

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

As of December 31 and June 30, 2015

(In million Colombian pesos, except where specifically noted)

MANAGEMENT REPORT

We submit to the consideration of the stockholders the management report of Corporación Financiera Colombiana S.A., corresponding to the second semester of 2015. As traditionally, the report contains a brief description of the main economic events that took place around the activities of the entity and an analysis of results obtained.

Corporación Financiera Colombiana S.A., authorised to use the initials Corficolombiana S.A. or Corficol S.A., is a credit establishment set up as a private corporation under public deed No.5710 of November 27, 1961 of Notaría Primera de Cali (Valle), with main domicile in Bogotá, D.C., and subject to the vigilance and control of Superintendencia Financiera de Colombia.

The Corporation may execute all acts and contracts authorised to financial corporations under Estatuto Orgánico del Sistema Financiero or under all other especial provisions or regulations that substitute it, modify it or supplement it.

ECONOMIC ACTIVITY

Colombian economy has shown remarkable resilience to the impact of Exchange terms associated with the strong descent in oil prices since the middle of 2014. The GIP grew 3.2% p/a¹ in the third quarter of 2015 (3Q15), slightly higher than the 3% that had been recorded in the former quarter. Private and public consumption showed better performing versus the previous quarter, but fixed investment contracted significantly and net exportations subtracted from growth. Accumulation of inventories surprised for the better indicating a possible upturn in production that is not being absorbed by the demand.

Home Consumption grew 3.5% in 3Q15, a highest growth than the 3.4% growth recorded in 2Q15. Sector behaviour suggested a rebound in the growth of service private consumption because the GIP of financial services grew significantly (it grew 4.3% versus a 3.7% in 2Q15). In fact, services consumption with respect to demand grew 4.6% in 3Q15, higher than the 4.1% growth in 2Q15 and contributed with 0.2 percentage points (p.p.) to the growth acceleration between the two periods (Table 1). Both consumption of semi- durables and non- durable goods continued to be dynamic and grew 4.1% and 3.9% respectively (as suggested by the trade GIP that grew 4.8% in 3Q15, higher than the 4% of 2Q15). Finally, the most weakened component within home expenses is the component related to the purchase of durable goods, as expected, as suggested by the severe contraction in vehicle sales, the main durable good. In effect, durable goods consumption dropped 4.6% in 3Q15, higher than the 0.2% drop in 2Q15.

¹ Hereinafter we shall always refer to annual variations (p/a), except otherwise stated.

<

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Table 1. Main GIP components with respect to demand

	Annual variation (%)		Contribution (p.p.)		Change in contribution (p.p.)
	2T15	3T15	2T15	3T15	
GIP Demand	3.0	3.2	3.0	3.2	0.2
Home Consumption	3.4	3.5	2.0	2.2	0.1
Non durable goods	3.6	3.9	0.8	0.8	0.1
Semi durable goods	2.3	4.1	0.1	0.2	0.1
Services	4.1	4.6	1.4	1.5	0.2
Durable goods	-0.2	-4.6	0.0	-0.2	-0.2
Public expense	1.8	2.7	0.3	0.5	0.2
Gross formation of fixed capital	1.8	-0.4	0.4	-0.1	-0.6
Agriculture, cattle, forestry, hunting and fishing	-1.2	-1.0	0.0	0.0	0.0
Machinery and equipment	-5.2	-1.7	-0.5	-0.2	0.3
Transportation equipment	-8.9	-4.9	-0.3	-0.2	0.1
Construction and buildings	9.4	-7.4	0.6	-0.5	-1.2
Civil works	8.1	8.5	0.7	0.7	0.0
Services	-0.6	1.1	0.0	0.0	0.0
Accumulation of inventories	-	-	0.1	0.8	0.7
Trade balance	-	-	0.1	-0.2	-0.3
Exportations	-0.8	-0.7	-0.1	-0.1	0.0
Importations	-0.9	0.6	0.2	-0.1	-0.3
Total internal demand	2.9	2.8	3.1	2.9	-0.2
Total gross capital formation	1.0	1.0	0.3	0.3	0.0

Source: DANE

Note: The sum of the contributions of the components may not coincide with the GIP growth due to the chain methodology used by DANE to estimate the GIP at constant prices..

In the same manner, **public consumption** also showed better behaviour. Public expenses grew 2.7% in 3Q15, higher than 1.8% in 2Q15.

On the other hand, **fixed investment** (fixed capital gross formation) that had been the main engine of economy before the oil crash when it grew at two digit rates, contracted for the first time in three and a half years. This component dropped 0.4% in 3Q15 which contrasts with the 1.8% growth recorded in 2Q15. Its contribution to the GIP growth reduced in 0.6 p.p. versus 2Q15 (Table 1). The contraction of the fixed investment was explained by a drop in all its components different from the construction of civil works and from services (transportation equipment, machinery, building construction and agriculture and cattle), that was not compensated by the better behaviour of civil works construction and of services.

Building construction after growing 9.4% it contracted to 7.4% and was the main responsible for the contraction of fixed investment. On the other hand, investment in machinery and in transportation equipment continued dropping in 3Q15 at rates of 1.7% and 4.9% respectively. The only fixed investment component with a better behaviour was the civil works construction that grew 8.5% in 3Q15, higher than the 2Q15 growth of 8.1%. Finally, the accumulation of inventories highly contributed to the economic growth in 3Q15, moving from a contribution of 0.1 p.p. to the 2Q15 economic growth to a contribution of 0.8 p.p, the highest positive contribution since June 2014.

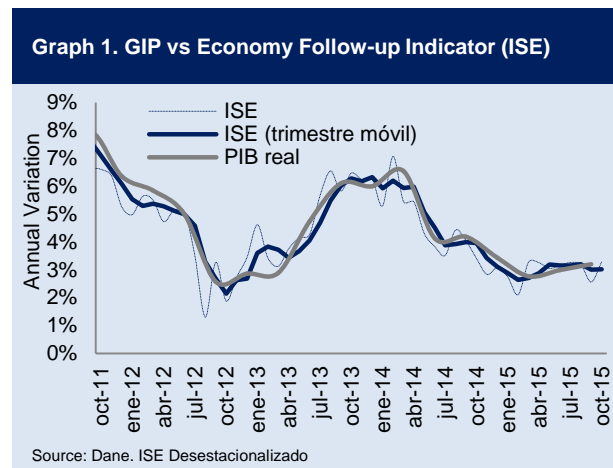
CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

On the other hand, **net exportations** again contributed negatively to the economic growth, mainly due to a contraction of 0.7% in exportations in 3Q15, similar to the 0.8% drop in 2Q15, while importations recorded a slight growth of 0.6% in 3Q15, a contrast with the 0.9% drop in 2Q15.

It is noteworthy that despite internal demand maintained its growth rhythm in the last quarter (it grew 2.8% in 3Q15, similar to the 2.9% in 2Q15), it grows at significantly lower rates to that of the 1Q15 (4.3%) and the average of the whole year 2014 (6.4%). However, stability in the deceleration rate comes from a still dynamic private and public consumption and from the fact that importations have not dropped severely notwithstanding the reduction in the national income and devaluation of the Colombian peso.

On the other hand, information available on **economic activity as of 4Q15** would be indicating a similar growth to that of 3Q15 but with some signs of weakening. Home consumption could be affected by low confidence levels, lower dynamics in retail sales and the drop in the demand for imported goods; however, a slight improvement in the jobs market and the business confidence could be indicating a possible better behaviour in the last months. With respect to fixed investment, an acceptable behaviour could be happening in the construction component, less dynamic, while the remaining components would continue to reduce growth because indicators associated with investment in machinery and transportation equipment continue to contract.

Indice de Seguimiento de la Actividad Económica (ISE) (Index for the Follow-up of the Economic Activity), highly co-related to the growth of the real GDP, would be showing some degree of stability in the economic growth. Notwithstanding that in October it grew 3.3%, higher than the 2.6% growth observed in September, in the mobile quarter as of the same month it grew 3.0%, the same growth as in 3Q15 (Graph 1).

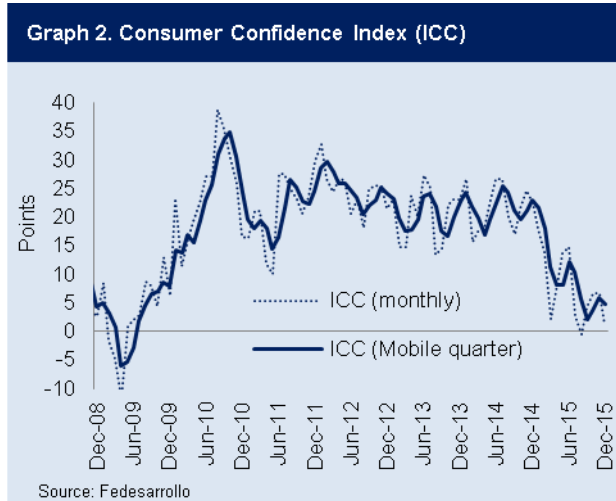


Indice de Confianza del Consumidor (ICC) (Consumer Confidence Index) of Fedesarrollo, a very good indicator of home expenses behaviour due to the high co-relation to its growth, dropped again in December and was of 1.1 points. The 4Q15 average was 4.9 points, lower than the mobile average of November when it was of 5.9 points, but higher than that of 3Q15 when it dropped to 2.2 points. We must remember that the minimum was in August when it was in -0.4 points, a negative value it

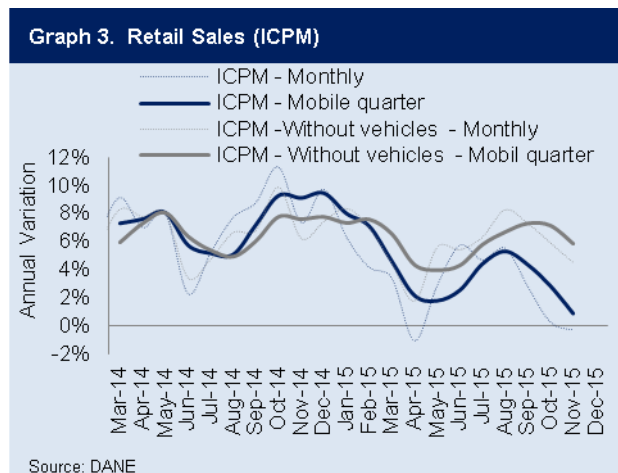
CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

had not reached since April 2009. This indicator continues significantly under the 7.7 average of all 2015 and 21.7 of 2014 (when private consumption grew 4.6%), and continues in levels not seen since the great economic (when private consumption grew only 1.7%).

global recession of 2009 consumption grew only



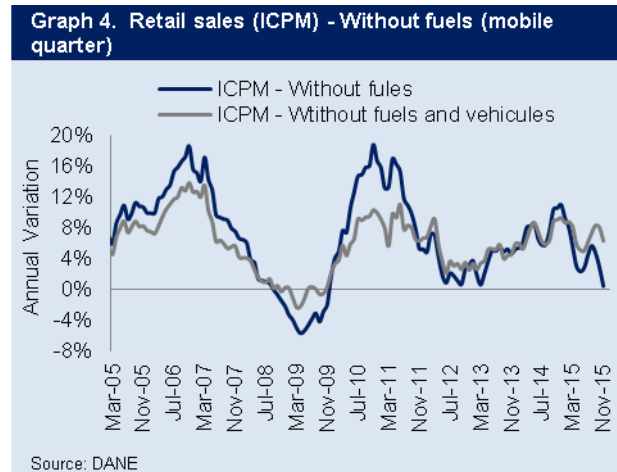
For its part, the **Retail Price Trade Index (ICPM)** average of the bimester period October – November dropped 0.03%, which contrasts with the 4.3% growth of 3Q15 (Graph 3). If this behaviour continues, for the closure of 4Q15 the first contraction in retail sales recorded since the change in DANE methodology in 2013 would occur. The contraction occurred due to an increase in the drop of car sales (-25.5% in the bimester October – November, higher than the 10.5% drop in 3Q15) and the strong reduction of growth of other retail sales (that grew 5.2% in the October – November bimester, lower than the 7.3% growth of 3Q15).



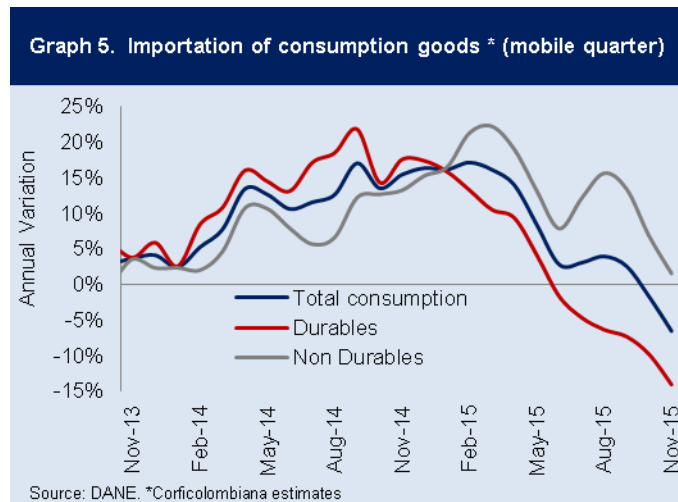
Although reduced performance of total sales is mainly explained by devaluation, as suggested by the collapse in car sales, growth deceleration of the remaining sales would also be indicating a weakening in internal demand. Drop in retail sales without fuels (the joined measure between the two methodologies) was 0.7% in the October – November bimester, in contrast with the 4.7% growth of 3Q15. It must be pointed out that should the drop in retail sales in 4Q15 consolidate, this would

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

be the worst behaviour since November 2009 by the end of the international financial crisis (Graph 4).

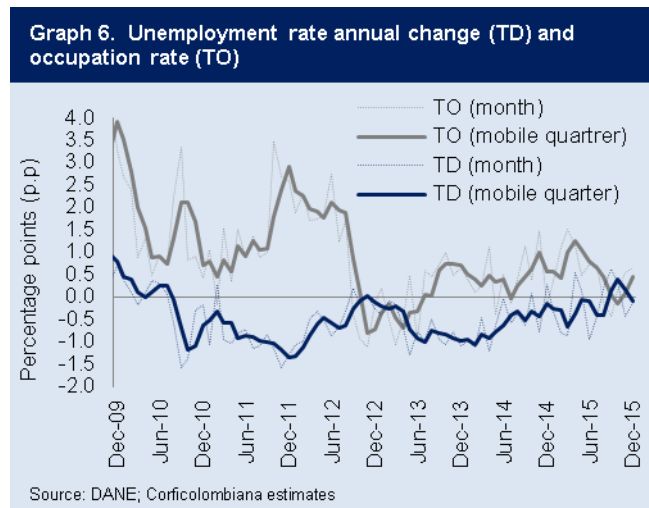


On the other hand, **real importations of consumption goods in pesos** have been contracting for three months. In the October – November bimester contraction was 8.6%, in contrast with the 2.6% growth it recorded in 3Q15, and was explained by a worsening in the drop of importations of durable consumption goods and a deceleration in the growth of importations of non- durable consumption goods. The first dropped 16.6% in the October – November bimester, higher than the 7.3% drop in 3Q15, and the second grew 0.6%, lower than the 13.4% growth in 3Q15 (Graph 5).

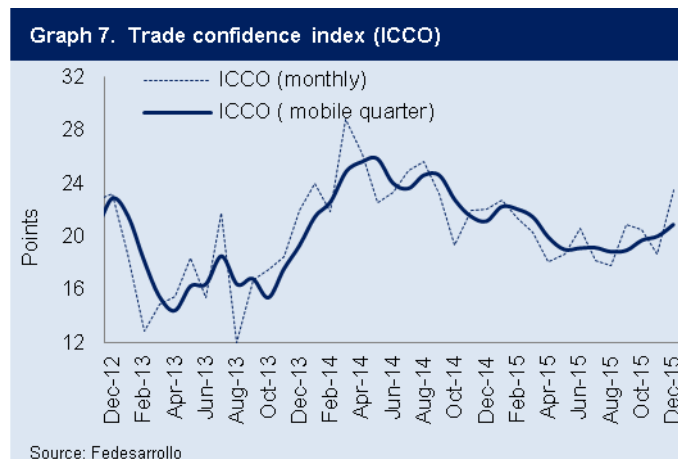


On the other hand, the **job market** showed a slight rise as of the closure of 2015. The national unemployment rate was 8% in 4Q15, slightly lower than the 8.1% of the same quarter of the previous year, a 0.1 p.p. reduction. Besides, the employment rate was 60.6% in 4Q15, higher than the 60.2% of the same quarter in the previous year, or a 0.4 p.p. increase (Graph 6). However it should be pointed out that employment generation dynamics has strongly deteriorated and is under the levels reached by the beginning of 2015.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements



Finally, Fedesarrollo **Trade Confidence Index (ICCO)** slightly recovered by the end of 2015. The ICCO was of 20.9 points in 4Q15, higher than the 19 points of 3Q15 (Graph 7). This occurred thanks to a better perception of companies' present situation, despite a reduction in economic situation expectations in the following semester.

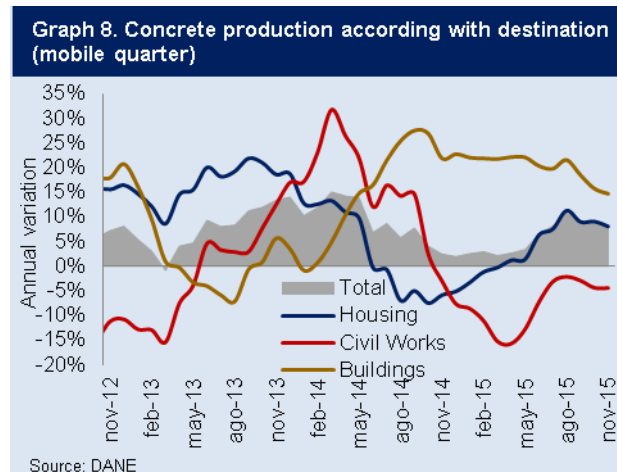


With respect to **fixed investment**, an acceptable behaviour of investment in construction is present although with less dynamism, while the remaining components would continue to play down on growth because indicators associated to investment in machinery and transportation equipment continue to contract.

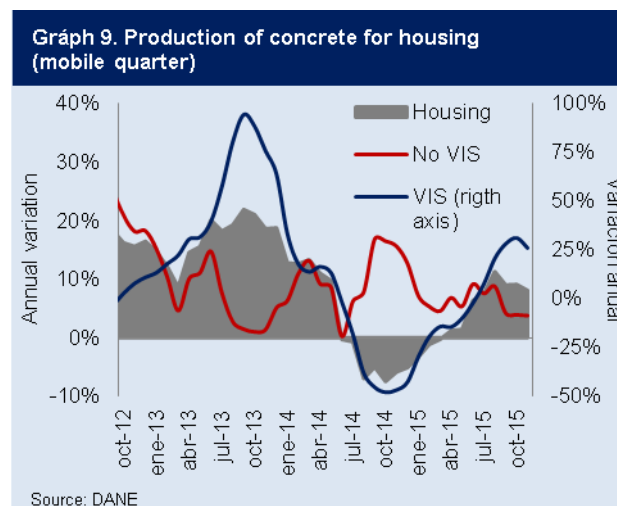
With respect to **concrete production** in the October – November bimester, it grew 7.5%, lower than the 9.2% of 3Q15. This was due to a greater contraction of concrete production intended for civil works and a lower growth in the production of concrete for residential and non-residential buildings.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Concrete production intended for civil works dropped 5.4% in the October- November bimester, significantly over the 2.9% drop in 3Q15. That intended for the buildings sector grew 15.6% in the October- November bimester, lower than the 18.5% of 3Q15, and that for housing grew 7% in the same bimester, lower than the growth of 9% in 3Q15.



When disaggregating concrete production data for housing destinations we may observe that production for non VIS (social interest housing) (that of a greater aggregate value within the residential component) it decelerated in the October- November bimester growing 3.1%, lower than 4.2% in 3Q15. For its part, that allocated to the Social Interest Housing (VIP) grew 23.3% in the same period that although lower than 28.1% of 3Q15, continues as a high growth that would be showing the positive effects of Government programs for boosting construction that were announced a year ago; however, this sector is the one that contributes less to the GIP (Graph 9).

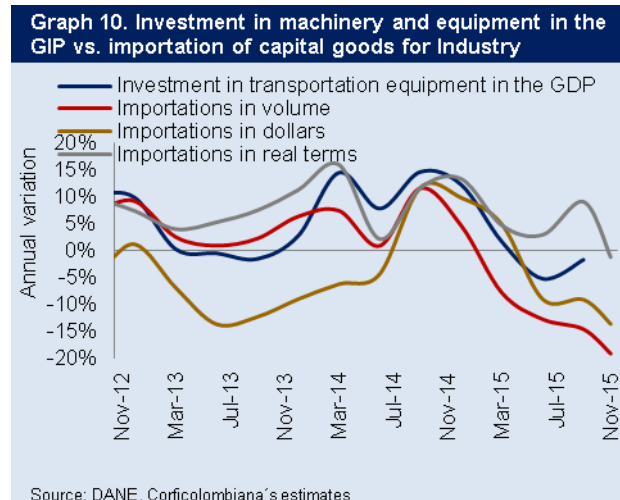


On the other hand, **fixed investment different from construction** would have continued contracting. Contraction of investment in machinery and equipment that represents a third of the fixed investment component within the GIP would have deepened while that of transportation

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

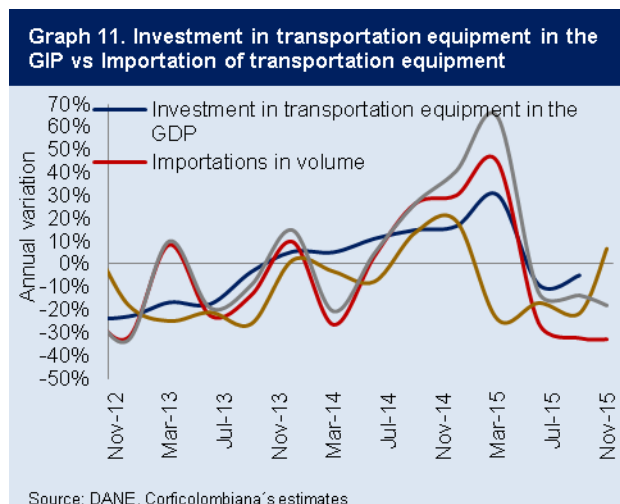
equipment that represents 12% of the fixed investment component within the GIP could have stabilized its contraction rhythm.

In the October- November bimester, **importation of capital goods** for industry contracted 17.6% in dollars, 16.7% in volumes, both higher than the contractions of 3Q15 (Graph 10).



Investment in machinery and equipment in the GIP

Investment in transportation equipment stabilised its contraction rhythm. In the October-November bimester importation of capital goods in transportation equipment would be showing mixed results. The value in dollars contracted 32.9%, higher than the 30% drop in 3Q15. Volumes imported of these goods grew 15.4% in contrast with the 20.7% drop of 3Q15 (Graph 11).

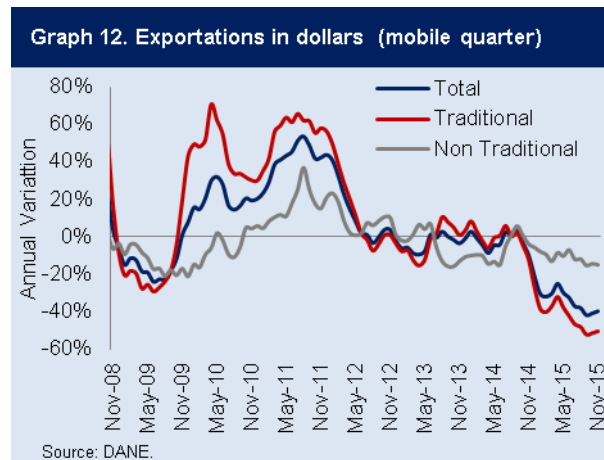


With respect to **foreign trade** of goods, frequently published information would be showing that the negative contribution of net exportations within the GIP could be reduced, thanks to the

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

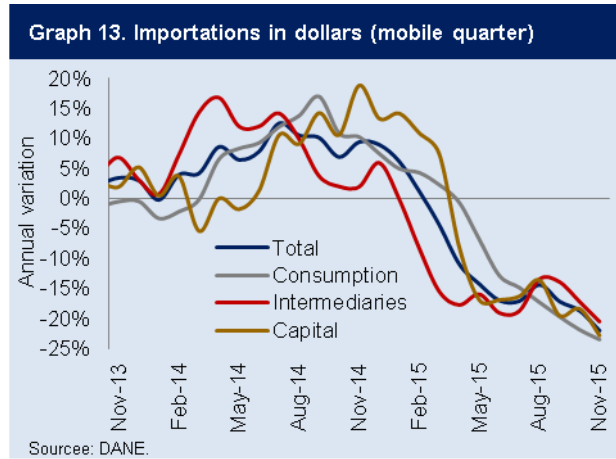
reduction of exportations drop rhythm and that besides, it could be compensated by a new drop of importations.

On the one hand, **exportations** in dollars reduced their drop rhythm in the October- November bimester with a negative variation of 37.3%, lower than the 41.9% drop of 3Q15 (Graph 12). This was the result of a lower contraction in the sale of traditional goods that dropped 47.5% in the October- November bimester, lower than the 52.2% drop of 3Q15. Drop in exportations of traditional goods corresponds in a very significant portion to the drop in prices of the main raw materials produced by Colombia, mainly oil. In fact, oil exportations in dollars dropped 51.4% in the October- November period while exportation volume only dropped 7.7%. On the other hand, exportations of non-traditional goods in dollars dropped 15.8% in the October- November bimester, slightly higher than the 15.4% drop of 3Q15.



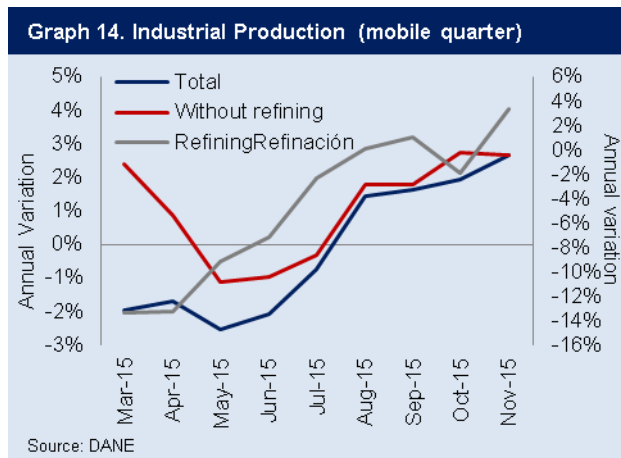
Importations in dollars dropped 21.8% in the October- November bimester, higher than the 16.7% contraction of 3Q15, concluding 10 months of consecutive drops. These contractions are generalized in all types of use (consumption goods, capital goods and intermediary) (Graph 13). On the other hand, real importations in pesos (importations estimate within the GIP) contracted 6.3% in the October- November bimester, in contrast with a 5.8% de 3Q15.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements



On the other hand, high frequency indicators with respect to **sectors** would be showing mixed results in the most recent months. While the industry is showing better dynamism, agricultural production is growing at moderate rates and oil production continues to contract.

In the October- November bimester **Índice de Producción Industrial (IPI)**² (Industrial Production Index) strongly accelerated versus the former quarter. Industrial production grew 3.1%, higher than the 1.6% growth in 3QT15. The acceleration was mainly explained by an increase in oil refining growth. This sector grew 6.1% in the October- November bimester, higher than the 1% of 3Q15, because Cartagena Refinery (Reficar) began operations in November and announced that production at total installed capacity will be achieved gradually along 2016. We therefore believe that the upturn shall be more evident in this sub- sector and will increase its contribution to total industry along the year. On the other hand, the remaining sectors also increased their growth with 2.6% in the October- November bimester, higher than the 1.8% growth in 3Q15 (Graph 14).



² Recently DANE presented a methodology change in the manufacture monthly survey. A change in the sample design meant that the information put together was only published beginning on January 2014.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Production of the **agricultural sector** would be showing mixed results in 4Q15 because growth of coffee production would have accelerated versus the former quarter and the livestock production would have decelerated. On the one hand, coffee production grew 25.5% in 4Q15, higher than the 14.7% of 3Q15. On the other, cattle slaughter measured in the weight of carcass meat³ grew 3.5% in the October- November bimester under the 5.9% growth in 3Q15. Finally, oil production continues dropping when in the 4Q15 consolidate it fell 1.4%, slightly lower than the 1.8% drop of 3Q15, but that contrasts with the 5.7% growth of 2Q15 and 3% of 1Q15.

Finally, the most recent **Encuesta Mensual de Expectativas Económicas (EMEE)** (Monthly Survey of Economic Expectations) of Banco de la República (the Central Bank) corresponding to November, conducted with businessmen of different sectors, would be showing a sustained recovery in the perception of the present economic activity and medium term expectations. (Graph 15).



The index that measures investment expectations in machinery and equipment for the following 12 months was 8.2 points in the October- November bimester, higher than the 3 points of 3Q15. It is worth to remember that this index had dropped to -0.7 points in July, its lowest level since September 2009.

On the other hand, the index that measures sales growth expectations in the following 12 months also increased with 60.6 points in the October- November period, higher than the 50.6 points of 3Q15. Finally, the index that measures the present sales level also increased to 24.3 points in the same bimester, higher than the 18.5 of 3Q15.

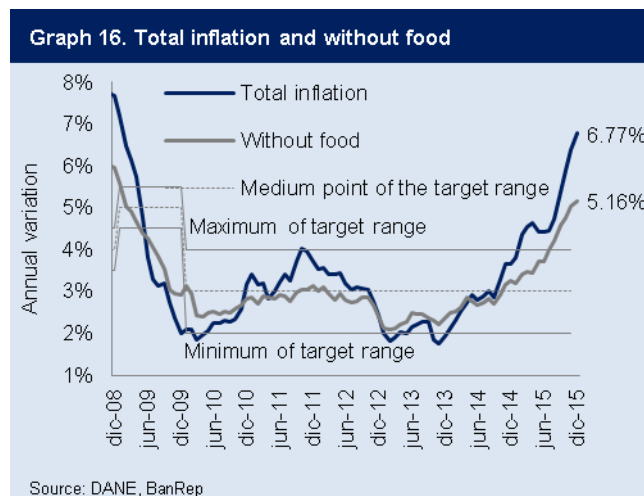
INFLATION

Annual inflation accelerated in the second semester of 2015, from 4.4% in June to 6.8% in December, the highest level since February 2009. Additionally it completed eleven consecutive

³ It includes slaughtering of bovine, pigs, goats and sheep cattle and buffalos.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

months over the upper limit of the target range of the central bank - Banco de la República (2% to 4%) (Graph 16).



Increase in inflation was mainly boosted by strong upward pressures in food prices (in effect, inflation without food was 5.2% in December, substantially under total inflation) and for the transfer of the Exchange rate devaluation top prices of tradable goods.

Of the 2.3 percentage points (p.p.) annual inflation increased between June and December 2015, food inflation was responsible for 1.3 p.p. or 56% of such increase (Table 2). Some supply problems of an important number of perishable foods due to a lower production and a decrease in cultivated areas due to El Niño phenomena, pushed perishable food inflation from 12.7% in June to 30.7% by the end of the year.

Table 2. IPC and its components

	Annual variation %		Contribution to annual inflation (p.p)		Change in annual contribution (p.p)	Weight in change in contribution (%)
	Jun-15	Dec-15	Jun-15	Dec-15		
Total IPC	4.42	6.77	4.42	6.77	2.35	100%
Food	6.19	10.86	1.75	3.07	1.32	56%
Transables	4.17	7.09	0.98	1.66	0.68	29%
Non transables	3.99	4.22	1.29	1.36	0.07	3%
Regulated	2.54	4.26	0.41	0.69	0.28	12%
Food	6.19	10.86	1.75	3.07	1.32	56%
Perishable	12.69	30.69	0.49	1.18	0.69	29%
Processed	5.61	8.77	0.87	1.37	0.49	21%
Food out of home	4.45	5.95	0.39	0.53	0.13	5.65%

Source: Dane, Corficolombiana estimates

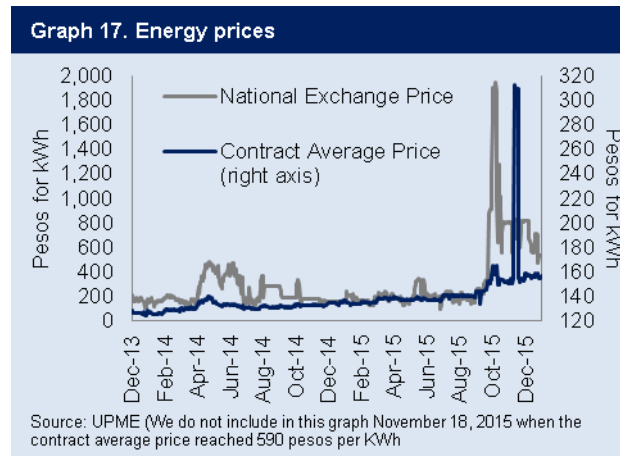
Of the 2.3 p.p. annual inflation increased between June and December 2015, inflation of tradable goods was responsible for 0.7 p.p. or 29% of such increase (Table 2). Although devaluation will continue generating inflation pressures in monthly terms, it is highly probable that its effect on the total annual inflation weakens along 2016, especially for statistical effects. These pressures are temporary and shall fade inasmuch as the comparison basis versus one year before shall begin to be

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

high and the annual variation of the dollar shall begin to descend given the new equilibrium the Exchange rate should be finding in view of a greater stability in international oil prices, particularly in the second half of 2016.

On the other hand, the increase in the prices of energy announced by the Government by the end of 2015 in view of the present crisis of the energy sector due to El Niño Phenomenon, generated a strong increase in the prices of regulated goods and services that could not be compensated for the continuous fuel price cuts. Of the 2.3 p.p. annual inflation increased between June and December 2015, regulated goods inflation was responsible for the 0.3 p.p. or 12% of such increase (Table 2). Only the increase in energy prices contributed with 9% of such increase.

In the second half of 2015, the El Niño Phenomenon generated strong upward pressures in energy prices in contracts between generating and marketing companies and in the stock exchange they increased shockingly and although they moderated afterwards, prices continue in levels significantly higher than the average in the last year (Graph 17).



The situation deteriorated because the severe drought has forced thermal energy generator companies to meet part of the offer normally served by hydraulic energy generator companies, with the aggravating circumstance that the first ones are in a difficult financial situation. Some thermal companies had to use liquid fuels for generating energy, that are more expensive and less efficient than natural gas. Thus, their costs are higher than the Price at which they may sell the energy, as provided under the regulations.

In the midst of this crisis and in order to cover a portion of thermal companies' losses to assure their operation, the Government announced an increase in energy prices to the final consumer of 6.73 pesos for kilowatt- hour (kWh) that depending on the invoicing strata vary between 400 pesos and a little less than 3,000 pesos increase in the monthly value of the bill.

Consequently, Banco de la República decided to begin a new increase cycle of its intervention interest rate to control the severe increase of inflation and the expectations, bringing it from 4.50% in June to 5.75% as of the closure of 2015.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

EXTERNAL ACCOUNTS

Balance of payments figures for the third quarter show that the deficit of the balance of payments current account shall be higher in 2015 than in 2014, that is consistent with the drop of more than 70% in oil prices since mid- 2014. However, most of this impact was evidenced in the fourth quarter of 2014 and current account deficit figures in the following two months showed a correction that was reverted in the third quarter.

In effect, the current account deficit was extended since the end of 2013 from 3.2 billion dollars in the fourth quarter of that year, to 6.3 billion in the same quarter of 2014. In the first quarter of 2015 the deficit recorded its first reduction with 5.1 billion and again in the second quarter when it reached 4.3 billion, but increased again in the third quarter when it reached 5.3 billion (Graph 10).

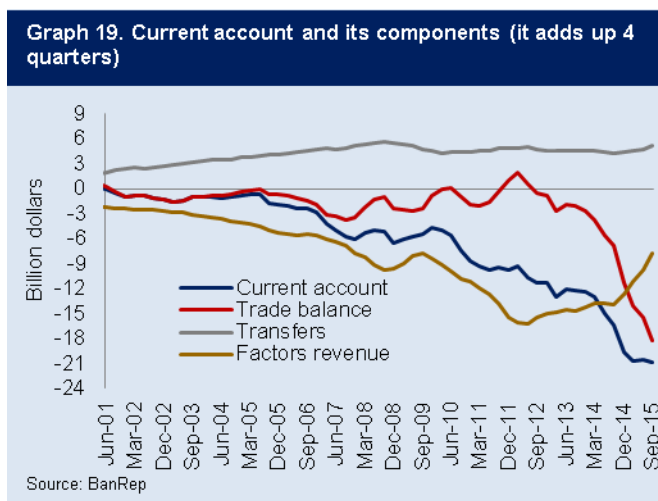
We estimate that the deficit shall show a further decline in the fourth quarter, reaching levels of 5.1 billion and during 2016. We then estimate that the current account deficit drops from 19.5 billion dollars in 2015 (6.7% of the GIP) to 16.6 billion in 2016 (5.4% of the GIP).



There are two items within the current account that deserve more detail because they are the most affected by external and local conditions: the **trade balance** (within the balance of goods and services) and the **direct foreign investment income** (within the factors revenue balance).

By looking at the figures of the accumulated of the last 12 months it is evident that the current account deficit has increased when it came from 19.5 billion dollars as of the closure of the fourth quarter 2014 to 20.8 billion dollars as of the closure of the third quarter 2015, mainly driven by the deterioration of the trade balance, but partially compensated by a reduction in the deficit of the factors revenue (Graph 11). This rebalancing between both accounts and its effect on the current account remain when making the quarterly analysis.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

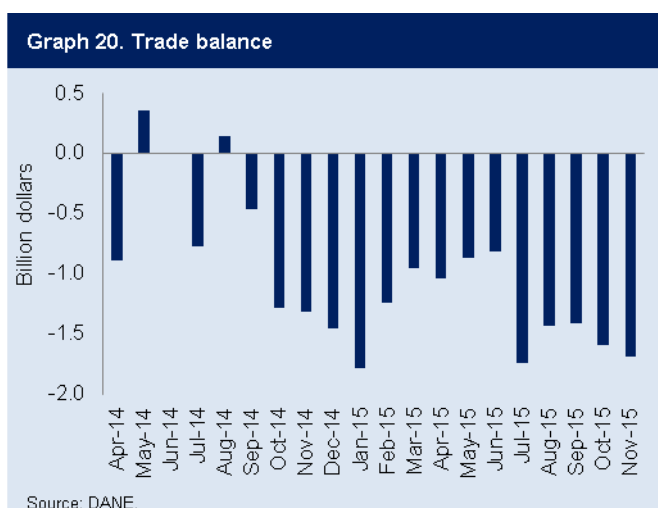


Collapse in oil prices reflected immediately in a very strong drop of exportations, especially considering that oil external sales represented nearly half of the total, and in a devaluation of the exchange rate. In contrast, local economic deceleration and the dollar increase began to affect gradually the performance of importations, and with a slight delay. This dynamic implied that the commercial deficit would expand greatly in the first months of the oil crash, but then it would gradually decrease. While exportations of goods dropped 18.1% per annum in the last quarter 2014, importation of goods grew 9% per annum in the same period (both measured in dollars). This is why the commercial deficit recorded severe deterioration in that quarter, with 3.4 billion dollars versus the 0.7 billion dollars in the third quarter of 2014.

However, despite the price of oil continued descending in the first quarter of 2015, which meant a contraction of 26% per annum in exportations, importation of goods began suffering the effects of devaluation and economic deceleration with a drop of 4.3% per annum in that quarter. In the second quarter exportations contracted at an annual rhythm of 32% while importations dropped 16.9% per annum; the commercial deficit continued slowly making corrections. Consequently, the commercial deficit stopped extending and reached 3.3 billion in the first quarter of 2015 and 2.7 billion in the second.

Verifying monthly figures, an accelerated deterioration in the commercial deficit may be observed from mid of the second semester of 2014 (moment in which the collapse in oil prices begins), from 0.5 billion dollars in September, to a maximum of 1.8 billion dollars in January 2015 (Graph 12). Since then, the commercial deficit began descending until June when it reached the lowest levels since September 2014 (Graph 12).

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements



However, the commercial deficit deteriorated again in July reaching levels of 1.7 billion dollars, similar to those of January. This happened as a consequence of the second drop in oil prices, in the third quarter of 2015 that led to sharp falls of more than 40% in annual exportations, while importations dropped at a slower pace. This is why the commercial deficit of the third quarter was broader than that of the first quarters and remained in similar levels in the fourth.

For 2016 we predict that the trade balance shall be corrected due to a significantly lower contraction of exportations. We anticipate that exportations of goods in dollars shall go from a drop of more than 30% in 2015 to growing 1% in 2016 due to a slight upturn we expect for industrial exportations and a more favourable statistical basis. With respect to importations, we also expect moderation in its drop rhythm, with a contraction of nearly 15% in 2015 to 6% in 2016 because we expect we continue feeling the effects of a high exchange rate and a lower growth in internal demand.

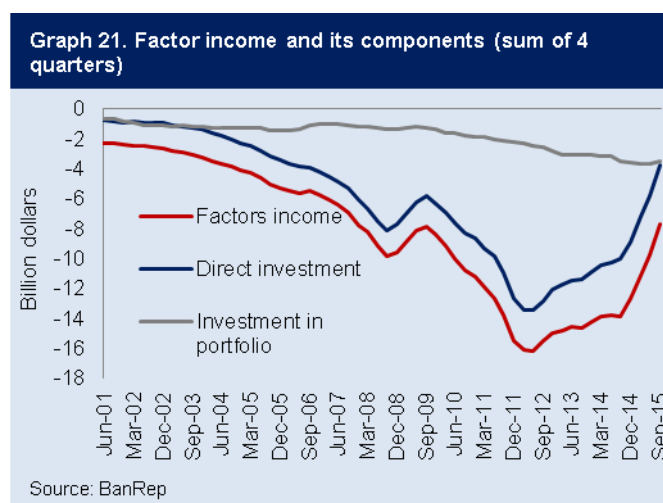
However this shall be the first time in a long time that annual variation of importations shall be lower than that of exportations. Additionally, we estimate that the beginning of operation of the entire Refinería de Cartagena (Reficar) (Cartagena Refinery) shall reduce substantially refined oil importations in 2016 that could mean between 1 and 1.5 billion dollars of less commercial deficit in 2016.

On the other hand, the mining- energy sector crisis and particularly of oil was going to reflect a significant reduction in revenues (profits) of companies with direct foreign investment (IED) in Colombia because this sector has represented half of the flows of this type of investment in the last ten years. Consequently, payment of dividends and profit re- investment, items that represent money transfers for abroad and are recorded within the current account as factors revenue, has dropped substantially.

While net payment of dividends and profit re- investment had been relatively stable at a quarterly average of around 2.7 billion dollars since 2010, in the fourth quarter of 2014 and the first

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

three quarters of 2015 decreased to 1.5 billion, 0.7 billion, 1.1 billion and 0.3 billion respectively. Factors income deficit went from 2.4 billion in the last quarter of 2014 to 1.5 billion in the third quarter of 2015, this explained by the lower company revenue with IED in Colombia in the same period. This evidences that this is the main account with influence in the lowest factors' income deficit. In terms of the 12 months accumulate, the factors' income deficit has decreased to 7.7 billion in September 2015, its lowest level since 2007 (its maximum was 16.2 billion by mid- 2012) and clearly boosted by the drop in the direct foreign investment income, (Graph 13).



In the light of the uncertainty associated to the behaviour of oil prices in the medium term, we hope that in the following quarters the factors income quarterly deficit continues low; this will contribute to reduce the current account deficit along 2016.

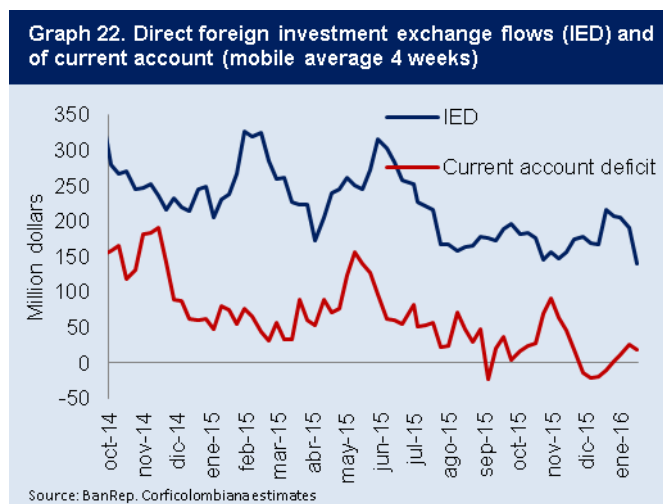
With respect to the capitals account it is important to remember that IED towards Colombia, that is the most stable private flow if compared with that of the portfolio investment and that of external indebtedness, financed all current account deficit until the second quarter of 2014. This has not been the case since then and has therefore generated additional devaluation pressures on the exchange rate although it is important to highlight that it continues as the most representative capital flow of all. In effect, in the third quarter of 2015 the IED was 2.4 billion versus a deficit of the current account of 5.3 billion.

