

CONSOLIDATED FINANCIAL STATEMENTS

First Half of 2016

Corficolombiana

The Investment of the Future

Corficolombiana

**Consolidated Financial Statements
June 30, 2016 and December 31, 2015**

In millions of Colombian pesos,
except when otherwise indicated

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STATUTORY AUDITOR'S REPORT

Shareholders

Corporacion Financiera Colombiana S.A.

I have audited the consolidated financial statements of Corporacion Financiera Colombiana S.A. and its Subordinates (the Company), which comprise the consolidated statement of financial position as of June 30, 2016 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period ended on that date and their respective notes, including a summary of significant accounting policies and other explanatory information.

Management's responsibility in relation to the consolidated financial statements

The management is responsible for the proper preparation and submission of these consolidated financial statements in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and submission of the consolidated financial statements free from errors of a material importance, either by fraud or error; selecting and applying the appropriate accounting policies as well as establishing reasonable accounting estimates given the circumstances.

Responsibility of the statutory auditor

My responsibility is to express an opinion on the consolidated financial statements on the basis of my audit. I have obtained the information necessary to fulfill my duties and have carried out my audit in accordance with the international auditing standards accepted in Colombia. Such standards require the fulfillment of ethical requirements, and the planning and performance of the audit to obtain reasonable assurance about whether the financial statements are free from errors of a material importance.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures appearing in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of risk of errors of a material importance in the consolidated financial statements.

In this risk assessment, the statutory auditor considers the internal control relevant to the preparation and submission of the consolidated financial statements, in order to design audit procedures that are appropriate under the circumstances. An audit also includes evaluating the use of appropriate accounting policies and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall submission of the consolidated financial statements in general.

I believe that the audit evidence obtained provides a reasonable basis for the opinion expressed below.

Opinion

In my opinion, the consolidated financial statements referred to and attached hereto fairly represent, in all aspects of material importance, the consolidated financial position of the Company as of June 30, 2016, the consolidated results of its operations and its consolidated cash flows for the six-month period ended on that date, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly.

Other issues

The consolidated financial statements as of and for the six-month period ended on December 31, 2015 were audited by me in accordance with the generally accepted auditing standards in Colombia and in my report dated February 29, 2016 I expressed an unqualified opinion thereon.

Diana Alexandra Rozo Muñoz

Statutory Auditor for Corporacion Financiera Colombiana S.A.

Professional License No. 120741-T

Member of KPMG Ltda.

August 24, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	June 30, 2016	Restated December 31, 2015 See note 3	Restated July 1, 2016 See note 3
Assets				
Cash and cash equivalents	7	\$ 1,663,298	1,690,393	874,607
Asset positions in money market operations	8	440,002	524,123	987,716
Financial assets, net				
Financial instruments measured at fair value with changes in income	9	1,421,316	2,000,707	2,010,898
<i>Debt instruments</i>		985,297	1,564,791	1,738,289
<i>Equity instruments</i>		436,019	435,916	272,609
Financial instruments measured at fair value with changes in other comprehensive income	9	792,098	763,966	678,957
<i>Equity instruments</i>		792,098	763,966	678,957
Financial instruments measured at amortized cost	10	3,034,171	2,858,701	2,153,623
<i>Debt instruments</i>		3,034,171	2,858,701	2,153,623
Derivative financial instruments	11	274,604	242,074	150,425
Investments in associates and joint ventures	12	988,087	924,400	782,416
Loan portfolio, net	13	1,224,395	993,203	963,646
Accounts receivable, net	14	1,383,832	1,669,095	1,702,544
Financial instruments on concession agreements	15	2,248,406	1,934,556	1,947,743
Financial assets		13,470,209	13,601,218	12,252,575
Property, plant and equipment	16	2,559,241	2,284,524	2,143,244
Investment properties	17	142,429	132,322	122,169
Biological assets	18	266,339	240,212	215,031
Inventory, net	19	193,722	153,569	134,683
Goodwill	20	296,264	296,264	296,264
Rights on concession agreements	15	2,415,098	2,390,791	1,898,294
Current tax asset	21	167,422	117,454	91,635
Deferred tax asset	21	92,285	90,687	83,919
Other assets, net	22	246,220	223,372	161,406
Non-financial assets		6,379,020	5,929,195	5,146,645
Non-current assets held for sale	23	37,502	58,419	70,926
Total assets		19,886,731	19,588,832	17,470,146
Liabilities and Equity				
Deposits and current liabilities	24	\$ 3,961,958	4,085,344	3,234,835
Liability positions in money market operations	25	3,865,512	4,027,333	3,673,866

Financial obligations	26	2,692,763	2,201,740	1,970,473
Derivative financial instruments	11	250,069	407,235	322,717
Securities issues outstanding	31	1,979,924	2,001,398	1,914,209
Accounts payable	27	871,753	897,625	731,311
Financial liabilities		13,621,979	13,620,675	11,847,411
Benefits to employees	28	69,829	75,885	81,314
Other provisions	29	302,634	257,999	286,738
Current tax liability	21	87,809	159,723	176,917
Deferred tax liability	21	658,957	630,178	621,263
Other liabilities	30	237,598	209,022	181,795
Non-financial liabilities		1,356,827	1,332,807	1,348,027
Total Liabilities		14,978,806	14,953,482	13,195,438
Subscribed and paid-in capital				
Capital	32	2,268	2,232	2,188
Issue premium	32	2,499,709	2,363,795	2,201,156
Stock dividends	32	—	21,049	—
Retained earnings	32	193,396	181,545	467,060
Profits for the year		258,538	212,902	
Other equity interests				
Other comprehensive income		83,423	63,368	(109,411)
Surplus by equity method		5,701	6,933	46,764
Total equity of holding companies		3,043,035	2,851,824	2,607,757
Non-controlling interest	34	1,864,890	1,783,526	1,666,951
Total Equity		4,907,925	4,635,350	4,274,708
Total Liability and Equity		19,886,731	19,588,832	17,470,146

Bernardo Noreña Ocampo
President

Martha Cecilia Castro Ortiz
Accounting Manager
Professional License No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
Professional License No. 120741-T
Member of KPMG Ltda.
(See report of August 24, 2016)

CONSOLIDATED STATEMENT OF INCOME

For the six-month period ended on:		
Notes	June 30, 2016	Restated December 31, 2015 See note 3
Income from interest on loan portfolio and financial leasing operations	\$ 61,544	53,133
Interest, deposits and current liabilities, loans and other financial obligations	(278,324)	(241,547)
Interest on debt securities measured at amortized cost	107,071	90,365
Exchange difference, net	(20,282)	121,696
Income from interest, net	(129,991)	23,647
Profit (loss) on repo operations, simultaneous operations and other interests, net	1,926	(42,750)
Commissions and fees, net	26,859	14,473
Profit on valuation of financial instruments, net	106,649	(158,321)
Profit on sale of investments	17,847	14,798
Impairment of loan portfolio	(16,149)	(11,298)
Impairment of investments	(3,205)	(17)
Operational, financial income, net	3,936	(159,468)
Income from sale of goods	3,053,345	2,741,188
Other operational income	44,966	84,142
Income from dividends and other interests	19,204	17,405
Income by equity method	142,640	115,110
Income from leases	1,834	2,990
Profit (loss) on sale of assets, net	9,521	(296)
Impairment of accounts receivable	(15,516)	(3,525)
Total operational income	3,259,930	2,797,546
Sale costs	2,006,399	1,656,819
Expenses by benefits to employees	138,990	132,057
Other operational expenses	280,371	270,731
Depreciation of tangible assets	37,077	61,431
Depreciation of intangible assets	135,737	135,373
Expense for provisions	4,434	2,916
Impairment of non-financial assets	7,494	1,901
Total operational costs and expenses	2,610,502	2,261,228
Profits before income tax	649,428	536,318
Income tax	21	159,687
Net profits for the year	453,258	376,631
<i>Attributable to:</i>		
<i>Controlling shareholders</i>	34	212,902
<i>Non-controlling interest</i>		163,729
		453,258

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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six-month period ended on:		
Notes	June 30, 2016	Restated December 31, 2015 See note 3
Net profits for the year	\$ 453,258	376,631
Net variation in cash flow hedges	15,853	5,769
Net profit on financial assets measured at fair value with change in other comprehensive income	9 51,163	79,249
Net actuarial profit on defined benefit plans	27 1,481	1,728
Adjustment to impairment model of Financial Superintendence Portfolio – NICF	(210)	924
Other comprehensive income of associates or joint ventures using equity method	(20,778)	16,366
Conversion adjustment	513	20,686
Fiscal effect	21 (5,605)	5,301
Other comprehensive income for the year free from taxes of holding companies	42,417	130,023
Non-controlling interest	(12,206)	41,639
Other comprehensive income for the year free from taxes	30,211	171,662
Comprehensive income for the year free from taxes	483,469	548,293
<i>Attributable to:</i>		
<i>Controlling shareholders</i>	300,955	342,925
<i>Non-controlling interest</i>	182,514	205,368
	\$ 483,469	548,293

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CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six-month period ended on:	
	June 30, 2016	Restated December 31, 2015 See note 3
Cash flows from operational activities:		
Net profits for the year	\$ 453,258	376,631
<i>Non-controlling interest</i>	<i>194,720</i>	<i>163,729</i>
<i>Profits of holding company</i>	<i>258,538</i>	<i>212,902</i>
Reconciliation of net profits with cash from operational activities		
Depreciation of tangible assets	37,077	61,431
Amortization of intangible assets	135,737	135,373
Provision for income and CREE tax	182,614	153,749
Deferred tax accrued	13,556	5,938
Impairment of loan portfolio and accounts receivable, net	31,665	14,823
Impairment of investments in associates and joint ventures, net	3,059	17
Profits on sale of non-current assets held for sale	(11,760)	(792)
Loss on redemption of financial assets at amortized cost	1,287	3,728
Loss on sale of associates and joint ventures	-	6,732
Loss on sale of property, plant and equipment for own use	65,678	95
Loss on investment properties	4	(391)
Profits on biological assets	(4,043)	-
Recovery, impairment of tangible assets	(21)	1,901
Exchange adjustments	45,019	115
Adjustment to fair value on investment properties	3,077	17,638
Adjustment to fair value on biological assets	(20,839)	(10,135)
Financial instruments accrued measured at amortized cost	(107,071)	(703,390)
Loss (profit) on valuation of financial instruments	(158,005)	37,677
Restatement of bonds	(2,314)	603
Fair value adjustments to financial assets under concession	(86,988)	(76,547)
Equity method on profits on investments in associates and joint ventures	(142,640)	(115,110)
Net variation in operational assets and liabilities:		
Decrease (increase) in financial assets at fair value	1,059,258	(1,847,136)
Decrease (increase) in accounts receivable	(1,983)	1,777,205
Decrease (increase) in non-current assets held for sale	(42)	(9,772)
Decrease (increase) in other assets, net	28,978	4,987
Increase (decrease) in other liabilities and provisions, net	(79,032)	249,239
Increase (decrease) in benefits to employees	(4,372)	(3,249)
Decrease (increase) in loan portfolio	(191,001)	282,385
Increase (decrease) in deposits of customers	(120,704)	822,883
Interest received	6,787	51,979
Interest paid	(363,453)	(96,750)
Income and CREE tax paid	(154,060)	(560)
Wealth tax paid	(36,357)	(25)
Net cash from operational activities	524,413	1,141,272
Cash flow from investment activities:		
Proceeds from redemption of investment financial assets at amortized cost	\$ 17,996	57,119

Acquisition of property, plant and equipment	(309,966)	(381,261)
Acquisition of investment properties	(7,371)	(12,392)
Capitalization of costs from biological assets	(12,495)	(26,655)
Acquisition of financial assets at amortized cost	(162,167)	(47,209)
Acquisition of interests in associates and joint ventures	(15,610)	(13,605)
Capitalization of costs on rights on concession agreements	(254,025)	(535,582)
Acquisition of other intangible assets	(6,245)	(20,312)
Proceeds from sale of property, plant and equipment	13,832	100,773
Proceeds from sale of investment properties	3,604	651
Proceeds from sale of non-current assets held for sale	45,140	26,793
Proceeds from sale of interest in investments in associates and joint ventures	-	14,043
Dividends received	59,550	(371)
Net cash from investment activities	(627,757)	(838,008)
Cash flow from financing activities:		
Dividends paid	(213,688)	(95,209)
Increase (decrease) in interbank loans and overnight funds	(220,525)	399,039
Acquisition of financial obligations	710,793	561,523
Payment of financial obligations	(219,534)	(290,191)
Issuance of investment securities outstanding	(266)	81,585
Payment of investment securities outstanding	(22,600)	(70,000)
Net transactions with non-controlling interests	23,014	(74,225)
Net cash from financing activities	57,194	512,522
Effect of exchange profits or losses on cash and cash equivalents	19,055	18,059
Increase (decrease) in cash and cash equivalents	(27,095)	815,786
Cash and cash equivalents at the beginning of the period	1,690,393	874,607
Cash and cash equivalents at the end of the period	\$ 1,663,298	1,690,393

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(See report of August 24, 2016)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Accumulated Profits									
	Subscribed and Paid-in Capital	Share Issue Premium	Stock Dividends	Retained Earnings	Profits for the Year	Other Accumulated Comprehensive Income	Equity Method Surplus	Equity of Holding Companies	Non- Controlling Interest	Total Equity
Balance as of December 31, 2015	\$ 2,232	2,363,795	21,049	181,545	212,902	63,368	6,933	2,851,824	1,783,526	4,635,350
Restated										
Other comprehensive income	-	-	-	-	-	42,417	-	42,417	(12,206)	30,211
Income for the year	-	-	-	-	258,538	-	-	258,538	194,720	453,258
Transfer of income	-	-	-	212,902	(212,902)	-	-	-	-	-
Transfer of other comprehensive income	-	-	-	22,362	-	(22,362)	-	-	-	-
Share issue	36	135,914	-	-	-	-	-	135,950	-	135,950
Distribution of cash dividends	-	-	-	(76,215)	-	-	-	(76,215)	-	(76,215)
Distribution of stock dividends	-	-	(21,049)	(114,901)	-	-	-	(135,950)	-	(135,950)
Wealth tax paid	-	-	-	(28,553)	-	-	-	(28,553)	-	(28,553)
Equity method surplus	-	-	-	(3,745)	-	-	(1,232)	(4,977)	(1,008)	(5,985)
Non-controlling interest	-	-	-	1	-	-	-	1	(100,142)	100,141
Balance as of June 30, 2016	\$ 2,268	2,499,709	-	193,396	258,538	83,423	5,701	3,043,035	1,864,890	4,907,925

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Accumulated Profits									
	Subscribed and Paid-in Capital	Share Issue Premium	Stock Dividends	Retained Earnings	Profits for the Year	Other Accumulated Comprehensive Income	Equity Method Surplus	Equity of Holding Companies	Non- Controlling Interest	Total Equity
Balance as of June 30, 2015	2,188	2,201,156	-	227,979	260,836	(100,349)	46,764	2,638,574	1,638,552	4,277,126
Restatement adjustments	-	-	-	(1,879)	(19,876)	(9,062)	-	(30,817)	28,399	(2,418)
Transfer of income	-	-	-	240,940	(240,960)	-	-	-	-	-
Balance as of July 1, 2015, Restated	2,188	2,201,156	-	467,060	-	(109,411)	46,764	2,607,757	1,666,951	4,274,708
Other net comprehensive income for the period	-	-	-	-	-	130,022	-	130,022	41,639	171,662
Net profits for the period	-	-	-	-	212,902	-	-	212,902	163,729	376,631
Share issue	44	162,639	-	-	-	-	-	162,683	-	162,683
Establishment of reserves	-	-	-	-	-	-	-	-	-	-
Release of reserves	-	-	-	4,386	-	-	-	4,386	-	4,386
Distribution of cash dividends	-	-	-	(106,150)	-	-	-	(106,150)	-	(106,150)
Distribution of stock dividends	-	-	21,049	(183,733)	-	-	-	(162,684)	-	(162,684)
Wealth tax paid	-	-	-	(18)	-	-	-	(18)	-	(18)
Equity method surplus	-	-	-	-	-	-	2,925	2,925	-	2,925
Variation in conversion adjustment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	42,756	(42,756)	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	(88,793)	(88,793)
Balance as of December 31, 2015, Restated	\$2,232	2,363,795	21,049	181,545	212,902	63,368	6,933	2,851,824	1,783,526	4,635,350

Notes to the Consolidated Financial Statements
June 30, 2016 and December 31, 2015

In millions of Colombian pesos, except
as otherwise indicated

1. CORPORATE INFORMATION

Corporacion Financiera Colombiana S.A., (Parent) is a private financial institution authorized to operate by the Financial Superintendence of Colombia, by means of Resolution of October 18, 1961, incorporated as a business corporation on November 27, 1961 by means of public deed No. 5710 issued by the First Notary Public of the Cali Circuit, the legal term of which is scheduled until December 31, 2100 and may be extended by the decision of the General Shareholders' Assembly.

By means of public deed No. 12364 of December 30, 2005 issued by the 18th Notary Public of Bogota, the merger of Corporacion Financiera del Valle S.A. (merging entity) with Corporacion Financiera Colombiana S.A. (merged entity) was formalized. In the same deed, the merging entity changed its corporate name to Corporacion Financiera Colombiana S.A. and also changed its domicile from Cali to Bogota. Under public deed No. 10410 issued by the 71st Notary Public of Bogota on December 26, 2007 the merger of Corporacion Financiera Colombiana S.A. (merging company) with Proyectos de Energia S.A. (merged entity) was formalized, which was dissolved without liquidation.

The Corporation's corporate purpose is to perform all acts and contracts authorized to this kind of credit institutions by the Organic Statute of the Financial System or other special replacing, emending or supplementing provisions or regulations. In the development of its corporate purpose, the company may perform all acts and enter into any contracts to achieve such purpose, such as encourage savings and private investment, develop the capital market, promote the creation, reorganization, merger, transformation and expansion of any type of businesses, in the sectors where the extension of its services has been authorized, as well as to grant them medium and long-term funding facilities; to subscribe and maintain shares or corporate interests therein and offer them specialized financial services that contribute to their development.

The main domicile of the Corporation is located in Bogota at Carrera 13 No. 26-45 piso 8; as of June 30, 2016 and December 31, 2015, the company operated through its 5 regional offices and 5 agencies in different cities of the country. The Corporation has no non-banking correspondents. As of June 30, 2016 it had 314 direct employees, 59 indirect employees, 30 temporary employees and 2 trainees. As of 31 December 2015 the company had 306 direct employees, 59 indirect employees, 37 temporary employees and 4 trainees. It also holds the following affiliates and subsidiaries under the terms of Law 222/1995: Leasing Corficolombiana S.A., Banco Corficolombiana Panama S.A., Fiduciaria Corficolombiana S.A., Organizacion Pajonales S.A. and subordinates, Hoteles Estelar S.A. and subordinates, Gas Comprimido del Peru S.A., Valora S.A.S. and subordinates, Proyectos de Infraestructura S.A. and subordinates, Estudios, Proyectos e Inversiones de los Andes S.A. and subordinates, Promotora y Comercializadora Turistica Santamar S.A., Colombiana de Licitaciones y Concesiones S.A.S., Tejidos Sinteticos de Colombia S.A., Plantaciones Unipalma de los Llanos S.A., Pizano S.A. and subordinates, Estudios y Proyectos del Sol S.A.S. and subordinates, Industrias Lehner SA, Proyectos de Ingenieria y Desarrollos S.A.S., CFC Gas Holding S.A.S., CFC Private Equity Holdings S.A.S., CFC Energy Holding S.A.S. and according to the definition of control given by the International Financial Reporting Standards, it has control over Promigas S.A. E.S.P. and subordinates.

On June 21, 2016 a shareholders' agreement was signed between Grupo Aval Acciones y Valores S.A., Banco de Bogota S.A., Banco de Occidente S.A. and Banco Popular S.A., as a result of which Grupo Aval became the direct parent of Corporacion Financiera Colombiana S.A. under the terms of articles 260 and 261 of the Commercial Code, before that date it was controlled by Banco de Bogota SA, a subordinate of Grupo Aval.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Technical Regulatory Framework

The Consolidated Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (AFRS), established by Law 1314/2009 and regulated by Regulatory Decree 2420/2015 as amended by Decree 2496/2015. The AFRS are based on the International Financial Reporting Standards (IFRS), with their interpretations, issued by the International Accounting Standards Board - IASB; the basic standards correspond to those translated into Spanish and released on January 1, 2014 and the amendments made during 2014 by the IASB. For legal purposes in Colombia, the main financial statements are the separate financial statements.

The main accounting policies applied in the preparation of the opening statement of financial position and the consolidated financial statements presented under the AFRS, are presented below:

2.2. Measurement Basis

The consolidated financial statements have been prepared on the historical cost basis except for the following important items included in the statement of financial position:

Item	Measurement Basis
Equity instruments	Fair value
Debt instruments measured at fair value with changes in income	Fair value
Derivative financial statements	Fair value
Financial assets under concession designated at fair value	Fair value
Investment properties	Fair value
Biological assets	Fair value minus sale costs
Inventory	The lowest between book value and net realizable value
Non-current assets held for sale	The lowest between book value and net realizable value minus sale costs

2.3. Presentation Basis

According to the Colombian law, the Corporation must prepare separate and consolidated financial statements. Separate financial statements are those considered as the basis for the distribution of dividends and other appropriations by shareholders. The consolidated financial statements are presented to the General Shareholders' Assembly for information purposes only.

2.3.1 Investments in subordinates

According to the International Financial Reporting Standard IFRS 10, the Corporation and its subordinates must prepare consolidated financial statements with the entities over which they have control. The Corporation has control over another entity if and only if all of the following elements are met:

- Power over the investee with the capacity to direct its relevant activities and significantly affect its performance.
- Exposure or right to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the returns for investors.

In the consolidation process, the Corporation combines the assets, liabilities and income of the entities on which it has control, after the homogenization of its accounting policies and the conversion into Colombian pesos from subordinate entities abroad. This process contemplates the elimination of intercompany transactions and unrealized profits between them. The share of non-controlling interests in subordinate entities is presented in the equity separately from the equity of the shareholders of the Corporation.

The financial statements of subordinate companies abroad are translated into Colombian pesos in the consolidation process, their assets and liabilities at the closing exchange rate, the income statement and other comprehensive income at the average exchange rate in the previous six-month period and their equity at the historical exchange rate. The resulting net adjustment is included in equity as “adjustment by translation of financial statements” in a separate account.

Non-controlling interests

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

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

The accompanying consolidated financial statements include the following entities:

Leasing Corficolombiana S.A. Compañía de Financiamiento – It is a private business corporation established in accordance with the Colombian law, incorporated on January 21, 1988 by means of Public Deed No. 116 issued by the First Notary Public of Cali. The Company is duly authorized to carry out any of the operations of a finance company; its main corporate purpose is to conduct financial leasing operations in all forms, raise funds

through term deposit certificates, grant loans, factoring, bank acceptances and repo operations, among others.

The main domicile of Leasing Corficolombiana S.A. is located in the city of Cali and it operates through offices in Bogota, Medellin, Ibague, Duitama, Villavicencio and Bucaramanga.

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

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

Banco Corficolombiana (Panama) S.A. – Banco Corficolombiana was incorporated on August 10, 2004 it and operates in the Republic of Panama, according to Resolution S.B. No. 214/2004 issued on September 17, 2004 by the Superintendency of Banks of Panama. The Bank is incorporated and operates in the Republic of Panama with an International License that allows the Bank to exclusively perform, from an office established in Panama, transactions that are perfected, consummated or effected abroad and carry out any other activities authorized by the Superintendency of Banks of Panama.

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

The corporate strategy of the Organizacion Pajonales mainly includes rice cultivation and wholesale trading of agricultural raw materials and livestock; it is a competitive, dynamic, innovative and efficient company leader in sustainable rural development and agro-industrial production, seeking to achieve business growth, social welfare and economic welfare, meeting the needs of markets through product innovation with cutting edge design and services, operating responsibly towards the society and the environment.

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

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

Mavalle S.A.S. was incorporated on December 23, 1986 by means of public deed No. 0003737 issued by the First Notary Public of Cali, registered on September 10, 2001 under number 00028547 of book IX with the Ibague Chamber of Commerce. It changed its name to Mavalle S.A. and it also changed its domicile from Cali to the city of Ibague by means of public deed No. 0001838 issued by the First Notary Public of Cali on June 8, 2001, registered on September 10, 2001 under number 00028560 of book IX with the Ibague Chamber of Commerce. According to minutes No. 049 of the shareholders' assembly held in Ibague on August 22, 2014, registered on September 30, 2014 under No. 00054232 of book IX, the company changed its name from Mavalle S.A. to Mavalle S.A.S.

Mavalle S.A.S. is engaged in the production, processing and marketing of technically specified natural rubber. Rubber cultivation is included as one of the priority late yield crops in the development of the agricultural sector and national exports due to its economic component and environmental benefits (CDM CO2 capture) and to its capacity to create permanent job places in the agricultural and livestock sector under the framework of Corporate Social Responsibility. This work is competitively, dynamically, innovatively and efficiently developed, being a leader in sustainable rural development and agro-industrial production, seeking to achieve business growth, social and economic welfare, satisfying the needs of the market through technically specified products and operating responsibly towards society and the environment. It currently has 444 hectares of natural rubber in operation, in which it owns 7 clones of hevea brasiliensis (RRIM 600, FX 3864, IAN 873, PB 235, IAN 710, GT1 and PB 260) with an annual output of 700 tons of *chipa* rubber and marketing crepe natural rubber; in the second half of 2015 it completed the installation of the industrial plant to produce technically specified grade 20 rubber, with an initial capacity of 3 ton/hour.

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

Hoteles Estelar S.A. - It was incorporated on April 10, 1968 by means of public deed No. 1740 issued by the Second Notary Public of Cali, with legal validity until December 31, 2220. Its corporate purpose is the promotion, construction, management, operation and operation of hotels of its own or of others, in the country and abroad; the organization of all activities aimed at promoting and developing the national and international hospitality industry by exploiting the country's resources; the promotion of companies whose purpose comprise real estate activities and the performance of all kinds of activities related to the

construction of buildings and similar activities, as well as a partner or shareholder of companies engaged in this activity; the management of properties and trade establishments of its own or of others, intended to provide accommodation, food or recreation for the community anywhere in the country and abroad.

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

Esencial Hoteles S.A. – The Company was incorporated on November 28, 2003 by means of public deed No. 7887 issued by the 7th Notary Public of Cali, with legal validity until December 31, 2220. This company is mainly engaged in: 1) The investment, promotion, management and/or operation of hotels in any city or place in the country and/or abroad; 2) The acquisition, construction, renovation, expansion and/or disposal of hotels.

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

Hoteles Estelar de Peru S.A.C. – Hoteles Estelar S.A., it acquired control over such company in July 2011, which purpose is the development and management of hospitality activities that includes, among other things: 1) The promotion, construction, management, operation and exploitation of hotels of its own or of others in the country; 2) The organization of all activities intended to promote and develop the national and international tourism industry by exploiting the country's resources; 3) The promotion of companies whose purpose is comprised of real estate business activities and the performance of all kinds of activities related to the construction of buildings and similar activities. These activities also include its participation as a partner or shareholder of companies engaged in this activity; and 4) The management of real estate or trade establishments of its own or of third parties, intended to provide accommodation, food or recreation for the community anywhere in the country. The company may also make investments in companies (holding of securities) whose activities are related to those set forth above, thereby participating in Companies and Associations.

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

transactions. The company may also engage in performing all acts, contracts, operations, businesses or transactions allowed by the law to corporations.

Gas Comprimido del Peru S.A. – Its corporate purpose is the exploration, production, generation, storage, packaging, transportation and/or transfer, distribution and marketing of any type of energy in any form or state. The company was incorporated on April 3, 2009 and notarized by means of a public deed before a notary public in the city of Lima, registered under No. 12302719 of the Sunarp. It is domiciled in Lima, Peru and it was created with an undefined legal term.

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

Valora S.A.S. is consolidated with the following 6 companies with an interest of 100% and a common corporate purpose involving the purchase, sale, import, export, production, financing and promotion of natural and synthetic rubber or any other kind of suitable materials for manufacturing rubber products and the like. To provide technical assistance and services to the production sectors contemplated in its corporate purpose, to organize, establish, manage, operate nurseries, multiplication centers and tree seed selection, to acquire for agriculture and forestry exploitation purposes, equipment, permits, licenses, patents, trademarks, trade names, industrial names and other real or personal property, give or take them on lease or on any other account that does not involve the ownership thereof.

In general, to perform all acts and enter into all contracts directly related to its corporate purpose:

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

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

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

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

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

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

Proyectos de Infraestructura S.A. – It is a corporation established under the Colombian law on March 26, 1985, by means of public deed No. 893 issued by the First Notary Public of Cali. The legal validity of the company is until March 1, 2058. The entity is supervised

by the Superintendence of Transport and is currently controlled by the Financial Superintendence of Colombia.

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

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

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

Compañía de Inversiones en Infraestructura S.A. – It is a Colombian company, based in Cali, incorporated on March 24, 2000 by means of public deed number 988 issued by the 13th Notary Public of Cali, with legal validity until March 24, 2050. Its corporate purpose is the construction of public works under the concession system, as well as the partial or complete development of public and private construction works under any other alternative system other than concessions. The company has not developed its corporate purpose, the management is taking steps to obtain contracts that allow generating revenues for the company in the future.

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

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

Concesionaria Vial de los Andes S.A. – It was incorporated on July 29, 1994 by means of public deed No. 6997, which was amended on May 3, 1995, by public deed No. 15364. Its legal validity extends until July 29, 2044. The corporate purpose of the company is to participate in different kinds of tenders for the development of infrastructure projects under the concession system and the performance of the projects that are awarded to it.

In the development of its corporate purpose, the company can carry out design, construction, equipment, preservation, maintenance, financing, exploitation and

operation activities under the concession system regarding the projects that may be awarded to it, the holding all kinds of contracts, legal acts and the development of all activities that may be necessary or appropriate to achieve its purposes.

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

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

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

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

Pizano S.A. – It was incorporated on September 11, 1962 under public deed No. 4900 issued by the Fourth Notary Public of Bogota. Its legal validity extends until December 31, 2050. The corporate purpose of the Company is the transformation of wood, the production of industrial articles or products, construction materials, decoration and finished products made from wood, its main domicile is located in Barranquilla. In October 2015 through private document No. 276 of book XVIII registered with the Barranquilla Chamber of Commerce, the company reported the completion of the restructuring process, as evidenced

in the administrative decision registered under No. 297 on October 23, 2015 where the Superintendency of Companies granted a definitive permit to the company to carry out its corporate purpose.

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

Manufacturas Terminadas S.A. Mantesa – It was incorporated on September 2, 1980; its corporate purpose consists of the manufacturing and marketing of coated wood panels, decorative paper for coated panels, doors and windows and in general, wood, metal and finished articles for wood; the manufacturing of parts, pieces and components for furniture; products made from resin and plastics; adhesives, chemical aggregates, lacquers, paints and the commercialization of industrial surplus, as well as the provision of services to third parties; its main domicile is located in Tocancipa.

Manufacturas Terminadas S.A. is consolidated with the following entity:

Maderas del Darien S.A. en causal de disolucion – The company was incorporated in 1960 by means of public deed No. 5940 issued by the fourth Notary Public of Bogota. Its legal validity extends until July 1, 2051. Its corporate purpose is to forecast, study and perform logging operations in the country, in artificial or natural forests, privately owned or belonging to the State or Public Entities on its own behalf or on behalf of third parties; to undertake activities related to reforestation, conservation, transportation, beneficiation and manufacturing of wood of its own or of third parties. Its main domicile is located in the city of Barranquilla. From December 31, 2014 the company is involved in grounds for its dissolution, however, it is undergoing operational adjustments focusing on reforestation activities in the Uraba region in order to rectify this situation during the 18 months established by the Law.

Monterrey Forestal S.A.S. – The company was incorporated in 1980 by means of public deed No. 74 issued by the 31st Notary Public of Bogota. Its legal validity is indefinite. Its corporate purpose consists of the exploitation of agricultural, livestock and forestry activities and in general, the performance of any commercial, industrial and scientific activity especially related to livestock farming, fish farming, poultry farming, pig farming, crocodile farming, agriculture, forests and woods. Its main residence is located in the city of Barranquilla.

C.I. Pizano Trading Venezuela C.A. – It was incorporated on July 10, 1992; it is a subordinate entity domiciled in Caracas (Venezuela); its corporate purpose is the marketing of timber products in Venezuela.

Aglomaderas S.A.S. – It was incorporated on September 23, 1999; its corporate purpose is to carry out foreign trade operations; its activities are particularly focused on the promotion and marketing of Colombian products. Its main domicile is located in Bogota.

Agronacay S.A.S. - It was incorporated in March 2007; its main corporate purpose is the purchase and sale of timber logs and other wood items, logging and the preparation of marketing studies. Its main domicile is located in Bogota. In Minutes No. 17 registered

with the Chamber of Commerce on February 18, 2016, the company was declared dissolved and in liquidation. No information is given about its legal validity since the company is in dissolution.

Estudios y Proyectos del Sol S.A.S. – It was incorporated by means of public deed No. 10308 issued by the 71st Notary Public of Bogota on December 20, 2007, its legal validity is until December 20, 2097. Its headquarters are located in Bogota. Its corporate purpose is the promotion, structuring and participation in all types of infrastructure projects, being able to enter into any type of contract, especially concession contracts, with the State and with other decentralized entities at any level; the submission of proposals or bids in public and private tenders of any kind for infrastructure projects, especially public utilities, power generation and transformation, transport and roads, ports and communications.

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

Studies and Projects del Sol S.A.S. is consolidated with the following companies:

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

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

Its main corporate purpose is to participate in all kinds of infrastructure projects as a contractor or subcontractor of work and construction activities necessary for the implementation of any type of contract, especially turnkey or EPC contracts (Engineering, Procurement and Construction).

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

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

The corporate purpose of the concession company is the execution, performance, development, termination, liquidation and reversion of the Partnership Agreement under

the PPP modality, awarded in instances of public tender No. VJ-VE-APP-IPV-002-2015 opened by the National Infrastructure Agency - ANI, whose purpose is the study, design, financing, construction, operation, maintenance, social, property and environmental management of a new road between Chirajara and the intersection of Fundadores, and the maintenance and operation of the Bogota-Villavicencio road.

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

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

Industrias Lehner S.A. – Its corporate purpose is the manufacturing and marketing of products used in the construction industry, made from aluminum, glass and wood. It was incorporated on October 5, 1957 by means of public deed No. 4714 issued by the Second Notary Public of Cali, with legal validity until May 7, 2096. Its main domicile is located in the city of Palmira. The company has not been operating since July 2012; it is currently in the process of negotiating the obligations it is responsible for.

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

Its main domicile is located in the city of Bogota, D.C., the legal validity of the company is indefinite.

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

CFC Energy Holding S.A.S. – This company was initially incorporated on September 27, 2011 under the name of Goajira S.A.S. According to minutes number 005 issued by the shareholders' assembly on November 21, 2012 its name changed to CFC Energy Holding

S.A.S.; the direct control exercised by Corporacion Financiera Colombiana S.A. was communicated by means of a private document on January 10, 2013; its main corporate purpose is to develop all kinds of lawful business activities, both in Colombia and abroad, and especially those related to the management and growth of its assets through the development and promotion of industrial and commercial activities, especially through investments in companies or other legal entities, regardless of their corporate purpose.

CFC Private Equity Holdings S.A.S. – It was incorporated on September 24, 2012 and registered on October 1, 2012 under number 01670269 of book IX; its corporate purpose is the creation of companies of any type, whether they are subordinates or not, being able to join or participate in the capital of existing companies, whether such companies are domestic or foreign; it may also carry out investment and marketing activities of all kinds of movable and immovable properties, manage such properties and collect any proceeds thereof; the legal validity of the company is indefinite.

Promigas S.A. E.S.P. – It was established in accordance with the Colombian law on December 27, 1974 and its corporate purpose is the purchase, sale, transportation, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general and the development of gas and oil activities in all their forms. Additionally, it may sell or provide goods or services to third parties, whether financial or not, and finance the purchase of goods or services by third parties with its own resources. Its main domicile is located in the city of Barranquilla (Colombia) and its legal validity expires on December 27, 2074.

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

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

Transoccidente S.A. E.S.P. – Its corporate purpose is to transport fuel gas through the construction, operation and maintenance of transportation systems and subsystems.

The assembly, construction, operation, maintenance and commercial exploitation of systems and subsystems anywhere in the country or abroad on its own behalf or on behalf of others. It operates in the city of Santiago de Cali.

