

**COLOMBIAN FOREIGN TRADE BANK (BANCO
DE COMERCIO EXTERIOR DE COLOMBIA
S.A.) - BANCÓLDEX – AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS FOR
YEARS ENDING DECEMBER 31, 2015 AND 2014**

STATUTORY AUDITOR'S REPORT

To the Stockholders of
BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCÓLDEX:

I have audited the consolidated balance sheet of Banco de Comercio Exterior de Colombia S.A. BANCÓLDEX and Subordinates (mentioned in Note 1), as of December 31, 2015 and 2014 and the corresponding consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended and the summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and accurate presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia and accounting instructions and practices established by the Colombian Superintendency of Finance. This responsibility includes designing, implementing and maintaining an adequate internal control system for the administration of risks and preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audits, and on the reports of the other statutory auditors as indicated in the next paragraph. I obtained the information necessary to comply with my functions and to carry out my work in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and conduct the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend upon the auditor's professional judgment, including his assessment of the risk of material errors in the financial statements. In performing these risk assessments, the auditor considers the Entity's internal controls that is relevant for the preparation and reasonable presentation of the consolidated financial statements with the purpose of designing audit procedures appropriate to the circumstances. An audit also includes assessing the accounting principles used and the significant accounting estimates made by Management, as well as evaluating the overall consolidated financial statements presentation. I consider that my audits and the reports of the other statutory auditors, as indicated in the next paragraph, provide me a reasonable basis to express my opinion.

As of December 31, 2015 and 2014, Banco de Comercio Exterior de Colombia S.A. BANCÓLDEX had a direct participation in the following companies: Fiduciaria Colombiana de Comercio Exterior S.A. Fiducóldex (89.17%) and Leasing Bancóldex S.A. (86.55%). Note 1 shows the participation of each entity in the consolidated. The financial statements of these companies were audited by other statutory auditors; and in their reports dated February 5 and January 26, 2016, respectively, which were supplied to me, they expressed an unqualified opinion thereon. My opinion, with respect to the figures recorded in Banco de Comercio Exterior de Colombia S.A. BANCÓLDEX as of December 31, 2015 and 2014 with those subordinates, is based upon the reports of the other statutory auditors.

In my opinion, based on my audit and on the reports of other statutory auditors, as indicated in the previous paragraph, the aforementioned consolidated financial statements, present fairly, in all material respects, the financial position of Banco de Comercio Exterior de Colombia S.A. BANCÓLDEX and Subordinates as of December 31, 2015 and 2014, the results of its operations, the changes in its stockholders' equity, and its cash

flows for the years then ended, in conformity with accounting principles generally accepted in Colombia and accounting instructions and practices established by the Colombian Superintendency of Finance, applied on a consistent basis.

RICARDO RUBIO RUEDA
Statutory Auditor
Professional Card No. 7192 - T
Designated by Deloitte & Touche Ltda.
February 19, 2016

COLOMBIAN FOREIGN TRADE BANK (BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A.) BANCÓLDEX AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEARS ENDING DECEMBER 31, 2015 AND 2014
(Figures expressed in millions of Colombian pesos, except where it is otherwise indicated)

1. REPORTING ENTITY

The Banco de Comercio Exterior de Colombia S.A (Foreign Trade Bank of Colombia S.A.), Bancóldex, is a mixed economy entity owned by the national government that is organized as a financial institution and dedicated to lending, associated with the Ministry of Trade, Industry, and Tourism. It was established and organized according to Colombian legislation, established as of January 1, 1992 in keeping with the precedents set by Law 7^a and Decree 2505 of 1991; the term of duration for this law is of 99 years, starting on December 30 of 1992, and, in accordance with Resolution No. 0652 issued on April 15, 1996 by the Financial Superintendency of Colombia. The term of duration for the Bank is extended until December 30 of 2091.

The legal nature of the Bank is confirmed in articles 58 and 94 of Law 795 from January 14, 2003. It is exempted from the compulsory investment system and authorizes the rediscounting of leasing transactions.

Additionally, according to the information stipulated in Articles 44, 46, and 50 of Law 1450 of 2011, the Government of Colombia awards powers to the Bank to work with the following government initiatives: Independent Equities from the Modernization and Innovation Fund for Micro, Small, and Medium-sized companies, the Development and Innovation Unit and the Productive Transformation Program. Article 13 of Law 1753 of 2015 facilitated the unification of the Development and Innovation Unit (Article 45 of Law 1450 from 2011) and of the Modernization and Innovation Fund for Micro, Small, and Medium-sized Companies (Article 44 of Law 1450 from 2011), and created the Business Growth Management Unit, which assumes the mission objective and the functions of these programs through a unified perspective.

The Bank is located in the city of Bogota, D.C. It does not have branches or agencies, and it operates with the following number of employees:

	2015	2014
Bancóldex	314	325
Banking Opportunities Investment Program	19	20
Modernization and Innovation Fund for Micro, Small, and Medium sized Companies	9	12
Productive Transformation Program	43	49
Development and innovation Unit	41	60
Total	<u>426</u>	<u>466</u>

The most important statutory reforms are as follows:

Deed numbers 1372 from November of 1993; 1578 from December 29 of 1993; 520 from May 19 of 1995; 2229 from May 7 of 1996; 3254 from June 24 of 1998, through which various articles of the statutes related to reforming the Commerce Code were modified. The capital authorized by the Bank was increased and a court of extraordinary accounts was carried out in June of 1998; 1254 from June 30 of 1999 and 3798 from September 3 of 2001, through which many articles of the statutes with the current legislation were updated; 2904 from July 9 of 2002 through which article 50 of the statutes was modified based on the recommendations given by the Financial Superintendent for Colombia with respect to the Good Government Code; 4568 from October 6 of 2004 through which article 6° was modified which refers to the Bank's company purpose reiterating its legal status as a second tier bank; 2339 from June 26 of 2008 through which articles 6°, 19°, 21°, 22° and 76° referring to the banks social statutes were modified; 1366 from April 22 of 2008 through which a statutory reserve was created; 1264 from May 23 of 2012 through which the amount of capital authorized by the Cultural Equity account capitalization was increased; 789 from April 18 of 2013 through which the amount of the statutory reserve was diminished; 931 from April of 2014 through which articles 46 and 49 of the Social Statutes were updated in order to maintain consistency with articles 206 and 437 of the Commerce Code; and 850 from April 20 of 2015 through which the changes made to the Country Code Survey, which was modified by way of the External Newsletter 028 from 2014 issued by the Financial Superintendency of Colombia.

The company purpose consists in financing- primarily but not exclusively- the activities related to exportation and national industries working towards this aim as a discount or rediscount house more than as a direct intermediary.

The bank can also carry out credit transactions, including those for financing buyers of Colombian exports, discount credit issued by other financial institutions, give and receive endorsements and guarantees in legal or foreign currencies as well as other activities authorized by the Organic Statute of the Financial System and current regulatory standards.

Participation in subordinates – The Bank has control over the Colombian Foreign Commerce Trust S.A. –Fiducoldex- with an 89.17% participation, anonymous society of mixed economy indirect to the national order, subject to both inspection and review from the Financial Superintendency of Colombia, constituted from October 31 of 1992, with a branch in Bogota D.C., whose company purpose is the celebration of a mercantile trust with the Nation (represented by BANCOLDLEX) in order to promote Colombian exports and meet other goals stipulated in Decree 663 from 1993, such as the celebration of mercantile trust contracts in all of their aspects and areas such as the carrying out of all transactions, deals, acts, commissions, and services directly from the trust company activities.

Similarly, as of May 28 of 2003, a control system was put in place over Leasing Bancoldex S.A., with 86.55% participation, social capital for a mixed economy with indirect creation not attached or linked to any Ministry and assimilated to a Colombian State industrial and commercial company located in Bogota D.C., organized as a commercial financing company, subject to inspection and review by the Financial Superintendency of Colombia, created through public deed 1557 of 1994 issued in Notary 4^a of the Bogota Newsletter (functional

authorization contained within resolution 718 of 1994 by way of the Financial Superintendency of Colombia).

The following data relates the value of the assets and liabilities for each of these entities, and its consolidated value including eliminations from 2015 and 2014 until December 31, 2015.

<u>2015</u>	Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Use of exercise	% Part.
Bancóldex	\$ 6,805,560	94.55	\$ 5,419,456	93.36	\$ 1,386,104	99.50	\$ 28,101	92.11
Fiducóldex	63,946	0.89	11,876	0.20	52,070	3.74	3,184	10.44
C.F. Leasing Bancóldex	547,104	7.60	493,631	8.50	53,473	3.84	3,054	10.01
Net Effect of Eliminations	<u>(218,663)</u>	<u>(3.04)</u>	<u>(120,037)</u>	<u>(2.06)</u>	<u>(98,626)</u>	<u>(7.08)</u>	<u>(3,829)</u>	<u>(12.55)</u>
Consolidated	<u>\$ 7,197,947</u>	<u>100.00</u>	<u>\$ 5,804,926</u>	<u>100.00</u>	<u>\$ 1,393,021</u>	<u>100.00</u>	<u>\$ 30,510</u>	<u>100.00</u>
<u>2014</u>	Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Use of exercise	% Part.
Bancóldex	\$ 6,305,888	94.14	4,876,418.00	92.73	\$ 1,429,470	99.27	64,880.00	103.54
Fiducóldex	58,748	0.88	8,265.00	0.16	50,483	3.51	3,591.00	5.73
C.F. Leasing Bancóldex	500,648	7.47	450,228.00	8.56	50,420	3.50	6,123.00	9.77
Net Effect of Eliminations	<u>(166,626)</u>	<u>(2.49)</u>	<u>(76,229.00)</u>	<u>(1.45)</u>	<u>(90,397)</u>	<u>(6.28)</u>	<u>(11,935.00)</u>	<u>(19.05)</u>
Consolidated	<u>\$ 6,698,658</u>	<u>100.00</u>	<u>\$ 5,258,682</u>	<u>100.00</u>	<u>\$ 1,439,976</u>	<u>100.00</u>	<u>62,659.00</u>	<u>100.00</u>

2. MAIN ACCOUNTING POLICIES

- a. *Basic accounting policy* –The accounting policies and policies for preparing the Bank’s financial statements and those of its subordinates are in agreement with the generally accepted accounting principles in Colombia and the instructions of the Financial Superintendency of Colombia.

Fiducóldex presented the first financial statements according to NIIF Colombia from December 31 of 2005 requiring adjustments to be made to the balances regulated under NIIF Colombia to the purpose of sending the Bank’s consolidated financial statements under the norms for accounting that are generally accepted in Colombia.

Consolidation basis – The following are the accounting policies observed by the Bank for use towards consolidations:

The consolidation of the financial statements from December 31 of 2015 and from 2014 are guided by the guidelines of article 35 of Law 222 from 1995, and from Chapter X of Internal Newsletter 100 from 1995 sent by the Financial Superintendency of Colombia.

The institutions that directly or indirectly own 50% or more of the social rights or contributions currently in circulation with the right to vote in another financial institute be it national or foreign are here consolidated

The control shared by the Bank with the companies is as follows:

Colombian Trust Company for Foreign Commerce Exterior	89.17%
S.A. Fiducóldex	
Leasing Bancóldex	86.55%

Evolution of Shareholder Participation in Fiducóldex:

Date	Total stocks in circulation	Stocks acquired	Accumulated Stocks Acquired	% Participation	Nominal Value
03-nov-92	6,341,000	5,638,000	5,638,000	88.91%	100
14-oct-93	6,390,071	43,412	5,681,412	88.91%	100
22-mar-94	7,489,413	977,425	6,658,837	88.91%	100
27-mar-95	9,648,997	1,920,088	8,578,925	88.91%	100
31-mar-97	12,194,790	2,263,465	10,842,390	88.91%	100
30-nov-97	6,097,396	5,421,402	5,421,402	88.91%	200
30-nov-97	12,427,814	5,700,000	11,121,402	89.49%	200
30-abr-98	15,320,024	2,564,897	13,686,299	89.34%	200
30-sep-98	23,390,242	7,156,908	20,843,207	89.11%	200
30-abr-99	28,418,566	4,480,775	25,323,982	89.11%	200
28-dic-99	28,792,632	333,132	25,657,114	89.11%	200
30-abr-00	33,778,164	4,442,850	30,099,964	89.11%	200
16-may-01	38,390,842	4,110,390	34,210,354	89.11%	200
30-abr-07	45,933,190	6,721,047	40,931,401	89.11%	200
30-jun-08	56,349,121	9,281,712	50,213,113	89.11%	200
27-jul-09	71,314,561	13,335,832	63,548,945	89.11%	200
30-ago-10	93,347,918	19,634,096	83,183,041	89.11%	200
05-may-11	113,409,237	17,947,468	101,130,509	89.17%	200
31-may-12	126,044,389	11,267,162	112,397,671	89.17%	200
31-mar-13	136,740,668	9,538,202	121,935,873	89.17%	200
31-may-14	156,482,640	17,604,532	139,540,405	89.17%	200
30-abr-15	164,460,580	7,114,185	146,654,590	89.17%	200

Evolution of Shareholder Participation in Leasing Bancoldex:

Date	Total stocks in circulation	Stocks acquired	Accumulated Stocks Acquired	% Participation	Nominal Value
03-may-03	16,090,468	12,165,838	12,165,838	75.61%	750
22-dic-03	17,640,707	1,176,424	13,342,262	75.63%	750
22-dic-04	18,283,693	485,920	13,828,182	75.63%	750
30-sep-05	23,617,027	5,332,181	19,160,363	81.13%	750
28-dic-05	31,827,624	8,208,822	27,369,185	85.99%	750
31-may-06	33,161,265	1,333,334	28,702,519	86.55%	750
18-may-11	35,827,931	2,308,116	31,010,635	86.55%	750
31-may-12	38,963,500	2,713,973	33,724,608	86.55%	750
28-may-14	50,248,848	9,767,962	43,492,570	86.55%	750
30-abr-15	57,596,433	6,359,656	49,852,226	86.55%	750

The Financial Statements Consolidated as of December 31, and including 2014 are comprised of the External Commerce Bank of Colombia S.A –Bancóldex’s Financial Statement and those of its subordinate companies Colombian Exterior Trust Company S.A – Fiducóldex and C.F. Leasing Bancóldex S.A.

