



Integrated Report

2018

Table of Contents

Letter from the President	3
I. About Us	4
a. Our business and strategy	5
b. Main milestones in business management (Corficolombiana and its subsidiaries)	9
c. Our Team	10
d. Our Shareholders	11
e. Corporate Governance	12
II. Responsible Investments for the Development of the Country and the Communities	18
a. Through our Affiliates	19
b. Fundación Corficolombiana	27
III. Comprehensive Risk Management	29
a. Corporate Structure	29
b. Risk Management – Corficolombiana and Financial Subsidiaries	31
IV. Ethics and Transparency	34
V. Profitable Performance	37
a. Macroeconomic Situation	37
b. Financial Position	40
c. Equity Investments	43
d. Treasury	52
e. Investment Banking	52
f. Commercial Banking	53
VI. Development of Human Talent	54
VII. Alignment of Best Practices and Synergies in Investments	58
a. Share Service Model	58
b. Operational Excellence	60
VIII. Approach of the Integrated Report	61
IX. Regulatory Compliance	63
X. Annexes	70
a. GRI content Index	70
b. Main companies that consolidate	77
c. Annual corporate Governance Report	80
d. Special Report – Business Group	96

Letter from the President

In its more than 50 years of experience, Corporación Financiera Colombiana has worked to become a strategic ally in the country's development in key sectors for its economic and social progress. With this premise in mind, we seek to offer, through our active participation in each of these sectors, goods and services that add value to all our customers and shareholders, always seeking the greatest possible well-being for the community as well as the satisfaction of our employees.

2018 was, by far, the best year in terms of results for Corficolombiana throughout its history, but it was also a year when we faced, perhaps, the most complex reputational crisis that a player of the system has faced in the last years. The management of this situation has involved great learning, in terms of media, legal and political components, but we have the certainty and the belief that this moment will pass and our commitment will be further recognized, as well as the strength of our values and corporate governance.

During the year, we worked actively in the management of investments, the search for new synergies and the consolidation of an operational excellence model. To this end, we made progress in executing our investment plan in the infrastructure sector, in which three of our four 4G concessions are already under construction, and we increased our participation in the Grupo de Energía Bogotá (GEB) and in Promigas.

Also with a view on the results and with the purpose of providing higher quality services to our customers, we integrated the support and operational areas of the Corporation and our financial affiliates, giving rise to the Shared Services Unit, which will facilitate greater coordination, efficiency in the management of information and agility in decision-making, among others.

Internally, we measure the work environment using the methodology of the consultancy company *Great Place to Work*, identifying progress and opportunities for improvement, in order to continue implementing initiatives that allow us to provide all our employees with an optimum environment that promotes high performance and development.

In 2018 we strengthened our equity through a successful shares issue that demonstrated the confidence of our shareholders in the Corporation's strategy. As a result of this capitalization and the sound results obtained during the period, Corficolombiana stands as one of the most solid financial entities in Colombia, which will give us the flexibility in 2019 to leverage a portfolio that will generate value for our stakeholders.

On the other hand, aware of the relevance of the sectors in which we invest (financial, energy and gas, infrastructure, agro-industry and hospitality), we are structuring a sustainability policy for the Corporation and its affiliates to significantly impact the development of the communities and the country.

I appreciate the work, dedication, commitment and confidence of our employees, shareholders, customers, suppliers and strategic allies who, with their unconditional contributions, drive us in our daily work to achieve the goal of being recognized as the leading investor in the structuring, management and administration of companies and projects in Colombia.

I. About Us

Corficolombiana is the leading financial corporation in Colombia committed to the development of the country through its strategic investments in key sectors of the economy such as infrastructure concessions, gas distribution and transport, hotels, agribusiness and financial services. Additionally, it offers treasury and investment banking services. Currently, its main businesses and subsidiaries are strongly positioned in each of its markets.

Based on the experience and knowledge acquired during more than 40 years, its vision is to be recognized as the leading financial institution in the management of investments with potential for growth and generation of value for its shareholders, communities and the country.

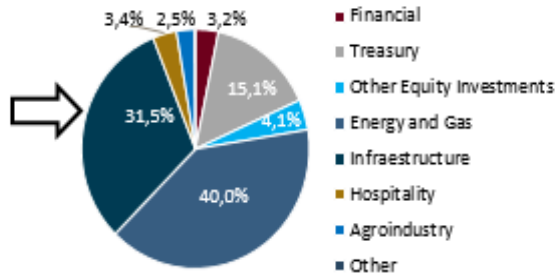
The history of Corficolombiana dates back to 1961, when the Corporación Financiera del Valle S.A. was created, a company with which it merged in 2005. Since its creation, both entities, in accordance with their corporate purpose, had made investments in companies in the real and financial sectors. Corficolombiana continues to consolidate and expand that investment portfolio and in its recent history there are important milestones such as the awarding between 2014 and 2016 of four fourth generation road concessions, reaching a total of 667 kilometers in concession, and an issuance of shares in 2018 for \$ 990 thousand million.

The Corporation has been listed on the Colombian Stock Exchange since 1992. At the close of 2018, the ordinary share represents 1.81% of the national stock market index. Additionally, it maintains an investment grade rating as a result of the consistency of its strategy and financial strength, as well as the support of its parent Grupo Aval (NYSE: AVAL), a leading banking group in Colombia and Central America.

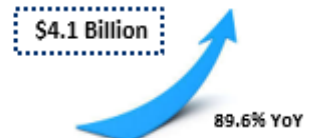
Corficolombiana in big figures

Figures in COP MM¹

Assets : \$26,244,927
 Total Equity: \$8,118,689
 Net Income: \$1,620,159
 ROE: 35.06%



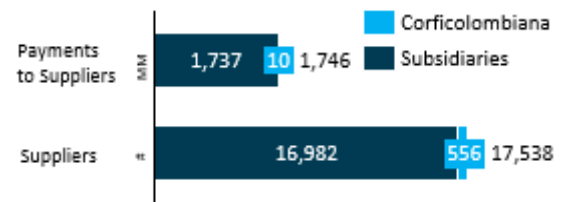
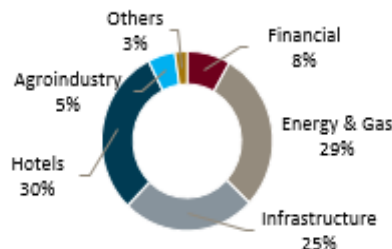
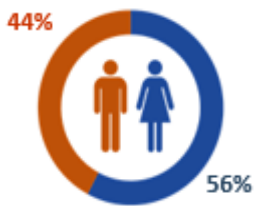
Consolidated EBITDA 2018



No. of Employees
 Corficolombiana
317

No. of Employees
 Subsidiaries
6,924

Corficolombiana and its
 subsidiaries have a total of 17,538 suppliers, who
 in 2018 made payments for \$5.7 Billion



1) Consolidated figures: Equity without excluding minority interest. Net Controlling Utility. ROE net profit attributable to Corficolombiana on the average controlled equity.
 2) No. of Employees corresponds to those hired for an indefinite term.

a. Our business and strategy

2018 was the second year of implementation of the corporate strategy to the year 2021 approved by the Board of Directors in 2017. Corficolombiana proposes its strategy based on the following pillars by line of business and recognizing the importance of the support areas in its execution:

Equity Investments

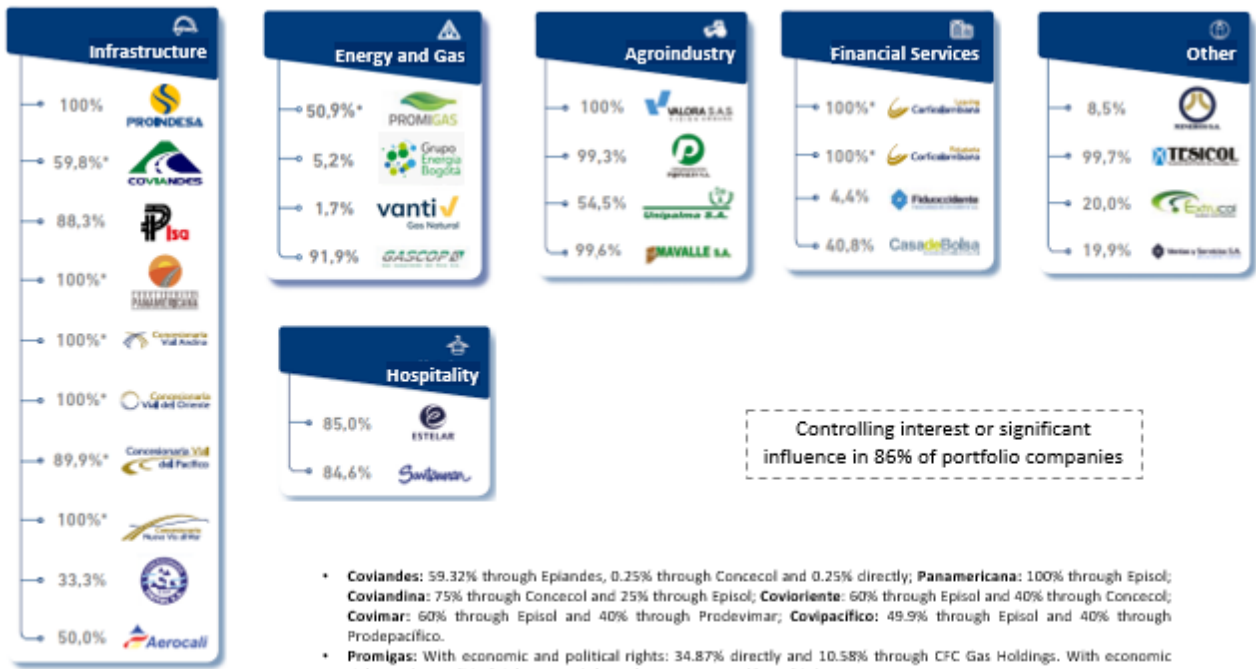
The main line of business of Corficolombiana is the investment in companies in the real sector. The investment policy focuses on being a long-term investor in capital-intensive sectors, looking for stable and growing cash flow and results with low volatility, and obtaining synergies and knowledge transfer among the companies in which it participates. Directly or through its subsidiaries, it has a presence in Colombia, Peru and Panama.

Corficolombiana invests in both listed and unlisted companies, where it seeks to have a controlling position or significant influence. At the end of 2018 the book value of the equity investment portfolio was \$ 7.8 billion, of which 86% corresponds to strategic investments where Corficolombiana exercises control and 73% corresponds to investments in companies not listed in the stock exchange.

Strategy

- Execution of the current investment plan in an effective and efficient manner and fulfilling contractual commitments.
- Generation and capture of synergies in the operation of the companies.
- Evaluation and execution of new investments in key sectors, directly or through the companies in the investment portfolio of Corficolombiana.
- Target markets: Colombia, Peru, Central America and the Caribbean.

The investment portfolio of Corficolombiana in the real sector is a diversified portfolio where the controlling interests in leading companies of each sector predominate. Additionally, the portfolio of the real sector is complemented with investments in financial service companies.



- **Covandres:** 59.32% through Eplandes, 0.25% through Concecol and 0.25% directly; **Panamericana:** 100% through Episol; **Coviandina:** 75% through Concecol and 25% through Episol; **Covioriente:** 60% through Episol and 40% through Concecol; **Covimar:** 60% through Episol and 40% through Prodevimar; **Covipacífico:** 49.9% through Episol and 40% through Prodepacífico.
- **Promigas:** With economic and political rights: 34.87% directly and 10.58% through CFC Gas Holdings. With economic rights and no political rights: 5.43% through a PEF managed by a third party.
- **Mavalle:** 46.8% directly and 53.23% through Organización Pajonales.
- **Leasing Corficolombiana y Fiduciaria Corficolombiana:** 94.5% directly and 5.5% through Valora S.A.

Energy and Gas: Corficolombiana is a leader in the sector through its participation in Promigas, a company that transports 54% of Colombia's natural gas and serves 38% of the national distribution market.

Gas transport - Promigas and its companies
<ul style="list-style-type: none"> • Gas pipeline: 3,094 km • Transport capacity: 1077 MCF/D¹ • Regasification capacity: 400 MCF/D • 25 clients in different regions of the country
Gas distribution - Promigas and its companies
<ul style="list-style-type: none"> • 3.56 million users in Colombia • 782,732 users in Peru
Consolidated EBITDA 2018: \$1,493,803 million

Infrastructure: Main investor in road infrastructure in Colombia with more than 20 years of experience in the sector. Corficolombiana invests in projects of large size (> \$ 1 billion), high complexity and in strategic corridors.

In Road Infrastructure	Quantity
Road Concessions	8
Kilometers in Concession	666.7
Kilometers to build 4G	135.1
Number of toll stations	17
Average daily traffic 2018	117,136
Average daily income 2018	\$1,512 million
In Airports	
Airports Concessions	2
Total passengers 2018	5,463,872
Consolidated EBITDA 2018	\$2,466,248 million

¹ MCF/D: Million Cubic Feet per Day.

Hospitality: Hoteles Estelar is the main corporate hotel chain in Colombia.

Operates 32 hotels in 15 cities
4,009 rooms
3 Countries: Colombia, Peru and Panama
Average occupation 2018: 56.6% (national average 55%)
Consolidated EBITDA 2018 \$52,077 million

Agroindustry: Leaders in the sector with more than 26,000 hectares with agroindustrial projects.

Rubber: Meta
14,052 gross hectares and 10,240 hectares planted
Plant capacity 3ton/hour
Palm: Cundinamarca and Meta
5,590 gross hectares and 4,515 hectares planted
Plant capacity 25ton/hour
Semiannual crops and others: Tolima
5,932 gross hectares and 2,431 hectares planted
2,890 head of cattle
Consolidated EBITDA 2018 \$18,734 million

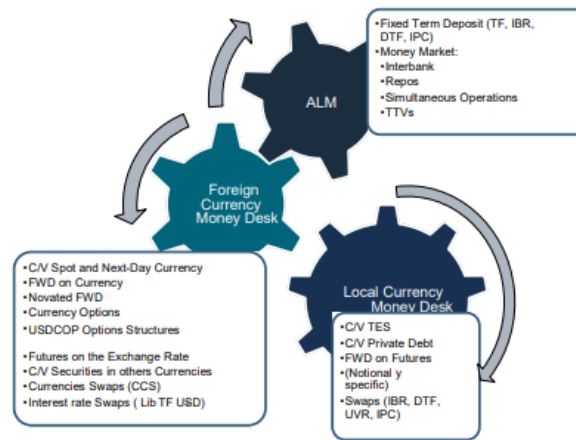
Financial: Corficolombiana provides leasing, fiduciary and brokerage services.

<u>Leasing:</u>
\$ 348,569 million of gross assets in leasing
\$ 304,099 million of gross assets in credit
<u>Trust Services:</u>
\$ 22.4 billion in managed assets and \$2.6 billion in balances managed in FICs
801 Trust businesses
<u>Casa de Bolsa:</u>
\$ 493,464 million in assets distributes in FICs
\$ 15.9 billion operated in fixed income
\$ 7.1 billion operated in equity
Consolidated Operational Income 2018: \$29,378 million

Treasury

The Treasury manages the necessary funding for equity investments, through access to the capital and financial markets. Likewise, it provides flexibility and optimization of the capital structure of Corficolombiana through the active management of a portfolio of fixed income and derivatives, providing diversification of income and risk coverage.

We are market makers in the different products we operate (currencies, derivatives, TES and money market operations), which has allowed us to be one of the leading treasuries in the country, recognized for presenting innovative opportunities and supporting the timely execution of strategies focused on obtaining greater benefits.



Strategy

- Diversification of business with focus in new clients (for example, corporate), products and markets looking to increase returns and reduce volatility in the fixed income portfolio.
- Strengthening control and monitoring of business risk.

Investment Banking

Corficolombiana is one of the investment banking practices with the greatest tradition and recognition in the country. During the last 30 years has participated and made possible some of the most significant transactions in the market and has been characterized by promoting challenging operations with a high component of market innovation and focus on results.

It covers the entire spectrum of investment banking services from capital markets to corporate finance and project finance. Additionally, it has a diverse team that focuses on the particular solutions required by each client and transaction.

Strategy

- Growth in Colombia looking for leadership in Project Finance, M & A, capital markets and syndicated loans.
- Entrance to markets in Central America and Peru.
- Expansion of the customer base, focusing on the main corporations and maintaining support for the investments of Corficolombiana and Grupo Aval.

Retail Banking

Currently, Corficolombiana offers financial solutions to corporate, corporate and private banking clients, integrating commercially, under a relationship management scheme, the financial subsidiaries and the distribution business line of Corficolombiana's treasury. It has national presence in 5 regions: Central, Antioquia, West, North and East.

As part of Corficolombiana's strategy, it will focus on the corporate segment, as a support unit and sales force for treasury and investment banking.

Strategy of our support areas

- Strengthening of the second line of defense at the corporate level in its risk management and control and compliance, through the standardization of processes, procedures and controls.
- Technological update and adaptation to the new strategy and structure.
- Implementation of structured information management systems at the corporate level.
- New strategy of human talent and knowledge strengthening to respond to the needs of the business areas.

b. Main milestones in business management (Corficolombiana and its subsidiaries)

January: With advice from the Investment Bank of Corficolombiana, Promioriente made an ordinary bond issue for \$ 205,000 million oversubscribed 1.8 times.

February: Financial closing of Coviandina / Pizano begins voluntary liquidation process.

March: 1,670 additional hectares of rubber enter into operation to reach 3,747 hectares (90% of mature hectares).

April: Start of operation of Quavii, concession to distribute gas in northern Peru / Fiduciaria Corficolombiana and Casa de Bolsa sign an agreement to promote the business of collective administration funds: 8 funds for \$ 2.5 billion / Banco Corficolombiana Panama, S.A. begins the voluntary liquidation process.

May: Signature of the initiation of construction phase minutes of Covipacífico.

June: Fitch Ratings affirms maximum local rating AAA to Corficolombiana and BBB international rating.

July: Corficolombiana increases its participation in GEB from 3.56% to 5.17% with an investment of \$ 298,962 million.

August: Issuance of shares of Corficolombiana for a total value of \$ 990,591 million, equivalent to a capital increase of 17% / BRC Investor Services affirms maximum local rating AAA to Corficolombiana / María Lorena Gutiérrez assumes the position of President of Corficolombiana.

September: Estelar Square and La Torre Suites hotels in Medellín start operations, adding 146 rooms and 35 suites.

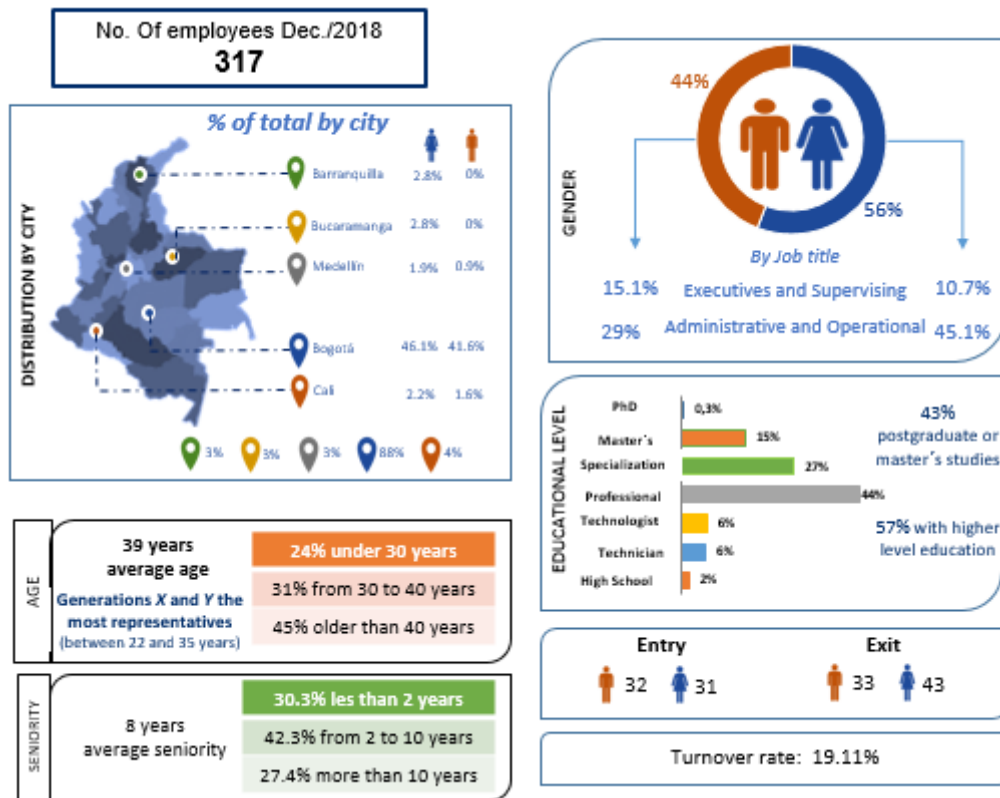
October: Coviandes selected the French firm Eiffage to advance the design and construction of the new Chirajara bridge / Corficolombiana increases its participation in Pajonales S.A. to 99.3%.

November: Corficolombiana acquires an additional 0.65% in Promigas, increasing the company's economic interest to 50.88% / Signature of the initiation of construction phase minutes of Covioriente / Episol provisions the remaining balance of its investment in CRDSII.

December: The Financial Superintendence authorizes the transfer of assets and liabilities of Leasing Corficolombiana.

c. Our Team

As of December 31, 2018, the Corporation had 317 employees with an indefinite term contract, distributed in five of the main cities of Colombia. Additionally, it had 4 apprentices, 46 people linked through a temporary service company, and 63 through outsourcing.



Within this group of collaborators stands out the participation of women in all levels of office (managers and supervisory, administrative and operational), the experience and contribution of the new generations is valued, and there is a high level of professionalization and experience.





In Our Subsidiaries

Our subsidiaries together have 10,815 employees, of which 6,924 (which corresponds to 64%) have an indefinite term contract. The turnover rate, totaling all subsidiaries, was 18.8%.

Sector	Number of Employees			
	Fixed Term		Indefinite Term	
	Men	Women	Men	Women
Financial	5	1	214	354
Energy and Gas	204	235	1,136	863
Infrastructure	1,781	252	1,285	457
Hospitality	99	75	1,164	934
Agroindustry	1,028	206	277	80
Other	1	4	136	24
Total employees subsidiaries	3,118	773	4,212	2,712

d. Our Shareholders

Corficolombiana closed the year with 5,368 shareholders, of which 4,535 have common shares, 482 have preferential shares and 351 have both. While in the local stock market foreign investors consolidated a selling position, in the case of Corficolombiana, foreign investors increased their participation from 3.61% in 2017 to 4.38% in 2018. At the end of the year we had a base of 131 international investors.

Grupo Aval	49.95%
	8.13%
	32.93%
	3.96%
	4.93%
Adminegocios S.A.S	10.58%
Colombian Pension Funds	7.72%
International Investors	4.38%
Other minority Investors	27.37%

On May 3, the payment of dividends equivalent to a dividend per share of \$ 500 on ordinary shares and \$ 824.55 on preferential shares was made. 55.5% of the profits generated in 2017 were distributed. As a sign of confidence, our shareholders chose to receive in shares 80% of the value of the dividends decreed.

In addition, on July 30, Corficolombiana began the process of issuing ordinary shares and preferred shares with no voting rights. This issue sought to provide greater flexibility to take advantage of new investment opportunities in the short and medium term, in addition to the commitments already acquired with the 4G projects, which could mean growth opportunities for the Corporation. The recipients were the holders of ordinary and preferred shares and their assignees, who were able to exercise their preemptive rights.

Result of the issuance of shares:

- 40,000,000 ordinary shares and 1,529,542 million preferred shares
- \$ 990,591 million
- 38 new shareholders

Analysts Recommendation	
6 analysts covered the Corficolombiana share as of December 31. During 2018 Valores Bancolombia began coverage.	
Buy	2
Neutral	3
Sell	0
Under Review	1
Average target price	\$32,927

IR Recognition
In October 2018, the Colombian Stock Exchange (BVC) approved the renewal of the IR Recognition, which had been granted to the company in October 2016.

Source: Bloomberg. Calculations: Corficolombiana.

e. Corporate Governance

Corficolombiana incorporates principles that govern the good corporate governance of the entity, as well as the protection of the rights of shareholders and investors. The Annual Corporate Governance Report for the year 2018 is available in the Annex.

Relevant Facts

- In 2018 the company, adopting good governance practices, implemented the Corporate Governance Report, which was presented to the Shareholders Assembly.
- The remuneration policy of the Board of Directors was approved by the Assembly.
- The Regulations of the General Shareholders' Meeting were modified, with the purpose of including the right of the shareholders, independently of their stake, to request the introduction of one or more points to be discussed in the agenda of the General Shareholders' Meeting, within the five (5) common days following the publication of the announcement and whenever the request for the new points is accompanied by a justification.

Structure of the Corporate Governance Bodies:

General Shareholders' Assembly: The Corporation's highest body, composed of the shareholders registered in the Shareholders' Registry and their representatives or agents.

Board of Directors: Maximum administrative body that determines the management and development policies of the Corporation and monitors compliance, looking for the best interest of the company and all its shareholders.

Committees of the Board of Directors: Audit Committee, Risk Committee and Corporate Governance Committee.

Legal Representatives and Executives: Directs the implementation of strategic objectives and monitors compliance with the corporate governance framework, with the support of internal committees.

Board of Directors

Members

- 14 members: 7 principal members and 7 deputies.
- 25% Independent
- 13 men – 1 woman
- Between 30-50 years= 1; Over 50 years=13
- Elected by the General Shareholders' Assembly according to the electoral quotient system for periods of one (1) year.

Meetings

- Corficolombiana calls all its members without exception (principals and deputies), understanding that decisions are made by principals and deputies in the absence of their principal.

- In 2018, the Board of Directors met in 27 occasions: 22 ordinary meetings, 5 extraordinary meetings. No virtual meetings were held.
- The attendance of the directors to the meetings of the Board and the Committees is in point II. "Structure of the Administration", numeral 9 of the Corporate Governance Report.

Evaluation

- The members of the Board of Directors self-assessed their performance and management of 2018, yielding these results:
 - Individual performance of the members of the Board of Directors: 98%.
 - Group performance of the Board of Directors: 97%.
 - Performance of the audit committee: 100%.
 - Performance of the Risk Committee: 75%.
 - Performance of the Corporate Governance Committee: 100%.

Regarding individual performance, were highlighted as strengths the performance in the best interest of all shareholders, ethical behavior, reserve in the handling of privileged information, active participation, and impartiality in expressing their opinions.

Regarding group performance, were highlighted the autonomy of the members by attending to their duties as administrators, the advance in the scheduling of the meetings, knowledge of their functions in terms of disclosure of information to the market, understanding of the process to identify related parties and avoid situations of interest conflict; as well as the monitoring of the strategic plan and the risks and continuity of the company's business.

Training

During the year, all members of the Board of Directors were trained on the Anti-bribery and Anti-Corruption Program of the Corporation, by the firm Deloitte. Likewise, Ernst & Young conducted a training on Cybersecurity. In addition, the new members were given an induction on relevant topics of the company.

Members of the Board

Principal Members

LUIS CARLOS SARMIENTO GUTIERREZ

Chairman } Magna Cum Laude BSc. in Civil Engineering of University of Miami. MBA with a Concentration in Finance – Johnson Graduate School of at Cornell University } Currently he is CEO of Grupo Aval Acciones y Valores S.A. He served as President of Cocolco S.A. } Member of the Board of Directors of Banco de Bogotá S.A.