Gases de Occidente S.A. E.S.P. – The provision of gas fuel distribution services. The purchase, sale, storage, transportation, packaging, distribution and marketing of natural gas or any other fuel, as well as hydrocarbons or any derivatives. The marketing and/or financing of any kinds of products directly or indirectly related to the activities or services provided, which activities are carried out in the department of Valle del Cauca and Cauca. The Nation awarded to Gases de Occidente S.A. E.S.P. the concession for a term of 50 years from the date when the pipeline enters into operation (September 23,

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

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

Compañia Energetica de Occidente S.A.S. E.S.P. – On June 28, 2010 the company signed a management contract with Cedelca S.A. E.S.P. in order to assume, on their own account and risk, the administrative, operational, technical and commercial management, the investment, expansion of coverage, renovation and preventive and corrective maintenance of infrastructure and other activities necessary for the provision of power distribution and marketing services in the Department of Cauca. The management contract began on August 1, 2010 and has a term of 25 years. The management contract is subject to the Laws of the Republic of Colombia, especially to Law 142/1994 Public Utilities Regime and Law 143/1994 Regime for the generation, interconnection, transmission, distribution and commercialization of electric power in the country, whereby certain authorizations are granted and other provisions on energy matters are issued.

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

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

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

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

Enercolsa S.A.S. – Its corporate purpose is the operation and maintenance of the properties and assets necessary for the provision of power services; the disposal of and holding all kinds of power agreements with national and foreign companies. Its main

domicile is located in Cartagena. After the acquisition of all the non-controlling interest (49%), according to the Shareholders Minutes of March 15, 2016, the merger of Enercolsa S.A.S. with Promisol S.A.S. was approved, the latter being the merging company; it was recorded with the Barranquilla Chamber of Commerce on May 31 of the same year.

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

Promisol Mexico S.A. de C.V. – This company was created on August 10, 2015 and its corporate purpose is the provision of compression and dehydration services for natural gas and any other service related to the natural gas industry and businesses directly related to these activities; the implementation of power management systems, the development of power diagnoses, the development and implementation of onsite or distributed power generation projects, change or replacement of technology, predictive power maintenance programs and comprehensive advice on the management, purchase, sale, distribution, exploitation and commercialization of products, professional and technical services. Its main domicile is located in Mexico City, Federal District.

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

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

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

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

The consolidated companies and their share in assets, liabilities, equity and income statements as of June 30, 2016 and December 31, 2015 were as follows:

Balances as of June 30, 2016

Corporate Name	Share Interest %	Assets	Liabilities	Controlled Equity	Total Equity
Corporacion Financiera Colombiana S.A.		9,444,279	7,198,526	2,245,753	2,245,753
Leasing Corficolombiana S.A.	100.00	1,038,016	939,428	98,588	98,588
Fiduciaria Corficolombiana S.A.	100.00	137,998	84,215	53,783	53,783
Banco Corficolombiana (Panama) S.A.	100.00	292,626	263,705	28,920	28,920
Organizacion Pajonales S.A. and controlled entities	98.13	225,695	121,110	102,694	104,585
Hoteles Estelar de Colombia S.A. and controlled entities	84.96	713,211	377,012	293,923	336,199
Gas Comprimido del Peru S.A.	91.87	70,373	66,629	3,744	3,744
Valora S.A.S. and controlled entities	100.00	156,181	18,179	138,001	138,002
Proyectos de Infraestructura S.A. and controlled entities	88.25	372,935	229,500	127,813	143,435
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled entities	99.93	913,903	826,087	53,472	87,816
Promotora y Comercializadora Turistica Santamar S.A.	84.60	40,690	4,370	36,319	36,320
Colombiana de Concesiones y Licitaciones S.A.S	100.00	150,906	21,847	129,060	129,059
Tejidos Sinteticos de Colombia S.A.	99.65	30,308	7,723	22,585	22,585
Plantaciones Unipalma de los Llanos S.A.	54.53	199,207	68,735	130,472	130,472
Pizano S.A. and controlled entities	39.99	290,376	152,275	139,836	138,101
Estudios y Proyectos del Sol S.A.S. and controlled entities	100.00	1,424,606	630,820	693,302	793,786
Industrias Lehner S.A.	53.35	5,79	6,597	(6,018)	(6,018)
Proyectos de Ingenieria y Desarrollos S.A.S	100.00	3,686	634	3,051	3,052
CFC Gas Holding S.A.S	100.00	610,796	70	610,726	610,726
CFC Private Equity Holdings S.A.S.	100.00	21,823	24	21,799	21,799
CFC Energy Holding S.A.S.	100.00	133	4	129	129
Promigas S. and controlled entities	50.23	7,656,917	4,778,619	182,930	2,878,298
Eliminations due to Consolidation		(3,908,513)	(817,303)	(4,580,285)	(3,091,210)
		19,886,731	14,978,806	3,043,035	4,907,925

Corporate Name	Share Interest %	Revenues	Earnings before taxes	Income tax	Profits for the period
Corporacion Financiera Colombiana S.A.		4,137,579	86,835	(12,421)	74,414
Leasing Corficolombiana S.A.	100.00	76,403	(2,531)	(1,677)	(4,208)
Fiduciaria Corficolombiana S.A.	100.00	29,940	9,406	(4,038)	5,368
Banco Corficolombiana (Panama) S.A.	100.00	9,217	1,327	-	1,327
Organizacion Pajonales S.A. and controlled entities	98.13	37,311	10,602	(4,546)	6,056
Hoteles Estelar de Colombia S.A. and controlled entities	84.96	157,027	10,247	(2,492)	7,755
Gas Comprimido del Peru S.A.	91.87	18,221	(1,036)	101	(935)
Valora S.A.S. and controlled entities	100.00	806	(1,292)	34	(1,258)
Proyectos de Infraestructura S.A. and controlled entities	88.25	134,143	62,982	(28,947)	34,035
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled entities	99.93	350,251	17,842	(8,074)	9,768
Promotora y Comercializadora Turistica Santamar S.A.	84.60	1,411	1,072	(134)	938
Colombiana de Concesiones y Licitaciones S.A.S	100.00	4,917	4,409	(435)	3,974
Tejidos Sinteticos de Colombia S.A.	99.65	22,765	2,506	(686)	1,820
Plantaciones Unipalma de los Llanos S.A.	54.53	36,895	7,694	(3,056)	4,638
Pizano S.A. and controlled entities	39.99	93,673	(10,103)	3,342	(6,761)
Estudios y Proyectos del Sol S.A.S. and controlled entities	100.00	514,108	96,938	(13,588)	83,350
Industrias Lehner S.A.	53.35	-	(507)	(9)	(516)
Proyectos de Ingenieria y Desarrollos S.A.S	100.00	2,381	(245)	(30)	(275)
CFC Gas Holding S.A.S	100.00	16,617	16,327	(85)	16,242
CFC Private Equity Holdings S.A.S.	100.00	-	(93)	(24)	(117)
CFC Energy Holding S.A.S.	100.00	-	(10)	(1)	(11)
Promigas S. and controlled entities	50.23	2,098,511	444,119	(120,808)	323,311
Eliminations due to Consolidation		(166,083)	(301,781)	1,404	(300,377)
		7,576,093	454,710	(196,170)	258,538

Balances as of June 30, 2015

Corporate Name	Share Interest %	Assets	Liabilities	Controlled Equity	Total Equity
Corporacion Financiera Colombiana S.A.		9,879,456	7,696,797	2,266,789	2,266,789
Leasing Corficolombiana S.A.	100.00	1,028,670	924,636	104,034	104,034
Fiduciaria Corficolombiana S.A.	100.00	112,705	59,701	53,004	53,004
Banco Corficolombiana (Panama) S.A.	100.00	342,219	312,255	29,964	29,964
Organizacion Pajonales S.A. and controlled entities	98.13	208,660	109,164	97,483	99,496
Hoteles Estelar de Colombia S.A. and controlled entities	84.96	744,735	414,876	289,298	329,859
Gas Comprimido del Peru S.A.	91.87	75,348	70,542	4,805	4,805
Valora S.A.S. and controlled entities	100.00	157,613	17,620	139,993	139,993
Proyectos de Infraestructura S.A. and controlled entities	88.25	410,237	263,030	130,564	147,207
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled entities	99.93	836,986	762,230	45,064	74,756
Promotora y Comercializadora Turistica Santamar S.A.	84.60	40,111	4,730	35,381	35,381
Colombiana de Concesiones y Licitaciones S.A.S	100.00	119,507	25,392	94,116	94,116
Tejidos Sinteticos de Colombia S.A.	99.65	35,897	14,948	20,949	20,949
Plantaciones Unipalma de los Llanos S.A.	54.53	193,507	68,221	125,286	125,286
Pizano S.A. and controlled entities	39.99	329,167	182,364	148,531	146,803
Estudios y Proyectos del Sol S.A.S. and controlled entities	100.00	1,153,097	490,756	567,427	662,341
Industrias Lehner S.A.	53.35	868	6,370	(5,502)	(5,502)
Proyectos de Ingenieria y Desarrollos S.A.S	100.00	4,330	1,004	3,326	3,326
CFC Gas Holding S.A.S	100.00	620,705	20,171	600,534	600,534
CFC Private Equity Holdings S.A.S.	100.00	4,021	5	4,016	4,016
CFC Energy Holding S.A.S.	100.00	140	1	140	140
Promigas S. and controlled entities	50.23	7,128,050	4,394,597	2,495,299	2,733,453
Eliminations due to Consolidation		(3,837,197)	(848,812)	(4,351,663)	(2,988,386)
		19,588,832	14,953,482	2,851,824	4,635,350

Corporate Name	Share Interest %	Revenues	Earnings before taxes	Income tax	Profits for the period
Corporacion Financiera Colombiana S.A.		3,669,309	111,734	(1,483)	110.251
Leasing Corficolombiana S.A.	100.00	64,602	7,725	(3,588)	4,137
Fiduciaria Corficolombiana S.A.	100.00	25,724	7,550	(3,316)	4,234
Banco Corficolombiana (Panama) S.A.	100.00	6,698	(1,644)	-	(1,644)
Organizacion Pajonales S.A. and controlled entities	98.13	35,571	8,717	(3,036)	5,682
Hoteles Estelar de Colombia S.A. and controlled entities	84.96	166,137	13,691	(5,643)	8,048
Gas Comprimido del Peru S.A.	91.87	15,543	(4,398)	(489)	(4,886)
Valora S.A.S. and controlled entities	100.00	8,672	5,102	(889)	4,212
Proyectos de Infraestructura S.A. and controlled entities	88.25	117,931	61,562	(25,572)	35,989
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled entities	99.93	476,438	33,614	(10,507)	23,107
Promotora y Comercializadora Turistica Santamar S.A.	84.60	1,774	1,179	(616)	563
Colombiana de Concesiones y Licitaciones S.A.S	100.00	2,736	2,588	(391)	2,198
Tejidos Sinteticos de Colombia S.A.	99.65	20,404	1,440	(481)	959
Plantaciones Unipalma de los Llanos S.A.	54.53	35,524	1,677	(667)	1,011
Pizano S.A. and controlled entities	39.99	102,813	(8,326)	(200)	(8,526)
Estudios y Proyectos del Sol S.A.S. and controlled entities	100.00	517,059	120,160	(13,216)	106,944
Industrias Lehner S.A.	53.35	1,101	728	(345)	383
Proyectos de Ingenieria y Desarrollos S.A.S	100.00	3,967	2,111	(806)	1,305
CFC Gas Holding S.A.S	100.00	20,547	20,124	(47)	20,077
CFC Private Equity Holdings S.A.S.	100.00	-	(35)	-	(35)
CFC Energy Holding S.A.S.	100.00	-	(4)	(1)	(5)
Promigas S. and controlled entities	50.23	1,508,231	329,160	(87,580)	241,580
Eliminations due to Consolidation		(251,943)	(341,868)	(814)	(342,682)
		3,548,838	372,589	(159,687)	212,902

During the six-month period ended on June 30, 2016 Promisol under the control of Promigas S.A. E.S.P. acquired the remaining 49% of its non-controlling interest in Enercolsa to complete a 100% stake and an direct and indirect stake of 50.23% by the Corporation in this company, the acquisition of this stake generated a higher value paid of 1,872.9 million pesos recorded as a lower equity value in accordance with the provisions of IFRS 10; the Corporation also acquired non-controlling interests of 0.02% in Organizacion Pajonales S.A. to complete an ownership percentage of 98.13%. The Parent and subordinates have semi-annual financial closures, except for Banco Corficolombiana (Panama) S.A., Gas Comprimido del Peru S.A., Promotora y Comercializadora Turistica Santamar S.A., Industrias Lehner S.A., Pizano S.A. and subordinates and Fiduciaria Corficolombiana S.A., the accounting closures of which are annual.

2.3.2 Investments in associates

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

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

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

The equity method is an accounting method whereby the investment is initially recorded at cost and is periodically adjusted due to the changes in the investor's share in the net assets of the investee. The profits or loss for the year and Other Comprehensive Income of the investee is included by the investor according to its participation (See note 12). The following is the participation and corporate purpose of the investments made in associate companies as of December 31, 2015:

Entity	Country of origin	Participation %		Corporate purpose
		June 30, 2016	December 31, 2015	
Aerocali S.A.	Colombia	50%	50%	Airport infrastructure projects
Casa de Bolsa S.A.				
Sociedad Comisionista de Bolsa	Colombia	41%	41%	Financial services – Stock brokerage
Colombiana de Extrusion S.A. Extrucol	Colombia	30%	30%	Networks and Infrastructure

Concesionaria Tibitoc S.A.	Colombia	33%	33%	Infrastructure Projects
Metrex S.A.	Colombia	18%	18%	Manufacturing and marketing of industrial equipment
Ventas y Servicios S.A.	Colombia	20%	20%	Services
CI Acepalma S.A.	Colombia	11%	11%	Marketing of oil palm and derivatives
Gases del Caribe S.A. E.S.P.	Colombia	31%	31%	Gas distribution
Antillean Gas	Dominican Republic	20%	20%	Regasification of Liquefied Natural Gas
Gas Natural de Lima y Callao	Peru	40%	40%	Gas distribution
Complejo Energetico del Este S.A.	Panama	17%	17%	Gas conversion
Concentra Inteligencia en Energia S.A.S	Colombia	24%	24%	Gas distribution
Energia Eficiente S.A. E.S.P.	Colombia	42%	42%	Gas distribution

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

As of June 30, 2016

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Aerocali S.A.	157,532	98,984	58,548	63,602	51,137
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	70,653	41,569	29,084	14,984	14,494
Colombiana de Extrusion S.A. - Extrucol	62,693	26,506	36,187	36,596	32,657
Concesionaria Tibitoc S.A.	85,838	25,527	60,311	27,424	12,659
Metrex S.A.	27,546	16,961	10,585	19,809	18,635
Ventas y Servicios S.A.	80,462	56,985	23,477	94,634	96,188
C.I. Acepalma S.A.	243,027	205,293	37,734	352,610	342,712
Gases del Caribe S.A. E.S.P.	2,107,123	1,373,252	733,871	771,434	671,634
Calidda S.A.	2,169,162	1,379,558	789,604	812,321	716,575
Energia Eficiente S.A.	51,162	35,034	16,128	307,921	301,093
Antillean Gas	1,006	16,112	(15,106)	-	7,741

As of December 31, 2015

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Aerocali S.A.	103,377	57,046	46,331	105,514	71,926
Casa de Bolsa S.A.	68,277	41,682	26,595	29,757	25,620
Colombiana de Extrusion S.A.	57,785	18,920	38,865	75,893	62,295
Concesionaria Tibitoc S.A.	89,676	32,340	57,336	42,390	21,817
Metrex	33,162	20,249	12,913	49,554	45,933
Ventas y Servicios S.A.	73,244	48,041	25,203	163,720	137,213
C.I. Acepalma S.A.	193,078	150,368	42,710	578,000	566,000
Gases del Caribe S.A. E.S.P.	2,030,924	1,283,395	749,529	1,176,513	1,003,085
Calidda S.A.	2,314,330	1,443,974	870,356	767,193	727,982
Energia Eficiente S.A.	54,000	39,000	16,000	164,000	157,000

2.3.3 Joint arrangement

According to IFRS 11, a joint arrangement is that whereby two or more parties maintain joint control according to the sharing of control contractually agreed upon in the shareholders' or consortium agreement, which exists only when the decisions on relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are divided in turn into joint operations where the parties involved are entitled to the assets and assume obligations with respect to the liabilities relating to the arrangement, and into joint ventures where the parties involved are entitled to the net assets of the arrangement. An entity shall determine the type of joint arrangement in which it is involved considering its rights and obligations. An entity will assess its rights and obligations by considering the structure and legal form of the arrangement, the clauses agreed by the parties to the arrangement and, where appropriate, other factors and circumstances.

Joint operations are included in the separate financial statements of the Corporation and its subordinates on the basis of their proportionate and contractual participation of each in the assets, liabilities and profits of the contract or entity.

Entity	Country of origin	Participation %		Corporate purpose
		June 30, 2016	December 31, 2015	
Consorcio Vial Andino	Colombia	30%	30%	Construction of civil works
Consorcio Obras CCFC	Colombia	33%	33%	Construction of civil works
Consorcio Constructor del Pacifico 1	Colombia	18%	18%	Construction of civil works
Consorcio Constructor Mulalo	Colombia	20%	20%	Construction of civil works
Consorcio Constructor Ruta del Sol	Colombia	11%	11%	Construction of civil works
Consorcio para la Prosperidad	Colombia	31%	31%	Construction of civil works
Consorcio 4G Llanos	Colombia	20%	20%	Construction of civil works

The joint ventures of the Corporation and its subordinates are recorded by the equity method in the same way as the investments in associates described in letter b) above (See note 12).

Entity	Country of origin	Participation %		Corporate purpose
		June 30, 2016	December 31, 2015	
Concesionaria Ruta del Sol S.A.S.	Colombia	33%	33%	Infrastructure projects
Concesionaria Vial del Pacifico S.A.S.	Colombia	50%	50%	Infrastructure projects
Concesionaria Nueva via al Mar. S.A.S.	Colombia	60%	60%	Infrastructure projects
CFC SK Capital S.A.S.	Colombia	50%	50%	Equity funds
CFC SK El Dorado Latam Management Company Ltda.	Cayman Islands	50%	50%	Manager
CFC SK El Dorado Latam Fund. L.P.	Malta	50%	50%	Equity funds
CFC SK El Dorado Latam Capital Partners Ltda.	Cayman Islands	50%	50%	Financial manager

The following are the balances of the Financial statements of the investments made in Joint Ventures:

As of June 30, 2016

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Concesionaria Ruta del Sol S.A.S.	3,338,289	2,382,166	956,123	740,336	502,509
Concesionaria Vial del Pacifico S.A.S.	177,052	173,047	4,005	31,312	30,068
Concesionaria Nueva via al Mar. S.A.S.	87,973	70,470	17,503	11,251	8,882
CFC SK Capital S.A.S.	622	307	315	1,413	1,091
CFC SK El Dorado Latam Management Company Ltda.	4,501	48	4,453	1,414	204
CFC SK El Dorado Latam Fund. L.P.	29,572	48	29,524	-	3,250
CFC SK El Dorado Latam Capital Partners Ltda.	1,031	26	1,005	2	79

As of December 31, 2015

	Total Assets	Total Liabilities	Total Equity	Total Income	Total Expenses
Concesionaria Ruta del Sol S.A.S.	3,189,078	2,344,326	844,752	868,929	868,929
Concesionaria Vial del Pacifico S.A.S.	109,214	106,019	3,195	3,780	3,780
Concesionaria Nueva via al Mar. S.A.S.	58,195	42,656	15,539	3,019	3,019
CFC SK Capital S.A.S.	538	339	199	1,330	1,132
CFC SK El Dorado Latam Management Company Ltda.	3,488	36	3,452	3,495	169
CFC SK El Dorado Latam Fund. L.P.	117	11	106	13	92
CFC SK El Dorado Latam Capital Partners Ltda.	787	166	621	3	6,692

2.4 Functional and presentation currency

The management of the Corporation considered that the Colombian peso is the currency that best represents the economic effects derived from the underlying transactions, events and conditions of the Corporation and therefore the consolidated financial statements are presented in Colombian pesos as the functional currency.

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

Country	Functional Currency
Colombia	Colombian pesos
Peru	Nuevos soles
Venezuela	Restated under IAS 29 (Financial Information in Hyperinflationary Economies) to US Dollars
Panama	US Dollars
Mexico	Mexican Pesos

The consolidated financial statements are presented in millions of Colombian pesos, the presentation and functional currency of Corficolombiana. Consequently, all balances and transactions denominated in currencies other than the Colombian peso are considered as translated into foreign currency.

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

All the effects of the translation of the financial statements of Corficolombiana and its subordinates are carried out under the IFRS, according to their accounting policies based on IAS 21.

Conversion of functional currency to presentation currency:

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

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

All translation differences are recognized as a separate equity component.

Exchange rates, conversion from functional currency to presentation currency:

Closing Rate:

Country	Currency	Expression	June 30, 2016	December 31, 2015
Peru	Soles	PEN/USD	3.29	3.41
Venezuela	US Dollars	USD/COP	2,919.01	3,149.47
Panama	US Dollars	USD/COP	2,919.01	3,149.47

Average Rate:

Country	Currency	Expression	June 30, 2016	December 31, 2015
Peru	Soles	PEN/USD	3.27	3.38
Venezuela	US Dollars	USD/COP	2,991.68	3,244.51
Panama	US Dollars	USD/COP	2,991.68	3,244.51

The assets and liabilities of foreign operations are translated into Colombian pesos at the exchange rate prevailing at the closing date of the reporting period and income statements

are translated at the average rates prevailing at the dates of the transactions. The equity is translated at its respective historical rate.

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

Subordinate	Currency
Banco Corficolombiana (Panama) S.A.	US Dollars, USD
Hoteles Estelar del Peru S.A.C.	Nuevos soles, PEN
Hoteles Estelar Panamá S.A.	US Dollars, USD
Gas Comprimido del Peru S.A.	Nuevos soles, PEN
C.I. Pizano Trading Venezuela C.A.	US Dollars, USD
Gases del Pacifico S.A.C.	Nuevos soles, PEN
Gases del Norte del Peru S.A.C.	Nuevos soles, PEN
Promisol Mexico S.A. de C.V.	Mexican pesos, MEX

According to the revisions to the assessments made for of determining the functional currency, the subordinate Sociedad Portuaria El Cayao S.A. E.S.P. changed its functional currency from Colombian pesos to US dollars because its most significant transactions are carried out in USD; the changes in conversion processes were performed prospectively in accordance with IAS 21 of April 1, 2016.

2.5. Foreign currency transactions

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

2.6. Cash and cash equivalents

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

2.7. Financial Instruments

2.7.1. Financial Assets

Initial recognition and measurement

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

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

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

Subsequent classification and measurement

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

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

Financial assets measured at fair value through profit or loss

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

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

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

Corficolombiana and its subordinates evaluate the financial assets held for trading that are not derivatives, to determine whether their intention to sell them in the short term is still appropriate. When Corficolombiana and its subordinates cannot trade these financial assets due to the existence of inactive markets and, therefore, must significantly change their intention of trading them in the near future, they may choose to reclassify these financial assets, but only in exceptional circumstances.

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

Assets classified as trading instruments under the following conditions:

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

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

- The valuation substantially eliminates or reduces a inconsistent measurement or recognition (“mismatch”) that would arise from a measurement of assets or liabilities made on a different basis.
- A group of financial assets, financial liabilities or both are managed and their return is evaluated based on the fair market value, in accordance with the documented risk management or investment strategy, and the information of the investment of Corficolombiana and its subordinates is provided on the same basis.
- The asset or liability includes one or more embedded derivatives, unless the embedded derivative does not substantially alter the cash flows or if the separation of the embedded derivative is prohibited.

Financial assets measured at fair value through other comprehensive income

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

After initial recognition, financial assets measured at fair value through other comprehensive income are measured at fair value, and unrealized gains or losses are presented as Other Comprehensive Income in the net gain (loss) item on financial assets measured at fair value, until the investment is written off. At that time, the cumulative gain or loss is reclassified as accumulated income (loss) (See note 9).

Financial assets measured at amortized cost

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

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

The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable over the expected life of the financial instrument (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. To calculate the effective interest rate, cash flows are estimated considering all the contractual conditions of the financial instrument. The calculation includes all fees and interest paid or received by the parties to the contract, which integrate the effective interest rate, and transaction costs and all other premiums or discounts (See note 10).

Debt Instruments

A debt instrument is measured at fair value when:

a. Speculation and Trading Portfolio

It is a portfolio of fixed income instruments the purpose of which is to obtain short-term results according to the rotation thereof depending on market movements.

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

A debt instrument is measured at amortized cost when:

a) Mandatory Investments:

1. The Corporation holds this investment portfolio in order to obtain contractual cash flows.
2. In this case, payments of principal and interest on the amount outstanding are related to an inflation index linked to the currency in which the instrument was issued.
3. The linking of the payments of principal and interest on the amount outstanding with an unleveraged inflation index has the effect of considering the time value of money, providing a present value, which means that the interest rate on the instrument reflects the 'real' interest rate.

4. Accordingly, the amounts of cash flows receivable from mandatory investments without interest and indexed to the inflation in Colombia represent a consideration for the time value of money on the amount outstanding. Such instruments would comply with the Solely Payments of Principal and Interest - SPPI test, i.e. they only involve the payment of principal and interest.

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

c) Structural Portfolio:

This portfolio only contemplates fixed-income instruments intended to obtain principal and interest flows for a certain period in which certain conditions on the minimum margin and profits must be met. That investment can be sold once this has taken place. These portfolios generate amounts of principal and interest once the condition on the margin estimated by the Corporation is met according to risk and liquidity levels.

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

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

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

Equity instruments measured at fair value

Equity instruments are measured at fair value through profit or loss except those designated through other comprehensive income because of being considered strategic. However, in specific circumstances, the cost may be an appropriate estimate of the fair value. This may be the case if the recent information available is insufficient to measure such fair value, or if there is a wide range of possible fair value measurements and the cost represents the best estimate of the fair value within such range.

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

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

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

Loan portfolio, financial leasing operations and other receivables

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

Financial assets on concession agreements

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

If the concession contract is classified as a financial asset, the asset arising from the contract is included in the account “financial assets under concession” and is recorded at the present value of the future payments to which the Corporation and its subordinates are entitled, discounted using the effective interest rate, in the case of financial assets related to a mandatory sale at a fair price at the end of the contract; these financial assets are designated at fair value through profit or loss (See note 2.16 and 15).

Operations with derivative financial instruments

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

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

All derivative transactions are recorded initially at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income, as appropriate, unless the derivative is designated as a hedge according to the nature of the hedged item. Promigas S.A. and its subordinates designate hedging derivatives as:

Cash flow hedges for a particular risk associated with a recognized asset or liability or a highly probable transaction, in which case the effective portion of the changes in the fair value of derivatives is recognized in the other comprehensive income in equity. The gain or loss on the derivative related to the ineffective portion of the hedge or not corresponding to the risk covered is immediately recognized in the consolidated income statement.

The amounts accumulated in the Other Comprehensive Income account are carried to the profits for the period in which the hedged item is also carried to income.

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

Financial assets and liabilities from derivative transactions are not offset in the statement of consolidated financial position; however, when there is a legal and exercisable right to offset the amounts recognized and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously, these are presented on a net basis in the statement of financial position (See note 11).

Financial guarantees

“Financial guarantees” are considered as contracts that require the issuer to make specific payments to reimburse the creditor for any loss incurred when a specified debtor fails to comply with its payment obligations in accordance with the conditions, original or modified, of a debt instrument, regardless of its legal form. Upon initial recognition, the financial guarantees provided are accounted for by recognizing a liability at fair value, which is generally the present value of the fees and returns receivable from these contracts over their life, having the amount of the fees and returns received at the start of operations and the accounts receivable at the present value of future cash flows to be received as an offsetting item under assets.

The provisions made on financial guarantee contracts deemed impaired are recorded under liabilities as “Other Provisions” charged to income.

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

Impairment of financial assets

At the end of each reporting period, Corficolombiana and its subordinates assess whether there is any objective evidence that a financial asset or group of financial assets that are not recorded at fair value through profit or loss is impaired.

A financial asset or group of financial assets is deemed impaired only if there is objective evidence of such impairment as a result of one or more events that have occurred after the initial recognition of the asset (a “loss generating event”) and if the event that have caused the loss has an impact on the estimated future cash flows of the financial asset or financial assets that can be reliably estimated.

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

Financial assets carried at amortized cost

For financial assets carried at amortized cost, first it is assessed whether there is individual objective evidence of the impairment of the financial assets that are individually or collectively significant for financial assets that are not individually relevant. If it is determined that there is no objective evidence of the impairment of a financial asset assessed individually, regardless of its relevance, the asset will be included in a group of financial assets with similar credit risk characteristics and will be evaluated together to determine whether there is any impairment. Assets that are assessed individually to

determine whether there is impairment and for which an impairment loss is recognized or continues to be recognized, are not included in a collective assessment of impairment.

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

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

The interests earned are recorded as financial income in the consolidated income statement. The loans and the corresponding impairment are recognized as a loss when there is no expectation of any future recovery and all collateral thereon were used or transferred to Corficolombiana and its subordinates. If, in a subsequent year, the estimated amount of the impairment loss increases or decreases due to an event occurring after recognizing the impairment, the impairment loss recognized above is increased or decreased by adjusting the impairment account. If an item that was recognized as a loss is subsequently recovered, such recovery is credited as a lower financial cost in the consolidated income statement.

Derecognition of financial assets

A financial asset or a portion of a financial asset or a group of similar financial assets is written off when:

- The contractual rights on the cash flows of the asset have expired.
- The contractual rights on the cash flows of the asset are transferred or an obligation to pay all the cash flows to a third party without any significant delay is assumed, through a pass-through arrangement.
- The risks and rewards inherent to the ownership of the asset have been substantially retained, but the control over it has been transferred.
- All the risks and rewards inherent to the ownership of an asset have been substantially transferred.

When Corficolombiana and its subordinates have transferred their contractual rights to receive the cash flows from an asset or have entered into a pass-through agreement but have not transferred or retained substantially all the risks and rewards inherent to the ownership of the asset, or have not transferred control thereon, the asset must continue to be recognized. In this case the related liability is also recognized. The asset transferred and the related liability is measured so as to reflect the rights and obligations retained by Corficolombiana and its subordinates. A continuing involvement that takes the form of a

guarantee over the asset transferred is measured as the lowest value of the original carrying amount of the asset and the maximum amount of the consideration that Corficolombiana and its subordinates are required to repay.

2.7.2. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value minus the transaction costs that are directly attributable, in the case of loans and accounts payable. The financial liabilities of Corficolombiana and its subordinates include trade payables, loans and other accounts payable, financial guarantee contracts and derivative financial instruments.

Subsequent classification and measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are taken for the purpose of trading them in the near future. This category includes derivative financial instruments taken by the companies that are not designated as hedging instruments in hedging relationships defined by IFRS 9.

Loans and accounts payable

After their initial recognition, loans and account payables that accrue interest are measured at amortized cost using the effective interest rate method. Any gains and losses are recognized in the consolidated income statement when the liabilities are written off, as well as through the amortization process using the effective interest rate method.

The amortized cost is calculated taking into account any discount or premium on acquisition and the fees or costs that are an integral part of the effective interest rate. The accrual of the effective interest rate is recognized as a financial cost in the consolidated income statement (see note 27).

Derecognition of financial liabilities

A financial liability is written off when the obligation specified in the relevant contract has been paid, canceled or has expired.

When an existing financial liability is replaced by another from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such change or modification is treated as a derecognition of the original liability and as the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

A financial asset and liability will be offset, and the net amount will be presented in the statement of financial position, when and only when:

- a. Entitled to the right, at the time, legally enforceable, to offset the amounts recognized; and
- b. Having the intention to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the asset transferred with the associated liability.

Reclassification of financial instruments

All financial assets affected shall be reclassified when and only when the Corporation or its subordinates have changed their business model for the management of financial assets. However, no financial liability can be reclassified.

The following changes in circumstances are not considered as reclassifications:

- a. An item that was previously designated as an effective hedging instrument in a cash flow hedge or net investment hedge that no longer meets the requirements to be considered as such;
- b. An item that has been designated as an effective hedging instrument for cash flows hedge or a net investment hedge; and
- c. Changes in the measurement when designating a credit exposure at fair value through profit or loss.

2.8. Inventory

The inventory of the subordinated entities of the Corporation is valued at cost or net realizable value, whichever is lower. The cost of these inventories is calculated using the weighted average cost. The net realizable value corresponds to the estimated sales value during the normal course of business minus the estimated completion costs and sale expenses. The impairment of inventories is recorded to cover possible losses due to obsolescence, shortages or impairment, as a result of the analysis of each one of the items that make up the group of inventories. In-transit inventories accumulate the FOB value and

related import costs and does not include costs for the conversion of foreign currency rates into the functional currency.

The acquisition cost of inventories includes the purchase price, import duties and other taxes (which are not subsequently recoverable from tax authorities), transport, storage and other costs directly attributable to the acquisition of goods, materials or services. Trade discounts, rebates and other similar items are deducted for determining the acquisition cost (see note 19).

2.9. Property, plant and equipment

The property, plant and equipment include assets, owned or leased, held by the Corporation and its subordinates to be used now and which they expect to use for more than one year. It also includes tangible assets received by the consolidated entities for the complete or partial settlement of financial assets representing collection rights of third parties and which they expect to use continuously.

The property, plant and equipment are recorded in the consolidated balance sheets at acquisition cost, minus the accumulated depreciation and, where applicable, the estimated losses resulting from comparing the net book value of each item with its recoverable value.

Depreciation is calculated using the straight-line method on the acquisition cost of assets, minus their residual value; it being understood that the land on which buildings and other structures are constructed have an indefinite useful life and therefore are not subject to depreciation. The depreciation is recorded with a charge to income and is calculated based on the following useful lives:

Depreciation percentages and useful live of Property, Plant and Equipment

Asset	Percentage	Useful life
Owned buildings	1% - 4%	70 – 100
Furniture	8% - 10%	10 – 20
Facilities	5% - 12%	5 – 20
Office and computer equipment	8% - 25%	3 – 10
Machinery and equipment	5% - 25%	5 – 25
Private gas pipelines	1.43%	70
Compressors	3% - 13%	8 – 35

Depreciation is recorded through profit or loss in the period when it is incurred as an administrative expense under “administrative expenses” or “cost of sales” in the case of operating assets; however, in instances in which the future economic benefits embodied in an asset are incorporated into the production of other assets. In this case, the depreciation charge is part of the cost of the other asset and is included in its carrying amount.

The criterion of the Corporation and its subordinates to determine the useful life of these assets and, in particular, of its own buildings, is based on independent appraisals carried out at certain times, unless there are indications of impairment.

The Corporation and its subordinates analyze whether there is evidence, both external and internal, that a material asset may be impaired, at each accounting close. If there is evidence of impairment, the entity then analyzes whether such impairment actually exists by comparing the net carrying value of the asset to its recoverable amount (as the higher of its fair value less minus disposal costs and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to its recoverable value modifying future depreciation charges accordingly, according to their new remaining useful life.

Similarly, when there is evidence that the value of a material asset has been recovered, the Corporation estimates the recoverable amount of the asset and it is recognized in the consolidated income statement, recoding the reversal of the impairment loss recognized in previous periods and thus adjusting future depreciation charges. In any event, the reversal of the impairment loss on an asset cannot entail an increase in its book value above that which would have taken place had such impairment losses not be recognized in prior years.

Upkeep and maintenance expenses for property and equipment are recognized as an expense in the period incurred and are recorded under “administrative expenses” or “cost of sales” in the case of operating assets (see note 16).

When the use of a property changes from being owner-occupied to an investment property, it is measured at fair value and is reclassified as an investment property. Any increase in the carrying amount is recognized through profit and loss to the extent that such increase constitutes a reversal of an impairment loss previously recognized for that property.

2.10. Investment properties

Investment properties are comprised of land or buildings considered as fully or partially held by the Corporation and its subordinates for raising revenues, valuating assets or both rather than use for their own purposes. Investment properties are initially recorded at cost, which includes all costs associated with the transaction and these assets are subsequently measured at fair value with changes in the fair value recorded in the consolidated income statement. The Corporation and its subordinates have made the choice to record these assets on their balance sheet at fair value. This fair value is determined based on appraisals periodically performed by independent experts using level-three valuation techniques described in IFRS 13 Fair Value Measurement (see note 4.10 and 17).