However it is also important to observe Exchange Balance data, as it only records flows that pass through the Exchange market that have greater incidence in the behaviour of the exchange rate in the short time. The analysis of the payment balance is not sufficient because it records all flows abroad including those that are not the result of an Exchange of foreign currency for local currency.

The Exchange balance shows that income of foreign currency associated to the IED continues to surpass by a wide margin expenses associated to the current account deficit (Graph 14). The difference of these accounts has been maintained in an average of around 166 million dollars a week, even in periods when the drop in oil prices has been worse like in the first quarter of 2015 and the

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

second quarter of the same year. (Graph 14). This trend also points to a reduction in devaluation pressures on the Exchange rate.



MAIN FIGURES OF THE CORPORATION

Individual Financial Statements

The financial statements herein described were partially prepared under International Regulations (IFRS for their initials in English) and the valuation and accounting of investments were made according with the provisions of circular letter 034 of 2014 issued by Superintendencia Financiera de Colombia.

Within the main changes to be observed in Corporation results are investments in subsidiaries for which the application of the equity participation method (MPP) was established and the profits participation method (MPU), the offsetting being in both cases the investment value in assets. Additionally, accounting of such investments in the assets is modified, dividing them into three groups: in the first group are investments in controlled companies that were recorded in the opening balance ESFA at the value paid as their cost; in the other groups are investments associated and joint businesses that were recorded at reasonable value as their cost, and equity instruments (except for concessions and Jardín Plaza that were recorded at value paid). All further variations of such assets are carried against another integral result (ORI), a record replacing the valorisations and non-realised profits items (only investments in joint portfolios go to results). In the case of portfolio in debt securities, the three categories are maintained and the only modification is the inclusion of the counter-party risk in derivatives (CVA for its initials in English) that affects directly the result.

Financial Situation Statement

As of the closure of December 2105 the Corporation achieved total assets for \$11.63 billion that represents a growth of 12.34 % versus the closure of the first half of the year, and of 57.34 % versus

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

the closure of 2014. The investments portfolio is the item with greater participation within assets, representing 78.27 % of the total, where investments in participative securities correspond to 43.43% and 34.84% to investments in debt securities.

With respect to variations in the investments portfolio, as of the closure of the second semester the balance in investments in participative securities was \$ 5.05 billion (including valorisations in controlled companies that were kept under the partial IFRS), 10,20% higher than the closure of June and 11.85 % versus December of the previous year. Under the partial IFRS movements in this account come from the application of the participation method (both MPU and MPP), capitalisations and changes in Price of stock listed in the stock Exchange. On the other hand the debt securities portfolio records a growth of 13.82% versus the closure of the first semester and of 132.81% versus the closure of December of the previous year (as of the closure of 2014 the fixed income portfolio balance substantially reduced its balance according with the Corporation strategy for optimising the balance structure).

Liabilities as of the closure of the second semester recorded a balance of \$7.68 billion, 19.04% higher than the balance in June and 130.31 % of the balance of the second half of the year, a variation according with the behaviour of assets; the main impact is observed in the accounts related to passive operations of the monetary market (interbanking, repos and simultaneous) that recorded a balance of \$ 3.97 billion and with an evolution directly related to debt securities portfolio movements, growth of the first semester was 8.83% and as of December 2014 the balance grew 323.53% (an event also due to the optimisation strategy of the balance structure of the Corporation as of the closure of 2014, mentioned in the assets). Another important item within liabilities are deposits composed by CDT's (term deposit certificates) and savings accounts that by the end of the semester presented a balance of \$ 3.17 billion, increasing the balance in 33.21% versus the first half of 2015 and 64.37% versus the closure of December 2014; variations in deposit accounts are connected mainly to customer liquidity needs.

Equity by the end of the year was of \$ 3.96 billion, 1.30% higher as of the June 2015 closure and 2.54% lower versus the closure of the previous year. The account with the greatest impact on variation was the other integral result account (ORI) that includes non- realised profits or losses in investments available for sale and the surplus for equity participation method. In the partial IFRS the first time adoption account is presented in the equity with a balance of \$ 343.415 million that was mainly generated by the acknowledgement of investments associated to reasonable value in the opening balance ESFA.

The solvency ratio was 31.09 %, result of a technical equity of \$ 2.66 million and assets weighed by risk level of \$ 8.55 million.

Income Statement

As of the closure of the second semester of 2015 net profit of the Corporation was \$ 149.647 million, 53.97% and 30.79% less than profits recorded in the first half of 2015 and the second half of 2014 respectively. Within the main contributions to the income statement is the participation

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

method by profits with \$ 122.856 million, dividends with \$ 84.513 million, while the financial margin recorded a loss of \$ 63 million.

The Investment Bank business generated commissions for the sum of \$ 6.054 million and the Commercial Bank recorded an income for commissions of \$ 3.369 million.

Administrative expenses in the semester were \$ 32.528 million, 1.62% more than the previous semester and within which \$ 15.898 million correspond to personnel expenses and \$ 16.631 million to general expenses.

Within the G&L (income statement) another important change in the application of international norms is the acknowledgement of the deferred tax that is related to the need to record the deferred income tax caused on the temporary differences resulting when comparing balance figures with fiscal values, that physically or in accounting are realised in different fiscal periods; in the case of the Corporation this value was of \$ 9.284 million passive, what increases expenses for taxes; on the other hand is the current income tax and the CREE, both amounting an expense of \$ 1.328 million; the net result for taxes is \$ 10.611 million as expense of the semester. The annual result of the Corporation in partial was \$ 474.743 million.

Consolidated Financial Statements

The consolidated financial statements were prepared according with full Financial Information International Norms (IFRS for its initials in English).

As aforementioned, for the accounting closure of the first half of 2015, the main change is the inclusion of Promigas in the condition and of consolidate results financial statements of the Corporation. For the portfolio in debt securities the only modification is the inclusion of the counterparty risk on derivatives (CVA for its initials in English) that affects directly the management of two classifications for the negotiable portfolio (at reasonable value with changes in results) and to maturity (at amortised cost).

Statement of Financial Position

Total assets amounted to \$ 19.93 billion that represent 36.8% growth versus the closure of the same period the previous year. The most important business line within the assets is the investments item that as of the closure of 2015 recorded a balance of \$ 6.75 billion, of which \$2.08 billion correspond to the variable income portfolio, \$ 4.42 billion to the fixed income portfolio and \$ 242.074 million to derivatives. Other important items within the balance are other assets with a sum of \$ 2.95 billion where concessions financial assets and fixed assets are recorded that reach the sum of \$ 2.66 billion.

Liabilities by the end of the year recorded a balance of \$ 15.31 billion, 48.0% more than the balance as of December 2014, a variation in accordance with the behaviour of assets, the main impact is observed in accounts related to passive operations of the monetary market (inter- bank, repos and simultaneous) that recorded a balance of \$ 4.03 billion and with an evolution directly related with movements of the portfolio in debt securities; compared with the same period of the

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

previous year the balance grew slightly more than 300%. Another important item within liabilities are deposits composed by CDT's, Bonds and savings accounts that by the end of the year reached a balance of \$ 6.06 billion, a growth of 41.66% versus the previous year closure. Variations in deposit accounts are mainly linked to customers' liquidity needs. Financial obligations must also be mentioned; by the end of the year closure their balance was of \$ 2.20 billion, 3.35% lower than the closure of 2014.

The consolidated equity as of the closure of 2015 was of \$ 4.62 billion, increasing the balance in 9.5% versus the closure of 2014. Within accounts with the greatest impact are reserves increasing 22.0% and minority interest with an increase of 12.4%. In the IFRS, the adoption for the first time account is presented with a loss of \$ 597.469 million, mainly generated by the recognition of investments in associated companies at reasonable value in the opening balance ESFA.

Income Statement

As of the closure of the second half of 2015 net profits of the Corporation consolidate was of \$ 203.649 million, 21.92% and 21,04% lower than profits recorded in the June and December 2014 semesters respectively. Within the main contributions to the income statement is the net income of the real sector with \$ 995.183 million, the profit participation method with \$ 120.570 million. On the other hand, the financial margin in the semester was negative in \$ 119.809 million.

The investment bank business generated commissions for the sum of \$ 4.959 million and Commercial Banking recorded an income for commissions of \$ 1.978 million.

Administrative expenses in the semester were \$ 501.224 million within which \$ 132.057 million correspond to personnel expenses and \$ 369.167 million to general expenses.

Income tax that includes the current tax and the deferred tax, was \$ 172.529 million.

As of the closing of 2015 the consolidated net profit of the Corporation was \$ 464.485 million versus an accumulated profit in 2014 of \$ 488.949 million (in December 2014 extraordinary dividends EEB and Gas Natural were recorded for the sum of \$ 42.769 million).

Following is the detail of the contribution of each sector in the consolidate, with the following results:

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

SECTOR	2014	%	2015	%
Infraestructure	191,512	45.35%	245,357	46.26%
Energy and Gas	221,650	52.49%	240,524	45.35%
Financial	12,484	2.96%	18,838	3.55%
Hotels	4,129	0.98%	16,949	3.20%
Agribusiness	(17,224)	-4.08%	8,339	1.57%
Other	9,717	2.30%	358	0.07%
Combined total	422,268	100.00%	530,364	100.00%

(Amounts in million pesos)

INVESTMENT BUSINESS IN PARTICIPATIVE SECURITIES

During 2015 the variable income portfolio of the Corporation that represents our main asset, produced consolidated net revenues⁴ of \$ 580.513 million, 13.02% higher than the \$ 513.653 million of the previous year.

It is worth highlighting the following aspects of the results in 2015:

1. The energy sector produced for the Corporation consolidated net revenues \$ 249.024 million in 2015. The contribution to Promigas results is highlighted and begins to show the beginning of operations of investment projects during recent years and exhibits a 6.14% growth in the consolidate, \$ 9.045 million higher than 2014.

2. The consolidate result of the infrastructure sector in the Corporation is \$ 277.099 million, 38.27% higher than in 2014. Episol contribution to profit results stands out due to profit results in the work execution of the Bogotá-Villavicencio and Ruta del Sol projects.

3. In the agriculture industrial sector Pajonal historical results stand out due to the good behaviour of its rice plantations and the entering into production of rubber crops. It also continues with the financial rehabilitation of Pizano.

4. In the hotel sector, Hoteles Estelar had a very good result thanks to a better occupation that has allowed it to continue its expansion plans of the last years.

Table 3 Individual and Consolidated Income

Company	CFC Participation	Value on Books	Income 2015		Income 2014	
			(Individual)	(Consolidated)	(Individual)	(Consolidated)
Promigas	34,2%	1.830.982	121.556	156.273	148.908	147.228
CFC Gas Holding	10,6%	594.326	60.510	48.321	34.914	45.524

⁴ It includes the value corresponding to the participation in profits of controlled investments plus Dividends in equity instruments plus Participation in associated companies Method plus Valorisations.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

FCP Corredores	97,3%	17.086	0	24.778	0	23.344
EEB	3,6%	562.699	16.350	16.350	60.269	60.269
Gas Natural	1,7%	74.624	674	674	8.077	8.077
Concecol	100,0%	96.890	9.223	6.146	7.356	8.921
Gascop	91,9%	29.568	-5.796	-5.645	0	-4.136
Other		167	1.783	2.127	7.176	7.164
SUBTOTAL ENERGY AND GAS		3.206.342	204.301	249.024	266.701	296.392
Episol	99,1%	378.374	82.563	158.929	47.932	115.634
Pisa	88,3%	134.126	94.909	61.629	49.806	51.422
Epiandes	59,7%	122.153	80.187	43.966	74.626	23.994
Tibitoc	33,3%	8.925	3.044	1.984	4.286	1.173
Aerocali	50,0%	7.697	-	10.591	6.042	8.447
Other		4.299	1.243	1.243	0	-265
SUB- TOTAL INFRASTRUCTURE		655.574	261.946	277.099	182.691	200.405
Pajonales	95,0%	212.671	10.905	9.518	714	-3.454
Unipalma	54,5%	76.359	2.641	2.807	0	-10.898
Pizano	40,0%	63.532	-6.534	-7.434	0	-13.316
Valora	100,0%	129.995	3.481	3.452	1.326	9.189
Other		3.403	52	0	0	0
SUB- TOTAL Agribusiness		485.960	10.545	9.587	2.040	-18.480
H. Estelar	84,9%	237.327	17.751	15.849	10.354	2.364
Santamar	84,6%	29.081	1.183	1.108	0	1.766
Other		68	-	-	0	0
SUB- TOTAL HOTELS		266.477	18.934	16.957	10.354	4.130
Leasing Corficolombiana	94,5%	91.477	10.761	9.824	13.651	11.497
Fiduciaria Corficolombiana	94,5%	53.584	11.605	9.596	2.122	-2.436
Banco Corficolombiana Panamá	100,0%	33.699	2.458	-582	627	1.476
Other		54.767	3.273	3.782	3.598	4.437
SUB- TOTAL FINANCIAL		233.527	28.096	22.619	19.998	14.973
Mineros	8,5%	41.236	3.353	3.353	2.829	2.829
Tesicol	95,0%	20.772	1.759	1.848	3.343	8.773
BVC	3,4%	10.677	559	559	892	892
Jardín Plaza	95,0%	23.208	12.943	390	710	276
Industrias Lehner	52,5%	-	-	-1.455	0	945
Other		15.992	1.835	533	1.381	2.517
SUB- TOTAL OTHER		111.885	20.449	5.227	9.155	16.232

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

SECTORS						
TOTAL PORTFOLIO		4.959.763	544.271	580.513	490.940	513.653

Portfolio Composition

The four strategic sectors of the variable income portfolio represent 97.6% of income for dividends and the participation method. Additionally, we keep investments in financial entities that complement the financial services portfolio of the Corporation.

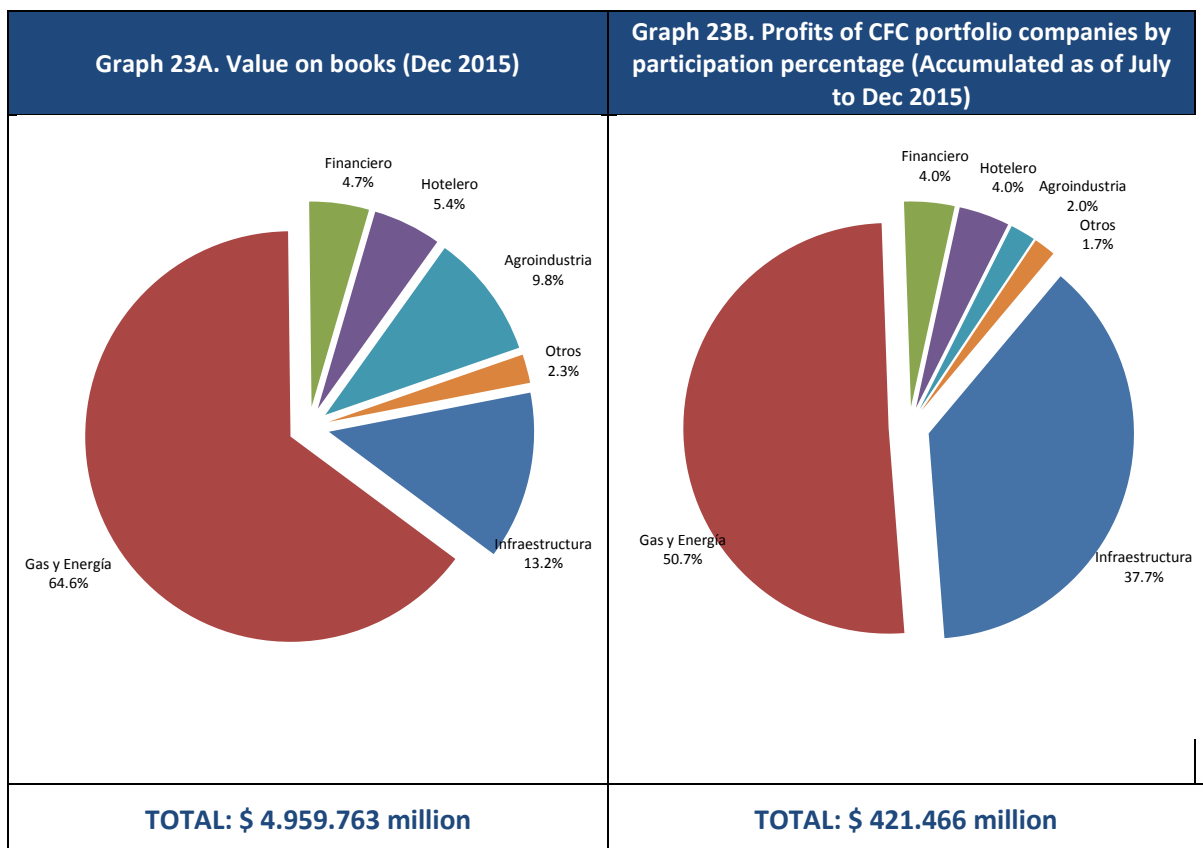
Table 4 Income for Participation Method and Dividends (million pesos)

SECTOR	DESCRIPTION	VALUE ON BOOKS	DIVIDENDS 2 SEM 2015	MPP	% TOTAL INCOME (DIVIDENDS + MPP)
ENERGY & GAS	<i>Corficolombiana is the main stockholder of Promigas, the biggest transport and distribution company in Colombia, with more than 3.4 million users in Colombia and Peru.</i>	3.206.342	82.371	18.366	48,6%
INFRASTRUCTURE	<i>Corficolombiana is the main investor in road infrastructure in Colombia with 1.345.5 km in road concessions of which 399km are 4G concessions to be built and 897.5 km are double lane construction contracts.</i>	655.574	1.376	79.959	39,2%
FINANCIAL SERVICES	<i>Corficolombiana provides leasing, trust, foreign bank and brokerage services. Fiduciaria Corficolombiana has \$11.2 billion in assets in own trusts and \$0.88 billion in consortiums.</i>	233.527	765	5.506	3,0%
HOTELS	<i>Corficolombiana has a majority shareholding in Hoteles Estelar, the main hotel chain in Colombia with 30 hotels in 15 cities and a total of 3.574 rooms.</i>	266.477	-	10.783	5,2%
AGRIBUSINESS	<i>Corficolombiana actively participates, through its investments in Pajonales, Mavalle, and Unipalma, in rubber, oil palm and rice businesses with more than 26.500 hectares of arable land.</i>	485.960	-	3.216	1,6%
Other	<i>Corficolombiana owns 100% of Valora, a company with the main activity is the development of real</i>	111.885	-	5.026	2,4%

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	<i>estata projects, and 95% of Tescol, leader company in the manufacture of fabrics and synthetic fibres.</i>				
	TOTAL	4.959.763	84.513	122.856	100%

As of December 31, 2015 the composition of the Corporation’s variable income portfolio measured by its value on books showed that 64.6% of the investments was in the energy and gas sector, 13.2% in infrastructure, 9.8% in Agribusiness, 5.4% in hotels, 4.7% in the financial sector and 2.3% in other sectors. As of the same date, total value on books of the investments is \$4.96 billion.



Note: All figures are reported under NIIF norms
Source: CFC Investments

Participation in profits of portfolio investments in the semester amounted \$ 421.466 million. As it appears in Graph 23B, the energy and gas sector contributes with 50.7 % of the income, followed by infrastructure with 37.7%, hotel industry with 4.0% and financial services with 4.0%.

The following tables show income generated for the Corporation by the variable income portfolio:

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Table 5 Income for dividends and participation method

Company	Million pesos (Jul to De 2015)	
	Dividends	MPP
CFC Private Equity Holdings SAS	-	(35)
CFC Energy Holdings SAS	-	(5)
Colombiana de Licitaciones y Concesiones S.A.S	-	3.467
CFC Gas Holding SAS	-	20.100
Empresa de Energía de Bogotá	16.350	-
Promigas S.A.	66.021	-
Gas Comprimido del Perú	-	(5.160)
ENERGY AND GAS	82.371	18.366
Coviandes S.A.	-	92
Proyectos de Ingeniería y Desarrollos S.A.S	-	1.305
Estudios y Proyectos del Sol	-	22.120
Estudios Proyectos e Inversiones de los Andes S. A.	-	24.744
Proyectos de Infraestructura S.A.	-	31.697
Concesionaria Tibitoc S.A.	1.376	-
INFRASTRUCTURE	1.376	79.959
Mavalle S.A	-	39
Plantaciones Unipalma de los Llanos S.A.	-	31
Pizano S.A.	-	(2.505)
Organización Pajonales S.A	-	5.651
AGRIBUSINESS	-	3.216
Promotora y Comercializadora Turística Santamar S.A.	-	551
Hoteles Estelar de Colombia S.A.	-	10.232
HOTEL INDUSTRY	-	10.783
Leasing Corficolombiana S.A.	-	3.179
Fiduciaria Corficolombiana S.A.	-	3.972
Fiduciaria Occidente S. A.	747	-
Banco Corficolombiana (Panama) S.A.	-	(1.644)
Bladex S.A. Clase E (INVERSION EN DOLARES)	5	-
AV Villas (Acciones Ordinarias)	14	-
FINANCIAL	765	5.506
Tejidos Sintéticos de Colombia S.A.	-	909
Valora S.A.	-	3.964
Pyxis Inversiones S.A.	-	152
OTHER SECTORS	-	5.026
TOTAL PORTFOLIO	84.513	122.856
(%) Total income	40,8%	59,2%

Source: Planeación CFC

Table 6 Income generated by investment in capital

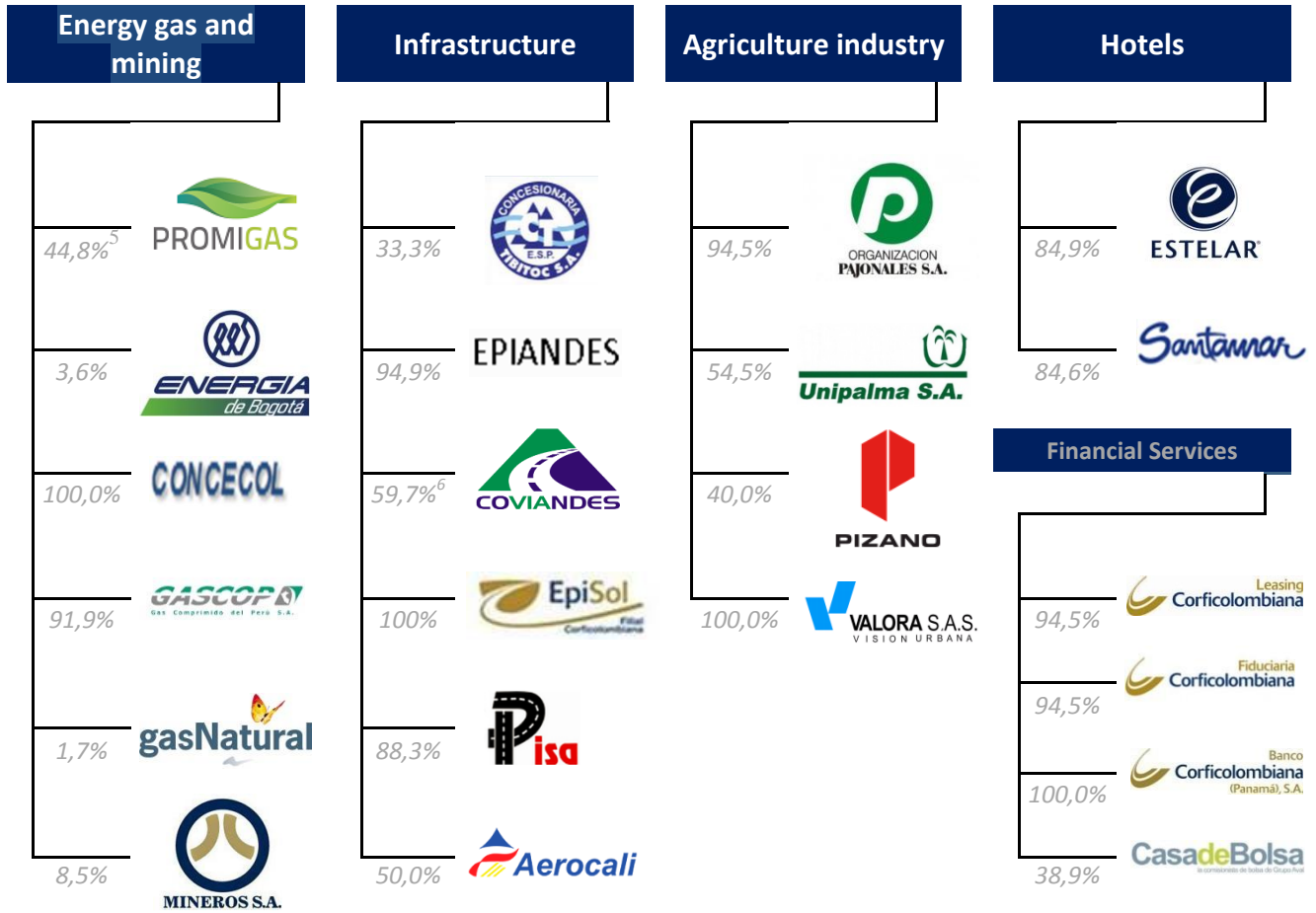
Amounts in COP MM (IFRS)	2014-II	2015-II	Diference
Dividends	230.888	84.513	-146.376
Participation method	-	122.856	122.856
Valuation	6.541	345	6.196
Profit in Sale of Stock	-	12.943	12.943
Commissions and Other	-45	5	50
Difference in exchange	-	-	-
Total	237.384	220.662	-16.722

Source: Planeación CFC

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Half- year management of portfolio companies by sectors

Following is a description of the main companies on which Corficolombiana participates, grouped by the economic sectors to which they belong. You will then find a brief description of the most relevant events during the second half of 2015.



Source: Inversiones CFC

⁵ As of December 2015 Corficolombiana owned 34.22% directly and 10,58% through Fondo CFC Gas Holding.







⁶ 59,28% through Epiandes, 0,25% through Concecol and 0,25% as direct participation.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

1. Energy, Gas and Mining

Companies in this sector have a stable regulation and predictable revenues that allow them the generation of a high operating flow.

Table 7 Description of investments in energy and gas

<i>Amounts in Million Pesos (July - December 2015)</i>	Participation	Description/Sector	Value on books	Operating Income	EBITDA	EBITDA Margin	Net Profits	
Significant Participation	 PROMIGAS	44.8%	Promigas transports and distributes natural gas in Colombia. It has more than 3.4MM users in Colombia and Peru	1.830.982	1.327.060	444.532	33%	233.345
	 CONCECOL	100.0%	It supplies energy for the Tello oil field. The company also has a Gas Treatment Plant	96.890	2.626	2.480	94,4%	2.198
	 GASCOPE	91.9%	The company distributes compressed natural gas in North Peru for industrial users and for the vehicle market	29.568	4.369 USD	395 USD	9,0%	-1.635 USD
Minority Participation	 ENERGIA de Bogotá	3.6%	The company is a holding of electrical and gas sector companies with significant presence in energy generation, transmission and distribution and in gas transportation and distribution.	562.699	232.535	152.247	65,5%	12.766
	 gasNatural	1.7%	The second biggest natural gas distribution company in Colombia with more than 1.5 million users	74.624	N.D	N.D	N.D.	N.D.
	 MINEROS S.A.	8.5%	Colombian company with more than 35 years of experience, dedicated to the exploration and development of precious metals especially gold	41.236	185.508	66.500	35.8%	27.945

Relevant events of the semester - Energy*Promigas*

Promigas continues the investment program in Loop del Sur, SPEC (LNG plant), gas treatment plants for Hocol and Canacol in Colombia projects and the construction of Gases del Pacifico concession in Peru, that will connect more than 150.000 new users in the regions of Ancash, La Libertad, Cajamarca and Lambayeque. Such investments continue without major setbacks and the projects shall enter different stages between December 2015 and the end of 2016.

With respect to the electrical energy sector, marketing updated fees began to be applied and the regulatory definition is expected for 2016 with respect to the new distribution fee period.

Finally, the strategy to venture most deeply into the energetic infrastructure construction activity is maintained. In order to do so, Promisol has done coating works in Promigas gas pipelines, the construction of the Bosconia de Gases del Caribe gas pipeline and the construction of the San Mateo – Mamonal gas pipeline (part of Loop del Sur – South Loop).

During the first half of 2015 the connection of 65.210 new users in Colombia and 44.785 new users in Peru was made. Lastly, it is important to emphasise that Brilla portfolio reached the positioning of \$ 335.890 million in the year, for an accumulate of \$ 1.518.323 million, and that Fitch ratings kept for Promigas the AAA (Col) long term credit rating with stable perspective and short term with F1+ (Col).

2. Infrastructure

At present, Corficolombiana is a leader road investor in Colombia. The Corporation has more than 20 years of experience in investments in the sector and currently has participation in 10 road concessions, directly or through investment vehicles.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Illustration 1 Geographic location and length of the road concessions













	Concession	Km
1	PISA	80
2	Coviandes	86
3	CCFC	42,9
4	Ruta del Sol	610
5	Panamericana	111
6	Conpros	49,0
7	Covipacífico	68,5
8	Covimar	31,8
9	Coviandina ⁷	-
10	Covioriente	266,2
	Total	1.345,5

Source: Inversiones CFC

7. Coviandes and Coviandina are concessions that embrace the same road corridor Bogotá – Villavicencio. Its main difference corresponds to the double lane works agreed.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Table 8 Description of infrastructure investments

Amounts in Million Pesos (July to Dec. 2015)	Participation	Description/Sector	Value on books recorded with CFC	Operating income	EBITDA	EBITDA Margin	Net Profit
	59,70%	Road infrastructure concession with more than 86 km of concession and 45.5 km in construction	122.791	438.728	111.447	25%	38.115
	88,30%	Road infrastructure concession with more than 80 km of concession and a TPD of 30.734.	134.126	68.741	6.880	10%	35.917
	100,00%	Road infrastructure concession with more than 111 km of concession and a TPD of 5.301.	N.A.	57.166	7.478	13%	3728
	100%	Holding company that concentrates investments in infrastructure.	378.374	25.638	34.616	135%	23.974
	49,9%	Concesionaria Vial del Pacífico shall be in charge of the Construction, Maintenance and Management of the Ancón Sur – Bolombolo corridor that covers 53 Km in Antioquia.	N.A.	26.072	3.391	13%	831
	60%	Concesionaria Nueva Vía al Mar shall be in charge of the construction, maintenance and management of the Mulaló – Loboguerrero corridor that covers 31.8 km in Valle del Cauca.	N.A.	47.391	2.426	5%	1.539
	100%	This road concession seeks to improve the Marginal del Llano road network connecting Meta Department with Casanare Department. The project has a length of 266.2 km and communicates the city of Villavicencio in Meta Department with Yopal in Casanare Department.	N.A.	4.401	0	0%	184
	100%	Public private association with no public resources for the construction of a new lane in the Chirajara – Villavicencio sector and the Administration, Operation and Maintenance of the Bogotá – Villavicencio corridor.	N.A.	0	-425	0%	274
	49,90%	Airport Infrastructure Concession with traffic of more than 2.4 MM passengers per year.	7.697	57.819	21.688	38%	12.017
	33,00%	Road Infrastructure Concession with more than 528 km of concession and a TPD of 30.924.	N.A.	689.382	607.841	88%	248.035

Relevant Events of the Semester – Infrastructure

Concesionaria Vial del Pacífico

Corficolombiana was awarded in June 2014 the bid for the Pacífico 1 project; this Project is part of the first concessions wave of fourth generation concessions. The concession contract was executed on September 15, 2014 and the Work Commencement Minute was signed on November 11, 2014. The concessionary in charge of the project is Covipacífico, with Episol S.A.S (49.9 %), Iridium Concesiones Viarias (40 %) and CFC-SK Covipaci Colombia S.A.S (10.1 %) as stockholders. The project covers the construction and operation of the Bolombolo – Camilo C – Primavera – Ancón corridor that will connect Medellín with el Valle del Cauca Department. This project has two toll stations: Amagá, currently operated by Odinsa with income transferred to the Concessionary since November 2014 and Ancón Sur that is a new station to be installed in September 2016 as estimated.

At present the project is under the pre- construction phase where the main objectives focus around design definition, environmental licensing process, land acquisition and financial closure. For achieving these goals, the following milestones are highlighted, as of December 31, 2015: Phase III design of the geometric drawing of functional units 1, 2 and 3; all steps for obtaining the environmental license have been taken. With respect to the financial closure, on October 26, 2015 ANI and the audit approved the documents related with the contractual financial closure that was accredited with local Banks for an amount of \$ 1.655.000 million. Works under this project are foreseen to begin in September 2016.

Concesionaria Nueva Vía al Mar

Corficolombiana was awarded in December 2014 the bid for the Mulaló – Loboguerrero Project that was the last Project under a bid of the First Fourth Generation Concessions Wave. The concession contract was executed on January 22, 2015 and the Work Commencement Minute was signed on March 17, 2015.

Later, on October 27, 2015 Corficolombiana received from the Ministry of Internal Affairs a certification of presence of the Loboguerrero community in the UF5 that leads to a previous consultation process. This project process has been affected by the difficulties of the Ministry of Internal Affairs to make the corresponding previous consultations to be made since before the award. However, progress has been made in the preparation of the final designs, the application of the EIA in Functional Units - Unidades Funcionales (2-5). The Corporation has no intention to begin the construction of this project during 2016.

Concesionaria Vial Andina

Corficolombiana presented a private initiative project with no public resources, for the construction of the double lane in the last third of the Bogotá – Villavicencio road. The concession

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

contract was executed on June 19, 2015 and the Work Commencement Minute was signed on July 22, 2015.

With respect to the second half of 2015, it is important to mention that on June 26, 2015 a contract was executed for the preparation of Phase III studies and designs that shall be delivered in the first semester of 2016.

The process began for two environmental licenses, one for the Chirajara – Bijagual sector and the other for the Bijagual – Fundadores sector; The Corporation expects to have those licenses in the first quarter of 2016. The construction of this project is expected to begin in July 2016.

Concesionaria Vial del Oriente

On June 2, 2015 Corficolombiana was awarded the Villavicencio – Yopal Project that corresponded to the third Project of the second 4G roads wave promoted by the national government. For the execution of this project the Corporation set up Concesionaria Vial del Oriente S.A.S. that signed the concession contract on July 23, 2015 and the Work Commencement Minute on September 28 of the same year, with which the operation of the corridor began. Since September 2015 the trust company receives income from the tolls of Puente Amarillo, Veracruz and San Pedro; the concession operates the first two tolls and will operate the last one from March 2016. According with contractual activities of the Pre- Construction phase, the Concessionary hired Phase III designs and began identifying of properties and networks for the corresponding purchase and transfer. Additional to contractual obligations, from the third week of November the primary intervention plan began in order to comply with contractual corridor condition indicators. Commencement of work construction for this project has been foreseen for September 2016.

Epiandes

Epiandes is a holding company whose main investment is Concesionaria Vial de los Andes S.A. (Coviandes) that administrates, operates and maintains the road corridor that communicates Bogotá with Villavicencio. Since 2010 it has been working in the execution of the double lane road Bogotá – Villavicencio in the middle third of the road, El Tablón – Chirajara sector.

As of the second half of 2015, Coviandes has continued the execution of the project so works for the second lane in tunnels present 79% progress in excavation and terminated support, bridges 71% and roads 65%. On last June 4 the concessionary put 12.5 Km of road early into service, from the sector called Naranjal to Tequendama Intersection including 5 tunnels, 13 bridges and the new toll station of Naranjal that corresponds to the re- location of the old toll booth of Puente Quetame.

In the second half of 2015 sector 1A between Puente Téllez and Puente Quetame was the one with greater movement. In this sector 5 bridges were completed during the semester and the construction of 4 additional bridges was contracted, including their accesses.

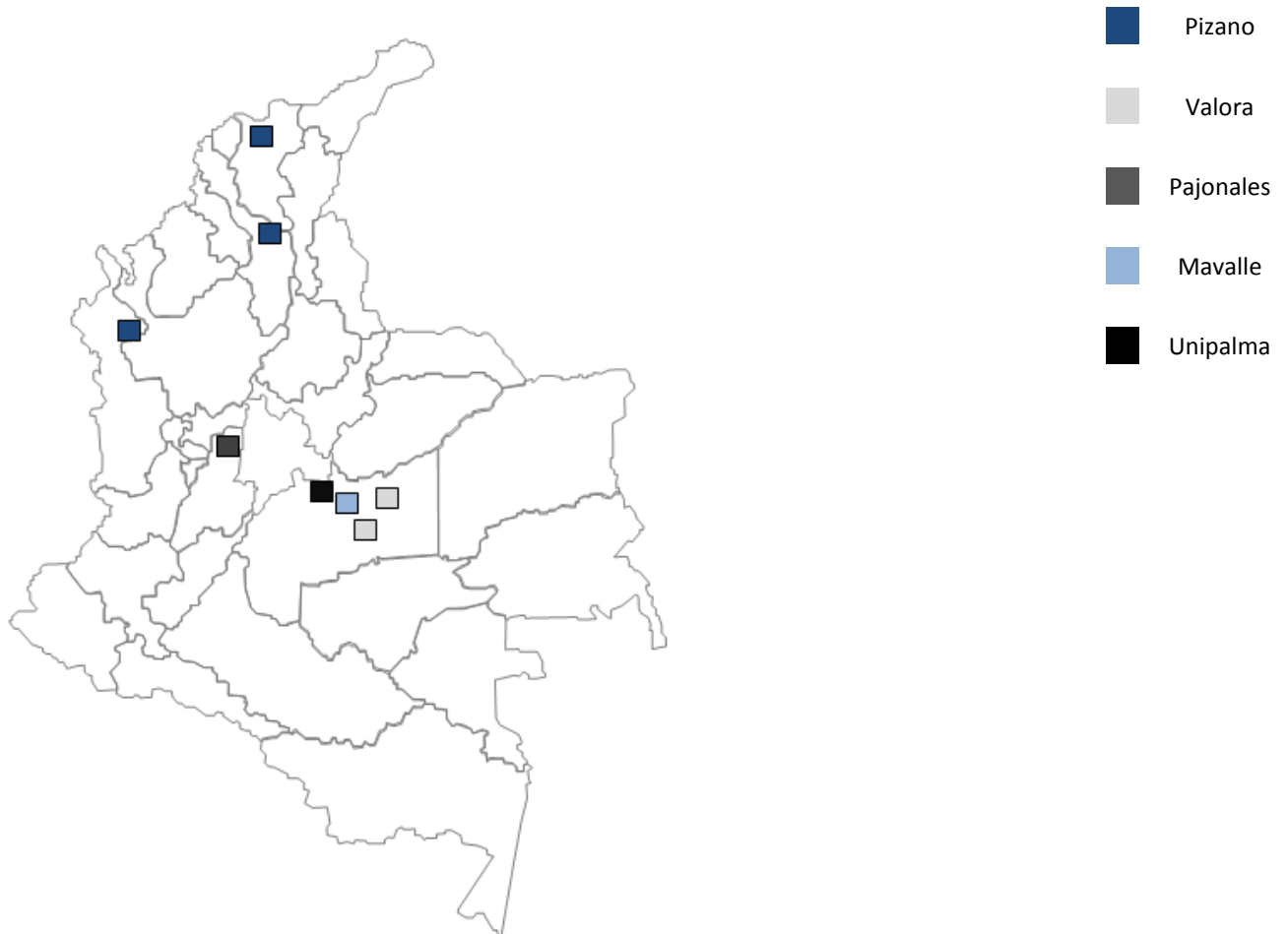
CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

As of December 2015, development of the double lane has generated a monthly average of 3.833 direct employees of which 50% come from municipalities of the influence area (Chipaque, Caquezá, Quetame, Guayabetal, Pipiral, Villavicencio and Bogota); the participation of 367 women is emphasised.

3. Agribusiness

Corficolombiana actively participates in the production of timber, palm oil, rubber, rice, rice and cotton seeds.






Illustration 2 Geographic location of Agribusiness investments



Source: Inversiones CFC

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements



Table 9 Description of Agribusiness investments

	Amounts in Million Pesos (July to Dec 2016)	Participation	Description/Sector	Value on books recorded with CFC*	Operating income	EBITDA	EBITDA Margin	Net Profit
Controlling participation		94,5%	Agriculture company with 5.930 hectares in rice, cotton and corn fields and 3.500 livestock.	212.671	20.520	4.552	22%	5.919
		99,00%	Agriculture company with 4.607 hectares in rubber plantations	3.211	2.116	-54	-3%	211
		54,50%	Agriculture company with 5.400 hectares in African palm plantations for the extraction of palm crude oil	76.359	29.531	3.776	13%	706
		100,00%	Holding with housing and hotel businesses and 8.108 hectares of land for future agriculture projects	129.995	2.209	-395	-18%	-494
		39,90%	Company dedicated to the manufacture of plywood boards, agglomerates, laminates, furniture parts and other wood derived articles.	63.532	74.787	3.310	4%	-9.212

4. Hotel Industry

Corficolombiana is present in the hotel sector through its majority participation in Hoteles Estelar, the main hotel chain in Colombia.

Table 10 Description of investments in the hotel industry

Amounts in Million Pesos (July to Dec 2015)		
Participation	84,96%	84,60%
Description/Sector	Colombian hotel chain with 30 hotels in 15 cities and a total of 3.574 ⁸ rooms, in the main cities of Colombia, Peru and Panama	Hotel and convention centre in Santa Marta - 131 rooms
Value on books recorded with CFC*	237.327	29.081
Operating income	24.505	1.701
EBITDA	20.023	1.570
EBITDA margin	82%	92%
Net profit	7.899	563

Source: Inversiones CFC

⁸ Includes 341 rooms in Cartagena Hilton Hotel Cartagena

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Relevant Events in the Semester – Hotel Business



Hoteles Estelar

Hoteles Estelar as of December 2015 it recorded an average occupation of 59%, exceeding the national average of 52.87 % (Cotelco)⁹. Consolidated sales accumulated as of December 2015 were of \$ 259.359 million versus \$ 234.114 million in 2014, what represents a 10.8% increase.

Additional to good results in 2015, the chain continues its expansion strategic plan in Colombia, Peru and Panama to switch from the current 30 hotels to 40 hotels in the next four years; especially important is the opening in December 2015 of a hotel room in Peru (Asia), the construction of the Cartagena de Indias Estelar that shall open its doors in the second semester of 2016 with 338 rooms. The construction of the fourth hotel in Medellin city, the Estelar Square and projects in different places in Colombia, Peru and Panama are being evaluated.



5. Financial Services

Table 11 Description of Financial Services

Amounts in million pesos (July to Dec. 2015)	Participati on	Description/Sector	Value on books	Operating income	Operating profit	Operating margin	Net profit
	94,50%	Specialised entity leader in providing financial services, fiduciary and structuring of products for the capital market, with experience of more than 20 years in the market.	53.584	20.610	6.081	30%	4.243
	94,50%	Financing company with more than 20 years of experience advising and developing successful projects, offering financing and investment alternatives adapted to market needs.	91.477	63.451	19.318	30%	3.364

⁹ Figures in the Cotelco report as of December 2015.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	100%	The Bank is domiciled in Panama and operates with international license granted in 2004. The bank may exclusively make transactions that are executed, consume or have effects out of the Panamanian territory.	33.699	1.413.274 USD	581,128 USD	41%	-519,455 USD
	38,95%	Composed by the merger of four Exchange posts in 1990; at present the Grupo Aval stock broker generates 39% of commissions accumulated by all the financial affiliates of the group.	24.841	15.250	1.900	12%	1.631

Source: Inversiones CFC

Table 1 Financial Margin CFC with contribution of Financial Affiliates

Financial Margin (MM COP)	Semester I 2015		Semester II 2015		Variation	
	Individual CFC	Consolidate + Financial Affiliates	Individual CFC	Consolidate CFC + Financial Affiliates	Consolidate vs. Individual	Semester II vs. Semester I
Financial income						
Interest	16,445	68,847	28,573	83,606	55,033	14,759
Valuation Fixed income inv. Com sale securities and foreign exchange	121,871	125,406	96,006	100,395	4,389	(25,011)
Total financial income	138,316	194,253	124,579	184,001	59,422	(10,252)
Financial expenses						
Interest	85,784	110,829	124,642	151,688	27,046	40,859
Total expenses	85,784	110,829	124,642	151,688	27,046	40,859
Financial margin	52,532	83,424	(63)	32,313	32,376	(51,111)

Source: Planeación CFC

In Table 12 Corficolombiana's individual financial margin is compared to the consolidate financial margin that includes financial income and expenses of Fiduciaria CFC, Leasing CFC and Banco CFC Panama. Additionally, variation of the consolidate financial margin corresponding to the closings of June 2015 and December 2015 is compared.

