

Corficolombiana

INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 2017

Corficolombiana

TAX AUDITOR'S REPORT

DECEMBER 2017

KPMG

TAX AUDITOR'S REPORT

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

Report on the financial statements

I have audited the individual financial statements of Corporacion Financiera Colombiana S.A. (the Company), which comprise the individual statement of financial position as of December 31, 2017 and the individual income statement, of other comprehensive income, changes in equity and cash flows for the semester that ended on that date and its respective notes, which include a summary of the significant accounting policies and other explanatory information.

Responsibility of management regarding the individual financial statements

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

Tax auditor's responsibility

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

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

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

Opinion

In my opinion, the individual financial statements mentioned, prepared according to the information faithfully taken from the books and enclosed to this report, reasonably present, in all material aspects, the individual financial position of the Company as of December 31, 2017, the individual results of its operations and its individual cash flows for the semester that ended on that date, according to the Accounting and Financial Reporting Standards accepted in Colombia, applied in a uniform way.

Emphasis paragraph

Without qualifying my opinion, I would like to emphasize in Note 2.3 to the separate financial statements, which mentions that the bylaws of Corporacion Financiera de Colombia S.A. were amended in 2016 regarding the accounting closure established for the presentation of the financial statements, defining an annual period ending on December 31; up until 2016, semiannual closures ending on June 30 and December 31 of every year were applied. For comparison purposes, the proforma figures for the year ending in December 31, 2016 were included in the separate income and other integral results statement, in the statement of changes in equity and cash flows, as well as in the respective notes.

Other matters

The proforma separate financial statements as of and for the year ending on December 31, 2016 were prepared based on the separate financial statements as of and for the six-months periods ending on December 31 and June 30, 2016, which were audited by a different public accountant (member of KPMG S.A.S.), who issued a clean opinion thereon in his reports dated February 24, 2017 and August 18, 2016, respectively.

Report on other legal and regulatory requirements

1. Based on the results of my tests, below is my opinion for 2017:
 - a) The accountancy of the Company has been taken pursuant to the legal regulations and the accounting techniques.
 - b) The operations registered in the books comply with the bylaws and the decisions of the Shareholders' Assembly.
 - c) The correspondence, the accounts vouchers and the minutes and stock registry books are duly managed and kept.
 - d) There is compliance with the rules and instructions of the Superintendence of Finance of Colombia regarding the appropriate management and use of the goods received as payment, and with the implementation and impact of the statement of financial position and the income statement in the applicable risk management.
 - e) The enclosed financial statements and the management report prepared by the managers, which includes a certificate by the management on the free circulation of the invoices issued by the sellers or vendors, are consistent.
 - f) The information contained in the self-liquidating statement of contributions to the comprehensive social security system, especially regarding the affiliates and their base liquidation income has been taken from the accounting records and supports. The Company is not in default for the contributions to the comprehensive social security system.

To comply with the requirements of articles 1.2.1.2 and 1.2.1.5 of Sole Regulatory Decree 2420/2015, as amended by articles 4 and 5 of Decree 2496/2015, respectively, in the performance of my responsibilities as Statutory Auditor contained in number 1 and 3 of Article 209 of the Code of Commerce, regarding the assessment on whether the actions by the managers of the Company comply with the bylaws and the orders or instructions of the Shareholders' Assembly, and whether the internal control, conservation and custody measures for the goods of the Company or of third parties in the Company's power are in place and are appropriate, I issued a separate report dated February 19, 2018.

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

[SIGNED]

Gloria Andrea Sánchez Sánchez
Alternate Statutory Auditor of Corporacion Financiera de Colombia S.A.
Professional License 146962 -T
Member of KPMG S.A.S.

February 19, 2018

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

Dear Shareholders
Corporacion Financiera de Colombia S.A.

As part of my duties as Statutory Auditor, and in compliance with articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420/2015, as amended by articles 4 and 5 of Decree 2496/2015, respectively, I hereby present the results of the procedures conducted in compliance with number 1) and 3) of article 209 of the Code of Commerce, detailed as follows, for the year ending on December 31, 2017 by Corporación Financiera Colombiana S.A., hereinafter “the Company”:

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

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

Criteria

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

Responsibility of Management

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

Responsibility of the Statutory Auditor

My responsibility consists in conducting a work of reasonable assurance to express a conclusion based on the evidence obtained. I performed my procedures pursuant to the International Standards on Assurance Engagements 3000 – ISAE 3000, accepted in Colombia, translated to Spanish and issued in April 2009 by the International Auditing and Assurance Standard Board - IAASB. Such standard requires the compliance with ethical requirements and to plan and perform the procedures considered as necessary to obtain reasonable assurance on whether the actions of the managers comply with the bylaws and the decisions of the Shareholders Assembly, and whether the internal control measures, which include the risk management, conservation and care systems implemented for the goods of the Company and those of third parties in the Company’s power are in place and are appropriate, as required by the Finance Superintendence of Colombia in all the relevant matters of the assessment.

Procedures performed

This reasonable assurance work includes the acquisition of evidence for the year ending on December 31, 2017. The procedures include:

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

Inherent limitations

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

Conclusion

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

Based on the results of my tests and on the evidence obtained, in my opinion the actions of the managers comply with the bylaws and the decisions of the Shareholders Assembly, and the internal control measures,

which include the risk management, conservation and care systems implemented for the goods of the Company and for those of third parties in the Company's power as required by the Finance Superintendence of Colombia, are appropriate.

[SIGNED]

Gloria Andrea Sánchez Sánchez
Alternate Statutory Auditor of Corporación Financiera de Colombia S.A.
Professional License 146962 -T
Member of KPMG S.A.S.

February 19, 2018

Corficolombiana

INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 2017

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

	Notes	December 31, 2017	December 31, 2016
Assets			
Cash and cash equivalents	6	\$ 946,125	1,130,029
Active positions in money market operations	7	310,653	673,748
Investments, net			
Measured at fair value with changes in results	8(a)	927,909	793,944
Measured at fair value with changes in other comprehensive income (OCI)	8(b)	2,433,906	2,631,555
Measured at amortized cost	9	50,255	54,050
Derivative financial instruments	10	36,591	93,477
Investments in related companies	12(b)	51,835	58,956
Investments in subsidiaries, net	12(a)	4,216,094	3,706,590
Accounts Receivable, net	11	98,080	224,468
Tangible Assets			
Property and equipment, net	13	18,444	19,153
Investment properties, net	14	32,205	30,977
Intangible assets, net		-	8
Current tax assets	15	6,760	10,744
Other assets, net	16	756	772
Total Assets		\$ 9,129,613	9,428,471
Liabilities			
Deposits and current liabilities	17	\$ 3,330,886	3,226,477
Derivative financial instruments	10	24,008	118,512
Passive positions in money market operations	18	2,554,925	3,118,249
Accounts Payable	21	22,769	42,537
Employee benefits	19	10,927	7,901
Other provisions	20	9,338	6,254
Deferred tax liability		2,138	1,814
Other liabilities		6	11
Total liabilities		\$ 5,954,997	6,521,755
Shareholder's Equity			
Subscribed and paid-in capital	22	2,337	2,317
Share placement premium	22	2,742,400	2,685,093
Reserves	22	583,204	621,655
First time adoption of IFRS		(436,237)	(435,191)
Other comprehensive result		64,954	(26,192)
Profit of the period		217,958	308,455
Results of previous years		-	(249,421)
Total Equity		\$ 3,174,616	2,906,716
Total Liability and Equity		\$ 9,129,613	9,428,471

See notes that make integral part of the Individual Financial Statements

[Signed]
Bernardo Noreña Ocampo
President (*)

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

[Signed]
Gloria Andrea Sanchez Sanchez
Alternate Tax Auditor
PL No. 146962-T
Member KPMG Ltda.

(See my report of February 19, 2018)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2016 we have previously verified the statements contained in these Financial Statements and the same have been faithfully taken from the accounting books.

CORPORACION FINANCIERA COLOMBIANA S.A.**Individual Income Statements**

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

Years ended on December 31,	Notes	2017	2016
Profit in valuation of investments in debt securities, net		\$ 152,691	\$ 282,324
At amortized cost		79,747	171,699
At fair value		72,944	110,625
Profit from the investment of holding interests, net		445,963	524,038
At fair value		535	3,009
Equity method, net	29	402,490	503,516
Dividends and holding interests	30	42,938	17,513
Profit from the sale of investments, net		14,164	46,346
(Loss) profit in derivatives and spot transactions, net		(7,694)	13,415
In derivatives		(6,627)	19,692
In spot transactions		(1,067)	(6,277)
Operating expenses in the money market, net		(27,294)	(46,674)
Interest expenses, net		(276,604)	(367,573)
Interests for clients deposits	25(a)	(244,755)	(272,039)
Interests for money market transactions	25(b)	(91,201)	(168,412)
Other interests		59,352	72,878
Profit (loss) in exchanges, net		2,334	(44,329)
Commissions and fees, net	26	5,170	7,359
Employee Benefits		(43,126)	(40,295)
Expenses for leases, net		(306)	(96)
Depreciation		(1,618)	(1,374)
Amortization		(8)	(669)
Other income	27	78,640	10,772
Profit for control acquisition		56,766	
Sundry		21,874	10,772
Other expenses		(105,413)	(57,698)
Taxes and fees		(12,671)	(13,481)
Contributions, affiliations and transfers		(2,627)	(2,901)
Insurance		(10,495)	(10,330)
Maintenance and Repairs		(6,307)	(3,458)
Sundry expenses	28	(15,206)	(16,991)
Impairment of accounts receivable and other assets, net		(58,107)	(10,537)
Profit from the sale of property and equipment	24	60	3,522
Profit before income tax		\$236,959	\$329,068
Income tax	15	(19,001)	(20,613)
Profit of the period		\$217,958	\$308,455
Net profit per basic share attributable to shareholders (in Colombian Pesos)		\$935.30	\$1,359.69

See notes that make integral part of the Individual Financial Statements

[Signed]
Bernardo Noreña Ocampo
President (*)

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

[Signed]
Gloria Andrea Sanchez Sanchez
Alternate Tax Auditor
PL No. 146962-T
Member KPMG Ltda.

(See my report of February 19, 2018)

(*) The undersigned Legal Representative and Accountant hereby certify that we have previously verified the statements contained in these Separate Financial Statements and that the same have been correctly taken from the ledgers of the Company.

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

Year ended on December 31, 2016 and 2015	Subscribed and Paid-in capital stock	Share placement premium	Legal reserve	Statutory and Occasional Reserves	Total Reserves	Unrealized Earnings (Losses)			Dividends ordered over shares	Results of previous years	Profit for the year	Shareholders' Equity, net
						Other Comprehensive income	First adoption of the IFRS	IFRS Convergence				
Balance as of December 31, 2015	\$2,232	\$2,363,795	\$41,810	\$ 651,294	\$693,104	(\$151,553)	(\$434,444)	(\$42,389)	\$21,049	(\$ 81,425)	\$258,240	\$2,628,609
Transfer of profit from the year at the disposal of the shareholder to income of previous years	-	-	-	-	-	-	-	-	-	258,240	-	-
Reserve release for future distribution	-	-	-	(281,697)	(281,697)	-	-	-	-	281,916	-	-
Reserve release over valuation of investments under Decree 2336/95 (Unrealized income)	-	-	-	(321,697)	(321,697)	-	-	-	-	321,697	-	-
Constitution of occasional reserves	-	-	-	231,009	231,009	-	-	-	-	(231,009)	-	-
Constitution of reserve for future distributions (not taxed)	-	-	-	277,804	277,804	-	-	-	-	(277,804)	-	-
Constitution of reserves over investments valuation – decree 2336/95	-	-	-	32,091	32,091	-	-	-	-	(32,091)	-	-
Constitution of reserve for wealth tax	-	-	-	5,827	5,827	-	-	-	-	(5,827)	-	-
Use of reserves for wealth tax	-	-	-	(14,800)	(14,800)	-	-	-	-	-	-	(14,800)
Cash dividends	-	-	-	1	1	-	-	-	-	(140,163)	-	(140,162)
Distribution of dividends over shares	54	206,427	-	-	-	-	-	-	(21,049)	(185,432)	-	-
Capitalization of reserves – decree 2338/95, in shares	31	114,871	-	232	232	-	-	-	-	(115,134)	-	-
Use of withheld profits to cover losses from previous years	-	-	-	-	-	-	-	42,389	-	(42,389)	-	-
Realization of the adoption of investments in holding interests	-	-	-	-	-	-	(747)	-	-	-	-	(747)
OCI Adjustments												
Unrealized profit from investments available for sale in debt securities	-	-	-	-	-	172,562	-	-	-	-	-	172,562
Exchange difference in transactions abroad	-	-	-	-	-	(17,154)	-	-	-	-	-	(17,154)
Actuarial calculation adjustment	-	-	-	-	-	(149)	-	-	-	-	-	(149)
Net unrealized loss from investments in holding interests	-	-	-	-	-	(29,898)	-	-	-	-	-	(29,898)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	308,455	308,455

Balance as of December 31, 2016	\$2,317	\$ 2,685,093	\$ 41,810	\$579,845	\$ 621,655	(\$ 26,192)	(\$ 435,191)	-	-	(\$ 249,421)	\$ 308,455	\$ 2,906,716
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CORPORACION FINANCIERA DE COLOMBIA S.A.
Separate Statement of Changes in Equity
(figures in millions of Colombian Pesos)

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

See notes that make integral part of the Individual Financial Statements

[Signed]
Bernardo Noreña Ocampo
President (*)

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

[Signed]
Gloria Andrea Sanchez Sanchez
Alternate Tax Auditor
PL No. 146962-T
Member KPMG Ltda.
(See my report of February 19, 2018)

(*) The undersigned Legal Representative and Accountant hereby certify that we have previously verified the statements contained in these Separate Financial Statements and that the same have been correctly taken from the ledgers of the Company

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

Years ended on December 31,	Notes	2017	2016
Cash flow of operational activities:			
Net profit of the semester		\$ 217,958	308,455
Reconciliation of net profit before income tax with the cash provided by operational activities			
Income tax	15	19,001	20,613
Depreciation		1,618	1,374
Amortization of deferred charges		8	669
Impairment for receivables, net		56,628	11,103
Impairment of non-financial assets, net		(67)	(1,465)
Impairment of investment properties		1,546	899
Profit in sale of investments, net		(14,164)	(46,346)
Loss in sale of goods received in payment		-	37
Revenues equity participation method	29	(402,490)	(503,516)
(Profit) in sale of property and equipment		(60)	(3,522)
(Profit) adjustment of fair value in investment properties		(2,793)	(3,516)
(Profit) in valuation of investments at fair value		(73,479)	(113,634)
Loss (Profit) in valuation of financial derivative instruments, net		7,694	(13,415)
(Profit) in valuation of investments at amortized cost		(79,747)	(171,699)
Accrual of interests, deposits and current liabilities	25	244,755	272,039
Net variation in operational assets and liabilities			
(Increase), net of Financial Derivative Instruments		(45,313)	(107,453)
Decrease (Increase) in active positions of monetary market		363,095	(149,625)
Decrease net of investments at amortized cost		5,455	3,946
Decrease in investments at fair value		312,892	1,981,289
(Increase) net of investments in subsidiaries and related companies		(91,914)	(272,196)
(Increase) in accounts receivable		(386,903)	(239,016)
Proceeds of sale of goods received in payment		-	84
Net Decrease (Increase) in other assets		4	(59,667)
Increase Accounts Payable		26,244	36,284
Increase of Deposit and current liabilities		125,391	105,244
Increase labor obligations		2,787	1,471
Increase (Decrease) Provisions		3,084	(1,609)
(Decrease) net in other liabilities		(5)	(660)
(Decrease) effects of adoption		(1,046)	-
Use of reserve for wealth tax		(5,720)	(14,800)
Dividends received in the period of subsidiaries and related companies		408,186	212,914
Taxes paid		(32,714)	(58,740)
Interests paid in money market operations and deposits and current liabilities		(265,735)	(354,397)
Net cash provided by operational activities	\$	394,196	841,145
Cash flow of investment activities			
Acquisition of property, plant and equipment		(921)	(4,162)
Proceed of sale of properties and equipment		-	5,538
Proceed of sale of investment properties		90	698
(Increase) Decrease of other investments in equity securities		(4)	5,018
Dividends received in the period for other investments in equity securities		52,472	57,437
Net cash provided by investment activities	\$	51,637	64,529
Cash flow of financing activities:			
Dividends paid		(66,413)	(166,881)
Decrease of money market operations		(563,325)	(858,174)
Net cash used in financing activities		(629,738)	(1,025,055)

Net decrease in cash and cash equivalents		(183,904)	(119,381)
Cash and cash equivalents at the beginning of the period		<u>1,130,029</u>	<u>1,249,410</u>
Cash and cash equivalents at the end of the period	\$	<u>946,125</u>	<u>1,130,029</u>

See notes that make integral part of the Individual Financial Statements

[Signed]
Bernardo Noreña Ocampo
President (*)

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

[Signed]
Gloria Andrea Sanchez Sanchez
Alternate Tax Auditor
PL No. 146962-T
Member KPMG Ltda.

(See my report of February 19, 2018)

(*) The undersigned Legal Representative and Accountant hereby certify that we have previously verified the statements contained in these Separate Financial Statements and that the same have been correctly taken from the ledgers of the Company

CORPORACION FINANCIERA COLOMBIANA S.A.

Individual Statements of Other Comprehensive Income

(Expressed in millions of Colombian Pesos)

Years ended on December 31,	2017	2016
Net profit of the exercise	\$ 217,958	\$ 308,455
Items that can be subsequently reclassified in results		
Difference in conversion of foreign operations	(236)	(17,154)
Unrealized Profit of investments available for sale of debt securities	17,477	172,562
Unrealized net (loss) profit in Investments in equity securities	74,144	(29,898)
	91,385	125,510
Items that will not be reclassified in results		
Actuarial losses in plans of employee benefits	(239)	(149)
	(239)	(149)
Total other comprehensive income during the period	91,146	125,361
Total comprehensive income of the period	\$ 309,104	\$ 433,816

See notes that make integral part of the Individual Financial Statements

[Signed]
Bernardo Noreña Ocampo
President (*)

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

[Signed]
Gloria Andrea Sanchez Sanchez
Alternate Tax Auditor
PL No. 146962-T
Member KPMG Ltda.

(See my report of February 19, 2018)

(*) The undersigned Legal Representative and Accountant hereby certify that we have previously verified the statements contained in these Separate Financial Statements and that the same have been correctly taken from the ledgers of the Company

Corficolombiana
Nit. 890.300.653-6

**THE UNDERSIGNED LEGAL REPRESENTATIVE AND ACCOUNTANT OF CORPORACION
FINANCIERA COLOMBIANA S.A.
CORFICOLOMBIANA S.A.**

HEREBY CERTIFY:

1. That as of December 31, 2017, we have previously verified the information contained in the financial statements and that they have been faithfully taken from the Company's accounting books (Law 222 of 1995 Art. 37, Code of Commerce).
2. That as of December 31, 2017 and in compliance with the provisions of article 46 of Law 964 of 2005, the financial statements and other reports relevant to the public of Corficolombiana S.A. do not contain inaccuracies or errors that could prevent the assessment of the Company's true financial situation or operations.

Signed on this 26th day of February, 2018.

[signature]

BERNARDO NOREÑA OCAMPO

Legal Representative

[signature]

AGUSTIN FORERO LOPEZ

Accountant

P.C. 40364-T

Corficolombiana

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 2017

CORPORACIÓN FINANCIERA COLOMBIANA S.A.
Notes to the Individual Financial Statements
As of December 31, 2017 and 2016
(In millions of Colombian Pesos, unless otherwise indicated)

(1) Reporting Entity

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

The merger between Corporación Financiera del Valle S.A. (Surviving Entity) and Corporación Financiera Colombiana S.A. (Merging Entity) was formalized by means of public deed No. 12364 of December 30, 2005, executed at Notary Public's Office 18 of Bogotá. In that same document, the surviving entity changed its company name to Corporación Financiera Colombiana S.A. and moved its main offices from the city of Cali to the city of Bogotá.

