893 respectively

There were no restrictions or limitations on cash and cash equivalents. To date there are no old conciliating items and there is no evidence of impairment.

(7) Active positions in money market operations

The following is the detail of the active positions in money market transactions, as of December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Balances	Effective Annual Rate (1)	Balances	Effective Annual Rate (1)
Operations agreed upon between 0 and 90 days				
In Colombian pesos				
Transfer commitments in simultaneous operations investments	76,712	3.48%	219,890	4.49%
Subtotal in Colombian pesos	76,712		219,890	
Operations agreed upon of more than 90 days				
Foreign currency				
Ordinary interbank funds sold	198,019	3.46%	90,763	2.82%
Subtotal foreign currency	198,019		90,763	
Total Money Market Operations	274,731		310,653	

(1) Corresponding to the average rate of the current operations in legal currency as of the period cut-off

These amounts are not subject to restrictions or limitations.

(8) Investments measured at fair value

The balance of marketable investments in debt securities and investments available for sale in equity securities at fair value comprises the following:

a) Measured at fair value through profit and loss

By currency	December 31, 2018	December 31, 2017
Financial instruments measured at fair value through profit and loss		
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or guaranteed by the Colombian government	970,366	741,431
Issued or guaranteed by other Colombian government entities	18,634	-
Issued by national issuers	41,940	60,375
Other securities	-	88,105
TOTAL DEBT INSTRUMENTS	1,030,940	899,911
EQUITY INSTRUMENTS		
In Colombian pesos		
Collective Funds and Portfolio	82,160	37,998
TOTAL EQUITY INSTRUMENTS	82,160	37,998
TOTAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	1,113,100	927,909

By classification	December 31, 2018	December 31, 2017
Measured at fair value through profit and loss		
Debt instruments through profit and loss		
Colombian Government Bonds	970,366	741,431
Bonds from other entities of the Colombian Government	18,634	-
Financial Entities	31,420	60,375
Others	10,520	88,105
SUBTOTAL	1,030,940	889,911
Other equity instruments at fair value with changes in profit and loss		
Fiduciaria Corficolombiana Collective Fund	45,228	3,973
Confianza Plus Collective Fund	2,706	2,486
Fiduciaria Corficolombiana Capital	1,848	1,778
Fiduciaria Bogota 60 CCA Sumar	1,873	1,794
Fiduciaria Popular Rentar Plus	1,520	-
SUBTOTAL	53,175	10,031
Investments in Fiduciary Rights through profit and loss		
Melendez - 3941 - Alferez Management Trust	22,471	22,555
Fiduciaria Bogota 60 CCA Sumar	39	37
20-05P Portfolio Trust	9,175	8,073
Arromasa Trust (CFC 46.25%)	520	520
Fibratolima	3,793	3,795
SUBTOTAL	35,998	34,980
Impairment	(7,013)	(7,013)
SUBTOTAL	82,160	37,998
TOTAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	1,113,100	927,909

b) Measured at fair value through other comprehensive income (OCI)

By currency	December 31, 2018	December 31, 2017
Financial instruments measured at fair value through other comprehensive income		
In Colombian pesos		
Debt instruments through other comprehensive income	1,967,688	1,452,626
Equity instruments	989,194	827,246
In foreign currency		
Debt instruments through other comprehensive income	108,719	156,023
Equity instruments	1,479	1,354
Equity instruments impairment	(957)	(3,343)
TOTAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)	3,066,123	2,433,906

The credit quality determined by independent risk rating agents of the main counterparties in debt securities and investments in equity instruments in which the Company has financial assets at fair value, corresponds to the rating code reported by the Finance Superintendence of Colombia for Long-Term Issuers, Investment Quality, "Investment Grade".

Reclassification of investment in debt securities

As of December 31, 2018, the Company reclassified investments in debt securities from available for sale to negotiable, at a market value of \$1,680,769, which are detailed as follows:

Reclassification Date	Kind	Nominal Value	Market Value	Profit (or loss)
Jan-23-18	EEB INTERNATIONAL LTD BOND	3	8,846	(311)
Feb-27-18	TES FIXED RATE	62,000	68,274	607
Mar-15-18	TES FIXED RATE	100,000	119,481	(113)
Mar-27-18	TES FIXED RATE	70,000	88,512	523
Mar-28-18	TES FIXED RATE	100,000	111,223	522
Apr-10-18	TES FIXED RATE	150,000	183,485	1,429
Apr-11-18	TES FIXED RATE	152,000	172,229	1,224
Apr-24-18	TES FIXED RATE	100,000	112,344	792
Jun-13-18	TES UVR	50	14,924	407
Jul-10-18	TES UVR	50	13,312	103
Jul-30-18	TES FIXED RATE	50,000	52,913	317
Jul-30-18	TES UVR	50	13,298	166
Aug-30-18	TES UVR	50	14,857	136
Sep-07-18	TES UVR	200	54,375	203
Sep-18-18	TES UVR	130	35,543	61
Sep-27-18	TES UVR	100	29,792	171
Nov-01-18	TES UVR	150	41,249	(41)
Nov-01-18	TGI INTERNATIONAL LTD BOND	12	39,591	(820)
Nov-16-18	TES UVR	200	59,917	98
Dec-10-18	TES UVR	59,000	63,793	221
Dec-11-18	TES FIXED RATE	131,000	141,661	488
Dec-13-18	CDT IPC BANCOLOMBIA	19,500	19,832	(58)
Dec-19-18	TES FIXED RATE	115,000	112,723	(128)
Dec-20-18	TES FIXED RATE	100,000	98,175	(425)
Dec-27-18	ECOPETROL USD BOND	3	10,420	(29)
General Total			1,680,769	5,543

The effect on the income statement, in relation to such reclassifications, generated profits for \$5,543.

As of December 31, 2017 the Corporation reclassified investments in debt securities available for sale to negotiable, for a market value of \$2,789,760, which are detailed below:

Reclassification Date	Kind	Nominal Value	Market Value	Profit (or loss)
January 3, 2017	TES UVR	400	102,400	166
January 04, 2017	TES FIXED RATE	165,000	201,873	(923)
January 05, 2017	TES FIXED RATE	340,000	361,535	607
January 06, 2017	TES UVR	600	155,322	98
January 18, 2017	TES UVR	250	65,067	(33)
March 17, 2017	TES FIXED RATE	49,500	48,385	191
March 21, 2017	TES FIXED RATE	14,000	13,745	133
March 22, 2017	TES FIXED RATE	11,500	11,286	104
April 26, 2017	TES FIXED RATE	27,000	28,916	(17)
April 28, 2017	TES FIXED RATE	155,000	201,483	5,357
April 28, 2017	BANCOLOMBIA USD BOND	2	6,618	202
April 28, 2017	GRUPO DE INV	2	6,579	253
	SURAMERICANA USD BOND			
May 04, 2017	TES FIXED RATE	50,000	50,804	38
May 05, 2017	TES FIXED RATE	50,000	48,071	1,590
May 09, 2017	TES FIXED RATE	100,000	130,376	2,791
May 17, 2017	OLEODUCTO CENTRAL S.A	2	5,933	286
	USD BOND			
May 31, 2017	TES FIXED RATE	73,000	78,903	261
June 01, 2017	TES FIXED RATE	70,000	73,970	1,580
June 13, 2017	TES FIXED RATE	80,000	84,732	1,760
June 13, 2017	TES FIXED RATE	50,000	65,993	1,706
June 14, 2017	GRUPO DE INV	2	6,430	229
	SURAMERICANA USD BOND			
June 15, 2017	TRANSMANTARO S.A.USD BOND	2	6,110	262
July 11, 2017	TRANSMANTARO S.A.USD BOND	2	6,398	245
July 12, 2017	TES UVR	300	77,954	556
August 17, 2017	TES FIXED RATE	95,000	108,634	203
August 17, 2017	AVAL LIMITED USD BOND	3	9,295	224
August 17, 2017	SURAAM USD BOND	2	6,110	139
August 17, 2017	GRUPO DE INV	1	1,639	40
	SURAMERICANA USD BOND			
August 17, 2017	SUAM FINANCE USD BOND	1	1,598	28
August 29, 2017	TES UVR	400	103,600	(19)
September13,2017	TES FIXED RATE	25,000	24,186	114
October 05, 2017	TES FIXED RATE	25,000	26,892	146
October 24, 2017	ECOPETROL USD BOND	3	6,638	291
November23,2017	TES FIXED RATE	207,000	233,105	1,545
November28,2017	TES FIXED RATE	45,000	55,723	383
November29,2017	TES FIXED RATE	100,000	108,846	764
November29,2017	AVAL LIMITED USD BOND	5	15,476	317
December07,2017	TES FIXED RATE	50,000	54,603	556
December18,2017	TES FIXED RATE	160,000	194,532	1,500
General Total			2,789,760	23,673

The effect on the income statement, in relation to such reclassifications, generated profits for \$23,673.

Changes in fair values mainly reflect changes in market conditions due to fluctuations in interest rates and other economic conditions in the country where the investment is held. As of December 31, 2018 and 2017, the Company considers that there have been no significant losses in the fair value of financial assets due to impairment conditions in the credit risk of these assets.

As of December 31, 2018 there are investments in debt securities securing repo operations for \$569,668 and at December 31, 2017 there are no investments in debt securities securing repo operations.

Additionally, as of December 31, 2018 and 2017, the financial instruments at fair value of \$6,679 and \$6,179 respectively, have been provided as collateral to third parties in support of financial obligations to others.

Equity instruments at fair value through other comprehensive income have been designated taking into account that they are strategic investments for the Company and therefore are not expected to be sold in the near future.

As of December 31, 2018 and 2017, dividends have been recognized in the income statement for the following investments:

Corporate Name	December 31, 2018			December 31, 2017		
	Total Value of Dividends	Amount in Cash	Amount in Shares	Total Value of Dividends	Amount in Cash	Amount in Shares
Empresa de Energia de Bogota S.A. E.S.P.	46,141	46,141	-	32,387	32,387	-
Gas Natural ESP	3,985	3,985	-	4,633	4,633	-
Mineros S.A.	3,487	3,487	-	3,165	3,165	-
Fiduciaria de Occidente S.A.	846	333	513	1,214	245	969
Deceval S.A.	-	-	-	887	887	-
Bolsa de Valores de Colombia S.A.	1,221	1,221	-	565	565	-
Cámara de Compensación de Divisas de Colombia S.A.	49	49	-	49	49	-
Banco Comercial AV Villas S.A.	21	21	-	29	29	-
Bladex S.A.	9	9	-	9	7	-
Inca Fruehauf S.A. in liquidation	191	191	-	-	-	-
Cámara de Riesgo Central de Contraparte de Colombia S.A.	26	26	-	-	-	-
TOTAL	55,976	55,463	513	42,938	42,938	969

(9) Measurements at amortized cost

The balance of financial assets in investments at amortized cost includes the following:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by other entities of the Colombian Government	49,923	50,255

The credit quality, determined by the independent risk rating agents of the main counterparties in debt securities, in which the Company has financial assets at amortized cost, corresponds to the rating code reported by the Finance Superintendence of Colombian for Long-Term issuers, Investment Quality and Investment Grade.

The following is the summary of financial assets in investments at amortized cost by maturity dates:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Up to 1 month	2,966	7,752
More than 3 months and less than 1 year	46,957	42,503
Total	49,923	50,255

(10) Derivative Financial Instruments

The following table shows the fair values at the end of the period of forwards, futures and interest rate and foreign currency swaps to which the Company is a party.