2.11. Assets received on lease

Upon their initial receipt, the assets received on lease are classified under financial or operating leases in the same way as the assets delivered on lease. Lease agreements classified as financial leases are included in the balance sheet as property, plant and equipment or as an investment property according to their purpose and are initially

recognized in assets and liabilities simultaneously in a value equal to the fair value of the asset received in lease or to the present value of the minimum lease payments, if lower. The present value of the minimum lease payments is determined using the interest rate implicit in the lease, or otherwise using the average interest rate of the bonds placed in the market by the Corporation or its subordinates. Any initial direct costs of the lessee are added to the amount recognized as an asset. The value recorded as a liability is included in the account of financial liabilities and recorded in the same way as these.

2.12. Assets delivered on lease

The assets delivered on lease by the Corporation and its subordinates are classified at the time of signing the contract as financial or operating leases. A lease is classified as a financial lease when it substantially transfers all the risks and rewards inherent thereto. A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards of ownership. Leases classified as a financial lease are included in the balance sheet under “financial assets by loan portfolio at amortized cost” and are accounted for in the same manner as other loans. The leases classified as an operating lease are included in the account of property, plant and equipment and are recognized and depreciated in the same way as this class of assets.

2.13. Non-current assets held for sale

The Assets received in lieu of payment of loans and the non-current assets held for sale which the Corporation and its subordinates intend to sell within a period not exceeding one year and which sale is considered as highly probable, are recorded as “non-current assets held for sale”, such assets are recorded at the lowest value of their carrying amount at the time of being transferred into this account and their fair value minus estimated sale costs (see note 23).

2.14. Biological assets

The agricultural activities related to biological assets (plants or animals) of Organizacion Pajonales S.A. and its subordinates, Plantaciones Unipalma de los Llanos S.A. and Calora S.A. and subordinates are recorded separately in this account both at the time of initial recognition and at the end of the reporting period at their fair value minus costs of sale, except for long-cycle crops in establishment period when for any reason the fair value cannot be reliably measured, in which case they are measured at cost minus any accumulated impairment losses or for short-cycle crops in which the fair value minus sale costs is reflected through profit or loss after being sold. Any gains or losses arising from the initial and subsequent recognition at fair value of agricultural products are included in the net profit or loss for the period. The costs incurred in the agricultural production process are also carried directly to the income statement (see note 18).

2.15. Business combination

When the Corporation or its subordinates acquire control over a business, it is accounted for in the consolidated financial statements by the so-called “purchase method”. Under this

method, the purchase price is distributed among the identifiable assets acquired, including any intangible assets and liabilities assumed, on the basis of their respective fair values. When there are non-controlling minority interests from the take over of the entity, such minority interests are recorded, at the option of the Corporation and its subordinates, at fair value or according to the proportionate share of current ownership instruments in the amounts recognized of the identifiable net assets of the acquiree. The difference between the price paid plus the value of the non-controlling interests and net value of the assets and liabilities acquired determined as indicated above in this paragraph is recorded as Goodwill.

The Goodwill recorded is not amortized but is annually tested for impairment. In addition to the above, the accounts of the consolidated income statement of the acquiree in the consolidated financial statements are included only from the date when the acquisition was legally consummated (see note 4.8 and 20).

2.16 Concession agreements

The concession agreements in which the Corporation and its subordinates related to the infrastructure, power and gas sector agree with the Colombian Government to carry out the construction or maintenance of infrastructure works for a specified period and from which such companies receive revenues during the term of the agreement either through direct contributions from the State or by the fees charged to users, according to the accounting interpretation IFRIC 12 Service Concession Agreement, are recognized as financial assets and/or intangible assets. In some cases there may be mixed contracts in which a portion of the contract corresponds to a financial asset or another portion to an intangible asset (see notes 2.7 and 2.17, respectively).

In accordance with the foregoing, the rights in concession agreements are recorded by the Corporation and its subordinates as follows:

- (a) During the construction phase of the work under concession, according to the International Accounting Standard IAS 11 Construction Contracts, all estimated revenues from the construction and the costs associated with the construction are recorded in the consolidated income statement depending on the completion level of the project at the end of the period. Any additional expected loss is immediately recorded as an expense.
- (b) During the operation phase of the infrastructure under concession, the operator accounts for the revenues from ordinary activities and the costs related to operating services in accordance with IAS 18.

When there are obligations to maintain or restore the infrastructure to a specified operation condition before handing it over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure must be recognized and measured in accordance with IAS 37, i.e. according to the best estimate of the expenditure that would be required to settle that obligation at the end of the reporting period (see note 28).

The balances and movements related to concession agreements are shown in note 15.

2.17. Intangible assets

The intangible assets of the Corporation and its subordinates that have not been not acquired in the business combination processes described in paragraph 2.15 and from the concessions described in the paragraph above, which relate mainly to computer software, are initially measured at cost upon their acquisition or in their internal development phase (see note 22). The costs incurred in the research phase are directly carried to income. Subsequent to their initial recognition, these assets are amortized over their estimated useful life, which, in the case of computer software, is 3 years or according to the period defined in the contractual terms agreed upon.

Licenses

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

Software

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

Intangible assets on concession agreements

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

If the concession contract is qualified as an intangible asset, the accumulated accrued revenues as an asset during the construction phase of the project are recognized as intangible assets and are amortized against income from the date when the construction is completed and the corresponding asset is made available to users, during the term of the concession agreement. The payments received from tolls or fees upon the completion and commissioning of the construction are recorded when actually received (see note 2.16 and 15).

2.18. Borrowing costs

The Corporation and its subordinates capitalize borrowing costs when they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of such assets, provided that they are likely to produce future economic benefits for the entity and can be measured reliably. Otherwise, they are recognized as an expense in the period in which they have been incurred (see note 15, 16 and 18).

2.19. Prepaid expenses and prepaid assets

Prepaid expenses mainly comprise insurance, services, prepaid leasing and are amortized on a monthly basis according to the contractual deadline established, with a charge to income (see note 22).

Insurance

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

2.20. Impairment of tangible assets

Tangible assets are tested for impairment when there is evidence that the carrying amount of such assets may exceed their recoverable amount. The recoverable amount of an asset is the higher of its fair value minus disposal costs and its value in use. The Corporation and its subordinates assess at the end of each period whether there is any indication that an asset has been impaired. If this is the case, the Corporation and its subordinates will estimate the impairment of such asset.

2.21. Employee benefits

For accounting purposes, Employee Benefits are all forms of consideration granted by the Corporation and its subordinates in exchange for the services rendered by employees, which are divided into four classifications:

Short-term benefits

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

Post-employment benefits

These are benefits paid by the Corporation and its subordinates to their employees at the time of retirement or after completing their employment period, which are different from an indemnification. These benefits, according to the Colombian labor standards, correspond to retirement pensions directly assumed by the Corporation or its subordinates, severance payable to employees who continue in the labor regime prior to Law 50, and certain extralegal benefits or benefits agreed upon in collective bargaining agreements.

The liability for post-employment benefits is determined on the basis of the present value of the estimated future payments to be made to employees, calculated based on actuarial studies prepared by the projected credit unit method, using for this purpose actuarial assumptions on mortality rates, salary increases and staff turnover, and interest rates determined according to the parameters established in Decree 2783/2001. Under the

projected credit unit method, the future benefits to be paid to employees are carried to each accounting period when the employee provides his services. Therefore, the expenditure for these benefits recorded in the income statement of the Corporation and its subordinates includes the service cost determined in the actuarial calculation plus the financial cost of the liability calculated (see note 4.15). Any changes in liabilities due to changes in actuarial the assumptions are recorded in other comprehensive income.

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

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

Other long-term employee benefits

These correspond to all employee benefits other than short-term, post-employment and termination employee benefits. According to the collective bargaining agreements and the regulations of the Corporation and its subordinates, such benefits relate mainly to seniority premiums.

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

Benefits from the termination of the employment agreement with employees

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

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

- When the Corporation and its subordinates have formally communicated to the employee their decision to terminate the employment agreement.
- When provisions for restructuring costs are recognized by a subordinate or by a business of the Corporation that entail the payment of termination benefits (see Note 28).

2.22. Income taxes

The income tax expense comprises current tax and deferred tax. The tax expense is recognized in the consolidated income statement except for the portion corresponding to items recognized in Other Comprehensive Income. In this case, the tax is also recognized in this statement.

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

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

Deferred tax assets are recognized taking into account deductible temporary differences from investments in subsidiaries, associates and joint ventures only to the extent to which it is probable that the temporary difference will reverse in the future and there is sufficient taxable profits against which the temporary difference can be utilized. Deferred tax assets are recognized only to the extent where it is probable that future taxable income will be available against which the temporary differences can be used (see note 4.6).

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

Deferred tax assets and liabilities are offset when there is a legal right to offset deferred taxes against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same entity or on different entities when intending to offset the balances on a net basis in accordance with IAS 12 (see note 21).

2.23. Provisions

Provisions for decommissioning and environmental restoration, financial guarantees, restructuring costs and legal claims are recognized when the Corporation and its subordinates have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Restructuring provisions include lease termination penalties and employee termination payments.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate before tax that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as an interest expense (see note 29).

2.24. Preferred shares without voting rights

When the Corporation and its subordinated have issued a non-derivative financial instrument, they evaluate its conditions to determine if it contains liability and equity components. These components are classified separately as financial liabilities or equity instruments for the issuer. According to the above, the Corporation has evaluated this requirement in connection with the preferred shares without voting rights that it has issued as of the date of these consolidated financial statements and has concluded that such shares do not exhibit the characteristics of financial liabilities and therefore, are recognized as a greater equity amount.

2.25. Revenues

Revenues are measured at the fair value of the consideration received or receivable and represent amounts receivable for the goods delivered, net of discounts, returns and value added tax. The Corporation and its subordinates recognize revenues when the amount thereof can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria for each one of the activities of the Corporation and its subordinates have been met, as described below. The real sector subordinates of the Corporation determine their estimate of returns based on historical results for their sales prices, taking into account the type of customer, the type of operation and the specific characteristics of each agreement.

Provision of services

The Corporation and its subordinates provide services for various activities. The revenues from the provision of services are recognized in the accounting period when the services are rendered, by reference to the completion stage of the specific transaction evaluated on

the basis of the actual service provided as a proportion of total services to be provided. When services are provided through an indeterminate number of acts over a specified period of time, revenues from ordinary activities are recognized on a straight line over the time interval agreed upon.

Revenues from construction agreements

The revenues from ordinary contractual activities include the initial amount of revenues from the ordinary activities agreed upon in the agreement plus changes in the work contracted, as well as claims and incentives only to the extent that it is likely that they will result in revenues from ordinary activities and they are capable of being reliably measured.

Customer loyalty programs

The subordinate Hoteles Estelar S.A. is carrying out a loyalty program where customers accumulate points for purchases, which entitle them to redeem points for prizes according to the policies and the awards plan prevailing at the date of redemption. Reward points are recognized as a separately identifiable component of the initial sales transaction by allocating the fair value of the consideration received between the reward points and the other components of the sale, so that loyalty points are initially recognized as deferred income at fair value. Revenues from reward points are recognized when redeemed.

Commission revenues

Commissions are recognized as revenues in the consolidated income statement as follows:

- a. Commissions for financial services are recognized when the respective services are rendered.
- b. The commissions incurred in the granting of new loans are deferred and carried to revenue during the term thereof, net of the costs incurred, using the effective interest rate method (see note 35).

Interest revenues

Interest revenues are recorded using the effective interest rate method for all financial instruments measured at amortized cost. The effective interest rate is the rate that exactly discounts the cash payments or cash collections estimated over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest revenues are recorded as financial income in the income statement.

Dividends

Revenues are recognized when the right of Corficolombiana and its subordinates to receive the payment is established, which usually occurs when shareholders approve the dividend. The dividend is recognized through the profits or losses for the period unless the investment

is recorded by the equity method, in which case the dividend will be recognized as a reduction in the carrying amount of the investment.

Revenues received from dividends or profit sharing methods are considered as operating revenues when they are directly related to the corporate purpose of the entity and if these are recurrent or are derived from entities with a similar corporate purpose (see note 9 and 12).

Lease revenues

Revenues from operating leases on investment properties are recognized on a straight-line basis over the lease term and are included as ordinary revenues given their nature as operating revenues.

2.26. Recognition of expenses

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

An expense is recognized immediately when a payment does not generate future economic benefits or when it does not meet the requirements for being recognized as an asset (see note 36).

Costs on construction agreements

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

The costs incurred related to future activities on the agreement are recorded as an asset provided it is likely that they will be recovered in the future. These costs represent amounts due from the customer and are often classified as constructions in progress (see note 15).

2.27. Wealth tax

In December 2014 the National Government issued Law 1739, which created the wealth tax to be paid by all entities in Colombia with a liquid net worth exceeding one billion, which is liquidated as described below. This Law stipulates that for accounting purposes in Colombia, such tax may be recorded against equity reserves. The Corporation and its subordinates have decided to request such exception and have recorded the wealth tax accrued in 2015, 2016 and 2017 against their equity reserves as approved by the Shareholders' Assembly.

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

According to the Colombian law, the financial reporting standards applicable in Colombia are those issued by the National Government through the regulatory Decrees of Law 1314/2009. To date, the National Government has issued Decree 2420/2015 for this purpose, which includes the IFRS standards in force at international level on January 1, 2014. Due to the above, certain standards subsequently issued at international level are not applicable yet in Colombia and in turn certain standards that are not in force now internationally are applicable in Colombia. Additionally, as explained in the previous paragraph 2.27, the National Government allows entities to record the wealth tax charged to equity reserves, which under the IFRS must be recorded against the income for the period.

The following is a summary of the impact on equity of the results of the Corporation and its subordinates as of June 30, 2016 and December 31, 2015 due to the incomplete application of the existing international standards. In relation to the recognition of the wealth tax, the early application of IFRS 9, it only includes two measurement classifications for debt securities and the effect of the application of the impairment model to the losses incurred in the loan portfolio and the difference used in the separate financial statement expected loss model applying what has been established by the Financial Superintendence of Colombia as well as the application of the discount rate for post-employment established in Decree 2783/2001.

Item	June 30, 2016		December 31, 2015	
	Equity	Income	Equity	Income
Recording of wealth tax against equity reserves	-	(36,363)	-	-
Application of IFRS 9 issued in 2011 which is not valid at international level for the classification of financial instruments into two categories: At fair value through income and at amortized cost instead of three categories according to IAS 39: Tradable, Available for Sale and Held to Maturity	(55,109)	(19,209)	(179,362)	(13,723)
Measurement of unlisted equity instruments under IFRS 9 at fair value, according to IAS 39 at cost.	(27,011)	22,329	-	-
Recording of portfolio provision incurred loss model	-	(209)	-	(332.00)
Regulatory rate for the actuarial calculation of pension liabilities	252	(205)	-	-
Effect of deferred tax from previous differences	308	(1,553)	71,066	7,687
Total effect	(81,560)	(35,210)	(108,296)	(6,388)

2.29. Standards and interpretations for subsequent application issued by the Ministry of Finance and Public Credit and by the Ministry of Commerce, Industry and Tourism

As indicated in Decree 2496 of December 2015, listed below are the applicable standards issued from 2017 which early application is allowed (except for IFRS 15, which is applicable from January 1, 2018). The impact of these standards is under evaluation by the management of the Corporation and its subordinates.

Reporting Standard	Subject of the amendment	Detail
		Some of the relevant issues indicated in the amendments are as follows:
IAS 1 – Submission of financial statements	Disclosure initiative. In relation to the submission of financial statements, the amendment clarifies the disclosure requirements.	<ul style="list-style-type: none"> • Materiality requirements IAS 1. • Indicates specific guidelines in the statement of income, comprehensive income and changes in financial position that can be disaggregated. • Flexibility regarding the order in which the notes to the financial statements are presented. • The entity needs not to disclose the specific information required by an IFRS if the resulting information is not material.
IFRS 9 – Financial instruments	Financial instruments (revised 2014 version)	<p>The application of the amendments does not have to be disclosed.</p> <p>The replacement proposal refers to the following phases:</p> <ul style="list-style-type: none"> • Phase 1: Classification and measurement of financial assets and liabilities. • Phase 2: Impairment methodology. • Phase 3: Hedge accounting.
IFRS 11 – Joint operations	Accounting for acquisitions of interests in joint operations	<p>In July 2014, the IASB completed the reform to the accounting for financial instruments and IFRS 9 was issued - Accounting for financial instruments (revised 2014 version), which will replace IAS 39 - Financial instruments: recognition and measurement, after the expiry date of the previous standard.</p> <p>It provides guidance on the accounting for the acquisition of interests in a joint operation in which activities constitute a business, as defined by IFRS 3 - Business Combinations.</p>
IFRS 10 – Consolidated financial statements IFRS 12 – Information to be disclosed on interests in other entities IAS 28 – Investment entities	Application of the consolidation exception	<p>Entities must apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of joint operations constitute a business as defined in IFRS 3).</p> <p>It is clarified that the exception on the preparation of consolidated financial statements is applicable to a controlling entity that is a subsidiary of an investment entity, when the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10.</p>
IFRS 10 – Consolidated financial statements IAS 28 – Investments in associates and joint	Sale or provision of assets between an investor and its associate or joint venture	<p>The application of the equity method is allowed for an investor in an associate or joint venture if it is a subsidiary of an investment entity that measures all its subsidiaries at fair value</p> <p>They concern IFRS 10 and IAS 28 in regards to the treatment of the loss of control over a subsidiary that is sold or provided to an associate or joint venture.</p> <p>It is clarified that the gain or loss resulting from the sale or provision of assets represents a business, as</p>

ventures		defined in IFRS 3, between the investor and its associate or joint venture, and it is recognized in full. It is an optional standard that allows an entity, when it adopts the IFRS for the first time and whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for deferred regulated accounts. It establishes a five-step model that is applicable to revenues from customer agreements.
IFRS 14 – Deferred regulatory accounts	Accounts for the deferral of regulated activities	It will replace the following standards and interpretations on revenues after the date when it comes into force:
IFRS 15 – Revenues from agreements with customers	Revenues from agreements with customers	<ul style="list-style-type: none"> • IAS 18 - Income; • IAS 11 - Construction agreements; • IFRIC 13 - Customer loyalty programs; • IFRIC 15 - Real estate construction agreements; • IFRIC 18 - Transfers of assets from customers; and • SIC 31 - Barter transactions involving advertising services.
IAS 16 – Property, plant and equipment	Clarification of acceptable depreciation models.	Entities are prohibited from using a depreciation method based on revenues for items of property, plant and equipment. Entities are prohibited from using a depreciation method based on revenues for items of property, plant and equipment.
IAS 16 – Property, plant and equipment IAS 41 - Agriculture	Production plants	<p>The concept of a production plant is defined; in addition, they require that biological assets that meet this definition be accounted for as property, plant and equipment in accordance with IAS 16 instead of IAS 41.</p> <p>With regard to amendments, production plants can be measured using the cost model or the revaluation model established in IAS 16.</p> <p>The products manufactured in production plants continue to be accounted for in accordance with IAS 41.</p> <p>It establishes conditions related to the amortization of intangible assets:</p>
IAS 38 – Intangible assets	Clarification of acceptable amortization models	<ol style="list-style-type: none"> a) When the intangible asset is expressed as a measurement of income. b) When it can be shown that the income and the consumption of the economic benefits from intangible assets are closely related. <ul style="list-style-type: none"> • IFRS 5 - Non-current assets held for sale and discontinued operations. Changes in the disposal methods of assets.
Annual improvements for 2012-2014 cycle	These amendments reflect issues discussed by the IASB, which were subsequently included as amendments to the IFRS	<ul style="list-style-type: none"> • IFRS 7 - Financial Instruments: Disclosures (with amendments resulting from amendments to IFRS 1).

- Changes related to service agreements.
- Applicability of the amendments to IFRS 7 in disclosures of compensations in the condensed interim financial statements.

- IAS 19 - Employee benefits. Discount rate: regional market issues.

- IAS 34 - Interim financial information: Disclosure of information included elsewhere in the interim financial report.

2.30. New accounting pronouncements issued by the International Accounting Standards Board - IASB at international level:

During the first half of 2016, the International Accounting Standards Board IASB issued new pronouncements on amendments related to standards already issued or new standards, which are as follows:

IFRS 16 Leases

Issued in January 2016, it establishes the principles for the recognition, measurement, presentation and disclosure for leases, i.e. from the point of view of the lessor and the lessee. This standard is effective from January 1, 2019 and can be applied early only if it also applies IFRS 15 Revenues from agreements with customers. This standard replaces IAS 17 Leases.

IFRS 16 eliminates the classification of operating leases and financial leases for the lessee. Instead, all leases are measured as financial leases. A financial liability is recognized if the lease term is greater than one year.

Amendment to IAS 7 Cash flows

Issued in January 2016 to be applied from January 1, 2017 with early application allowed. An entity shall disclose information that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both the changes resulting from cash flows and the changes not related to cash.

Amendment to IAS 12 Income tax

Issued in January 2016 to be applied from January 1, 2017 with early application allowed. It clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

3. RESTATEMENT OF FINANCIAL STATEMENTS PREVIOUSLY SUBMITTED

a. Due to changes in the accounting policy for the recognition of deferred taxes on presumptive income of entities

The Colombian legislation provides two systems for the determination of the tax base for the income tax: the Ordinary System (normal verification of the tax base) and the Presumptive Income System. In the first, the liquid revenues (net income) are determined by subtracting the costs and deductions authorized in the Colombian Tax Code from revenues. In the second, article 188 of said rule establishes an estimated minimum return of 3% on the liquid assets as of December 31 of the year immediately preceding the taxable year. Each year, the taxpayer must calculate and compare the revenues obtained by both systems and will pay the tax depending on the higher value of the two.

After the issuance of the Financial Statements as of December 31, 2015, the Corporation analyzed new technical positions with respect to the recognition of the deferred taxes of entities by the presumptive income system; because in its particular case this situation has been recurrent and according to the fiscal projections made, this tax behavior is not expected to change in the foreseeable future.

However, IAS 12 “income tax” only refers to the income tax that includes all taxes, whether domestic or foreign, based on tax profits, in this sense when the presumptive income system is used, the tax payable is calculated on a different tax base depending on the presumption of the profitability of the liquid assets and not on ordinary revenues or taxable profits. Under this presumptive system temporary differences will not generate higher or lower tax payments in future periods while the entity continues liquidating its taxes using this system.

This is in line with the provisions of IAS 12, where the recognition of deferred tax is based on the recovery of the carrying amount of the assets or the liquidation of liabilities, resulting in higher or lower tax payments in future periods related to Taxable Profits determined using the regular verification system.

Therefore, the management of the Corporation considers that for its Financial Statements to facilitate decision-making by providing relevant information tailored to its taxation system, it will not recognize any deferred income tax, except on temporary differences generated by the supplementary income tax for Occasional Profits, since in the foreseeable future no change is expected in the nature of its operations that may alter the tax base. The above situation must be reviewed on each reporting period in order to determine the most appropriate treatment for the recognition of deferred taxes in accordance with the provisions of IAS 12 Income Taxes.

b. Due to changes in technical positions with respect to the recognition of deferred taxes on investments in associated companies

After the issuance of the financial statements as of December 31, 2015, the Corporation analyzed new technical positions with respect to the recognition of deferred taxes on

investments in associated companies, in relation to the application of the exception specified in paragraph 42 of IAS 12 Income Taxes, regarding the non-recognition of deferred tax liabilities for temporary differences related to investments in associates when in the foreseeable future there is no intention of selling the investment, therefore, only deferred tax liabilities will be recognized due to the existence of undistributed profits that can generate dividends that will be taxed in the foreseeable future and for which there is no agreement establishing the non-distribution of taxed dividends.

c. Offsetting of deferred tax assets and liabilities

After the issuance of the financial statements as of December 31, 2015, the Company analyzed the presentation of deferred taxes in the financial statements, in relation to the application of paragraph 74 of IAS 12 Income Taxes in relation to the requirement to offset deferred tax assets and liabilities of the same entity, if they relate to taxes corresponding to the same tax administration, provided the entity has a legally enforceable right to offset current tax assets. In this regard, the Corporation has decided to offset deferred tax assets and liabilities relating to the same tax authority.

d. Restatement of financial statements due to the homogenization of accounting policies related to the measurement of investments in associates

Since Promigas holds investments in associates and in accordance with paragraph 36 of IAS 28, if the entity on which it holds a significant influence has different accounting policies, these must be homogenized according to the policies of the investor. The assessment regarding the approval of the accounting policies applicable to investments in the associated companies *Gases del Caribe* and *Gas Natural de Lima y Callao* was carried out on June 30, 2016 as follows:

Gases del Caribe: It is a company classified in group 2, according to Decree 3022 of December 27, 2013. The application of the IFRS for SMEs began on January 1, 2016 and considering the differences between the legislation for SMEs and the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), the Company decided to restate the value of the investment.

Gas Natural de Lima y Callao: The functional currency of the company is the dollar. According to IAS 21, the associate translates its results and financial position into the presentation currency of the investment company. As of June 30, 2016 the value of the investment in this associate is restated taking into account the effects of previous years.

The following is the detail of the accounts affected in the retrospective restatement process related to this change in the financial statements as of December 31 and July 1, 2015:

	Balance previously submitted	Cancellation of deferred presumptive income tax (a)	Deferred tax on investments in associates (b)	Offsetting of deferred taxes (c)	Translation of investments in foreign associates (d)	Restated balance
As of July 1, 2015						

Deferred tax assets	433,697	(93,917)	-	(255,861)	-	83,919
Total balances restated in assets	433,697	(93,917)	-	(255,861)	-	83,919
Deferred tax liabilities	968,623	(34,440)	(57,059)	(255,861)		621,263
Total balances restated in liabilities	968,623	(34,440)	(57,059)	(255,861)	-	621,263
First-time adoption of NCIF	(586,922)	(1 7,751)	23,121		-	(581,552)
NCIF adjustment to 2014 profits	(70,302)	(1 7,970)	4,016		6,705	(77,551)
Accumulated earnings	88,509	-	-		-	88,509
Profits for the year	260,836	(23,760)	1,523		2,361	240,960
Accumulated other comprehensive income	(1 00,349)	4	-		(9,066)	(1 09,411)
Total balances restated in controlled equity	(408,228)	(59,477)	28,660	-	-	(439,045)
Non-controlling interest	1,638,552	-	28,399		-	1,666,951
Total balances restated in equity	1,230,324	(59,477)	57,059	-	-	1,227,906

As of December 31, 2015	Balance previously submitted	Cancellation of deferred presumptive income tax (a)	Deferred tax on investments in associates (b)	Offsetting of deferred taxes (c)	Translation of investments in foreign associates (d)	Restated balance
Deferred tax assets	431,134	(84,130)	-	(256,317)	-	90,687
Total balances restated in assets	431,134	(84,130)	-	(256,317)	-	90,687
Deferred tax liabilities	982,372	(37,116)	(58,761)	(256,317)		630,178
Total balances restated in liabilities	982,372	(37,116)	(58,761)	(256,317)	-	630,178
First-time adoption of NCIF	(597,469)	(17,751)	23,121	-	-	(592,099)
NCIF adjustment to 2014 profits	(70,302)	(17,970)	4,016	-	6,705	(77,551)
Accumulated earnings (losses)	(204,483)	(23,761)	1,523	-	2,361	(224,360)
Profits for the year	203,649	11,140	855	-	(2,742)	212,902
Accumulated other comprehensive income	68,364	1,328	-	-	(6,324)	63,368
Total balances restated in controlled equity	(600,241)	(47,014)	29,515	-	-	(617,740)
Non-controlling interest	1,754,280	-	29,246	-	-	1,783,526
Total balances restated in equity	1,154,039	(47,014)	58,761	-	-	1,165,786
Revenues by equity method	120,570	-	-		(5,460)	115,110
Earnings before taxes	541,778	-	-		(5,460)	536,318
Income tax expense (income)	172,529	(11,140)	(1,702)		-	159,687
Total balances restated	369,249	11,140	1,702		(5,460)	376,631

in profits					
<i>Attributable to:</i>					
<i>Controlling</i>					
<i>shareholders</i>	203,649	11,140	855	(2,742)	212,902
<i>Non-controlling</i>					
<i>interest</i>	165,600	-	847	(2,718)	163,729

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES

The Corporation and its subordinates make estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the carrying value of assets and liabilities within the next fiscal year. Judgments and estimates are continually evaluated and are based on the Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Management also makes certain judgments apart from those involving estimates in the process of applying accounting policies. The judgments that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that may cause a significant adjustment in the carrying value of assets and liabilities in the next year include the following:

4.1. Going concern

The Management prepares the consolidated financial statements on a going concern basis. In making this judgment, the Management considers the current financial position of the Corporation and its subordinates, their current intentions, the results of operations and access to financial resources in the financial market and analyzes the impact of these factors on the future operations of the group. As at the date of this report we are not aware of any situation that may cause us to believe that the Corporation does not have the ability to continue as a going concern.

4.2. Investments in debt securities classified at amortized cost

The Management applies judgment in assessing whether the investments in debt securities can be categorized in the consolidated financial statements at their amortized cost taking into account its particular business model for managing financial assets and whether they meet the conditions for such financial assets to be included at amortized cost. The Corporation and its subordinates may sell these assets when the risk policies established by the Corporation for determining credit quotas and the maturity of securities have been met. Moreover, these portfolios may be sold at some point without achieving the profitability defined according to the liquidity conditions that the Senior Management of the Corporation believes may affect the adequate liquidity and solvency levels of the company or upon the occurrence of any of the following circumstances:

- a. Significant deterioration in the conditions of the issuer, its parent, its subordinates or its related parties.
- b. Changes in regulations that hinder holding the investment.
- c. Mergers or institutional reorganization processes involving the reclassification or the investment, in order to maintain the previous interest rate risk position or to conform to the credit risk policy previously established by the merged entity.

- d. In other cases where the Financial Superintendence of Colombia has given its prior express authorization.

4.3. Impairment of loan portfolio and other receivables

The Corporation and its subordinates regularly review their loan portfolio and other receivables for impairment when determining whether such impairment must be recorded against the profits for the year. The Management makes judgments as to whether there is observable data indicating a decrease in the estimated cash flow of the loan portfolio before the decrease in such flow can be identified for a particular loan in the portfolio. This evidence may include data indicating that there has been an adverse change in the behavior of the debtors in each loan portfolio (commercial, consumer, and leasing), in the Corporation and its subordinates, especially Leasing Corficolombiana S.A., or in the country or in local economic conditions that correlate with defaults on the assets of the Corporation and its subordinates. The Management uses estimates based on historical experiences of loans with similar credit risk characteristics and objective evidence of similar impairments in the loans of the portfolio upon the expiration of their future cash flows.

The methodologies and assumptions used to estimate the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and the actual loss.

4.4. Fair value of financial instruments and derivative instruments

The information on the fair values of financial instruments and derivatives valued using assumptions not based on observable market data is disclosed in note 9 and 11.

4.5. Elimination of financial assets from the balance sheet

The Management applies judgments to determine if all substantially significant risks and returns of financial assets are transferred to third parties, in particular what are the most significant risks and returns.

4.6. Deferred income tax

The Corporation and its subordinates evaluate the performance over time of deferred income tax assets. Deferred income tax assets represent income and CREE taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred tax assets are recoverable to the extent in which the realization of related tax benefits is likely. Tax revenues and the amount of tax benefits that are probable in the future are based on medium-term plans prepared by the Management. The business plan is based on the Management's expectations that are believed to be reasonable under the circumstances (see note 21).

The key assumptions in the business plan are as follows:

- Forecasts were made with a five-year horizon based on the expected results of entities.
- Non-deductible expenses and non-taxable revenues were identified, based on the current regulations in Colombia and in the countries in which the affiliates are domiciled, in order to verify tax profits and find the real effective tax rate of each one of the entities.

The most important assumptions to prepare fiscal forecasts that allow each entity to recover deferred tax assets are the following:

Promigas S.A. E.S.P. and subordinates

The deferred tax recognized is represented mainly by the items of financial assets and intangible concession assets, tax credits, leasing operations and other items.

Within the fiscal analysis of the Promigas group, some companies take the tax benefit contemplated in Article 158-3 of the Tax Code, “Special deduction for investment in real tangible production assets acquired” (40% of the value of the assets acquired), for companies that signed a legal stability agreements, the deductions for investments in reforestation and tax deductions due to investments in regional water companies do not generate deferred taxes.

Concesionaria Vial de los Andes S.A.

The concessionaire signed a legal stability agreement whereby stability is granted by Article 158-3 of the Tax Code, “Special deduction for investment in real tangible production assets acquired”, said deduction generates tax losses corresponding to the performance of works in 2015 and 2016, since the legal stability agreement is ended in the last year. To the extent that the term of the concession expires in September 2018 and since according to the tax forecast it is unlikely to have future tax profits to recover tax losses; according to the current standards, in principle there is no expectation of recovery and the return of the resulting credit balances will be requested.

As of December 31, 2015 and June 30, 2015, the Management of the Corporation and its subordinates estimate that the losses on the deferred income tax asset would be recoverable according to the estimates of future taxable profits. The deferred tax asset, including tax credits, was limited to the possible reversal of the deferred tax liability, i.e. the amount of the liability was only recognized in determining the taxable profit for future periods, when temporary differences will be reversed, that because fiscal forecasts do not indicate that there will be sufficient taxable profits to support the use of the entire deferred tax asset.

Pizano S.A. and subordinates

Pizano has recognized deferred tax assets regarding deductible temporary differences related to property, plant and equipment and tax credits.

During 2015 Law 550 was issued on structural reactivation and restructuring which purpose is to promote the reactivation of the economy and employment by restructuring companies belonging to the productive sectors of the economy. The evolution of the economy and the economic growth in the construction sector is expected to generate positive results in future periods with which the deferred tax asset can be reversed. The companies Mantesa S.A., Maderas del Darien S.A., Monterrey Forestal Ltda. And Agronacay S.A.S. show no deferred tax assets since tax projections indicate that there will be no taxable profits in future periods with which the deductible temporary differences that form the basis of the deferred tax asset can be reversed.

Concesionaria Panamericana S.A. and Proyectos de Infraestructura S.A. PISA

Concesionaria Panamericana S.A. and Proyectos de Infraestructura S.A. PISA have recognized deferred tax assets regarding deductible temporary differences related to concession intangible assets and deferred income from Concessions, mostly generated by pension trusts.

These deductible temporary differences are estimated to be reversed as tax revenues are fiscally realized and the infrastructure works recorded as intangible assets are amortized.

In addition, PISA records deferred tax assets to the extent that the amount of the taxable temporary differences relating to the same taxable entity are much greater than the deductible temporary differences (see note 18).

Estudios y Proyectos del Sol S.A. EPISOL

The deferred tax recognized is represented mainly in items of capitalized studies and projects, which have been recognized as an expense according to the IFRS, while it is fiscally classified as an asset and is awaiting to be written off.

Deferred tax assets are also recorded on Forward Valuations generating a loss on the reporting date, the industry and commerce tax and other minor taxes.

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

Valora S.A. and subordinates

The deferred tax recognized is represented mainly by tax credits and deductible temporary differences mainly identified on biological assets. Rubber plantations owned by Valora are currently in a nonproductive stage, which is why its crops are generating no revenues and the income tax is calculated using the Presumptive Income method and the CREE tax using the minimum base system (which is the same presumptive income system).

Additionally, plantations entering into production stage will have a ten-year period in which the profits generated by the exploitation of the plantations is considered exempt for

income tax and supplementary taxes; this is not the case for the CREE tax. The deferred tax calculated on plantations only corresponds to the CREE rate, so only the differences reversed are expected to affect the CREE tax when the production stage had started.

4.7. Initial recognition of related party transactions

In the normal course of business, the Corporation and its subordinates conduct transactions with related parties. IFRS 9 requires the initial recognition of financial instruments based on their fair values, which is applied as a judgment to determine whether the transactions are carried out at market interest rates when there is no active market for such transactions. The bases of such judgment are to evaluate similar transactions with unrelated parties and an analysis of effective interest rates. The terms and conditions of transactions with related parties are disclosed in Note 38.

4.8 Impairment of Goodwill

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

- a. The assets and liabilities that comprise that unit have not changed significantly since the most recent calculation of the recoverable amount.
- b. The calculation of the most recent recoverable amount resulted in a figure that exceeded the carrying amount of the unit by a substantial margin.
- c. Based on an analysis of the events that have occurred and the circumstances that have changed since the most recent recoverable amount calculation, the likelihood of determining that the current recoverable amount is less than the current carrying amount of the unit is remote.