The merger between Corporación Financiera Colombiana S.A. (surviving entity) and Proyectos de Energía S.A. (merging entity), which was dissolved without being liquidated, was formalized by means of public deed No. 10410 of Notary Public's Office 71 of Bogotá on December 26, 2007.

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

As of June 21, 2016, Grupo Aval Acciones y Valores S.A. acquired direct control over the Company through a shareholders' agreement. Prior to this date, the company had been under the control of Banco de Bogotá S.A. (subsidiary of Grupo Aval Acciones y Valores).

The Company has its main offices in the city of Bogotá at Carrera 13 No. 26-45, 3rd, 6th, 7th and 8th floors, and it operates through its five regional offices and five agencies in different cities. The Company does not have any non-bank correspondents.

As of December 31, 2017, it had 326 direct employees, 56 indirect employees, 42 temporary employees and 7 apprentices. As of December 31, 2016, it had 316 direct employees, 58 indirect employees, 27 temporary employees and 3 apprentices.

It has the following subsidiaries:

Investment	% of interest December 31, 2017	% of interest December 31, 2016
Financial Companies		
Banco Corficolombiana (Panamá) S.A.	100.00	100.00
Fiduciaria Corficolombiana S.A.	94.50	94.50
Leasing Corficolombiana S.A.	94.50	94.50
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95	38.95.
Energy, gas, mining		
Promigas S.A.	34.22	34.22
Fondo de Capital Privado Corredores Capital I	97.30	97.30
CFC Gas Holding S.A.S.	100.00	100.00
CFC Private Equity Holdings S.A.S.	100.00	100.00
CFC Energy Holdings S.A.S.	100.00	100.00
Gas Comprimido del Perú S.A.	91.87	91.87
Infrastructure		
Colombiana de Licitaciones y Concesiones S.A.S.	100.00	100.00
Proyectos de Ingenieria y Desarrollos S.A.S.	100.00	100.00
Estudios y Proyectos del Sol S.A.S.	100.00	100.00
Proyectos y Desarrollos Viales del Oriente S.A.S.	100.00	-
Proyectos y Desarrollos Viales del Pacifico S.A.S.	100.00	-
Proyectos y Desarrollos Viales del Mar S.A.S	100.00	-
Estudios Proyectos e Inversiones de los Andes S.A.	99.93	99.93
Proyectos de Infraestructura S.A.	88.25	88.25
Concesionaria Vial de los Andes S.A.	0.25	0.25
Hotels		
Hoteles Estelar de Colombia S.A.	84.96	84.96
Promotora y Comercializadora Turística Santamar S.A.	84.60	84.60
Agribusiness and others		
Valora S.A.	100.00	100.00
Tejidos Sinteticos de Colombia S.A.	94.99	94.99
Organizacion Pajonales S.A.	98.67	98.13
Plantaciones Unipalma de los Llanos S.A.	54.53	54.53
Pizano S.A.	39.99	39.99
Mavalle S.A.	46.77	18.32

(2) Basis of preparation of financial statements and summary of significant accounting policies.

2.1 Technical Regulatory Framework

As of December 31, 2017, the Company's individual financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (IFRSC), established in Law 1314 of 2009, regulated by sole regulatory decree 2420/2015 amended by Decree 2496/2015 and by decree 2131/2016 and by Decree 2170/2017, issued by the National Government. The IFRSC, based on the International Financial Reporting

Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB); the basic standards correspond to those translated into Spanish and issued as of December 31, 2015 by IASB.

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

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

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

- Article 10 of Law 1739 of December 23, 2014, which allows the recognition of the wealth tax affecting the equity reserves, instead of the recognition of expenses as set forth in IAS 37.
- Exceptions established in External Circular 036 of the Financial Superintendence of Colombia dated December 12, 2014, for supervised and controlled companies.
- Book 2 of Decree 2420/2015 according to the amendments included in Decree 2496/2015: Article 11 Terms (Amendment to article 2.1.2 of part 1 of book 2). It establishes the enforcement of article 35 of Law 222, the interests in subordinates must be recognized in the individual financial statements in accordance with the interest method, as described in IAS 28, instead of application of IAS 27.

2.2 Basis of measurement

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

Item	Basis of Measurement
Equity instruments through OCI (Note 8b)	Capital variation Those that present prices in Infovalmer at fair value
Debt instruments measured at fair value through profit or loss (Note 8a)	Fair value
Debt instruments measured at fair value through OCI (Note 8b)	Fair value
Derivative Financial Instruments (Note 10)	Fair value
Investment properties (Note 14)	Fair value

2.3 Basis of presentation

In accordance with Colombian law, the Company must prepare individual and consolidated financial statements. Individual financial statements are the basis for the distribution of dividends and other appropriations by shareholders.

The General Assembly of Shareholders approved the amendment of the Company's bylaws in its chapter VI, article 30 and Chapter XII article 59, to establish the cut-off of annual accounting period from January 1, 2017 in accordance with Minutes No. 087 dated September 26, 2016. In view of the foregoing, taking into consideration that individual financial statements as of and for the semesters ended as of June 30 and December 31, 2016 were submitted for 2016 and for comparison purposes with the financial statements of 2017, the corresponding figures were included for the year ended as of December 31, 2016 in the individual income statement and other comprehensive income statement and cash flow statement, as well as in the relevant notes.

The income statement analyzed is detailed below:

	second semester 2016	first semester 2016	Income statement analyzed 2016
Profit for the valuation of investments in debt securities, net	108,475	173,849	282,324
Profit for the investment in equity securities, net	197,333	326,705	524,038
Profit for the sale of investments, net	7,081	39,265	46,346
Profit (Loss) in derivatives and spot transactions, net	2,227	11,188	13,415
(Expense) return in money market operations and other interests, net	(195,360)	(218,887)	(414,247)
(Loss) in exchanges, net	(8,819)	(35,510)	(44,329)
Commissions and fees, net	(943)	8,302	7,359
Profit in sale of properties and equipment	3,492	30	
Employee Benefits	(19,777)	(20,518)	(40,295)
(Expenses) for leases, net	(85)	(11)	(96)
Depreciation	(687)	(687)	(1,374)
Amortization	(297)	(372)	(669)
Other income	8,471	3,912	12,383
Other expenses	(33,885)	(25,424)	(59,309)
Profit before income and CREE tax	67,226	261,842	329,068
Income and CREE tax	(8,192)	(12,421)	(20,613)
Net Profit of the period	59,034	249,421	\$308,455

2.4 Functional and presentation currency

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

underlying transactions, events and conditions and for this reason the financial statements are presented in Colombian pesos as its functional currency.

Summary of the main significant accounting policies

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

2.5 Transactions in foreign currency

Transactions in foreign currency are translated into Colombian pesos using the existing exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rate prevailing on the cut-off date of the statement of financial position. Gains or losses resulting from the conversion process are included in the statement of income. As of December 31, 2017 and 2016 rates were \$2,984.00 and \$3,000.71, respectively (figures in Colombian pesos).

2.6 Cash and cash equivalents

Cash and cash equivalents include available cash, bank deposits and other short-term investments in active markets with original maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are shown in the current liabilities in the statement of financial situation. The Company maintains within cash equivalents, cash and deposits in Colombia's Central Bank for the purposes of complying with legal requirements. The Company presents the statement of cash flows using the indirect method.

2.7 Money market operations

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

- **Interbank funds**

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

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

- **Repo operation**

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

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

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

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

- **Simultaneous Operations**

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

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

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

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

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

- **Temporary Transfer of Securities**

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

2.8 Investments

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

of eliminating or reducing the market risk to which the assets, liabilities or other items in its financial statements are exposed.

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

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

Classification	Characteristics	Valuation	Accounting
Marketable Investments (measured at fair value)	Securities and in general, any type of investment that has been acquired for the main purpose of obtaining profits from short-term price fluctuations.	<p>According to the price provided by the price vendor designated as official for the corresponding segment, according to the instructions established in the Basic Accounting Circular.</p> <p>Marketable securities represented by debt securities should be valued at fair price based on the price determined by the price vendor.</p> <p>For exceptional cases where it does not exist, for the valuation date fair value should be determined subject to exponential valuation based on the Internal Rate of Return.</p> <p>Fair value of the respective investment must be estimated or approximated by calculating the sum of the present value of future flows for returns and capital, with the procedure of estimating the future flows of funds by way of income and capital.</p> <p>The Company will determine the yields according to:</p> <ol style="list-style-type: none"> 1. Fixed-rate debt securities. 2. Variable-rate debt securities. 3. Securities with prepayment option. 	<p>Marketable investments must be initially recorded at their acquisition cost and from that same day must be valued at fair value.</p> <p>The accounting for changes between acquisition cost and fair value of investments will be made from the date of purchase, individually, for each security.</p> <p>The accounting of these investments must be made in the respective "Investments at Fair Value through Profit and Loss" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p> <p>In the case of debt securities, outstanding taxable yield is recorded as a higher value of the investment. Consequently, the collection of such yield must be accounted for as a lower value of the investment.</p>

<p>Available-for-sale investments</p>	<p>Available-for-sale investments are securities and, in general, any type of investment, which is not classified as marketable investments or as investments held to maturity.</p> <p>Securities classified as available-for-sale investments may be delivered as collateral in a central counterparty clearing house in order to support compliance with the operations accepted by the counterparty for clearing and settlement.</p> <p>Likewise, with these investments, money market (repurchase or repo transactions, simultaneous or temporary transfer of securities) operations can be made and delivered as collateral.</p>	<p>According to the price provided by the price vendor designated as official for the corresponding segment, according to the instructions established in the Basic Accounting Circular.</p> <p>Available-for-sale securities represented by debt securities should be valued at fair price based on the price determined by the price vendor.</p> <p>For exceptional cases where it does not exist, for the valuation date fair value should be determined subject to exponential valuation based on the Internal Rate of Return.</p> <p>Fair value of the respective investment must be estimated or approximated by calculating the sum of the present value of future flows for returns and capital, with the procedure of estimating the future flows of funds by way of income and capital.</p>	<p>They must be initially recorded at their acquisition cost and from that same day must be valued at fair value.</p> <p>The accounting for changes between acquisition cost and fair value of investments will be made from the date of purchase, individually, for each security.</p> <p>The accounting of these investments must be made in the respective "Investments at Fair Value through Other Comprehensive Income – OCI" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p>
<p>Debt securities held to maturity</p>	<p>Securities and, in general, any type of investment in respect of which the investor has the purpose and legal, contractual, financial and operational capacity to hold the same until the expiration of their term of maturity or redemption. The purpose of holding investments is the positive and unequivocal intention not to transfer the security.</p> <p>With these investments, money market operations (repurchase or repo, simultaneous operations or temporary transfer of securities) cannot be carried out, except in the case of forced or compulsory investments subscribed in the primary market and provided that the counterparty of the</p>	<p>Exponentially based on the Internal Rate of Return calculated at the time of purchase, based on a 365-day year.</p> <p>When the conditions of the issuance establish the use of the value of the indicator of the date of commencement of the period to be paid, the Internal Rate of Return must be recalculated each time the value of the face indicator changes and when coupons expire.</p> <p>In these cases, the present value on the recalculation date, excluding the outstanding taxable income, should be taken as the purchase value.</p> <p>When the conditions of the</p>	<p>The accounting of these investments must be made in the respective "Investments at Amortized Cost" accounts of the Unified Financial Information Catalogue for supervisory purposes.</p> <p>The updating of the present value of this type of investments should be recorded as a higher value of the investment, affecting the results of the period.</p> <p>Outstanding taxable yield is recorded as a higher value of the investment. Consequently, the collection of such yield must be accounted for as a lower value of the investment.</p>

	<p>transaction is the Central Bank, the General Directorate of Public Credit and the National Treasury or the entities under the supervision of the Financial Superintendence of Colombia.</p>	<p>issuance establish the use of the value of the indicator of the date of expiration of the period to be paid, the Internal Rate of Return must be recalculated each time the value of the face indicator changes.</p> <p>In the case of securities incorporating prepayment options, the Internal Rate of Return must be recalculated whenever future flows and payment dates change for valuation purposes. In these cases, the present value on the recalculation date of the future flows should be taken as the purchase value.</p>	
<p>Participatory securities</p>	<p>Securities, and in general any type of investment, which are not classified as marketable investments or as investments held to maturity.</p>	<p>Investments in subsidiaries, affiliates and interests in joint ventures: Investments in subsidiaries must be valued such that the books of the parent or controlling company are recognized by the equity method in the individual financial statements.</p> <p>In cases where the rules of the Commercial Code or other legal provisions do not provide for the accounting treatment of investments in subsidiaries, affiliates and associates, they shall comply with the provisions of IAS 27, IAS 28 and IFRS 11, as appropriate.</p> <p>The Company applies IAS 27 and will anticipate the valuation of its investments in participatory securities in subsidiaries, affiliates and associates.</p> <p>Participatory securities registered in the National Register of Securities and Issuers (RNVE): Participatory securities registered in the RNVE and listed on a stock exchange in Colombia, other than</p>	<p>Investments in subsidiaries, affiliates and interests in joint ventures are initially recorded at cost and adjusted periodically using the equity method. Dividends received in cash are recognized as the lower value of the investment.</p> <p>Participatory securities registered in the National Register of Securities and Issuers (RNVE): The effect of the valuation of the investor's interest is accounted for in the respective unrealized gains or losses (OCI) accounts charged or credited to the investment.</p> <p>Dividends distributed in cash or in kind must be recorded as income, adjusting the corresponding unrealized gains or losses account (up to their accumulated value) and, if necessary, also the value of the investment in the amount of the surplus over that account.</p> <p>Investments in collective investment funds, private equity funds, hedge funds and mutual funds are</p>

		<p>investments in subsidiaries, affiliates, associates and interests in joint ventures, shall be valued in accordance with the price determined by valuation price vendors authorized by the SFC at fair value.</p> <p>Investments in collective investment funds, private equity funds, hedge funds, mutual funds, among others, and securities issued in the development of securitization processes should be valued taking into account the unit value calculated by the management company on the day immediately prior to the date of valuation.</p> <p>Participatory securities that are listed only on stock exchanges abroad: These investments, other than investments in subsidiaries, affiliates, associates and interests in joint ventures should be valued in accordance with the price determined by valuation price vendors authorized by the SFC at fair value. In case the price determined by the price vendor is in a denomination other than Colombian pesos, it should be converted into the Colombian legal tender.</p> <p>Participatory securities not listed on the stock exchange. When the price vendor designated as official of the relevant segment does not have a valuation methodology for these investments, entities must increase or decrease the acquisition cost in the interest percentage corresponding to the investor on the subsequent variations of the respective issuer's equity.</p> <p>For this purpose, the variation in the issuer's</p>	<p>accounted for by adjusting the value of the unit as a higher or lower value of the fund, and with a corresponding entry in the statement of income.</p> <p>Participatory securities that are listed only on stock exchanges abroad: The effect of the valuation of the investor's interest is accounted for in the respective unrealized gains or losses (OCI) accounts charged or credited to the investment.</p> <p>Participatory securities not listed on the stock exchange are recorded by subsequent variations in the respective issuer's equity as a higher or lower value of the investment against the respective "unrealized gains or losses (OCI) account".</p> <p>Dividends distributed in cash or in kind must be recorded as income, adjusting the corresponding unrealized gains or losses account (up to their accumulated value) and, if necessary, also the value of the investment in the amount of the surplus over that account.</p>
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		equity will be calculated based on the certified financial statements as of June 30 and December 31 of each year. However, when more recent certified financial statements are known, they should be used to establish the respective variation. Entities will have a maximum term of three (3) months after the cutoff date of the financial statements to provide the respective update.	
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Derecognition of assets

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

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

Where the Company has transferred its contractual rights to receive the asset's cash flows, or has entered into a transfer agreement but has not substantially transferred or retained all the risks and benefits ownership of the asset, or transferred the control over the same, the asset continues to be recognized.

Reclassification of investments

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

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

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

- A significant impairment in the conditions of the issuer, its parent company, its subsidiaries or its affiliates;
- Changes in regulation that prevent holding the investment;
- Merger or institutional reorganization processes that entail the reclassification or realization of the investment, in order to maintain the previous position of interest

rate risk or to comply with the credit risk policy previously established by the surviving entity;

- In other cases in which the Financial Superintendence of Colombia has given its prior and express authorization.

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

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

- When the composition of the company's significant activities is redefined as a result of circumstances such as changes in the business cycle or market niche in which the regulated entity is acting or in its risk appetite;
- When the assumptions of adjustment in the management of the investments that the business model has previously defined materialize;
- When investors lose its parent or controlling interest, and such circumstance also implies the decision to dispose of the investment in the short term as of that date; or
- When any of the circumstances contemplated in the reclassification of the investments to hold marketable investments to maturity takes place.

Provisions applicable to the reclassification of investments

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

- When investments at amortized cost are reclassified to investments through profit and loss, the rules on the valuation and accounting of the same must be observed;
- When investments through other comprehensive income are reclassified to investments through profit and loss, the result of the reclassification of investments must be recognized and maintained in "Other Comprehensive Income (OCI)" as unrealized gains or losses, until the sale of the corresponding investment is made;
- When investments through other comprehensive income are reclassified to investments at amortized cost, the rules on the valuation and accounting of the same must be observed. Consequently, unrealized gains or losses, which are recognized in OCI must be written off against the registered value of the investment, since the effect of the fair value will no longer be realized given the decision to reclassify to the category of investments at amortized cost. This way the investment must be registered as if it had always been classified in the category of investments at amortized cost. Likewise, as of that date the investment must be valued under the same conditions of Internal Rate of Return of the day prior to the reclassification;
- When the General Directorate of Public Credit and the National Treasury of the Ministry of Finance and Public Credit carry out debt management operations or transitory liquidity operations on public debt securities, entities subject to the inspection and supervision of the Financial Superintendence of Colombia may

reclassify such securities from the "available-for-sale" or "held-to-maturity" investments category to the "marketable investments" category. In any case, only securities may be reclassified in those transactions carried out with the fulfillment of the assumptions and conditions provided, for the amount effectively traded.

Impairment or losses by issuer risk rating.

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

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

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

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

Securities from unrated issuances or issuers:

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

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

		deficiencies in their financial situation that jeopardize the recovery of the investment.	In the case of participatory securities, the value for which they are accounted for cannot exceed sixty percent (60%) of their investment value by the equity method at the valuation date.
D	Significant	Corresponds to those issuances that exhibit breaches in the terms agreed in the security, as well as the investments in issuers that according to their financial statements and other available information present marked deficiencies in their financial situation.	In the case of debt securities, the value for which they are accounted for may not exceed forty percent (40%) of their nominal value, net of amortizations made up to the valuation date. In the case of participatory securities, the net value of credit risk provisions (carrying value less provision) at which they are accounted for cannot exceed forty percent (40%) of their investment value by the equity method at the valuation date.
E	Uncollectible	Corresponds to those investments by issuers estimated to be uncollectible according to their financial statements and other available information.	The value of these investments is fully provisioned.

Securities from issuances or issuers with external ratings

Long-term rating (*)	Maximum Value %	Short-term rating	Maximum value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)	5 and 6	Zero (0)

(*) Corresponds to the rating code reported by the Financial Superintendence of Colombia for long-term issuers, "Speculative Investment Category"

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

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

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

In the event that the investment or issuer has rating from more than one rating company, the lowest rating must be taken into account, if they were issued within the last three (3) months, or the most recent when more than three months have elapsed between the two ratings.

2.9 Accounts Receivable

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

2.10 Transactions with derivative financial instruments.

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

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

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

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

As of December 31, 2017 and 2016 the Company has not applied hedge accounting operations in derivative financial instruments.

2.11 Assets delivered under lease.

Assets delivered under lease by the Company are classified upon the execution of the respective contract as financial or operating leases. A lease is classified as a financial lease when it substantially transfers the risks and advantages inherent in the property. A lease is classified as an operating lease if it does not substantially transfer all the risks and benefits

inherent in the property. The Company holds assets leased to its subsidiaries and are classified as operating leases.