Derivative financial instruments include the following:

Item	December 31, 2018		December 31, 2017	
	Notional Amount (1)	Fair Value	Notional Amount (1)	Fair Value
ASSETS				
Operation with speculative derivatives				
Forwards for purchase of foreign currency	968,954	38,641	352,482	2,508
Forwards for sale of foreign currency	174,848	61	1,250,660	24,977
Forwards for purchase of securities	289,480	1,769	141,500	264
Forwards for sale of securities	-	-	410,035	340
SUBTOTAL	1,433,282	40,471	2,154,677	28,089
Interest rate swaps	186,000	446	110,180	577
Cross currency swaps	1,285,276	9,500	1,051,860	5,490
SUBTOTAL	1,471,276	9,946	1,162,040	6,067
Currency call options	250,435	6,073	397,575	2,435
SUBTOTAL	250,435	6,073	397,575	2,435
Cash operations	38,997	14	-	-
Total operations with speculative derivatives	3,193,990	56,504	3,174,292	36,591
TOTAL ASSETS	3,193,990	56,504	3,174,292	36,591
LIABILITIES				
Forwards for purchase of foreign currency	38,334	516	411,487	8,028
Forwards for sale of foreign currency	1,460,086	55,492	586,715	4,488
Forwards for purchase of securities	145,000	199	178,000	167
Forwards for sale of securities	520,710	1,079	402,100	694
SUBTOTAL	2,164,130	57,286	1,578,302	13,377
Interest rate swaps	722,493	1,917	127,744	985
Cross currency swaps	867,683	8,798	814,632	5,041
SUBTOTAL	1,590,176	10,715	942,376	6,026
Currency put options	50,513	6,418	190,485	4,600
SUBTOTAL	50,513	6,418	190,485	4,600
Cash operations	6	7	5,968	5
Total operations with speculative derivatives	3,804,825	74,426	2,717,131	24,008
TOTAL LIABILITIES	3,804,825	74,426	2,717,131	24,008
NET POSITION	(610,835)	(17,922)	997,161	12,583

(1) Notional amount is expressed in functional currency

The derivative instruments used by the Company are generally traded in organized markets. 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.

The following is a summary of the credit quality determined by independent risk rating agents of the major counterparties in active derivative instruments:

Credit quality	December 31, 2018	December 31, 2017
AAA	(15,018)	-
AA+	525	-
AA	-	(165)
AA-	5	-
A+	500	-
A (International)	(2,987)	(5,481)
A- (International)	10,121	(49,656)
BB+ (International)	-	231
BB (International)	-	(769)
BBB+ (International)	(159)	(31,593)
BBB- (International)	(1,940)	85,511
BB- (International)	(159)	(5)
Unrated	(8,809)	14,510
Total	(17,921)	12,583

As of December 31, 2018 and 2017, the Company has not carried out operations for hedging operations purposes.

(11) Accounts Receivable, net

The following is the summary of accounts receivable as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Interest	313	235
Dividends and shares	22,329	20,666
Commissions	1,523	4,682
Leases	152	45
Sale of goods and services	2,424	1,771
Fees	156	83
Ordinary savings account abandoned	62	97
Deposits	55,609	39,284
To subsidiaries	853	-
Advances to contracts and suppliers	58	36
To employees	2,427	2,761
Tax advances	18	10
Customers' account payment (*)	79,018	79,018
Others	24,377	19,960
Total trade accounts	189,319	168,649
Provision for other accounts receivable	(86,587)	(70,568)
Total other accounts receivable	102,732	98,080

(*) In this amount are recognized the accounts receivable in favor of the Company with Electricaribe, for the execution of guarantees and financial costs related backed with counter-guarantee agreements subscribed.

The following is the impairment movement of account receivables as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Initial Balance	(70,568)	(13,940)
Impairment	(16,019)	(56,628)
Final Balance	(86,587)	(70,568)

As of December 31, 2018 and 2017, the impairment of accounts receivable is mainly comprised by the obligations of Electricaribe S.A. E.S.P. for \$79,018 and \$41,768, respectively. The model for the estimation or quantification of losses expected established by the Finance Superintendence was used.

To estimate the quantification of expected losses, the Reference model of the Finance Superintendence of Colombia is used, given default with an age of less than 569 days reaching 80%, as of the month of January 2018, corresponding equal installments are recorded to reach 80% of capital impairment in the month of May 2018.

(12) Investments in subsidiaries and associates

a) The following is a summary of the investments in subsidiaries:

December 31, 2018						
Investments in subsidiaries	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Colombiana de Licitaciones y Concesiones S.A.S (5)	100.00%	24,589,416	553,673	(42,385)	1,168,060	1,679,348
Estudios y Proyectos del Sol S.A.S. (5) (7)	100.00%	238,470,532	688,933	(50,141)	679,301	1,317,093
Promigas S.A. (1) (5)	34.87%	395,710,250	869,250	75,562	216,354	1,161,166
Proyectos y Desarrollos Viales del Pacifico S.A.S. (5)	100.00%	23,380,787	296,247	(235)	110,380	406,392
CFC Gas Holding SAS (5)	100.00%	20,858,597	319,792	(73,259)	93,438	339,971
Hoteles Estelar de Colombia S.A. (5)	84.96%	4,221,878,224	141,675	85,283	66,229	293,187
Valora S.A.	100.00%	365,262,481	159,409	20,798	6,616	186,823
Fondo de Capital Privado Corredores Capital I (5)	97.30%	12,983,075	-	35,584	138,746	174,330
Organizacion Pajonales S.A. (5)	99.35%	85,298,349	144,114	(8,520)	16,064	151,658
Estudios Proyectos e Inversiones de los Andes S. A. (3)	99.98%	170,222,711	244,679	(81,693)	136,066	299,052
Proyectos de Infraestructura S.A. (5)	88.25%	52,922,419	84,611	(115,239)	159,558	128,930
Proyectos y Desarrollos Viales del Mar S.A.S. (5)	100.00%	9,054,183	130,489	1,921	(9,394)	123,016
Plantaciones Unipalma de los Llanos S.A. (5)	54.53%	1,515,383,414	16,409	60,912	(7,049)	70,272
Leasing Corficolombiana S.A. (5) (6)	94.50%	231,383,678	69,257	5,319	(17,219)	57,357
Concesionaria Vial del Pacifico S.A.S. (2)	89.90%	17,980	56,766	-	-	56,766
Fiduciaria Corficolombiana S.A. (5)	94.50%	29,657,829	36,588	3,872	16,267	56,727
CFC Private Equity Holdings SAS	100.00%	5,606,994	55,890	4,644	(3,370)	57,164
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	7,375,981,277	16,925	10,567	6,483	33,975
Tejidos Sinteticos de Colombia S.A. (5)	94.99%	86,288,271	19,676	(10,207)	11,705	21,174
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	6,068,654	14,093	(2,571)	1,803	13,325
Mavalle S.A.	46.77%	6,537,899	7,818	(1,157)	186	6,847
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	2,000,000	2,000	348	76	2,424
Gas Comprimido del Peru S.A.	91.87%	47,821,020	60,843	(59,171)	(1,052)	620
Concesionaria Vial de los Andes S.A.(3)	0.25%	68,002	93	(180)	393	306
CFC Energy Holdings SAS	100.00%	180,000	169	(11)	(59)	99
Proyectos y Desarrollos Viales del Andino S.A.S.	100.00%	2,110	161	-	(20)	141
Proyectos y Desarrollos Viales del Oriente S.A.S.	100.00%	11,000	101	-	(66)	35
Gestora de Infraestructura y Desarrollo S.A.S.	100.00%	1,000	1	-	-	1
Compañía de Infraestructura y Desarrollo S.A.S.	100.00%	1,000	1	-	-	1
Total Investments in Subsidiaries			3,989,663	(140,959)	2,789,496	6,638,200

December 31, 2017						
Investments in subsidiaries and affiliates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Promigas S.A. (1) (5)	34.22%	388,359,392	830,728	80,909	143,017	1,054,654
Estudios y Proyectos del Sol S.A.S. (5) (7)	100.00%	238,470,532	688,933	(20,468)	155,708	824,173
Colombiana de Licitaciones y Concesiones S.A.S. (5)	100.00%	21,758,914	352,639	(3,340)	91,060	440,359
CFC Gas Holding S.A.S.	100.00%	20,858,597	319,792	(82,654)	76,334	313,472
Hoteles Estelar de Colombia S.A. (5)	84.96%	4,221,878,224	141,675	85,208	48,733	275,616
Valora S.A.	100.00%	596,850,833	147,801	21,072	11,493	180,366
Fondo de Capital Privado Corredores Capital I (5)	97.30%	13,673,442	343	59,217	101,182	160,742
Proyectos y Desarrollos Viales del Pacifico S.A.S. (5)	100.00%	15,534,200	155,333	-	2,854	158,187
Organizacion Pajonales S.A.	98.67%	41,558,472	122,244	(9,075)	13,134	126,303
Proyectos de Infraestructura S.A. (5)	88.25%	52,922,419	84,611	(115,026)	148,134	117,505
Leasing Corficolombiana S.A. (5) (6)	94.50%	231,383,678	69,257	5,319	3,624	78,200
Plantaciones Unipalma de los Llanos S.A. (5)	54.53%	1,515,383,414	16,409	60,963	(1,699)	75,673
Estudios Proyectos e Inversiones de los Andes S. A. (3)	99.93%	53,583,915	59,011	(81,686)	94,509	71,834
Fiduciaria Corficolombiana S.A. (5)	94.50%	29,657,829	36,588	4,269	16,796	57,653
Concesionaria Vial del Pacifico S.A.S. (2)	89.90%	-	56,766	-	-	56,766
Proyectos y Desarrollos Viales del Mar S.A.S. (5)	100.00%	5,212,000	52,111	-	608	52,719
CFC Private Equity Holdings SAS	100.00%	5,300,094	52,821	331	(6,233)	46,919
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	7,341,249,597	16,440	10,618	5,388	32,446
Banco Corficolombiana (Panama) S.A. (8)	100.00%	9,400,579	26,935	(219)	2,307	29,023
Industrias Lehner S.A. en liquidacion (4)	52.48%	112,844,140	25,075	-	-	25,075
Tejidos Sinteticos de Colombia S.A. (5)	94.99%	86,288,271	19,676	(10,195)	11,925	21,406
Pizano S.A. (4)	39.99%	2,791,482,625	56,771	22,316	(60,724)	18,363
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa (2)	38.95%	6,068,650	14,093	(2,876)	2,255	13,472
Mavalle S.A.	46.77%	6,537,899	7,818	(1,139)	57	6,736
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	2,000,000	2,000	348	55	2,403
Gas Comprimido del Peru	91.87%	47,821,019	54,976	(36,868)	(17,370)	738
Concesionaria Vial de los Andes S.A.(3)	0.25%	68,002	93	(180)	339	252
CFC Energy Holdings SAS	100.00%	180,000	169	(11)	(43)	115
Proyectos y Desarrollos Viales del Oriente S.A.S.	100.00%	1,000	1	-	(1)	-
Impairment in equity investments (4)						(25,076)
Total Investments in Subsidiaries			3,411,109	(13,381)	843,442	4,216,094

(1) Includes Commercial Credit for \$40,868.

According to the provisions of decree 2267/2014 in its article 2 *“Preparers of information who are classified within letter b) of paragraph 1 of article 1 of Decree 2784/2012 shall apply the regulatory technical framework provided in the Annex of Decree 2784/2012 as amended, except for the provisions on classification and appraisal of investments of IAS 39 and IFRS 9 included in such annex”*.

According to External Circular Letter 034/2014 issued by the Finance Superintendence of Colombia, investments in subordinates under Law 222/1995 are measured in the separate financial statements by using the equity method. However, for those investments in controlled entities for which there is no accounting treatment in such law, provisions of IAS 27 will apply. In this sense, control assessments under *IFRS 10 Consolidated Financial Statements*, made to determine if an entity is controlled or not and thus, if the investment in this entity is considered as an investment in a controlled entity, are fundamental to define its classification in the separate financial statement. According to the control assessment under IFRS, Promigas S.A. ESP and Fondo de Capital Privado Corredores Capital I must be consolidated and thus, measured as controlled investments in the separate financial statement of the Company.

Nonetheless, under Law 222/1995, assumptions to establish subordination on an entity are based on the exclusive definition for entities that are companies and not on different entities of special purpose such as private equity funds which under the Colombian legal order are not considered companies, in line with the provisions of the Code of Commerce in the chapter referring to companies. The non-establishment of subordination on this type of entities does not require consolidation under the terms of article 35 of the Code of Commerce. As the Fund is not subject to consolidation as such, the interest of such Fund in Promigas must not be considered for the calculation of determining the interest of Corficolombiana in order to determine if there is subordination under this Law.

Given the foregoing, both the investment in Promigas S.A. ESP and Fondo de Capital Privado Corredores Capital are not subordinated under Law 222/1995, but controlled under IFRS 10.

