



Annual Report

2017

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LETTER FROM THE PRESIDENT

For the Corporation, it is a pleasure to share with all our stakeholders the 2017 Annual Report; prepared in accordance with the Core option of the GRI Standards. The present report reflects the company's financial situation, as well as the data relevant to the Corporation's performance and internal management.

During 2017, the new corporate strategy approved by the Board of Directors at the beginning of the year was implemented. In that same sense, its Vice-presidency of Governance, Risk, and Compliance began operations with the objective of strengthening corporate governance, risk management, and ethics and transparency standards.

We have made progress in the process of searching for synergies between the affiliates and the Corporation, actively participating in the development of key strategies that allow building a solid business model. Thus, we began the process of consolidating a unit of shared services for Corficolombiana and its financial affiliates that will translate into greater efficiency and a better-quality service and added value for our clients.

Although investment in key sectors of the economy were affected by legal and regulatory uncertainty, we continue steadfast in our commitment to complete projects of great importance for the development of communities and the country; particularly in the infrastructure sector, in which we maintain a leadership position in the development of 4G infrastructure projects. Similarly, through our investments we continue to take advantage of growth opportunities, both in Colombia and at an international level, in sectors like infrastructure, energy and gas, and hotel industry. As part of this vision, in 2017 we consolidated our participation in Covipacífico and Covimar through the acquisition of the participation of Iridium Colombia.

We continue working to consolidate a qualified, committed, and motivated workforce, hence, during 2017 we gauged the work environment with the support of Great Place To Work and at the same time, an initial work plan was developed with the objective of uniting efforts to continue having an impact on the work environment.

Our purpose in 2018 is to continue improving our value proposition for our clients, our employees' satisfaction, the appropriate monitoring and support of our investment portfolio, always framed in high ethical and accountability standards and contributing to the development of the country and the community.

BERNARDO NOREÑA OCAMPO
President

This report was received by Corficolombiana's Board of Directors to be submitted for consideration by the General Shareholders Assembly

I. About Us

- Corporación Financiera Colombiana S.A. was founded in 1961 and merged with Corporación Financiera del Valle S.A. in 2005. Since their foundation, both entities have invested in companies in the real sector within their corporate purpose
- Today Corficolombiana is recognized as a leading financial institution in Colombia, which focuses on three main business units: Equity Investments, Treasury and Investment Banking
- The Corporation is under the control of Grupo Aval (NYSE: AVAL), a leading banking group in Colombia and Central America
- The Corporation has strategic participation in key sectors of the economy and has displayed continuous and stable growth, including road concessions, transportation and distribution of gas, transmission and distribution of electricity, hotels and agroindustry, among others
- Listed on the Colombian Stock Exchange since 1992. It currently holds 2.62% of the national stock market index
- Investment grade rating: AAA local and BBB International

Rating (Perspective)	Fitch Ratings	BRC Standard & Poor's S&P Global
International Rating	30/06/2017	N/A
Long term	BBB (Stable)	
Short term	F2	
Local Rating	30/06/2017	05/09/2017
Long term	AAA (Stable)	AAA
Short term	F1+	BRC1+

Corficolombiana in figures – Consolidated 2017 Figures in COP MM¹

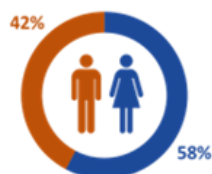
Assets: \$21.156.016 MM
 Total Equity: \$5.279.463 MM
 Net Income: \$210.807 MM
 ROE: 6,59%

Consolidated EBITDA

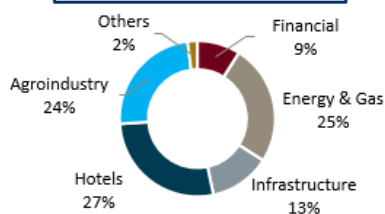
\$2.153.329 MM

5,1% YoY

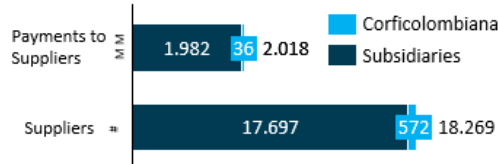
No. of Employees
Corficolombiana²
326



No. of Employees
Subsidiaries²
7.753



Corficolombiana and its
Subsidiaries have a total of 18,269 suppliers, who
in 2017 made payments for \$2 Billion



¹ Equity without excluding minority interest. Controlling Net Income. ROE: net income attributable to Corficolombiana on the average controlled equity. EBITDA: corresponds to the total of companies that consolidated, without adjusting for the participation of Corficolombiana.

² No. of Employees corresponds to those hired for an indefinite term.

a. Our Business and Strategy

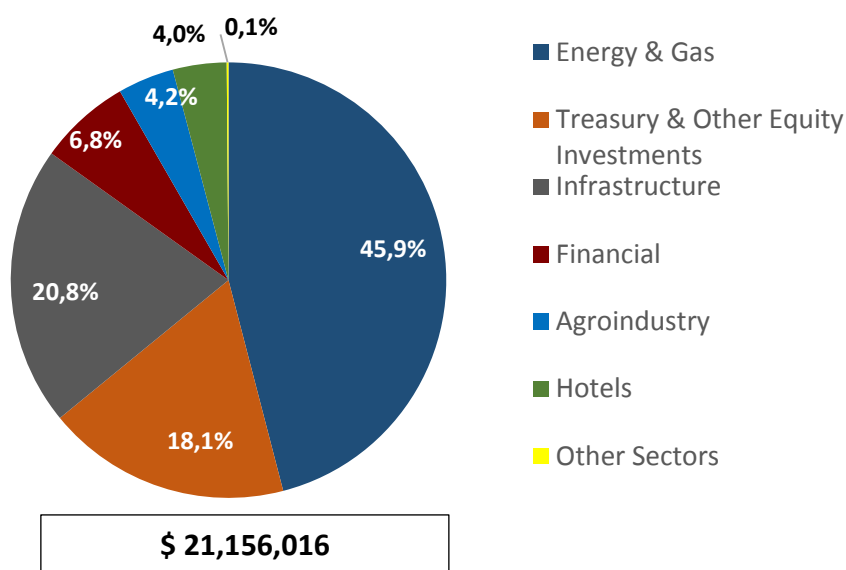
The vision of Corficolombiana is to be recognized as the leading financial institution in the creation, development, administration and distribution of investments, committed to the economic growth of the country.

The Board of Directors approved in April 2017 the corporate strategy to the year 2021. Corficolombiana, raises its strategy based on the following pillars by line of business and recognizing the importance of the areas of support in its execution:

Equity Investments

Corficolombiana's investment portfolio in the real sector is quite diversified, featuring controlling interests in leading companies in each sector. In addition, this is accompanied by investments in financial services companies.

**Participation in Consolidated Assets – Dec. 2017
(COP MM)**



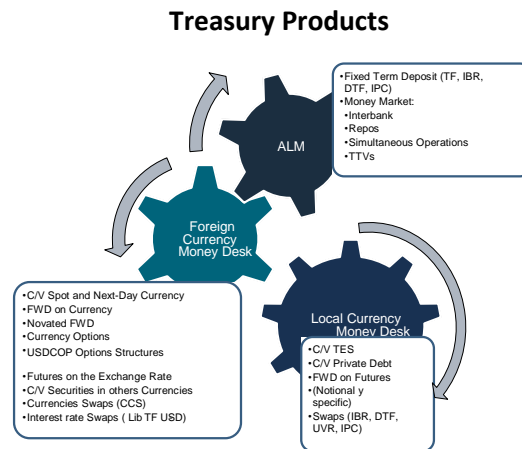
The investment area looks for the profitable growth of its investment portfolio in strategic sectors:

- Executing the current investment plan effectively, efficiently and in compliance with contractual commitments.
- Generating and capturing synergies in the operation of companies.
- Evaluating and making new investments in key sectors, directly or through the companies of the investment portfolio of Corficolombiana.

Treasury

The treasury of Corficolombiana manages the necessary funding of capital investments, through access to the capital and financial markets. The corporation also seeks, through the active portfolio management, it provides flexibility and optimization of the capital structure, in order to achieve the diversification of its revenues and risk coverage.

We are market makers in the different products we offer (foreign exchange, derivatives, Colombian government bonds [TES] and money market operations), which has allowed us to be one of the leading treasuries in the country. At the end of 2017 it had a participation of 13.10% and 2.02% in the peso-dollar spot markets (purchases and sales) and forwards, respectively. The Foreign Currency Money desk was placed within the first three counterparts by volume and traded operations, according to figures from the SetFx.



In the medium term

- Business diversification with deepening in new clients (for example, corporate), products and markets seeking to increase return and reduce volatility of fixed income portfolio.
- Strengthening control and monitoring of business risk.

Investment Banking

With more than 30 years in the market, it is one of the investment banking practices with the greatest tradition and recognition in the country. It covers the full spectrum of investment banking services, from capital markets to corporate finance and project finance.

In the medium term

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

Retail Banking

Currently, Corficolombiana offers financial solutions to corporate, business and private banking clients, corporate integration, under a relationship management scheme, the financial subsidiaries and the distribution line of the Corficolombiana treasury. It has a national presence in 5 regions: Central, Antioquia, West, North and East. As part of Corficolombiana's strategy, it will focus on the corporate segment, as a support unit and sales force of treasury and investment banking.

During 2017, the Retail Banking unit managed assets and businesses of 6,254 clients nationwide for a value of \$ 1.6 billion, through the different products of Corficolombiana and the financial subsidiaries, generating accumulated revenues of \$ 14,615 million.

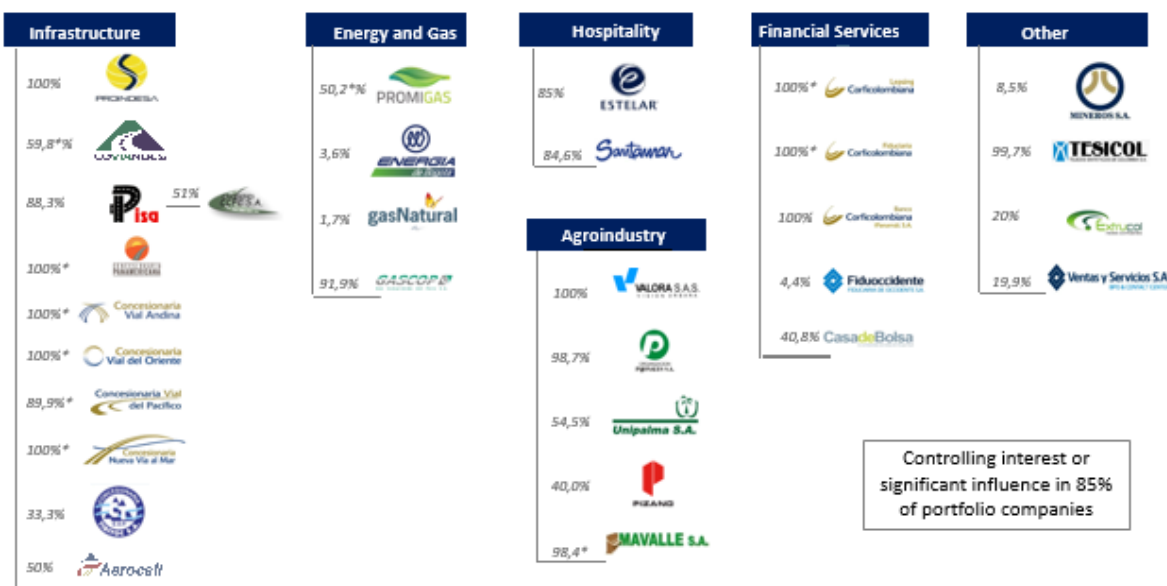
Strategy of our Support Areas

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

b. Investment Portfolio

Investment Proposal

- Long-term strategic investor in capital-intensive sectors.
- Look for stable and growing results and cash generation with low volatility.
- Relevant presence in the sectors in which it participates.
- Obtain synergies in the companies in which it participates and transfer best practices.
- Target markets: Colombia, Peru, Central America and the Caribbean.



Coviandes: 59.28% through Epiandes, 0.25% through Concecol and 0.25% directly; **Panamericana:** 100% through Episol; **Coviandina:** 75% through Concecol and 25% through Episol; **Covioriente:** 60% through Episol and 40% through Concecol; **Covimar:** 60% through Episol and 40% through Prodevimar; **Covipacífico:** 49.9% through Episol and 40% through Prodepacífico.

Promigas: With economic and political rights: 34.22% directly and 10.58% through CFC Gas Holdings. With economic rights and no political rights: 5.43% through a PEF managed by a third party.

Mavalle: 18.3% directly and 81.7% through Organización Pajonales.

Leasing Corficolombiana y Fiduciaria Corficolombiana: 94.5% directly and 5.5% through Valora S.A.

Energy & Gas

Leaders through our participation in Promigas, the company in charge of transporting 50% of Colombia's natural gas and which serves 40% of the national distribution market.

Gas transport of Promigas and its companies

- 3,089 km of own gas pipeline and its carriers
- 975 MMPCD³ capacity
- 31 clients in different regions of the country

Gas distribution of Promigas and its companies

- 3.4 million users in Colombia
- 576,813 users in Peru

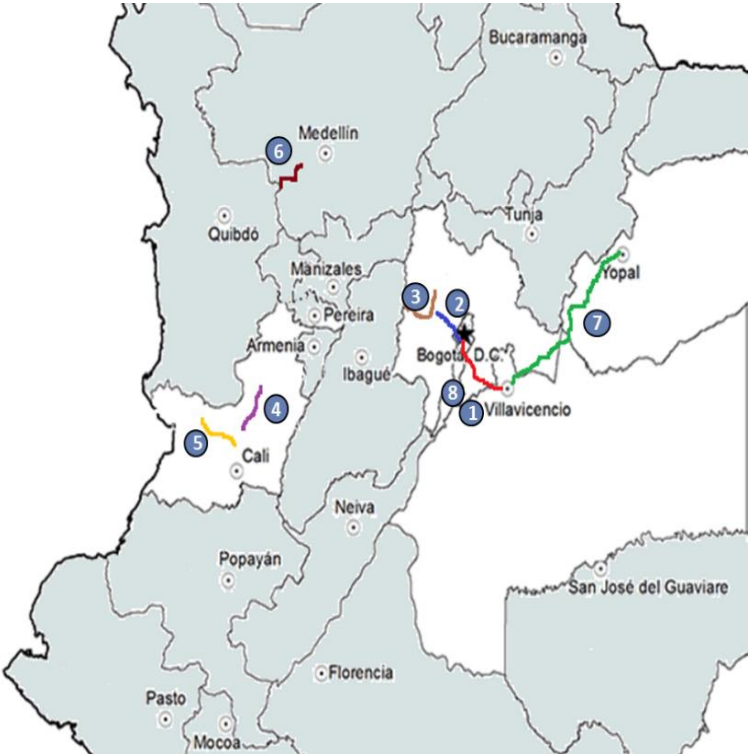
Consolidated EBITDA 2017 (COP MM)
\$1,431,592

Infrastructure

³ Millions of Cubic feet per day.

We are the main investor in road infrastructure in Colombia with more than 20 years of experience in the sector.

	Quantity
Road Concessions	8
Kilometers under Concession	691
Kilometers to be built under 4G concessions	135.1
Number of tollbooths	20
Average Daily Traffic 2017	116,902
Average Daily Revenue 2017 COP MM	\$1,584
Consolidated EBITDA 2017 (COP MM)	\$623,879



Hotels

Hoteles Estelar is Colombia’s largest hotel chain.

- 32 hotels in 15 cities
 - 3,925 rooms
 - Three countries: Colombia, Peru y Panama
- 2017 average occupancy rate: 55.9% (national average 55,1%)
- Consolidated EBITDA 2017 (COP MM) \$49,342

Agroindustry

Leaders in the sector with more than 26,000 gross hectares with agroindustry projects.

<p>Rubber: Meta 14,052 gross hectares and 8,208 hectares planted Plant capacity three ton/hour</p> <p>Palm: Cundinamarca and Meta 5,590 gross hectares and 4,351 hectares planted Plant capacity 25ton/hour</p> <p>Semiannual crops and others: Tolima 5,932 gross hectares and 2,393 hectares planted</p>
2,892 head of cattle
Consolidated EBITDA 2017 (COP MM) \$12,610

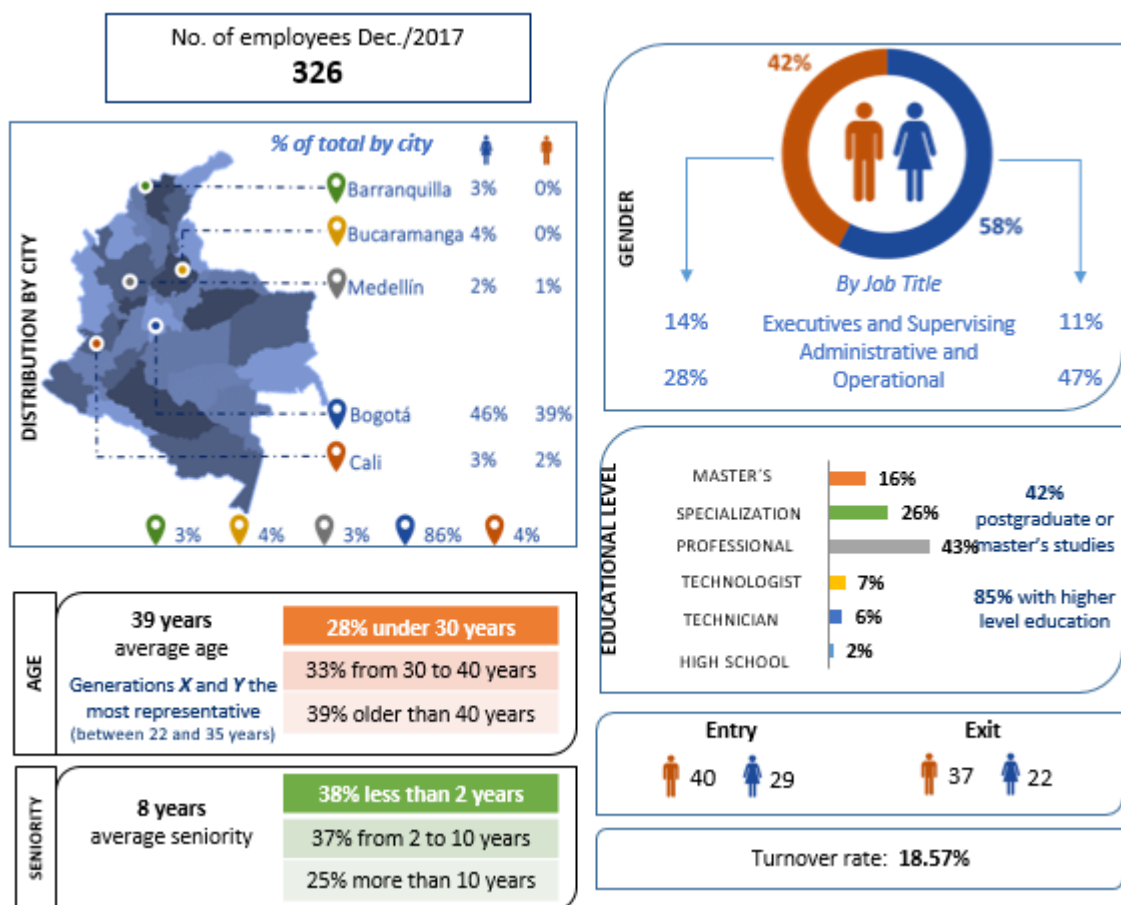
Financial

Corficolombiana provides leasing, trust, foreign banking and brokerage services.