The method used to calculate the Proportional Equity Values is carried out in accordance with the instructions sent in the External Newsletter from the Financial Superintendency of Colombia #100 from 1995. To date there are no equity values to amortize.

- b. *Cash equivalents* - The Bank considers cash equivalents for statements of change of cash flows, open positions in the money market and related areas in terms of 30 days or less.
- c. *Derivatives for assets and liabilities in the money market and related areas* – To Register the repurchasing agreements (repo), simultaneous transactions, inter-banking funds and seasonal transfers effected by the Bank using the liquidity surplus.

Repurchasing or Repo Transactions: are when the Bank and its subordinates acquire or transfer values in exchange for receiving a sum of cash, assuming that at the time of such a transaction the agreement to transfer the property back to its “counterpart” on the same day or at a later date and for a predetermined price for values of the same type and with similar characteristics. The initial amount could be calculated with a discount from the original market price.

Simultaneous Transactions: are present when the Bank and its subordinates acquire or transfer values in exchange for the delivery or receiving of a sum of cash, assuming in the act the agreement to transfer or acquire the property again on the same day or at a later date at a predetermined price for values of the same type and similar characteristics. The initial amount cannot be calculated with a discount over the market price of the goods involved in the transaction: values initially delivered by others cannot be substituted during the time of the transaction nor can restrictions be placed on the mobility of the goods involved in the transaction

Interbank Funds: Inter-banking funds are considered to be those which place or receive the Bank directly into another financial entity without mediating the agreement for the transfer of investments or of credit portfolios. In these cases the transaction relies on guarantees in order to be carried out. They also comprise transactions classified as “*overnight*” carried out with foreign banks using funds from the Bank.

- d. *Investments* – These include investments acquired by the Bank and its subordinates with the intention of maintaining a secondary liquid surplus and to permit access for these companies to alternative capital financing by way of private capital funds, essentially consisting of the following two types: - entrepreneurial, whose purpose is to contribute to the development of the private capital industry and entrepreneurial in Colombia, whose purpose is to entice participation of new investors from national and foreign institutions, acquire direct or indirect control of any entity in the financial sector or of services; to comply with the object of eliminating or reducing market risks that the assets and

liabilities, or other elements that the financial statements may be subject to, and finally, with the purpose of complying with legal provisions.

The following indicates the way by which different types of investments are classified, valued, and recorded:

Negotiable investments in debt certificates

Term	Characteristics	Valuation	Accounting
Short term	Any type of investment acquired with the purpose of obtaining profits from price fluctuations	Investments are assessed using prices predetermined by Infovalmer the price supplier in accordance with the instructions established in Chapter IV Title IV of Part III from the legal Bulletin issued by the Financial Superintendency of Colombia (C.E. 029/14). For cases in which there are no fair exchange prices for the day of payment the recovery should be made exponentially according to the internal return rate. A fair price or exchange rate for the respective good should be calculated by finding the sum of the upcoming influxes from returns and capital. This process is carried out daily.	The differences observed between the present market value and the previous value is registered as greater or less-than the value of the investment, and its offsetting affects the results for the period. This procedure is carried out daily as of the date of the purchase.

Negotiable investments in participative securities:

Term	Characteristics	Valuation	Accounting
Long Term	Participatory units with the purpose of allowing companies access to financial capital alternatives through the use of private capital and to contribute to the industrial development of private capital in Colombia.	The valuation of portfolios and units participating in the private capital funds will have a frequency defined by its own regulations as long as the investment does not exceed the amount stipulated for the accountability.	The investments are recorded as profits or losses within the State of Results with credit or by charging the original investment.

Investments with expirations dates:

Term	Characteristics	Valuation	Accounting
Until expiration	Any investment with a serious purpose and legal, contractual, financial and operative capacity to be maintained until the end of its term of maturity or expiration. These investments do not allow the realization of money market or related operations. Nevertheless, they can be delivered as guarantees before the Central Risk	Exponentially according to the internal return rate calculated at the time of the sale. This process is carried out daily.	The present value is recorded as a value greater than the investment and its counterpart is registered in the results for the period. This process is carried out daily.

Debt securities for sale:

Term	Characteristics	Valuation	Accounting
6 months	<p>Once the term is complete they can be reclassified in their previous categories on the following business day</p> <p>These investments allow for money market and related operations and can be delivered as guarantees before the Central Risk Chamber of its Counterpart.</p>	<p>Using the prices determined by Infovalmer, designated as the official the price provider in accordance with the instructions established in Chapter IV Title IV of Part III from the Legal Bulletin issued by the Financial Superintendency of Colombia (C.E. 029/14).</p> <p>For cases where fair prices do not exist for the day of valuation, it should be valued exponentially according to the internal rate of returns. The fair value or price for market exchanges. The respective value should be calculated by finding the sum of the upcoming influxes from returns and capital.</p> <p>This process is carried out daily.</p>	<p>The difference between the present value and the value on the day of valuation, calculated according to the internal rate for returns, and the previous rate is recorded with credit to the income statements.</p> <p>The difference between the market value and the present value is recorded as an accumulated profit or loss and not as one within the equity accounts.</p>

Participative securities for sale:

Inscripción para cotizar en Bolsa de Valores	Valoración	Contabilización
Registered	<p>Valuation is carried out according to the price determined by the valuation price supplier authorized by the Financial Superintendency of Colombia that is selected by each entity.</p> <p>Participation in collective portfolios and the values sent in development of titular processes are valued keeping in mind the value for the unit calculated by the administrating society the day prior to the date of valuation even in those cases when listed exchanges exist in Colombia. The above, with the exception of participation in collective portfolios that mark the price in the secondary market and the values representative of participation with marketability which are valued at the price quoted by the price provider.</p>	<p>The updating of the market value of the titles with high marketability or that are quoted in foreign stock markets are recorded as an accumulated profit or loss and not as one within the equity accounts with credit or charges to the original investment.</p>
Not Registered	<p>Are valued at the price that the price provider determines.</p> <p>When the price provider does not have specific methods for determining a price the entities should increase or decrease the cost of acquisition in the percentage of participation that corresponds to the investor with respect to the subsequent variations of the equity of the issuing authority</p>	<p>In the event that the value of the investment updated to include the participation that corresponds to the investor is greater than the value it is registered at the time of the investment. The difference should be effected at the first instance with provision or devaluing until it runs out, and the excess should be registered as valorisation surplus.</p>
Registered in Foreign Stock Markets	<p>Depending on valuation price determined by the price providers and authorized by the Financial Superintendency of Colombia.</p> <p>When they do not have a set price, the price from the previous stock market closing available quoted from the day of valorisation, or, absent the price of the most recent closing, during the 5 days of marketability, or with the simple average of the closing prices during the last 30 days.</p>	<p>Updating market value of the titles of high marketability or that are quoted from foreign stock markets are recorded as accumulated profits or losses and not as within the equity accounts with credit or charges to the original investment.</p>

Investment transference rights – These correspond to restricted investments that represent a guarantee of collateral operational returns, whether they be simultaneous or temporary transfers of values.

In cases of negotiable investments, they are recorded at the value of the transfer at the time when the funds were collected and they are updated with the market value; the variations that occur between this and the previous value recorded are registered in the income statements as profit or loss, as the case may be.

Investment credit risk rating - As a result of a credit risk assessment, investments with exception to those made by Bancóldex in Private Equity Funds are classified and provisioned in the following way:

Classification	Provision
"A" Normal Risk	-
"B" Acceptable Risk, more than normal	20%
"C" Appreciable Risk	40%
"D" Significant Risk	60%
"E" Uncollectable Investment	100%

The credit risk of investments of Bancóldex's Private Equity Funds in the framework of the Bancóldex Capital program is classified based on an internal methodology appropriately approved by the Colombian Financial Superintendence in June 2009.

The above, inasmuch the rating and provision system by existing credit risk is not designed to be applied on shares in private equity funds, taking into account that securities or assets with an expected positive cash flow from the beginning of the investment or in those that the counterpart's compliance capability can be estimated with some degree of precision, which isn't a characteristic of private equity funds.

The Bancóldex methodology is based on qualitative and quantitative criteria and establishes the following scale for rating the credit risk of private equity funds and the establishment of provisions:

Level of credit risk	Rating	Provision
Very low	1	2%
Low	2	5%
Moderate	3	10%
High	4	50%
Very High	5	100%

e. *Credit portfolio and financial leasing operations* - Registers the credit lines granted by the Bank and its subordinate Bancóldex Leasing, under different authorized modalities. The resources used to grant credit come from internal resources, from the public through deposits and other internal and external funding sources. Loans are carried at the expenditure value, except for purchases of "factoring" portfolios, which are recorded at the discount.

Financial leasing operations are recorded at the finance amount of each good that the Leasing, prior to the corresponding contract, delivers in rent to the user for their use or enjoyment; the finance value of the leasing operations are amortized with the payment of financial lease charges in the corresponding part of the payment to the principal.

The structure of the Bank's and Leasing Bancóldex's credit portfolio only provides for the commercial credit modality, which is defined as the different credit lines granted to microloans; notwithstanding the foregoing and in compliance with External Memo 054 from 2009, issued by the Colombian Financial Superintendence. Bancóldex consumer and mortgage portfolio solely arises from credit lines granted to ex-officials before their withdrawal.

Evaluation frequency - The Bank evaluates the rating of the entirety of its credit transactions on a monthly basis and the result of this assessment is registered the following month. For the portfolio evaluation, the short-term nature of the obligations is taken into account, as well as the level of risk associated with the debtor which is evaluated minimally on a semi-annual basis in May and November of each year, evaluating additional risk factors apart from default, primarily related to the ability to pay and the generation of funds to cover the debt. Leasing Bancóldex evaluates its portfolio on a monthly basis.

Credit risk evaluation criteria - Bancóldex and Leasing Bancóldex constantly evaluate the credit risk incorporated in its credit assets, both at the time of being granted as well as throughout the life of the credit line, including restructurings.

Leasing Bancóldex constantly monitors and rates its credit transactions in accordance with the granting process, which is based on, among other criteria, the information related to the historical behavior of the portfolios and lines of credit; the particular characteristics of the debtors, their credit lines and the collateral that covers them; the credit behavior of the debtor in other entities and this one, which gives a picture of their financial situation; the sectorial and macro-economic variables that affect the normal development of the same. In the evaluation of regional public bodies, the Leasing verifies the compliance of the conditions established in Laws 358 from 1997, 550 from 1999, 619 from 2000 and 1116 from 2006.

Bancóldex and Leasing Bancóldex, have designed and adopted a Credit Risk Management System - SARC, to evaluate credit risk, which consists of policies, processes, models, provisions, and control mechanisms that make it possible to identify, measure and properly mitigate credit risk.

Evaluation and credit risk rating of the portfolio - In accordance with Chapter II of the Basic Financial and Accounting Circular Letter (External Memo 100 from 1995), from the Colombian Financial Superintendence, Bancóldex as a rediscount institution, is exempt from adopting internal reference models from this entity. For this reason, the establishment of credit portfolio provisions was carried out in accordance with Annex I, Chapter II of the cited Circular Letter. However, with the issuance of External Memo 032 in November 2014 from the Colombian Financial Superintendence, rediscount banks, for qualifying and generating provisions, must develop internal methodologies for rediscount transactions. In the case of direct commercial credit operations, consumer transactions, housing and microloans must adopt the reference models of the above referenced Superintendence. The effects of External Memo 032 from 2014, regarding ratings and provisions began to be seen in the financial statements as of December 2015.

In accordance with External Memo 032 from 2014, as of December 2015, transactions are classified based on the criteria described above and in accordance with the type of portfolio in each of the following risk categories:

Direct commercial portfolio:

The commercial portfolio contracts must be classified in of the following credit risk categories: AA, A, BB, B, CC, and Default.

For the assignment of the ratings, the default criteria and a risk profile are included.

Rediscount commercial portfolio:

Rediscount transactions must be classified for the sole purpose of calculating provisions in the following categories: A1, A2, A3, A4 or A5, with A5 being the highest risk profile. For the assignment of the ratings, the default criteria and a risk profile are included.

Consumer portfolio:

The Bank's consumer portfolio is classified in the following segments:

- General - Automobiles: credit given for the acquisition of automobiles.
- General - Others: credit given for the acquisition of consumer goods different than automobiles.
-

The rating of the consumer portfolio by risk category varies according to the segments explained above and is determined by a score called "Z", that takes into account the following variables: default amount when calculating the provision, maximum default amount recorded over the last three years, default amount over the last three quarters, having or not having other active credit lines with the Bank and the type of collateral; appropriate, pledge or mortgage.

In accordance with the "Z" score calculated in the previous section, the rating is assigned by credit risk categories based on the following table, taking into account the lower the score, the better the credit risk rating.

Score up to		
Rating	General - Automobiles	General - Others
AA	0.2484	0.3767
A	0.6842	0.8205
BB	0.81507	0.89
B	0.94941	0.9971
CC	1	1

Through November 2015, transactions were rated based on default criteria and risk profile (debtor's ability to pay) and classified in one of the following risk categories:

For the commercial portfolio:

Category

"A" Normal Risk	Credit lines current and up to 1 month overdue
"B" Acceptable Risk	Credit lines between 1 and 3 months overdue
"C" Appreciable Risk	Credit lines between 3 and 6 months overdue.
"D" Significant Risk	Credit lines between 6 and 12 months overdue
"E" Uncollectable Risk	Credit lines more than 12 months overdue

For consumer portfolio:

Category

"A" Normal Risk	Credit lines current and up to 1 month overdue
"B" Acceptable Risk	Credit lines between 1 and 2 months overdue
"C" Appreciable Risk	Credit lines between 2 and 3 months overdue
"D" Significant Risk	Credit lines between 3 and 6 months overdue
"E" Uncollectable Risk	Credit lines more than 6 months overdue

Credit portfolio provisions – As of December 2015, and as a result of the adoption of External Memo 032 from 2014, from the Colombian Financial Superintendence, Bancóldex modified the provisions framework, which was based on the guidelines established in Chapter II of External Memo 100 from 1995, from the Colombian Financial Superintendence, for the credit risk management for each portfolio, in accordance with the following annexes from said chapter.