(2) The Company has a direct interest of 100% in Proyectos y Desarrollos Viales del Pacífico S.A.S. and Estudios y Proyectos del Sol S.A.S. Proyectos y Desarrollos Viales del Pacífico S.A.S. acquired 40% of Concesionaria Vial del Pacífico S.A.S. through an operation of purchase from Iridium. Estudios y Proyectos del Sol S.A.S. holds 49.9% of Concesionaria Vial del Pacífico S.A.S., which is why the Company has an indirect control over Concesionaria Vial del Pacífico S.A.S. of 89.90%, which generated a recognition by goodwill of \$56,766 million.

(3) On January 15, 2018 there was a partial collapse in Chirijara bridge, Nueva Calzada located at KM64 of Bogota – Villavicencio road that is being built. In order to determine the causes of the collapse, Concesionaria Vial de los Andes (“Coviandes”) engaged services from Modjeski & Masters, a recognized American expert in forensic studies of cable-stayed bridges. The results from the investigation conducted by Modjeski & Masters have established that the collapse of tower B of Chirijara bridge was caused by a design error related to “a deficiency in the load of the partition wall and the base mat due to a design incorrect assumption (error) in connection with the resistance provided by the partition wall”. Regarding the foundations, the experts assessed them on a structural and geotechnical basis, and found them acceptable for the design loads and considered that they can be reused to support a similar type of bridge, disregarding any movement of the foundations and concluded that they did not have an impact on pile B.

With regard to pile C, which remained standing, it was identified that it has the same failures that caused the collapse of pile B and, therefore, after conducting the corresponding analysis it was defined that it had to be demolished. On July 11, 2018, the implosion process of pile C was carried out, which was done by the firm Demoliciones Atila Implosión SAS, an entity expert in the use of controlled explosives in order to diminish the seismicity, the impact on the fall, the noise and the dispersion of particulate matter for the communities near the zone.

This infrastructure is part of the scope agreed in addendum No. 1 to the concession agreement No. 444 of 1994, executed on January 22, 2010 with INCO (currently ANI), where Coviandes is the company awarded with the agreement and consequently it is the concessionaire. Constructora de Infraestructura S.A.S. (“Coninvial”), by agreement 444-12310 dated November 5, 2010, is the contractor building the work, of which the bridge is part. At the same time, Coninvial was performing the construction of Chirijara bridge by a design and construction agreement with the subcontractor Gisaico S.A. To date no estimate of the financial effects of this event have been determined; as soon as its impact is determined, it will be recognized in the financial statements.

Corficolombiana S.A. is a direct and indirect holder (through Estudios, Proyectos e Inversiones de los Andes S.A.S.) of 59.77% in the concessionaire. Also, Estudios Proyectos del Sol S.A.S. (“Episol”), a company wholly owned by the Company, is the holder of 60.00% of the stock capital of Coninvial.

On October 9, 2018, the tender process opened by Concesionaria Vial de los Andes S.A.S. (Coviandes) for the selection of the contractor that will be in charge of the design and construction of the new Chirijara bridge was completed. As a result of the assessment process of the offerings, the agreement for the design and construction of the new bridge was awarded to the Colombian-French consortium Eiffage - Puentes y Torones S.A.

The works will begin in five months and the term for the construction will be of approximately 22 months.

(4) Reclassification of investments under liquidation. See note (15) Other assets.

(5) The impact by the adoption of IFRS 9 and IFRS 15 is recognized by the application of the equity method, which created a recognition of \$352,257 in profits withheld as of January 1, 2018. The following is the breakdown of the impact:

	Results of previous years		
	IFRS 9	IFRS 15	Total General
Colombiana de Licitaciones y Concesiones S.A.S.	(133)	281,210	281,077
Estudios y Proyectos del Sol S.A.S.	(1,900)	82,907	81,007
Fiduciaria Corficolombiana S.A.	38	-	38
Hoteles Estelar de Colombia S.A.	(722)	-	(722)
Leasing Corficolombiana S.A.	90	-	90
Organización Pajonales S.A.	(26)	-	(26)
Plantaciones Unipalma de los Llanos S.A.	(19)	-	(19)
Proyectos y Desarrollos Viales del Pacífico S.A.S.	(74)	1,933	1,859
Proyectos y Desarrollos Viales del Mar S.A.S.	(2)	(4,807)	(4,809)
Promigas S.A.	(6,205)	-	(6,205)
Proyectos de Infraestructura S.A.	(30)	-	(30)
Tejidos Sintéticos de Colombia S.A.	(3)	-	(3)
Total	(8,986)	361,243	352,257

(6) The General Shareholders Assembly of Leasing Corficolombiana S.A., in special meetings, on November 27, 2018 and December 7, 2018 approved: (i) the assignment to Banco de Bogotá S.A. of a part of the financial leasing and credit operations, 19.9%. (ii) The assignment of a part of its active operations (financial leasing, operating leasing, leases and outstanding loans) and passive operations (term deposit certificates, rediscounts and passive loans) to Banco de Occidente S.A. and (iii) The assignment of a part of its passive operations (term deposit certificates) to Corporación Financiera Colombiana S.A., together with the cash amount corresponding to such operations.

On December 27, 2018, the Finance Superintendence of Colombia, by Resolution 1871, authorized the partial assignments of the assets, liabilities and agreements of Leasing Corficolombiana S.A. to Banco de Occidente S.A. and Corficolombiana S.A. The effective date for the performance of the assignments will be within the first semester of 2019. Given that the total value of the assignment of the assets and agreements to Banco de Bogotá S.A. is equal to less than twenty-five percent (25%) of the total assets of Leasing Corficolombiana S.A., such assignment does not require prior and express authorization from the Finance Superintendence of Colombia.

(7) Including adjustment of impairment of Concesionaria Ruta del Sol S.A.S. for \$111,783 (the value of the investment in Estudios y Proyectos del Sol S.A.S. was impaired by \$354,749)

(8) On April 19, 2018, once the relevant analysis was conducted, the Superintendence 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 management to commence the voluntary liquidation process and cessation of operations covered by the International Banking License. In November 2018, the investment was written down and effects were recognized in retained earnings for \$160 and results of the period for \$14,610.

The following is the investment movement detail of as of December 31, 2018

Investment in Subsidiaries	Investment Value			Variation				Investment Value	
	December 31, 2017	Result Method	Equity Method	IFRS 9 – IFRS 15	Capitalizations	Difference in conversion	Dividends received in cash	Investments under liquidation reclassification	December 31, 2018
Colombiana de Licitaciones y Concesiones S.A.S.	440,359	758,126	(1,248)	281,077	201,034	-	-	-	1,679,348
Estudios y Proyectos del Sol S.A.S.	824,173	410,345	1,568	81,007	-	-	-	-	1,317,093
Promigas S.A.	1,054,654	250,575	(14,938)	(6,205)	38,522	-	(161,442)	-	1,161,166
Proyectos y Desarrollos Viales del Pacífico S.A.S.	158,187	105,432	-	1,859	140,914	-	-	-	406,392
CFC Gas Holding S.A.S.	313,472	76,759	2,387	-	-	-	(52,647)	-	339,971
Estudios Proyectos e Inversiones de los Andes S. A.	71,834	41,557	(7)	-	185,668	-	-	-	299,052
Hoteles Estelar de Colombia S.A.	275,616	-	16,699	1,594	(722)	-	-	-	-293,187
Valora S.A.	180,366	(4,877)	(274)	-	11,608	-	-	-	186,823
Fondo de Capital Privado Corredores Capital I	160,742	39,361	382	-	348	-	(26,503)	-174,330	-
Organización Pajonales S.A.	126,303	3,033	478	(26)	21,870	-	-	-	151,658
Proyectos de Infraestructura S.A.	117,505	92,522	-	(30)	-	-	(81,067)	-	128,930
Proyectos y Desarrollos Viales del Mar S.A.S.	52,719	(3,272)	-	(4,809)	78,378	-	-	-123,016	-
Plantaciones Nipalma de los Llanos S.A.	75,673	(5,330)	(52)	(19)	-	-	-	-70,272	-
Leasing Corficolombiana S.A.	78,200	(20,933)	-	90	-	-	-	-	57,357
CFC Private Equity Holdings S.A.S.	46,919	2,863	4,313	-	3,069	-	-	-	57,164
Concesionaria Vial del Pacifico S.A.S.	56,766	-	-	-	-	-	-	-	56,766
Fiduciaria Corficolombiana S.A.	57,653	11,086	(453)	38	-	-	(11,597)	-	56,727
Promotora y Comercializadora Turística Santamar S.A.	32,446	1,096	(51)	-	484	-	-	-	33,975
Tejidos Sintéticos de Colombia S.A.	21,406	1,222	(12)	(3)	-	-	(1,439)	-	21,174
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	13,472	(452)	305	-	-	-	-	-	13,325
Mavalle S.A.	6,736	129	(18)	-	-	-	-	-	6,847
Proyectos de Ingeniería y Desarrollos S.A.S.	2,403	21	-	-	-	-	-	-2,424	-
Gas Comprimido del Perú S.A.	738	(1,039)	(125)	-	971	75	-	-	620
Concesionaria Vial de los Andes S.A.	252	54	-	-	-	-	-	-	306
Proyectos y Desarrollos Viales del Andino S.A.S.	-	(20)	-	-	161	-	-	-	141
CFC Energy Holdings S.A.S.	115	(16)	-	-	-	-	-	-	99
Proyectos y Desarrollos Viales del Oriente S.A.S.	-	(66)	-	-	101	-	-	-	35
Compañía de Infraestructura y Desarrollo S.A.S.	-	-	-	-	1	-	-	-	1
Gestora de Infraestructura y Desarrollo S.A.S.	-	-	-	-	1	-	-	-	1
Banco Corficolombiana (Panamá) S.A.	29,023	(1,356)	-	-	-	-	-	(27,667)	-
Industrias Lehner S.A.	25,075	-	-	-	-	-	-	(25,075)	-
Pizano S.A.	18,363	(837)	(141)	-	-	-	-	(17,385)	-
Equity investments impairment	(25,076)	-	-	-	-	-	-	25,076	-
Total Investments in Subsidiaries	4,216,094	1,772,682	(6,292)	352,257	683,130	75	(334,695)	(45,051)	6,638,200

Breakdown of financial information of investments in subsidiaries:

December 31, 2018					
Investments in Subsidiaries	Share %	Main Domicile	Assets	Liabilities	Profits / (Loss)
Gas Comprimido del Peru	91.87%	Peru	64,184	63,510	(1,071)
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	Colombia	33,440	3,909	(1,159)
CFC Private Equity Holdings SAS	100.00%	Colombia	57,320	156	2,863
CFC Energy Holdings SAS	100.00%	Colombia	3,012	2,913	(15)
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	Colombia	1,694,538	15,190	758,126
Concesionaria Vial de los Andes S.A.	0.25%	Colombia	249,084	125,638	22,133
Estudios Proyectos e Inversiones de los Andes S.A.	99.98%	Colombia	405,770	106,648	41,567
Estudios y Proyectos del Sol S.A.S.	100.00%	Colombia	1,670,626	353,533	410,345
Fiduciaria Corficolombiana S.A.	94.50%	Colombia	70,711	10,683	11,732
Hoteles Estelar de Colombia S.A.	84.96%	Colombia	642,523	297,431	19,655
Leasing Corficolombiana S.A.	94.50%	Colombia	721,215	660,520	(22,152)
Mavalle S.A.	46.77%	Colombia	27,143	12,504	276
Organizacion Pajonales S.A.	99.35%	Colombia	244,221	91,570	3,063
Plantaciones Unipalma de los Llanos S.A.	54.53%	Colombia	190,525	61,658	(9,755)
Proyectos y Desarrollos Viales del Oriente S.A.S.	100.00%	Colombia	50	15	(66)
Proyectos y Desarrollos Viales del Pacífico S.A.S.	100.00%	Colombia	416,782	10,390	105,432
Proyectos y Desarrollos Viales del Mar S.A.S.	100.00%	Colombia	125,873	2,857	(3,272)
Proyectos y Desarrollos Viales del Andino S.A.S.	100.00%	Colombia	151	11	(20)
Promotora y Comercializadora Turistica Santamar S.A.	84.66%	Colombia	43,274	3,142	1,294
Proyectos de Infraestructura S.A.	88.25%	Colombia	264,275	118,180	104,839
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	Colombia	3,414	989	21
Tejidos Sinteticos de Colombia S.A.	94.99%	Colombia	28,524	6,223	1,286
Valora S.A.	100.00%	Colombia	261,160	29,337	(4,877)
Concesionaria vial del Pacífico S.A.	89.90%	Colombia	1,282,517	1,048,511	226,884
Promigas S.A.	34.87%	Colombia	6,342,158	3,129,282	725,409
Fondo de Capital Privado Corredores Capital I	97.30%	Colombia	351,459	-	(157,074)
CFC Gas Holding SAS	100.00%	Colombia	659,663	66	49,229
Gestora de Infraestructura y Desarrollo S.A.S.	100.00%	Colombia	1	-	-
Compañía de Infraestructura y Desarrollo S.A.S.	100.00%	Colombia	1	-	-