<p>Leasing:</p> <ul style="list-style-type: none"> ○ COP\$ 398,199 MM of gross leased assets
<p>Trust Services:</p> <ul style="list-style-type: none"> ○ COP\$ 16,181,796 MM in assets under management ○ 773 Businesses
<p>Businesses:</p> <ul style="list-style-type: none"> ○ COP\$ 744,391 MM in assets in portfolios ○ COP\$ 1,000,903 MM operated in fixed-income securities ○ COP\$ 4,066,189 MM operated in equity securities ○ 22,274 clients
Consolidated Operational Income 2017 (COP MM): \$31,782

c. Our Team

As of December 31, 2017, the Corporation had 326 employees, distributed in five of the main cities of Colombia, all with indefinite term contracts, presenting a slight growth from previous years. The corporation had 7 apprentices, and 42 individuals hired through a temporary service company, and 59 through outsourcing.



Within this group of employees, it is important to highlight women's participation in all work levels (executives and supervising, administrative and operational), the experience and contribution of new generations is valued, and there is a high level of professionalism and experience.

In our Subsidiaries

Our subsidiaries together have 9,013 employees, of which 7,753 have an indefinite term contract.

Number of Employees				
Sector	Fixed Term		Indefinite Term	
	Men	Women	Men	Women
Financial	1	5	274	423
Energy & Gas	115	167	1,092	849
Infrastructure	210	118	630	353
Hotels	178	124	1,176	935
Agroindustry	230	106	1,479	385
Other	-	6	131	26
Total employees Subsidiaries	734	526	4,782	2,971

d. Corporate Governance

Corficolombiana incorporates principles that govern its corporate governance, as well as the protection of the rights of shareholders and investors. The Annual Corporate Governance Report for the year 2017 is available in the Annex.

Structure of the Corporate Governance Bodies

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

Board of Directors: Highest administrative body in charge of setting management policies, overseeing the development of the Corporation and monitoring compliance, to the benefit of the Corporation and all its shareholders.


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

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

2017 Relevant Facts

- Modified the Code of Good Governance to adopt the guidelines of the Code of Corporate Best Practices (Country Code), which you will find detailed in the Corporate Governance Report that will be available on our webpage (www.corficolombiana.com).
- Approved a new president and senior management remuneration policy.
- Analyzed and prepared a Board of Directors remuneration policy, which was submitted for consideration by the shareholders at the 2018 ordinary assembly.
- The members of the Board of Directors and senior management have expressly accepted through signed letters that from the knowledge of the presentation of a takeover bid and other relevant operations, such as mergers or demergers, periods will exist during which they commit not to negotiate company stocks, directly or indirectly, through a third person.
- Approved document "Instructions for the Representation of Shareholders at the General Assembly Meetings", which can be viewed on the webpage, to minimize the use of delegations of blank votes, among other topics.
- The entity improved its measurement in the Country Code survey with respect to the previous year, going from 59% to 76% in estimations answered YES, and from 41% to 22% in estimations answered NO, and a 2% Not Applicable. The results of this survey are available on Corficolombiana's webpage.

Shareholders (as of December 31, 2017)

Grupo Aval	58,49%
	9,54%
	38,54%
	4,64%
	5,77%
Colombian Pension Funds	10,98%
International Investors	3,61%
Other Minority Investors	26,92%

In September 2017, the Colombian Stock Exchange (BVC) approved the renewal of the Issuer Recognition -IR, which had been granted to The Corporation in October 2016.

Board of Directors

Members

- 14 members: seven main members and seven deputies. As of 2017 there is a deputy vacancy.
- 25% Independent
- 12 men – 1 woman
- Between 30-50 years= 1; Over 50=12
- Elected by the General Shareholders' Assembly according to the electoral quotient system for periods of one (1) year.

Meetings

- Corficolombiana calls all its members without exception (main and deputies) understanding that decisions are made by the main member
- In 2017, the Board of Directors met on 26 occasions: 21 ordinary meetings, 3 extraordinary meetings and 2 non-contact meetings
- 73,35% attendance of Board members during 2017

Evaluation

- The members of the Board of Directors self-assessed their performance and management of 2017, yielding these results:
 - Individual performance of the members of the Board of Directors⁴: 98%. Strengths include prior preparation, knowledge, impartiality, reserve in the handling of privileged information, time and active participation of its members.
 - Group performance of the Board of Directors: 95%. The knowledge, adoption and follow-up of the strategic plan, the risks and continuity of the company's business, the internal control system, administration of related parties and situations of conflict of interest are highlighted. As well as the autonomy, loyalty and ethics of its members.
 - Performance of the audit committee: 100%.
 - Performance of the Risk Committee⁵: 87.5%.
 - Performance of the Good Government Committee: 100%.

Training

During the year all the members of the Board of Directors were trained in Government, Risk and Compliance. Additionally, the new members are given an induction on relevant issues of the company.

⁴ The evaluation was done with 11 of the 14 members, 1 vacancy and 2 members did not self-evaluate.

⁵ The evaluation carried out by the members of the risk committee did not value all the risks inherent in the society, it was mainly focused on liquidity risk, given the conditions of the Corporation during the evaluated period. For the next evaluation, they will analyze all the identified risks.

Members of the Board

Main Members

LUIS CARLOS SARMIENTO GUTIERREZ

CEO } Magna Cum Laude BSc. in Civil Engineering of University of Miami. MBA with a Concentration in Finance – Johnson Graduate School of at Cornell University } Currently he is CEO of Grupo Aval Acciones y Valores S.A. He served as President of Codelco S.A.

CARLOS ARCESIO PAZ BAUTISTA

BSc in Business Administration from Universidad EAFIT. Specialization in Marketing from ICESI EAFIT } Currently is business consultant. He has held, among other positions, the General Manager of Portagranes Ltda. And Harinera del Valle S.A.

ALEJANDRO FIGUEROA JARAMILLO

BSc in Civil Engineering from Facultad Nacional de Minas de Antioquia. Master and Ph.D. candidate in Economics from Harvard University } Currently is CEO of Banco de Bogotá S.A. He served as Deputy Minister of Economic Development and General Manager of Almagora.

EFRAIN OTERO ALVAREZ

BSc in Economics from Universidad del Valle. Master's in Industrial and Systems Engineering from Universidad del Valle } CEO of Banco de Occidente S.A., where he also served as Executive and Financial Vice-President.

ALVARO VELASQUEZ COCK

PhD in Economics from Universidad de Antioquia. Candidate of the MSc. in Economics of University of London (L.S.E.) } Currently Legal Representative of Agropecuaria La Florida Ltda. He has served as Director of DANE and CEO of Pedro Gómez & Cía. S.A.

GABRIEL TURBAY MARULANDA

Independent Member BSc. in Industrial Engineering from Universidad de Los Andes. MSc. from the Georgia Institute of Technology } Currently an independent consultant. He occupied the position of CEO of Transportadora de Gas Internacional S.A. ESP - TGI and CEO of Banco de Comercio Exterior de Colombia S. A. - BANCOLDEX.

JUAN GUILLERMO SERNA VALENCIA

Independent Member } Business Manager, Economist and Master of Economics from Universidad Nacional de Colombia. Currently independent consultant. Has held different positions, including CEO of Organización Terpel SA, Director of the Direction of the Guarantees Fund for Financial Institutions, Financial Vice-President of Organización Corona S.A.

Deputy Members

DIEGO SOLANO SARAVIDA

BSc. in Systems and Computing Engineering from Universidad de los Andes. MBA in Management Science from The Wharton School, University of Pennsylvania } Currently Senior Financial VicePresident of Grupo Aval Acciones y Valores S.A. He has served at Mckinsey and Company Colombia Inc. and Banco Santander Colombia.

JORGE IVAN VILLEGAS MONTOYA

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

JUAN MARIA ROBLEDO URIBE

BSc. in Economics from Colegio Mayor de Nuestra Señora del Rosario } Currently Executive Vice-President of Banco de Bogotá. He occupied the position of CEO of Corporación Financiera Colombiana S.A. and Banco del Comercio.

TATIANA URIBE BENNINGHOFF

BSc. in Finance and International Relations from Universidad Externado de Colombia. MBA in Administrative Sciences from Georgetown University } Currently Vice-President of Financial Planning and Investor Relations of Grupo Aval Acciones y Valores S.A. She occupied the position of Financial Planning Analyst and Director in Investment Banking.

SANTIAGO MADRIÑAN DE LA TORRE

Independent Member } BSc. in Economics from Universidad de Los Andes. Advance Management in Banking from Universidad de Pensilvania , USA } He is Executive Director of the Colombian Business Council for Sustainable Development - CECODES. He has held, among others, the positions of Manager of Leasing Unión S.A. CFC and Comptroller for the Inter-American Bank.

GERARDO SILVA CASTRO

Independent Member} BSc. in Civil Engineering from Universidad Javeriana. Master in Business Administration from Babson College in Wellesley Massachusetts } Currently Commercial Vice-President of Banco de Occidente. He occupied the position of Vice-President at Banco de Occidente, Banco Granahorrar and Banco del Estado.

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor KPMG S.A.S
S.A.S

GLORIA ANDREA SANCHEZ SANCHEZ
Deputy Statutory Auditor KPMG

Committees of the Board of Directors

Committee	Objective	Members	Meetings
Audit	assessing the internal control of the Corporation, as well as its continuous improvement.	Three members of the Board of Directors. Currently its members are Santiago Madriñan, Gerardo Silva and Alvaro Velásquez.	The Committee shall meet at least once every three (3) months. In 2017, it met twelve times and in February 2018 an additional committee was held on topics associated with the closing of 2017.
Corporate Governance	Ensure that the shareholders and the market in general, have complete, true and timely access to the information of the Corporation, as well as review and assess compliance of the Board of Directors with its duties during their term.	The committee shall be comprised by three (3) members of the Board of Directors. Currently its members are Gabriel Turbay, Jorge Iván Villegas and Santiago Madriñan.	The Committee shall meet at least twice a year. In 2017 it met on three times.
Risk	Notify the General Shareholders' Assembly of the risk management of the company, as well as review and assess the integrity and adequacy of the risk management duties within the company.	The committee shall be comprised by three (3) members of the Board of Directors. Currently its members are Diego Solano, Tatiana Uribe and Alvaro Velásquez.	The Committee shall meet at least twice a year. In 2017 it met on seven times.

Audit: The processes of the internal audit department are performed according to a risk based audit plan submitted by the Corficolombiana's Comptroller and approved by the Audit Committee. Regarding this plan, in 2017 42 visits were carried out, 18 associated with corporate scope to subsidiaries of the Corporation and 24 to the Corporation's internal department. In each audit committee the relevant findings were presented.

Management and Legal Representatives

BENARDO NOREÑA

CEO | BSc. in Economics from Universidad Javeriana. MBA from Notre Dame University

JUAN CARLOS PAEZ

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

GUSTAVO RAMIREZ

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

JULIAN VALENZUELA

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

ALEJANDRO SANCHEZ

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

LEONARDO CAICEDO

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

MARCELA ACUÑA RAMIREZ

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

MARIA ISABEL ORTIZ AYA

Comptroller } Public Accountant from Universidad Central

Corficolombiana has 16 internal committees that support the development of its strategy.
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II. Approach of the Integrated Report

This is the first time that Corficolombiana puts at its stakeholders' disposal an integrated report and in accordance with the Core option of the GRI Standards. Until 2016, Corficolombiana

presented its management through two reports: the semiannual Management Report⁶ and the Social Responsibility Report. The present integrated report reflects the company's financial and non-financial situation for the period between January and December of the year 2017, with an annual periodicity.

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

The Annex contains a table of contents of the GRI standards listing each one and its location within the report. For more information about this report you can contact the Investor Relations team (relacion.inversionistas@corficolombiana.com).

a. Identification of the Material Aspects

In line with Corficolombiana's objective of presenting an integrated management report, for the first time we worked on identifying the material topics for the company and its interest groups, considering Corficolombiana's general vision and according to their relevance to achieve the corporate strategy. Finally, the prioritized material topics were validated with senior management. Corficolombiana will continue to develop its sustainability objectives during the following years, as well as the indicators for its measurement and monitoring.

Prioritized Material Aspects

1. **Integral Risk Management:** Corficolombiana assumes diverse risks in its direct operation and as a result of the nature of the sectors in which its affiliates operate, particularly in the execution of complex projects like those in infrastructure. Adequately identifying and managing them allows mitigating their impact, identifying better investment opportunities maintaining profitability consistent with the assumed risks.
2. **Ethics and Transparency:** In our relationship with the different stakeholders and Corficolombiana's operation and its affiliates in general, the principles of integrity, ethical behavior, and compliance with applicable laws reign; as well as the responsibility of providing timely and transparent information.
3. **Profitable Performance:** Corficolombiana seeks to maintain its shareholders' returns through the active management of its investments, the rigorous evaluation of growth

⁶ According to the modifications of the bylaws made in 2016, the General Shareholders Assembly meetings in their ordinary session shall be celebrated once a year. Therefore, the management report that until 2016 was semiannual, the last one corresponding to the period between June and December of the year 2016, is prepared as of 2017 for an annual period.

opportunities, operational improvement, and the development of a portfolio of quality solutions for its clients.

4. **Human Resources Development and Organizational Climate Strengthening:** Achieving our strategy is only possible with the support of a qualified, committed, and motivated workforce.
5. **Alignment of Best Practices and Synergies in Investments:** Thanks to the knowledge and experience of Corficolombiana and its main shareholder Grupo Aval, an active management in its investments is performed, aligning processes and procedures and promoting the development of its corporate purpose and the creation of value to benefit its own stakeholders.
6. **Operational Excellence:** Translated into greater added value for the different stakeholders through the company's and its affiliates' efficient management, a competitive offer to financial services clients, reliable and timely information management, and sustained profitability for shareholders.
7. **Responsible Investment for the Country's and Communities' Development:** Corficolombiana, directly and through its investments in key sectors like energy, infrastructure, agribusiness, financial, and hotel industry plays a relevant role in the county's and its population's economic and social progress.

b. Stakeholders

We have identified the most influential stakeholders in our performance and/or that may be significantly influenced by our activities. Under this scenario, we reviewed the focus of our relations with said groups, which we will continue to strengthen to respond to their expectations and take advantage of their contribution to optimize our management.

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

Through the Investors Relations Corporate Management, we continue to present quarterly results and update our webpage through the link "Relationship with Shareholders and Investors". During the year, more than 25 meetings and conference calls were held with analysts and investors on

topics related to the entity's strategy and the evolution of its different business units. Additionally, 90 requests from shareholders, related mainly to information on special operations and dividends payments, were answered.

In September, a new communication and information channel was launched for all employees, the digital billboards, where multiple contents are published and updated weekly. This channel has become an essential communication tool; the billboards are strategically located within and throughout the Corporation seeking to impact all officials with its content.

Corficolombiana continues strengthening and optimizing the Financial Consumer Care System (SAC, for its Spanish acronym). During the year 2017, we received 1,411 frequently asked questions, 187 requests, 19 rights to petition, and 19 complaints filed before the Finance Superintendence of Colombia. Through the Call center, 243 cases were lodged where financial consumers reported that the corporation's name or tax identification number (NIT, for its Spanish acronym) was being used to offer fraudulent loans. All petitions were resolved completely and in a clear and timely manner.

Regarding the 2017 marketing strategy, its main objectives were strengthening the brand and our client loyalty. We participated in high-impact events sponsoring renowned international speakers like Andrés Velasco in the 19th Treasury Congress, Carmen Reinhart in the 52nd Bank Convention, Brooke Harrington in the 9th Asobolsa Congress, and Fernando Savater and Juan Gabriel Vásquez in the 14th National Infrastructure Congress. Similarly, conferences were held on tax and economic topics with the objective of keeping our clients updated generating thus value added for them in decision making.

In the course of the year, the Public Web Portal was stabilized in its Spanish, English, and mobile versions, which is currently a source of reports and economic indicators, as well as information related to the Corporation.