2.12 Property and equipment for own use.

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

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

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

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

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

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

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

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

2.13 Investment Properties

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

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

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

This category includes Assets Received in Payment or Refunded which, in accordance with the provisions of circular 036 of 2014 of the Financial Superintendence of Colombia must be provisional regardless of their accounting classification, in accordance with the instructions established in Chapter III of the Basic Accounting and Financial Circular.

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

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

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

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

Provision for realizable assets received in payment – Individual provisions for real estate are created by applying the model developed by the Company and approved by the Financial Superintendence of Colombia. The model estimates the maximum expected loss in the sale of the assets received in payment, according to its history of recoveries on assets sold, the inclusion of expenses incurred in the receipt, maintenance and sale of the same and the grouping of these expenses in common categories for estimating the base rate of provision. This rate is adjusted monthly to eighty percent (80%) of the provision.

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

2.14 Assets received under lease.

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

2.15 Intangible Assets.

The intangible assets held by the Company are acquired in the performance of its corporate purpose and correspond mainly to computer software. These are measured initially at the cost incurred in the acquisition and after their initial recognition, these assets are amortized over their estimated useful life which for software is a period of no more than three (3) years. However, in the case of advanced technology software that are deemed to be global platform that will allow the future growth of the entity in line with market developments and whose development or acquisition costs exceed 30% of the technical capital of the respective entity, including the hardware, subject to the favorable opinion of the the Financial Superintendence of Colombia may be deferred to five (5) years from the moment each product begins its productive stage, through a gradual and upward program with percentages of 10%, 15%, 20 %, 25% and 30%, respectively or similar percentages.

2.16 Financial Liabilities.

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

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

2.17 Employee Benefits.

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

a) Short-term benefits

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

b) Post-employment benefits

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

c) Other benefits to long-term employees

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

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

d) Benefits of termination of employment contract with employees

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

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

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

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

2.18 Accounts Payable

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

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

2.19 Income tax

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

The current income tax is calculated on the basis of the tax laws in force in Colombia at the date of the financial statements. The Company's Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of expected amounts to be paid to the tax authorities.

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the financial statements that give rise to amounts that are deductible or taxable when determining the future taxable profit or loss when the book value of the asset is recovered or the liability is settled. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if the initial recognition of an asset or liability arises in a transaction other than a business combination that at the time of the transaction does not affect the accounting or taxable profit or loss. Deferred tax is determined using tax rates that are in effect at the balance sheet date and are expected to be applied when the deferred tax asset is realized or when the deferred tax liability is offset.

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legal right to offset deferred taxes against tax liabilities and when deferred tax assets and liabilities are related to taxes levied by the same tax authority on the same entity or different entities when there is an intention to offset balances on net bases. See note 15.

2.20 Provisions.

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

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

Provisions are valued at the present value of the disbursements expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the value of money over time and of the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as a financial expense. See note 20.

2.21 Non-voting preferred shares

In accordance with IFRS 32 "Financial Instruments: Presentation", the issuer of a non-derivative financial instrument must evaluate its conditions to determine whether it contains liability and equity components. These components are classified separately as financial liabilities or equity instruments for the issuer. In accordance with the foregoing, the Company has evaluated this requirement in relation to the non-voting preferred shares it has issued as of the cutoff dates of this financial statement and has concluded that these shares do not have the characteristics of financial liabilities and are therefore recognized as a greater value of equity.

2.22 Revenues

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

Provision of services

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

Commission income

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

Among the products offered by Corficolombiana investment banking are:

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

Interest income

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

Equity method

Corresponds to increases or decreases in the equity of subsidiaries and/or associates originating in the results of the period and in the variations of other equity items, which must be cleaned and reconciled. This value in the proportion proportional to the Company's interest will be recognized as a higher or lower value of the investment at the date of the calculation. Its counterpart will be an income or expense in the statement of income or effects in equity, as appropriate. See note 29.

Dividends

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

Revenues received as dividends or profit sharing methods are considered as operating income when these are directly related to the corporate purpose of the entity and if these are recurring or when they come from entities that have a similar corporate purpose. See note 30.

Lease income

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

2.23 Wealth Tax

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

2.24 Net Earnings per Share

To determine net earnings per share, the Company divides the net profit for the period by the weighted average number of shares outstanding during the year. As of December 31, 2017 and 2016, the weighted average of the shares was 233,034,712 and 226,856,491 respectively.

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

In accordance with Colombian law, the financial information standards applicable in Colombia are those issued by the National Government through the regulatory decrees of Law 1314 of 2009. To date, the National Government has issued, for such purpose, the Single Regulatory Decree 2420/2015, amended by Decree 2496/2015, by Decree 2131/2016 and by Decree 2170/2017, which include the IFRS in force at an international level as of December 31, 2017, in which it is established that IFRS will be applied in individual financial statements, except as regards the treatment of the loan portfolio and its impairment and the classification and valuation of investments in IAS 39 and IFRS 9, for which the accounting provisions issued by

the Financial Superintendence included in the Basic Accounting and Financial Circular Letter are applied.

Additionally, as explained in paragraph 2.23 above, the National Government allows entities to record the wealth tax charged to the equity reserves, which under IFRS should be recorded against the results of the period.

2.26 New regulations and amendments not adopted

Regulations and amendments applicable as of January 1, 2018

In accordance with the provisions in Decrees 2496 dated December 2015, 2131 dated December 2016 and 2170 dated December 2017, the issued regulations applicable as from 2018 are listed below.

Financial Information Standard	Subject of the amendment	Detail
IFRS 9 – Financial Instruments	Financial Instruments (in its 2014 revised version.	The replacement project refers to the following stages: <ul style="list-style-type: none"> • Stage 1: Classification and measurement of financial assets and liabilities. • Stage 2: Impairment methodology. • Stage 3: Hedge Accounting, in July 2014, the IASB completed the reform to the financial instruments accounting and issued IFRS 9 – Accounting of financial instruments (in its 2014 revised version), to replace IAS 39 – Financial instruments: recognition and measurement after the expiration of their preceding term.
IFRS 15 – Revenue from Contracts with Customers	Revenue from contracts with customers	Establishes a five-step model applicable to revenue from contracts with customers. It will replace the following rules and interpretations of revenue after its effective date: <ul style="list-style-type: none"> • IAS 18 – Revenue; • IAS 11 – Construction Contracts, • IFRIC 15 – Agreements for the construction of real estate • IFRIC 18 – Transfer of assets from clients, and • IAS 31 – Trade transactions including advertisement services.
IAS 7 – Cash Flow Statement	Initiative on information to be disclosed	Require that the entities provide information to be disclosed that allows the users of the financial statements to assess the changes in the liabilities that derive from the financing activities. IAS

IAS 12 – Income Tax	Recognition of Deferred Tax Assets for Unrealized Losses	Clarify the requirements of recognition of deferred tax assets for unrealized assets in debt instruments measured at fair value.
IFRS 15 – Revenue of ordinary activities from contracts with customers	Clarifications	The purpose of these modifications is to clarify the IASB intentions when developing the IFRS 15 requirements, without changing the underlying principles of IFRS 15.

Impact of the adoption of new regulations (IFRS 9 – IFRS 15 and IFRS 16)

IFRS 9 Financial Instruments

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

The previous rules fundamentally apply for the preparation of the financial statements of the Company due to the exceptions set forth in decree 2420/2015 by means of which in the preparation of the individual financial statements of the financial entities, regulations of the Finance Superintendence of Colombia are used for the classification and valuation of the investments and the calculation of the provisions due to impairment of the credit portfolio and not the rules issued by the IASB. The only impact of the new IFRS 9 in the preparation of the individual financial statements is related to the management of the accounting of hedges and disclosure.

According to the above, it is considered that the implementation of the new IFRS 9 in the preparation of the individual financial statements will not have a significant impact as of January 1, 2018.

IFRS 15 Revenues of ordinary activities from contracts with customers

In July 2014, the IASB issued IFRS 15 “revenue of ordinary activities from contracts with customers”, which replaces several previous regulations, but particularly IAS 11 “Construction Agreements” and IAS 18 “Revenues of ordinary activities”. This new standard with mandatory application from January 1, 2018, requires the revenue of ordinary activities of customers other than those originated in financial instruments and financial lease agreements to be recognized with specific rules for their registration. Under IFRS 15 it is established that the revenue is recognized so as to reflect the transfer of control of goods or services committed with the customers in exchange for an amount that expresses the consideration to which the Company expects to be entitled. Under this new premise, the Company recognizes the revenue of ordinary activities, other than financial returns such as: bank services fees, sale of goods or services by different concepts and revenue from construction contracts by means of the application of the following stages:

1. Identification of the contract with the customer.

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

IFRS 16 Leases

IFRS 16 was issued by the IASB in 2016 with a date of effective application by the entities as from January 1, 2019, with early application allowed; however in Colombia, it has not yet been included in the regulatory decrees of the accounting standards.

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

IFRS 16 introduces a single accounting registration model of the lease agreements in the statement of financial position for the lessees. A lessee recognizes an asset by right of use representing the right to use of the asset taken in lease and a liability by lease representing its obligation to make the lease payments. There are optional exemptions for short-term leases or lease of low-value goods. The accounting treatment of the lease agreement for the lessors remains similar to the current accounting standards in which the lessor classifies the lease agreements as financial or operating leases.

The Company has initiated a potential assessment of the impacts in its individual financial statements. So far the most significant impact identified is the recognition of a new asset and a liability in its operating lease agreements, especially of properties used in the operation of offices. In addition, the nature of the expenses corresponding to the operating lease agreements in its capacity as lessee will change with the IFRS 16, of expenses for leases to depreciation charges of the rights of use of the asset and financial expenses in the liabilities for lease. So far the Company has not calculated a preliminary impact of the adoption of this new standard but it is expected not to have a significant impact in the individual financial statements, and it is not expected to conduct an early adoption of such standard.

2.27 New accounting statements issued by the International Accounting Standards Board – IASB at an international level:

In accordance with the provisions in Decree 2131/2016, the regulations issued applicable as of 2019 are listed below. The impact of these regulations is being evaluated by the Company.

Financial Information Standard	Subject of the amendment	Detail
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IAS 9 – Investment Property	Investment property transfers	It amends paragraph 57 so as to reflect the principle that a change of use would imply: (a) An evaluation of whether a property complies, or has ceased to comply, the definition of investment property; and (b) Have the evidence supporting that this change of use has occurred. By means of the application of this principle, an entity will transfer properties in construction or development to, or from, investment properties when, and only when there is a change of use of this property supported by evidence.
IFRS 2 – Share-based Payment	Classification and measurement of transactions with share-based payments	Considerations to address the accounting of a modification of the terms and conditions of a share-based payment that changes the classification of transaction from liquidated in cash to liquidated with equity instruments, the classification of a transaction with characteristics of net liquidation for the withholding of tax obligations and the accounting of the effects of the conditions, for the irrevocability of the concession on the measurement of a share-based payment that is liquidated in cash.
Annual Improvements to the IFRS Cycle 2014-2016	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards. Amendments to IFRS 12 Disclosure of interests in other entities	Removal of short-term exemptions for the entities that adopt the IFRS for the first time. Clarification of the scope of the standard. Measurement at fair value of an associate or a joint business.

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

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

The Company also makes certain judgments in addition to those involving estimates in the process of applying the accounting policies. The judgments with the most significant effects on the recognized amounts in the financial statements and the estimates that may cause a significant adjustment in the assets and liabilities book value for the subsequent accounting period include:

3.1. Going Concern: The Company prepares the financial statements based on a going concern. When making this judgment, the Company considers the current financial

position, the result of the operations and the access to financial resources in the financial market, and analyzes the impact said factors have in future operations. As of the date of this report, we are not aware of any situation that makes us believe that the Company will not be able to continue as a going concern.

3.2. Investment in debt securities classified at amortized cost (Note 9): The Company assesses if the debt securities of the financial statements may be categorized at amortized cost particularly considering their business model to manage the financial assets and if they meet the conditions for said financial assets to be included at amortized cost. The Company may sell these assets when it complies with the risk policies established by the Company for determining the credit quotas and the maximum term of the securities. On the other hand, these portfolios may be sold at any time without meeting the profitability defined pursuant to the liquidity conditions that the Senior Management of the Company considers may affect the appropriate liquidity and solvency levels of the company, or upon the occurrence of any of the following circumstances:

- a) Significant impairment in the conditions of the issuer, its parent company, its subordinates or its affiliates.
- b) Changes in the regulations preventing keeping the investment.
- c) Merger or institutional reorganization processes that imply a reclassification or the realization of the investment with the purpose of maintaining the previous interest rate risk position or of adjusting to the credit risk policy previously established by the resulting entity.

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

3.4. Appraisal of investment properties (Note 14): The investment properties are reported in the balance sheet at their fair value as determined in the reports prepared by independent experts at the end of each reporting period. Due to the current conditions of the country, the frequency of transactions with properties is low; however, management estimates that there is sufficient market activity to provide comparable prices for the ordered transactions with similar properties when determining the fair value of the investment properties of the Company, except for the properties where the Company has no control or these have legal or public problems.

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

3.5. Estimates for contingencies (Note 20): The Company calculates and registers an estimate for contingencies with the purpose of covering its possible losses for labor

cases, civil and commercial proceedings, and tax provisions or others according to the circumstances that, based on the opinion of internal or external legal advisors, are considered probable losses and may be reasonably quantified.

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

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

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

3.7. Business Model.

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

1. A speculative or tradable portfolio is where every value or security acquired with the main purpose of obtaining profit due to the market price fluctuations. This portfolio is funded by the money market and short-term deposits. It has position limits, value at risk, sensibility for movement of basis points in the rates (DVO1) and maximum losses.
2. A portfolio to be held until maturity, created with the purpose of maintaining the securities during the entire term and with the purpose of receiving the contractual cash flows. This portfolio shall mainly hold mandatory investments, includes securities issued by Finagro, a governmental entity. These securities have a one-year maturity and a variable effective DTF rate minus some basic points. These securities are constituted on a quarterly basis on January, April, July and October.
3. Structural or Available for Sale portfolios are created with the purpose of investing in Debt Securities both in local and foreign currency in order to optimize the resulting financial margin. This portfolio has position, DVO1, MAT, and VAR limits, and depends on the duration of the securities.

(4) Risk Management

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

According to the regulations established by the Finance Superintendence of Colombia, the risk management process of the company is within the guidelines designed by Senior Management, in line with the general management guidelines approved by the Board of Directors.

The Company has a Quotas Committee and an ALCO Committee where members of the Board of Directors participate, who periodically meet to discuss, measure, control and analyze the credit (SARC), the treasury (SARM) risk management of the Company and the management of assets, liabilities and liquidity through the Liquidity Risk Management System (SARL); matters related to the monitoring of the Operating Risk Management System are developed in the Corporate Governance, Risk and Compliance Committee. Compliance with legal risks is monitored by the general secretary of the Company. Moreover, there is a Risk Committee of the Board of Directors that holds regular meetings every 6 months or extraordinary meetings if there are established situations of liquidity risk and market risk.

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

- Internal Public Debt (as Market Creator)
- Private Debt
- Currencies
- Derived instruments in local currency
- Derived instruments in foreign currency

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

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

Management

Board of Directors - The board of directors is the body in charge of approving the policies and limits that allow an adequate corporate risk management. It defines the appetite and

the risk tolerance and it has the obligation to know the results obtained and the risks undertaken in Corficolombiana and its Subsidiary Entities. Similarly it is also in charge of approving the policies for the treasury operations; it ensures the proper organization, monitoring or surveillance of the treasury activities. This responsibility includes establishing the risk-taking limits on said activities, and adopting the organizational measures necessary to limit the risks inherent to the treasury business.

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

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

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

Quotas Committee – Its main duty is to establish and recommend the policies, limits and procedures for the management of the credit risk, as well as recommend the clients and counterparties quotas of the Treasury to the Board of Directors. The Quotas Committee is the first instance of decision, and all the quotas requests are filed therein.

Corporate Governance, Risk and Compliance Committee – Its main duty is to support the Presidency of Corficolombiana in the adequate identification, measurement, control and monitoring of the Corporate Risk. However, from the operating risk perspective, its main duties are to present, for the approval by the Board of Directors and senior management, the policies and rules for managing the operating risk and monitoring and controlling them. Design the operating risk management strategy for the Company and lead its execution. Establish the procedures and mechanisms, approving the methodologies and systems, for an appropriate operating risk management. Know and understand the operating risks assumed by the Company, permanently assessing the exposure to said risk. Participate in the assessment of the participation in new markets and in the negotiation of new products. Develop strategies for the construction of an operating risk management organizational culture within the Company. Assess the contingency and business continuity plans and establish the resources necessary for their timely execution.

Corporate Governance, Risk and Compliance Vice-presidency – The Corporate Governance, Risk and Compliance Vice-president reports to the Chairman, and its main duties are, among others, to establish and recommend the policies, objectives, limits and procedures

for risk management to the Board of Directors, lead the risk process within Corficolombiana and Subsidiary Entities, supervise the performance and implement risk models in the analysis and control of corporate risks and assess the results of the monitoring and reports conducted by the Tax or Statutory Audit Office.

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

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

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

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

4.1. Market risk

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

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

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

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

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

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

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

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

CVaR (Conditioned Value at Risk) – It is a trigger for compliance with the VaR limit of the entity, considering that it is a risk measurement that considers the size of the losses exceeding the VaR. The CVaR is defined as the expected value of the losses exceeding the VaR.

MAT (Management Action Trigger) – It is the maximum loss the Company or the affiliate is willing to assume considering the equity and solvency capacity of the entity. The MAT limits the total losses to the sum of the actual and potential losses (VaR) related to the current portfolio under normal conditions. The MAT is equal to the 30 Days Revenue plus the VaR.

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

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

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

Likewise, the Company uses the standard model for measuring, controlling and managing the market risk of the interest rates, the exchange rates and the stock prices in the Treasury and Banking ledgers, pursuant to the requirements of the Finance Superintendence contained in Chapter XXI of the Basic Accounting and Financial Circular Letter. These exercises are made daily for each of the risk exposures.

Likewise, the Company has established counterparty and negotiation quotas per operator for each of the negotiation platforms of the markets in which they operate. The trading limits per operator are assigned to the different hierarchical levels of the Treasury based

on the experience the officer has in the market, the trading of this type of products and the management of portfolios.

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

Pursuant to the standard model, the market value at risk (VaR) as of December 31, 2017 was \$149,610 with an effect of 13.93% basis points, and as of December 31, 2016 was of \$147,471 with an effect of 14,27% basis points in the individual solvency ratio of the Company. Below is the VaR of the Company as of December 31, 2017 and 2016.

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

	December 31, 2016			
	Minimum	Average	Maximum	Latest
Interest rate in Pesos	106,930	148,444	210,859	114,060
Interest rate in foreign currency	4,511	5,071	5,486	4,511
Interest rate in UVR	11,531	19,379	27,223	14,264
Exchange rate	1,612	2,851	3,801	2,892
Stock	8,944	9,157	9,733	8,944
Collective Investment Funds	2,126	2,728	3,496	2,800
Total VaR	137,822	187,629	260,599	147,471

Finally, and a consequence of the VaR behavior, as of December 31, 2017 and 2016, the Assets Weighed per Market Risk were, on average, at 8.33% and 11.68%, respectively, of the Total Assets Weighed per Risk (APR).

4.2. Risk of foreign exchange rate variation

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

The Financial Companies in Colombia are authorized by Banco de la Republica to negotiate in currencies and to maintain balances in foreign currencies in offshore accounts. In accordance with External Resolution No. 2/2013 of the Board of Directors of Banco de la Republica (JDBR) and any other rules that modify it, amend it or complement

it, the Proprietary Position (PP) of the Exchange Market Intermediaries (IMC) is defined as the difference between all rights and obligations in foreign currency registered in and outside of the balance sheet, realized or contingent, including those that are realizable in Colombian legal currency.