- Mortgage portfolio - General system for the evaluation, scoring and provisioning of the credit portfolio (Annex 1)
- Direct commercial portfolio - Commercial portfolio reference model - MRC (Annex 3)
- Consumer portfolio - Consumer portfolio reference model - MRCO (Annex 5)
- Rediscount commercial portfolio – Internal methodology. Individual provisions of the entities authorized to perform rediscount transactions. (Annex 6)

To estimate commercial portfolio provisions (direct and rediscount) and consumer portfolio provisions, the models incorporate some common aspects that are explained below:

Pro-cyclical individual component and counter-cyclical individual component: The individual provision is established as a sum of two individual components.

Pro-cyclical individual component (PIC): Corresponds to the portion of the individual provision of the credit portfolio that shows each debtor's current credit risk.

Counter-cyclical individual component (CIC): Corresponds to the portion of the individual provision of the credit portfolio that shows possible changes in the credit risk of the debtors

at times when the deterioration of said assets increases. This portion is established in order to reduce impact on the income statement when this situation occurs.

The pro-cyclical individual component (PIC) requires relying upon the A & B default probability matrices. For the direct commercial portfolio that adopts the commercial portfolio reference model from the Superintendence of Finance, the matrices defined in Annex 3 are used; for the rediscount commercial portfolio, the matrices defined in the Bank's methodology are used which are presented later in this report and for the consumer portfolio, the matrices defined in Annex 5 are used, from the cited External Memo 100 from 1995.

Definition of the accumulative or incremental phase:

In order to determine the methodology for calculating pro-cyclical and counter-cyclical components, the Bank evaluates the indicators established by the Colombian Financial Superintendence on a monthly basis (related to deterioration, efficiency, growth of the credit portfolio and the financial situation of the entity), which once calculated shall determine the calculation methodology of the individual provision components of the credit portfolio. In accordance with these indicators, the Bank applied the calculation methodology in the accumulative phase on December 31st, 2015.

Expected loss model.

The estimation of expected loss or an individual provision under the reference models (direct commercial portfolio and consumer portfolio) and under the Bank's methodology (rediscount commercial portfolio), the following formula was determined.

EXPECTED LOSS = [Default probability] x [Exposure of the asset at the moment of default] x [Loss given default]

Default Probability (DP): Corresponds to the probability of that in span of twelve (12) months after the cut-off date of the financial statements, the debtors of an undermined portfolio default (in accordance with the cases describe in Letter B, Number 1.3.3.1 from Chapter II, External Memo 100 from 1995). The default probability is established in accordance with the matrices that are shown later in this report.

Exposure of the asset at the moment of default: Corresponds to the value at risk when the debtor, confirmed by the current principal balance, interests and other receivables.

Loss given default (LGD): is defined as the economic deterioration that the Bank would incur, in case any of the default situations referred to in Letter B, Number 1.3.3.1 from Chapter II, External Memo 100 from 1995, should occur. The LGD for qualified debtors in the default category shall incur a gradual increase in accordance with the days passed after the classification in said category.

In accordance with the above, the application of models and the establishment of provisions are carried out as follows:

Direct commercial portfolio:

For the direct commercial credit portfolio, the methodology of the Colombian Financial Superintendence (Chapter II from the Basic Financial and Accounting Circular Letter, Annex 3) is applied. The calculation is made taking into account the following criteria:

Classification: The model requires that debtors be classified by level of assets in accordance with the following table:

Commercial portfolio classification by level of assets	
Size of the business	Level of assets
Large companies	More than 15,000 Current Legal Monthly Minimum Wage
Medium-sized companies	Between 5,000 and 15,000 Current Legal Monthly Minimum Wage
Small companies	Less than 5,000 Current Legal Monthly Minimum Wage

Default Probability (DP): the reference model from the Colombian Financial Superintendence is used.

Rating	Large Company		Medium-sized company		Small company		Legal Person	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Loss given default (LGD): The LGD is classified by the type of collateral as follows:

Type of Collateral	P.D.I.	Days following default	New PDI	Days following default	New PDI
Inadmissible guarantee	55%	270	70%	540	100%
Subordinated Loans	75%	270	90%	540	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	540	70%	1080	100%
Property leasing assets	35%	540	70%	1080	100%
Non-property assets	45%	360	80%	720	100%
Other collateral	50%	360	80%	720	100%
Collection rights	45%	360	80%	720	100%
No Collateral	55%	210	80%	420	100%

Rediscount commercial portfolio:

For the rediscount commercial credit portfolio, in accordance with Circular Letter 032 from 2014, the Bank designed its own methodology to calculate provisions. This methodology is based on the reference model's general guidelines from the established commercial portfolio by the SFC, the default probability and loss given default inputs, and historical data from the Bank's customers.

The default probability incorporates an additional premium arising from the risk of the financial system.

Default Probability (DP): is assigned according to the rating and the percentages, which are dynamic, from the following table. They are revised at least once per year, based on the behavior of the monthly scores of the intermediaries:

Calif	Matrix A	Matrix B
A1	2.2%	3.5%
A2	3.2%	5.7%
A3	7.0%	10.6%
A4	20.1%	28.8%
A5	100.0%	100.0%

Loss given default (LDI): corresponds to 40% for all rediscount transactions, which was obtained by adopting a conservative approach against the history of portfolio recoveries recorded at the Bank.

Consumer portfolio:

Default Probability (DP): is assigned according to the risk rating and the segment of each debtor according to the following table:

Rating	General - Automobiles		General - Others	
	Matrix A	Matrix B	Matrix A	Matrix B
AA	0.97%	2.75%	2.10%	3.88%
A	3.12%	4.91%	3.88%	5.67%
BB	7.48%	16.53%	12.68%	21.72%
B	15.76%	24.80%	14.16%	23.20%
CC	31.01%	44.84%	22.57%	36.40%
Default	100.00%	100.00%	100.00%	100.00%

Loss given default (LGD): the LGD by type of collateral is the following:

Type of Guarantee	P.D.I.	Days following default	New PDI	Days following default	New PDI
Inadmissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	0.4	360	0.7	720	1
Property leasing assets	35%	360	70%	720	100%
Non-property assets	45%	270	70%	540	100%
Other collateral	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
No Collateral	75%	30	85%	90	100%

As of December 2015, the general provision is not required. At the Extraordinary Shareholders Meeting on December 22nd, 2015, reclassifying the general provision to make an individual provision that requires the application of models was approved, which was the result of the implementation of External Memo 032 from 2014. Likewise, it may be used to compensate the requirements of individual provisions generated by debtor defaults from the commercial portfolio. Inasmuch as the recovery of that portfolio is recorded, the provision shall be paid back to the general provision.

Through November 2015, credit portfolio provisions were established in accordance with Annex I, Chapter II of Circular Letter 100 from 1995. As a result, the Bank established provisions earmarked to the income statement, thus:

General provision - It is the obligated general provision of 1% of the gross total of the portfolio. This provision may be greater, if it is approved at a General Shareholders Meeting with a quorum higher than 85%. At the Extraordinary Shareholders Meeting on December 14th, 2009, an increase to 3% was approved.

Individual provision - Individual provisions are established according to the protection method of the qualified credit lines in risk categories (“A”, “B”, “C”, “D” y “E”) with the following percentages:

For the commercial and consumer portfolios:

Category	Capital	Interests and other concepts
A - Normal	1%	1%
B - Acceptable	3.2%	3.2%
C - Appreciable	20%	100%
D - Significant	50%	100%
E - Uncollectable	100%	100%

Mortgage portfolio

The mortgage portfolio provision is calculated in accordance with Annex 1, Chapter II of External Memo 100 from 1995, according to the following guidelines:

Classification and qualification: they are classified in one of the following risk categories:

Category	
"A" Normal Risk	Credit lines current and up to 2 months overdue
"B" Acceptable Risk	Credit lines between 2 and 5 months overdue.
"C" Appreciable Risk	Credit lines between 5 and 12 months overdue.
"D" Significant Risk	Credit lines between 12 and 18 months overdue.
"E" Uncollectable Risk	Credit lines more than 18 months overdue.

Individual provision - Individual provisions are established according to the protection method of the qualified credit lines in risk categories ("A", "B", "C", "D" and "E") with the following percentages:

Category	Capital	Interests and other concepts
A - Normal	1%	1%
B - Acceptable	3.2%	3.2%
C - Appreciable	10%	10%
D - Significant	20%	20%
E - Uncollectable	30%	30%

If during two (2) consecutive years, the credit line has remained in category "E", the percentage of the provision of the guaranteed portion shall increase to sixty percent (60%). If another year elapses in these conditions, the percentage of the provision of the guaranteed portion shall increase to one-hundred percent (100%), unless the entity sufficiently demonstrates the existence of objective factors that show the recovery of the credit and the efforts made to collect it. In this case, identifying the use of judicial or extrajudicial processes, and indicating the status of the corresponding process is required.

Effect of the appropriate collateral on the establishment of individual provisions - As of December 2015, for the direct commercial portfolio, the rediscount commercial portfolio

and the consumer portfolio, the models incorporate the effect of the guarantees. To calculate mortgage provisions, only appropriate collateral is to be taken into account, which is calculated as 100% of their value.

As of November 2015, the guarantees for the credit lines were only backed by these credit lines; as a result, the outstanding balances of the credit lines were covered by securities of an appropriate nature, the corresponding percentage was covered, applying said percentage to it; with commercial loans, the difference between the unpaid balance and seventy percent (70%) of the value of the guarantee is used. In these cases, depending on the nature of the collateral and the amount of time the respective credit line has been outstanding, only the percentages of the total value of the collateral is considered for the establishment of provisions, which are indicated below:

Non-mortgage collateral	
Amount of Time Outstanding	Percentage of Coverage
0 - 12 months	70%
Between 12 and 24 months	50%
More than 24 months	0%

Mortgage Collateral or Mercantile Trust	
Amount of Time Outstanding	Percentage of Coverage
0 - 18 months	70%
Between 18 and 24 months	50%
Between 24 and 30 months	30%
Between 30 and 36 months	15%
More than 36 months	0%

Mortgage collateral that deals with the debtor's commercial or industrial establishments, where the corresponding establishment operates or functions and guarantees on properties by destination that form part of the respective establishment are taken at zero percent (0%).

Leasing Bancóldex, adopted the commercial reference models, established by the Colombian Financial Superintendence, for the establishment of provisions that result in their application.

The provisions of the reference models are calculated as the sum of the "pro-cyclical individual component (PIC)" and the "counter-cyclical individual component (CIC)", whose methodologies are defined in the function of the accumulative phase applied by the Company, that incorporates indicators related to the quarterly variation of the individual provisions of the entire portfolio, the percentage of the net provision of recoveries related to income from portfolio an leasing interests and from the gross financial margin, as well as the annual rate of the gross portfolio in real terms.

PIC: For the entire portfolio, the expected loss calculated with matrix A, that is to say, the result obtained by multiplying the exposure of the debtor, the Default Probability

(henceforth DP) from matrix A and the Loss Given Default (henceforth LGD) related to the collateral of the debtor, according to the corresponding reference model.

CIC: It is the maximum amount between the counter-cyclical individual component from the previous period (t-1) affected by the exposure and the difference between the expected loss calculated from matrix B and the expected loss calculated from matrix A at the time of calculating the provision (t).

In the Commercial Portfolio Reference Model (CPRM), the segmentation and differentiation processes of the credit portfolios and their group of borrowers, serve as a base to estimate expected losses and is based on the segments differentiated by the level of assets of the debtors, under the following criteria:

Commercial portfolio classification by level of assets

Size of the business	Level of assets
Large companies	More than 15,000 Current Legal Monthly Minimum Wage
Medium-sized companies	Between 5,000 and 15,000 Current Legal Monthly Minimum Wage
Small companies	Less than 5,000 Current Legal Monthly Minimum Wage

The model also has a category called "Legal Persons", in which all legal persons that have commercial debt are grouped together.

Effect of appropriate guarantees on the establishment of individual provisions - The guarantees are additional backing that entities request from their clients in order to decrease the inherent risk of the loan activity. Collateral is not considered a payment instrument.

The guarantee is an instrument through which the Expected Loss (EL) is reduced in the event of default. It represents a right that the Company acquires when the debtor by default, ceases payment of their obligations. Hence, from an accounting point of view, by lowering the Expected Loss (EL), the guarantees allow portfolio provisions to decrease.

Regulations of Alignment - Leasing Bancóldex complies with the alignment of the classifications of its debtors based on the following criteria:

- Prior to the process of establishing technical provisions and validating of classifications, the company performs a monthly internal alignment process for each debtor. This process leads to identifying the higher risk category of loans of which are issued with the same process.
- The financial institutions, in accordance with the relevant legal requirements, are obliged to consolidate financial statements. Furthermore, they should assign a

qualification to the loans of the same payment method granted to the debtor, with the exception that they demonstrate to the Financial Superintendent of Colombia the adequate reasons for which the loan qualifies for a lower risk category.

Income recognition by means of financial gains – The income from financial gains and other sources are recognized in the moment they are received.

Suspension of interest generation – For the credit portfolio, Bancóldex and Leasing Bancóldex allow interest to accumulate, monetary correction, adjustments in the exchange rate and earnings from other sources when a commercial loan defaults by over three months; accordingly, it should have no effect over final earnings so long as the funds are effectively collected. While the collection takes place, the corresponding record occurs in contingent accounts.

In cases where, as a result of the restructuring agreements or other type of agreements, there is a capitalization of interest registered in memoranda accounts or account balances from a written-off portfolio, including principal, interest and other items are accounted for as a deferred payment and its amortization on the consolidated statement of earnings is done in proportion to the values effectively collected.

Write-off ratio – Subject to the decision and in accordance with the Administration of Bancóldex and Leasing Bancóldex, are those loan portfolios that are considered irrecoverable or distant or with an uncertain recovery, after having exhausted the collection actions in accordance with the items established by lawyers and collection companies, and previously approved by the Board of Directors of Bancóldex and Leasing Bancóldex, respectively.

f. Bank acceptances, cash and derivative operations

Bank Acceptances - It records the value of bank acceptances created by the bank on behalf of the clients and those created on behalf of the bank for its corresponding banks. The bank acceptances have a maturity date of up to six (6) months and may only originate in transactions of the sale of goods.

At the time of acceptance of Bills of Exchange, their value is accounted simultaneously in assets and liabilities, as “debtors bank acceptances in term” and if at maturity they are not submitted for collection, they are rated under the heading “debtors bank acceptances after the term”. If, when payment is made, they have not been covered by the purchaser of the goods, they are re-classified to the loan account “covered bank acceptances”.

