

2016

MANAGEMENT & SUSTAINABILITY REPORT



2016 REPORT OF THE BOARD OF DIRECTORS AND THE PRESIDENCY TO THE GENERAL MEETING OF SHAREHOLDERS	
About the Report	8
1 Summary	9
1.1 Findeter in figures	9
ORGANIZATIONAL INDICATORS	9
SUSTAINABILITY INDICATORS	10
1.2 Achievements and Recognitions	10
1.2.1 Achievements	11
1.2.2 Recognitions	11
1.3 Financial and Economic Context	12
1.3.1 Economic Context	12
1.3.2 Behavior of the Financial Sector	13
1.4 Important Events Taking Place After the Fiscal Year	13
2 Findeter	14
2.1 About Findeter	14
2.2 Location of its main Branches	14
2.3 Organizational Structural	14
2.4 Mission, Vision & Corporate Values.....	17
2.5 Products & Programs.....	17
2.5.1 Financial Products: Rediscount & Compensated Rates	17
2.5.2 Integral Territorial Development	18
2.6 Financial Strenght	19
As a Summary, what activities do we conduct?.....	20
2.7 Alliances & Partnerships.....	21
2.7.1 Partnerships	21
2.7.2 Alliances & Commitments	21
2.7.3 International Presence	22
2.8 Strategy.....	22
2.8.1 2015-2018 Strategic Plan.....	23
2.8.2 Tracking the Strategic Plan	24
2.9 Social & Environmental Responsibility	25
2.9.1 Sustainability Management	25
2.9.2 Considering Environmental & Social Risks	26
2.10 Goals for 2017	26
3 Corporate Government	28

3.1	Composition & Government Bodies	28
3.1.1	General Meeting of Shareholders	28
3.1.2	Board of Directors	29
3.1.3	Management Team	30
3.1.4	Government Activities.....	31
3.1.5	Board of Director’s Support Committees & Internal Control Mechanisms	32
3.2	Good Governance, Ethics & Transparency	34
3.2.1	Good Governance.....	34
3.2.2	Fight Against Corruption	34
3.2.3	Unfair Competition	35
3.2.4	Exercising Internal Control	35
3.2.5	Transparence & Information Disclosure.....	36
4	Financial Sustainability	38
4.1	Economic Outcomes & Financial Management	38
4.1.1	Main Indicators.....	38
4.1.2	Analys of the General Sheet.....	39
4.1.3	Income Statement	42
4.1.4	Risk Qualification	45
4.2	Budget & Funding Sources.....	47
4.2.1	Budget	47
4.2.2	Fundraising	48
4.2.3	Investments	50
4.3	International Banking.....	50
4.4	Risk Management	51
4.4.1	Risk Management Approach	51
4.4.2	Financial Risk Integral System	52
4.4.3	Non-Financial Risk Integral System.....	58
4.5	Internal Control	63
4.5.1	Internal Control Management Approach	63
4.5.2	Audits	65
4.5.3	Integral Management System Audits	68
4.5.4	Internal Accounting Control System Audit.....	70
4.5.5	Tracking & Implementing Action Plans.....	70
4.5.6	Management Control Internal & External Reports	70
4.5.7	Improvement Plan of the Comptroller General of the Republic	70

4.5.8	Internal Control Committees	71
4.5.9	Promoting Control Culture	71
4.6	Financial Statements	72
5	Commitment to Regions Sustainability	72
5.1	Rediscount Credit	72
5.1.1	Rediscount Management.....	72
5.1.2	Description of Disbursements in 2016.....	73
5.2	Integral Territorial Development	80
5.2.1	Territory Planning	80
5.2.2	Project Structuring.....	98
5.2.3	Project Execution Technical Assistance	99
5.2.4	Shared Value Projects	117
5.3	Contributing to Peace Process and postconflict	123
6	Environmental Sustainability	123
6.1	Environmental Management	123
6.2	Climate Change	125
6.3	Water Efficient Use.....	125
6.4	Energy Efficient Use	126
6.5	Materials & Wastes	127
6.5.1	Paper Consumption	127
6.5.2	Waste Management	128
7	Equipment.....	129
7.1	Equipment Profile	129
7.1.1	Characterization of Workers.....	129
7.2	Labor Relationships.....	130
7.2.1	Selection & Hiring Policy	131
7.3	Conciliation & Professional Development	132
7.3.1	IT Strategic Plan	132
7.3.2	Work Environment	133
7.3.3	Education.....	134
7.3.4	Performance	136
7.3.5	Salud Laboral.....	137
8	Relationship with Interest Groups.....	139
8.1	Value Chain	139
8.1.1	Clients & Marketing	139