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

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

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

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

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

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

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

Additionally, it must comply with the limits of the gross leverage position, which is defined as the sum of: i) the rights and obligations in term and future agreements in foreign currency, excluding the obligations of those operations that imply both a right and an obligation in foreign currency; ii) the cash operations in foreign currency with greater or equal compliance to one bank day, excluding the obligations of those operations that involve both a right and an obligation in foreign currency; and iii) the exchange exposure associated with the debit contingencies and the credit contingencies acquired in the negotiation of options and derivatives on the exchange rate.

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

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

Below is a summary of the foreign currency assets and liabilities (in Colombian Pesos) maintained by the Company as of December 31, 2017 and 2016.

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

December 31, 2016				
Account	U.S. Dollars	Euros	Other Currencies	Total
Assets				
Cash and cash equivalents	80,290	1,222	1,058	82,570
Active operations in the money market	91,183	-	-	91,183
Investments in debt securities at fair value	7,649	-	-	7,649
Investments in debt securities at fair value with changes in OCI	146,093	-	-	146,093
Investments in equity instruments	33,859	-	-	33,859
Instruments derived from negotiation	3,409,136	103,529	5,359	3,518,024
Other accounts receivable	28,034	-	-	28,034
Total Assets	3,796,244	104,751	6,417	3,907,412
Liabilities				

December 31, 2016				
Account	U.S. Dollars	Euros	Other Currencies	Total
Deposits from Clients	15,813	-	-	15,813
Instruments derived from negotiation	3,576,340	104,478	4,020	3,684,838
Commitments of transfer in repo operations	148,717	-	-	148,717
Other liabilities	1,770	52	-	1,822
Total Liabilities	3,742,640	104,530	4,020	3,851,190
Net Active Position (Liability)	53,604	221	2,397	56,222

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

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

The estimated effect for a 1% increase in the rate regarding the exchange rate for December 31, 2017 and 2016 corresponds to an increase in the assets for \$24,812 and \$39,074; and equity changes for \$310 and \$338, respectively.

	December 31, 2017	December 31, 2016
Change in the exchange rate of 1%	29.8400	30.0071
Effect in profit before taxes	67	224
Effect on net equity	310	338

4.3. Operating Risk

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

This system includes:

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

- A database comprised by the Operating Risk Events records that occurred since August 2007.
- Accounts to be registered in expenses, where the events that caused losses due to Operating Risk are accounted for.
- Periodical reports for the Senior Management, the Corporate Governance, Risk and Compliance Committee and the Board of Directors.
- Annual training of officers.
- Semiannual audit of the effectiveness of the system by the Comptroller and the Tax Auditor.

As of December 31, 2017, there are operating risk matrices for the 23 processes of the Company, in which it has identified 401 risks and 867 controls.

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

	December 31, 2017	December 31, 2016
Processes	23	23
Risks	401	396
Controls	867	863

In 2017, the losses for operating risk registered correspond to two (2) events of Type A operating risk that amount to \$ 95 million Pesos. The most representative event is:

Payment of default interests on Bank Guarantee paid with two days in arrears. The interests paid were \$94 million pesos.

172 Type B events (without impact in income) and 83 Type C events (near losses) complete the registry.

According to the classification of the 257 events registered as of December 31, 2017, the largest risk factor is the technological framework, with 103 events (40%), proceedings with 70 events (27%), human resource, with 59 events (23%), external occurrences, with 23 events (9%) and infrastructure, with 2 (1%)

As for the losses for operating risk registered in 2016, they correspond to fourteen (14) Type A operating risk events that amount to \$ 160 million pesos. The most representative are:

- 4X1000 assumed by the entity on TDC of \$25 billion cancelled by mistake and whose instructions of the customers was to renew. The loss assumed by the mistake made was \$ 100 million.
- Consultancy paid to IBM for power restoring, which failed in the energization process of the busbar trunking system and failure of the electrical plant. The cost of the advisory was \$25 million.
- Result of the audit visit of payments to social security and parafiscal contributions of 2011 and 2013, the UGPP due to arguments of interpretation in accordance

with Resolution RDC291 dated June 10, 2016, ordered the Company to pay the sum of \$14 million, as a penalty for inaccuracy.

171 Type B events (without impact in income) and 91 Type C events (near losses) complete the registry.

4.4. Interest Rate Risk

The Company is exposed to the effects of fluctuations in the interest rate market, which affect its financial position and its future cash flows. The interest margins may be increased as a result of changes in the interest rates, but may also be reduced and generate losses in the event of unexpected movements in said rates.

The table below summarizes Corficolombiana's exposure to changes in the interest rates. The table shows the accrued amounts of the assets and liabilities of the entity at their carrying amount and their respective rate. There is a sensibility exercise at the margin by adding and subtracting 50 basis points, with the results as of December 31, 2017 and 2016, respectively:

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

December 31, 2016

DETAILS OF ACCOUNT	AVERAGE	INCOME EXPENSES FOR INTERESTS	AVERAGE INTEREST RATE	50 PB VARIATION OF IN THE INTEREST RATE (4)	
				Favorable	Unfavorable
Financial assets that generate interests					
Active operations in the money market in Colombian Pesos	478,515	55,218	23.1%	1,196	(1,196)
Investments in debt securities at amortized cost in Colombian Pesos	59,552	1,465	4.9%	149	(149)
Total Financial Assets generating Interests	538,067	56,683	21.1%	1,345	(1,345)
Financial Liabilities with Financial Cost					
Passive operations in the money market in Colombian Pesos	2,949,184	92,441	6.3%	7,373	(7,373)
Clients deposits in savings accounts and CDAT in Colombian Pesos	512,549	20,855	8.1%	1,281	(1,281)
Clients Deposits in Fixed-term Deposit certificates CDT in Colombian Pesos	2,632,934	121,237	9.2%	6,582	(6,582)
Total Financial Liabilities with Financial Cost	6,094,667	234,533	7.7%	15,236	(15,236)
Total Net Financial Assets subject to interest rate risk	(5,556,600)	(177,850)	6.4%	(13,891)	13,891

4.5. Liquidity Risk

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

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

In order to measure the liquidity risk, the Company calculates Liquidity Risk Indicators (IRL) for 7, 15 and 30 day terms on a weekly basis, as provided in the standard model of the Finance Superintendence of Colombia and pursuant to internal models.

As part of the liquidity risk analysis, the Company measures the volatility of deposits, the indebtedness levels, the structure of the assets and liabilities, the degree of liquidity of the assets, the availability of funding lines, and the general effectiveness of the assets and liabilities management. This, with the purpose of maintaining sufficient liquidity

(including liquid assets, securities and collateral) to face possible own or systemic stress scenarios.

The quantification of the funds obtained in the money market is an integral part of the liquidity measurement by the Company. Supported in technical studies, we determine the main and secondary sources of liquidity to diversify the fund providers with the purpose of ensuring the stability and sufficiency of the resources and of minimizing the concentrations of the sources. After establishing the sources of the resources, these are allocated to the different business depending on the budget, the nature and the depth of the markets.

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

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

Below is an analysis of the contractual expirations of the financial assets and liabilities as of December 31, 2017 and 2016:

DESCRIPTION	As of December 31, 2017					
	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
Liquid Assets						
Cash and cash equivalents	940,653	-	-	-	-	-
Investments negotiable in debt securities	155,436	-	10	115	125	4,006
Investments negotiable in holding securities	8,025	-	-	-	-	-
Investments to hold to maturity	45,764	-	-	8,004	8,004	-
Other liabilities and credit contingencies	7,875	-	-	-	-	-
Subtotal	1,157,753	-	10	8,119	8,129	4,006
Active contractual maturities						
Ordinary interbank	-	41	68	102	210	401

DESCRIPTION	As of December 31, 2017					
	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
funds sold						
Contractual maturities of all the investment to hold to maturity – TES.	-	-	-	8,004	8,004	-
Investment Transfer Rights	-	1,773,156	282,464	42,584	2,098,204	131,854
Derivative financial instruments	-	3,520	3,219	4,333	11,073	5,524
Income flow with Contractual Maturities of the assets and out of balance positions – FIVC	-	1,776,717	285,751	55,023	2,117,491	137,779
Passive contractual maturities						
Operations in the money market	-	1,969,265	282,752	42,785	2,295,801	118,661
Fixed-term deposit certificates- CDT	-	19,401	36,945	176,893	233,239	275,922
Derivative financial instruments	-	2,425	2,360	3,656	8,442	6,865
Other liabilities	7,875	-	-	-	-	-
Flow of Expenses with Contractual Maturities of the liabilities and out of balance positions – FEVC	7,875	1,991,092	322,057	223,334	2,537,482	401,448
Net Flow (estimate) of Non-Contractual Maturities – FNVNC	-	54,523	62,311	116,834	233,668	189,644
Net Flow	(7,875)	(268,898)	(98,617)	(285,145)	(653,659)	(453,313)
Estimated Net liquidity requirement RLN (2)	-	511,403	98,605	277,026	692,537	453,312
Partial IRL	0%	226%	190%	308%	167%	101%
Accrued IRL	-	646,351	547,745	270,718	465,217	11,904

DESCRIPTION	As of December 31, 2017					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES AT FAIR VALUE						
Derivative financial instruments	13,341	10,275	2,301	2,516	-	28,433
Subtotal	13,341	10,275	2,301	2,516	-	28,433
AT AMORTIZED COST						
Operations in the money market	6,046	-	9,908	632,762	826,485	1,475,201

DESCRIPTION	As of December 31, 2017					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Client Deposits	472,061	1,144,835	389,435	523,323	357,910	2,887,564
Subtotal	478,107	1,144,835	399,343	1,156,085	1,184,395	4,362,765
TOTAL FINANCIAL LIABILITIES	491,448	1,155,110	401,644	1,158,601	1,184,395	4,391,198

DESCRIPTION	As of December 31, 2016					
	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
Liquid Assets						
Cash and cash equivalents	1,122,163	-	-	-	-	-
Operations in the money market	-	47	36,992	43,542	80,581	-
Investments negotiable in debt securities	275,664	69	169	816	1,054	18,539
Investments negotiable in holding securities	6,917	-	-	-	-	-
Investments to hold to maturity	48,999	-	-	7,467	7,467	10,353
Other liabilities and credit contingencies	22,093	-	-	-	-	-
Subtotal	1,475,836	116	37,161	51,825	89,102	28,892
Active contractual maturities						
Ordinary interbank funds sold	-	502,516	47	114	502,677	403
Contractual maturities of all the investment to hold to maturity - TES.	-	-	-	7,467	7,467	-
Investment Transfer Rights	-	1,909,148	184,589	53,079	2,146,815	57,433
Derivative financial instruments	-	3,177	6,489	7,745	17,411	37,141
Income flow with Contractual Maturities of the assets and out of balance positions - FIVC						
Passive contractual maturities						
Operations in the money market	-	2,283,039	184,620	53,699	2,521	66,801
Fixed-term deposit certificates- CDT	-	48,498	19,812	188,539	257	61
Derivative financial instruments	-	10,199	12,131	12,780	35	26,411
Other liabilities	22,093	-	-	-	-	-
Flow of Expenses	22,093	2,341,736	216,563	255,018	2,813,316	708,390

As of December 31, 2016						
DESCRIPTION	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
with Contractual Maturities of the liabilities and out of balance positions - FEVC						
Net Flow (estimate) of Non-Contractual Maturities - FNVNC	-	79,096	86,967	163,063	326,126	264,682
Net Flow	(22,093)	(2,988)	(112,405)	(349,675)	(465,072)	(878,095)
Estimated Net liquidity requirement RLN (2)	-	604,458	112,405	349,676	784,861	878,095
Partial IRL	0%	244%	206%	319%	188%	89%
Accrued IRL	-	871,378	758,973	409,297	690,975	597,741

As of December 31, 2016						
DESCRIPTION	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES AT FAIR VALUE						
Derivative financial instruments	38,254	70,937	710	8,418	-	118,320
Subtotal	38,254	70,937	710	8,418	-	118,320
AT AMORTIZED COST						
Operations in the money market	2,588,717	42,123				2,630,840
Client Deposits	1,414,386	774,891	581,188	119,494	336,518	3,226,477
Subtotal	4,003,103	817,014	581,188	119,494	336,518	5,857,317
TOTAL FINANCIAL LIABILITIES	4,041,357	887,951	581,898	127,912	336,518	5,975,636

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

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

Item	Required
Deposits and liabilities on demand before 30 days	11.0%
Deposits of official establishments	11.0%
Deposits and liabilities after 30 days	11.0%
Ordinary savings deposits	11.0%
Term savings deposits	11.0%

Item	Required
Negotiated investments repurchase commitments	11.0%
Other accounts different to deposits	11.0%
Term deposit certificates:	
Less than 540 days	4.5%
Equal or greater than 540 days	0.0%

The Company has appropriately complied with this requirement.

4.6. Price risk

Within the equity instruments listed on the stock exchange (Bladex S.A., Alimentos Derivados de la Caña S.A., Banco Comercial AV Villas S.A., Gas Natural S.A. ESP, Bolsa de Valores de Colombia S.A., Empresa de Energía de Bogotá S.A. E.S.P., Mineros S.A.), the Company is exposed price variations in said investments; as of December 31, 2017 and 2016, if the prices of these investments were 1% above or below, the minor or major impact on the Company's Other Comprehensive Income (OCI) would be \$7,952 and \$7,209 respectively.

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

As of December 31, 2016					
Name of investment	Number of shares	Stock price (*)	Investment value	Effect on OCI +/- 1%	
				Favorable	Unfavorable
Bladex S.A.	2,070	88,341	183	2	(2)
Alimentos derivados de la Caña S.A.	52,000	4,137	215	2	(2)
Banco Comercial AV Villas S.A. (Ordinary Shares)	45,677	6,325	289	3	(3)
Banco Comercial AV Villas S.A. (Preferred Shares)	20,763	5,998	125	1	(1)
Gas Natural S.A. ESP	621,866	114,963	71,491	715	(715)
Bolsa de Valores de Colombia S.A.	628,047,243	22	13,629	136	(136)
Empresa de Energía de Bogotá S.A. E.S.P.	327,150,500	1,810	592,142	5,921	(5,921)
Mineros S.A.	22,350,263	1,920	42,913	429	(429)
Total			720,987	7,209	(7,209)

* Stock prices are expressed in Colombian pesos.

4.7. Risk of money laundering and terrorist financing

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

In view of the above, and in recognition of its commitment to fight criminal organizations, the Company, in compliance with the provisions of the Financial Superintendence of Colombia, adopted the necessary mechanisms to avoid the occurrence of events that may adversely affect its results and its business. For this reason, Corficolombiana has a Money Laundering and Terrorism Financing Risk Management System [SARLAFT for its acronym in Spanish] which is composed of stages, elements, policies, procedures and methodologies for the identification, evaluation, control and monitoring of these risks, as well as the knowledge of clients, their operations with the Company and the market segments served. The system, which is contained in the SARLAFT Manual approved by the Board of Directors, also considers the monitoring of transactions, staff training and collaboration with authorities, and is managed by the Compliance Officer, who has the responsibility of evaluating the prevention and control mechanisms and establish their effectiveness and compliance by all the Company's officers.

Within the framework of the regulation of the Financial Superintendence of Colombia and especially following the instructions given in Part I Title IV Chapter IV of the Basic Legal Circular Letter, Corficolombiana presents satisfactory results in the activities performed in relation to the Money Laundering and Terrorism Financing Risk Management System [SARLAFT], which are in accordance with current regulations, policies and methodologies adopted by the Board of Directors and the Recommendations of the International Standards related to the subject.

SARLAFT activities were conducted taking into account the methodologies adopted by the Company, which made it possible to continue with the mitigation of risks as a result of the application of controls designed for each of the risk factors defined in Part I Title IV Chapter IV of the Basic Legal Circular Letter of the Finance Superintendence of Colombia (Client, Product, Channel and Jurisdiction). In accordance with the measurements made during 2017 based on SARLAFT, the entity maintains in average "moderate" risk levels, which are monitored quarterly. Such valuation was affected by some relevant events that moderately affected the evaluation of inherent risks.

The Company has technological tools that have enabled it to implement its client knowledge policy and the monitoring of warning signs for the purposes of identifying unusual operations and reporting suspicious transactions to the Financial Information and Analysis Unit (UIAF) in the terms established by law. The system also contains SARLAFT risk factor segmentation models (client, product, channel and jurisdiction) that allow the entity to identify risks and detect unusual operations based on the profile of the segments.

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

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

The Compliance Officer is in charge of the direct supervision of controls to prevent these risks. The Internal Auditor and the Statutory Auditor, as well as Management and the Board of Directors, carry out supervision through the reports periodically presented by the Compliance Officer and the Statutory Auditor. According to the results of the different stages of SARLAFT, the reports issued by the Company's control bodies and the opinion of the Board of Directors on the reports presented by the Compliance Officer on a quarterly basis, the entity is able to appropriately manage the money laundering and terrorism financing risk. During 2017, the reports presented by the Comptroller and Statutory Auditor on SARLAFT were taken into account in order to implement the recommendations aimed at optimizing the System.

4.8. Financial consumer service system

For 2017, the Company complied with the policies established in the Financial Consumer Service [SAC for its acronym in Spanish] Manual, applying the procedures for the implementation of the elements and stages of the system in accordance with current regulations. Likewise, it had the adequate infrastructure for the correct administration and operation of the SAC, offering an effective attention to the petitions filed by the financial consumers, so that during this period no complaint or claim directly filed before the Company was received.

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

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

Likewise, activities have been advanced for the implementation of External Circular Letter 008/2017 issued by the Finance Superintendence of Colombia, with regard to the Service System for disabled Financial Consumers.

As for training, the entirety of the officers is certified in the virtual module dedicated to personal Finance, the training module was dedicated to Service and inclusive culture.

Additionally, all the officers were given the publication developed by Asobancaria: "Inclusive culture in the banking sector", a booklet that promotes actions that help guarantee an adequate service to disabled financial consumers and offers practical tools to reinforce our

commitment with construction and equality of “Banking for everyone”, providing basic knowledge of the inclusive language, inclusive treatment and types of disability.

The entity prepared financial education plans and programs aimed at financial consumers through forums, seminars and participation in conferences with guest speakers. These activities were carried out both directly and through collaboration agreements with Asobancaria.

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

As members of Asobancaria's Financial Education committee, the Company participated in the campaign Secure Christmas through the publication of graphic pieces in digital posters during the month of December for all its collaborators' knowledge.

4.9. Anti-Fraud and Anti-Corruption Risk

In compliance with the provisions issued by the Financial Superintendence of Colombia and the guidelines of the shareholders and the Board of Directors, Corficolombiana has an Anti-Fraud and Anti-Corruption Policy which main objectives are to ensure the performance of coordinated actions to prevent fraudulent events within the Company, to promote transparency in the actions undertaken by Management, to discourage misconduct and to support the commitment of its stakeholders against fraud and corruption. The policy contains guidelines mainly in relation to gifts and gratifications, the use of intermediaries, contracts, donations, sponsorships, mergers and acquisitions and internal control measures on the financial reporting process. It also includes guidelines on high-risk accounts, system evaluation by the internal audit department and compliance with the external regulatory framework, in particular the United States' Foreign Corrupt Practices Act (FCPA).

During the 2017 and 2016, training was provided in this regard in order to strengthen their knowledge and skills as a mechanism for preventing the risk of fraud and corruption.

4.10. Corporate Governance

Corporación Financiera Colombiana S.A. has incorporated principles that govern the entity's good corporate governance, as well as the protection of the rights of shareholders and investors.

Board of Directors and Senior Management – The Board of Directors and Senior Management determine the entity's strategies, policies and risk profiles. The Board of Directors is permanently informed of the processes and business carried out by the Company.

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

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

Reports to the Board of Directors – The Board of Directors is permanently informed of the risk exposures of the different businesses carried out by the Company.

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

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

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

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

Based on the above, it is clear that risk management has become an essential factor for achieving one of the main purposes of Corficolombiana, which is obtaining a satisfactory return for its shareholders, and therefore is in the definition of each and every one of the institutional strategies and decision-making processes for all the Company's businesses and activities.