III. Integral Risk Management

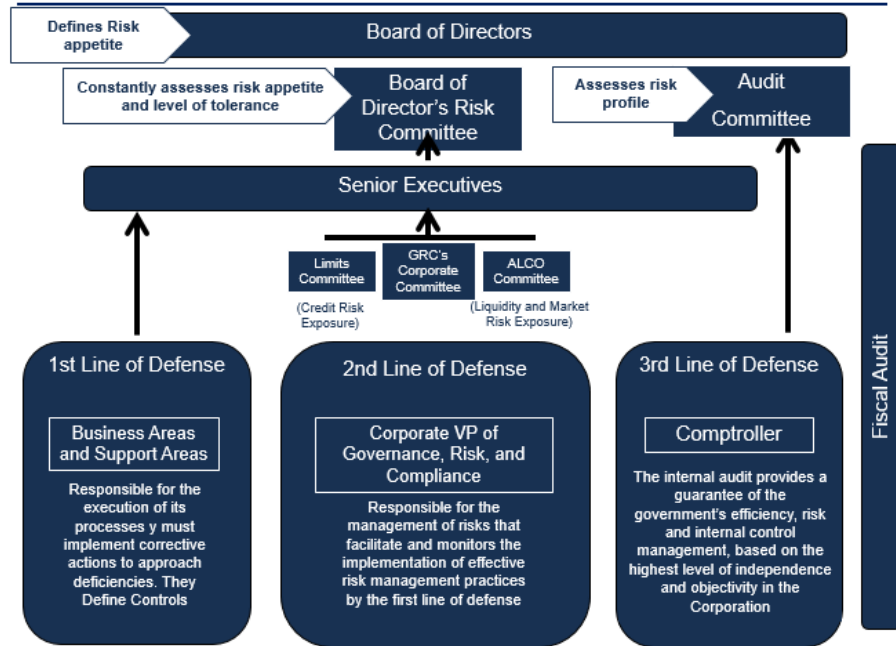
a. Corporate Structure

Corficolombiana has defined, through its Board of Directors, an organizational structure to manage the different risks to which it is exposed, which is comprised by:

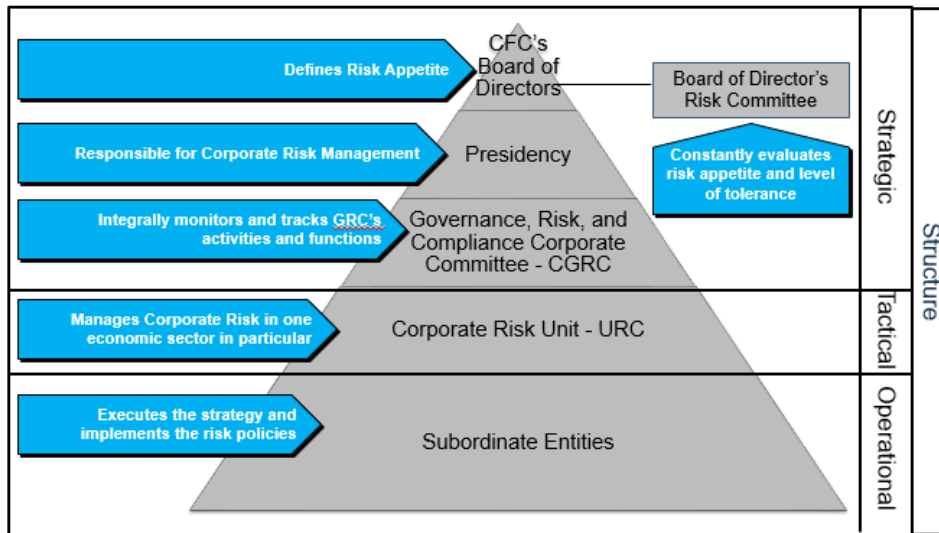
- Board of Directors and the Board of Director's Risk Committee,
- Assets and Liabilities Committee (ALCO), Loan Committee, and the Governance, Risk, and Compliance Corporate Committee (GRC)
- Corporate Vice-presidency of GRC, comprised of the Corporate Risk Management and the Corporate Compliance Area, this area began operation in the month of October 2017.

The previous structure seeks to establish and reinforce the Corporation's three lines of defense:

Three-Line Defense Model in Corficolombiana



In August 2017 the Board of Directors approved the Corporate Risk Model, which establishes the policies, procedures, and mechanisms to manage the possible risk situations to which the Corporation and its subordinate entities are exposed. Said model establishes principles, roles, and responsibilities with respect to the policies and guidelines on this subject matter at the level of the Conglomerate and defines the clear reporting lines that allow a vision of the risks and adoption of the corresponding control measures. The different elements of the model are shown below:



The model is composed of a tactical unit denominated Corporate Risk Unit (URC, for its Spanish acronym), which is responsible for managing risk in one economic sector in particular where the Corporation has subordinate entities. Its main function is to identify, evaluate, manage, monitor, and report risks inherent to the activities, processes, and products that arise in the sector under its responsibility. Six URCs exist in the following investment sectors: Energy, Infrastructure, Financial,

Hotels, Agribusiness, and Other Sectors. Each URC will have a Tactical Leader belonging to a hierarchical level with decision making power, chosen from among the Vice-president Directors and Managers part of the Vice-presidency of Investments and that possess the specific knowledge

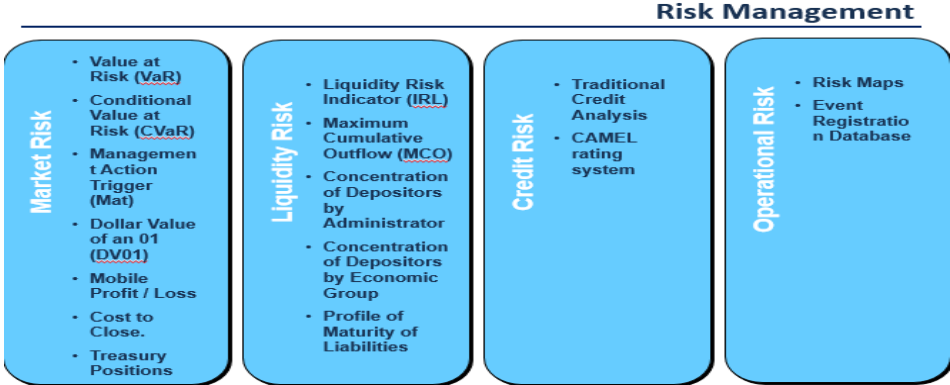
It is expected that during the year 2018, a consulting project will be developed that will have as one of its main objectives to develop an integral vision of the exposure to risk of the Corporation and its different investors. To this end, at the end of 2017, the Corporation began a recruitment process for a specialized consultant to assist it in evaluating the current state of the GRC model's components, identifying the different gaps versus the best local and international practices, and including the implementation process in the priority investments.

in the sector they will lead.

b. Risk Management – Corficolombiana and Financial Affiliates

The Corporation seeks to ensure an efficient relationship between profitability and risk in all of the positions taken, intending for the level of assumed risk to agree with the objectives and limits defined by the entity. The risk management process must comply with the following stages: identification, limit assignment, estimation and limit control, and report generation.

In line with the foregoing, and to ensure that the treasury's activities are aligned with the Corporation's objectives and strategies, the Board of Directors exercises a permanent monitoring of the risk profile by tracking the treasury's positions, the market's risks limits, credit risk, liquidity risk, and operational risk. The risk assumption philosophy is consistent with the general policies of asset and liability management and considers aspects like economic analysis, technical analysis, fundamental analysis, and the effect of changes in the environment in the bank book and in the treasury book.

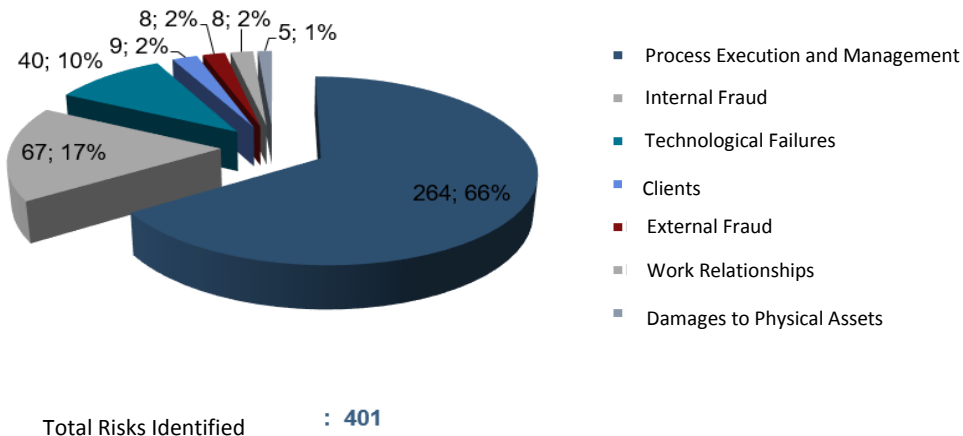


Additionally, the Corporation has implemented the Money Laundering and Terrorism Financing Risk Management System (SARLAFT, for its Spanish acronym) to prevent the entity from being used to channel money from or towards criminal activities.

Note 4 of the Separate Financial Statements and Note 4 of the Consolidated Financial Statements present a report of Corficolombiana’s risks according to the regulations established by the Finance Superintendence of Colombia.

Operational Risk Indicators

The Corporation has an Operational Risk Management System (SARO, for its Spanish acronym). Below, we present the distribution of the Corporation’s operational risk factors at the end of December 2017, classified according to the standard categories for this type of risk:



In 2017, we achieved improving the indicator of the most critical risks. Although the percentage of closed action plans decreased, this continues to be a positive indicator that shows the entity’s commitment to correcting and preventing incidents from arising that may elevate its level of risk.

Operational Risk Indicators	2016	2017
Number of identified risks / % at a high and severe level	396 / 4.0%	401 / 2.7%
% of closed action plans to mitigate the occurrence of new risk events	94%	86%

Training

Training	Participants	Trained Officials
Preventive culture as an essential protection factor	Officials from Corficolombiana, Fiduciaria	790 officials (72% of the total of participating

regarding money laundering, terrorism financing, and other illicit behaviors	Corficolombiana, Leasing Corficolombiana, Casa de Bolsa, and Episol in Bogotá	entities)
Training sessions for the first line of defense officials responsible for the process of knowledge of clients ⁷	Officials from all of the Corporation's regional offices	74 officials

From the communications area, we worked on strengthening the corporate culture through a series of internal campaigns like the Information Security Campaign “Secure Information”, created with the purpose of creating awareness among employees on the importance of making good use of the information they share and receive and thus avoid risks.

In 2018, the conference to promote a preventive culture as an essential protection factor against money laundering, terrorism financing, and other illicit behaviors will be presented in the other regional offices of Corficolombiana’s entities.

IV. Ethics and Transparency

Our values: Integrity, Creativity, Teach by example, Listen to understand, Teamwork, Develop others.

Corficolombiana governs its business actions within a framework of ethics, behavior, and transparency, with integrity as its essential principle in all of its areas of behavior; said elements are fundamental for decision making within its business strategy.

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

- We generate trust because of our knowledge, experience, and fulfillment of commitments.
- We demonstrate honesty with the righteousness of our behavior.
- We remain loyal to what we believe in, who we believe in, and who we serve.
- We act transparently in decision making, in information management, and before the community in general.
- We respect the truth, the law, and equality showing justice in our actions.
- We build and maintain mutually beneficial relationships with shareholders, clients, partners, and all of the organization’s personnel.

As a fundamental part of this scheme, the Corporation has a Code of Ethics and Conduct, document that contains the behavioral guidelines that must be observed in all of their actions by

⁷ Training focused on the modifications of the process derived from the issuance of Decree 1674/2016 on the condition of Politically Exposed Persons – PEPs, as well as the External Circular Letter 055 issued by the Finance Superintendence of Colombia, mainly in that related to the identification of final beneficiaries.

the entity’s directors, managers, and other officials. Said guidelines are consistent with the already mentioned ethical values and principles.

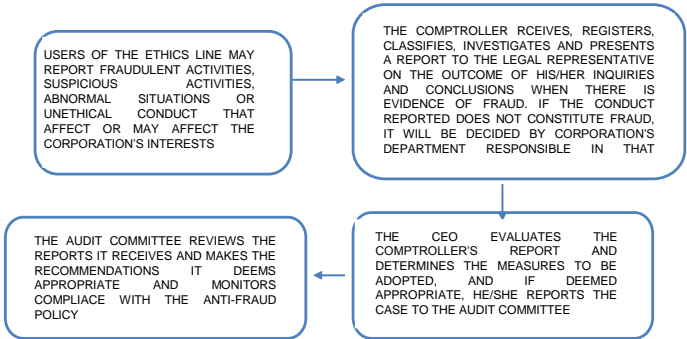
The Code is communicated to the Corporation’s new employees and periodical reinforcement trainings are given to all employees to ensure that its contents remain in force in the Corporation’s actions, operations, and businesses.

During the year 2017, no updates were made to the Code.

Ethics Line

Corficolombiana has an Ethics Line through which any member of the Corporation, client, supplier, or third party can report, anonymously, fraudulent actions, suspicious activity, anomalous situations, or unethical behaviors that affect or may affect Corficolombiana’s interests. Said channel is comprised of the email denuncias.controlinterno@corficolombiana.com and the icon “Complaints” in Corficolombiana’s webpage.

Operation of the Ethics Line:



Regarding the person that reports the commission or possible commission of a fraudulent action, the assumption of good faith established in the Political Constitution of Colombia is applied. Consequently, because of their action, they may not be the object of retaliations, threats, discriminatory measures or penalties of any type. However, when proven that the report was made with malicious intent and based on facts contrary to reality, with the objective of harming the accused, the Audit Committee may apply the measures and penalties that the legal or internal provisions have established for such actions.

Anti-fraud and Anti-corruption Policy

Corficolombiana’s Board of Directors and Senior Management have defined a zero-tolerance policy for fraud, bribery, and public and private corruption, reason why the Code of Ethics and Conduct contains the guidelines for a responsible, honest, righteous, serious, transparent conduct that complies with the law and institutional policies.

In compliance with the applicable laws and adhering to the instructions issued by Grupo Aval as the parent company, Corficolombiana implemented the Anti-fraud and Anti-corruption Policy – AFAC, to manage the risks derived from these behaviors. In 2017, said policy was updated to include changes related to the reference framework, given the need to incorporate the provisions of Law 1778/2016 of Transnational Anti-bribery, as well as the International Standard ISO 37001. As a result, some definitions, guidelines, and adjustments in the control environment were incorporated or clarified to modify or add general guidelines on

- Delivery and receipt of gifts, hospitality, and gratuities,
- Use of intermediaries,
- Contracting, donations, sponsorships,
- Mergers and acquisitions,
- Preventive measures of fraudulent reports,
- Asset protection,
- Corruption prevention and detection guidelines in the modalities of bribery and payment to accelerate processes and proceedings.

Control management on said topics will continue to be strengthened during the year 2018. The Corporation, as parent company, carries out actions to ensure that the related companies also comply with the corporate guideline.

In 2017, 210 officials from the companies of the road concession sector and from the financial affiliates Casa de Bolsa S.A. and Leasing Corficolombiana S.A were trained. In 2016, 55 employees with the job titles of Directors, Managers, Vice-presidents, and President were trained. Other campaigns developed during the year were: Ethics Line Campaign, Data Lost Prevention (DLP) Campaign “Do not take risks” and the SOX control Campaign, additionally, we conducted the dissemination of 26 good control practices promoted by the Corporate Comptroller.

During the year 2017, the local Authorities opened an investigation into the existence of possible bribes in the award of the contract for the construction of the sector 2 of Ruta del Sol and the subscription of the addendum Ocaña Gamarra, concession that was awarded by the National Institute of Concessions – INCO, for its Spanish acronym (Today the National Infrastructure Agency – ANI, for its Spanish acronym) to the company Concesionaria Ruta del Sol S.A.S., whose controlling shareholders are the companies Constructora Norberto Odebrecht S.A. with a 25.01% and Odebrecht Latinvest Colombia S.A.S. with a 37%; and whose minority shareholders are Estudios y Proyectos del Sol S.A.S. (Affiliate of Corficolombiana) with a 33% and CSS Constructores S.A. with a 4.99%. As of the date of the present report, the Corporation is still awaiting the results of the investigations being carried out by the competent authorities.

For the 2017 period:

- The Ethics Line received 25 anonymous emails. Once evaluated, the Comptroller determined that they do not correspond to events that can be categorized as fraudulent actions, suspicious activities, anomalous situations or unethical behaviors that affect or may affect the Corporation’s interests.
- There were no reports involving Corporation officials for corruption actions, nor were any disciplinary measures taken for violations of the entity’s codes of Ethics and Conduct and/or Good Governance.

V. Profitable Performance

a. Macroeconomic Context

Economic Activity

The world economy moderately recovered in 2017, but it recorded its highest growth rate since 2011, supported by more favorable global financial conditions and a monetary policy that continued to be highly expansionary. The International Monetary Fund (IMF) estimates that the growth of the world economy accelerated from 3.2% in 2016 to 3.7% in 2017 and will continue increasing to 3.9% in 2018.

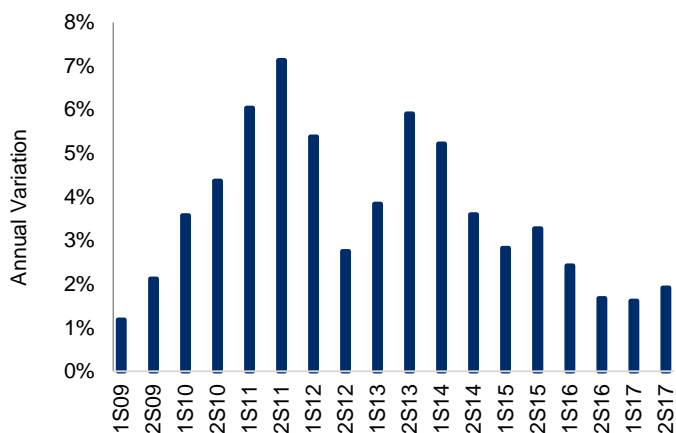
On the other hand, emerging economies recorded a better performance in 2017, amid the stabilization of the economic expansion in China and the recovery of commodity prices. Industrialized economies continued to recover, but at a higher rate than expected, mainly because of the effects of the eventual exit of the United Kingdom from the European Union (“Brexit”) were much more moderate than feared. However, the US economy was not strengthened as much as expected after Trump’s election since there were many setbacks in the presentation, the speed of the implementation, and the magnitude of the pro-growth policies that he had promised, especially on the fiscal front. Indeed, the main achievement of Trump’s legislative agenda was the approval of a tax reform in December 2017, but that arrived much later than expected and which size was reduced to one fourth of the original proposal.