CARLOS ARCESIO PAZ BAUTISTA

BSc in Business Administration from Universidad EAFIT. Specialization in Marketing from ICESI EAFIT } Currently is business consultant. He has held, among other positions, the General Manager of Harinera del Valle S.A. and of Consultoría de Inversiones Ltda. He has received the following decorations: "Santiago de Cali Civic Merit Medal" from the Municipality of Cali, "El Colombiano Ejemplar" from the newspaper El Colombiano (Medellín), and "Cruz de Boyacá" in the grade of Commander of the National Government of the Republic of Colombia } He belongs to the following Boards of Directors: Banco de

Bogotá S.A., BAC International Bank Inc., Promigas S.A. and Empresarios por la Educación. He belongs to the Cali Advisory Committee to the Board of the Central Bank and the Higher Council of the Icesi University - Cali.

ALEJANDRO FIGUEROA JARAMILLO

BSc in Civil Engineering from Facultad Nacional de Minas de Antioquia. Master and Ph.D. candidate in Economics from Harvard University } Currently is CEO of Banco de Bogotá S.A. He served as Deputy Minister of Economic Development and General Manager of Almaviva. } He belongs to the following Board of Directors: Grupo Aval Acciones y Valores S.A., Porvenir S.A., Banco de Bogotá – Panamá, Asociación Bancaria de Colombia, BAC Credomatic Inc. and Credomatic International Corporation, Inversiones Figueroa Palau & Cía. S. en C. and Sociedad Agropecuaria La Florida Ltda.

EFRAIN OTERO ALVAREZ

BSc in Economics from Universidad del Valle. Master's in Industrial and Systems Engineering from Universidad del Valle } CEO of Banco de Occidente S.A., where he also served as Executive and Financial Vice-President. } He belongs to the following Boards of Directors: Porvenir S.A., Grupo Aval Acciones y Valores S.A., Occidental Bank –Barbados and Banco de Occidente Panamá S.A.

ALVARO VELASQUEZ COCK

PhD in Economics from Universidad de Antioquia. Candidate to the MSc. in Economics of University of London (L.S.E.) } Currently Legal Representative of Agropecuaria La Florida Ltda. He has served as Director of DANE and CEO of Pedro Gómez & Cía. S.A. } He belongs to the following Boards of Directors: Grupo Aval Acciones y Valores S.A., Banco de Bogotá S.A. and Unipalma S.A.

GABRIEL TURBAY MARULANDA

Independent Member } BSc. in Industrial Engineering from Universidad de Los Andes. MSc. from the Georgia Institute of Technology } Currently an independent consultant. He occupied the positions of CEO of Transportadora de Gas Internacional S.A. ESP - TGI and CEO of Banco de Comercio Exterior de Colombia S. A. - BANCOLDEX. } He does not belong to other Boards of Directors.

JUAN GUILLERMO SERNA VALENCIA

Independent Member } Business Manager, Economist and Master of Economics from Universidad Nacional de Colombia. Currently he is an independent consultant. Has held different positions, including CEO of Organización Terpel SA, Director of the Fondo de Garantías (Financial Institutions Guarantee Fund), and Financial Vice-President of Organización Corona S.A. } He belongs to the following Boards of Directors: Plexaport SAS, Avianca Holdings, Ocesa S.A., Plexa SAS and PEG Capital SAS.

Alternate Members

DIEGO SOLANO SARAIVIA

BSc. in Systems and Computing Engineering from Universidad de los Andes. MBA in Management Science from The Wharton School, University of Pennsylvania } Currently he

is the Senior Financial VicePresident of Grupo Aval Acciones y Valores S.A. He has worked at Mckinsey and Company Colombia Inc. and Banco Santander Colombia. } He does not belong to other Boards of Directors.

JORGE IVAN VILLEGAS MONTOYA

PhD in Legal Sciences, from Universidad Javeriana. Specialization in Commercial Law from Colegio Mayor de Nuestra Señora del Rosario } He is currently an adviser to Fedeleasing. He served as Deputy Minister of Communications, CEO of Corficolombiana S.A. and CEO of Fedeleasing. } He belongs to the following Boards of Directors: Banco de Bogotá S.A. and Fiduciaria Bogotá S.A.

JUAN MARIA ROBLEDO URIBE

BSc. in Economics from Colegio Mayor de Nuestra Señora del Rosario } Currently Executive Vice-President of Banco de Bogotá. He occupied the position of CEO of Corporación Financiera Colombiana S.A. and Banco del Comercio. } He belongs to the following Boards of Directors: Fiduciaria Bogotá, Grupo Aval Acciones y Valores S.A., Porvenir S.A.

TATIANA URIBE BENNINGHOFF

BSc. in Finance and International Relations from Universidad Externado de Colombia. MBA from Georgetown University } Currently Vice-President of Financial Planning and Investor Relations of Grupo Aval Acciones y Valores S.A. She occupied the position of Financial Planning Analyst and Director in Investment Banking. } She does not belong to other Boards of Directors.

LUIS CARLOS GOMEZ CHARRIA

Industrial Engineer and Master in Business Administration from State University of New York } Legal Representative and partner of Eficorp S.A. since 2005. He has served as Vice President of Commercial Affairs at Citibank, Treasurer and Credit Analyst at Bank of America Colombia, and Treasurer at Occidental de Colombia. } He does not belong to other Boards of Directors.

SANTIAGO MADRIÑAN DE LA TORRE

Independent Member } BSc. in Economics from Universidad de Los Andes. Advance Management in Banking from Pennsylvania University, USA } He is Executive Director of the Colombian Business Council for Sustainable Development - CECODES. He has held, among others, the positions of Manager of Leasing Unión S.A. CFC and Comptroller for the Inter-American Bank. } He does not belong to other Boards of Directors.

GERARDO SILVA CASTRO

Independent Member } BSc. in Civil Engineering from Universidad Javeriana. Master in Business Administration from Babson College in Wellesley Massachusetts } Currently Commercial Vice-President of Banco de Occidente. He occupied the position of VicePresident at Banco de Occidente, Banco Granahorrar and Banco del Estado. } He belongs to the following Boards of Directors: Fiduciaria Occidente S.A., Banco de Occidente Panamá S.A., Occidental Bank Barbados and Secretariado Banco de Occidente.

As reported in point V. General Assembly of Shareholders, numeral 6 of the Corporate Governance Report, the Common Shareholders' Extraordinary Meeting held on December 7, 2018, designated the following Board of Directors:

Principal Members	Alternates Members
Luis Carlos Sarmiento Gutierrez*	Tatiana Uribe Benninghoff*
Alejandro Figueroa Jaramillo*	Juan Maria Robledo Uribe*
Cesar Prado Villegas*	Efraín Otero Álvarez*
Carlos Eduardo Upegui Cuartas*	Jorge Iván Villegas Montoya*
Carlos Arcesio Paz Bautista*	Alvaro de Jesús Velasquez Cock*
Juan Guillermo Serna Valencia**	Santiago Madriñan De La Torre **
Gabriel Turbay Marulanda**	Luis Carlos Gomez Charria**

*Non-Independent Members/patrimonial members

**Independent Members

The changes introduced correspond mainly to the appointment of Doctors Cesar Prado Villegas and Carlos Eduardo Upegui as principal members and, a re-composition of principal to substitute and change of lines of some members.

As of December 31, Alejandro Figueroa Jaramillo, Cesar Prado Villegas, Carlos Eduardo Upegui Cuartas and Carlos Arcesio Paz Bautista were pending possession. In accordance with art. 73 - Board of Directors- of the Organic Statute of the Financial System, numeral 2, which provides the following: *"Period. The members of the boards of directors of banking establishments, financial corporations, savings and housing corporations, commercial finance companies, capitalization companies and financial services companies must remain in their position, provided they are not removed or disqualified until the next annual meeting of shareholders or associates and as long as their successors are elected and declared competent by the Banking Superintendency."* Underlined outside the text.

In consideration of the above, the resumes of the new Directors, Doctors Prado and Upegui, are not included in this report.

Committees of the Board of Directors

Committee	Objective	Members	Meetings
Audit	Assessing the internal control of the Corporation, as well as its continuous improvement.	Three members of the Board of Directors. As of December 2018 its members were Santiago Madriñan, Gerardo Silva, Alvaro Velázquez and Gabriel Turbay (alternate member).	The Committee shall meet at least once every three (3) months. In 2018, it met eleven times and in February 2019 an additional committee was held on topics associated with the closing of 2018.

Corporate Governance	Ensure that the shareholders and the market in general, have complete, true and timely access to the information of the Corporation, as well as review and assess compliance of the Board of Directors with its duties during their term.	Three members of the Board of Directors. As of December 2018 its members were Gabriel Turbay, Jorge Iván Villegas and Santiago Madriñan.	The Committee shall meet at least twice a year. In 2018 it met on three times.
Risk	Report to the General Shareholders' Assembly about the risk management of the company, as well as review and assess the integrity and adequacy of the risk management duties within the company.	Three members of the Board of Directors. As of December 2018 its members were Diego Solano, Tatiana Uribe and Alvaro Velásquez.	The Committee shall meet at least twice a year. In 2018 it met on five times.

Audit: The processes of the audit area are developed in accordance with an audit plan based on risks, presented by Corficolombiana's Corporate Comptroller and approved by the Audit Committee. The planning process includes issues associated with the strategic plan and inherent risks of greatest impact identified with the senior management, among others.

Based on that plan, in 2018 the mission processes of the Corporation, corresponding to Treasury, Investment, Investment Banking and Commercial Banking, were evaluated. Within the Investment process, an audit visit was made to twenty-one (21) subsidiaries of the real and financial sector, with an emphasis on the infrastructure sector.

On the other hand, the support processes included in the shared services unit (USC), such as accounting and systems and operations, were evaluated, as well as the legal process and risk management systems and other regulatory aspects, such as implementation of the Antifraud and Anticorruption Policy and controls associated with the SOX Act, among others.

The most relevant aspects identified in the evaluations carried out and the action plans proposed by the administration are presented to the Audit Committee on a regular basis. Similarly, the audit responded to the recommendations made on the different topics by the Committee.

Management

MARIA LORENA GUTIERREZ BOTERO

CEO Industrial Engineer from Universidad de los Andes with a specialization in finance and a Master of Business Administration (MBA) from the same University. Ph.D. in administration at Tulane University in the United States.

JUAN CARLOS PAEZ

Executive VP } BSc. in Civil Engineering and Master's in Administration from Universidad de los Andes

GUSTAVO RAMIREZ

VP of Investments } BSc. in Electronic Engineering and Master's in Economics from Universidad de los Andes

JULIAN VALENZUELA

VP of Treasury } BSc. in Industrial Engineering from Universidad Javeriana. MBA from the I.E of Madrid

ALEJANDRO SÁNCHEZ

VP of Investment Banking } BSc. in Economics from Universidad de los Andes. Master's in Financial Markets from University of Toulouse

LEONARDO CAICEDO

Corporate Government, Risk and Compliance VP } Public Accountant graduated from Universidad Javeriana. Specialization in Financial and Stock Law from Universidad Externado de Colombia

MARCELA ACUÑA RAMIREZ

Legal Counsel and Secretary General } Attorney with a Specialization in Commercial Law from Universidad Javeriana

MARIA ISABEL ORTIZ AYA

Comptroller } Public Accountant from Universidad Central

DIANA ALEXANDRA ROZO MUÑOZ

Statutory Auditor KPMG S.A.S

GLORIA ANDREA SANCHEZ SANCHEZ

Deputy Statutory Auditor KPMG S.A.S

Corficolombiana has 10 internal committees that support the development of its strategy:

- | | |
|--|---|
| <ul style="list-style-type: none">○ Corporate Commercial Committee○ Credit and Counterparty Risk Committee○ Occupational Health Parity Committee○ ALCO Committee – Assets and Liabilities Committee○ Corporate Governance, Risk and Compliance Committee | <ul style="list-style-type: none">○ Systems Committee○ Investment Banking Committee○ Investment Committee○ Communications Committee○ Purchasing and Contracts Committee |
|--|---|

II. Responsible Investments for the Development of the Country and the Communities

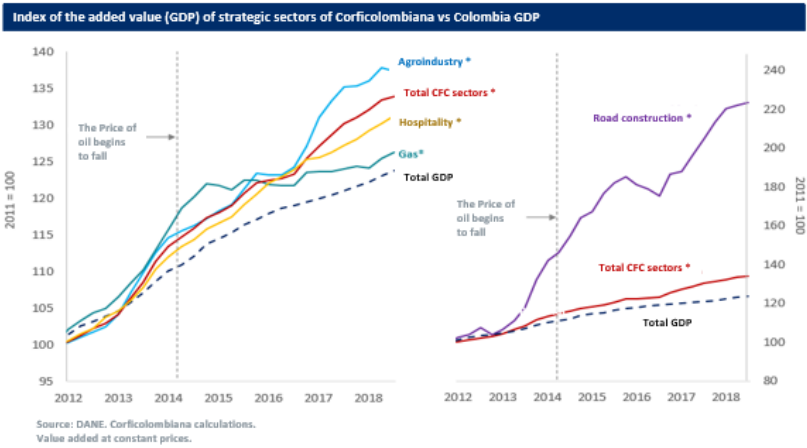
Corficolombiana, directly and through its investments in key sectors such as energy, infrastructure, hospitality and agro-industry, plays an important role in the economic and social progress of the

country. Currently, our affiliates invest in the social development of the communities in the area of influence and in minimizing the impact on the environment within their activities. Additionally, Fundación Corficolombiana develops programs to contribute to the improvement of the educational quality, the protection of the environment and the building of peaceful coexistence.

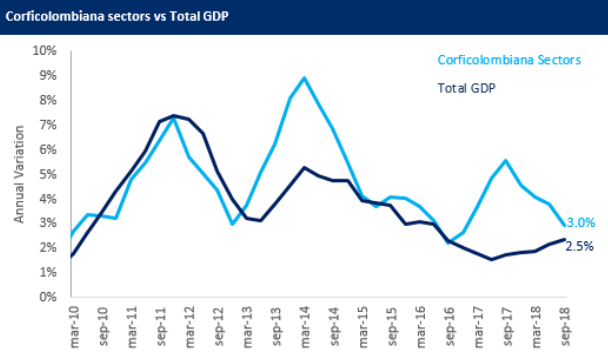
In line with the commitment to continue strengthening its sustainability objectives, as well as the indicators to measure and monitor them, during 2018 Corficolombiana assessed different alternatives to develop a framework that will serve as a reference for its actions and best sustainability practices. Thus, an external consultancy process will be carried out in 2019 with the purpose of structuring a sustainability policy that will encompass Corficolombiana and its affiliates.

a. Through our Affiliates

Corficolombiana’s investment strategy focuses on sectors that have driven Colombia’s economic growth over the last decade. In fact, in recent years, especially after the shock caused by low oil prices, these sectors have posted a growth rate higher than the economy average, and 2018 was no exception.



Between January and September 2018 -the last information available in the national accounts of the DANE- the agricultural (agricultural crops, forestry and logging), energy (gas and electric power), infrastructure (road construction) and hotel and restaurant sectors grew 3.0% overall as compared to the same period in 2017, exceeding the growth of 2.5% recorded by the entire economy. This situation has been taking place since the end of 2016 and indicates that the Corporation continues to be an ally in the development and economic recovery of the country.



Additionally, there are constant initiatives that seek to hire labor from communities, creating a mutual benefit for companies and society. Together, our affiliates employ 10,815 workers and have 16,982 suppliers, most of them national.

Number of Suppliers that provided goods and services during the year 2018					
Sector	Regular		Occasional		Total Amount paid (\$ MM)
	Colombian	Foreign	Colombian	Foreign	
Corficolombiana	329	16	204	7	30,461
Our Subsidiaries	7,123	119	9,650	90	5,643,758
Financial	310	7	315	-	89,839
Energy & Gas	1,686	32	3,028	55	2,678,544
Infrastructure	2,188	7	2,248	9	2,522,176
Hospitality	2,073	52	2,659	21	215,956
Agroindustry	718	5	1,183	1	110,329
Others	148	16	217	4	26,915
Total Subsidiaries Suppliers	7,452	135	9,854	97	5,674,219

In the same way, through our participation in different sectors, we invest in social programs and social campaigns that demonstrate our commitment to communities. Our practices are geared towards educating, serving and guiding the populations of the areas of influence of the companies in our portfolio, conveying the development of such companies to the communities, promoting their growth, progress and improving their quality of life. We constantly contribute to education in road safety, early childhood and entrepreneurship programs to boost the regional economy.

We are committed to strengthening relationships with government entities and social leaders in order to unite the vision and future of the communities surrounding the companies of our portfolio. The support for the development plan of local governments strengthens our development mission.

Road Infrastructure

Throughout 2018, the Road Concession projects in which Corficolombiana participates fulfilled the obligations and activities derived from their respective Social Responsibility Plans, with a total investment of \$1.097 billion.

In this regard, it is worth mentioning that the different plans have been aimed at addressing in the best manner possible the needs identified in the populations of the area of influence of the respective projects. Thus, the following are the activities and amounts of the investment made in the different concession projects:

Coviandes: Coviandes has directed its human and financial efforts to leave a lasting mark on the neighboring towns along the road corridor. In 2018 it invested a total of \$281 million. In addition to support activities to the technical area during social visits and attention to the field community, it carried out the following activities in Chipaque, Caqueza, Quetame, Guayabetal and Villavicencio, with:

Program	Activity
Ecological Corridor	100 trained students, 13 planting day campaigns, 1,750 trees donated, recycling competitions, water and land day celebrations, creation of libraries using recycled materials for the “journey to reading” campaign. Delivery of outreach material to 500 people.
Road Culture	Road traffic party, training for 40 road guards and 22 campaigns with 5,150 participants.

Strengthening of Education	Delivery of pedagogical material to students and classroom packages to teachers from 75 institutions.
Social Programs	Senior Support Program “ <i>Ruta Dorada</i> ” with an impact on 1,750 senior adults, social support to communities with 5,000 beneficiaries, 524 participants in the Cinema Club “ <i>Via al Cine</i> ”, celebration of the children’s day with 10,000 minors.

Concesion CCFC: It executed \$111.6 million to support social, sports, cultural and training activities in favor of the communities of the municipalities of the area of influence of the road project through local authorities, Community Action Boards, educational institutions and non-profit entities. Similarly, CCFC conducted 46 road safety and environmental day campaigns, reaching 2,570 people from companies, schools and institutions located in the road corridor and municipalities of influence of the project.

Proyectos de Infraestructura S.A. (Pisa): PISA invested an approximate amount of \$166 million in activities related to social responsibility in the region. The activities carried out include support to different cultural, sports, entrepreneurship and innovation events. Likewise, educational activities and campaigns were carried out in the area of influence of the road in matters related to road safety, through face-to-face meetings and through the distribution of flyers.

On the other hand, as a result of the reinforcement works of the asphalt binder, joint work was carried out in the delivery of milling material with the neighboring communities of the area of influence of the road corridor (around 6,300 m3). The material was used for the improvement of alleys and tertiary roads in the area, contributing to the improvement of the quality of life of communities.

Concesionario Nueva Via al Mar- Covimar: It invested \$129.9 million in social responsibility activities, with which community interest activities were carried out (organization of cultural events, support for educational activities, civic-environmental conferences) aimed at building good relationships with the social players present in the area of influence, such as municipal authorities, social organizations and educational institutions.

Similarly, a socio-cultural initiative called Ruta de los Vientos was held, which consists of the positioning of the road project as an Environmental, Tourism and Cultural Corridor - ATC, through which the vocations of each municipality in the area of influence are strengthened and local economies are boosted.

Concesionaria Vial del Pacífico- Covipacífico: It executed a total of \$160 million in 2018, in activities aimed at comprehensive management that allows them to enhance their management processes and attention to the community to contribute to the transformation of their territories.

Concesionaria Vial del Oriente – Covioriente: It invested approximately \$249 million in the development of the road safety project in 22 educational institutions in the area of influence, participation in regional environmental forums and activities, training in road culture aimed at transport companies that circulate through the concession corridor, environmental sustainability training and contest with educational institutions, and consultancy for the identification and design of wildlife crossings.

Energy and Gas

Promigas is a catalyst for the development of its areas of influence through:

- The generation of employment by hiring at least 80% unskilled labor and 30% skilled labor. Priority has been given to the hiring of unskilled local labor, and 100% of the labor has come from the area of influence of projects.
- The local procurement of goods and services to the extent that such goods and services are available under the conditions required. For construction projects and for the benefit of communities in the area of influence, local services agreements have been retained, such as surveillance, equipment rental and river transport.
- Investments in social projects for community benefit. The maintenance activities of gas pipelines gave rise to relationship processes and voluntary social investment projects, mainly regarding the paving of access roads to communities and the fixing of sewerage manhole covers. In addition, in 12 of the 15 communities of influence of the projects in execution, which account for 80%, social investment plans were carried out in the areas of influence of new projects, such as adaptations of health centers, community halls and educational institutions. In 2018, Promigas invested \$6.7 billion in voluntary social programs.

Numbers in million pesos	
Development of educational communities	2,300.6
Development of the territory	985.4
Learning Center	1,219.1
Strengthening of social society institutions	1,522.3
Strategic community projects	608.1
Volunteer work initiatives	63.4
Total investment in 2018	6,699

During 2018, preventive education activities were intensified and direct communication was achieved to 100% of the homes located within ten meters from trunk gas pipelines; training activities reached 57% of the Risk and Disaster Management Committees of the municipalities in the area of influence of Promigas. In total, 12,181 homes were served and 257 workshops were carried out with relief agencies, leaders and communities.

Fundacion Promigas: Fundacion Promigas manages knowledge and drives individual and collective capacities, seeking to reduce social gaps and combat poverty in the country, especially in the Caribbean region of Colombia. Within this purpose, it focuses its practice on strengthening initial education and formal education, promoting and supporting the improvement of the quality of education in Colombia; on capacity building in territories, promoting social prosperity and common good; on the generation of high added-value knowledge for the social and educational development of the country; and on the promotion and support to non-profit entities that contribute to social welfare and quality of life.

- It has direct presence in **11** departments of the country.
- During 2018 a total of **95** initiatives were developed, 36 of which are new.
- Direct beneficiaries:
 - 323** educational establishments
 - 1,785** teachers and managers trained
 - 2,329** parents

727 community and citizenship
806 micro-entrepreneurs
619 others
indirect:
141,520 students
4,884 teachers

In environmental terms, Promigas is committed to reducing and offsetting the carbon footprint, maintaining control over energy consumption and implementing operations with renewable energy sources wherever possible. In 2018, it achieved a 10% reduction in scope 2 of the carbon footprint, a 16% decrease in water consumption and 510 GJ was generated from renewable sources. Additionally, a solar photovoltaic system for the self-generation of 23,014 kWh electric power in the administrative headquarters 1 was commissioned, an initiative that seeks to replace 12.8% of the current energy demand.

On the other hand, Promigas has worked on the development of an action plan to implement the 'Climate Strategy', which involves the entire organization, focusing its efforts on mitigation, adaptation, sustainable growth and communication actions for a better understanding of its commitment to climate change. Thus, the mechanism for the deployment of the internal carbon price model (ICP) was designed and defined during 2018, in order to raise the awareness of decision makers regarding the vulnerability of new investments in the face of climate regulations. Additionally, as part of the Climate Strategy, it made progress in the standardization of a protocol for gathering information and calculating the carbon footprint for related companies, according to their specific activity.

In relation to Biodiversity, the project for the relocation and rescue of epiphytic plants was completed, within the framework of the Loop San Mateo Mamonal project, after three years of stay of the species in the Natural Reserve in the mountains of Coraza and Montes de Maria, which guarantees a species survival of 85%, higher than that established by the environmental authority, which is 82%. Based on this project, the assessment of the impacts of the construction of Promigas projects on local biodiversity (fauna and flora) was commenced, based on the comparison of the biotic characterization carried out before (EIA) and after the end of the Loop San Mateo Mamonal project. This study also seeks to propose a methodology to be applied in future projects that include standards for the management, monitoring, analysis of cumulative impacts and compensation and restructuring actions, during and after completion of the construction phase, in order to safeguard the biodiversity of the environment where the company's operations are carried out.

Hospitality

Hoteles Estelar was certified ten years ago with the Colombian Environmental Label NTC-5133 for all its operations and since 2018 it started working to certify hotels with the new sustainability standard NTS-TS 002. To date, it has been achieved in 17 hotels in Colombia and is expected to be attained for all operations in April 2019.

Additionally, the consumption indicators of cubic meters of gas and water were reduced in 1.3% and 9.2%, respectively, during 2018 when compared to the previous year, this coupled with important energy savings of kw per occupied room of 18.2% taking into account the increase in the number of units sold and programs such as the change of lighting systems. The above has been complemented with programs to reduce the consumption of single-use plastic products such as straws, in which we went from consuming 470,000 units per year in 2016 to 120,000 in 2018. Additionally, Hoteles

Estelar has contributed to the planting of 2,540 trees in the different regions where the chain is present, in coordination with local entities, and has been working on the reduction and responsible management of used vegetable oil in agreement with Team, the most important production company of this product.

Agro-industry

Organizacion Pajonales S.A.S.

Organizacion Pajonales S.A.S. is an agroindustrial company, which is a reference in the region for being competitive, dynamic, and efficient in terms of agricultural production. It is located in the municipality of Ambalema, Tolima, and its area of influence also extends to neighboring towns such as Venadillo, Lerida, Armero Guayabal and to smaller towns such as Chorrillos and Iguacitos, employing more than 455 inhabitants from these regions.

At present, Pajonales consists of five business units: 1) Agricultural, 2) Fish Farming, 3) Livestock, 4) Rice Seeds, and 5) Bio-inputs.

All the units of Organizacion Pajonales have the commitment to work minimizing the impact on the environment and on people; however, the Bio-inputs Unit requires special mention because it is a profitable business that allows this philosophy to be carried beyond the boundaries of the organization, addressing the concern of how to achieve clean production with a minimum impact on nature and at a reasonable cost.

Bio-inputs are products made from beneficial organisms such as bacteria, fungi, viruses and insects, or from natural extracts obtained from plants. They can be used in agricultural activities to promote the development of plants and/or control pests and diseases, leaving no toxic waste in the environment and with minimal or no risk to the health of animals, farmers and consumers. Additionally, bio-inputs contribute to the significant reduction in the use of chemical synthesis agrochemicals in agricultural production, so that the impact of the latter on the environment and on people is also lower.

The products obtained from the Bio-inputs Unit are the result of environmentally safe biotechnology processes. In the same way, the unit tends towards the sustainability of its natural environment and to this end it has made investments and adjustments for the preservation of water, flora and fauna resources in the surroundings of its facilities. Likewise, the organization contributes to the development of the municipality of Ambalema, since it creates stable jobs at professional, technological, technical and operational level.

In the last three years, to the extent that the unit has introduced its product portfolio in the market of farmers who choose this alternative for the protection of their crops, the operation has been profitable as shown by the figures presented in the following table.

BIOINSUMOS	2018	2017	2016
Sales	458	459	260
Costs	201	154	90
GROSS INCOME (COP MM)	257	305	170
Gross margin (%)	56%	66%	65%
<u>DOSE (# of Units)</u>			
Produced	31,969	60,589	20,144
Internal Consumption	14,811	32,881	5,523
To thirds	17,159	27,751	15,451

Agroshow Pajonales

Agroshow Pajonales is a trade fair event of the agricultural and agroindustry sector that was born in 2009 with the purpose of developing commercial platforms that allow innovating, competing and being sustainable. In 2018 it reached its tenth edition and continued consolidating itself as the main open trade fair of the agricultural sector in the Tolima region.

The most recognized companies of the agroindustry, agricultural, machinery and vehicles, equipment, supplies, and services sectors congregated in this space in order to present a wide range of technologies and innovations for the improvement of the farm activities. Likewise, the fair served as a space for updating, exchanging and providing knowledge on the current trends in the agricultural and agroindustry sector, thus fulfilling one of the main objectives of the event which is to contribute to the construction of permanently competitive and profitable agriculture in Colombia.