8.1.2	Suppliers	141
8.1.3	Communication Channels with Interest Groups	142
8.2	Materiality	144
8.2.1	Identification, prioritization and validation of aspects and affairs	144
8.2.2	Materiality Matrix.....	148
8.2.3	Material Aspects' Coverage	150
9	Continuous Improvement Processes.....	151
9.1	Integral Management System	151
9.2	Innovation	155
9.3	Legal Management	156
9.3.1	Action for Protection	156
9.3.2	Processes Against It	158
9.3.3	Portfolio Divestment to CISA	158
9.4	Document Management	159
9.5	Technology Operation Management	160
9.5.1	Business Intelligence - BI.....	160
9.5.2	Economic Indicators Data Warehouse Construction & Automation	160
9.5.3	Findeter Virtual Redesign.....	161
9.5.4	IT Strategic Plan	161
9.5.5	Infraestructure	161

2016 REPORT OF THE BOARD OF DIRECTORS AND THE PRESIDENCY TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Pursuant to legal and statutory provisions, it is a pleasure to present this management and sustainability report for the year 2016, which includes the most relevant achievements and perspectives for 2017.

Generating opportunities in population, enhancing strengths of territories and improving their competitiveness, are some of the benefits obtained when planning the regions in an intelligent and sustainable manner; this is the way in which Findeter has understood that it is the best way to bring "vision into action."

To this end, we have consolidated as the leading development bank for the construction of sustainable territories, a fact that is reflected in the leadership that civil society has recognized upon Findeter. To the extent that "*El Espectador*" newspaper granted us the reward in the category, "Ethics and Corporate Government", last November.

On such a grounds, Findeter has contributed these last years to the sustainable development of the regions by means of planning, prioritization, funding and execution of projects that generate well-being and improve the quality of life of the Colombian society.

To achieve these purposes, the Company continued in 2016 the execution of the Mega-route 2018, framed within the 2015 – 2016 Strategic Plan, which incorporates two strategic approaches for the growth of the company in the short and middle term as well as sustainability and innovation.

With respect to the outcomes of the year 2016, it is worthy to recognize that Findeter kept a disbursement level exceeding COP 2.3 billion. Particularly, the Health sector was the one receiving the larger investment, equaling 40% of the total of placements (COP 930 Billion, thanks to the health compensated rate credit line, with which 134 health institutions in 42 townships of the country have been supported.

On the other side, the gross portfolio grew to COP 7.8 billion growing 13.6% respect to 2015; a 0.14% credit quality, 6 basic points below the index recorded in 2015; and an income before taxes equaling COP 80,317 million, a 86% growth respect to 2015. These outputs show that the Company has done a great job to favor stability and Financial Sustainability.

The appropriate financial handling has been upheld in the strengthening of our fundraising sources through multilateral banking, by means of credit lines approved for USD \$600 million with Inter-American Development Bank, disbursements conducted with BCIE Bank for USD \$50 million, KFW for USD \$100 million, and with commercial banks for USD 125 million in their equivalent to COP. Additionally, we are conducting procedures with the German Development Bank (KfW) for EUR 160 million.

Thanks to Findeter's financial consolidation in the last years, the confidence of our investors and interest groups has been reflected with the ratification of the risk qualification in level 'AAA (Col)' and 'F1+(Col)'; Stable Perspective, by Fitch Ratings. Likewise, Colombia Stock Exchange (BVC, for its Spanish abbreviation) renewed the "Issuer Investor Relations IR" certificate with which Findeter maintains the leadership as a public financial entity, for its practices in disclosing information to the market and its relationship with its investors.

Likewise, the outputs of the audit conducted in 2016 by the CGR, in regards to the year 2015 had very satisfactory results; on one side, conclusion of the account for 2015 was achieved and, on the other side, the rating of the control body respect to management conducted in that fiscal year was 98.078 points over 100, which outlines 100 points achieved in the financial management component.