However, this improved behavior of the industrialized economies required the amount of liquidity injections by the main central banks of the world (US, England, Eurozone, and Japan) to be of 1.9 trillion dollars in 2017, historically the highest and even surpassing any of the years during and after the Great Recession of 2008-2009. On its part, the Fed in the US continued to be cautious and gradually increased its objective interest rate, thus maintaining it at unusually low levels.

In Colombia, the economy slowdown touched bottom in the first months of 2017 and subsequently began a moderate acceleration, which we expect to continue in 2018. GDP grew 1.6% y/y⁸ in the first semester of 2017, below the 2% recorded in all of 2016, while in the second semester it grew 1.9%. Thus, GDP recorded a growth of 1.8% in all of 2017.

⁸ Henceforth, we will refer to annual variations (y/y), except where otherwise mentioned.

Colombia GDP in constant pesos



Source: DANE

In its first phase, the exchange rates shock, associated to the strong decrease in oil prices since 2014, significantly reduced investment growth, then it affected public spending performance because of a greater fall in oil revenues in 2015 and 2016, and finally weakened household consumption throughout 2016, through the increase in inflation, interest rates, and unemployment. However, the slowdown of household spending, which is the component that has the greatest weight in GDP, increased in the first months of 2017

because of the onetime increase in indirect taxes ordered by the tax reform at the end of 2016. This effect gradually faded throughout the year, partly supported by an important decrease in inflation, a rise in real wages, and the recovery in consumer confidence.

Demand-side GDP

	Annual Variation (%)		Contribution (p.p.)		Change in Contribution (p.p.)
	1S17	2S17	1S17	2S17	
Demand GDP	1.6	1.9	1.6	1.9	0.3
Household Consumption	1.8	1.7	1.1	1.1	-0.1
Public Spending	3.6	4.3	0.7	0.8	0.1
Gross Fixed Capital Formation	-0.1	0.3	0.0	0.1	0.1
Inventory Accumulation	-	-	0.4	-0.3	-0.7
Balance of Trade	-	-	-0.6	0.3	0.9
Total Internal Demand	1.6	1.7			

Source: DANE.

Note: The sum of the contributions of the components may not match GDP growth because of the chain linking methodology used by DANE to calculate the GDP at constant prices.

* Expected

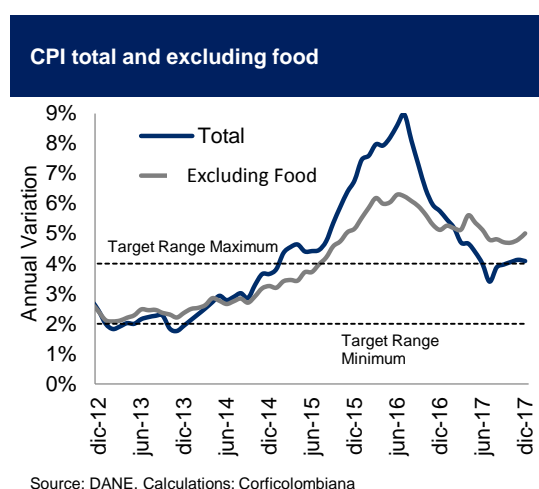
(p) preliminary

In contrast, the dynamic of public spending improved consistently thanks to the increase in tax collections that resulted from the tax reform and the improved execution rhythm of the regional and local administrations in their second years of government. On the other hand, fixed investment continued to recover, although moderately, largely supported by the relative stability of the exchange rate and the notable recovery of oil prices and of other commodities. The latter contributed to stabilize capital investments of oil and mining companies and accelerate the construction of civil works for mining. On the contrary, road construction deteriorated, partly affected by a series of problems of an administrative, political, and institutional nature, as well as building construction, mainly because of the weakness of internal demand and the important increase in mortgage interest rates until mid-last year.

Other factors that contributed to the gradual recovery of the economy in 2017 were the decrease in the Banco de la Republica’s intervention rate (decrease in 275 basis points throughout the year), the improved economic performance of the country’s main trade partners, especially in Latin America, and the dissipation of some hindrances to economic activity that arose in 2016, like the truckers’ strike in July of that year (historically the longest), the Niño Phenomenon, and the uncertainty associated to the presentation and discussion of the tax reform during a large part of that year.

On the fiscal front, the 2016 tax reform allowed the Central Government’s fiscal deficit to decrease from 4% of GDP in 2016 to 3.6% of GDP in 2017, its first reduction since 2012. This reform contributed to improving Colombia’s fiscal outlook since it reestablished the government’s credibility to fulfill the fiscal deficit goals in 2017 and 2018 and avoided the loss of the country’s investment grade. Moody’s and Fitch maintained the sovereign credit rating unchanged at BBB, with a stable outlook, while S&P opted to downgrade by a notch, but maintaining it within investment grade, because of concerns related to the persistent low economic growth throughout 2017 and the uncertainty associated to the direction of the fiscal policy as of 2019.

Inflation and Monetary Policy



Annual inflation, gauged through the annual variation of the Consumer Price Index (CPI), continued to drop sharply in 2017, going from 5.75% at the end of 2016 and from a maximum of 8.97% in July 2016, to a minimum of 3.40% in July 2017, its lowest level since November 2014. Subsequently, this index presented an increase until reaching 4.09% at year-end, slightly above the Banco de la Republica’s target range (2% to 4%).

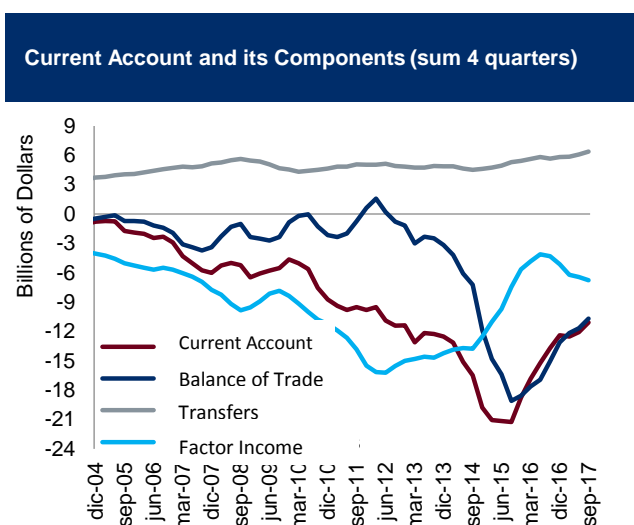
This behavior was mainly due to the end of the effects of the supply shocks that generated strong inflationary pressures until mid-2016: the Niño Phenomenon on the prices of food and energy, and the transmission of the past devaluation on prices of tradeable goods and services or with components of an imported origin.

	Annual Variation (%)		Contribution to Annual Inflation (p.p.)		Change in Contribution to Annual Inflation (p.p.)	Weight in the Change in Contribution (%)
	Dec-16	Dec-17	Dec-16	Dec-17		
Total CPI	5.75	4.09	5.75	4.09	-1.66	100%
Food	7.21	1.90	2.13	0.56	-1.57	-94%

Tradable	5.32	3.78	1.24	0.88	-0.36	-22%
Non-Tradable	4.85	5.50	1.52	1.72	0.20	12%
Regulated	5.44	5.84	0.85	0.92	0.06	4%

Source: Dane. Calculations:
Corficolombiana

However, there were two factors that limited a greater reduction in annual inflation: the increase in indirect taxes ordered by the tax reform and the Liquor Law at the end of 2016 (that together could have added around 0.65 percentage points to the annual inflation in 2017, according to our calculations), and price indexation to past annual inflation of 2016 and the increase in the minimum wage for 2017. The first mainly affected the prices of tradeable goods and services and to a lesser extent, of food and fuels, while the second affected the prices of non-tradeable goods and services (especially the services related to education and leases).



Source: BanRep

Exchange Rate

After the elevated uncertainty observed in 2016 as a result of the fall in oil prices until its lowest levels in 13 years and the surprising victory of Donald Trump in the US presidential elections, the exchange rate presented less volatility in 2017 and stood at an average of 2,951 pesos per dollar and ended the year at 2,984 pesos per dollar. The exchange rate's recovery was also influenced by the behavior of oil prices, which significantly recovered and stood at 60 dollars per barrel (dpb) at the end of 2017, levels that had not been seen in over two years. This recovery was due to an important adjustment of the imbalances in the world oil market, amid a moderate growth in supply and lower than that of demand.

b. Financial Position

The financial statements described below were prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

Separate Financial Statements

Statement of Financial Position

COP MM	2016	2017	2017 / 2016
ASSETS	9.428.471	9.129.613	-3,2%
Cash + Interbank Funds	1.803.777	1.256.778	-30,3%
Investments	7.338.572	7.716.590	5,2%
Subsidiaries & Associated Companies	3.765.546	4.267.929	13,3%
Other Equities Investments	782.429	863.254	10,3%
Fixed Income Investments + Derivatives	2.790.597	2.585.407	-7,4%
Other Assets	286.122	156.245	-45,4%
LIABILITIES	6.521.755	5.954.997	-8,7%
Deposits and Current Liabilities	3.226.477	3.330.886	3,2%
Money Market Operations	3.118.249	2.554.925	-18,1%
Other Liabilities	177.029	69.186	-60,9%
EQUITY	2.906.716	3.174.616	9,2%

At the separated level assets presented a 3.2% decrease compared to the same period of the preceding year, mainly as a result of a reduction in the fixed income portfolio and interbank funds, as well as a decrease in available cash. As of December 2017, Corficolombiana's fixed income investment portfolio amounted to COP \$2.5 trillion, a decrease compared to December 2016. In the second half of the year it was decided to reduce the balance of fixed income investments in the available for sale portfolio, mainly TES, given the opportunities in terms of rates and complying with the business model defined for the fixed income portfolio.

In December, Episol, company that holds a 33% interest in CRDS, recognized an expense for COP \$140,691 million as a result of an analysis of the possible impairment in the value of its investment in CRDS. The book value of that investment after the impairment expense amounts to \$ 111,783 million. Despite this impairment, investments in subsidiaries and associated companies recorded 4 an increase as a result of the capitalizations and contributions in subordinated debt made during the year in relation to the 4G concession projects, as well as of the acquisition at the end of 2017 of the participation of Iridium Colombia Concesiones Viarias SAS in the Covipacifico and Covimar concessions.

Regarding the Liabilities, deposits had a positive behavior with an increase of 3.2% YoY. CDs at the end of December 2017 totaled \$ 2.9 trillion, recording a 10.3% growth compared to December 2016. The CDs average tenor was 4 years in 4Q-17 increasing compared to 2.9 years in 4Q-16. The Corporation ended 2017 with a CDs effective cost rate of 7.13% which represents a decrease of 220 basis points compared to December 2016. This decrease is the product of the market's liquidity, the reduction of the inflation level and the reduction of the Central Bank's intervention rate. Passive money market operations, mainly related to the treasury business, are impacted by

the aforementioned reduction in this portfolio, showing a reduction of 18.1% YoY. The solvency ratio was 41%.

Financial Results

COP MM	2017	2016	2017 / 2016
Operating Revenue	480.554	572.497	-16%
Treasury revenue	14.738	9.842	50%
Commissions revenue	20.388	19.598	4%
Dividends	42.938	17.513	145%
Equity Method	402.490	503.516	-20%
Income in Sale of Equity Investments	-	22.028	N/A
Costs and Operational Expenses	214.713	155.889	38%
Interests - Equity Investment Funding	156.606	145.352	8%
Provisions, net	58.107	10.537	451%
Net Financial Revenue	265.841	416.608	-36%
Administrative Expenses	93.634	86.065	9%
Other Revenue / Expenses	64.752	-1.475	N/A
Income before Taxes	236.959	329.068	-28%
Income tax	19.001	20.613	-8%
Net Income	217.958	308.455	-29%

In 2017, net financial revenue fell to \$ 265,841 million, mainly as a result of a reduction in income from the equity method and an increase in provisions, while the treasury business showed an increase in the margin.

Regarding the commissions revenue, the investment banking business generated commissions in 2017 of \$ 11,750 million. During the year, Corficolombiana has been a participant in the corporate debt, M & A and infrastructure projects with transactions in each of the segments. For its part, retail banking registered a commission revenue of \$ 5,227 million in Corficolombiana.

Income from equity method and dividends was reduced 15% YoY mainly as a result of the impairment of COP 140,691 million made by Episol in the value of its investment in CRDS. This impairment was partially offset by higher revenues related to the margin recording due to the adjustment in the value of the EPC contract in Coviandina and Covioriente and an increase of 145% YoY in the income of dividends (decreed by the companies where the participation is less than 20%), particularly those paid by Grupo Energía Bogotá.

During the year there was a reduction in the investments income in fixed-income securities due to the decrease in the positions of the investment portfolio throughout 2017, which led to a reduction of 37% YoY in income from the business of treasury. Interest expense on funding fell by 39% YoY mainly due to the reduction in CDs interest rates, which was more than 200 basis points in the year and due to less use of resources from money market operations and deposits in savings accounts due to the decrease in the investment portfolio. So that the treasury revenue went from \$ 9,842 in 2016 to \$ 14,738 in 2017.

The increase in provisions is explained by the guarantee issued to Electricaribe, in relation to which an impairment of COP \$56,497 million was made in 2017, reaching at year-end an

accumulated total provision equivalent to 80% of the exposure with Electricaribe (\$78 billion). The Corporation continues its expense control policy that allows it to maintain the indicator that relates administrative expenses to the relatively stable average asset, which stood at 0.5% compared to 0.7% in 2016.

Finally, Other Revenue reflects the recognition of the higher value of the concessions involved in the transaction with Iridium. Net income as of December 2017 was \$ 217,958 million, representing a fall of 29.3% compared to the previous year. In the absence of the adjustment related to the investment in CRDS, our net profit would have been \$ 358,649 million.

Consolidated Financial Statements

Statement of Financial Position

COP MM	2017	2016	2017 / 2016
Assets	21.156.016	20.559.663	2,90%
Cash + Interbank Funds	2.288.634	2.453.853	-6,73%
Investments	5.127.143	5.453.140	-5,98%
Associated Companies and Joint Ventures	820.126	932.586	-12,06%
Other Variable Income Investments	1.370.251	1.335.092	2,63%
Fixed Income + Derivatives	2.936.766	3.185.463	-7,81%
Loan Portfolio + Account Receivables, net	3.826.560	3.933.866	-2,73%
Fixed Asset	2.632.901	2.647.515	-0,55%
Assets in Concession Agreements	6.182.796	5.081.230	21,68%
Other Assets	1.097.982	990.059	10,90%
Liabilities	15.876.553	15.610.784	1,70%
Deposits	4.094.365	3.846.793	6,44%
Interbank Funds	2.622.275	3.124.947	-16,09%
Financial Obligations	6.252.678	6.160.782	1,49%
Other Liabilities	2.907.235	2.478.261	17,31%
Equity	5.279.463	4.948.879	6,68%

In 2017 total consolidated assets reached COP 21.2 trillion, with an annual growth of 2.9%. This result mainly reflects an increase of 21.7% YoY in assets under concession agreements, offset by a reduction in fixed income investments and interbank funds and in associates and joint ventures.

In relation to the assets by concession agreements, during 2017 total equity and subordinated debt contributions were made in the four 4G concession projects for \$ 242 billion and the participation of Iridium in Covimar and Covipacífico, as well as in the corresponding construction consortiums, was acquired with a total investment of \$ 185 billion.

The decrease of 8% YoY in fixed income investments and 7% in available cash and interbank funds mainly reflect the strategy of Corficolombiana's treasury. On the other hand, the drop of 12% YoY in investments in associates and joint ventures is explained by the \$ 140,691 million impairment made by Episol on its investment in CRDS, as a result of which the balance of that investment amounts to \$111,783 million.

Interbank funds on the liability side, which correspond mainly to Corficolombiana, behave in line with the reduction of the fixed income portfolio. On the other hand, financial obligations, related to the operation of our subsidiaries, mainly reflect a higher indebtedness of Promigas.

Financial Results

COP MM	2017	2016	2017 / 2016
Operating Revenue Real Sector	5.934.485	6.639.196	-10,6%
Cost of Sales and Services	3.367.944	4.167.313	-19,2%
Real Sector Gross Margin	2.566.541	2.471.883	3,8%
Equity Method and Dividends	205.695	221.876	-7,3%
Margin from Financial Activities	-374.943	-357.319	-4,9%
Net Interest Margin	-642.236	-725.693	11,5%
Other Financial Revenues, net	267.293	368.375	-27,4%
Administrative Expenses & Provisions	1.541.681	1.377.686	11,9%
Other Revenues / Expenses	152.566	125.628	21,4%
EBITDA	2.153.329	2.048.684	5,1%
Net Income before taxes	1.008.178	1.084.382	-7,0%
Income tax	443.639	397.368	11,6%
Net Income	564.539	687.014	-17,8%
Controlling Net Income	210.807	301.795	-30,1%

Note: Operating Revenue Real Sector includes income from leasing of SPEC and financial assets of Promigas.

The gross margin of the real sector grows 3.8%, driven by the energy and infrastructure sectors. The energy and gas sector, led by Promigas, presented a higher income related to the start-up of 100% of the SPEC regasification plant in Cartagena and the start of the Promisol contracts with Hocol and Canacol. The Infrastructure sector was driven by progress in the construction of concessions, mainly Coviandina and Covipacifico, the latter recording 100% of revenues with the acquisition of Iridium's participation, and which compensated for the fact that in 2017 Construction revenues related to Ruta del Sol are no longer recorded.

The hotel sector remained practically stable, highlighting the contribution of the Hotel Estelar Cartagena de Indias (in operation since August 2016), while the agroindustry sector was affected by Pizano, a society that due to different factors has presented an impairment in its indicators and particularly for the provisions and impairments of investments, inventories, portfolio and obsolete machinery that was made at the end of the year.

The reduction in income by Equity Method and dividends is explained because in 2017 Episol does not record the income corresponding to the participation in Concesionaria Ruta del Sol that was registered in 2016. The margin of financial activities reflects mainly the increase in the indebtedness of Promigas and the result of the treasury business of Corficolombiana and of the financial subsidiaries.