In 2018, the fair was attended by 2,157 people during the two days of activities, mainly from Tolima (63%), Huila (14%) and the Eastern Plains of Colombia (6%). During the 2018 edition, the Agroshow, true to its vocation, was the scenario for the signing of the Rice Sector Agreement, hosted a tropical livestock congress endorsed by Asocebu and served as a platform for discussions about the future of the rice business in Colombia with the participation of international speakers.

Mavalle S.A.S.

This agroindustry project is located in an area of the country that is barely moving forward on development issues, such as the rural area of the municipalities of Puerto Lopez and Puerto Gaitan. The area of influence is increasing and by the year 2025 it is estimated that the number of employees will increase from 750 to about 3,000 during the exploitation and utilization phase of around 15,000 hectares of natural rubber.

During 2018, an agenda was programmed with the neighboring indigenous populations of the company and a series of projects were established that will be channeled through public and private institutions in order to raise resources and contribute to their execution; likewise, we worked with the associations already established in the area to rescue their vocational needs and provide them with technical support.

Regarding environmental aspects, the project continues to be developed in accordance with the guidelines of the National Biodiversity Policy and the Biodiversity Action Plan of the Orinoquía; therefore, the implementation of productive processes and agricultural activities has been carried

out and will continue to be developed so as to minimize the impacts on native biodiversity, not only on water and forests but also on wildlife species that could be impacted and consequently require special management plans.

Additionally, because it is a forestry project, degraded savannas, mostly dedicated to extensive livestock farming, will be replaced by more than 4,000 hectares intended to the cultivation of natural rubber, which in turn will seek to participate in the market of carbon credits, as a sustainable economic alternative to promote the competitiveness and development of the forestry sector in the region. The project also contributes to the strengthening of the contingency attention system against forest fires in the area where it is located.

The company must use natural resources for the normal operation of agroindustry activities; therefore, it has the permits and environmental licenses required for each plantation: groundwater collection, surface water and discharge permits. Mavalle participates in projects that are developed as a result of Agreement 18-095 signed between Cormacarena and the Humboldt Institute, which purpose is to “combine technical, scientific and financial efforts between Cormacarena and the Humboldt Institute, in order to broaden the study of the supply and demand for ecosystem services and incorporate it into sustainable management in the agricultural landscapes of the flat highlands of the department of Meta”.

Unipalma de los Llanos S.A.

With the objective of ensuring that the operation of Unipalma and its main suppliers is framed within the management of the sustainability component under the requirements of the RSPO (Roundtable on Sustainable Palm Oil) standard created to respond to the severe environmental and social impacts brought about by the rapid expansion of oil palm crops in Southeast Asia between 1980 and 2000, Unipalma has achieved the following during 2018:

- Membership: the process required for registration as a member of the RSPO continued; completion of forms, adjustment of the LUCA study (analysis of changes in land use) to the new methodology established by the RSPO, which was sent to the RSPO in October 2018. A conceptual note was made so that once the LUCA analysis is approved it will be sent to the RSPO.
- Consulting: the biweekly support by ATF Consultorías to follow the progress in the implementation of the action plans for closing the gaps identified in the diagnosis made in August 2016 continued. Two reinforcement training cycles were carried out during this process for the training of comprehensive auditors (RSPO, SST, and Quality), in addition to the inspection of workplaces and infrastructure to verify compliance with the requirements of the RSPO standard and biweekly visits by the expert to review each one of the indicators defined under the standard.
- Awareness and training: With regard to this process, training on RSPO issues was conducted for field and plant operative personnel in August 2018, a monthly publication of relevant information regarding the implementation process of the standard in different mechanisms established by the organization (TV and billboards), in addition to biweekly talks with field operative personnel about RSPO topics.
- Audits: Two RSPO audit cycles were carried out (February and December 2018), the actions for closing the gaps continued, which are monitored by ATF Consultorías and in the internal audits to be carried out during the year 2019.

During 2018, the Corporate Social Responsibility component focused on the labor welfare of all its employees and presence in the surrounding communities belonging to the area of influence.

In environmental management matters, as another relevant component in the RSPO standard, the permits and concessions required from the pertinent autonomous corporations were obtained, as well as the continuity in the performance of the actions derived from the different specialized studies, with their respective monitoring and follow-up activities. A surface water concession, underground water concession, discharges, air emissions, occupation of waterways and registration with the ICA are in place.

The following has also been carried out:

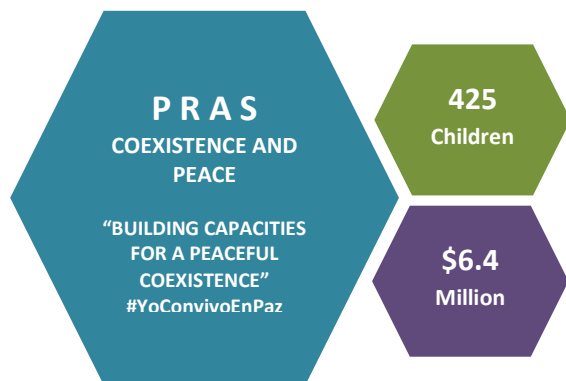
- Reforestation of protection rounds and native forests in compliance with the environmental requirements of autonomous regional corporations and the RSPO. The planting of 2,100 seedlings was carried out over the water protection round of the Guacavia river, reforesting areas that had been affected by floods. Likewise, Unipalma, within the framework of the GEF project, delivered more than 7,000 native seedlings to its suppliers for the reforestation of rounds and forests.
- In terms of environmental awareness, in compliance with the company's training program, the environmental management area conducted training for the entire workforce on issues such as environmental policy and sustainability, protection and conservation of AVCs, ISWM, CDM project, Water and Energy Saving and Efficient Use Program.
- Monitoring of environmental studies with control of the programs resulting from the Environmental Impact Study (Monitoring of AVCs, Integrated Solid Waste Management Plan (ISWM), Clean Development Mechanisms (CDM), Water and Energy Savings and Efficient Use Program, Measurement of Greenhouse Gases), as a mechanism to control and reduce negative environmental impacts and promote positive environmental impacts.

b. Fundación Corficolombiana

Fulfilling its mission to contribute to the improvement of the quality of education, the protection of the environment and to promote actions to achieve peaceful coexistence, in 2018 the Foundation concentrated in continuing the existing programs and developed a new component: "Communication for development – REDES" aimed at students from grades 4 to 11, thus continuing with social and community work as a core component.

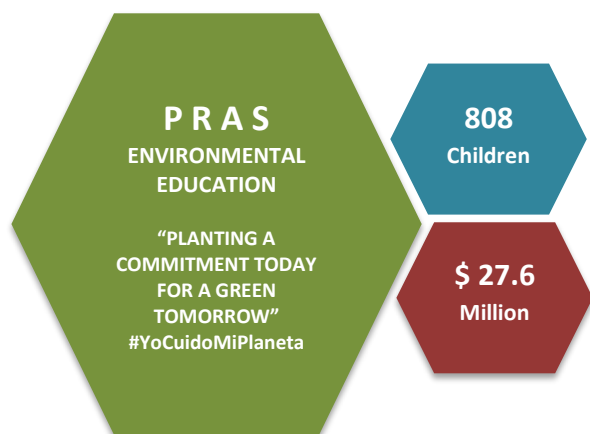
It is highlighted that, since 2017, the Foundation has carried out joint social activities with Covimar, seeking to impact the educational communities in the Mulalo-Loboguerrero area of influence, on topics in which the Foundation has experience: environmental education, resilience and family, First Childhood Alliance (urban area) and learning acceleration (urban area). The Environmental Education and Peaceful Coexistence programs that are being implemented in the area of influence of the Mulalo - Loboguerrero road project and in the City of Cali have been recognized by the educational community.

The total investment in the programs during 2018 was \$213.8 million benefiting 6,925 direct and 34,231 indirect beneficiaries.



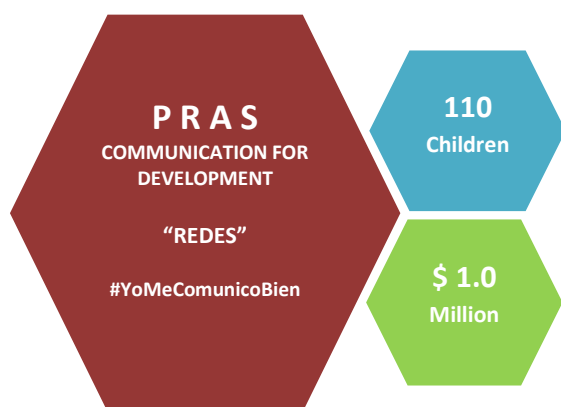
The purpose of this component is to stimulate the participation of students in the construction of a peaceful coexistence, through participatory workshops that allow:

- Raising the awareness of students about the importance of solving conflicts peacefully.
- Promoting actions of respect, tolerance, communication, self-control, cooperation and solidarity at school and in the social environment.
- Promoting the prevention, resolution and transformation of conflicts into peaceful actions.
- Delivering human self-knowledge and assessment tools (self-esteem)



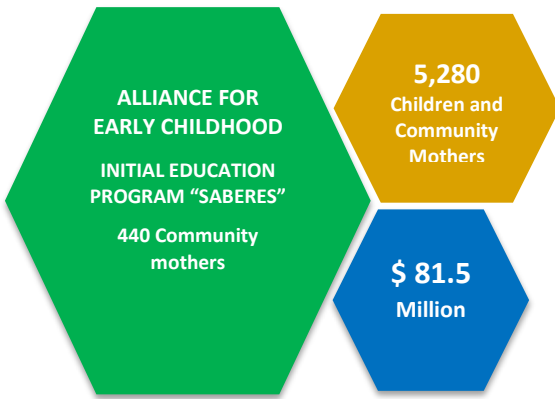
This program is designed so that students who participate in it acquire knowledge and skills for the protection of water resources, flora, fauna and the proper management of solid waste, through a teaching strategy that allows:

- Raising awareness about environmental problems.
- Stimulating their participation in the protection and improvement of the quality of the environment.
- Developing good environmental practices.
- Raising awareness on respect and conservation.
- Stimulating ecological attitudes that promote the conservation and use of natural resources, among others.



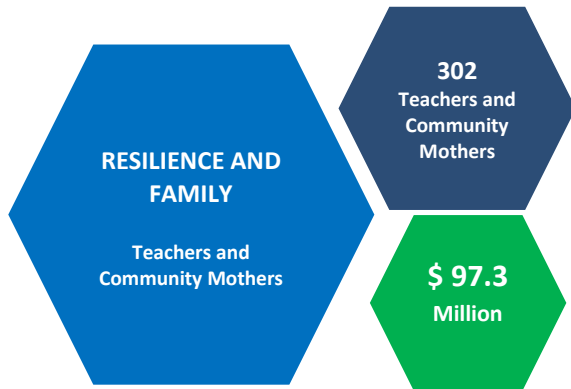
This new component seeks to promote among students, through participatory workshops, their own knowledge and the appreciation of others through communication that fosters dialogue and the construction of opinion spaces, in addition to raising the awareness of students on the proper management of social networks through respect and solidarity, enhancing the benefits derived from this for their educational development. The topics discussed are:

- Workshop 1: Social Networks and Self-esteem
- Workshop 2: Assertive Communication and Conflict Resolution



The Alliance for Early Childhood was created in 2014 for the implementation of the "Saberés" program in the municipality of Buenaventura (Valle del Cauca) with the participation of the following Foundations: Limmat Stiftung of Switzerland, Bancolombia, Corficolombiana, Carvajal and the ICBF. Later, according to the area of influence, the Smurfit Kappa Foundation and the Yumbo City Hall joined. This Grand Alliance has benefited **to date 4,212 Educational Agents and 50,544 children in the Valle del Cauca and Norte del Cauca.**

The Initial Education Program "SABERES" is a program articulated according to the early childhood public policy, directed to sectors of social priority. Its general objective is to contribute to the improvement of quality in early childhood care, through a training strategy for Community Mothers, setting up learning environments and strengthening family bonds.



With teachers: the purpose of the program is that at the end of the construction experience of resilient educational environments, participating teachers are able to: 1. Recognize the strengths, limitations and potential of their students, learning more about human development in childhood and adolescence, transitions and crisis. 2. Describe their theoretical and experiential knowledge about the sources of resilience in young people and their families. 3. Identify specific factors, processes and strategies to strengthen resilience in students and their families.

With Community Mothers: the purpose of the program is to contribute to their development and growth processes, strengthening their individual and relational resources, capacities and abilities that, put at the service of their work, will strengthen their own resilience, which will in turn strengthen of resilience of children.

III. Comprehensive Risk Management

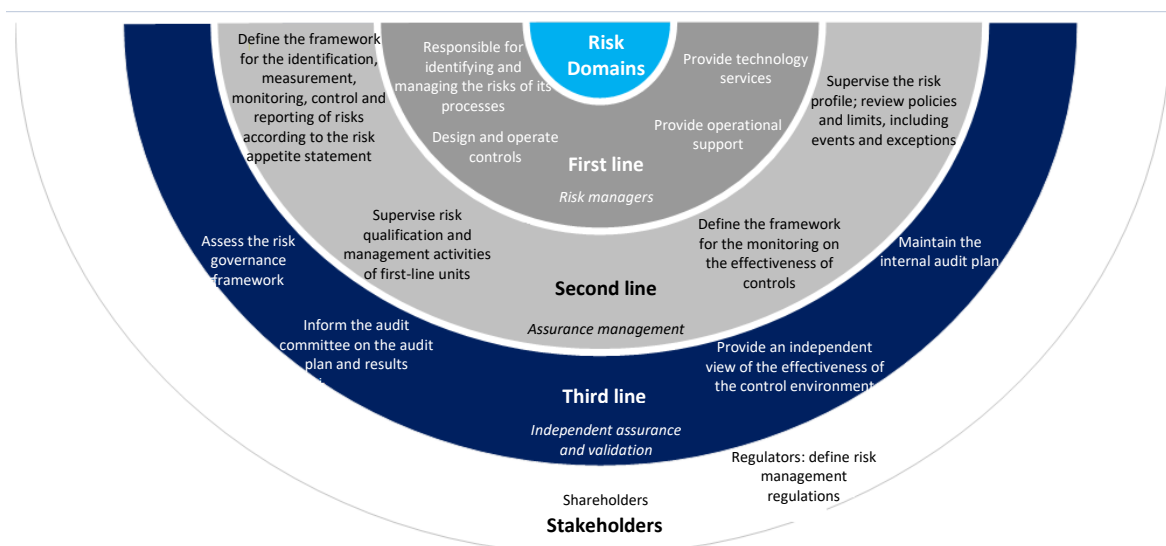
a. Corporate Structure

Corficolombiana has defined, through its Board of Directors, an organizational structure for the management of the different risks to which it is exposed, which is composed of the following:

- Board of Directors and the Risk Committee of the Board of Directors.
- Assets and Liabilities Committee (ALCO), Credit and Counterparty Committee and Corporate Governance, Risk and Compliance Committee (GRC).
- Corporate Vice-presidency of GRC, composed of the Corporate Risk Management Area and the Corporate Compliance Area. During 2018, the Board of Directors approved the

reinforcement of the work team of the Vice-presidency, in order to extend the scope of its duties to all the investment sectors and to better cover the different risks to which the business of the Corporation are exposed.

The aforementioned structure seeks to establish and strengthen the three lines of defense of the Corporation, ensuring an adequate coverage of risks, the responsibility for their management and the adequacy of the Internal Control System implemented:



The corporate Government, Risk and Compliance (GRC) project was launched in April 2018, with the support of Ernst & Young, EY. The project was planned to be developed during 15 months, in 3 major phases:

1. **Diagnosis** of the current state of the components of the GRC model.
2. **Design** of the risk management methodologies, control and reporting with a corporate scope.
3. **Implementation** of these methodologies in the various investment sectors.

Once the diagnosis stage of the current capabilities was completed, the focal points for each of the domains in the model were identified:

Governance, Risk and Compliance Domains	Strategic and risk management alignment
	<ul style="list-style-type: none"> ➤ Governance and strategy ➤ Comprehensive risk management ➤ Business and compliance leads
	Structure of the program and guidelines
	<ul style="list-style-type: none"> ➤ Organization ➤ Policies and rules ➤ Culture
	Definition and management of risks and controls
	<ul style="list-style-type: none"> ➤ Definition and adoption of processes, risks and controls ➤ Compliance management processes ➤ Technology enabler
	Monitoring and Support
	<ul style="list-style-type: none"> ➤ Periodical report ➤ Ongoing monitoring

For the design phase, 29 initiatives were identified aimed at establishing the essential capabilities of the model, updating and transforming the capabilities and sustainability of the GRC program. Likewise, these initiatives had a direct impact on the governance of GRC functions, Risk Management and Corporate Compliance.

Likewise, the GRC management framework was defined according to the economic sectors in which the Corporation invests, with particular capabilities that support the specific development of the various activities in which it invests. At the end of 2018, the design phase has reached 99% compliance.



The development of the implementation phase is contemplated for 2019. Through a controlled pilot in some affiliates of the Corporation, the definitions obtained during the design stage will be identified and adapted to the operations of the entities that were defined in the scope of implementation, through the application of a methodology that incorporates three stages: recognition of organizational impact, start of operation, and monitoring of functions.

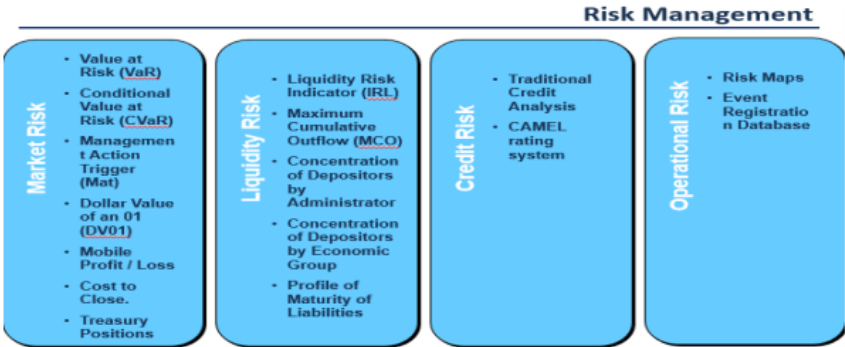
During the performance of the pilot, the necessary adjustments to the components of the model will be identified and completed, allowing the Corporation to continue with the dissemination process of GRC functions.

b. Risk Management – Corficolombiana and Financial Subsidiaries

The Corporation seeks to ensure an efficient ratio between profitability and risk in all positions taken, ensuring that the risk assumed is consistent with the objectives and limits defined by the entity. The risk management process must comply with the following stages: identification, allocation of limits, measurement and control of limits and reporting.

In accordance with the above and in order to ensure that treasury activities are in line with the objectives and strategies of the Corporation, the Board of Directors permanently assess the risk profile by monitoring treasury positions, the risk limits of the market, credit risk, liquidity risk and operational risk. The risk assumption philosophy is consistent with the general assets and liabilities management policies and considers aspects such as economic analyses, technical analyses,

fundamental analyses and the effect of changes in the environment in the bank book and the treasury book.



Note 4 of the Separate Financial Statements and note 4 of the Consolidated Financial Statements present a report on Corficolombiana’s risks in accordance with the standards established by the Finance Superintendence of Colombia.

Money Laundering and Terrorism Financing Risks

The Corporation has implemented the Money Laundering and Terrorism Financing Risk Management System - SARLAFT, in order to prevent the entity from being used to channel money coming from or intended to criminal activities. During 2018, the Corporation designed an Improvement Plan to adjust some components of the SARLAFT in order to strengthen the elements of the system, to improve the effectiveness of the entity’s protection against the risks of money laundering and terrorism financing, through the strengthening of control mechanisms. In particular, the segmentation of factors and the identification of risks, the early warning model, the control mechanisms for customer knowledge information and the governance of the SARLAFT model were adjusted.

Reputational Risk

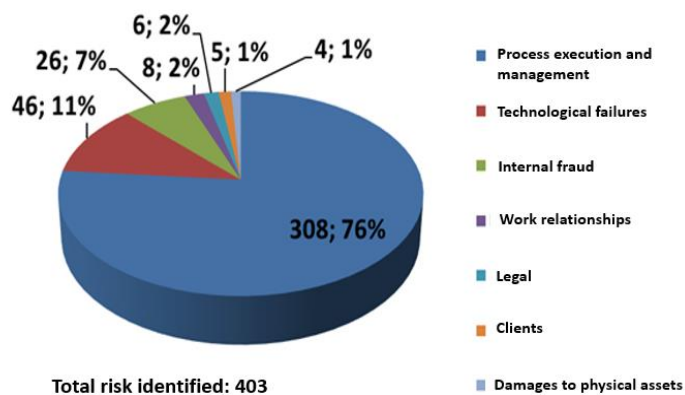
The Corporation has mechanisms in place in order to ensure that reputational risks, which may arise during the development of its different business lines, are properly identified, assessed, controlled, monitored and reported. Control activities regarding events such as breaches of ethics, compliance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

Likewise, with the purpose of responding to the occurrence of situations that expose the good name of the Corporation or to mitigate the eventual impact of any unexpected reputational events, the entity’s organizational structure includes the areas of Communications and Marketing and Investor Relations, which permanently assess information to understand market trends, as well as the exposure of the entity’s name in the media and social networks, and thus monitor the reputational impact.

Finally, it should be noted that the entity has a communications protocol in place so that communication is managed in a transparent and responsible manner, thus preventing any confusion in the stock market or among the general public.

Operational Risk

The Corporation has an Operational Risk Management System – SARO in place. The following is the distribution of the operational risk factors of the Corporation at the end of December 2018, classified according to the standard categories for this type of risk:



In 2018 it was possible to improve the indicator of those risks with greater criticality. Although the percentage of closed action plans decreased, this continues to be a positive indicator that demonstrates the entity's commitment to correct and prevent incidents that may increase risk levels.

Operational Risk Indicators	2017	2018
Number of identified risks / % at a high and severe level	401 / 2.7%	403 / 1%
% of closed action plans to mitigate the occurrence of new risk events	86%	91%

Training

During 2018, training activities were carried out with the purpose of informing, training and updating employees in the competencies required for the performance of the different roles related to their work, with an emphasis on the policies, procedures and mechanisms that the Corporation has established for preventing the risk of money laundering and terrorist financing, as well as in other relevant aspects of Operational Risk Management and Antifraud and Anticorruption Models. In fact, face-to-face trainings and work meetings to analyze cases were carried out, 6 virtual bulletins were published, and refresher sessions were held in information and knowledge due to regulatory and procedural changes.

Fifty-four employees from the commercial and operational areas were trained on topics related to changes in client intake forms, recommendations for their completion, and updates of the SARLAFT Manual. About 260 employees were trained on the SARO System, which represents coverage of more than 80% in relation to all the employees of the Corporation.

From the communications area, we worked on strengthening the corporate culture through a series of internal campaigns such as the Information Security Campaign “Secure Information”, created with the purpose of raising awareness among employees about the importance of making good use of the information they share and receive in order to minimize the probability of occurrence of any events related to these risks.

IV. Ethics and Transparency

Our values: Integrity, creativity, teaching by example, listening to understand, working as a team, and developing others.

Corficolombiana carries out its business activities within a framework of ethics, conduct and transparency, having integrity as an essential principle in all behaviors. These elements are paramount in the decision-making process within your business strategy.

In this context, the Corporation has the following Basic Principles that govern all its actions:

- We generate trust as a result of our knowledge, experience and fulfillment of commitments.
- We show honesty by the uprightness of our behavior.
- We are loyal to what we believe in, in whom we believe and to whom we serve.
- We act with transparency when making decisions, in the management of information and towards the community in general.
- We respect truth, law and equality by showing justice in our actions.
- We build and maintain mutually beneficial relationships with shareholders, customers, partners and all organizational staff.

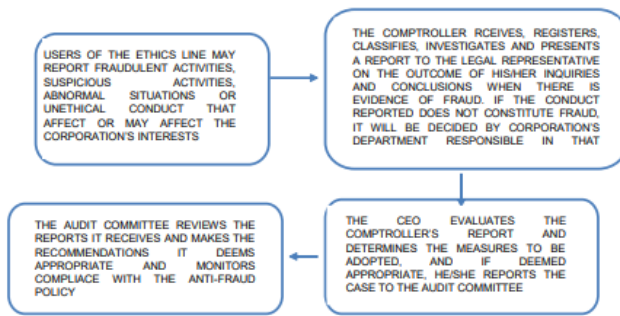
As a fundamental part of this scheme, the Corporation has implemented the Code of Ethics and Conduct, a document that contains the behavior guidelines that directors, managers and other officers of the entity must observe in all their actions. These guidelines are consistent with the ethical values and principles mentioned above.

The Code is communicated to new employees of the Corporation and reinforcement trainings are periodically carried out for all employees, to ensure that their contents remain valid in all the actions, operations and businesses of the Corporation. During 2018, the Code was not subject to any significant modifications, it was only updated to reflect some changes in the Company's organizational structure.

Ethics Line

Corficolombiana has an Ethics Line through which any member of the Corporation, customer, supplier or third party can report, anonymously, any fraudulent acts, suspicious activities, abnormal situations or unethical behavior that affects or may affect the interests of Corficolombiana. This channel is made up of the email denuncias.controlinterno@corficolombiana.com and the icon “Complaints” on the web page of www.corficolombiana.com.

Operation of the Ethics Line:



Regarding any person who reports an actual or possible fraudulent act, the presumption of good faith established in the Political Constitution of Colombia shall apply. Consequently, due to his/her actions, that person will not be subject to reprisals, threats, discriminatory measures or sanctions of any kind. However, when it is proven that the complaint was made maliciously and based on facts contrary to reality, in order to cause harm to the accused, the Audit Committee may order the application of the measures and penalties contemplated in the legal or internal provisions for such acts.

Nineteen complaints were received in 2018, 6 less than in the previous year, through emails sent to the ethical mailbox of Corficolombiana, which, once analyzed, were determined not to correspond to any events associated with violations to the Codes of Ethics and Conduct and/or Good Governance, or to events of fraud.

Financial Consumer Service System (SAC)

Corficolombiana continues to strengthen and optimize the Financial Consumer Service System (SAC). This system has audio response, webpage, email and personal office channels. During 2018, 1,401 frequently asked questions, 147 requests, 7 rights of petition and 7 complaints filed with the Finance Superintendence of Colombia were received. A total of 268 cases were filed through the Call Center, where financial consumers reported that the name or NIT of the Corporation was being used to offer fraudulent loans. All requests were resolved in a clear, timely and complete manner. During the year no complaints were received regarding the violation of privacy or leaks of customer data, nor any complaints derived from the breach of the regulations regarding the information and marketing of products and services.

Antifraud and Anticorruption Policy

The Board of Directors and the Senior Management of Corficolombiana have defined a zero tolerance policy against fraud, bribery and public and private corruption, which is why the Code of Ethics and Conduct and the Antifraud and Anticorruption Policy contain the guidelines for a responsible, honest, upright, serious, transparent behavior and compliance with the law and institutional policies.

In compliance with the applicable laws, and in fulfillment of the instructions issued by Grupo Aval as its parent entity, Corficolombiana implemented the Antifraud and Anticorruption Policy - AFAC, to manage the risks arising from these behaviors. In 2018 there were no updates to the Policy.

The Corporation, as a parent entity, administers the ruling over these issues. In fact, during 2018, activities were carried out to ensure that the subsidiaries also comply with the corporate guidelines.

Likewise, in 2018, 310 Corficolombiana employees were trained in the topics contained in the Antifraud and Anticorruption Policy, which means coverage of almost 100%.