After maturity, bank acceptances are subject to the cash reserve established for current liabilities at sight and before thirty (30) days.

Sales Transactions – Sales transactions are registered with a term for their compensation and liquidation equal to the date of their celebration or recording. That is to say, presently or up to three business days following the day of registration.

The accounting for these operations is performed under the method of the liquidation date. That is to say, the vendor maintains the financial assets in his balance sheet such as no delivery thereof is made, thereby registering in their accounting the right to receive the

money for the product of transaction and an obligation of delivering the negotiated asset. Meanwhile, the buyer holds a right to receive the financial asset, which should be valued at market prices, and who is obliged to deliver the money agreed in the transaction.

Derivatives – The derivative financial instruments are met or settled in the future and their exchange prices adjusted depending on one or more underlying assets. The derivatives may be negotiated to hedge from other positions, speculate so as to seek earnings, or to perform arbitration in the market. Nonetheless, the operations that Bancóldex has negotiated are uniquely with the purpose of speculation.

The account record distinguishes the class of derivative performed (forward, swap, future and option) as well as its objectives (speculation or hedging). The valuation of the derivative financial instruments and the structured products are conducted daily at a fair exchange rate. If said price is positive, that is to say, is favorable for the bank, it is registered under assets, separating the value of the right from the value of the obligation, with exception to the case of options where the accounting record is done in one account. Meanwhile, those which are given a negative fair exchange rate, that is to say, unfavorable for the bank, are registered in liabilities, therefore calling for a separation

The derivative financial instruments that are compensated and liquidated through a central house of risk of their counterparts are subject to the conditions established in the regulations of said house.

Given that future derivative financial instruments have daily compensation and liquidation; the value of the obligation is equal to the value of the right. Therefore, said values are updated each in accordance with the price of the market regarding the future and the effect on the income statement being equivalent to the variation of the fair exchange price of the future, that is to say, to daily cash flows.

g. Accounts Receivable

Bancóldex receives financial return in accordance with the agreed terms, suspending the generation of interest on the portfolio with arrears in the payment of two months or more depending on the method of payment of loan and its credit rating, the total of which it accrues; the interests non accrued are controlled through contingent accounts of debtors. For their evaluation, a permanent follow-up takes place to separate the derivatives from the credit portfolio of others.

Fiducóldex registers accounts receivable through fiduciary commission fees incurred, of which are classified as commercial loans and are evaluated with the objective of identifying the risk of loss in order to make reasonable capital reserve provisions that require protection.

The Financial Superintendence of Colombia establishes as a general regulation that all of the Fiduciary Society that receives credit portfolios through fiduciary mandates or that are administered through separate assets, where the credit risk is managed except when in the act of constitution of the settler, unequivocally instructs on the elements of management and

mediation that should apply to the settler or to the contrary be considered that neither should apply.

Leasing Bancóldex registers the sum totals of pending charges such as property under leasing, of which are constituted by the value of the financial component earned on the operations of financial leasing which have not completed their period of legal enforceability or that have been produced and are in process of collection. Similarly, it constitutes provisions for the protection of their receivable accounts, charged to the income statement, when it is sought to establish contingency for losses that are probable and reasonably quantified.

- h. *Goods received in cash* – Leasing Bancóldex registers the value of goods received by the entity in payment of unpaid balances from leasing operations in their favor.

The goods received in cash represented in real estate are received are based on a technical commercial appraisal and the personal property, stocks and shares are based on the value of the market.

For the register of goods received in cash, the following conditions are considered:

Accounting –

- The initial register is performed in accordance with the determined valued in the judicial award or in agreement with the debtors.
- When the good received in cash does not comply with the conditions of sale, the cost increases with the expenditures necessary for its commercialization.
- If between the value by which the good is received and the value of the loan to repay result in a balance favorable to the debtor, the difference is recorded as an account payable
- When the market value of the property is inferior to the carrying value of the goods received in cash, a provision is issued for the value of the difference

Provisions – Leasing Bancóldex provides individual provisions for good received in cash, taking into account the Chapter III of the External Circular 100 of 1995 of the Financial Superintendence of Colombia, in such a way that:

- For immovable property it should create a provision in monthly aliquots within the following year of the receipt of the good, equivalent to the thirty percent (30%) of the cost of acquisition of the good, that of which should increase in monthly aliquots within the second year by an additional thirty (30%) until reaching the sixty (60%) percent of the cost of acquisition. After the expiry of the legal term of the sale, without the authorization of a further extension, the provision should reach the eighty percent (80%). In case of grant extension, the twenty percent (20%) can be created within the end of the same term.

- For personal property, a provision should be created within the following year of the reception of the good, equivalent to the thirty-five percent (35%) of the cost of acquisition of the good received in cash, that of which should increase in the second year by an additional thirty-five percent (35%) until reaching the seventy percent (70%) of carrying value of the good prior to provisions. After the expiry of the legal terms of the sale, without the authorization of a further extension, the provision should reach the one hundred percent (100%) of the value of the good prior to provisions. In case of grant extension, the thirty percent (30%) additional of the provision can be created within the end of the same term.
 - The provisions that have been created for goods received in cash or goods of returned leasing property can be reversed when they are sold for cash. If those goods are placed in a portfolio or are in financial leasing operations, the profits generated from the transfer of the assets to the accounts of the group portfolio, must differ in the period in which the operation has been agreed.
- i. *Property and equipment* – It records tangible assets acquired, built or under importation, construction or mounting process, that are permanently used in the development of the business and with a useful life that exceeds one year. It includes direct and indirect costs and expenses caused until when the asset is in using conditions.

When the assets are sold or disposed of, the cost and its accumulated depreciation, adjusted for inflation, are eliminated from the respective accounts and the corresponding gain or loss is reflected in the results of the period.

The major improvements that improve the useful life of the assets are capitalized in the costs of maintenance and reparation that do not prolong the life of the assets are charged to expenditures inasmuch as they as it is incurred.

The annual rates of depreciation are the following:

Buildings	5%
Equipment, office furniture and fixtures	10%
Computer equipment	20%
Vehicles	20%
Computer licenses and software	33.33%

The Bank and its subordinates take the adequate measures of security and the properties and equipment are properly insured and protected against risk of fire, earthquake, flood, theft and robbery.

- j. *Assets subject to operating leases* – Assets subject to operating leases of concluded contracts are registers as assets for a sum total equal to the present value of the lease payments and call options

Depreciation is recorded using the straight-line method and according to the number of useful life years estimated of the assets. In addition, Leasing Bancóldex makes

provisions out the income statement, which allows that by the end of the contract those provisions are completely depreciated and provisioned for.

On December 31st of 2015 and 2014, depreciation was made at the time was lowest between the useful life of the contract of the good and in the term of the Leasing contract

- k. *Prepaid expenses and deferred charges* – The prepaid expenses correspond to the expenses incurred by the Bank and its subordinates in the development of its activities, whose benefits are received in various future periods and can be recuperated. The prepaid expenses assume continuous delivery of services to receive.

Deferred charges correspond to costs and expenses that benefit future periods and are not susceptible to recovery. Amortization is acknowledged from the date on which they contribute to income generation in the terms established by the Financial Superintendence of Colombia.

The items included in this category and the policies of amortization are described below:

Prepaid expenses

- Maintenance of equipment in one (1) year.
- The insurance during the term of the policy
- The other costs in accordance with consumption

Deferred charges

- Computer programs of no more than three (3) years of using the straight-line method.
 - Maintenance during the period of the contract.
 - Future income tax assets
 - Other items amortize during the period estimated of recuperation or in obtaining the expected benefits.
- l. *Letters of credit of deferred payments* – Register the value of the letter of credit utilized of which it is anticipated that the payment is made in a single or various determined dates. The use of the letter of credit of deferred payments constitutes a firm commitment from the Bank as confirming the documentary credit.
- m. *Placing goods in leasing contracts* – It is registered in the framework the newly acquired good for Leasing Bancóldex, whose contract has not yet begun for lack of compliance with some legal requirement; also including those goods associated to operative leasing contracts returned by the lessee.

The restitution of those goods should be considered by their book value (cost minus accumulated depreciation). Those goods are not subject to depreciation but provisions may apply.

- n. *Trust rights* – Register the securitization of the portfolio of credits, which is a mobilization mechanism of assets that consists of grouping present and future goods generated from cash flows called ‘Underlying Assets’, through the creation of a self financing structure in a special purpose vehicle from which securities are issued. For the purposes of structuring securitization processes, the condition exists of ‘special purpose vehicle’ exclusively for capital gains tax or universalities. The exclusive source of funding of such values is the cash flow derivative of the Underlying Assets associated with the securitization.

Bancóldex as the Originator in the process of securitization conducted in October of 2010 the transfer between assets account to the framework of Trust rights, and once the agent handling issued titles and returned the resources to the Bank, it is registered as a gain or loss from the transaction and the records need to reduce the fiduciary right in favor of the Bank as the memorandum accounts associated with the loan portfolio.

The securitized portfolio finalized on May 11 of 2015, the date by which the sum total of securities issues was paid by the trust administration TDEX 10-01.

Leasing Bancóldex registers the rights generated under mercantile trust agreements.

- o. *Valorizations* – Register the valorizations of the investments available for sale of participative securities, properties and equipment, specifically property and assets of art and culture.

The valorization of property, assets of art and culture are determined by the appraisals against the net adjusted costs; the former based on commercial appraisals conducted by persons or firms of recognized expertise and independence.

In the event of devaluation, according with caution standards, a provision is constituted for each individual real estate property.

- p. *Term deposit certificates* – Register the accrued liabilities per item by way of catchments through the issuance of term deposit certificates. The liquidity obtained is utilized to meet disbursements of credit portfolios and leasing operations. Its redemption is always completed on the expiry date or following business day, as the case may be.
- q. *Special deposit* – Register the security deposits received by Bancóldex to meet payment obligations in their favor that for one reason or another cannot be applied immediately.
- r. *Credits from banks and other financial institutions* – Register the value of the obligations undertaken in obtaining funds from banks and other institutions of the country or from abroad, under the same payment methods of direct loans or using a line of credit established for application in specific circumstances.

The transactions made across means of communication should be registered the same day it is communicated, given that they are supported by contracts between parties.

- s. *Accounts Payable* – Register the amounts payable, such that the returns received for the use of third-party resources, commission, fees, sums received under the contractual arrangements of the purchase commitment, suppliers, dividends, taxes, deductions and labor contributions and affiliations and others sums to pay for others cases similar in nature.
- t. *Securities of investments in circulation* – Register the obligations generated for the collection of funds via the issuance of investment securities or straight bonds. This collection is conducted to obtain the resource to be allocated in the credit portfolio. The terms to maturity and financial conditions are indicated in the issue of the corresponding prospectus. Its redemption is always completed on the day of expiry or by the following business day, as the case may be.
- u. *Other liabilities* – Register the consolidated labor obligations, credit portfolios of deferred payments, anticipated revenues, as well as other diverse liabilities. In the anticipated revenues Bancóldex records the amount received to meet the special financing agreements for the credit portfolio transactions with the differential rates of interest.
- v. *Estimated liabilities and provisions* – Register the provisions to cover the estimated liabilities, taking into account that:
- There is an acquired right and therefore an obligation
 - Payment is enforceable or probable
 - The provision is justifiable, quantifiable and verifiable.

It also records the estimated resulting from taxes, contributions and affiliations

- w. *Participation in consortiums* - Fiducóldex records the figures reported for the consortiums in accordance with the external circle 029 of 2002 of the Financial Superintendence of Colombia, through which incorporates accounts to include participation of the consortia in the financial statements of the trust

On December 31 of 2015 and 2014, the Fiduciary participated in the following consortia:

	2015	2014
Consortia	Participation	
Fopep 2007 (*)	11.00	11.00
Fosyga (*)	3.57	3.57
Prosperar (*)	18.52	18.52
Fonpet (*)	3.00	3.00
Programa Protección (*)	30.00	30.00
Pensiones Cundinamarca 2009 (*)	30.00	30.00
Sayp	10.00	10.00
Foncep (*)	20.00	20.00
Confiar Fonpet	45.50	45.50
Fopep 2012 (*)	15.00	15.00
Colombia Mayor Mayor (*)	35.00	35.00
Pensiones Cundinamarca 2012	45.00	45.00
Colombia Mayor Mayor 2013	22.50	22.50

(*)Consortia that are currently being liquidated

- x. *Conversion of foreign currency* - Operations in foreign currency that aren't US Dollars are converted to USD and then restated in Colombian Pesos at the market representative rate calculated on the last transaction. The rights and obligations of foreign currency are adjusted to the "market representative rate" published daily by the Financial Superintendence of Colombia.

As of December 31 of 2015 and 2014, Bancóldex and its subsidiaries used the exchange rates of \$3.149.47 and \$2.392,46 respectively

- y. *Reserves* -Registers the values of liquid profits from previous periods that have been appropriated by a mandate from the Shareholders General Assembly with the objective of providing legal dispositions, statutory provisions or specific purposes.

In accordance with the current provisions in Colombia, a legal fund must be established appropriating 10% of the liquid profits of each period until it reaches at least 50% of the registered capital.

The statutory reserves are mandatory if they aren't affected by a reform of the social contract or if they don't reach the expected amount for these reserves.

The occasional reserves ordered by the Assembly will only be mandatory during the period for which these are declared and this Assembly will be able to change the destination for these reserves or distribute them when they become unnecessary.

- z. *Recognition of Revenue for Financial Performance* – Revenue from financial performance and other concepts are acknowledged when they occur, except revenue that comes from:

Commercial and consumer credit rates that have a "C" appreciable risk rating or in categories with higher risk, or when they last ninety-one (91) days for commercial rates and sixty-one (61) days for consumer rates.

These financial yields are controlled in debtor contingent accounts and are registered as income when they are collected. For capitalization of interest, this is registered in the deferred payment account and income is recorded when it is effectively collected.

Loans that default and no longer collect interest, currency rate corrections, adjustments to exchange rates, taxes and income from other sources at cease to create this revenue from the first day of the default of the loan. Once the outstanding payments are made, this revenue source becomes active again. While these loans are paid back, the corresponding record will be managed in contingent accounts.