The variation in Other Revenues & Expenses corresponds mainly to the recognition of the higher value of the concessions involved in the transaction with Iridium.

The impairment expense of \$ 140,691 million made by Episol in the value of its investment in CRDS impacts net income directly. As a result, net income in 2017 fell 17.8% to \$ 564,539 million; However, excluding the effect of such provision, consolidated net income would have reported an increase of 2.7% YoY. In effect, consolidated EBITDA grew 5.1% compared to the previous year to \$ 2.2 billion.

The contribution by sector to the consolidated financial results of 2017 is presented below, highlighting the contribution of the energy and gas and infrastructure sectors.

COP MM	Holding	Financial	Energy	Infrastructure	Hospitality	Agroindustry	Dividends & Others	Adjustments & Eliminations	Total
EBITDA	-35.312	14.881	1.431.592	623.879	49.342	12.610	64.633	-8.296	2.153.329
Net Income	-191.918	-89.402	685.743	109.951	23.043	-81.073	115.013	-6.819	564.539
Controlling Net Income	-191.918	-89.402	642.834	39.366	18.941	-81.119	115.013	-242.910	210.806

Holding: corresponds to expenses of Corficolombiana's equity investment business. Financial: Includes Corficolombiana, except for income and expenses of the equity investment business, and its financial subsidiaries. Dividends & Others: Tesicol and Lehner plus Corficolombiana's dividends and MPU received from the companies that don't consolidate and the recognition of the greater value of the concessions involved in the transaction with Iridium.

c. Relevant Facts – Equity Investments

Energy & Gas

- Since it entered into operation in December 2016, the regasification plant of SPEC, affiliate of Promigas, stabilized its operation. On May 11, the plant's first regasification was conducted, injecting 60 million cubic feet daily to the National Transportation System of the Atlantic Coast, creating a milestone by initiating the country's consumption of imported gas.
- In December, the trading operation of Gases del Pacífico was launched, a 21-year concession to distribute gas in the North of Peru. Quavii, affiliate of Promigas, is the company in charge of distributing natural gas through pipelines to more than 150 thousand households in the cities of Huaraz, Chimbote, Trujillo, Pacasmayo, Chiclayo, Lambayeque, and Cajamarca; in addition to providing clean and affordable energy to the industrial and transportation sectors.

Infrastructure

Road Concessions

Concession	Section	% Corficolombiana	Estimated Termination Date	Total Km	Tunnels	Bridges	Tolls	ADT 2017 COP MM	ADR 2017 COPMM
PISA	Buga- Tuluá- La Paila- La Victoria	88.25%	2033	80	-	39	2	32,814	440
Coviandes	Bogotá -	59.8%	2023 ⁹	86 ¹⁰	23	92	3	31,172	608

⁹ Estimated date reversal jun-19





¹⁰ Concession with 86 Km of concession and 45.5 Km of construction

	Villavicencio								
CCFC	Bogotá–Facatativa – Los Alpes	44%	2024	42.9	-	5	2	25,555	252
Panamericana	Los Alpes Villeta & Chuguacal – Cambao	100%	2035	111	-	15	2	5,081	112
Covipacífico	Ancón Sur - Bolombolo	89.9%	2039	48.4	4	58	2	7,047	57
Covimar	Mulaló - Loboguerrero	100%	2040	32.3	5	45	1	0	0
Coviandina	Chirajara - Villavicencio	100%	2053	24.6 ¹¹	7	20	3	0	0
Covioriente	Villavicencio - Yopal	100%	2042	266.1	-	141	5	15,233	114
Total				691	39	415	27	116,902	1,584

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

- The average daily traffic (ADT) in road concessions that are in operation, had a growth of 2.7% in 2017 compared to 2016.
- In December, Corficolombiana, through an investment vehicle 100% owned, acquired the participation of Iridium Colombia Concesiones Viarias S.A.S., in the companies Concesionaria Vial del Pacífico S.A.S. and Concessionaire Nueva Vía al Mar S.A.S., and of the total participation of Dragados IBE Colombia, in the Consorcio Constructor Pacífico 1 and Consorcio Constructor Mulaló - Loboguerrero.
- On October 20, the Ruta del Sol Concessionaire ("CRDS"), the National Infrastructure Agency ("ANI") and the Project Supervisor signed an act whereby the Concessionaire delivered material of the road corridor infrastructure to the ANI. Subsequently, the ANI ordered a first payment in favor of the creditors of the CRDS of \$ 792,603 million.
- In December, the subsidiary Episol, a company that owns 33% equity of CRDS, recognized an expense of \$ 140,691 million pesos as a result of an analysis of the possible impairment in the value of its investment in CRDS.
- The following table shows the status of 4G concessions at the end of the year:

¹¹ Tramo concesionado para construcción

Concession	Section	Progress					
		Licenses / Consultations	Final Designs	% Properties Availability	Financial Closing	Commencement of Construction Work1	% Project Progress
	Ancón Sur - Bolombolo	✓ Pending modification of the license that does not restrict the project in the medium term.	✓ Designs not objected for all the FUs. Once Addendum 4 is signed, the adjustments to the designs proposed there shall be submitted.	85%	✓ The change of ownership implied the termination of the credit agreements subscribed in May 2016. A new financing strategy is currently being reviewed	✓ Initiation of the Consortium. No Concessionaire construction initiation letter has been signed.	5,0%
	Mulaló - Loboquerrero	On October 30th The ANLA revoked the order by which the administrative procedure to obtain Environmental License was initiated and indicated that it should be ruled by Decree 1753 of 1994 (under which the DAA was issued). License obtention ~ 1Q2019.	✓ No objection given by the auditors with some observations that don't correspond to compliance with specifications. The Concession replied to each observation in December of 2017.	53%	In due diligence to go to roadshow. Market assessment.	~ 1Q2019	2,6%
	Chirajara - Villavicencio*	✓	Final designs with no objection for all the functional units. As per the requirements of the Addendum 2, on October 23 the design of the bridge 4 (FU3) was submitted	95%	Bridge loan: COP 160 billion with Banco de Bogotá. Senior loan: subscribed in February 2018 for COP 1,6 trillion	✓	11,4%
	Villavicencio - Yopal	✓ Environmental license FU1 issued. CAR's and MAD's permits granted, some in reposition process.	Final designs completed and delivered to auditors in 2016. Non-objection 57%	34%	Senior loan for USD550 million subscribed with Grupo Aval Limited on October 13, 2017. First disbursement already made.	~ 1Q2019	7,6%

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

Airports

A private initiative of the Cali, Armenia, Neiva, Ibagué, and Buenaventura airports presented by Corficolombiana and AENA was approved in pre-feasibility. Additionally, at the end of 2017, the Alfonso Bonilla Aragón airport was certified as the first Colombian airport to comply with all security conditions for air operations, according to the International Civil Aviation Organization.

Hospitality

- Construction of the top-of-the-line Hotel ESTELAR Square and ESTELAR La Torre Suite in the extended stay category is moving forward, both in the city of Medellín and similarly ESTELAR San Isidro in Lima, Peru. Expected entry into operation in the second quarter of 2018.

Agroindustry

- Works continued in the establishment and maintenance of the immature plantations of natural rubber, as part of the project that Corficolombiana is executing in the department of Meta. During 2017, rubber tapping activities were carried out in 2,108 mature hectares corresponding to the plantings completed from 2007 to 2009. The foregoing is equivalent to 51% of the total of 4,157 hectares planted throughout the Project in plots under the responsibility of Pajonales.
- Pajonales, through its affiliate, Mavalle S.A.S processed 1,481 tons of technically specified rubber TSR20 in its industrial plant that will process natural rubber from its own plantations, as well as third party plantations that are located in the area. In 2017, Mavalle sent its first exports of TSR20 to Peru, Chile, Argentina, and Ecuador to clients from different industries with good acceptance. Additionally, we have been moving forward with the product homologation process with tire manufacturers to begin product provision.

- For 2018, 1,639 additional hectares are expected to be exploited to reach a total of 3,747 hectares that represent 90% of the mature hectares in the Pajonales plantations. The exploitation of these mature hectares, plus the 444 hectares in Mavalle plots, will allow increasing the use of the industrial plant and continue improving the final product's specifications.

Financial

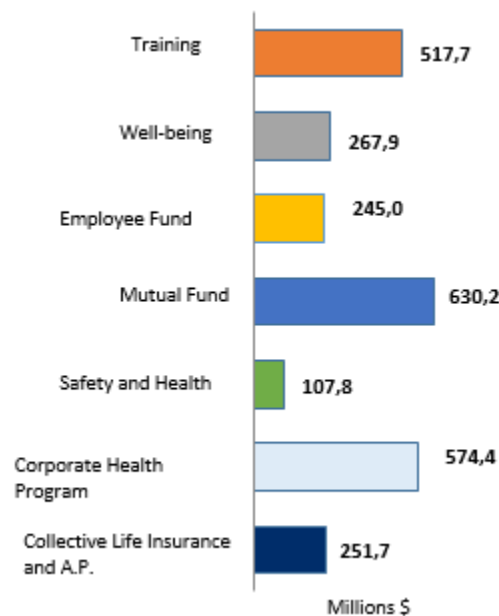
- During 2017, the Corporation began a process to achieve consolidating a share services unit for Corficolombiana and its financial affiliates with the purpose of generating future savings through process optimization and efficiency.

VI. Development of Human Talent and Strengthening of the Organizational Climate

In managing its employees, the Corporation continues with the implementation of policies and practices that allow consolidating a qualified, committed, and motivated workforce, such as:


- ✓ Recruitment processes that seek to ensure equal opportunities.
- ✓ Improvement and development actions to promote an efficient performance.
- ✓ Salary and benefit systems to compensate competencies and performance.

The development, well-being, and quality of life activities for employees were executed thanks to an investment of \$2,594.7 million pesos:



Similarly, the contribution made to the social security entities and parafiscal entities was around \$7,121.4 million pesos during the year.

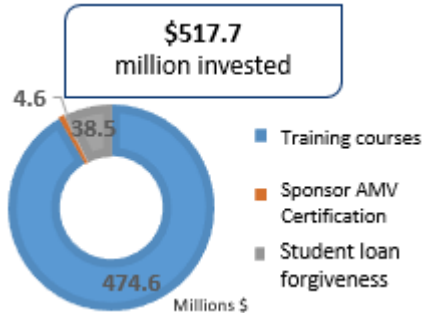
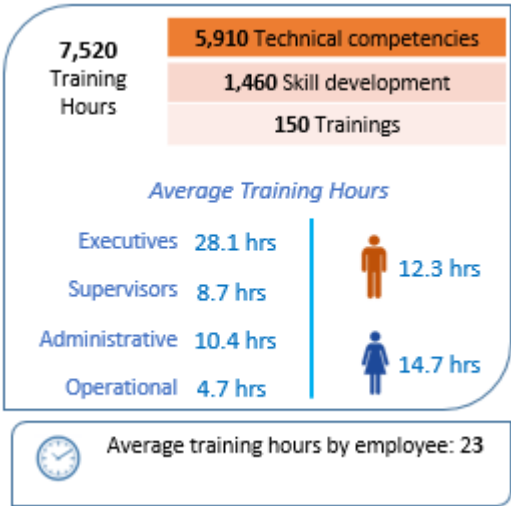
Corficolombiana supports the Mutual Fund and Employee Fund, which maintain economic benefits and well-being programs for all employees. Additionally, they allow accessing different credit lines.

 187 employees associated to the Employee Fund and 224 to the Mutual Fund

Training and Professional Development

During 2017, in-person trainings were conducted, which were carried out with external institutions or entities. Emphasis was made on technical training topics and at the same time, there was the usual participation in seminars representative for the business.

During the year’s second quarter, Corficolombiana directed its efforts toward training in soft skills like leadership, teamwork, and corporate happiness through workshops addressed to all personnel.



Work Environment

During 2017, the Corporation decided to mobilize its efforts to work on the organizations work environment, with the interest to positively impact its employees’ quality of life. That year, the Corporation worked jointly with the consulting firm Great Place to Work® to understand the organizational reality and those elements it is important to intensely work on to improve individuals’ day-to-day.



Based on this estimation, actions were taken that helped prepare and adapt this process:

- Result socialization
- Participation in work sessions to understand and build action plans.

For 2018, action plans will be designed and executed in an organizational manner and by area. On the other hand, in the well-being activities planned for the year, there was:



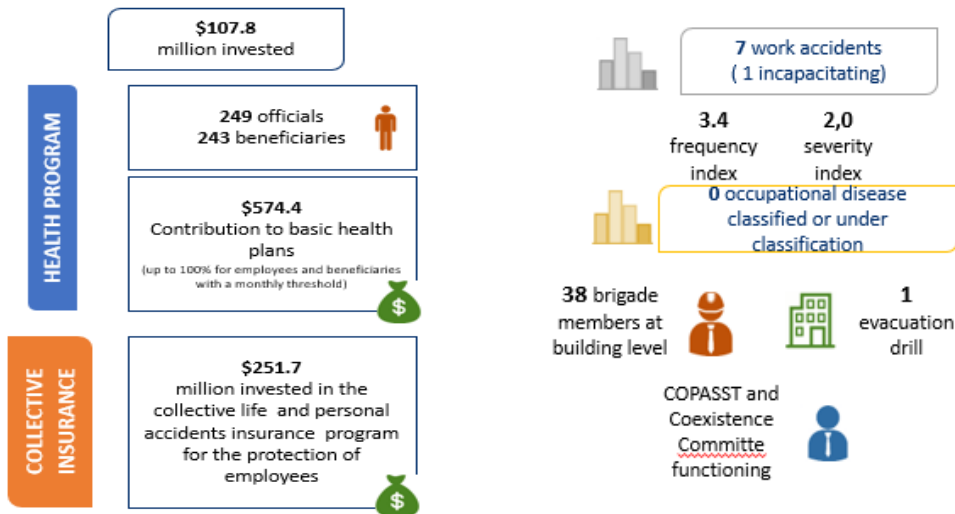
Culture and Change

In 2017, the intervention in change and communications was carried out in 3 projects of Corficolombiana and its subsidiaries, this intervention consisted in the design and planning of the change strategy, execution of intervention activities.



Safety and Health in the Workplace

According to the commitment acquired to provide employees adequate health and safety conditions in the different activities performed, the Corporation continued with the implementation of the Safety and Health at Work Management System. To this end, the Corporation in 2017 invested more than \$100 million pesos and made additional contributions to the corporate health program and collective life and accident insurance.



With its own resources and the support of Labor Risk Administrator (ARL) Seguros Alfa S.A., the Corporation developed the activities corresponding to the care and monitoring of employees' work and health conditions.

Through the ARL, Caja de Compensación Colsubsidio and some external providers, different health prevention and promotion activities were carried out.

- Socialization/Induction to the Safety and Health at Work Management System (SG-SST) for all the employees.
- Start of documenting Healthy Lifestyles and Work program
- Update and progress in evaluation stage of the Musculoskeletal Disorders Monitoring System
- Monthly prevention campaigns: care of eyesight, nutritional, musculoskeletal, healthy diet, self-care, healthy lifestyle and work, and health week.
- Medical exams and executive checkups
- Planned Inspections
- Specific training plan: directed toward coexistence committees, safety and health at the workplace peer committee, brigade members, sales personnel

VII. Alignment of Best Practices and Synergies in Investments

a. Shared Services Model

With the objective of improving the efficiency and quality of the operational processes of Corficolombiana and its financial affiliates, during the year 2017, a new model of share services was designed to align and continuously improve said services according to clients' needs, working on 4 main components:

- Structuring and launch of the Services Committee
- Development of service level agreements
- Structuring of indicator monitoring mechanism
- Monitoring service provision and billing model

For project definition and development, in the year 2017, a consulting project was hired with Advantis, who completed the corresponding studies and presented a proposal for its implementation.

Objective of the USC Synergies Project

<p>Scope</p> <p>Migrate from an independent operational and support services model in each of the financial entities to a shared services integrated model.</p> <p>Impact:</p> <ul style="list-style-type: none"> • Structure: Adaptation of the new model in functions, roles, and people in CFC and in the subsidiaries of the financial business: Fiduciaria, Leasing, and Casa de Bolsa. • Operations/processes: Integrated and transversal. • Technology: Integrated platforms as essential support for operational processes and customer service. • Culture: Global perspective focused on customer service and teamwork. • People: Development of new behaviors in line with the new model: greater interaction, matrix perspective, assertive communication, and teamwork. 	<p>Benefit</p> <p>Consolidate functions, processes, and personnel that allow achieving efficacy in the business' operations and support services and thus decrease costs, improve the service, promote added value activities, being a model that is adjustable and flexible to all the business changing needs.</p>
<p>Characteristics</p> <ul style="list-style-type: none"> • The Shared services Unit will be a part of Corficolombiana working as an independent area. • The USC will provide services to Corficolombiana and its financial subsidiaries, Corficolombiana's front areas will act as one more client for this unit. • Must be a self-sustainable unit. • Its services will be charged through cooperation agreements between the Corporation and its subsidiaries. • Charges will be monthly and the cost per service will be according to the financial model. 	<p>Vision</p> <p>Service unit with a structure adjusted to the business and aligned with the corporate strategy, that generates added value, with an excellent level of service, with transversal processes and a highly developed workforce and adequate technological support.</p>

The shared services unit will offer a portfolio of 80 services, divided in support processes and operational services including the units of IT Development and Innovation, IT Infrastructure, Productivity, PMO, Administrative Services, Accounting and Taxes, Operations, Payroll, Customer Service, Consolidation, and Human Resources Management. During the year, progress was made in the following activities:

- Recruitment of first and second tier leaders.
- Detailed definition of processes, services and officials of the new Operations Management.
- Identification of services and cost model.
- Gathering physical location needs and options.

b. Operational Excellence

In 2017, Corficolombiana began a transformation process of the technology area with corporate scope in the financial affiliates: Casa de Bolsa, Fiduciaria, Leasing, and Banco Corficolombiana Panamá, with the purpose of preparing the entities with a technological platform and processes that allows them to increase their competitiveness with channels and products supported by the new technologies that the market offers.