During 2018, the Corporation implemented an active defense concerning the investigations carried out by the competent authorities in relation to the bribery in the awarding of Ruta del Sol sector 2 's construction contract and the execution of its addendum Ocaña Gamarra, providing full collaboration to the authorities during their investigations. It is worth reminding that this concession was granted by the National Concessions Institute - INCO (today ANI - National Infrastructure Agency) to the company Concesionaria Ruta del Sol S.A.S., which controlling shareholders are the companies Constructora Norberto Odebrecht S.A. with an interest of 25.01%, and Odebrecht Latinvest Colombia S.A.S. with 37%; and which minority shareholders are Estudios y Proyectos del Sol S.A.S. (Affiliate of Corficolombiana) with a 33% interest and CSS Constructores S.A. with 4.99%. Currently Episol is involved in a class action filed as a result of these events and in an investigation by the Superintendence of Industry and Commerce. Reference is made to these processes in note 20 of the Separate Financial Statements.

Communications

The communications area focuses its efforts on developing strategies geared towards the construction of a corporate culture consistent with the values of the entity. This approach was supported by the execution of strategic activities such as the development of Information Security and Money Laundering campaigns for our employees; the strengthening of relations with communication media and opinion leaders; and the diffusion, to diverse stakeholders and through various channels such as our webpage, as a strategic ally especially in key sectors such as finance, energy and gas, agroindustry, hospitality and infrastructure.

On the other hand, through the Investor Relations Management area, we continue making quarterly results presentations and updating our website in the link "Relationship with Investors and Shareholders", as well as organizing or participating in events and individual meetings with investors and market analysts.

Contact with the Market
<p>Four calls were made during the year to inform the market about the company's results and the main events of each quarter.</p> <p>In November, Corficolombiana held the event "Tour through the Villavicencio-Bogota road and presentation of the infrastructure sector business model".</p>
<p>In 2018, the Investor Relations Management area held a total of 57 scheduled meetings and calls with analysts and investors. Additionally, 93 requests for information were received in the mailbox relacion.inversionistas@corficolombiana.com</p>

V. Profitable Performance

a. Macroeconomic Situation

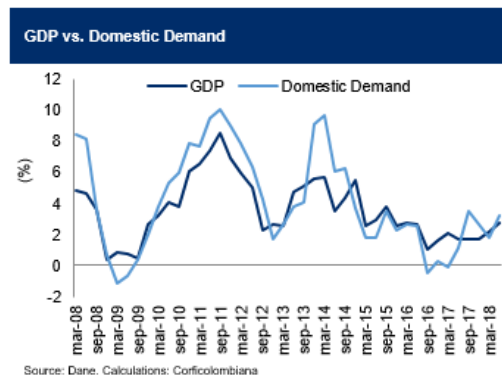
Economic Activity

The world economy maintained stable growth in 2018, as a result of the better performance of developed countries, which recorded their largest expansion since 2010, although offset by the less positive dynamics of emerging countries. The above occurred in a context of strengthening of the dollar and with the less expansive liquidity conditions of the last six years. Thus, the International Monetary Fund (IMF) projects that the global economy would have grown 3.73% in 2018.

The fiscal policy in the United States boosted the economy above its potential capacity, which accelerated the monetary normalization process of the Federal Reserve (Fed) and encouraged the outflow of capital from developing markets. In contrast, there was no solid recovery in the Eurozone, and Italy's lack of alignment with the fiscal objectives demanded by the European Commission has become a serious threat to European economic stability. The United Kingdom, although the Central Bank raised the interest rate given moderate signs of recovery, continues facing high levels of uncertainty due to the Brexit negotiations.

Emerging economies had to face difficulties due to tougher global financial conditions and higher levels of risk aversion, which contributed to the slowdown in growth in 2018. Countries with weak fundamentals, or those that recorded episodes of political instability, were exposed to volatility in international financial markets, which led to sharp devaluations of their currencies and an increase in their risk premiums. In particular, the emerging turbulence of 2018 had Argentina, Turkey and South Africa as its main protagonists, while at the same time evidenced the differentiation process within the group of developing markets.

In Colombia, the economy continued the recovery process that began in 2017, after the strong impact on the terms of trade for the period 2014-2016. In the period from 2018 to September (latest available information), the GDP grew 2.5% YoY,² driven by the strengthening of domestic demand, which drove economic growth again after the weakness shown between 2016 and 2017, when it had lower dynamics than the economy.



² From now on, we will refer to annual variations (YoY), unless otherwise specified.

Households and the Government led the reactivation. On the one hand, consumer spending was favored by the fading of the inflationary effect of the VAT increase established in the tax reform at the end of 2016, in a context of moderately expansive monetary policy that stimulates private consumption. In turn, the good performance of public spending in the first half of the year reflected the greater execution of the budget by the outgoing Government, partly as a result of the legislative elections in March, and the two presidential rounds, in May and June.

In contrast, fixed investment recorded a smaller expansion than in 2017, affected by the poor performance of the construction sector and by the uncertainty associated with the electoral process, which was felt especially in the first quarter of 2018 with some paralysis in the investment plans of the business sector. Finally, net exports maintained a negative contribution to GDP growth in the first half of this year, due to the better performance of imports compared to exports; in particular, external purchases of intermediate goods and capital reflected the strength of domestic demand, in a context in which no significant exchange pressures were evident. In fact, the Colombian peso appreciated during the first half of the year, despite the context of uncertainty in the global economy.

Although the recovery of the economic activity continued in the second half of the year, the deterioration in consumer confidence in the last four months of the year is worrisome, as well as the weakness of some fixed investment indicators. On the one hand, private consumption showed signs of strengthening in the third quarter of 2018, amid stable inflation close to the target of the Central Bank and while the transition process of the slightly expansive monetary policy to credit interest rates continued. However, the higher tax burden on households associated with the higher payment of income tax by natural persons -as a result of the 2016 reform- would have affected their disposable income in the last months of the year, which would explain the recent deterioration in consumer confidence.

On the other hand, once the electoral uncertainty was diluted with the arrival of Ivan Duque to the presidency -a fact that was positively perceived by businessmen and investors- we expected that the fixed investment would rebound significantly in the second half of the year. However, this has not been the case and the reaction of companies' capital expenditures is not in line with our expectations. Thus, the growth of the Colombian economy would accelerate to 2.8% in 2018, from 1.8% in 2017, although we maintain a negative bias as a result of the weakness of some indicators in the second half of the year.

Inflation and Monetary Policy

Annual inflation fell sharply in the first quarter of 2018 after the shock generated by the tax reform and the alcohol law approved at the end of 2016, and its convergence continued towards the target range of the Central Bank when it went from 4.09% at the end of 2017 to 3.14% in March 2018, its lowest level since September 2014. As of the second quarter of 2018, inflation stabilized around 3.2%, and closed the year at 3.18%. This allowed the Central Bank to maintain the benchmark interest rate at slightly expansive levels during most of the year.



The favorable inflation behavior in 2018 was a reflection of a significant moderation in the growth of the prices of goods and services, both tradable and non-tradable, which was confirmed by the fact that basic inflation recorded a pronounced downward trend. In effect, the average of the five core inflation measures monitored fell from 4.71% in December 2017 to 3.03% in the same month of 2018, returning to the target range of the Central Bank for the first time since June 2015. This adjustment shows that inflationary pressures on the demand side remain low and controlled, in line with economic growth below potential.

In turn, the food group contributed significantly to the slowdown of inflation in the first half of the year, driven by a sharp decline in the inflation of meals outside the home and a further fall in the prices of processed foods. Thus, annual food inflation was 2.43% in December 2018, increasing 0.5 p.p. compared to the 1.9% registered one year ago. In spite of the above, it should be noted that during 2018 food inflation remained at the lowest levels of the last 5 years.

CPI and its components

	Monthly Variation (%)		Annual Variation (%)		Contribution to Annual Inflation (p.p.)		Change in Contribution (p.p.)
	dic-17	dic-18	nov-18	dic-18	nov-18	dic-18	
Total CPI	0.38	0.3	3.27	3.18	3.27	3.18	-0.09
Food	0.19	0.4	2.22	2.43	0.65	0.71	0.06
Tradable	0.31	0.12	1.29	1.09	0.3	0.25	-0.04
Non-Tradable	0.47	0.22	4.05	3.79	1.28	1.2	-0.08
Regulated	0.66	0.51	6.53	6.37	1.04	1.02	-0.02
Food	0.19	0.4	2.22	2.43	0.65	0.71	0.06
Perishables	-0.22	0.27	6.06	6.58	0.26	0.28	0.02
Processed	0.17	0.36	0.4	0.58	0.06	0.09	0.03
Meals outside the home	0.42	0.55	3.55	3.69	0.32	0.34	0.01

Source: Dane. Calculations: Corficolombiana

In contrast, the inflation of regulated goods and services recorded an increasing trend, and its annual variation increased from 5.84% in December 2017 to 6.37% in the same month of 2018, staying significantly above the upper limit of the target range. This behavior was mainly due to the increase observed in the inflation of electricity, to which the pressures on the fuel and gas side were added, due to the high oil prices recorded during most of the year and the recent devaluation of the Colombian peso.

Given this situation, the Board of Directors of the Central Bank continued with the process of reducing the intervention interest rate in the first months of the year, placing it at 4.25% in April, a

slightly expansive level that was maintained until the end of 2018, amidst the permanence of inflation near the target of 3.0% and a product level that is below its potential.

Exchange Rate

In 2018, the Colombian currency had two clearly different periods: appreciation during the first seven months of the year, despite the uncertainty that the presidential and legislative elections generated over the markets, and resistance in the remaining months. Indeed, after ending 2017 with a rate of 2,984 pesos per dollar, the currency showed a correction that led it to be quoted at the minimum level of the last two years at the beginning of April when the exchange rate was at 2,705.3 pesos per dollar. During 2018, the exchange rate recorded an average of 2,957 pesos.

The appreciation of the peso in the first half of 2018 was pronounced due to the increase in oil prices, which boosted both an improvement in the terms of trade of the country (higher export prices), and an increase in the transfer of resources as a result of Foreign Direct Investment (FDI) for oil activities. In particular, the export price of Colombian crude oil increased from 42 dollars per barrel (dpb) during the first eight months of 2017 to 65 dpb in the same period of 2018 (an increase of 55%), mainly as a result of the supply from the Middle East and Venezuela. Since mid-August 2018, the trend of the Colombian peso changed radically and became more aligned with uncertainty levels at international level.

Trade protectionism and the exacerbation of external vulnerabilities increased aversion levels to international risk, and gave rise to a change in the flows from emerging economies to developed countries with lower risk premiums, which drove the devaluation of the Colombian peso close to 10% in the last quarter of the year.

b. Financial Position

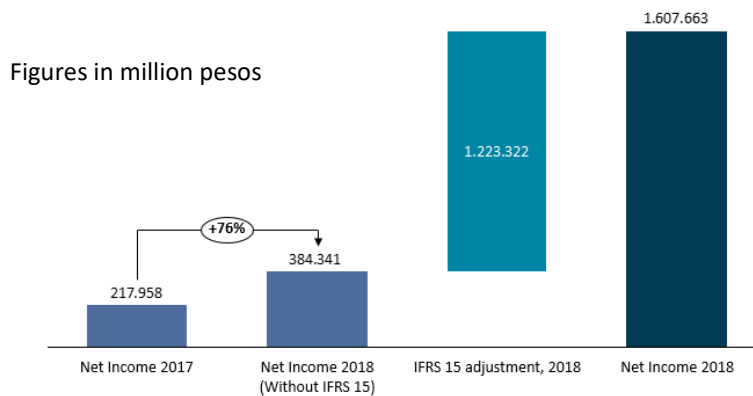
The financial information of Corficolombiana described below is published in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

Separate Financial Statements

In 2018, Corficolombiana's separate net profits reached COP 1.6 trillion, mainly as a result of the better performance of its investments, especially Fourth Generation 4G concessions, two of which began construction in 2018,³ leaving only one pending the commencement of construction works.⁴ Additionally, the standard IFRS 15 related to the recognition of income from contracts was applied in 2018 with an impact on the income of the three concessions that have already begun their construction phase. Still, excluding the effect of the application of IFRS 15, net profits would record a growth of 76%, showing the sound performance of the different businesses of the Corporation and the companies where it has a stake.

³ Covipacifico, concessionaire of the Conexión Pacífico 1 Project and Covorientes, concessionaire of the Villavicencio-Yopal Project. Coviandina, concessionaire of the Chirajara-Fundadores Project had begun construction works in 2016

⁴ Covimar, concessionaire of the Mulalo-Loboguerrero Project.



The main revenues in the income statement of Corficolombiana come from the Profit Sharing Method (\$1.8 trillion) related to investments in subsidiaries, associates and joint ventures. This income reflects a better performance in all the businesses in which Corficolombiana participates, with the exception of the financial sector that was impacted by lower loan origination and higher provisions of Leasing Corficolombiana. In the infrastructure sector, it is important to highlight the provision for \$111,783 million made by Episol on its investment in Concesionaria Ruta del Sol, with which the investment was fully provisioned.

The application of the revenue recognition methodology in accordance with IFRS 15 has a major impact on the results of the infrastructure sector given the progress in the construction of 4G concessions, particularly of Coviandina, Covipacifico and Covioriente, since these are already in construction stage and report a progress at the end of 2018 of 38.4%, 14% and 12.8% of the total work, respectively.

In 2018 there was an increase of 30.4% YoY in the dividends received from our minority investments classified as Financial Instruments (less than 20% stake), particularly Grupo de Energía de Bogotá - GEB- and Gas Natural (now known as Vanti), which totaled \$55,976 million. On the other hand, the strategy of the treasury business of the Corporation was materialized in the better margin that went from \$14,738 million in 2017 to \$59,738 million in 2018, which includes the realization of profits in the portfolio available for sale and the recovery of the exchange difference of the investment portfolio.

The provision expense recorded a reduction as compared to the previous year related to Electricaribe, since in May the provision of 100% of the exposure to said company was reached, an effect partially offset by a provision recorded for \$17,385 million related to Pizano. Finally, the Financing Law (Law No. 1943/2018), approved on December 28, had a positive impact of \$95,092 million on the Corporation's results for the year on the deferred tax of road concessions, through the Profit Sharing Method.

On the other hand, at the end of 2018, the separate financial situation statement of Corficolombiana showed a growth in assets of 31% YoY reaching \$12 trillion, mainly as a result of an increase in the value of investments, both in equity securities and in debt securities. In the case of investments in companies, a portfolio that adds up to a value of \$7.8 trillion, the greatest growth is observed in the infrastructure sector, which recorded an increase of \$2.3 trillion as a result of the capitalizations made to the 4G projects and the results of such projects.

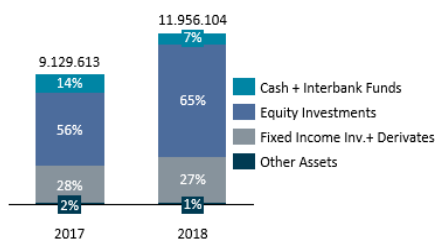
At the end of the year, the portfolio of fixed income investments and derivatives of the Corporation amounted to \$3.2 trillion, growing 24.3% YoY, mainly due to investments in TES available for sale

seeking a higher carry, given the lower cost of liabilities. On the other hand, the items of available cash, interbank funds and money market operations have a lower balance, these resources were transferred to the fixed income portfolio seeking better returns, according to the business model defined for this portfolio.

The liabilities of the Corporation remain relatively stable with a growth of 1.1% YoY while the equity grew 87%, as a result of the capitalization for a total of \$990,591 million, the results for the year of \$1.6 billion and an increase in profits from previous years of \$375 billion. As a result, the solvency and double leverage indicators of the Corporation were strengthened, standing at 37.3% and 130.3%, respectively.

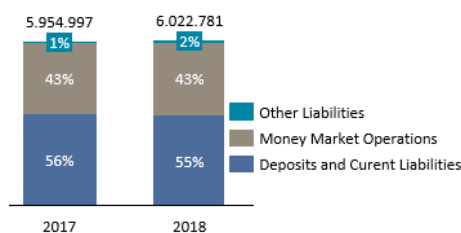
Asset Composition

COP MM



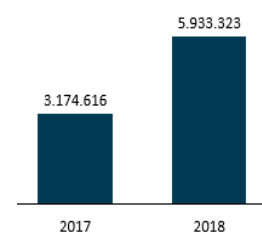
Liability Composition

COP MM



Equity

COP MM



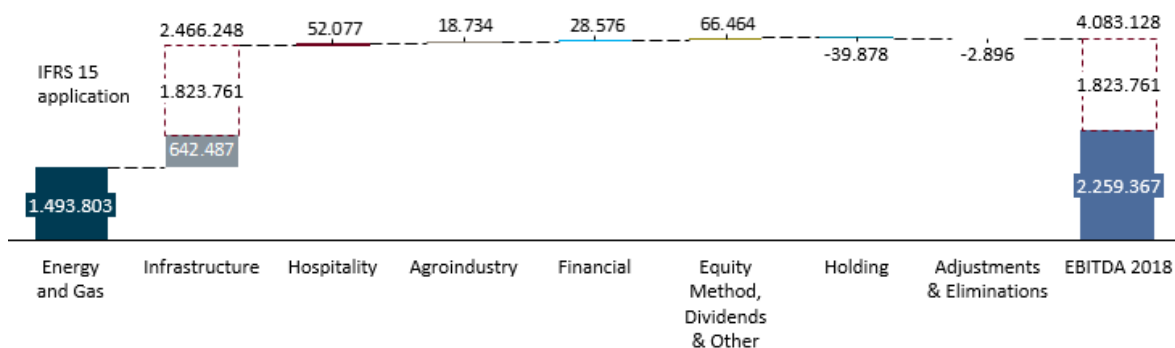
CDs remain the main item within liabilities. The average term of these deposits increased compared to 2017 going from 4 years to 4.9 years. In addition, the effective CD cost rate was 6.22%, which represents a decrease of 91 basis points from a year ago, in line with the reduction in the intervention rate of the Central Bank and inflation levels.

Consolidated Financial Statements

As for the consolidated financial statements, in 2018 the controlling consolidated net income reached COP 1.6 trillion, recording an increase mainly due to the results of the infrastructure sector. The above reflects the sound performance of affiliates so far this year, particularly higher sales of Promigas and the progress in the construction of 4G concessions, as well as the better margin of Corficolombiana's treasury business.

Total consolidated EBITDA reached \$4.1 trillion in 2018 with a growth of 89.6% YoY. By sector, the energy and infrastructure sectors contributed the most to the EBITDA. In particular, given the start of the works in three of the four fourth generation concessions, the infrastructure sector had the greatest contribution during the period.

Consolidated EBITDA

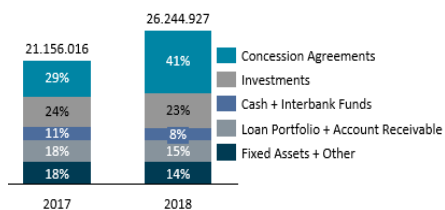


Note: Total EBITDA of companies that consolidate, without adjusting for the participation of Corficolombiana. The EBITDA of Promigas and the infrastructure sector include income from Financial Assets. Holding: corresponds to expenses of the investment business. Financial: includes Corficolombiana, except for income and expenses of the variable income investment business, and its financial subsidiaries. MPU, Dividends & Others: Tesicol and Lehner, dividends and MPU of companies that do not consolidate.

On the other hand, in the statement of financial position, assets grew 24.1% to \$26.2 trillion, mainly for the item related to the assets of concession agreements, mainly derived from the results of 4G concessions as construction progresses. Equity grew 53.8%, largely due to the issuance of Corficolombiana shares in the amount of \$990,591 million and the profits for the year.

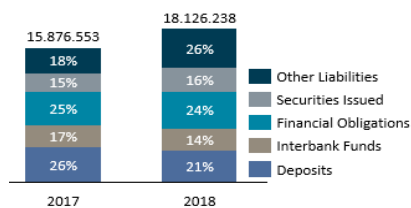
Asset Composition¹

COP MM



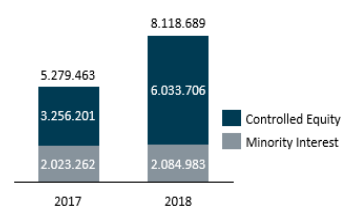
Liability Composition

COP MM



Equity

COP MM



1) Within the Portfolio + Accounts Receivable are recorded \$ 604,490 million that correspond to Leasing Corficolombiana's portfolio and that, for accounting purposes, in the consolidated financial statements were classified as non-current assets available for sale.

c. Equity Investments

Energy & Gas

Environment

In 2018, the average natural gas consumption in Colombia grew 5%. The sectors with the highest consumption were the unregulated industrial and the thermoelectric sectors. The latter grew 22% due to the fact that this year the electricity transmission infrastructure was mostly unavailable and, consequently, there was a higher consumption of thermoelectric gas, especially by the plants of the Caribbean Coast. On the other hand, the accumulated demand for electric power to November increased 3.3% YoY, which is very positive after having recorded an annual growth of less than 3% during the last five years, especially taking into account that the recovery took place in the regulated and in the non-regulated segment. To the extent that the country's economic recovery continues, the total demand for electricity should increase, benefiting the electricity and gas sectors.

During 2019, the impact of the El Niño Phenomenon will add to the well-known relationship between energy consumption and economic growth. In a context in which Hidroituango will not enter into operation, this means that there is likely to be a greater demand for gas to guarantee the generation of electric power required. Additionally, the definition of the construction of the Pacific regasification plant, a new reliability auction and the regulatory update of electric power transmission and gas transportation activities are expected.

2018 Evolution - Promigas

The participation of Corficolombiana in the Energy & Gas sector evidences the company's investment profile: a key sector of the economy, capital intensive, and with stable cash generation. The Corporation's investments through Promigas are focused on the transport and distribution of natural gas.

During 2018, the transport business achieved its largest volume of gas transported in the last 5 years with 502 MCPD due to increases in the requirements of thermoelectric parks, due to the unavailability of electric interconnection lines between the Caribbean Coast and the inland. Additionally, the regasification plant owned by SPEC, a subsidiary of Promigas, received seven LNG tankers during the year and the regasification service was provided for 232 days, delivering 10,353 million cubic feet of natural gas to thermoelectric customers.

In turn, the gas distribution business of Promigas continues to grow, reaching in Colombia and Peru a total of 823 populations served and more than 3.5 million users by the end of 2018. In Peru, the operation of Quavii began, a 21-year concession to distribute gas in the north of Peru, which managed to sign an agreement with 36 industries, while Calidda, natural gas distributor in Lima and Callao, recorded a greater margin in the gas and facilities business.

Infrastructure

Environment

After recording a growth of 1% in 2017, the road infrastructure sector (construction of roads, bridges, tunnels, etc.) grew 9.5% in the year 2018 to September. This behavior has occurred despite some inconveniences in the implementation of the projects that are part of the Fourth Generation (4G) road infrastructure plan, which has made its effect on economic growth, although positive, to be lower than initially expected.

The construction of road infrastructure is expected to show a better performance in 2019, as more projects achieve their financial closing allowing them to progress in their execution. However, the dynamics of the sector could be limited in case said problems affect the development of some works. In particular, nearly 30% of all projects have difficulties related to contractual issues with the National Infrastructure Agency or environmental procedures to be resolved.

Main Assets of Corficolombiana in Road Concessions

Concession	Section	% Corficolombiana	Estimate Termination Date	Total Kms	Tunnels	Bridges	Tolls	ADT 2018 COPMM	ADR 2018 COPMM
PISA	Buga- Tuluá- La Paila- La Victoria	88.25%	2033	80	-	39	2	33,485	460
Coviandes	Bogotá - Villavicencio	59.81%	2023 ¹	86 ²	23	92	3	29,575	488
CCFC	Bogotá-Facatativa – Los Alpes	50.50%	2024	42.9	-	5	2	26,802	273
Panamericana	Los Alpes Villeta & Chuguacal – Cambao	100%	2035	111	-	15	2	5,203	119
Covipacífico	Ancón Sur - Bolombolo	89.9%	2039	48.4	4	58	2	6,729	57
Covimar	Mulaló - Loboguerrero	100%	2040	32.3	5	45	1	0	0
Coviandina	Chirajara - Villavicencio	100%	2053	24.6 ³	7	20	3 ⁴	0	0
Covioriente	Villavicencio - Yopal	100%	2042	266.1	-	141	5	15,342	115
Total⁵				666.7	39	415	17	117,136	1,512

Note: ADT: Average Daily Traffic; ADR: Average Daily Revenue

1) Estimated date of reversion June - 2019. At that moment the operation of the road and the collection of tolls from the corridor must be assumed by Coviandina.

2) 86 Kms of concession and 45.5 Kms of construction

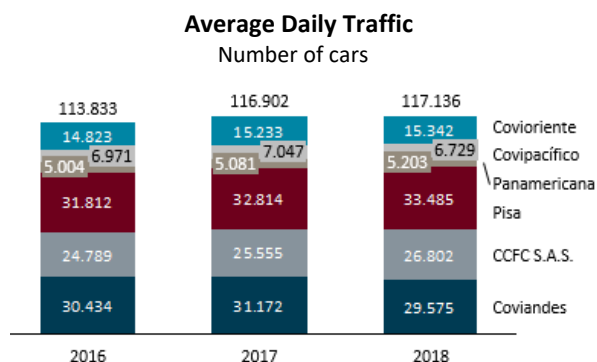
3) Section under concession for construction

4) The tolls will be part of the Concession once the current corridor is reverted (Coviandes)

5) The sum of Total Km and Tolls does not take into account Coviandina, since they are part of the information reported in Coviandes.

2018 Evolution

As of January 1, the application of IFRS 15 revenue from contracts with customers, began. In accordance with this new standard, the recognition of income is directly related to the fulfillment of the performance obligations of the agreement. The application of IFRS 15 has an impact on the net income of 4G concessions that are in the construction stage, mainly Coviandina, Covipacifico and Covioriente, which have already signed the certificate of initiation of construction works and have reported the most important progress. As a result, the EBITDA of the sector grew 295.3% YoY. On the other hand, the Average Daily Traffic in the concessions that are in operation remained relatively stable reaching 117,136 in 2018.



Episol

In the month of November, Episol recognized an expense of \$111,783 million as a result of an analysis of the impairment on its investment in Concesionaria Ruta del Sol (CRDS). This impairment adds to that already accounted for by Episol in 2016 and 2017 that amounted to \$242,966 million, with which the investment in CRDS is fully provisioned.

Coviandes

On January 15, 2018 there was a partial collapse of the Chirajara bridge, located at Kilometer 64 of the Bogota-Villavicencio road, which was under construction. The results of the investigation carried out by Modjeski & Masters,⁵ established that said collapse was due to a design error. The controlled demolition of Pile C was carried out on July 11 and in October Coviandes selected the French firm Eiffage, which affiliate in Colombia is the company Puentes y Torones, to carry out the design and construction of the new Chirajara bridge. The execution period was established in a maximum of 27 months. Coviandes will bear the cost of said reconstruction in full.

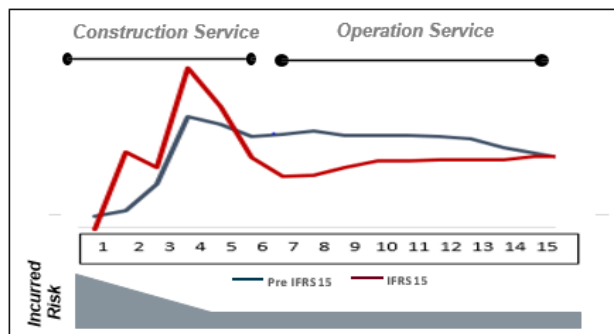
Application of IFRS 15

The accounting standard IFRS 15 establishes the criterion for the recognition of revenue generated from contracts with customers. Its application as of 2018 is especially relevant for 4G concession contracts.

This norm establishes that revenue should be recognized as to reflect the economic reality of concession contracts and establishes the following steps to perform the accounting record:

- Identification of the contract services.
- Determine the price of the contract and the price for each service.
- Recognition of revenue (price) to the extent that the services are provided.