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

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

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

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

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

Valuation horizon:

- Ten years for mature companies (stable flows from year 11).
- Twenty years for Calidda (BOOT contract expires in 2033), transfer of assets assumed in 2033.
- Twenty-two years for CEO (term of the contract) without value in perpetuity.
- Eighteen years for Promioriente (18 years of Gibraltar Datos UPME reserve).
- Taxes directly from the operational flow are assumed (CREE surtax).
- The wealth tax in 2015, 2016 and 2017 is assumed for costs and expenses.
- Long-term traffic growth of 3%.
- The valuation of the company is made by discounting the free cash flows at a rate of 8%, which is calculated under the WACC methodology, with a capital structure of 17% - 83%.
- The risk-free rate is the 80-year geometric average of the U.S. Treasury bonds “T Bonds”.
- The country risk premium is taken from the publications of Damodaran.

Goodwill on Concesionaria Panamericana S.A.S.

- Long-term growth traffic of 3%.
- The valuation of the company is made by discounting the free cash flows at a rate of 13.78%, which is calculated under the WACC methodology, with a capital structure of 85% - 15%.
- The risk-free rate is the average of treasures for a period of nine years in order to reflect the effects of the economic cycle.
- The country risk premium is taken from the publications of Damodaran.

The methodologies and assumptions used for the valuation of different cash-generating units allocated to goodwill have been properly reviewed by the management and, based on this review, it has been concluded that as of June 30, 2016 and December 31, 2015 it was

not necessary to record goodwill impairment. The following is the summary of the tests conducted (see note 20).

Cash-Generating Units	Goodwill (Book value)	Equity Value	Recoverable amount	Surplus
Gas Natural de Lima y Callao S.A.C.	20,913	336,755	848,425	511,670
Compañía Energetica de Occidente S.A.S. E.S.P.	448	56,960	130,171	73,211
Gases de Occidente S.A. E.S.P.	65,577	251,359	1,451,506	1,200,147
Promioriente S.A. E.S.P.	2,845	209,583	440,761	231,177
Promisol S.A.S.	92	65,406	146,459	81,053
Surtidora de Gas del Caribe S.A. E.S.P.	35,415	406,778	653,465	246,687
Transportadora de Metano S.A. E.S.P.	922	149,771	282,481	132,710
Sociedad Portuaria El Cayao S.A. E.S.P. (1)	330	87,188	98,316	11,128
Transoccidente S.A. E.S.P.	234	7,287	10,700	3,413
Enercolsa S.A.S.	2,043	65,406	146,459	81,053
Compañía Hotelera de Cartagena de Indias S.A.	6,661	47,747	56,342	8,595
Concesionaria Panamericana S.A.S.	119,916	129,969	191,645	61,676
Promigas S.A. E.S.P.	40,868	1,445,734	2,824,570	1,378,837

4.9. Determination of functional currency

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

4.10. Valuation of investment properties

Investment properties are reported in the balance sheet at their fair value determined in the reports prepared by independent experts at the end of each reporting period. Due to the current conditions of the country, the frequency of property transactions is low; however, the Management estimates that there are enough market activities to provide comparable prices for orderly transactions of similar properties when the fair value of the investment properties of the Corporation and its subordinates is determined (see note 17).

Forced sale transactions are excluded in the preparation of the assessment reports of the investment properties of the Corporation or its subordinates. The Management has reviewed the assumptions used in the valuations made by independent experts and considers that factors such as inflation, interest rates, etc., have been properly determined based on market conditions at the end of reporting period; nevertheless, the Management believes that the valuation of investment properties is currently subject to a high degree of judgment and to an increased probability that current revenues from the sale of such assets may differ from their book value. The valuations of investment properties are considered in tier III of the fair value measurement hierarchy (see note 6).

4.11. Valuation of biological assets

The valuation of the biological assets held by the Corporation and its subordinates in late-yield crops is determined on the basis of reports prepared internally by experts in the development of such crops and in the preparation of valuation models. Due to the nature of such crops and the lack of comparable market data, the fair value of these assets is determined on the basis of discounted cash flow models for each crop, taking into account the future estimated quantities of the products to be harvested, the current prices of such products and the estimated costs for their growth, maintenance and harvesting in the future, discounted at risk-free interest rates adjusted for the risk premiums required in such circumstances. The sensitivity to the most significant variables of the model is shown in note 6.

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

1. Rubber Plantations

Price forecast: An average trading price of TSR20 futures was established during the last 17 years to forecast the price of natural rubber (USD \$2,080 per ton as of June 30, 2016 and USD \$2,136 as of December 31, 2015) so as to reflect the behavior of the commodity during a full economic cycle. Once this average was obtained, it was projected making annual adjustments according to the U.S. inflation rate.

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

	<u>Tons of dry rubber per hectare per year</u>
Year 7	0.60
Year 8	0.90
Year 8	1.40
Year 10 and forward	1.80

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

Discount rate: Based on the “Farming/Agriculture” sector of the Global Markets database of Damodaran Online, parameters were obtained with which the equity cost inherent in the forest cover was calculated as 16.28%. Additionally, a debt rate of 7.41% was obtained and therefore a WACC of 12.94% using a standard market financing rate.

2. African Palm Plantations

Price forecast: A historical average since 2000 (USD \$672.96 per ton) was established for the forecast of the price of palm oil so as to reflect the behavior of the commodity during a full economic cycle.

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

- a. Crude Palm Oil: *BURSA MALAYSIA DERIVATIVES (BMD) - Crude Palm Oil Futures (FCPO)* - 3rd position. It is a quote from the relevant international market, it is easily accessible by the public and comes from an objective and transparent source.
- b. The CPO futures available in the market are used for the projection of the price and this growth was projected in the future according to the average US inflation rate; it is estimated at 2.00% annually for the duration of the project.

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

Year	Tons of fresh fruit per hectare
From 0 to 3	-
4	4.25
5	9.91
6	11.73
7	21.58
7 to 18	21.80
Over 18	36.10
Weighted Average	17.56

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

Year	Extraction Percentage (%)
From 0 to 3	19
4	23
5	23
6	23
7	23
7 to 18	23
Over 18	21
Weighted Average	22.14

Costs and expenses: The cost forecast takes account the different agricultural activities involved in the process. A cost per hectare is projected for the period in each one of the

general activities, such as the establishment of crops, the maintenance and exploitation of the plantation, harvesting and transportation costs.

Discount rate: Based on the “Farming/Agriculture” sector of the Global Markets database of Damodaran Online, parameters were obtained with which the equity cost inherent in the forest cover was calculated as 16.13%. Additionally, a debt rate of 6.82% was obtained and therefore a WACC of 12.63% using a standard market financing rate. The valuations of biological assets are considered in tier III of the of fair value measurement hierarchy (see note 6).

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

Promigas and its subordinates designate the group of financial assets related to concession agreements governed by the oil law at fair value through profit or loss due to the contractual nature of the assets, considering that the Government will carry out the purchase at the end of the agreement at fair price in accordance with article 51 of the Petroleum Code. The income approach is applied in order to determine the fair value. Discounted cash flows correspond to the residual value (perpetuity) of the cash flows generated by the assets under concession, i.e. these are the estimated flows that these assets would generate from the end of the concession onwards; subsequently the value of a financial asset will be adjusted in each period; this adjustment will take into account new changes in the assumptions used for determining the discount rate of the company (WACC) and the new horizon for the completion of the concession (see note 15).

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

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

Detail:



- FCF: Free cash flow generated solely by assets under concession.
- n: expiration of the concession.

- Residual value: Value in perpetuity of the free cash flow FCF for year n.
- Financial asset: Current value of the residual value @ WACC.
- Financial income: Annual adjustment of the financial asset @ WACC.

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

- Unleveraged beta for U.S.A. (Oil/Gas Distribution): Damodaran. (Unleveraged beta of 0.71).
- Risk-Free Rate, Source: 10-year Geometrical Average of U.S. Treasury bonds “T-Bonds”.
- Return of the Market, Source: 10-year Geometrical Average. Damodaran "Stocks" USA 2004-2013.
- Market Premium: Return of the Market – Risk-Free Rate.
- Country Risk Premium: Average of the last 5 years EMBI (Difference between sovereign bonds to 10 years of Colombia and “T-Bonds” to 10 years. Damodaran Emerging Market: Equity Premium Emerging Countries (Lambda - Damodaran).

The following is the sensitivity of the fair value of the financial assets under concession measured at fair value with changes in the following variables:

Variable	+100 bps	-100 bps
Discount interest rates	(-25.83%)	39.25%
Growth in perpetuity slope	21.09%	(-14.23%)

The valuations of financial assets are considered at tier III of the fair value measurement hierarchy (see note 6).

4.13. Estimation of the fair value of unlisted equity instruments

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

APPROACH	APPLICATION TECHNIQUE	WHEN IS IT USED
Market	Recent trading price	If there are recent transactions or transactions comparable to equity instruments in the investment evaluated.
	Comparable multiples	When there are benchmark companies that meet the basic requirements of comparability criteria (macroeconomic environment, industry, size

		and growth stage).
	Net adjusted value of assets	In the case of a capital-intensive company. Therefore, the value of the company largely comes from its assets and not from its revenue-generating capacity.
Income	Discounted cash flows	In the case of an operating and active company.
	Contractual exit price	In the case of a company which has a contractually established exit price.

Valuations are carried out annually at the end of each year since it is assumed that there are no significant changes in the assumptions used in the valuations. As of June 30, 2016, no significant changes occurred according to the assessments made on assumptions (see note 9).

Equity instruments measured at their asset-adjusted net value

It is a valuation technique in which the net value is calculated by assigning the market value to assets and subtracting liabilities at market value, according to the value that a market participant would pay. The Balance Sheet as of December 31, 2015 was used to apply this technique and it was subsequently assessed what assets and liabilities had a chance to be realizable. The difference between the total realizable assets and total liabilities is equal to the Adjusted Net Value or Fair Value. A calculation factor of 100% was allocated for the calculation of assets and liabilities likely to be realizable. The investments measured using this valuation technique are the following:

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

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

Variation	Favorable Impact	Unfavorable Impact
+/- 10%	5.75%	(-9.20%)

Equity instruments measured using discounted cash flows

Flows are projected for a 5-year horizon, the present value of the 2017-2021 Operating Free Cash Flow discounted at the WACC cost plus a flow in perpetuity after the explicit forecast period. According to the behavior of the flows, the Terminal Value is calculated assuming growth in perpetuity.

The investments measured using this valuation technique are the following:

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

- Deceval S.A.

Variable	Range used in the valuation
Revenues (5-year growth percentage)	2.68% - 19.40%
Slope of growth in perpetuity	2.70% - 3%
Discount interest rates	15.41%

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

Variable	Variation	Favorable Impact	Unfavorable Impact
Revenues (5-year growth percentage)	+/- 1%	4.91%	-4.90%
Slope of growth in perpetuity	+/- 10%	1.31%	-3.17%
Discount interest rates	+/- 50 bps	9.10%	-4.08%

The valuations of those equity instruments that are not publicly traded and for which valuation techniques were used are considered in Tier II and III of the fair value measurement hierarchy depending on the importance of the market parameters used in such valuations (see note 6).

4.14. Provision for contingencies

The Corporation and its subordinates estimate and record a provision for contingencies in order to cover possible losses resulting from labor cases, civil and commercial proceedings and tax claims or other depending on the circumstances, based on the opinion of external legal counsels, which are considered likely to produce a loss and can be reasonably estimated. Given the nature of many of the claims, cases and/or proceedings, it is not possible in some opportunities to make an accurate forecast or to reasonably quantify the amount of the loss, so the actual amount of the disbursements made for such claims, cases and/or proceedings is constantly different from the amounts estimated and initially provisioned, and such differences are recognized in the year in which they are identified (see note 29).

4.15. Pension plan

The measurement of pension obligations, costs and liabilities is dependent on a variety of long-term premises based on actuarial assumptions, including estimates of the present value of future projected pension payments for participants in the plan, considering the likelihood of potential future events such as increases in minimum urban wages and demographic experience. These premises may have an effect on the amount of future contributions if there is any variation. In addition, the plan trustee conducts an independent valuation of the fair value of the assets of the pension plan (see note 28).

The discount rate allows establishing future cash flows at present value on the measurement date. The Corporation and its subordinates determine a long-term rate that represents the market rate of high-quality fixed income investments or Government bonds that are

denominated in the currency in which the benefits will be paid, and considers the timing and amounts of payments of future benefit, for which the Corporation has selected Government bonds.

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

	June 30, 2016		December 31, 2015	
	Pension Liabilities (1)	Long-term Benefits	Pension Liabilities	Long-term Benefits
Discount rate	7.82%	8.80%	8.80%	8.80%
Inflation rate	2.88%	3.50%	3.50%	3.50%
Wage increase rate	2.88%	3.50%	3.50%	3.50%
Pension increase rate	2.88%	3.50%	3.50%	3.50%

(1) As established in Decree 2420/2015, the actuarial assumptions used for the calculations of pension liabilities are based on Decree 2783/2001.

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

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

	Change in the variable	Increase in the variable	Decrease in the variable
Discount rate	-50bp and +50 bp	805.29	(749.27)
Wage increase rate	-50bp and +50 bp	(781.88)	838.37

5. RISK MANAGEMENT

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

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

According to the standards set by the Financial Superintendence of Colombia, the risk management process of the Corporation is part of the guidelines designed by the Senior Management, in line with the general management and administration guidelines approved by the Board of Directors.

The Board of Directors is the body responsible for approving the risk appetite and the risk policies of each entity, ensuring the proper organization, monitoring and tracking of the different business lines in which it operates. This responsibility includes setting limits for taking risks in such activities and take organizational measures to limit the risks inherent in each business. The Board of Directors also has the authority to approve the procedures to be followed if the limits are exceeded or if facing strong and unexpected changes in the market. This body is also responsible for analyzing and evaluating both internal and external management and accounting reports.

The Corporation and its financial subordinates have an ALCO Committee (Assets & Liabilities Committee) or its equivalent. Its main functions are to establish and recommend policies, objectives, limits and procedures for managing the Treasury business risk to the Board of Directors; monitor the risk management plan to be adopted, which will include operating, monitoring and control procedures of the risk tolerance levels established; monitor limit compliance reports and authorize excesses based on the powers granted by the Board of Directors; implement contingent action procedures in the event of losses at the maximum levels permitted and approve maximum variation values and variable costs for realizing sensitivities. There is also a Credit Committee; the main function of this Committee is to establish and recommend credit and counterparty quotas for Treasury customers to the Board of Directors.

On the other hand, the function of the Operational Risk Committee is to submit operational risk management policies and standards for approval by the Board of Directors and the Senior Management and carry out monitoring and control activities. Design the operational risk management strategy of the Corporation and lead its implementation. Establish procedures and mechanisms by approving methodologies and systems for the proper management of operational risks, be aware of and understand the operational risks assumed by the Corporation, permanent evaluating risk exposure; participate in the evaluation of whether to participate in new markets and the negotiation of new products; develop strategies for building an organizational operational risk management culture in the

Corporation; assess contingency and business continuity plans and establish the resources necessary for their timely implementation.

There is also a Treasury Committee in which two members of the Board of Directors participate. This Committee can make decisions on temporary and atypical situations in the market and/or in the Corporation related to Treasury issues, which cannot wait for the next meeting of the Board of Directors. The Treasury Committee, in the development of the above actions, will have the same powers as the Board of Directors on issues related to treasury and its decisions shall be reported to the Board of Directors. Finally, regarding non-financial subordinates, the Board of Directors is ultimately responsible for knowing and understanding the risks assumed by each entity. It defines risk management policies and establishes management strategies so that each management office has clear and accurate risk management lines.

5.1 Market risks

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

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

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

Portfolio position. The nominal value of the position in public debt securities is limited taking into consideration fixed or variable rates and the maturity thereof. The position in negotiable securities other than public debt securities is limited considering the same aspects mentioned above and the corresponding issuer quotas.

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

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

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

CVaR (Conditional Value at Risk): It is a trigger for meeting the VaR limit of the entity, since it is a risk measure that takes into account the size of the losses exceeding the VaR. The CVaR is defined as the expected value of the losses exceeding the VaR.

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

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

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

Similarly, the Corporation and its financial subordinates have established counterparty and trading quotas per operator for each one of the trading platforms available in the markets in which they operate. Trading limits per operator are allocated to the different hierarchical levels of the Treasury based on the experience of the officer in the market, in the negotiation of this type of products and in the management of portfolios. Finally, the monitoring of operations includes control over various aspects of negotiations such as the conditions agreed upon, unconventional or off-market transactions, operations with related parties, etc.

According to the standard model, the market value at risk VaR as of June 2016 was equal to \$275,263 million pesos due to the effect of a change of 17.19% basis points in the solvency ratio of the Corporation and its financial subordinates. The VaR indicators presented by the

Corporation and its financial subordinates during the period between January and June 2016 are summarized below:

	Minimum	Average	Maximum	Last
Interest rate in Pesos	208,746	226,992	250,493	225,053
Interest rate in foreign currency	5,397	5,871	6,649	5,446
Interest rate in UVR	24,940	30,452	36,101	27,212
Exchange rate	1,263	5,095	8,730	6,087
Shares	8,471	9,767	10,320	8,471
Collective portfolios	373	1,333	2,994	2,994
Total VaR	265,543	279,510	293,983	275,263

Finally as a result of the behavior of the VaR, the Market Risk Weighted Assets remained on average around 26.09% of the Total Risk Weighted Assets APR.

On the other hand, the non-financial affiliates of the Corporation do not calculate the standard model of market value at risk VaR, since the regulations of the Financial Superintendence of Colombia is not applicable to them. However, each entity evaluates the balance sheet items exposing it to losses associated with the decrease in the value of their investments through its Board of Directors. These investments are not material in the portfolio of the consolidated balance sheet.

5.2 Liquidity risk

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

The Corporation and its financial subordinates manage the liquidity risk according to the standard model established in Chapter VI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia and in accordance with the rules on the management of liquidity risk through of the basic principles of the Liquidity Risk Management System (SARL), which establishes the minimum prudential parameters to be monitored by entities in their operations to efficiently manage the liquidity risk to which they are exposed.

To measure the liquidity risk, the Corporation and its financial subordinates calculated weekly Liquidity Risk Indicators (LRI) in periods of 7, 15 and 30 days, as set out in the standard model of the Financial Superintendence of Colombia and in accordance with internal models. As part of the liquidity risk analysis, the Corporation and its financial subordinates measure the volatility of deposits, debt levels, the structure of assets and liabilities, the liquidity of assets, the availability of financing facilities and the overall effectiveness of the management of assets and liabilities; the above in order to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to deal with possible own or systemic stress scenarios.

The quantification of the funds obtained in the money market is an integral part of the liquidity measurement carried out by the Corporation. On the basis of technical studies,

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

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

Through the ALCO Committee or its equivalent in each financial institution, the Senior Management is aware of the liquidity situation of the company and takes the necessary decisions taking into account the high-quality liquid assets to be maintained, the tolerance in the management of liquidity or minimum liquidity, the strategies for lending and raising funds, the policies on the placement of liquidity surplus, changes in the characteristics of existing products and new products, the diversification of the sources of funds to avoid the concentration of deposits in a few investors or savers, hedging strategies, the results of the Corporation and changes in the structure of the balance sheet. The following is an analysis of the contractual maturities of the financial assets and liabilities of Corficolombiana and its financial subordinates as of June 30, 2016:

	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
<u>Liquid Assets</u>						
Cash and deposits in banks	1,342					
Money market operations	123	382	-	-	382	71
Tradable investments in debt securities	335	2,440	579	201	3,220	82
Tradable investments in equity securities	39	-	-	-	-	-
Investments held to maturity	95	5	-	1	6	124
Other liabilities and creditor contingencies	11	-	-	-	-	-
Subtotal	1,945	2,827	579	202	3,608	277
<u>Contractual maturities of assets</u>						
Ordinary interbank funds sold	-	3	-	-	3	-
Contractual maturities of all investments held to maturity - TES	32	-	-	-	-	-
Transfer rights of investments	-	2,517	579	200	3,296	72
Loan portfolio	36	5	7	21	33	64
Derivative financial instruments	1	64	14	13	91	247
Flow of revenues with contractual maturities of assets and off-balance positions - FIVC	69	2,589	600	234	3,423	383

Contractual maturities of liabilities

Money market operations	137	2,703	583	197	3,483	139
Term deposit certificates – CDT and CDAT	79	42	109	164	315	429
Derivative financial instruments	1	25	27	62	114	80
Financial obligations	-	1	1	1	3	6
Other liabilities	11	-	1	2	3	7
Flow of expenditures with contractual maturities of liabilities and off-balance positions - FEVC	228	2,771	721	426	3,918	661
Net flow (estimated) of non-contractual maturities – FNVNC						
Net flow	(159)	(182)	(121)	(192)	(495)	(278)
Net estimated liquidity requirement – RLN (2)		693	180	191	979	278
Partial LRI	-	281%	223%	183%	199%	155%
Accumulated LRI	-	1,252	1,072	880	965	688

- (1) Liquid Assets are equal to the sum of the assets defined by the Financial Superintendence of Colombia as liquid assets, as established by the LRI Regulatory Model paragraph 2.3 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular issued by the Financial Superintendence of Colombia.
- (2) It corresponds to the net estimated liquidity requirement for the first band or the sum of the three (3) first time bands, as appropriate, as established by the LRI Regulatory Model paragraph 2.4 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular issued by the Financial Superintendence of Colombia.

To control the liquidity risk between assets and liabilities, the Corporation and its financial subordinates carry out statistical analyzes to quantify, with a predetermined confidence level, the stability of deposits with and without contractual maturity. The following is an analysis of the contractual maturities of financial assets and liabilities as of December 31, 2015:

	Highly liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
ASSETS						
<u>Liquid Assets</u>						
Cash and deposits in banks	1,283	-	-	-	-	-
Money market operations	-	145	0	24	169	288,055
Tradable investments in debt securities	338	2,907	467	100	3,474	54,986
Tradable investments in equity securities	76	-	-	-	-	-
Investments held to maturity	37	-	2	0	2	137,932
Other liabilities and creditor contingencies	5	-	-	-	-	-
Subtotal	1,739	3,052	469	124	3,645	480,973
<u>Contractual maturities of assets</u>						
Interbank funds	-	-	-	-	-	-
Transfer rights of investments	-	2,953	467	89	3,509	32

Loan portfolio	-	-	-	-	-	-
Derivative financial instruments	-	18	62	34	1 14	30
Flow of revenues with contractual maturities of assets and off-balance positions - FIVC	-	2,971	529	123	3,623	62
<u>Contractual maturities of liabilities</u>						
Money market operations	-	3,336	481	122	3,939	5 7
Term deposit certificates – CDT and CDAT	-	3	91	71	165	309
Derivative financial instruments	-	15	22	19	5 6	96
Other liabilities	5	-	-	-	-	-
Flow of expenditures with contractual maturities of liabilities and off-balance positions - FEVC	5	3,354	594	212	4,160	462
Net flow (estimated) of non-contractual maturities – FNVNC	-	110	126	236	473	341
Net flow	(5)	(493)	(191)	(325)	(1,010)	(741)
Net estimated liquidity requirement – RLN (2)		866,193	191,582	325,1 19	1,158,338	740,534
Partial LRI	-	2	2	3	1 50%	92%
Accumulated LRI	-	872,989	681,407	356,287	580,844	998,648

- (1) Liquid Assets are equal to the sum of the assets defined by the Financial Superintendence of Colombia as liquid assets, as established by the LRI Regulatory Model paragraph 2.3 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular issued by the Financial Superintendence of Colombia.
- (2) It corresponds to the net estimated liquidity requirement for the first band or the sum of the three (3) first time bands, as appropriate, as established by the LRI Regulatory Model paragraph 2.4 - Annex 1 - Chapter VI of the Basic Financial and Accounting Circular issued by the Financial Superintendence of Colombia.

The Corporation and its financial subordinates carry out statistical analyzes to quantify, with a predetermined confidence level, the stability of deposits with and without contractual maturity. To meet requirements of the Central Bank and the Financial Superintendence of Colombia, the Corporation must maintain cash at hand and in banks as part of the legal reserve required according to the following percentages of average daily deposits in the following accounts:

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

The Corporation has properly complied with this requirement.

Finally, the non-financial affiliates of the Corporation do not calculate the LRI, since the regulations of the Financial Superintendence of Colombia are not applicable to them and their activity do not include raising funds from the public. Notwithstanding the foregoing, each entity, through its Board of Directors, evaluates the contingency of being unable to timely and efficiently meet the expected, current and future cash flows without affecting the normal course of the financial condition of each entity.

Exposure to liquidity risk

The following is the contractual maturity of liabilities as of June 30, 2016 and December 31, 2015:

As of June 30, 2016

DESCRIPTION	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES AT FAIR VALUE						
Derivative financial instruments	111,770	91,090	1,487	45,722	-	250,069
AT AMORTIZED COST						
Money market operations	3,691,512	174,000	-	-	-	3,865,512
Deposits of customers	492,584	165,707	711,195	873,164	1,719,309	3,961,959
Short-term financial obligations	48,370	397,634	146,252	1,378,382	637,114	2,607,752
Obligations with rediscount entities	549	1,569	9,024	61,272	12,597	85,011
Securities issued	105,851	-	1,278	519,852	1,352,943	1,979,924
Subtotal	4,338,866	738,910	867,749	2,832,670	3,721,963	12,500,158
FINANCIAL LIABILITIES AT FAIR VALUE	4,450,636	830,000	869,236	2,878,392	3,721,963	12,750,227

As of December 31, 2015

DESCRIPTION	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
FINANCIAL LIABILITIES AT FAIR VALUE						
Derivative financial instruments	-	22,466	191,435	193,334	-	407,235
AT AMORTIZED COST						

Deposits of customers	28,019	786,685	164,009	924,772	2,181,859	4,085,344
Money market operations	1,025,583	-	1,812,074	1,107,629	82,047	4,027,333
Financial obligations	82,923	444,684	233,585	597,965	842,583	2,201,740
Securities issued	76,053	184,295	-	455,027	1,286,023	2,001,398
Subtotal	1,212,578	1,415,664	2,209,668	3,085,393		12,315,815
FINANCIAL LIABILITIES AT FAIR VALUE	1,212,578	1,438,130	2,401,103	3,278,727	4,382,512	12,723,050

5.3 Risk of changes in the exchange rate of foreign currency

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

Financial corporations in Colombia are authorized by the Central Bank to trade currencies and maintain balances of foreign currencies in accounts overseas. The laws in Colombia require the Corporation to maintain a daily position in a particular foreign currency determined by the difference between the rights and obligations denominated in foreign currency and recorded off and on the balance sheet on an average of three business days, which cannot exceed twenty percent (20%) of the regulatory capital; likewise, said average of three business days in foreign currency may be negative without exceeding five percent (5%) of the regulatory capital expressed in US dollars.

It must also meet its own cash position determined by the difference between the assets and liabilities denominated in foreign currencies, excluding derivatives and some investments. The average of three business days of this cash position shall not exceed fifty percent (50%) of the technical capital of the entity; similarly, it cannot be negative. In addition, it must meet the limits of the gross leverage position, which is defined as the sum of the rights and obligations in future contracts denominated in foreign currency: cash transactions denominated in foreign currency with maturity between one banking day (t+1) and three banking days (t+3) and other exchange rate derivatives. The average of three business days of the gross leverage position may not exceed five hundred percent (500%) of the amount of the regulatory capital of the entity.

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

As of June 30, 2016

	US Dollars	Euros	Other currencies	Total in Colombian Pesos
Assets				
Cash and cash equivalents	130,664	45 6	452	131,572
Asset positions in money market operations	58,512	-	-	58,512
Investments in debt securities at fair value	47,077	-	-	47,077
Investments in debt securities at amortized cost	243,158	-	-	243,158
Investments in equity securities	869	-	-	869
Derivative financial instruments	3,000,089	312,182	28,621	3,340,892
Financial assets by loan portfolio at amortized cost	37,248	-	-	37,248
Other accounts receivable	124,023	-	-	124,023
Total Assets	3,641,640	312,638	29,073	3,983,351
Liabilities				
Deposits of customers	137,602	-	-	137,602
Derivative financial instruments	3,000,089	312,182	28,621	3,340,892
Other liabilities	387,993	-	-	387,993
Total Liabilities	3,525,684	312,182	28,621	3,866,487
Asset Net Position (Liabilities)	115,956	456	452	116,864

As of December 31, 2015

	US Dollars	Euros	Other currencies	Total in Colombian Pesos
Assets				
Cash and cash equivalents	551,540	1,713	1,303	554,556
Asset positions in money market operations	428,598	-	-	428,598
Investments in debt securities at fair value	78,699	-	-	78,699
Investments in debt securities at amortized cost	198,320	-	-	198,320
Investments in equity securities	1,393	-	-	1,393
Derivative financial instruments	90,933	123,646	14,089	228,668
Financial assets by loan portfolio at amortized cost	43,549	-	-	43,549
Other accounts receivable	210,635	-	118	210,753
Total Assets	1,603,467	125,359	15,510	1,744,336
Liabilities				
Deposits of customers	171,093	-	-	171,093
Derivative financial instruments	364,170	125,026	12,526	501,722
Other liabilities	314,148	-	-	314,148
Total Liabilities	849,411	125,026	12,526	986,963
Asset Net Position (Liabilities)	754,056	333	2,984	757,373

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

The Corporation holds various investments abroad, the net assets of which are exposed to the risk of conversion of their financial statements for consolidation purposes. The exposure arising from the assets in foreign operations is covered mainly by obligations in foreign currency or by derivatives.

The estimated increase of 1% compared to the exchange rate as at June 30, 2016 would represent an increase of 39,834 million pesos in assets and a decrease of 96,052 million in the equity and an increase of 13,159 million pesos and 231 million pesos, respectively, as of December 31, 2015.

US Dollars	Exchange rate	Effect on earnings before taxes	Effect on net equity
June - 16	29.19	952	96,052
December - 15	31.49	121	231

Hedge accounting

Promigas and its subordinates generate revenues from the provision of gas transportation services under a regulated US dollar rate. To mitigate the exchange rate risk, hedging positions are taken with non-delivery forward contracts to cover expected cash flows based on the income forecasts of each entity and each contract. The company's policy is to ensure at least the revenues budgeted by the company, neutralizing the currency risk without speculating with the currency (see note 11b).

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

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

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

Promigas and its subordinates consider that the following is true:

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

- It is a highly probable transaction.

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

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

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

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

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

5.4 Price risk

As of June 30, 2016

The Corporation and its subordinates have exposures to the price risk of financial assets in listed equity instruments (equity investments) (Bladex S.A. Class E. Alimentos Derivados de la Caña, AV Villas, Gas Natural E.S.P., Colombia Stock Exchange, Empresa de Energia de Bogota, Mineros S.A.) which are exposed to changes in the prices of such investments;

if the closing prices of these investments had been 1% above or below, the lesser or greater impact on the Other Comprehensive Income of the Corporation would be \$7,236 and \$6,901 million pesos before taxes as of June 30, 2016 and December 31 2015, respectively, (see note 9).

5.5 Credit risk

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

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

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

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

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

The Corporation and its financial subordinates have a Credit Risk Management System (SARC) in place, which is administered by the Risk Management at corporate level and by the Risk and Strategic Planning Management in the case of Leasing Corficolombiana, which contemplates, among others, the design, implementation and evaluation of the risk policies and tools defined by the Risk Committee and the Board of Directors.

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

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

The companies Promigas, Surtigas and CDO, leveraging on their network of users, have developed a business line known as Non-Banking Financing (hereinafter referred to as FNB), which purpose is to allow customers to finance various products such as construction materials, home appliances, gas appliances, furniture and fixtures, computer equipment, education loans and school supplies, among others. Due to this financing service the companies receive a commission that is equal to the difference between the market price of the good funded and the amount paid to the supplier, plus interest charged monthly to the user due to the financing of the good acquired. The model of provisions for incurred losses is based on taking the portfolio by maturity and get the percentage of recoveries (the percentage of the value of a maturity that does not pass to the next maturity in the following month), and the average percentage for the last 2 years is calculated for greater precision in the final step of the calculation of the provision (see note 13).

Portfolio concentration

Under the credit risk management, the concentration risk is continuously monitored by analyzing the portfolio, reviewing exposure limits and establishing credit policies. As of June 30, 2016 and December 31, 2015, the entity does not hold risk concentrations greater than 1% for individual borrowers. The following is the distribution of the consolidated loan portfolio under various categories for different reporting dates:

By economic use:

As of June 30, 2016

Sector	Commercial	Consumer	Financial Leasing	Total	Part. %
Agriculture, cattle farming, forestry and fishing	29,301		19,767	49,068	4.0%
Mining and quarrying	3,233	-	13,260	16,493	1.3%
Manufacturing industries	69,132	-	61,724	130,856	10.7%
Supply of power, gas, steam and air conditioning	4,563	-	9,139	13,702	1.1%
Supply of water; drainage of	1,545	-	3,077	4,622	0.4%

Wholesale and retail trade; repair of motor vehicles and motor bikes	128,612	-	94,856	223,468	22.5%
Transport and storage	77,459	-	90,353	167,812	16.9%
Lodging and food service activities	26,934	-	5,455	32,389	3.3%
Information and communications	7,146	-	9,563	16,709	1.7%
Financial and insurance activities	13,164	-	3,166	16,330	1.6%
Real estate activities	10,532	-	17,999	28,531	2.9%
Professional, scientific and technical activities	23,337	-	21,645	44,982	4.5%
Administrative and support service activities	4,790	-	20,180	24,970	2.5%
Public and defense administration; social security plans of mandatory affiliation	5,930	-	15	5,945	0.6%
Teaching	1,238	-	290	1,528	0.2%
Human health care and social welfare activities	19,297	-	28,692	47,989	4.8%
Artistic, recreational and entertainment activities	793	-	6,891	7,684	0.8%
Other service activities	3,645	-	3,566	7,211	0.7%
Activities of households as employers, non-differentiated					
activities of households as producers of goods and services for their own use	1,868	-	-	1,868	0.2%
Activities of organizations and extraterritorial agencies	3,176	-	-	3,176	0.3%
Employees: Natural persons or unliquidated successions, which revenues come from the employment, legal or regulatory relationship or originating from	18,431	15,142	5,544	39,117	3.9%
Investment income only for Natural Persons: natural persons or unliquidated successions, which revenues come from interest, discounts, benefits, earnings, profits and in general, anything representing investment returns or a difference between the invested amount or the amount provided and the future amount and/or amount paid to the provider or investor	12,952	-	6,308	19,260	1.9%
Total by economic use	498,599	15,142	479,462	993,203	100%

By geographic location:

As of June 30, 2016

	Commercial	Consumer	Financial Leasing	Total
Colombia	507,337	283,501	427,603	1,218,441
Panama	5,954	-	-	5,954
Total	513,291	283,501	427,603	1,224,395

As of December 31, 2015

	Commercial	Consumer	Financial Leasing	Total
Colombia	455,139	15,142	479,462	949,743
Panama	43,460	-	-	43,460
Total	498,599	15,703	479,462	993,203

By maturity:

As of June 30, 2016

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	46,826	180,156	109,460	1 76,849	513,291
Consumer	146,579	74,110	60,927	1,885	283,501
Financial leasing	29,914	123,947	168,105	105,637	427,603
Total portfolio	223,319	378,213	338,492	284,371	1,224,395

As of December 31, 2015

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	56,820	171,580	117,396	152,803	498,599
Consumer	2	163	91	14,886	15,142
Financial leasing	41,769	144,877	166,150	126,666	479,462
Total portfolio	98,591	316,620	283,637	294,355	993,203

By type of guarantee:

As of June 30, 2016

	Commercial	Consumer	Financial Leasing	Total
Unsecured loans	167,836	-	-	167,836
Loans secured by other banks	-	-	-	-
Collateralized loans	214,977	927	1,095	216,999
Other real estate	214,977	927	1,095	216,999
Other assets	130,478	282,574	426,508	839,560
Total	513,291	283,501	427,603	1,224,395

As of December 31, 2015

	Commercial	Consumer	Financial Leasing	Total
Unsecured loans	167,520	-	-	167,520
Loans secured by other banks	192,711	15,080	2,339	210,130
Collateralized loans	-	14,839	-	14,839
Other real estate	192,711	241	2,339	195,291
Other assets	138,368	62	477,123	615,553
Total	498,599	15,142	479,462	993,203

By currency:

As of June 30, 2016

	Domestic currency	Foreign currency	Total
Commercial	476,121	37,170	513,291
Consumer	283,501	-	283,501

Financial leasing	427,603	-	427,603
Total portfolio	1,187,225	37,170	1,224,395

As of December 31, 2015

	Domestic currency	Foreign currency	Total
Commercial	455,139	43,460	498,599
Consumer	15,142	-	15,142
Financial leasing	479,462	-	479,462
Total portfolio	949,743	43,460	993,203

By credit quality:

As of June 30, 2016

	Commercial	Consumer	Financial Leasing	Total
A	470,116	244,715	377,537	1,092,368
B	21,039	26,045	22,409	69,493
C	11,681	4,838	8,653	25,172
D	8,077	4,856	18,436	31,369
E	2,378	3,047	568	5,993
Total	513,291	283,501	427,603	1,224,395

As of December 31, 2015

	Commercial	Consumer	Financial Leasing	Total
A	471,745	15,142	425,314	912,201
B	10,885	-	22,625	33,510
C	12,075	-	22,782	34,857
D	3,266	-	8,129	11,395
E	628	-	612	1,240
Total	498,599	15,142	479,462	993,203

The subordinate Leasing Corficolombiana carries out loan restructuring activities for customers in financial distress. Such restructurings consist mainly of extending the deadline initially agreed upon, providing grace periods for payments, decreases in interest rates, forgiveness of a portion of the debt or a combination of the above conditions.