December 31, 2017					
Investments in Subordinates	Share %	Main Domicile	Assets	Liabilities	Profits / (Loss)
Banco Corficolombiana (Panama) S.A.	100.00%	Panama	279,035	250,012	1,176
Gas Comprimido del Peru S.A.	91.87%	Peru	67,709	66,906	(2,263)
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	Colombia	45,081	15,172	71
CFC Private Equity Holdings SAS	100.00%	Colombia	46,920	1	(1,909)
CFC Energy Holdings SAS	100.00%	Colombia	115	1	(9)
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	Colombia	442,479	2,121	68,140
Concesionaria Vial de los Andes S.A.	0.25%	Colombia	346,490	245,177	15,405
Estudios Proyectos e Inversiones de los Andes S.A.	99.93%	Colombia	235,260	163,373	13,808
Estudios y Proyectos del Sol S.A.S.	100.00%	Colombia	1,005,014	180,842	(77,304)
Fiduciaria Corficolombiana S.A.	94.50%	Colombia	177,944	116,934	13,637
Hoteles Estelar de Colombia S.A.	84.96%	Colombia	612,657	288,248	17,592
Industrias Lehner S.A. en liquidacion	52.48%	Colombia	134	7,776	(1,104)
Leasing Corficolombiana S.A.	94.50%	Colombia	928,450	845,698	(5,818)
Mavalle S.A.	46.77%	Colombia	28,278	13,876	287
Organizacion Pajonales S.A.	98.67%	Colombia	231,607	103,605	2,046
Pizano S.A.	39.99%	Colombia	203,226	157,299	(84,024)
Plantaciones Unipalma de los Llanos S.A.	54.53%	Colombia	202,551	63,779	6,725
Proyectos y desarrollos viales del Oriente S.A.S.	100.00%	Colombia	1	1	(1)
Proyectos y desarrollos viales del Pacifico S.A.S.	100.00%	Colombia	166,455	20,268	2,854
Proyectos y desarrollos viales del Mar S.A.S.	100.00%	Colombia	59,461	6,743	608
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	Colombia	42,719	4,366	1,352
Proyectos de Infraestructura S.A.	88.25%	Colombia	260,628	127,480	74,792
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	Colombia	3,266	863	(542)
Tejidos Sinteticos de Colombia S.A.	94.99%	Colombia	28,158	5,622	2,074
Valora S.A.	100.00%	Colombia	214,417	34,051	(5,795)
Promigas S.A.	34.22%	Colombia	5,825,930	2,969,089	654,573
Fondo de Capital Privado Corredores Capital I	97.30%	Colombia	535,413	-	22,751
CFC Gas Holding SAS	100.00%	Colombia	973,033	201	45,374

b) The following is a detail of the investments in Associates:

December 31, 2018						
Investments in Associates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Aerocali S.A.	50.00%	189,997	7,697	2,417	9,043	19,157
Colombiana de Extrusion S.A. Extrucol	20.00%	315,420	1,785	6,309	(543)	7,551
Concesionaria Tibitoc S.A.	33.33%	9,086,933	8,925	14,254	(4,840)	18,339
Metrex S.A.	10.31%	321,782	168	730	278	1,176
Ventas y Servicios S.A.	19.90%	594,034	4,756	658	742	6,156
Total Investments in Associates			23,331	24,368	4,680	52,379

December 31, 2017						
Investments in Associates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Aerocali S.A.	49.99%	189,997	7,697	2,417	7,370	17,484
Colombiana de Extrusion S.A. Extrucol	20.00%	315,420	1,785	6,300	(434)	7,651
Concesionaria Tibitoc	33.33%	9,086,933	8,925	14,254	(3,013)	20,166
Metrex S.A.	10.31%	321,782	168	746	551	1,465
Ventas y Servicios S.A.	19.90%	586,772	4,692	660	(283)	5,069
Total Investments in Associates			23,267	24,390	4,191	51,835

As of December 31, 2018 and 2017, investments in equity securities in subsidiaries and associates were not pledged nor were guarantee of financial obligations.

c) The following is the detail of the impairment of equity investments and rights in trusts:

	Share %	December 31, 2018	December 31, 2017
Impairment of investments			
Reforestadora de Santa Rosalia C.I. S.A.	0.00%	12	12
Petroleos Colombianos Limited	0.05%	162	149
Inducarbon Ltda.	0.09%	1	1
Promotora la Alborada S.A.	1.83%	316	316
Promotora la Enseñanza S.A.	2.45%	70	70
Promotora de Inversiones Ruitoque S. A.	2.65%	139	139
Textiles el Espinal S.A.	8.56%	-	2,399
Petroleos Nacionales S.A.	19.54%	257	257
Industrias Lehner S.A. in liquidation (*)	52.48%	-	25,076
TOTAL		957	25,419
Impairment of Rights in Trusts			
Trust Portfolio 20-054P	100.00%	6,493	6,493
Fideicomiso Arromasa	46.25%	520	520
TOTAL		7,013	7,013

(*) See note (15) Other assets

(13) Property and Equipment, net

The following is the balance of tangible asset accounts for the periods ended on December 31, 2018 and 2017.

The Company recognizes property and equipment at cost and investment properties at fair value.

Property and Equipment	December 31, 2018	December 31, 2017
Previous balance	24,652	23,850
Purchases or acquisitions (net)	3,415	921
Withdrawals / Sales (net)	(268)	(119)
Current balance	27,799	24,652
Cumulative Depreciation:		
Previous balance	(6,208)	(4,697)
Depreciation charged to income	(2,208)	(1,618)
Withdrawals / Sales	234	107
Current balance	(8,182)	(6,208)
Net Assets Property and Equipment	19,617	18,444

The following is the detail by type of properties and equipment for own use:

	Cost	Cumulative Depreciation	Book Value
Land	3,038		3,038
Buildings	10,999	(659)	10,340
Equipment, Furniture and Office Fittings	2,230	(1,061)	875
Computer equipment	7,289	(2,559)	1,622
Vehicles	1,065	(418)	438
Machinery	31	-	31
Balance as of December 31, 2017	24,652	(6,208)	18,444
Land	3,038	-	3,038
Buildings	10,999	(1,134)	9,865
Equipment, Furniture and Office Equipment	2,338	(1,680)	658
Computer equipment	10,498	(4,908)	5,590
Vehicles	926	(460)	466
Balance as of December 31, 2018	27,799	(8,182)	19,617

The Company has adopted the necessary measures for the conservation and protection of its assets. As of December 31, 2018 and 2017, there were insurance policies to cover risks of subtraction, fire, earthquake, tremor, riot, rebellion, explosion, volcanic eruption, low voltage, water damage, flooding, property, damages to offices and vehicles. The Company has appraisals of its properties not exceeding three years (last appraisal December 2016) and there are no mortgages or ownership restrictions thereon, nor have they been assigned as collateral.

(14) Investment Properties, net

The following is the movement of Investment Properties during the periods ended on December 31, 2018 and 2017:

Investment Properties	December 31, 2018	December 31, 2017
Previous balance	81,622	78,922
Fair Value Adjustment to Investment Properties (net) (1)	1,142	2,793
Withdrawals / Sales (net)	(8)	(93)
Current balance	82,756	81,622
Impairment		
Previous balance	49,417	47,945
Impairment Expense	328	1,546
Withdrawals / Sales (net)	(6)	(74)
Current balance	49,739	49,417
Net balance of Investment Properties	33,017	32,205

(1) In December 2018, the Corporation adjusted its investment properties at a fair value using technical appraisals, which generated a net income in the income statement of \$1,142.

As of December 31, 2018 and 2017, there are no mortgages or domain reserves, thereon, and they have not been assigned as collateral.

(15) Other Assets, net

The following is the detail of Other Assets as of December 31, 2018 and 2017:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Prepaid expenses	79	376
Art and cultural assets	380	380
Equity investments in entities in liquidation	42,739	-
Total	43,198	756
Investment impairment (1)		
Industrias Lehner S.A. in liquidation	(25,076)	-
Pizano S.A.	(17,385)	-
Total Other Assets	737	756

	<u>December 31, 2018</u>
Equity investments in entities in liquidation	
Industrias Lehner S.A. in liquidation (a)	25,076
Pizano S.A. (b)	17,385
Inca Fruehauf S.A. in liquidation (c)	278
Total	42,739
(1) Investment impairment	
Industrias Lehner S.A. in liquidation	(25,076)
Pizano S.A.	(17,385)
Total Equity investments in entities in liquidation	278

As of December 31, 2017, there were no balances in investments in liquidation or impairment.

(a) On September 8, 2017, the Shareholders Assembly of Industrias Lehner S.A. declared the company as dissolved and in liquidation.

(b) Having assessed the results of Pizano S.A. as of December 31, 2017, the company shareholders in assembly held on January 29, 2018, decided to authorize management to request before the Superintendence of Companies the admission for a bankruptcy process in the terms of Law 1116/2006; the foregoing determination was adopted in order to protect the assets of the company, preventing their impairment and in this way favoring the payment of the existing liabilities.

Having made the request by the legal representative, the Superintendence of Companies in a writ notified on February 14, 2018 admitted the company for a bankruptcy process.

The liquidator of Pizano presented the financial statements as of August 31, 2018, yielding a net negative asset of \$60,988; due to this impact 100% of the investment was impaired.

(c) On July 26, 2018, the shareholders Assembly of Inca Fruehauf S.A., declared the company as dissolved and in liquidation.

(16) Income Tax

a. Breakdown of the income tax expense:

The income tax expense for the years ended on December 31, 2018 and 2017 includes the following:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current income tax	14,358	15,785
Income tax Surcharge	1,708	2,761
Excess (recovery) current tax of previous years	(213)	131
Subtotal of current taxes	15,853	18,677
Net deferred taxes for the period	2	324
Subtotal of deferred taxes	2	324
Total	15,855	19,001

b. Reconciliation of the tax rate in accordance with the tax provisions and the effective rate:

The current tax provisions applicable to the Company provide 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 the 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.
- 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 years.
- Excesses of presumptive income can be offset in the following 5 taxable years.
- Windfall earnings are taxed at the rate of 10%.

According to IAS 12 paragraph 81 letter (c), the following is the detail of the reconciliation between the Company's total income tax expense calculated at the current tax rates and the tax expense actually recorded in the income statement of the period of the years ended on December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Earnings before income tax	1,623,518	236,959
Theoretical tax expense: at a rate of 37% (2018) – 40% (2017)	600,702	94,783
Plus or (less) taxes increasing (decreasing) the theoretical tax:		
Non-deductible expenses	39,286	55,041
Differences in excess presumptive income not generating deferred taxes	16,098	18,594
Difference in tax losses on which no deferred tax was calculated	41,310	64,010
Dividends received not constituting income	(20,589)	(17,175)
Equity method revenues not constituting income	(659,108)	(160,996)
Profit (loss) on sale or valuation of investments not /constituting income	-	(12,148)
Marginal value of income surtax	(32)	-
Interest and other non-taxed income	(1,596)	(22,706)
Effect of deferred tax due to changes in tax rates	(6)	(973)
Adjustment for previous periods	(213)	131
Other items	3	440
Total*	15,855	19,001

* The total corresponds to the income tax expense calculated by the presumptive income system plus the deferred tax expense calculated as occasional profits.

c. Deferred tax regarding investments in subsidiaries, associates and joint businesses

In compliance with paragraph 39 of IAS 12, the Company did not record passive deferred taxes related to the temporary differences of investments in subsidiaries and associates. The foregoing due to: i) The Company bears control over the subsidiaries and the decision of sale of its investments in associates; therefore, it may decide on the reversion of such temporary differences; and ii) the Company does not intend their realization in a foreseeable future.