During the second semester of 2015 financial affiliates contributed with \$ 32.313 million to the consolidate financial margin, compensating the \$ 63 million loss recorded by the Corporation.

It is important to point out that Leasing Corficolombiana contributes to the consolidate with 66% of income for interest, but only 18% of financial expenses. The Leasing company through a contract for the use of the network with the home office obtains access to different funding sources at very competitive rates thanks to the work of a) the treasury of the Corporation with customers in the institutional market, b) Corficolombiana commercial banking with customers of Corporate and Entrepreneurial profile, c) Casa de Bolsa with natural person customers.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Revenues obtained by the valuation of fixed income investments of financial affiliates contributed with \$ 4.389 million additional to Corporation revenues, mainly for the investments of the own position of Fiduciaria CFC.

Comparing the closure of both semesters of 2015, the consolidated financial margin drops 61%. Although financial income increase in 21%, the valuation of fixed income investments – not isolated from the market situation – dropped 20%. In addition, cost of liabilities increased in 37%.

Investment Banking

The 2015 closure was determined by the reduction in oil prices and its collateral effects on the economy and markets. In a very short time period all market agents have had to adapt to a different reality where the financial stability of former years has made room to pronounced increases in the Exchange rate, inflation and interest rates. In the real sector the activity has moved (and is at present undergoing a slow re- direction process) from oil and related to infrastructure and related.

This scenario was adverse for the capital market operations. The result of total annual placements and the low participation of new issuers are the sign of a low market activity.

On the other hand, infrastructure projects continue representing the activity focus to the financing market and investment banking. Two 4G road project waves were awarded to the closure of the year. Within this, the investment banking area continues leading efforts to take the four projects mentioned to a successful closure.

For the first half of 2016 we hope that market activity continues focused in some cross- border transactions, as the financial closure of infrastructure projects.

FINANCIAL BUSINESS

Treasury

The Central Bank - Banco de la República - during the second semester of 2015 increased the intervention rate to 5.75%, with a contraction monetary policy. This was present mainly due to the expectations of a lower growth rhythm of Colombian economy, an increase in inflation and its perspectives, and in general terms a closing of the product and inflation gaps. The inflation rate as of the closure of December 2015 reached 6.77%.

In the second half of the year the company decided to increase the fixed rate investments portfolio balance both in the negotiable and the available for sale, with the purpose of obtaining a greater intermediation margin as a response to an increase in rates, mainly those of the TES that represent most of the portfolio securities.

Corficolombiana continues as one of the leader participants in the public debt local market being present within the Market Creators scheme of the Ministry of Finance and Public Credit, occupying the second place within the general ranking as of December 2015. Corficolombiana earned this place

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

with the following rankings: 2nd place in the primary market, 1st place in the secondary market, 10th place in presence on screen and 3rd place in liquidity operations.

As of the closure of December 2015 the fixed rate investments portfolio of the Corporation increased to \$ 4.054.839 million with an increase of 13.82% versus the closure of June 2015. This variation is generated both in the investments available for sale portfolio and the Negotiable Investments portfolio. As of December 2015, Treasury net profits were \$ 51.719 million.

In the Peso – Dollar spot market (purchases and sales) a participation of 20.14% was kept in 2015 and in the forwards market participation was 4.45%. The Peso – Dollar derivatives portfolio as of the closure of 2015 grew to US\$ 1.908 billion. On the other hand the Swaps balance was US\$ 1.17 billion.

As of the closure of 2015 the foreign exchange desk continued within the first five counterparties by volume and negotiated operations according with BVC (Colombian Stock Market – Bolsa de Valores de Colombia-). This position consolidates and boosts the leadership the Corporation has maintained in the last years In the Peso – Dollar market, besides its leadership in volumes operated in the Other Currencies market (G10 and Latam).

For the Forwards portfolio the strategy of keeping the book sold was generated and by the end of the year with devaluation drops, the days Gap was totally closed. On the other hand the company took advantage of the volatility in the short part of the curve, generating interesting revenues for the Corporation.

With respect to funding, on December 2015 the Corporation closed with an effective rate in CDT's (term deposit certificates) of 7.34% that represents an increase of 99 basis points versus June 2015 that was 6.35%, withstanding the impact of the contraction trend of the Central Bank monetary policy that increased the intervention rate in 125 basis points during 2015. Total CDT's as of the closure of December 2015 was \$ 2.366.625 million, 17.83% greater versus the balance of June 2015. The average term of such deposits is 1.075 days.

Commercial Banking

During the second semester of 2015 the Commercial Banking Unit managed assets for a value of \$ 1.58 billion through the different Corficolombiana and Financial Affiliates' products.

In the last six months of the year, operations destined to Fondos de Inversión Colectiva de Fiduciaria Corficolombiana were managed, with an average balance of \$ 517.394 million, that generated revenues for the sum of \$ 3.747 million during the semester. The strategy focused in customers de- concentration, deepening and linkage and work was also done in the cross sale of the different products of the Corporation and financial affiliates. On the other hand and due to the uncertainty present in national and international markets, different activities took place during the year relative to communication and meetings with clients in each of the Regional Offices; this allowed keeping customers permanently informed and strengthening our confidence relationship.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

In the currency desk business, offer was based on the purchase and sale of foreign currency and in the coverage celebration, closing the semester with operations for the sum of USD \$ 1.883 million thanks to the capture of new customers and the optimisation of current customers; during that time 12 new customers were captured with quota and 109 quotas of current customers were renewed.

With respect to the action taken relative to Casa de Bolsa, during the second semester of 2015 resources for \$ 474.241 million were managed and generated income for commissions of \$ 2.732 million. The successful commercial strategy derived from the consolidation of strategies, allowed the company to continue increasing commissions of products with recurrent income as joint investment funds FIC and APT that represent as of the closure of the semester, 54% of total revenues.

Captures made through the CDT's product with our affiliate company Leasing Corficolombiana added as of the second half of 2015 resources managed for the sum of \$ 361.033 million that represented a 5.33% increase with respect to the first half of 2015. On the other hand, if we add resources captured through the Casa de Bolsa vehicle, the value increases to \$ 392.188 million. This funding source assures the Affiliate Company stable and diversified resources within its own intermediation operation.

For the closure of December 2015 the Commercial Bank administered resources in Banco Corficolombiana Panamá for the sum of USD \$ 46.5 million and a Back to Back portfolio of USD\$ 13.6 million that represents a 13% increase with respect to the first semester of the year.

MARKETING ACTIVITY

During the second semester of 2015 the Corporation continued strengthening its positioning strategy in two ways: the first, through organising own events for customers, among which the most important are Forum "Where is the dollar going" in July and the Forum "The Vision of Analysts for 2015" that took place in December and that analysed the main factors that will lead global economy. The second through the sponsorship of international lecturers in external events as in 12° Congreso Nacional de Infraestructura (12th Infrastructure National Congress) in November with ex- President Felipe Calderon and ex- President Sebastián Piñera.

With respect to the Corporation public web site (public portal) the Corporation continued developing it, validating during the second half of the year contents, functionality and surfing and expects the site shall enter in production in May 2016.

RISK MANAGEMENT

Credit Risk Administration System - Sistema de Administración de Riesgo Crediticio (SARC)

Given that the Corporación at present has no portfolio in its balance sheet, Corficolombiana SARC has served as the basis in business analysis of the business lines of currency desk, investments in the real sector and investment banking.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Market Risk

The control structure as fundamental principle has the adequate function segregation between the front, middle and back offices.

Technical resources adequate for control and monitoring of treasury risks, particularly measuring of market risks and valuation of the fixed income, foreign exchange and derivatives investment portfolios are available.

The Corporation has a module that allows controlling risk positions by portfolio and compliance with policies of maximum terms authorised. Additionally, the Middle Office produces daily reports on compliance with limits and a monthly report is presented to the Board of Directors on compliance with such limits.

A committee also exists with members of the Board of Directors and meets to make decisions on the portfolio, when important movements that affect results occur in the market.

These tools allow the adequate management of risks inherent to the treasury business. The Corporation has also invested in training personnel dedicated to risk management and has the adequate and sufficient structure.

Liquidity Risk

The Risk Committee - Comité de Riesgo (ALCO) – reviews the weekly flow to determine the liquidity profile of the Corporation in the current week and in the following weeks. There are also short and long term internal indicators with established limits monitored monthly by the Board of Directors; these are detailed in the financial statements and allow an adequate management of this risk.

During the first half of 2015, management of the liquidity risk was based on compliance with chapter VI of the Basic Accounting and Financial Circular Letter. During this time Superintendencia Financiera receives the report of the Liquidity Risk Indicator (IRL) that shows the Corporation has liquid assets adjusted by market liquidity, exchange risk and required legal reserve (ALM) to widely support its liquidity requirements.

Credit Risk

This risk is managed particularly in the treasury business, by the approval of quotas that are distributed in different categories depending on of the type of product and that may be combined in certain events as explained in the notes to the financial statements.

To assure and monitor compliance with these quotas, the Corporation has tools as the system quota module where treasury operations are recorded and they are additionally complemented with counterparty quota modules of transactional systems also managed by the risk area.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Technical methodologies internationally accepted may also be used for assigning the quotas both for entities of the financial and non - financial sectors.

Operating Risk

The Corporation has an Operating Risk Administration System - Sistema de Administración de Riesgo Operacional composed by the following elements:

- 1) Risk maps: This element allows the identification of risks associated to each of the processes and the controls that mitigate such risks.
- 2) Record of events: Data base of operating risk events occurred in the Corporation. As of December 31, 2015 the data base had 2.075 records distributed as follows:

<u>Risk Factor</u>	<u>Number of records</u>
Human Resource	751
Technologic Platform	594
Processes	512
External Events	170
Infrastructure	48
<u>Processes</u>	<u>Number of Records</u>
Of Mission	924
Support	907
Strategic	229
Evaluation	15
<u>Type of Loss</u>	<u>Number of records</u>
Type B (with no impact on P&L)	1342
Type C (almost loss)	623
Type A (with impact on P&L)**	110

**In the July – December semester of 2015 1 event was recorded for the sum of \$ 9.324.224,00 million

- 3) Indicators. The operating risk monitoring process is made through indicators that are measured monthly.
- 4) Training. Virtual courses continue to provide new employees conceptual information on operating risk. Coverage of these courses as of December 2015 was 98.06%.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Asset Laundering Risk

Asset laundering risk and the risk of financing terrorism are defined as the possibility of economic loss or harm to the good name the Corporation could suffer if it were used as an instrument for asset laundering and/or financing of terrorism.

By virtue of the above, conscious of its compromise to fight against criminal organisations and in compliance with the relevant regulations issued by Superintendencia Financiera de Colombia, the Corporation has a - Risk Management System for the Prevention of Asset Laundering and the Financing of Terrorism - Sistema de Administración del Riesgo del Lavado de Activos y de la Financiación del Terrorismo SARLAFT - mainly composed of stages and elements, policies, procedures and methodologies for the identification, evaluation, control and control of these risks and for knowing the clients, their operations with the entity, monitoring transactions, training of employees and cooperation with the authorities.

This System is contained in the SARLAFT Manual approved by the Board of Directors. During the second semester of 20145 identified risks and controls were evaluated and results were monitored, observing that the entity continues having low risk levels with respect to asset laundering and financing of terrorism risks. The Corporation also took steps for promoting control mechanisms in real sector entities that are part of the capital investments portfolio of the Corporation and training took place to improve knowledge in anti-laundering and financing of terrorism controls .

Direct supervision of controls for preventing these risks is performed by the Compliance Officer and its substitute; they also supervise the Comptrollership of the Corporation and the Statutory Auditor Office, as the management and the Board of Directors through reports presented from time to time by the Compliance Officer and the Statutory Auditor.

With respect to the duty of cooperating with the authorities, the Corporation prepared timely reports for Financial Analysis and Information Unit - Unidad de Información y Análisis Financiero UIAF). All information requirements submitted to the entity by competent authorities were also met.

Legal Risk

With respect to legal type contingencies recorded by the Corporation, claims of the corresponding processes have been valued according with the instructions of Superintendencia Financiera de Colombia, based on the analysis made by the entity, and opinions of the lawyers in charge of the corresponding processes.

Based on the analysis and opinions mentioned, higher value contingencies recorded are rated as remote and do not present an imminent risk that may affect the entity financial statements.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

ADMINISTRATIVE SITUATION

As of December 31, 2015 Corficolombiana has a staff of 306 employees, similar to the number of employees as of the closure of 2014 (308 employees).

During the 2015 period modifications were made to the organisation structure, necessary for the continuing strengthening of the accounting area and other areas related with the administration and management of financial information in the context of the NIIF entering into effect. Modifications were also present to de- centralise and speed up the legal support of the Corporation to its subsidiary companies.

Within changes to the structure are the following:

During the first semester, the Executive Vice Presidency in the first place strategically strengthened the accounting area and other areas related to the administration and management of financial information creating the positions of Consolidation of Affiliate Companies Manager and Project Advisor and Control; it also assumed leadership of the Marketing Division with the purpose of assuming internal and external communications for the generation of the brand among investors and other people interested (stake holders).

In the Legal Management Office the Legal Direction was created to strengthen the area allowing the de- centralisation of some issues in a more specialised way.

Finally, a new official is appointed for the Secretary General position and shall be in charge of issues related with the stockholders and a strategic support to the Presidency.

In the second half of the year, the administrative area was re- organised according with the new legislation; support to affiliate companies was extended, on issues concerning the payroll and inherent to the management of human resources.

On the other hand, bearing in mind the award of new infrastructure projects, the Corporation, from the Vice Presidency of Infrastructure and support areas continue giving support on required issues.

TECHNOLOGIC ADVANCES

Technologic projects for process automation were developed during the second half of 2015 with the purpose of assuring support for an efficient and safe operation of Corficolombiana.

Following is a summary of the most relevant projects:

- Grupo Aval SAP project where Corficolombiana was integrated was completed.
- The project for masking the online data base for information security was completed.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

- The encryption project for data stored in tapes was completed.
- The Mitra implementation project for dispatch automation of operations conducted by MEC and SEN of the Currency Desk to the Porfin application was completed.
- The implementation of the Foreign Exchange portal was completed.
- Mounting of the new core switch for handling communications in Bogota for optimising the performance of the communications network was completed.
- The project for the implementation of the 360 view of customers and the view of products in CMR for a better and effective management of Corficolombiana and its financial affiliate customers was completed.
- Support and accompanying in functional and infrastructure projects to real sector companies continued.
- The implementation of the GRC project – Government, Risk and Compliance – directed to providing an integral solution that allows the Corporation to continue with the internal control system maturation process was completed.
- The project for the re- design of Corficolombiana and its financial affiliates public web site continued.
- Planning for the development of a change in the Porfin version continued.
- Implementation of the quota modules in Porfin that allows to improve the existing control of quotas for the risk area continued.
- The feasibility study for the implementation of control panels for Treasury and Planning continued.
- The Igmetrica project to generate the estimation of the indicators IRL and VAR required by the risk area continued.
- The Aranda project for the management and control of technology inventories began.
- The project for the management of results by competences for the automation of the employee performance evaluation began.
- The XBRL AVAL-Hyperion project was launched..
- A version update of CRM Dynamic, a tool used for managing claims and complains was launched.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

- The Six Sigma Project for optimising management and support capacity resources, applications and office automation was initiated..
- The feasibility evaluation of the Correspondence project for the implementation of a reception, management and distribution of information and internal and external documents application began.
- Developments and improvements to the treasury CORE application were made with the purpose of complying with regulation requirements, have new products and optimise currency desk processes.
- Developments and improvements to Corficolombiana CORE and administrative applications to comply with regulation and process enhancement requirements.

In compliance with paragraph of article 47 of Law 222 of 1995, modified by Law 603 of 2000, Corporación Financiera Colombiana S.A. fully applied the regulations on intellectual property and copyright. Products and programs covered with copyright are duly licensed.

REPORT ON THE COMPLIANCE WITH CIRCULAR LETTER 042 of 2012 (former external circular letters 022 of 2010 and 052 of 2007 of Superfinanciera)

The company Ernst & Young evaluated the evolution of the maturity of the Information Security Model; additionally, the information security area implemented masking techniques for the protection of the information contained in the Business Core Data Bases for Production, Tests and Development environments; it also worked in the definition of security tests in strategic projects as SAP and the Foreign Exchange portal; conducted an analysis of vulnerabilities of network segments defined in the technologic structure; participated in the business continuity test with connection to the alternate computer centre located in Cali city; the safety day scheduled by Grupo AVAL was organised to evaluate the elements that compose the technologic structure. Training and evaluation programs were conducted in the Bogota regional office for entity employees, with the purpose of reinforcing Information Security concepts.

Activities corresponding to Access certifications according with established SOX controls were conducted; also a Security Internal Committee took place to report actions taken according with established cuts; the Corporation actively participates in the organisation of Exchange Control Management Committees and Security of Entities Committees at Grupo AVAL.

Procedures and execution of activities supporting compliance with the remaining paragraphs that apply for compliance with the circular letter continue to be updated and adjusted according with business needs; their update is coordinated by the Information Security Area and its publication and disclosure are made through the Organisation and Methods Area of the Entity.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

INTERNAL CONTROL SYSTEM

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

The Internal Control System of Corporación Financiera Colombiana is based on international standards as provided under Circular Letter 038 of 2009 issued by Superintendencia Financiera de Colombia; The Control scheme has been a continuous work in search of improvement and efficiency of each of its elements that include model COSO 2013 and Corporate indications in the application of SOX processes oriented to structure and strengthen the SCI in a permanent manner.

Process used for the effective review of the Internal Control System, expressly mentioning related aspects in risk management

The review process of the Internal Control System is based on the verification of each of its components, as follows: Control environment, Risk Management, Information and Communication, Monitoring. Key processes and controls are evaluated based on the most important risks within the organisation, processes made in transversal way, as part of the auto management and auto control principles, and independently by the internal auditing, the Statutory Auditing and other control and vigilance spheres.

Performance of the Internal Control System

In compliance with the provisions of circular letter 038 of 2009 of Superintendencia Financiera de Colombia on the Internal Control System of Corporación Financiera Colombiana during the second half of 2015, the fortifying process continued through the generation, updating, disclosure and application of principles, policies, procedures and evaluation mechanisms focussed on providing greater security to the different interest groups that interact with the Corporation, consolidating the internal control structure in each of its elements.

Activities developed by the Audit Committee

- ✓ The Audit Committee, in its capacity as the sphere in charge of assessing the structure of the internal control System, in support of the management carried out by the Board of Directors, held five meetings that included the presentation and evaluation of the different memorandums prepared by Internal Audit and the Statutory Auditor of the entity.
- ✓ At every Committee meeting requirements by the different Supervision and vigilance agencies were made known together with the responses of the administration.
- ✓ The Committee received the information that through the ethical line of the Corporation, for the second half of 2015, anonymous mails were received that once analysed by the Contraloría

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

(Comptrolership) it determined that they do not correspond to events that may be classified as fraudulent actions, suspicious activities, anomalous situations or unethical behaviours that affect or may affect Corporation interests.

- ✓ The Legal Representative of the Corporation informed the Audit Committee that in the establishment and maintenance of adequate disclosure and control of financial information, during the period between July 1, 2015 and December 31, 2015:
 - No internal control deficiency was present that have hindered Corporación Financiera Corficolombiana S.A. to record, process, summarise and adequately present the financial information.
 - No frauds have occurred that have affected the quality of the financial information of Corporación Financiera Corficolombiana S.A.
- ✓ With respect to risk systems, the Audit Committee knew and analysed the reports corresponding to the second semester of 2015 on the evaluations made by the Internal Audit that presented a satisfactory result.

Topics covered during the meeting of the Audit Committee are related to the evaluation of the Corporation Internal Control System, including risk systems and reports issued by the different control agencies; follow up of the aforementioned appears in Minutes Nos. 087, 088, 089, 090 and 091.

Material Deficiencies

During the second half of 2015 no material deficiencies related to the Internal Control System were evidenced, that may affect effectiveness of this System or the Financial Statements and the Management Report as of December 31, 2015.

In the reports submitted by the different control and supervision spheres and also by the management no material deficiencies were determined that may put on risk the effectiveness of the SIC.

Observations of supervisory bodies

At Audit Committee meetings conducted for the second semester of 2015, the main aspects discussed in communications with Superintendencia Financiera de Colombia were presented.

For the second half of 2015 Corporación Financiera Corficolombiana received no reports corresponding to reviews by external control agencies.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Internal Audit

The Audit Unit develops its work independently and objectively; additionally, this work is supervised on permanent basis by the Audit Committee that presents reports. During its work in the second semester of 2015 it presented detected findings in the different areas and processes that were evaluated, and owns an established follow-up methodology on action plans in process by the administration.

As a result of the operation of the internal control system at Corporación Financiera Colombiana it may be observed that:

As a result, we observe that:

- ✓ The structure, environment and control activities are consistent with the purposes of the Corporation offering the adequate security for managing the risks to which the entity is exposed.
- ✓ During the second semester of 2015 no material weaknesses by the management, Internal Audit or the Statutory Auditor Office of the Corporation, that would place on risk or affect the Internal Control System
- ✓ The Corporation owns structural controls on issues as the preparation and presentation of the financial information that assure reliability on the information generated and compliance with the corresponding norms, policies and procedures.

ASSET LAUNDERING PREVENTION AND CONTROL SYSTEM

In compliance with the provisions of articles 102 a 107 of Estatuto Orgánico del Sistema Financiero and in the Legal External Circular Letter issued by Superintendencia Financiera de Colombia, the Corporation has implemented Sistema de Administración del Riesgo de Lavado de Activos y de la Financiación del Terrorismo SARLAFT (Asset Laundering Prevention and Financing of Terrorism Control System) aimed at preventing the Entity from being used to channel money from or with destination to delinquent activities.

In effect, the Corporation has within its organisation structure a Unit led by the Compliance Officer, with the necessary human, technical and operative resources to comply with its prevention and control mission.

During the second semester of 2015 the Board of Directors and the Presidency evaluated the operation of the prevention system through the reports presents by the Compliance Official and the Statutory Auditor.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Within its policies, the entity does not exonerate any customer or counterparty from filling the cash transactions form or complying with entailment requirements established under external and internal regulations.

DISCLOSURE AND CONTROL OF FINANCIAL INFORMATION SYSTEM

In compliance with the provisions of article 47 of law 964 of 2005 on the responsibility of the legal representatives of securities issuers in establishing and maintaining adequate systems for the disclosure and control of financial information, during the second semester of 2015 no deficiencies in the internal control were present, that have hindered the Corporation from recording, processing, summarising and presenting in an adequate manner the financial information, nor have frauds occurred that have affected the quality of the financial information of the Corporation, or changes in the evaluation methodology of such information.

SECURE TRANSACTIONS LAW

For the effects provided under article 87, paragraph 2º of Law 1676 of 2013 that modified article 7º of Law 1231 of 2008, the managers place on the record that they did not hamper in any way the free circulation of invoices issued by sellers or suppliers.

REGULATORY AND ACCOUNTING CHANGES ISSUED BY THE MINISTER OF FINANCE AND PUBLIC CREDIT AND THE MINISTER OF TRADE, INDUSTRY AND TOURISM.

The following is the summary of changes in regulations issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism with respect to the Colombian accounting framework:

- Decree 2420 of 2015, Single Regulatory of Accounting Norms, of Financial Information, Information assurance, on which regulatory norms issued in the development of Law 1314 of 2009 were compiled and rationalized.
- Decree 2496 of 2015 that modifies the technical regulatory framework for those who prepare the information of Group 1; this framework shall be obligatorily applied from January 1, allowing its early application, except for the NIIF 15 Income from Ordinary Activities from Contracts with Customers that shall apply for the periods beginning on January 1, 2018. The main changes incorporated in Annex 1.1 are as follows:

Amendment to NIIF 9 – Financial instruments

Modifications to NIIF 9 require that financial assets are classified in three measuring categories: reasonable value with changes in results, at reasonable value with changes in the equity, and at amortised value. Classification depends on the business model for the administration of its financial instruments and the contractual characteristics of the instrument.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

NIF 9 incorporates deterioration requirements related to the acknowledgement of credit losses expected by the entity on its financial assets and its credit granting compromises; under this point of view it is not necessary now that a credit event has been present in order to acknowledge financial assets deterioration losses. The entity shall always base its analysis on credit losses expected. The deterioration amount shall be updated as of the closure of the period to reflect changes in credit risk since its initial acknowledgement, giving more timely information on credit deterioration.

Accounting of coverage defined under NIF 9 additions requirements that align coverage accounting with risk management, establish an approach based on coverage accounting principles and take care of inconsistencies and weaknesses of the coverage accounting model of the NIC 39.

Amendment to NIF 13 – Measurement at Reasonable Value

NIF 13 modifies the definition of reasonable value establishing that it is the Price that would be received for selling an asset or would be paid for transferring a liability in a transaction ordered between market participants on the valuation date. Therefore, the reasonable value is an opening price and not an acquisition price and consequently initial differences could arise between the transaction amount for acquisition of assets or assumption of liabilities and their reasonable value.

According with NIF 13, measure of the reasonable value of a non- financial asset shall consider the capacity of a market participant of generating economic benefits using assets at its maximum and better use or for its sale to another market participant that would use it in its maximum and better use. The maximum and better use is the use that would maximise the value of assets or the group of assets and liabilities on which assets would be used. The maximum and best use shall consider the use that is physically possible, legally admissible and financially feasible. The use of assets shall be consider from the point of view of market participants, independent from the fact that the entity pretends to make another use of these assets. With respect to liabilities and equity instruments, measurement to reasonable value assumes that financial and non- financial liabilities or the own equity instrument is transferred to the market participant on the valuation date. The transfer assumes that:

- a) Liabilities would be kept pending and the participant assuming it must comply with the obligation.
- b) The equity instrument would remain pending and the participant assuming it would have the rights and obligations associated with the instrument.
- c) Although an observable market does not exist to determine the Price of liabilities or of the equity instrument, there may be an observable market if such values are kept as assets by third parties.

If a price quoted does not exist for liabilities or an equity instrument identical or similar, but an identical amount is kept as an asset by third parties, the entity shall determine the reasonable value from the market participant's perspective that keeps an identical asset on the valuation date.

Amendment to NIC 36 – Deterioration of the value of assets

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Modification issued in May 2013. As a consequence of the issue of NIIF 13, the IASB decided to modify NIC 36 requiring additional disclosures for those deteriorated assets whose recoverable value is their reasonable value less sale costs. Based on the aforementioned, the Corporation shall disclose the reasonable value hierarchy level, valuation techniques used and the hypothesis used by the management to determine reasonable values, less sales costs.

CINIIF 21 - Charges

Issued on May 2013. This is an interpretation of the NIC 37, "Allowances, contingent liabilities and contingent assets". NIC 37 establishes the criteria for acknowledging liabilities, one of them is the requirement by which the entity has the present obligation as a result of a past event (known as a fact that generates obligations). Interpretation makes it clear that the event generating the obligation that gives place to liabilities to pay a charge/levy is the continuity of the activity that produces payment of the charge in the period following the generation of the income for the activity mentioned. This means in this case that generation of income in the previous period is necessary, but not enough to create a present obligation.

NIIF 14 – Regulatory deferred accounts

NIIF 14 allows first time adopters to continue acknowledging amounts relative to fees regulation according with the requirements of their former accounting principles when they adopt NIIF for the first time; however in order to highlight comparability with entities that already apply NIIF and do not acknowledge such amounts, pronouncement requires that such effect of fee regulation shall be presented separately from other items. An entity that is already presenting its financial statements according with NIIF is not eligible for applying the standard.

NIIF 15 – Income from contracts with customers

NIIF 15 establishes a general framework to determine when an entity must acknowledge income that represent transfer of goods and services offered to customers for a transaction price the entity considers it shall have the right to receive in exchange of them. This norm shall become effective for periods beginning from January 1, 2018. Its early adoption is allowed and it is of retrospective application.

Amendment to NIC 27 – Separate financial statements

Issued in August 2014, this modification allows controlling entities to use the equity participation method for the acknowledgement of its subsidiaries, associated companies and joint businesses in its separate financial statements. This modification enters into force from January 1, 2017; because its early adoption is allowed and with retrospective application, the Corporation is evaluating the impact of this new regulation in order to obtain greater uniformity between separate results and consolidated results.

NEW ACCOUNTING PRONOUNCEMENTS ISSUED BY IASB AT INTERNATIONAL LEVEL

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

During 2015 Consejo de Estándares Internacionales de Contabilidad IASB (Accounting International Standards Council) has not issued new statements on amendments related to already issued regulations or new regulation issues.

NEW LEGAL PROVISIONS

MINISTRY OF FINANCE AND PUBLIC CREDIT

Decree 1854 of September 16, 2015 “Whereby the obligation of financial entities, of giving transparent and timely information to users is established”: The goal is to allow the financial consumer access to more simple information to compare credit or savings products offered by different entities. Institutions shall therefore inform customers the Total Unified Value (Valor Total Unificado) (VTU), that summarises the projected value of all concepts paid or received associated with the operation. Customers who already have products shall receive a summary of costs paid by the entity. It is aimed at complementing measures of the protection regime of the Financial Consumer, offering the customer sufficient and timely information.

Decree 2392 of December 11, 2015 “Whereby Decree 2555 of 2010 is modified with respect to instruments that compose the technical equity of credit establishments”: It modifies membership criteria applicable to instruments with capacity to absorb losses within the Additional Basic Equity of credit establishments, and homogenises those criteria with debt instruments of the Additional equity, in order to comply with international standards of prudent regulation and the legal mandate established by article 48 of Estatuto Orgánico del Sistema Financiero.

SUPERINTENDENCIA FINANCIERA DE COLOMBIA

External Circular Letter No. 41 of December 7, 2015: It mainly introduces an integral modification of Chapter XVIII “Derivative Financial Instruments and Structured Products” of Accounting and Financial Basic Circular Letter - Circular Básica Contable y Financiera - (CBCF) and its corresponding annexes, taking into account, among other aspects, the new accounting technical frameworks issued by the Ministry of Finance and Public Credit and the Ministry of Industry and Trade and CGN.

AMV

Regulation Bulletin No. 21 of December 17, 2015: among other, it modifies Reglamento de Autorregulación Voluntaria en Divisas – Auto- regulation of Foreign Exchange Rules with respect to the certification process of professionals who manage foreign exchange and derived products on foreign exchange, introducing the need for a specialised examination of the negotiation of derivative instruments with financial subjacent for who operate derivatives on foreign exchange that are no securities, with a maximum term established for certification on June 18, 2016.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

MINISTRY OF TRANSPORT

Decree 2060 of October 22, 2015, whereby Decree 1079 of 2015 is supplemented and article 84 of Law 1450 of 2011 is regulated.

It regulates issues related with Intelligent Systems for Infrastructure, Transit and Transport (SIT) and establishes the first guiding principles that must govern in any management sub- system that composes the SIT. It incorporates specifically Vehicle Electronic Collection – Recaudo Electrónico Vehicular (REV) as a sub- system of the SIT.

Resolution 4303 of October 23, 2015, whereby inter- operability of Tolls with Vehicle Electronic Collection (Peajes con Recaudo Electrónico Vehicular (IP/REV) is regulated.

It regulates the Intelligent System for Toll Inter- operability with Vehicle Electronic Collection (IP/REV), based on the inter- operability principle understood as the ability of REV systems to interact and Exchange data between them, through the norm regulation and technology integration, to make the payment of the toll rate using one only TAG device per vehicle.

MINISTRY OF THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT - MINISTERIO DE AMBIENTE Y DESARROLLO SOSTENIBLE

Decree 2220 of November 20, 2015 whereby a section is added to Decree 1076 of 2015 with respect to environmental licenses and environmental permits for National and Strategic Interest Projects - Proyectos de Interés Nacional y Estratégicos (PINE)

It adds provisions for National and Strategic Interest Projects - Proyectos de Interés Nacional y Estratégicos (PINE), particularly the competence of Agencia Nacional de Licencias Ambientales (ANLA) to process with preferential criteria actions requested to that entity for obtaining environmental licences for projects that Intersectoral Commission of Infrastructure and Strategic Projects - Comisión Intersectorial de Infraestructura y Proyectos Estratégicos (CIPE) labels as PINE.

AGENCIA NACIONAL DE INFRAESTRUCTURA (INFRASTRUCTURE NATIONAL AGENCY)

Resolution 2684 of August 6, 2015, whereby incidental damage and loss of profit elements are indicated that must be object of assessment in the acquisition process of lots for transportation infrastructure projects contained under Law 1682 of 2013 modified by Law 1742 of 2014, for entities attached to the Ministry of Transport.

It regulates Resolutions 898 of 2014, 1044 of 2014 and 316 of 2015 of Instituto Geográfico Agustín Codazzi with respect to norms and procedures for conducting commercial assessments required in transportation infrastructure projects, with the purpose of indicating the incidental damage and loss of profit elements that must be object of such assessment.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

OPERATIONS WITH STOCKHOLDERS AND MANAGERS

Operations conducted by the Corporation with its stockholders and managers adjust to general policies of the Entity. Such operations have been explained in detail in the notes to the financial statements.

The Corporation states that according with the provisions of article 57 of Regulatory Decree 2649 of 1993, the information and statements that are part of the financial statements have been duly obtained and verified from accounting records of the Corporation, prepared in conformity with accounting norms and principles established in Colombia.

JOSE ELÍAS MELO ACOSTA
President

Note: The members of the Board of Directors welcomed the report presented by the President. It is placed on records that the information referred to in paragraph 3 of article 446 of Código de Comercio (Code of Trade), that it was unanimously admitted

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Financial Statements

July - December

2016

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S.A.

Statements of Financial Position

As of December 31 and June 30, 2015

(Stated in million Colombian pesos)

	Note	December 2015	June 2015
Assets			
Cash and Cash Equivalents	6	1,249,409.6	600,192.7
Active positions in monetary market operations	7	524,123.3	994,309.6
Investments, net			
Measured at reasonable value with changes in results	8 (a)	1,404,001.3	1,413,016.3
Measured at reasonable value with changes in Other Integral Result	8 (b)	3,449,317.0	2,816,945.7
Measured at amortised cost	9	55,463.7	17,492.6
Derivative financial instruments	10	247,390.6	156,111.6
Investments in Associated companies	13 (b)	55,670.7	64,277.4
Investments in Subsidiaries and Affiliates	13 (a)	3,666,924.6	3,364,083.9
Deterioration of Equity Investments	13 (c)	(28,426.8)	(28,399.4)
Deterioration Fiduciary Rights	13 (c)	(6,986.6)	(6,986.6)
Financial Assets, Net		10,616,887.4	9,391,043.8
Accounts Receivable, Net	11	246,167.1	222,649.0
Tangible Assets, net			
Property, plant and equipment	14	18,270.0	17,677.8
Investment properties	15	29,195.0	15,142.3
Intangible Assets, net	16	192.1	171.5
Assets by deferred tax	17	152,757.3	119,952.5
Assets by current taxes	17	29,891.7	40,015.0
Other Assets, net	18	545,715.5	550,243.3
Total non financial assets		1,022,188.7	965,851.4
Non current assets kept for sale	12	120.8	3,582.7
Total Assets		11,639,196.9	10,360,477.9

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained under these Financial Statements and that they have been duly taken from accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S.A.
Statements of Financial Position
As of December 31 and June 30, 2015
(Stated in million Colombian pesos)

	Note	December 2015	June 2015
Liabilities			
Deposits and current liabilities	19	3,203,591.9	2,390,188.7
Derivative financial instruments	10	393,295.1	292,748.0
Passive positions in monetary market operations	20	3,976,422.3	3,653,887.9
Accounts Payable	23	71,470.7	53,807.1
Benefits to employees	21	6,280.9	8,044.3
Other provisions	22	7,863.0	25,184.8
Deferred tax	17	19,370.9	25,823.4
Other liabilities	23	671.4	1,319.9
Total Liabilities		7,678,966.2	6,451,004.1
Equity			
Capital subscribed and paid	24	2,231.9	2,187.8
Dividends decreed in stock		21,049.0	-
Placement bonus		2,363,795.4	2,201,155.9
Reserves	24	693,104.5	657,890.6
Surplus by Equity Participation Method		(49,397.1)	(59,852.4)
Adoption of NIIF for the first time		343,197.1	343,415.1
Convergence to NIIF		6,403.3	6,403.3
Other equity participations	18	545,053.0	549,778.6
Other integral result		(115,074.3)	(116,601.4)
Accumulated profit of previous periods		220.9	-
Profit of the period		149,647.0	325,096.3
Total Equity		3,960,230.7	3,909,473.8
Total Liabilities and Equity		11,639,196.9	10,360,477.9

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained in these Financial Statements and that they have been duly taken from the accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S.A.

Income Statement

For the semester ended on December 31 and June 30, 2015

(Stated in million Colombian pesos, except profit per share)

	Note	December 2015	June 2015
Profit (Loss) in Valuation Investments in Debt Securities		70,753.2	83,910.4
At Amortised Cost		87,845.1	67,452.2
At Reasonable Value		(17,091.9)	16,458.2
Profit in Investments in Participative Securities		221,716.6	324,760.0
At Reasonable Value		1,404.4	2,438.8
Equity Participation Method	30	135,799.6	113,263.6
Dividends and Participations	31	84,512.6	209,057.6
Profit in Sale of Investments		11,262.6	17,553.8
Profit (Loss) in Derivatives and Cash Operations		(93,345.3)	(29,675.8)
In Derivatives		(94,550.5)	(37,993.2)
In Cash Operations		1,205.2	8,317.4
Income (Expense) Yield Monetary Market Operations and other interest		(144,474.7)	(103,849.1)
Monetary Market Operations		(59,188.2)	(37,064.9)
Interest Customer Deposits		(85,289.6)	(66,741.8)
Other interest		3.1	(42.4)
Profit on Exchanges		113,498.1	54,797.9
Profit in Commissions and Fees	27	3,378.2	7,253.4
Profit in Sale of Goods/Properties	26	200.8	95.9
Expenses Benefits for Employees		(18,560.2)	(17,858.4)
Income (expenses) for Leasing		136.2	156.5
Depreciation		(1,001.4)	(1,348.0)
Amortisation		(115.6)	(117.8)
Other Income	29 y 15	50,890.9	1,985.2
Other Expenses		(54,081.2)	(17,779.0)
Taxes and rates		(5,807.5)	(5,190.3)
Contributions, affiliations and transfers		(1,470.6)	(1,441.4)
Insurance		(4,430.9)	(3,587.7)
Maintenance and Repairs		(1,783.3)	(1,312.3)
Deterioration	15	(33,215.6)	(12.9)
Other Expenses	28	(7,373.3)	(6,234.4)
Results before Income Tax and CREE		160,258.2	319,885.0
Income Tax of the Semester		(10,611.2)	5,211.3
Net profit of the Semester		149,647.0	325,096.3
Net profit for basic action attributable to stockholders (in Colombian pesos)		679.68	1,494.25

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained in these Financial Statements and that they have been duly taken from the accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S. A.
Statement of Changes in the Equity
For the semester ended on December 31 and June 30, 2015
(Stated in million Colombian pesos, except profit per share)

	Legal Reserve			Statutory and Occasional Reserves	Non Realised Profits (Losses)				Surplus by Equity participation	Dividends Decreed in Stock	accumulated Profit of Former	Profit of the Period	Stockholders Equity
	Corporate Capital	Profit appropriation	Bonus in Stock Placement		Integral Results	net Valorisations	First time Adoption	Convergence to NIF					
Balance as of December 31, 2014	2,140.9	41,809.4	2,020,688.2	647,677.0	(42,069.1)	658,456.8	343,415.1	25,072.7	-	150,000.7	(0.0)	216,210.2	4,063,401.9
Balance as of December 31, 2014	2,140.9	41,809.4	2,020,688.2	647,677.0	(42,069.1)	658,456.8	343,415.1	25,072.7	-	150,000.7	(0.0)	216,210.2	4,063,401.9
Transfer of profits over convergence to NIF of the period to results of previous periods	-	-	-	-	-	-	-	-	-	-	(18,669.4)	18,669.4	-
Transfer of profits of the period at the disposition of the stockholder to results of former periods	-	-	-	-	-	-	-	-	-	-	234,879.6	(234,879.6)	-
Liberation reserve for future distributions	-	-	-	(59,098.3)	-	-	-	-	-	-	59,098.3	-	-
Liberation Reserves on Valuation of Investments Decree 2336/95 (Realised Income)	-	-	-	(18,186.7)	-	-	-	-	-	-	18,186.7	-	-
Constitution reserve for future distributions (not taxed)	-	-	-	17,060.4	-	-	-	-	-	-	(17,060.4)	-	-
Constitution Reserves on Valuation of Investments Decree 2336/95	-	-	-	45,103.5	-	-	-	-	-	-	(45,103.5)	-	-
Dividend in cash (see Note 24).	-	-	-	-	-	-	-	-	-	-	(62,777.4)	-	(62,777.4)
A dividend in stock (see Note 24).	8.1	-	30,627.6	-	-	-	-	-	-	-	(30,635.7)	-	-
Dividends decreed in stock that were aid in cash at the request of the stockholders who decided for this option or remained silent (see Note 24).	-	-	-	3.5	-	-	-	-	-	-	(156,587.6)	-	(156,584.1)
Capitalisation reserves decreed on December 29, 2014 in stock (See Note 24).	38.8	-	149,840.1	121.8	-	-	-	-	-	(150,000.7)	-	-	(0.0)
Use of reserves for the Tax on Wealth	-	-	-	(16,600.0)	-	-	-	-	-	-	-	-	(16,600.0)
Adjustment to Other Integral Results	-	-	-	-	(66,557.9)	-	-	-	-	-	-	-	(66,557.9)
Financial Instruments measured at reasonable value	-	-	-	-	5,642.3	-	-	-	-	-	-	-	5,642.3
Adjustment for conversion	-	-	-	-	-	-	-	-	-	-	-	-	(13,616.7)
Financial Instruments measured at equity variation	-	-	-	-	(13,616.7)	-	-	-	-	-	-	-	(13,616.7)
Valorisations investments in participative securities	-	-	-	-	-	(108,678.2)	-	-	-	-	-	-	(108,678.2)
Adjustments by convergence to NIF	-	-	-	-	-	-	-	(18,669.4)	-	-	18,669.4	-	(0.0)
Valuation by Equity Participation Method Investments in Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	(59,852.4)	-	-	-	(59,852.4)
Profit of the period	-	-	-	-	-	-	-	-	-	-	-	325,096.3	325,096.3
Balance as of June 30, 2015	2,187.8	41,809.4	2,201,155.9	616,081.2	(116,601.4)	549,778.6	343,415.1	6,403.3	(59,852.4)	-	(0.0)	325,096.3	3,909,473.8
Balance as of June 30, 2015	2,187.8	41,809.4	2,201,155.9	616,081.2	(116,601.4)	549,778.6	343,415.1	6,403.3	(59,852.4)	-	(0.0)	325,096.3	3,909,473.8
Transfer of profits of the period at the disposition of the stockholder to results of previous periods	-	-	-	-	-	-	-	-	-	-	325,096.3	(325,096.3)	-
Liberation reserve for future distributions	-	-	-	(17,599.0)	-	-	-	-	-	-	17,599.0	-	-
Liberation Reserves on Valuation of Investments Decree 2336/95 (Realised Income)	-	-	-	(78,544.7)	-	-	-	-	-	-	78,544.7	-	-
Constitution Reserve for future distributions (not taxed)	-	-	-	108,110.5	-	-	-	-	-	-	(108,110.5)	-	-
Constitution Reserves on Valuation of Investments Decree 2336/95	-	-	-	8,329.4	-	-	-	-	-	-	(8,329.4)	-	-
Constitution Reserve for Tax on Wealth	-	-	-	14,800.0	-	-	-	-	-	-	(14,800.0)	-	-
Dividend in cash (See Note 24).	-	-	-	-	-	-	-	-	-	-	(72,195.9)	-	(72,195.9)
A dividend in stock (See Note 24).	23.9	-	87,973.7	-	-	-	-	-	-	21,049.0	(109,046.6)	-	-
Dividends decreed in stock that were paid in cash at the request of the stockholders who decided for this option or remained silent (see Note 24).	-	-	-	-	-	-	-	-	-	-	(33,953.9)	-	(33,953.9)
Capitalisation reserves Decree 2336/1995, in stock (See Note 24).	20.2	-	74,665.8	117.7	-	-	-	-	-	-	(74,803.7)	-	-
Adjustments to Other Integral Results	-	-	-	-	(13,938.6)	-	-	-	-	-	-	-	(13,938.6)
Financial Instruments measured at reasonable value	-	-	-	-	15,357.5	-	-	-	-	-	-	-	15,357.5
Adjustment for conversion	-	-	-	-	-	-	-	-	-	-	-	-	108.2
Financial instruments measured at equity variation and other	-	-	-	-	108.2	-	-	-	-	-	-	-	(4,722.7)
Valorisations investments in participative securities	-	-	-	-	-	(4,725.6)	(218.0)	-	-	-	220.9	-	(4,722.7)
Valuation for Participation Method Investments in Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	10,455.3	-	-	-	10,455.3
Profit of the period	-	-	-	-	-	-	-	-	-	-	-	149,647.0	149,647.0
Balance as of December 31, 2015	2,231.9	41,809.4	2,363,795.4	651,295.1	(115,074.3)	545,053.0	343,197.1	6,403.3	(49,397.1)	21,049.0	220.9	149,647.0	3,960,230.7

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained in these Financial Statements and that they have been duly taken from the accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S. A.