5.6 Price risk of biological assets

The Corporation and its subordinates obtain a portion of their revenues from the sale of biological assets from African palm and rubber plantations. Sometimes, the Group uses derivative financial instruments to hedge the risks of variation in the dollar-peso exchange rate and changes in international market prices. The Group does not produce African palm oil from Malaysia nor sell its product on the Rotterdam market; however, the Group has determined that its African palm oil is highly correlated with the palm oil prices traded in those two places (see note 18).

During the first half of 2016 and the second half of 2015 excluding the effect of hedging activities, if the average price of technically specified rubber (TSR20) would have been 5%

higher or lower, with all other variables held constant, the earnings before taxes for the period for the companies would have been as follows:

Rubber plantations

	Benchmark price for TSR20 USD/Ton	Change in closing price	Biological asset value	Effect on earnings before taxes	Effect on net worth
June - 16	2,184	5%	145,263	20,126	109,601
	2,080	-	134,798	9,661	102,694
	1,976	-5%	124,285	(852)	88,606
December - 15	2,243	5%	128,003	19,115	103,974
	2,136	-	118,169	9,280	97,483
	2,029	-5%	108,264	(624)	90,946

African palm plantations

	Benchmark price for TSR20 USD/Ton	Change in closing price	Biological asset value	Effect on earnings before taxes	Effect on net worth
June - 16	707	+5%	91,732	20,400	138,772
	673	-	79,970	8,638	130,472
	639	-5%	68,465	(2,867)	122,367
December - 15	710	+5%	87,813	12,680	132,908
	676	-	76,554	1,421	125,035
	642	-5%	65,223	(9,910)	117,113

5.7 Operational risk

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

This system features:

- 1) An Operational Risk Policy Manual approved by the Board of Directors whereby the guidelines under which the SARO was developed in the Corporation are established.
- 2) Procedure manuals describing how the Operational Risk Policies are met.
- 3) Organizational Structure: the Board of Directors, the Legal Representative, the Risk Management and the Operational Risk Unit participate in the SARO.

- 4) Operational Risk Matrices in which risks and controls are identified and rated, matrices of inherent and residual risk are constructed per process and are periodically updated for changes in processes or due to evidence obtained in the record of Operational Risk Events.
- 5) A database consisting of the record of Operational Risk Events that have taken place since August 2007.
- 6) Expense accounts where the events that generated the loss due to Operational Risk are accounted for.
- 7) Periodic reports to the Senior Management, the Operational Risk Committee and the Board of Directors.
- 8) Annual training to officers.
- 9) Bi-yearly audit on the effectiveness of the system by the Comptroller and the External Auditor.

The following are some figures of Corficolombiana:

As of June 30, 2016 there are operational risk matrices for the 23 processes of the Entity, in which 396 risks and 863 controls have been identified. As of 31 December 2015 there are operational risk matrices for the 23 processes of the Entity, in which 396 risks and 863 controls have been identified.

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

	June 30, 2016	December 31, 2015
Processes	23	23
Risks	396	396
Controls	863	863

The losses for operational risk events in the first half of 2016 amounted to \$ 108 millions, in seven (7) operational risk events corresponding to:

- GFM (4 for one thousand) due to the cancellation of a security of the customer Fiducolombia that had to be renewed and was mistakenly canceled. The error generated a loss of \$ 100 million.
- \$5.4 million related to costs due to interbank breach by the customer Findeter.
- \$ 2.3 million due to a penalty for failure by financial subordinates to pay the withholding tax in the city of Bucaramanga.

Since the financial subsidiaries belong to the financial sector, they have also implemented an Operational Risk Management System (SARO) according to the guidelines of the Corporation and the provisions of chapter XXIII of the Basic Accounting and Financial Circular (External Circular 100/1995) issued by the Financial Superintendence for the Colombian case and Agreement 007/2011 of the Superintendency of Banks of Panama for the case of Banco Corficolombiana Panama.

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

Non-financial subordinates

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

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

Power and Gas Sector

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

Infrastructure Sector

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

For failures that may take place in bidding processes, the Corporation, through its group of lawyers, monitors that the terms of the tender are met and that the required documents are sent. In the construction process, controls are applied to ensure that procurement processes

meet the standards defined by the entity and the Corporation and controls are implemented to ensure that the construction is carried out within the time and budget defined.

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

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

Agribusiness Sector

In the agribusiness sector, the most significant operational risks are associated with those affecting animal production and agricultural processes. In agricultural processes the following may be mentioned: failure in the use of productive land, failures in planting processes, failures in pest control processes, failures in irrigation processes, failures in collection processes, failures in storage and distribution processes. To mitigate the above, technological renovation plans, land use planning, land preparation and fertilization, programmed irrigation systems, water quality controls, monitoring of pest control plans, adaptation of collection and drying silos, environmental control and monitoring of delivery plans of products have been implemented, among others.

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

Hospitality Sector

In the second half of the year the entities belonging to the hospitality sector, specifically Hoteles Estelar, hired the services of a firm to provide support in the process of identifying operational risks. This activity is being monitored by the Corporation and will be implemented during 2016.

5.8 Money laundering and terrorist financing risk

The money laundering and terrorist financing risk is defined as the possibility of economic loss or damage to the goodwill that the entity could suffer if used directly or through its operations as an instrument for money laundering or for channeling resources to terrorist activities, or when the concealment of assets from such activities is intended through the Entity.

Accordingly and aware of its commitment to fight against criminal organizations, the Corporation, in compliance with the provisions of the Financial Superintendence of Colombia, has adopted the necessary mechanisms to prevent the occurrence of events that may negatively affect its results and its business lines of equity investment portfolios and financial intermediation.

Thus, the entity has policies, procedures and mechanisms in place for managing the possible risks to which it is exposed, resulting from its participation as an equity investor in subordinate entities.

Financial Affiliates

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

The aforementioned money laundering and terrorist financing management systems are composed of steps, elements, policies, procedures and methodologies for the identification, evaluation, control and monitoring of these risks, as well as know your customer mechanisms and mechanisms for operations, the monitoring of transaction, the training of staff and collaboration with the authorities. The entities have a Compliance Officer appointed by the Board of Directors, who is responsible for evaluating prevention and control mechanisms in order to establish their effectiveness and the fulfillment thereof by all officials of the entities.

Non-Financial Affiliates

On the other hand, the Corporation has developed activities for the promotion of anti-money laundering and anti-terrorism financing systems for companies in the real sector that make up its portfolio of equity investments, in order to prevent contagion risks associated with money laundering and terrorist financing that may arise from these companies. During the second half of 2015, Corficolombiana continued carrying out monitoring and support activities for these companies to implement the money laundering and terrorist financing risk control and self-management system (LAFT) established by means of External Circular number 100-00005 issued in 2014 by the Superintendence of Companies, which established that monitored entities which gross income in the previous year was equal to or greater than 160,000 minimum legal wages were subject to it.

The self-management and control system designed by the Superintendence of Companies is of special interest to the partners of business companies, since it provides standards and guidelines for them to design and implement policies, procedures, methodologies and structures that operate in an integrated manner to prevent the occurrence of money

laundering or terrorist financing events, which are harmful to the economy of the country and threaten the competitiveness, productivity and sustainability of companies.

The portfolio companies of Corficolombiana that meet the parameters of the Circular issued by the Superintendence of Companies have complied with the requirements of the regulations and have structured prevention systems within due legal term.

5.9 Legal Risk

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

In relation to legal situations with respect to the Corporation, it should be noted that, in the cases required, the respective contingencies have been adequately provisioned.

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

With regard to copyrights, the Corporation only uses software or licenses legally acquired and does not allow the use software other than that officially approved on its computers. Note 29 to these financial statements describe the most significant processes against the Corporation and its subordinates.

5.10 Anticorruption Risk

In compliance with the provisions issued by the Financial Superintendence of Colombia and the guidelines of the shareholders and the Board of Directors, Corficolombiana has an ANTIFRAUD AND ANTICORRUPTION POLICY in place which main objectives are to ensure the development of coordinated actions by the entity and its related parties to prevent fraudulent events, promote transparency in the administration, deter misconducts and encourage the commitment of its stakeholders against fraud and corruption. The policy contains guidelines and rules mainly related to gifts, entertainment and gratuities, use of intermediaries, recruitment, donations, sponsorships, mergers and acquisitions and internal control measures over the financial reporting process; it also includes guidelines on high-risk accounts, the assessment of the system by internal auditors and compliance with the external regulatory framework, especially the Foreign Corrupt Practices Act FCPA of the United States of America.

During the first half of 2016 training was given in these matters to officials of the first line of defense of the Corporation and its financial affiliates to strengthen their knowledge and skills, as a mechanism for preventing the risk of fraud and corruption.

6. FAIR VALUE ESTIMATION

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives are actively traded on stock exchanges or in interbank markets) it is based on quoted market prices on the date of year-end. Valuation techniques are applied to determine the fair value if there is a significant movement in the same after trading until midnight at the date of year-end.

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

The fair value of financial assets and liabilities not traded on an active market is determined using valuation techniques. The Corporation and its subordinates use a variety of methods and assumptions based on the market conditions prevailing at the date of each year-end. The valuation techniques used for non-standardized financial instruments such as options, currency swaps and OTC derivatives include the use of recent similar transactions on an arm's length basis, other benchmark instruments that are substantially the same, the analysis of discounted cash flows, option pricing models and other valuation techniques commonly used by market participants that use the market data as much as possible and rely on specific data of entities as little as possible.

The fair value of biological assets has been determined based on valuations carried out by internal professionals with sufficient experience in the valuation of such assets using discounted cash flow models for the corresponding biological asset. The expected cash flow of the total life of the plantation is determined using the market price and the estimated productive life of plants, free of maintenance and harvesting costs and any other costs required to maintain the plant during its production period. The estimated productive life of the plants is estimated depending on the age of the plant, its location and the type of product. The market value of plant products is very sensitive to the current market prices of each product. For this reason, the following information is taken into account for determining a more reasonable price:

- a. Historical series of market prices, taking an average of the last ten years as a minimum;
- b. Commodity futures contract for the next 12 months; and
- c. Price forecasts, adjusted in future years for the estimated value of US inflation.

The Corporation and its subordinates can use internally developed models for instruments without active markets. These models are usually based on valuation methods and techniques generally accepted in the financial sector. Valuation models are used primarily to value financial equity instruments not publicly traded, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some inputs of these models may not be observable in the market and are therefore estimated based on assumptions.

The outcome (result) of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all relevant factors concerning the positions of the Corporation and its subordinates. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including the risks of the model, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy in which fair value measurements are completely categorized is determined based on the lowest input that is significant to the fair value measurement in its entirety. To this end, the importance of an input is evaluated in relation to the fair value measurement in its entirety. If fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement corresponds to a Level 3 measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, taking into account specific factors of the asset or liability.

The determination of what does “observable” mean requires significant judgment by the Corporation; the Corporation considers observable data as the market data already available and regularly distributed or updated, which are reliable and verifiable, have no ownership rights and are provided by independent sources that are actively involved in the market.

In Colombia there is no market where prices of Mutual Funds are listed. The value of the contributions in a mutual fund is measured according to the units representing parts of the equity value of the respective fund. The value of the unit, which represents the yields obtained, is determined according to the total amount of resources contributed plus or minus the returns on the investments in the portfolio. These yields are given by the valuation of the assets in which the fund invests and therefore the hierarchy level is determined by the levels of these assets. The Corporation and its subordinates hold investments in mutual funds whose investment portfolios are composed only by fixed-income securities that are valued according to the prices published by INFOVALMER. Therefore, since such assets are included as Level 1 or Level 2, the Corporation has classified its investments in mutual funds as Level 2.

(a) Fair value measurements on a recurring basis

The fair value measurements on a recurring basis are those required or allowed by the IFRS in the consolidated statement of financial position at the end of each accounting period. The

following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Corporation and its subordinates measured at fair value as of June 30, 2016 and December 31, 2015 on a recurring basis.

As of June 30, 2016

	Level 1	Level 2	Level 3	Total
Assets				
Assets at fair value through profit and loss				
Debt instruments				
Treasury securities TES issued by the Government	803,771	-	-	803,771
Bonds from other entities of the Colombian Government	328	2,038	-	2,366
Corporate bonds	-	179,160	-	179,160
Equity instruments				
Equity funds and collective portfolios	-	436,019	-	436,019
Corporate stock	649,817	75,233	67,048	792,098
Derivative financial instruments				
Forward contracts	-	174,423	-	174,423
Swap contracts	-	91,942	-	91,942
Other derivatives	-	8,239	-	8,239
Other financial assets				
Financial assets under concession	-	-	1,978,680	1,978,680
Non-financial assets				
Investment properties	-	-	142,429	142,429
Biological assets	-	-	266,339	266,339
Total assets measured at fair value on a recurring basis	1,453,916	967,054	2,454,496	4,875,466
Liabilities				
Liabilities at fair value through profit and loss				
Derivative financial instruments				
Forward contracts	-	124,890	-	124,890
Swap contracts	-	116,466	-	116,466
Other derivatives	-	8,713	-	8,713
Total liabilities measured at fair value on a recurring basis	-	250,069	-	250,069

As of December 31, 2015

	Level 1	Level 2	Level 3	Total
Assets				
Assets at fair value through profit and loss				
Debt instruments				
Treasury securities TES issued by the Government	773,244	596,240	-	1,369,484
Bonds from other entities of the Colombian Government	335	14,249	-	14,584
Corporate bonds	9,177	171,546	-	180,723
Equity instruments				
Equity funds and collective portfolios	-	394,809	41,107	435,916
Corporate shares	614,793	75,224	73,949	763,966
Derivative financial instruments				
Forward contracts	-	161,073	-	161,073
Swap contracts	-	73,955	-	73,955

Other derivatives	-	7,046	-	7,046
Other financial assets				
Financial assets under concession	-	-	1,891,692	1,891,692
Non-financial assets				
Investment properties	-	-	132,322	132,322
Biological assets	-	-	240,212	240,212
Total assets measured at fair value on a recurring basis	1,397,549	1,494,142	2,379,282	5,270,973
Liabilities				
Liabilities at fair value through profit and loss				
Derivative financial instruments				
Forward contracts	-	206,677	-	206,677
Swap contracts	-	191,435	-	191,435
Other derivatives	-	9,123	-	9,123
Total liabilities measured at fair value on a recurring basis	-	407,235	-	407,235

Investments whose amount is are based on market prices quoted in active markets and are therefore classified in Level 1, include active equity investments on stock exchanges, exchange traded derivatives, treasury bonds of the US government and certain non-US sovereign obligations. The Collective Portfolio is not adjusted to the quoted price for these instruments.

Financial instruments listed on markets not considered as active but valued according to quoted market prices, broker quotes or alternative pricing sources supported by observable inputs, are classified as Level 2. This includes investment grade corporate bonds and certain non-US sovereign obligations, investments in stock exchanges and OTC derivatives. As Level 2 investments include positions not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

Investments classified in Level 3 have significant unobservable inputs given they are infrequently traded. Level 3 instruments include private investments and corporate debt securities. As observable prices are not available for these securities, the Collective Portfolio has used valuation techniques to determine the fair value.

Note 4 summarizes the valuation techniques and inputs used in measuring the fair value for each Level 2 and 3 measurement.

The reconciliation of the movement of fair value measurements classified in Level 3 is shown below:

	Equity instruments	Financial assets in concession agreements	Biological assets	Investment properties
Balance as of June 30, 2015	35,004	1,815,143	215,031	122,169
Valuation adjustment through profit or loss	-	76,549	10,135	17,638
Valuation adjustment through other	39,855	-	-	-

comprehensive income				
Additions	-	-	26,655	20,196
Sales / withdrawals	(910)	-	(11,609)	(1,630)
Transfers	-	-	-	(121)
Translation adjustment	-	-	-	(25,930)
Balance as of December 31, 2015	73,949	1,891,692	240,212	132,322
Valuation adjustment through profit or loss	-	86,988	20,839	3,077
Valuation adjustment through other comprehensive income	16,240	-	-	-
Additions	100	-	12,495	7,371
Transfers	-	-	-	(312)
Sales / withdrawals	(23,241)	-	(7,207)	(29)
Balance as of June 30, 2016	67,048	1,978,680	266,339	142,429

The management of Corficolombiana and its subordinates revise Level 3 valuations periodically. The appropriateness of the inputs used in the valuation model and the result of the valuation is analyzed using various standardized assessment methods and techniques of the industry. In selecting the most appropriate valuation model, the committee conducts the tests again and considers what are the results of the model that are historically more accurately in line with actual market transactions.

The following table shows the transfers between levels for the period ended on June 30, 2016.

	<u>Level 1 to Level 2</u>	<u>Level 2 to Level 1</u>
Assets		
Treasury securities TES issued by the Colombian Government	-	326,630
Total assets	-	326,630

The transfer from Level 2 to Level 1 of certain bonds from the Colombian Government is due to the fact that June 30, 2016 was a business day in Colombia and the Colombian Government bonds were classified by Infovalmer as Level 1, as they met the minimum conditions of number of operations, amount and other requirements established by the price provider.

(b) Fair value of assets not measured at fair value

The following is a comparison of the carrying amount and the fair value of each class of financial instruments disclosed by the Corporation in its consolidated financial statements:

	<u>As of June 30, 2016</u>		<u>As of December 31, 2015</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
ASSETS				
Cash and cash equivalents	1,663,298	1,663,298	1,690,393	1,690,393
Money market operations	440,002	440,002	524,123	524,123
Debt instruments				
At fair value through profit or loss	985,297	985,297	1,564,791	1,564,791
At amortized cost	3,034,171	2,979,340	2,858,701	2,678,796
Equity instruments				

At fair value through profit or loss	436,019	436,019	435,916	435,916
At fair value through other comprehensive income	792,U98	792,U98	763,966	767,993
Derivative financial instruments	274,604	274,604	242,074	242,074
Financial instruments under concession				
At fair value through profit or loss	1,978,680	1,978,680	1,891,692	1,891,692
At amortized cost	269,726	269,726	42,864	42,684
Investments in associates and joint ventures	988,087	988,087	924,400	924,400
Loan portfolio	1,224,395	1,315,133	993,203	1,010,074
Accounts receivable	1,383,832	1,383,832	1,669,095	1,669,095
Total Assets	13,470,209	13,506,116	13,601,218	13,442,031

LIABILITIES

Deposits and current liabilities	3,961,958	3,988,931	4,085,344	4,021,621
Money market operations	3,865,512	3,865,512	4,027,333	4,027,333
Financial obligations	2,692,763	2,664,256	2,201,740	2,216,519
Derivatives	250,069	250,069	407,235	407,235
Securities issued	1,979,924	1,979,924	2,001,398	2,016,177
Accounts payable	871,753	871,753	897,625	897,625
Total Liabilities	13,621,979	13,620,445	13,620,675	13,586,510

The fair value of assets and liabilities is determined based on the amount at which the instrument could be exchanged in a transaction between interested parties, other than a forced sale or liquidation. The following methods and assumptions were used for the estimation of fair values:

- For cash and cash equivalents, asset and liability monetary transactions, accounts receivable, accounts payable and other current liabilities, the fair value corresponds to the carrying amount largely due to the short-term maturities of these instruments.
- Long-term loans receivable with fixed and variable interest rates are assessed by the Corporation and its subordinates depending on parameters such as interest rates, the risk factors specific to the entity, the creditworthiness of the individual customer and the risk characteristics of the project financed. Based on this assessment, the impairment for losses incurred on these accounts receivable is included. As of June 30, 2016 and December 31, 2015, the carrying amounts of these receivables net of impairment are not materially different from their fair values.
- The fair value of the securities issued is based on quoted prices at the closing date. The fair value of unlisted instruments, bank loans and other financial liabilities, finance lease debentures and other non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debt securities which terms, credit risk and remaining maturities are similar.
- The financial assets under concession measured at amortized cost are not likely to be measured at fair value since each concession contract has its own characteristics and are not comparable on the market for the risks assumed by the concessionaire and the specific conditions of the contracts.

7. CASH AND CASH EQUIVALENTS

See accounting policy in note 2.6. The balances of cash and cash equivalents comprise the following as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
In Colombian pesos		
Cash at hand	1,948	8,504
In the Central Bank of Colombia	103,121	119,858
Banks and other on demand financial entities	1,350,534	1,468,816
Subtotal in Colombian pesos	1,455,603	1,597,178
In foreign currency		
In the Central Bank of Colombia	160,982	-
Banks and other on demand financial entities	-	78,426
Subtotal in foreign currency	160,982	78,426
Restricted cash ⁽¹⁾	46,713	14,789
TOTAL CASH AND CASH EQUIVALENTS	1,663,298	1,690,393

(1) The Corporation and its subordinates hold restricted cash mainly related to the revenues from tolls related to accounts of the National Infrastructure Agency - ANI, which can only be used when all the conditions established in concession agreements are met.

The above amounts are not subject to any restrictions or limitations except for the previous comment.

The following is a breakdown of the credit quality of cash and cash equivalents.

	June 30, 2016	December 31, 2015
Credit quality		
Central Bank of Colombia	103,121	119,857
Investment grade	1,509,329	1,541,915
Speculative	2,187	-
Unrated	-	5,328
Total	1,614,637	1,667,100

8. ASSET POSITIONS IN MONEY MARKET OPERATIONS

The following is the detail of the operations carried out in the money market:

	<u>June 30, 2016</u>		<u>December 31, 2015</u>	
Operations agreed between 0 and 90 days				
In Colombian pesos				
Commitments for the Transfer of Investments in Simultaneous Operations	381,490	7.30%	95,725	2.50%
Subtotal in Colombian pesos	381,490		95,725	
Operations agreed in more than 90 days				
Foreign currency				
Ordinary interbank funds sold	58,512	2.78%	428,398	2.64%
Subtotal in foreign currency	58,512		428,398	
Total Monetary Operations	440,002		524,123	

The above amounts are not subject to any restrictions or limitations.

9. FINANCIAL ASSETS MEASURED AT FAIR VALUE

See accounting policy in note 2.7.1. The balance of financial assets in debt instruments and investments in equity instruments at fair value as of June 30, 2016 and December 31, 2015 includes the following:

Financial assets measured at fair value through profit or loss

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by the Colombian Government	803,771	1,369,484
Issued or secured by other entities of the Colombian Government	2,515	14,584
Issued by domestic issuers	139,720	120,599
Total debt instruments in pesos	946,006	1,504,667
In foreign currency		
Issued by foreign issuers	39,291	60,124
Total debt instruments in foreign currency	39,291	60,124
TOTAL DEBT INSTRUMENTS	985,297	1,564,791
EQUITY INSTRUMENTS		
In Colombian pesos		
Collective Funds and Portfolios	436,019	435,916
TOTAL EQUITY INSTRUMENTS	436,019	435,916
TOTAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,421,316	2,000,707
Financial assets measured at fair value through Other Comprehensive Income		
	<u>June 30, 2016</u>	<u>December 31, 2015</u>
In Colombian pesos		
Corporate stock	791,229	763,797
In foreign currency		
Corporate stock	869	169
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	792,098	763,966
TOTAL FINANCIAL ASSETS IN DEBT INSTRUMENTS AND INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE	2,213,414	2,764,673

The financial assets at fair value are valued based on observable market data, which also reflects the credit risk associated with the asset. Equity instruments designated at fair value through other comprehensive income are those considered strategic or to be held by the Corporation and its subordinates.

Investment	Interest	June 30, 2016	December 31, 2015
Acueducto y Alcantarillado de Barranquilla	0.66%	486	486
Aeropuerto de Barranquilla S.A.	9.76%	33	33
Agroganadera del Valle del Cauca S .A. en liquidacion	0.25%	4	4
Alimentos derivados de la Caña (Adecaña)	0.32%	37	37
Banco Colpatría Multibanca Colpatría S.A.	0.00%	0	0
Banco Comercial AV Villas S.A.	0.03%	403	563
Bolsa de Valores de Colombia	3.36%	11,305	10,677
C.I. Confecciones Y Textiles Internacionales S.A. en liquidacion	0.00%	0	0
Camara de Compensacion de Divisas de Colombia S.A.	3.19%	551	596
Camara de Compensacion de la Bolsa Nacional Agropecuaria	0.00%	0	0
Camara de Riesgo Central de Contraparte de Colombia S.A.	1.09%	383	441
Cci Marketplace S.A.	7.22%	176	222
Centro de Eventos Exposiciones del Caribe SAS	0.13%	100	-
Centro de Eventos Valle del Pacifico	0.99%	684	698
Centro de Ferias Exposiciones y Convenciones de Bucaramanga	2.80%	480	480
Cifin S.A.	0.00%	-	6,589
Ciudad Chipichape S.A.	2.85%	0	0
Cooperativa Serviarroz S.A.	1.20%	19	97
Deposito Central de Valores - Deceveal S.A.	5.02%	9,881	10,834
Edubar S.A.	0.91%	25	25
Empresa de Energia de Bogota S.A. E.S.P.	3.56%	583,964	562,699
Eternit Colombiana S.A.	0.00%	0	0
Fiduciaria Bogota S.A.	0.00%	0	0
Fiduciaria de Occidente S. A.	4.44%	14,802	15,217
Fogansa S.A. EN LIQUIDACION	0.07%	90	90
Fondo Ganadero Del Tolima S.A.	0.62%	23	20
Forestal Monterrey Colombia S.A.S	16.71%	28,394	28,394
Forestal Monterrey GWR S.A.S	5.00%	13	13
Fundacion Para El Desarrollo Del Caribe	1.00%	14	14
Gas Natural S.A. ESP	1.68%	74,624	74,624
Gestion y Contacto S.A.	1.02%	127	127
Granabastos S.A.	0.22%	6	6
Inducarbon	0.09%	0	0
Industria Colombo Andina Inca S.A.	0.67%	19	19
Inmobiliaria Selecta - Triple A Barranquilla	3.52%	25	25
Inversiones Argos	0.00%	6	5
Inversiones Sides S.A.S.	0.38%	61	61
Mineros S.A.	8.54%	54,535	41,236
Nutresa S.A.	0.00%	8	7
Petroleos Nacionales S.A.	19.54%	0	0
Proenergia Internacional	0.00%	0	0
Promesa S.A.	0.28%	4	4
Promisan S.A. En Liquidacion	0.05%	26	26
Promotora de Inversiones Ruitoque S.A. (Promision)	4.34%	541	541
Promotora Industrial Comercial Y Turistica De Sevilla S.A.	0.27%	0	0
Promotora la Alborada S.A.	1.83%	0	0

Promotora la Enseñanza S.A.	4.27%	113	113
Reforestador a de Santa Rosalía	0.00%	0	0
Semillas e Insumos Algodoneros	10.78%	62	62
Sociedad Aeroportuaria De La Costa S. A.	11.55%	8,972	7,725
Sociedad Hotelera Cien Internacional S.A. (Hotel Bogota Royal)	0.39%	57	57
Soforestal S.A.	0.00%	175	175
Textiles el Espinal S.A.	8.56%	0	0
In Colombian pesos		791,229	763,043
Bladex S.A.	0.01%	170	169
Corporacion Andina de Fomento	0.00%	699	754
Petroleos Colombianos Limited	0.05%	0	0
In foreign currency		869	923
Total equity instruments measured at fair value through other comprehensive income		792,098	763,966

Changes in fair values mainly reflect changes in market conditions mainly due to changes in interest rates and other economic conditions of the country where the investment is held. As of June 30, 2016 and December 31, 2015, the company considers that there have not been any significant losses in the fair value of financial assets due to the impairment of the credit risk of such assets (see note 4.13 and 5.4).

The following investments have impaired as of the reporting period:

	June 30, 2016			December 31, 2015		
	Investment Amount	Impairment	Fair Value	Investment Amount	Impairment	Fair Value
Inducarbon	0	0	0	0	0	0
Petroleos Colombianos Limited	145	(145)	0	156	(156)	0
Petroleos Nacionales S.A.	125	(125)	0	125	(125)	0
Promotora de Inversiones Ruitoque S.A. (Promision)	676	(135)	541	676	(135)	541
Promotora la Alborada S.A.	316	(316)	0	316	(316)	0
Promotora la Enseñanza S.A.	183	(70)	113	183	(70)	113
Reforestadora de Santa Rosalia	12	(12)	0	12	(12)	0
Textiles el Espinal S.A.	2,399	(2,399)	0	2,399	(2,399)	0
Total impaired investments	3,856	(3,202)	654	3,867	(3,213)	654

The following is the detail of the credit quality calculated by independent risk raters of major counterparts in debt securities and investments in equity instruments in which the Corporation has financial assets at fair value.

	June 30, 2016	December 31, 2015
Credit quality		
Investment grade	1,727,430	2,593,373
Unrated or unavailable	456,936	-
Speculative	29,048	171,300
Total	2,213,414	2,764,673

The dividends received from investments in companies is the following:

As of June 30, 2016

Investment	Total value of	Amount in cash	Amount in stock
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	dividends		
BANCO AV VILLAS	15	15	.
BLADEX S.A. CLASE E	5	5	-
BOLSA DE VALORES DE COLOMBIA S.A.	559	559	-
CAMARA DE COMPENSACION DE DIVISAS DE COLOMBIA S.A.	38	38	-
DECEVAL S.A.	991	991	-
EMPRESA DE ENERGIA DE BOGOTA S.A. E.S.P.	7,994	7,994	-
FIDUCIARIA DE OCCIDENTE S.A.	805	621	184
GAS NATURAL S.A. E.S.P.	4,402	4,402	-
MINEROS S.A.	2,951	2,951	-
SOCIEDAD AEROPORTUARIA DE LA COSTA S.A.	1,444	1,444	-
	19,204	19,020	184

As of December 31, 2015

Investment	Total value of dividends	Amount in cash	Amount in stock
FIDUCIARIA DE OCCIDENTE S.A.			
BANCO AV VILLAS			
EMPRESA DE ENERGIA DE BOGOTA S.A. E.S.P.	16,350	16,350	-
BLADEX S.A. CLASE E	5	5	-
SOCIEDAD AEROPORTUARIA DE LA COSTA S.A.	288	288	-
BANCO AV VILLAS	1	1	-
	17,405	17,013	392

Currently there are no restrictions related to debt or equity instruments.

10. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

See accounting policy in note 2.7.1. As of June 30, 2016 and December 31, 2015, the balance of financial assets in investments at amortized cost includes the following:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or secured by the Colombian Government	2,640,984	2,454,809
Issued or secured by other entities of the Colombian Government	168,886	154,195
Issued by domestic issuers	196,143	230,628
TOTAL DEBT INSTRUMENTS IN COLOMBIAN PESOS	3,006,013	2,839,632
In foreign currency		
Issued by foreign issuers	28,158	19,070
TOTAL DEBT INSTRUMENTS IN FOREIGN CURRENCY	28,158	19,070
TOTAL DEBT INSTRUMENTS AT AMORTIZED COST	3,034,171	2,858,701

The detail of the credit quality determined by independent risk raters of major counterparts in debt instruments in which the Corporation holds financial assets at amortized cost is as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Credit quality		
Issued or secured by the Colombian Government and/or the Central Bank	2,809,870	2,609,003
Investment grade	196,143	230,628
Speculative	28,158	19,070
Total	3,034,171	2,858,701

As of June 30, 2016 and December 31, 2015, the Corporation and its subordinates had no indications of impairment in debt instruments. Currently there are no restrictions related to financial assets in investments.

11. DERIVATIVE FINANCIAL INSTRUMENTS

See accounting policy in note 2.7.1.

a. Derivative financial instruments:

The following table shows the year-end fair values of the forward contracts, futures and interest rate swaps and foreign currency swaps to which the Corporation and its subordinates are a party.

Derivative financial instruments comprise the following:

Item	As of June 30, 2016		As of December 31, 2015	
	Notional Value	Fair Value	Notional Value	Fair Value
ASSETS				
Speculative derivative financial instruments				
Foreign currency purchase forward contracts	442,431	6,970	792,911	96,835
Foreign currency sale forward contracts	3,856,126	143,965	1,170,102	62,021
Securities purchase forward contracts	78,000	1,643	15,000	152
Securities sale forward contracts	-	-	139,000	394
SUBTOTAL	4,376,557	152,578	2,117,013	159,402
Interest rate swap contracts	431,548	3,347	160,000	1,630
Cross currency swap contracts	2,167,569	88,595	1,181,875	72,325
SUBTOTAL	2,599,117	91,942	1,341,875	73,955
Currency call options	304,414	8,239	255,730	7,046
SUBTOTAL	304,414	8,239	255,730	7,046
Total speculative derivative financial instruments	7,280,088	252,759	3,714,618	240,403
Hedging derivative financial instruments				
Foreign currency sale forward contracts	628,331	21,845	59,422	1,671
Total hedging derivative financial instruments	628,331	21,845	59,422	1,671
TOTAL ASSETS	7,908,419	274,604	3,774,040	242,074
LIABILITIES				
Foreign currency purchase forward contracts	2,647,174	(70,576)	1,016,728	(48,191)
Foreign currency sale forward contracts	673,662	(42,811)	1,032,903	(140,536)
Securities sale forward contracts	397,277	(11,439)	726,000	(4,580)
SUBTOTAL	3,718,113	(124,826)	2,775,631	(193,334)
Interest rate swap contracts	697,900	(7,188)	357,747	(5,264)
Cross currency swap contracts	2,481,156	(109,278)	1,263,321	(186,171)
SUBTOTAL	3,179,056	(116,466)	1,621,068	(191,435)
Currency put options	168,241	(8,713)	130,590	(9,123)
SUBTOTAL	168,241	(8,713)	130,590	(9,123)
Total speculative derivative financial instruments	7,065,410	(250,005)	4,527,289	(393,892)
Hedging derivative financial instruments				
Foreign currency sale forward contracts	73,439	(64)	466,663	(13,343)
Total hedging derivative financial	73,439	(64)	466,663	(13,343)

instruments				
TOTAL LIABILITIES	7,138,849	(250,069)	4,993,952	(407,235)
NET POSITION	15,047,268	24,535	8,767,992	(165,161)

Below are the details of the credit quality of Assets for Derivative Financial Instruments:

	June 30, 2016	December 31, 2015
Credit quality		
Investment grade	202,348	163,064
Speculative	72,256	79,010
Total	274,604	242,074

Below are the details of the credit quality of Liabilities for Derivative Financial Instruments:

	June 30, 2016	December 31, 2015
Credit quality		
Investment grade	(129,145)	(212,077)
Speculative	(120,924)	(195,158)
Total	(250,069)	(407,235)

The derivative financial instruments used by the Corporation and its subordinates are generally traded in organized markets and with customers in the financial, real and offshore sector. Derivative instruments have unfavorable (liabilities) or favorable (assets) net positions as a result of fluctuations in exchange rates of foreign currency and in the interest rate market and other variables related to their conditions. The accumulated amount of the fair values of assets and liabilities for derivative instruments may vary significantly from time to time.

As of June 30, 2016 the Corporation and its subordinates have obligations to deliver financial assets for debt securities or foreign currency securities with a fair value of \$250,069 million (\$407,235 million as of December 31, 2015) and to receive financial assets or foreign currency with a fair value of \$274,604 million (\$242,074 million as of December 31, 2015).

Currently there are no restrictions related to derivative financial instruments.

b. Coverage of cash flows of foreign debt securities issued:

The fair values of the derivatives designated as cash flows hedges are as follows:

	June 30, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Type of instrument:				
Currency forwards	21,845	(64)	1,671	(13,343)

The time periods in which hedged cash flows are expected to occur and affect the comprehensive income for the year are as follows:

	Within 1 year	1-5 years	More than 5 years
As of December 31, 2015	(11,672)		
As of June 30, 2015	21,813		

During the first half of 2016, net earnings amounted to \$21,340, while the net losses in the second half of 2015 amounted to \$6,314 in relation to the effective portion of cash flows recognized in other comprehensive income.