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

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

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

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

Measurement and control of limits – The value of positions against limits should be permanently reviewed and timely reports sent to the Senior Management as to any excesses

in order to adopt corrective action. Evaluations and measurements are carried out with different frequencies according to the needs of each line of business.

Drafting of reports – Reports must be presented periodically according to the requirements of the Board of Directors and the different levels of risk. They should contain information regarding the current risk exposure against established limits considered as essential elements for decision-making processes.

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

Organizational Structure – Through its Board of Directors, the Company has defined an organizational structure, which must ensure appropriate risk management processes. This is how the Executive Vice-President is in charge of building a strong risk culture within the organization, seeking to always obtain an integrated risk vision that also covers the financial subsidiaries of Corficolombiana. This Vice-President is in charge of the Risk Management Office with the purpose of promoting, leading and controlling the execution of approved risk policies by complying with the risk management strategy, using the previously defined risk management process.

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

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

(5) Estimate of Fair Value

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

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

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

The Company may use internally developed models for instruments that do not have active markets. Such models are generally based on generally standardized valuation methods and techniques in the financial sector. Valuation models are mainly used to value financial instruments of unlisted equity, debt securities and other debt instruments for which the markets were or have been inactive during the financial period. Some inputs from these models may not be observable in the market and therefore are estimated on the basis of assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all factors relevant to the Company's positions. Therefore, the valuations are adjusted, if necessary, to allow additional factors, including model risks, liquidity risks and counterparty risks.

The fair value of the investment property assets has been determined through appraisals made by independent experts with sufficient experience and knowledge of the real estate market or the asset being valued. These valuations are generally made by references to market data or based on replacement cost when there is insufficient market data. This measurement is classified as level 3.

The fair value hierarchy has the following levels:

- Tier 1 entries are quoted (unadjusted) prices in active markets for assets or liabilities identical to those that the entity can access at the measurement date.
- Tier 2 entries are entries other than quoted prices included in Tier 1 that are observable for the asset or liability, either directly or indirectly.
- Tier 3 entries are unobservable inputs for the asset or liability.

Tiers in the fair value hierarchy within which the measurement of fair value is classified as a whole are determined based on the entry of the lowest tier that is significant for the measurement of fair value as a whole. For this purpose, the importance of an entry is evaluated in relation to the measurement of the fair value as a whole. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, such measurement is a Tier 3 measurement. The assessment of the importance of a particular input to the measurement of fair value in its entirety requires judgment, taking specific asset or liability factors into consideration.

The determination of what "observable" is requires significant judgment. The Company considers market data that are already available, that are regularly distributed or updated, that are reliable and verifiable, that do not have proprietary data, and which are provided by independent sources actively involved in the market in question as observable data.

In Colombia there are no markets quoting prices of Collective Investment Funds.

The value of the contributions in a collective investment fund is measured through units that represent shares of the equity value of the respective fund. The value of the unit, which represents the yields that have been obtained, is determined by the total amount of resources contributed more or less the returns of the investments that make up the portfolio. These yields are given by the valuation of the assets invested by the fund and therefore the hierarchy tier is determined by the tiers of these assets.

The Company has investments in collective investment plans which investment portfolios are composed only of fixed-income securities that are valued by means of the prices published by Infovalmer. Therefore, since these assets are Tier 1 or Tier 2, the Company has classified its investments in collective investment funds as Tier 2.

Investments classified in Tier 3 have significant unobservable inputs. Tier 3 instruments mainly include investments in equity instruments, which are not quoted on the stock exchange. The Company has equity investments in various entities with a share of less than 20% of the assets of each entity, such as Cámara de Compensación de Divisas, Cámara de Riesgo Central de Contraparte y Fiduciaria de Occidente. In general, all these companies do not trade their shares in a public securities market and therefore, the determination of their fair value as of December 31, 2017 has been made with the help of Infovalmer, the following is a summary of the different techniques used:

Approach	Application Technique	When is it used
Market	Recent transaction price	No recent or comparable transactions have occurred on the equity instruments of the investment assessed.
	Comparable multiples	When there is reference of companies that meet the basic requirements of the comparability criteria (macroeconomic environment, industry, size and growth stage).
Net Adjusted Value of the Assets		The value of the company can be determined through this method based on the level of information present at the time of the valuation. The company has assets and liabilities with a realizable market value for any market participant, the net adjusted value of its assets constitutes an indication of fair value.
Revenues	Present value adjusted by discount rate	Under the conservative growth assumptions and with a basic level of detail to estimate the projection of flows of dividends.

As of December 31, 2017 according to the evaluations conducted to the assumptions, there were no significant changes therein.

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

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

It corresponds to a valuation technique, which is calculated allocating the market value to the assets and subtracting the liabilities at market value, according to the value that a market participant would grant. In order to apply this technique, the statement of financial position was used as of December 31, 2017. For the calculation of the assets and liabilities with a chance to be realizable, a calculation factor of 100% was assigned to them.

Below is the sensibility to changes in the price per share as of December 31, 2017:

Variation	Favorable Impact	Unfavorable Impact
+/- 10%	1.04%	(-0.87%)

Equity instruments measured at their present value adjusted by the discount rate

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

The investments measured using this valuation technique, are:

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

Variables	Variation	Favorable Impact	Unfavorable Impact
Revenues (% growth of 5 years)	+/- 1%	4.32%	(-4.69%)
Gradient of growth in perpetuity	+/- 10%	1.18%	(-1.41%)
Discount interest rates	+/- 50PB	2.84%	(-2.71%)

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

As of December 31, 2016, according to the evaluations conducted on the assumptions, there were no significant changes therein.

Equity instruments measured at their net adjusted value of the assets

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

It corresponds to a valuation technique, which is calculated allocating the market value to the assets and subtracting the liabilities at market value, according to the value that a market participant would grant. In order to apply this technique, the balance sheet was used as of December 31, 2016 and subsequently it was assessed that assets and liabilities had the chance to be realizable. The difference between the total realizable assets and the total of liabilities is the net adjusted value or the reasonable value. For the calculation of the assets and liabilities with a chance to be realizable, a calculation factor of 100% was assigned to them.

Below is the sensibility to changes in the price per share.

Variation	Favorable Impact	Unfavorable Impact
+/- 10%	13.04%	(-14.13%)

Equity instruments measured with deducted cash flows

The flows are forecast for a time limit of 5 years, the present value of operating free cash flow 2017 – 2021 deducted at the cost of the *WACC* plus a flow in perpetuity following the explicit forecast period. According to the behavior of the flow, the terminal value is calculated alleging a growth in perpetuity.

The investments measured using this valuation technique, are:

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

Variables	Range used for valuation
Revenues (% growth of 5 years)	-0.5% -14.60%
Gradient of growth in perpetuity	3%
Discount interest rates	16.97%

Below is the sensibility to changes in the price per share as of December 31, 2016.

Variables	Variation	Favorable Impact	Unfavorable Impact
Revenues (% growth of 5 years)	+/- 1%	3.01%	(-3.42%)
Gradient of growth in perpetuity	+/- 10%	0.75%	(-1.18%)
Discount interest rates	+/- 50PB	0.25%	(-0.66%)

Measurements of fair value on a recurring basis

Measurements of fair value on recurring basis are those that IFRS require or permit in the statement of financial position at the end of each period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Company measured at fair value at December 31, 2017 and 2016 on a recurring basis.

ASSETS	December 31, 2017		
	TIER 1	TIER 2	TIER 3 (1)
Assets at fair value with adjustment in profit or loss			
Derivative financial instruments			
Forwards	-	28,089	-
Swaps	-	6,067	-

Other derivatives	-	2,435	-
Subtotal	-	36,591	-
Debt Instruments			
With changes in profit and loss	737,495	152,416	-
With changes in Other Comprehensive Income	1,382,995	225,655	-
Subtotal	2,120,490	378,071	-
Equity Instruments			
With changes in profit and loss	-	45,011	-
With changes in Other Comprehensive Income	659,209	136,052	33,338
Subtotal	659,209	181,063	33,338
Total assets measured at fair value on a recurring basis	2,779,699	595,725	33,338
Liabilities			
Liabilities at fair value with adjustment in profit and loss			
Derivative financial instruments			
Forwards	-	13,376	-
Swaps	-	6,026	-
Cash operations	-	6	-
Other derivatives	-	4,600	-
Total liabilities measured at fair value on a recurring basis	-	24,008	-

	December 31, 2016		
Assets	TIER 1	TIER 2	TIER 3 (1)
Assets at fair value with adjustment in profit or loss			
Derivative financial instruments			
Forwards	-	82,289	-
Swaps	-	8,274	-
Other derivatives	-	2,914	-
Subtotal	-	93,477	-
Debt Instruments			
With changes in profit and loss	488,287	269,114	-
With changes in Other Comprehensive Income	1,333,646	552,023	-
Subtotal	1,821,933	821,137	-
Equity Instruments			
With changes in profit and loss	-	43,623	-
With changes in Other Comprehensive Income	-	720,987	28,242
Subtotal	-	764,610	28,242
Total assets measured at fair value on a recurring basis	1,821,933	1,679,224	28,242
Liabilities			
Liabilities at fair value with adjustment in profit and loss			
Derivative financial instruments			
Forwards	-	104,229	-
Swaps	-	9,264	-
Other derivatives	-	5,019	-

Total liabilities measures at fair value on a recurring basis	-	118,512	-
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(1) Tier 3	December 31, 2017	December 31, 2016
Equity Instruments		
Cámara de Compensación de Divisas de Colombia S.A.	916	593
Camara de Riesgo Central de Contraparte de Colombia S.A.	427	405
Depósito Central de Valores – DECEVAL	-	8,482
Fiduciaria de Occidente S.A.	26,884	13,659
Subtotal	28,227	23,139
Financial Instruments at changes in equity through Other comprehensive income		
Corporación Andina de Fomento	1,039	1,018
Inducarbón Ltda.	1	1
Industria Colombo Andina-Inca S.A.	73	84
Petróleos Colombianos Limited	148	149
Petróleos Nacionales S.A.	257	257
Promotora de Inversiones Ruitoque S.A. (Promisión)	696	696
Promotora la Alborada S.A.	316	316
Promotora la Enseñanza S.A.	70	70
Reforestadora de Santa Rosalia C.I. S.A.	12	12
Sociedad Hotelera Cien Internacional S.A.(Hotel Bogotá Royal)	100	101
Textiles el Espinal S.A.	2,399	2,399
Subtotal	5,111	5,103
Total Tier 3	33,338	28,242

Fair value of assets and liabilities not measured at fair value

The following is a comparison of the carrying value and the fair value of each class of financial instruments that the Company presents in its financial statements:

	December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and equivalents	946,125	946,125	1,130,029	1,130,029
Money market operations	310,653	310,653	673,748	673,748
Debt instruments				
At fair value through profit and loss	889,911	889,911	757,401	757,401
At fair value through other comprehensive income	1,608,650	1,608,650	1,885,669	1,885,669
At amortized cost	50,255	50,107	54,050	53,894
Equity instruments				
At fair value through profit and loss	37,998	37,998	36,543	36,546
At fair value through other comprehensive income equity instruments	828,599	825,256	749,229	751,622
Derivative financial instruments	36,591	36,591	93,477	93,477
Accounts receivable	98,080	98,080	224,468	224,468
Total financial assets	4,806,862	4,803,371	5,604,614	5,606,854
Deposits and liabilities	3,330,886	3,330,886	3,226,477	3,226,477
Money market and related operations	2,554,925	2,554,925	3,118,249	3,118,249
Derivatives	24,008	24,008	118,512	118,512

Accounts payable	24,907	24,907	44,351	44,351
Total financial assets	5,934,726	5,934,726	6,507,589	6,507,589

The fair value of financial assets and financial liabilities is determined on the basis of the amount at which the instrument could be exchanged in a transaction between interested parties, other than a forced or liquidated sale. The following methods and hypotheses were used to estimate fair values:

- For cash and cash equivalents, active and passive monetary operations, accounts receivable, accounts payable and other current liabilities, the fair value corresponds to the carrying amount due in large part to the short-term maturities of these instruments.
- The fair value of listed securities is based on listing as of the closing date.
- The fair value of unlisted instruments is estimated discounting future cash flows using rates currently available for debts which conditions, credit risk and the remaining maturities are similar.

(6) Cash and cash equivalents

The balances of cash and cash equivalents comprise the following:

	December 31, 2017	December 31, 2016
In Colombian pesos		
Cash	3	3
Petty cash	3	3
Banks and other financial institutions on demand*	888,683	1,047,456
Banks or financial institutions	814,790	913,650
Banco de la Republica de Colombia	73,893	133,806
Subtotal in Colombian pesos	888,686	1,047,459
In foreign currency		
Cash	21	23
General cash	21	23
Banks and other financial institutions on demand*	57,418	82,547
Banks or financial institutions	57,418	82,547
Subtotal foreign currency	57,439	82,570
TOTAL CASH AND CASH EQUIVALENTS	946,125	1,130,029

* Includes the Reserve Requirement available for the corresponding two-week period for the periods ended December 31, 2017 and 2016, valued at \$73,893 and \$133,806 respectively

There were no restrictions or limitations on cash and cash equivalents.

(7) Active positions in money market operations

The following is the detail of the active positions in money market transactions, as of December 31, 2017 and 2016:

	December 31, 2017		December 31, 2016	
	Balances	Effective Annual Rate (1)	Balances	Effective Annual Rate (1)
Operations agreed upon between 0 and 90 days				
In Colombian pesos				
Transfer commitments in simultaneous operations investments	219,890	4.49%	582,565	6.47%
Subtotal in Colombian pesos	219,890		582,565	
Operations agreed upon of more than 90 days				
Foreign currency				
Ordinary interbank funds sold	90,763	2.82%	91,183	2.78%
Subtotal foreign currency	90,763		91,183	
Total Money Market Operations	310,653		673,748	

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

These amounts are not subject to restrictions or limitations.

(8) Investments measured at fair value

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

a) Measured at fair value through profit and loss

By currency	December 31, 2017	December 31, 2016
Financial instruments measured at fair value through profit and loss		
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or guaranteed by the Colombian government	741,431	511,730
Issued or guaranteed by other Colombian government entities	-	2,049
Issued by national issuers	60,375	126,191
Other securities	88,105	109,782
Total debt instruments in pesos	889,911	749,752
In foreign currency		
Other securities	-	7,649
Total debt instruments in foreign currency	-	7,649
TOTAL DEBT INSTRUMENTS	899,911	757,401

EQUITY INSTRUMENTS		
In Colombian pesos		
Collective Funds and Portfolio	37,998	36,543
TOTAL EQUITY INSTRUMENTS	37,998	36,543
TOTAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	927,909	793,944
By classification	December 31, 2017	December 31, 2016
Measured at fair value through profit and loss		
Debt instruments through profit and loss		
Colombian Government Bonds	741,431	511,730
Bonds from other entities of the Colombian Government	-	2,049
Financial Entities	60,375	126,191
Others	88,105	117,431
SUBTOTAL	889,911	757,401
Other equity instruments at fair value with changes in profit and loss		
Fiduciaria Corficolombiana Collective Fund	3,973	1,464
Confianza Plus Collective Fund	2,486	2,173
Fiduciaria Corficolombiana Capital	1,778	4,205
Fiduciaria Bogota 60 CCA Sumar	1,794	804
SUBTOTAL	10,031	8,646
Investments in Fiduciary Rights through profit and loss		
Melendez – 3941 – Alferez Management Trust	22,555	22,468
Fiduciaria Bogota 60 CCA Sumar	37	
20-054P Portfolio Trust	8,073	8,200
Arromasa Trust (CFC 46.25%)	520	520
Fibratolima	3,795	3,789
SUBTOTAL	34,980	34,977
Impairment	(7,013)	(7,080)
SUBTOTAL	37,998	36,543
TOTAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	927,909	793,944

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

By currency	December 31, 2017	December 31, 2016
Financial instruments measured at fair value through other comprehensive income		
In Colombian pesos		

Debt instruments through other comprehensive income	1,452,626	1,739,577
Equity instruments	827,246	747,880
In foreign currency		
Debt instruments through other comprehensive income	156,023	146,092
Equity instruments	1,354	1,349
Equity instruments impairment	(3,343)	(3,343)
TOTAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)	2,433,906	2,631,555

By classification

Debt instruments through other comprehensive income	December 31, 2017	December 31, 2016
Colombian Government Bonds	1,399,648	1,709,521
Bonds from other entities of the Colombian Government	106,480	86,526
Financial Entities	41,518	12,654
Others	61,004	76,968
SUBTOTAL	1,608,650	1,885,669

	% of interest	Classification	December 31, 2017	December 31, 2016
Financial instruments at fair value through other comprehensive income				
Alimentos derivados de la Caña	0.32%	A	230	215
Banco Comercial AV Villas S.A.(Common Shares)	0.02%	A	280	289
Banco Comercial AV Villas S.A. (Preference Shares)	0.01%	A	118	125
BladexS.A.	0.01%	A	166	183
Bolsa de Valores de Colombia S.A. (1)	3.36%	A	31,510	13,629
Cámara de Compensación de Divisas de Colombia S.A.	3.19%	A	916	593
Cámara de Riesgo Central de Contraparte de Colombia S.A.	1.09%	A	427	405
Deposito Central de Valores-DECEVAL (1)	3.67%	A	-	8,482
Empresa de Energía de Bogotá S.A. ESP	3.56%	A	659,209	592,142
Fiduciaria Occidente S.A.	4.44%	A	26,884	13,659
Gas Natural S.A. ESP	1.68%	A	47,202	71,491
Mineros S.A.	8.54%	A	56,546	42,913
SUBTOTAL			823,488	744,126

Financial instruments at equity variations through other comprehensive income

Corporación Andina de Fomento	0.00%	A	1,039	1,018
Inducarbón Ltda.	0.09%	E	1	1
Industria Colombia Andina-Inca S.A.	0.67%	A	73	84
Petróleos Colombianos Limited	0.05%	E	148	149
Petróleos Nacional S.A.	19.54%	E	257	257
Promotora de Inversiones Ruitoque S.A. (Promisión)	3.34%	B	696	696

Promotora la Alborada S.A.	1.83%	E	316	316
Promotora la Enseñanza S.A.	2.45%	E	70	70
Reforestadora de Santa Rosalía C.I. S.A.	0.00%	E	12	12
Sociedad Hotelera Cien Internacional S.A. (Hotel Bogotá Royal)	0.39%	A	100	101
Textiles El Espinal S.A.	8.56%	E	2,399	2,399
SUBTOTAL			5,111	5,103
Equity instruments impairment			(3,343)	(3,343)
TOTAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			2,433,906	2,631,555

(1) In order to achieve a unified strategy in the country capital market development, Bolsa de Valores S.A. and Depósito Centralizado de Valores de Colombia (Deceval S.A.) signed an agreement to perform a corporate integration through the exchange of shares of both entities.

In this sense, on March 24, 2017, the Extraordinary Shareholders Assembly of Deceval S.A. approved the amendment to the bylaws and eliminated the right of first refusal. On the other hand, on March 28, 2017, the Ordinary Shareholders Assembly of Bolsa de Valores de Colombia S.A. approved the issuance of common shares of the company.

On December 14, 2017, the Finance Superintendence of Colombia approved the closure of the integration operation defining that per each share of Deceval S.A., the holders will receive 33,500 shares in Bolsa de Valores de Colombia S.A. On the same day, the shareholders were instructed to carry out the recognition process of the purchase of shares of Bolsa de Valores de Colombia S.A.

Analysis for the recognition of taxes by the purchase made

The tax treatment applied to the operation for income and ancillary taxes purposes pursuant to the provisions of the master agreement is that provided in article 319 of TC *“Art. 319. Contributions to national companies. The contribution in cash or kind to national companies shall not generate taxable income for them, nor shall the contribution be considered disposal, or shall give rise to taxable income deductible for the shareholder...”*

Pursuant to the foregoing, the delivery of the shares of Deceval S.A. as contribution in kind for the acquisition of the new shares of Bolsa de Valores de Colombia S.A. is not considered a disposal, nor gives raise to taxable income for income tax purposes.