Cash Flow Statements

For the semester ended on December 31 and June 30, 2015
(Stated in million Colombian pesos)

	December 2015	June 2015
Operation activities cash flows:		
Net profit of the semester	149,647.0	325,096.3
Conciliation of the net profit before income tax and CREE with cash provided by (used in) operation activities		
Deferred Tax	9,283.7	(21,411.8)
Depreciation	1,001.4	1,348.0
Amortisation of deferred charges	115.6	117.8
Deterioration for accounts receivable	-	2.3
Deterioration other assets, net	6.3	10.5
Deterioration investment properties	33,209.1	-
Profit in sale of investments, net	(11,262.6)	(17,553.8)
Profit in sale of goods received in payment	(19.5)	(12.4)
(Profit) Loss in sale of property, plant and equipment	7.7	(0.6)
(Profit) Reasonable value of investment properties	(40,581.1)	-
Loss (Profit) in valuation of investments at reasonable value	15,687.5	(18,896.8)
Loss in valuation of derivative financial instruments, net	93,345.4	29,675.8
Profit in valuation of investments at amortised cost	(87,845.1)	(67,452.5)
Net variation in operating assets and liabilities		
(Increase) Decrease of Derivative Financial Instruments	(84,077.2)	3,048.0
Decrease (Increase) in active positions of the monetary market	454,011.8	(653,233.2)
(Increase) Decrease net of investments at amortised cost	(68,212.5)	59,418.8
(Increase) in investments at reasonable value	(581,517.6)	(1,768,463.5)
(Increase) in accounts receivable	(122,569.7)	(249,499.4)
Product of the sale of goods received in payment	3,481.3	59.3
Net (Increase) in other assets	6,108.0	(15,570.8)
Increase Accounts Payable	11,851.2	117,008.8
Increase of Customer Deposits	895,246.8	455,143.1
(Decrease) increase Labour Obligations	(1,807.6)	1,668.2
(Decrease) increase Allowances	(17,315.3)	18,031.1
(Decrease) Increase net in other liabilities	(654.9)	397.3
(Decrease) Increase convergence effects	(218.3)	18,669.5
Use of reserve for Tax on Wealth	-	(16,600.0)
Taxes paid	(27,967.4)	(29,044.4)
Interest paid	(81,843.6)	(104,303.0)
Net cash provided (used) by operation activities	547,110.4	(1,932,347.4)
Cash flow of investment activities:		
Acquisition of property, plant and equipment	(1,601.3)	(1,214.9)
Acquisition of investment properties	(6,680.7)	-
Net (Increase) of investments in subordinate and associated companies	(132,594.3)	(50,244.4)
Decrease (Increase) other investments in Participative Securities	9,721.0	(12,507.3)
Equity Participation Method of Investments in Subordinate Companies	(135,799.6)	(113,263.6)
Dividends received in the period	109,174.9	154,921.1
Net cash used in investment activities	(157,780.0)	(22,309.1)
Cash flow of financing activities:		
Dividends paid	(78,822.4)	(223,904.0)
Increase of Financial Obligations	338,708.9	2,691,082.1
Net cash provided by financing activities	259,886.5	2,467,178.1
Profit on change of cash and its equivalents	649,216.9	512,521.6
Cash and cash equivalents at the beginning of the period	600,192.7	87,671.1
Cash and cash equivalents at the end of the period	1,249,409.6	600,192.7

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Roza Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained in these Financial Statements and that they have been duly taken from the accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACION FINANCIERA COLOMBIANA S.A.
Statements of Other Integral Results
For the semester ended on December 31 and June 30, 2015
(Stated in million Colombian pesos)

	Note	December 2015	June 2015
Net profit of the semester		<u>149,647.0</u>	<u>325,096.3</u>
Budget allocations that may be subsequent- classified to results			
Difference in conversion of foreign operations		15,357.5	5,642.3
Non realised loss of investments available for sale Debt Securities		(125,904.5)	(34,898.3)
Income tax related with Investments Debt Securities	17 (e)	50,361.8	-
Net Profit (Loss) non realised in investments in Participative Securities		63,581.6	(61,712.0)
Income tax related with Investments in Participative Securities	17 (e)	<u>(1,825.0)</u>	<u>15,953.3</u>
		<u>1,571.4</u>	<u>(75,014.7)</u>
Budget allocations that shall not be reclassified to results			
Actuarial losses in benefit plans for employees		(48.5)	-
Income tax related to components of other integral results	17 (e)	4.2	482.4
		<u>(44.3)</u>	<u>482.4</u>
Total other integral results during the period, net of taxes		<u>1,527.1</u>	<u>(74,532.3)</u>
Total other integral results of the period		<u><u>151,174.1</u></u>	<u><u>250,564.0</u></u>

See the notes that are an integral part of the Financial Statements

Jose Elias Melo Acosta
President (*)

Martha Cecilia Castro Ortiz
Accounting Manager (*)
T.P. No. 40995-T

Diana Alexandra Rozo Muñoz
Statutory Auditor
T.P. No. 120741-T
Member of KMPG Ltda.
(See my report of February 29, 2016)

(*) The undersigned Legal Representative and Accountant certify that as of December 31, 2015 we have previously verified the statements contained in these Financial Statements and that they have been duly taken from the accounting books.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Notes to the Financial Statements

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

(1) Reporting Entity

Corporación Financiera Colombiana S.A., (Home Office) is a private financial institution authorised by Superintendencia Financiera de Colombia under Resolution of October 1961 to operate, set up as a commercial company on November 27, 1961 under public deed No. 5710 of Notaría Primera del Círculo de Cali, with a term foreseen until December 31, 2100, term that may be extended by the decision of the Stockholders General Assembly.

The merger between Corporación Financiera del Valle S.A. (absorbing entity) with Corporación Financiera Colombiana S.A. (absorbed entity).was formalized under public deed No. 12.364 of December 30, 2005 signed at Notaría 18 of Bogotá. In the same deed, the absorbent entity modified its business name to Corporación Financiera Colombiana S.A. and changed its domicile from Cali city to Bogota.

With public deed No. 10410 of Notaría 71 of Bogotá, on December 26, 2007 the merger between Corporación Financiera Colombiana S.A. (absorbent entity) and Proyectos de Energía S.A. (absorbed entity), that was dissolved with no liquidation.

The corporate purpose of the Corporation is to take all actions and celebrate all contracts authorised to this type of credit establishments under Estatuto Orgánico del Sistema Financiero Financial System Organic Statute) or such other especial provisions or norms that substitute, modify or addition it. In the development of the corporate purpose, the company may take all actions and celebrate all contracts in order to reach its goals, as the promotion of savings and private investment , develop the capital market, promote the creation, re-organisation, merger, transformation and expansion of any type of companies in such sectors to which the extension of their services is authorised, and granting them medium and long term financing, subscribe and maintain stock or social interest parts in them and offer them specialised financial services that contribute to their development.

The Corporation is an entity controlled by Banco de Bogota S.A. and the Home Office is Grupo Aval Acciones y Valores S.A.; its main domicile is the city of Bogota, at Carrera 13 No. 26-45, Pisos 3, 6, 7 y 8; it operates through its 5 regional offices and 5 agencies in different cities of the country. The Corporation has no non- banking correspondents.

As of December 31, 2015 it had 306 direct employees, 59 indirect employees, 37 temporary employees and 4 trainees. As of June 30, 2015 it had 311 direct employees, 56 indirect employees, 29 temporary employees and 5 trainees.

It has the following subordinate companies:

Investment	Participation % December 31, 2015	Participation % June 30, 2015
Financial		
Banco Corficolombiana (Panamá) S.A	100.00	100.00
Fiduciaria Corficolombiana S.A.	94.50	94.50
Leasing Corficolombiana S.A.	94.50	94.50

Energy gas and mining

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Investment	Participation % December 31, 2015	Participation % June 30, 2015
CFC Gas Holding S.A.S	100.00	100.00
CFC Private Equity Holdings S.A.S	100.00	100.00
CFC Energy Holdings S.A.S	100.00	100.00
Gas Comprimido del Perú S.A.	91.87	91.87
Infrastructure		
Colombiana de Licitaciones y Concesiones S.A.S	100.00	100.00
Proyectos de Ingeniería y Desarrollos S.A.S	100.00	100.00
Estudios y Proyectos del Sol S.A.S	100.00	99.12
Estudios Proyectos e Inversiones de los Andes S. A.	99.93	94.87
Proyectos de Infraestructura S.A.	88.25	88.25
Concesionaria vial de los Andes S.A.	0.25	0.25
Hotel Industry		
Hoteles Estelar de Colombia S.A.	84.96	84.91
Promotora y Comercializadora Turística Santamar S.A.	84.60	84.60
Agriculture industry and other		
Valora S.A.	100.00	100.00
Pyxis Inversiones S.A.S	100.00	-
Tejidos Sintéticos de Colombia S.A.	94.99	94.99
Organización Pajonales S.A	94.54	94.49
Plantaciones Unipalma de los Llanos S.A.	54.53	54.53
Industrias Lehner S.A.	52.48	52.48
Pizano S.A.	39.99	39.99
Mavalle S.A	18.32	18.32

(2) Basis for the presentation of the financial condition statement and summary of the main significant accounting policies.

The financial statements of the Corporation have been prepared in accordance with Accounting and of Financial Information Regulations accepted in Colombia (NCIF), established in Law 1314 of 2009, ruled by Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. NCIF are based on the Financial Information International Norms (NIIF), together with its interpretations, issued by Consejo de Normas Internacionales de Contabilidad (International Accounting Standards Board – IASB, for its initials in English); base norms correspond to norms

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

translated into Spanish and issued on January 1, 2012 and to the amendments made during 2012 by IASB.

The Company applies to the present separate financial statements the following exceptions provided under Title 4 Especial Regimes of Chapter 1 of Decree 2420 of 2015.

- NIC 39 and NIIF 9 respect the treatment, classification and valuation of investments continues, in these cases, applying that required under chapter I-1 of Basic Accounting and Financial Circular Letter of Superintendencia Fdinanciera de Colombia (SFC).

Additionally, the Company applies the following guidelines according with laws and other regulations in force in Colombia:

- Article 10 of Law 1739 of December 23, 2014, that allows recognition of the tax on wealth affecting equity reserves, instead of the recognition of expenses as provided under the NIC 37.
- Exceptions established in External Circular Letter 036 of Superintendencia Financiera de Colombia of December 12, 2014 for monitored and controlled entities

2.1. Presentation Basis

According with Colombian laws, the Corporation must prepare separate financial statements. Separate financial statements are the basis for the distribution of dividends and other appropriations by the stockholders.

2.2. Measuring basis

Separate financial statements have been prepared on the basis of the historical cost except for the following important allocations included in the statement of financial condition:

- Derivative financial instruments are measured at the fair value.
- Financial instruments at the fair value with changes in results are measured at fair value.
- Investment properties are measured at fair value.

2.3. Functional currency and of presentation

The primary activity of the Corporation is the investment in securities issued by the Republic of Colombia or by national entities, whether listed in Registro Nacional de Valores y Emisores RNVE or not, in Colombian pesos, and for investments in securities issued by banking entities abroad, securities issued by real sector foreign companies with stock listed in one or more internationally recognised stock exchanges, bonds issued by multilateral credit organisms, foreign governments or public entities. Performance of the Corporation is measured and reported to its stockholders and the general public in Colombian pesos. Due to the aforementioned, the Management of the Corporation considers that the Colombian peso is the currency that better represents the economic effects of the transactions, events and subjacent

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

conditions of the Corporation and therefore the financial statements are presented in Colombian pesos as their functional currency.

2.4. Transactions in foreign currency

Transactions in foreign currency are transferred to Colombian pesos using the exchange rate as of the date of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate of exchange in force on the date of cut of the financial position statement. Profits or losses resulting in the conversion process are included in the income statement. As of December 31 and June 30, 2015 rates were \$ 3.149.47 and \$ 2.598.68 respectively. (Amounts in Colombian pesos).

2.5. Cash and cash equivalents

Cash and cash equivalents include the available, deposits in banks and other short term investments in active / assets / assets markets with original maturities of three months or less and banking overdrafts. Banking overdrafts are shown in current liabilities in the financial condition statement. The Corporation maintains within cash equivalents, cash and deposits in the central bank - Banco de la República – for the effect of complying with the legal reserve.

2.6. Financial assets in debt securities and equity instruments in entities where the Corporation has no significant control or influence.

Financial assets of the Corporation include debt and equity securities listed or not and operations with derivatives.

All financial assets are recognised initially by their fair value plus directly attributable transaction costs, in the case of financial assets that are not recorded at fair value with changes in results.

Purchases or sales of financial assets that require delivery of the assets within a period of time established by a norm or market convention (conventional purchase – sales or regular- way trades) are recognised on the date of the purchase – sale, this is, the date on which the Corporation undertakes to purchase or sell the assets.

Classification

Financial assets are classified according with the business model defined by the Corporation. Investments are classified in negotiable investments, investments for keeping to maturity and investments available for sale.

a) Monetary market operations and related operations

It groups operations of inter- bank funds, reporto (repo) operations, simultaneous operations and operations of temporary transfer of securities:

- **Inter- bank funds**

Funds placed or received directly by a financial entity from another financial entity, with no transfer agreement for investments or credit portfolio. Transactions called 'over night' made with foreign banks using Corporation funds, as 'time deposits' are recorded as inter- bank funds.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Interest income generated in the operation is recorded in the income statement.

- **Reporto or Repo operations**

A repo operation is present when an entity acquires or transfers securities in exchange for the delivery of a sum of money, committing itself to transfer or acquire again the property of securities of the same type and characteristics to its "counter party" on the same day or on a future date and at a determined price.

The initial amount may be estimated with a discount on the market price of the securities subject of the operation; it may be established that during the term of the operation securities delivered initially may be substituted for others and restrictions may be imposed to the mobility of the securities subject of the operation.

Returns recorded in this item are estimated exponentially during the term of the operation and acknowledged in the income statement.

Transferred securities subject of the repo operation are recorded in debtor or creditor contingent accounts depending on whether it is an open repo operation or a closed repo operation respectively.

- **Simultaneous Operations**

Simultaneous operations are present when an entity acquires or transfers securities in exchange of the delivery of an amount of money, assuming in the same action the undertaking to transfer or acquire again the property of securities of the same type or characteristics, on the same day or in a future date and for a determined price.

It may not be established that the initial amount is estimated with a discount on the market price of the securities subject of the operation, or that during the term of the operation securities initially delivered are substituted for others. Restrictions to the mobility of the securities subject of the operation are neither established.

Returns caused by the purchaser and that the seller delivers to the purchaser as cost of the operation during the term of it are acknowledged as a greater value of the simultaneous operation.

The difference between the present value (cash delivery) and the future value (final transference price) constitutes an income for returns that is estimated exponentially during the term of the operation and is acknowledged in the income statement.

Transferred securities subject of the simultaneous operation are recorded in debtor or creditor contingent accounts for active / assets or passive / liabilities positions respectively.

- **Operations of Temporary Transfer of Securities**

These are operations on which an entity transfers property of some securities, with the commitment of re- transferring them on the same date or in a future date. In turn, the counterparty transfers the property of other securities or an amount of money of equal value or greater to the value of the securities subject of the operation.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

b) Investments

It includes investments acquired by the Corporation with the aim of maintaining a secondary liquidity reserve, acquire direct or indirect control of any company of the financial sector or of the service sector, comply with legal or regulatory provisions or with the exclusive purpose of eliminating or reducing the market risk to which assets, liabilities or other elements of the financial statements are exposed to

Valuation of investments has the main fundamental purpose the estimation, the accounting record and the disclosure to the market of the fair exchange value or price on which a specific security or instrument could be negotiated on a specific date, according with its particular characteristics and within the conditions present in the market on such date.

The determination of the fair value must comply as a minimum with the following criteria:

Objectivity. The determination and assignment of the fair value of a security or instrument must be made based on technical and professional criteria that acknowledge the effects derived from changes in the behaviour of all the variables that may affect such price.

Transparency and representativeness. The fair value of a security or instrument must be determined and assigned with the purpose of disclosing a real, neutral, verifiable economic result representative of the rights incorporated in the corresponding security or instrument.

Permanent evaluation and analysis. The fair value given to a security or instrument is based on the permanent evaluation and analysis of market conditions, and conditions of the issuers and of the corresponding issuance. Variations on such conditions are reflected in changes in the price previously assigned, with the frequency established for the valuation of the investments.

Professionalism. The determination of the fair value of a security or instrument is based on the conclusions of the analysis and study a prudent and diligent expert would make, for the search, obtaining, knowledge and evaluation of all the relevant information available, in order that the price established reflects the resources they would reasonably receive for its sale.

The Corporation classifies investments according with the business model defined (see note 3.10) by the entity. For these effects, the business model corresponds to the strategic decision made by the Board of Directors on the form or activities through which it shall develop its corporate purpose.

Investments are classified in the categories Debt Securities negotiable or available for sale, Debt Securities to keep to maturity and Participative Securities that are also classified in Subordinate and Associated investments..

Following is how the different types of investment are classified, valued and recorded:

Classification	Characteristics	Valuation	Accounting
----------------	-----------------	-----------	------------

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Classification	Characteristics	Valuation	Accounting
Negotiable Investments (Measured at fair value)	Security or instrument and in general terms, any type of investment that has been acquired with the main purpose of obtaining profit for short term fluctuations in the price.	<p>According with the price supplied by the price supplier designated as official for the corresponding segment according with instructions established under the Accounting Basic Circular Letter.</p> <p>Negotiable investments represented in debt securities or instruments shall be valued at the fair value based on the price established by the price supplier.</p> <p>For exceptional cases when no fair value exists for the valuation date, it shall be made for the valuation in an exponential manner from the Return Internal Rate.</p> <p>The fair value of the corresponding investment shall be estimated or approximated through the estimation of the sum of the present value of future flows for returns and capital with the estimation procedure of funds future flows for yield and capital.</p> <p>The Corporation shall determine returns according with: :</p> <ol style="list-style-type: none"> 1. Debt values at fixed income. 2. Debt values at variable rate. 3. Values with pre- payment option 	<p>Negotiable investments shall be recorded initially for their acquisition cost and from that very day they shall be valued at fair value</p> <p>Accounting of changes between the acquisition cost and the fair value of investments shall be made from the date of their purchase, individually for each security or instrument.</p> <p>Accounting of these investments shall be made in the corresponding accounts "Investments at Fair value with Changes in Results" of the Single Directory of financial information with supervision purposes.</p> <p>In the case of debt securities, enforceable returns pending to be collected are recorded as a greater value of the investment. Consequently, collection of such returns must be accounted for as a lower value of the investment.</p>
Investments Available for Sale	<p>Securities or instruments are investments available for sale and in general any type of investments that are not rated as negotiable investments or investments to keep to maturity.</p> <p>Securities classified as investments available for sale may be delivered as guaranty in a counterparty central risk chamber to support compliance with operations accepted by it for their compensation and liquidation.</p> <p>Also, with these investments it may be possible to make</p>	<p>According with the price supplied by the price supplier designated as official for the corresponding segment according with the instructions under the Basic Accounting Circular Letter.</p> <p>Investments Available for Sale shall be valued at the Fair value based on the price established by the price supplier.</p> <p>For exceptional cases where no fair value exists for the date of valuation it shall be made for the valuation in an exponential manner from the Return Internal Rate.</p> <p>The fair value of the corresponding investment shall</p>	<p>They must be recorded initially for their acquisition cost and from such day they must be valued at fair value.</p> <p>Accounting of changes between the acquisition cost and the fair value of investments shall be made from the date of their purchase, individually for each security or instrument.</p> <p>Accounting of these investments shall be made in the corresponding accounts "Investments at fair value with Changes in Other Integral Results" accounts - ORI", of the single financial information Brochure with supervision</p>

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Classification	Characteristics	Valuation	Accounting
	monetary market operations (reporto or repo (repo) operations, simultaneous or of temporary transfer of securities) and give in guaranty of this type of operations.	be estimated or approximated estimating the addition of the present value of future flows for returns and capital, with the procedure for estimating fund future flows for returns and capital .	purposes. When dividends or profit are distributed in kind, the number of social / corporate rights on the corresponding accounting books shall be modified. Dividends or profits received in cash are accounted for a lower value of the investment.
Debt securities to keep to maturity (measured at fair value)	<p>Security or instrument, and in general terms any type of investment with respect to which the investor has the purpose and the legal capacity, contractual, financing and operative to keep them to maturity of their term or redemption. The purpose of keeping the investment corresponds to the positive and clear intention of not selling the security.</p> <p>With these investments no monetary market operations may be conducted (report or repo operations, simultaneous or of temporary transfer of securities), except for compulsory or obligatory investments subscribed in the primary market and provided the counterparty of the operation is the central bank - Banco de la República -, Dirección General de Crédito Público y del Tesoro Nacional or entities controlled by Superintendencia Financiera de Colombia.</p>	<p>Exponentially from the Internal Return Rate estimated at the time of purchase, on the basis of a year of 365 days.</p> <p>When in the conditions of the issuing, the use of the value of the indicator of the initiation date of the period to be paid had been established, the Internal Return Rate shall be estimated again each time the facial indicator value changes and when the coupon expires.</p> <p>Un collected enforceable returns are recorded as a greater value of the investment. Consequently collection of such yield shall be accounted as a lower value of the investment.</p> <p>When on the issuing conditions, the use of the value of the indicator of the maturity date of the period to be remunerated, the Internal Return Rate shall be re – estimated each time that the facial indicator changes.</p> <p>In the case of securities that incorporate prepayment option, the Internal Return Rate shall be re – calculated each time future flows and payment dates change for the effect of the valuation. In such cases, the present value as of the date of re – calculation of future flows shall be taken as purchase value.</p>	<p>Accounting of these investments shall be made in the corresponding accounts of “Investments at Amortised Cost” of the Single Financial Information Brochure with supervision purposes.</p> <p>Update of the present value of this type of investments shall be recorded as a greater value of the investment affecting results of the period.</p> <p>Un-collected enforceable returns are recorded as a greater value of the investment. Consequently, the collection of such yield shall be accounted as a lower value of the investment.</p> <p>Consequently, collection of such returns shall be recorded as a lower value of the investment.</p>
Participative Securities	Security or instrument and in general terms any type of investment, not classified as negotiable investment or investments to keep to maturity.	Investments in subordinate companies, affiliate companies, associated companies and participations in joint businesses. Investments in subordinate companies shall be valued so that in the home office or controlling company books are acknowledged by the equity participation method, in the	Investments in subordinate, affiliate and associated companies and participations in joint businesses are recorded using the Equity Participation Method. Dividends distributed shall be recorded as a lower value of the investment.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Classification	Characteristics	Valuation	Accounting
		<p>separate financial statements. In cases on which the norms of Código de Comercio or other legal provisions do not provide the accounting treatment of investments in subordinate, affiliate, associated companies and participations in joint businesses, they shall comply with the provisions of NIC 27, NIC 28 and NIIF 11, among other, as it corresponds.</p> <p>Participative securities listed in Registro Nacional de Valores y Emisores (RNVE): Participative securities listed in the RNVE and in the stock exchange of Colombia, different from investments in subordinated, affiliate, associated companies and participations in joint businesses shall be valued according with the price determined by valuation price suppliers authorised by SFC at fair prices.</p> <p>Participations in joint investment funds, private capital funds, coverage funds, mutual funds among other and securities issued in the development of tenure processes shall be evaluated according with the unit value estimated by the manager company as of the immediately preceding day to the valuation date.</p> <p>Participative values that are only listed in stock exchanges abroad. These investments different from investments in subordinate, affiliate, associated companies and participations in joint businesses shall be valued according with the price determined by valuation price suppliers authorised by SFC at fair value. In case the price determined by the price supplier is in a different currency to Colombian pesos, it must be converted into legal currency.</p> <p>Participative securities not listed in the stock exchange.</p>	<p>Participative securities listed in Registro Nacional de Valores y Emisores (RNVE):</p> <p>The effect of the valuation of the participation corresponding to the investor is accounted in the corresponding unrealised income or loss account (ORI) with charge or credit to the investment.</p> <p>Dividends distributed in kind or in cash shall be recorded as income, adjusting the corresponding non realised profit or loss account (maximum to its accumulated value) and if necessary, also de value of the investment in the amount of the surplus on such account</p> <p>Participations in joint investment funds, private capital funds, coverage funds, mutual funds are accounted adjusting the unit value as greater or lesser value of the Fund and with counterparty in the income statement.</p> <p>Participative securities that are only listed in foreign stock exchanges:</p> <p>The effect of the valuation of the participation that corresponds to the investor is accounted in the corresponding non realised profit or loss account (ORI) with charge or credit to the investment.</p> <p>Participative securities not</p>

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Classification	Characteristics	Valuation	Accounting
		<p>When the price supplier designated as official of the corresponding segment has no valuation methodology for these investments, entities shall increase or decrease the acquisition cost in the participation percentage corresponding to the investor on subsequent variations of the corresponding issuer's equity.</p> <p>To this effect, variation in the issuer's equity shall be estimated based on the certified financial statements as of June 30 and December 31 of each year. However, when more recent certified financial statements are available, they shall be used to establish the mentioned variation. Entities shall have a maximum term of three (3) months after the cut of the financial statements to make the corresponding update.</p>	<p>listed in the stock exchange are recorded for the subsequent variations of the corresponding issuer's equity as a greater or lesser value of the investment against the corresponding non realised profit or loss account (ORI).</p> <p>Dividends to be distributed in kind or cash shall be recorded as income, adjusting the corresponding non realised profit or loss accounts (maximum to their accumulated value) and if necessary, the value of the investment too, in the value of the surplus on such account.</p>

De- recognition in accounts

A financial asset (or if pertinent, part of a financial asset or part of a group of similar financial assets) are de- recognized when:

- Contractual rights on asset cash flows expire;
- Contractual rights on asset cash flows are transferred or an obligation to pay to a third party all cash flows with no significant delay is assumed, through a transfer agreement;
- All risks and benefits inherent to the asset property have been substantially transferred;
- All risks and benefits inherent to the asset property have not been substantially transferred or retained, but control of the asset property has been transferred.

When the Corporation has transferred its contractual rights for receiving an asset's cash flows or has entered into a transfer agreement but has neither substantially transferred all risks and benefits inherent to the asset property, or has not transferred control of it, the asset continues to be recognized.

Re- classification of investments

The Corporation may re- classify its investments only in conformity with the following provisions:

Re- classification of investments to keep to maturity to negotiable investments.

An investment in the investments to keep to maturity category may be re- classified to the negotiable investments category when any of the following circumstances is present:

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

- Significant deterioration in issuer conditions, or the conditions of its home office, its subordinate or affiliate companies.
- Changes in the regulations that prevent maintaining the investment.
- Merger or institutional processes involving the reclassification or realisation of the investment with the purpose of maintaining the previous position of interest rates risk or of adjusting to the credit risk policy previously established by the resulting entity.
- In all other cases where Superintendencia Financiera de Colombia has granted its previous and express authorisation.

Re- classification of investments available for sale to negotiable investments or to investments to keep to maturity

It is possible to reclassify an investment of the investments available for sale category to any of the other categories when:

- The composition of significant business activities is re- defined as a result of circumstances as variations in the economic cycle or of the market niche where the controlled entity acts or in its appetite for risk is re- defined.
- Adjustment hypothesis in the management of investments previously defined by the business model materialise.
- The investor loses its capacity as home office or controlling and such circumstance also involves the decision to sell the investment in the short time from that date, or
- Any of the foreseen circumstances is present in the re- classification of investments to keep to maturity to negotiable investments.

Provisions applicable to the re- classification of investments

With respect to reclassification of investments the following rules shall be observed:

- When investments to keep to maturity are reclassified to negotiable investments, rules on valuation and accounting of negotiable investments shall be observed.
- When investments available for sale are reclassified to negotiable investments, the result of the reclassification of investments shall be acknowledged and maintained in "Other Integral Result (ORI)" as non- realised profits or losses until the sale of the corresponding investment is made.
- When investments available for sale are reclassified to investments to keep to maturity, norms on valuation and accounting of investments to keep to maturity shall be observed. Consequently, non- realised profits or losses acknowledged in the ORI shall be paid against the investment value recorded because the effect of the fair value shall not be realised due to the decision to reclassify to the keep to maturity category. Thus the investment shall be recorded as if it had always been classified in the keep to maturity category. Also from that date, the investment shall be valued under the same Return Internal Rate conditions of the day preceding the reclassification.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

- When Dirección General de Crédito Público y del Tesoro Nacional del Ministerio de Hacienda y Crédito Público makes debt management operations or transitory liquidity operations on public debt securities, entities subject to inspection and vigilance by Superintendencia Financiera de Colombia may reclassify such securities of the categories “investments available for sale” or “investments to keep to maturity” to the category “negotiable investments“. In all cases, only securities in operations conducted in compliance with the foreseen suppositions and conditions for the amount effectively negotiated may be reclassified.

Deterioration or losses for issuer risk rating.

For the effects of the measuring and acknowledgment of the deterioration of investments in subordinated, affiliate, associate companies and joint businesses in the separate financial statements, the Corporation shall comply with the provisions to this respect of NIC 36 contained in Marco Técnico Normativo (the Norm Technical Frame) of Annex 2784 of 2012 or the norms that modify it or substitute it.

Securities and/or Instruments of Issues or non- Rated issuers:

Securities or instruments with no external rating or issued by non- rated entities, shall be rated as follows:

Category	Risk	Characteristics	Deterioration
A	Normal	They comply with the terms agreed in the security or instrument and have an adequate capital and interest payment capacity.	Does not apply
B	Acceptable	It corresponds to issues that present uncertainty factors that could affect the capacity to continue complying with the debt service in an adequate manner. Their financial statements and other available information also show weakness that may affect their financial condition.	The net value may not be greater than eighty per cent (80%) of the acquisition cost, net nominal value of amortisations made to the date of valuation.
C	Appreciable	It corresponds to issues with high or medium default probability in the timely payment of capital and interest. Their financial statements and other available information also show deficiencies in their financial condition that compromise investment recovery.	With respect to debt securities and/or instruments the value for which they have been accounted for may not be higher than sixty per cent (60%) of the net nominal value of amortisations made up to the valuation date. With respect to participative securities and/or instruments the value for which they have been recorded may not be higher than sixty per cent (60%) of their investment value by the equity variation

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Category	Risk	Characteristics	Deterioration
			method on the valuation date.
D	Significant	Corresponds to issues presenting default of terms agreed in the securities, as investments in issuers that according with their financial statements and other available information present marked deficiencies in their financial condition so that probability to recover the investment is high.	With respect to debt securities and/or instruments, the value for which they have been recorded may not be higher than forty per cent (40%) of the net nominal value of amortisations made to the valuation date. In the case of participative securities and/or instruments the net value of allowances for credit risk (value on books minus allowance) for which they have been recorded may not be higher than forty per cent (40%) of the investment value by the equity variation method on the valuation date.
E	Un- collectible	Corresponds to investments of issuers that according with their financial statements and other available information it is estimated as uncollectible.	The value of these investments is completely provisioned.

Securities and/or Instruments of issues or issuers with external ratings

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

(*) Corresponds to the rating code reported by Superintendencia Financiera de Colombia for long term issues, Investment Quality, "Speculative".

In all cases, if deterioration on investments classified as to be kept to maturity and respect of which a fair value may be established; such deterioration corresponds to the difference between the investment recorded value and the fair value, when this is lower.

The rating of the corresponding issuer shall be considered to estimate deterioration on term deposits.

External ratings shall be conducted by a securities' rating company authorised by Superintendencia Financiera de Colombia, or by an internationally known rating company when rating securities issued by entities abroad and placed abroad.

In the event the issue or the issuer has been rated by more than one rating company, the lowest rating shall be considered if the ratings were issued within the last three (3) months, or the most recent one when more time has elapsed between the two ratings.

2.7. Accounts receivable

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Accounts receivable are non- derivative financial assets with fixed or determinable payments that are not listed in the active / assets / assets market. After the initial recognition, these financial assets are measured at the amortised cost under the effective interest rate method, less any deterioration in value. The amortised cost is estimated taking into consideration any discount or bonus in the acquisition and the commissions or costs that are an integral part of the effective interest rate. Causation of the effective interest rate is recognized as a financial income in the income statement. Losses resulting from value deterioration are recognised in the income statement as financial costs.

2.8. Operations with derivative financial instruments.

According with Norma de Información Financiera NIIF9, a derivative is a financial instrument whose value changes in time based on a variable called subjacent, does not require a net initial investment or requires a small investment with respect to the subjacent asset, and is settled on a future date.

In the development of its operations, the Corporation generally conducts transactions in the financial markets in financial instruments with forwards contracts, futures contracts, swaps and options that comply with the definition of derivative.

All operations with derivatives are recorded on the initial moment by their fair value. Subsequent changes in the fair value are adjusted with charge or credit to results.

Financial assets or liabilities for operations in derivatives are not compensated in the financial statements; however, when the legal and enforceable legal right exists of compensating acknowledged values and the intention to settle on a net base or realise assets and settle liabilities simultaneously, they are presented net in the financial condition statement.

The Corporation as of December 31 and June 30, 2015 has not conducted coverage operations within derivative financial instruments.

2.9. Goods in Leasing

Goods given in leasing by the Corporation are classified at the time the contract is signed, as financial leasing or operating leasing. A leasing is classified as financial leasing when it transfers substantially all the risks and advantages inherent to the property. A leasing is classified as operating leasing when it does not transfer substantially all risks and advantages inherent to the property. The Corporation keeps properties given in leasing to its subordinate companies and they are classified as operative.

2.10. Non- current Assets kept for sale

Non- current assets kept for sale, that the Corporation intends to sell within a term not exceeding one year and such sale is highly probable, such goods are recorded by the value that is lower between their value on books at the time of their transfer to this account and their fair value less estimated sale costs.

2.11. Property, Plant and Equipment for own use

Property and material equipment for own use include assets in property or under financial leasing, the Corporation keeps for its own present or future use and expects to use during more than one period. It also includes material assets received by consolidated entities for settlement,

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

total or partial, of financial assets that represent collection rights with third parties and that is foreseen will be used continuously.

Property and equipment for own use are recorded in the separate balances for their acquisition cost, minus the corresponding accumulated depreciation and if relevant, estimated losses resulting from the comparison of the net accounting value of each item with its corresponding recoverable value.

Depreciation is estimated applying the straight line method on the acquisition cost of the assets minus the residual value; it being understood that land on which buildings and other constructions are built have an indefinite useful life and therefore are not subject to depreciation. Such depreciation recorded with charge to results is estimated based on the following useful lives:

<i>Component</i>	<i>Useful Life</i>	<i>Residual Value</i>	<i>Method</i>
Buildings	70	20%	Straight line
Adjustments	20	10%	Straight line
Equipment furniture and office fixtures	10	0%	Straight line
Computers	5	0%	Straight line
Vehicles	5	10%	Straight line
Mobilisation Equipment	20	0%	Straight line

On each accounting close, the Corporation analyses whether evidence exists, both external and internal, on that a material asset may be deteriorated. If deterioration evidence exists, the entity analyses If such deterioration really exists comparing the assets net value on books with its recoverable value (as the highest between its fair value minus disposition costs and its value in use). When the value on books exceeds the recoverable value, the value on books is adjusted to its recoverable value, modifying future charges in amortisation concept according with its remaining useful life.

In a similar way, when evidence exists that the value of a material asset has been recovered, the Corporation estimates the recoverable value of the asset and acknowledged it in the profit and loss account, recording the reversion of the loss for deterioration accounted in former periods, and consequently adjust future charges in their amortisation concept. In no case the reversion of the loss for deterioration of an asset may suppose the increase of its value on books aver that value it would have should losses for deterioration would not have been recognised in former periods.

Conservation and maintenance costs of property and equipment are acknowledged as expenses of the period when incurred and recorded in the "Administration costs" entry.

At least once a year the Corporation shall evaluate useful lives and their residual value and if necessary, shall make adjustments to the financial statements.

2.12 Investment Properties

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

According with the International Accounting Norm NIC 40 “Investment Properties”, investment properties are defined as such terrains or buildings as a whole, in part or both, the Corporation has to obtain revenues, asset valorisation or both, instead of the own use of the Corporation.

Investment properties are initially recorded at cost that includes all costs associated to the transaction and after such assets may be measured at the depreciated cost in the same way as property, plant and equipment, or at their fair value. Changes for the variation in the fair value versus the value acknowledged in the financial statements are recorded in the income statement.

Such fair value is determined based on appraisals conducted from time to time by independent experts using level three valuation techniques described in the NIIF13 “Measuring of the Fair value”.

Classified within this category are Goods Received in Payment or restored that according with Circular Letter 036 of 2014 of Superintendencia Financiera de Colombia shall receive a provision independent form their accounting classification, in conformity with the instructions contained in Chapter III of Accounting and Financial Basic Circular Letter.

Realisable goods and received in payment – It records the value of goods received by the Corporation in payment of unpaid balances from credits to its favour.

Goods received as dation in payment represented in estate are received based on a commercial appraisal technically conducted, based on the market value.

The following conditions are considered for recording goods received in payment:

- The initial record is made according with the value determined in the legal award or the value agreed with the debtors.
- When the property received as dation in payment is not in selling condition, its cost increases with the necessary expenses incurred for the sale.
- If between the value for which the property is received and the value of the unpaid credit there is a balance to the favour of the debtor, the difference is recorded as an account payable; if the property value is not enough to cover the total obligation, an allowance is constituted for the difference in value.

Realisable goods and goods received in payment allowance – Individual allowances for real estate are constituted applying the model developed by the Corporation and approved by Superintendencia Financiera de Colombia. The model estimates the maximum loss expected in the sale of properties received in payment according with its recovery history on sold properties, the inclusion of expenses incurred in receiving them, maintenance and sale of the properties and the grouping of them in common categories to estimate the allowance base rate. This rate is adjusted monthly until reaching eighty per cent (80%) of allowance.

Once the legal term for the sale expires with no extension authorised, the allowance shall be of one hundred per cent (100%) of the remaining value on books. Should an extension be authorized, thirty per cent (30%) of the allowance may be constituted in the terms of it.

2.13 Goods received in leasing

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Goods received in leasing in their initial reception are also classified in financial or operative leasing the same as goods given in leasing described in paragraph 2.8. Leasing contracts classified as financial are included in the balance as property plant and equipment for own use or as investment properties, according with their purpose and are accounted initially in the assets and the liabilities simultaneously for a value equal to the fair value of the good received in leasing or for the present value of minimum leasing payments, if lower. The present value of minimum leasing payments is determined using the interest rate implicit in the leasing contract or if no interest rate exists, an average interest rate is used of bonds placed in the market by the Corporation. Any initial direct cost of the lessee is added to the amount acknowledged as asset. The value recorded as liabilities is included in the financial obligations account and is recorded in the say way.

2.14 Intangible assets

Intangible assets owned by the Corporation are acquired in the development of its corporate purpose and correspond mainly to computer programs (software); they are initially measured by the cost incurred in the acquisition and after initial acknowledgement, these assets are amortised during their useful life that in the case of software is a period of not more than three (3) years: however, with respect to advanced technology programs that constitute a global platform that allows future growth of the entity according with market development and with development or acquisition costs higher than 30% of the technical equity of the corresponding entity, including hardware, prior opinion of Superintendencia Financiera de Colombia, it may be deferred to five (5) years from the time on which each product begins its productive stage, through a gradual and ascendant program with percentages of 10%, 15%, 20%, 25% and 30% respectively, or through equal aliquots.

2.15 Financial Liabilities

A financial liability is any contractual obligation of the Corporation to deliver cash or another financial asset to another entity or person, or to exchange financial assets or financial liabilities in conditions potentially unfavourable for the Corporation a contract that shall be or may be settled using equity instruments proper of the entity. Financial liabilities are initially recorded for their transaction value which, except as otherwise indicated, is similar to its fair value, minus the transaction costs directly attributable to their issue. Subsequently such financial liabilities are measured at their amortised cost according with the effective interest rate method estimated in the initial moment with charge to results as financial expenses.

Financial liabilities are only de- recognised or removed from the balance sheet when obligations they generate have extinguished or when they are acquired (whether with the intention of paying them or the intention to re- placing them again).

2.16 Benefits to Employees

According with Norma Internacional de Contabilidad NIC 19 "Benefits to Employees" for their accounting acknowledgement all forms of compensation granted by the Corporation in exchange of services rendered by employees are divided into four types:

- a) Short term benefits

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

According with Colombian labour regulations, such benefits correspond to salaries, legal and extra- legal bonuses, vacations, severance payments and Para fiscal contributions to state entities that are paid before the 12 months following to the end of the period. Such benefits accumulate by the causation system with charge to results.

b) Post- employment benefits

These are benefits the Corporation pays to its employees at the time of retirement or after completing their employment period, different from indemnifications. Such benefits according with Colombian labour regulations correspond to retirement pensions assumed directly by the Corporation.

c) Other long term benefits to employees

These are all benefits for employees different from short term benefits to employees and those subsequent to the employment period and indemnifications for cessation. As provided by the Corporation rules such benefits correspond mainly to bonuses for time worked.

Liabilities for long term benefits are determined based on the present value of estimated future payments to be made to employees, estimated based on actuarial studies prepared using the projected credit unit method, using actuarial assumptions of mortality rates, salary increase and personnel rotation and interest rates established in reference to in force bond market yields as of the end of the National Government issues or high quality entrepreneurial obligations. Under the projected credit unit method, future benefits to be paid to employees are assigned to each accounting period on which the employee works. Therefore, expenses corresponding to these benefits recorded in the Corporation income statement includes the cost of the present service assigned in the actuarial estimation plus the liabilities financial cost estimated. Variations in liabilities for changes in actuarial assumptions are recorded in the equity, in the other integral result account.

d) Benefits of termination of labour contract with employees

These benefits correspond to payments the Corporation has to make as a result of a unilateral decision of the Corporation of terminating the contract, or a decision of the employee of accepting a benefit offer by the Corporation In exchange for the termination of the work contract. According with Colombian laws such payments correspond to indemnifications for dismissal and other benefits the Corporation unilaterally decides to grant to its employees in these events.

Benefits for termination are acknowledged as liabilities with charge to results in the first of the following dates:

- When the Corporation formally communicates its decision to remove the employee from its post.
- When allowances for re- structuring costs are recognised by a subordinate or business of the Corporation that involves payment of benefits for termination.

The Corporation at present has no undergoing re- structuring plans.

2.17 Accounts payable

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

After the initial acknowledgement, accounts payable that earn interest are measured at the amortised cost using the effective interest rate method. Profit and loss are recognised in the income statement when liabilities are derecognised as also through the amortisation process using the effective interest rate method.

The amortised cost is estimated taking into account any discount or bonus in the acquisition and the fees or costs that are integral part of the effective interest rate. Accrual of the effective interest rate is acknowledged in the income statement as a financial cost.

2.18 Income Tax

Expenditure for income tax includes the current tax and the deferred tax. The tax expense is acknowledged in the income statement except for the part that corresponds to known allocations acknowledged in the other integral result account in the equity. In this case the tax is also recognised in such account.