The temporary differences by the indicated items as of December 31, 2018 and 2017, amounted to \$2,558,193 and \$697,538, respectively.

d. Deferred tax by type of temporary difference:

Differences between the bases of assets and liabilities for NCIF purposes and the bases of the same for tax purposes give rise to temporary differences that generate deferred taxes calculated and recorded for the years ended on December 31, 2018 and 2017.

	Balance as of December 31, 2017	Effect in results	Balance as of December 31, 2018
Property, plant and equipment	(2,138)	(2)	(2,140)
Total Deferred Tax Liability	(2,138)	(2)	(2,140)

	Balance as of December 31, 2016	Effect in results	Balance as of December 31, 2017
Property, plant and equipment	(1,814)	(324)	(2,138)
Total Deferred Tax Liability	(1,814)	(324)	(2,138)

For purposes of presentation in the Statement of Financial Position, the Company offset the deferred tax assets and liabilities as provided in paragraph 74 of IAS 12, considering the application of the current tax provisions in Colombia regarding the legal right to offset current tax assets and liabilities.

e. Deferred tax assets not recognized

Deferred tax assets are recognized to the extent the realization of the same is probable through future tax benefits. As of December 31, 2018, the company has not recognized deferred tax assets over the following items by not having enough evidence to demonstrate their recovery possibility with future tax benefits:

As of December 31, 2018 and 2017, the following is the detail of tax losses and excess presumptive income that have not been used and on which the Company has not recorded deferred tax assets due to the uncertainty of their recovery.

	December 31, 2018	December 31, 2017
Tax Losses expiring on:		
December 31, 2029	171,858	160,026
December 31, 2030	111,650	-
With no maturity date	325,247	325,247
Total	608,755	485,273

	December 31, 2018	December 31, 2017
Excess presumptive income expiring on:		
December 31, 2018	-	39,380
December 31, 2019	59,897	59,897
December 31, 2020	44,255	44,255
December 31, 2021	58,997	58,997
December 31, 2022	46,485	46,485
December 31, 2023	43,508	-
Subtotal excess presumptive income	253,143	249,014
Total tax credits	861,898	734,287

f. Effect of current and deferred taxes on each component of the account of other comprehensive income in equity:

The effects of current and deferred taxes on each component of the account of other comprehensive income are detailed as follows:

	December 31, 2018		December 31, 2017	
	Amount before taxes	Net	Amount before taxes	Net
Exchange difference in translation of foreign operations	(21,174)	(21,174)	(236)	(236)
Unrealized profit (loss) on investments available for sale	(10,826)	(10,826)	17,477	17,477
Unrealized net profits (loss) on equity instruments at fair value	(132,478)	(132,478)	74,144	74,144
Subtotal	(164,478)	(164,478)	91,385	91,385
Items not to be reclassified in results				
OCI realization for discontinuation of use of equity method	1,933	1,933	-	-
Actuarial losses on employee benefit plans	(276)	(276)	(239)	(239)
Subtotal	1,657	1,657	(239)	(239)
TOTAL	(162,821)	(162,821)	91,146	91,146

g. Uncertainties in tax positions:

As of December 31, 2018 and 2017, the Company has no tax uncertainties that generate a provision for said concept, taking into account that the process of income and supplementary tax is regulated under the current tax framework. Therefore, there are no risks that may imply an additional tax obligation.

h. Transfer pricing

In compliance with the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017, the Company prepared a transfer pricing study on the operations held with economic related parties abroad during the taxable year 2017. The study did not give rise to adjustments that affect the tax revenues, costs and expenses of the Company.

Although the transfer pricing study of 2018 is being prepared, no significant changes are anticipated in connection with the previous year.

(17) Deposits and Current Liabilities

The following is the detail of customer deposits and current liabilities as of December 31, 2108 and 2017:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
By nature		
Savings accounts	570,276	390,363
Other funds on demand	47,402	32,948
Total on demand	617,678	423,311
Total term deposit certificates	2,697,903	2,907,575
Total	3,315,581	3,330,886

The following are the minimum and maximum collection rates on customer deposits:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Local Currency</u>		<u>Local Currency</u>	
	<u>Minimum</u>	<u>Minimum</u>	<u>Minimum</u>	<u>Minimum</u>
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Savings accounts	1.00%	4.70%	1.00%	5.00%
Term deposit certificates	3.85%	8.80%	4.18%	8.94%

The following are the customer deposits by economic sector:

Sector	December 31, 2018	December 31, 2017
Agricultural and livestock	10	1,532
Trade	2,692	7,268
Education	57,976	31,535
Financial	3,056,270	3,124,809
Colombian government or governmental entities	100,368	20,428
Individuals	10,535	28,143
Manufacturing	21	1,028
Others	75,299	79,635
Service	12,410	29,972
Tourism	-	6,536
Total	3,315,581	3,330,886

Expiration of term deposit certificates:

	December 31, 2018	December 31, 2017
Up to one year	591,222	673,806
More than one year to two	590,590	1,189,745
More than two years to three	478,237	367,491
More than three years to four	272,892	143,708
More than four years	764,962	532,825
Total	2,697,903	2,907,575
Total Customers	747	951

(18) Passive Positions in Money Market Transactions

The following is the detail of the money market operations obtained by the Company in the short term with the main purpose of financing its operations:

	December 31, 2018		December 31, 2017	
	Value	Average return	Value	Average Return
Local currency				
Ordinary interbank funds acquired	85,330	3.51%	193,807	4.73%
Repo operations	560,192	2.28%	-	0.00%
Simultaneous operations	1,724,824	4.24%	2,038,588	4.67%
Commitments originated on short positions	51,011	3.61%	130,207	7.09%
Subtotal local currency	2,421,357		2,362,602	
Foreign banks				
Repo operations	154,551	2.98%	192,323	2.62%
Subtotal foreign currency	154,551		192,323	
TOTAL	2,575,908		2,554,925	

The following is a summary of the effective interest rates generated on financial obligations and money market operations:

	December 31, 2018		December 31, 2017	
	Minimum rate	Maximum rate	Minimum Rate	Maximum Rate
In Colombian pesos				
Ordinary interbank funds acquired	4.24%	4.28%	4.69%	4.79%
Repo operations	4.25%	4.25%	0.00%	0.00%
Simultaneous operations	4.20%	4.25%	3.00%	4.75%
Commitments originated on short positions	0.00%	0.00%	7.00%	10.00%
In foreign currency				
Repo operations	2.93%	3.14%	2.52%	2.75%

The following is a summary of the maturities of passive money market positions:

December 31, 2018	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Total
Acción Sociedad Fiduciaria S.A.	4,893	-	-	4,893
Alianza Valores S.A.	1,220	-	-	1,220
Arco Grupo Bancoldex S.A.	8,003	-	-	8,003
Banco Agrario de Colombia S.A.	22,855	-	-	22,855
Banco Compartir S.A.	8,702	-	-	8,702
Banco Coomeva S.A.	12,436	-	-	12,436
Banco de la Republica	560,190	-	-	560,190
Banco Falabella S.A.	2,400	-	-	2,400
Banco Multibank S.A.	5,502	-	-	5,502
BTG Pactual S.A. Comisionista de Bolsa	49,449	-	-	49,449
Cámara de Riesgo Central de Contraparte de Colombia S.A.	1,633,972	-	-	1,633,972
Credit Suisse International	126,414	-	-	126,414
Financiera de Desarrollo Territorial S.A.	45,619	-	-	45,619
Findeter				
Leasing Corficolombiana S.A.	15,103	-	-	15,103
Macquarie Bank Limited	28,137	-	-	28,137
Total	2,575,908	-	-	2,575,908

December 31, 2017	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Total
Banco de Comercio Exterior S.A.	-	-	5,002	5,002
Central Bank	-	-	-	-
Financial Fund for the Agricultural	-	-	5,502	5,502
Financiera de Desarrollo Territorial S.A.	-	-	64,109	64,109
Findeter				
Others	2,361,119	-	119,193	2,480,312
Total	2,361,119	-	193,806	2,554,925

(19) Employee Benefits

Under the Colombian labor law, the various employees of the Company are entitled to short-term benefits such as: salaries, holidays, legal and extralegal bonuses, severance payments and interest on severance payments and to long-term benefits such as: extralegal seniority premiums (five-year periods), and retirement benefits such as legal and extralegal retirement pensions.

The following is a detail of the balances of provisions for employee benefits as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Short-term benefits	6,189	6,918
Employee retirement benefits	1,672	1,585
Long-term benefits	2,563	2,424
Total	10,424	10,927

Employee retirement benefits:

In Colombia, retirement pensions when employees retire after reaching certain age and service levels are assumed by public or private pension funds based on defined contribution plans where companies and employees make monthly contributions defined by the law to have access to the pension upon the employee's retirement.

A person (woman) is part of the actuarial calculation when she receives a pension from the Company. The actuarial calculation is fully amortized.

The following is a breakdown of employee retirement benefits and long-term benefits as of December 31, 2017 and 2016:

	Retirement Plan		Other Benefits	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Balance as of December 31, 2017	1,585	1,430	2,424	1,790
Change in policies for adoption of new standards	209	-	-	-
Adjusted balance as of January 1, 2018	1,794	1,430	2,424	1,790
Costs incurred in the period	-	-	185	147
Interest cost	105	133	144	118
Previous service costs	-	-	-	-
Subtotal costs	105	133	329	265
Exchange loss / (profit) in demographic assumptions	45	-	-	-
Exchange loss / (profit) in interest rates	(110)	2	44	133
Actuarial assumptions loss / (profit)	64	237	18	473
Subtotal profit - loss	(1)	239	62	606
Payments to employees	(226)	(217)	(252)	(237)
Balance at the end of the period	1,672	1,585	2,563	2,424

The variables used to calculate the forecasted obligation of the different employee retirement and long-term benefits are shown below:

	December 31, 2018	December 31, 2017
Discount rate	7.0%	10.8%
Inflation rate	3.0%	5.7%
Salary increase rate	3.0%	5.7%
Pension increase rate	3.0%	5.7%
Employee turnover rate	0.0%	0.0%
Total	16.0%	28.0%

(1) The average inflation target of the Central Bank is used:

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

The sensitivity analysis of the liability for retirement benefits to employees of the different financial and actuarial variables is the following, keeping all other variables constant:

Sensitivity of actuarial calculations

	December 31, 2018		
	Change in variable	Increase in variable	Decrease in variable
Other benefits			
Discount rate	-50bp and +50bp	2,505	2,625
Salary increase rate	-50bp and +50bp	2,639	2,491
Pensions			
Discount rate	-50bp and +50bp	1,630	1,716
Pension increase rate	-50bp and +50bp	1,722	624
	December 31, 2017		
	Change in variable	Increase in variable	Decrease in variable
Other benefits			
Discount rate	-50bp and +50bp	2,364	2,486
Salary increase rate	-50bp and +50bp	2,511	2,340
Pensions			
Discount rate	-50bp and +50bp	1,547	1,625
Pension increase rate	-50bp and +50bp	1,631	1,541

Sensibilities: It refers to the value of the actuarial reserve (OBD for Defined Benefit Obligation) in millions of pesos, when amending any calculation assumption as to the scenario selected. The sensibility was performed on two variables:

- a. "Salary increase". When incrementing the wage rate in 50 basic points (meaning 0.5%) the liabilities increase, since financing a more expensive benefit that the assumed means a greater reserve.
- b. "Discount rate". The variation in this case is contrary because we are evaluating a present value: If the investment rate increases, the liabilities decrease and vice versa.

Long-term employee benefits:

The Company grants its employees seniority premiums during their employment history depending on the number of service year, every ten, fifteen and twenty years, etc. calculated as wage days (between 30 and 90 days) each payment.

(20) Other provisions

The following is the detail of the provisions for labor contingencies and other provisions as of December 31 2018 and 2017:

	December 31, 2018	December 31, 2017
Contributions, affiliations and transfers	5,257	5,013
Human resources	1,613	1,642
Others	1,360	2,683
Total	8,230	9,338

Legal Contingencies: The Company, for the periods ended on December 31, 2018 and 2017 had no provisions on legal contingencies since the legal processes are classified by the lawyers as remote.

The most relevant proceedings for the Company are described below:

- On December 6, 2018, the Administrative Court of Cundinamarca enacted a first instance decision within the class actions promoted by the General Attorney's Office against Concesionaria Ruta del Sol S.A.S., Episol S.A.S. and other natural and legal entities. The decision declared the defendants joint and severally liable for the damages caused to the collective interests invoked and were sentenced to the payment of \$800,156 in favor of the Nation-Ministry of Transportation and it also declared them disabled for a term of ten years to propose and execute agreements with the Colombian state entities and to exercise public positions.