As to sustainability, the Company continued progressing in each one of its fundamental pillars (environmental, social and economic) by means of programs such as "Sustainable & Competitive Cities", "Emblematic Cities" and "Caribbean Diamond and Santanderes." In 2016, we supported the national territory in an integral manner, thanks to our Territorial Development Integral Strategy by means of which

solutions are outlined to transform regions into sustainable territories that support planning, prioritization, funding and execution of projects.

The “Sustainable and Competitive Cities” has been joined by 17 cities nationwide, where nine action plans have been implemented and progress has been made in the construction of other 8. This program has moved COP 4.1 billion in credits for integral and sustainable development of these territories.

Meanwhile, the “Emblematic Cities” program has been joined by 31 municipalities of strategic relevance, generating disbursements for more than COP 750,000 million. Likewise, the “Caribbean Diamond and Santanderes” initiative concluded successfully with the identification of 65 key projects for this region.

Said investments aim at better development opportunities and at promoting sustainable criteria. To this effect, Findeter benefitted 3,400 children in several cities of the country by means of the socio-sporting schools; likewise, its participation in the assembly of the photovoltaic solar system in the Housing Project “Lorenzo Morales” in Valledupar is also outlined. It helped many families to reduce power costs as well as emission of green house gases.

Likewise, the Company has continued accompanying the national government in the execution of more than 742 housing projects such as “100 thousand free houses” costing COP 8.2”. In addition, it has supervised the construction of about 51,000 houses in the “Priority Interest House” initiative for holders of savings accounts (VIPA, for its Spanish Abbreviation), by means of which 140 projects for more than 67,000 houses have been enabled.

In the case of the “Water for Prosperity” Program, 246 projects costing COP 2.1 Billion have been supervised; in the Social Infrastructure line, Findeter arrived to 285 projects in 128 municipalities funding about COP 833,000 million. These projects have benefitted more than one million people, generating 54,235 educational spots and more than 925,000 m² have been built.

As to administrative management, it is important to outline that the company provided training averaging 15.6 hours/person/month, with 90% coverage. The organization conducted the assessment of 360° leaders, which allowed contributing to its development aligned with then Strategic Plan. Likewise, the Family-friendly Company model was maintained, it ranks Findeter as one of the best places to work in the Colombian business group.

For 2017, we have planned deepening into funding state road plans, contributing to the improvement of the Higher Education infrastructure and progressing in the health sector through credit lines for EPS (Health Provider Company) regarding portfolio streamlining to the IPS (hospitals) and other line for the IPS infrastructure. Another target sector for Findeter is the one related to mobility projects, outlining funding of cable cars for which work is being conducted with the IDB. With these strategies it is expected to disburse around COP 1.9 billion

Strictly abiding by the provisions of the regulations in force, information contained in this document respect to Financial Statements, obeys to criteria such as integrity, rights, obligations, valuation, presentation and disclosure, duly verified and gathered from accounting records of the Company, processed pursuant to accounting rules and principles established in Colombia.

As to provisions of Item 4 of Article 47 of Act 222 of 1995 as modified by Article 1 of Act 603 of 2000, we notify that Findeter complies with all rules on intellectual property and copyrights provided for in the Colombian legislation.

Pursuant to Article 87 of Act 1676 of 2013, we certify that the Company did not hinder the free circulation of invoices issued by vendor or service suppliers.

Finally, we state that the results contained in this report are proof: of the permanent and efficient work conducted by all workers of the Company. Of the suitability and professional commitment of the Board of Directors. Of the compliance of the presidential policy collaborating with the different Ministries. Of the support and active participation of the commercial and multilateral banking and other interest groups, meant to provide technical and financial solutions to the different sectors with a high social responsibility degree that will be continuously developed during 2017.

Ana Lucia Villa Arcila
Chairman of the Board of Directors

Luis Fernando Arboleda González
President

ABOUT THE REPORT

This Findeter's Management and Sustainability Report abides by the basic principles and contents established by the G4 Guide of the Global Reporting Initiative to prepare sustainability reports, with an Essential Compliance Level and the sector supplement for Financial Services has been applied upon it. Data published correspond to the period between January 1st and December 31st 2016. We have been conducting this transparency exercise since 2012 and, for second time we chose an online format to report to our interest groups on the most relevant economic, social and environmental impacts of our activity.