The current income tax is estimated on the base of tax laws in force in Colombia as of the financial statements cut date. Corporation Management evaluates from time to time positions taken in tax returns with respect to situations on which the applicable fiscal regulation is subject to interpretation and establishes allowances when appropriate based on amounts expected to be paid to tax authorities.

Deferred taxes are recognised on temporary differences that arise between assets and liabilities tributary basis and the amounts recognised in the financial statements that lead to deductible or taxable amounts when determining the fiscal profit or loss corresponding to future periods when assets amounts on books are recovered or liabilities amounts are settled. However, passive / liabilities deferred taxes are not acknowledged when arising from the initial Goodwill recognition; deferred taxes are neither accounted for if an initial recognition of an asset or a liability arises in a transaction different from a business combination that at the time of the transaction does not affect the accounting or tributary profits or losses. The deferred tax is determined using tax rates in force as of the date of the balance sheet and expected to be applied when assets for deferred tax is realised or when liabilities for deferred tax is compensated.

Active / assets / assets deferred taxes are only acknowledged in the extension that it is probable that future tributary income shall be available against which temporary differences may be used. Passive / liabilities deferred taxes are provided on taxable temporary differences that arise, except for the passive / liabilities deferred tax on investments in subordinate, associate companies and joint businesses when the opportunity for reversion of the temporary difference is controlled by the Corporation and it is probable that the temporary difference would not be reversed in a near future. In general terms the Corporation has no ability to control the reversion of temporary differences of investments in associated companies.

Active / assets / assets deferred taxes are acknowledged on deductible temporary differences of investments in subordinates and associated companies only as far as it is possible that the temporary difference would be reversed in the future and there is sufficient fiscal profit against which the temporary difference may be used.

Active / assets / assets and passive / liabilities deferred taxes are compensated when a legal right exists to compensate deferred taxes against liabilities for taxes and when the active / assets / assets and passive / liabilities deferred tax is related to taxes levied by the same tributary authority on the same entity or different entities when intention exists to compensate balances on net bases.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

2.19 Allowances

Allowances legal claims are acknowledged when the Corporation has a present legal or assumed obligation as a result of past events it is likely that a disbursement of resources is required to settle the obligation and the amount has been reliably established. Allowance for restructuring includes sanctions for payment of leasing and payments for employee dismissal.

When similar obligations exist, the probability that a cash disbursement is required is determined considering the type of obligations as a whole. Even, an allowance is recognised if the probability of a cash flow disbursement with respect to any allocation included in the same type of obligations may be reliably measured.

Allowances are valued for the present value of the disbursements expected to be necessary for settling the obligation, using a discount rate before taxes that reflects the evaluations of the present market, of the value of money in time and the specific risks of the obligation. Increase in the allowance due to the passage of time is recognised as a financial expense.

2.20 Preferential Stock with no right to vote

According with NIIF 32 "Financial Instruments: Presentation" the issuer of a non derivative financial instrument shall evaluate its conditions in order to establish if it contains liabilities or equity components. These components are classified separately as financial liabilities or equity instruments for the issuer. According with the aforementioned, the Corporation has evaluated this requirement with respect to preferential shares with no right to vote it has issued as of the cut dates presented in these financial statements and has concluded that such shares have no characteristics of financial liabilities and therefore are recognised as a greater value of the equity.

2.21 Income

Income is measured for the fair value of the compensation received or to be received and represent amounts to be collected for goods delivered, net of discounts, refunds and the tax to the aggregate value. The Corporation acknowledges income when the amount of such income may be reliably measured it is possible that future economic benefits are coming to the entity and when the specific criteria for each of the activities of the Corporation have been complied with, as follows

:

Delivery of Services

The Corporation provides different services. Acknowledgement of income for the provision of services is made in the accounting period on which services are provided, with reference to the termination stage of the specific transaction and evaluated based on the real service rendered, as a proportion of the total services to be provided. When services are provided through an indeterminate number of actions, along a specified period of time, income for ordinary activities are acknowledged in a lineal manner along the period of time agreed.

Income for Commissions

The investment bank area of Corficolombiana generates income in commissions for the structuring and advising in syndicate credits, corporate bonds and investment projects research.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Within products offered by Corficolombiana's investment bank are the following:

- Finding resources: financing of projects and capital market (equity and debt).
- Corporate Finances: mergers, acquisitions and sales of companies and capitalisations.
- Counselling and structuring: project structuring, counselling and financial diagnosis.

Income for Interest

Income for interest is recorded using the effective interest rate method for all financial instruments valued at their amortised cost. The effective interest rate is the rate that discounts in an exact manner payments or collections in cash estimated during the expected life of the financial instrument, or a shorter period, when it corresponds, to the net value on books of the financial asset or liability. Income for interest is recorded as financial income in the results account.

Equity Participation Method

It corresponds to increases or decreases in the equity of the subordinated companies originated in the results of the period and in the variations of the other equity items that shall be deputed and conciliated. This value, on the proportional part of the Corporation participation shall be recognised as a greater or lesser value of the investment as of the date of the estimation; its counterparty shall be an income or an expense in the income statement or with effects on the equity, as it corresponds.

Dividends

Income is recognised when Corficolombiana's right and the right of its subordinate companies to receive the corresponding payment, what in general terms occurs when stockholders approve the dividend. The dividend is recognized in results of the period unless the entity decides for the participation method in which case the dividend shall be recognized as a reduction of the investment' value on books.

Income received for dividends or participation method on profits are considered operating income when they are directly related to the corporate purpose of the entity and if they are recurrent or when they come from entities with a similar corporate purpose.

Income from Leasing

Income from operative leasing in real estate investments are recognized linearly along the leasing period and are included as ordinary income due to their exploitation income nature.

2.22 Tax on Wealth

On December 2014 the National Government issued Law 1739 creating the tax on wealth to be paid by all entities in Colombia with a liquid equity exceeding \$ 1.000 million. The Law establishes that for accounting effects in Colombia the tax on wealth may be recorded with charge to equity reserves. The Corporation decided to benefit from such exception and has recorded tax on wealth caused in 2015 with charge to its equity reserves.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

2.23 Net Profit per Share

In order to determine net profit per share the Corporation divides the net result of the period in the weighted average of outstanding shares during the year. As of December 31, and June 30, 2015, the weighted average of the shares was 220.173.690 and 217.564.988 respectively.

2.24 Differences in the application of international laws for financial information internationally in force and accounting and financial information norms accepted in Colombia.

According with Colombian laws financial information norms applicable in Colombia are those issued by the National Government under Decrees Regulatory of Law 1314 of 2009. As of the date, the National Government has issued to that effect Decrees 3023 of 2013 and 2367 of 2014 that include NIIF regulations in force at international level as of January 1, 2013 and Decree 2267 of 2014, that establish that NIIF shall apply in the separate financial statements, except as provided with respect to treatment of the credit portfolio and its deterioration and the classification and valuation of investments under NIC 39 and NIIF 9, for which the accounting provisions issued by Superintendencia Financiera included in Accounting and Financial Basic Accounting Circular Letter apply.

As a result, additional to the exception indicated, certain norms issued later internationally are not yet applicable in Colombia and certain norms not in force internationally are applicable in Colombia. Additionally, as explained in the previous paragraph 2.21, the National Government allows entities to record the tax on wealth with charge to equity reserves that under NIIF regulations must be recorded with charge to results of the period.

Following is the detail of the impact on equity and on results of the Corporation for the semesters ended on December 31 and June 30 2015, for the incomplete application of International Norms on Financial Information - Normas Internacionales de Información Financiera:

Concept	December 31, 2015		June 30, 2015	
	Equity	Results	Equity	Results
Investments in subordinated and associated companies. (At local level the exception of Superintendencia Financiera is applied and are recognised by the Equity Participation Method. Under International Regulations and as a policy, they are recognised at cost)	(1,825,731)	28,518	(1,797,585)	107,578
Investments in Debt Securities (Application of NIIF 9 issued in 2011 that is not in force internationally in the classification of financial instruments in two categories: At fair value with adjustment to results and at amortised cost instead of three categories according with NIC 39: Negotiable, Available for Sale and to Maturity.)	171,691	19,302	65,088	1,416
Deferred Tax for Debt Securities (Effects of deferred tax on investments available for sale and BRP's allowance)	(86,458)	2,012	(35,910)	(2,349)
Investment Properties – BRP (Effects of the application of CE 036-2014 issued by Superintendencia Financiera) on treatment of Goods Received in Payment allowances.)	47,057	704	47,761	(5,895)
Total effect	(1,693,441)	50,536	(1,720,646)	100,750

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

2.25 Changes in Accounting Norms issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism

Decree 2420 was issued on December 14, 2015. “Single Regulatory Decree of Accounting Norms, of Financial Information and Securing of Information and other provisions are issued” (modified by Decree 2496 of December 2015), that includes the norms issued by IASB and adopted in Colombia, that shall become effective from January 1, 2016 (Group 1). The impact of these norms is under the evaluation process by Corficolombiana Management.

Financial Information Norm	Issue of the Amendment	Detail
NIIF 9 – Financial Instruments (November 2013)	Paragraphs 4.2 and 4.4. of chapter 4 (classification) are modified and chapter 6 – accounting of coverage is supplemented. Appendixes A and B are modified. Issued in November 2013.	A chapter relative to accounting of coverage is added. . Chapter 4 of classification of financial instruments is modified. NIIF 7 and NIC 39 are also modified.
NIC 19 – Benefits to employees (November de 2013)	Defined Benefit Plans: they make clear the accounting manner of benefits to employees or third parties involved to defined benefit plans or services.	When retributions are involved with service, they shall be attributed to service periods as a negative benefit. It is made clear that if the amount of retributions is independent from the number of service years, an entity may recognize them as a decrease in service cost in the period on which the service was provided.
NIC 36 – Deterioration in assets value (May 2013)	Modifications in disclosing of recoverable value of non- financial assets.	Modifications require disclosing of information on recoverable value of deteriorated assets. It introduces the requirement of disclosing the discount rate used to estimate deterioration where the recoverable value is determined using the present value.
NIC 39 – Financial instruments (June 2013)	Modifications in novation and continuation of coverage operations.	The amendment indicates that it would not be necessary to ignore the application of coverage accounting to renew derivatives that comply with the criteria detailed in the amendment.
CINIIF 21 – Levies (May 2013)	Interpretation of NIC 37	Provides guidelines on cases on which liabilities for charges/levies must be recognized as provided in NIC37. CINIIF may be applied to any situation that generates a present obligation for paying Nation taxes or levies.
Annual improvements 2010 – 2012 cycle (December 2013)	These amendments reflect issues discussed by IASB, that were subsequently included as modifications to NIIF	<ul style="list-style-type: none"> • NIIF 2 – Payments based on actions; definition of "right acquisition conditions". • NIIF 3 – Business combinations: accounting of contingent compensations in a business combination. • NIIF 8 – Operation segments: aggregation of operative segments and conciliation of total assets of reportable segments to company assets. • NIC 16 – Property, plant and equipment / NIC 38 – Intangible assets: re-valorisation method – proportional method of a re- statement of accumulated depreciation.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Financial Information Norm	Issue of the Amendment	Detail
Annual improvements 2011 – 2013 cycle (December 2013)	The nature of annual improvements is to make clear or correct, and they do not propose new principles or changes in those already existing.	<ul style="list-style-type: none"> • NIC 24 – Information to be disclosed related parties key direction personnel. • NIC 38 – Intangible assets re- valuation module. • NIIF 3 – Business combinations: scope exemptions for joint ventures and application of paragraph 52 (portfolio exemption). • NIIF 13 – Measurement of fair value, compensation of financial assets and liabilities with respect to credit risk of the counterparty. • NIC 40 – Investment properties: making clear the interpretation of the interrelation of NIIF 3 Business Combinations and NIC 40 Investment Properties when classifying the property as investment property or investment properties.

a) **Other regulations issued**

As indicated by Decree 2496 of December 2015, following are the norms issued applicable from 2017 (except for NIIF 15, applicable from January 1, 2018). Impact of these norms is under an evaluation process by the company management (the Company, Branch Office, the Group).

Financial Information Norm	Amendment Issue	Detail
NIC 1 – Presentation of financial statements	Disclosure initiative. With respect to the presentation of financial statements the amendment makes clear disclosure requirements.	<p>Some relevant issues indicated in the amendments are the following:</p> <ul style="list-style-type: none"> • Materiality requirements NIC 1. • Indicates specific lines in the income statement, of integral results and of changes in the financial situation that may be disaggregated. • Flexibility with respect to the order on which notes to the financial statements are presented. • The entity has no need to disclose specific information required by a NIIF if the resulting information is not material. <p>Application of amendments does not need to be disclosed.</p>
NIIF 9 – Financial instruments	Financial instruments (in their reviewed version of 2014).	<p>The replacement project refers to the following phases:</p> <ul style="list-style-type: none"> • Phase 1: Classification and measure of financial assets and liabilities. • Phase 2: Methodology of deterioration. • Phase 3: Coverage Accounting. <p>In July 2014, IASB finished the norm on accounting of financial instruments and NIIF 9 was issued – Accounting of financial instruments (in their reviewed version of 2014) that will replace NIC 39 – Financial instruments recognition and measurement after previous maturity term expires.</p>

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Financial Information Norm	Amendment Issue	Detail
NIIF 11 – Joint operations	Accounting for interest acquisitions in joint operations.	It gives indications on accounting of the acquisition of an interest in a joint operation where activities constitute a business. According with the NIIF 3 definition - Business combinations. Entities must apply modifications in a prospective way to interest acquisitions in joint operations (where joint operation activities constitute a business as defined in NIIF 3).
NIIF 10 – Consolidate Financial Statements NIIF 12 – Information to be disclosed on participation in other entities NIC 28 – Investment entities	Application of the consolidation exception.	It is made clear that exemption from preparation of the consolidated financial statements applies for a controlling entity that is subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value in conformity with NIIF 10. Application of the participation method is allowed to an investor in an associate company or joint business if it is a subsidiary of an investment entity that measures all its subsidiaries at fair value.
NIIF 10 – Consolidated financial statements NIC 28 – Investment entities	Sale or property contribution between an investor and its associate company or joint business.	They address issues related with NIIF 10 and NIC 28 in the treatment of loss of control of a subsidiary that is sold or given as contribution to an associate company or joint business. It is clarified that the profit or loss resulting from the sale or contribution of assets represents a business as defined by NIIF 3, between the investor and its associate or joint business and is totally recognised.
NIIF 14 – Deferred regulatory accounts	Deferral accounts of regulated activities.	It is an optional norm that allows an entity, when adopting the NIIF for the first time and whose activities are subject to fee regulation, to continue applying most of its previous accounting policies for regulated deferred accounts.
NIIF 15 – Income from contracts with clients	Income from contracts with clients.	Establishes a five step model that applies to income from contracts with clients. It shall replace the following norms and interpretations of income after the date when it enters into force: <ul style="list-style-type: none"> • NIC 18 - Income; • NIC 11 – Construction contracts • CINIIF 13 – Customer loyalty programs; • CINIIF 15 – Agreements for the construction of real estate; • CINIIF 18 - Transfers of assets from clients and • SIC 31 – Exchange transactions that include publicity services.
NIC 16 – Properties, plant and equipment	Explanation of depreciation acceptable methods.	Entities are prohibited from using the depreciation method based on income for property, plant and equipment allocations.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Financial Information Norm	Amendment Issue	Detail
NIC 16 – Properties, plant and equipment NIC 41 - Agriculture	Productive plants.	The producing plant concept is defined, and they require that biological assets that comply with this definition to be accounted for as property, plant and equipment according with NIC 16, instead of NIC 41. With respect to modifications, producing plants may be measured using the cost model or the re- valuation model established in NIC 16. Products growing in producing plants continue to be accounted for in conformity with the NIC 41.
NIC 27 – Separate Financial Statements	Participation method in separate financial statements.	The use of the participation method is authorized to record investments in subsidiary companies, joint businesses, and associate companies in its separate financial statements. Modifications make it clear that when a holding entity ceases to be an investment entity or converts into an investment entity. The change shall be recorded from the date on which the change occurs.
NIC 38 – Intangible Assets	Explanation of acceptable amortization methods.	It establishes conditions related to the amortization of intangible assets on: a) When the intangible asset is expressed as an income measure b) When it is possible to demonstrate that income and consumption of economic benefits of intangible assets are closely linked.
Annual Improvements 2012 – 2014 cycle	These amendments reflect issues discussed by IASB that were after included as modifications to the NIIF.	<ul style="list-style-type: none"> • NIIF 5 –Non- current assets kept for sale and discontinued operations. Changes in methods for the disposal of assets. • NIIF 7 – Financial instruments: information to be disclosed (with modifications resulting from modification to the NIIF 1) <ul style="list-style-type: none"> - Modifications related with contracts for the providing of services. - Applicability of modifications to NIIF 7 in disclosure of compensations in condensed intermediate financial statements. • NIC 19 – Benefits to employees. Discount rate: regional market issues. • NIC 34 – Intermediate financial information: disclosure of information included in another place in the intermediate financial report.

2.26 New accounting pronouncements issued by the International Accounting Standards Board – IASB at International level:

During 2015 Consejo de Estándares Internacionales de Contabilidad IASB (Accounting International Standards Council) did not pronounce on amendments related to already issued norms or new norm issues.

(3) Accounting Estimates and Judgements critical in the application of Policies.

The Corporation makes estimates and assumptions that affect amounts acknowledged in the financial statements and the value on books of assets and liabilities within the following fiscal

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

year. Estimates and assumptions are continuously evaluated and are based on the experience of the management and other factors, including the expectation of future events that are believed to be reasonable in the circumstances.

The Corporation also makes certain judgements besides those involving estimations in the process of applying the accounting policies. Judgements with the most important effects on the amounts recognised in the financial statements and the estimates that may cause an important adjustment on the value on books of assets and liabilities in the following year include the following:

3.1 On- going business: The Management prepares the financial statements on the basis of an on- going (operating) business. In the realisation of this judgement, the Management considers the present financial condition of the Corporation, the result of operations and access to the financial resources in the financial market, and analyses the impact of such factors in the future operations. As of the date of this report we are not aware of any situation that makes us believe that the Corporation has not the ability to continue as an on- going business.

3.2 Investments in debt securities classified at amortised cost: The Corporation evaluates if investments in debt securities in the financial statements may be categorised as at amortised cost bearing particularly in mind its business model to manage financial assets and if they comply with the conditions so such financial assets may be included as at amortised cost. The Corporation may sell these assets when it has complied with risk policies established by the Corporation for the determination of credit quotas and maximum term of the securities. On the other hand, these portfolios may be sold at any time without having complied with the defined profitability according with the liquidity conditions that the Top Management of the Corporation considers may affect adequate liquidity and solvency levels of the company or when any of the following circumstances occur:

- a) Significant deterioration in the conditions of the issuer, of its home office, its subordinate or affiliate companies.
- b) Changes in the regulation that obstruct maintaining the investment.
- c) Merger or institutional re- organisation processes that involve the re- classification or realisation of the investment, with the purpose of keeping the previous risk position of interest rates or of adjusting to the credit risk policy, previously established by the resulting entity.
- d) In the other cases where SFC has granted its previous and express authorization.

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

3.4 Deferred income tax: The Corporation evaluates the realisation of the deferred active / assets / assets income tax. The deferred active / assets / assets tax represents taxes on the recoverable income through future deductions of taxable profits and are recorded in the income statement. Active / assets / assets deferred taxes are recoverable inasmuch the realisation of relative tax benefits is probable. Future 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 management expectations that are believed to be reasonable under the circumstances.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Projections were made with a five year horizon, based on entity' budgets and expenses that are non- deductible based on Colombian in force regulations with the purpose of depurating fiscal profits and find the real effective taxation.

The most important assumptions to prepare fiscal projections that allow the entity to recover active / assets deferred assets are:

- The Corporation looks forward to continue with a good behaviour of treasury results in order to comply with the profit projection in the financial business and consequently with the behaviour of fiscal credits. In the investments business an important results is also expected, related to the good performance of the companies where it has participation.
- As of December 31 and June 30, 2015, Corporation Management estimates that amounts of the deferred active / assets income tax would be recoverable with respect to its estimates of future taxable earnings. Deferred taxes are provided on profits not brought from the subordinate companies, except when the Corporation controls the dividends policy of the subordinate company and it is probable that the difference is not reversed through dividends in the near future.

3.5 Valuation of investment properties: Investment properties are reported in the balance sheet at their fair value determined in reports prepared by independent experts at the end of each report period. Due to present conditions of the country property transactions are less frequent; notwithstanding management considers that enough market activities take place to provide comparable prices for ordered transactions of similar properties when determining the fair value of investment properties where the Corporation has no control or when they present problems of legal or public nature.

The Corporation has reviewed the assumptions used in the valuation by independent experts and considers that factors as inflation, interest rates, etc., have been adequately determined considering market conditions as of the end of the reported period. However, Management considers that valuation of investment properties is at present subject to a high degree of and an increased probability that present income for the sale of such assets may differ from their value on books.

3.6 Estimation for contingencies: The Corporation considers and records an estimation for contingencies with the purpose of covering possible losses for labour cases, civil and mercantile suits and fiscal claims or other according with the circumstances that, in the opinion of legal advisors whether internal or external, are considered of probable loss and may be fairly quantified.

Given the nature of most of the claims, case and/or processes, it is not possible in some times make a certain forecast or fairly quantify a loss amount; therefore, the real amount of disbursements actually made by claims, processes and/or cases is constantly different of amounts estimated and initially provisioned and such differences are recognised in the year when they are identified.

3.7 Retirement pension plan: Measurement of retirement pension obligations, costs and liabilities, depend on a great number of long term assumptions determine don actuarial basis including estimates of present value of future projected retirement pension payments for participants of the plan, taking into consideration the probability of future potential events as

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

increases in the minimum wage and demographic experience. These assumptions may have an effect on the amount and future contributions, should any variation exist.

The discount rate allows the establishment of future cash flows at present value of the measuring date. The Corporation determines a long term rate that represents the market rate of high quality fixed income investments or for Government bonds that are denominated in the currency on which the benefit shall be paid, and considers timeliness and amounts of future benefit payments for which the Corporation has chosen Government bonds.

3.8 Business Model

Corficolombiana manages various investment models according with the strategy it develops in the Treasury area.

1. A speculative or negotiable portfolio is where all securities or instruments are acquired with the main purpose of obtaining profit for fluctuation in prices in the market. This portfolio is funded by the monetary market and with short term deposits. It has been assigned with position limits, value on risk, sensitivity for movements of basic points in the rates (DVO1) and maximum losses.
2. A portfolio to keep to maturity is conformed with the purpose of maintaining for the entire term of the securities and in order to receive contractual cash flows. This portfolio shall have mainly obligatory investments. Within this portfolio are securities issued by the National Government (Debt Reduction Securities) that have rate zero and are issued in UVR currency. The term of these securities is 10 years but currently there are new issues. The maximum maturity date of these papers is in 2015. Also included are securities issued by Finagro, a governmental entity. These securities have a one year term with variable DTF effective rate less some basic points. These securities are constituted quarterly in January, April, July and October.
3. Structural Portfolios or Available for Sale are conformed bin order to invest in Debt Securities both in local and foreign currency with the purpose to optimize the resulting financial margin. This portfolio has assigned position limits, DVO1, MAT, VAR and depends on the duration of the securities.
- 4.

(4)Risk Administration and Management

Corporation activities expose it to a variety of financial risks, market risk (including foreign currency Exchange risk, fair value risk for interest rate, cash flow risk for interest rates and Price risk), credit risk, liquidity risk and operating and legal risks.

According with norms established by Superintendencia Financiera de Colombia, the risk management process of the Corporation is within the guidelines designed by the Top Management, in line with general guidelines for administration and management approved by the Board of Directors.

The Corporation has a Credit Risk and Treasury Committee - Comité de Riesgos de Crédito y Tesorería – made up by members of the Board of Directors, that meets from time to time to discuss, measure, control and analyse credit risk management (SARC) and of treasury of the Corporation (SARM). Additionally, an Assets and Liabilities Technical Committee - Comité

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Técnico de Activos y Pasivos – exists, that makes decisions with respect to the management of assets and liabilities and of liquidity through the Liquidity Risk Management System - Sistema de Administración del Riesgo de Liquidez (SARL); issues concerning with the analysis and follow- up of the Operative Risk Business Continuity Management System - Sistema de Administración del Riesgo Operativo y Continuidad de Negocio (SARO-PCN) are dealt with in the Board of Directors Audit Committee. Legal risks are monitored with respect to compliance by the Secretary General Office of the Corporation.

Objectives – Treasury activities of the Corporation are conducted within the framework of limits and policies established by the Board of Directors and monitored and controlled by Risk Management. Decisions are made within such framework from the permanent and continuous follow- up economic variables both internal and external. All in order to maximize the risk / return ratio of portfolios managed, optimize return of the commercial relationship with Corporation customers and capture the opportunities detected in the different markets on which the Corporation intervenes:

- Internal Public Debt (as Market Creator)
- Private Debt
- Foreign Exchange
- Derivative instruments in local currency
- Derivative instruments in foreign currency

Philosophy in risk taking – In order to assure that treasury activities go along with objectives and strategies of the Corporation, the Board of Directors permanently monitors the risk profile with a follow up of treasury positions, Market Risk limits, Credit Risk, Liquidity Risk and Operating Risk.

The risk assumption philosophy is consistent with the general policies of assets and liabilities management and takes into consideration aspects as economic analysis, technical analysis, fundamental analysis and effects of changes in the environment in the banking book and the treasury book.

Administration

Philosophy in risk taking – In order to assure that treasury activities go along with objectives and strategies of the Corporation, the Board of Directors permanently monitors the risk profile with a follow up of treasury positions, Market Risk limits, Credit Risk, Liquidity Risk and Operating Risk.

The risk assumption philosophy is consistent with the general policies of assets and liabilities management and takes into consideration aspects as economic analysis, technical analysis, fundamental analysis and effects of changes in the environment in the banking book and the treasury book.

Board of Directors – The Board of Directors is the sphere responsible for the approval of policies for treasury operations; it assures an adequate organisation, monitoring or follow- up of treasury activities. This responsibility includes the establishment of limits for risk taking in such activities and adopting organisation measures necessary for limiting risks inherent to the treasury business.

The Board of Directors also approves policies, strategies and rules of conduct the Corporation must follow in the development of treasury activities such as approving credit operations in legal

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

and/ or in foreign currency, the market or markets on which it may take action, the procedures to measure, analyse, monitor, control and manage risks, and the limits of positions on risk according with the type of risk, of business, counterparty, product or organisational area.

The Board of Directors has also faculties for approving procedures should the entity exceed the limits or face strong and unexpected changes in the market. It also has the responsibility of analysing and evaluating the type of management and accounting reports both internal and external.

ALCO Committee - The main functions of the committee are to establish and recommend the Board of Directors risk management policies, objectives, limits and procedures. To follow-up the risk management plan adopted, that shall include operation, follow up and control procedures of tolerance levels to established risk. To monitor the limit compliance report and authorise excesses based on the attributions granted by the Board of Directors. To implement contingent action procedures in case of losses in maximum levels permitted and approve maximum variation values and variable limits for realizing sensitivities.

Credit Committee - The main function of this committee is to establish and make recommendations to the Board of Directors on credit quotas or limits and counterparty of Treasury clients.

Operating Risk Committee - The main functions of this committee are to submit for approval of the Board of Directors and the top management, operating risk policies and management regulations and follow-up and control of them. To design the operating risk management strategy of the Corporation and lead its execution, To establish procedures and mechanisms approving methodologies and systems for an adequate management and administration of the operating risk. To know and understand operating risk the Corporation assumes, permanently evaluating risk exposition. To participate in the evaluation on the participation in new markets and the negotiation of new products. To develop strategies for the construction of an operating risk management corporate culture within the Corporation. To evaluate contingency plans and plans for the continuation of the business and establish the necessary resources for its timely execution.

Executive Vice Presidency – The Executive Vice President reports to the Presidency and its main functions are to establish and recommend to the Board of Directors the policies, objectives, limits and procedures for risk administration, among other functions. To control compliance with portfolio quotas and limits, issuer and counterparty established by the Board of Directors.

Risk Manager – The Risk Manager reports to the Executive Vice President and its main functions are to measure risks, verify compliance with established policies and limits, and make risk analysis. This area is also in charge of preparing reports on the compliance with policies and limits and exposure levels for the different risks.

There is an Operating Risk Director and an assistant in charge of developing the Sistema de Administración de Riesgo Operacional (SARO) – Operating Risk Administration System - within the Corporation and its financial subsidiaries.

There is also a risk coordinator and 3 analysts specialised in different Treasury risks as market risk, credit risk and liquidity risk, who report to the Manager. It is important to mention that the legal risk is covered by the Legal Vice Presidency.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Finally, the Director of Credit Risk who is responsible for the design and implementation of financial models for credit analysis and counter party quotas, credit and counter party analysis and presenting the requested quotas to the respective spheres.

4.1 Market Risks

Market risk of the Corporation is measured by the different analysis made based on recognized techniques for the management of the financial risk with the purpose of controlling loss levels to which the Corporation may be exposed to in its financial assets investments due to volatility of markets on which it may participate.

The Top Management and the Board of Directors active / assets participate in risk management and control through the analysis of a report protocol established in the conduction of various Committees that make an integral follow up both technical and basic to the different variables that influence the markets both internally and externally, in order to support strategic decisions.

Risks taken in the development of operations are consistent with the general business strategy of the Corporation and its subsidiary companies and are embodied in a limit structure for the positions in different instruments according with their specific strategy, the depth of markets where it operates, their impact in weighing of assets by risk and solvency level and balance structure.

Based on the aforementioned, the following limit scheme in Corficolombiana and each of the financial subsidiaries operates, bearing in mind the risk profile of each entity.

Portfolio Position – The nominal value of the position in public debt securities is limited, considering its rate characteristics: fixed or variable and according with the maturity term. The position in negotiable securities different to public debt is also limited, considering the same aspects indicated and the corresponding issuer quotas.

Position in Foreign Currency – The value of the position in dollars is limited (short or Long), both in the “intraday” as in the “nextday”, according with the risk profile of the entity. Also it is limited in other currencies as the Swiss Franc, the Japanese Yen, the Sterling Pound, the Euro, the Australian Dollar, the Canadian Dollar, the Real of Brazil, the Mexican peso and the Chilean Peso considering the same aspects mentioned.

Daily P&L – It is the main control tool the middle office has for monitoring the entity treasury. Additionally, it is fundamental in the definition of maximum losses authorised by the Board of Directors of each entity.

VeR (Value on Risk) – With internal management parametric and non parametric models based on the VeR methodology, that have allowed to complement market risk management from the identification and analysis of variations in risk factors (interest rates, Exchange rates and Price indexes) on the value of the different instruments that conform the portfolios. Such models are Risk Metrics of JP Morgan and historical simulation Methodologies used for measuring VeR are evaluated form time to time and back tested that allows determination of their effectiveness. Additionally, the Corporation has tools for testing stress and/ or sensitization of portfolios with the simulation of extreme scenarios.

CVaR (Value on Conditioned Risk) – This is a trigger for the compliance with the VeR limit of the entity, given that it is a risk measure that takes into account the size of losses exceeding the VaR. The CVaR is defined as the expected value of losses exceeding the VaR.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

MAT (Management Action Trigger) – This is the maximum loss the Corporation or the subsidiary company are willing to assume, considering besides the patrimonial and solvency capacity of the entity. The MAT limits total losses to the addition of losses caused and potential losses (VeR) associated to the portfolio in force in normal conditions. The MAT is equal to Profits of 30 days plus the VeR

DV01 (Sensitivity of 1 basic point) – It is the change in the market value of the fixed income or derivative portfolio product of 1 basic point in the discount rate.

These limits are monitored daily and reported monthly to the Board of Directors of Corficolombiana.

Likewise, the Corporation uses the standard model for measuring, controlling and managing market risk of interest rates, Exchange rates and the stock price in Treasury Books and Bank Book, in conformity with Superintendencia Financiera requirements contained in Chapter XXI of the Accounting and Financial Circular Letter. This exercise is made daily for each of the risk exposures.

Similarly, the Corporation has established counter party and negotiation quotas by operator for each of the negotiation platforms of the markets they operate. Negotiation limits by operator are assigned to the different Treasury authority levels, according to the experience of the official in the market, in the negotiation of this type of products and in portfolio management.

Finally, within the monitoring of operations, different aspects of the negotiations are controlled, such as conditions agreed, unconventional operations or operations outside the market, operations with associates, etc.

According with the standard model, market value on risk - valor en riesgo de mercado (VeR) – as of December 31, 2015 was \$ 275.175.0 with effect of 17.32% basic points and as of June 30, 2015 was \$ 289.473.0 with effect of 17.75% basic points in the individual solvency ratio of the Corporation. Ver indicators presented by the Corporation as of December 31 and June 30, 2015 are summarised as follows:

	December 31, 2015			
	Minimum	Average	Maximum	Last
Interest rate in pesos	166,189.7	236,927.8	338,696.6	223,039.6
Interest rate in foreign currency	5,875.9	6,304.2	6,781.0	6,349.7
Interest rate in UVR	12,087.8	29,839.1	46,993.3	30,348.4
Exchange rate	1,341.4	3,957.7	7,542.3	3,217.8
Stock	5,806.6	6,763.0	8,827.0	8,827.0
Joint Portfolios	3,133.1	11,205.5	50,701.9	3,392.5
Total VeR First Semester	271,250.0	294,997.4	373,829.5	275,175.0

	June 30, 2015			
	Minimum	Average	Maximum	Last
Interest rate in pesos	123,620.0	161,306.6	227,083.6	137,297.5
Interest rate in foreign currency	5,080.9	5,398.1	5,666.8	5,640.9
Interest rate in UVR	23,771.3	51,559.8	86,213.9	86,213.9
Exchange rate	4,847.3	6,698.3	11,244.6	4,872.0
Stock	4,769.1	5,768.4	6,580.1	4,769.1
Joint Portfolios	50,407.7	51,890.7	55,352.7	50,679.5

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

	June 30, 2015			
	Minimum	Average	Maximum	Last
Total VeR	216,008.1	282,621.8	346,934.6	289,473.0

Finally and as a consequence of the behaviour in the VeR as of December 31 and June 30, 2015, Assets Weighted by Market Risk remained in an average of around 17.68% and 30.09%, respectively in Total Assets Weighted by Risk (APR).

Risk on variation in the type of foreign currency Exchange rate:

The Corporation and its subsidiary companies operate internationally and are exposed to variations in the type of exchange arising from exposition in different currencies, mainly with respect to the United States of America dollars and Euros. The exchange type risk in foreign currency arises from acknowledged assets and liabilities and investments in subordinate companies and agencies abroad and in future commercial transactions.

Financial Corporations in Colombia are authorised by the central bank - Banco de la República - to negotiate foreign currencies and maintain balances in foreign currencies in accounts abroad. Legal regulations in Colombia oblige the Corporation to keep an own daily position in foreign currency determined by the difference between the rights and obligations nominated in foreign exchange recorded within and out of the general balance sheet in an average of three business days that may not exceed twenty per cent (20%) of the technical equity. Also, such three business day's average in foreign currency may be negative without exceeding five per cent (5%) of the technical equity expressed in North American dollars.

The Corporation and its subsidiary companies operate internationally and are exposed to variations in the type of exchange arising from exposition in different currencies, mainly with respect to the United States of America dollars and Euros. The exchange type risk in foreign currency arises from acknowledged assets and liabilities and investments in subordinate companies and agencies abroad and in future commercial transactions.

It has to comply also with the own cash position that is determined by the difference between assets and liabilities nominated in foreign currency, without including derivatives and some investments. The three day average of this cash own position may not exceed 50% of the technical equity of the entity nor be negative. Additionally, average of three business days that may not exceed twenty per cent (20%) of the technical equity must comply with the gearing gross position limits that is defined as the sum of rights and obligations in contracts with future compliance, nominated in foreign currency: cash operations nominated in foreign currency with compliance between one banking day (1 + 1) and three banking days (1 + 3) and other derivatives on type of exchange. The three day average of the gearing gross position may not exceed five hundred fifty per cent (550 %) of the entity technical equity.

Determining of the maximum or minimum amount of the own daily position and the cash own position in foreign currency must be established based on the technical equity of the Corporation, on the last day of the previous second calendar month, converted at the exchange rate established by Superintendencia Financiera as of the closing of the immediately previous month. Substantially all assets and liabilities in foreign currency of the Corporation are kept in United States of America Dollars and Euros.

The summary of assets and liabilities in foreign currency (stated in Colombian pesos), the Corporation held as of December 31 and June 30, 2015.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Account	As of December 31, 2015			Total
	American Dollars	Euros	Other Currencies	
Assets				
Cash and Cash Equivalents	64,022.8	1,712.6	1,302.7	67,038.1
Active / assets Operations of the Monetary Market	428,397.9	-	-	428,397.9
Investments in debt securities at fair value	7,834.1	-	-	7,834.1
Investments in debt securities at amortised cost	7,338.8	-	-	7,338.8
Investments in Debt Securities at Fair Value with Changes in ORI	190,981.7	-	-	190,981.7
Investments in equity instruments	83,907.8	-	-	83,907.8
Derivative instruments of negotiation	3,230,255.4	123,646.2	14,089.5	3,367,991.0
Other accounts receivable	106,018.1	-	117.6	106,135.7
Total Assets	4,118,756.6	125,358.8	15,509.8	4,259,625.1
Liabilities				
Customer deposits	27,109.9	-	-	27,109.9
Negotiation derivative instruments	3,926,273.2	125,025.9	12,526.1	4,063,825.2
Transfer undertakings in repo operations	149,092.4	-	-	149,092.4
Other Liabilities	1,866.1	223.5	109.2	2,198.8
Total liabilities	4,104,341.6	125,249.4	12,635.3	4,242,226.3
Active / assets Net Position (Liabilities)	14,415.0	109.4	2,874.5	17,398.8

Account	As of June 30, 2015			Total
	American Dollars	Euros	Other Currencies	
Assets				
Cash and cash equivalents	27,268.2	374.4	946.1	28,588.7
Monetary Market Active / assets Operations	348,930.4	-	-	348,930.4
Investments in debt securities at fair value	12,284.5	-	-	12,284.5
Investments in debt securities at Fair Value with changes in the ORI	157,740.7	-	-	157,740.7
Investments in debt securities at amortised cost	12,108.3	-	-	12,108.3
Investments in equity instruments	66,648.0	-	-	66,648.0
Negotiation derivative Instruments	4,295,256.2	89,180.8	11,209.0	4,395,646.0
Other Accounts Receivable	90,089.3	-	-	90,089.3
Total Assets	5,010,325.6	89,555.2	12,155.1	5,112,035.9
Liabilities				
Customer deposits	5,599.6	-	-	5,599.6
Instruments derivative of negotiation	4,777,528.1	89,180.8	7,334.1	4,874,043.0
Transfer undertakings in repo operations	157,570.7	-	-	157,570.7
Other liabilities	894.8	97.5	-	992.3
Total liabilities	4,941,593.2	89,278.3	7,334.1	5,038,205.6
Active / assets Net Position (Liabilities)	68,732.4	276.9	4,821.0	73,830.3

The Corporation Management has established policies that require management of its exchange type in foreign currency risk against its functional currency. The Corporation covers economically its exchange type exposition using operations with derivatives.

The Corporation owns different investments abroad with net assets exposed to the conversion risk in its financial statements; these investments are rated as investments in foreign subordinated and affiliate companies that are valued by the equity participation method as

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

provided under External Circular Letter 034 of 2014 issued by Superintendencia Financiera de Colombia. The exposition arising from net assets in operations abroad is mainly covered by obligations in foreign currency or derivatives.

The estimated effect for an increase of 1% rate with respect to the exchange rate as of December 31, 2015 and June 30, 2015 corresponds to an increase in assets of \$ 42.596.2 and \$51.120.4; in the equity, \$ 827.1 and \$ 656.3 respectively.

	December 31, 2015	June 30, June 30, 2015
Change in the exchange rate	31.4947	25.9868
Effect on profits before taxes	427,744.8	349,012.5
Effect on the net equity	827.1	656.3

4.2 Operational Risk

The Corporation has an Operational Risk Administration System - Sistema de Administración de Riesgo Operativo (SARO) implemented according the directions under chapter XXIII of the Accounting and Financial Basic Circular Letter (External Circular Letter 100 of 1995) of Superintendencia Financiera de Colombia. The system is administrated by the Risk Area of the Corporation.

The system has:

- Operating Risk Policies Manual - Manual de Políticas de Riesgo Operacional – approved by the Board of Directors where the guidelines under which the SARO is developed in the Corporation are established.
- Procedure Manuals that describe how to comply with Operational Risk Policies.
- Organisation Structure: The Board of Directors, the Legal Representative, Risk Management and the Operational Risk Unit participate in the SARO.
- Operating Risk Matrixes on which risks and controls are identified are rated; inherent and residual risk matrixes are built by process and are updated from time to time for changes in processes or evidence obtained from the Operational Risk Events record.
- A data base conformed by the Operational Risk Events record, that have occurred since August 2007.
- Accounting accounts in expenses where those events that generated loss for Operational Risk are recorded.
- Regular reports for the Top Management, the Operational Risk Committee and the Board of Directors.
- Annual training of officials
- Bi annual audit to the effectiveness of the system by the Controllershship and the Statutory Auditor.

The following are some figures:

As of December 31, 2015 there are operative risk matrixes for the 23 Corporation processes where 396 risks and 863 controls have been identified.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Evolution of the resulting figures of each update of the operative risk profile of the Corporation is shown in the following table:

	December 31, 2015	June 30, 2015
Processes	23	22
Risks	396	383
Controls	863	836

Losses recorded for operative risk events as of December 31, 2015 were \$ 9 million that correspond to overdraft costs recognised to a customer for a delay in complying with the operation. Also in the record, 125 type B events (with no impact on results) and 34 type C events (almost loss).

According with the classification of events, "System failures" is the most common event occurred with 58% of the total of events recorded as of December 31, 2015, followed by "Process failure" with 36%.

Losses recorded for operative risk events as of June 30, 2015 were \$ 29 million of which \$ 22 million corresponded to a risk event accounted for in "Loss for Damage in Computation Equipment". The record also has 94 type B events (with no impact on results) and 79 type C events (almost loss).

According with the classification of events, "Failure in processes" is the most common event occurred with 62% of total events registered as of June 30, 2015 followed by "System Failure" with 35%.

4.3 Interest Rate Risk

The Corporation is exposed to the effects of fluctuation in the interest rate market that affect its financial position and its future cash flows. Interest margins may increase as a result of changes in interest rates but they may also reduce and causes losses in the event of unexpected movements in such rates.

The following table summarises the exposition of Corficolombiana to changes in interest rates. The table presents accumulated amounts of assets and liabilities of the entity for their value on books and the corresponding rate. A sensitivity to margin exercise is made adding and subtracting 50 basic points, with the following result as of December 31 and June 30, respectively:

ACCOUNT DETAIL	December 31, 2015				
	SEMESTER AVERAGE (1)	INCOME EXPENSES FOR INTEREST (2)	AVERAGE INTEREST RATE (3)	VARIATION OF 50 PB IN THE INTEREST RATE (4)	
				Favourable	Unfavourable
Financial Assets that earn interest					
Monetary market active / assets operations in Colombian pesos	714,926.1	28,569.9	7.99%	1,787.3	(1,787.3)

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

December 31, 2015

ACCOUNT DETAIL	SEMESTER AVERAGE (1)	INCOME EXPENSES FOR INTEREST (2)	AVERAGE INTEREST RATE (3)	VARIATION OF 50 PB IN THE INTEREST RATE (4)	
				Favourable	Unfavourable
Investments in debt securities at amortised cost in Colombian pesos	57,163.7	691.2	2.42%	142.9	(142.9)
Total Financial Assets that earn interest	772,089.8	29,261.1	7.58%	1,930.2	(1,930.2)
Financial Assets with financial cost					
Monetary market passive / liabilities operations in Colombian pesos	3,877,135.7	83,709.2	4.32%	9,692.9	(9,692.9)
Customer deposits in savings account and CDAT in Colombian pesos	566,649.8	16,080.2	5.68%	1,416.6	(1,416.6)
Customer deposits in Fixed Term Deposit Certificates CDT in Colombian pesos	2,176,630.7	69,209.4	6.36%	5,441.6	(5,441.6)
Financial Obligations in Colombian pesos	1,978.6	33.3	3.36%	4.9	(4.9)
Total Financial Liabilities with Financial Cost	6,622,394.8	169,032.1	5.10%	16,556.0	(16,556.0)
Total Net Financial Assets subject to interest rate risk	(5,850,305.0)	(139,771.0)	4.78%	(14,625.8)	14,625.8

June 30, 2015

ACCOUNT DETAIL	AVERAGE OF THE SEMESTER (1)	INCOME EXPENSE FOR INTEREST (2)	AVERAGE INTEREST RATE (3)	VARIATION OF 50 PB IN THE INTEREST RATE (4)	
				Favourable	Unfavourable
Financial Assets that earn interest					
Active / assets monetary market operations in Colombian pesos	747,436.9	16,443.2	4.40%	1,868.6	(1,868.6)
Investments in debt securities at amortised cost in Colombian pesos	69,884.1	1,154.6	3.30%	174.7	(174.7)
Total Financial Assets that earn interest	817,321.0	17,597.8	4.31%	2,043.3	(2,043.3)
Financial Liabilities with Financial Cost					
Passive / liabilities Monetary Market Operations in Colombian pesos	2,735,174.3	51,574.5	3.77%	6,837.9	(6,837.9)
Customer deposits in savings accounts and CDAT in Colombian pesos	412,318.1	8,932.8	4.33%	1,030.8	(1,030.8)

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

ACCOUNT DETAIL	June 30, 2015				
	AVERAGE OF THE SEMESTER (1)	INCOME EXPENSE FOR INTEREST (2)	AVERAGE INTEREST RATE (3)	VARIATION OF 50 PB IN THE INTEREST RATE (4)	
				Favourable	Unfavourable
Customer deposits in fixed Term Deposit Certificates in Colombian pesos	1,905,615.2	61,508.6	6.46%	4,764.0	(4,764.0)
Financial obligations in Colombian pesos	3,417.8	76.3	4.46%	8.5	(8.5)
Total Financial Liabilities with Financial Cost	5,056,525.4	122,092.2	4.83%	12,641.3	(12,641.3)
Total Net Financial Assets subject to interest rate risk	(4,239,204.3)	(104,494.4)	4.93%	(10,598.0)	10,598.0

4.4 Liquidity Risk

The liquidity risk is related to the inability to fulfil acquired obligations with clients and counter parties of the financial market at any time, currency and place for which the Corporation and its subsidiary companies review on daily basis their available resources.