The Administrative Court of Cundinamarca, by means of writ dated February 8, 2019, when deciding on some correction requests of the decision submitted by the defendants, amended the amount of the sentence reducing it to \$715,656.

To date, said decision is not in force since the defendants, among which is Episol S.A.S., promptly filed an appeal.

In the opinion of the attorneys and legal counsel there is a high possibility of revocation or amendment of the decision by the Council of State, regarding Episol, by reason of the several substantial and procedural defects contained therein.

- The Superintendence of Industry and Trade began on September 13, 2018 an investigation and formulation of charges due to the corruption scandal of Odebrecht, whose implications in

Colombia were publicly known in December 2016. The SIC aims at establishing whether Corficolombiana and Episol were engaged in conducts violating free competition due to the tender for sector II of Ruta del Sol.

- The contingency is deemed possible due to the current existence of charges; notwithstanding, it must be taken into account that the opening of the investigation does not imply per se the imposition of a sanction, since in this stage, the persons under investigation will be able to demonstrate their innocence and challenge the evidence supporting the opening writ. The Company has strongly denied the facts and conducts on which the Superintendence of Industry and Trade supports the investigation, providing the arguments and pertinent evidence to challenge the accusation. In addition, it invoked the expiration of the sanctioning power by the entity.

With respect to the amount of the contingency, the SIC might impose sanctions up to a maximum value of \$82,800 per charge, for a total of \$165,600 in Corficolombiana, but to date it is not possible to determine an accurate amount, since this is not only a premature stage of the investigation where the evidentiary debate has not been performed and there is no certainty on the imposition of an eventual sanction but in addition, the result of the investigation will be what determines the eventual imposition of a fine and its graduation.

Uncertainties in tax positions: The Company, for the periods ended on December 31, 2018 and 2017 has no provisions for tax uncertainties.

(21) Accounts payable

The following is the detail of accounts payable and other liabilities as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Commissions and fees	133	133
Dividends and surpluses	1,316	1,273
Providers, services payable and other accounts payable	8,200	2,635
Labor withholdings and contributions	1,871	2,418
Sales tax payable	3,113	3,143
Potential buyers	-	97
Leases	446	531
Accounts payable related companies (2)	2	12,000
Other accounts payable (1)	20,985	539
TOTAL ACCOUNTS PAYABLE	36,066	22,769

(1) As of December 31, 2018 and 2017 it corresponds to the legalization of Derivative Financial Instruments and Money Market Positions pending of compliance T+1 – T+2.

(2) As of December 31, 2018, it corresponds to the capitalization of 1,000 subscribed shares payable to Gestora en Infraestructura y Desarrollo S.A.S. and 1,000 shares to Compañía en Infraestructura y Desarrollo S.A.S. As of December 2017, it corresponds to the capitalization of 1,200,000 subscribed shares payable to Proyectos y Desarrollos Viales del Pacifico S.A.S.

(22) Subscribed and paid capital

Number of authorized, issued and outstanding shares:

	December 31, 2018	December 31, 2017
Number of authorized, issued and outstanding shares	300,000,000	250,000,000
Number of Subscribed and Paid shares	279,448,317	233,717,234
Total shares	279,448,317	233,717,234
Subscribed and paid capital (1)	2,794	2,337
Issue premium (2)	3,826,564	2,742,400

The following is the detail of the subscribed and paid shares per classification:

	December 31, 2018	December 31, 2017
Concept		
Common shares	263,545,395	219,688,071
Preferred shares (3)	15,902,922	14,029,163
Total issued shares	279,448,317	233,717,234
Par value of share (in pesos)	10	10

(1) On September 3, 2018, 40,000,000 common shares and 1,529,542 preferred shares were recorded in the stock ledger corresponding to the issuance of shares authorized by the Finance Superintendence of Colombia by means of Resolution 0941 dated July 25, 2018.

(2) On September 3, the issue premium was recorded for \$987,060 corresponding to the issuance of shares.

(3) The Company has evaluated the non-voting preferred shares issued as of the cut-offs submitted in these financial statements and it has concluded that those shares have no characteristics of financial liabilities and therefore, they are recognized as greatest value of the equity.

	December 31, 2018	December 31, 2017
Reserves		
Legal reserve	41,810	41,810
Occasional reserves	638,204	541,394
Total	680,014	583,204

Dividends Decreed:

	December 31, 2018	December 31, 2017
Earnings from immediately preceding period	217,958	59,034
Dividends paid in stock	<p>The payment of shares was done on May 3, 2018 to those entitled to receive it when becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 3,857,324 new common shares were issued, the unit value of shares delivered corresponded to the closing price of the common shares as of March 21, 2018, \$23,400.</p>	<p>The payment of the shares was done on May 2, 2017 to those entitled to receive it at the time of becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 1,993,552 new shares were issued, the unit value of shares delivered corresponded to the closing price of the common shares as of March 28, 2017, \$28,360.</p>
	<p>The payment of the shares was done on May 3, 2018 to those entitled to receive it when becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 344,217 new preferred shares were issued, the unit value of shares delivered corresponded to the closing price of the preferred shares as of March 21, 2018, \$20,000.</p>	<p>The payment of the shares was done on May 2, 2017 to those entitled to receive it at the time of becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 37,094 new preferred shares were issued, the unit value of shares delivered corresponded to the closing price of the preferred shares as of March 27, 2017, \$21,300.</p>
Dividends decreed in shares, paid in cash	<p>Dividend decreed on common shares of \$19,583, which were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 836,866 common shares. The unit value of the shares delivered corresponded to the closing price of common shares as of March 21, 2018 \$23,400.</p>	<p>Dividend decreed in common shares of \$29,686, which were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 1,046,767 common shares. The unit value of the shares delivered corresponded to the closing price of common shares as of March 28, 2017 \$28,360.</p>
	<p>Dividend decreed in preferred shares of \$4,683 that were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 234,171 preferred shares. The unit value of the shares delivered corresponded to the closing price of preferred shares as of March 21, 2018, \$20,000.</p>	<p>Dividend decreed in preferred shares of \$4,752 that were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 223,090 preferred shares. The unit value of the shares delivered corresponded to the closing price of preferred shares as of March 27, 2017, \$21,300.</p>
Common shares outstanding	219,688,071	217,694,519
Preferred shares outstanding	14,029,163	13,992,069
Total shares outstanding	233,717,234	231,686,588
Total Cash Dividends	24,266	34,438

(23) Results of previous years

A detail of the results of previous years as of December 31, 2018 is shown below:

Concept	December 31, 2018
OCI realization for abandonment of the calculation of equity method Pizano S.A.	(1,933)
Actuarial losses in employee benefits plan (*)	68
Impact IFRS 9 through the application of the equity interest method (*)	(8,986)
Impact IFRS 15 through the application of the equity interest method (*)	361,243
Realization of adoption for liquidation Banco Corficolombiana Panama S.A.	160
Total	350,552

(*) See Note 2.25

As of December 31, 2017 there were no balances for this concept.

(24) Management of Capital

The technical capital cannot be less than nine percent (9%) of the assets in domestic and foreign currency weighted by risk level, as indicated in article 2.1.1.1.2 of Decree 2555/2010. Individual compliance is verified on a monthly and quarterly basis consolidated with its financial subordinates.

The classification of risk assets in each category is carried out by applying the percentages determined by the Financial Superintendence for each of the asset items, contingent accounts, businesses and fiduciary accounts established in the Single Catalogue of Financial Information. As of 30 January 2002, market risks are also included as part of the risk-weighted assets.

At December 31, 2018 and 2017, the solvency ratio achieved by the Company was:

Solvency ratio	December 31, 2018	December 31, 2017
Assets weighted by level of risk	7,427,658	4,894,802
Market risk (VeR)	2,396,853	1,662,335
	9,824,511	6,557,137
Technical equity	3,664,905	2,689,094
Total solvency ratio	37.30%	41.01%

(25) Profits on the sale of properties and equipment, net

The following is the detail of the profits on the sale of properties and equipment as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Profits		
Investment properties	6	72
Vehicles	4	-
Total profits on sale	10	72
Loss		
Vehicles	-	12
Total loss on sale	-	12
Total profits on sale of properties and equipment (net)	10	60

(26) Interest Expenses, net

The following is a breakdown of revenues and expenses for interests for the years ended as of December 31, 2018 and 2017.

a) Interests of customer deposits

	December 31, 2018	December 31, 2017
Savings deposits	(21,146)	(37,985)
Term deposit certificate up to one year	(11,536)	(21,557)
Term deposit certificate more than one year to two	(172,501)	(185,213)
	(205,183)	(244,755)

b) Interests of money market operations

	December 31, 2018	December 31, 2017
Interbank funds	(7,781)	(13,862)
Simultaneous operations	(56,720)	(41,969)
Repo operations	(38,564)	(35,454)
Operations of temporary transfer of securities	1	84
	(103,064)	(91,201)

(27) Commissions and Fees, net

The following is a breakdown of revenues and expenses for commissions and fees as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Revenues		
Bank guarantees	-	467
Private bank commissions	2,772	4,859
Investment bank commissions	-	13,015
Services from office network	12,737	155
Others	1,302	1,892
Total Revenues	16,811	20,388
Expenses		
Fees	11,143	8,761
Bank services	2,498	2,110
Fiduciary businesses	29	27
Commissions on sales and services	5,073	4,320
Total Expenses	18,742	15,218
Income and expenses for commissions and fees, net	(1,931)	5,170

(28) Other Income

Below is the detail of Other Income as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Reimbursements due to work-related illness	71	121
Reimbursement of liability provisions	-	607
Fair value adjustment for investment properties	1,809	2,793
Fair value adjustment for stand-alone trust funds	102	1,096
Earnings for control acquisition (1)	-	56,766
Exchange shares Deceval - BVC	-	13,517
Other Sundries	1,744	3,740
Total Other Income	3,726	78,640

(1) The Company has a direct interest of 100% in Proyectos y Desarrollos Viales del Pacifico S.A.S. and Estudios y Proyectos del Sol S.A.S. Proyectos y Desarrollos Viales del Pacifico S.A.S. acquired 40% of Concesionaria Vial del Pacifico S.A.S. through a purchase operation to Iridium. Estudios y Proyectos del Sol S.A.S. has 49.9% of Concesionaria Vial del Pacifico S.A.S., for that reason, the Company has an indirect control over Concesionaria Vial del Pacifico S.A.S. of 89.90%, which generated a recognition for goodwill of \$56,766 million.

(29) Other Expenses

The following is the detail of Other Expenses for the years ended on December 31, 2018 and 2017:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Legal expenses	18	35
Adaptations and installations	327	175
Penalties, fines and litigation	57	-
Cleaning and surveillance services	630	584
Temporary services	1,748	950
Advertising and promotion	833	1,100
Public relations	96	127
Utilities	1,269	1,293
Travel expenses	632	347
Transport	211	826
Inputs and stationery	89	240
Advertising and subscriptions	198	150
Donations	-	50
Sponsorships	108	-
Mail charges	-	50
Cafeteria inputs	128	85
Management fee of buildings	589	679
Connection and outsourcing services	1,281	2,536
Eventual food to employees	237	228
BRP expenses	595	532
Specialized messenger services	567	454
Investment Properties appraisal	968	201
Operating risk	59	-
Others	1,046	4,564
Total Other Expenses	11,686	15,206

(30) Equity Method, net

For the years ended on December 31, 2018 and 2017, the Company recognized in the income statement the following share in the profits (losses) of its subsidiaries and associates:

Equity Method	December 31, 2018	December 31, 2017
Colombiana de Licitaciones y Concesiones S.A.S. (1)	758,126	68,140
Estudios y Proyectos del Sol S.A.S. (1)	410,345	(77,304)
Promigas S.A.	250,575	222,047
Proyectos y Desarrollos Viales del Pacífico S.A.S. (1)	105,432	2,854
Proyectos de Infraestructura S.A.	92,522	66,005
CFC Gas Holding S.A.S.	76,759	68,659
Estudios Proyectos e Inversiones de los Andes S. A.	41,557	13,798
Fondo de Capital Privado Corredores Capital I	39,361	35,207
Hoteles Estelar de Colombia S.A.	16,699	14,946
Fiduciaria Corficolombiana S.A.	11,086	12,887
Aerocali S.A.	4,817	8,135
Organización Pajonales S.A.	3,033	2,019
CFC Private Equity Holdings S.A.S.	2,863	(1,909)
Concesionaria Tibitoc S.A.	1,502	4,374
Tejidos Sintéticos de Colombia S.A.	1,222	1,970
Ventas y Servicios S. A.	1,151	159
Promotora y Comercializadora Turística Santamar S.A.	1,096	1,144
Colombiana de Extrusión S.A. Extrucol	994	734
Metrex S.A.	228	491
Mavalle S.A.	129	134
Concesionaria Vial de los Andes S.A.	54	38
Proyectos de Ingeniería y Desarrollos S.A.S.	21	(542)
CFC Energy Holdings S.A.S.	(16)	(9)
Proyectos y Desarrollos Viales del Andino S.A.S.	(20)	-
Proyectos y Desarrollos Viales del Oriente S.A.S.	(66)	(1)
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	(452)	28
Pizano S.A.	(837)	(33,598)
Gas Comprimido del Perú S.A.	(1,039)	(2,080)
Banco Corficolombiana (Panamá) S.A.	(1,356)	1,182
Proyectos y Desarrollos Viales del Mar S.A.S. (1)	(3,272)	608
Valora S.A.	(4,877)	(5,795)
Plantaciones Unipalma de los Llanos S.A.	(5,330)	3,667
Leasing Corficolombiana S.A.	(20,933)	(5,498)
Total	1,781,374	402,490

(1) As of December 31, 2018, the investments in subsidiaries showed an increase in connection with the application of the IFRS 15 ("Revenues of ordinary activities resulting from contracts with customers"), which showed impacts on the accounting of the investments that the Company maintains 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 compliance with the performance obligations of an agreement.