- aa. *Contingent Accounts* - These accounts register the operations through which the Bank acquires a right or assumes an obligation, conditioned to the occurrence or non occurrence of an event, depending on future, eventual or remote factors. Financial income is recorded from the day in which the causation is suspended in loan portfolios and leasing contracts. In debtor and creditor contingencies, the transferred or received values that are object of repurchase or simultaneous operations are registered.
- bb. *Memoranda accounts* - These accounts record operations with third parties that due to their nature do not affect the financial standing of Bancóldex and its subsidiaries. The resources from the programs, assimilated with autonomous patrimonies administrated by Bancóldex, are managed by a separate system in memoranda accounts. In addition, fiscal memorandum accounts are included where figures for the preparation of tax statements are recorded; this also includes registration accounts used for tax purposes related to internal control or management information

3. AVAIAIBLE FUNDS

The details of available funds are:

	2015	2014
Legal currency		
Cash		
Cash	\$ -	\$ 2
Cheques	23	364
Banco de la Republica ⁽¹⁾		
Checking Account	26,161	11,706
Banks and other financial entities ⁽²⁾		
Banks (2)	<u>38,464</u>	<u>36,610</u>
	<u>64,648</u>	<u>48,682</u>
Foreign Currency		
Cash		
Cash	17	47
(Central Bank) Banco de la Republica ⁽¹⁾		
Cuenta Corriente Bancaria	-	11
Banks and other financial entities		
Branches	<u>25,905</u>	<u>92,097</u>
	<u>25,922</u>	<u>92,155</u>
Provision of Available Funds	<u>-</u>	<u>(1)</u>
	<u>\$ 90,570</u>	<u>\$ 140,836</u>

- (1) Bancóldex presents a restriction on these funds in favor of the Government of Colombia under the borrowing contracts signed between Bancóldex S.A. and the Inter - American Bank of Development (BID), through which Bancóldex attaches revenues that are received by repayments of the loan portfolio that is up to 120% of the biannual service of debt for the loan contracts 2080/OC-CO y 2193/OC-CO and 130% for the 3003/TC-CO contract. Fiducóldex S.A. and Leasing Bancóldex S.A. do not present any kind of restriction on the available funds.

On December 31, 2015 the balance of \$ 17.360 corresponds to Bancóldex, \$ 8.795 to Leasing Bancóldex and \$ 6 to Fiducóldex. These balances include the value that is calculated to fulfill the legal reserve requirement.

- (2) On December 31, 2015 the balance of \$ 20.193 corresponds to Bancóldex, \$ 15.976 to Leasing Bancóldex and \$ 2.295 to Fiducóldex.

As of December 31 of 2015 and 2014, Bancóldex does not provide conciliation lines in national or foreign currency that have had more than 30 days for their regularization.

As of December 31 of 2015 and 2014, Fiducóldex S.A. presents the following conciliation lines with less than or more than 30 days, which do not have a material effect on the Results Statement from the Trust:

National currency:

In the Trust:

Concept	2015				2014			
	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Checks to be paid	1	0.1	1	0.0	10	1.4	2	0.3
Credit notes not registered in ledgers	1	0.6	-	-	-	-	1	1.1
Credit notes not registered in statements	1	0.1	-	-	-	-	-	-
Debit notes not reflected in statements	-	-	1	0.0	10	-	1	0
	<u>3</u>	<u>0.8</u>	<u>2</u>	<u>0.0</u>	<u>20</u>	<u>1.4</u>	<u>4</u>	<u>1.4</u>

Collective investment funds Fiducóldex, Fontur and Aureos Private Equity Fund:

Concepto	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Checks to be paid	-	-	3	2.0	1	35.1	31	236.6
Credit notes not registered in ledgers	26	1,952.1	49	465.9	18	7,853.9	-	-
Credit notes not registered in statements	19	16.6	1	0.0	9	0.0	-	-
Debit notes not registered in statements	2	0.8	-	-	1	0.0	1	-
Debit notes not registered in ledgers	9	0.9	16	0.7	12	0.7	3	0.2
	<u>56</u>	<u>1,970.4</u>	<u>69</u>	<u>468.6</u>	<u>41</u>	<u>7,889.7</u>	<u>35</u>	<u>236.8</u>

Other Trust Businesses

Concepto	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Debit notes not registered in statements	10	1.0	5	0.0	50	15.1	159	0.0
Debit notes not registered in ledgers	10	5.8	18	1.2	1	0.3	10	189.8
Credit notes not registered in ledgers	27	345.7	4	5.4	-	-	-	0.5
Credit notes not registered in statements	10	50.5	2	0.0	-	-	1	0.1
	<u>57</u>	<u>403.0</u>	<u>29</u>	<u>6.6</u>	<u>51</u>	<u>15.4</u>	<u>170</u>	<u>190.4</u>

Procolombia:

Concept	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Checks to be paid	3	0.6	2	0.8	6	2.7	2	0.8
Credit notes not registered in ledgers	38	130.8	47	52.7	22	80.5	32	33.1
Credit notes not registered in statements	1	0.0	4	0.0	-	-	-	-
Debit notes not registered in statements	4	13.0	-	-	-	-	-	-
Debit notes not registered in ledgers	-	-	-	-	6	0.0	2	0.0
	<u>46</u>	<u>144.4</u>	<u>53</u>	<u>53.5</u>	<u>34</u>	<u>83.2</u>	<u>36</u>	<u>33.9</u>

Foreing Currency

Procolombia

Concept	2015				2014			
	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Checks to be paid	30	85.8	7	25.7	40	151.0	11	64.1
Credit notes not registered in ledgers	26	86.7	-	-	26	11.7	-	-
Credit notes not registered in statements	4	91.4	2	4.6	3	9.0	-	-
Debit notes not registered in statements	68	207.0	-	-	138	802.6	-	-
Debit notes not registered in ledgers	12	95.6	2	0.1	13	17.5	1	0.1
	<u>140</u>	<u>566.5</u>	<u>11</u>	<u>30.4</u>	<u>220</u>	<u>991.8</u>	<u>12</u>	<u>64.2</u>

As of December 31 of 2015 and 2014, Leasing Bancóldex presents the following conciliation lines:

	Less than 30 days		More than 30 days		Less than 30 days		More than 30 days	
	No.	Value	No.	Value	No.	Value	No.	Value
Cheques that haven't been paid	12	826.7	-	-	11	92.4	4	33.5
Credit notes that are pending in ledgers	24	283.7	-	-	16	462.0	16	145.8
	<u>36</u>	<u>1,110.4</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>554.4</u>	<u>20</u>	<u>179.3</u>

The movement in available provisions is as follows:

	2015	2014
Previous Balance	\$ 1	\$ 8
Constitutions (charges to results)	-	-
Recovery (credits for results)	(1)	(7)
Current Balance	<u>\$ 0</u>	<u>\$ 1</u>

As of December 31 of 2015 and 2014, the balance corresponds 100% to Fiducóldex.

4. ACTIVE POSITIONS IN OPERATIONS OF CURRENCY AND RELATED MARKETS

The detail of the active positions in currency market operations and related markets is as follows:

<u>Entity</u>	2015			2014		
	<u>Interest Rate</u> <u>(%)</u>	<u>Term</u> <u>Negotiation</u> <u>Period (days)</u>	<u>Value</u>	<u>Interest Rate</u> <u>(%)</u>	<u>Term</u> <u>Negotiation</u> <u>Period (days)</u>	<u>Value</u>
Inter-banking ⁽¹⁾						
<i>Foreign Currency</i>						
Banks	1.01	187	<u>81,886</u>	0.47	30	<u>11,962</u>
			<u>\$ 81,886</u>			<u>\$ 11,962</u>

(1) All of the operations performed were in a period established by Bancóldex for its payment and there are no restrictions on balances.

The active positions that are in short term of monetary market operations and related fields with a period of less than 30 days are considered cash equivalents for the effects of the cash flow statements from of December 31 of 2015 and 2014, which rise to \$ 44,092 and \$11,962, respectively.

As of December 31 of 2015 and 2014, the balance corresponds 100% to Bancóldex.

5. INVESTMENTS

The details of the investments are as follows:

	2015	2014
<i>Negotiable Investments in Debt Securities</i>		
Public debt certificates issued or guaranteed by the Nation	\$ 279,760	\$ 306,235
Securities issued, certified, accepted or guaranteed by institutions supervised by the Financial Superintendence (Includes the obligatory bonuses or those that have the option of being converted into shares).	63,820	80,000
Securities issued by entities not supervised by the Financial Superintendence (Includes the obligatory bonuses or those that have the option of being converted into shares)	<u>-</u>	<u>283</u>
	<u>343,580</u>	<u>386,518</u>
<i>Negotiable Investments in Participatory Securities</i>		
Participation in Investment Funds	62,851	58,230
Participation in Pension Funds	<u>21,094</u>	<u>19,591</u>
	<u>83,945</u>	<u>77,821</u>
<i>Investments to be maintained until they expire</i>		
Internal public debt securities issued or guaranteed by the Nation	100	951
Securities issued, certified, accepted or guaranteed by institutions supervised by the Financial Superintendence (Includes the obligatory bonuses or those that have the option of being converted into shares).	<u>5,301</u>	<u>5,850</u>
	<u>5,401</u>	<u>6,801</u>
<i>Investments available for sale as debt securities</i>		
Internal public debt securities issued or guaranteed by the Nation	193,052	224,626
External public debt securities issued or guaranteed by the Nation	<u>102,114</u>	<u>-</u>
	<u>295,166</u>	<u>224,626</u>
<i>Investments available for sale as participative securities</i>		
Stocks with low and minimum stock exchange liquidity or that aren't quoted on the stock exchange	<u>133,717</u>	<u>131,033</u>
	<u>133,717</u>	<u>131,033</u>
<i>Rights to repurchase negotiable investments</i>		
Public debt certificates issued or guaranteed by the Nation	<u>80,724</u>	<u>-</u>
	<u>80,724</u>	<u>-</u>
<i>Delivered to guarantee Operations with Derivative Financial Instruments</i>		
Negotiable investments delivered to guarantee Operations with Financial Instrument and others in securities or debt values	<u>63,405</u>	<u>52,869</u>
	<u>63,405</u>	<u>52,869</u>
<i>Provision of Negotiable Investments in Participative Securities</i>		
Other Provisions	(1,971)	(1,815)
<i>Provision of Available Investments for Sale in Participatory Titles</i>		
Category D – Significant Risk	<u>(12,597)</u>	<u>(12,597)</u>
	<u>(14,568)</u>	<u>(14,412)</u>
	<u>\$ 991,370</u>	<u>\$ 865,256</u>

- (1) In the month of November, 2015, this asset investment issued in foreign currency by the Republic of Colombia (Yankee Bonds) was reclassified as Negotiable and Available for Sale (prior approval realized by the Superintendence of Finance of Colombia according to a consultation undertaken by the bank).

As of December 31 of 2015 and 2014, the balance that corresponds to Bancóldex is at \$ 962,570 and \$ 838,580, Leasing Bancóldex for \$ 5,401 and \$ 6,801 and Fiducóldex for \$ 23,399 and \$ 19,875, respectively

Negotiable investments in participatory securities – Private capital funds

2015

Entity	Credit Risk Rating	Investment Commitments	Contingency	Historical Cost	Redemption of Units	Invested	Market Value	Valuation	Provision	Executed (%)
In national currency										
Aureos	2	\$ 14,647	\$ 4,083	\$ 5,630	\$ 4,933	\$ 10,563	\$ 16,541	\$ 10,911	\$ 827	72.12
Escala	2	11,000	621	10,362	17	10,379	6,621	(3,740)	331	94.35
Progresa Capital	1	3,472	326	2,249	898	3,146	2,328	80	47	90.62
Colombia Ashmore	1	39,022	9,802	19,060	10,160	29,219	31,912	12,853	638	74.88
Brilla Colombia	1	9,600	7,829	1,762	9,458	1,771	644	(1,118)	32	18.45
Amerigo Ventures Colombia	1	10,485	9,640	544	302	845	498	(45)	10	8.06
Velum Early Stage Fund I	1	<u>7,958</u>	<u>4,272</u>	<u>3,685</u>	<u>-</u>	<u>3,685</u>	<u>2,984</u>	<u>(701)</u>	<u>60</u>	<u>46.31</u>
		<u>\$ 96,183</u>	<u>\$ 36,574</u>	<u>\$ 43,291</u>	<u>\$ 25,767</u>	<u>\$ 59,609</u>	<u>\$ 61,529</u>	<u>\$ 18,239</u>	<u>\$ 1,945</u>	<u>61.97</u>

Entity	Credit Risk Rating	Investment Commitments	Contingency	Historical Cost	Redemption of Units	Invested	Market Value	Valuation	Provision	Executed (%)
In foreign currency										
MGM Sustainable	1	<u>USD 4</u>	<u>USD 1</u>	<u>USD 0</u>	<u>USD 1</u>	<u>\$ 1,322</u>	<u>USD 0</u>	<u>USD 0</u>	<u>\$ 26</u>	<u>16.78</u>
Total Privative capital Funds in \$						<u>\$ 62,851</u>				

As of December 31, 2015 the balance corresponds 100% to Bancóldex

2014

Entidad	Credit Risk Rating	Investment Commitments	Contingency	Historical Cost	Redemption of Units	Invested	Market Value	Valuation	Provision	Executed (%)
In national currency										
Aureos	2	\$ 14,647	\$ 4,495	\$ 6,318	\$ 3,834	\$ 10,152	\$ 13,831	\$ 7,513	\$ 692	69.31
Escala	2	11,000	1,169	9,814	17	9,831	7,210	(2,604)	360	89.37
Progres Capital	1	3,472	959	1,616	898	2,513	1,779	163	36	72.39
Colombia Ashmore	1	37,686	11,856	15,671	10,160	25,831	33,938	18,267	679	68.54
Brilla Colombia	1	9,600	8,126	1,464	9	1,474	635	(830)	32	15.35
Amerigo Ventures Colombia	1	<u>3,038</u>	<u>2,536</u>	<u>213</u>	<u>290</u>	<u>502</u>	<u>273</u>	<u>60</u>	<u>5</u>	<u>16.53</u>
		<u>\$ 79,443</u>	<u>\$ 29,140</u>	<u>\$ 35,095</u>	<u>\$ 15,207</u>	<u>\$ 50,303</u>	<u>\$ 57,665</u>	<u>\$ 22,569</u>	<u>\$ 1,804</u>	<u>63.32</u>

Entidad	Credit Risk Rating	Investment Commitments	Contingency	Historical Cost	Redemption of Units	Invested	Market Value	Valuation	Provision	Executed (%)
						COP	USD			
In foreign currency										
MGM Sustainable	1	<u>USD 4</u>	<u>USD 0</u>	<u>USD -</u>	<u>USD 0</u>	<u>\$ 565</u>	<u>USD 0</u>	<u>USD (0)</u>	<u>\$ 11</u>	<u>9.08</u>
Total Privative capital Funds in \$						<u>\$ 58,230</u>				

As of December 31, 2014 the balance corresponds 100% to Bancóldex

Provision of the negotiable investments in participatory certificates

The risk of credit for investment in Private Capital Funds carried out by Bancóldex as part of the Bancóldex Capital program is based on an internal methodology approved by the Financial Superintendence of Colombia.