In the case of the 4G contracts of Corficolombiana, in each one of them the provision of two services is established: Construction and Operation and Maintenance. The foregoing implies that all the revenue to which the concessionaire is entitled and that remunerate the Construction will be accounted for during this stage as the construction work is executed. Likewise, the revenues corresponding to the Operation and Maintenance will be recorded during the execution of said activities.



The application of this accounting methodology does not imply additional profits to those foreseen in the 4G projects and does not affect the total profitability of the projects or the cash flow.

⁵ American engineering firm with extensive experience in bridge design hired by Coviandes for this purpose.

Fourth Generation Road Concessions

Corficolombiana is carrying out four road concession projects awarded as part of the government program of fourth generation concessions - 4G: three of them are the result of public initiatives and one of a private initiative.

Currently, this road portfolio is under development and construction is expected to reach completion from 4 to 5 years:





Coviandina, Covipacifico and Covioriente have started the construction phase. Covipacifico and Covioriente signed the initiation of construction phase minutes during 2018.

Coviandina and Covioriente have received funding and are already in the disbursement phase.

Coviandina reached financial closing in February 2018.

Covipacifico already started financing and closed its first debt tranche in 2018.

The following table shows a summary of the status of the four 4G concessions of Corficolombiana as of December 2018:

Concession	Section	Progress					
		Licenses / Consultations	Final Designs	% Properties Availability	Financial Closing	Commencement of Construction Work	% Project Progress Dec 2018
	Ancón Sur - Bolombolo	✓	✓ Designs not objected for all the FUs. As per Amendment 4 the adjusted designs for the UF4 were submitted on May 11. Additionally, the value of the designs for the sections of the UF4 that have not been completed and that are under the responsibility of the ANI, was submitted.	91,1%	Currently, the Concessionaire has a 5-year loan with Grupo Aval's banks for \$583 billion. To date, \$ 327 billion have been disbursed.	✓	14,0%
	Mulaló - Loboguerrero	The process of environmental licensing was suspended by ANLA until the two pending reservation subtractions were granted. The first, necessary for UF 2 and 3, before the Ministry of Environment, who has already issued resolution 2451 of December 2018, through which it decided to grant the abduction and the second in charge of the Regional Autonomous Corporation - CVC, who is reviewing the application document filed by the Concessionaire since November 21, 2018.	✓ On 01/22/2019 the Audit Office ratified that the interventions executed with the designs presented by Covimar in July 2017.	57%	The Due Diligence Reports will be updated with the the Subtraction of Regional Reserve (CVC ticket) and the Environmental License.	Est. 2Q2019	2,6%
	Chirajara - Villavicencio*	✓	✓	100%	Senior loan: ✓ subscribed in February 2018 for \$1.6 trillion	✓	38,4%
	Villavicencio - Yopal	✓ Environmental license FU1 issued. CAR's and MAD's permits granted, some in reposition process.	Design and geometric layout of the project not objected on the basis of Amendment # 3 subscribed on 11/13/18. Detail design volumes not objected to UF1 and UF7. For UF2 to 6, it is understood as no objected due to no pronouncement within the terms of the audit, however, comments have recently been submitted out of schedule.	44%	Senior loan for USD560 million subscribed with Grupo Aval Limited in October 13, 2017. First disbursement and a partial second disbursement already made. In process request for disbursements.	✓	12,8%

* Section granted in concession for construction. Additionally it has the ADM of the Bogotá-Villavicencio once the current operator is reversed

Aerocali

Currently, the Alfonso Bonilla Aragon Airport offers 20 domestic destinations operated by 7 airlines and 12 international destinations operated by 8 airlines. During 2018, Aerocali managed to mobilize 3,947,180 domestic passengers and 1,108,663 international passengers for a total of 5,055,843 passengers, being the fourth airport in terms of passengers mobilized nationwide and the second in number of operations with 82,521 operations during 2018.

It should be noted that Aerocali, through its marketing plan during 2018, achieved multiple agreements with airlines that began operating 7 new domestic and 3 international routes at the end of the year, mitigating the impact of the departure of Viva Air Colombia and the reduction of Avianca operations during the first months of the year as a result of the pilot strike at the end of 2017.

During the first months of 2019, the opening of 3 new domestic routes and a new international route is expected. The results of the month of January 2019 reflect these marketing efforts, recording a 24% increase in total departure passengers compared to the same month in the previous year. Additionally, the commercial revenues of the airport showed an increase of 14% compared to

the previous year, mainly due to the new commercial areas of the international terminal and the effort made by the concessionaire to increase the commercial areas located in the domestic terminal under new agreement that provide greater benefits.

Hospitality

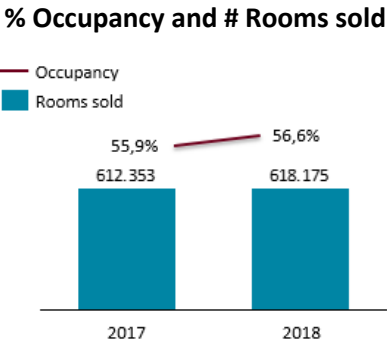
Environment

In recent years, the tourism sector has remained as one of the most dynamic, growing at rates above the average of the economy. In particular, although the sector slowed its growth in 2017 (2.1% compared to 4.0% in 2016), since 2018 there has been a notable recovery and a rebound in sales, which went from recording null growth in 2017 to a 7.5% grow per annum on average in the first 11 months of 2018. The sound performance of the hotel services segment has been especially favored by a series of measures established by the Government to attract investments in the sector, such as tax and customs benefits, among which the exemption of the income tax for a prolonged period of time (20 or 30 years) stand out.

By 2019, the prospects for the sector are favorable, due to the interest of foreign and local investors in the sector and the country’s potential to generate a greater supply of hotel services in innovative segments such as ecotourism and the entertainment industry (there is still a gap in infrastructure to cover massive events such as concerts). Therefore, it is projected that this sector will growth between 4% and 6% in 2019, greater than the 5% observed in 2018.

2018 Evolution

The Hoteles Estelar chain began an expansion plan in 2007 and since then it has increased its available rooms by almost 100%. During 2018, Hoteles Estelar continued with its expansion both nationally and internationally: the San Isidro hotel in Lima started operations in January 2019 and the Square and La Torre Suites hotels in the city of Medellin became operational in September 2018. With these new openings, Estelar has 32 operations between Colombia, Panama and Peru that add up to 1,463,285 of total available rooms for the year 2019.



Hoteles Estelar has managed to maintain an average occupancy in Colombia higher than that of the market and during 2018 it was approximately 2% above that reported by Cotelco. The average occupancy in the 32 hotels operated by Estelar and the total number of rooms sold increased in 2018.

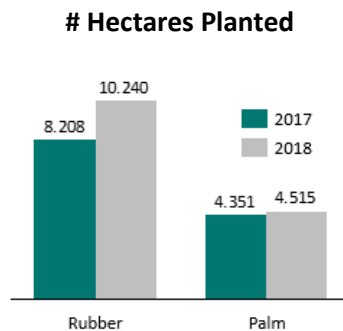
Agro-industry

Environment

Recently, the agricultural sector has been one of the main drivers of growth, maintaining dynamics higher than the aggregate of the economy. In particular, it should be noted that in 2018 the production of various crops was favored by the stability in climatic conditions. Additionally, the exchange depreciation favored a growth of the sector's exports. However, the reduction in coffee production during the year (-4.4% YoY) is worrisome, which would lead the agricultural sector to slow down its growth in 2018, although it would still be higher than the rest of the economy.

For 2019 an additional moderation in the expansion rate of the sector is expected, towards a growth lower than that of the economy in general. Although, its dynamics could be favored by the recovery of both internal and external demand and the benefits granted by the Financing Law: 5-year exemption from the income tax to the agricultural sector, when the value of income does not exceed in one taxable period the figure of approximately \$2,700 million. Some risk factors for the sector are the occurrence of the El Niño Phenomenon in the first quarter of the year and the persistence of volatility in international food prices.

2018 Evolution



Pajonales

With the entry into operation of 1,638 hectares in March 2018, a total of 3,747 hectares of rubber were produced, which produced a total of 6,039 tons of rubber coagulum. This meant a 117% increase in production compared to the previous year. On the other hand, the absence of state control against non-certified seeds piracy caused an increase in their use at national level close to 77%, which was reflected in a 60% decrease in the sales of certified seeds by Pajonales. The above had a negative impact on gross profits and led the consolidated EBITDA of Pajonales to remain practically stable, reaching \$10,982 million in 2018.

Unipalma

During 2018, 774 hectares were eradicated, this measure was carried out in order to reduce the presence of Lethal Wilt in the plantation and in the area. This meant a 15% reduction in the fruit produced and an accelerated amortization of -\$7.330 million of the production plant. Even so, 128,562 tons of fruit were operationally processed and 30,000 tons of crude palm oil were marketed, which is one of the highest extraction rates on the market and the company's inventories were reduced to minimum levels. Despite the great efforts undertaken to reduce the impact of eradication, the increase in inventories in Indonesia (the world's largest producer of oil) caused a decrease in the international prices of palm oil and palm kernel oil, which negatively affected the operating margin of the company and brought EBITDA to \$6,782 million.

Pizano

According to the financial results of 2017 and the situation of the company, in which the company's unfeasibility and the imminent cessation of payments became evident, the extraordinary shareholders' assembly approved to request the processing of a compulsory liquidation to the Superintendence of Companies, in order to protect the assets of the company and thus guarantee the payment of its debts, especially labor, pension and tax obligations.

On February 13, 2018, the Superintendence of Companies decreed the opening of the liquidation process of the company, with which the functions of the corporate and supervisory bodies ceased, as well as the separation of all managers, thus conferring these powers upon the liquidator, who assumed the responsibility of managing the company and its assets until their sale, to then distribute their proceeds in strict order according to the legal priority of payments. During the course of 2018 the credits were presented by creditors, the Superintendence of Companies designated appraisals for the properties, and the liquidator submitted a draft for the qualification and cancellation of credits. To date, such draft and the appraisals made have not been notified.

With respect to the affiliates of Pizano S.A., on April 23, 2018, the opening of the liquidation process of Mantesa S.A. and Maderas del Darien S.A. was decreed. Likewise, the receiver submitted a draft for the qualification and cancellation of the credits of the two companies on July 23, 2018. To date, no appraisers for the assets of Mantesa and Maderas del Darien have been designated.

The financial statements submitted by the liquidator to the Superintendence of Companies as of August 31, 2018 show that the net asset value is \$99,467 million and the net liability value is \$160,455 million, and consequently the total equity converted into the liquidation base is -\$60,988 million, reason why Corficolombiana decided to impair 100% of the investment.

Financial

Environment

In 2018, the financial sector reached its lowest point in the economic cycle, both in terms of quality and portfolio growth. At the end of the year, the loan origination began to show signs of stability, especially in the commercial segment, which had been adversely affected by the postponement of investment decisions associated with electoral uncertainty, as well as the weakness of the construction sector and lower dynamics of 4G infrastructure works. The foregoing was partially offset by the better performance of the mortgage and consumer loans. During the year, the provisions required due to the impairment of specific operations such as Ruta del Sol, Electricaribe and the Integrated Transportation System, significantly and negatively affected the dynamics of the commercial portfolio of the entire sector.

In 2019, the recovery of the Colombian economy will continue, which should be reflected both in the growth and in the improvement of the quality of the portfolio. In effect, the lower tax rate for companies, as well as the tax incentive to mega investments (income tax of 27%) should boost investment dynamics and with it the placement of commercial loans, which accounts for nearly 55% of the total loan portfolio. However, the impact of the Financing Law on the disposable income of natural persons remains a risk for the performance of consumer loans.

2018 Evolution

Leasing Corficolombiana

In 2018, Leasing Corficolombiana's main objective was to stabilize the impairment of the portfolio, which had affected the company's results in previous years. Additionally, the company still faced risks of default from specific customers which, if materialized, would imply incurring in a provision expense that would negatively impact the income statement and consequently its indicators.

Despite the efforts made and the support of the parent company to reduce the impact on the income statement, the company continued to experience portfolio impairment, so in June 2018 it was decided to suspend the origination of new leasing and credit operations. However, during the year the company maintained an average financial margin of 5% and an average solvency level of 10.7%, while the indicator of past due loans – PDL - grew from 7.44% in January 2018 to 11.43% in December 2018.

From the sector point of view, there has been a change in Colombia since most of the leasing companies that were independent companies are now part of banks, so that today there are only two independent leasing companies: Leasing Corficolombiana and Leasing Bancoldex.

Due to the foregoing, it was decided to carry out a transfer of assets, liabilities and contracts. An agreement for the transfer of assets and contracts to Banco de Bogota was signed, with effective date on January 1, 2019. Likewise, the Finance Superintendence authorized the partial transfer of assets, liabilities and contracts from Leasing CFC to Banco de Occidente and Corficolombiana, which will become effective during the first quarter of 2019.

Fiduciaria Corficolombiana and Casa de Bolsa

As a product optimization strategy, in March 2018 the merger of the Collective Investment Funds (FICs) of Fiduciaria Corficolombiana and Casa de Bolsa was implemented, with the purpose of offering an enhanced array of value products to the customers of both entities, achieving a differentiated portfolio structure in the medium and long term, suited to the different profiles and market segments, also expanding the capacity of resources allocation per customer.

As a result, financial and operational efficiencies were also achieved for the entities, due to the specialization of roles, with Fiduciaria Corficolombiana acting as Manager of Collective Investment Funds and Casa de Bolsa specialized in the distribution. In February 2018, the average balances under individual management amounted to \$746,313 million in Casa de Bolsa and to \$1.46 trillion in Fiduciaria Corficolombiana, for a total of \$2.2 trillion, this value amounted to \$2.6 trillion in December 2018, achieving a growth of 17.2%.

At the same time, the implementation of the integrated business model commenced, the focus of which is to integrate the offer of the treasury operations of Corficolombiana, Fiduciaria Corficolombiana and Casa de Bolsa, modifying the outreach scheme to a population of 30,000 customers to be now distributed by market segments and not by legal entity. Likewise, the distribution and customer service capacity was expanded, with more products and better knowledge of such products by optimizing business relationships, always seeking to stand out in terms of service quality and permanent innovation.

d. Treasury

During 2018, the Central Bank reduced the intervention rate to 4.25% as a result of the correction to inflation. By 2019 there are expectations of a higher growth rate in the Colombian economy and for inflation to stay between 3.3% -3.5%, i.e. within the target range; therefore, the intervention rate is expected to increase in the first half of 2019, reaching 4.75%. The inflation rate reached 3.18% at December 2018.

In 2018, it was decided to increase the balance of fixed income investments in the Available for Sale portfolio, mainly in TES, given the opportunities in terms of rates and in the fulfillment of the fixed income business model established. Part of this increase was made with the purpose of having a return on the resources that entered the Corporation from the capitalization of \$990,591 million.

Corficolombiana continues as one of the leading participants in the local public debt market with its presence within the Market Makers scheme of the Ministry of Finance and Public Credit.

At the end of December 2018, the Corporation's fixed income investment portfolio amounted to \$3.2 trillion, with a growth of 26.1% when compared to the end of December 2017. This variation was mainly caused in the Investments Available for Sale portfolio, in accordance with the strategy established for this portfolio.

The peso-dollar spot market (purchases and sales) had a share of 14.22% at the end of 2018 and in the forwards market the share was 1.36%. The peso-dollar forward derivatives portfolio at the end of December 2017 amounted to USD 1,133 million. On the other hand, the balance in swaps was USD 942 million.

At the end of 2018, the Foreign Currency desk was ranked in the top six counterparties by volume and traded operations, according to SetFx. This consolidates the Corporation as one of the most active and dynamic entities in the currency and derivatives market in Colombia, in addition to its leadership in volumes traded in other currencies markets (G10 and Latam). On the other hand, the portfolio of swaps and derivatives provided hedging for the exposure to IBR and devaluations.

In relation to funding, in December 2018 the Corporation had an effective rate for CDs of 6.22%, which represents a decrease of 91 basis points compared to December 2017, which was 7.13%. This reduction is the result of the market's liquidity, the reduction of the inflation level and the reduction of the Central Bank's intervention rate, which closed at 4.25. The total of CDs at the end of December 2018 was \$2.7 trillion, which is 7.1% lower when compared to the balance of December 2017. The average maturity of such deposits is 4.9 years, which is an increase with respect to the end of 2017 when the maturity was 4 years.

e. Investment Banking

2018 was marked by the significant influence on the markets of the political scenery, in the first half of the year due to the context of presidential elections and in the second half due to the preparation and approval process of the Financing Law. The consequences for the activity of local markets have been mixed. However, in the midst of this situation, the activity in the corporate debt markets continued, as well as regarding M&A opportunities and infrastructure projects.

In the first case, with the advice of Corficolombiana, the bond issues of Promioriente and Gases de Occidente were carried out successfully. These transactions showed that volatility was not an obstacle to maintain good market conditions and that even in the presence of market restrictions, it is possible to obtain excellent results for issuers.

In the case of project finance, the total financial closing for Concesionaria Vial Andina (Coviandina) for \$1.6 trillion was achieved. This is the largest financial closing for a private initiative in Colombia, and it was possible at one of the times of lower liquidity flows towards infrastructure projects. This transaction drove the reopening of large closings for road projects.

f. Commercial Banking

During year 2018, the Commercial Banking unit managed assets and businesses of 5,285 customers nationwide for a value of \$1.2 trillion, through the different products of Corficolombiana and its financial affiliates, generating accumulated revenues of approximately \$10,311 million.

During 2018, our strategic focus was directed towards the construction of the Integrated Business Model -MCI- which was conceived as a response to the need for an articulated scheme for customer service and for the distribution of transactional products of the three entities, Corficolombiana, Fiduciaria Corficolombiana and Casa de Bolsa. This allowed us to:

- Integrate the value proposition of the companies as a group.
- Specialize our commercial model by target segments, beyond the legal entities.
- Expand our capacity to distribute products and service customers.
- Stand out due to the quality of our service and permanent innovation.

All of the above suggested a change in the business structure of the companies with the purpose of boosting the distribution businesses of the three companies; moreover, the business management and commercial follow-up model was modified based on the strategic corporate directive, which permeates each company. It is worth noting that six external consulting firms, expert in each of the issues that were impacted by the implementation of the MCI, advised in the process.

The model also suggests the interaction of the Economic Research area and the creation of the Business Intelligence area, which will strategically generate added value and long-term profitable relationships with our customers.

Specifically, the Business Intelligence area will direct its efforts to:

- Consolidate the Customer's vision, going from information by company to unified information that allows the commercial force deepening and cross-selling with clients.
- Integrate the value proposition of products separated by legal entity to integrated solutions by segment and customer, as well as enhancing business opportunities for customers based on the market and portfolio model by segment strategy.
- Manage an Innovation ecosystem, moving from the development of products and services based on perceptions to an orderly management of innovation based on research and proposals from the areas of the organization.
- Focus the opportunities of new customers, from isolated information sources to prospective bases based on target markets and market intelligence.

- Refocus the commercial force through the development of capable comprehensive commercial advisors, methodologically directed to the promotion of all the group's products.
- Develop alternative channels to move from high management in operational processes to digital self-management of customers through different electronic channels.

VI. Development of Human Talent

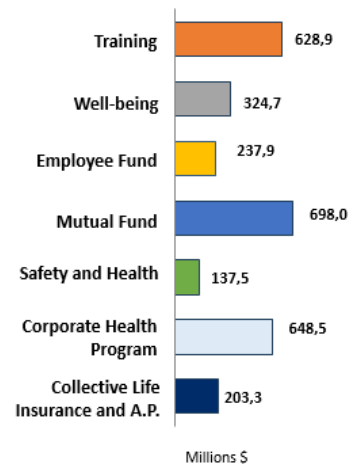
The Corporation, within the framework of the management of its employees, continues implementing policies and practices that will allow consolidating a qualified, committed and motivated human team, such as selection processes that seek to guarantee equal opportunities, actions for improvement and development to promote efficient performance and remuneration and benefits systems to reward competencies and performance. The Corporation has the following benefits for its employees:

- Extralegal Non-Salary Economic Benefits: June bonus, December bonus, vacation bonus, permanence bonus, food assistance, transportation assistance, corporate health program and collective life insurance.
- Emotional Benefits: Free birthday, five monthly hours of paid leave and flexible hours.

The development, welfare and quality of life activities towards employees were carried out due to an investment of \$2,879 million. Corficolombiana supports the Mutual Fund and Employee Fund, which maintains economic benefit and welfare programs for all employees. Additionally, they provide access to different loan facilities.



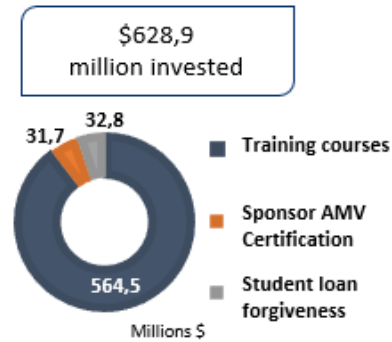
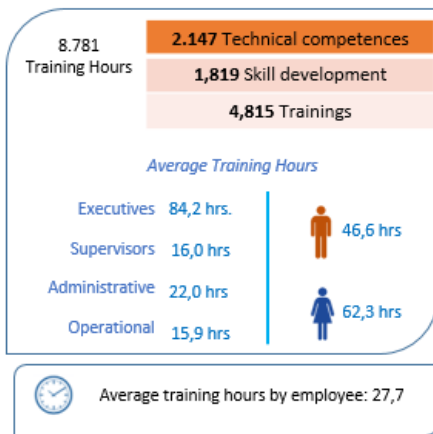
177 employees associated to the Employees Fund and 233 to the Mutual Fund



Similarly, the contribution made to social security entities and parafiscal charges amounted to around \$8,197.8 million pesos during the year.

Training and Professional Development

During 2018, the Human Talent Development process launched 73 trainings, for a total of 8,781 hours of face-to-face and virtual training that involved most of the Corporation's employees. The topics that were presented in the different training activities include: English, innovation, emotional intelligence, Chef's Workshop that seeks to strengthen team work and communication, tax update, training for AMV certification, outdoor workshops which objective is to strengthen the service culture, participation in congresses, personalized coaching for leaders, regulatory courses on Saro, Sarlaft, SAC and Information Security.



Work Environment

During 2018, different activities were carried out to impact the work environment of the Corporation. One of them was the performance of two-hour sessions with each area (23 in total), to define specific actions that could be worked with each team. During the year, most of the areas executed these initiatives to strengthen their work environment.

Second, two or three representatives per area were chosen to be part of the work environment committee, which was called “Makers” (name chosen by the team), with them, the concerns detected in each area were analyzed and intervention proposals were generated to address them.

And finally, monthly or bimonthly meetings were scheduled with heads and representatives of the committee, to support and follow-up on the activities proposed. Additionally, a budget was allocated to carry these initiatives out.

In the months of October and November, the labor environment survey was completed again, with the support of the consultancy firm Great Place to Work. In this survey 544 people participated out of 569 (95% participation), which included employees that are part of the Shared Services Unit, which is equivalent to 40% of the surveys answered (employees of the affiliates of Corficolombiana: Fiduciaria, Leasing and Casa de Bolsa) and temporary employees with more than three months of service in the entity, corresponding to 7%. The results show that there are still steps to be taken to reach excellence.

Culture and Change

During 2018, 1,556 hours were invested in the performance of culture and change activities in 9 projects of Corficolombiana and its financial affiliates.

Employees impacted by project and % of hours of dedication

Shared Services Unit: 400/49%

Integrated Business Model: 200/18%

SAP: 380/16%

Others: 240/17%

During this intervention process, a series of activities for the projects were carried out, including advice: Participation in project committees, advising projects on change and communication issues,

planning and design of strategy and activities, workshops, reports on change activities, diagnostic processes and communications: Construction of communication materials for digital billboards.

Based on the management indicators of Culture and Change, the fulfillment of the goals expected during 2018 was reached: 94% satisfaction, 73% coverage, 4.31 grade of change disposition (on a scale of 5).

Performance Evaluations

The performance evaluation by results and competences carried out by the Corporation mainly seeks the achievement of organizational goals, which depend to a large extent on the performance of employees and managers, their commitment, responsibility and talent.

For this reason, the management of results and competences facilitates the definition of action plans, the identification of strengths, areas for improvement and development of employees and managers, thus forming high-performance teams.

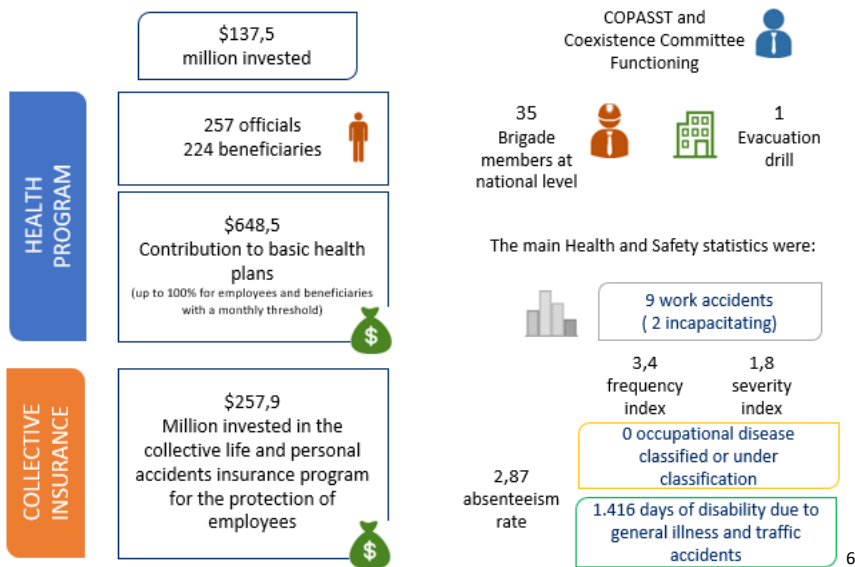
The process begins with the definition by the supervisor of the employee's individual performance goals, which establishes an action plan associated with each objective. Thus, the employee will follow up every six months where the progress made in terms of the objectives of the performance evaluation according to the achievements obtained will be recorded.

The development of the process mainly generates feedback spaces, which allow the fulfillment of objectives and the development of soft skills for each employee and supervisor. Simultaneously, the evaluation of results by competencies is reviewed jointly with the previous process. In this way, the evaluation of performance by results and competences is promoted as an integral part of the performance, management, feedback, support and recognition of the corporation.

The 2017 performance evaluation process was completed in 2018 with 100% coverage of directly hired employees, who had been with the company for more than six months and did not have prolonged disability.

Health and Safety at Work

In accordance with Corficolombiana's commitment to provide employees with adequate health and safety conditions in the different activities carried out, the implementation process of the Safety and Health Management System at Work continued. To this end, in 2018 the Corporation invested \$137.5 million and made additional contributions to the welfare of workers through the corporate health program and collective life and accident insurance. Additionally, the execution of the different Health, Hazards and Risks and Threats Management activities continued.



Through the ARL, the Colsubsidio Compensation Fund and some external providers, different prevention and promotion activities focused on Self-Care and Healthy Lifestyles and Work were carried out under the theme “your care is in your hands”. As part of this program, educational materials were distributed to all employees of the Corporation.



In addition, awareness campaigns were also carried out during the year, related to the following topics:

⁶ **Frequency index:** the frequency index is the ratio between the number of cases (accidents, illnesses, first aid or work-related incidents), occurring during a period of time and the man hours worked during it, in respect of 240,000 man-hours of exposure.
Severity index: the severity index is the ratio between the number of days lost or charged due to injuries during a period of time and the man hours worked during it, in respect of 240,000 man-hours of exposure.
Absenteeism Rate: (Number of days of absence due to occupational and common medical disability / Number of work days scheduled) * 100.