(31) Dividends and Shares

The Company recognized the following dividends in the income statement for the years ended on December 31, 2018 and 2017:

Dividends	December 31, 2018	December 31, 2017
Empresa de Energia de Bogota S.A. E.S.P.	46,141	32,387
Gas Natural S.A. ESP	3,985	4,633
Mineros S.A.	3,487	3,165
Fiduciaria de Occidente S.A.	846	1,214
Deceval S.A.	-	887
Bolsa de Valores de Colombia S.A.	1,221	565
Camara de Compensacion de Divisas de Colombia S. A.	49	49
Banco Comercial Av. Villas S.A.	21	29
Bladex S.A. Class E	9	9
Inca Fruehauf S.A. In liquidation	191	
Camara de Riesgo Central de Contraparte de Colombia S.A.	26	
Total	55,976	42,938

(32) Analysis of Business Segments

The Company is divided into two businesses, the Financial business that brings together Treasury activities and the distribution network of products of the Commercial Management (marketing of the products of financial affiliates and products of Casa de Bolsa), and the Investment business related to the management of the portfolio of equity securities and Investment Banking (M&As, syndicates, capital markets, project finance and consultancy).

The allocation of assets, liabilities, equity, income and expenses to each business is carried out as follows: the investment business received the entire portfolio of investments in equity securities, accounts receivable and accounts payable related to dividends, and it is funded with all assets and the difference between the value of assets and equity is taken from the longer term CDT, all other balance sheet items are assumed by the financial business. The investment business

accounts for 64.44% of total assets at the closing of 2018 and 56.07% at the closing of 2017.

In the case of the profit and loss statement, revenues from the investment business correspond to the profit sharing method, dividends from companies with an interest of less than 20%, investment valuation and Investment Banking commissions; expenses correspond to interest expenses for the CDTs used to fund the total assets allocated and administrative expenses directly attributable to the business. The financial business recognizes the net result of treasury (valuation of portfolio, derivatives, trading, purchase of foreign currency and exchange difference, net of interest expense), commercial banking commissions, income from asset recoveries and is attributed with all administrative expenses not recognized in the investment business (which must be fully covered by the financial business to ensure that the proceeds from investments are completely

distributed to shareholders). In results, the investment business accounts for 101.22% of total net income of 2018 and 148.93% of total net income of 2017. On the other hand, the treasury business in the last year has been affected by market conditions, both in TES and TRM rates, so that the contribution of the financial business to the results of the Company was negative in 1.22% in 2018 and 48.93% in 2017.

Below is information on the net profits, assets and liabilities of reportable business segments:

	December 31, 2018		
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	987,855	3,191,368	4,179,223
Financial instruments at amortized cost	-	49,923	49,923
Investments in associates and subsidiaries	6,690,579	-	6,690,579
Other assets	25,991	1,010,388	1,036,379
Total Assets	7,704,425	4,251,679	11,956,104
<u>Liabilities</u>			
Customer deposits	2,642,124	673,457	3,315,581
Other liabilities	1,316	2,705,884	2,707,200
Total Liabilities	2,643,440	3,379,341	6,022,781
Capital Expenses (equity)	5,060,985	872,338	5,933,323
	Investments	Financial	Total
<u>External Income</u>			
Financial income	-	48,751	48,751
Fees and commissions	14,428	2,384	16,812
Other operating expenses	1,875,548	1,309,268	3,184,816
Total Income	1,889,976	1,360,403	3,250,379
Financial expenses	153,605	182,481	336,086
Impairment of financial assets	17,385	11,786	29,171
Depreciations and amortizations	-	2,420	2,420
Commissions and fees paid	1,818	16,925	18,743
Administrative expenses	40,034	50,372	90,406
Other operating expenses	49,834	1,100,201	1,150,035
Income tax	-	15,855	15,855
Total expenses	262,676	1,380,040	1,642,716
Net Profits	1,627,300	(19,637)	1,607,663

	December 31, 2017		
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	823,487	2,538,328	3,361,815
Financial instruments at amortized cost	-	50,255	50,255
Investments in associates and subsidiaries	4,267,929	-	4,267,929
Other assets	27,118	1,422,496	1,449,614
Total Assets	5,118,534	4,011,079	9,129,613
<u>Liabilities</u>			
Customer deposits	2,001,338	1,329,548	3,330,886
Other liabilities	13,273	2,610,838	2,624,111
Total Liabilities	2,014,611	3,940,386	5,954,997
Capital Expenses (equity)	3,103,923	70,693	3,174,616
	Investments	Financial	Total
<u>External Income</u>			
Financial income	-	78,751	78,751
Fees and commissions	13,230	7,158	20,388
Other operating expenses	642,447	1,619,070	2,261,517
Total Income	655,677	1,704,979	2,360,656
Financial expenses	156,606	226,043	382,649
Provision for impairment of financial assets	-	58,175	58,175
Depreciations and amortizations	-	1,626	1,626
Commissions and fees paid	1,081	14,137	15,218
Administrative expenses	45,979	41,557	87,536
Other operating expenses	127,407	1,451,086	1,578,493
Income tax	-	19,001	19,001
Total expenses	331,073	1,811,625	2,142,698
Net Profits	324,604	(106,646)	217,958

(33) Related Parties

The most representative balances as of December 31, 2018 and 2017 with related parties are as follows:

December 31, 2018	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
ASSETS						
Cash and cash equivalents	239,455	-	-	313,033	-	552,488
Financial assets in investments	23,313	-	-	6,650,456	2,002,445	8,676,214
Accounts receivable	-	1,042	654	23,880	21,368	46,944
Other assets	-	-	-	4,096	-	4,096
Total assets	262,768	1,042	654	6,991,465	2,023,813	9,279,742
LIABILITIES						
Deposits	-	2,058	-	208,459	2,082	212,599
Accounts payable	-	564	-	142	-	706
Other liabilities	-	-	-	16,105	-	16,105
Total Liabilities	-	2,622	-	224,706	2,082	229,410
December 31, 2017						
	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
ASSETS						
Cash and cash equivalents	804,610	-	-	790,789	-	1,273,399
Financial assets in investments	42,757	-	-	4,255,480	1,713,863	6,012,100
Accounts receivable	-	952	714	44,552	39,613	85,831
Other assets	-	-	-	640	4,581	5,221
Total assets	525,367	952	714	5,091,461	1,758,057	7,376,551
LIABILITIES						
Deposits	-	2,175	-	243,951	3,686	249,812
Accounts payable	23	-	-	569	-	592
Other liabilities	-	-	-	160,809	24,847	185,656
Total Liabilities	23	2,175	-	405,329	28,533	436,060

The most representative transactions as of December 31, 2018 and 2017 with related parties include the following:

December 31, 2018	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
Interest income	-	85	14	22,392	-	22,491
Income from fees and commissions	-	-	-	14,209	-	14,209
Other income	1,013	45	2	17,704	53,119	71,883
Financial expenses	255	-	-	-	-	255
Expenses from fees and commissions	3,762	400	-	423	26	4,611
Leases	-	-	-	88	-	88
Other Expenses	-	4,798	3,758	6,486	7,738	22,780

December 31, 2017	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
Interest income	35,293	81	61	45,672	-	81,107
Income from fees and commissions	480	-	-	9,294	749	10,523
Other income	2,113	21	9	18,937	39,393	60,473
Financial expenses	-	-	-	4,241	-	4,241
Expenses from fees and commissions	3,201	374	-	493	27	4,095
Other Expenses	77	3,950	5,573	6,014	1,640	17,254

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, there are no preferential rates.

Remuneration of key management personnel:

Key management personnel includes the legal representatives, members of the Board of Directors, Audit Committee and the remuneration received by key management personnel consists of the following:

Items	December 31, 2018	December 31, 2017
Salaries	7,044	7,392
Short-term employee benefits	1,662	1,659
Other long-term benefits	648	672
Total	9,354	9,723

(34) Events occurring after the reporting period

The General Shareholders Assembly of Leasing Corficolombiana S.A., in special meetings, on November 27, 2018 and December 7, 2018 approved: (i) the assignment to Banco de Bogota S.A. of a portion of the financial leasing and credit transactions, (ii) the assignment of one portion of its active transactions (financial leasing, operating leasing, lease, and active credits) and passive transactions (CDTs, rediscounts and passive credits) to Banco de Occidente S.A. and (iii) The assignment of one portion of its passive transactions (CDTs) to Corporacion Financiera Colombiana S.A., together with the value in cash corresponding to those transactions.

On December 27, 2018, the Finance Superintendence of Colombia, by means of Resolution 1871, authorized the partial assignments of assets, liabilities and agreements of Leasing Corficolombiana S.A. to Banco de Occidente S.A. and Corficolombiana S.A.

On January 1, 2019, Leasing Corficolombiana S.A. perfected the transaction with Banco de Bogota S.A., whose nominal value amounted to \$148,830, which represented 20.6% of the total value of assets at the closing of December 2018. Based on the valuation report prepared by the independent external

advisor, Incorbank S.A. Banqueros de Inversion, Banco de Bogota S.A. paid Leasing Corficolombiana S.A. \$72,611 for 781 transactions assigned (392 leasing transactions and 389 credit transactions). The net effect on the income of January 2019, for the assignment of these assets, was a loss for \$18,949.

On February 1, 2019, Leasing Corficolombiana S.A. perfected the assignment with Banco de Occidente S.A., whose nominal value amounted to \$506,286; this figure represents 85.3% of the assets, it made the assignment of 77.4% of the liabilities for CDTs transactions and 100% of financial obligations for rediscounts and passive credits for a value of \$440,264; this figure represents 80.1% of the liabilities at the closing of January 2019.

Likewise, it made the assignment to Corficolombiana S.A. of the remaining 22.6% of the passive transactions for CDTs, whose nominal value amounted to \$90,771.

Taking into account that the registration of the assignment in the public records of the underlying assets of the leasing transactions and securities supporting both the leasing and credit transactions, it is estimated to be made within five (5) months following the effective date of the assignment; the final value of those assignments shall be adjusted as these proceedings are performed.