During the first half of 2016 there were no inefficiencies in relation to the hedging ratio; during the second half of 2015 inefficiencies in revenues amounting to \$19,640 million were recognized through profit or loss.

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

See accounting policy in notes 2.3.2 and 2.3.3. The detail of investments in associates and joint ventures is shown below:

	June 30, 2016	December 31, 2015
Associates	642,533	651,040
Joint ventures	345,554	273,136
Mercantile Trusts	-	224
Total Investments	988,087	924,400

The following are the participation percentages and investment amounts in each one of the associates and their corporate purpose:

Investments in Associates	As of June 30, 2016		As of December 31, 2015	
	Interest %	Investment	Interest %	Investment
Aerocali S.A.	50%	29,274	50%	23,165
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	41%	25,600	41%	24,585
Colombiana de Extrusion S.A. Extrucol	30%	9,490	30%	10,294
Concesionaria Tibitoc S.A.	33%	20,104	33%	19,112
Metrez S.A.	18%	1,905	18%	2,324
Ventas y Servicios S.A.	20%	7,469	20%	7,789
C.I. Acepalma S.A.	11%	4,249	11%	3,385
Gases del Caribe S.A. E.S.P.	31%	221,268	31%	201,762
Calidda S.A.	40%	315,842	40%	348,141
Antillean Gas	20%	968	20%	968
Complejo Energetico del Este S.A. (1)	33%	0	17%	3,059
Concentra Inteligencia en Energia S.A.S.	29%	478	24%	386
Energia Eficiente S.A.	42%	5,886	42%	6,070
TOTAL		642,533		651,040

The following are the participation percentages and investment amounts in each one of the joint ventures:

Investments in Associates	As of June 30, 2016		As of December 31, 2015	
	Interest %	Investment	Interest %	Investment
Concesionaria Ruta del Sol S.A.S.	33%	315,521	33%	258,365
Concesionaria Vial del Pacifico S.A.S.	50%	1,998	50%	1,594
Concesionaria Nueva via al Mar. S.A.S.	60%	10,502	60%	9,323
CFCSK Capital S.A.S.	50%	158	50%	100
CFC SK El Dorado Latam Management Company Ltda.	50%	2,227	50%	1,726
CFC SK El Dorado Latam Fund. L.P.	50%	14,645	50%	161
CFC SK El Dorado Latam Capital Partners Ltda.	50%	503	50%	1,867
Fiduoccidente y otros consorcio fidufonpet 2006 (2)	0%	-	22%	3
Consortio pensiones Ecopetrol 2011 (2)	0%	-	50%	221
TOTAL		345,554		273,360

The movement of investments in associates and joint ventures is shown below:

	Associates	Joint Ventures	TOTAL
Balance as of June 30, 2015	572,406	210,010	782,416
Fair value of assets and liabilities acquired	386	-	386
Participation in profits for the year	53,298	61,812	115,110
Participation in other comprehensive income	32,849	1,538	34,387
Transfers	(6,523)	-	(6,523)
Dividends received	(1,376)	-	(1,376)
Balance as of December 31, 2015	651,040	273,360	924,400
Capitalization (Decapitalization)	(4,746)	17,634	12,888
Participation in profits for the year	86,512	56,128	142,640
Participation in other comprehensive income	(27,479)	(1,336)	(28,815)
Impairment of investments	(3,059)	-	(3,059)
Reclassifications and transfers	-	(249)	(249)
Purchases in the period	-	17	17
Dividends received	(59,735)	-	(59,735)
Balance as of June 30, 2016	642,533	345,554	988,087

Currently there are no restrictions related to investments in associates or joint ventures.

13. LOAN PORTFOLIO, NET

See accounting policy in note 2.7.1.

The following is the classification of the consolidated loan portfolio by type of risk:

	June 30, 2016	December 31, 2015
	Capital	Capital
SUITABLE GUARANTEE		
Commercial		
Normal risk "A"	325,886	317,208
Acceptable risk "B"	11,243	8,600
Appreciable risk "C"	5,936	2,000
Significant risk "D"	2,266	2,658
Uncollectibility risk "E"	125	48
COMMERCIAL SUBTOTAL	345,456	330,514
Financial leasing		
Normal risk "A"	377,537	425,311
Acceptable risk "B"	22,409	22,625
Appreciable risk "C"	8,653	22,782
Significant risk "D"	18,436	8,129
Uncollectibility risk "E"	568	613
TOTAL PORTFOLIO BY CLASSIFICATION	427,603	809,974
OTHER GUARANTEES		
Consumer		
Normal risk "A"	244,715	308
Acceptable risk "B"	26,045	-
Appreciable risk "C"	4,838	-
Significant risk "D"	4,856	-
Uncollectibility risk "E"	3,047	-
CONSUMER SUBTOTAL	283,501	308
UNSECURED		
Commercial		
Normal risk "A"	144,232	166,120
Acceptable risk "B"	9,796	2,258
Appreciable risk "C"	5,745	10,493
Significant risk "D"	5,811	3,348
Uncollectibility risk "E"	2,251	702
COMMERCIAL SUBTOTAL	167,835	182,921
TOTAL PORTFOLIO BY CLASSIFICATION	1,224,395	993,203

The following is a breakdown of provisions for credit risk impairment established as at June 30, 2016 and December 31, 2015, taking into account how they were determined, individually for loans higher than \$2,000 million and collectively for other loans. The

following annexes show the balance in the portfolio including the interest accrued measured at amortized cost.

	Consumer	Commercial	Commercial Leasing	Total
As of June 30, 2016				
Impairment provision:				
Loans assessed individually	10,191	-	16,892	27,083
Loans assessed collectively	12,242	2,679	12,812	27,733
Total impairment provision	22,433	2,679	29,704	54,816
Gross balance of financial assets by loan portfolio				
Loans assessed individually	12,534	-	27,356	39,890
Loans assessed collectively	500,757	283,501	400,247	1,184,505
Total financial assets by loan portfolio	513,291	283,501	427,603	1,224,395
As of December 31, 2015				
Impairment provision:				
	7,668	-	12,678	20,346
	7,900	1	6,168	14,069
Total impairment provision	15,568	1	18,846	34,415
Gross balance of financial assets by loan portfolio				
Loans assessed individually	11,123	-	38,337	49,460
Loans assessed collectively	502,311	308	441,124	943,743
Total financial assets by loan portfolio	513,434	308	479,461	993,203

The distribution of the loan portfolio of the Corporation for maturation period as of June 30, 2016 is as follows:

	Between 1 and 3 years	Up to 1 year	Between 3 and 5 years	More than 5 years	Total
Commercial	46,825	180,156	109,460	176,850	513,291
Consumer	146,579	74,110	60,926	1,886	283,501
Portfolio	193,404	254,266	170,386	178,736	796,792
Commercial leasing	29,864	123,675	167,934	105,635	427,108
Consumer leasing	51	272	172	-	495
Financial leasing	29,915	123,947	168,106	105,635	427,603
Total Portfolio	223,319	378,213	338,492	284,371	1,224,395

The distribution of the loan portfolio of the Corporation for maturation period as of December 31, 2015 is as follows:

	Between 1 and 3 years	Up to 1 year	Between 3 and 5 years	More than 5 years	Total
Commercial	56,818	171,580	117,396	167,641	513,435
Consumer	6	163	91	48	308
Portfolio	56,824	171,743	117,487	167,689	513,743
Commercial leasing	41,636	144,601	165,922	126,664	478,823
Consumer leasing	134	275	228	-	637
Financial leasing	41,770	144,876	166,150	126,664	479,460
Total Portfolio	98,594	316,619	283,637	294,353	993,203

The following is the classification of the loan portfolio by type of currency:

	As of June 30, 2016		
	Domestic currency	Foreign currency	Total
Commercial	476,119	37,172	513,291
Consumer	283,501	-	283,501
Portfolio	759,620	37,172	796,792
Commercial leasing	427,109	-	427,109
Consumer leasing	494	-	494
Financial leasing	427,603	-	427,603
Total Portfolio	1,187,223	37,172	1,224,395

	As of December 31, 2015		
	Domestic currency	Foreign currency	Total
Commercial	469,964	43,460	513,434
Consumer	308	-	308
Portfolio	470,282	43,460	513,742
Commercial leasing	478,825	-	478,825
Consumer leasing	636	-	636
Financial leasing	479,461	-	479,461
Total Portfolio	949,743	43,460	993,203

As of June 30, 2016 the financial assets of the loan portfolio are pledged as collateral for an amount of \$584,271 million pesos, and for an amount of \$630,804 million pesos as of December 31, 2015.

The following is the reconciliation of gross investments in financial leasing and the present value of the minimum payments to be received on such dates:

	June 30, 2016	December 31, 2015
Total gross rental fees to be received in the future	560,423	602,709
Estimated residual value of assets leased (unsecured)	23,846	28,095
Gross investment in financial leases	584,269	630,804
Net investment in financial leases	457,603	498,509
Provision for impairment of net investments in financial leases	29,705	19,048
Financial leases net of impairment	427,603	479,461

The following is the detail of gross investments and net investments in financial leases to be received as of June 30, 2016 and December 31, 2015 in each one of the following periods:

	As of June 30, 2016		As of December 31, 2015	
	Net investment	Gross investment	Net investment	Gross investment
Up to 1 year	31,831	24,916	36,217	15,835
Between 1 and 5 years	368,410	288,344	361,842	281,776
More than 5 years	184,028	144,048	232,745	200,898

Total

584,269	457,308	630,804	498,509
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14. ACCOUNTS RECEIVABLE, NET

See accounting policy in note 2.7.1. The movements of other accounts receivable as of June 30, 2016 and December 31, 2015 is shown below:

	June 30, 2016	December 31, 2015
Trade receivables	1,196,305	1,517,529
Minus: Impairment of trade receivables	90,797	(87,389)
Trade receivables, net	1,105,508	1,430,140
Other accounts receivable	241,213	124,890
Deposits	37,111	114,065
Total accounts receivable	1,383,832	1,669,095

The detail of Other accounts receivable as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
Dividends and interests	31,702	17,889
Commissions	16,719	5,594
Leases	1,596	782
Sale of goods and services	944,597	1,169,070
Debtors	189,359	242,906
Deposits	37,111	114,065
Taxes	8,497	55,762
Prepayments for contracts and suppliers	267	22,520
Withholdings on contracts	3,568	3,015
Others	241,213	124,881
Total Trade Accounts	1,474,629	1,758,974
Impairment of other accounts receivable	(90,797)	(87,389)
Total other accounts receivable	1,383,832	1,669,095

The most significant item corresponds to accounts receivable related to the sale of goods and the provision of services related to Promigas and Subordinates, mainly consisting of accounts receivable for gas transport, distribution and marketing services provided amounting to \$400.244 million pesos. In addition, as of June 2016 the account receivable for power distribution and marketing in Compañía Energetica del Occidente S.A. E.S.P. showed an increase in the listed price of power on the wholesale power market due to the occurrence of low waterfall resulting from the presence of El Niño phenomenon (as reported by the IDEAM); consequently these increases have resulted in an increased rate to end users which has a balance as of the reporting date of \$139,503 million pesos, and other receivables related to the sale of materials, goods and services, labor, installed meters, lease receivables, conversion kit, commissions, fees, connection rights, consultancy, project planning, review and installation of inspections labor and other services associated in an amount of \$218,850 million pesos.

The following is the movement in the impairment of other accounts receivable:

Balance as of June 30, 2015	105,622
Impairment	6,446
Write-offs	(21,770)
Repayments	(2,921)
Exchange adjustment	12
Balance as of December 31, 2015	87,389
Impairment	17,505
Write-offs	(14,440)
Repayments	(1,989)
Transfers	2,489
Exchange adjustment	(157)
Balance as of June 30, 2016	90,797

Currently there are no restrictions related to other accounts receivable.

15. RIGHTS ON CONCESSION AGREEMENTS

See accounting policy in note 2.16. The balance of the assets recognized on concession agreements as of June 30, 2015 and December 31, 2015 includes the following:

	June 30, 2016	December 31, 2015
Rights on concession agreements		
Promigas S.A. and its controlled entities	1,792,200	1,734,822
Concesionaria Vial de los Andes S.A.	315,528	343,380
Proyectos de Infraestructura S.A.	239,025	243,436
Episol S.A.S. and its controlled entities	68,345	69,153
Total	2,415,098	2,390,791
Financial assets under concession		
Promigas S.A. and its controlled entities	1,978,680	1,891,692
Concesionaria Vial de los Andes S.A.	1 68,447	-
Episol S.A.S. and its controlled entities	101,279	42,864
Total	2,248,406	1,934,556

The detail of the movement of rights on concession agreements is as follows:

	Promigas S.A. and its controlled entities	Concesionaria Vial de los Andes S.A.	Proyectos de Infraestructura S.A.	Episol S.A.S. and its controlled entities	Total
Cost					
As of June 30, 2015	1,472,047	330,412	261,701	72,390	2,136,550
Additions	412,518	108,484	14,580	-	535,582
Reclassifications	-	115,141	(13,874)	-	101,267
As of December 31, 2015	1,884,565	554,037	262,407	72,390	2,773,399
Additions	206,889	46,839	297	-	254,025
Reclassifications – change in estimates	(102,633)	-	3	1	(102,629)
As of June 30, 2016	1,988,821	600,876	262,707	72,391	2,924,795
Accumulated amortization					
As of June 30, 2015	(83,343)	(138,716)	(13,881)	(2,316)	(238,256)
Amortization in the period	(53,834)	(71,941)	(5,090)	(921)	(131,786)
Sales or withdrawals	(12,566)	-	-	-	(12,566)
As of December 31, 2015	(149,743)	(210,657)	(18,971)	(3,237)	(382,608)
Amortization in the period	(47,168)	(74,691)	(4,708)	(809)	(127,376)
Reclassifications – change in estimates	290	-	(3)	-	287
As of June 30, 2016	(196,621)	(285,348)	(23,682)	(4,046)	(509,697)
Total rights on concession agreements					
Net balance as of June 30, 2015	1,388,704	191,696	247,820	70,074	1,898,294
Net balance as of December 31, 2015	1,734,822	343,380	243,436	69,153	2,390,791
Net balance as of June 30,	1,792,200	315,528	239,025	68,345	2,415,098

2016

The rights on concession agreements, recorded as intangible assets, correspond to the remuneration for the provision of construction services for the infrastructure under concession; in this regard, the amortization of intangible assets is positively correlated to the generation of operating revenues from users of the public service. This means that an operating asset that generates cash flows related to the right to charge users who use such infrastructure is considered.

The details of the movement of financial assets on concession agreements at fair value and amortized cost is as follows:

	Promigas S.A. and its controlled entities	Concesionaria Vial de los Andes S.A.	Episol S.A.S. and its controlled entities	Total
At fair value through profit or loss				
As of June 30, 2015	1,815,145	-	-	1,815,145
Fair value adjustments	76,547	-	-	76,547
As of December 31, 2015	1,891,692	-	-	1,891,692
Fair value adjustments	86,988	-	-	86,988
As of June 30, 2016	1,978,680	-	-	1,978,680
At amortized cost				
Net balance as of June 30, 2015	-	110,201	22,397	132,598
Payments received	-	(206,227)	(19,546)	(225,773)
Adjustments for interest	-	27,573	1,514	29,087
Additions	-	1 79,885	38,499	218,384
Reclassification	-	(111,432)	-	(111,432)
Net balance as of December 31, 2015	-	-	42,864	42,864
Payments received	-	(136)	-	(136)
Adjustments for interest	-	38,290	3,590	41,880
Additions	-	134,001	54,825	188,826
Reclassification – changes in estimates	-	(3,708)	-	(3,708)
Net balance as of June 30, 2016	-	1 68,447	101,279	269,726
Total Financial Assets				
Balance as of June 30, 2015	1,815,145	110,201	22,397	1,947,743
Balance as of December 31, 2015	1,891,692	-	42,864	1,934,556
Balance as of June 30, 2016	1,978,680	1 68,447	101,279	2,248,406

The movement of the revenues obtained and the costs incurred during the construction phase of concession agreements:

	Promigas S.A. and its controlled entities	Concesionaria Vial de los Andes S.A.	Proyectos de Infraestructura S.A.	Episol S.A.S. and its controlled entities	Total
Accumulated revenues capitalized as intangible assets or financial assets recorded in the income					

statement					
Balance as of June 30, 2015	26,289	228,522	-	19,301	274,112
Accruals in the period of revenues from concession agreements	12,970	288,369	13,874	34,098	349,311
Accrual of financial returns	35,863	27,573	-	619	64,055
Balance as of December 31, 2015	48,833	315,942	1 3,874	34,717	413,366
Accruals in the period of revenues from concession agreements	267,790	289,773	142,25 7	59,331	759,151
Accrual of financial returns	86,988	38,290	-	3,466	128,744
Balance as of June 30, 2016	354,778	328,063	142,257	62,797	887,895
Accumulated costs incurred in the concession recorded in the income statement					
Balance as of June 30, 2015	26,289	211,741	-	18,690	256,720
Construction costs incurred in the period	12,970	288,369	13,874	30,504	345,717
Financial costs incurred in the period	35,863	18,814	-	3,594	58,271
Balance as of December 31, 2015	48,833	307,183	1 3,874	34,098	403,988
Construction costs incurred in the period	262,640	180,841	26,841	33,322	503,644
Financial costs incurred in the period	611	21,075	-	5,587	27,273
Balance as of June 30, 2016	263,251	201,916	26,841	38,909	530,917

As of June 30, 2016 and December 31, 2015 financial costs were capitalized in the amount of \$25,356 and \$10,730 million pesos with weighted average rates of 24% and 27%, respectively (see accounting policy in note 2.18).

A summary of the concession agreements of the Corporation and its subordinates is shown below:

Promigas S.A. and its subordinates

Promigas and its transport companies with and without infrastructure under concession, currently carry 50% of the natural gas consumed in the country by customers in thermal, industrial, commercial and residential sectors. The country's transport infrastructure is comprised of approximately 7,000 km of gas pipelines, of which 2,896 km correspond to Promigas together with the transport companies in its portfolio, of which Promigas holds 2,371 km under concession.

Contractually with concessions, Promigas has committed to meet international construction and operation standards and that is why its natural gas infrastructure constructions are carried out by means of engineering developments that meet the operating conditions required, meeting the designs and specifications established, to ensure the quality expected by customers. Its designs and constructions are focused on high levels of integrity, so that operations and maintenance are safe and reliable.

All phases involving Promigas and its subordinates, provide gas transportation and distribution services over the years, from the construction and improvement to infrastructure, to the maintenance and operation of infrastructure, is remunerated through the rates established by the Government through the Energy and Gas Regulatory Commission - CREG.

The concession agreements entered into between Promigas and the Government, whereby the latter grants to Promigas the right to build, operate, maintain, exploit and manage a public service gas pipeline for the transport of hydrocarbons, are within the scope of IFRIC 12 Concession Agreements, thus recognizing an intangible asset for the right to charge users according to the consideration for construction services and financial assets related to the obligation to carry out sales at a fair price at the end of the concession and its extensions, if any.

Proyectos de Infraestructura S.A. PISA S.A.

Pisa holds a concession agreement in the department of Valle del Cauca, by means of Resolution No. 0832 of December 30, 1993 Proyectos de Infraestructura S.A. was concession agreement number 01/1993 for an initial term of fifteen (15) years, extended to 20 years by means of Minutes No. 14 of December 20, 1995, for the construction and maintenance of a new road, the improvement and maintenance of the existing road Buga - Tulua - La Paila, in the sector between the abscissa K67+100 and K128+100.

The subordinated companies of Pisa include Concesiones CCFC S.A. The Company is performing Concession Agreement number 937/1995 entered into with the National Roads Institute (INVIAS) on 30 June 1995, the purpose of which is the performance through the concession system, of final studies and designs, restoration and construction works, the operation and maintenance of the road Bogota (Fontibon) - Facatativa - Los Alpes, of Section 8 of Route 50, in the Department of Cundinamarca, which will expire in March 2024.

Concesionaria Vial de los Andes S.A. Coviandes S.A.

Coviandes S.A. has recognized a financial asset, initially measured at fair value, for construction services, which represents the present value of the minimum annual guaranteed payments receivable from the grantor, on which it has a contractual right, discounted at a rate of 9.18% per annum. Similarly, it has recognized an intangible asset representing the difference between the fair value of construction services and the fair value of the financial asset. The purpose of the concession is to perform through the concession system, final studies and designs, restoration and construction works, operation and

maintenance of the road from Bogota to Puente Real and the maintenance and operation of the road from Puente Real Villavicencio.

Estudios y Proyectos del Sol S.A.S. and Subordinates

Concesionaria Panamericana S.A.S.

In the development of its corporate purpose, concession agreement OJ 121-97 was entered into on December 16, 1997 between the Government of Cundinamarca and Concesionaria Panamericana S.A.S.

The purpose of the agreement is as follows: “The Concessionaire undertakes to carry out under the concession system, as established in article 32 paragraph 4 of Law 80/1993 and Law 105/1994, what has been offered in the bid under Public Award SV-01-97 in accordance with the respective specifications and with this Agreement, the studies, final designs, restoration and construction works, maintenance and operation of the Western Central Road Corridor of Cundinamarca, composed of the sections Los Alpes - Villeta and Chuguacal – Cambao, including the access to the municipalities of Guayabal de Siquima, Bituima, Viani and San Juan de Rioseco”.

The concession agreement is monitored and controlled by the Government of Cundinamarca through the Concessions Institute of Cundinamarca - ICCU.

As of December 31, 2014, 28 additional contracts to Concession Agreement OJ-121-97 have been signed, of which the additional concession contracts No. 7 and 28 are active. The formalization of the minutes of liquidation of the works is pending for other additional concession contracts.

Concesionaria Vial del Oriente S.A.S. COVIORIENTE S.A.S.

In furtherance of its corporate purpose, a concession agreement was signed on July 23, 2015 between the National Infrastructure Agency (ANI) and Concesion Vial del Oriente (Covioriente), under the Public Private Partnership scheme PPP N 010 under the terms of Law 1508/2012. The purpose of the agreement is to develop and promote a road network connecting the capital of the department of Meta, Villavicencio, with the capital of the department of Casanare, Yopal, and improve mobility on the same.

Its social purpose contemplates the execution, performance, development, termination, liquidation and reversal of the partnership agreement under the PPP scheme, awarded during public tender No. vj-ve-ip-lp-015-2013 opened by the National Infrastructure Agency-ANI, the purpose of which is the financing, preparation of studies and designs, construction, restoration, improvement, operation and maintenance, land management, social management and environmental management and reversal of the Villavicencio - Yopal road corridor.

Concesionaria Vial Andina S.A.S. COVIANDINA S.A.S.

Concession Agreement No. 005 of June 9, 2015 under the public private partnership scheme under the terms of Law 1508/2012, which purpose is to grant a concession to that, in accordance with the provisions of this agreement, the Concessionaire, at its own risk, carries out studies and designs, financing, construction, operation, maintenance, social management, land management and environmental management of a new road between Chirajara and the Fundadores intersection, and the maintenance and operation of the entire Bogota – Villavicencio road corridor.

As of June 30, 2016 and December 31, 2015, the Corporation and its subordinates had no contingent assets on account of revenues receivable originated by any contractual dispute with any concession, other than any recognition of rates. There are no contingent liabilities on account of fines or penalties imposed by the Government on the development of the concession contract due to any contractual breaches.

Currently there are no restrictions related to assets on concessions.

16. PROPERTY, PLANT AND EQUIPMENT

See accounting policy in note 2.9. The following is the net book balance as of June 30, 2016 and December 31, 2015:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Cost	2,759,507	2,450,228
Accumulated depreciation	(200,266)	(165,704)
Total	<u>2,559,241</u>	<u>2,284,524</u>

Currently there are no restrictions related to Property, Plant and Equipment.

The following is the movement in the accounts of Property, plant and equipment, including accumulated depreciation as of June 30, 2016 and December 31, 2015:

	Land	Buildings and constructions	Ongoing constructions	Office equipment, furniture and fixtures	Computing, communication and network equipment	Vehicles	Mobilization, Machinery, Plant and Equipment under Assembly	Gas Pipelines	Other property, plant and equipment	Total
Cost:										
Balance as of June 30, 2015	331,032	562,750	69,984	13,329	29,152	40,232	468,955	767,550	19,552	2,302,536
Capitalized purchases or expenses (net)	30,653	80,878	243,849	1,765	4,330	9,327	68,514	151,402	481	591,199
Withdrawals / Sales (net)	(10,320)	(18,297)	(141,424)	(9)	(817)	(8,194)	(144,746)	(142,855)		(466,662)
Transfers / classifications	-			94			(410)	16,681		16,365
Translation adjustments	1,992	4,270		43	22	66	(48)		445	6,790
Balance as of December 31, 2015	353,357	629,601	1 72,409	15,222	32,687	41,431	392,265	792,778	20,478	2,450,228
Capitalized purchases or expenses (net)	9,584	2,290	222,605	1,739	3,242	7,724	55,078	4,841	2,863	309,966
Withdrawals / Sales (net)	-	(2,484)	(66,024)	(652)	(1,425)	(1,851)	(10,867)	(1,166)		(84,469)
Transfers / classifications	(10,085)	(55,983)	169,901	2,624	1,446	21,096	(32,021)	394		97,372
Translation adjustments	(1,100)	(1,621)	(8,648)	(85)	(57)	(87)	(1,947)		(45)	(13,590)
Balance as of June 30, 2016	351,756	571,803	490,243	1 8,848	35,893	68,313	402,508	796,847	23,296	2,759,507
Accumulated Depreciation:										
Balance as of June 30, 2015	-	(13,118)	-	(2,876)	(11,348)	(14,753)	(26,221)	(86,398)	(4,578)	(159,292)
Depreciation through profit or loss	-	(6,747)	-	(1,255)	(4,980)	(6,284)	(27,009)	(15,066)	(90)	(61,431)
Withdrawals / Sales	-	(458)	-	(134)	1,597	4,433	20	49,561	-	55,019
Balance as of December 31, 2015	-	(20,323)	-	(4,265)	(14,731)	(16,604)	(53,210)	(51,903)	(4,668)	(165,704)
Depreciation through profit or loss	-	(5,608)	-	(1,242)	(3,461)	(6,910)	(12,600)	(7,104)	(152)	(37,077)
Transfers / classifications	-	267	-	(1,085)	(1,251)	(13,844)	(17,728)	29,050	-	(4,591)
Withdrawals / Sales	-	56	-	561	1,322	1,469	3,156	(6)	-	6,558
Translation adjustments	-	228	-	(4)	85	64	175	-	-	548

Balance as of June 30, 2016	-	(25,380)	-	(6,035)	(18,036)	(35,825)	(80,207)	(29,963)	(4,820)	(200,266)
Net balance:										
Balance as of June 30, 2015	331,032	549,632	69,984	10,453	17,804	25,479	442,734	681,152	14,974	2,143,244
Balance as of December 31, 2015	353,357	609,278	172,409	10,957	17,956	24,827	339,055	740,875	15,810	2,284,524
Balance as of June 30, 2016	351,756	546,423	490,243	12,813	17,857	32,488	322,301	766,884	18,476	2,559,241

As of June 30, 2016 and December 31, 2015 financial costs in the amount of \$36,380 and \$18,672 million were capitalized using weighted average rates of 8% and 6% per annum, respectively (see accounting policy in note 2.18).

17. INVESTMENT PROPERTIES

See accounting policy in note 2.10. The balance of investment properties as of June 30, 2016 and December 31, 2015 is as follows:

	<u>As of June 30, 2016</u>	<u>As of December 31, 2015</u>
Investment Properties	142,429	132,322

The following are the movements of investment properties as of June 30, 2016 and December 31, 2015:

	<u>Land</u>	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Balance as of June 30, 2015	82,836	33,906	5,427	122,169
Purchases or expenses capitalized (net)	10,001	2,391	.	12,392
Withdrawals / Sales (net)	(19,220)	(524)	-	(19,756)
Changes in fair value	10,377	7,196	65	17,638
Transfers to non-current assets held for sale	(121)	-	-	(121)
Balance as of December 31, 2015	83,873	42,957	5,492	132,322
Purchases or expenses capitalized (net)	3,473	3,898	-	7,371
Withdrawals / Sales (net)	(29)	(3,046)	(5,492)	(8,567)
Changes in fair value	11,178	437	-	11,615
Transfers to non-current assets held for sale	-	(312)	-	(312)
Balance as of June 30, 2015	98,495	43,934	-	142,429

Real estate investments are valued annually at fair value based on market values determined by qualified independent experts with enough experience in the valuation of similar properties. The significant methods and assumptions used in determining the fair value are in line with the provisions of IFRS 13 (see Note 4.10).

The above amounts are not subject to any limitations or restrictions.

18. BIOLOGICAL ASSETS

See accounting policy in note 2.14. The following is a breakdown of the movements in the category of existing biological assets (in millions of pesos):

	Long-cycle crops	Short-cycle crops	Livestock Farming	Fish Farming	Total
Cost or fair value:					
Balance as of June 30, 2015	205,300	6,579	40	3,112	215,031
Purchases or expenses capitalized (net)	15,896	9,579	359	821	26,655
Withdrawals / Sales (net)	(368)	(9,875)	(444)	(922)	(11,609)
Changes in fair value	9,624	-	511	-	10,135
Balance as of December 31, 2015	230,452	6,283	466	3,011	240,212
Purchases or expenses capitalized (net)	3,329	4,628	3,619	919	12,495
Withdrawals / Sales (net)	(112)	(5,493)	(797)	(805)	(7,207)
Changes in fair value	19,493	912	434	-	20,839
Balance as of June 30, 2016	253,162	6,330	3,722	3,125	266,339

As of June 30, 2016 and December 31, 2015 financial costs for \$15 and \$7 million were capitalized with weighted average rates of 8% and 8% per annum, respectively (see accounting policy in note 2.18).

The differentiated balances of long-cycle crops by stage are as follows:

Long-cycle crops	June 30, 2016	December 31, 2015
African palm		
In production (at fair value)	-	81,916
Growing (at cost)	81,512	2,775
Rubber plantations		
In production (at fair value)	142,857	118,169
Growing (at cost)	28,825	27,561
Others	13,145	9,791
TOTAL	266,339	240,212

The methodologies and assumptions used to calculate the fair value are shown in note 4.11 and the price risk in note 5.6.

The above amounts are not subject to any limitations or restrictions.

African palm plantations

The account of palm oil biological assets does not include the land where trees are grown or the plants and equipment used in the harvesting process. The biological process begins with the initial preparation of the site and planting and ends with the harvest and dispatch of fruit to oil production plants, in which crude oil is extracted from the palm fruit. The growth process of the plant until its entry into production lasts approximately 3 to 4 years and its subsequent production process lasts approximately 30 years.

Note 4.11 shows the main assumptions of unobservable market inputs used for the valuation of African palm biological assets. The following is a breakdown of the hectares planted by the Group in the growth and production process as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Area planted in hectares		
In production (a)	5,164	5,018
Growing (b)	94	240
Total	5,258	5,258

(a) The following is a breakdown of hectares by expected production years as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Number of hectares planted		
Less than 1 year	0	0
Between 1 and 5 years	279	438
Between 5 and 10 years	2,530	2,755
Mora than 10 years	2,355	1,825
Total	5,164	5,018

(b) The following is a breakdown of the expected time of entry into production as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Number of hectares planted		
Less than 1 year	94	93
2 years	-	147
Between 2 and 4 years	-	-
Mora than 4 years	-	-
Total	94	240

Rubber plantations

The account of rubber biological assets does not include the land where trees are grown or the plants and equipment used in the harvesting process. The biological process begins with the initial preparation of the site and planting and ends with the harvest and delivery of technically specified rubber to production plants. The growth process of the plant until its

entry into production lasts approximately 6 to 7 years and the subsequent production process lasts approximately 35 years.

Note 4.11 shows the main assumptions of unobservable market inputs used for the valuation of rubber biological assets.

The following is a breakdown of the hectares planted by the Group in the growth and production process as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Area planted in hectares		
In production (a)	1,504	857
Growing (b)	5,902	6,509
Total	7,406	7,366

(a) The following is a breakdown of hectares by expected production years as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Number of hectares planted		
Less than 1 year	650	
Between 1 and 5 years	410	413
Between 5 and 10 years	-	-
Mora than 10 years	444	444
Total	1,504	857

(b) The following is a breakdown of the expected time of entry into production as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Number of hectares planted		
Less than 1 year	3,025	1,983
2 years	72	1,689
Between 2 and 4 years	2,805	1,078
Mora than 4 years	0	1,759
Total	5,902	6,509

During the periods ended on June 30, 2016 and December 31, 2015, the Group recorded revenues and costs on account of biological assets in the income statement according to the following breakdown:

	June 30, 2016	December 31, 2015
Sales revenues	13,608	53,575
Changes in fair value of biological assets	20,839	15,805
Subtotal (Revenues)	34,447	69,380
Costs and expenses	(9,396)	(37,045)

Accretion and maintenance costs	(6,742)	(7,640)
General administration and sales expenses	(2,119)	(2,866)
Financial expenses	(479)	(278)
Subtotal (Expenses)	(18,736)	(47,829)
Total net profits	15,711	21,551

The above amounts regarding Biological Assets are not subject to any limitations or restrictions.

19. INVENTORY, NET

See accounting policy in note 2.8. The following tables show the summary and details of the balances as of June 30, 2016 and December 31, 2015.

	Cost	Inventory at Fair Value Minus Sale Costs (NRV)	Impairment	Net Impairment Cost
As of June 30, 2016	201,177	202,060	(7,455)	193,722
As of December 31, 2015	162,006	163,851	(8,437)	153,569

The following is the detail of the movement of inventory:

	Cost	Inventory at Fair Value Minus Sale Costs (NRV)	Impairment of Inventory	Measured at lower of cost and NRV (Net)
Balance as of June 30, 2015	145,014	135,485	10,331	134,683
Raw materials	21,939	21,939	356	21,583
Goods produced	12,551	12,551	564	11,987
Products in process	11,033	11,038	-	11,033
Performing contracts	30,469	30,469	-	30,469
Finished goods	593	593	-	593
Goods not manufactured by the company	29,607	31,446	160	29,447
Materials, spares and accessories	45,624	45,625	7,357	38,267
Inventory in transit	10,030	10,030	-	10,030
Inventory held by third parties	160	160	-	160
Balance as of December 31, 2015	162,006	163,851	8,437	153,569
Raw materials	25,109	25,109	168	24,942
Goods produced	13,002	13,023	9	12,992
Products in process	10,839	10,952	131	10,708
Performing contracts	57,230	57,230	28	57,202
Finished goods	-	-	-	-
Goods not manufactured by the company	31,769	32,518	135	31,633
Livestock	-	-	-	-
Materials, spares and accessories	48,455	48,455	6,984	41,472
Inventory in transit	14,767	14,767	-	14,767
Inventory held by third parties	6	6	-	6
Balance as of June 30, 2016	201,177	202,060	7,455	193,722

As of June 30, 2016, the Corporation and its subordinates held an inventory of \$193,722,000 including an amount of \$56,015,000 from Pizano and its subsidiaries; \$42,305 million from Promigas and its subsidiaries; \$65,224 million from Episol and its subsidiaries and the remaining balance from other entities in the Group. As of December 31, 2015, the affiliates have a balance of \$153,569,000 including an amount of \$56,143,000 from Pizano and its subsidiaries; \$32,264 million from Promigas and its subsidiaries; \$38,313 million from Episol and its subsidiaries.

The consolidated balances as of June 30, 2016 and December 31, 2015 of the inventory and impairment adjustment per sector are shown below.

As of June 30, 2016

	Infrastructure	Agribusiness	Hospitality	Power and Gas	Others	Consolidated
Inventory	65,225	68,487	4,972	54,267	8,226	201,177
Impairment	-	(858)	-	(6,593)	(4)	(7,455)
Net Inventory	65,225	67,629	4,972	47,675	8,222	193,722

As of December 31, 2015

	Infrastructure	Agribusiness	Hospitality	Power and Gas	Others	Consolidated
Inventory	38,318	68,317	3,701	45,179	6,491	162,006
Impairment	-	(1,381)	-	(7,056)	-	(8,437)
Net Inventory	38,318	66,936	3,701	38,123	6,491	153,569

There are no balances regarding inventories in the financial sector.

The above amounts are not subject to any limitations or restrictions.