- Prevention of musculoskeletal injuries: Campaign of healthy breaks and ergonomics in the workplace.
- Road safety and defensive driving.
- Order and cleanliness.
- Divulcation/promotion of reports about accident, incidents and unsafe conditions.
- Theoretical and practical training for emergency brigade including topics related to basic legal aspects, first aid, fire control, evacuation, family emergency plan and a practical training track.
- Training to Coexistence Committees and Joint Committee for Safety and Health at Work (COPASST): current regulations and specific issues required.

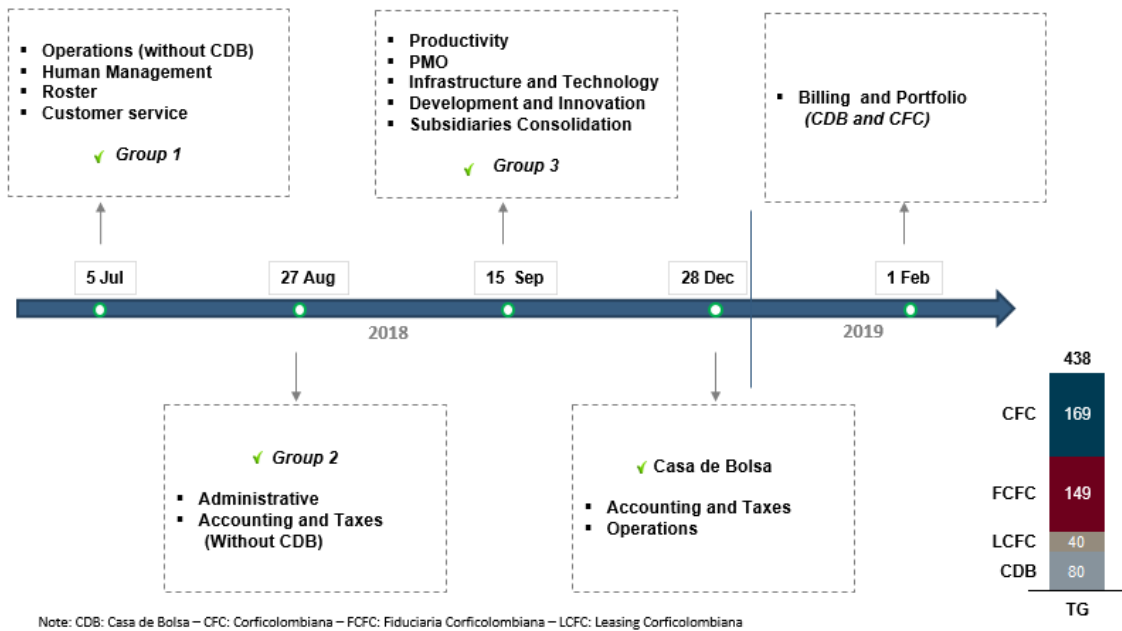
In 2019 work will be carried out to increase the implementation percentage of the Occupational Health and Safety Management System (SG-SST), and work will be carried out on the intervention of musculoskeletal and visual risks through the implementation of specific actions defined from the diagnoses made in previous years.

VII. Alignment of Best Practices and Synergies in Investments

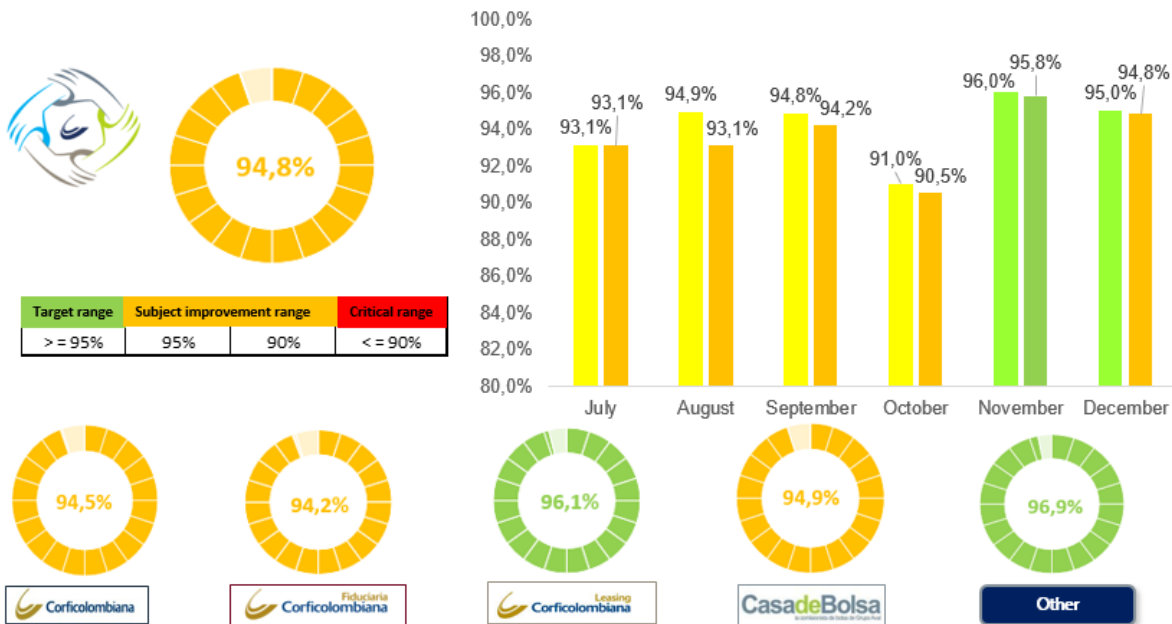
In 2018, Corficolombiana implemented the integration of the support and operational areas (Technology, Operations, Human Resources, Administrative, Planning, Accounting and Consolidation) of the Corporation and its financial affiliates: Fiduciaria, Leasing and Casa de Bolsa. This integration gave rise to the Shared Services Unit -USC-, which allowed the identification of opportunities to reduce operating costs and increase process efficiency, which was reflected in the reduction of 4,574 hours dedicated to the process cycles intervened (12 processes with a baseline of 14,482 hours/month to 9,908 hours/month), which is equivalent to a reduction of 32% in the execution time. These opportunities materialized in pilot projects of the areas, which were executed in the last quarter of the year, and are the basis for consolidating the shared services model during 2019.

a. Share Service Model

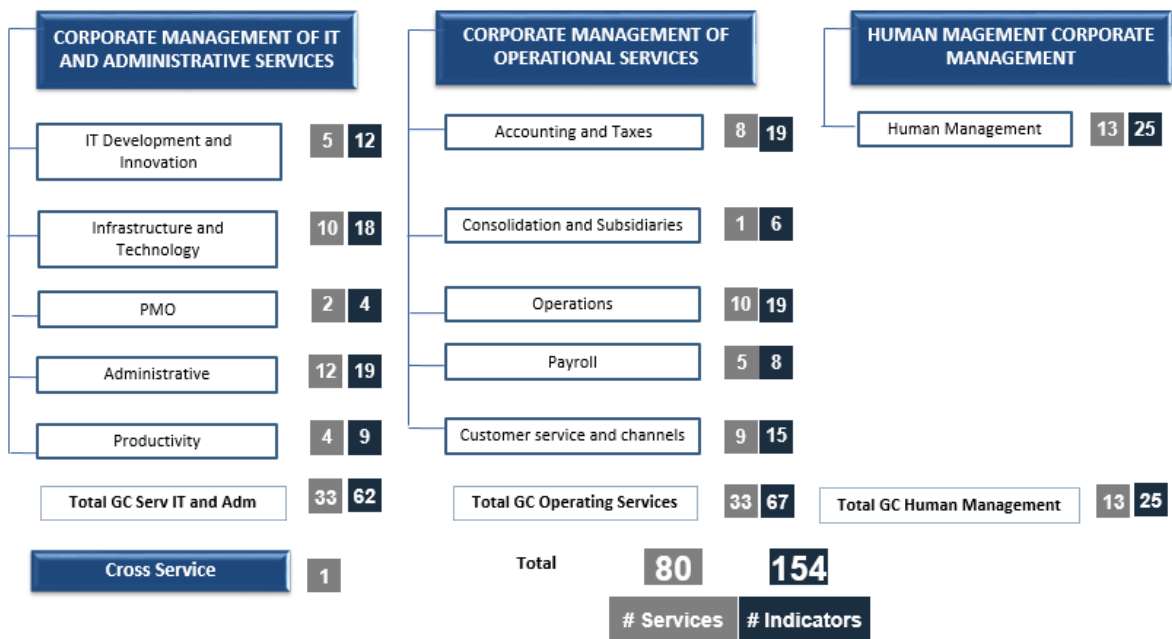
The USC was implemented progressively once each of the areas had the mapping, identification and knowledge of the processes it was receiving, achieving on February 1, 2019 complete implementation with the billing and debt recovery area. The unit finally incorporated a total of 438 employees from the four entities. These governance transfers took place on the following dates:



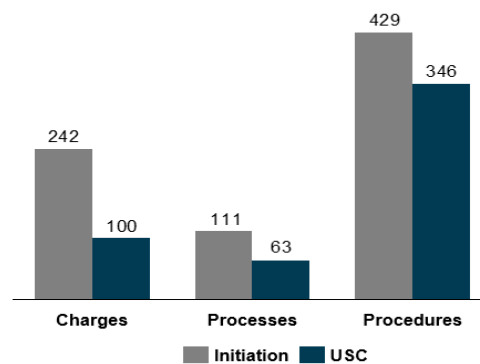
The governance scheme designed for the USC was put in place since August: quarterly management committees and monthly operating committees for each corporate areas. The main customers of the USC attend these committees and discuss and propose improvement actions for the incidents occurred during the month. Indicators are generated on a monthly basis with their respective action plans when the indicator is in a critical range and they are communicated to the companies through these committees. The month of December 2018 was closed within the subject to improvement range of a percentage of 94.8%.



The focus of the USC is quality service. 321 indicators were identified that, with the experience that has been accumulated since the month of July, were reduced to 154.



Operative optimization demands the homogenization of positions, processes and procedures, which definitions were reviewed and standardized in 100 positions, 63 processes and 346 procedures.



The USC completed its work plan for 2019, focused on stabilizing its operation and financial model, continuing with its continuous improvement process of service to the user entities seeking to fulfill the service levels agreed upon with our users.

b. Operational Excellence

The implementation of the Governance, Management and Control model continued in the technology area. The model is in line with the internationally recognized reference frameworks and the strategic guidelines of the senior management of the Corporation and its affiliates. Governance includes the strategic technology plan (PETI), which follow-up is part of the agenda of the subsidiaries' technology committee.

The 2018 strategic plan of the technology area included, among others, the following projects:

1. Implementation of the Purchasing, Contract Management, Human Resources (Payroll) modules on the SAP platform.

2. Electronic invoicing for Corficolombiana, Fiduciaria and Casa de Bolsa; software factory (outsourcing of developments on some platforms).
3. Update of some transactional platforms for enhancing their performance. The Porfin Treasury application was one of them, moving to a JAVA (Web) version, with an improvement in process times (reduction of the closing time of the day, from 50% going from 3.0 hours to 1.5 hours) and automatic control of counterparties, reducing the operational risk and scope of all counterparties. The CORE platform of Casa de Bolsa was updated; the Teammate tool was acquired for the audit area, which will be operational in 2019.
4. The Business Continuity Plan was strengthened and three tests were carried out in 2018, which were successful. This allows Corficolombiana and its financial affiliates to be prepared to adequately address any contingencies that may compromise business continuity.
5. The technological innovation area was implemented, which used competitive tools based on digital transformation, through a pilot project (engagement of Casa de Bolsa customers - issuance of shares in Empresa de Energía de Bogotá). In 2018, projects compatible with this technological trend were evaluated, such as the Multiproduct Portal for payments and collection in Fiduciaria and Casa de Bolsa. The projects evaluated will be executed in 2019 (Digital engagement for Corficolombiana and its affiliates, change of the CRM platform oriented to the sales module in its first phase).
6. Around USD 870,000 were invested in technological infrastructure, to strengthen computer security (Firewalls), end-user equipment (microcomputer) and equipment to reinforce the DataCenter, to adjust information processing and storage capacities to the demand for services.

In 2019, the following projects are included in the strategic plan: Treasury Core, SAP Phase III, software factory II, information security projects, technological support for the Integrated Business Model (CRM, Profitability Model), BPM Cloud, Sarlaft and strengthening of the business continuity plan. Additionally, the plan to grow and develop a service-oriented team will be strengthened.

VIII. Approach of the Integrated Report

This is the second year in which Corficolombiana puts at the disposal of its stakeholders an integrated report and in accordance with the Essential option of the GRI Standards. Up to 2016 Corficolombiana presented its management through two reports: The Management Report and the Social Responsibility Report. This integrated report reflects the financial and non-financial situation of the company for the period between January and December 2018, with an annual periodicity.

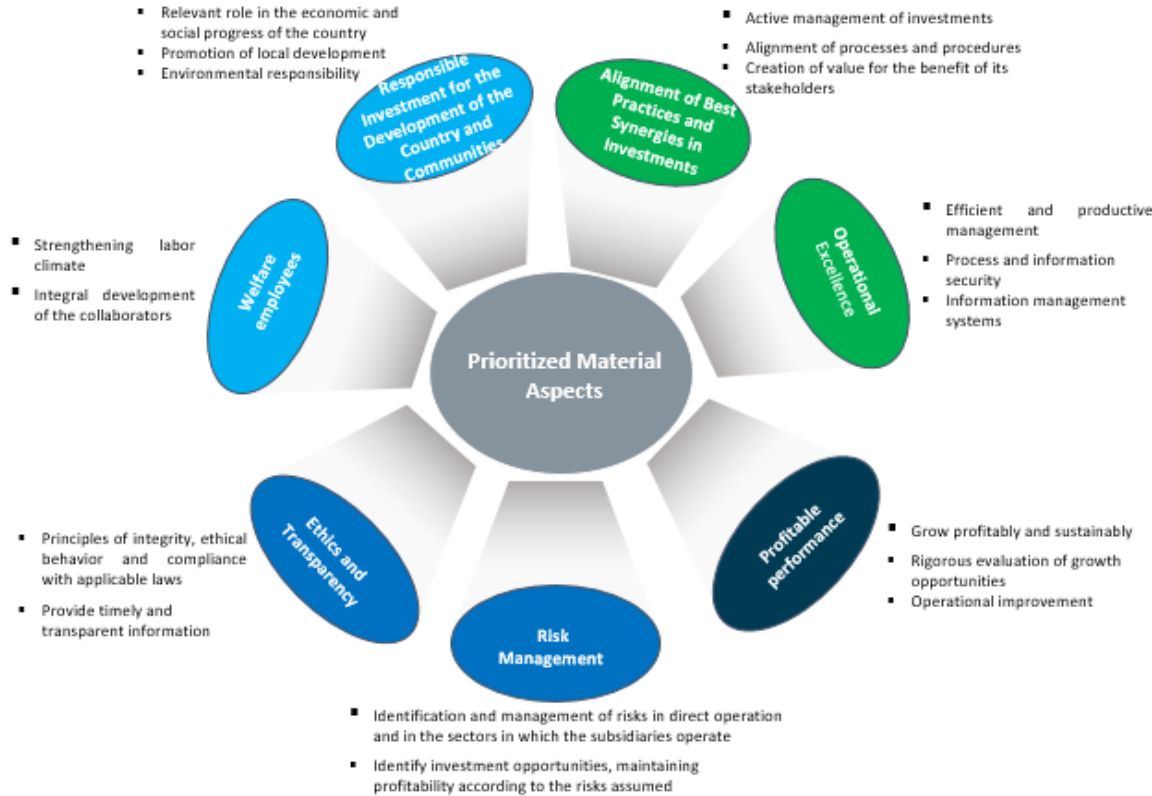
The report focuses on Corficolombiana as a holding of its investments. However, given that we recognize that a significant part of the economic, social and environmental impacts generated by Corficolombiana come from its investments, in some indicators the report will make explicit reference to the operation and execution of said companies or sectors.

The Annex contains an index of the content of the GRI standards listing each and its location within the report.

Identification of the material aspects

In line with the objective of Corficolombiana to present an integrated management report, an analysis is made of the material issues for the company and its stakeholders, taking into account the

general vision of Corficolombiana and in accordance with its relevance for the achievement of the corporate strategy. In addition, the labor environment survey, meetings with shareholders and investors, and media citations are taken as inputs. Prioritized material issues were validated with senior management. In 2019 an external consultancy will be carried out with the purpose of structuring a sustainability policy with scope to Corficolombiana and its subsidiaries.



We have identified the stakeholders that most influence our performance and / or can be significantly influenced by our activities. Under this scenario we review the relationship approach with these groups, which we will continue to strengthen to meet their expectations and take advantage of their contribution to optimize our management.

Stakeholder	Relationship Focus
Shareholders and Investors	Annual Assembly, Webpage, Investor Relations Management, Quarterly Results Presentation
Employees	Work Coexistence Committee, Great Place to Work survey, Intranet, Ethics Line
Financial Services Clients (Treasury, Business Intelligence, Balance of Trade)	Financial Consumer Care System, Ethics Line, Financial Consumer Ombudsman, forums, and presentations.
Subordinate Companies / Portfolio Investments	Vice-presidency of Investments, Participation in Boards of Directors, Assemblies, and Committees
Government and Regulator	Periodical Reports and Response to Requirements, Meetings.
Community & Environment	Ethics Line, Direct Relations through affiliates

IX. Regulatory Compliance

REPORT COMPLIANCE External Circular Letter 029/2014 Part 1, Title 2, Chapter 1, Paragraph 2 (previous external circular letters: 042/2012, 022/2010 and 052/2007 issued by the Finance Superintendence of Colombia)

In accordance with the provisions of the rule, the analysis of vulnerabilities of the network segments defined in the technological infrastructure was carried out for the first and second half of 2018; the fulfillment of the security management indicators was reported to Grupo AVAL; a security session was carried out by Grupo AVAL.

In terms of security tools, the Security Information and Events Management System (SIEM) tool was implemented with the purpose of correlating the logs of the different security tools implemented in the technological infrastructure of the Corporation and its affiliates. The email authentication standard was implemented through the tool (DMARC) to avoid impersonation of the Corporation's domains and its financial affiliates. We implemented the receipt of invoices to comply with Decree 2242/2015 issued by the DIAN, with regard to electronic invoicing. In the information leakage prevention tool (DLP), the monitoring policies and rules were fine-tuned to control the leakage of information in the processes initially defined within the scope.

The requirements made to the Information Security area during the visits carried out by control entities such as the Comptroller of Grupo Aval, the Statutory Auditor and the Comptroller of Corficolombiana. The requirement of the Finance Superintendence described in the CE 007/2018 was met, implemented in the Policies, Standards, Organization and procedures of the Information Security area, in relation to Cybersecurity controls; progress reports as of September and December 2018 were submitted.

The Information Security area participates in the development of strategic and regulatory projects, issuing opinions and carrying out validations according to the schedule defined for implementation. It participated in the Business Continuity tests, in order to guarantee the permanence of information security controls in the event of a contingency event.

The monitoring of the activities carried out by privileged users, the changes made by database administrators, the changes to firewall rules, news of personnel (vacations, retirements, disabilities, promotions, etc.) and other critical charges were continued, among others. Likewise, in order to reinforce the concepts of Information Security, annual training was given to officers at national level and orientation in Information Security to new officers.

The corresponding semi-annual activities were carried out for the certification of access to information systems, in accordance with the SOX controls established. Internal Information Security Committees were held to report the management efforts carried out in accordance with the provisions and it actively participated in the completion of the Change Control Management Committees and Security Committees of the entity in Grupo AVAL.

The procedures and execution of activities that support the fulfillment of the other sections in the circular letter that must be complied with, continue to be updated and adjusted according to the needs of the business; their update is coordinated by the Information Security area, its publication and disclosure is channeled through the Organization and Methods Area of the Entity.

FINANCIAL INFORMATION REPORTING AND CONTROL SYSTEM

In compliance with the provisions of article 47 of Law 964/2005 on the liability of the legal representatives of the security issuers for the establishment and maintenance of adequate financial information reporting and control systems, in the course of 2018 there were no internal control deficiencies that prevented the Corporation from registering, processing, summarizing and adequately presenting its financial information, and there have been no frauds that affected the quality of the Corporation's financial information or changes in the evaluation methodology of such information.

SECURITY INTEREST LAW

For the purposes set forth in article 87, paragraph 2 of Law 1676/2013, which amended article 7 of Law 1231/2008, the managers state that they did not interfere in any way with the free circulation of invoices issued by vendors or suppliers during the year 2018.

OPERATIONS WITH SHAREHOLDERS AND MANAGERS

The operations carried out by the Corporation with its shareholders and managers are consistent with the Entity's general policies. These operations are duly detailed in the notes to the financial statements.

The Corporation states that in accordance with the provisions of article 37 of Law 222/1995, the information and statements included in the financial statements have been duly verified and obtained from the accounting records of the entity, prepared in accordance with the accounting standards and principles established in Colombia.

INTELLECTUAL PROPERTY AND COPYRIGHT

In compliance with paragraph 4 of article 47 of Law 222/1995, as amended by Law 603/2000, Corporacion Financiera Colombiana S.A. fully applied the rules on intellectual property and copyright. The products and programs covered by copyright are duly licensed.

REPORT ON THE INTERNAL CONTROL SYSTEM

In compliance with the provisions of subparagraph 7.7.1.2.1 of paragraph xv of Chapter Ninth, Title I of External Circular Letter 038/2009 issued by the Finance Superintendence of Colombia, below is the report corresponding to the period from January 1 to December 31, 2018 on the operation of the Internal Control System and the work carried out by the Audit Committee of Corporacion Financiera Corficolombiana S.A.

1. General policies established by the Corporation for the sustainability of the Internal Control System.

The Internal Control System of Corficolombiana S.A. is based on the provisions of the current legal rules, the set of policies, principles, procedures, verification and evaluation mechanisms established by the Board of Directors and corporate guidelines.

The Control scheme has continuously endeavored for the improvement and efficiency of each one of its elements that involve regulatory compliance, policies and corporate guidelines.

2. Process used for the revision of the effectiveness of the Internal Control System, expressly indicating the aspects related to risk management.

The process for the revision of the Internal Control System is based on the verification of each one of its elements: Control Environment, Risk Management, Control Activities, Information, Communication and Monitoring. The Management of the Corporation is responsible for the proper operation of the Internal Control System according to the principles of self-management and self-control. Key processes and controls are evaluated based on the most important risks faced by the organization; the evaluation processes are the responsibility of the Management, as part of the principles of self-management and self-control, and are independently carried out by Internal Audit, the Statutory Auditor and other control and oversight entities.

3. Performance of the Internal Control System.

The Internal Control System of Corporacion Financiera Corficolombiana, during the 2018 period, continued with the strengthening process through the generation, updating, issuance and application of principles, policies, procedures and evaluation mechanisms aimed at providing greater security to the different stakeholders that interact with the Corporation, consolidating each of the elements of the Internal Control structure.

4. Activities carried out by the Audit Committee.

- a. The Audit Committee, as the body in charge of evaluating the operation of the Internal Control System, in support of the management activities carried out by the Board of Directors, held meetings with the purpose of analyzing: (i) the results of the evaluations carried out by the Internal Audit to the processes of Corficolombiana and of the corporate revisions made to affiliates; (ii) the results of the evaluations carried out by the Statutory Auditor and other control and oversight bodies; (iii) the submissions made by the Management on financial information and changes in accounting policies; (iv) the evaluation of the structure of the Internal Control System of the Corporation, including the Risk Management Systems; (v) the planning of the work of the Internal Audit and the Statutory Auditor; (vi) the monitoring on compliance with the strategic projects of the entity, including the shared services unit; and (vii) other specific evaluations requested by the Committee. Additionally, in the year 2018, other topics were included, such as the review and updating of the Committee's regulations and the policies and procedures of Internal Audit. The topics mentioned have been recorded in Minutes No. 110 to 120 of the Audit Committee.
- b. Eleven meetings of the Audit Committee were held between February 7 and December 5, 2018.
- c. In the meetings of the Committee, the normal requests made by the different supervision and oversight entities were submitted together with the answers given by the management.
- d. The Committee was informed by the Internal Audit of Corficolombiana about the anonymous complaints received through the ethics line of the Corporation in 2018, which once evaluated by the Comptroller's Office, were determined not to correspond to events that could be categorized as fraudulent acts, suspicious activities, anomalous situations or unethical behaviors that affect or could affect the interests of the Corporation; the complaints received corresponded to failures in processes, which were addressed in the Audit and reported to the Management, with the respective follow-ups being carried out.

Likewise, no acts of corruption were found or disciplinary measures were adopted by the Corporation for violations of the Codes of Ethics and Conduct and/or Good Governance during 2018.

- e. The Legal Representative of the Corporation informed the Audit Committee regarding the establishment and maintenance of adequate systems for the reporting and control of financial information, during the period between January 1 and December 31, 2018, concluding that:
- There were no internal control deficiencies that prevented Corporacion Financiera Corficolombiana S.A. from recording, processing, summarizing and properly submitting its financial information.
 - There was no information on any fraud that affected the quality of the financial information of Corporacion Financiera Corficolombiana S.A.
- f. With respect to the Risk Management Systems, the Audit Committee was informed of the reports submitted in the 2018 period regarding the evaluations carried out by the Internal Audit and the Statutory Auditor, which presented a satisfactory result. The reports corresponded to:
- Money Laundering and Terrorism Financing Risk Management System (SARLAFT)
 - Operational Risk Management System (SARO)
 - Liquidity Risk Management System (SARL)
 - Market Risk Management System (MRSA)
 - Financial Consumer Service System (SAC)
 - Credit Risk Management System (SARC)

5. Material deficiencies.

During 2018 and in accordance with the information received by the Audit Committee from the Management, the Internal Audit and the Statutory Auditor, there were no material deficiencies related to the Internal Control System of Corporacion Financiera Colombiana that could affect the effectiveness of such system or the Financial Statements as of December 31, 2018.

6. Observations by oversight bodies.

The main aspects dealt with in the communications issued by the Finance Superintendence of Colombia were submitted in the meetings of the Audit Committee held during 2018. Such communications corresponded to the normal operation of Corficolombiana, routine requests for information by the control entity and to the result of the onsite visits made by the Finance Superintendence regarding the evaluation of the Audit Function and the performance of the SARLAFT Risk Management System.

7. Internal Audit.

Corficolombiana has an Internal Audit area which carries out its work in an independent and objective manner, under the guidelines of the Group and reports directly to the Audit Committee, which permanently supervises its operation and to which it periodically submits results and reports of the evaluations made. In the period 2018, the Internal Audit submitted to the Committee the findings detected in the different areas and processes evaluated, including the results of its corporate evaluations to the affiliates of the Corporation. The Internal Audit

effectively applied the monitoring and control methodology on the action plans in process by the Management.

8. Results of the operation of the Internal Control System of Corporacion Financiera Corficolombiana.

In accordance with the foregoing, we conclude that:

- a. The control structure, environment and activities are consistent with the objectives of the Corporation, providing adequate security to manage the risks to which the entity is exposed.
- b. During the period 2018 no material weaknesses were identified by the Management, the Internal Audit or the Statutory Auditor of the Corporation, or any other control and oversight entity, which gave rise to any risk for the Internal Control System.
- c. The Corporation has structural controls on issues related to the preparation and submission of financial information intended to the reliability of the information generated and compliance with the governing rules, policies and procedures for such purpose.

SUBSEQUENT EVENTS

The business group situation referred to in article 28 of Law 222/1995 was registered on January 31, 2019 in the trade registry of Corporacion Financiera Colombiana S.A., under No. 02419561 of book IX, by Luis Carlos Sarmiento Angulo (natural person). The date of establishment of the business group situation is December 31, 2018, according to the certificate of the Bogota Chamber of Commerce.