This means that the classification regime and provisions for credit risk is not designed for use in Capital Funds, taking into account that it refers to securities and values with an expected positive cash flow from the beginning of the investment or those securities where the capacity of compliance by the counterpart can be estimated with some degree of precision, which isn't a characteristic of capital funds.

Available investments for the sales of participative certificates

Entity	Credit Risk Rating	Capital	2015		Adjusted Cost	Equity Value	Valuation	Provision
			% Part.					
Banco Latinoamericano de Exportaciones S.A. BLADEX ⁽¹⁾	A	USD 363	0.0134		\$ 11,014	\$ 40,128	\$ 29,114	-
Fondo Nacional de Garantías S.A. ⁽²⁾	A	370,445	0.2573		101,587	110,531	8,944	-
Centro de Información Financiera S.A. - CIFIN S.A. ⁽³⁾	A	9,977	0.0050		121	225	104	-
Segurexpo de Colombia S.A.	D	38,731	0.4963		<u>20,995</u>	9,546	-	<u>12,597</u>
					<u>\$ 133,717</u>		<u>\$ 38,162</u>	<u>\$ 12,597</u>

(1) The bank received cash dividends from the Latin American Export Bank S.A. - BLADEX. for \$ 1,988, during the year 2015.

(2) The bank provided cash dividends to the National Guarantee Fund S.A. for \$ 1,596, during the year 2015.

(3) The bank received stock dividends from the Financial Information Centre S.A. - CIFIN S.A. for \$ 37, and in cash \$ 25, during 2015

Entity	Credit Risk Rating	Capital	2014		Adjusted Cost	Equity Value	Valuation	Provision
			% Part.					
Banco Latinoamericano de Exportaciones S.A. BLADEX ⁽¹⁾	A	USD 363	0.0134		\$ 8,367	\$ 35,182	\$ 26,815	-
Fondo Nacional de Garantías S.A. ⁽²⁾	A	370,445	0.2573		101,587	112,147	10,560	-
Centro de Información Financiera S.A. - CIFIN S.A. ⁽³⁾	A	8,273	0.0050		84	168	84	-
Segurexpo de Colombia S.A.	D	38,731	0.4963		<u>20,995</u>	10,250	-	<u>12,597</u>
					<u>\$ 131,033</u>		<u>\$ 37,459</u>	<u>\$ 12,597</u>

(1) Bancóldex received cash dividends from the Latin American Export Bank S.A. - BLADEX. for \$ 1,336, during the year 2014.

(2) Bancóldex received cash dividends from the National Guarantee Fund S.A. for \$ 5,398, during 2014.

(3) Bancóldex received stock dividends from the Financial Information Centre S.A. - CIFIN S.A. for \$ 54, and in cash for \$ 36, during the year 2014.

In Bancóldex, on December 31, 2015, the rights to re-purchase negotiable securities for \$80,724 were provided as a guarantee to support liquidity operations. As of December 31 of 2015 and 2014, the rights to re-purchase securities available for sale were provided as a guarantee to support operations with the Central Chamber of Clearing House for \$63,405 and \$52,869, respectively.

The investments of Leasing Bancóldex as of December 31 of 2015 and 2014 do not present restrictions or charges.

The correspondents to the Trust present the following restrictions:

Of the total of investments by the Trust, there is a constituted reserve as of December 31 of 2015 and 2014 for \$ 21,094 and \$ 19,591, respectively, to guarantee the minimum profitability in accordance with the current norms.

This restriction is established by virtue of what is established in Law 1450 of 2011 and in Article 7 of Decree 1861 of 2012: "Equalization Reserve. With the goal of guaranteeing the minimum profitability ordered by Law 1450 of 2011, the administrative bodies of the FONPET resources should maintain an equalization reserve of financial yields, constituted with its own resources. The minimum amount of the equalization reserve of yields will be equivalent to one (1%) percent of the average monthly value of prices on the market from the securities that constitute the autonomous equity that the Bank administers. In terms of the equalization reserve, the following legislation should be taken into account: Article 2.6.4.1.6, Title 4 of Book 6 Part 2 of Decree 2555 of 2010".

Chapter 1 of the External Bulletin No. 100 of 1995 of the Financial Superintendence of Colombia establishes the classification, assessment and accounting norms of investments. Investments by the Trust are classified, assessed and recorded in accordance with this norm. In addition, Law 1450 of 2011 decrees that there are no other restrictions on investments that affect the ownership of these entities as of December 31 of 2015 and 2014.

The movement of the investment provisions for debt and participatory securities is as follows:

	2015	2014
Balance at the beginning of the period	\$ 14,412	\$ 14,037
Constitutions (charges to results)	226	459
Recoveries (loans to results)	(70)	(84)
Balance at the end of the period	<u>\$ 14,568</u>	<u>\$ 14,412</u>

As of December 31 of 2015 and 2014, the balance corresponds 100% to Bancóldex

Qualitative information

Objective of the Treasury's business - The principal objective of the Treasury is to provide liquidity to finance the investment portfolio in conditions that allow for contributions to the profitability and financial sustainability of Bancóldex with resources from both internal and external capital markets and optimal conditions involving prices, interest and opportunity. In this way the Treasury manages the Bank's cash flow, following short, medium and long-term strategies defined by its administration. All of these actions are framed within the norms established by the Financial Superintendence, the Bank of the Republic and the guidelines established by the Bank's Executive Board.

On the other hand, the Treasury operates the Bank's trading position with certain treasury products in both Colombian Pesos and foreign currency, seeking to generate profitability that contributes to financial sustainability, acting within the framework of policies, limits and attributions previously approved by the Executive Board.

6. CREDIT PORTFOLIO

Details of the credit portfolio divided per category are as follows:

	2015	2014
Housing:		
Ordinary Loans	\$ 4,824	\$ 2,669
	<u>4,824</u>	<u>2,669</u>
Consumption		
Ordinary Loans	623	370
	<u>623</u>	<u>370</u>
Commercial:		
Ordinary Loans	5,502,770	5,203,179
Discounts	81,841	54,771
Leasing of machinery and equipment	69,958	69,172
Leasing of vehicles	24,187	33,280
Leasing of boats, trains, planes and similar vehicles	4,014	2,969
Leasing of computing equipment	235	285
Leasing of properties	254,363	213,711
Leasing of other assets	1,058	-
	<u>5,938,426</u>	<u>5,577,367</u>
Total gross portfolio	5,943,873	5,580,406
Less: Provisions	<u>(240,429)</u>	<u>(225,955)</u>
Total net portfolio	<u>\$ 5,703,444</u>	<u>\$ 5,354,451</u>

On the 31st of December 2015 and 2014, the balance in Bancóldex was \$5,219,507 and \$4,915,150 and for Leasing Bancóldex it was \$ 483,937 and \$ 439,301, respectively.

The result of the assessment of the portfolio is as follows:

		2015						
		Capital	Interests	Other Concepts	Guarantees	Capital	Provisions Interests	Other Concepts
Housing Credits								
A - Normal		\$ 4,758	\$ 8	\$ 1	\$ 13,065	\$ 48	\$ -	\$ -
C - Appreciable		<u>66</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>
		<u>4,824</u>	<u>10</u>	<u>1</u>	<u>13,065</u>	<u>55</u>	<u>-</u>	<u>-</u>
Appropriate Guarantee Consumption Credits								
A - Normal		197	-	-	7,307	9	-	-
B - Acceptable		<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
		<u>198</u>	<u>-</u>	<u>-</u>	<u>7,307</u>	<u>10</u>	<u>-</u>	<u>-</u>
Other Guarantee Consumption Credits								
A - Normal		425	-	-	-	8	-	-
		<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>
Appropriate Guarantee Consumption Credits								
A - Normal		301,612	-	-	333,919	49,605	-	-
B - Acceptable		13,109	-	-	-	2,306	-	-
C - Appreciable		5,356	-	-	-	1,543	-	-
D - Significativo		5,794	-	-	-	5,436	-	-
E - Irrecuperable		<u>1,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760</u>	<u>-</u>	<u>-</u>
		<u>327,191</u>	<u>-</u>	<u>-</u>	<u>333,919</u>	<u>60,650</u>	<u>-</u>	<u>-</u>
Other Guarantee Consumption Credits								
A - Normal		5,535,777	28,612	756	316,112	66,406	369	630
B - Acceptable		29,108	382	316	-	856	10	301
C - Appreciable		11,376	167	271	-	1,340	99	82
D - Significativo		21,438	383	1,387	-	11,085	315	1,361
E - Irrecuperable		<u>13,536</u>	<u>345</u>	<u>648</u>	<u>-</u>	<u>13,097</u>	<u>345</u>	<u>648</u>
		<u>5,611,235</u>	<u>29,889</u>	<u>3,378</u>	<u>316,112</u>	<u>92,784</u>	<u>1,138</u>	<u>3,022</u>
Provision by application of the risk coefficient								181
General Provision (*)						86,922		
		<u>\$ 5,943,873</u>	<u>\$ 29,899</u>	<u>\$ 3,379</u>	<u>\$ 670,403</u>	<u>\$ 240,429</u>	<u>\$ 1,138</u>	<u>\$ 3,203</u>

(*) At the Bancóldex shareholders Extraordinary Assembly, held on the 22nd of December 2015, the reclassification of the amount of general provisions was approved in order to create individual provisions required to apply models resulting from the implementation of External Bulletin No. 032; similarly, this mechanism may be used in order to compensate for the demands for individual provisions generated due to debtors' non-compliance with the commercial portfolio. When this portfolio is recovered, these provisions must be returned to the general provisions.

2014

	Capital	Interests	Other Concepts	Guarantees	Capital	Provisions Interests	Other Concepts
Housing Credits							
A - Normal	\$ 2,666	\$ 3	\$ 1	\$ 7,887	\$ 27	\$ -	\$ -
E - Irrecuperable	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>2,669</u>	<u>3</u>	<u>1</u>	<u>7,887</u>	<u>30</u>	<u>-</u>	<u>-</u>
Appropriate Guarantee Consumption Credits							
A - Normal	<u>116</u>	<u>-</u>	<u>-</u>	<u>6,887</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>116</u>	<u>-</u>	<u>-</u>	<u>6,887</u>	<u>1</u>	<u>-</u>	<u>-</u>
Other Guarantee Consumption Credits							
A - Normal	254	-	-	-	3	-	-
	<u>254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
Appropriate Guarantee Consumption Credits							
A - Normal	260,326	-	-	267,308	6,605	-	-
B - Aceptable	13,270	-	-	-	1,869	-	-
C - Apreciable	2,429	-	-	-	852	-	-
D - Significativo	5,437	-	-	-	4,325	-	-
E - Irrecuperable	<u>510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510</u>	<u>-</u>	<u>-</u>
	<u>281,972</u>	<u>-</u>	<u>-</u>	<u>267,308</u>	<u>14,161</u>	<u>-</u>	<u>-</u>
Other Guarantee Consumption Credits							
A - Normal	5,279,671	25,919	134	429,847	51,843	240	2
B - Aceptable	8,202	245	279	-	356	4	11
C - Apreciable	556	29	9	-	36	8	8
D - Significativo	6,955	232	880	-	3,185	155	712
E - Irrecuperable	<u>11</u>	<u>24</u>	<u>36</u>	<u>-</u>	<u>11</u>	<u>24</u>	<u>36</u>
	<u>5,295,395</u>	<u>26,449</u>	<u>1,338</u>	<u>429,847</u>	<u>55,431</u>	<u>431</u>	<u>769</u>
Provision by application of the risk coefficient							126
General Provision (*)					156,329		
	<u>\$ 5,580,406</u>	<u>\$ 26,452</u>	<u>\$ 1,339</u>	<u>\$ 711,929</u>	<u>\$ 225,955</u>	<u>\$ 431</u>	<u>\$ 895</u>

Details of portfolio provision transactions are as follows:

	2015	2014
Balance at the beginning of the period	\$ 225,955	\$ 217,278
Constitutions (amounts incurred)	140,476	50,474
Written-off loans	-	(4,331)
Recoveries (credits incurred)	<u>(126,002)</u>	<u>(37,466)</u>
Balance at the end of the period	<u>\$ 240,429</u>	<u>\$ 225,955</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 217,385 and \$ 207,559 and for Leasing Bancóldex it was \$ 23,044 and \$ 18,396, respectively.

7. BANK ACCEPTANCES, CASH AND DERIVATIVE TRANSACTIONS

Details regarding bank acceptances and derivative transactions for bank assets are as follows:

	2015	2014
Position of assets		
Bank acceptances in term	\$ 4,708	\$ 113
Forward Speculation Contracts	<u>72,746</u>	<u>112,848</u>
	<u>\$ 77,454</u>	<u>\$ 112,961</u>
Position of liabilities		
Bank acceptances in term	\$ 4,708	\$ 113
Forward Speculation Contracts	<u>57,363</u>	<u>135,353</u>
	<u>\$ 62,071</u>	<u>\$ 135,466</u>

On the 31st of December 2015 and 2014, the balance corresponded to Bancóldex in its entirety.

8. VALUATION

Details regarding valuation are as follows

	2015	2014
Properties and equipment	\$ 37,927	\$ 36,780
Investments	38,162	37,459
Assets related to art and culture	<u>1,359</u>	<u>1,359</u>
	<u>\$ 77,448</u>	<u>\$ 75,598</u>

Bancóldex has registered its valuations using methods of recognized technical value for property equipment, as well as art and cultural goods, the service was provided in November and December 2014 by Luis Fernando Maguin Hennessey, (Architect P.U.J.)