The Corporation and its financial subsidiaries manage the liquidity risk according with the standard model established in Chapter VI of the Accounting and Financial Basic Circular of Superintendencia Financiera de Colombia and the regulations relative to the administration of the liquidity risk through the basic principles of the Liquidity Risk Administration System - Sistema de Administración de Riesgo de Liquidez - (SARL), that establishes the minimum prudent parameters entities must supervise in their operation to efficiently manage the liquidity risk to which they are exposed.

To measure the liquidity risk the Corporation estimates weekly the Liquidity Risk Indicators - Indicadores de Riesgo de Liquidez - (IRL) at terms of 7, 15 and 30 days as established in the standard model of Superintendencia Financiera de Colombia and according with internal models.

As part of the liquidity risk analysis, the Corporation measures volatility of deposits, indebtedness levels, the structure of assets and liabilities, asset liquidity degree, availability of financial lines and the general effectiveness of the management of assets and liabilities, in order to maintain sufficient liquidity (including liquid assets, guaranties and collaterals) to face possible stress scenarios whether own or systemic.

Quantification of funds obtained in the monetary market is an integral part of the measure of liquidity the Corporation makes. With the support of technical studies, primary and secondary liquidity sources are determined to diversify fund suppliers to assure stability and sufficiency of resources and minimise source concentrations. Once the resource sources are established, sources are assigned to the different businesses according with the budget and market nature and depth.

Resource availability is monitored on daily basis not only to comply with legal reserve requirements, if applicable, to foresee and/or anticipate possible changes in the entity's liquidity risk profile and be able to make the strategic decisions as the case may be. The Corporation

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

has liquidity alert indicators that allow it to establish and determine the scenario on which it is and the strategies to follow in each case. Such indicators include among other, the IRL, deposit concentration levels, use of liquidity quotas of the central bank - Banco de la República, etc.

Through the ALCO Committee, the Top Management knows about the liquidity situation of the Corporation and makes the necessary decisions bearing in mind high quality liquid assets that must be kept, tolerance in management of liquidity or minimum liquidity, the strategies for granting loans and the capture of resources, policies on disposal of liquidity surplus, changes in the characteristics of existing products and new products, diversification of fund sources to avoid captures concentration on a few number of investors or savers, coverage strategies, Corporation results and changes in the balance structure.

Following is an analysis of contractual maturities of financial assets and liabilities as of December 31, 2015:

DESCRIPTION	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 cash equivalents	1,243,022	-	-	-	-	-
Monetary market operations	-	95,924	195	341	96,459	254,971
Investments negotiable in debt securities	256,565	2,906,479	466,798	89,432	3,462,709	37,437
Investments negotiable in participative securities	76,295	-	-	-	-	-
Investments to keep to maturity	37,459	-	1,751	30	1,781	137,932
Other liabilities and creditor contingencies	5,437	-	-	-	-	-
Subtotal	1,618,778	3,002,403	468,744	89,803	3,560,950	430,341
<u>Active / assets Contractual Maturities</u>						
Ordinary Inter- bank Funds sold.	-	170	-	-	170	-
Investment Transfer Rights	-	2,906,450	466,637	89,115	3,462,203	31,788
Derivative Financial Instruments	-	17,922	61,894	34,039	113,854	30,398
Income flow with Contractual Maturities of assets and out of balance positions- FIVC	-	2,924,543	528,531	123,154	3,576,228	62,186
<u>Passive / liabilities Contractual Maturities</u>						
Monetary Market Operations	-	3,257,668	466,832	88,557	3,813,058	31,273
Term Deposit Certificate - CDT and CDAT's	-	2,817	88,961	53,165	144,944	283,908
Derivative Financial Instruments	-	15,282	22,508	19,701	57,492	96,443
Other Liabilities	5,437	-	-	-	-	-
Expenses Flow with Contractual Maturities of liabilities and out of balance positions - FEVC	5,437	3,275,768	578,302	161,424	4,015,493	411,624
Net Flow (estimated) of Non Contractual Maturities - FNVNC	-	110,243	125,992	236,235	472,470	340,731

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

As of December 31, 2015						
DESCRIPTION	Highly Liquid (1)	Less than 7 days	8 to 15 days	16 to 30 days	Total less than 30 days	31 to 90 days
Net Flow	(5,437)	(461,468)	(175,762)	(274,505)	(911,736)	(690,170)
Net Liquidity Requirement estimated - RLN (2)	-	847	176	275	1,122	690
IRL Partial	0%	191%	158%	359%	144%	89%
IRL Accumulated	-	772	596	322	497	929

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						
Instruments Derivatives	112,791	246,635	1,190	10,869	244	371,729
Subtotal	112,791	246,635	1,190	10,869	244	371,729
AT AMORTISED COST						
Monetary Market Operations	3,879,647	96,563	-	-	-	3,976,211
Customer Deposits	835,992	1,038,944	824,272	238,261	266,122	3,203,592
Subtotal	4,715,639	1,135,508	824,272	238,261	266,122	7,179,802
TOTAL FINANCIAL LIABILITIES	4,828,430	1,382,143	825,462	249,131	266,366	7,551,532

As of June, 2015						
DESCRIPTION	BALANCE AS OF JUNE 30, 2015	FROM 1 TO 7 DAYS	FROM 8 TO 15 DAYS	FROM 16 TO 30 DAYS	DAYS 1 - 30 TOTAL	FROM 31 TO 90 DAYS
ASSETS						
Liquid Assets						
Cash and cash equivalents	600,192.7	-	-	-	-	-
Monetary Market Operations	-	448,789.0	197,089.5	365.3	646,243.8	1,461.2
Investments negotiable in debt securities	654,392.6	2,553,170.8	77.3	8,392.3	2,561,640.4	80,020.0
Investments negotiable in participative securities	25,840.2	-	-	-	-	-
Investments to keep to maturity	949.6	0.1	1,732.4	153.4	1,885.9	6,123.7
Other Assets	45,975.0	-	-	-	-	-
Subtotal	1,324,624.1	3,001,960.0	198,899.2	8,911.0	3,209,770.2	87,604.9
Contractual Maturities Assets						
Inter Bank Funds sold ordinary.	-	170.5	196,894.7	-	197,065.2	-
Contractual Maturities of all investments to keep to maturity,	-	0.1	1,732.4	153.4	1,885.9	6,123.7

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

As of June, 2015					
TES					
Investment transfer rights	- 2,553,145.8	-	-	2,553,145.8	64,146.8
Derivative Financial Instruments	- 34,211.3	28,548.3	26,363.7	89,123.4	47,503.4
Subtotal	- 2,587,527.8	227,175.4	26,517.1	2,841,220.3	117,773.8
LIABILITIES					
Contractual Maturities Liabilities					
Monetary Market Operations	- 2,910,006.7	61.6	115.5	2,910,183.8	62,521.8
Term Deposit Certificate - CDT	- 32,772.1	42,909.9	104,610.1	180,292.1	476,641.4
Financial Instruments Derivatives	- 20,944.0	18,658.1	39,958.6	79,560.7	66,997.6
Other Liabilities	45,975.0	-	-	-	-
Subtotal	45,975.0	2,963,722.8	61,629.5	3,170,036.6	606,160.8
<i>Maturities at sight (not contractual) projected</i>	- 50,173.0	57,340.5	107,513.5	215,027.0	146,362.9
Net	- (426,368.0)	108,205.3	(225,680.6)	(543,843.3)	(634,749.9)
Modified Net FEVC + FNVNC- (min(75%(FEVC+FNVNC);FIVC))	- 753,474.0	29,742.5	225,680.6	846,265.9	634,749.9
IRL Partial	176%	169%	519%	157%	89%
IRL Accumulated	753,474.0	384,028.7	153,396.7	196,204.1	119,389.9

To control liquidity risk between assets and liabilities, the Corporation conducts statistical analysis that allow quantification of captures stability with and without contractual maturity with a pre- determined confidence level.

To comply with requirements of the central bank - Banco de la República - and Superintendencia Financiera, the Corporation must keep cash in hand and restricted banks as part of the legal reserve required according with the following percentages on the daily average of deposits in the following accounts:

Item	Required
Deposits and current liabilities at sight 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%
Negotiable investments re- purchase undertakings	11%
Other accounts different from deposits	11%
Term deposit certificates:	
With a term of less than 540 days	4,5%
With a term equal to or of more than 540 days	0%

The Corporation has adequately complied with this requirement.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

4.5 Price Risk

The Corporation within equity instruments listed in the stock Exchange (Bladex S.A., Alimentos derivados de la Caña, AV Villas, Gas Natural ESP, Bolsa de Valores de Colombia, Empresa de Energía de Bogotá, Mineros S.A.), is exposed to variation in the prices of such investments; as of December 31 and June 30 ,2015 if prices of these investments would have been 1% over r under, lower or greater impact in Other Integral Result (ORI) of the Corporation would have been of \$ 6.901.4 and \$ 6.405.9 respectively.

As of December 31, 2015					
Name of the Investment	Number of Shares	Stock Exchange Price	Value of the Investment	Effect on ORI +/- 1%	
				Favourable	Unfavourable
Bladex S.A.	2,070	81,665.8	169.0	1.7	(1.7)
Alimentos derivados de la Caña	52,000	3,711.2	193.0	1.9	(1.9)
AV Villas (Ordinary Shares)	45,677	9,124.0	416.8	4.2	(4.2)
AV Villas (Preferential Shares)	20,763	6,000.0	124.6	1.2	(1.2)
Gas Natural ESP	621,866	120,000.1	74,624.0	746.2	(746.2)
Bolsa de Valores de Colombia (Colombian Stock Exchange)	628,047,243	17.0	10,676.8	106.8	(106.8)
Empresa de Energía de Bogotá	327,150,500	1,720.0	562,698.9	5,627.0	(5,627.0)
Mineros S.A.	22,350,263	1,845.0	41,236.2	412.4	(412.4)
Total			690,139.3	6,901.4	(6,901.4)

As of June 30, 2015					
Name of the Investment	Number of Shares	Price in the Stock Exchange	Value of the Investment	Effect on ORI +/- 1%	
				Favourable	Unfavourable
Bladex S.A.	2,070	83,625.5	173.1	1.7	(1.7)
Alimentos derivados de la Caña	52,000	4,433.9	230.6	2.3	(2.3)
AV Villas (Ordinary Shares)	45,677	8,741.0	399.3	4.0	(4.0)
AV Villas (Preferential Shares)	20,763	7,460.7	154.9	1.5	(1.5)
Gas Natural ESP	621,866	122,498.5	76,177.7	761.8	(761.8)
Bolsa de Valores de Colombia	628,047,243	17.5	10,990.8	109.9	(109.9)
Empresa de Energía de Bogotá	327,150,500	1,590.0	520,169.3	5,201.7	(5,201.7)
Mineros S.A.	22,350,263	1,445.0	32,296.1	323.0	(323.0)
Total			640,591.8	6,405.9	(6,405.9)

4.6 Asset laundering and financing of terrorism risk

The asset laundering and of financing of terrorism risk is the possibility of economic loss or harm to the good name the Entity could suffer should it be used directly or through its operations, as instrument for asset laundering or to channel resources for terrorist actions or when the intention is to use the Entity to hide assets product of such activities.

By virtue of the foregoing and conscious of its compromise to fight against criminal organisations, the Corporation, in compliance with the provisions of Superintendencia Financiera de Colombia, has adopted the necessary mechanisms to avoid the occurrence of events that may negatively affect its results and its business. For this reason, Corficolombiana has an Asset Laundering and Financing of Terrorism Risk Administration System - Sistema de Administración del Riesgo del

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Lavado de Activos y de la Financiación del Terrorismo SARLAFT, composed of stages, elements, policies, procedures and methodologies for the identification, evaluation, control and monitoring of these risks and also knowledge of its clients and their operations with the Corporation and market segments served; the system, that is contained in the SARLAFT Manual approved by the Board of Directors also considers monitoring of transactions, personnel training and cooperation with the authorities and is administered by the Compliance Official who is responsible for evaluating prevention and control mechanisms in order to establish their effectiveness and compliance by all the employees of the Corporation.

Within the regulation framework of Superintendencia Financiera de Colombia and especially following the instructions provided in Part I Title IV Chapter IV of the Legal Basic Circular Letter, Corficolombiana presents satisfactory results on the management of the Asset Laundering and Financing of Terrorism Administration System SARLAFT, that adjust to regulations in force, policies and methodologies adopted by the Board of Directors and International Standards Recommendations related to the issue.

SARLAFT activities were developed according with the methodologies adopted by the Corporation; this allowed continuation with the mitigation of risks as a consequence of the application of controls designed for each of the risk factors defined in Legal Basic Circular Letter Part I Title IV Chapter IV of Superintendencia Financiera de Colombia (Client, Product, Channel and Jurisdiction). According with measures made during the second semester of 2015 based on the SARLAFT, the entity maintains "low" risk levels; however they are monitored on quarterly basis. During the period no events or situations occurred contrary to the solid reputation the Corporation has kept with respect to the SARLAFT.

The Corporation has technologic tools that have allowed it to implement the client knowledge policy and monitor alert signals in order to identify unusual operations and report suspicious operations to Unidad de Información y Análisis Financiero – Financial Information and Analysis Unit (UIAF), in the terms established by law. The system also contains segmentation models of risk factors of the SARLAFT (client, product, channel and jurisdiction) that allow the entity to identify risks and detect unusual operations from the segments profile.

On the other hand, in order to boost and consolidate the culture of prevention, the Corporation has an institutional training programme for employees, aimed at the transmission of knowledge and relevant information and guidelines are indicated with respect to the regulatory framework and control mechanisms that exist on asset laundering and financing of terrorism prevention.

With respect to the obligation to collaborate with the authorities and in compliance with the provisions of legal norms, the Corporation timely presented the institutional reports to Unidad de Información y Análisis Financiero (UIAF), and addressed information requests submitted by the authorities.

The Compliance Official directly supervises controls to prevent these risks; Internal Audit and the Statutory Auditor also supervise, and Management and the Board of Directors through reports presented from time to time by the Compliance Official and the Statutory Auditor. According with the results of the different stages of the SARLAFT, reports of control authorities and statements of the Board of Directors with respect to quarterly reports of the Compliance Official, the entity maintains an adequate management of the asset laundering and financing of terrorism risk. During the first semester of 2015 reports presented by the Comptrollership of the Corporation and the Statutory Auditor on the SARLAFT were implemented with their recommendations oriented to the optimisation of the System. According with reports received, results of the SARLAFT management in the Entity are satisfactory.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

4.7 Financial Consumer Service System

During the second half of 2015 the Corporation complied with the policies provided in the SAC Manual applying the procedures for the instrumentation of system elements and stages according with in force regulations. It also had the adequate infrastructure for the correct administration and operation of the SAC, providing efficient attention to petitions made by financial consumers; during this period only three claims were received through Superintendencia Financiera de Colombia, two of them from natural persons that are not and have not been Corporation clients.

The above was evidenced in the reviews made by the Controllership and the Statutory Audit with the conclusion that the Corporation Management has designed and implemented adequate policies and procedures in the framework of the SAC. Improvements suggested by control spheres were implemented to protect the rights of Financial Consumers.

Within aspects to be highlighted, the entity designed financial education plans and programs for financial consumers through forums, seminars and the participation in congresses with invited lecturers. Such activities were carried out both directly and through cooperation agreements with third parties.

As member of the Financial Education for All Program - Educación Financiera para Todos - of the Securities Market Auto Regulator - Autorregulador del Mercado de Valores – AMV, the Corporation continues participating in the work group committees “Compliance and Communications”.

Lectures were given on the Economic Situation - “Coyuntura Económica” - in the name of this program, in Bolsa de Valores de Colombia (BVC) premises at Calle 72 of Bogota city.

Also as member of the education for financial consumers project called “Saber Más, Ser Más” (“Know more, be more”) sponsored by ASOBANCARIA, the Corporation participated in the campaigns “Cultura Tributaria” (Tax Culture) and “Octubre mes del ahorro” (October, savings month) through bulletins sent to its employees.

4.8 Corporate Government

Corporación Financiera Colombiana S.A. has incorporated principles that rule the good corporate government of the entity and the protection of stockholders and investors rights.

Board of Directors and Top Management – The Board of Directors and the Top Management determine entity risk strategies, policies and profiles. The Board of Directors receives permanent information on processes and business the Corporation carries on.

This administration sphere approves credit granting limits and market risk exposition, liquidity and administration of the credit risk for the different Corporation businesses. The Executive Vice Presidency through Risk Management is the area dedicated to the identification, administration, measuring and control of risks inherent to treasury operations and other entity businesses. This area is in charge of generating the control and risk mechanisms and informing the Top Management and the Board of Directors on risk exposures the Corporation may face.

Policies and separation of functions – Risk management policies are approved by the Board of Directors and are according with the different business lines of the Corporation. It has specific

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

elements for each type of risk (credit, market, liquidity and operational) and a close follow up of their compliance is made by the Risk Area.

Reports to the Board of Directors – The Board of Directors is permanently informed on risk exposures of the different Corporation businesses.

The Board of Directors receives a monthly report containing a description of operations conducted by the currency desk, business results, risk levels and compliance with established limits, should the case be. Operations with affiliates are submitted to the consideration of the Board of Directors

Limits of maximum portfolio positions, maximum losses and of value on risk are controlled by the Risk Department and reported daily to the Top Management of the Corporation.

Technologic Infrastructure – The Corporation has an adequate technologic structure that allows it to efficiently withstand transactional requirements of its daily operation.

Methodology for risk measuring – Corporación Financiera Colombiana is rated as a financial entity and for its business role in the different fronts on which it concentrates (currency desk, investment bank, variable income investments products etc.), it is exposed to a variety of risks generated by the environment evolution in all its dimensions.

Based on the foregoing, it is clear that risk management has become the determinant factor to achieve one of the main objectives of Corficolombiana: obtaining a satisfactory profitability for its stockholders; this is why it is included in the definition of all and each institutional strategies and the procedure for making decisions on all businesses and activities of the Corporation.

The Corporation defined that the risk administration process must comply with the following stages:

Risk identification – Risks associated to each of the products are determined. It looks for the identification of undue risk concentrations and implementing of new technologies for managing them.

Measuring Risks – Measuring processes and management of different risks are determined. Monitoring systems must operate precisely and cover all aspects defined in order that management is easier. Risk measuring involves availability of human resource with experience and technical tools that allow the quantification of risks inherent to each business.

Limit assignment – Limits for each of the separate risks are determined (market, credit and/or counter party, operating and liquidity), even if they are linked between each other. The Administration evaluates and defines limits based on the disposition to assume risks and the capacity of the Entity to absorb losses.

Measure and limit control – The value of the positions must be permanently reviewed against limits and timely report to the Top Management excesses that may occur in order to take the necessary corrective actions. Evaluations and measures are made on different time basis, according with the needs of each business line.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Report generation – Reports shall be presented from time to time according with the Board of Directors and as defined by the different risk spheres. They shall contain information referent to the present risk exposition versus limits established, considered essential for decision making.

Existent methodologies identify and measure the different risk types to which the Corporation is exposed to in its activity and this is how methods mentioned and explained in detail in these notes to the financial statements.

Organisation Structure – The Corporation has defined through its Board of Directors an organization structure that shall exercise due diligence for an adequate risk management. The Executive Vice Presidency is then in charge of the construction of a strong risk culture within the organisation, seeking to obtain always an integrated vision of risk that also covers the financial subsidiaries of Corficolombiana. This Vice Presidency is in charge of Risk Management and the purpose of promoting, leading and controlling the execution of the risk policies approved through the compliance with the management strategy established, using the risk administration process previously defined.

In the Corporation structure there is independence between the negotiating, risk control and operations accounting areas. Each of these jobs is assigned to different functional areas that in turn report to different areas of the Corporation, as follows:

Responsibility	Area	Reports to:
Negotiation	Treasury Vice Presidency	Presidency
	Commercial Vice Presidency	Presidency
	Investment Banking Vice Presidency	Presidency
	Investments Vice Presidency	Presidency
Control	Risk Management	Executive Vice Presidency
Accounting	Treasury Operations	Operation Systems Management
	Accounting Management	Executive Vice Presidency

(5) Estimation of Fair Values.

The fair value of financial assets and liabilities negotiated in active / assets markets (as financial assets in debt securities, and of equity and derivatives active / assets listed in stock exchanges or in inter- banking markets) are based on market prices as of the closing of the negotiation on the closure of the period date. Should a significant movement in the fair value occur after the closing of the negotiation until midnight on the closure date of the period, valuation techniques are applied to determine the fair value.

An active / assets market is a market on which transactions for assets or liabilities are conducted with sufficient frequency and volume with the purpose of giving price information continuously.

The fair value of financial assets and liabilities that are not negotiated in an active / assets market is determined using valuation techniques. The Corporation uses a variety of methods and assumes that they are based on existent market conditions on the closure date of each

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

period. Valuation techniques used for non- standardised financial instruments such as options, foreign Exchange swaps and extra- stock market derivatives include the use of similar recent transactions in equal conditions, references to other instruments that are substantially the same, discounted cash flow analysis, options' price models and other valuation techniques usually used by market participants that very often use market data and rely as little as possible on entities' specific data.

The Corporation may use models developed internally for instruments with no active / assets markets. Such models are generally based on valuation methods and techniques usually standardised in the financial sector. Valuation models are mainly used to value financial instruments of equity non- listed in the stock exchange, debt securities and other debt instruments for which markets were or have been inactive / assets during the financial period. Some inputs of these models may not be observable in the market and therefore are estimated based on assumptions.

A model is always an estimation or approximation of a value that may not be determined with certainty, and valuation techniques used may not fully reflect all factors relative to Corporation positions. Therefore, valuations are adjusted if necessary, to allow additional factors, including model risks, liquidity risks and counterparty risks.

The fair value of non- current Assets kept for sale and investment properties is determined by independent experts using the reposition cost method, less demerit.

Hierarchy of the fair value has the following levels:

- Level 1 entries are prices quoted (not adjusted) in active / assets markets for identical assets or liabilities to which the entity may have access in the measurement date.
- Level 2 entries are entries different to prices quoted included in Level 1 that may be observable for assets or liabilities, whether directly or indirectly.
- Level 3 entries are non- observable entries for assets and liabilities.

The hierarchy level of the fair value within which the measure of the fair value is classified in full is determined based on the entry of the lower level that is significant for the measure of the fair value in full. In order to do so, the importance of an entry is evaluated with respect to the measure of the fair value in full. If a measure of the fair value uses observable entries that require significant adjustments based on non- observable entries, such measure is a Level 3 measure. Evaluation of the importance of a particular entry to the measure of the fair value in full requires judgment, bearing in mind specific factors of the assets or liabilities.

Determination of what is known as "observable" requires a significant degree of judgment; the Corporation considers observable data, market data already available, that are distributed or updated regularly, that are trustworthy and may be verified, that have no property rights and that are supplied by independent sources that participate active / assets in the referred market.

In Colombia there is no market where prices of Fondos de Inversión Colectiva (Joint Investment Funds) are quoted.

The value of contributions in a joint investment fund is measured through units that represent part quotas of the equity value of the corresponding fund. The unit value that represents returns obtained is determined by the total amount of resources contributed plus or minus the return on investments that compose the portfolio. These returns are made up by the valuation of assets invested by the fund and therefore the hierarchy level is determined by the levels of such assets.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Subtotal	-	156,111.6	-
Debt Instruments			
With changes in result	1,216,303.3	124,505.4	
With changes in Other Integral Result	1,922,967.6	236,334.2	
Subtotal	3,139,270.9	360,839.6	-
Equity Instruments			
With changes in result		72,207.6	
With changes in Other Integral Result		640,591.8	17,052.1
Subtotal	-	712,799.4	17,052.1
Total assets measured at fair value on recurring basis	3,139,270.9	1,229,750.6	17,052.1
Liabilities			
Liabilities at fair value with adjustment to results			
Derivative Financial Instruments			
Forward Contracts		181,165.6	
Swap Contracts		105,337.3	
Other derivatives		6,245.1	
Total liabilities measured at fair value on recurring basis	-	292,748.0	-

	December 31, 2015	June 30, 2015
(1) Level 3		
Investment Properties		
Effects in the Income Statement	7,372.0	148.0
Equity Instruments		
Effects in Other Integral Result	2,948.2	4,383.3

Fair value of assets and liabilities not measured at fair value

Following is a comparison of the value on books and the fair value of each type of financial instruments the Corporation presents in its financial statements:

	December 31, 2015		June 30, 2015	
	Value on Books	Fair Value	Value on Books	Fair Value
Cash and cash equivalents	1,249,409.6	1,249,409.6	600,192.7	600,193.0
Monetary operations	524,123.3	524,123.3	994,309.6	994,310.0
Debt Instruments				
At fair value with changes in results	1,270,600.2	1,568,865.1	1,340,808.7	1,666,835.5
At fair value with changes in other integral result	2,728,775.0	-	2,159,301.8	-
At amortised cost	55,463.7	2,657,664.7	17,492.6	1,960,762.7
Equity Instruments				
At fair value with changes in results	133,401.1	133,404.0	72,207.6	72,207.6
At fair value with changes in other integral result	4,407,723.9	3,127,183.0	4,050,619.2	2,802,950.2
Derivative financial instruments	247,390.6	247,390.7	156,111.6	156,112.0
Accounts receivable	246,167.1	246,043.1	222,649.0	222,649.0

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015		June 30, 2015	
	Value on Books	Fair Value	Value on Books	Fair Value
Total Financial Assets	10,863,054.5	9,754,083.5	9,613,692.8	8,476,020.0
Deposits and current liabilities	3,203,591.8	3,203,591.8	2,390,189.0	2,397,553.0
Monetary market operations and related	3,976,422.4	3,976,422.4	3,653,888.0	3,653,888.0
Derivatives	393,295.1	393,295.1	292,748.0	292,748.0
Accounts payable	90,841.6	110,000.1	53,807.0	53,807.0
Total Financial Liabilities	7,664,150.9	7,683,309.4	6,390,632.0	6,397,996.0

The fair value of financial assets and of financial liabilities is determined based on the value at which the instrument could be exchanged in a transaction between interested parties, different from a forced sale or due to settlement. To estimate fair values the following methods and hypothesis were used:

- For cash and cash equivalents, active / assets and passive / liabilities monetary operations, accounts receivable, accounts payable and other current liabilities, the fair value corresponds to the value on books mainly due to short term maturities of these instruments.
- The fair value of quoted securities issued is based on the quotations as of the closing date.
- The fair value of non- quoted instruments is estimated with a discount of future cash flows using the rates available at present for debts with similar conditions, credit risk and remaining maturities.

(6)Cash and cash equivalents

Cash and cash equivalents balances include the following:

	December 31, 2015	June 30, 2015
In Colombian pesos		
Cash (in hand)	2.8	2.8
Petty Cash	2.8	2.8
Bank and other financial entities at sight*	1,182,368.8	571,601.2
Banking or financial entities	1,076,745.8	459,528.2
Banco de la República de Colombia (1)	105,623.0	67,166.0
Deposits and investments in debt securities With maturity at less than 3 months	-	44,907.0
Subtotal Colombian pesos	1,182,371.6	571,604.0
In foreign currency		
Cash (in hand)	19.5	3.4
General Cash	19.5	3.4
Bank and other financial entities at sight*	67,018.5	28,585.3
Banking or financial entities	67,018.5	28,585.3
Subtotal Foreign Currency	67,038.0	28,588.7

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
Restricted Cash	-	-
TOTAL CASH AND CASH EQUIVALENTS	1,249,409.6	600,192.7

- 1) Includes the Legal Reserve available for the 2 weeks period corresponding to the periods ended as of December 31, 2015 and June 30, 2015 for the value of \$ 105.885.6 and \$ 68.239.8 respectively.

No restrictions existed nor limitations on cash and cash equivalents.

As of December 31, 2015 investments in debt securities did not present as cash equivalents investments in debt securities. As of June 30, 2015 the following investments in debt securities with maturity of less than 3 months presented as cash equivalents:

Investments in debt securities with maturity at less than three (3) months	June 30, 2015
Deposits and investments in debt securities with maturity of less than three (3) months	
Up to 1 month	1,730.30
More than 1 month and not more than 3 months	43,176.70
TOTAL	44,907.00

Following is a summary of the credit quality determined by independent risk rating agents, of the main financial institutions on which the Corporation maintains funds in cash or cash equivalents:

Credit Rating	December 31, 2015	June 30, 2015
Banco de la Republica de Colombia	105,623.0	67,166.0
AAA	1,076,745.8	504,435.3
AA-	7.5	8.3
A	67,011.1	28,577.0
Total (*)	1,249,387.4	600,186.6

Credit Quality	December 31, 2015	June 30, 2015
Banco de la Republica de Colombia	105,623.0	67,166.0
Investment degree	1,143,764.4	533,020.6
Total (*)	1,249,387.4	600,186.6

(*) Does not include cash in hand

(7) Active / assets Positions in Monetary Market Operations

The following is the detail of Active / assets Operations in Monetary Market Operations during the periods ended on December 31 and June 30, 2015:

December 31, 2015	June 30, 2015
--------------------------	----------------------

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

	Balances	Annual Effective Rate (1)	Balances	Annual Effective Rate (1)
Operations agreed between 0 and 90 days				
In Colombian pesos				
Transfer Undertakings of Investments in Simultaneous Operations	95,725.4	2.50%	645,379.0	4.09%
Subtotal Colombian Pesos	95,725.4		645,379.0	
Operations agreed more than 90 days				
Foreign Currency				
Inter- Bank Funds sold ordinary	428,397.9	2.64%	348,930.6	2.06%
Subtotal Foreign Currency	428,397.9		348,930.6	
Total Monetary Operations	524,123.3		994,309.6	

(1) Corresponds to the average rate of in force operations in legal currency as of the closing of the period.

The previous amounts are not subject to restrictions or limitations.

(8) Investments measured at Fair Value

The balance of negotiable investments in debt securities and investments available for sale in participative securities at fair value includes:

a) Measured at Fair Value with changes in Results

By Currency	December 31, 2015	June 30, 2015
Financial Instruments Measured at Fair Value with Changes in Results		
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or guaranteed by the Government	1,079,226.4	1,204,094.0
Issued or guaranteed by other Colombian Government institutions	1,148.1	1,145.6
Issued by national issuers	89,067.5	26,125.4
Other securities	93,324.1	97,159.2
Total debt instruments in pesos	1,262,766.1	1,328,524.2
In Foreign Currency		
Other securities	7,834.1	12,284.5
Total Debt instruments in foreign currency	7,834.1	12,284.5
TOTAL DEBT INSTRUMENTS	1,270,600.2	1,340,808.7
EQUITY INSTRUMENTS		
In Colombian pesos		
Trust Funds -Fondos Fiduciarios – and Joint Portfolios - Carteras Colectivas	133,401.1	72,207.6
TOTAL EQUITY INSTRUMENTS	133,401.1	72,207.6
TOTAL INSTRUMENTS AT FAIR VALUE WITH CHANGES IN RESULTS	1,404,001.3	1,413,016.3

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

By Classification	December 31, 2015	June 30, 2015
Measured at Fair Value with changes in Results		
Other Equity Instruments at fair value with changes in results		
Fiducolombia / FCEC Hidrocarburos Tipo A		2,703.8
Fiduciaria Corficolombiana c.c.	87,855.6	30,076.4
Confianza Plus Cartera Colectiva	5,653.2	396.0
Fiduciaria Corficolombiana Capital	1,113.5	1,095.5
Fiduciaria Bogotá 60 CCA Sumar	746.4	732.4
SUBTOTAL	95,368.7	35,004.1
Debt Instruments with changes in Results		
Colombian Government Bonds	1,079,226.4	1,204,094.0
Bonds of other Colombian Government entities	1,148.1	1,145.6
Financial Entities	96,856.3	26,125.4
Other	93,369.4	109,443.7
SUBTOTAL	1,270,600.2	1,340,808.7
Investments in Trust Rights with changes in Results		
Fideicomiso de Administración Meléndez -3941-Alférez	25,751.3	24,942.6
Fideicomiso - Cartera 20-054P	8,127.5	8,107.4
Fideicomiso Arromasa (CFC 46.25%)	520.1	520.0
Fibratolima	3,633.6	3,633.5
SUBTOTAL	38,032.5	37,203.5
TOTAL INVESTMENTS MEASURED AT FAIR VALUE WITH CHANGES IN RESULTS	1,404,001.3	1,413,016.3

b) Measured at Fair Value with changes in Other Integral Result (ORI)

By Currency	December 31, 2015	June 30, 2015
Financial Instruments Measured at Fair Value With Changes in Other Integral Results		
In Colombian pesos		
Debt Instruments with changes in Other Integral Result	2,537,793.3	2,001,561.0
Equity Instruments	719,192.4	656,496.7
In Foreign Currency		
Debt Instruments with Changes in Other Integral Result	190,981.7	157,740.8
Equity Instruments	1,349.6	1,147.2
TOTAL INSTRUMENTS AT FAIR VALUE WITH CHANGES IN OTHER INTEGRAL RESULTS (ORI)	3,449,317.0	2,816,945.7
By Classification		
Debt Instruments with Changes in Other Integral Result	December 31, 2015	June 30, 2015

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Colombian Government Bonds	2,508,650.3	1,968,464.9
Bonds of other Colombian Government entities	98,049.3	86,671.9
Financial Entities	21,927.2	24,163.2
Other	100,148.2	80,001.8
SUBTOTAL	2,728,775.0	2,159,301.8

	Participat ion %	Rating	December 31, 2015	June 30, 2015
Financial Instruments at fair value with changes in Other Integral Result				
Alimentos derivados de la Caña	0.32%	A	193.0	230.6
AV Villas (Ordinary Shares)	0.02%	A	416.8	399.3
AV Villas (Preferential Shares)	0.02%	A	124.6	154.9
Bladex S.A. Clase E	0.01%	A	169.0	173.1
Bolsa de Valores de Colombia	3.36%	A	10,676.8	10,990.8
Cámara de Compensación de Divisas de Colombia S.A.(2)	3.19%	A	596.1	-
Deposito Central de Valores-DECEVAL (2)	3.67%	A	7,935.4	-
Empresa de Energía de Bogotá	3.56%	A	562,698.9	520,169.3
Fiduciaria Occidente S. A. (2)	4.44%	A	15,216.5	-
Gas Natural ESP	1.68%	A	74,624.0	76,177.7
Mineros S.A.	8.54%	A	41,236.2	32,296.1
SUBTOTAL			713,887.3	640,591.8
Financial Instruments at Equity Variation with Changes in Other Integral Result				
Cámara de Compensación de Divisas de Colombia S.A. (2)	3.19%	A	-	106.1
Cámara de Riesgo Central de Contraparte de Colombia S.A.	1.09%	A	375.9	359.4
Cifin S.A.	3.70%	A	1,023.4	1,023.4
Compañía Aguas de Colombia (1)	20.00%	A	0.0	1,323.1
Corporación Andina de Fomento	0.00%	A	1,024.3	845.2
Deposito Central de Valores-DECEVAL (2)	3.67%	A	-	1,602.4
Fiduciaria Occidente S. A. (2)	4.44%	A	-	7,588.8
Inducarbón	0.09%	E	1.1	1.1
Industria Colombo Andina-Inca S.A.	0.67%	A	255.0	255.0
Petróleos Colombianos Limited	0.05%	E	156.3	128.9
Petróleos Nacionales S.A.	19.54%	E	257.3	257.3
Promotora de Inversiones Ruitoque S. A. (Promisión)	3.34%	B	695.7	695.7
Promotora la Alborada S.A.	1.83%	E	316.3	316.3
Promotora la Enseñanza S.A.	2.45%	E	69.8	69.8
Reforestadora de Santa Rosalía	0.00%	E	12.4	12.4
Sociedad Hotelera Cien Internacional S.A.(Hotel Bogotá Royal)	0.39%	A	68.1	68.1
Textiles el Espinal S.A.	8.56%	E	2,399.1	2,399.1
SUBTOTAL			6,654.7	17,052.1

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

	Participation %	Rating	December 31, 2015	June 30, 2015
TOTAL INVESTMENTS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER INTEGRAL RESULT			3,449,317.0	2,816,945.7

- (1) In July, 2015 the settlement of Compañía Aguas de Colombia took place for the sum of \$ 1.317.6, generating a retained earnings effect of \$ 220.9
- (2) Investments in Cámara de Compensación de Divisas de Colombia S.A., Depósito Central de Valores - DECEVAL and Fiduciaria Occidente S.A., from December 2015 have a Price published by the Price Supplier – Infovalmer – and therefore that were re- classified from “Financial Instruments with Equity Variation” to “Financial Instruments at Fair Value” in compliance with External Circular Letter 034 of 2014.

Credit quality determined by independent risk rating agents, of the main counterparties in debt securities and investments in equity instruments on which the Corporation has financial assets at fair value. It corresponds to the rating code reported by Superintendencia Financiera de Colombia for Long Term issuers, Investment Quality, “Investment Degree”.

As of December 31, 2015 the Corporation re- classified investments in debt securities for a market value of \$ 6.261.3, detailed as follows:

Re- Classification Date	Type	Nominal Value	Market Value	Profit (or Loss)
September 10, 2015	Subordinated USD Bond Bancolombia	2.00	6,261.3	(341.3)
General Total		2.00	6,261.3	(341.3)

The effect on the income statement, with respect to such re- classifications generated loss for the sum of \$ 341.3.

As of June 30, 2015 the Corporation re- classified investments in debt securities for a market value of \$ 230.948.4, detailed as follows:

Re- classification Date	Type	Nominal Value	Market Value	Profit or (Loss)
07-ene-15	TES Fixed income	50,000.0	48,922.5	357.3
15-ene-15	TES Fixed income	60,000.0	66,356.9	867.0
23-ene-15	TES Fixed income	55,000.0	60,945.0	933.4
28-ene-15	TES Fixed income	50,000.0	54,724.0	1,082.5
General Total		215,000.0	230,948.4	3,240.2

The effect in the income statement with respect to such re- classifications generated a revenue for the sum of \$ 3.240.2.

Variations in the fair values reflect mainly variations in market conditions especially due to changes in interest rates and other economic conditions of the country where the investment is. As of December 31 and June 30, 2015 the Corporation considers that no important losses have occurred in the fair value of financial assets due to credit risk deterioration conditions of such assets.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

As of December 31 and June 30, 2015 there are Investments in Debt Securities that guarantee repo operations for a value of \$ 299.115.3 and \$ 489.351.2 respectively. In addition, Financial Instruments at fair value for the sum of \$ 3.999.375.1 and \$ 3.500.110.5 as of December 31 and June 30, 2015 respectively have been delivered in collateral to third parties in support for financial obligations with others.

The sensitiveness analysis for changes in interest rates of financial assets at fair value appears in Note 4.

Information on investments at fair value with related parties appears in note 32.

Equity instruments at fair value with adjustment in other integral result have been designated bearing in mind that they are strategic investments for the Corporation and therefore the Corporation expects not to sell them in the near future.

As of December 31 and June 30, 2015 dividends have been recognised in the income statement for the following investments:

Corporate Name	December 31, 2015		
	Total value dividends	Amount in cash	Amount in Stock
Fiduciaria de Occidente S.A.	746.7	355.0	391.7
Concesionaria Tibitoc S.A. E.S.P.	1,376.4	1,376.4	-
Banco Av Villas	13.6	13.6	-
Promigas S.A.E.S.P.	66,021.1	66,021.1	-
Empresa de Energía de Bogotá S.A. E.S.P.	16,350.1	16,350.1	-
Bladex S.A. Clase E	4.7	4.7	-
TOTAL	84,512.6	84,120.9	391.7

Corporate Name	June 30, 2015		
	Total value dividends	Amount in Cash	Amount in Stock
Gas Natural S.A. ESP	674.2	674.2	-
Estudios Proyectos e Inversiones de los Andes S. A.	37,732.2	-	37,732.2
Colombiana de Extrusión S.A. Extrucol	889.8	889.8	-
Leasing Corficolombiana S.A.	2,671.4	-	2,671.4
Fiduciaria Corficolombiana S.A.	2,399.4	-	2,399.4
Fiduciaria Occidente S. A.	760.5	256.7	503.8
Deposito Central de Valores- Deceval	907.1	907.1	-
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	140.4	140.0	0.4
Valora S.A.	29.1	-	29.1
Colombiana de Licitaciones y Concesiones S.A.S	2,862.1	-	2,862.1
Metrex S.A.	343.2	343.2	-
Concesionaria Tibitoc S.A.	1,667.5	-	1,667.5
Bolsa de Valores de Colombia	559.0	559.0	-
AV Villas (Ordinary Shares)	13.1	13.1	-
Ventas y Servicios S. A.	569.9	569.9	-
Promigas S.A.	55,535.4	55,535.4	-
Proyectos de Infraestructura S.A.	27,830.9	-	27,830.9
Organización Pajonales S.A	1,510.4	-	1,510.4

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Corporate Name	December 31, 2015		
	Total value dividends	Amount in cash	Amount in Stock
Mineros S.A.	3,352.5	3,352.5	-
Banco Panamá	3,039.3	-	3,039.3
Cámara de Compensación de Divisas de Colombia S.A.	32.0	32.0	-
Estudios y Proyectos del Sol	41,725.7	-	41,725.7
CFC Gas Holding SAS	23,349.6	-	23,349.6
Cifin S.A.	459.1	183.6	275.5
Bladex S.A. Class E (Investment in dollars)	3.8	3.8	-
TOTAL	209,057.6	63,460.3	145,597.3

The aforementioned amounts are not subject to restrictions or limitations.

(9) Financial Assets in Investment at Amortised Cost

The balance of Financial Assets in Investments at amortised cost includes the following:

	December 31, 2015	June 30, 2015
DEBT INSTRUMENTS		
In Colombian pesos		
Issued or guaranteed by the Colombian Government	1,810.0	5,384.3
Issued or guaranteed by other Colombian Government entities	46,314.8	-
TOTAL DEBT INSTRUMENTS IN COLOMBIAN PESOS	48,124.8	5,384.3
In foreign currency		
Issued by foreign issuers	7,338.9	12,108.3
TOTAL DEBT INSTRUMENTS IN FOREIGN CURRENCY	7,338.9	12,108.3
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	55,463.7	17,492.6

Credit quality determined by the independent risk rating agents of the main counterparties in debt securities, on which the Corporation has financial assets at amortised cost, corresponds to the rating code reported by Superintendencia Financiera de Colombia for Long Term issues, Investment Quality, "Investment Degree".