Within the framework of the class action filed by the Attorney General's Office against Concesionaria Ruta del Sol S.A.S. and other legal entities and natural persons in relation to the Ruta del Sol 2 project, by means of Writ of February 25, 2019, the Administrative Court of Cundinamarca granted the pending appeal filed against the judgment issued, filed by Episol S.A.S., and ordered to send the file to the Council of State.

NEW LEGAL PROVISIONS

Congress of the Republic

Law 1882 of January 15, 2018. Whereby provisions aimed at strengthening Public Procurement in Colombia, the infrastructure law and other provisions are added, amended and issued.

Law 1943 of December 28, 2018. Whereby financing rules are issued for the restoration of the balance of the general budget and other provisions are issued.

Ministry of Finance and Public Credit

Decree 246 of February 02, 2018. Whereby Decree 2555/2010 is amended in relation to the criteria for the exclusion of oversight on entities belonging to financial conglomerates.

Decree 661 of April 17, 2018. Whereby decree 2555/2010 is amended in relation to the advisory activity and other provisions are issued.

Decree 774 of May 08, 2018. Whereby Decree 2555/2010 is amended in relation to the rules corresponding to the adequate level of capital for financial conglomerates.

Decree 923 of May 28, 2018. Whereby Decree 2555/2010 is added in relation to resolution plans and coordination mechanisms, and other provisions are issued.

Decree 1477 of August 6, 2018. Whereby Decree 2555/2010 is amended in relation to the capital adequacy requirements of credit establishments, and other provisions are issued.

Decree 1486 of August 6, 2018. Whereby Decree 2555/2010 is amended in relation to the criteria for determining the capacity of affiliates, exposure limits, risk concentration and conflicts of interest of financial conglomerates, and other provisions are issued.

Decree 2442 of December 27, 2018. Whereby several articles of the tax code are regulated, of Law 1607/2012, of Law 1819/2016 and some articles of section 2 of chapter 13 of title 1 of Part 6 of Book 1 of Decree 1625/2016, the sole regulatory article on tax matters. It regulates matters related to the submission of tax returns, income tax and supplementary tax, and other provisions are issued.

Decree 2443 of December 27, 2018. Whereby Decree 2555/2010 is amended in relation to the investment of credit institutions, financial services companies and capitalization companies, and the capital of financial innovation and technology companies.

Finance Superintendence of Colombia

Circular Letter 15 of February 21, 2018. It informs the transition period of the modifications to the characteristics of the promissory notes that are likely to be used to access the temporary liquidity support of the Central Bank.

Circular Letter 21 of March 28, 2018. It informs the variables and scenarios that banks, financing companies, financial corporations and financial cooperatives must take into account in order to carry out the resilience tests required by the oversight entity, which must be submitted in 2018.

External Circular Letter 007 of June 5, 2018. It provides instructions related to the minimum requirements for cybersecurity risk management.

External Circular Letter 008 of June 5, 2018. It provides instructions on the minimum security and quality requirements for conducting operations.

External Circular Letter 009 of June 5, 2018. It incorporates net withdrawal factors segmented by type of depositor and update of write-off percentages to some liquid assets in the calculation of the Liquidity Risk Index (LRI).

External Circular Letter 014 of June 29, 2018. It provides instructions related to the accreditation of financial holdings domiciled or incorporated abroad.

External Circular Letter 017 of September 4, 2018. It provides instructions on the reporting of information to the UIAF in relation to the management of the money laundering and terrorism financing risks.

External Circular Letter 018 of September 7, 2018. It modifies the instructions of Forms 529 and 211 and Form 529 on the shareholding structure reports of monitored and/or controlled entities, and first, second, third tier shareholders and persons who exercise final effective control.

Circular Letter 30 of September 21, 2018. Special Permit of Stay (PEP) as identification document for the opening and/or hiring of financial products and services.

External Circular Letter 019 of October 3, 2018. It provides instructions on standardized information prospects through electronic applications for the registration process with the RNVE and authorization of public offerings of securities.

External Circular Letter 022 of October 9, 2018. It provides instructions on compliance with the regulatory framework regarding embargo orders.

External Circular Letter 026 of November 27, 2018. It provides instructions related to resolution mechanisms (bridge bank).

External Circular 027 of December 18, 2018. It provides instructions related to the reporting of system failures, the performance of tests and projects that have the potential to generate an impact on markets, as well as the comprehensive tests of infrastructure suppliers of the stock market in order to ensure the flow of information for the securities custody scheme.

External Circular Letter 031 of December 20, 2018. It provides instructions regarding authorization regimes for the share subscription regulations.

External Circular Letter 036 of December 26, 2018. It provides instructions related to risk management and reporting of information for the purpose of supervising Credit Default Swaps - CDS and other derivative financial instruments.

Central Bank of Colombia

Bulletin No. 13 of the Board of Directors (May 25). Whereby External Resolution No. 1 of 2018 is issued, which summarizes and modifies the international exchange regime.

X. Annexes

a. GRI content Index

	GRI Standard	Description	Location in the report and / or comment	Page No.
Organizational Profile	102-1	Name of the organization	Corporación Financiera Colombiana S.A.	
	102-2	Activities, brands, products, and services	I. About Us / a. Our Business and Strategy	5-8
	102-3	Location of headquarters	The corporation has its main domicile in Bogotá, Cra13 # 26-45 floors 3,6,7 and 8	
	102-4	Location of operations	I. About Us / a. Our Business and Strategy	5-8
	102-5	Ownership and legal form	The Corporación Financiera Colombiana SA, is a private financial institution, authorized to operate by the Financial Superintendence of Colombia, by means of Resolution of October 18, 1961, constituted as an anonymous commercial corporation, on November 27, 1961 by public deed No. 5710 of the First Notary of the Círculo de Cali, whose legal validity is foreseen until December 31 of the year 2100, which can be extended by decision of the General Assembly of Shareholders	
	102-6	Markets served	I. About Us / a. Our Business and Strategy	5-8
	102-7	Scale of the organization	I. About Us	4
	102-8	Information on employees and other workers	I. About Us / c. Our Team	10
	102-9	Supply chain	As a holding company, Corficolombiana mainly has suppliers of administrative goods and services. The data on the number of suppliers and total payment made to suppliers for Corficolombiana and its subsidiaries can be found in section I. About Us and in section II. Responsible Investment with the Development of the Country and its Communities. Through Our Subsidiaries.	
	102-10	Significant changes to the organization and its supply chain	Letter from the CEO I. About Us b. Main Business Milestones	3 9
	102-11	Precautionary Principle or approach	III. Integral Risk Management a. Corporate structure	29-31

	102-13	Membership of associations	<ul style="list-style-type: none"> • Asociación de Gestión Humana ACRIP Bogotá y Cundinamarca • Asociación Colombiana de Ejecutivos de Finanzas • Asociación Nacional de Instituciones Financieras (ANIF) • Asociación Bancaria de Entidades Financieras de Colombia (Asobancaria) • Autorregulador del Mercado de Valores de Colombia (AMV) • Asociación Gremial Cívica Centro Internacional San Diego • Asociación de Fiduciarias 	
Strategy	102-14	Statement from senior decision-maker	Letter from the CEO	3
	102-15	Key impacts, risks, and opportunities	Letter from the CEO III. Comprehensive risk management b. Corficolombiana Risk Management and Financial Affiliates	3 31-34
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	IV. Ethics and Transparency	34
	102-17	Mechanisms for advice and concerns about ethics	IV. Ethics and Transparency	34-35
Governance	102-18	Governance structure	I. About Us: e. Corporate Governance	12
	102-19	Delegating authority	In 2019 an external consultancy will be carried out with the purpose of developing a sustainability policy, including definition of the corporate structure to manage sustainability issues. The current structure of board committees and senior management is in: I. About Us: e. Corporate Governance	16-18
	102-20	Executive-level responsibility for economic, environmental, and social topics	In 2019 an external consultancy will be carried out with the purpose of developing a sustainability policy, including definition of the corporate structure to manage sustainability issues. The current structure of board committees and senior management is in: I. About Us: e. Corporate Governance	16-18
	102-22	Composition of the highest governance	I. About Us: e. Corporate Governance	13-16

		body and its committees		
102-23	Chair of the highest governance body	I. About Us: e. Corporate Governance	16	
102-24	Nominating and selecting the highest governance body	Annexed. Annual Corporate Governance Report. Point II. Structure of the Administration, numeral 5		
102-25	Conflicts of interest	Annexed. Annual Corporate Governance Report. Point III. Operations with Linked, numeral 3. Note 33 of the Separate Financial Statements details the operations with affiliates of the Corporation.		
102-26	Role of highest governance body in setting purpose, values, and strategy	I. About Us: e. Corporate Governance	12	
102-27	Collective knowledge of highest governance body	I. About Us: e. Corporate Governance	13	
102-28	Evaluating the highest governance body's performance	I. About Us: e. Corporate Governance	13	
102-29	Identifying and managing economic, environmental, and social impacts	In 2019 an external consultancy will be carried out with the purpose of developing a sustainability policy, including definition of the corporate structure to manage sustainability issues. The current structure of board committees and senior management is in: I. About Us: e. Corporate Governance	16-17	
102-30	Effectiveness of risk management processes	I. About Us e. Corporate Governance III. Integral Risk Management a. Corporate structure	18-29-31	
102-31	Review of economic, environmental, and social topics	I. About Us: e. Corporate Governance	13-18	
102-32	Highest governance body's role in	The Management Report must be accepted and approved by the Board of Directors		

		sustainability reporting		
	102-33	Communicating critical concerns	I. About Us e. Corporate Governance	16-17
	102-34	Nature and total number of critical concerns	The issues or main decisions adopted by the Board of Directors were made known to the market through the mechanism of Relevant Information, published on the website of the Financial Superintendence of Colombia and Corficolombiana. The policies approved, modified and / or updated by the Board of Directors during the year 2018, are listed in the Annex. Corporate Governance Report. Point II. Structure of the Administration, numeral 4.	
	102-35	Remuneration policies	Annexed. Annual Corporate Governance Report. Point II. Structure of the Administration, numerals 6 and 7.	
	102-36	Process for determining remuneration		
	102-37	Stakeholders' involvement in remuneration		
Stakeholder Engagement	102-40	List of stakeholder groups	VIII. Approach of the Report	62
	102-41	Collective bargaining agreements	There are no collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	VIII. Approach of the Report	62
	102-43	Approach to stakeholder engagement	VIII. Approach of the Report	62
	102-44	Key topics and concerns raised	VIII. Approach of the Report	62
Reporting Practices	102-45	Entities included in the consolidated financial statements	Note 2.3.1 of the Consolidated Financial Statements details the companies included. Additionally, in this report the main figures of the companies that consolidate by sector are appended.	
	102-46	Defining report content and topic Boundaries	VIII. Approach of the Report	61
	102-47	List of material topics	VIII. Approach of the Report	62
	102-48	Restatements of information	In the report there is no restatement of information from previous reports.	

	102-49	Changes in reporting	The material issues and their coverage do not change with respect to the previous reporting period.																									
	102-50	Reporting period	This report is prepared for the period between January and December 2018.																									
	102-51	Date of most recent report	The previous version of this report corresponds to the management of the year 2017.																									
	102-52	Reporting cycle	The management report is made from 2017 for an annual period.																									
	102-53	Contact point for questions regarding the report	For more information about this report you can contact the Investor Relations team (relacion.inversionistas@corficolombiana.com).																									
	102-54	Claims of reporting in accordance with the GRI Standards	VIII. Approach of the Report	61																								
	102-55	GRI content index		70-77																								
Management Approach	103-1	Explanation of the material topic and its Boundary	VIII. Approach of the Report	62																								
	103-2	The management approach and its components	It is developed in each of the sections: II. Responsible investment with the development of the country and the communities																									
	103-3	Evaluation of the management approach	III. Comprehensive risk management IV. Ethics and transparency V. Profitable performance VI. Development of human talent VII. Alignment of best practices and synergies in investments																									
Economic Development	201-1	Direct economic value generated and distributed	<table border="1"> <thead> <tr> <th>Separate Corficolombiana COP MM</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Operating Revenue</td> <td>2.118.130</td> </tr> <tr> <td>Adjusted Operating Income*</td> <td>1.223.322</td> </tr> <tr> <td>Direct Economic Value Created</td> <td>894.808</td> </tr> <tr> <td>Personnel Expenses</td> <td>45.456</td> </tr> <tr> <td>General Expenses</td> <td>34.455</td> </tr> <tr> <td>Interests Expenses</td> <td>357.836</td> </tr> <tr> <td>Dividends paid to Shareholders**</td> <td>24.266</td> </tr> <tr> <td>Payments to the Government</td> <td>24.017</td> </tr> <tr> <td>Community Investments</td> <td>2.525</td> </tr> <tr> <td>Economic Value Distributed</td> <td>488.555</td> </tr> <tr> <td>Economic Value Retained</td> <td>406.253</td> </tr> </tbody> </table>	Separate Corficolombiana COP MM	2018	Operating Revenue	2.118.130	Adjusted Operating Income*	1.223.322	Direct Economic Value Created	894.808	Personnel Expenses	45.456	General Expenses	34.455	Interests Expenses	357.836	Dividends paid to Shareholders**	24.266	Payments to the Government	24.017	Community Investments	2.525	Economic Value Distributed	488.555	Economic Value Retained	406.253	
			Separate Corficolombiana COP MM	2018																								
Operating Revenue	2.118.130																											
Adjusted Operating Income*	1.223.322																											
Direct Economic Value Created	894.808																											
Personnel Expenses	45.456																											
General Expenses	34.455																											
Interests Expenses	357.836																											
Dividends paid to Shareholders**	24.266																											
Payments to the Government	24.017																											
Community Investments	2.525																											
Economic Value Distributed	488.555																											
Economic Value Retained	406.253																											
			<small>*Adjustment by application of IRFS 15 **Dividends paid in cash</small>																									
Market Presence	202-1	Ratios of standard entry level wage by gender compared to	The relation between the initial salary and the minimum salary in Colombia of the employees of Corficolombiana is 1.47.																									





		local minimum wage										
	202-2	Proportion of senior management hired from the local community	100% of the first and second level executives of Corficolombiana are Colombians.									
Indirect Economics Impacts	203-2	Significant indirect economic impacts	II. Responsible Investment with the Country Development and Communities	18-29								
Acquisition practices	204-1	Proportion of spending on local suppliers	The payment of Corficolombiana to suppliers in 2018 totaled \$ 30.5 billion, with a 97% share of purchases from nationals.									
Anti-corruption	205-1	Operations assessed for risks related to corruption	IV. Ethics and Transparency / Anti-fraud and Anti-corruption Policy	35-36								
	205-2	Communication and training about anti-corruption policies and procedures	III. Integral Risk Management IV. Ethics and Transparency / Anti-fraud and Anti-corruption Policy	35-36								
	205-3	Confirmed incidents of corruption and actions taken	IV. Ethics and Transparency	35-36								
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	On September 14, 2018, an investigation was opened by the Superintendence of Industry and Commerce against Corficolombiana and two of its employees for allegedly committing acts contrary to free competition in the tender for the Ruta del Sol 2 project. This investigation began in 2018 but the competition authority has not adopted any other decision in relation to this case. No other pending or finalized legal actions related to unfair competition and infractions of the applicable legislation on monopolistic practices and against free competition are recorded in this period.									
Employment	401-1	New employee hires and employee turnover	I. About Us c. Our Team	10								
	401-3	Parental Leave	<table border="1"> <thead> <tr> <th>Licenses of maternity and paternity 2018</th> <th>MEN</th> <th>WOMEN</th> </tr> </thead> <tbody> <tr> <td># of employees</td> <td>1</td> <td>6</td> </tr> <tr> <td>% of employees</td> <td>0,6%</td> <td>1,9%</td> </tr> </tbody> </table> <p>Everyone rejoined, but one person resigned days after his reinstatement.</p>	Licenses of maternity and paternity 2018	MEN	WOMEN	# of employees	1	6	% of employees	0,6%	1,9%
Licenses of maternity and paternity 2018	MEN	WOMEN										
# of employees	1	6										
% of employees	0,6%	1,9%										

Occupational Health and Safety	403-1	Workers representation in formal joint management– worker health and safety committees	VI. Development of human talent / Health and Safety at Work	56-57
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	VI. Development of human talent / Health and Safety at Work	56-57
	403-5	Worker training on occupational health and safety	VI. Development of human talent / Health and Safety at Work	56-57
	403-6	Promotion of worker's health	The Corporation, as a benefit to its workers, grants assistance for the payment of Prepaid Medical Plans, Supplementary Health Plans and Emergency Medical Services for workers who join the agreements offered through the Employees Fund. Additionally, through the Employees Fund there are agreements with gyms.	
Training and Education	404-1	Average hours of training per year per employee	VI. Development of human talent / Training and Professional Development	54-55
	404-2	Programs for upgrading employee skills and transition assistance programs	VI. Development of human talent / Training and Professional Development	54-55
	404-3	Percentage of employees receiving regular performance and career development reviews	VI. Development of human talent / performance evaluations	56
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	I. About Us c. Our Team e. Corporate Governance	10 12

Client's Privacy	418-1	Claims based on violations of customer privacy and loss of customer data	IV. Ethics and Transparency / Financial Consumer Service System (SAC)	35
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	By Resolution 1030 notified on 08/16/18, the Financial Superintendence of Colombia decided the appeal filed by Corficolombiana against Resolution 1380 (12/10/17), reducing from \$ 80 million to \$ 50 million the fine imposed for breach of the literal. b, numeral 2 of art. 326 of the Organic Statute of the EOSF Financial System. The Corporation did not have significant monetary sanctions, nor cases submitted to a dispute resolution mechanism for non-compliance with laws or regulations in social or economic matters.	


b. Main companies that consolidate

INFRASTRUCTURE



<i>Figures in COP Million (2018)</i>	% CFC	Description	Assets	Equity	Controlled Equity	EBITDA	Net ⁷ Income	ROE ⁸
	100%	Infrastructure and energy investment vehicle, including Sociedad Aeroportuaria de la Costa (SACSA S.A.), which manages the Rafael Núñez airport in Cartagena	1,694,538	1,679,348	1,679,348	23,653	758,126	71.5%
	88.3%	Buga – Tuluá – La Paila corridor in Valle del Cauca, as well as majority shareholder (50.5%) in the CCFC concession	333,444	169,727	146,094	185,676	104,839	75.1%
	100%	Major shareholder of Coviandes (59.8%), in charge of the administration, operation and maintenance of the Bogota - Villavicencio road	581,371	349,085	298,974	187,683	41,418	20.1%
	100%	Holding that concentrates investments in infrastructure, including construction consortium and the highway concessions	5,934,251	2,474,199	1,316,378	1,716,124	410,522	38.4%
PRODEPACÍFICO	100%	Investment vehicle in infrastructure that includes construction consortiums and road concessions.	416,797	406,392	406,392	9,803	105,432	38.2%

⁷ For all sectors, Net Income without excluding non-controlling participation of each of the companies.



⁸ For all sectors, the ROE is calculated by dividing the controlling profit for the entire 2018 between the average controlled assets of December 2017 and December 2018; except the ROE of Covimar and Covipacífico that is calculated on the controlled equity of December 2018.

PRODEVIMAR	100%	Investment vehicle in infrastructure that includes construction consortiums and road concessions.	125,888	123,016	123,016	-6,300	-3,272	-3.7%
COVIPACÍFICO	89.9%	Company incorporated for the purpose of subscribing and executing the association contract under the APP scheme signed with the ANI of the Pacífico I freeway connection concession, of the Autopistas para la prosperidad project.	1,282,517	238,167	238,167	348,183	231,045	97%
COVIMAR	100%	Company incorporated for the purpose of subscribing and executing the association contract under the APP scheme subscribed with the ANI of the MulaLó - Loboguerrero project	370,590	7,555	7,555	-683	-3,022	-40%
	100%	Consulting company in engineering projects.	3,414	2,424	2,424	515	21	0.9%

ENERGY & GAS




<i>Figures in COP Million (2018)</i>	% CFC	Description	Assets	Equity	Controlled Equity	EBITDA	Net Income	ROE
	50.9% ⁹	Promigas transports and distributes natural gas in Colombia. It has more than 3.7 million users in Colombia and Peru	10,427,106	3,433,822	3,212,951	1,485,958	725,469	23.5%
	91.9%	Gascop distributes compressed natural gas in northern Peru to industrial users and the vehicular market.	64,184	674	674	8,557	-1,071	-145.3%

HOSPITALITY




<i>Figures in COP Million (2018)</i>	% CFC	Description	Asset	Equity	Controlled Equity	EBITDA	Net Income	ROE
	85.0%	Colombian hotel chain with 30 hotels in the main cities of Colombia, Peru and Panama.	844,250	392,499	345,092	50,058	19,655	5.9%
	84.6%	Hotel and Convention Center in Santa Marta with 131 rooms.	43,274	40,132	40,132	2,019	1,294	3.3%

⁹With economic and political rights: 34.87% directly and 10.58% through CFC Gas Holdings. With economic rights and no political rights: 5.43% through a PEF managed by a third party.



AGROINDUSTRY

<i>Figures in COP Million (2018)</i>	% CFC	Description	Asset	Equity	Controlled Equity	EBITDA	Net Income ¹⁰	ROE
	99.3%	Agricultural company with crops of rice, cotton, rubber and corn plantations and 2,900 head of cattle.	258,372	159,499	152,667	10,982	3,016	2.2%
	54.5%	Agricultural company with crops of African palm plantations for the extraction of crude palm oil.	190,525	128,867	128,867	6,782	-9,775	-7.3%
	100%	Holding with business in housing, hotels and 8,020 hectares of land for future agricultural projects.	219,359	186,823	186,823	969	-4,877	-2.7%

FINANCIAL

<i>Figures in COP Million (2018)</i>	% CFC	Description	Asset	Equity	Controlled Equity	Operating Income	Net Income	ROE
	100%	Provision of financial services trust and structuring of products for the capital market.	70,690	60,006	60,006	22,073	11,709	19.4%
	100%	Offering financing and investment alternatives adapted to the needs of the market.	747,708	87,991	87,991	5,773	-351	-0.4%
	40.8%	Composed of the merger of four stock exchanges in 1990	34,101	30,225	30,225	1,386	-1,117	-3.6%

OTHER

<i>Figures in COP Million (2018)</i>	% CFC	Description	Asset	Equity	Controlled Equity	EBITDA	Net Income	ROE
	53.35%	Manufacture and marketing of products used in the construction industry, made with aluminum, glass and wood.	138	-7,849	-7,849	-107	-208	2.7%
	99.65%	Assembly and operation of factories for the production of articles made with plastic raw material and other related materials.	28,524	22,291	22,291	1,902	1,286	5.8%
CFC Energy Holding	100%	Mainly it develops activities related to the administration and the increase of its patrimony by means of the promotion and promotion of the industrial and commercial activity, especially by means of investment in companies or other juridical persons.	3,012	99	99	-10	-15	-14.1%

¹⁰ For all sectors, Net Income without excluding non-controlling participation of each of the companies.

c. Annual corporate Governance Report

CORFICOLMBIANA

ANNUAL CORPORATE GOVERNANCE REPORT

2018

The Board of Directors of Corficolombiana hereby presents the Corporate Governance Report for 2018, which describes how to comply with the corporate governance practices adopted by the Company.

Additionally, Corficolombiana timely prepared and submitted the 2018 best corporate practices implementation report to the Finance Superintendence of Colombia, which has been published in the corporate website.

I. OWNERSHIP STRUCTURE

1. *Capital stock and ownership structure of the company (figures as of December 31, 2018)*

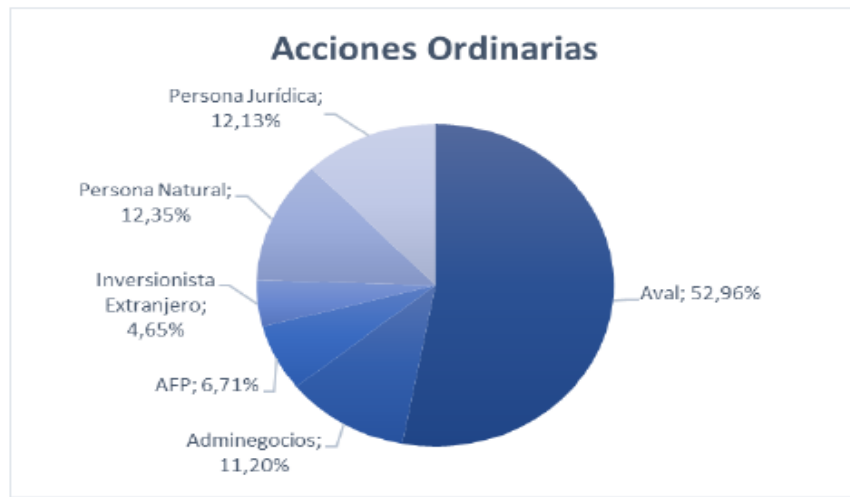
Corficolombiana is a company controlled by Grupo Aval Acciones y Valores S.A.

(NYSE: AVAL), the leading banking group in Colombia and Central America.

Its capital stock as of December 31, 2018 was as follows:

Authorized Capital:	\$3,000,000,000.00
Paid-in and subscribed capital	\$2,794,483,170.00
Capital to subscribe	\$205,516,830.00
Number of shares to subscribe	20,551,683
Par Value	\$10.00
Number of repurchased shares	0
Total number of outstanding ordinary shares	263,535,395
Total number of outstanding non-voting preferred shares.	15,902,922
Total number of outstanding shares	279,448,317

The graphs below show the share ownership structure:



2. *Shareholders with significant interest (figures as of December 31, 2018)*

Shareholder	No. of Ordinary Shares	No. of Preferred Shares	No. of Total Shares	%
Banco de Bogotá S.A.	92,009,425	0	92,009,425	32.93%
Adminegocios S.A.S.	29,527,636	32,219	29,559,855	10.58%
Grupo Aval Acciones y Valores S.A.	22,727,437	0	22,727,437	8.13%
Banco Popular S.A.	13,770,243	0	13,770,243	4.93%
Banco de Occidente S.A.	11,071,638	0	11,071,638	3.96%
Protección Moderate Mandatory Pensions Fund	6,587,198	241,009	6,828,207	2.44%
Porvenir Moderate Mandatory Pensions Fund	3,397,552	2,260,498	5,658,050	2.02%
Consultorias de Inversiones S.A.	5,507,267	0	5,507,267	1.97%
Jara Albarracin Manuel Guillermo	3,818,671	1,290,753	5,109,424	1.83%

Cubides Olarte Henry	4,972,802	0	4,972,802	1.78%
Ishares Colcap Stock Fund	3,990,099	0	3,990,099	1.43%

3. *Information of the shares directly (in a personal capacity) or indirectly (through companies or other investment vehicles) owned by the members of the Board of Directors and the rights these represent.*

According to the balances as of December 31, 2018, the following persons and companies are shareholders of CFC:

NAME	No. OF SHARES	PERCENTAGE OVER TOTAL OUTSTANDING SHARES
OTERO ALVAREZ EFRAIN	596	0.00%
GOMEZ CHARRIA LUIS CARLOS	66	0.00%
PROYECTOS Y CONSULTORIAS EMPRESARIALES LTDA (company related to director Carlos Arcesio Paz)	542,348	0.19%
ACCION INTELIGENTE LTDA. (company related to director Carlos Arcesio Paz)	61,143	0.02%

4. *Family, commercial, contractual or corporate relations existing between the holders of significant interest and the company, or between the holders of significant interest among themselves.*

Grupo Aval Acciones y Valores and the Corporation have a contractual relation consisting in comprehensive advice in favor of Corficolombiana.

In addition to the foregoing, Corficolombiana holds savings or checking accounts in Banco de Bogotá, Banco de Occidente and Banco Popular, which are used under market conditions.