Regarding the new investments of Bolsa de Valores de Colombia S.A. acquired, they do not generate deferred tax liability as the reversal of these temporary differences would correspond to revenue that does not represent taxable income or windfall earnings pursuant to article 36-2 of TC.

The Corporation recognized a revenue for the exchange of shares for \$13,517, resulting from the comparison of the net book value before the shares exchange in Deceval S.A. for \$1,385, the recognition of these shares acquired from Bolsa de Valores de Colombia S.A. at market value for \$14,902.

The standards used to perform the analysis of the transaction previously described were the following:

- IFRS 09 – Financial Instruments (2010 version, in force in Colombia)
- IAS 32 – Financial Instruments: Presentation
- IAS 39 – Financial Instruments: Recognition and Measurement (2018 version, in force at international level).
- Chapter I – 1 of External Circular Letter 034/2014 issued by the Finance Superintendence of Colombia
- IAS 12 – Income Taxes
- Article 319 and 36-2 of the Tax Code

Reclassification of investment in debt securities

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

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

Reclassification Date	Kind	Nominal Value	Market Value	Profit (or loss)
January 3, 2017	TES UVR	400	102,400	166
January 04, 2017	TES FIXED RATE	165,000	201,873	-923
January 05, 2017	TES FIXED RATE	340,000	361,535	607
January 06, 2017	TES UVR	600	155,322	98
January 18, 2017	TES UVR	250	65,067	-33
March 17, 2017	TES FIXED RATE	49,500	48,385	191
March 21, 2017	TES FIXED RATE	14,000	13,745	133
March 22, 2017	TES FIXED RATE	11,500	11,286	104
April 26, 2017	TES FIXED RATE	27,000	28,916	-17
April 28, 2017	TES FIXED RATE	155,000	201,483	5,357
April 28, 2017	BANCOLOMBIA USD BOND	2	6,618	202
April 28, 2017	GRUPO DE INV	2	6,579	253
	SURAMERICANA USD BOND			
May 04, 2017	TES FIXED RATE	50,000	50,804	38
May 05, 2017	TES FIXED RATE	50,000	48,071	1,590
May 09, 2017	TES FIXED RATE	100,000	130,376	2,791
May 17, 2017	OLEODUCTO CENTRAL S.A	2	5,933	286
	USD BOND			
May 31, 2017	TES FIXED RATE	73,000	78,903	261
June 01, 2017	TES FIXED RATE	70,000	73,970	1,580
June 13, 2017	TES FIXED RATE	80,000	84,732	1,760

June 13, 2017	TES FIXED RATE	50,000	65,993	1,706
June 14, 2017	GRUPO DE INV	2	6,430	229
	SURAMERICANA USD BOND			
June 15, 2017	TRANSMANTARO S.A.USD BOND	2	6,110	262
July 11, 2017	TRANSMANTARO S.A.USD BOND	2	6,398	245
July 12, 2017	TES UVR	300	77,954	556
August 17, 2017	TES FIXED RATE	95,000	108,634	203
August 17, 2017	AVAL LIMITED USD BOND	3	9,295	224
August 17, 2017	SURAAM USD BOND	2	6,110	139
August 17, 2017	GRUPO DE INV	1	1,639	40
	SURAMERICANA USD BOND			
August 17, 2017	SUAM FINANCE USD BOND	1	1,598	28
August 29, 2017	TES UVR	400	103,600	-19
September13,2017	TES FIXED RATE	25,000	24,186	114
October 05, 2017	TES FIXED RATE	25,000	26,892	146
October 24, 2017	ECOPETROL USD BOND	3	6,638	291
November23,2017	TES FIXED RATE	207,000	233,105	1,545
November28,2017	TES FIXED RATE	45,000	55,723	383
November29,2017	TES FIXED RATE	100,000	108,846	764
November29,2017	AVAL LIMITED USD BOND	5	15,476	317
December07,2017	TES FIXED RATE	50,000	54,603	556
December18,2017	TES FIXED RATE	160,000	194,532	1,500
General Total			2,789,760	23,673

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

As of December 31, 2016 the Corporation reclassified investments in debt securities available for sale to negotiable, for a market value of \$1,212,945, which are detailed below:

Reclassification Date	Kind	Nominal Value	Market Value	Profit (or loss)
December 2016	USD BOND	5	16,932	540
December 2016	TES FIXED RATE	1,093,500	1,196,013	6,797
GENERAL TOTAL			1,212,945	7,337

Reclassification Date	Kind	Nominal Value	Market Value	Profit (or loss)
July 27, 2016	USD BOND GRUPO DE INV	2	6,718	217
August 5, 2016	USD BOND EPM	1	3,552	119
August 11, 2016	TES FIXED RATE	20,000	17,924	146
August 16, 2016	TES FIXED RATE	45,000	40,493	205
August 17, 2016	TES FIXED RATE	10,000	8,999	51
August 23, 2016	USD BOND ECOPETROL	2	6,662	204
August 24, 2016	TES FIXED RATE	143,500	158,161	1,463
August 25, 2016	TES FIXED RATE	88,500	93,299	318
August 26, 2016	TES FIXED RATE	60,000	65,405	(179)
September 5, 2016	TES FIXED RATE	48,000	55,019	(211)
September 6, 2016	TES FIXED RATE	320,500	373,494	(708)
September 7, 2016	TES FIXED RATE	125,000	138,832	236
September 22,	TES FIXED RATE	113,000	114,434	(481)
September 27,	TES FIXED RATE	60,000	62,434	2,292
September 29,	TES FIXED RATE	60,000	67,519	3,665

General Total			1,212,945	7,337
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The effect on the income statement, in relation to such reclassifications, generated profits for \$7,337.

Changes in fair values mainly reflect changes in market conditions due to fluctuations in interest rates and other economic conditions in the country where the investment is held. As of December 31, 2017 and December 31, 2016, the Company considers that there have been no significant losses in the fair value of financial assets due to impairment conditions in the credit risk of these assets.

As of December 31, 2017 there are no investments in debt securities securing repo operations and at December 31, 2016 there are investments in debt securities securing repo operations for \$378,546.

Additionally, as of December 31, 2017 and 2016 the financial instruments at fair value of \$2,070,559 and \$2,642,296 respectively, have been provided as collateral to third parties in support of financial obligations to others.

The sensitivity analysis for changes in interest rates on financial assets at fair value is disclosed in note 4.

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

As of December 31, 2017 and 2016, dividends have been recognized in the income statement for the following investments:

Corporate Name	December 31, 2017			December 31, 2016		
	Total Value of Dividends	Amount in Cash	Amount in Shares	Total Value of Dividends	Amount in Cash	Amount in Shares
Empresa de Energia de Bogota S.A. E.S.P.	32,387	32,387	-	7,994	7,994	-
Gas Natural ESP	4,633	4,633	-	4,402	4,402	-
Mineros S.A.	3,165	3,165	-	2,951	2,951	-
Fiduciaria de Occidente S.A.	1,214	245	969	805	621	184
Deceval S.A.	887	887	-	726	726	-
Bolsa de Valores de Colombia S.A.	565	565	-	559	559	-
Cámara de Compensación de Divisas de Colombia S.A.	49	49	-	38	38	-
Banco Comercial AV Villas S.A.	29	29	-	28	28	-
Bladex S.A.	9	7	-	10	10	-

TOTAL	42,938	42,938	969	17,513	17,329	184
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(9) Measurements at amortized cost

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

	December 31, 2017	December 31, 2016
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by other entities of the Colombian Government	50,255	54,050

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

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

	December 31, 2017	December 31, 2016
Up to 1 month	7,752	7,016
More than 1 month and less than 3 months	-	47,034
More than 3 months and less than 1 year	42,503	-
Total	50,255	54,050

(10) Derivative Financial Instruments

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

Derivative financial instruments include the following:

Item	December 31, 2017		December 31, 2016	
	Notional Amount (1)	Fair Value	Notional Amount (1)	Fair Value
ASSETS				
Operation with speculative derivatives				
Forwards for purchase of foreign currency	352,482	2,508	471,641	4,249
Forwards for sale of foreign currency	1,250,660	24,977	2,086,377	78,027
Forwards for purchase of securities	141,500	264	30,000	13
Forwards for sale of securities	410,035	340	-	-
SUBTOTAL	2,154,677	28,089	2,588,018	82,289
Interest rate swaps	110,180	577	126,774	1,099
Cross currency swaps	1,051,860	5,490	1,000,048	7,175
SUBTOTAL	1,162,040	6,067	1,126,822	8,274
Currency call options	397,575	2,435	237,239	2,914

SUBTOTAL	397,575	2,435	237,239	2,914
Total operations with speculative derivatives	3,174,292	36,591	3,952,079	93,477
TOTAL ASSETS	3,174,292	36,591	3,952,079	93,477
LIABILITIES				
Forwards for purchase of foreign currency	411,487	8,028	1,335,229	56,479
Forwards for sale of foreign currency	586,715	4,488	775,059	46,245
Forwards for purchase of securities	178,000	167	60,000	17
Forwards for sale of securities	402,100	694	507,500	1,488
SUBTOTAL	1,578,302	13,377	2,677,788	104,229
Interest rate swaps	127,744	985	58,360	330
Cross currency swaps	814,632	5,041	1,130,353	8,933
SUBTOTAL	942,376	6,026	1,188,713	9,263
Currency put options	190,485	4,600	145,495	4,844
SUBTOTAL	190,485	4,600	145,495	4,844
Cash operations	5,968	5	57,013	176
Total operations with speculative derivatives	2,717,131	24,008	4,069,009	118,512
TOTAL LIABILITIES	2,717,131	24,008	4,069,009	118,512
NET POSITION	997,161	12,583	(116,930)	(25,035)

(1) Notional amount is expressed in functional currency

The derivative instruments used by the Company are generally traded in organized markets. Derivative instruments have favorable net (asset) or unfavorable (liability) conditions as a result of fluctuations in foreign exchange rates and in the interest rate market or in other variables related to their conditions. The cumulative amount of the fair values of assets and liabilities in derivative instruments may vary significantly from time to time.

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

	December 31, 2017	December 31, 2016
Credit quality		
AAA	-	4,142
AA+	-	(140)
AA	(165)	986
AA- (International)	-	(757)
A+ (International)	-	2,433
A (International)	(5,481)	(35,830)
A- (International)	(49,656)	-
BB+ (International)	231	
BB (International)	(769)	
BBB (International)	-	(6,561)
BBB+ (International)	(31,593)	1,530
BBB- (International)	85,511	
BB- (International)	(5)	

Unrated	14,510	9,162
Total	12,583	(25,035)

As of December 31, 2017 2016 the Company has not carried out operations for hedging operations purposes.

(11) Accounts Receivable, net

The following is the summary of accounts receivable as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Interest	235	220
Dividends and shares	20,666	104,555
Commissions	4,682	5,160
Leases	45	86
Sale of goods and services	1,771	1,654
Fees	83	44
Ordinary savings account abandoned	97	84
Deposits	39,284	29,728
Advances to contracts and suppliers	36	45
To employees	2,761	2,733
Tax advances	10	7
Customers' account payment (*)	79,018	81,364
Others	19,960	12,728
Total trade accounts	168,649	238,408
Provision for other accounts receivable	(70,568)	(13,940)
Total other accounts receivable	98,080	224,468

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

The following is the impairment movement of account receivables as the years ended on December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Initial Balance	(13,940)	(2,837)
Impairment	(56,628)	(11,103)
Final Balance	(70, 568)	(13,940)

As of December 31, 2017 and 2016 including the impairment of accounts receivable mainly for the execution of guarantees with Electricaribe for \$41,768 with CC rating and \$6,811 with BB rating, respectively. The model for the estimation or quantification of losses expected established by the Finance Superintendence was used.

To estimate the quantification of expected losses, the Reference model of the Finance Superintendence of Colombia is used, registration of impairment is done based on the estimation of the model given default with an age of less than 569 days, as of the month of September 2017, four (4) equal installments of \$4,909 are recorded to reach 80% of capital impairment in the month of December.

(12) Investments in subsidiaries and associates

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

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

Corredores Capital I						
CFC Gas Holding S.A.S	100.00%	20,858,597	319,792	(82,654)	76,334	313,472
Concesionaria Vial del Pacífico S.A.S. (5)	89.90%	-	56,766	-	-	56,766
Impairment in equity investments						(25,076)
Total Investments in Subsidiaries			3,411,109	(13,381)	843,442	4,216,094

December 31, 2016						
Investments in subsidiaries and affiliates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Banco Corficolombiana (Panama) S.A.	100.00%	9,400,579	28,205	1,591	1,119	30,915
Gas Comprimido del Peru Casa de Bolsa S.A.	91.87%	47,821,018	54,158	(37,057)	(15,358)	1,743
Sociedad Comisionista de Bolsa (2)	38.95%	6,068,649	14,093	(3,043)	2,227	13,277
CFC Gas Holding SAS	100.00%	20,858,597	343,214	(113,373)	61,281	291,122
CFC Private Equity Holdings SAS	100.00%	2,215,000	21,970	(997)	(4,324)	16,649
CFC Energy Holdings SAS	100.00%	180,000	169	(11)	(35)	123
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	19,790,348	319,009	(15,776)	22,919	326,152
Coviandes S.A.	0.25%	68,002	93	(178)	300	215
Estudios Proyectos e Inversiones de los Andes S. A.	99.93%	53,583,915	99,172	(121,198)	80,711	58,685
Estudios y Proyectos del Sol S.A.S.	100.00%	237,414,806	683,869	(15,344)	233,011	901,536
Fiduciaria Corficolombiana S.A.	94.50%	29,657,829	36,588	3,356	15,637	55,581
Hoteles Estelar de Colombia S.A.	84.96%	4,221,878,224	168,533	58,122	33,786	260,441
Industrias Lehner S.A. (3)	52.48%	112,844,140	25,075	-	-	25,075
Leasing Corficolombiana S.A.	94.50%	231,383,678	87,790	(12,874)	9,122	84,038
Mavalle S.A.	18.32%	1,668,528	2,918	(1,152)	(77)	1,689
Organizacion Pajonales S.A.	98.13%	29,367,208	86,107	(8,781)	11,114	88,440
Pizano S.A.	39.99%	2,791,482,625	56,772	21,579	(27,126)	51,225
Plantaciones Unipalma de los Llanos S.A.	54.53%	1,515,383,414	16,409	60,854	(5,366)	71,897
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	7,341,249,597	16,440	10,618	4,244	31,302
Proyectos de Infraestructura S.A.	88.25%	52,922,419	84,611	(115,026)	146,450	116,035
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	2,000,000	2,000	348	597	2,945
Tejidos Sinteticos de Colombia S.A.	94.99%	86,288,271	19,676	(10,083)	11,125	20,718

Valora S.A.	100.00%	496,542,876	116,771	16,146	17,288	150,205
Promigas S.A. (1)	34.22%	388,359,392	868,305	(64,642)	178,713	982,376
Fondo de Capital Privado Corredores Capital I	97.30%	14,384,309	654	65,410	83,218	149,282
Impairment in equity investments						(25,076)
Total Investments in Subsidiaries			3,152,601	(281,511)	860,576	3,706,590

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

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

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

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

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

(2) On December 21, 2016, by means of the subscription of a shareholders agreement on Casa de Bolsa S.A., Corporacion Financiera Colombiana S.A., acquired the control of said entity keeping its share participation in 38.95% and without transfer of a compensation for this economic fact. This control change, obeys to the intention to strengthen the operational synergies between Casa de Bolsa and Corficolombiana, in addition to the commercial ones between the commission agent and the financial entities subsidiaries of the Company.

As the previous controller Banco de Bogota S.A. as well as the Company are controlled by Grupo Aval y Valores S.A., this combination of business complies with the definition of combinations of business on entities under the common agreement control with the IFRS 3 Business Combinations. In this sense, although this transaction is not under the scope of the IFRS 3 due to its nature, the acquisition method has been used for its accounting in the Financial Statements of the Company.

Pursuant to the IAS 27 Individual Financial Statements, when the control of an entity is acquired without transferring a compensation and only by means of an agreement, the compensation shall be measured at fair value as of the control acquisition date. In order to determine the fair value of Casa de Bolsa S.A. given that this entity is not listed in the stock exchange and there are no current transactions which are comparable, the Company decided to use the income approach of the IFRS 13 measurement at fair value for its determination.

The Company, before acquiring the control on Casa de Bolsa S.A. had been measuring this investment under the equity method as it had a significant influence and it will continue measuring it under this methodology pursuant to its accounting policy of measurement for the controlled entities.

Pursuant to the set forth in the IAS 27, the Company acknowledged an income for the control acquisition of \$1,822 million pesos, resulting from the comparison at fair value of the share kept in said entity for \$13,277 million pesos and its carrying value anticipated for the control acquisition \$11,454 million pesos.

(3) On September 08, 2017, the Shareholders Assembly of Industrias Lehner S.A. declared the company as wound up and under liquidation.

(4) Including 1,200,000 subscribed shares to be paid to Proyectos y Desarrollos Viales del Pacífico S.A.S.

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

(6) Including adjustment of impairment of Concesionaria Ruta del Sol S.A.S. for \$140,691 (The value of the investment CRDS went from \$252,474 to \$111,783 in the financial statements of Estudios y Proyectos del Sol S.A.S.)