The following is a summary of the investments financial assets at amortised cost by maturity dates:

	December 31, 2015	June 30, 2015
More than 9 months and not more than 3 months	1,810.0	-

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

More than 3 months and not more than 1 year	53,653.7	5,384.3
Less than 1 year	55,463.7	5,384.3
Between more than 1 year and 5 years	-	12,108.3
Total	55,463.7	17,492.6

Economic and legal restrictions on these investments are related to investments delivered in Monetary Market Operations as of December 31 for a value of \$ 47.017.6 and as of June 30, 2015 for \$ 0.

(10) Derivative Financial Instruments

The following table expresses the fair values by the end of the period of forward contracts, futures and interest rate swaps and of foreign currency on which the Corporation is committed.

Derivative financial instruments include the following:

Concept	December 31, 2015		June 30, 2015	
	Notional Amount	Fair Value	Notional Amount	Fair Value
ASSETS				
Operations with speculative derivatives				
Purchase forward contracts of foreign currency	412.9	102,444.6	934.1	95,703.9
Forward contracts for sale of foreign currency	487.9	62,169.4	124.5	5,202.9
Forward contracts of purchase on Securities	15,000.0	152.3	-	-
Forward contracts of sale on securities	139,000.0	393.8	264,000.0	1,702.5
SUBTOTAL	154,900.8	165,160.1	265,058.7	102,609.3
Interest rate Swap contracts	160,030.0	1,629.8	-	1,935.7
Cross Currency Swap contracts	94,892.5	72,367.6	94,892.5	41,440.1
SUBTOTAL	254,922.5	73,997.4	94,892.5	43,375.8
Currency purchase options	118.1	8,233.1	81.2	10,046.4
SUBTOTAL	118.1	8,233.1	81.2	10,046.4
Cash Operations	-	-	15,000.0	80.1
Total Operations with speculative derivatives	409,941.4	247,390.6	375,032.5	156,111.6
TOTAL ASSETS	409,941.4	247,390.6	375,032.5	156,111.6
LIABILITIES				
Purchase forward contracts of foreign currency	433.6	48,635.8	694.7	957.8
Sale forward contracts of foreign currency	499.1	140,563.6	1,206.2	179,996.6
Purchase forward contracts on securities	-	-	5,000.0	8.6
Sale forward contracts on securities	726,000.0	4,579.7	137,000.00	202.6
SUBTOTAL	726,932.7	193,779.1	143,900.9	181,165.6
Swap Contracts of interest rate	342,006.0	5,184.1	-	1,624.2
Cross Currency Swap Contracts	251,175.5	183,548.9	251,175.5	103,713.1
SUBTOTAL	593,181.5	188,733.0	251,175.5	105,337.3
Currency sale options	65.8	10,783.0	73.4	6,152.4
SUBTOTAL	65.8	10,783.0	73.4	6,152.4

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Concept	December 31, 2015		June 30, 2015	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Cash Operations	-	-	22.3	92.7
Total Operations with speculative derivatives	1,320,180.0	393,295.1	395,172.1	292,748.0
TOTAL LIABILITIES	1,320,180.0	393,295.1	395,172.1	292,748.0
NET POSITION	(910,238.6)	(145,904.5)	(20,139.6)	(136,636.4)

Derivative instruments contracted by the Corporation are generally transacted in organised markets. Derivative instruments have net favourable conditions (assets) or unfavourable (liabilities) as a result of fluctuations in foreign currency exchange rates and in the interest rate market or other variables relative to its conditions. The accumulated amount of fair values of assets and liabilities in derivative instruments may vary significantly from time to time.

Following is a summary of the credit quality determined by independent risk rating agents of the main counterparties in active / assets derivative instruments:

	December 31, 2015	June 30, 2015
Credit quality		
AAA	19,815.0	4,416.9
AA+	1,140.9	(259.5)
AA- (International)	(150,797.9)	1,652.5
A+ (International)	-	7,301.5
A (International)	-	(877.4)
A- (International)	(3,148.7)	(1,275.5)
B" (International)	-	(49,961.3)
With no Qualification	(12,913.8)	(97,633.6)
TOTAL	(145,904.5)	(136,636.4)

The Corporation as of December 31, June 30, 2015 has not made coverage operations.

(11) Accounts Receivable, net

The following is the summary of Accounts Receivable during the periods ended on December 31 and June 30, 2015:

	December 31, 2015	June 30, 2015
Interest	219.9	219.8
Dividends and participations	122,966.4	62,492.4
Commissions	4,676.8	3,547.0
Leasing	94.8	46.2
Sale of goods and services	1,654.0	1,654.0

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Guarantee Deposits	103,819.0	87,272.5
Early payments to contracts and suppliers	186.5	59,679.0
To employees	1,819.9	1,699.8
Payments on account of customers, commercial	-	0.4
Tax prepayment	1.7	734.6
Other	13,564.7	8,138.7
Total Commercial Accounts	249,003.7	225,484.4
Other accounts receivable allowance	(2,836.6)	(2,835.4)
Total other accounts receivable	246,167.1	222,649.0

The movement of deterioration of accounts receivable is as follows:

	December 31, 2015	June 30, 2015
Initial Balance	(2,835.4)	(2,835.2)
Deterioration	(1.3)	(0.4)
Reimbursements	0.1	0.2
Final Balance	(2,836.6)	2,835.4

(12) Non- Current Assets Kept for Sale

The following is the detail of Non- Current Assets Kept for Sale during the periods ended on December 31 and June 30, 2015:

	December 31, 2015	June 30, 2015
Real estate	120.8	936.0
Other (1)	-	2,646.7
Total	120.8	3,582.7

(1) The Corporation re- classified these properties to Investment Properties, that for their legal condition did not allow their realisation or sale in the short time.

Non- current assets kept for sale as of December 2015:

Real Estate	Cost
Agropecuaria Calderón Merchán S.A.	42.5
Alambres Galvanizados de Colombia S.A.	78.3
TOTAL	120.8

Non- current assets held for sale as of June 30, 2015:

	Cost	Deterioration	Net Cost
Real Estate			
Agropecuaria Calderon Merchan S.A.	117.0	(93.6)	23.4
Alambres Galvanizados De Colombia S.A.	73.9	(59.1)	14.8
Alfredo Steckerl E Hijos S.A.	156.0	(156.0)	0.0
C.I. Agrosolidad	397.9	(318.3)	79.6
Campo Jimenez Ltda.	65.2	(65.2)	-
Caribú Internacional	3.3	(3.3)	-

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	Cost	Deterioration	Net Cost
Caucadesa S.A. Compañía Caucana De Desarrollo S.A.	454.0	(363.2)	90.8
Ciudad Chipichape S.A.	289.5	(231.6)	57.9
Ciudadela Internacional Del Pacifico S.A.	1,116.8	(893.4)	223.4
Electro Sagave S.A.	77.2	(61.8)	15.4
Empresa Metalmecánica De Aluminio S.A.	6.4	(5.1)	1.3
Estela Valdivieso & Cia. Ltda.	41.5	(33.2)	8.3
Fábrica Nacional De Muñecos	341.1	(341.1)	-
Inversiones Mil S.A.	1,951.7	(1,561.3)	390.3
Mister Babilla Ltda.	117.2	(93.8)	23.4
Polidoro Plata Y Cía. Ltda.	35.0	(28.0)	7.0
Promotora Turística Internacional - Europromotora	215.1	(215.1)	-
Sardi Arana Julian	200.0	(200.0)	-
Tiendas Mitad De Precio Ltda.	2.1	(1.7)	0.4
Trefilados De La Costa Ltda.	1,015.1	(1,015.1)	-
Total Real Estate	6,676.0	(5,740.0)	936.0
Trusts			
Calima Resort S.A.	1,018.8	(1,018.8)	-
Compañía Agrícola De Inversiones S.A.	9,576.3	(7,661.0)	1,915.3
Fideicomiso La Concepción Molina Vivas	7.2	(7.2)	-
Fideicomiso Procampo (Fiducolombia)	5,923.5	(5,923.5)	-
Proyectos Inmobiliarios Ltda.	3,656.9	(2,925.5)	731.4
Total Trusts	20,182.7	(17,536.0)	2,646.7

(13) Investments in Subsidiaries, Affiliates and Associated Companies

a) Following is a summary of investments in Subsidiary and Affiliate Companies during the periods ended don December 31 and June 30, 2015

December 31, 2015						
Investment in Subordinates	Participati on %	Number of Shares	Cost	Equity Participation Method	Participation Method on Results	Investment Value
Banco Corficolombiana (Panamá) S.A.	100.00%	9,400,579	29,603.20	4,489.60	(581.80)	33,511.00
Gas Comprimido del Perú	91.87%	47,821,019	56,842.60	(1,843.30)	(5,795.90)	49,203.40
CFC Gas Holding SAS	100.00%	20,858,597	343,214.40	(48,111.60)	9,352.90	304,455.70
CFC Private Equity Holdings SAS	100.00%	425,000	4,070.00	(275.90)	224.00	4,018.20
CFC Energy Holdings SAS	100.00%	180,000	168.80	-	(7.10)	161.70
Colombiana de Licitaciones y Concesiones S.A.S	100.00%	2,454,592	90,519.30	(269.30)	2,413.10	92,663.20
Coviandes S.A.	0.25%	68,002	92.80	155.00	161.60	409.30
Estudios Proyectos e Inversiones de los Andes S. A.	99.93%	53,583,915	101,454.20	(1,773.60)	22,472.00	122,152.70
Estudios y Proyectos del Sol	100.00%	121,853,700	356,235.70	(1,763.50)	23,901.90	378,374.10
Fiduciaria Corficolombiana S.A.	94.50%	29,657,829	38,827.60	(2,437.30)	4,480.10	40,870.40
Hoteles Estelar de Colombia S.A.	84.96%	4,221,878,22	183,011.90	877.00	17,750.70	201,639.50
Industrias Lehner S.A.	52.48%	112,844,140	25,075.40	-	-	25,075.40
Leasing Corficolombiana S.A.	94.50%	223,583,360	86,886.10	(973.70)	5,046.60	90,959.10
Mavalle S.A	18.32%	1,668,528	2,917.90	(3.30)	51.80	2,966.50
Organización Pajonales S.A	94.54%	28,013,898	86,586.00	3,902.80	7,498.60	97,987.40
Pizano S.A.	39.99%	2,791,482,62	58,607.40	-	(6,533.80)	52,073.60
Pyxis Inversiones S.A.	100.00%	8,880	10,031.10	81.30	13,095.70	23,208.10
Plantaciones Unipalma de los Llanos S.A.	54.53%	1,515,383,41	17,277.90	(188.20)	2,640.80	19,730.50
Promotora y Comercializadora Turística Santamar S.A.	84.60%	7,341,249,59	16,520.50	-	1,182.90	17,703.40
Proyectos de Infraestructura S.A.	88.25%	52,922,419	86,908.60	(1,907.30)	37,972.90	122,974.30
Proyectos de Ingeniería y Desarrollos S.A.S	100.00%	2,000,000	2,000.00	-	1,243.40	3,243.40

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Tejidos Sintéticos de Colombia S.A.	94.99%	86,288,271	21,108.40	(156.80)	1,759.00	22,710.70
Valora S.A.	100.00%	456,466,847	108,512.20	800.80	3,452.30	112,765.30
			1,726,472.00	(49,397.30)	141,781.70	1,818,856.90
Investment on Controlled not Subordinate Companies						
Promigas S.A.	34.22%	388,359,392	1,830,981.70	-	-	1,830,981.70
Fondo de Capital Privado Corredores Capital I	97.30%	15,115,892	17,086.00	-	-	17,086.00
			1,848,067.70	-	-	1,848,067.70
Total Investments in Subordinate Companies			3,574,539.70	(49,397.30)	141,781.70	3,666,924.60
June 30, 2015						
Investment in Subordinate Companies	Participation %	Number of Shares	Cost	Equity Participation Method	Participation Method on Results	Investment Value
Banco Corficolombiana (Panamá) S.A.	100.00%	9,400,579	24,426.1	209.1	1,062.5	25,697.7
Gas Comprimido del Perú	91.87%	47,052,017	46,901.8	(6,333.6)	(636.1)	39,932.1
CFC Gas Holding SAS	100.00%	20,858,597	343,214.4	(40,166.3)	17,060.6	320,108.7
CFC Private Equity Holdings SAS	100.00%	240,000	2,220.0	2,168.7	259.3	4,648.0
CFC Energy Holdings SAS	100.00%	180,000	168.8	-	(1.9)	166.8
Colombiana de Licitaciones y Concesiones	100.00%	2,454,592	27,464.9	3,041.5	2,894.9	33,401.3
Coviandes S.A.	0.25%	68,002	92.8	(78.2)	69.6	84.1
Estudios Proyectos e Inversiones de los Andes	94.87%	50,875,623	96,397.1	4,177.8	17,548.9	118,123.8
Estudios y Proyectos del Sol	99.12%	112,775,865	197,774.4	21,687.8	18,717.0	238,179.2
Fiduciaria Corficolombiana S.A.	94.50%	29,657,829	38,827.6	(1,989.5)	5,233.9	42,072.0
Hoteles Estelar de Colombia S.A.	84.91%	4,219,674,758	182,847.8	(4,630.0)	7,518.8	185,736.7
Industrias Lehner S.A.	52.48%	112,844,140	25,075.4	-	-	25,075.4
Leasing Corficolombiana S.A.	94.50%	216,106,498	83,843.5	-	4,910.2	88,753.7
Mavalle S.A	18.32%	1,668,508	2,917.9	1,669.7	13.0	4,600.6
Organización Pajonales S.A	94.50%	27,411,264	84,690.1	(1,785.4)	3,743.3	86,648.0
Pizano S.A.	39.99%	2,791,482,625	58,607.4	(9,555.3)	(4,028.9)	45,023.2
Plantaciones Unipalma de los Llanos S.A.	54.53%	1,515,383,414	17,277.9	(10,411.0)	2,609.7	9,476.7
Promotora y Comercializadora Turística Santamar	84.60%	7,341,249,597	16,520.5	(248.8)	631.7	16,903.4
Proyectos de Infraestructura S.A.	88.25%	52,922,419	86,908.6	2,501.3	35,381.0	124,790.9
Proyectos de Ingeniería y Desarrollos S.A.S	100.00%	2,000,000	2,000.0	(0.4)	(62.1)	1,937.5
Tejidos Sintéticos de Colombia S.A.	94.99%	86,288,271	21,108.4	(620.3)	850.3	21,338.4
Valora S.A.	100.00%	439,409,661	103,671.2	(19,489.5)	(512.1)	83,669.4
						1,516,367.6
Investment on Controlled not Subordinate Companies						
Promigas S.A.	34.22%	388,359,392	1,830,981.7	-	-	1,830,981.7
Fondo de Capital Privado Corredores	97.30%	15,115,892	16,734.6	-	-	16,734.6
						1,847,716.3
Total Investments in Subordinate Companies			3,310,672.9	(59,852.4)	113,263.6	3,364,083.9

Detail of Investments in Subsidiary and Affiliate Companies

December 31, 2015					
Subordinate Investments	Participation %	Main Domicile	Assets	Liabilities	Profits/(Losses)
Banco Corficolombiana (Panamá) SA	100.00%	Panamá	342,218.7	312,254.9	(1,644.3)
Gas comprimido del Perú	91.87%	Perú	75,347.7	70,542.3	(4,886.3)
CFC Gas holding SAS	100.00%	Colombia	620,704.5	20,170.8	(7.7)
CFC Private Equity holdings SAS	100.00%	Colombia	4,021.1	4.7	(35.2)
CFC Energy holdings SAS	100.00%	Colombia	140.2	0.6	(5.1)
Colombiana de Licitaciones y Concesiones	100.00%	Colombia	119,507.1	25,391.5	2,402.9

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

December 31, 2015					
Subordinate Investments	Participation %	Main Domicile	Assets	Liabilities	Profits/ (Losses)
Coviandes SA	0.25%	Colombia	687,742.1	614,749.4	38,115.5
Estudios Proyectos e Inversiones de los Andes S.A.	99.93%	Colombia	167,629.8	147,480.3	23,107.1
Estudios y Proyectos del Sol	100.00%	Colombia	557,347.4	243,966.2	23,974.4
Fiduciaria Corficolombiana SA	94.50%	Colombia	112,704.9	59,700.6	4,243.0
Hoteles Estelar de Colombia SA	84.96%	Colombia	536,975.7	250,511.3	8,048.4
Industrias Lerner SA	52.48%	Colombia	868.1	6,370.5	(3,109.9)
Leasing Corficolombiana SA	94.50%	Colombia	1,028,669.0	924,635.8	3,364.0
Mavalle SA	18.32%	Colombia	24,081.0	13,094.3	211.8
Organización Pajonales SA	94.54%	Colombia	189,183.7	97,050.5	5,681.7
Pizano SA	39.99%	Colombia	328,199.2	178,631.6	(6,585.4)
Pyxis Inversiones S.A. (1)	100.00%	Colombia	26,552.9	3,344.7	13,095.7
Plantaciones Unipalma de los Llanos SA	54.53%	Colombia	193,507.3	68,221.0	1,010.6
Promotora y Comercializadora Turística Santamar	84.60%	Colombia	40,111.2	4,729.7	563.4
Proyectos de Infraestructura SA	88.25%	Colombia	290,666.0	156,547.6	35,989.5
Proyectos de Ingeniería y Desarrollos SAS	100.00%	Colombia	4,329.6	1,003.8	1,305.5
Tejidos Sintéticos de Colombia SA	94.99%	Colombia	35,897.2	14,948.2	959.2
Valora SA	100.00%	Colombia	158,024.3	16,661.9	3,964.4
Promigas S.A. ESP (*)	34.22%	Colombia	7,096,251.8	4,440,673.1	224,116.0
Fondo de Capital Privado Corredores I (*)	97.30%	Colombia	347,234.8	2.8	(247.7)

June 30, 2015					
Subordinate Investments	Participation %	Main Domicile	Assets	Liabilities	Profit/ (Loss)
Banco Corficolombiana (Panamá) S.A.	100.00%	Panamá	309,172.5	283,402.3	1,026.5
Gas Comprimido del Perú	91.87%	Perú	66,181.0	57,557.1	(1,191.5)
CFC Gas Holding SAS	100.00%	Colombia	644,311.1	21.8	17,060.6
CFC Private Equity Holdings SAS	100.00%	Colombia	2,478.0	0.1	259.3
CFC Energy Holdings SAS	100.00%	Colombia	144.7	-	(1.9)
Colombiana de Licitaciones y Concesiones	100.00%	Colombia	51,487.2	25,200.9	2,893.7
Coviandes S.A.	0.25%	Colombia	741,206.4	697,227.6	28,050.9
Estudios Proyectos e Inversiones de los Andes S. A.	94.87%	Colombia	169,877.4	129,332.6	1,856.9
Estudios y Proyectos del Sol	99.12%	Colombia	432,859.4	206,964.5	5,577.7
Fiduciaria Corficolombiana S.A.	94.50%	Colombia	109,143.5	57,708.4	5,362.1
Hoteles Estelar de Colombia S.A.	84.91%	Colombia	491,928.6	214,154.2	5,678.4
Industrias Lehner S.A.	52.48%	Colombia	11,761.9	17,647.0	(3,109.9)
Leasing Corficolombiana S.A.	94.50%	Colombia	985,748.8	886,212.8	6,461.6
Mavalle S.A.	18.30%	Colombia	19,369.7	8,594.8	71.2
Organización Pajonales S.A.	94.51%	Colombia	187,635.3	101,545.6	3,961.3
Pizano S.A.	39.99%	Colombia	327,464.1	171,048.3	(5,743.5)
Plantaciones Unipalma de los Llanos S.A.	54.53%	Colombia	196,760.2	71,819.8	4,785.8
Promotora y Comercializadora Turística Santamar S.A.	84.60%	Colombia	38,988.4	4,170.3	746.7

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Proyectos de Infraestructura S.A.	88.25%	Colombia	287,082.8	154,807.0	33,323.1
Proyectos de Ingeniería y Desarrollos S.A.S	100.00%	Colombia	2,962.5	942.1	(62.1)
Tejidos Sintéticos de Colombia S.A.	94.99%	Colombia	35,715.0	15,715.4	895.1
Valora S.A.	100.00%	Colombia	141,286.2	15,255.4	(299.5)
Promigas S.A. ESP (*)	34.22%	Colombia	6,559,391.0	4,010,564.0	232,537.0
Fondo de Capital Privado Corredores Capital I (*)	97.30%	Colombia	347,234.8	2.8	(247.7)

(*) According with the provisions of decree 2267 of 2014 in its article 2o "Information preparers classified under letter b) of paragraph 1 of article 1 of Decree 2784 of 2012 shall apply the regulatory technical framework provided under Annex of Decree 2784, 2012 and its modification, except as provided on classification and valuation of investments on the NIC 39 and the NIIF 9 contained in such Annex".

According with External Circular Letter 034 of 2014, investments in subordinate companies under Law 222 of 1995 are measured in the separate financial statements using the equity participation method. However, for investments in controlled companies for which there is no accounting treatment in that law, the provisions of NIC 27 shall apply. Control Evaluations under NIIF 10 *Financial Consolidate Statements* prepared to establish if an entity is controlled or not and consequently if the investment on this entity is considered an investment in a controlled company, is a base to define its classification on the separate financial statement. According with the control evaluation under NIIF, Promigas S.A. ESP and Fondo de Capital Privado Corredores Capital I must be consolidated and therefore measured as controlled investments in the separate financial statement of the Corporation.

However, under Law 222 of 1995, assumptions to establish subordination on an entity are based on the exclusive definition for entities that are companies and not on different entities with a special purpose as private capital funds that under Colombian laws are not considered as companies as provided under Code of Trade - Código de Comercio – in the chapter on companies / partnerships. The not constitution of subordination on this type of partnerships does not require consolidation in terms of article 35 of Código de Comercio. For not being the subject of consolidation of the Fund as such, the participation the Fund has in Promigas shall not be taken into account for estimating Corficolombiana's participation with the purpose of establishing if under that law subordination exists.

Therefore, both the investment in Promigas S.A. ESP as in Fondo de Capital Privado Corredores Capital are not subordinated under Law 222 of 1995 but are controlled companies under NIIF 10 and as such they are measured at their cost.

b) Following is the detail of investments in Associated companies:

Investments in Associated	% Participation	Social Capital Value	December 31,	June 30,
			2015	2015
			Cost	Cost
Aerocali S.A.	49.99%	3,800.0	7,696.6	7,696.6
Casa de Bolsa S.A. Sociedad Comisionista de Bolsa	38.95%	15,580.0	24,840.8	24,840.8
Colombiana de Extrusión S.A. Extrucol	20.00%	2,207.9	6,140.1	6,140.1
Concesionaria Tibitoc S.A.	33.33%	29,142.7	8,924.7	8,924.7
Jardín Plaza (1)	17.76%	50.0	-	10,031.1
Metrex S.A.	10.31%	3,121.8	168.4	168.4
Ventas y Servicios S. A.	19.90%	2,088.2	7,900.1	6,475.7
Total			55,670.7	64,277.4

(1) On August 3, 2015 the Corporation finalised the split-off of Jardín Plaza S.A., where it had a stock participation of 17.76% with a cost of \$ 10,031.1 on 888,000 shares, that according with the analysis of power exercised was classified as an "Investment in Associated Companies" with significant influence. In exchange for Jardín Plaza shares, the Corporation received 8,800 shares of a new company PYXIS Inversiones S.A with a stock participation of 100%, and was classified to "Investments in Subordinated Companies".

c) The following is the detail of Deterioration of Investments and Rights in Trusts.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

d)

	Participation %	December 31, 2015	June 30, 2015
Deterioration of Investments			
Reforestador de Santa Rosalía	0.00%	12.4	12.4
Petróleos Colombianos Limited	0.05%	156.2	128.9
Inducarbón	0.09%	1.1	1.1
Promotora la Alborada S.A.	1.83%	316.3	316.3
Promotora la Enseñanza S.A.	2.45%	69.8	69.8
Promotora de Inversiones Ruitoque S. A.	3.34%	139.1	139.1
Textiles el Espinal S.A.	8.56%	2,399.1	2,399.10
Petróleos Nacionales S.A.	19.54%	257.3	257.3
Industrias Lehner S.A.	52.48%	25,075.5	25,075.4
TOTAL		28,426.8	28,399.4
Deterioration in Rights in Trusts			
Fideicomiso Cartera 20-054P	100.00%	6,485.3	6,485.3
Fideicomiso Arromasa	46.25%	501.3	501.3
TOTAL		6,986.6	6,986.6

As of December 31 and June 30, 2015, investments in participative securities in Subsidiaries and Associated were not pledged nor in guarantee of financial obligations.

(14) Property, Plant and Equipment

The following is the movement of tangible assets' accounts during the periods ended on December 31 and June 30, 2015.

The Corporation recognises Property and Equipment at cost and Investment Properties at fair value.

Tangible Assets	For own Use	Investment Properties	Total
Balance as of December 31, 2014	19,759.0	14,994.2	34,753.2
Purchases or acquisitions (net)	604.7	-	604.7
Withdrawals / Sales (net)	(35.9)	-	(35.9)
Changes in fair value	-	155.3	155.3
Balance as of June 30, 2015	20,327.8	15,149.5	35,477.3
Purchases or acquisitions (net)	2,645.0	25,483.1	28,128.1
Withdrawals / Sales (net)	(1,090.4)	(77.2)	(1,167.6)
Changes in fair value	-	35,692.5	35,692.5
Balance as of December 31, 2015	21,882.4	76,247.9	98,130.3
Accumulated Depreciation:			
Balance as of December 31, 2014	(1,800.5)	-	(1,800.5)
Depreciation of the semester with charge to results	(1,348.0)	-	(1,348.0)
Withdrawals / Sales	498.5	-	498.5
Balance as of June 30, 2015	(2,650.0)	-	(2,650.0)

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Tangible Assets	For own Use	Investment Properties	Total
Depreciation of the semester with charge to results	(1,001.4)	-	(1,001.4)
Withdrawals / Sales	39.0	-	39.0
Balance as of December 31, 2015	(3,612.4)	-	(3,612.4)
Losses for deterioration:			
Balance as of December 31, 2014	-	-	-
Charge for deterioration of the year	-	(7.2)	(7.2)
Balance as of June 30, 2015	-	(7.2)	(7.2)
Charge for deterioration of the year	-	(47,045.7)	(47,045.7)
Balance as of December 31, 2015	-	(47,052.9)	(47,052.9)
Net Tangible Assets:			
Balance as of December 31, 2014	17,958.5	14,994.2	32,952.7
Balance as of June 30, 2015	17,677.8	15,142.3	32,820.1
Balance as of December 31, 2015	18,270.0	29,195.0	47,465.0

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

	Cost	Accumulated Depreciation	Value on Books
For own use			
Land	4,385.6	-	4,385.6
Buildings	10,913.8	(646.6)	10,267.2
Equipment, Furniture and Office Fixtures	1,971.9	(869.4)	1,102.5
Computers	3,364.5	(1,771.2)	1,593.3
Vehicles	1,001.5	(289.0)	712.5
Mobilisation Equipment	245.0	(36.1)	208.9
Balances as of December 31, 2015	21,882.3	(3,612.3)	18,270.0
Land	4,371.2	-	4,371.2
Buildings	9,889.7	(319.6)	9,570.1
Equipment, Furniture and Office Fixtures	1,770.2	(650.6)	1,119.6
Computers	3,185.3	(1,436.6)	1,748.7
Vehicles	866.4	(216.1)	650.3
Mobilisation Equipment	245.0	(27.1)	217.9
Balances as of June 30, 2015	20,327.8	(2,650.0)	17,677.8

The Corporation has kept the necessary measures for the conservation and protection of its assets. As of December 31, and June 30, 2015, insurance policies existed to cover theft risks and fire, earthquake, riot, explosion, volcanic eruption, low tension, water damage, floods, terrains, losses or damage to offices and vehicles. The Corporation has appraisals of its properties of not more than 3 years; some of these appraisals were conducted during the first

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

half of 2015, and no mortgages or reservation of title exist on them, and they have not been transferred in collateral.

(15) Investment Properties

Movement of investment properties during the periods ended on December 31 and June 30, 2015 is as follows:

Cost	
Balance as of December 31, 2014	-
Transfer of Investment Properties	14,994.2
Adjustment Fair Value Investment Properties	155.3
Balance as of June 30, 2015	15,149.5
BRP Transfer and Trusts	25,483.1
Adjustment Fair Value Investment Properties (Income)	40,581.0
Adjustment Fair Value Investment Properties (Deterioration)	(4,888.5)
Withdrawals / Sales (net)	(77.2)
Balance as of December 31, 2015	76,247.9
Deterioration	
Balance as of December 31, 2014	-
Deterioration Expenses	7.2
Balance as of June 30, 2015	7.2
Deterioration Expenses	33,209.1
Reimbursement adjustment Fair Value (Expenses)	(4,888.5)
BRP Transfer and Trusts	18,786.8
Withdrawals / Sales (net)	(61.7)
Balance as of December 31, 2015	47,052.9
Total Investment Properties	29,195.0

(16) Intangible Assets, net

The following is the movement of Intangible Assets during the periods ended on December 31 and June 30, 2015

As of December 31, 2015	Cost	Accumulated Amortisation	Value on Books
Licences and software	544.5	352.4	192.1
Total other intangible assets	544.5	352.4	192.1
Total Intangible Assets	544.5	352.4	192.1
As of June 30, 2015	Cost	Accumulated Amortisation	Value on Books

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Licences and software	353.5	182.0	171.5
Total other intangible assets	353.5	182.0	171.5
Total Intangible Assets	353.5	182.0	171.5

(17) Tax on Revenues

Allowance for Income Tax

Expenses for income tax of the semesters ended on December 31, 2015 and June 30, 2015 include the following:

- a. Costs component (income) for tax on revenues in the Income Statement

	December 31, 2015	June 30, 2015
Income tax of the current period	5,246.8	5,767.3
Income tax CREE	(2,519.5)	6,732.7
Surcharge Income tax CREE	(1,399.7)	3,700.4
Subtotal Taxes current period	1,327.6	16,200.4
Deferred taxes		
Net deferred taxes of the period	(10,041.2)	(21,411.7)
Active / assets deferred taxes considered as non-recoverable of former periods	19,324.8	-
Subtotal of deferred taxes	9,283.6	(21,411.7)
Total	10,611.2	(5,211.3)

The following are the balances related with assets for current taxes:

	December 31, 2015	June 30, 2015
Assets for current taxes (1)		
Income tax prepayment	-	7,903.7
Withholding at source	8.2	335.7
Credit balance income and complementary	27,761.4	22,398.6
Income tax for Equity - CREE	-	9,377.0
Surcharge CREE	2,122.1	-
Total	29,891.7	40,015.0

(1) The value of allowances generated by current taxes as of December 31, 2015 is included.

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

Fiscal provisions in force applicable to the Company provide the following:

In Colombia, fiscal revenues are taxed at a 25% fee as income tax and complementary taxes.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

From January 1, 2013, Law 1607 of December 2012 creates the income tax for equity - CREE as the contribution of tax payer companies / partnerships and legal persons and assimilated, income tax and complementary taxes' declarers in benefit of the workers, generation of employment and social investment. Income tax for equity - "CREE" – for 2014, 2015 and following years is 9%.

From 2015 an additional CREE rate of 5% was created for 2015, 6% for 2016, 8% for 2017 and 9% for 2018.

For the effect of the income tax and the income tax for equity – CREE – it is assumed that the taxpayer liquid income may not be lower than 3% of its liquid equity on the last day of the immediately previous tax period.

Income considered as income that constitutes occasional revenue are taxed at a 10% fee.

Income from the sale of goods of any nature that have been part of fixed assets of the taxpayer for more than two years are considered as occasional revenues and are taxed at the 10% fee on profits on the sale of the property.

According with article 165 of Law 1607 of 2012 and Regulatory Decree 2548 of 2014, for taxing purposes, remissions contained in tax regulations to accounting norms shall continue in force during the following four (4) years to the entering into force of Financial Information International Norms. Consequently, during 2015 to 2018 inclusive, fiscal basis of values included in tax returns shall continue without alterations and determination of liabilities for the current income tax and the income tax for equity - (CREE) – shall be made based on in force taxing norms that in some cases refer to previous accounting principles until December 31, 2014 (Decree 2649 of 1993 and other complementary provisions).

In accordance with the foregoing, determination of the taxable basis of the income tax and CREE tax for the semesters ended on December 31, 2015 and June 30, 2015 was made based on the provisions of applicable taxing provisions.

The following is the detail of the reconciliation between total income tax expenditure of the company estimated at current tax fees and the expenditure of the tax really recorded in the income statement.

	December 31, 2015	June 30, 2015
Profit before income tax	160,258.2	319,885.0
Expenditure for theoretical tax estimated according with In Force Taxing Rates 39% in 2015	62,500.7	124,755.1
Non- deductible expenses	9,036.9	7,634.5
Difference in excess presumptive income and fiscal loss that generated no deferred tax	20,757.6	(6,499.2)
Dividends received not constitutive of revenue	(32,959.9)	(81,532.5)
Participation method income non constitutive of income	(52,961.9)	(44,172.8)
Profit (loss) in sale or valuation of investment not constitutive of revenue	(3,379.8)	(951.1)
Interest and other income not taxed	(1,513.7)	(2,098.1)
Tax free revenues	-	(40.0)
Occasional income with different taxi rates	-	10.0
Deductions with different rates for CREE	52.8	60.6

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
Effect on the deferred tax for changes in tax rates	-	(98.5)
Permanent differences (Colgaap vs IFRS profit)	(9,710.8)	-
Active / assets deferred taxes considered unrecoverable of former periods	19,324.9	-
Other concepts	(535.6)	(2,279.3)
Total expense tax of the period	10,611.2	(5,211.3)

c. Fiscal losses and excess presumptive income:

As of December 31, 2015 the following is the detail of fiscal losses and presumptive income excess in the Corporation that have not been used and on which there is no active / assets deferred income recorded either due to the uncertainty on their recovery.

	December 31, 2015
Excess presumptive income expiring on:	
December 31, 2018	5,252.6
December 31, 2019	76,074.2
December 31, 2020	43,241.9
TOTAL	124,568.7

d. Deferred taxes with respect to subsidiary, associated companies and joint businesses:

During the semester ended on December 31, 2015 the Corporation recorded no passive / liabilities deferred taxes with respect to temporary differences of investments in subsidiary companies, as a result of the application of the foreseen exemption under paragraph 39 of NIC 12, bearing in mind that the requirements established in such norm are complied with because the Corporation has control over the reversion of such temporary differences and management considers that it is probable that they will not revert in the medium term.

e. Deferred taxes by type of temporary difference:

Differences between basis of assets and liabilities for NIIF purposes and tax basis of the same assets and liabilities for fiscal effects give place to temporary differences that generate a deferred tax estimated and recorded as of December 31, 2015 and June 30, 2015 based on current tax rates in force for the years on which such temporary differences shall be reversed.

	Balance as of June 30, 2015	Charged (credited) to results	Charged (credited) to ORI	Balance as of December 2015
Active / assets deferred taxes				
Valuation of fixed income investments	30,190.5	(2,295.2)	50,361.8	78,257.1
Valuation of derivatives	54,675.1	3,227.0	-	57,902.1
Differences between accounting and fiscal basis of deferred charges of intangible assets	171.5	3.1	-	174.6

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Presumptive income excess	19,324.9	(19,324.9)	-	-
Fiscal losses	11,981.3	624.3	-	12,605.6
Passive / liabilities non- deductible allowances	2,065.6	816.2	-	2,881.8
Benefits to employees	1,450.1	(700.5)	4.2	753.8
Other	93.5	88.8	-	182.3
Subtotal	119,952.5	(17,561.2)	50,366.0	152,757.3
Passive / liabilities deferred taxes				
Valuation of variable income investments	(10,996.9)	10,996.9	(1,825.0)	(1,825.0)
Differences between accounting and fiscal basis of property, plant and equipment cost	-	(1,597.6)	-	(1,597.6)
Differences between accounting and fiscal basis of property, plant and equipment cost	(5,226.5)	(738.3)	-	(5,964.8)
Rights in Trusts	(9,578.2)	(405.3)	-	(9,983.5)
Other	(21.8)	21.8	-	-
Subtotal	(25,823.4)	8,277.5	(1,825.0)	(19,370.9)
Total	94,129.1	(9,283.7)	48,541.0	133,386.4
	Balance as of December 31, 2014	Charged (credited) to results	Charged (credited) to ORI	Balance as of June 30, 2015
Active / Assets deferred taxes				
Valuation of fixed income investments	11,898.6	(2,338.6)	(15,953.3)	30,190.5
Valuation of derivatives	40,525.9	(14,149.2)	-	54,675.1
Differences between accounting and fiscal basis of deferred charges of intangible assets	290.3	118.8	-	171.5
Excess presumptive income	15,322.9	(4,002.0)	-	19,324.9
Fiscal losses	11,981.3	-	-	11,981.3
Passive / Liabilities non- deductible allowances	1,553.7	(511.9)	-	2,065.6
Benefits to employees	1,053.2	85.5	(482.4)	1,450.1
Other	224.1	130.6	-	93.5
Subtotal	82,850.0	(20,666.8)	(16,435.7)	119,952.5
Passive / Liabilities deferred taxes				
Valuation of variable income investments	(13,060.8)	(2,063.9)	-	(10,996.9)
Differences between accounting and fiscal basis of property, plant and equipment cost	(5,321.6)	(95.1)	-	(5,226.5)
Rights in Trusts	(8,185.9)	1,392.3	-	(9,578.2)
Other	-	21.8	-	(21.8)
Subtotal	(26,568.3)	(744.9)	-	(25,823.4)
Total	56,281.7	(21,411.7)	(16,435.7)	94,129.1

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

- f. Effect of current and deferred taxes of each component of the other integral results account, integral in the equity:

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

	Semesters ended on					
	December 31, 2015			June 30, 2014		
	Amount before tax	Tax Expense (income)	Net	Amount before tax	Tax Expense (income)	Net
Allocations that may be subsequently re- classified to results						
Difference in change in conversion of foreign operations	15,357.5		15,357.5	5,642.3	-	5,642.3
Non- realized Profit (loss) in investments available for sale	(125,904.5)	50,361.8	(75,542.7)	(34,898.3)	15,953.3	(18,945.0)
Subtotals	(110,547.0)	50,361.8	(60,185.2)	(29,256.0)	15,953.3	(13,302.7)
Allocations that shall not be re- classified to results						
Net profit non- realised in equity instruments at fair value for equity	63,581.6	(1,825.0)	61,756.6	(61,712.0)	-	(61,712.0)
Profit (loss) actuarial in defined benefit plans	(48.5)	4.2	(44.3)	-	482.4	482.4
Subtotals	63,533.1	(1,820.8)	61,712.3	(61,712.0)	482.4	(61,229.6)
Total other integral results during the period	(47,013.9)	48,541.0	1,527.1	(90,968.0)	16,435.7	(74,532.3)

- g. The Corporation does not register uncertainties in open tax positions as of December 31, 2015 and June 30, 2015.

(18) Other Assets

The following is the movement of Other Assets during the periods ended on December 31 and June 30, 2015:

	December 31, 2015	June 30, 2015
Other assets, net		
Expenses paid in advance	282.5	84.8
Valorisations in Controlled Investments	545,053.0	549,778.5
(1)		
Art and culture goods	380.0	380.0
Total	545,715.5	550,243.3

- (1) Valorisations detail

	December 31, 2015	June 30, 2015
Banco Corficolombiana (Panama) S.A.	187.8	187.8
Gas Comprimido del Perú	(19,635.3)	(19,635.3)
CFC Gas Holding SAS	289,870.6	289,870.6
CFC Private Equity Holdings SAS	(1.7)	(1.7)
CFC Energy Holdings SAS	5.2	5.2
Colombiana de Licitaciones y Concesiones S.A.S	4,226.6	4,226.6

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

	December 31, 2015	June 30, 2015
Coviandes S.A.	228.5	228.5
Fiduciaria Corficolombiana S.A. (*)	12,713.2	17,438.7
Hoteles Estelar de Colombia S.A.	35,687.5	35,687.5
Leasing Corficolombiana S.A.	517.9	517.9
Mavalle S.A	244.1	244.1
Organización Pajonales S.A	114,683.4	114,683.4
Pizano S.A.	11,458.1	11,458.1
Plantaciones Unipalma de los Llanos S.A.	56,628.5	56,628.5
Promotora y Comercializadora Turística Santamar S.A.	11,378.0	11,378.0
Proyectos de Infraestructura S.A.	11,152.0	11,152.0
Proyectos de Ingeniería y Desarrollos S.A.S	418.2	418.2
Tejidos Sintéticos de Colombia S.A.	(1,939.0)	(1,939.0)
Valora S.A.	17,229.4	17,229.4
Total	545,053.0	549,778.5

(1) They correspond to valorisations and/or de-valorisations on investments classified as of minimum or low marketability that as of December 2014 were recorded according with the instructions of Superintendencia Financiera de Colombia.

(*) The variation corresponds to dividends decreed product of revenues in 2014.

(19) Deposit and Current Liabilities

The following is the movement of Customer Deposits during the periods ended on December 31 and June 30, 2015:

	December 31, 2015	June 30, 2015
By nature		
Savings accounts	785,182.4	355,006.2
Other funds at sight	28,019.3	6,383.7
Total at sight	813,201.7	361,389.9
Total Term Deposit Certificates	2,390,390.2	2,028,798.8
Total	3,203,591.9	2,390,188.7

Minimum and maximum capture rates on customer deposits:

	December 31, 2015		June 30, 2015	
	In legal currency		In legal currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Savings account	1.00%	6.40%	1.00%	4.55%

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Term Deposit Certificates	3.25%	11.23%	2.75%	9.56%
---------------------------	-------	--------	-------	-------

Customer deposits by economic sector are as follows:

Sector	December 31, 2015	June 30, 2015
Government or Colombian Government entities	3,125.2	3,021.0
Manufacture	535.8	211.6
Real estate	3,421.7	507.7
Trade	40,092.2	19,379.0
Agriculture and cattle	2.3	2.1
Individual	35,162.4	23,493.8
Other	3,121,252.3	2,343,573.5
Total	3,203,591.9	2,390,188.7

(20) Passive positions in Monetary Market Operations

The following is a summary of the financial obligations and monetary market operations obtained by the Corporation at short term with the main purpose of financing its operations:

	December 31, 2015		June 30, 2015	
	Value	Average Yield	Value	Average Yield
Legal Currency				
Ordinary Interbank Funds purchased	360,152.2	5.75%	353,404.0	4.53%
Reporto or Repo Operations	150,023.0	5.74%	370,000.0	4.50%
Simultaneous Operations	3,235,916.5	5.66%	2,173,974.8	4.41%
Undertakings originated in in-short positions	81,238.3	5.75%	598,938.4	3.86%
Subtotal Legal Currency	3,827,330.0		3,496,317.2	
Foreign Banks				
Reporto or Repo Operations	149,092.3	2.55%	157,570.7	
Subtotal Foreign Currency	149,092.3		157,570.7	
TOTAL	3,976,422.3		3,653,887.9	

The following is a summary of effective interest rates caused on financial obligations and monetary market operations:

	December 31, 2015		June 30, 2015	
	Rate		Rate	
	minimum	maximum	minimum	maximum
In Colombian pesos				
Ordinary Interbank Funds purchased	5.56%	5.83%	4.50%	4.56%
Reporto or Repo Operations	5.74%	5.74%	4.50%	4.50%
Simultaneous Operations	1.00%	5.75%	4.25%	4.50%

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015		June 30, 2015	
	Rate		Rate	
	minimum	maximum	minimum	maximum
Undertakings originated in in- Short Positions	1.00%	5.75%	4.20%	4.40%
In foreign currency				
Reporto or Repo Operations	2.04%	2.22%	1.72%	2.40%
Financial Obligations			-	-

Following is a summary of maturities of passive / liabilities positions of the monetary market:

As of December 31, 2015	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Total
Banco de Comercio Exterior	4,748.5	-	-	4,748.5
Banco de la Republica	150,023.0	-	-	150,023.0
Fondo para el Financiamiento del Sector Agropecuario FINAGRO	4,700.7	-	-	4,700.7
Financiera de Desarrollo Territorial S.A FINDETER	114,931.8	-	-	114,931.8
Banks abroad	73,268.8	33,083.5	42,740.0	149,092.3
Other	3,552,926.0	-	-	3,552,926.0
Total	3,900,598.8	33,083.5	42,740.0	3,976,422.3

As of June 30, 2015	Up to 1 month	Between 1 and 3 months	Up to 3 months	Between 3 and 6 months	Total
Banco de Comercio Exterior	8,597.6	-	-	-	8,597.6
Banco de la Republica	3,093,128.4	-	-	-	3,093,128.4
Fondo para el Financiamiento del Sector Agropecuario FINAGRO	13,350.0	-	-	-	13,350.0
Financiera de Desarrollo Territorial S.A FINDETER	187,315.8	-	-	-	187,315.8
Banks abroad	13,422.9	65,398.9	20,103.9	58,644.9	157,570.6
Other	193,925.5	-	-	-	193,925.5
Total	3,509,740.2	65,398.9	20,103.9	58,644.9	3,653,887.9

(21) Benefits to Employees

According with labour Colombian legislation the different employees of the Corporation have the right to short term benefits as salaries, vacations, legal and extra- legal bonuses, severance pay and interest on severance pay; and long term benefits as extra- legal bonuses for time worked (5 year periods) and retirement benefits as legal and extra- legal retirement pensions.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Following is a detail of balances of allocations for benefits to employees as of December 31 and June 30, 2015:

	December 31, 2015	June 30, 2015
Short term benefits	3,322.2	4,960.9
Employee retirement benefits	1,382.2	1,381.6
Long term benefits	1,576.5	1,701.8
Total	6,280.9	8,044.3

Retirement benefits to employees:

In Colombia when employees retire after a certain years of age and years of service, retirement pensions are assumed by public or private pension funds based on defined contribution plans where companies and employees contribute monthly with amounts established by law to have the right to the retirement pension when the employee retires.