The transformation process included the definition and implementation of our own model of Technology Governance and Management, which is based on three domains: Governance, Management, and Control. The model is in line with the internationally renowned reference framework and the strategic guidelines of senior management of the Corporation and its affiliates. Within the Governance domain, a strategic technology plan (PETI, for its Spanish acronym) is contemplated, whose monitoring is part of the agenda of the affiliates' technology committee.

The 2017 strategic plan of the technology area included among others, the following projects:

1. DLP (Data Loss Prevention), strengthens information security by restricting the extraction of information via Internet and physical storage mediums (USB), using specialized software.
2. Update of some transactional platforms to improve their performance. The application *Tesorería Porfin* was one of them, with new functionalities in the negotiation of derivatives. The application SIFI of Fiduciaria Corficolombiana with a new database version that makes it more efficient.
3. Strengthened the Business Continuity Plan and performed 3 tests in the year 2017, which were successful. The foregoing allows Corficolombiana and its financial affiliates to be prepared to respond to contingencies that compromise business continuity.
4. The project of Shared Services Unit began, which integrates the support and operations process of Corficolombiana, Leasing, Fiduciaria, and Casa de Bolsa, with the objective of increasing the operational and support efficiency of the business in all of its entities.
5. Completed phase 2 of the implementation of the SAP ERP, which is ready to move to production on January 27, 2018.

As part of the strategy, the technology area was restructured by redefining the roles of the Infrastructure and Technology Management, Development Management that was transformed into the Development and Innovation Management and the Project and Productivity Management was transformed into the Project Management Office (PMO). In the three cases, managers were hired with the appropriate profile for these positions. We strengthened the communication and interaction schemes with user areas of the technology services.

In the year 2018, we contemplate the following projects with reach in the financial affiliates in the strategic plan: electronic invoicing, software manufacturer, continue the project of the Shared Services Unit, mergers of funds of Fiduciaria and Casa de Bolsa, digital transformation, completion of SAP phase 2, security information and computer safety projects, and strengthening of the business continuity plan.

VIII. Responsible Investment for the Country’s and Communities’ Development

a. Corficolombiana Foundation

In the year 2017, Corficolombiana Foundation continued contributing to the development of the most vulnerable communities through the development of its Environmental and Social Responsibility program (PRAS, for its Spanish acronym). In the year 2017, it was decided to focus the efforts of Corficolombiana Foundation on the development of new programs like: Environmental Education “Planting commitment today for a green tomorrow” and Civic Education and Healthy Coexistence, continuing with Social and Community Development as the transversal axis.

The total investment in programs during 2017 was \$532 million targeting 9,357 beneficiaries.

LEARNING ACCELERATION

- 1,425 children
- \$ 206.5 million

Educational program framed in the flexible models of the Ministry of National Education, which sees to the needs of children and youth that are overage students, promoting the development of the competencies needed to enroll them into the regular education system. This program’s methodology allows them to reincorporate into the regular system once they have completed the one-year cycle.

**ENVIRONMENTAL EDUCATION
“PLANTING COMMITMENT
TODAY FOR A GREEN
TOMORROW”**

- 607 children
- \$ 11.6 million

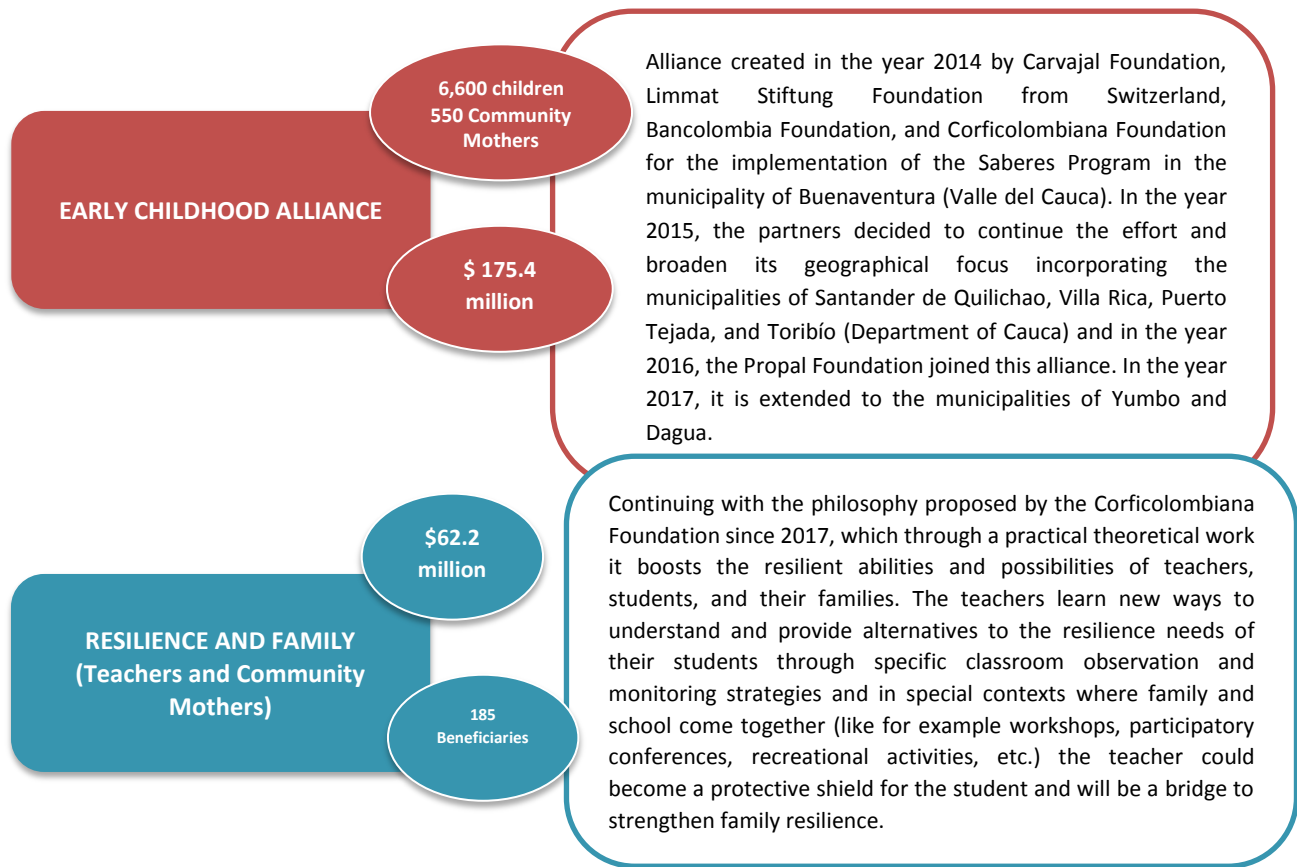
This Environmental Education project for children seeks to:

- Generate awareness on the environmental issue.
- Stimulate the participation of children in the protection and improvement of the quality of the environment.
- Develop in the community habits of good environmental practices.
- Generate awareness of respect and conservation of the environment and the organisms that inhabit it.
- Stimulate ecological activities that promote the conservation and use of the natural resources, among others.

**EARLY CHILDHOOD
“SABERES”**

- 540 children
45 community mothers
- \$ 76.1 million

Early childhood education program targeting social priority sectors, aligned with the Early Childhood Public Policy. It fosters the education of community mothers and kindergarten teachers, the strengthening of the link between the family nucleus and the educational agents, and the endowment and suitability of spaces. This program intends to foster a reflection-action process so that community mothers and kindergarten teachers build and position their roles with themselves, the families, the community, the environment, and society.



b. Through Our Affiliates

Through our participation in different sectors, we invest in social management and social campaigns that demonstrate our commitment to the communities. Our practices are oriented toward educating, caring for, and guiding the populations in the are of influence of the companies in our portfolio, so that the development of the latter transfers to the communities, driving their growth, progress, and improving quality of life. We constantly contribute to road safety education, early childhood, and entrepreneurship programs to drive the regional economy.

Similarly, constant initiatives exist that seek to hire workforce from the communities, creating a mutual benefit for the companies and society. Together our affiliates employ 9,013 workers and have 17,697 suppliers, most of them are local.

Number of Suppliers that provided goods and services during the year 2017					
Sector	Frequent		Infrequent		Total Amount paid (\$ MM)
	Colombian	Foreign	Colombian	Foreign	
Corficolombiana	366	14	188	4	35.428
Our Subsidiaries					
Financial	538	27	432	44	74.094
Energy & Gas	3.985	66	1.828	71	698.624
Infrastructure	1.491	53	1.290	3	750.845
Hospitality	2.177	60	1.624	11	218.945
Agroindustry	2.338	38	1.194	2	206.648
Others	226	19	178	2	33.240
Total Subsidiaries Suppliers	10.755	263	6.546	133	1.982.396

Note: Energy & Gas sector does not include Transoccidente, Gases del Pacifico and Sociedad Portuaria del Cayao

We are committed to strengthening the relationships with governmental entities and social leaders to unify the vision and future of the communities neighboring the companies of the portfolio. Supporting the development plan of local governments strengthens our development mission.

Road Infrastructure

Throughout 2017, the Road Concession projects in which Corficolombiana has an interest fulfilled the obligations and activities derived from their corresponding Social Responsibility Plans.

- **Concesionaria Panamericana** invested a total of \$29.6 million in social investment activities for early childhood care matters, mostly, in the municipalities of Albán, Sasaima, Villeta, Chaguaní, Vianí, and San Juan de Rioseco.
- **Concesionaria CCFC**, the Extraordinary General Shareholders Assembly in its session No. 51 held on March 24 approved a global amount of \$130 million pesos for the year 2017. With said resources it donated and made un-refundable contributions in favor of third parties – sponsorships. In applying its corporate Social Responsibility Policy, it has sought to generate good relationships with the communities, achieve recognition and position itself, and improve the relations with governmental entities in the municipalities of the area of influence, Mosquera, Madrid, Funza, Facatativa, Bojacá, and Zipacón.
- **Concesionaria Vial de los Andes - Coviandes SAS** - Invested in the year 2017 an amount of \$459.6 million pesos in programs, projects, and activities oriented toward improving the quality of life of communities neighboring the road corridor (children, youth, elderly adults, and inclusive businesses with some of the associations created in the project's area of influence, Bogotá – Villavicencio.

In turn, the fourth-generation concessions have complied with the provisions established in terms of social responsibility in the following way:

- **Concesionaria Vial del Oriente- Covioriente** invested a total of \$108.9 million, mainly in activities related to road safety programs in educational institutions, participating in forums and congresses, environmental sustainability trainings, among others.

- **Concesionaria Nueva Vía al Mar- Covimar** invested in social responsibility activities \$158.3 million and performed activities oriented towards good relations with the social actors present in the area of influence and positioning the project, like the construction of an Environmental, Tourism, and Cultural Corridor – ATC, for its Spanish acronym denominated Wind Route (*Ruta de los Vientos*). Similarly, activities materialized such as: completion of productive projects, institutional activities, preservation and recovery of public space, among others.
- **Concesionaria vial del Pacífico- Covipacífico** executed a total of \$ 188.3 million in activities that will allow them to boost their management processes and community care to contribute to the transformation of its territories, among which stand out: courses and trainings in innovative entrepreneurship, technical and environmental assistance program, among others.
- **Concesionaria Vial Andina- Coviandina** made adjustments to the Social Responsibility Plan to develop the following activities: housing improvements (15) for eco-tourism development (rural inns) in the project’s area of influence, constitution of bird watching trails in the zones of the forest reserve of the area of influence, among others.

Energy and Gas

- Promigas directly accompanied 462 educational establishments (325 operating with Promigas and its allies and 137 operating with the company Promioriente), trained 1,818 teachers and teaching directors (1,715 operating with Promigas and its allies and 103 operating with the company Promioriente) and 130,420 students.
- In the Territories that Learn unit, the entrepreneurship and microbusiness strengthening program is ongoing in which loans were granted for a total amount of \$160 million distributed in 471 microbusinesses.
- In Colciencias, Promigas Foundation registered until 2017, a total of 90 research projects, of which 59 belong to the research line of Change, Innovation, and Renovation of Education and 31 to Society-Company and development.
- The social investment made by the Promigas Foundation in the year 2017 was for a general total of \$6,093 million, resources that were invested in the development of the educational system, territorial development and strengthening, development of new knowledge, donations and contributions to civil society organizations, and strategic social projects.

SOCIAL INVESTMENT

Project/Topic	2016 (COP Million)	2017 (COP Million)
Development of Educational Communities	1,877	1,964
Territorial Development	1,066	1,150

Knowledge Development	820	1,002
Risk Management in Communities	432	482
Donations and Contributions	1,353	1,496
TOTAL	5,548	6,094

On the other hand, through Promigas, in environmental terms, climate change management is being approached with mitigation actions to gauge and reduce our carbon footprint by 10% for 2020, actions to adapt to climate effects in order to protect infrastructure, internalization in the organization of the importance of climate change and the implementation of a climate change strategy.

Agroindustry

Aware that the eastern plains have a need for investment, Corficolombiana, through its subsidiaries, has made investments to develop a natural rubber (*Hevea brasiliensis*) agro-industrial project in the department of Meta. The Project has an area of influence of the national territory traditionally depressed due to its remoteness and distance from populated centers and markets, lack of infrastructure, and with economic and security risks that have resulted in the regions' underdevelopment and marginality.

This project's main objective is to generate new opportunities to make progress in sustainable development, generate employment and industry, contribute to the training and sociocultural development of the area's inhabitants, and transform the area in a place with a high economic performance for the communities. In the first place, we estimate the increase in the immediate income in rural areas of smallholders, in addition to the generation of permanent employment in large plantations and decrease in workforce involved in illicit crops. Expected to produce around 3,750 permanent Jobs in the stage of exploitation and 15,000 in the productive stage.

Additionally, assessments of socioeconomic and cultural needs of the project's stakeholders have been conducted, which have been used as inputs for the design and launch of an integral social intervention plan to contribute to the sustainable development of said stakeholders. This integral social intervention plan is comprised basically by the following lines of work that have been launched and are ongoing:

Entrepreneurship	<ul style="list-style-type: none"> • Economic, logistics, and educational support for the incorporation of associations of people of the region to create productive units. • Trainings for members of the associations in the elaboration of products that can be commercialized in the communities. • Support communities in commercializing the product they produce.
Food Security	Partnered with the Department of Social Prosperity of the Presidency of the Republic and Sena. Aims the education, training, and establishment of home vegetable gardens in the communities of the area.

ICTs	<ul style="list-style-type: none"> • Remodeling, customization, and endowment of computer rooms and library of the Remolino Educational Institution. • Computer training for teachers, students, and community. • Monitoring the adequate and constant use of the computer rooms.
Early Childhood	<p>Seeks to improve the quality of education for early childhood, for which the following is done:</p> <ul style="list-style-type: none"> • Endowment of didactic materials. • Educating the educational agent in welfare homes and the educational institution of the community of Remolino. • Monitoring the application of pedagogic strategies and the use of didactic material through the evaluation format Carvajal Foundation.
Parenting Abilities	<p>Launched a series of trainings for parents and trainers (to leave installed capacity in the community), with the purpose of fostering child-rearing abilities in parents and preventing abuse and violence within families in the area.</p>
Work Well-being	<p>Conduct monthly trainings in leadership, self-esteem, corporate identity, conflict resolution, family economy, hygiene, and health, which in addition to promoting business strengthening, also increases the level of personal educational of the Project's workers.</p>
Housing	<p>To carry out this initiative, a lot of 15 hectares will be contributed so that the governorship of Meta can build 105 social housing solutions.</p>

Regarding environmental aspects, the project has been developed following the guidelines of the National Biodiversity Policy and the Action Plan in Biodiversity of the Orinoquía, therefore, the implementation of productive processes and agriculture and livestock farming have been completed and will continue to be developed in such a way that they allow minimizing the impacts on native biodiversity, not only on water and forests, but also on wildlife species that could be affected and consequently require special management plans.

Additionally, degraded savannas will be substituted, mostly dedicated to extensive livestock farming, for more than 4,000 hectares of crops of natural rubber trees, with which in turn, we seek to participate in the market of carbon certificates as a sustainable economic alternative to boost competitiveness and the development of the region's forest sector.

Among the expected environmental benefits, we can highlight the reduction in pressure for CO₂ capture on the native forest, generation of the right to capture CO₂, the mitigation of climate change, the regulation of water flows, the conservation of existing flora and fauna, and the protection and recovery of soils.

Another one of the big contributions of the project regarding environmental topics is the strengthening of the contingency care system with regards to forest fires in the area where it is located, since forest fires are one of the main causes of the deterioration and loss of the country's fauna and flora, and they also contaminate the air and water, contribute to the reduction of the ozone layer and sources of water, they originate soil degradation, increase runoff and potential erosion, which causes increases in emergency situations because of landslides, avalanches, and floods, with negative effects on human life due to death, injuries, or disease, and the loss and deterioration of their property.

With the contribution in equipment and trainings to offset forest fires that may arise in the project's area of influence, it has been possible to control in a timely and adequate manner this type of situations, and at the same time, it has facilitated the spontaneous generation of participatory processes with the premise of obtaining concrete results in the short term, and an interinstitutional bridge of cooperation has been established with the local committee for risk management from the municipality of Puerto López in the medium to long term.

UNIPALMA

- Clean Development Mechanism Project (MDL, for its Spanish acronym):

Committed to the conservation of the environment, Unipalma has developed initiatives like the Clean Development Mechanism Project (MDL), which seeks to mitigate the methane generated in the anaerobic lagoons of the wastewater treatment system. This project, started in 2013, is reducing Unipalma's environmental footprint through the impermeabilization of the lagoons, allowing retaining and burning the methane produced, decreasing, thus, the emission of greenhouse gases into the atmosphere. Currently, a consulting project is being developed with Optim Consult, which will determine if the infrastructure developed by Unipalma is adequate to obtain carbon credit accreditation. The foregoing, if approved, would open the doors to the second phase, which would grant the company international certifications, in addition to environmental, social, and economic benefits.

	Activity	Investment (COP MM)	State
Phase I	Review and update of the report	18	Ongoing by contract with Optim Consult. Ends in April 2018
Phase II	Project Design Document (PDD) review and update, support verification, update data and work plan.	80	Feasibility and benefit according to phase I results will be analyzed.