Breakdown of financial information of investments in subsidiaries:

December 31, 2017					
Investments in Subordinates	Share %	Main Domicile	Assets	Liabilities	Profits / (Loss)
Banco Corficolombiana (Panama) S.A.	100.00%	Panama	279,035	250,012	1,176
Gas Comprimido del Peru S.A.	91.87%	Peru	67,709	66,906	(2,263)
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	Colombia	45,081	15,172	71
CFC Private Equity Holdings SAS	100.00%	Colombia	46,920	1	(1,909)
CFC Energy Holdings SAS	100.00%	Colombia	115	1	(9)
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	Colombia	442,479	2,121	68,140
Concesionaria Vial de los Andes S.A.	0.25%	Colombia	346,490	245,177	15,405
Estudios Proyectos e Inversiones de los Andes S.A.	99.93%	Colombia	235,260	163,373	13,808
Estudios y Proyectos del Sol S.A.S.	100.00%	Colombia	1,005,014	180,842	(77,304)
Fiduciaria Corficolombiana S.A.	94.50%	Colombia	177,944	116,934	13,637
Hoteles Estelar de Colombia S.A.	84.96%	Colombia	612,657	288,248	17,592
Industrias Lehner S.A. en liquidacion	52.48%	Colombia	134	7,776	(1,104)
Leasing Corficolombiana S.A.	94.50%	Colombia	928,450	845,698	(5,818)
Mavalle S.A.	46.77%	Colombia	28,278	13,876	287
Organizacion Pajonales S.A.	98.67%	Colombia	231,607	103,605	2,046
Pizano S.A.	39.99%	Colombia	203,226	157,299	(84,024)
Plantaciones Unipalma de los Llanos S.A.	54.53%	Colombia	202,551	63,779	6,725
Proyectos y desarrollos viales del Oriente S.A.S.	100.00%	Colombia	1	1	(1)
Proyectos y desarrollos viales del Pacífico S.A.S.	100.00%	Colombia	166,455	20,268	2,854
Proyectos y desarrollos viales del Mar S.A.S.	100.00%	Colombia	59,461	6,743	608
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	Colombia	42,719	4,366	1,352

Proyectos de Infraestructura S.A.	88.25%	Colombia	260,628	127,480	74,792
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	Colombia	3,266	863	(542)
Tejidos Sinteticos de Colombia S.A.	94.99%	Colombia	28,158	5,622	2,074
Valora S.A.	100.00%	Colombia	214,417	34,051	(5,795)
Promigas S.A.	34.22%	Colombia	5,825,930	2,969,089	654,573
Fondo de Capital Privado Corredores Capital I	97.30%	Colombia	535,413	-	22,751
CFC Gas Holding SAS	100.00%	Colombia	973,033	201	45,374

December 31, 2016					
Investments in Subordinates	Share %	Main Domicile	Assets	Liabilities	Profits / (Loss)
Banco Corficolombiana (Panama) S.A.	100.00%	Panama	303,195	272,280	1,496
Gas Comprimido del Peru	91.87%	Peru	68,990	67,093	(1,888)
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	Colombia	61,269	31,861	446
CFC Gas Holding SAS	100.00%	Colombia	649,784	133	25,144
CFC Private Equity Holdings SAS	100.00%	Colombia	16,695	46	(1,573)
CFC Energy Holdings SAS	100.00%	Colombia	124	1	(6)
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	Colombia	345,873	11,921	7,355
Concesionaria vial de los Andes S.A.	0.25%	Colombia	577,997	491,508	2,075
Estudios Proyectos e Inversiones de los Andes S.A.	99.93%	Colombia	226,084	167,354	5,263
Estudios y Proyectos del Sol	100.00%	Colombia	1,225,899	222,089	73,508
Fiduciaria Corficolombiana S.A.	94.50%	Colombia	94,356	32,920	7,839
Hoteles Estelar de Colombia S.A.	84.96%	Colombia	550,106	243,295	12,403
Industrias Lerner S.A.	52.48%	Colombia	473	7,010	(520)
Leasing Corficolombiana S.A.	94.50%	Colombia	984,131	895,202	2,456
Mavalle S.A.	18.32%	Colombia	23,295	14,075	(159)
Organizacion Pajonales S.A.	98.13%	Colombia	197,289	108,532	533
Pizano S.A.	39.99%	Colombia	263,867	135,441	(10,961)
Plantaciones Unipalma de los Llanos S.A.	54.53%	Colombia	193,601	61,754	360
Promotora y Comercializadora Turistica Santamar S.A.	84.60%	Colombia	41,619	4,619	681
Proyectos de Infraestructura S.A.	88.25%	Colombia	246,195	114,884	37,276
Proyectos de Ingenieria y Desarrollos S.A.S	100.00%	Colombia	3,747	801	(106)
Tejidos Sinteticos de Colombia S.A.	94.99%	Colombia	29,654	7,843	760
Valora S.A.	100.00%	Colombia	170,706	17,101	5,904
Promigas S.A.	34.22%	Colombia	5,349,579	2,710,577	286,192
Fondo de Capital Privado Corredores Capital I	97.30%	Colombia	355,382	-	27,404

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

December 31, 2017						
Investments in Associates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value

Aerocali S.A.	49.99%	189,997	7,697	2,417	7,370	17,484
Colombiana de Extrusion S.A. Extrucol	20.00%	315,420	1,785	6,300	(434)	7,651
Concesionaria Tibitoc	33.33%	9,086,933	8,925	14,254	(3,013)	20,166
Metrex S.A.	10.31%	321,782	168	746	551	1,465
Ventas y Servicios S.A.	19.90%	586,772	4,692	660	(283)	5,069
Total Investments in Associates			23,267	24,377	4,191	51,835

December 31, 2016						
Investments in Associates	Share %	Number of Shares	Cost	Equity Method	Result Method	Investment Value
Aerocali S.A.	49.99%	189,997	7,697	2,466	14,808	24,971
Colombiana de Extrusion S.A. Extrucol	20.00%	315,420	1,785	6,245	(461)	7,569
Concesionaria Tibitoc	33.33%	9,086,933	8,925	14,254	(2,970)	20,209
Metrex S.A.	10.31%	321,782	168	751	363	1,282
Ventas y Servicios S.A.	19.90%	586,772	4,692	674	(441)	4,925
Total Investments in Associates			23,267	24,390	11,299	58,956

As of December 31, 2017 and 2016, investments in equity securities in subsidiaries and associates were not pledged nor were guarantee of financial obligations.

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

	Share %	December 31, 2017	December 31, 2016
Impairment of investments			
Reforestadora de Santa Rosalia C.I. S.A.	0.00%	12	12
Petroleos Colombianos Limited	0.05%	149	149
Inducarbon Ltda.	0.09%	1	1
Promotora la Alborada S.A.	1.83%	316	316
Promotora la Enseñanza S.A.	2.45%	70	70
Promotora de Inversiones Ruitoque S. A.	3.34%	139	139
Textiles el Espinal S.A.	8.56%	2,399	2,399
Petroleos Nacionales S.A.	19.54%	257	257
Industrias Lehner S.A.	52.48%	25,076	25,076
TOTAL		25,419	28,419
Impairment of Rights in Trusts			
Trust Portfolio 20-054P	100.00%	6,493	6,560
Fideicomiso Arromasa	46.25%	520	520
TOTAL		7,013	7,080

(13) Property and Equipment, net

The following is the balance of tangible asset accounts for the periods ended on December 31, 2017 and 2016.

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

Property and Equipment	December 31, 2017	December 31, 2016
Previous balance	23,850	21,882
Purchases or acquisitions (net)	921	4,162
Withdrawals / Sales (net)	(119)	(2,194)
Current balance	24,652	23,850
Cumulative Depreciation:		
Previous balance	(4,697)	(3,612)
Depreciation charged to income	(1,618)	(1,374)
Withdrawals / Sales	107	289
Current balance	(6,208)	(4,697)
Net Assets Property and Equipment	18,444	19,153

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

	Cost	Cumulative Depreciation	Book Value
Land	3,038		3,038
Buildings	10,999	(659)	10,340
Equipment, Furniture and Office Equipment	1,936	(1,061)	875
Computer equipment	4,181	(2,559)	1,622
Vehicles	856	(418)	438
Equipment under assembly	2,840		2,840
Balance as of December 31, 2016	23,850	(4,697)	19,153
Land	3,038		3,038
Buildings	10,999	(897)	10,102
Equipment, Furniture and Office Fittings	2,230	(1,304)	926
Computer equipment	7,289	(3,535)	3,754
Vehicles	1,065	(472)	593
Equipment under assembly	31	-	31
Balance as of December 31, 2017	24,652	(6,208)	18,444

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

(14) Investment Properties, net

The following is the movement of Investment Properties during the periods ended on December 31, 2017 and 2016:

Investment Properties	December 31, 2017	December 31, 2016
Previous balance	78,922	76,248
Transfer of BRP and Trusts	-	(780)
Fair Value Adjustment to Investment Properties (income) (1)	2,793	3,516
Withdrawals / Sales (net)	(93)	(62)
Current balance	81,622	78,992
Impairment		
Previous balance	47,945	47,053
Impairment Expense	1,546	899
Reimbursement of Fair Value Adjustment (expense)	-	(1)
Withdrawals / Sales (net)	(74)	(6)
Current balance	49,417	47,945
Net balance of Investment Properties	32,205	30,977

(1) In December 2017, the Corporation adjusted its investment properties at a fair value using technical appraisals, which generated a net income in the income statement of \$2,792. There are no mortgages or domain reserves, thereon, and they have not been assigned as collateral.

(15) Income Tax

The income tax expense for the years ended on December 31, 2017 and 2016 includes the following:

- a. Breakdown of the income tax expense (income) in the Income Statement:

	December 31, 2017	December 31, 2016
Current income tax	15,785	15,056
Income tax Surcharge	2,761	-
CREE tax	-	5,310
CREE surcharge	-	3,540
Subtotal of current taxes	18,546	23,906
Adjustment of previous periods	-	(3,748)
Excesses of provision of the period	131	54
Net deferred taxes for the period	324	401
Subtotal of deferred taxes	324	401
Total	19,001	20,613

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

The current tax provisions in the Company concerning the income tax and supplementary applicable during the year 2017 and 2016 set out, among other things, as follows:

- i. Income tax rates for 2017, 2018 and 2019 and following are 40%, 37% and 33%, respectively (including the income surtax, only for 2017 of 6% and 2018 of 4%). For 2016, the income and CREE tax rate was 40%.

- ii. As of January 1, 2017, the minimum income (presumptive income) to determine the income tax cannot be less than 3.5% of net equity on the last day of the immediately preceding taxable year (3% until December 31, 2016)
- iii. Until December 31, 2016, tax losses could be offset with future taxable revenues without time limits. As of January 2017, tax losses can be offset with ordinary net income obtained in the following 12 taxable years.
- iv. Excesses of presumptive income can be offset in the following 5 taxable years.
- v. Windfall earnings are taxed at the rate of 10%.
- vi. Income tax returns of companies are in force after two years following their presentation. As of January 1, 2017, the firmness term of tax returns will be three years counted from the expiration of the term to declare or from the untimely presentation or credit balance request.

The following is the detail of the reconciliation between the Company's total income tax expense calculated at the current tax rates and the tax expense actually recorded in the income statement of the period of the years ended on December 31, 2017 and 2016, respectively:

	December 31, 2017	December 31, 2016
Earnings before income tax	236,959	329,068
Total tax rate	40%	40%
Theoretical tax expense calculated as per current tax rates	94,783	131,627
Non-deductible expenses	55,041	25,696
Differences in excess presumptive income not generating deferred taxes	18,594	23,599
Difference in tax losses on which no deferred tax was calculated	64,010	50,661
Dividends received not constituting income	(17,175)	(7,005)
Equity method revenues not constituting income	(160,996)	(201,406)
Profit (loss) on sale or valuation of investments not constituting income	(12,148)	1,043
Interest and other non-taxed income on taxes	(22,706)	(698)
Occasional gains with different tax rates	-	74
Effect of deferred tax due to changes in tax rates	(973)	(292)
Adjustment for previous periods	-	(3,748)
Excess (defect) provision for the period	131	54
Other items	440	1,008
Total*	19,001	20,613

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

- c. Tax losses and excess presumptive income:

As of December 31, 2017 and 2016, the following is the detail of tax losses and excess presumptive income that have not been used and on which the Company has not recorded deferred tax assets due to the uncertainty of their recovery.

	December 31, 2017	December 31, 2016
Tax Losses		
With no maturity date	325,247	339,815
December 31, 2029	160,026	-
Total	485,273	339,815
	December 31, 2017	December 31, 2016
Excess presumptive income expiring on:		
December 31, 2018	39,380	39,380
December 31, 2019	59,897	59,897
December 31, 2020	44,255	44,255
December 31, 2021	58,997	58,997
December 31, 2022	46,485	-
Total	249,014	202,529

d. Deferred taxes with respect to subsidiaries, associates and joint ventures:

During the years ended December 31, 2017 and 2016, the Company did not record any deferred tax liabilities with respect to temporary differences in investments in subsidiaries and associates, as a result of the application of the exception established in paragraph 39 of IAS 12, taking into account that the Company has control over the subsidiaries and therefore, it can decide on the reversal of such temporary differences, and it has not provided its realization in the mid-term; therefore, it is likely that they will not be reversed in the foreseeable future. In addition to the situation above, of the company that is using the presumptive income system and that it is anticipated that it will continue using the same system in the coming years. The temporary differences for the amounts indicated as of December 31, 2017 and 2016, amounted to \$697,538 and \$609,870, respectively.

e. Movement in deferred taxes

Deferred tax by type of temporary difference:

Differences between the bases of assets and liabilities for IFRS purposes and the tax bases of the same assets and liabilities for tax purposes give rise to temporary differences that generate deferred taxes calculated and recorded as at December 31, 2017 and 2016.

Year ended on December 31, 2017

The deferred taxes assets, liabilities, expenses (income) and other comprehensive income submitted during the period between December 31, 2017 and 2016 are as follows:

Balance as of December 31, 2017	Credited (charged) to Profit & Loss	Balance as of December 31, 2016

	Statement		
Differences in property, plant and equipment	(2,138)	324	(1,814)
Total Deferred Tax Liability	(2,138)	324	(1,814)

Year ended on December 31, 2016

The deferred taxes assets, liabilities, expenses submitted during the period between December 31, 2016 and based on the balances re-expressed as of December 31, 2015, are as follows:

	Balance as of December 31, 2016	Credited (charged) to Profit & Loss Statement	Balance as of December 31, 2015
Differences in property, plant and equipment	(1,814)	401	(1,413)
Total Deferred Tax Liability	(1,814)	401	(1,413)

f. Components of the Deferred Tax to be Recovered (liquidated)

	December 31, 2017	December 31, 2016
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	(2,138)	(1,814)
Deferred tax liabilities	(2,138)	(1,814)

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

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

	December 31, 2017		December 31, 2016	
	Amount before taxes	Net	Amount before taxes	Net
Items that can be later reclassified through income				
Exchange difference in translation of foreign operations	(236)	(236)	(17,154)	(17,154)
Unrealized profit (loss) on investments available for sale	17,477	17,477	172,562	172,562
Unrealized net profits on equity instruments at fair value	74,144	74,144	(29,898)	(29,898)
Subtotal	91,385	91,385	125,510	125,510
Items not to be reclassified in results				
Actuarial profits (loss) on defined benefit plans	(239)	(239)	(149)	(149)
Subtotal	(239)	(239)	(149)	(149)
Total other comprehensive	91,146	91,146	125,361	125,361

income for the period

h. The Company does not record uncertainties due to open tax positions on December 31, 2017 and 2016.

(16) Other Assets, net

The following is the detail of Other Assets as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Other assets, net		
Prepaid expenses	376	392
Art and cultural assets	380	380
Total	756	772

(17) Deposits and Current Liabilities

The following is the detail of Customer Deposits as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
By nature		
Savings accounts	390,363	574,225
Other funds on demand	32,948	16,584
Total on demand	423,311	590,809
Total term deposit certificates	2,907,575	2,635,668
Total	3,330,886	3,226,477

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

	December 31, 2017		December 31, 2016	
	Local Currency		Local Currency	
	Minimum Rate	Minimum Rate	Minimum Rate	Minimum Rate
Savings accounts	1.00%	5.00%	1.00%	8.35%
Term deposit certificates	4.18%	8.94%	5.25%	12.96%

The following are the customer deposits by economic sector:

Sector	December 31, 2017	December 31, 2016
Colombian Government or entities of the Colombian Government	20,428	328,165
Manufacturing	1,028	248
Real Estate	-	5
Commercial	7,268	25,041
Agricultural and livestock farming	1,532	1,132
Individuals	28,143	54,473
Others	3,272,487	2,817,413
Total	3,330,886	3,226,477

Expiration of term deposit certificates

	December 31, 2017	December 31, 2016
Up to one year	673,806	712,920
More than one year to two	1,189,745	1,166,234
More than two years to three	367,491	206,600
More than three years to four	143,708	40,414
More than four years	532,825	509,500
Total	2,907,575	2,635,668
Total Customers	951	1,087

(18) Passive Positions in Money Market Transactions

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

	December 31, 2017		December 31, 2016	
	Value	Average return	Value	Average Return
Local currency				
Ordinary interbank funds acquired	193,807	4.73%	384,336	7.52%
Repo operations	-	0.00%	370,147	7.50%
Simultaneous operations	2,038,588	4.67%	1,727,640	7.28%
Commitments originated on short positions	130,207	7.09%	487,409	6.32%
Subtotal local currency	2,362,602		2,969,532	
Foreign banks				
Repo operations	192,323	2.62%	148,717	2.38%
Subtotal foreign currency	192,323		148,717	
TOTAL	2,554,925		3,118,249	

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

	December 31, 2017		December 31, 2016	
	Minimum rate	Maximum rate	Minimum Rate	Maximum Rate
In Colombian pesos				
Ordinary interbank funds acquired	4.69%	4.79%	7.50%	7.55%
Repo operations	0.00%	0.00%	7.50%	7.50%
Simultaneous operations	3.00%	4.75%	2.06%	7.75%
Commitments originated on short positions	7.00%	10.00%	3.50%	7.60%
In foreign currency				
Repo operations	2.52%	2.75%	2.07%	2.88%

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

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

December 31, 2016	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Total
Banco de Comercio Exterior S.A.	5,048	-	-	5,048
Central Bank	370,147	-	-	370,147
Financial Fund for the Agricultural Sector FINAGRO	20,536	-	-	20,536
Financiera de Desarrollo Territorial S.A. FINDETER	167,021	-	-	167,021
Others	2,445,506	67,641	42,350	2,555,497
Total	3,008,258	67,641	42,350	3,118,249

As of December 31, 2017 and 2016, interest expenses on money market operations for \$110,409 and \$204,381, respectively, were recognized in the income statement.

(19) Employee Benefits

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

The following is a detail of the balances of provisions for employee benefits as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Short-term benefits	6,918	4,681
Employee retirement benefits	1,585	1,430
Long-term benefits	2,424	1,790
Total	10,927	7,901

Employee retirement benefits:

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

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

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

	Retirement Plan		Other Benefits	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Balance at the beginning of the period	1,430	1,382	1,790	1,576
Costs incurred in the period	-	-	147	142
Interest cost	133	114	118	116
Subtotal costs	133	114	265	258
Exchange loss / (profit) in interest rates	2	-	133	125
Actuarial assumptions loss / (profit)	237	139	473	210
Subtotal profit - loss	239	139	606	335
Payments to employees	(217)	(205)	(237)	(379)
Balance at the end of the period	1,585	1,430	2,424	1,790

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

	December 31, 2017	December 31, 2016
Discount rate	10.8%	9.0%
Inflation rate	5.7%	4.9%
Salary increase rate	5.7%	4.9%
Pension increase rate	5.7%	4.9%
Employee turnover rate	0.0%	0.0%
Total	28.0%	23.8%

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

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

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

Sensitivity of actuarial calculations

Other benefits	December 31, 2017		
	Change in	Increase in	Decrease in

	variable	variable	variable
Discount rate	-50bp and +50bp	2,364	2,486
Salary increase rate	-50bp and +50bp	2,511	2,340
Pensions			
Discount rate	-50bp and +50bp	1,547	1,625
Pension increase rate	-50bp and +50bp	1,631	1,541
December 31, 2016			
	Change in variable	Increase in variable	Decrease in variable
Other benefits			
Discount rate	-50bp and +50bp	1,738	1,844
Salary increase rate	-50bp and +50bp	1,855	1,727
Pensions			
Discount rate	-50bp and +50bp	1,394	1,468
Pension increase rate	-50bp and +50bp	1,476	1,385

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

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

Differences between the calculation of pensions under IFRS and Local Standard Decree 2496/2015

The table below shows a summary of the results of the Pension Plan of Corficolombiana:

Plan	Reserve under IFRS	Reserve under local standard
Pension plan	1,794	1,585

The differences are explained by the financial hypotheses used in each of the calculations as shown in table below:

Hypothesis	Under IFRS	Under local standards
Long-term inflation (increase of pensions)	It is established by taking into account the long-term expectations of the International Monetary Fund and the target inflation of Banco de la Republica. The rate used is 3.50%, A rate of 4.50% is used for the first year.	The rate is equivalent to the average of adding three (3) times the inflation of year k-1, plus two (2) times the inflation of year k-2, plus one (1) time the inflation of year k-3 in accordance with article 1 of Decree 2783/2001. This rate is denominated DANE Rate; for

		2017, it is equal to 5.7426%
Discount rate	It is established in accordance with the market conditions and according to the governmental bonds TES with cut-off as of October 31, 2017, whose amended terms are approximated to the term of the obligation, which on average for the pension plans was of 5.47. By rounding the average of Ask and Bid rate to the closest 25pb, a rate of 6.25% is obtained.	The nominal discount rate is calculated by considering the real technical interest of 4.8% defined in Article 1 of Decree 2783/2001 and DANE rate. Likewise, the nominal rate for 2017 is 10.8172%.

Long-term employee benefits:

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

(20) Other provisions

The following is the detail of the provisions for labor contingencies and other provisions as of December 31 2017 and 2016:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Contributions, affiliations and transfers	5,013	2,461
Human resources	1,642	1,484
Others	2,683	2,309
Total	9,338	6,254

Legal Contingencies: The Company, for the periods ended on December 31, 2017 and 2016 had no provisions on legal contingencies since the legal processes are classified by the lawyers as remote.

Uncertainties in tax positions: The Company, for the periods ended on December 31, 2017 and 2016, 2016 has no provisions for tax uncertainties.

(21) Accounts payable

The following is the detail of accounts payable and other liabilities as of December 31, 2017 and 2016:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Commissions and fees	133	133
Dividends and surpluses	1,273	33,248
Providers, services payable and other accounts payable	2,635	2,604

Labor withholdings and contributions	2,418	1,252
Sales tax payable	3,143	1,188
Potential buyers	97	-
Leases	531	369
Accounts payable related companies (2)	12,000	-
Other accounts payable (1)	539	3,743
TOTAL ACCOUNTS PAYABLE	22,769	42,537

(1) As of December 31, 2017 and 2016 it corresponds to the legalization of Derivative Financial Instruments and Money Market Positions pending of compliance T+1 - T+2.