Part of the actuarial estimation is a person (woman) beneficiary pensioner of the Corporation. The actuarial estimation is fully amortised.

The following is the movement of retirement benefits of employees and long term benefits during the semesters ended on December 31 and June 30, 2015:

	Pension Plans		Other benefits	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
Balance as of the beginning of the period	1,381.6	1,425.1	1,701.8	1,699.0
Costs incurred during the period	-	-	87.3	87.4
Interest costs	50.5	50.5	59.1	59.1
Past service costs	-	-	-	-
Subtotal costs	50.5	50.5	146.4	146.4
(Profit) / loss in exchange in interest rates	(6.4)	-	(10.7)	-
(Profit) / loss in actuarial assumptions	54.9	-	(52.6)	-
Subtotal profits - losses	48.5	-	(63.3)	-
Payments to employees	(98.4)	(94.0)	(208.4)	(143.7)
Balance as of the end of the period	1,382.2	1,381.6	1,576.5	1,701.8

Variables used for estimating the projected obligation of the different retirement and long term benefits of employees, are as follows:

	December 31, 2015	June 30, 2015
Discount rates	8.3%	7.6%
Inflation rates (1)	3.5%	3.0%

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Salary increase rate	3.5%	3.0%
Retirement pension increase rate	3.5%	3.0%
Employee rotation rate	17.0%	0.0%
Total	35.8%	16.6%

(1) The average of the central bank - Banco de la República - target inflation is taken.

Employee life expectation is estimated based on mortality tables published by Superintendencia Financiera in Colombia, that have been prepared based on mortality experiences of the different insurance companies operating in Colombia.

The sensitivity analysis of liabilities for retirement benefits to employees of the different financial and actuarial variables is as follows, keeping the remaining variables constant:

Sensitivities in retirement pension actuarial estimates as of December 31 and June 30, 2015:

Other Benefits	December 31, 2015		
	Change in the variable	Increase in the variable	Decrease in the variable
Discount rate	-50pb y +50pb	1,535.8	1,619.3
Salary growth rate	-50pb y +50pb	1,621.1	1,533.7
Pensions	December 31, 2015		
	Change in the variable	Increase in the variable	Decrease in the variable
Discount rate	-50pb y +50pb	1,344.8	1,421.5
Salary growth rate	-50pb y +50pb	1,426.7	1,339.6
Pensions	June 30, 2015		
	Change in the variable	Increase in the variable	Decrease in the variable
Discount rate	-50pb y +50pb	1,384.7	1,467.6
Salary growth rate	-50pb y +50pb	1,472.7	1,379.6

Sensitivities: This is the value of the actuarial reserve (OBD for Defined Benefits Obligation) in million pesos, when modifying any estimative assumption respect with the scenery chosen. There are two variables on which sensitivity was conducted:

- a. "Salary increase". With an increase of 50 basic points in the salary rate (this is in 0.5%) liabilities increase because financing of a more expensive benefit than the benefit we had agreed, means we must have a greater reserve.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

- b. "Discount Rate". The variation in this case in the opposite direction because we are evaluating a present value: If the investment rate increases, liabilities decrease and vice-versa.

Long term benefits to employees:

The Corporation grants its employees bonuses for years worked during their labour life depending on the number of years served, each ten, fifteen, twenty years, etc estimated as salary days (between 30 and 90 days) each payment.

(22) Other Allowances

The movement of the allowances for legal contingencies and other allowances during the periods ended on December 31 and June 30, 2015 is as follows:

	December 31, 2015	June 30, 2015
Tax Allowances (1)		
Income Tax and complementary	-	5,767.30
Income Tax for Equity	-	10,433.10
Industry and Trade Tax	-	531.5
	-	16,731.90
Other Allowances		
Contributions, affiliations and transfers	2,252.80	1,792.50
Systems	-	1,008.20
Legal	-	915
Human Resources	1,267.80	2,153.20
Other	4,342.40	6.5
Lehner re- dimensioning	-	2,577.50
Total	7,863.00	25,184.80

- (1) As of December 31, 2015 allowances for current taxes were compensated with prepayments and balances to their favour generating an effect in assets of \$ 29.891.7 (See note 17)

Legal Contingencies: The Corporation for the periods ended on December 31 and June 30, 2015 does not present allowances on legal contingencies as legal proceedings are classified by lawyers as remote.

Uncertainty in tax positions: The Corporation for the periods ending on December 31 and June 30, 2015 does not present allowances for tax uncertainties.

(23) Accounts Payable

The following is the detail of accounts payable and other liabilities:

	December 31, 2015	June 30, 2015
Commissions and fees	95.1	95.1
Dividends and surpluses	59,967.2	32,639.9

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
Suppliers, services payable and other accounts payable	2,295.3	3,462.1
Withholdings and labour contributions	3,019.1	4,718.0
Sales tax payable	2,724.5	8,526.8
Promising purchaser	45.8	350.4
Leasing	627.8	631.7
Other accounts payable	2,695.9	3,383.1
TOTAL ACCOUNTS PAYABLE	71,470.7	53,807.1
	December 31, 2015	June 30, 2015
Other Liabilities		
Other Liabilities	671.4	1,319.9
TOTAL OTHER LIABILITIES	671.4	1,319.9

(24) Stockholders' Equity

Number of shares authorised, issued and outstanding:

	As of December 31, 2015	As of June 30, 2015
Number of shares authorised, issued and outstanding	250,000,000	250,000,000
Number of shares Subscribed and Paid	223,190,794	218,775,520
Total shares	223,190,794	218,775,520
Capital subscribed and paid	2,231.9	2,187.8
Bonus in Placement of Shares	2,363,795.4	2,201,155.9

Concept	As of December 31, 2015	As of June 30, 2015
Ordinary Shares	209,676,919	205,517,327
Preferential Shares (1)	13,513,875	13,258,193
Total Shares issued	223,190,794	218,775,520

(1.) The Corporation has evaluated preferential shares with no right to vote it has issued as of the closings presented in these financial statements and has concluded that these shares present no characteristics of financial liabilities and therefore, they are recognized as a greater value of equity.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

Reserves

	December 31, 2015	June 30, 2015
Legal Reserve	41,809.4	41,809.4
Occasional Reserves	651,295.1	616,081.2
Total	693,104.5	657,890.6

Dividends Decreed:

	December 31, 2015	June 30, 2015
Profit of the previous period	325,096.3	234,879.6
Dividends paid in cash	Dividend in stock of \$ 330.0 per share on the 205.517.327 ordinary shares and the 13.258.193 preferential shares subscribed and paid as of June 30, 2015. This dividend began to be paid in six (6) monthly instalments on the fifteenth (15) day of each month, from October 2015.	Dividend in cash of \$ 288.0 per share on the 204.735.680 ordinary shares and the 13.241.940 preferential shares subscribed and paid on February 3, 2015. This dividend was paid in six (6) monthly instalments within the first five (5) days of each month, beginning on April, 2015.
Dividends paid in stock	<p>A dividend in stock for the sum of \$ 109.046.6 at \$ 653.64 for each share on the 205.517.327 ordinary shares and \$ 653.64 for each share on the 13.258.193 preferential shares subscribed and paid as of June 30, 2015. These dividends were paid in stock at one (1) share for each 56.369946 ordinary shares and one (1) share with preferential dividend and no right to vote for each 56.369946 preferential shares, subscribed and paid as of June 30, 2015.</p> <p>Payment of shares was made on November 3, 2015 to who had the right thereto at the time payment was enforceable according with in force regulations.</p> <p>In order to do so, a total of 2.388.276 new shares were issued, 2.255.232 ordinary shares and 133.044 preferential shares.</p> <p>The unit value of shares delivered corresponded to the weighted average price of the ordinary shares negotiated in the stock exchange from July 21 to August 21, 2015, \$ 36.845.65.</p>	<p>A dividend in stock for the sum of \$ 30.635.6 at \$ 858.91 for each share on the 204.735.680 ordinary shares and \$ 858.91 for each share on the 13.241.940 preferential shares subscribed and paid as of February 3, 2015. These dividends were paid in stock at one (1) share for each 44.526614 ordinary shares and one (1) share with preferential dividend and no right to vote for each 44.526614 preferential shares subscribed and paid as of February 3, 2015.</p> <p>Payment of stock was made on April 27, 2015 to who had the right thereto at the time payment was enforceable in conformity with in force regulations.</p> <p>In order to do so, a total of 801.050 new shares were issued, 784.399 ordinary shares and 16.651 preferential shares.</p> <p>The unit value of the shares delivered corresponded to the weighted average Price of the ordinary shares negotiated in the stock exchange in the last three (3) months, \$38.244.35.</p>
Dividends decreed in stock paid in cash	Dividend decreed in stock of \$ 33.953.9 that were paid in cash at the request of the stockholders who decided for this option or remained silent, on a total of 921.516 new shares, 819.360 ordinary shares and 102.156 preferential shares. The unit value of the shares delivered corresponded to the weighted average price of the ordinary shares negotiated in the stock exchange from July 21 to August 21, 2015, \$ 36.845.65.	Dividend decreed in stock of \$ 156.584.7 that were paid in cash at the request of the stockholders who decided for this option or remained silent, on a total of 4.094.395 new shares, of which 3.813.653 ordinary shares and 280.743 preferential shares. The unit value of the shares that were delivered corresponded to the weighted average price of the ordinary shares negotiated in the stock Exchange in the last three (3) months, \$38.244.35.
Capitalisation of Reserves	Capitalisation reserve decreed of Decree 2336/1995 for the sum of \$ 74,803.7 at \$ 341.92 for each share on the 205.517.327 ordinary shares and \$ 341.92 for each share in the 13.258.193 preferential shares subscribed and paid as of June 30, 2015. These dividends were paid in stock at one (1) share for each 107.761031	Reserve capitalisation decreed on December 29, 2014 in shares for the sum of \$ 150,000.7 at \$ 700.63 for each share on the 201.088.047 ordinary shares and \$ 700.63 for each share on the 13.006.018 preferential shares subscribed and paid as of December 29, 2014.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
	ordinary shares and one (1) share with preferential dividend and no right to vote for each 107.761031 preferential shares subscribed and paid as of June 30, 2015.	These dividends shall be paid in stock at one (1) share for each 55.128359 ordinary shares and one (1) share with preferential dividend and no right to vote for each 55.128359 preferential shares subscribed and paid as of December 29, 2014.
	Payment of the stock was made on November 3, 2015 to who had the right thereto at the time payment was enforceable in conformity with in force regulations. In order to do so, a total of 2.030.191 new shares were issued, 1.907.158 ordinary shares and 123.033 preferential shares. The unit value of the stock delivered corresponded to the weighted average of the ordinary shares negotiated in the stock Exchange from July 21 to August 21, 2015, \$ 36.845.65.	Payment of the stock was made on February 2, 2015 to who had the right thereto at the time payment was enforceable in conformity with in force regulations. In order to do so, a total of 3.883.556 new shares were issued, 3.647.633 ordinary shares and 235.922 preferential shares. The unit value of the stock delivered corresponded to the weighted average of the ordinary shares negotiated in the stock Exchange in the last month, \$ 38.624.58.
Ordinary shares outstanding	205,517,327	204,735,680
Preferential shares outstanding	13,258,193	13,241,940
Total outstanding shares	218,775,520	217,977,620
Total dividends decreed in cash	106,149.80	219,365.00

(25) Management of Capital

The technical equity may not be less than nine per cent (9%) of assets in local and foreign currency weighted by risk level, as provided under article 2.1.1.1.2 of Decree 2555 of 2010, former article 2 of Decree 1720 of 2001. Individual compliance is verified monthly and bi-annually, consolidated with its financial subordinates.

Classification of risk assets in each category is made applying the percentages determined by Superintendencia Financiera to each of the assets business lines, contingent accounts, businesses and trusts established under Plan Único de Cuentas. Additionally from January 30, 2002 market risks are included as part of assets weighted by risk.

As of December 31 and June 30, 2015 the solvency ratio obtained by the Corporation was of thirty one point zero nine per cent (31.09%) and twenty nine point fifty per cent (29.50%), respectively. Additionally, the technical equity as of such dates was \$ 2.657.143.8 and \$ 2.323.343.5 respectively.

(26) Profit or loss in sale of goods

	December 31, 2015	June 30, 2015
Profits Goods received as dation in payment		
Furniture and fixtures	208.5	95.3
	13.3	0.8
Total profits on sale	221.8	96.1
Loss		
Furniture and fixtures	3.8	0.2
Computers	13.2	-

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
Vehicles	4.0	-
Total loss in sales	21.0	0.2
Profits in sale of goods (Net)	200.8	95.9

(27) Commissions and Fees

Following is a detail of income and expenses for commissions and fees:

	December 31, 2015	June 30, 2015
Income		
Bank guarantees	917.6	926.4
Trust businesses (Commissions and fees)	8,223.9	10,272.2
Office network services	201.7	96.7
Other	205.2	1,170.1
Total Income	9,548.4	12,465.4
Expenses		
Fees	2,877.0	1,799.8
Bank services	788.3	1,049.7
Trust businesses	14.1	18.5
Commissions for sales and services	2,452.2	-
Other	38.6	2,344.0
Total expenses	6,170.2	5,212.0
Net income and expenses for commissions	3,378.2	7,253.4

(28)

Other Expenses

Following is a detail of Other Expenses:

	December 31, 2015	June 30, 2015
Loss in sale of goods received in payment	189.0	82.8
Legal expenses	11.0	21.7
Loss for incidents	-	26.2
Adaptations and installations	723.1	24.5
Penalties, sanctions and judicial disputes	0.1	-
Cleaning and vigilance services	294.3	283.6
Temporary services	528.1	275.7
Publicity and propaganda	572.3	572.5
Public relations	39.3	50.6
Utilities (public services)	740.5	643.6
Travel expenses	123.3	68.8
Transportation	352.9	332.6
Office supplies and stationary	67.2	54.1
Donations	-	336.9
Publicity and subscriptions	110.8	-
Legal expenses	34.3	11.7
Postage	17.1	22.5
Cafeteria supplies	31.1	21.1
Connection and transfer services	797.4	812.6
Administration payment buildings	219.1	191.6
Digitalisation contracts - Outsourcing Operators	91.3	85.9
Switch		

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	December 31, 2015	June 30, 2015
Subscriptions	-	187.9
Withholdings and taxes assumed	-	144.3
Eventual food for employees	118.8	85.5
BRP expenses	203.0	366.9
Specialised Courier	216.7	212.9
VAT deductible pro rata	1,574.2	1,261.3
Operating risk		4.3
Other sundry	318.4	52.3
Total Other Expenses	7,373.3	6,234.4

(29) Other Income

Following is a detail of Other Income:

	December 31, 2015	June 30, 2015
Reimbursements for occupational illness	69.2	78.0
Reimbursement passive / liabilities allowances	2,662.4	285.6
Adjustment to fair value Investment Properties	41,389.9	506.4
Reimbursement income allowance	-	331.0
Other Sundry	1,717.7	379.9
Deterioration recovery	5,051.7	404.3
Total Other Income	50,890.9	1,985.2

(30) Equity Participation Method

The Corporation as of December 31 and June 30, 2015 recognised in the income statement the following participation in profits of its Subsidiary companies:

Equity Participation Method	December 31, 2015	June 30, 2015
Proyectos de Infraestructura S.A.	31,696.70	35,381.00
Estudios y Proyectos del Sol	22,120.40	18,717.00
Estudios Proyectos e Inversiones de los Andes S. A.	24,744.20	17,548.90
CFC Gas Holding SAS	20,100.00	17,060.60
Hoteles Estelar de Colombia S.A.	10,231.80	7,518.80
Fiduciaria Corficolombiana S.A.	3,971.80	5,233.90
Leasing Corficolombiana S.A.	3,179.00	4,910.20
Organización Pajonales S.A	5,651.20	3,743.30
Colombiana de Licitaciones y Concesiones S.A.S	3,466.50	2,894.90
Plantaciones Unipalma de los Llanos S.A.	31.1	2,609.70
Banco Corficolombiana (Panamá) S.A	-1,644.30	1,062.50
Tejidos Sintéticos de Colombia S.A.	908.7	850.3
Promotora y Comercializadora Turística Santamar S.A.	551.3	631.7
CFC Private Equity Holdings SAS	-35.2	259.3
Coviandes S.A.	92	69.6
Mavalle S.A	38.8	13
PYXIS Inversiones S.A.S.	13,095.70	-
CFC Energy Holdings SAS	-5.1	-1.9
Proyectos de Ingeniería y Desarrollos S.A.S	1,305.50	-62.1
Valora S.A.	3,964.40	-512.1
Gas Comprimido del Perú	-5,159.80	-636.1
Pizano S.A.	-2,504.90	-4,028.90

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Equity Participation Method	December 31, 2015	June 30, 2015
Total	135,799.60	113,263.60

(31) Dividends

The Corporation, as of December 31 and June 30, 2015 recognised the following dividends in the income statement:

Dividends	December 31, 2015	June 30, 2015
Promigas S.A. E.S.P.	66,021.1	55,535.4
Empresa de Energía de Bogotá S.A. E.S.P.	16,350.1	-
Concesionaria Tibitoc S.A. E.S.P.	1,376.4	1,667.5
Fiduciaria de Occidente S.A	746.7	760.5
Banco Av. Villas	13.6	13.1
Bladex S.A. Clase E	4.7	3.8
Banco Corficolombiana S.A. (Panamá)	-	3,039.3
Bolsa de Valores de Colombia S.A.	-	559.0
Cámara de Compensación de Divisas de Colombia S. A.	-	32.0
Casa De Bolsa S.A. Soc. Comisionista De Bolsa	-	140.4
CFC Gas Holding SAS	-	23,349.6
Cifin S.A.	-	459.1
Colombiana de Extrusión S.A. Extrucol	-	889.8
Colombiana de Licitaciones y Concesiones S.A.S.	-	2,862.0
Deceval S.A.	-	907.1
Estudios Proyectos E Inversiones de los Andes S.A.	-	37,732.2
Estudios y Proyectos del Sol S.A.S Episol S.A.S.	-	41,725.7
Fiduciaria Corficolombiana S.A.	-	2,399.4
Gas Natural S.A.ESP	-	674.2
Leasing Corficolombiana S.A. C.F.	-	2,671.4
Metrex S.A.	-	343.2
Mineros S.A.	-	3,352.5
Organización Pajonales S.A.	-	1,510.4
Proyectos de Infraestructura S.A.	-	27,830.9
Valora S.A.S.	-	29.1
Ventas y Servicios S.A.	-	569.9
Total	84,512.6	209,057.5

(32) Analysis of Operation Segments

The Corporation is divided in two businesses: the Financial business that connects Treasury activities and product distribution networks of the Commercial Management (commercialisation of financial affiliates' products and Casa de Bolsa products), and the Investments business where the participative securities' portfolio management is and Investment Bank (M&A's, unions, capital market, project finance and advisory).

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Assignment of assets, liabilities, equity, income and expenses to each of the businesses is made as follows: the investments business is assigned with the full investments portfolio in participative securities, accounts receivable and accounts payable related with dividends, and for funding it is assigned with the full equity and the difference is taken from the CDT's (Term Deposit Certificates) of longer term; all the remaining balance items are assumed by the financial business. The investment business represents 44.87% of total assets as of the closure of December, and 45.81% as of the first semester 2015.

With respect to the P&L, revenues of the investment business correspond to the dividends of companies where it has participation, the profit participation method, the valuation of investments and commissions of the Investment Bank; expenses for interest that correspond to the CDT's it requires to fund assets, and administrative expenses directly attributable to the business are assigned. In the financial business the treasury net result (portfolio valuation, derivatives, trading, purchase and sale of foreign Exchange and difference in Exchange, net of interest expenses) commercial banking commissions and assets recovery revenues are recognised, and all administrative expenses that were not recognised in the investments business (that must be fully covered by the financial business to assure that income from investments are fully distributed to the stockholders) are charged. In the result, the investments business represents 108.47% of total net profits in the second half of 2015 and 86.26% in the first half. On the other hand the treasury business in the second semester was affected by market conditions both in TES rates and in the TRM (Market Representative Rate) so that the contribution of the financial business to Corporation results was negative in 8.69%, while in the first semester its contribution to P&L was 13.74% of total profits.

Information on net profits, assets and liabilities of reportable operation segments:

	December 31, 2015		
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	-	4,853,318.2	4,853,318.2
Financial instruments at amortised cost	-	55,463.7	55,463.7
Investments in associate and subordinate companies	3,722,595.3	-	3,722,595.3
Other Assets	1,497,991.8	1,509,827.9	3,007,819.7
Total Assets	5,220,587.1	6,418,609.8	11,639,196.9
<u>Liabilities</u>			
Customer deposits	1,289,368.3	1,914,223.5	3,203,591.8
Other Liabilities	59,967.2	4,415,407.2	4,475,374.4
Total Liabilities	1,349,335.5	6,329,630.7	7,678,966.2
Capital expenses (equity)	3,871,251.6	88,979.1	3,960,230.7
<u>External Income</u>			
Financial Income	-	28,572.9	28,572.9
Fees and commissions	5.5	9,543.0	9,548.5
Other operating income	230,006.2	3,464,247.2	3,694,253.4
Total income	230,011.7	3,502,363.1	3,732,374.8
Financial Expenses	44,481.4	128,566.3	173,047.7

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

December 31, 2015			
	Investments	Financial	Total
Depreciations and amortisations	-	1,117.0	1,117.0
Commissions and fees paid	-	6,170.2	6,170.2
Administrative expenses	13,528.4	20,227.8	33,756.2
Other operating expenses	9,349.4	3,348,676.1	3,358,025.5
Income Tax	-	10,611.2	10,611.2
Total expenses	67,359.2	3,515,368.6	3,582,727.8
Net Profit	162,652.5	(13,005.5)	149,647.0
June 30, 2015			
	Investments	Financial	Total
<u>Assets</u>			
Financial instruments at fair value	-	4,229,962.0	4,229,962.0
Financial instruments at amortised cost	-	17,492.6	17,492.6
Investments in associate and subordinate companies	3,428,361.4	-	3,428,361.4
Other Assets	1,317,878.2	1,366,783.7	2,684,661.9
Total Assets	4,746,239.6	5,614,238.3	10,360,477.9
<u>Liabilities</u>			
Customer deposits	1,062,612.2	1,327,576.5	2,390,188.7
Other liabilities	32,639.9	4,028,175.4	4,060,815.4
Total Liabilities	1,095,252.1	5,355,751.9	6,451,004.1
Capital Expenses (equity)	3,650,987.5	258,486.4	3,909,473.8
	Investments	Financial	Total
External Income			
Financial Income	-	16,444.8	16,444.8
Fees and Commissions	1,076.5	11,388.9	12,465.4
Other Operating Income	329,350.1	2,141,969.3	2,471,319.4
Total income	330,426.6	2,169,803.0	2,500,229.6
Financial Expenses	32,672.2	87,621.7	120,293.9
Depreciations and amortisations	-	1,360.9	1,360.9
Commissions and fees paid	-	5,212.1	5,212.1
Administrative expenses	12,069.7	25,033.4	37,103.2
Other operating expenses	5,241.1	2,011,133.5	2,016,374.6
Income Tax	-	(5,211.3)	(5,211.3)
Total expenses	49,983.0	2,125,150.3	2,175,133.3
Net profit	280,443.6	44,652.7	325,096.3

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

(33) Related Parties

According to the NIC24 a related party is a person or entity related to the entity that prepares its financial statements, on which control could be exercised or joint control on the reporting company; exercise a significant influence on the reporting entity; or be considered member of the key management personnel of the reporting entity or of a controller of the reporting entity. Within the definition of the related party, the following are included: a) persons and/or relatives related with the entity, entities member of the same group (controller and subordinate), associated or joint businesses of the entity or entities of the group, benefit plans post-employment for the benefit of the employees of the reporting entity or a related entity.

The following are the related parties for the Corporation:

- Stockholders with participation equal to or higher than 10% together with transactions made with their related parties as defined under NIC24.
- Members of the Board of Directors: included are the principal and substitute members of the Board of Directors together with transactions made with their related parties as defined under the NIC24.
- Key Management personnel: includes the President and Vice Presidents of the company are those who participate in the planning, direction and control of the company. Part of the key personnel of the Management or its related parties, hold posts in other entities resulting in significant control or influence on financial or operative policies of these entities.
- Subordinate Companies: it includes companies where the group has control according with the control definition of the Code of Commerce and the NIIF10 of consolidation.
- Associated Companies: companies where Grupo Aval has significant influence that is generally considered when the participation is between 20% and 50% of its capital.

The most representative balances as of December 31 and June 30, 2015 with related parties are the following:

As of December 31, 2015	Stockholders*	Members of the Board of Directors	Management key personnel	Associated Companies	Other related of the group	Total
Assets						
Cash and its equivalents	811,857.0	-	-	998,625.8	-	1,810,482.8
Financial assets in investments	54,478.5	-	-	2,027,852.7	1,830,981.7	3,913,312.9
Accounts receivable	4.9	509.4	-	91,322.7	17,476.2	109,313.2
Other Assets	-	-	-	552,039.5	-	552,039.5
Total Assets	866,340.4	509.4	-	3,669,840.7	1,848,457.9	6,385,148.4
Liabilities						
Deposits	-	-	-	6,718.5	86.0	6,804.5
Accounts payable	19,940.6	46.6	0.2	22,591.0	2.2	42,580.6
Other Liabilities	-	0.1	0.0	154,591.9	66.9	154,658.9
Total Liabilities	19,940.6	46.7	0.2	183,901.4	155.1	204,044.0

* Stockholders with participation of more than 10% are included.

As of June 30, 2015	Stockholders*	Members of the Board of Directors	Management key personnel	Associated Companies	Other Related of the group	Total
Assets						
Cash and its	352,663.4	-	-	456,099.4	-	808,762.7

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

As of June 30, 2015	Stockholders*	Members of the Board of Directors	Management key personnel	Associated Companies	Other Related of the group	Total
equivalents						
Financial Assets in investments	46,794.1	-	-	3,499,471.9	-	3,546,266.0
Accounts Receivable	-	191.4	-	105,768.2	-	105,959.6
Other Assets	-	-	-	554,659.1	-	554,659.1
Total Assets	399,457.5	191.4	-	4,615,998.6	-	5,015,647.4
Liabilities						
Deposits	-	-	-	4,986.9	-	4,986.9
Accounts payable	16,365.1	8.7	-	15,299.2	2.2	31,675.2
Other liabilities	32.3	0.1	0.0	165,168.1	-	165,200.5
Total Liabilities	16,397.4	8.8	0.0	185,454.2	2.2	201,862.6

* Stockholders with a participation of more than 10% are included.

The most representative transactions of the semester ended on December 31 and June 30, 2015, with related parties include:

December 31, 2015	Stockholder s	Members of the Board of Directors	Manageme nt key personnel	Associate d	Other related companies of the group	Total
Income for interest	12,312.7	11.0	-	13,824.2	-	26,147.9
Financial expenses	-	-	-	1,924.4	-	1,924.4
Income for fees and commissions	-	-	-	4,824.2	-	4,824.2
Expenses fees and commissions	64.5	131.6	-	164.7	11.6	372.4
Other operating income	1,719.8	1.5	1.2	23,142.0	69,563.9	94,428.4
Other expenses	288.7	1.3	4,166.9	5,570.2	-	10,027.1
June 30, 2015	Stockholder s	Members of the Board of Directors	Manageme nt key personnel	Associate d	Other related companies of the group	Total
Income for interest	1,744.4	3.7	0.2	2,475.3	-	4,223.6
Financial expenses	-	-	-	1,603.9	-	1,603.9
Income for fees and commissions	-	-	-	3,892.8	-	3,892.8
Expenses fees and commissions	39.2	128.7	-	109.5	11.6	289.0
Other income	1,148.8	3.0	0.8	207,549.2	-	208,701.8
Other Expenses	13.9	440.0	2,243.0	649.2	-	3,346.1

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Amounts pending are not guaranteed and shall be settled in cash. No guarantees have been granted or received. No expenses have been recognised in the current period or in previous periods with respect to uncollectible or doubtful accounts related with the amounts owed / due by related parties. Operations with related parties are placed at market rates; no preferential rates exist.

Management key personnel compensation:

The Management includes as key personnel Legal representatives, members of the Board of Directors, Audit Committee and the compensation received by the management key personnel is composed by:

Concept	December 31, 2015	June 30, 2015
Salaries	4,166.4	3,060.8
Short term benefits to employees	1,008.4	922.3
Other long term benefits	511.6	393.5
Total	5,686.4	4,376.6

(34) Approval of the Financial Statements

The Financial Statements and the accompanying Notes were authorised by the Board of Directors and the Legal Representative according with Minute No. 1817 of February 29, 2016, to be presented to the Stockholders General Assembly for their approval.

(35) Events occurred after the period on which we inform

No subsequent events were known after the closure of the period, that impact the financial statements between December 31, and February 29, 2016. However, Corficolombiana S.A subscribed an agreement with TransUnion Netherlands II B.V. for the sale of (100%) of its stock participation in CIFIN S.A., rated as a Sociedad de Servicios Técnicos Administrativos – Technical Administrative Services Company – accredited as financial, credit, commercial and service information operator.

Last February 8, the sale of 75.13% of the stock participation of CIFIN S.A. was finalised; Corficolombiana sold 27.734 ordinary shares for the sum of \$ 629.563.37 per share keeping a participation of 0.9202% in such investment, equivalent to 9.182 shares.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Profit Distribution Project

July – December

2016

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

CORPORACIÓN FINANCIERA COLOMBIANA S. A. PROFIT DISTRIBUTION PROJECT DECEMBER 2015		
Profit before taxes	\$	160,258,181,418
Minus: tax allowance	\$	10,611,220,709
Profit of the period after taxes:	\$	149,646,960,709
Liberate reserve future distributions:	\$	108,110,529,973
Liberate reserve decree 2336 (realised profit):	\$	9,501,347,333
Liberate reserve decree 2336 (non- realisable income):	\$	115,013,703,466
Realised profits of previous periods:	\$	220,898,110
Profit to the disposition of the Assembly :	\$	382,493,439,592
Reserve on valuation of investments Dec 2336 /95	11,630,936,143	
Reserve for tax on wealth 2017	5,827,118,000	
Occasional reserves future distributions	173,804,241,857	
Dividend in cash of \$336 per share on the 210.248.194 ordinary shares and the 13.513.875 preferential shares outstanding as of January 31, 2016. This dividend shall be paid in five monthly instalments on the 15th day of each month from May 2016 (should day 15th be a non- business day, payment shall be made on the immediately following business day).	\$	75,184,055,184
a dividend in stock at \$ 514 per share on the 210.248.194 ordinary shares and \$ 514 per share on the 13.513.875 preferential shares outstanding as of January 31, 2016. These dividends shall be paid in stock at 1 share per each 72.755129 ordinary shares and 1 share with preferential dividend and no right to vote for each 72.755129 preferential shares outstanding as of January 31, 2016. Payment of the stock shall be made on May 2, 2016 to whom has the right thereto when payment is enforceable in conformity with in force regulations. In order to do so, a total of 3.075.550 new shares shall be issued, 2.889.806 ordinary shares and 185.745 preferential shares. The unit value of the shares to be delivered shall correspond to the weighed average price of ordinary shares negotiated from January 26 to February 26, 2016, \$37.396,14 (1), of which \$10 shall be recorded in the capital account and \$37.386,14 in the legal reserve account for stock placement bonus.	\$	115,013,703,466
Dividend in cash of \$336 per share on the 3.075.550 new shares issued (2.889.806 ordinary shares and 185.745 preferential shares). This dividend shall be paid in five monthly instalments on day 15th of each month from May, 2016 (should this day be a non- business day, payment shall be made on the first following business day).	\$	1,033,384,942
EQUAL AMOUNTS	\$	382,493,439,592 \$ 382,493,439,592
⁽¹⁾ The daily average price of the share was taken from the INFOVALMER report.		
NOTE 1: Payment of dividends in stock by express mandate of Decree 2336 de 1995, must obligatorily be made in stock because they are profits to be distributed for this concept generated as a consequence of the application of special valuation of investments systems at market prices not realised on behalf of the company. Fractions resulting from capitalisation shall be returned to the reserve of decree 2336. Other fractions shall be incorporated to the reserve for future distributions.		

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

Financial Indicators

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

	jun-12	dic-12	jun-13	dic-13	jun-14	dic-14	dic-14 IFRS	jun-15 IFRS	dic-15 IFRS
Balance									
Total Assets	9,067,579	9,779,753	8,838,556	10,527,966	10,438,528	7,900,772	7,397,525	10,360,478	11,639,197
Total Net Portfolio	-	-	-	-	-	-	-	-	-
Total Investments	7,112,780	7,695,040	6,748,227	7,976,247	7,592,169	5,516,585	6,039,452	7,655,249	8,812,309
Total Portfolio Allowances	-	-	-	-	-	-	-	-	-
Total Deposits	2,868,314	2,656,372	2,230,813	2,560,408	2,608,628	1,921,468	1,934,416	2,389,512	3,175,573
Total Equity	3,019,117	2,995,199	3,433,266	4,081,146	4,177,574	4,588,972	4,063,402	3,909,474	3,960,231
Averages Year Elapsed									
Assets	7,788,092	8,781,330	9,420,798	9,624,751	10,500,032	10,193,374	9,379,228	9,518,031	10,348,189
Gross Portfolio	-	-	-	-	-	-	-	-	-
Equity	2,909,768	2,954,689	3,223,959	3,542,183	4,097,661	4,231,658	3,920,071	3,983,668	3,980,960
Income Statement									
Income Interest	14,882	40,884	22,633	36,409	15,893	39,843	39,843	16,445	45,018
Expenses Interest	137,105	392,839	219,297	335,756	130,034	295,732	231,010	159,526	348,748
Interest Net Margin	(122,223)	(351,955)	(196,664)	(299,347)	(114,141)	(255,889)	(191,167)	(143,081)	(303,731)
Net Income different to Interest	443,675	815,812	583,267	969,408	449,709	876,371	772,874	501,783	861,266
Valuation Investments	136,581	172,008	29,622	159,567	67,620	124,598	207,442	18,897	3,180
Profit or loss sale, Dividends, Realised Revenues	327,601	678,615	527,223	776,567	371,458	710,300	538,766	446,560	782,183
Financial Services	3,370	10,920	3,373	3,381	4,692	15,712	21,718	11,205	30,628
Profit or Loss sale, Portfolio	-	-	-	-	-	-	-	-	-
Foreign Exchange, net	(27,882)	(28,137)	39,230	31,756	(14,015)	109,696	109,919	54,798	168,296
Derivatives, net	4,004	(17,595)	(16,181)	(1,864)	19,953	(83,935)	(104,971)	(29,676)	(123,021)
Other	-	-	-	-	-	-	-	-	-
Gross Margin	321,452	463,856	386,603	670,061	335,568	620,482	581,706	358,702	557,536
Administrative expenses	(55,801)	(87,851)	(60,388)	(99,232)	(61,277)	(102,626)	(78,388)	(37,326)	(79,449)
Operating margin	265,651	376,005	326,215	570,829	274,291	517,856	503,319	321,376	478,087
Net allowances	17,345	28,693	4,858	13,530	(7,027)	(17)	2,518	(2)	4,886
Operating margin before dep and amortisation	282,996	404,697	331,073	584,359	267,264	517,838	505,837	321,374	482,973
Depreciations and Amortisations	(1,547)	(3,057)	(1,566)	(3,482)	(1,531)	(3,138)	(1,419)	(1,880)	(3,397)
Other Income and Expenses Non Operating	5,755	12,964	180	996	14,748	19,186	18,667	391	566
Income Tax	(9,248)	(19,426)	(16,719)	(24,164)	(13,785)	(32,311)	(17,795)	5,211	(5,400)
Net Profit or Loss	277,957	395,179	312,968	557,709	266,696	501,576	505,290	325,096	474,743

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

Financial Statements

	jun-12	dic-12	jun-13	dic-13	jun-14	dic-14	dic-14 IFRS	jun-15 IFRS	dic-15 IFRS
Asset Quality Indicators									
Gross Portfolio	-	-	-	-	-	-	-	-	-
Unproductive Portfolio (CDE)	-	-	-	-	-	-	-	-	-
Due Portfolio	-	-	-	-	-	-	-	-	-
Total Goods received in payment , Gross	11,671	10,760	10,617	10,451	9,322	6,962	27,145	26,859	121
Total Allowances Goods Received in Payment	(9,715)	(9,020)	(8,928)	(8,820)	(7,843)	(5,979)	(23,515)	(23,276)	-
Total productive Assets by rating	7,081,184	8,618,025	7,146,878	8,291,900	7,897,937	5,318,053	5,313,344	8,067,783	9,069,973
Total Liabilities with cost	5,833,681	6,531,221	5,152,484	6,283,067	6,041,577	2,884,825	3,237,349	6,037,693	7,151,995
Total Unproductive by rating	575,886	302,640	510,761	586,334	907,596	43,093	63,274	514,978	1,143,907
Gross Portfolio / Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio in force / Gross Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Due Portfolio / Gross Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio Rated CDE / Gross Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowances / Gross Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowances / Due Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowances CDE / Portfolio rated CDE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Productive Assets by rating / Liabilities with cost	121.38%	131.95%	138.71%	131.97%	130.73%	184.35%	164.13%	133.62%	126.82%
Unproductive assets by rating / Assets	6.48%	3.20%	5.90%	5.67%	8.78%	0.63%	1.22%	5.23%	9.83%
Unproductive Assists by Rating / Equity	19.14%	10.16%	14.93%	14.41%	21.76%	0.96%	1.65%	13.26%	28.89%
BRP Net of allowance / Total Assets	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.05%	0.03%	0.00%
Solvency Indicators									
Equity / Assets	33.30%	30.63%	38.84%	38.76%	40.02%	58.08%	54.93%	37.73%	34.02%
Solvency with VaR	31.68%	33.36%	38.16%	24.80%	27.82%	27.93%	27.93%	29.50%	31.09%
Liquidity Indicators									
Net Portfolio / Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Portfolio / Deposits	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Profitability and Efficiency									
Capital Loss	1,563	1,514	1,690	1,961	1,983	2,143	1,897	1,787	1,774
Annualised ROA (Profit / Average Equity year elapsed)	7.27%	4.50%	6.75%	5.79%	5.14%	4.92%	5.39%	6.95%	4.59%
Annualised ROE (Profit / Average Equity year elapsed)	20.02%	13.37%	20.36%	15.74%	13.44%	11.85%	12.89%	16.99%	11.93%
Average Assets / Financial Income	4.52	3.24	8.09	4.95	6.43	2.36	3.48	3.81	1.67
Assets / Equity	3.00	3.27	2.57	2.58	2.50	1.72	1.82	2.65	2.94
Gross Financial Margin / Average Assets year elapsed	4.13%	5.28%	4.10%	6.96%	3.20%	6.09%	6.20%	3.77%	5.39%
Administrative Expenses / Gross Financial Margin	17.36%	18.94%	15.62%	14.81%	18.26%	16.54%	13.48%	10.41%	14.25%
Administrative Expenses / Average Assets	1.44%	1.00%	1.29%	1.03%	1.17%	1.01%	0.84%	0.79%	0.77%
Average yield of placements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expenses /Annualised Productive Assets by rating	3.91%	4.56%	6.23%	4.05%	3.32%	5.56%	4.35%	3.99%	3.85%
Annual Growth Measures									
Total Assets	23.44%	35.42%	-2.53%	7.65%	18.10%	-24.95%	-29.73%	-0.75%	57.34%
Total Net Portfolio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total Investments	37.05%	33.66%	-5.13%	3.65%	12.51%	-30.84%	-24.28%	0.83%	45.91%
Total Portfolio Allowances	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total Deposits	94.83%	50.00%	-22.23%	-3.61%	16.94%	-24.95%	-24.45%	-8.40%	64.16%
Total Equity	-0.03%	6.02%	13.72%	36.26%	21.68%	12.44%	-0.43%	-6.42%	-2.54%
Long Term Rating (BRC Investors)	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Short Term Rating	BRC1+	BRC1+	BRC1+	BRC1+	BRC1+	BRC1+	BRC1+	BRC1+	BRC1+
L.T Rating (Fitch Ratings)								AAA	AAA
S.T Rating.								F1+	F1+
International L.T. Rating (Fitch Ratings)								BBB+	BBB+

ANALYSIS OF FINANCIAL INDICATORS

For comparison purposes data corresponding to December 2015 were estimated under the IFRS

1. Indicators of Asset Quality

Considering the present business structure of the Corporation, that has no intermediary operation, indicators analysed hereunder are basically related with goods received in payment and the available; for the second semester of 2015 unproductive assets on total assets was 9.83%, increasing versus the closure of the previous year; the main impact is generated by the available line that behaves according with market opportunities of obtaining profitability in savings accounts.

2. Solvency Indicator

The level required by Superfinanciera established that as a minimum, the Technical Equity of financial intermediaries shall correspond to 9% of the value of assets weighed by their risk level. The Corporation does comply with the limits established and records as of the closure of 2015, a solvency indicator of 31.09%.

3. Profitability and Efficiency Indicators

In 2015 Corporation businesses continued showing positive operating results both in the variable income portfolio and in the fixed income portfolio, keeping the good levels in profitability indicators.

Assets profitability was 4.59%, lower than the profitability corresponding to the closure of 2014; it should be mentioned that in December 2014 extraordinary dividends for the sum of \$42.700 million were recorded and that the treasury business was affected in the second half of 2015. This condition is also reflected in the equity profitability that as of the second semester was 11.93%, lower than the former year.

The financial margin as of the closure of 2015 was 5.71%, the same as the ROE and the ROA; a lower result versus former periods due to the effect of rates increases, mainly TES and the high volatility of the Exchange market.

With respect to the indicator that relates administrative expenses versus average assets it was of 0.77% as of December 2015; the Corporation continues its expenses control policy that allows it a stable indicator.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.
Financial Statements

4. Annual Growth Measures

In the annual comparative, the investments line presented an increase of 45.91%, where the fixed income portfolio had the biggest impact with a positive variation of more than 130%; as of the closure of 2014 the fixed income portfolio balance substantially reduced its balance, according with the Corporation strategy of optimising the balance structure; in 2015 that portfolio was reviewed, being the reason for this growth. On the other hand, the variable income portfolio recorded a growth of 11.85%; movements of this account come mainly from the application of the participation method (both MPU and MPP), capitalisations and changes in prices of the stock listed in the Stock Exchange.

Deposits presented an increase of 64.16% in the year, where CDT's increased in 139% and savings accounts increased 375%, according with the behaviour of assets.

In the same period, the equity presented a variation of -2.54%; the biggest impact is related to the other integral result account (ORI), that includes profits or losses non realised in investments available for sale, where the behaviour of the fixed income market generated the biggest effect and the surplus by the equity participation method.

5. Ratings

In April 2015 Corporación Financiera Colombiana received an AAA rating for its long term debt, rating granted by Fitch Ratings company. The Triple A rating is the highest rating level for long term debt that means that the credit quality of the entity is very high and that risk factors are nearly inexistent. Additionally, the Corporation received an F1+ rating for the short term debt.

Also, in April Fitch Ratings company granted an international risk rating to Corporación Financiera Colombiana of BBB+.

In November 2015 Corporación Financiera Colombiana received the AAA rating for its long term debt, a rating granted by BRC Investor Services. The Triple A rating is the maximum rating level for long term debt, meaning that the entity has a very high credit rating and that risk factors are nearly inexistent. Additionally for short term debt the Corporation received the BRC1+ rating.