- RSPO Certification:

RSPO is a non-profit association that seeks to promote the production, commercialization, and use of palm oil with sustainability, social, and economic criteria. Unipalma has invested in RSPO's process of implementation since the year 2013. During 2017, greater spending was reported

associated to the hiring and requisition of specialized studies and infrastructure improvement with a total of \$172 million.

For 2018, the line item is forecasted for the continuity of RSPO consulting project, perform the certification audit, training and socialization activities, in addition to updating the LUCCA analysis.



EVALUATION OF HIGH VALUES OF CONSERVATION



Registration as members before RSPO:

EUR 2,000 per year

Certification Audit:

\$40 million (estimated date of application 2S-18)

Cleanup: USD 2,500 per hectare (2.9 has) + 1.5 million elaboration of the cleanup plan

Estimated total: \$23,250,000

IX. Regulatory Compliance

COMPLIANCE REPORT CIRCULAR LETTER 042 of 2012 (preceding external circular letters 022 of 2010 and 052 of 2007 of the Finance Superintendence)

According to that established in the regulation, for the first and second semester, we executed the analysis of the vulnerabilities of the network segments defined in the technological infrastructure; the consulting project was executed to measure the growth of the maturity of the information security model, reporting compliance of the security management indicators to Grupo Aval; completed the security day, including social engineering tests conducted by Grupo Aval.

Regarding security tools, DLP (Data Loss Prevention) was implemented with the objective of preventing information leaks, as well as webAccess (Proxy in the cloud) to control Internet browsing in the laptops outside of the organization.

Security requirements were defined in choosing corporate project solutions like, Robotics, Electronic Invoicing, Software Manufacturer and Treasury Core; security review and validation of access control regarding roles and profiles in the Phase II SAP modules; application and review of security standards in internal projects of infrastructure updates, as well as the participation in Business Continuity tests to guarantee operation in the case of contingency.

Continued monitoring of the activities executed by privileged users, changes made by database administrators, changes made to the firewall rules, personnel records (vacation, withdrawal, sick leave, promotions, etc.) and critical job titles, among others. Similarly, to reinforce the Information Security concepts, an annual training is conducted with officials at a national level and the induction in Information Security to the new officials.

Activities corresponding to the certification of access to information systems were completed, according to the established SOX controls; presented the Information Security System before the Governance, Risk, and Compliance Corporate Committee – GRC to report the management completed in accordance with that established and actively participated in the Control Management Committees and Entities Security Committees at Grupo Aval.

The procedures and execution of activities that support compliance with all the other numerals that apply to comply with the circular letter, continue to be updated and adjusted according to the needs intrinsic to the business; updates are coordinated by the Information Security area, their publication and dissemination channeled through the area of Organization and Methods of the Entity.

MONEY LAUNDERING AND TERRORISM FINANCING RISK MANAGEMENT SYSTEM

Pursuant to the articles 102 to 107 of the Organic Statute of the Financial System and in the Legal External Basic Circular Letter issued by the Finance Superintendence of Colombia, Corficolombiana has the Money Laundering and Terrorism Financing Risk Management System (SARLAFT) with the purpose of preventing that the entity be used to channel money from or to criminal activities.

Indeed, the entity has within its organization structure a Unit directed by the Compliance Officer, with the necessary human, technical, and operational resources to fulfill its mission to prevent and control.

During 2017, the Board of Directors and General Management evaluated the functioning of the prevention system through reports presented by the Compliance Officer and Fiscal Audit.

Among its policies, the entity does not exempt any client or counterpart from filling out the know your client form or from complying with the association requirements established in the external and internal regulations.

The risk of money laundering and terrorism financing is understood as the possibility of economic loss or harm to the good name that the entity could suffer if it were used as an instrument for money laundering and/or terrorism financing.

By virtue of the foregoing, aware of its commitment to fight against criminal organizations and in compliance with the regulations issued in that sense by the Finance Superintendence of Colombia, the Corporation has a Money Laundering and Terrorism Financing Risk Management System SARLAFT, which is mainly integrated by the stages, elements, policies, procedures, and methodologies for the identification, evaluation, control, and monitoring of these risks, as well as know your client, of their operations with the entity, monitoring of transactions, personnel training, and cooperation with authorities.

This system is contained in the SARLAFT Manual approved by the Board of Directors. During 2017, we evaluated the identified risks and controls, and monitored the results of said evaluation, observing that the entity continues to manage “low” and “very low” levels regarding money laundering and terrorism financing risks; we also conducted training to strengthen the knowledge in money laundering controls and against terrorism financing.

The direct supervision of the controls to prevent these risks is exercised by the Compliance Officer and his alternate; similarly, supervision is exercised by the entity's Comptroller and the Fiscal Audit, as well as the administration and the Board of Directors through reports periodically presented by the Compliance Officer and the Fiscal Auditor.

Regarding the duty to cooperate with authorities, during 2017 Corficolombiana elaborated in a timely manner the established reports to be submitted to the Financial Information and Analysis Unit (UIAF, for its Spanish acronym). In the same manner, the information requests presented to the entity by competent authorities were fulfilled.

SUBSEQUENT FACTS

Coviandes

On January 15, 2018, there was a partial collapse of the Chirajara bridge, located in KM64 on the road Bogotá – Villavicencio that is under construction, and whose causes are still unknown and are a matter of investigation. This infrastructure is part of the scope agreed upon in the addendum No. 1 to the concession contract No. 444 of 1994, subscribed on January 22, 2010 with INCO (today ANI), in which the Concesionaria Vial de los Andes S.A ("Coviandes") is the contracting company of the contract and therefore is the concessionaire. Constructora de Infraestructura S.A.S ("Coninval") through contract 444-12310 of November 5, 2010, is the building contractor of the works, of which, the construction of the bridge is a part of. At the same time, Coninval was building the Chirajara bridge through a design and construction contract 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 Coviandes. In addition, Estudios Proyectos del Sol S.A.S ("Episol"), company 100% owned by the Corporation, is the holder of 60.00% of the capital stock of Coninval.

Coviandes hired the services of MODJESKI & MASTERS, renowned American expert consultant in forensic studies of cable-stayed bridges to determine the causes of the event. Once the results of the investigation are known, it will be possible to determine the implications and costs related to the incident.

Pizano

Once the results of Pizano S.A. as of December 31, 2017 were evaluated, the company's shareholders during the assembly held on January 29, 2018, decided to authorize management to request before the Superintendence of Corporations the admission of a judicial liquidation process in the terms of the Law 1116/2006; the foregoing decision was adopted in order to protect the company's assets, avoiding their impairment, and in this way pay the existing liabilities.

The request having been made by the legal representative, the Superintendence of Corporations through writ notified on February 14, 2018, admitted the company to a process of judicial liquidation.

NEW LEGAL PROVISIONS

Congress of the Republic

Law 1836 of June 9, 2017. Through which financial institutions are obligated to provide a gratuitous way of withdrawal to the successors in deposit contracts.

Law 1870 of September 21, 2017. By which regulations are established to strengthen the regulation and supervision of financial conglomerates and resolution mechanisms of public entities.

Ministry of Finance and Public Credit

Decree 119/2017 (January 26). General regime of foreign capital investment in Colombia and of Colombian investments abroad.

Decree 1178/2017 (July 11). Modification of Decree 2555/2010 with possibilities like allowing share issuers registered in RNVE the possibility of disseminating their annual reports electronically. Creation of new standards that allow the general issuer to generate new payment and amortization structures of instruments with credit content.

Decree 1333/2017 (August 10). Modifies Decree 2555/2010 on weighting by credit risk of rediscount operations.

Decree 1422/2017 (August 31). By which the Decree number 2555/2010 is modified in that related to the creation of the standardized information prospective for issuances or issuance programs, the incorporation of information by reference of the Integrated Securities Market Information System (SIMEV, for its Spanish acronym) and other provisions are established.

Decree No. 1915/2017. Through which the mechanism of works for taxes, established in the Law 1819/2016, is regulated, which allows extinguishing the tax obligations of income tax and complementary, through the direct investment of the taxpayer in projects of a social transcendence in the Most Conflict-ridden Areas.

Decree No. 1950/2017. Regulates the VAT Transition Regime applicable to construction and supervision contracts derived from the concession contracts in transportation infrastructure, established in the Law 1819/2016. The stabilization in the VAT rate, applies to all goods and services incorporated, through a construction contract to a concession, whose contract has been subscribed before December 31, 2016.

Decree 2219/2017 (December 27). Implement the creation of a protocol for crisis or contingency situation in the securities market.

Decree 2235/2017 (December 27). Regulate the tax treatment of the concession and public private partnership contracts.

Decree 2250/2017. Corresponding to the applicable treatment to the concession and public private partnership contracts, in terms of income. This determines that the fiscal income associated to the construction must correspond to the totality of costs and expenses recognized in the intangible fiscal asset, therefore, a deferred liability must be accumulated, which will be amortized in a straight line during the Operation Stage.

Finance Superintendence of Colombia

External Circular Letter 028 of 2017 (September 29). Modification of the Basic Legal Circular Letter with respect to the abusive clauses and package of basic services.

External Circular Letter 029 of 2017 (September 29). Instructions are issued on policies for the appropriate management of loans with changes in payment capacity.

External Circular Letter 030 of 2017 (October 27). Instructions to recognize, measure, and reveal Financial Information with the objective of Supervising third party portfolios.

External Circular Letter No. 90 of 2017 (November 22). Accounting the subordinate debt in the 4G concession contracts.

External Circular Letter 033 of 2017 (November 30). Modification to Chapter V, Title I, Part I of the Basic Legal Circular Letter – Goods and Investments of the Supervised Entities.

Banco de la República de Colombia (Central Bank)

External Resolution No. 1 of 2017 (February 24). By which the External Resolution No. 4 of 2009 is modified, which issues regulations regarding the negotiation systems and/or operation records systems on currencies.

External Resolution No. 2 of 2017 (February 24). Which regulates the record of operations of derivative financial instruments and products structured with the purpose of Close out netting to which the article 74 of Law 1328 of 2009 refers.

External Resolution No. 8 of 2017 (November 24). By which the international exchange regime is modified.

External Regulatory Circular Letter DCIN-83 (last modification of November 28). Modifies the external regulatory circular letter of the Banco de la República on “Procedures Applicable to Exchange Operations”.

National Departments of Taxes and Customs – DIAN, for its Spanish Acronym

Resolution of March 31, 2017. The annual information that must be completed by Deceval, must be reported in monthly periods on each of the persons or entities that completed, through the company, deposits of securities, financial instruments and securities that are or are not recorded in the RNVW, whether issued in Colombia or abroad.

X. Annexes

a. GRI Index

	GRI Standard	Description	Location in the report and / or comment	Page No.
Organizational Profile	102-1	Name of the organization	I. About Us	4
	102-2	Activities, brands,	I. About Us /	5 - 7

		products, and services	a. Our Business and Strategy	
102-3		Location of headquarters	The corporation has its main domicile in Bogotá, Cra13 # 26-45 floors 3,6,7 and 8	
102-4		Location of operations	I. About Us / a. Our Business and Strategy b. Investment Portfolio	5 – 7, 7 - 10
102-5		Ownership and legal form	The Corporación Financiera Colombiana SA, is a private financial institution, authorized to operate by the Financial Superintendence of Colombia, by means of Resolution of October 18, 1961, constituted as an anonymous commercial corporation, on November 27, 1961 by public deed No. 5710 of the First Notary of the Círculo de Cali, whose legal validity is foreseen until December 31 of the year 2100, which can be extended by decision of the General Assembly of Shareholders	
102-6		Markets served	I. About Us / a. Our Business and Strategy b. Investment Portfolio	5 – 7, 7 - 10
102-7		Scale of the organization	I. About Us	4
102-8		Information on employees and other workers	I. About Us / c. Our Team	10, 11
102-9		Supply chain	As a holding company, Corficolombiana mainly has suppliers of administrative goods and services. The data on the number of suppliers and total payment made to suppliers for Corficolombiana can be found on pg. 4 and on pg. 47 the total number of suppliers of our subsidiaries by sector.	
102-10		Significant changes to the organization and its supply chain	Letter from the CEO V. Profitable Performance / Relevant Facts - Equity Investments	3 36 – 39
102-11		Precautionary Principle or approach	III. Integral Risk Management	21 - 25
102-13		Membership of associations	<ul style="list-style-type: none"> • Asociación de Gestión Humana ACRIP Bogotá y Cundinamarca • Asociación Colombiana de 	

			<p>Ejecutivos de Finanzas</p> <ul style="list-style-type: none"> Asociación Nacional de Instituciones Financieras (ANIF) Asociación Bancaria de Entidades Financieras de Colombia (Asobancaria) Autorregulador del Mercado de Valores de Colombia (AMV) 	
Strategy	102-14	Statement from senior decision-maker	Letter from the CEO	3
	102-15	Key impacts, risks, and opportunities	Letter from the CEO / a. Our Business and Strategy	3 5 - 7
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	IV. Ethics and Transparency	25 - 27
	102-17	Mechanisms for advice and concerns about ethics	IV. Ethics and Transparency	25 - 27
Governance	102-18	Governance structure	I. About Us: d. Corporate Governance	12
	102-19	Delegating authority	I. About Us: d. Corporate Governance	12, 17 - 18
	102-20	Executive-level responsibility for economic, environmental, and social topics	I. About Us: d. Corporate Governance Annex. Annual Corporate Governance Report	12
	102-22	Composition of the highest governance body and its committees	I. About Us: d. Corporate Governance	15 - 18
	102-23	Chair of the highest governance body	I. About Us: d. Corporate Governance	15
	102-24	Nominating and selecting the highest governance body	Annex. Annual Corporate Governance Report In 2018, the Board of Directors, through the Corporate Governance Committee, will put before the Assembly an appointment and remuneration policy that establishes the criteria that will be taken into consideration by the shareholders for the nomination, election or replacement of the members of the Board of Directors of the company. Once approved, it will be published on our website	68

			www.corficolombiana.com	
	102-25	Conflicts of interest	Annex. Annual Corporate Governance Report Note 32 of the Separate Financial Statements details the operations with affiliates of the Corporation.	72
	102-26	Role of highest governance body in setting purpose, values, and strategy	I. About Us: a. Our Business and Strategy d. Corporate Governance	5 12
	102-27	Collective knowledge of highest governance body	I. About Us: d. Corporate Governance	14
	102-28	Evaluating the highest governance body's performance	I. About Us: d. Corporate Governance	14
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	102-30	Effectiveness of risk management processes	III. Integral Risk Management	21 - 22
	102-31	Review of economic, environmental, and social topics	I. About Us: d. Corporate Governance	14, 17
	102-32	Highest governance body's role in sustainability reporting	The Management Report must be accepted and approved by the Board of Directors	
	102-33	Communicating critical concerns	I. About Us: d. Corporate Governance	14, 17
	102-34	Nature and total number of critical concerns	The topics or main decisions adopted by the Board of Directors, were made known to the market through the mechanism of Relevant Information, published on the website of the Financial Superintendence of Colombia and Corficolombiana.	
	102-35	Remuneration policies	Annex. Annual Corporate Governance Report	69
	102-36	Process for determining remuneration		
	102-37	Stakeholders' involvement in remuneration		
Stakeholder	102-40	List of stakeholder	II. Approach of the Report:	20





Engagement		groups	b. Stakeholders	
	102-41	Collective bargaining agreements	There are no collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	II. Approach of the Report: b. Stakeholders	20
	102-43	Approach to stakeholder engagement	II. Approach of the Report: b. Stakeholders	20 - 21
	102-44	Key topics and concerns raised	II. Approach of the Report: b. Stakeholders	21
Reporting Practices	102-45	Entities included in the consolidated financial statements	Note 2.3 of the Consolidated Financial Statements details the companies included. Additionally, in this report the main figures of the companies that consolidate by sector are appended.	
	102-46	Defining report content and topic Boundaries	II. Approach of the Report: a. Identification of Material Aspects	18 - 19
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	102-48	Restatements of information	II. Approach of the Report	18
	102-49	Changes in reporting	II. Approach of the Report	18
	102-50	Reporting period	II. Approach of the Report	18
	102-51	Date of most recent report	II. Approach of the Report	18
	102-52	Reporting cycle	II. Approach of the Report	18
	102-53	Contact point for questions regarding the report	II. Approach of the Report	18
	102-54	Claims of reporting in accordance with the GRI Standards	II. Approach of the Report	18
	102-56	External assurance	N/A	
Management Approach	103-1	Explanation of the material topic and its Boundary	II. Approach of the Report: a. Identification of Material Aspects	18 - 19

Economic Development	201-1	Direct economic value generated and distributed	<table border="1"> <thead> <tr> <th>Separate Corficolombiana COP MM</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Operating Revenue</td> <td>742.233</td> </tr> <tr> <td>Direct Economic Value Created</td> <td>742.233</td> </tr> <tr> <td>Personnel Expenses</td> <td>43.126</td> </tr> <tr> <td>General Expenses</td> <td>35.290</td> </tr> <tr> <td>Interests Expenses</td> <td>418.285</td> </tr> <tr> <td>Dividends paid to Shareholders*</td> <td>66.413</td> </tr> <tr> <td>Payments to the Government</td> <td>32.714</td> </tr> <tr> <td>Community Investments</td> <td>2.901</td> </tr> <tr> <td>Economic Value Distributed</td> <td>598.729</td> </tr> <tr> <td>Economic Value Retained</td> <td>143.504</td> </tr> </tbody> </table>	Separate Corficolombiana COP MM	2017	Operating Revenue	742.233	Direct Economic Value Created	742.233	Personnel Expenses	43.126	General Expenses	35.290	Interests Expenses	418.285	Dividends paid to Shareholders*	66.413	Payments to the Government	32.714	Community Investments	2.901	Economic Value Distributed	598.729	Economic Value Retained	143.504	
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			<small>*Dividends paid in cash</small>																							
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	205-2	Communication and training about anti-corruption policies and procedures	III. Integral Risk Management IV. Ethics and Transparency / Anti-fraud and Anti-corruption Policy	24 27																						
	205-3	Confirmed incidents of corruption and actions taken	IV. Ethics and Transparency / Ethics Line	27																						
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There wasn't																							
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Training and Education	404-1	Average hours of training per year per employee	VI. Development of human talent and strengthening of the organizational climate / Training and Professional Development	40
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Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	I. About Us c. Our Team d. Corporate Governance	10, 14
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	During the period there was a sanction, which is not significant and is in recourse.	


b. Main companies that consolidate

INFRASTRUCTURE



<i>Figures in COP Million (2017)</i>	% CFC	Description	Assets	Equity	EBITDA	Net ¹³ Income	ROE ¹⁴
	100%	Infrastructure and energy investment vehicle, including Sociedad Aeroportuaria de la Costa (SACSA S.A.), which manages the Rafael Núñez airport in Cartagena	442,479	440,359	18,148	68,140	17.6%
	88,3%	Buga – Tuluá – La Paila corridor in Valle del Cauca, as well as majority shareholder (50.5%) in the CCFC concession	335,639	154,476	184,299	87,043	57.8%
	100%	Major shareholder of Coviandes (59.8%), in charge of the administration, operation and maintenance of the Bogota - Villavicencio road	521,650	113,101	212,758	20,074	19.4%
	100%	Holding that concentrates investments in infrastructure, including construction consortium and the highway concessions	2,291,395	976,724	195,157	-25,235	-2.6%
PRODEPACÍFICO	100%	Investment vehicle in infrastructure that includes construction consortiums and road concessions.	166,455	146,187	2,950	2,854	N/A

¹³ For all sectors, Net Income without excluding non-controlling participation of each of the companies.