(2) It corresponds to the capitalization of 1,200,000 subscribed shares payable to Proyectos y Desarrollos Viales del Pacifico S.A.S.

(22) Subscribed and paid capital

Number of authorized, issued and outstanding shares:

	December 31, 2017	December 31, 2016
Number of authorized, issued and outstanding shares	250,000,000	250,000,000
Number of Subscribed and Paid shares	233,717,234	231,686,588
Total shares	233,717,234	231,686,588
Subscribed and paid capital	2,337	2,317
Issue premium	2,742,400	2,685,093

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

Concept	December 31, 2017	December 31, 2016
Ordinary shares	219,688,071	217,694,519
Preferred shares (1)	14,029,163	13,992,069
Total issued shares	233,717,234	231,686,588
Par value of share (in pesos)	10	10.0

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

Reserves

	December 31, 2017	December 31, 2016
Legal reserve	41,810	41,810
Occasional reserves	541,394	579,845
Total	583,204	621,655

Dividends Decreed:

	December 31, 2017	December 31, 2015
Earnings from immediately preceding period	59,034	249,421
Dividends paid in cash	-	<p>Cash dividend of \$276 per share on 213,135,370 common shares and 13,699,241 preferred shares subscribed and paid as of June 30, 2016. This dividend was first paid in six (6) monthly installments, on the twentieth (20) day of each month from October 2016.</p>
Dividends paid in stock	<p>The payment of the shares was done on May 2, 2017 to those entitled to receive it at the time of becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 1,993,552 new shares were issued, the unit value of shares delivered corresponded to the closing price of the ordinary shares as of March 28, 2017, \$28,360.</p> <p>The payment of the shares was done on May 2, 2017 to those entitled to receive it at the time of becoming payable in accordance with current regulations.</p>	<p>The payment of the shares was done on October 10, 2016 to those entitled to receive it at the time of becoming payable in accordance with current regulations.</p> <p>For this purpose a total of 4,851,977 new shares were issued, 4,559,149 ordinary shares and 292,828 preferred shares.</p> <p>The unit value of the shares delivered corresponded to the weighted average price of the common shares traded in the stock exchange, from July 19 to August 19, 2016, \$38,218.</p> <p>The fractions resulting from the capitalization were returned to the reserve of decree 2336/1995.</p>
Dividends decreed in shares, paid in cash	<p>For this purpose a total of 37,094 new preferred shares were issued, the unit value of shares delivered corresponded to the closing price of the preferred shares</p>	

	as of March 27, 2017, \$21,300.	
	Dividend decreed in common shares of \$29,686, which were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 1,046,767 common shares. The unit value of the shares delivered corresponded to the closing price of common shares as of March 28, 2017 \$28,360.	
	Dividend decreed in preferred shares of \$4,752 that were paid in cash per request of the shareholders that opted for this alternative or kept silent, on a total of 223,090 preferred shares. The unit value of the shares delivered corresponded to the closing price of preferred shares as of March 27, 2017, \$21,300.	
Cash dividends on new shares		Cash dividend of \$276.00 per share on 4,851,977 new shares issued (4,559,149 common shares and 292,828 preferred shares). This dividend was first paid in six (6) monthly installments, on the twentieth (20) day of each month from October 2016.
Common shares outstanding	217,694,519	213,135,370
Preferred shares outstanding	13,992,069	13,699,241
Total shares outstanding	231,686,588	226,834,611
Total Cash Dividends	34,438	140,162

(23) Management of Capital

The technical capital cannot be less than nine percent (9%) of the assets in domestic and foreign currency weighted by risk level, as indicated in article 2.1.1.1.2 of Decree 2555/2010, formerly article 2 of Decree 1720/2001. Individual compliance is verified on a monthly and semi-annually basis consolidated with its financial subordinates.

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

At December 31, 2017 and 2016, the solvency ratio achieved by the Company was forty-one point zero one percent (41.01%) and forty-one point nineteen percent (41.19%), respectively. Additionally, the technical capital at that time was \$2,689,094 and \$2,623,618, respectively.

(24) Profits on the sale of properties and equipment

The following is the detail of the profits on the sale of properties and equipment as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Profits		
Lands	-	2,151
Buildings	-	1,332
Investment properties	72	-
Furniture and fittings	-	5
Computer equipment	-	1
Vehicles	-	35
Total profits on sale	72	3,524
Loss		
Furniture and fittings	-	2
Vehicles	12	
Total loss on sale	12	2
Total profits on sale of goods (net)	60	3,522

(25) Interest Expenses, net

The following is a breakdown of revenues and expenses for interests for the years ended as of December 31, 2017 and 2016.

a) Interests of customer deposits

	December 31, 2017	December 31, 2016
Savings deposits	37,985	47,098
Term deposit certificate up to one year	21,557	41,318
Term deposit certificate more than one year to two	185,213	183,623
	244,755	272,039

b) Interests of money market operations

	December 31, 2017	December 31, 2016
Interbank funds	(13,862)	(17,190)
Simultaneous operations	(41,969)	(95,627)
Repo operations	(35,454)	(55,596)
Operations of temporary transfer of securities	84	1
	(91,201)	(168,412)

(26) Commissions and Fees, net

The following is a breakdown of revenues and expenses for commissions and fees as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Revenues		
Bank guarantees	467	2,184
Private bank commissions	4,859	4,273
Investment bank commissions	13,015	11,300
Services from office network	155	211
Others	1,892	1,630
Total Revenues	20,388	19,598
Expenses		
Fees	8,761	5,740
Bank services	2,110	1,786
Fiduciary businesses	27	33
Commissions on sales and services	4,320	4,674
Others	-	6
Total Expenses	15,218	12,239
Income and expenses for commissions and fees, net	5,170	7,359

(27) Other Income

Below is the detail of Other Income as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Reimbursements due to work-related illness	121	138
Reimbursement of liability provisions	607	1,191
Fair value adjustment for investment properties	2,793	3,516
Fair value adjustment for stand-alone trust funds	1,096	982
Fair value adjustment for collective portfolios	35	156
Capital gain acquisition control brokerage firm	-	1,821
Earnings for control acquisition (1)	56,766	-
Exchange shares Deceval - BVC	13,517	-
Other Sundries	3,705	2,968
Total Other Income	78,640	10,772

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

(28) Other Expenses

The following is the detail of Other Expenses for the years ended on December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Loss on sale of assets received as payment	-	37
Legal expenses	35	21
Adaptations and installations	175	193
Penalties, fines and litigation	-	14
Cleaning and surveillance services	584	618
Temporary services	950	1,006
Advertising and promotion	1,100	1,205
Public relations	127	165
Utilities	1,293	1,322
Travel expenses	347	175
Transport	826	751
Inputs and stationery	240	189
Advertising and subscriptions	150	226
Donations	50	-
Judicial expenses	-	12
Mail charges	50	43
Cafeteria inputs	85	46
Connection and transfer services	2,371	1,873
Management fee of buildings	679	659
Digitalization contracts – Outsourcing of switchboard operators	165	189
Eventual food to employees	228	211
BRP expenses	532	611
Specialized messenger services	454	460
Trust appraisal (1)	201	5,835
Operating risk	-	119
Others	4,564	1,011
Total Other Expenses	15,206	16,991

(1) It includes the update of the appraisal as of December, 2016 of the property recognized in the management trust Melendez-3941-Alferez.

(29) Equity Method

For the years ended on December 31, 2017 and 2016, the Company recognized in the income statement the following share in the profits (losses) of its subsidiaries and associates:

Equity Method	December 31, 2017	December 31, 2016
Promigas S.A.	222,047	210,182
CFC Gas Holding SAS	68,659	64,990
Colombiana de Licitaciones y Concesiones S.A.S	68,140	11,801
Proyectos de Infraestructura S.A.	66,005	63,168
Fondo de Capital Privado Corredores Capital I	35,207	33,326
Hoteles Estelar de Colombia S.A.	14,946	16,719
Estudios Proyectos e Inversiones de los Andes S. A.	13,798	15,020
Fiduciaria Corficolombiana S.A.	12,887	12,480
Aerocali S.A.	8,135	12,950
Concesionaria Tibitoc S.A.	4,374	5,383
Plantaciones Unipalma de los Llanos S.A.	3,667	2,725

Proyectos y desarrollos viajes del Pacifico S.A.S.	2,854	
Organizacion Pajonales S.A.	2,019	7,806
Tejidos Sinteticos de Colombia S.A.	1,970	2,451
Banco Corficolombiana (Panama) S.A.	1,182	2,859
Promotora y Comercializadora Turistica Santamar S.A.	1,144	1,223
Colombiana de Extrusion S.A. Extrucol	734	496
Proyectos y desarrollos vials del Mar S.A.S.	608	
Metrex S.A.	491	310
Ventas y Servicios S. A.	159	(58)
Mavalle S.A.	134	(148)
Concesionaria vial de los Andes S.A.	38	37
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	28	19
Proyectos y desarrollos vials del Oriente S.A.	(1)	
CFC Energy Holdings SAS	(9)	(17)
Proyectos de Ingenieria y Desarrollos S.A.S.	(542)	(381)
CFC Private Equity Holdings SAS	(1,909)	(2,585)
Gas Comprimido del Peru	(2,080)	(2,726)
Leasing Corficolombiana S.A.	(5,498)	(6,231)
Valora S.A.	(5,795)	4,646
Pizano S.A.	(33,598)	(7,129)
Estudios y Proyectos del Sol	(77,304)	54,584
PYXIS Inversiones S.A.S.	-	(384)
Total	402,490	503,516

(30) Dividends and Shares

The Company recognized the following dividends in the income statement for the years ended on December 31, 2017 and 2016:

Dividends	December 31, 2017	December 31, 2016
Empresa de Energia de Bogota S.A. E.S.P.	32,387	7,994
Gas Natural S.A. ESP	4,633	4,402
Mineros S.A.	3,165	2,951
Fiduciaria de Occidente S.A.	1,214	805
Deceval S.A.	887	726
Bolsa de Valores de Colombia S.A.	565	559
Camara de Compensacion de Divisas de Colombia S. A.	49	38
Banco Comercial Av. Villas S.A.	29	28
Bladex S.A. Class E	9	10
Total	42,938	17,513

(31) Analysis of Business Segments

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

The allocation of assets, liabilities, equity, income and expenses to each business is carried out as follows: the investment business received the entire portfolio of investments in equity securities, accounts receivable and accounts payable related to dividends, and it is funded with all assets and the difference between the value of assets and equity is taken from the longer term CDT, all other balance sheet items are assumed by the financial business. The investment business accounts for 56.07% of total assets at the closing of 2017 and 49.81% at the closing of 2016.

In the case of the profit and loss statement, revenues from the investment business correspond to the profit sharing method, dividends from companies with an interest of less than 20%, investment valuation and Investment Banking commissions; expenses correspond to interest expenses for the CDTs used to fund the total assets allocated and administrative expenses directly attributable to the business. The financial business recognizes the net result of treasury (valuation of portfolio, derivatives, trading, purchase of foreign currency and exchange difference, net of interest expense), commercial banking commissions, income from asset recoveries and is attributed with all administrative expenses not recognized in the investment business (which must be fully covered by the financial business to ensure that the proceeds from investments are completely distributed to shareholders). In results, the investment business accounts for 148.93% of total net income of 2017 and 118.82% of total net income of 2016. On the other hand, the treasury business in the last year has been affected by market conditions, both in TES and TRM rates in the case of income and by the increase of interest rates in the case of expenses, so that the contribution of the financial business to the results of the Company was negative in 48.93% in 2017 and 18.82% for 2016.

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

	December 31, 2017		
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	823,487	2,538,328	3,361,815
Financial instruments at amortized cost	-	50,255	50,255
Investments in associates and subsidiaries	4,267,929	-	4,267,929
Other assets	27,118	1,422,496	1,449,614
Total Assets	5,118,534	4,011,079	9,129,613
<u>Liabilities</u>			
Customer deposits	2,001,338	1,329,548	3,330,886
Other liabilities	13,273	2,610,838	2,624,111
Total Liabilities	2,014,611	3,940,386	5,954,997
Capital Expenses (equity)	3,103,923	70,693	3,174,616
	Investments	Financial	Total
<u>External Income</u>			
Financial income	-	78,751	78,751
Fees and commissions	13,230	7,158	20,388
Other operating expenses	642,447	1,619,070	2,261,517

Total Income	655,677	1,704,979	2,360,656
Financial expenses	156,606	226,043	382,649
Provision for impairment of financial assets	-	58,175	58,175
Depreciations and amortizations	-	1,626	1,626
Commissions and fees paid	1,081	14,137	15,218
Administrative expenses	45,979	41,557	87,536
Other operating expenses	127,407	1,451,086	1,578,493
Income tax	-	19,001	19,001
Total expenses	331,073	1,811,625	2,142,698
Net Profits	324,604	(106,646)	217,958

	December 31, 2016		
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	744,126	2,681,373	3,425,499
Financial instruments at amortized cost	-	54,050	54,050
Investments in associates and subsidiaries	3,765,546	-	3,765,546
Other assets	186,668	1,996,708	2,183,376
Total Assets	4,696,340	4,732,131	9,428,471
<u>Liabilities</u>			
Customer deposits	1,832,895	1,393,582	3,226,477
Other liabilities	33,248	3,262,030	3,295,278
Total Liabilities	1,866,143	4,655,612	6,521,755
Capital Expenses (equity)	2,830,197	76,519	2,906,716

	Investments	Financial	Total
<u>External Income</u>			
Financial income	-	108,939	108,939
Fees and commissions	12,614	6,984	19,598
Other operating expenses	595,487	6,649,483	7,244,970
Total Income	608,101	6,765,406	7,373,507
Financial expenses	145,352	377,834	523,186
Provision for impairment of financial assets	-	10,649	10,649
Depreciations and amortizations	-	2,043	2,043
Commissions and fees paid	1,312	10,928	12,240
Administrative expenses	42,503	41,928	84,431
Other operating expenses	52,428	6,359,462	6,411,890
Income tax	-	20,613	20,613
Total expenses	241,595	6,823,457	7,065,052
Net Profits	366,506	(58,051)	308,455

(32) Related Parties

Under IAS 24, a related party is a person or entity that is related to the entity preparing its financial statements in which control or joint control over the reporting entity could be exercised; exercise significant influence over the reporting entity; or be considered a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

The definition of related party includes: a) persons and/or relatives related to the entity, entities that are members of the same group (parent and subordinate), associates or joint ventures of the entity or entities of the group, post-employment benefit plans for employees of the reporting entity or a related entity.

The related parties of the Company are as follows;

- Shareholders: it includes major shareholders together with transactions with related parties as defined in IAS 24.
- Board Members: it includes main and alternate Board members together with transactions with related parties as defined in IAS 24.
- Key management personnel: it includes the President and Vice-Presidents of the company, who are involved in the planning, direction and control of the company. Some key management personnel, or their related parties, hold positions in other entities, resulting in them having significant control or influence over the financial or operating policies of these entities.
- Subordinated Board members: it includes the companies where the group has control in accordance with the definition of control of the commercial code and IFRS 10 on consolidation.
- Associated companies: it includes companies over which Grupo Aval has significant influence, which is generally considered when owning a share between 20% and 50% of their capital.

The most representative balances as of December 31, 2017 and 2016 with related parties are as follows:

December 31, 2017	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
ASSETS						
Cash and cash equivalents	482,610	-	-	790,789	-	1,273,399
Financial assets in investments	42,757	-	-	4,255,480	1,713,863	6,012,100
Accounts receivable	-	952	714	44,552	39,613	85,831
Other assets	-	-	-	640	4,581	5,221
Total assets	525,367	952	714	5,091,461	1,758,057	7,376,551
LIABILITIES						
Deposits	-	2,175	-	243,951	3,686	249,812
Accounts payable	23	-	-	569	-	592
Other liabilities	-	-	-	160,809	24,847	185,656
Total Liabilities	23	2,175	-	405,329	28,533	436,060
December 31, 2016	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
ASSETS						
Cash and cash equivalents	604,739	-	-	864,560	-	1,469,299
Financial assets in	51,065	-	-	3,781,268	1,589,550	5,421,883

investments						
Accounts receivable	-	1,264	769	108,026	45,438	155,497
Other assets	-	-	-	608	2,176	2,784
Total assets	655,804	1,264	769	4,754,462	1,637,164	7,049,463

LIABILITIES

Deposits	153,089	2,095	-	290,839	10,958	456,981
Accounts payable	17,610	10	-	15,996	224	33,840
Other liabilities	75	-	-	154,685	202	154,962
Total Liabilities	170,774	2,105	-	461,520	11,384	645,783

The most representative transactions for the six-month periods ended on December 31, 2017 and 2016 with related parties include the following:

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

December 31, 2016	Shareholders	Board Members	Key Management Personnel	Associates	Other related companies of the Group	Total
Interest income	53,030	60	33	64,776	-	117,899
Financial expenses	-	-	-	3,342	-	3,342
Income from fees and commissions	-	-	-	7,067	-	7,067
Expenses from fees and commissions	235	291	-	289	24	839
Other Income	77,832	91	79	25,694	3,510	107,206
Other Expenses	65,857	15,075	16,443	12,857	13,474	123,706

The amounts outstanding are not guaranteed and will be paid in cash. No guarantees have been granted or received. No expense has been recognized in the current period or in prior periods with respect to uncollectible or doubtful accounts related to amounts owed by related parties. Transactions with related parties are made at market rates, there are no preferential rates.

Remuneration of key management personnel:

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

Items	December 31, 2017	December 31, 2016
Salaries	7,392	8,282
Short-term employee benefits	1,659	1,907
Other long-term benefits	672	913
Total	9,723	11,102

(33) Approval of Financial Statements

The financial statements and accompanying notes were authorized by the Board of Directors and the Legal Representative in accordance with Minutes No. 1866 dated February 19, 2018, to be submitted to the General Shareholders' Assembly for approval.

(34) Events occurring after the reporting period

1. On January 15, 2018, there was a partial collapse of the bridge Chirajara, Nueva Calzada located at KM64 of the road Bogota – Villavicencio that is under construction, and whose causes are still unknown and are subject to investigation. This infrastructure is part of the scope convened in addendum No. 1 to concession agreement No. 444/1994, signed on January 22, 2010 with the INCO (now ANI), in which Concesionaria Vial de los Andes S.A. (“Coviandes”) is the company that awards the agreement and therefore, it is the concessionaire. Constructora de Infraestructura S.A.S. (“Coninval”) by means of agreement 444-12310 dated November 5, 2010 the contractor that built the work, which includes the construction of the bridge. In turn, Coninval advanced the construction of bridge Chirajara through a design and construction agreement with the subcontractor Gisaico S.A.

Corficolombiana S.A. is the direct and indirect holder (through Estudios, Proyectos e Inversiones de los Andes S.A.S.) of 59.77% in the concessionaire. In addition, Estudios Proyectos del Sol S.A.S. (“Episol”), a company 100% owned by the Company, is holder of 60.00% of the share capital of Coninval.

Coviandes contracted the services of MODJESKI & MASTERS, a renowned U.S. expert consultant in forensic studies of cable-stayed bridges, in order to determine the causes of the event. Once the results of the investigation are known, the implications and costs related to the incident may be determined.

2. Admission of liquidation process Pizano S.A

Once the results of Pizano S.A. as of December 31, 2017 were evaluated, the shareholders of the company in an assembly held on January 29, 2018 decided to authorize management to request before the Superintendence of Companies the admission to a judicial liquidation proceeding under the terms of Law 1116/2006; the previous determination was adopted in order to protect the asset of the company, avoiding its impairment and thus seek the payment of the existing liabilities.

After the legal representative made the request, the Superintendence of Companies in a writ served on February 14, 2018, admitted the company to a judicial liquidation proceeding.