Corficolombiana
Profit Sharing Proposal

CORPORACION FINANCIERA COLOMBIANA S.A.
PROFIT SHARING PROPOSAL
DECEMBER, 2018

Profit before taxes		\$ 1,623,518,481,181
Less: provision of taxes		\$15,855,445,181
Profit of the year after taxes		\$1,607,663,036,000
Profit for disposal of the Assembly:		\$1,607,663,036,000
Reserve of future repos profits Equity Interest Method	1,144,365,545,728	
Occasional reserves	-	
Dividend in cash of \$497.4 per share over the 263,545,395 common shares and 15,902,922 outstanding preferred shares on December 31, 2018. This dividend shall be paid on May 6, 2019.	\$138,997,592,876	
A dividend in shares for \$1,160.5 per each share over the 15,902,922 outstanding preferred shares as of December 31, 2018. These dividends shall be paid in shares, by reason of 1 share per each 14.263708 preferred shares, outstanding as of December 31, 2018. The payment of shares shall be made on May 6, 2019 to whom is entitled when the payment is enforceable in accordance with the regulations in force. For that purpose, up to a total of 1,114,922 new preferred shares shall be issued. The unit value of shares to be delivered shall correspond to the weighted average of the closing price of the preferred shares from November 27, 2018 to February 26, 2019, \$16,553.03 ⁽¹⁾ , of which \$10 shall be accounted in the capital account and \$16,543.03 in the account of legal reserve for issue premium.	\$18,455,337,314	
A dividend in shares by reason of \$1,160.5 per each share over the 263,545,395 outstanding common shares as of December 31, 2018. These dividends shall be paid in shares, by reason of 1 share per each 15.976090 common shares, outstanding as of December 31, 2018. The payment of shares shall be made on May 6, 2019 to whom is entitled when the payment is enforceable in accordance with the regulations in force. For that purpose, up to a total of 16,496,239 new common shares shall be issued. The unit value of shares to be delivered shall correspond to the weighted average of the closing price of the common shares from November 27, 2018 to February 26, 2019, \$18,540.25 ⁽¹⁾ , of which \$10 shall be accounted in the capital account and \$18,530.25 in the account of legal reserve for issue premium.	\$305,844,560,082	
EQUAL AMOUNTS	\$1,607,663,036,000	\$1,607,663,036,000
(1) The closing price shall be taken from the daily report of the Colombian Stock Exchange.		
NOTE: According to the provisions of article 33 of Law 222/1995, the payment of the dividend in shares requires the express acceptance of the shareholder, which shall be understood as given with respect to all the shares of which it is the holder. Therefore, the shareholder opting for this alternative must manifest it by means of a written communication that shall be delivered at Carrera 13 # 26-45 Floor 8 of the city of Bogota, General Secretary of the entity, no later than April 9, 2019, until 5:00 pm, together with RUT and the statement of having or not the capacity as income taxpayer. If the shareholder remains silent, the dividend shall be paid in cash on the same day that the delivery of shares is made.		
The shareholders opting for the payment of dividend in shares must take into account that the fractions shall be paid in cash with charge to occasional reserves.		
The portion of preferred or common shares required to pay the dividend of those shareholders that have manifested their intention to receive the payment of the dividend in preferred or common shares shall be released by the Board of Directors of the Company no later than April 26, 2019, which shall be taken from the shares in reserve.		
When the shareholders that accept the payment in shares require the authorization of the Finance Superintendence to increase their interest in the subscribed and paid capital of the Company, the delivery of shares shall be conditioned to the submission of said authorization, which shall be managed by each shareholder in accordance with the legal provisions in force on that regard.		

Corficolombiana
Financial Indicators

ANALYSIS OF FINANCIAL INDICATORS

1. Asset Quality Indicators

Taking into account the current business structure of the Company, which has no intermediation operation, the indicators analyzed in this set are basically related to the goods received in payment and the cash-in-hand; for 2018 the unproductive assets over the total assets was 3.81%, decreasing compared to the closing of the previous year. The main impact is generated by the item of cash-in-hand that behaves in accordance with the market opportunities of obtaining profitability in the saving accounts.

2. Solvency Ratio

The level demanded by the Finance Superintendence sets forth that at least the Technical Equity of the financial intermediaries must correspond to 9% of the value of the weighted assets for their risk level. In the case of the Company, it meets the limits established by recording at the closing of 2018 a solvency indicator of 37.30%.

3. Profitability and Efficiency Indicators

In 2018, the businesses of the Company continued to show positive operating results, especially in the variable income portfolio where the infrastructure sector had very good results in the year considerably improving the profitability indicators.

The profitability of the asset was 15.43%, increasing more than 1000 pb before the closing of 2017; the same situation is observed in the profitability of the equity that at the closing of 2018 was 39.01%, greater by more than 400% in comparison to 2017; these variations reflect the increase in the profit that was greater by 637% than recorded in 2017, mainly due to the good results in the infrastructure sector and energy and gas sector.

The financial margin in the closing of December 2018 was 16.87% improving 1200 pb compared to 2017. The market conditions of rates and TRM in 2018 were favorable for the treasury business.

Regarding the indicator that details the administrative expenses before the average assets, it was located at 0.95% at the closing of 2018. The company continues with its expense control policy which allows it to maintain this indicator stable; in 2018, several projects, mainly of technology, were carried out to maintain optimal operation levels, however, the indicator improved 18 pb before 2017.

4. Annual Growth Measures

In the annual comparison (December 2018 vs. December 2017), the item of investments showed an increase of 42.39%, a result of a greater balance both in the portfolio of equity securities and in debt securities. The growth in the equity securities is the result of capitalizations, the application of the equity interest method and the behavior of the publicly traded shares; the positive variation in the fixed income portfolio obeys to the fact that the market conditions generated opportunities that allowed taking profitable positions in this portfolio.

The deposits presented a reduction of 0.5%, the variation above is the net result of a reduction of CDTs and an increase in the saving accounts. In the third quarter, an issuance of shares for \$990.591 billion was carried out, which gave the Company a liquidity level that allowed it improving its balance structure, the financial cost and the composition of terms of the deposits.

In the same period, equity showed a growth of 86.90% where the main impact of this variation is generated by the issuance of shares mentioned above; in addition, we have the effect of the greater results that provided \$1.6 trillion between profits of the period and withheld profits.

Ratings

In August 2018, Corporacion Financiera Colombiana received the rating AAA for its long-term debt, rating granted by the company BRC Standard & Poor's. The Triple A rating is the maximum rating level for long-term debt, which means that the credit quality of the entity is very high and that the risk factors are almost inexistent. In addition, for

the short-term debt, the Company received the rating of BRC1+.

In June 2018, Corporacion Financiera de Colombia received rating AAA for its long-term debt, rating granted by the firm Fitch Ratings. The Triple A rating is the maximum rating level for long-term debt, which means that the credit quality of the entity is very high and that the risk factors are almost inexistent. In addition, for short-term debt, the Company received the rating of F1+.

On the other hand, the firm Fitch Ratings granted an international risk rating to Corporacion Financiera Colombiana of BBB with stable perspective.

CORPORACION FINANCIERA COLOMBIANA S.A.
Main Financial Figures and Financial Indicators
In million pesos

	Dec-15 IFRS	Dec-16 IFRS	Dec-17 IFRS	Dec-18 IFRS
Balance				
Total Assets	11,639,197	9,428,471	9,129,613	11,956,104
Total Net Portfolio	-	-	-	-
Total Investments	8,812,309	7,310,675	7,688,623	10,947,524
Total Portfolio Provisions	-	-	-	-
Total Deposits	3,209,592	3,226,476	3,330,887	3,315,580
Total Equity	3,960,231	2,906,716	3,174,615	5,933,324
Averages year to date				
Assets	10,594,423	10,558,706	8,712,036	10,420,259
Gross portfolio	-	-	-	-
Equity	3,976,258	3,380,226	3,107,747	4,121,643
Income statement				
Interest income	45,018	108,939	78,751	48,751
Interest expenses	348,748	476,513	355,355	322,461
Net margin of interest	(303,731)	(367,574)	(276,604)	(273,890)
Net income other than interests	861,266	801,452	673,850	2,031,291
Investment valuation	3,180	111,596	371	43,016
Profit or loss of sale, dividends, gains realized	782,183	694,438	585,154	1,968,989
Financial services	30,628	26,330	93,686	13,919
Profit or loss sale, Portfolio	-	-	-	-
Net currencies	168,296	(44,328)	2,334	20,387
Net derivatives	(123,021)	13,416	(7,695)	(15,019)
Others	-	-	-	-
Gross financial margin	557,536	433,878	397,247	1,757,401
Administrative expenses	(79,449)	(94,237)	(99,205)	(99,399)
Operating margin before provisions and dep. and amort.	478,087	339,640	298,042	1,658,002
Net provisions	4,886	(11,094)	(58,164)	(31,224)
Operating margin before dep. and amort.	482,973	328,547	239,878	1,662,777
Depreciations and amortizations	(3,397)	(3,146)	(2,980)	(3,341)
Other income and non-operating expenses	566	3,667	61	82
Income tax	(5,400)	(20,613)	(19,001)	(15,855)
Net profit or loss	474,743	308,455	217,958	1,607,663
Quality indicators of assets				
Gross portfolio	-	-	-	-
Unproductive Portfolio (CDE)	-	-	-	-
Overdue accounts	-	-	-	-
Total goods received in payment, gross	121	0	-	-
Total provisions of goods received in payment	-	-	-	-
Total productive assets per rating	9,069,973	7,659,688	7,822,613	10,731,132
Total liabilities with cost	7,151,995	6,328,141	5,852,863	5,844,086
Total unproductive assets per rating	1,143,907	996,222	872,232	455,076
Gross Portfolio / Asset	0.00%	0.00%	0.00%	0.00%
Portfolio in force / Gross Portfolio	0.00%	0.00%	0.00%	0.00%
Overdue accounts / Gross Portfolio	0.00%	0.00%	0.00%	0.00%
Rated Portfolio CDE / Gross Portfolio	0.00%	0.00%	0.00%	0.00%
Provisions / Gross portfolio	0.00%	0.00%	0.00%	0.00%
Provisions Overdue accounts	0.00%	0.00%	0.00%	0.00%
CDE Provisions / Rated portfolio CDE	0.00%	0.00%	0.00%	0.00%
Productive assets per rating / Liability with cost	126.82%	121.04%	133.65%	183.62%
Unproductive assets per rating / Asset	9.83%	10.57%	9.55%	3.81%
Unproductive assets per rating / Equity	28.89%	34.27%	27.48%	7.67%
BRP Net of provision / Total Asset	0.00%	0.00%	0.00%	0.00%

Continues

CORPORACION FINANCIERA COLOMBIANA S.A.
Main Financial Figures and Financial Indicators
In million pesos

	Dec-15 IFRS	Dec-16 IFRS	Dec-17 IFRS	Dec-18 IFRS
Solvency indicators				
Equity/Assets	34.02%	30.83%	34.77%	49.63%
Solvency with VaR	31.09%	41.19%	41.01%	37.30%
Liquidity indicators				
Net portfolio / Assets	0.00%	0.00%	0.00%	0.00%
Net Portfolio / Deposits	0.00%	0.00%	0.00%	0.00%
Profitability and Efficiency				
Equity loss (Equity/Capital Stock + Secured Capital)	1,774	1,255	1,358	2,123
Annualized ROA (Profit/Average Asset year to date)	4.48%	2.92%	2.50%	15.43%
Annualized ROE (Profit/Average Equity year to date)	11.94%	9.13%	7.01%	39.01%
Average Asset / Financial Income	1.71	1.43	3.82	3.26
Asset / Equity	2.94	3.24	2.88	2.02
Gross Financial Margin / Average Asset year to date	5.26%	4.11%	4.56%	16.87%
Administrative Expenses / Gross Financial Margin	14.25%	21.72%	24.97%	5.66%
Administrative Expenses / Average Asset	0.75%	0.89%	1.14%	0.95%
Average yield of issue premiums	0.00%	0.00%	0.00%	0.00%
Interest expense / Annualized Productive Assets per rating	3.85%	6.22%	4.54%	3.01%
Annual growth measures				
Total assets	57.34%	-18.99%	-3.17%	30.96%
Total net portfolio	N/A	N/A	N/A	N/A
Total investments	45.91%	-17.04%	5.17%	42.39%
Total portfolio provisions	N/A	N/A	N/A	N/A
Total deposits	65.61%	0.71%	3.24%	-0.46%
Total equity	-2.54%	-26.60%	9.22%	86.90%
Long-term rating (BRC Investors)	AAA	AAA	AAA	AAA
Short-term rating	BRC1+	BRC1+	BRC1+	BRC1+
Long-term rating (Fitch Ratings)	AAA	AAA	AAA	AAA
Short-term rating	F1+	F1+	F1+	F1+
International long-term rating (Fitch Ratings)	BBB+	BBB+	BBB+	BBB+

Corficolombiana

Grupo Aval