¹⁴ For all sectors, el ROE is calculated by dividing the profit for the whole of 2017 by the average equity of December 2016 and December 2017.

PRODEVIMAR	100%	Investment vehicle in infrastructure that includes construction consortiums and road concessions.	59,461	52,719	276	608	N/A
	100%	Consulting company in engineering projects.	3,266	2,403	-51	-542	-20.3%




ENERGY & GAS

<i>Figures in COP Million (2017)</i>	% CFC	Description	Assets	Equity	EBITDA	Net Income	ROE
	50.2% ¹⁵	Promigas transports and distributes natural gas in Colombia. It has more than 3.7 million users in Colombia and Peru	9,634,659	3,178,877	1,424,193	688,156	22.4%
	91.9%	Gascope distributes compressed natural gas in northern Peru to industrial users and the vehicular market.	67,709	803	8,151	-2,263	-167.6%

HOTELS


<i>Figures in COP Million (2017)</i>	% CFC	Description	Asset	Equity	EBITDA	Net Income	ROE
	85.0%	Colombian hotel chain with 30 hotels in the main cities of Colombia, Peru and Panama.	802,195	371,638	46,869	21,693	6.0%
	84.6%	Hotel and Convention Center in Santa Marta with 131 rooms.	42,719	38,353	2,473	1,352	3.6%

AGROINDUSTRY





<i>Figures in COP Million (2017)</i>	% CFC	Description	Asset	Equity	EBITDA	Net Income ¹⁶	ROE
	98.7%	Agricultural company with crops of rice, cotton, rubber and corn plantations and 2,900 head of cattle.	247,708	134,738	11,279	2,180	1.9%
	54.5%	Agricultural company with crops of African palm plantations for the extraction of crude palm oil.	202,551	138,772	16,271	6,725	5.0%
	100%	Holding with business in housing, hotels and 8,020 hectares of land for future agricultural projects.	216,231	180,366	2,271	-5,794	-3.5%

¹⁵With economic and political rights: 34.22% directly and 10.58% through CFC Gas Holdings. With economic rights and no political rights: 5.43% through a PEF managed by a third party.

¹⁶For all sectors, Net Income without excluding non-controlling participation of each of the companies.

	40%	Company engaged in the manufacturing of wooden boards, plywood, chipboard, laminate, furniture, and other wood products.	217,426	45,899	-17,211	-84,180	-95.4%
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FINANCIAL

Figures in COP Million (2017)	% CFC	Description	Asset	Equity	Operating Income	Net Income	ROE
	100%	Provision of financial services trust and structuring of products for the capital market.	177,633	60,698	19,798	9,661	15.8%
	100%	Offering financing and investment alternatives adapted to the needs of the market.	936,540	92,076	8,428	-5,946	-6.1%
	100%	The Bank domiciled in Panama with the international license	278,969	28,957	1,228	1,176	3.9%
	40.8%	Composed of the merger of four stock exchanges in 1990	46,805	31,693	2,329	615	2.0%

c. Annual Corporate Governance Report 2017

The Board of Directors of Corficolombiana hereby presents the Corporate Governance Report for 2017, which describes how to comply with the corporate governance practices adopted by the Company.

Additionally, Corficolombiana timely prepared and submitted the 2017 best corporate practices implementation report to the Finance Superintendence of Colombia, which has been published in the corporate website.

I. OWNERSHIP STRUCTURE

1. Capital stock and ownership structure of the company (figures as of December 31, 2017)

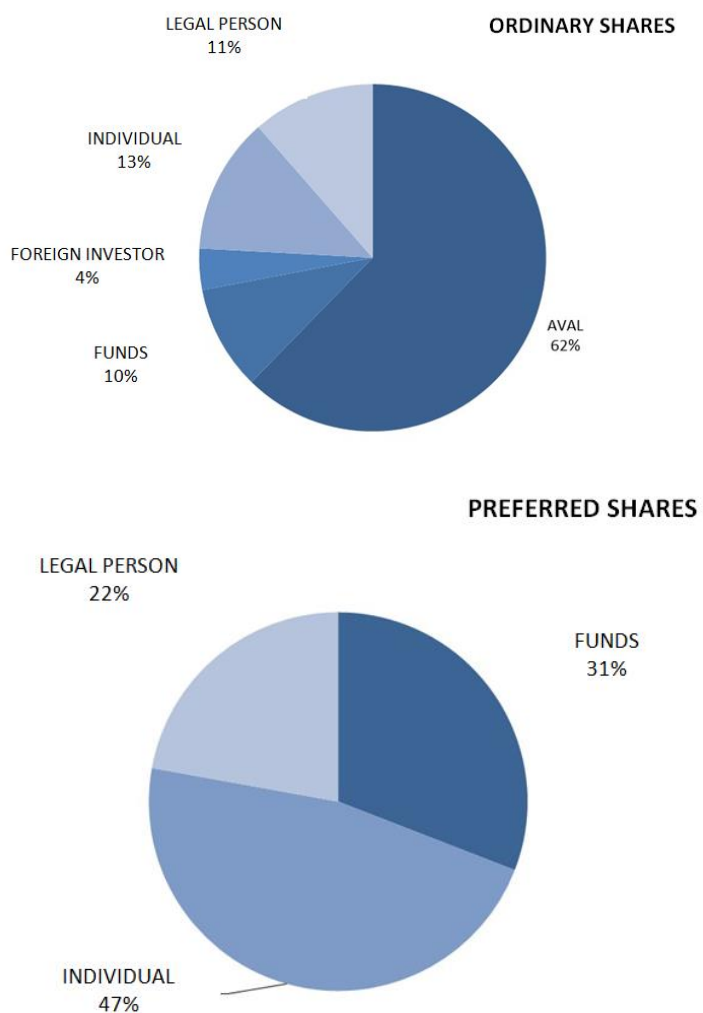
Corficolombiana is a company controlled by Grupo Aval Acciones y Valores S.A. (NYSE:AVAL), the leading banking group in Colombia and Centroamérica.

Its capital stock as of December 31, 2017 was as follows:

Authorized Capital	\$2.500.000.000,00
Paid-in and subscribed capital	\$2.337.172.340,00
Capital to subscribe	\$162.827.660,00
Number of shares to subscribe	16.282.766
Par Value	\$10,00

Number of reacquired shares	0
Total number of outstanding ordinary shares	219.688.071
Total number of outstanding shares with preferred dividends and with no voting rights.	14.029.163
Total number of outstanding shares	233.717.234

The graphs below show the share ownership structure:



2. Shareholders with significant interest (figures as of December 31, 2017)

Shareholder	No. of Ordinary Shares	of	No. of Preferred Shares	No. of Total Shares	%

Banco de Bogotá S.A.	90,084,542	0	90,084,542	38.54%
Grupo Aval Acciones y Valores S.A.	22,286,787	0	22,286,787	9.54%
Banco Popular S.A.	13,482,163	0	13,482,163	5.77%
Banco de Occidente S.A.	10,840,014	0	10,840,014	4.64%
Protección Moderate Mandatory Pensions Fund	6,934,005	231,467	7,165,472	3.07%
Porvenir Moderate Mandatory Pensions Fund	3,591,052	2,260,498	5,851,550	2.50%
Cubides Olarte Henry	4,165,888	0	4,165,888	1.78%
Colfondos Moderate Mandatory Pensions Fund	2,406,532	866,306	3,272,838	1.40%
Ishares Colcap Stock Fund	3,151,764	0	3,151,764	1.35%

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

None of the members of the Board of Directors owns any shares in Corficolombiana.

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

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

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

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

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

During the period evaluated, the Board of Directors unanimously authorized the acquisition of shares in the Corporation by the spouse of one of the directors. The decision was taken without the vote of the interested party, who was absent at the time of the decision since it was an operation not related to speculation to be conducted through the Colombian Stock Exchange.

6. *Summary of the known shareholders agreements.*

During the period evaluated no shareholders agreements were known.

On June 21, 2016, the shareholders agreement between Grupo Aval Acciones y Valores S.A., Banco de Bogotá, Banco de Occidente and Banco Popular, pursuant to which Grupo Aval acquired a direct controlling interest in Corporación Financiera de Colombia under the terms of articles 260 and 261 of the Code of Commerce was filed with the company.

7. *Own shares held by the company.*

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

II. **MANAGEMENT STRUCTURE.**

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

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

Composition of the Board of directors 2017-2018 period

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

*Non-independent /Equity members

**Independent Members

Their résumés may be found at the following link:

<https://www.corficolombiana.com/wps/wcm/connect/corficolombiana/2418baa6-46ca-478b-8939-afad6c8baee2/hv-miembros-de-junta-directiva-15082017.pdf?MOD=AJPERES>

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

Auditing Committee

Santiago Madriñan De La Torre	DIRECTOR
Gerardo Silva Castro	DIRECTOR
Alvaro Velázquez Cock	DIRECTOR
Gabriel Turbay Marulanda	ALTERNATE DIRECTOR

Corporate Governance Committee

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

Risk Committee

Diego Solano Saravia	DIRECTOR
Tatiana Uribe Beninnghoff	DIRECTOR
Alvaro Velasquez Cock	DIRECTOR

2. Changes in the Board of Directors throughout the year

The only change in the composition of the Board was the appointment of Juan Guillermo Serna Valencia, and a re-composition of main members to alternate members or vice versa.

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

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

Real Sector: Alvaro Velasquez Cock - Plantaciones Unipalma
 Financial Sector: None

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

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

During 2017, the Board of Directors approved and/or amended and/or updated the following policies: Resistance Testing Scheme policy, EPR; Consumer Support System Manual; Sarlaft Manual; Foreign Account Tax Compliance Law -FACTA- and CRS Compliance Policies and Procedures Manual; Antifraud and Anticorruption Policy; Treasury Policies; Credit Risk and

Liquidity Risk; Policies and Procedures before AMV; Conglomerate Risk Manual; Committees Policy and Chairman and Senior Management Remuneration Policy.

5. *Board of Directors Members appointment process.*

For the 2017-2018 period, the main members of the Board of Directors and their personal alternate members were proposed in a single list presented by the shareholder Grupo Aval Acciones y Valores S.A., and approved by the General Shareholders Assembly, indicating the name and the relevant line.

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

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

6. *Board of Directors remuneration policy.*

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

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

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

As approved in the Shareholders Assembly held in March 2017, the fees set for the attendance to a board or support committee meeting were \$1,260,000.

Considering the number of meetings and committees held in 2017, the fees paid were:

- Board of Directors and Committees Fees: \$361,970,000
- Travel Expenses: \$2,400,000

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

8. *Quorum of the Board of Directors*

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

During the meetings held in 2017 there was always deliberative quorum and all the decisions were adopted unanimously.

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

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

In 2017, the Board of Directors met 26 times in 21 ordinary meetings, 3 special meetings and 2 teleconferences.

The attendance of the members during this period was 73.35%.

10. Chairman of the Board of Directors

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

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

11. Secretary of the Board of Directors

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

Currently, Marcela Acuña Ramírez is the Legal Manager and General Secretary. Her duties are those contained in article 53 of the corporate bylaws, and those mentioned in the Internal Regulations of the Board of Directors, which may be found in the corporate website.

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

During 2017 the Tax Auditor attended all the meetings of the Auditing Committee.

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

13. External advisory received by the Board.

No external advisory was hired during 2017.

14. Management of Board information.

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

15. Activities of the Board Committees

15.1 Auditing Committee

During 2017, the committee met twelve (12) times, complying with the schedule it defined, and special meetings were held when urgent matters needed to be addressed. The composition and the operation of the Committee follows the Guidelines and policies mentioned in the Internal Control System - SCI-, set forth by the Finance Superintendence in External Circular 029 of 2014.

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

15.2 *Corporate Governance Committee*

The committee met 3 times in 2017 with the purpose of monitoring that the shareholders and the market in general have full, accurate and timely access to the information of the Corporation, seeking the improvement of good corporate governance standards, verifying the disclosure of measures to ensure an equal treatment of all the shareholders before the assemblies, and reviewing and evaluating the way in which the Board of Directors complied with its duties during the period.

In 2017, the Committee promoted the following actions, which were presented before the competent corporate body:

- a) Amendment to the Code of Good Governance to adopt the guidelines of the Best Corporate Practices Code (Código País); the measures adopted include: Recognize the shareholders' rights, regardless of their shareholding interest, to propose the inclusion of matters to be discussed in the agenda of the General Shareholders Assembly. (ii) Introduce the obligation of the Board of Directors to answer in writing to the requests dismissed, explaining the reasons behind its decision. (iii) In operations which may result in the dilution of the capital of the minority shareholders (events of increased capital with waiver of the preemptive right in the subscription of shares, a merger, split-off or segregation, among others), the company explains in detail the terms of the transaction to the shareholders in a prior report by the Board of Directors with the opinion of a well-known independent advisor (fairness option), as appointed by the Board of Directors. (iv) In the event of amendments to the Bylaws, every article or substantially independent group of articles shall be voted separately. (v) Clarify that, according to the nature, the situations of conflict or potential conflict of interest may be sporadic or permanent, including the mandatory waiver of the affected party when the situation that results in an event or potential event of conflict of interest is permanent and affects the set of operations of the Company, since it prevents him from exercising his position.

- b) Other measures recommended by the Committee: (i) Approval of the remuneration policy for the president and the senior management. (ii) Analysis and preparation of the Board of Directors remuneration policy, which shall be submitted for consideration of the shareholders at the General Shareholders Assembly of 2018. (iii) Implementation through

a subscribed letter of express acceptance by the members of the Board of Directors and the senior management, that from the time of submission of an OPA or other relevant operations, such as mergers or split-offs, there shall be a period during which they agree not to trade company shares, directly or indirectly through intermediaries. (iv) Approval of the document “Instructions for the Representation of Shareholders at the General Assembly Meetings”, among other matters.

15.3 Risk Committee

During 2017, the committee met seven (7) times, complying with the schedule it defined, and special meetings were held when urgent matters needed to be addressed. The Committee performed its duties based on the operation regulations and the laws in force.

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

The members of the Board of Directors self-evaluated their performance and management in 2017, showing the following results*:

- Individual performance of the members of the Board of Directors: 98%.
- Group performance of the Board of Directors: 95%.
- Performance of the Auditing Committee: 100%.
- Performance of the Risk Committee*: 87.5%.
- Performance of the Corporate Governance Committee: 100%.

On the individual performance, the prior preparation, knowledge, impartiality, reserve in the use of privileged information, and time of active participation of its members were highlighted as strengths.

On the group performance, the knowledge, adoption and adherence to the strategic plan, the risks and continuity of the business of the company, the internal control system, the management of the administration of related parties or situations of conflict of interest were noted. As well as the autonomy, loyalty and ethics of its members.

* The evaluation was made with 11 of the 14 members; 1 vacant position and 2 members did not complete the self-evaluation.

* The evaluation made by the members of the risk committee did not consider all the risks inherent to the company; it mainly focused on the liquidity risk considering the conditions of the Corporation during the period evaluated. All the risks identified will be analyzed in the upcoming evaluation.

III. OPERATIONS WITH RELATED PARTIES

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

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

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

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

2. Detail of the operations with related parties

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

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

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

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

There were no conflicts of interest between Corficolombiana subordinate companies.

IV. COMPANY OR CONGLOMERATE RISK MANAGEMENT SYSTEMS

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

V. GENERAL SHAREHOLDERS ASSEMBLY

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

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

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

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

All the best corporate governance practices measures mentioned above in section II, number 15.2 of this Report promote the participation of the shareholders.

3. *Information to shareholders and communication with them*

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

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

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

During 2017 we received the following requests by the shareholders:

CFC - Certificate Requests	280
CFC - Information on the payment of dividends	9
CFC - Shareholder support by the issuer	6
CFC - Information on the shareholders assembly	5
CFC- Special operations	62
Injunctions	5
Change of depositor	4
Total general	371

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

During the year evaluated, the Assembly met twice, one during an ordinary meeting and one during a special meeting.

In the ordinary meeting there were present or duly represented 150,350,774 ordinary shares out of the 217,694,519 subscribed and paid shares of this class of shares, and 3,570,407 shares with preferred dividend and without voting rights out of the 13,992,069 subscribed and paid shares of this type of shares attended the Ordinary Assembly, representing 69.07% and 25.52%, respectively, for a total of 153,921,181 shares out of a total 231,686,588 subscribed and paid shares of the Corporation to date, equal to 66.44%.

In the extraordinary session they were present or duly represented 140,200,913 ordinary subscribed and paid shares attended the special meeting, equal to 63.82% of the ordinary outstanding shares.

6. *Description of the main agreements made.*

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

The Board of Directors was unanimously appointed and ratified during the special assembly held on July 25, 2017.