20. GOODWILL

See accounting policy in note 2.15. Then goodwill recognized by the subordinates of the Corporation as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
Promigas S.A. and Subsidiaries	128,819	128,819
<i>Gas Natural de Lima y Callao S.A.C.</i>	20,913	20,913
<i>Compañía Energetica de Occidente S.A.S. E.S.P.</i>	448	448
<i>Gases de Occidente S.A. E.S.P.</i>	65,577	65,577
<i>Promioriente S.A. E.S.P.</i>	2,845	2,845
<i>Promisol S.A.S.</i>	92	92
<i>Surtidora de Gas del Caribe S.A. E.S.P.</i>	35,415	35,415
<i>Transportadora de Metano S.A. E.S.P.</i>	922	922
<i>Sociedad Portuaria el Cayao S.A. E.S.P.</i>	330	330
<i>Transoccidente S.A. E.S.P.</i>	234	234
<i>Enercolsa S.A.S.</i>	2,043	2,043
Hoteles Estelar – Hoteles Cartagena de Indias	6,661	6,661
Episol – Panamericana	119,916	119,916
Corficolombiana – Promigas	40,868	40,868
Total	296,264	296,264

The following is a summary of the main goodwill recognized in the financial statements of the Corporation and its subsidiaries:

- The goodwill acquired as a result of the merger of Estudios y Proyectos del Sol S.A.S. and Intrex Investments Inc. originated by the purchase of Concesionaria Panamericana S.A.S. extract to the Notes to the Consolidated Financial Statements Episol S.A.S. on December 31, 2011: “On June 24, 2011 took place the disposal process of 100% of the shares of the Concesionaria Panamericana S.A. to Intrex Investment Inc., a subsidiary of Corficolombiana S.A. on 30 December 2012. Intrex Investment Inc. was merged with Episol S.A.S.”.
- The acquisition in December 2008 of Compañía Hotelera de Cartagena de Indias S.A by Hoteles Estelar S.A. by absorption of losses.
- The goodwill recognized by the Corporation on Promigas amounting to 40,868 million pesos, adopting the exception of IFRS 1 (First-time Adoption of IFRS) for business combinations, i.e. not restated under IFRS 3 (business combinations) taking the carrying amount under the previous GAAP.

The goodwill recorded is not subsequently amortized but is subject to an annual assessment for impairment in accordance with IAS 36 Impairment of Assets. These studies are performed based on valuations of cash-generating units assigned with the respective

goodwill upon their acquisition by the discounted cash flow method, taking into account factors such as the economic situation of the country and the sector in which the company operates, historical financial information, and projected growth of the revenues and costs of the company in the next five years.

The methodologies and assumptions used for the valuation of different cash-generating units with goodwill assigned were properly reviewed by the management and based on this review it concluded that as of June 30, 2016 and December 31, 2015 it was not necessary record any provision for impairment of goodwill (see note 4.8).

The above amounts of intangibles are not subject to any limitations or restrictions.

21. INCOME TAXES

See accounting policy in note 2.22. and estimates to determine the recoverability of deferred tax assets in note 4.6.

Provision for income and CREE tax

The income tax expense for the six-month periods ended on June 30, 2016 and December 31, 2015 includes:

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

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Current income tax	103,070	88,514
Cree income tax	51,224	42,206
Cree income surtax	32,163	22,404
Subtotal current tax	186,457	153,124
Adjustment of previous periods	(3,721)	614
Adjustment by uncertain tax positions in previous periods	(122)	11
Deferred tax		
Net deferred tax for the period	13,556	5,938
Deferred tax assets considered as irrecoverable of previous periods	-	-
Deferred tax subtotal	13,556	5,938
Total	196,170	159,687

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

The tax legislation applicable to the companies of the Group stipulates the following:

In Colombia

- i. Taxable income is taxed at a rate of 25% by way of income and complementary taxes.
- ii. As of January 1, 2013, Law 1607 of December 2012 created the income tax for equity – CREE as a contribution to be made by legal and assimilated companies and entities reporting income and complementary tax for the benefit of workers, job creation and social investment. The income tax for equity “CREE” for 2015 and beyond is 9%.
- iii. From 2015 an additional surtax on the CREE tax of 5% for 2015, 6% for 2016, 8% for 2017 and 9% for 2018 was created.
- iv. The basis for determining the income tax and the CREE tax cannot be lower than 3% of its liquid assets on the last day of the immediately preceding fiscal year.

- v. Revenues considered as other income are taxed at a rate of 10%. Gains from the disposal of assets of any nature, which have been part of the fixed assets of the taxpayer are considered as other income and are taxed at a rate of 10% on the profits on disposal of the asset.

According to article 165 of Law 1607/2012 and Regulatory Decree 2548/2014, for tax purposes, the references in tax rules to accounting standards will remain in force during a period of four (4) years following the entry into force of the International Financial Reporting Standards. Consequently, during the years 2015 to 2018 inclusive, the tax bases of the items included in the tax returns will remain unchanged and the determination of the current income tax liability and the income tax for equity (CREE) will be carried out on the basis of the current tax rules, which in some cases are referred to the previous accounting principles until December 31, 2014 (Decree 2649/1993 and other supplementary provisions).

In accordance with the above, the determination of the tax base of income and CREE taxes for the six-month periods ended on June 30, 2016 and December 31, 2015 was carried out based on the applicable tax provisions.

In other countries

The tax rate for the subordinates of Banco Corficolombiana Panama and Hoteles Estelar Panama is 0% since they have an international license, for Hoteles Estelar del Peru SAC, Gas Comprimido del Peru S.A. the applicable rate is 28% in 2015, 27% in 2016 and 2017, 26% in 2018 and subsequent years.

	June 30, 2016	December 31, 2015
Current tax asset	167,422	117,454
Current tax liability	(87,809)	(159,723)
Net total	79,613	(42,269)

The following is the detail of the reconciliation between the total income tax expense of the Corporation and its subordinates calculated at the tax rates currently in force and the actual tax expense recorded in the income statement.

	June 30, 2016	December 31, 2015
Earnings before income tax	649,428	541,778
Total tax rate in force in Colombia	40%	39%
Theoretical tax expense calculated according to tax rates in force	259,771	211,293
Non-deductible expenses	26,374	23,906
Difference in presumptive income surplus that did not generate deferred taxes	15,071	20,756
Difference in tax losses on which no deferred tax was calculated	98,665	624
Wealth tax	1,436	3

Dividends received not constituting income	(6,922)	(6,788)
Revenues through equity method not constituting income	(57,056)	(47,022)
Profit (loss) in sale of valuation of investments not constituting income	6,230	10,971
Interest and other nontaxable revenues	(73,813)	(8,400)
Exempt revenues	(3,304)	(1,969)
Intangibles not subject to deferred tax	(150)	(705)
Other income with different tax rates	214	(2,406)
Deductions with different rates for the CREE tax	550	1,630
Tax benefit for acquisition of productive assets	(38,616)	(34,649)
Profit from domestic subsidiaries	141	(16)
Profit (loss) of subsidiaries in tax-free countries	(531)	641
Profit (loss) of subsidiaries in countries with different tax rates	1,355	67
Effect of deferred taxes due to application of different tax rates	(20,594)	890
Adjustment of previous periods	(3,721)	614
Adjustment for uncertain tax positions	(122)	11
Excess provision for the period	454	96
Temporary deductible differences on which no deferred tax was calculated	(401)	-
Other items	(8,861)	(9,860)
Total tax expense for the period	196,170	159,687

c. Tax losses and excess presumptive income:

The following is a breakdown as of June 30, 2016 and December 31, 2015 of tax losses and excess presumptive income of the companies of the Group that have not been used and on which the Group has not registered deferred tax assets due to the uncertainty inherent to their recovery.

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Tax losses to expire on:		
December 31, 2017	-	1,772
December 31, 2018	-	169
December 31, 2019	-	243
Without expiration date (1)	376,908	110,625
Tax losses subtotal	376,908	112,809
Excess presumptive income to expire on:		
December 31, 2016		
December 31, 2017	3,732	897

December 31, 2018	42,257	6,160
December 31, 2019	83,381	77,056
December 31, 2020	53,069	43,344
December 31, 2021 (1)	49,600	-
Excess presumptive income subtotal	232,041	128,415
TOTAL	608,949	241,224

(1) The balance reported as at June 30, 2016 includes tax losses of \$266,283 and excess presumptive income of \$42,778 corresponding to the basis of estimated calculation of current taxes, which were only consolidated at the end of the fiscal year on December 31, 2016.

In addition to the above, the Group had deductible temporary differences as of June 30, 2016 and December 31, 2015 for \$232,800 and \$341,926, respectively, for which deferred tax assets were not recognized due to the uncertainty inherent to their recovery.

d. Deferred taxes in respect of subsidiaries, associates and joint ventures:

Pursuant to paragraph 39 of IAS 12, the Group did not record deferred income tax liabilities related to temporary differences from investments in subsidiaries and associates, mainly by items corresponding to earnings not transferred to Colombia from such affiliates and the translation adjustment of the financial statements recorded in Equity. This is because: i) the Group has control over its subsidiaries and, therefore can decide on the reversal of such temporary differences; and ii) the Group has not planed their realization in the medium term; therefore, it is likely that such temporary differences will not reverse in the foreseeable future. Therefore, as of June 30, 2016 and December 31, 2015 the Corporation has taxable temporary differences on investments in subsidiaries and associates amounting to \$338,644 and \$290,722 on which no deferred tax liabilities have been recorded.

e. Deferred taxes by type of temporary difference:

The differences between the carrying amounts of assets and liabilities and the tax bases thereof give rise to the following temporary differences that generate taxes deferred, calculated and recorded in the six-month periods ended on June 30, 2016 and December 31 2015 based on the tax rates currently in force for the years in which those temporary differences will reverse.

	December 31, 2015	Translation adjustment	Credited (charged) to income	Credited (charged) to other comprehensive income	June 30, 2016
Deferred tax assets					
Valuation of debt instruments	-	-	(1,007)		1,007
Valuation of equity instruments	285	-	285		
Valuation of derivatives	6,014	-	5,557		457

Accounts receivable	-		(240)		240
Differences between accounting and tax bases of loan portfolio	4,082		(693)		4,775
Provision for loan portfolio	18,119		14,102		4,017
Provision for accounts receivable	167		(2,105)		2,272
Intangible assets in concession agreements	11,929		(8,910)		20,839
Differences between accounting and tax bases of goods received in lieu of payment	-		(6,050)		6,050
Differences between accounting and tax bases of the cost of property, plant and equipment	40,233		2,295		37,938
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	1,124		(378)		1,502
Biological assets	369		228		141
Differences between accounting and tax bases of deferred charges of intangible assets	54,306		(5,503)		59,809
Tax losses	36,010	863	460		34,687
Excess presumptive income	2,898		(1,381)		4,279
Non-deductible liability provisions	23,461	23	(68,845)		92,283
Employee benefits	3,839	12	757	145	2,925
Goodwill	6,947		6,947		
Deferred revenues	35,856		(30,116)		65,972
Leases	8,414		950		7,464
Others	92,951		71,068		21,883
Total deferred tax asset	347,004	898	(22,579)	145	368,540

Deferred tax liabilities

Valuation of debt instruments	(874)		(874)		
Valuation of equity instruments	(14,681)		2,211	(345)	(16,547)
Valuation of derivatives	(847)	7,307	(2,130)	5,944	(1 1,968)
Accounts payable			2,723		(2,723)
Differences between accounting and tax bases of loan portfolio	(6,540)		(5,283)		(1,257)
Provision for loan portfolio	(1,494)		717	266	(2,477)
Provision for accounts receivable			1		(D
Differences between accounting and tax bases of the cost of property, plant and equipment	(88,326)	(110)	13,377		(101,593)
Differences between	(56,128)		(11,927)		(44,201)

accounting and tax bases for the accrual of the depreciation of property, plant and equipment					
Differences between accounting and tax bases of deferred charges of intangible assets	(15,963)		3,549		(19,512)
Profits not transferred from investments in subsidiaries	(2,333)		(831)		(1,502)
Non-deductible liability provisions	(503)		1,455		(1,958)
Employee benefits	(746)		(52)		(694)
Goodwill	(9,899)		(6,015)		(3,884)
Fiduciary rights	(19)		(19)		
Deferred revenues	(26,933)		3,845		(30,778)
Others	(15,750)	(76)	(8,042)	(404)	(7,228)
Financial assets in concession agreements	(498,380)		44,782		(543,162)
Intangible assets in concession agreements	(129,286)		(2,896)		(126,390)
Biological assets	(17,579)		(237)		(17,342)
Leases	(214)		1,781		(1,995)
Total deferred tax liability	(886,495)	7,121	36,135	5,461	(935,212)
Net deferred tax	(539,491)	8,019	13,556	5,606	(566,672)

The 2015 balance corresponds to the restated balance of deferred tax after adjustments due to the cancellation of the deferred tax realized by Corficolombiana and the adjustment of IAS 27 carried out by Promigas.

The column translation adjustment - Minority Interest, includes the adjustments made at consolidated level of minority interests on items charged to other comprehensive income on account of deferred tax and changes in the deferred tax as a result of the conversion of rates that does not affect the income tax expense account.

Six-month period ended on December 31, 2015

	December 31, 2015	Translation adjustment	Credited (charged) to income	Credited (charged) to other comprehensive income	June 30, 2016
Deferred tax assets					
Valuation of fixed-income instruments	525	-	(525)	-	
Valuation of equity instruments	605	-	(320)		285
Valuation of derivatives	2,933	3,463	(3,986)	3,604	6,014
Differences between accounting and tax bases of loan portfolio	165	-	3,917	-	4,082
Provision for loan portfolio	15,472	-	2,647	-	18,119
Provision for accounts receivable	145	-	22	-	167
Intangible assets in	14,570		(14,570)		

concession agreements					
Differences between accounting and tax bases of goods received in lieu of payment	538	-	11,391	-	11,929
Differences between accounting and tax bases of the cost of property, plant and equipment	18,995	-	21,238	-	40,233
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	3,347	-	(2,223)	-	1,124
Biological assets	7,061	-	(6,692)	-	369
Differences between accounting and tax bases of deferred charges of intangible assets	40,098	-	14,209		54,307
Tax losses	37,111	-	(1,101)		36,010
Excess presumptive income	1,544	-	1,354	-	2,898
Non-deductible liability provisions	25,513	-	(2,052)	-	23,461
Employee benefits	6,253	(328)	(1,568)	(518)	3,839
Goodwill	7,180	-	(233)	-	6,947
Deferred revenues	10,517	-	25,339	-	35,856
Leases	4,538	-	3,876	-	8,414
Others	142,670	(4,575)	(45,145)	-	92,950
Total deferred tax asset	339,780	(1,440)	5,578	3,086	347,004

Deferred tax liabilities

Valuation of fixed-income instruments	-	-	(874)	-	(874)
Valuation of equity instruments	(13,719)	(70)	(3,354)	2,463	(14,680)
Valuation of derivatives	-	-	(847)	-	(847)
Differences between accounting and tax bases of loan portfolio	(537)	-	(6,003)	-	(6,540)
Provision for loan portfolio	(2,275)	-	1,029	(248)	(1,494)
Differences between accounting and tax bases of the cost of property, plant and equipment	(111,892)	-	23,566	-	(88,326)
Differences between accounting and tax bases for the accrual of the depreciation of property, plant and equipment	(43,036)	-	(13,092)	-	(56,128)
Differences between accounting and tax bases of deferred charges of intangible assets	(32,549)		16,586		(15,963)
Profits not transferred from investments in subsidiaries	(3,298)	-	965	-	(2,333)
Non-deductible liability	(553)	-	50	-	(503)

provisions					
Employee benefits	(10)	-	(736)	-	(746)
Goodwill	(1,747)	-	(8,152)	-	(9,899)
Fiduciary rights	(0)	-	(19)	-	(19)
Deferred revenues	(19,549)	-	(7,384)	-	(26,933)
Others	(33,788)	-	18,035	-	(15,753)
Financial assets in concession agreements	(451,798)	-	(46,582)	-	(498,380)
Intangible assets in concession agreements	(145,750)	-	16,464	-	(129,286)
Biological assets	(16,558)	-	(1,021)	-	(17,579)
Leases	(65)	-	(147)	-	(212)
Total deferred tax liability	(877,124)	(70)	(11,516)	2,215	(886,495)
Net deferred tax	(537,344)	(1,510)	(5,938)	5,301	(539,491)

The balances of deferred tax assets and liabilities recorded in the statement of financial position as of June 30, 2016, December 31, 2015 and June 30, 2015, after offsets as provided in paragraphs 73 and 74 of IAS 12, is as follows:

As of June 2016	Deferred Tax Calculated	Offset Adjustment	Deferred Tax Balance disclosed in Financial Position Statement
Deferred tax asset	368,541	(276,256)	92,285
Deferred tax liability	(935,213)	276,256	(658,957)
Net Deferred Tax	(566,672)	-	(566,672)

As of December 2015	Deferred Tax Calculated	Offset Adjustment	Deferred Tax Balance disclosed in Financial Position Statement
Deferred tax asset	347,004	(256,317)	90,687
Deferred tax liability	(886,495)	256,317	(630,178)
Net Deferred Tax	(539,491)	-	(539,491)

As of June 2015	Deferred Tax Calculated	Offset Adjustment	Deferred Tax Balance disclosed in Financial Position Statement
Deferred tax asset	339,780	(255,861)	83,919
Deferred tax liability	(877,124)	255,861	(621,263)
Net Deferred Tax	(537,344)	-	(537,344)

f. The analysis of deferred tax assets and deferred tax liabilities as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
To be recovered after more than 12 months	262,271	230,595
To be recovered within 12 months	106,270	116,409

Deferred tax assets	368,541	347,004
To be recovered after more than 12 months	(805,894)	(713,755)
To be recovered within 12 months	(129,319)	(172,740)
Deferred tax liabilities	(935,213)	(886,495)
Deferred tax assets or liabilities (net)	(566,672)	(539,491)

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

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

	June 30, 2016			December 31, 2015		
	Amount before taxes	Tax expense (income)	Net	Amount before taxes	Tax expense (income)	Net
Items that can be reclassified later into income						
Net unrealized loss on hedging operations of foreign transactions	15,853	(5,944)	9,909	5,769	3,604	9,373
Subtotal	15,853	(5,944)	9,909	5,769	3,604	9,373
Items not reclassified into income						
Adjustments by translation of Financial Statements						
Net unrealized profit on equity investments	30,385	750	31,135	95,615	2,463	98,078
Actuarial profit (loss) on defined benefit plans	1,481	(145)	1,335	1,728	(518)	1,210
Difference in portfolio impairment model (Individual - Consolidated)	(210)	(266)	(475)	924	(248)	676
Subtotal	32,169	339	32,508	118,953	1,697	120,650
Total other comprehensive income during the period	48,022	(5,605)	42,417	124,722	5,301	130,023

h. Uncertainty in open tax positions

	Leasing Corficolombiana S.A.	Hoteles Estelar S.A. and subordinates	Total
Balance as of December 31, 2015	103	19	122

Increase in the provisions for the year	-	-	-
Amounts reversed due to unused provisions	(103)	(19)	(122)
Balance as of June 30, 2016	-	-	-

As of June 30, 2016 the Corporation reported no liabilities for tax uncertainties. As of December 31, 2015 the Corporation reported \$122 million.

22. OTHER ASSETS, NET

See accounting policy in notes 2.17 and 2.19. Below are listed the other assets that due to their insignificant value do not fall into this category and therefore fall into this classification:

	June 30, 2016	December 31, 2015
Other assets, net		
Prepaid expenses	159,928	131,142
Others	-	-
Art and cultural assets	982	-
Minor intangibles (1)	84,914	88,574
Other minor assets (2)	396	3,656
Total	246,220	223,372

(1) Mainly corresponds to the renewing of the insurance policies of concessions, credit quota availability commissions and advances to suppliers related to construction contracts.

(2) Mainly correspond to expenses related to intangibles connected with software and programs.

Detail of minor intangibles:

	Patents and Intellectual Property	Other Rights	Licenses	Computer Software and Applications	Other Intangible Assets	Total
Cost						
As of June 30, 2015	16,286	180	63,130	1,886	10,232	91,714
Additions	-	6,827	12,726	759	-	20,312
Sales or withdrawals	(3,904)	-	-	-	(549)	(4,453)
As of December 31, 2015	12,382	7,007	75,856	2,645	9,683	107,573
Additions	-	104	3,645	2,311	185	6,245
Reclassification – changes in estimates	(917)	3,314	5,149	(71)	(256)	7,219
Sales or withdrawals	-	(5,033)	(153)	(84)	(505)	(5,775)
As of June 30, 2016	11,465	5,392	84,497	4,801	9,107	115,262
Accumulated amortization						
As of June 30, 2015	(2,876)	(32)	(11,150)	(333)	(1,807)	(16,198)
Amortization for the period	-	(1,206)	(2,247)	(134)	-	(3,587)
Sales or withdrawals	689	-	-	-	97	786
As of December 31, 2015	(2,187)	(1,238)	(13,397)	(467)	(1,710)	(18,999)
Amortization for the period	(242)	(1,056)	(5,306)	(1,521)	(236)	(8,361)
Reclassification – changes in estimates	2,190	(2,058)	(3,766)	(128)	66	(3,696)

Sales or withdrawals	-	-	119	84	505	708
As of June 30, 2016	(239)	(4,352)	(22,350)	(2,032)	(1,375)	(30,348)
Total Intangible						
Assets						
Net balance as of						
June 30, 2015	13,410	148	51,980	1,553	8,425	75,516
Net balance as of						
December 31, 2015	10,195	5,769	62,459	2,178	7,973	88,574
Net balance as of						
June 30, 2016	11,226	1,040	62,147	2,769	7,732	84,914

The above amounts are not subject to any limitations or restrictions.

23. NON-CURRENT ASSETS HELD FOR SALE

See accounting policy in note 2.13. The following is a breakdown of non-current assets held for sale:

	June 30, 2016	December 31, 2015
Real estate	8,370	25,261
Vehicles	5,965	5,825
Others	23,167	27,333
Total	37,502	58,419

The following are the balances of the non-current assets held for the sale of the Corporation and its subordinates:

As of June 30, 2016

	Book Value	Impairment	Impairment %	Recoverable Amount
Real estate	8,370	-	0%	8,370
Vehicles	5,965	-	0%	5,965
Others	23,167	-	0%	21,242
Total	37,502	-	0%	35,577

As of December 31, 2015

	Book Value	Impairment	Impairment %	Recoverable Amount
Real estate	25,261	-	0%	25,261
Vehicles	5,825	-	0%	5,825
Others	27,333	-	0%	27,333
Total	58,419	-	0%	58,419

The movements in non-current assets held for sale in the period are as follows:

	Real Estate	Vehicles	Others	Total
Balance as of June 30, 2015	23,268	6,621	41,037	70,926
Additions	5,702	575	3,564	9,841
Assets sold	(3,441)	(1,295)	(16,794)	(21,530)
Write-offs	(268)	(76)	(474)	(818)
Balance as of December 31, 2015	25,261	5,825	27,333	58,419
Additions	-	757	17,141	17,898
Assets sold (1)	(15,522)	(617)	(21,164)	(37,303)
Reclassifications	(1,369)	-	(136)	(1,505)
Translation adjustments	-	-	(7)	(7)
Balance as of June 30, 2016	8,370	5,965	23,167	37,502

- (1) The entities that sold asset made during the period are the following: Pizano S.A. with \$21,457 relating to land, Leasing Corficolombiana with \$3,338 for goods returned under leasing contracts and Corficolombiana with \$8,468 including \$8,347 received from the discontinued operation of Pixys.

These assets will not produce significant adverse effects on the financial statements. Currently the Corporation and its subordinates are undertaking efforts for the realization of these assets within the time limits set by the Financial Superintendence of Colombia.

The above amounts are not subject to any limitations or restrictions.

24. DEPOSITS AND CURRENT LIABILITIES

See accounting policy in note 2.7.2. The following is a breakdown of the balances of customer deposits received by the Corporation in the development of its deposit-taking operations:

	June 30, 2016	December 31, 2015
By nature		
Savings accounts	474,656	786,685
Other deposits on demand	1 7,928	28,019
Total on demand	492,584	814,704
Total term deposit certificates	3,469,374	3,270,640
Total	3,961,958	4,085,344

The following are the balances of customer deposits by currency:

	June 30, 2016	December 31, 2015
By currency		
In Colombian pesos	3,837,281	3,937,596
In US dollars	124,677	147,748
Total	3,961,958	4,085,344

The following is a breakdown of the effective interest rates applied on customer deposits.

As of June 30, 2016

	In Domestic Currency		In Foreign Currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Checking accounts	0.00%	0.00%	0.00%	0.00%
Savings accounts	0.33%	2.80%	0.05%	4.00%
Term deposit certificates	2.48%	9.39%	0.05%	4.00%

As of December 31, 2015

	In Domestic Currency		In Foreign Currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Checking accounts	-	-	0.10%	0.05%
Savings accounts	1.00%	6.40%	0.05%	4.00%
Term deposit certificates	2.88%	10.77%	0.05%	4.00%

The following is the detail of the concentration of customer deposits by economic sector:

	June 30, 2016	December 31, 2015
Sector		
Colombian government or governmental entities	335,471	3,125

Manufacturing	260	148,284
Real Estate	5	3,422
Commerce	143,055	40,092
Agriculture and livestock farming	11	(27)
Individuals	308,343	265,755
Others	3,174,813	3,624,693
Total	3,961,958	4,085,344

The expense originated from the interest accrued by deposits and current liabilities as of June 30, 2016 and December 31, 2015 amounts to \$162,081 and \$108,764, respectively.

25. LIABILITIES IN MONEY MARKET OPERATIONS

The following is the summary of market operations by currency held by the Corporation as of June 30, 2016 and December 31, 2015, with the main purpose of financing its operations:

	June 30, 2016	December 31, 2015
Domestic currency		
Ordinary interbank funds acquired	224,535	356,701
Repo operations	610,000	931
Simultaneous operations	2,649,614	3,282,685
Commitments arising from short positions	244,011	81,238
Total operations in domestic currency	3,728,160	3,721,555
Foreign currency		
Repo operations	137,352	305,778
Total operations in foreign currency	137,352	305,778
Total	3,865,512	4,027,333

The following is a breakdown of the effective interest rates applied to short-term financial obligations:

	June 30, 2016		December 31, 2015	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Domestic currency				
Interbank funds	4.45%	4.68%	5.56%	5.83%
Foreign currency				
Interbank funds	5.56%	5.83%	5.56%	5.83%

26. FINANCIAL OBLIGATIONS

See accounting policy in note 2.7.2. The following is the summary of the financial obligations of the Corporation as of June 30, 2016 and December 31, 2015, with the main purpose of financing its operations:

	June 30, 2016	December 31, 2015
Financial obligations with promotion entities	85,011	108,767
Financial obligations with financial entities	2,607,752	2,092,973
Total	2,692,763	2,201,740

Financial obligations with promotion entities

The Colombian Government has established certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. These programs are managed by various governmental entities such as the Bank of Foreign Trade (“BANCOLDEX”), the Fund for Financing the Agricultural Sector (“FINAGRO”) and Financiera de Desarrollo Territorial (“FINDETER”).

The following is the detailed balance of the loans obtained by the Corporation with promotion entities as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
BANCOLDEX	74,208	97,471
FINAGRO	9,864	10,291
FINDETER	939	1,005
Total	85,011	108,767

The following is the detail of the expiration of financial obligations with promotion entities as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
2015	-	960
2016	1,288	5,359
2017	4,969	7,147
2018	13,173	18,499
2019	20,325	24,899
After 2019	45,256	51,903
Total	85,011	108,767

Financial obligations with financial entities

	June 30, 2016	December 31, 2015
Domestic financial entities	1,921,125	1,619,940

Foreign banks	417,915	239,200
Bank checking account discoveries	924	627
Financial leasing	267,788	233,206
Total	2,607,752	2,092,973

Long-term financial obligations due to financial leasing operations

The Corporation and its subordinates have acquired property and equipment through financial leasing operations. The following table summarizes the credit operations obtained through the financial leasing system by expiration:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Balance as of June 30, 2015				
Minimum lease payments to be made in future years	51,527	126,536	91,608	269,671
Minus future financial costs	(420)	(1,134)	(329)	(1,883)
Present value of minimum lease payments	51,107	125,402	91,279	267,788
Balance as of December 31, 2015				
Minimum lease payments to be made in future years	35,374	120,985	78,117	234,476
Minus future financial costs	(874)	(396)	-	(1,270)
Present value of minimum lease payments	34,500	120,589	78,117	233,206

27. ACCOUNTS PAYABLE

See accounting policy in note 2.7.2. Accounts payable include the following:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Commissions and fees	3,505	3,288
Suppliers and services	287,040	356,216
Taxes	49,312	36,421
Dividends	74,442	87,303
Leases	1,674	1,324
Labor withholdings and contributions	21,078	19,721
Acquisition of capital goods	296,164	266,317
Hotel operations	86,771	71,119
Other accounts payable	51,767	55,916
Total Accounts Payable	871,753	897,625

The most significant item of accounts payable corresponds to suppliers and other costs and expenses payable that mostly corresponds to Promigas S.A. and its subordinates in an amount of \$480,406 as of June 30, 2016 and \$398,385 as of December 31, 2015; mainly related to Suppliers and Promigas S.A. E.S.P.

28. EMPLOYEE BENEFITS

See accounting policy in note 2.21. The following is a breakdown of the balances of provisions for employee benefits as of 30 June 2016 and 31 December 2015:

	June 30, 2016	December 31, 2015
Short-term benefits	42,750	48,921
Postemployment benefits	21,267	21,169
Long-term benefits	5,812	5,795
Total	69,829	75,885

Postemployment benefits

In Colombia the retirement pension of employees who retire after reaching certain age and seniority are assumed by public or private pension funds based on defined contribution plans to which companies and employees contribute on a monthly basis the amounts defined by the law to have access to retirement pension; however, in the case of some employees hired by companies of the Corporation prior to 1968 that met the requirements of age and seniority, pensions are assumed directly by the companies of the Corporation.

Certain companies hired by companies of the Corporation before 1990 are entitled to receive on the date of retirement, at the choice of the employee or the company, a compensation corresponding to the last month's salary multiplied by each year of work.

The Corporation recognizes additional extra-legal bonuses or additional bonuses under collective agreements to employees who retire on reaching the age and seniority to enjoy the pension paid by pension funds. The actuarial assumptions are presented in note 4.15.

Long-term employee benefits

The Corporation and its subordinates provide their employees with long-term extra-legal bonuses during their working life depending on the number of years of service, five, ten, fifteen and twenty years, etc., calculated as days of salary (between 30 and 90 days) for each payment.

The following is the movement of post-employment benefits and long-term benefits for the periods ended on June 30, 2016 and December 31, 2015:

	Pension Plans		Other Benefits	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Balance at the beginning of the period	21,169	24,033	5,795	14,477
Costs incurred in the period	13	19	296	407
Interest cost	816	910	218	256
Costs of past services	-	1,575	-	(8,319)
Cost subtotal	829	2,504	514	(7,656)

(Profit)/loss for changes in demographic assumptions	334	(1,561)	-	(926)
(Profit)/loss for changes in financial assumptions	-	(1,962)	-	386
Profit – loss subtotal	334	(3,523)	-	(540)
Payments to employees	(1,065)	(1,845)	(497)	(486)
Balance at the end of the period	21,267	21,169	5,812	5,795

29. OTHER PROVISIONS

See accounting policy in note 2.21. The following is a breakdown of the balances of provisions for employee benefits as of June 30, 2016 and December 31, 2015:

	Legal processes, fines, penalties and indemnifications	Major contractual maintenance	Other provisions	Total
Balance as of June 30, 2015	68,380	178,122	31,789	278,291
Increase in existing provisions	4,385	7,122	-	11,507
Provisions used	-	(11,482)	(20,317)	(31,799)
Balance as of December 31, 2015	72,765	173,762	11,472	257,999
New provisions	3,559	6,375	3,276	13,210
Increase in existing provisions	4,815	5,072	104	9,991
Provisions used	(565)	(12,549)	(4,553)	(17,667)
Reverted unused provisions	(745)	-	(354)	(1,099)
Increase due to adjustments arising by the passage of time	3	1,225	-	1,228
Increase (decrease) by changes in discount rate	-	6,688	-	6,688
Reclassifications in the period	1,527	31,889	(1,132)	32,284
Balance as of June 30, 2016	81,359	212,462	8,813	302,634

Below is a summary of the most significant provisions recognized in relation to legal processes:

Fiduciaria Corficolombiana S.A.

Tax Responsibility Process No. 203 with the Special Investigations Unit against Corruption – Cross-sector Comptroller’s Office No. 2 of the Comptroller General of the Republic, against Franklin German Chaparro Carrillo, Carlos Alirio Gomez Villaraga, Agustin Gutierrez Garavito, Alfonso Maria Liborio Alvarado, Hector Manuel Caamaño Chacon, Miguel Gonzalez Roncancio, William Eduardo Borrero Torreyes, Omayra Caballero Reina, Hector Gabriel Garcia Ortiz, Jose Enrique Ruiz Lopez, William Guevara Cagueño, Maria Elena Melo Fajardo, Jose Joaquin Diaz Herrera, Agustin Hortua Rodriguez, Jasmine Lucero Machado Rivera, Maria Elisa Martinez Vergara, Guillermo Jose Gonzalez Jimenez, Cooperativa Nacional de Caficultores de Calarca, Fiduciaria Corficolombiana, Visemsa S.A. and Comercializacion Internacional Exportadora de Cafe CI EcoCafe S.A., in which the affected entity was the Municipality of Villavicencio.

The process ended with a tax responsibility decision in which the liable parties were severally sentenced to pay the amount of \$13,621 million pesos. Fiduciaria Corficolombiana provisioned \$2,724 million pesos corresponding to its share in the sentence, in accordance with Administrative Order No. 2014065094-000-000 dated July 18, 2014 issued by the Financial Superintendence of Colombia.

Fiduciaria Corficolombiana filed appeal for annulment and reestablishment of rights against the tax liability decision in question, which is currently processed by the First Section of Sub-Section B of the Administrative Tribunal of Cundinamarca and is currently pending.

Transportadora de Gas del Oriente S.A. E.S.P.

The process with the Cosacol-Confurca consortium to solve any differences arising during the agreement for the construction of the Gibraltar-Bucaramanga gas pipeline is currently in the Council of State, since an appeal for annulment was filed with the Corporation against the arbitration award handed down by the arbitration tribunal. A provision of \$25,622 was recorded; in addition to this process default interest are being liquidating, which as of amounted to \$13,803.

Compañía Hotelera de Cartagena de Indias S.A.

On August 16, 2001 Mr. Norberto Gari Garcia filed a class action against the Nation Ministry of National Defense - National Navy; the Nation - General Maritime Directorate (DIMAR); the Nation - Ministry of the Environment; the Nation - Ministry of Transport; the Nation - Superintendence of Notaries and Registries - Office of Public Instruments of Cartagena; the Tourism and Cultural District of Cartagena de Indias and Compañía Hotelera de Cartagena de Indias S.A., a company in which Hoteles Estelar S.A. holds a stake of 50.2%, a stake of 39.5% in the Financial Institutions Guarantee Fund FOGAFIN, a stake of 6.7% in Grupo Bavaria and a stake of 2.5% in Hilton International, among others.

The lawsuit claimed the violation of collective rights and interests of administrative morality, the enjoyment of public space, the enjoyment of a healthy environment and the existence of ecological balance and the rational management and utilization of the natural resources belonging to the state was declared, and that, as a result of such violation, to order the restitution to the State of an area of 37,018 m² as a result of accretions over the sea and the illegal supply of five batches delivered by the Municipality of Cartagena.

The matter was decided by a first instance ruling that denied the claims of the lawsuit, but such ruling was appealed. On March 15, 2013, Subsection C of the Third Section of the Contentious Administrative Court of the Honorable Council of State issued a second instance judgment in which, (i) in respect of the land donated by the Municipality of Cartagena for the establishment of Compañía Hotelera de Cartagena de Indias S.A., it was found that there had been no violation to collective rights subject to protection by means of a popular action; and (ii) it revoked the ruling appealed and instead declared the violation of the collective rights and interests to the defense of public goods and public property. Consequently, it issued an order for the restitution of the land considered as public equivalent to 26,961.51 square meters and, if there are buildings in the same, it ordered Compañía Hotelera de Cartagena de Indias S.A., as a compensatory measure, to acquire a plot of land so that in a non-extendible period not exceeding three (3) years, it would build a park intended for the use and recreation of the whole community. This park would be managed by the District of Cartagena and maintenance costs would be borne by Compañía Hotelera de Cartagena de Indias S.A. during the first thirty (30) years.

Within due legal term and through its attorney, the Company made requests for clarification and supplementation, which were decided by the State Council through ruling of May 8, 2013, in which two paragraphs of the operative part of the judgment were clarified, a new paragraph was added and the remaining requests for clarification and supplementation were denied. The decision was executed from May 30, 2013.