Fiducóldex has registered its valuations according to the appraisals effectuated by the firm: Gestion y Auditoria Especializada Ltda., members of the Lonja de Propiedad Raíz de Bogotá and la Sociedad Colombiana de Evaluadores, on the 17th of December 2014.

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 68,079 and \$ 66,229 and for Fiducóldex it was \$ 9,369 y \$ 9,369, respectively.

9. DEPOSITS AND LIABILITIES

Details of deposits and liabilities are as follows:

	2015	2014
<i>Term Deposit Certificates</i>		
Issued less than 6 months ago	\$ 40,255	\$ 21,489
Issued between 6 months and 12 months ago	337,683	76,933
Issued between 12 months and 18 months ago	59,407	55,162
Issued more than 18 months ago	<u>2,379,892</u>	<u>2,514,537</u>
	<u>2,817,237</u>	<u>2,668,121</u>
Active private checking accounts	-	115
Special deposits	5,272	1,085
Bank services related to collection fees	<u>-</u>	<u>70</u>
	<u>\$ 2,822,509</u>	<u>\$ 2,669,391</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 2,529,086 and \$ 2,378,093 and for Leasing Bancóldex it was \$ 293,423 and \$ 291,298, respectively

10. LIABILITY POSITIONS IN MONETARY MARKET OPERATIONS AND OTHER RELATED POSITIONS

Details regarding liability positions in money market operations and related positions are as follows:

Entity	2015			2014		
	Interest Rates (%)	Negotiation Terms (days)	Value	Interest Rates (%)	Negotiation Terms (days)	Value
Inter-banking Purchased Funds						
Foreign Currency						
Banks	5.53	9.5	<u>\$ 26,000</u>	4.35	6	<u>\$ 5,500</u>
			<u>26,000</u>			<u>5,500</u>
Commitments for transfer operations – Simultaneous						
Legal Currency						
Bank	3.34	6	<u>80,804</u>	-	0	<u>-</u>
			<u>\$ 106,804</u>			<u>\$ 5,500</u>

On the 31st of December 2015 and 2014, the balance corresponded to Bancóldex in its entirety..

11. BANK CREDITS AND OTHER FINANCIAL OBLIGATIONS

Details of bank credits and other financial obligations are as follows:

	2015			2014		
	Interest Rate (%)	Value USD	Value Pesos	Interest Rate (%)	Value USD	Value Pesos
In foreign currency						
Short term						
BHF Bank Frankfurt Alemania	1.33	1	\$ 3,568	0.86	2	\$ 5,544
Toronto Dominion Bank Canada	0.85	9	29,365	0.88	10	24,688
Bank Of Montreal Canada	-	-	-	1.00	12	29,559
The Bank Of Nova Scotia Canada	0.76	5	17,122	-	-	-
Commerzbank A.G.	1.40	20	62,989	1.04	13	31,899
Bank Of Tokyo Mitsubishi N.Y. USA	-	-	-	2.88	0	558
Banco del Estado de Chile	1.14	10	31,495	0.88	30	71,774
Bco. Sumitomo Mitsui Banking Corp	0.80	4	12,788	-	-	-
Citibank USA	1.47	12	38,555	0.91	19	44,589
Interamerican Investment Corp.	1.25	4	12,898	1.18	8	20,276
Banco Sumitomo Mitsui Banking Corp U	1.43	50	157,474	-	-	-
Wells Fargo Bank	1.40	32	99,366	0.81	10	23,198
Corporación Andina de Fomento CAF Venezuela	<u>1.00</u>	<u>140</u>	<u>440,926</u>	<u>0.88</u>	<u>126</u>	<u>300,732</u>
	<u>1.16</u>	<u>288</u>	<u>906,544</u>	<u>0.91</u>	<u>230</u>	<u>552,818</u>
Mid-term						
Instituto de Crédito Oficial del Reino de España	1.78	16	51,369	2.15	29	69,434
Interamerican Investment Corp.	1.55	12	39,347	-	-	-
Corporación Andina de Fomento CAF Venezuela	2.29	20	62,989	-	-	-
Wells Fargo Bank	-	-	-	2.08	20	47,849
KfW IPEX-Bank GmbH	<u>1.20</u>	<u>2</u>	<u>5,055</u>	<u>0.94</u>	<u>2</u>	<u>3,840</u>
	<u>1.91</u>	<u>50</u>	<u>158,761</u>	<u>2.08</u>	<u>51</u>	<u>121,124</u>
Long-term						
Interamerican Development Bank Usa	<u>1.35</u>	<u>307</u>	<u>965,680</u>	<u>1.01</u>	<u>321</u>	<u>767,746</u>
	<u>1.35</u>	<u>307</u>	<u>965,680</u>	<u>1.01</u>	<u>321</u>	<u>767,746</u>
		<u>645</u>	<u>2,030,985</u>		<u>602</u>	<u>1,441,687</u>
In legal currency						
Banco de Bogotá S.A.	6.44	-	\$ 39,999	6.44	-	8,000
Banco BBVA S.A.	6.22	-	5,398	6.22	-	2,500
Banco Davivienda S.A.	-	-	-	6.53	-	7,500
Banco AV Villas S.A.	-	-	-	5.75	-	15,000
Banco de Occidente S.A.	6.22	-	2,514	6.75	-	5,187
Banco Corpbanca S.A.	-	-	-	6.38	-	12,750
Bancoldex S.A. (cartera titularizada con Fiducolde)	-	-	-	6.03	-	320
Finagro S.A.	<u>5.42</u>	<u>-</u>	<u>1,208</u>	<u>5.42</u>	<u>-</u>	<u>1,934</u>
	<u>6.38</u>	<u>-</u>	<u>49,119</u>	<u>6.22</u>	<u>-</u>	<u>53,191</u>
		<u>645</u>	<u>\$ 2,080,104</u>		<u>602</u>	<u>\$ 1,494,878</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 2,030,985 and \$ 1,441,687, for Leasing Bancóldex it was \$ 46,207 and \$ 53,004 and for Fiducolde it was \$ 2,912 y \$ 187, respectively.

12. INVESTMENT SECURITIES IN CIRCULATION

The details of current investment securities are as follows:

	2015	2014
Ordinary bonuses with a term that are equal to or superior to 18 months	\$ <u>500,000</u>	\$ <u>706,700</u>
	<u>\$ 500,000</u>	<u>\$ 706,700</u>

On the 31st of December 2015 and 2014, the balance corresponded to Bancóldex in its entirety

13. OTHER LIABILITIES

Details regarding other liabilities are as follows:

	2015	2014
Consolidated Laboral Obligations ⁽¹⁾	\$ 5,717	\$ 5,571
Anticipated Income ⁽²⁾	103,346	96,148
Deferred Bonuses	619	357
Deferred payment of credit notes	466	34
Deferred income tax	13,518	15,098
Bonuses to apply account obligations	25	28
Consortia or temporary unions	5,524	5,119
Dividends	<u>34,719</u>	<u>49,055</u>
	<u>\$ 163,934</u>	<u>\$ 171,410</u>

(1) All labor liabilities acquired by the bank and dependent institutions are covered in law 50 of 1990 and law 100 of 1993.

(2) This balance corresponds primarily to the resources received by Bancóldex from ministries, governing bodies and town halls to fund lines using differential rates as well as bank operation commissions received from special programs integrated in autonomous equity managed by the bank. Details regarding the anticipated income are as follows:

	2014	Charges	Amortization	2015
Interests	\$ 91,864	\$ 66,571	\$ 56,044	\$ 102,391
Commissions	<u>4,284</u>	<u>2,570</u>	<u>5,899</u>	<u>955</u>
	<u>\$ 96,148</u>	<u>\$ 69,141</u>	<u>\$ 61,943</u>	<u>\$ 103,346</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 156,348 and \$ 164,729, for Leasing Bancóldex it was \$ 836 y \$ 1,298 and for Fiducóldex it was \$ 6,288 and \$ 5,845, respectively

14. EQUITY

Details regarding equity are as follows:

	2015	2014
Ministry of Commerce, Industry and Tourism	\$ 976,143	\$ 976,143
Ministry of Treasury and Public Credit	83,420	83,420
Specific entities	<u>2,993</u>	<u>2,993</u>
	<u>\$ 1,062,557</u>	<u>\$ 1,062,557</u>

The number of shares subscribed and paid-in shares is as follows:

	2015	2014
Ministry of Commerce, Industry and Trade (Shares Class "A") Ordinaries	\$ 976,143	\$ 976,143
Ministry of Treasury and Public Credit (Shares Class "A") Ordinaries	83,420	83,420
Private Investors (Shares Class "B") Ordinary	2,081	2,081
Private Investors (Shares Class "C") Privileged	<u>913</u>	<u>913</u>
	<u>\$ 1,062,557</u>	<u>\$ 1,062,557</u>

In Bancóldex, Series C, preferential shares possess a minimum, annual, preferential dividend that is equivalent to 3.5% of the equity value of the shares at the beginning of the year with a charge on the profits that the General Assembly calculates it should be charged on. Said minimum, preferential dividend will apply, in principle, for eight (8) years, after which the bank will compare the average value of the shares registered at the Banco de Valores de Bogotá, Medellín y Occidente for twelve (12) months prior to the comparison of the average equity value of shares in the same period.

If the average value on the Stock Exchange is equal to or greater than 110% of the average equity value, this privilege shall be terminated and as a consequence, the minimum, preferential dividend shall be suspended; if the opposite is true, the privilege shall be extended for another five (5) years, after which the bank shall once again compare the average value using the same method. If the average value at the Colombian Stock Exchange continues to be less than 110% of the average equity value, this privilege shall be extended for another year (1), after which it shall be terminated.

Termination of these privileges, whenever this may occur, will allow these shares to become regular shares and will lead to the substitution of securities. If the General Assembly

acknowledges a dividend that is higher than the minimum preferential value, then it shall take precedence over the latter.

In order to reconcile the privilege embedded in previous paragraphs, Bancóldex shall proceed according to the following formula:

Minimum, preferential dividend = Equity value of the shares at the beginning of the year N x 3.5%.

Whereby:

The equity value of the shares at the beginning of the year N = Total equity on the 31st of December of year N – 1 / Total current shares

The General Shareholders Assembly of Bancóldex has instructed the payment of the minimum preferential dividend, funded by liquid profits from the same period. Therefore, the payment dates for the preferential dividend correspond to the dates defined by the assembly, notwithstanding Section 2 of Article 381 in the Code of Commerce. Payment dates are defined by this establishment and if Bancóldex does not generate profits in its activities or they are insufficient to cover said payment. The total or partial unpaid dividend shall be accrued and funded by liquid profits from the following period. If there are no liquid profits or they are insufficient in the following period, they will be accrued to be paid in successive periods.

The General Shareholders Assembly of Bancóldex decided that the privilege should be renewed for a five-year term and then once more, in a regular meeting on the 31st of August 2002. At the meeting held on the 31st of March 2008, the General Shareholders Assembly of Bancóldex decided that the listed value on the Colombian Stock Exchange was to be zero (o) and that the privilege should continue for another 5 years, taking into account that the list value is merely a reference used to understand whether the privilege should be renewed or not, for five years in principle and then for three successive, two-year periods. Given the expiration of this privilege, the General Shareholders Assembly of Bancóldex approved the renewal of the privilege for another five years on the 22nd of March 2013.

15. OTHER OPERATIONAL INCOME

Details regarding other operational income are as follows:

	2015	2014
Reintegration of Provisions		
Credit Portfolio	\$ 121,757	\$ 32,131
Account Payable	673	880
Financial Leasing Operations	2,552	3,870
Operational Leasing Operations	359	612
Indicual contra-cyclical component of the credit portfolio and commercial leasing operations	1,693	1,466
Individual contra-cyclical component of accounts payable	52	44
Cables, ports telephone	96	75
Penal Clausa	45	13
Operational income from consorcia or temporary unions	24,140	22,336
Others	<u>517</u>	<u>4,353</u>
	<u>\$ 151,884</u>	<u>\$ 65,780</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 121,443 y \$ 35,123, for Leasing Bancóldex it was \$ 6,260 y \$ 7,974 and for Fiducóldex it was \$ 24,181 and \$ 22,683, respectively.

16. OTHER OPERATIONAL COSTS

Details of other operational costs are as follows:

	2015	2014
Honorariums	\$ 7,997	\$ 5,780
Taxes	38,185	16,932
Contributions and Affiliations	2,327	2,476
Insurance	2,041	1,963
Maintenance and Repairs	3,514	2,906
Renovation and installation of office	604	1,793
Cleaning and security services	997	957
Temporary staff services	958	1,710
Publicity and propaganda	989	1,515
Public Relations	71	92
Public Services	1,129	1,137
Travel expenses	1,048	1,363
Transport	968	1,173
Stationery	236	301
Operational expenses from consorcia or temporary	14,806	14,417
Social wellbeing	1,836	2,421
Commercial information	643	511
Transmission of telex data, tas. SWIFT	1,510	1,385
Mail and messaging services	420	431
Building administration	1,472	1,418
Legal and notary services	132	55
Contact Center Bancoldex	524	545
Other systems services	536	412
Others	3,100	2,231
Operational risk	<u>1</u>	<u>13</u>
	<u>\$ 86,044</u>	<u>\$ 63,937</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 56,189 and \$ 37,526, for Leasing Bancóldex it was \$ 7,547 y \$ 6,458 and for Fiducóldex it was \$ 22,308 and \$ 19,953, respectively.

17. NON-OPERATIONAL INCOME

Details of non-operational income are as follows:

	2015	2014
Profit for sale of goods received in payment	\$ 15	\$ 364
Profit for sale of property and equipment	13	13
Leases for goods	1,036	670
Reimbursement of provisions		
Written-off assets	604	1,342
Realizable assets, received in payment and restituted	477	841
Investments	70	84
Other allowances	161	819
Others assets	4,524	2,404
Reimbursements	115	190
Recoveries	4	1
Other recoveries	754	461
	<u>\$ 7,773</u>	<u>\$ 7,189</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 5,960 y \$ 5,025, for Leasing Bancóldex it was \$ 926 and \$ 1,836 and for Fiducóldex it was \$ 887 and \$328, respectively.

18. NON-OPERATIONAL COSTS

Details of non-operational costs are as follows:

	2015	2014
Loss on sale of goods received in payment	\$ 125	\$ 352
Fines and sanctions from other administrative authorities	4	1
Labour lawsuits	-	247
Litigation in administrative processes	170	-
Others	13	-
	<u>\$ 312</u>	<u>\$ 600</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 13 and 540, for Leasing Bancóldex it was \$ 125 and \$ 59 and for Fiducóldex it was \$ 174 y \$ 1, respectively.