The scope of this report was defined based on the materiality analysis conducted, taking as a basis the consults made upon interest groups and the GRI G4 aspects under which the material contents will be presented. Material aspects analyzed this time vary and get broaden in respect to those of the former report thanks to a new more detailed materiality analysis.

Likewise, this report complies with provisions established in Item 4 of Article 47 of Act 222 of 1995 as modified by Article 1 of Act 603 of 2000, and Article 87 of Act 1676 of 2013.

1 2016 summary

1.1 Findeter IN FIGURES

ORGANIZATIONAL INDICATORS



531
Employees



COP 3.24 billion Fundraising



COP 80,317
Million
Profits



COP Assets 8.95 billion



COP 7.9 billion
Liability



COP Equity 1 billion



COP 2.3 billion
Credit Placement



AAA
Local long-term bonds



BBB
International Bonds



51,147
Built Houses



11 million
beneficiaries of the Water for
Prosperity Program

925,000 m²
Of social infrastructure built



7
Regional offices



3,400
Children benefited by social
investments



60%
Loyal clients



91%
Client satisfaction index

SUSTAINABILITY INDICATORS



302.969
consumed energy

kWh



2.956kg
recycled material



720
water consumption

m³



EFR
Family-friendly company



ISO
ISO
17 certified processes

9001
14001



84,6
Great Place to Work Index



60%
Women make part of our staff



15,6 hours
training per employee per
month

1.2 Achievements and Recognitions

Achievements IN 2016

Following, we list some of the main achievements of Findeter in 2016:

128% compliance of the total goal of loan disbursements, with placements amounting COP 2.3 billion in 88 municipalities and 25 departments.

13.6% growth of the gross portfolio respect to 2015, achieving an amount of COP 7.8 billion.

Validation of technical and financial surveys of the Public-Private Alliance for renewal, enlargement and operation of “*Colisco El Campin*”, which becomes the first Public-Private Alliance initiative of the territorial and social type awarded in the country.

Consolidation and signature of four new agreements to render technical assistance service amounting approximately COP 120,000 billion with entities such as “*Instituto Colombiano de Bienestar Familiar (ICBF)*” “*Agencia de Desarrollo Rural*”, “*Empresa Ibaguereña de Acueducto y Alcantarillado (IBAL)*” and “*Secretaria de Estado para Asuntos Economicos SECO (Switzerland) / IDB*”.

Completion of Action Plans in Santa Marta, Villavicencio and Valledupar as to the Sustainable and Competitive Cities Program; and Magangué, Aracataca, Lorica and Barrancabermeja in the Emblematic Cities Program.

3,400 vulnerable children were benefitted with the socio-sporting schools program in partnership with Real Madrid Foundation in six cities.

Commissioning of the first photovoltaic solar system in Priority Interest Housing projects in the Housing Project “Lorenzo Morales” located in Valledupar, implementing the cooperation agreement undersigned with USAID, in representation of the US Forest Service.

Accomplishment of external credits Amounting USD 325 million with Multilateral Banking and International Banks like the Inter-American Development Bank, the “Central American Economic Integration Bank, Citibank N.A and Bank of Tokyo – Mitsubishi UFJ, LTD.

Negotiation of cooperation funds amounting near € 17 million with entities such as NAMA Facility, French Fund for the World Environment (FFEM, for its French abbreviation) and the Global Fund for the Environment through IDB.

Securitization of portfolio of rediscount operations amounting COP 233,900 billion and fundraising amounting COP 3.24 billion through issuing Time Deposits in the local market

Implementation of an Integral Non-financial Risk System to manage operative risks as well as those regarding information security, business continuity, suppliers, laundering and terrorism funding under the same model and methodology.

During 2016, training averaged 15.6 hours/person per month; as to measurement of the development management for workers integrating innovative aspects such as culture and organizational climate, skills and improvement of the work environment, went up from 73.4 in 2015 to 84.6 in 2016.

Recognitions

“Issuer Investor Relations”

The Colombian Stock Exchange (BVC, for its Abbreviation in Spanish) renewed us the “Issuer Investor Relations” recognition reflecting the good practices as to Information Disclosure and Relationship with investors. This way, our Company is included in the list of the most transparent companies of the Colombian Market and we remain as the First Public Financial Entity receiving this recognition.