Given that the ruling violated the fundamental right to due process and the constitutional principles of good faith and legitimate trust, Compañía Hotelera de Cartagena de Indias S.A. filed a constitutional remedy (*tutela*) on August 5, 2013 with the Fourth Section of the Council of State, an action that was denied in first and second instance and currently subject to a final decision since it was not selected by the Constitutional Court for review.

Given these circumstances, Compañía Hotelera de Cartagena de Indias S.A. filed on August 13, 2015 with the Administrative Tribunal of Cundinamarca a claim for direct compensation against the Nation - Ministry of Defense – National Navy - General Maritime Directorate - Municipality or District of Cartagena, which was admitted and is in due course.

The lawsuit seeks to declare that the respondents, with their supposedly legal actions, created in CHCI legitimate expectations of legality in the acquisition of the plots of land and the enforcement of the constitutional remedy caused unlawful damages to the claimants, for which the respondents had to be declared as jointly and severally liable for such damages and indemnify the such damages estimated at \$94,000 million for CHCI and at \$17,000 million for Hoteles Estelar.

In view of the rulings issued, as of December 31, 2014 the Company calculated the best estimate based on the information available, resulting in a provision of \$24,815. This estimate was calculated based on the operative part and the grounds for the Judgment issued by the Council of State on March 6, 2013 ordering the restitution of 26,961.51 square meters, an area that the Company reduced to 14,948.57 square meters as a result of discounting a non-constructed area of 12,012.94 square meters. The area to be returned of 14,948.57 square meters was multiplied by the price per square meter obtained as a result of the appraisal conducted in 2014 by a specialized expert.

Provisions for major contractual maintenance correspond to the obligations acquired by the concessionaires to maintain the infrastructure operated in optimal conditions. As of June 30, 2016 provisions have been recognized by Compañía Energetica de Occidente S.A., direct subordinate of Promigas S.A. The investment plan amounts to \$156,767 million pesos. Promigas and its subordinates carry out quality inspections gas pipelines under concession in an amount of \$6,694 million and an amount of \$49,092 million pesos has been recognized by road infrastructure concessionaires.

The estimates made for the recognition of provisions and contingencies are shown in note 4.14.

30. OTHER LIABILITIES

Other liabilities include the following:

	June 30, 2016	December 31, 2015
Income received in advance	116,002	74,570
Income received for third parties (2)	93,387	91,730
Holdback of guarantees on contracts (1)	12,036	17,160
Other liabilities	16,173	25,562
Total other liabilities	237,598	209,022

- (1) Corresponds to holdbacks on contracts, the guarantee is returned to the manufacturer once they are satisfactorily delivered.
- (2) Corresponds mainly to income received for third parties for concession contracts.

31. SECURITIES ISSUED OUTSTANDING

See accounting policy in note 2.7. The details of the bonds of subordinated companies issued by the Corporation as of December 31, 2015 and June 30, 2016 by issuance and expiration date, are as follows:

As of June 30, 2016

Issuer	Type of Issue	Series	Maturity	Face Value	Interest Rate	Date of Issue	Date of Expiration	Date of Subscription
Financial Institutions Guarantee Fund - Fogafin	Bond	One	11 Years	1,053	Term Deposit Rate, per annum	06/09/2000	11/28/2014	06/09/2000
Proyectos de Infraestructura - PISA	Bond	A10	10 Years	57,400	15.38%	05/20/2009	05/20/2009	05/18/2009
Fiducoldex	Bond	A15	15 Years	80,000	CPI + 4.25% TV	10/25/2012	10/25/2027	10/01/2012
Promigas	Bond	C7	7 Years	80,000	CPI + 4.95%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	C10	10 Years	150,000	CPI+ 5.40%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	C15	15 Years	170,000	CPI+ 5.99%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	A7	7 Years	99,821	CPI+ 3.05%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A10	10 Years	150,179	CPI+ 3.22%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A20	20 Years	250,000	CPI+ 3.64%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A4	4 Years	105,000	CPI+ 2.55%	03/11/2015	03/11/2015	03/11/2015
Promigas	Bond	A7	7 Years	120,000	CPI+ 3.34%	03/11/2015	03/11/2015	03/11/2015
Promigas	Bond	A15	15 Years	175,000	CPI + 4.37%	03/11/2015	03/11/2015	03/11/2015
Surtigas S.A. E.S.P.	Ordinary Bonds	A10	10 Years	130,000	CPI+ 3.25%	02/12/2013	02/12/2013	02/12/2013
Surtigas S.A. E.S.P.	Ordinary Bonds	A20	20 Years	70,000	CPI+ 3.64%	02/12/2013	02/12/2013	02/12/2013
Gases de Occidente S.A. E.S.P.	Bond	A7	7 Years	24,294	CPI + 5,39	07/23/2009	07/23/2009	07/23/2009
Gases de Occidente S.A. E.S.P.	Bond	A10	10 Years	100,206	CPI + 5,89	07/23/2009	07/23/2009	07/23/2009
Gases de Occidente S.A. E.S.P.	Bond	A10	10 Years	110,382	CPI + 3,75	12/11/2012	12/11/2012	12/10/2012

Occidente S.A. E.S.P. Gases de Occidente S.A. E.S.P.	Bond	A20	20 Years	89,618	CPI + 4,13	12/11/2012	12/11/2012	12/10/2012
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Total face value	1,962,953
Interest accrued	16,791
Total amortized cost	1,979,924

As of December 31, 2015

Issuer	Type of Issue	Series	Maturity	Face Value	Interest Rate	Date of Issue	Date of Expiration	Date of Subscription
Financial Institutions Guarantee Fund - Fogafin	Bond	One	11 Years	1,053	Term Deposit Rate, per annum	06/09/2000	11/28/2014	06/09/2000
Proyectos de Infraestructura - PISA	Floating	A7	7 Years	22,600	11,50%	05/20/2009	05/20/2009	05/18/2009
Proyectos de Infraestructura - PISA	Bond	A10	10 Years	57,400	15,38%	05/20/2009	05/20/2009	05/18/2009
Fiducoldex	Bond	A15	15 Years	75,000	CPI + 4.25% TV	10/25/2012	10/25/2027	10/01/2012
Promigas	Bond	C7	7 Years	80,000	CPI + 4.95%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	C10	10 Years	150,000	CPI + 5.40%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	C15	15 Years	170,000	CPI + 5.99%	08/27/2009	08/27/2009	08/27/2009
Promigas	Bond	A7	7 Years	99,821	CPI + 3.05%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A10	10 Years	150,179	CPI + 3.22%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A20	20 Years	250,000	CPI + 3.64%	01/29/2013	01/29/2013	01/29/2013
Promigas	Bond	A4	4 Years	105,000	CPI + 2.55%	03/11/2015	03/11/2015	03/11/2015

Promigas	Bond	A7	7 Years	120,000	CPI + 3.34%	03/11/2015	03/11/2015	03/11/2015
Promigas	Bond	A15	15 Years	175,000	CPI + 4.37%	03/11/2015	03/11/2015	03/11/2015
Surtigas S.A. E.S.P.	Ordinary Bonds	A10	10 Years	130,000	CPI + 3.25%	02/12/2013	02/12/2013	02/12/2013
Surtigas S.A. E.S.P.	Ordinary Bonds	A20	20 Years	70,000	CPI + 3.64%	02/12/2013	02/12/2013	02/12/2013
Gases de Occidente S.A. E.S.P.	Bond	A7	7 Years	24,294	CPI + 5,39	07/23/2009	07/23/2009	07/23/2009
Gases de Occidente S.A. E.S.P.	Bond	A10	10 Years	100,206	CPI + 5,89	07/23/2009	07/23/2009	07/23/2009
Gases de Occidente S.A. E.S.P.	Bond	A10	10 Years	110,382	CPI + 3,75	12/11/2012	12/11/2012	12/10/2012
Gases de Occidente S.A. E.S.P.	Bond	A20	20 Years	89,618	CPI + 4,13	12/11/2012	12/11/2012	12/10/2012
						06/09/2000	11/28/2014	06/09/2000
Total face value				1,980,553				
Interest accrued				20,845				
Total amortized cost				2,001,398				

32. CONTROLLED ASSETS

See accounting policy in note 2.3.1. The number of shares authorized, issued and outstanding as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
Number of shares authorized, issued and outstanding	250,000,000	250,000,000
Number of shares subscribed and paid-in	226,834,611	223,190,794
Total shares	226,834,611	223,190,794
Subscribed and paid-in capital	2,268	2.232
Share issue premium	2,499,709	2,363,795

The Preferred Stock issued in 1993 grant the right to receive minimum preferred dividends on the net profits of the Corporation after (i) paying any losses from previous fiscal years and (ii) allocating any amount legally required to establish the statutory reserve. The minimum dividend earned by each share with preferred dividend without voting rights, will be equal to 2% per annum of the subscription price in Colombian pesos. In any case, the dividend per share to be paid for these securities may not be less than the dividend per share of common stock. The minimum preferred dividend referred to above will be adjusted each year in an amount equal to one hundred percent of the change in the consumer price index ("CPI") certified annually by the competent authority in Colombia for the applicable calendar year (to date the value of such dividend is \$749.08 per share).

Any unpaid minimum dividend will be cumulative if, in any fiscal year, the sum of the net profits of the Corporation is not enough to pay for it. In this case, any outstanding balance in respect of the minimum dividend in any year, shall be accumulated, until fully paid, with the corresponding minimum dividend for the following three (3) years.

The detail of share issues as of June 30, 2016 and December 31, 2015 is as follows:

Item	June 30, 2016	December 31, 2015
Common stock	2,887,176	4,415,274
Preferred stock	185,366	255,682
Total shares issued	3,072,542	4,670,956
Price per share	37,396,14	36,845,45
Value of the issuance	114,901	162,683
Issuance commission %	0%	0%
Net value of issuance	114,901	162,683
Accounting:		
Capital	31	44
Share issue premium	114,870	162,639
Total accounting of issuances	114,901	162,683

Retain earnings

	June 30, 2016	December 31, 2015
Reserves (1)	1,154,925	1,075,555
Accumulated profits	(281,303)	(224,360)
IFRS adjustment to 2014 profits	(84,257)	(77,551)
First-time adoption of IFRS	(595,969)	(592,099)
Retain earnings	193,396	181,545

(1) The detail of Reserves is shown below

Statutory reserve

In accordance with current regulations, the Corporation and its financial subordinates must create a statutory reserve by appropriating ten percent (10%) of the net profits of each year until reaching an amount equal to fifty percent (50%) of the capital subscribed. This reserve may be reduced below fifty percent (50%) of the subscribed capital to offset losses in excess of retained earnings. The statutory reserve cannot be lower than the above percentage except to cover losses in excess of retained earnings.

Mandatory and voluntary reserves

Mandatory and voluntary reserves are determined during Shareholders' Assemblies; the balances of the reserves of the entity are shown below:

	June 30, 2016	December 31, 2015
Statutory reserve	272,598	285,472
Legal reserve	33,844	1,449
Occasional reserve	848,483	788,634
Total	1,154,925	1,075,555

Dividends declared

Dividends are declared and paid to shareholders based on the non-consolidated net profits of the previous six-month period. The dividends declared were as follows:

	Balance as of June 30, 2016	Balance as of December 31, 2015
Non-consolidated profits of immediately preceding year	149,647	325,096
	336	330
Cash dividends (1)	Cash dividend of \$336 per share on 210,248,194 common shares and 13,513,875 preferred shares subscribed outstanding on	Cash dividend of \$330 per share on 205,517,327 common shares and 13,258,193 preferred shares subscribed outstanding on

January 31, 2016. In addition, the same cash dividend is applicable to 3,072,542 shares to be issued due to the capitalization of reserves of Decree 2336. This dividend will be paid in five monthly installments on the 15th day of each month from April 2016.

June 30, 2015. This dividend will be paid in six monthly installments within the first five days of each month from October 2015.

Common shares outstanding	210,248,194	205,517,327
Preferred shares outstanding	13,513,875	13,258,193
Total shares outstanding	223,762,069	218,775,520
Common shares to be issued	3,072,542	4,415,274
Total dividends declared (2)	76,215	72,196

- (1) Total number of shares outstanding in accordance with the proposed distribution of shares approved by the General Shareholders' Assembly, which differ from the number of shares outstanding as of the reporting date of these financial statements since they have already been issued.
- (2) By December 2015 the total cash dividends declared (\$72,196) differs from the amount paid (\$106,150), this considering that some shareholders demanded the payment in cash of the dividends declared on shares.

33. CAPITAL ADEQUACY MANAGEMENT

The objectives of the Corporation as to the management of its adequacy capital are geared towards meeting the capital requirements established by the Colombian Government to financial institutions that are subsidiaries of the Corporation in Colombia.

The regulatory capital cannot be less than nine percent (9%) of risk-weighted assets plus the market risk premium (in domestic and foreign currency), as stated in article 2.1.1.1.2 of Decree 2555/2010, formerly article 2 of Decree 1720/2001. Individual compliance is verified monthly and quarterly on a consolidated basis with its financial subordinates. The classification of risk assets in each category is made by applying the percentages determined by the Financial Superintendence of Colombia to each of the items of assets, contingent accounts, business and trusteeships established in the Account Plan. As of January 30, 2002, market risks are also included as part of the risk-weighted assets.

During the periods ended on June 30, 2016 and December 31, 2015, the various financial entities that consolidate the Corporation have adequately complied with capital requirements. The following is a breakdown of the solvency of each one of the entities and the consolidated financial result as of June 30, 2016 and December 31, 2015:

	As of June 30, 2016	As of December 31, 2015
Regulatory Capital		
Basic ordinary capital		
Subscribed and paid-in capital	2,131	2,097
Share issue premium	2,499,709	2,363,795
Appropriation of liquid earnings	54,573	54,172
Accumulated losses	(498,537)	(3,221)
Investments made of other financial institutions	(28,391)	(38,354)
Translation adjustment of financial statements	8,219	10,445
Value of share dividends declared	-	21,049
Deferred income tax	(3,576)	(139,199)
	2,034,128	2,270,784
Additional capital		
Subscribed and paid-in capital	137	135
Accumulated unrealized loss in debt securities	(43,494)	(111,891)
Accumulated unrealized profit (loss) in equity securities	6,359	(47,910)
Devaluation (valuation) of investments	294,070	290,073
50% of tax reserve	207,806	264,192
	464,741	394,464
Total Regulatory Capital	2,499,006	2,665,383
Risk-weighted assets		
Credit risk		

Category II (high-security assets weighted at 20%)	90,706	184,757
Category III (high-security assets with low liquidity weighted at 50%)	595,147	550,611
Category IV (other assets at risk weighted at 100%) including other credit risk categories with special risk weighting, according to Decree 1771/2012.	4,652,134	5,480,190
Total credit risk	5,337,987	6,215,558
Market risk	2,979,309	3,066,419
Total risk-weighted assets	5,337,987	6,215,558
Total solvency risk ratio	30.05%	28.72%
Basic solvency risk ratio	24.46%	24.46%

34. NON-CONTROLLING INTERESTS

See accounting policy in note 2.3.1 The following tables show the financial information for each one of the direct subordinates in which the Corporation holds significant non-controlling interests.

As of June 30, 2016 there are no significant transactions carried out with unsubordinated and subordinated interests of the Corporation and its subordinates and there are no protective rights or restrictions on access to the use of assets or on the settlement of liabilities.

Balance as of June 30, 2016

	Country	Interest	Equity value of interest	Participation in profits
Organizacion Pajonales S.A. and controlled entities	Colombia	1.87%	1,917	115
Hoteles Estelar de Colombia S.A.S. and controlled entities	Colombia	15.04%	86,484	2,897
Gas Comprimido del Peru S.A.	Peru	8.13%	305	(76)
Proyectos de Infraestructura S.A. and controlled entities	Colombia	11.75%	30,639	10,625
Estudios, Proyectos e Inversiones de los Andes S.A. and controlled entities	Colombia	0.07%	33,964	5,192
Promotora y Comercializadora Turistica Santamar S.A.	Colombia	15.40%	5,594	144
Tejidos Sinteticos de Colombia S.A.	Colombia	0.35%	78	6
Plantaciones Unipalma de los Llanos S.A.	Colombia	45.47%	59,325	2,109
Pizano S.A. and controlled entities	Colombia	40.62%	82,186	(4,171)
Industrias Lehner S.A.	Colombia	46.65%	(2,808)	(241)
Promigas S.A. and controlled entities	Colombia	49.77%	1,524,353	173,858
Estudios y Proyectos del Sol S.A.S. and controlled entities	Colombia	0.00%	36,896	5,376
Corporacion Financiera Colombiana S.A.	Colombia	0.00%	5,957	(1,114)
TOTAL			1,864,890	194,720

	Assets	Liabilities	Revenues	Net Profits	Other Comprehensive Income
Organizacion Pajonales S.A. and controlled entities	4,213	2,225	696	113	(32)
Hoteles Estelar de Colombia S.A.S. and controlled entities	107,267	50,344	23,617	1,166	(201)
Gas Comprimido del Peru S.A.	5,724	5,419	1,482	(76)	(10)
Proyectos de Infraestructura S.A. and controlled entities	43,815	25,128	15,760	3,999	(5)
Estudios, Proyectos e Inversiones de los Andes	640	554	245	7	-

S.A. and controlled entities					
Promotora y Comercializadora Turistica Santamar S.A.	6,268	673	217	144	-
Tejidos Sinteticos de Colombia S.A.	106	27	80	6	-
Plantaciones Unipalma de los Llanos S.A.	90,578	31,254	16,776	2,109	9
Pizano S.A. and controlled entities	11 7,965	62,5 66	38,055	(2,747)	830
Industrias Lehner S.A.	270	3,078	-	(241)	9
Promigas S.A. and controlled entities	3,810,941	2,287,331	1,044,455	160,916	(12,415)

Balance as of December 31, 2015

	Country	Interest	Equity value of interest	Participation in profits
Organizacion Pajonales S.A. and subordinates	Colombia	1.89%	1,838	107
Hoteles Estelar de Colombia S.A.S. and subordinates	Colombia	15.04%	84,074	3,425
Gas Comprimido del Peru S.A.	Peru	8.13%	391	(397)
Proyectos de Infraestructura S.A. and subordinates	Colombia	11.75%	31,982	1 1,709
Estudios, Proyectos e Inversiones de los Andes S.A. and subordinates	Colombia	0,07%	29.364	1 5,333
Promotora y Comercializadora Turistica Santamar S.A.	Colombia	15.40%	5,450	87
Tejidos Sinteticos de Colombia S.A.	Colombia	0.35%	73	3
Plantaciones Unipalma de los Llanos S.A.	Colombia	45.47%	56,967	460
Pizano S.A. and subordinates	Colombia	60.01%	87,411	(5,184)
Estudios y Proyectos del Sol S.A.S. and subordinates	Colombia	0.00%	31,520	9,285
Industrias Lehner S.A.	Colombia	46.65%	(2,567)	179
Promigas S.A. and subordinates	Colombia	49.77%	1,457,023	128,722
TOTAL			1,783,526	163,729

	Assets	Liabilities	Revenues	Net Profits	Other Comprehensive Income
Organizacion Pajonales S.A. and controlled entities	3,944	2,063	672	8,717	-
Hoteles Estelar de Colombia S.A.S. and controlled entities	112,008	62,397	24,987	13,691	(5,256)
Gas Comprimido del Peru S.A.	6,126	5,735	1,264	(4,398)	11
Proyectos de Infraestructura S.A. and controlled entities	48,203	30,906	13,857	61,562	-
Estudios, Proyectos e	586	534	334	33,614	52

Inversiones de los Andes S.A. and controlled entities					
Promotora y Comercializadora Turistica Santamar S.A.	6,177	728	273	1,179	5,540
Tejidos Sinteticos de Colombia S.A.	126	52	71	1,440	21
Plantaciones Unipalma de los Llanos S.A.	87,988	31,020	16,153	1,677	605
Pizano S.A. and controlled entities	197,547	109,444	61,702	(8,326)	41,990
Industrias Lehner S.A.	405	2,972	514	728	6,316
Promigas S.A. and controlled entities	3,547,631	2,216,436	753,364	334,620	-

As of June 30, 2016 there are no significant transactions carried out with unsubordinated and subordinated interests of the Corporation and its subordinates and there are no protective rights or restrictions on access to the use of assets or on the settlement of liabilities.

35. COMMITMENTS AND CONTINGENCIES

Commitments

a) Credit commitments

See accounting policy in note 4.14. In the development of their normal operations the financial institutions of the Group provide guarantees or letters of credit to its customers in which the Group irrevocably agrees to make payments to third parties if customers fail to fulfill their obligations to such third parties, with the same credit risk as the financial assets in the loan portfolio. The granting of guarantees and letters of credit is subject to the same approval policies for the disbursement of loans in terms of the credit quality of customers and the guarantees deemed appropriate given the circumstances are obtained.

Commitments for the granting of loans represent unused portions of authorizations to extend credits in the form of loans, using credit cards or letters of credit. With respect to the credit risk on commitments to grant credit facilities, the Group is potentially exposed to losses in an amount equal to the total amount of unused commitments, if such unused amount were to be removed completely; however, the amount of the loss is less than the total amount of unused commitments since most commitments to grant loans are contingent once the customer maintains specific credit risks standards. The Group monitors the expiration of commitments related to credit quotas because long-term commitments have a higher credit risk than short-term commitments.

The following is a breakdown of guarantees, letters of credit and loan commitments in unused credit facilities as of June 30, 2016 and December 31, 2015:

	June 30, 2016		December 31, 2015	
	Notional Value	Fair Value	Notional Value	Fair Value
Guarantees	-	-	41,431	41,431
Unused letters of credit	5,792	5,792	30	30
Overdraft quotas	100	100	3,070	3,070
Unused credit card quotas	439	439	3,368	3,368
Others	65,889	65,889	33,930	33,930
Total	72,220	72,220	81,829	81,829

The outstanding balances of unused credit facilities and guarantees do not necessarily represent future cash requirements because such quotas may expire and not be used in whole or in part. The following is a breakdown of credit commitments by currency:

	June 30, 2016	December 31, 2015
Credit commitments by currency		
Colombian pesos	72,219	81,759
Dollars	-	70
Total	72,219	81,829

36. COMMISSIONS AND FEES, NET

See accounting policy in notes 2.25 and 2.26. The detail of commission revenues and expenses for the six-month periods ended on June 30, 2016 and December 31, 2015 is as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Revenues		
Bank guarantees	1,115	918
Fiduciary businesses (commissions and fees)	8,427	20,663
Office network services	17	79
Transfers	3	3
Commission contracts	-	2,154
Management of mutual funds	14,216	-
Others	16,040	8,332
Total revenues	39,818	32,149
Expenses		
Bank services	1,190	968
Fiduciary businesses	337	452
Commissions from sales and services	1,362	1,094
Others	10,070	15,162
Total expenses	12,959	17,676
Net revenues and expenses from commissions	26,859	14,473

37. OTHER OPERATING EXPENSES

The detail of other operating expenses for the six-month periods ended on June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
Services	30,614	32,106
Legal	817	1,374
Fees	33,621	37,306
Taxes	46,024	41,853
Leases	9,588	8,486
Contributions and affiliations	5,779	4,556
Insurance	12,035	11,244
Maintenance and repairs	40,274	36,707
Travel expenses	4,748	5,260
Transport	13,306	13,065
Stationery and inputs	1,316	1,444
Publications and subscriptions	2,537	2,779
Donations	5,966	5,491
Other operating expenses	73,746	69,060
Total Administrative Expenses	280,371	270,731

38. RELATED PARTIES

See accounting policy in note 4.7. In accordance with IAS 24 Disclosure of related parties, a related party is a natural person or legal entity related to the entity that prepares its financial statements and may exercise control or joint control over the reporting entity, exercise significant influence over the reporting entity, or be considered a member of key management personnel of the reporting entity or of a parent of the reporting entity. The definition of a related party includes: a) persons and/or relatives related to the entity, entities that are members of the same group (parent and subsidiary), associates or joint ventures of the entity or of entities in the group, post-employment benefit plans for the employees of the reporting entity or a related entity.

The following are the related parties of the Corporation and its subordinates:

1. Shareholders together with the transactions carried out with related parties as defined in IAS 24.
2. Members of the Board of Directors: the main and alternate members of the Board of Directors are included together with the transactions carried out with related parties as defined in IAS 24.
3. Key management personnel: it includes the President and Vice Presidents of the company who participate in the planning, management and control of the company. A portion of key management personnel, or their related parties, that holds positions in other entities resulting in them having significant control or influence over the financial or operating policies of these entities.
4. Associated companies: companies in which the Corporation has significant influence, which is generally determined as an interest of 20% or more in the voting power.

The most representative balances as of June 30, 2016 and December 31, 2015 with related parties are included in the following items:

As of June 30, 2016

	Shareholders	Members of the Board of Directors	Key Management Personnel	Associated Companies	Other Related Parties	Total
Assets						
Cash and cash equivalents	807,808	-	-	966,042	105,960	1,879,810
Financial assets in investments	-	-	-	5,127,040	84,034	5,211,074
Accounts receivable	466	545	2,172	251,133	131,697	386,013
Other assets	-	-	73	-	2,350	2,423
Total Assets	808,274	545	2,245	6,344,215	322,041	7,479,320

Liabilities						
Deposits	137,788	352	-	17,456	-	155,596
Accounts payable	32,135	102	491	71,498	2,635	106,861
Financial obligations	71,041	-	-	-	202,550	273,591
Other liabilities	35,477	-	425	127,326	130	163,358
Total Liabilities	276,441	454	916	216,280	205,315	699,406

As of December 31, 2015

	Shareholders	Members of the Board of Directors	Key Management Personnel	Associated Companies	Other Related Parties	Total
Assets						
Cash and cash equivalents	812,998	-	-	998,625	82,360	1,893,983
Financial assets in investments	54,500	-	-	2,587,854	1,836,829	4,479,183
Financial assets in credit operations	4,077	122	5	-	15,394	19,598
Accounts receivable	73	509	3,603	112,865	147,337	264,387
Other assets	-	-	-	552,040	2,516	554,556
Total Assets	871,648	631	3,608	4,251,384	2,084,436	7,211,707
Liabilities						
Deposits	9,052	1	3,500	6,719	445	19,717
Accounts payable	46,979	53	247	26,111	62,592	135,982
Financial obligations	19	-	-	-	166,641	166,660
Other liabilities	1,475	-	390	154,592	86,069	242,526
Total Liabilities	57,525	54	4,137	187,422	315,747	564,885

The most representative transactions on account of revenues and expenses with related parties in the six-month periods ended on June 30, 2016 and December 31, 2015 include the following:

As of June 30, 2016

	Shareholders	Members of the Board of Directors	Key Management Personnel	Associated Companies	Other Related Parties	Total
Financial revenues	27,747	13	25	31,360	3,459	62,604
Financial expenses	104	7,170	-	1,609	13,018	21,901

Revenues from commissions and fees	1,039	2,822	131	3,374	577	3,951
Expenses for commissions and fees				1,106	338	5,436
Other operating revenues	69,653	10	3	19,837	3,614	93,117
Operating expenses	-	2	14,106	901	2,030	17,039
Other expenses	53,529	12,735	13,193	7,588	7,859	94,904

As of December 31, 2015

	Shareholders	Members of the Board of Directors	Key Management Personnel	Associated Companies	Other Related Parties	Total
Financial revenues	12,596	18	1	14,526	8,808	35,949
Financial expenses	4,433	-	-	1,924	12,916	19,273
Revenues from commissions and fees	-	-	-	-	5	5
Revenues from associated companies	-	15	-	4,824	481	5,320
Expenses for commissions and fees	-	-	-	-	597	597
Other operating revenues	560	711	13	165	96	1,545
Operating expenses	1,632	1	2	116,521	73,366	191,522
Other expenses	190	-	11,847	-	565	12,602

The amounts outstanding are unsecured and will be liquidated in cash. No guarantees have been given or received. No expense has been recognized in the current period or in prior periods in respect of bad or doubtful debts related to amounts owed by related parties. Transactions are conducted at market prices and therefore no preferential rates or prices are granted between related parties. See the analysis on the initial recognition of transactions with related parties in note 4.7.

Loans and other items with related parties

As of June 30, 2016

Shareholders	Members of	Key	Associated	Other Related
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	the Board of Directors	Management Personnel	Companies	Parties
Overdraft quotas	-	-	-	65
Unused credit card quotas	-	234	-	-

As of December 31, 2015

	Shareholders	Members of the Board of Directors	Key Management Personnel	Associated Companies	Other Related Parties
Overdraft quotas	-	-	190	-	-
Unused credit card quotas	5,553	122	19	-	25,615

Retribution of key management personnel

The key management personnel includes members of the Board of Directors, Audit Committee, the President and Vice Presidents. The retribution received by key management personnel consists of the following:

	June 30, 2016	December 31, 2015
Items		
Salaries	28,986	25,066
Short-term employee benefits	3,825	5,539
Other long-term benefits	599	1,272
Termination benefits	55	-
Total	33,465	31,877

The retribution of key management personnel includes salaries, non-cash benefits and contributions to defined post-employment benefit plans (see note 28).

The following is the composition of the key personnel of the organization:

	Number of Executives	
	June 30, 2016	December 31, 2015
Close relatives and affiliates	12	-
Directors of the Group, key personnel and affiliates	10	-
Division managers	31	59
Area managers	50	69
Managers	51	72
Directors	13	106
Related unconsolidated companies	4	-
Shareholders	13	5
Related consolidated companies	2	3
Companies related to directors	144	-

Total

330

314

39. OPERATING SEGMENTS

For management purposes, the Corporation is organized into business units based on the economic sectors where its investments are made. There are five main sectors and a sixth sector grouping those that do not meet the quality threshold to be considered as an operating segment:

Financial sector

It includes financial leasing, fiduciary, foreign banking and brokerage businesses.

Gas and power sector

It includes natural gas and power transportation and distribution businesses.

Infrastructure sector

It includes road infrastructure projects, mainly construction, operating and maintenance services.

Hotel sector

It mainly includes hotel services.

Agribusiness sector

It mainly includes timber, palm oil, rubber and rice businesses.

The Management separately monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The performance of segments is evaluated based on the result of their operation and is consistently measured with the operating income disclosed in the consolidated financial statements.

Transfer prices between operating segments are similar to those applied to transactions with third parties; i.e. at market prices.

As of June 30, 2016

	Financial	Power and Gas	Infrastructure	Hospitality	Agribusiness	Others	Adjustments and eliminations	Consolidated
Other financial assets	7,079,777	1,579,131	660,238	56,801	61,927	28,691	(852,990)	8,613,575
Portfolio and accounts receivable	1,139,237	3,059,615	836,635	125,936	54,887	22,238	(368,636)	4,869,912
Intangible assets	131,419	1,559,403	97,330	534,188	400,136	47,288	(30,592)	2,739,172
Inventory	1,307	92,113	57,298	6,778	2,536	1,216	58	161,306
Other assets	62,516	2,128,489	1,063,629	30,197	351,973	23,649	(157,687)	3,502,766
Total Assets	8,414,256	8,418,751	2,715,130	753,900	871,459	123,082	(1,409,847)	19,886,731
Financial liabilities	8,342,527	3,457,446	790,868	185,539	183,393	41,665	(251,212)	12,750,226
Accounts payable and others	89,509	497,206	609,035	134,171	89,272	36,644	(365,235)	1,090,602
Other liabilities	53,837	845,888	287,139	61,672	87,635	2,664	(200,857)	1,137,978
Total Liabilities	8,485,873	4,800,540	1,687,042	381,382	360,300	80,973	(817,304)	14,978,806
Operating income	15,017	1,937,039	934,812	154,630	159,547	35,518	(2,250)	3,234,313
Dividends	23,500	(17,190)	15,181	(7,487)	(5,405)	(839)	(1,349)	6,411
Financial expenses, net	139,859	18,630	-	-	433	-	(139,718)	19,204
Operating costs	99,203	1,516,767	721,489	130,887	151,659	32,856	(6,039)	2,646,822
Depreciation and amortization	2,273	65,235	84,182	5,833	470	1,569	286	159,848
Net profits for the segment	76,900	356,477	144,322	10,423	2,446	254	(137,564)	453,258

As of December 31, 2015

	Financial	Power and Gas	Infrastructure	Hospitality	Agribusiness	Others	Adjustments and eliminations	Consolidated
Financial assets	7,588,248	1,415,069	671,266	54,354	45,795	11,321	(771,616)	9,014,437
Portfolio and accounts receivable	1,243,877	2,911,971	555,611	122,616	66,875	29,422	(319,631)	4,610,741
Intangible assets	113,125	1,241,459	89,981	572,553	420,130	48,225	(19,701)	2,465,772
Inventory	1,142	62,004	71,831	8,417	1,237	3,650	(14,692)	133,589
Other assets	32,182	2,049,269	875,807	22,291	321,911	22,455	40,378	3,364,293
Total Assets	8,978,574	7,679,772	2,264,496	780,231	855,948	115,073	(1,085,262)	19,588,832
Financial liabilities	8,833,121	2,997,667	723,993	169,516	186,299	48,189	(237,000)	12,721,785
Accounts payable and others	96,095	496,289	543,382	187,123	101,158	40,646	(355,077)	1,109,616
Other liabilities	24,007	830,542	129,959	58,352	77,670	1,968	(417)	1,122,081
Total Liabilities	8,953,223	4,324,498	1,397,334	414,991	365,127	90,803	(592,494)	14,953,482
Operating income	17,536	1,456,191	1,073,425	165,696	175,590	35,567	(8,942)	2,915,063
Dividends	191,794	21,759	150	-	524	-	(196,821)	17,406
Financial expenses, net	(10,873)	(83,168)	(22,393)	(8,441)	(8,260)	(4,755)	(4,997)	(142,887)
Operating costs	79,268	1,108,291	790,697	139,834	164,976	32,830	(10,443)	2,305,453
Depreciation and amortization	2,212	15,226	80,993	6,595	528	1,561	383	107,498
Net profits for	116,977	271,265	179,492	10,826	2,350	(3,579)	(200,700)	376,631

the segment



The consolidated balances of the figures of all operating segments is as follows:

	June 30, 2016	December 31, 2015
Assets of segments	21,296,578	20,674,094
Banks and trusts	(8,377)	12,019
Financial assets	(719,435)	(623,145)
Leasing operations	(10,654)	(14,011)
Accounts receivable	(263,859)	(211,356)
Tangible assets	(30,592)	(19,701)
Elimination of dividends	(91,124)	(94,264)
Monetary operations	(125,178)	(149,092)
Deferred tax adjustment	(199,608)	(11,888)
Other minor	41,980	26,176
Consolidated assets	19,886,731	19,588,832
Liabilities of segments	15,796,110	15,545,976
Financial obligations	(164,239)	(145,271)
Securities issued	(86,973)	(79,043)
Accounts payable	(359,033)	(348,002)
Other minor	(207,059)	(20,178)
Consolidated liabilities	14,978,806	14,953,482
Profits of segments	590,821	577,331
Net operating income	3,730	(7,606)
Net financial income	1,321	5,552
Valuation of investments	1,993	(17,573)
Commissions	4,783	(1,584)
Sale of tangible assets	(935)	(1,678)
Exchange difference	(8,948)	9,077
Dividends	(139,718)	(196,822)
Leases	(402)	(436)
Other revenues	(498)	(469)
Other expenses	1,111	10,839
Consolidated profits	453,258	376,631

There are no discontinued segments as of June 30, 2016 and December 31, 2015.

The detail of revenues from countries other than Colombia is shown below:

As of June 30, 2016

	Financial	Agribusiness	Power and Gas	Hospitality	TOTAL
Panama	9,217			349	9,566
Peru				13,026	13,026
Venezuela	-	253	18,221		18,474
Total consolidated revenues	9,217	253	18,221	13,375	41,066

As of December 31, 2015

	Financial	Agribusiness	Power and Gas	Hospitality	TOTAL
Panama	6,698			244	6,942
Peru	-			12,673	12,673
Venezuela	-	15,383	15,543		30,926
Total consolidated revenues	6,698	15,383	15,543	12,917	50,541

40. APPROVAL OF FINANCIAL STATEMENTS

The Consolidated Financial Statements and accompanying notes were authorized by the Board of Directors and the Legal Representative in accordance with Minutes No. 1830 dated August 24, 2016 to be submitted to the General Shareholders' Assembly for approval.

41. EVENTS OCCURRED AFTER THE REPORTING PERIOD

There have been no events after the end of the year that may have an impact on the consolidated financial statements between June 30 and August 24, 2016 (see note 40).

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