5. *Negotiations made by the members of the Board of Directors, Senior Management and other Managers with the stock and other securities issued by the company.*

The managers of the Entity, by themselves or through an intermediary, may not alienate or acquire shares in the Entity in the exercise of their duties, except for operations not related to speculation and with authorization from the Board of Directors, granted with the favorable vote of two thirds of its members. This restriction does not apply when the manager acquires shares in the exercise of a preemptive right, as set forth in the Code of Good Governance.

During 2018, the Board of Directors authorized the following acquisitions by managers, all of them approved with legal quorum and, since they are not operations with purposes of speculation and made at arm's length, through the Colombian Stock Exchange.

- Due to the issuance of shares in the Corporation, as evidenced in Minutes 1880 of August 10, 2018, the purchase of shares was authorized by the following managers:

CARLOS ARCESIO PAZ	Main Member
EFRAIN OTERO	Main Member
ALVARO VELASQUEZ	Main Member
JUAN GUILLERMO SERNA	Main Member
LUIS CARLOS GOMEZ CHARRIA	Alternate Member
SANTIAGO MADRIÑAN	Alternate Member
GERARDO SILVA CASTRO	Alternate Member
GUSTAVO RAMIREZ GALINDO	Investments Vice-President

Pursuant to the Shareholders Ledger, only Efrain Otero and Carlos Arcesio Paz made use of the authorization, the latter indirectly through a company.

- As evidenced in Minutes No. 1888 of November 28, 2018, the purchase of common and/or preferred shares of the Corporation was authorized for companies and/or natural persons related to directors Carlos Arcesio Paz Bautista and Gerardo Silva Castro.
- As evidenced in Minutes No. 1889 of December 12, 2018, the purchase of shares was authorized to Mr. Efrain Otero Alvarez whether directly or through related natural and/or legal persons.

The previous authorizations were informed to the market and the general public, through the Relevant Information mechanism of the Finance Superintendence of Colombia, as well as in the corporate website

6. *Summary of the known shareholders agreements.*

During the period evaluated no shareholders agreements were known.

7. *Own shares held by the company.*

The Corporation does not hold own shares of any kind whatsoever.

II. MANAGEMENT STRUCTURE.

1 *Composition of the Board of Directors and its Support Committees*

The Board of Directors of Corficolombiana is elected annually at the General Shareholders Assembly; it is comprised by seven (7) main members and their respective alternate members, of which two (2) are independent, pursuant to the provisions of Law 964/2005 and the Code of Good Governance of the company.

Composition of the Board of Directors (2018-2019)

Main Members	Alternate Members
Luis Carlos Sarmiento Gutiérrez*	Diego Solano Saravia* (resignation 12/28/18)
Carlos Arcesio Paz Bautista*	Jorge Iván Villegas Montoya*
Alejandro Figueroa Jaramillo*	Juan María Robledo Uribe*
Efraín Otero Álvarez*	Tatiana Uribe Benninghoff*
Álvaro Velásquez Cock*	Luis Carlos Gomez Charria
Juan Guillermo Serna Valencia**	Santiago Madriñán de la Torre**
Gabriel Turbay Marulanda**	Gerardo Silva Castro**

* Non-independent /Equity members

** Independent Members

Their résumés may be found in the 2018 Management Report or at the following link:

<https://www.corficolombiana.com/wps/wcm/connect/corficolombiana/36b3308c-b975-41bd-a91b-c3a2933bfc85/hojas-vida-miembros-junta-directiva-2018-octubre.pdf?MOD=AJPERES>

As of December 31, 2018, the Board of Directors had 3 support committees, comprised by independent or equity members. The profiles, knowledge and professional experience of the members regarding the purpose of each committee are considered for selecting their members. Additionally, senior officers of the company are part of the committees, with voice but no vote.

Auditing Committee

Santiago Madriñan De La Torre	DIRECTOR
Gerardo Silva Castro	DIRECTOR
Alvaro Velásquez Cock	DIRECTOR
Gabriel Turbay Marulanda (Alternate)	DIRECTOR

Corporate Governance Committee

Gabriel Turbay Marulanda	DIRECTOR
Jorge Ivan Villegas Montoya	DIRECTOR
Santiago Madriñan De La Torre	DIRECTOR

Risk Committee

Diego Solano Saravia (retirement 12/28/18)	DIRECTOR
Tatiana Uribe Benninghoff	DIRECTOR
Alvaro Velasquez Cock	DIRECTOR

2. Changes in the Board of Directors throughout the year

The Board of Directors is elected every March for a one-year period; the Board of Directors for the period 2018-2019 was elected at the Ordinary Assembly, which only change regarding the previous board was the appointment of Mr. Luis Carlos Gomez Charria, fifth alternate line, which was vacant.

As informed in point V. General Shareholders Assembly, numeral 6 of this report, the Special Common Shareholders Assembly held on December 7, 2018 appointed the following board of directors:

Main Members	Alternate Members
Luis Carlos Sarmiento Gutierrez*	Tatiana Uribe Benninghoff*
Alejandro Figueroa Jaramillo*	Juan Maria Robledo Uribe*
Cesar Prado Villegas*	Efrain Otero Alvarez*
Carlos Eduardo Upegui Cuartas*	Jorge Ivan Villegas Montoya*
Carlos Arcesio Paz Bautista*	Alvaro de Jesus Velasquez Cock*
Juan Guillermo Serna Valencia**	Santiago Madriñan De La Torre**
Gabriel Turbay Marulanda**	Luis Carlos Gomez Charria**

*Non-independent/equity members

**Independent members

The changes made correspond to the appointment of Mr. Cesar Prado Villegas and Mr. Carlos Eduardo Upegui as main members and a rearrangement from main to alternate and change of lines of some members.

As of December 31, the following persons had yet to take office: Alejandro Figueroa Jaramillo, Cesar Prado Villegas, Carlos Eduardo Upegui Cuartas and Carlos Arcesio Paz Bautista. According to art. 73 – Board of Directors of the Organic Statute of the Financial System, numeral 2, which provides: *“Term. The members of the boards of directors of banking establishments, financial corporations, savings and housing corporations, commercial financing companies, capitalization companies and financial services companies must remain in office, provided they are not removed or disqualified, until the following annual shareholders or partners assembly and until their successors are elected and declared able by the Banking Superintendence.”* (Underlining added)

Considering the above, the résumés of the new directors, Mr. Prado and Mr. Upegui, are not found in the link of the corporate website; only the members of the board that have duly taken office in terms of art. 73 during the period assessed herein are included.

3. *Members of the Board of Directors of the Parent Company (Corficolombiana) integrated to the Board of Directors of the Subordinate companies or who hold executive positions therein (in the case of Conglomerates).*

The participation of the Board of Directors in the boards of directors of subordinate companies in the real and financial sector is shown below:

Real Sector: Alvaro Velasquez Cock - Plantaciones Unipalma

Financial Sector: Luis Carlos Gomez Charria – Leasing Corficolombiana (he resigned in December 2018)

No member of the Board holds executive positions in Corficolombiana subordinate companies.

4. *Policies approved by the Board of Directors during the reporting period.*

During 2018, the Board of Directors approved and/or amended and/or updated the following policies:

Minutes 1864 January 31, 2018	Modification of the Credit Risk policies
Minutes 1867 March 7, 2018	Adjustment to the SAC Manual
Minutes 1870 April 25, 2018	Proposal to update the SARLAFT Manual
Minutes 1870 April 25, 2018	Modification of the procurement policy
Minutes 1870 April 25, 2018	Modification of AMV policies and procedures
Minutes 1871 May 9, 2018	Adjustment to accounting policy
Minutes 1872 May 30, 2018	Update of Liquidity Risk policies regarding Homologation of accounting policies
Minutes 1874 June 27, 2018	Manual of policies and procedures of fiscal information exchange (Foreign Account Tax Compliance Act) and RS
Minutes 1875 July 11, 2018	Modification of the Operating Risk policy
Minutes 1878 July 25, 2018	Changes to the policy in terms of personal data processing
Minutes 1885 October 10, 2018	Submission and approval of adjustments of the regulations of the audit committee and internal audit policy
Minutes 1885 October 10, 2018	Update continuity plan policy
Minutes 1887 November 14, 2018	Training in Cybersecurity and approval of modification of Information Security and Cybersecurity policies
Minutes 1889 December 12, 2018	Modification of the Operating Risk Policy

Minutes 1889 December 12, 2018	Modification of policies on attention to requirements and request by state authorities, AMV and Petitions from private parties
--------------------------------	--

5. *Board of Directors Members appointment process.*

For the 2018-2019 period, the main members of the Board of Directors and their personal alternate members were proposed in a single list presented by the shareholder Grupo Aval Acciones y Valores S.A., and approved by the General Shareholders Assembly, indicating the name and the relevant line.

For the nomination of the candidates to form the Board of Directors, and procuring a reasonable balance, complementarity and diversity, and seeking adequate performance, we considered that the candidates were not involved in any legal disqualification or incompatibility and that they had the knowledge, experience, academic formation, qualities, capabilities, independence of criteria and sufficient availability to be candidates to the Board.

Two lines of the list submitted to form the Board of Directors are independent.

6. *Board of Directors remuneration policy.*

The General Shareholders Assembly is in charge of establishing the amount of fixed fees to be paid to the directors as remuneration for their attendance to the meetings of the Board of Directors or the Support Committees. The alternate members attending the meetings of the Board of Directors, even when not replacing their relevant main member, shall have the right to the same remuneration as the main members.

The amount of the fixed fees approved by the Assembly, applied to the total number of meetings of the Board of Directors or Support Committees to which each member attends, shall constitute the maximum cost for remuneration of the Board of Directors and the sole payment approved for said body.

7. *Remuneration of the Board of Directors and Senior Management members.*

As approved in the Shareholders Assembly held in March 2018, the fees set for the attendance to a board or support committee meeting were \$1,312,000.

Considering the number of meetings and committees held in 2018, the fees paid were:

- Board of Directors and Committees Fees: \$445,856,941
- Air Travel Expenses: \$3,600,000

Regarding the remuneration of the Senior Management members, this is disclosed in detail in the information provided pursuant to article 446 of the Code of Commerce, information that is part of the financial statements.

8. *Quorum of the Board of Directors*

The Board of Directors shall validly deliberate and decide with the presence and votes of most of its members. Each of the main directors and their exercising alternates shall have a vote.

During the meetings held in 2018 there was always deliberative quorum and all the decisions were adopted unanimously.

Corficolombiana summons all its members (main and alternate) without exception, understanding that the decisions are adopted by the main members, and by the alternate members in the absence of their relevant main members.

9. *Information on attendance to the meetings of the Board and the Committees.*

In 2018, the Board of Directors met 27 times in 22 ordinary meetings and 5 special meetings; no distance meetings were held.

Main Members	Total Attendance Regular Meetings (22)	Total Attendance Special Meetings (5)	Total Absences from Board Meetings	Total Board Meetings
Luis Carlos Sarmiento Gutierrez	16	4	7	27
Carlos Arcesio Paz Bautista	3	1	23	27
Alejandro Figueroa Jaramillo	22	5	0	27
Efrain Otero Alvarez	18	1	8	27
Alvaro Velasquez Cock	22	3	2	27
Juan Guillermo Serna Valencia	17	3	7	27
Gabriel Turbay Marulanda	19	5	3	27

Alternate Members	Total Attendance Regular Meetings (22)	Total Attendance Special Meetings (5)	Total Absences from Board Meetings	Total Board Meetings
Diego Solano Saravia	18	4	5	27
Jorge Ivan Villegas Montoya	15	5	7	27
Juan Maria Robledo Uribe	20	2	5	27
Tatiana Uribe Benninghoff	20	5	2	27
Luis Carlos Gomez Charria (Possession Authorization May 24, 2018)	13	3	2	18

Santiago Madriñan De La Torre	21	5	1	27
Gerardo Silva Castro	20	1	6	27

As previously noted, Corficolombiana calls all its members without exception (main and alternate members), understanding that the decisions are adopted by the main members and by the alternate members in the absence of the relevant main member.

Attendance to the Audit Committee (11 sessions)

Members	Total Attendance Committees	Total Absence from Committees	Total Committee Meetings
Santiago Madriñan De La Torre	11	0	11
Gerardo Silva Castro	4	7	11
Alvaro Velasquez Cock	6	5	11
Gabriel Turbay Marulanda	10	1	11

Attendance to the Corporate Governance Committee (3 sessions)

Members	Total Attendance Committees	Total Absence from Committees	Total Committee Meetings
Gabriel Turbay Marulanda	3	0	3
Jorge Ivan Villegas Montoya	1	2	1
Santiago Madriñan De La Torre	3	0	3

Attendance to the Risk Committee (5 sessions)

Members	Total Attendance Committees	Total Absence from Committees	Total Committee Meetings
Diego Solano Saravia	5	0	5
Tatiana Uribe Benninghodd	5	0	5
Alvaro Velasquez Cock	3	2	5

10. Chairman of the Board of Directors

The Board of Directors appointed Luis Carlos Sarmiento Gutiérrez as its Chairman.

The duties of the Chairman are those contained in article 40 of the corporate bylaws, and those mentioned in the Internal Regulations of the Board of Directors, which may be found in the corporate website.

11. *Secretary of the Board of Directors*

Pursuant to the corporate bylaws, the General Secretary of the Corporation may be freely appointed and removed by the Board of Directors and shall also be the Secretary of the General Shareholders Assembly and of the Board of Directors.

Currently, Marcela Acuña Ramírez is the Legal Manager and General Secretary.

Her duties are those contained in article 53 of the corporate bylaws, and those mentioned in the Internal Regulations of the Board of Directors, which may be found in the corporate website.

12. *Relations of the Board of Directors with the Tax Auditor, financial analysts, investment banks and rating agencies throughout the year.*

During 2018 the Tax Auditor attended all the meetings of the Auditing Committee, except the special session contained in Minutes No. 117, which was called to discuss internal audit matters corresponding to the update of internal audit policies and procedures.

There were no advisories or other types of relations regarding investment banks or rating agencies throughout the year.

13. *External advisory received by the Board.*

The members of the Board of Directors received training on the Corporation's Anti-bribery and Anticorruption Program from Deloitte. On the other hand, EY held a training session for members of the Board of Directors on Cybersecurity. These training sessions were held on October 31 and November 14, 2018.

14. *Management of Board information.*

The Secretary of the Board of Directors provided the members of the Board of Directors with the documents related to the matters to be discussed at the meetings of the Board and the additional information requested at least five days in advance to every meeting.

15. *Activities of the Board Committees.*

15.1 *Auditing Committee*

During 2018, the committee met eleven (11) times, complying with the schedule it defined, and special meetings were held when urgent matters needed to be addressed. The composition and the operation of the Committee follows the Guidelines and policies mentioned in the Internal Control System - SCI-, set forth by the Finance Superintendence in External Circular 029 of 2014.

Additionally, the Committee performed its duties based on the operation regulations and the laws in force.

The summary of its activities is part of the Management Report.

15.2 Corporate Governance Committee

The committee met three (03) times in 2018 with the purpose of monitoring that the shareholders and the market in general have full, accurate and timely access to the information of the Corporation, seeking the improvement of good corporate governance standards, verifying the disclosure of measures to ensure an equal treatment of all the shareholders before the assemblies, and reviewing and evaluating the way in which the Board of Directors complied with its duties during the period.

15.3 Risk Committee

During 2018, the committee met 5 times, complying with the schedule it defined, and special meetings were held when urgent matters needed to be addressed. The Committee performed its duties based on the operation regulations and the laws in force.

The summary of its activities is part of the Management Report.

16. Information on the performance of the Board of Directors and Senior Management evaluation processes, synthesis of the results.

All the members of the Board of Directors self-evaluated their performance and management in 2018, showing the following results:

- Individual performance of the members of the Board of Directors: 98%.
- Group performance of the Board of Directors: 97%.
- Performance of the Auditing Committee: 100%.
- Performance of the Risk Committee: 75%.
- Performance of the Corporate Governance Committee: 100%.

On the individual performance, the members' action in the best interests of the shareholders, ethical behavior, reserve in the use of privileged information, active participation and impartiality when expressing their opinions were highlighted as strengths.

On the group performance, the autonomy of the members in performance of their duties as managers, the advance scheduling of meetings, knowledge of their functions in terms of disclosing information to the market, understanding the process to identify related parties and avoiding situations of conflicts of interest were highlighted. As well as following the strategic plan and the risks and business continuity of the company.

III. OPERATIONS WITH RELATED PARTIES

1. *Powers of the Board over these type of operations and situations of conflict of interest.*

With the purpose of preventing conflicts of interest in the decisions to be made by the shareholders, the directors, senior directors and, in general, the employees of the Corporation, certain rules of behavior have been defined with the purpose of making decisions with the greatest objectivity and to the benefit of the company at all times.

Pursuant to the foregoing, the Code of Conduct, the Code of Corporate Governance and the Conglomerate Risk Management Manual, have provisions relevant to the operations with related parties and conflicts of interest.

During the period evaluated there are no events of conflict of interest among the indicated parties.

2. *Detail of the operations with related parties*

The detail of the operations conducted with Corficolombiana related parties is in the notes to the Financial Statements, information that is available to the shareholders during the right of inspection and is part of the documents provided to the attendees to the Assembly.

3. *Conflict of interest presented and actions by the members of the Board of Directors.*

There were no conflicts of interest within the framework of the operations with Related Parties.

4. *Mechanisms for solving conflicts of interest between companies of the same Conglomerate and their application during the year.*

There were no conflicts of interest between Corficolombiana subordinate companies.

IV. COMPANY OR CONGLOMERATE RISK MANAGEMENT SYSTEMS

The explanation of the Internal Control System (SCI) of the company, the description of the risk policy and its application, the materialization of risks and the response and supervision plans for the main risks are compiled in the Management Report for the evaluated period.

V. GENERAL SHAREHOLDERS ASSEMBLY

1. *Operating differences of the Assembly between the regime of the minimum conditions of the laws in force and the provisions of the Bylaws and the regulations of the company's Assembly.*

Below are the best practices established in the different corporate documents of Corficolombiana, adopted to ensure the greatest transparency and protection possible to the rights of the shareholders in performance of the General Shareholders Assembly.

a) The notice summoning to ordinary meetings shall include the agenda, clearly and individually mentioning the matters to be considered by the Assembly.

- b) In the event of an amendment to the corporate bylaws, each article or group of articles referring to substantially independent matters is voted separately.
- c) The shareholders' right, regardless of their shareholding interest, to request the inclusion of one or more matters to discuss in the agenda of the General Shareholders Assembly within five (5) calendar days following the publication of the summons and provided the request of the new subjects is justified.
- d) To minimize the use of blank ballot delegations without voting instructions, Corficolombiana promotes the use of a model power-of-attorney available in the corporate website. The model includes the subjects of the agenda and the respective Agreement proposals to be subjected to the consideration of the shareholders, so that the shareholder, if it deems convenient, may indicate its vote to its attorney-in-fact or representative.

2. *Measures adopted during the year to promote shareholders' participation.*

The General Shareholders Assembly approved during its session in March 2018 the best practices mentioned in letters c) and d) of numeral 1, point V of this Report. It also approved the board of directors appointment and remuneration policy, which is published in the website, measures that promote participation of our shareholders.

3. *Information to shareholders and communication with them.*

The channels used by Corficolombiana to communicate with its shareholders and to provide information are:

- Website: www.corficolombiana.com
- Investors Relations Office, directed by the Corporate Investors Manager, her contact information is: adriana.gonzalez@corficolombiana.com
- Website of the Finance Superintendence of Colombia, through which Relevant Information is disclosed. www.superfinanciera.gov.co

4. *Number of requests and matters on which the shareholders have requested information from the company.*

During 2018 we received the following requests by the shareholders:

CFC - Certificate Requests.	115
CFC - Information on the payment of dividends	16
CFC - Shareholder support by the issuer	3
CFC - Information on the shareholders assembly	1
CFC - Special operations*	1
Injunctions	0
Change of depositor	4
Total General	187

*Operations with Corporation shares carried out outside the securities exchange.

All requests submitted by Corporation shareholders were duly answered by the entity's management.

5. *Information on the attendance to the General Shareholders Assembly.*

During the year evaluated, the Assembly met three (3) times, one during an ordinary meeting and two during special meetings.

The Ordinary Assembly was attended by 162,782,369 ordinary shares out of the 219,688,071 subscribed and paid shares of this class of shares, and 4,079,038 non-voting preferred shares out of the 14,029,163 subscribed and paid shares of this type of shares, representing 74.10% and 29.08%, respectively, for a total of 166,861,407 shares out of a total 233,717,234 subscribed and paid shares of the Corporation to date, equal to 71.39%.

The special assembly held on June 28, 2018 was attended by 150,882,421 common shares out of the 223,545,395 subscribed and paid shares in this class of shares, corresponding to 63.42% of the total subscribed and paid shares.

The special assembly held on December 7, 2018 was attended by 181,500,310 common shares out of the 263,545,395 subscribed and paid shares in this class of shares, corresponding to 68.87% of the total subscribed and paid shares.

6. *Description of the main agreements made.*

In addition to considering and deciding on the matters of the ordinary meetings (approval of financial statements, management report, tax auditor report, election of the board of directors and the tax auditor, remuneration of the board of directors and the tax auditor, among others) mentioned in the Corporate Bylaws and the law, the General Ordinary Shareholders Assembly approved the amendment to the Assembly Regulations, as well as the Board of Directors Appointment and Remuneration Policy. This, by adopting the recommendations of Código País in matters of good corporate governance practices aimed at generating value and building the confidence of investors.

The special assembly held on June 28, 2018 considered and approved the following matters: bylaw reform, consisting in the increase of authorized capital and updating of the subscribed and paid capital; the reform's main purpose was to have shares in reserve necessary for the capitalization performed and the approval of an issuance of common shares and non-voting preferred shares.

The special assembly held on December 7, 2018 considered and approved the proposal for the acquisition of assets and liabilities of Leasing Corficolombiana by the Corporation. During this session and having exhausted the agenda proposed in the call, Grupo Aval Acciones y Valores submitted a request to include in the agenda, in terms of article 425 of the Code of Commerce and article 31 of the Bylaws, the appointment of a new list of members of the board of directors for the remainder of the 2018-2019 period, for consideration of the Assembly, proposal that was unanimously approved by the attendees.

The information necessary for the adoption of decisions at Special Assemblies was provided to the shareholders during the term of the call in the corporate website.

In witness of their approval, this report is signed by the members of the Board of Directors comprising the Corporate Governance Committee on the fourth (4) day of the month of February 2019.

GABRIEL TURBAY MARULANDA

SANTIAGO MADRIÑAN DE LA TORRE

JORGE IVAN VILLEGAS MONTOYA

d. Special Report – Business Group

**GRUPO EMPRESARIAL SARMIENTO ANGULO
SPECIAL REPORT – ARTICLE 29 LAW 222/1995
CORPORACION FINANCIERA COLOMBIANA S.A.
Integrating company of the business group**

In compliance with the provisions of article 29 of Law 222/1995, the Management of CORPORACION FINANCIERA COLOMBIANA S.A. (hereinafter, the “Company”), a company that is part of the Sarmiento Angulo Business Group, hereby submits this special report detailing the intensity of the economic relations held by the Company with the parent company (Mr. Luis Carlos Sarmiento Angulo) or with other entities that make up the business group, during the period between January 1 and December 31, 2018.

The information submitted below has been taken from the accounting records and the financial statements of the Company, as well as from the minute books of the Company’s corporate bodies. The figures are expressed in millions of Colombian pesos.

Unless expressly stated otherwise, the operations contained in this report were carried out under market conditions. Additionally, the operations carried out have taken into consideration the best interest of each one of the parties involved.

1. Transactions executed with the controlling natural person or with other companies that make up the Sarmiento Angulo Business Group:

The operations reported below, include, for example, the following:

- Credit transactions entered into between the Company and entities that make up the business group.
- Operations on the ownership or possession of real estate.
- Service agreements.
- Granting of guarantees.
- Acquisition of shares, bonds or other type of securities.

During the fiscal year 2018, the Company carried out the following operations with the controlling natural person or with other companies that make up the Sarmiento Angulo Business Group:

2. Relevant decisions taken by the Company and involving other companies that make up the Sarmiento Angulo Business Group:

In addition to the operations reported in the previous section, the Company has taken the following decisions involving the controlling natural person or other companies that make up the Sarmiento Angulo Business Group:

Decision	Minutes No.	Date
Modified the limits of treasury operations for Estudios, Proyectos e Inversiones de los Andes, Leasing Corficolombiana, Plantaciones Unipalma de los Llanos and Casa de Bolsa.	1863	01/17/18
Modified the limits of treasury operations for CFC Private Equity Holdings.	1864	01/31/18
Delegated on the president of the Board of Directors the evaluation of the possibility of making a capitalization of Corficolombiana Leasing.	1868	03/21/18
Authorized the inclusion of Casa de Bolsa's operations in the coverage of the Infidelity and Financial Risks Policy of Corficolombiana and its Affiliates.	1869	04/11/18
Approved the modification of the accounting policy on a voluntary basis, in accordance with the policy of Grupo Aval Acciones y Valores.	1871	05/09/18
Authorized the submission of a private initiative, a proposal in the feasibility stage and to continue with the other stages of the process through the affiliate CFC Energy Holding.	1874	06/27/18
Approved to continue with negotiations for the sale of fiduciary rights in trusts of which the only beneficiary is Valora.	1874	06/27/18
Approved the renewal of the General Insurance and Collective Life policies with Seguros Alfa, which also provide insurance to Fiduciaria Corficolombiana, Leasing Corficolombiana, Valora, Agro Santa Helena, Hevea Investments, TSR20 Inversiones, Plantaciones Santa Rita, Hevea de los Llanos, Agro Casuna, Concecol, Proindesa, Facilpass, Episol, Covimar and Casa de Bolsa.	1875	07/11/18
Authorized to continue with the negotiation for the sale of a property co-owned by the Corporation and Banco de Bogota.	1875	07/11/18
Authorized the capitalization of the Rubber Phase I (Organizacion Pajonales) and Rubber Phase II (Valora) projects.	1878	07/25/18
Modified the limits of treasury operations for Unipalma and Organizacion Pajonales.	1881	08/15/18
Authorized the goods in lieu of payment of the quota share held by the Corporation, with respect to certain properties in co-ownership with Banco de Bogota.	1883	09/12/18
Modified the limits of treasury operations for Mavalle and Porvenir.	1885	10/10/18
Determined as feasible the proposal for the sale of fiduciary rights in trusts of which the only beneficiary is Valora and requested the design of a legal form to ensure the payment of the balance of the price.	1885	10/10/18

Delegated on the chairman of the Board of Directors the decision regarding the purchase of the interest of other shareholders in Concesiones CCFC.	1887	11/14/18
Modified the limits of treasury operations for Hoteles Estelar, Banco de Bogota, Banco Popular, Banco de Occidente, Banco AV Villas, Corficolombiana Leasing, Casa de Bolsa, Fiduciaria Popular, Fiduciaria Corficolombiana, Fiduciaria de Occidente, Fiduciaria Bogota, Porvenir, Almaviva, Alpopular, Seguros Alfa and Seguros de Vida Alfa.	1887	11/14/18
Approved the renewal of the Infidelity and Financial Risks Policy of Corficolombiana and its Affiliates, which also insures Fiduciaria Corficolombiana, Leasing Corficolombiana, Casa de Bolsa and Valora.	1887	11/14/18
Authorized to call common stock shareholders to an Extraordinary General Shareholders' Assembly and submitted for their consideration a proposal to acquire the liabilities (CDTs) of Leasing Corficolombiana.	1888	11/28/18

3. Absence of other relevant decisions that the company has taken or omitted to take as a result of the influence or in the interest of the controlling natural person.

In addition to the operations and decisions contained in this report, during the 2018 financial year, the Company did not participate in other relevant decisions as a result of the influence or in the interest of the parent company or of other companies that are part of the business group.

Bogota D.C., March 27, 2019.

MARIA LORENA GUTIERREZ BOTERO
President