19. CONTINGENT ACCOUNTS

Debtors –

	2015	2014
Values provided as guarantees - Simultaneous	\$ 80,725	\$ -
Category A normal commercial risk	68	3
Category B acceptable commercial risk	6	16
Category C appreciable commercial risk	276	13
Category D significant commercial risk	2,278	954
Category E unrecoverable commercial risk	652	-
Category A normal commercial risk	15	7
Category B acceptable commercial risk	115	173
Category C appreciable commercial risk	70	82
Category D significant commercial risk	527	574
Category E unrecoverable commercial risk	584	431
Canons to receive checking part	103,026	94,842
Canons to receive non- checking part	414,785	347,517
Purchase options to receive checking part	1,710	2,095
Purchase options to receive non- checking part	12,757	11,254
Others	<u>6,973</u>	<u>6,695</u>
	<u>\$ 624,610</u>	<u>\$ 464,656</u>

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 87,699 and \$ 6,695, for Leasing Bancóldex it was \$ 536,911 and \$ 457,960 and for Fiducóldex it was \$ - y \$ 1, respectively.

Payable

	2015	2014
Banking guarantees	\$ 112,413	\$ 174,504
Issued by the entity	1,195	830
Confirmed by the entity	3,536	14,089
Credits approved but not disbursed	2,853	2,613
Litigation ⁽¹⁾	221	2,655
Others	<u>68,174</u>	<u>37,841</u>
	<u>\$ 188,392</u>	<u>\$ 232,532</u>

(1) Bancóldex and Fiducóldex register both civil and labor proceedings on the 31st of December 2015 and 2014.

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 184,175 and \$ 229,977, for Leasing Bancóldex it was \$ 4,096 and \$ - and for Fiducóldex it was \$ 121 and \$ 2,555, respectively.

20. MEMORANDA ACCOUNTS

Debtors –

	2015	2014
Assets and values delivered in custody	\$ 2,310	\$ 296
Assets and securities delivered in guarantee	63,406	52,869
Remittances and other effects sent for payment	24,646	4,759
Written Off Assets	110,370	104,378
Unused credits	3,467,428	2,403,613
Investment securities that are not placed	2,313	2,313
Investment securities that are amortized	2,400,000	4,257,046
Adjustments due to active inflation	6,532	6,536
Accounts payable for negotiable investment performance in debt securities	155	59
Property and equipment totally depreciated	11,776	11,093
Fiscal value of assets	6,831,349	6,783,124
Negotiable investments in debt securities	421,999	386,235
Investments to be maintained until expiration	5,400	6,801
Investments available for the sale of debt securities	358,571	277,494
Other Memoranda Accounts from Debtors ⁽¹⁾	<u>6,342,440</u>	<u>6,213,444</u>
	<u>\$ 20,048,695</u>	<u>\$ 20,510,060</u>

(1) Includes the assets and expenses of the program: Bank of Opportunities Investment Bank and the Autonomous Equity Program of Productive Transformation and the Entrepreneurial Management Growth Unit.

On the 31st of December 2015 and 2014, the balance corresponding to Bancóldex was \$ 16,360,063 and \$ 16,871,635, for Leasing Bancóldex it was \$ 768,550 and \$ 681,094 and for Fiducóldex it was \$ 2,920,082 and \$ 2,957,331, respectively.

Creditors –

	2015	2014
Assets and values delivered in custody	\$ 80	\$ 80
Assets and securities delivered in guarantee	-	164
Guarantees that require cancellation	2,970	2,075
Goods and values received as guarantees - suitable guarantee	387,257	315,377
Goods and values received as guarantees - other guarantees	316,112	429,847
Recoveries of written off assets	221	811
Adjustments due to equity inflation	906,357	906,357
Capitalization due to revaluation of equity	906,357	906,357
Performances and revenues or loss in the sale of debt securities investments.	46,204	58,880
Performance of negotiable investments in participative securities	982	1,504
Fiscal Value of Equity	1,631,477	1,620,165
Financial Leasing Operations Rating	358,653	322,692
Operational Leasing Contracts Rating	650	1,502
Housing Credits Rating - Ideal Guarantee	4,835	2,673
Consumption Credits Rating - Ideal Guarantee	198	116
Consumption Credits Rating - other guarantees	425	254
Commercial Credits Rating - Ideal Guarantee	99,393	82,591
Commercial Credits Rating - other guarantees	5,516,246	5,199,879
Other memoranda accounts from creditors ⁽¹⁾	918,180	833,420
	<u>\$ 11,096,597</u>	<u>\$ 10,684,744</u>

(1) This includes the liabilities, equity and income from the following programs: Bank of Opportunities Investment Program and the Autonomous Equity Program: the Productive Transformation Program and the Entrepreneurial Growth Management Unit.

On the 31st of December 2014 and 2013, the balance corresponding to Bancóldex was \$ 10,119,925 and \$ 9,839,487, for Leasing Bancóldex it was \$ 922,075 and \$ 794,475 and for Fiducóldex it was \$ 54,597 y \$ 50,782, respectively.

21. RISK MANAGEMENT

The risk management process at Bancóldex and dependent institutions is framed within the guidelines designed by senior management, which are consistent with the general directives for management and administration approved by the Board of Directors.

Bancóldex and its dependent institutions, all have the necessary committees for the management and administration of credit risks and counterpart risks, operational liquidity markets, legal management of asset laundering and terrorist funding, which have been described at length in individual reports from each institution.

22. SUMMARY OF OVERRUNS (OR DEFECTS) IN INVESTMENT COSTS, SURPASSING BOOK VALUES

In Fiducóldex S.A. – the first and second acquisition of shares were carried out on the 3rd of November 1992 and the 30th of November 1997, respectively, there were no overruns or defects.

In Leasing Bancóldex S.A. - The first acquisition of shares was effectuated on the 3rd of May 2003 there was a defect of \$ 393 that was completely amortized the same year. The second acquisition of shares was effectuated on the 22nd of December 2003, which generated an overrun of \$ 26, which was completely amortized the same year. The third acquisition of shares, effectuated on the 22nd of December 2004, generated neither overruns or defects.

On the 30th of September and December 28th, 2005, the bank effectuated its fourth and fifth acquisitions of shares, that generated excesses of \$ 161 and \$ 480 that were completely amortized in 2005.

On the 31st of May 2006 the bank effectuated its sixth shares acquisition, in which an excess of \$ 47 was created that was completely amortized throughout 2006.

Summary of eliminated mutual transactions:

Concept	2015 Fiducóldex Elimination		Leasing Bancóldex Elimination	
	Debit	Credit	Debit	Credit
Assets				
Investments in Shares	\$ -	\$ 29,760	\$ -	\$ 37,023
Credit Portfolio	-	-	-	132,495
Provision of Credit Portfolio	-	-	5,391	-
Accounts to charge interests	-	-	-	366
Other accounts payable	-	8	-	-
Provision of interests	-	-	15	-
Assets delivered to Comodato	-	-	-	182
Amortization of Assets delivered to Comodato	-	-	39	-
Valuations of Investments	-	15,549	-	8,725
Total Assets	-	45,317	5,445	178,791

Concept	Fiducolx Elimination		Leasing Bancolx Elimination	
	Debit	Credit	Debit	Credit
<u>Pasivos</u>				
Bank credits and other financial obligations	-	-	132,495	-
Interests to pay	-	-	366	-
Providers	8	-	-	-
Interests of minorities	-	5,639	-	7,194
Total Liabilities	8	5,639	132,861	7,194
<u>Equity</u>				
Authorized Capital	36,084	1,084	46,000	-
Capital to be subscribed (-)	-	2,108	-	2,803
Appropriation of Liquid Revenues	661	-	429	-
Bonus in the placing of Shares	911	429	35	-
For Investment Protection	-	-	-	-
Reserves for portfolio protection	-	-	538	-
Reserves due to fiscal dispositions	4	-	-	-
Others	-	-	-	-
Properties and Equipment	1,014	-	-	-
Valuations	15,549	-	8,725	-
Results of Previous Exercises	-	2,846	164	6,047
	54,224	6,467	55,890	8,850
<u>Operational Income</u>				
Commercial Credit Interests	-	-	5,958	-
Inter-banking Funds, Ordinary Sales	-	-	-	-
Credit Notes Commissions	-	-	-	-
Matriz, Affiliates and Subsidiary Dividends	2,846	-	4,770	-
Recoveries of the provisions of accounts payable	-	-	2	-
Recoveries of the provisions of credit portfolio	-	-	883	-
Income from Operational Leasing and Renting	-	-	11	-
	2,846	-	11,623	-
<u>Non-operational Income</u>				
Own Assets	7	-	26	-
Others	1	-	4	-
	8	-	30	-
<u>Operational Expenses</u>				
Rediscounts from other entites.	-	-	-	5,958
Inter-banking Funds, Ordinary Purchases	-	-	-	-
Banking Services Commissions	-	-	-	-
Rental of Computing Equipment	-	-	-	7
Business and Office Rentals	-	7	-	19
Other Rentals	-	-	-	10
Computing Equipment Rentals	-	-	-	4
Other Maintenance and Repairs	-	1	-	-
Provisions of Credit Portfolio	-	-	-	5,391
Provisions of Accounts Payable	-	-	-	15
	-	8	-	11,404
<u>Non-operational Expenses</u>				
Amortization of Assets delivered to Comodato	-	-	-	21
Minority Interests	345	-	411	-
	345	-	411	21
	\$ 57,431	\$ 57,431	\$ 206,260	\$ 206,260

The effects of consolidation on Bancóldex's financial Statement

In the General Balance – for 2015 total assets in the Consolidated General Balance increased by \$ 392,387 going from \$ 6,805,560 in Bancóldex's individual balance to \$ 7,197,947; For 2014 total assets in the Consolidated General Balance increased by \$ 392,770 going from \$ 6,305,888 in Bancóldex's individual balance to \$ 6,698,658 as a consolidated balance. This increase is primarily represented in the credit portfolio.

In 2015 total liabilities in the Consolidated General Balance show an increase of \$ 385,470 going from \$ 5,419,456 in the bank's individual balance to \$ 5,804,926; In the year 2014 there was an increase of \$ 382,264 going from \$ 4,876,418 in the bank's individual balance to \$ 5,258,682 as a consolidated balance. The increase is primarily represented in deposits and liabilities, bank credits and other financial responsibilities.

In 2015 total equity in the Consolidated General Balance increased by \$ 6,917 going from \$ 1,386,104 in Bancóldex's individual balance to \$ 1,393,021; in the year 2014 there was an increase of \$ 10,506 going from \$ 1,429,470 in Bancóldex's individual balance to \$ 1,439,976 as a consolidated balance. This variation is a result of minority interest elimination and elimination transactions in the income statement.

Income Statement – the consolidated income statement net profits from the activities ending on the 31st of December 2015 rise to \$ 30,510, showing an increase of \$ 2,409, for the individual bank balance it was \$ 28,101. This increase corresponds to the behavior shown directly in the income statements given that in both the main branch and dependent branches, operational income shows good behavior compared to the expenses in the same category. On the 31st of December 2014, net profits rose to \$ 62,659, showing a reduction of \$ 2,221. For the individual bank balance it was \$ 64,880. This reduction corresponds to the behavior shown directly in the operations income statements, which are not mutual like the dividends, recuperations and provision expenses.

23. LEGAL CONTROLS

Throughout 2015 and 2014, Bancóldex and its dependent institutions complied with all the legal requirements defined for it to operate.

24. SUBSEQUENT EVENTS

There are no economic events after the cut-off date that can affect the financial situation; the perspective of Bancóldex and its dependent institutions, or question their continuity.

25. OTHER ISSUES

International Financial Reporting Standards (IFRS) –

For the convergence to international financial Reporting Standards (IFRS) process, according to Act 2784 of 2012, issued by the Ministry of Trade, Industry and Tourism and External Memo 038 of 2013 issued by the Financial Superintendence of Colombia, Fiducóldex transferred all the information regarding the Opening IFRS statement of financial position of the company and 5 business defined as belonging to group 1 as follows: Fiducóldex Collective Open Investment Fund (code 9-1-11149), Fiducóldex Collective Open Portfolio (code 9-1-22817), Áureos de Colombia Private Capital Fund (code 9-7-11207), Fideicomiso Hoteles Estelar (code 3-2-30065) and Autonomous Equity TDEX 10-1 (code 3-2-18158); on the 26th of December 2014 Fiducóldex once again transferred the Opening IFRS statement of financial position of the collective portfolio and the Áureos de Colombia Fund with the aim of including the Statutory Auditor's observations in notification 99097-09-6033-14 on the 30th of September 2014 regarding the same status.

Similarly, Fiducóldex presented its first comparative income statements under IFRS Colombia on the 31st of December as presented in Note 2. Therefore, for consolidation purposes with Bancóldex, adjustments were made to Fiducóldex's balances according to IFRS standards in Colombia. The objective was to issue the bank's consolidated financial statements under accounting rules that are generally accepted in Colombia.

According to Act 2784 of 2012, issued by the Ministry of Trade, Industry and Tourism as well as Resolution 743 of 2013, issued by the General Comptroller of the Nation, Bancóldex and Leasing Bancóldex belong to a group of financial entities with special status. Their transition period will begin on the 1st of January 2015 and their initial income statements shall be issued under the new normative framework in 2016. The Financial Superintendent of Colombia issued External Memo 038 on the 26th of December 2013, in which it established that those who prepare financial information and are registered public accountants must follow the timetable and other guidelines established by the General Comptroller of the Nation. Therefore the timetable in Resolution 743 is applicable to Bancóldex and Leasing Bancóldex as follows:

- Mandatory preparatory period from the 1st of January 2014 to December 31st, 2014
- Transition period from the 1st of January 2015 to the 31st of December 2015
- First application period from the 1st of January 2016 to the 31st of December 2016, in other words, that the Bank will present the first comparative financial results under the new normative framework by the 31st of December 2016.

Bancóldex and Leasing Bancóldex presented their Opening IFRS statement of financial position to the Financial Superintendent of Colombia, for separate financial statements on the 31st of August 2015. Bancóldex presented its Opening IFRS statement of financial position on the 29th of September 2015 for its consolidated financial statements.