2016 ALIDE AWARD

2016 ALIDE Award in “Information, Technical Assistance and Social Responsibility” category with the “Water for Prosperity” program. In the context of the 46th annual meeting of the Latin American Financial Institutions for Development (ALIDE, for its Spanish abbreviation), Findeter received the 2013 ALIDE Award.

EL ESPECTADOR’S “ETHICS & CORPORATE GOVERNMENT” AWARD

Leadership award in “Ethics & Corporate Government Leadership” category, granted by “*El Espectador*” Newspaper, for Findeter’s commitment to the development of its worker’s competences and skills, by strengthening and balancing labor, personal and family life, as well as the recognition of the investors as a transparent and reliable company in the management of resources.



Family-Friendly (efr) company Certificate

Findeter renewed one more year its certification as Family-Friendly Company, granted by “*Fundación MasFamilia*” of Spain. October 2016.

1.3 Financial and Economic Context

Economic Context

Colombia finishes 2016 with economic outputs that consolidate slowdown trends economy has been showing during last two years. During the third quarter the economy grew 1.2% respect to the same period in 2015. For the Jan-Dec period, the unemployment rate was 9.2% and inflation was 5.75%. Said context is framed within data provided by financial and construction sectors, unlike recession presented in farming and mining. However, in relation to Latin American countries, the growth of the Colombian economy ranks third place in the region behind Peru (4.2%) and Mexico (2.2%).

Economic Perspectives FOR 2017

Considering the country's economic situation and identifying the trends of the macroeconomic indicators, it is possible to anticipate the behavior of the economy in the near future. In 2017, it is expected that an economic recovery will be strengthened in the hands of the construction sector and investments in civil works. To this end, multilateral agencies predict an improvement in economic growth for 2017. The OECD suggests that Colombian economy will grow near 2.45% by the end of next year, while the World Bank or the International Monetary Fund estimates a higher growth around 3.0%.

At national cope, the Nation's General Budget for 2017 presents opportunities for Findeter's activity in the regions. Mainly, COP 1.8 billion is allocated for investment in Housing, Sanitation and Potable Water. This sector has COP 1.88 billion available for territorial entities through the General Participation System, from which 44% is allocated for aqueducts, 32% for sewerage, 17% for hygiene and 7% for debt payment and others (Ministry of Treasury, 2017 Budget for the New Economy, 2016).

In addition, Education sector presents an increase of COP 2.1 billion in the PGN compared to 2016 and has COP 20.5 billion through the GSP. A fact deserving to be outlined is that there are COP 403 billion available for educational infrastructure, which should contribute to the commitments of the National Plan for Educational Infrastructure, which among its goals aims at constructing 39,000 classrooms in the four-year period.

On the other hand, the Transport sector has COP 4.85 billion for investment in which priority is given to construction and maintenance of road infrastructure with COP 3.4 billion, from which 45% will be allocated APP projects and concessions, and the remaining 55% to non-concessioned infrastructure projected and mainly to the Routes for Equity.

Finally, the Health Care & Social Protection grew COP 1.2 billion respect to 2016, from which 1.8% of the funds are allocated to investment. This sector has COP 8.6 billion available through the SGP, from which 80% are meant to insure the population.

Behavior of the Financial Sector

For 2016, there was a positive evolution in investment, credit portfolio, and balance sheet and solvency indicators of the Colombian banking sector.

Banks have showed a growing behavior as to the value of their investment portfolio, which have grew 0.49%, according to data provided by Colombian Financial Superintendence (*Superfinanciera*). These have grew 0.49% in September, equaling a total of COP 98.1 billion.

Credit portfolio has grown 9.2% respect to the former year. The past-due portfolio proportion compared to total portfolio is low, which places portfolio quality at 3.12% so far this year. Commercial portfolio stands out among the total portfolio, with a 57.1% share, equaling COP 213.2 billion. This same portfolio showed a 6.5% increase over past year.

As to banks' balance sheet, assets increased 13.2%, equaling COP \$ 61.5 billion, to total COP 527.4 billion. Liabilities grew by a similar percentage, to 13.1%, standing at COP 456.6 billion. Likewise, equity of credit institutions increased by 13.8%, equaling COP 8.6 billion, to end in September 2016 in COP \$ 70.7 billion.

During the first nine months of 2016, bank's earnings were COP 6.4 billion, equaling 71.96% of the total of

2015. In comparison to September 2015, bank's earnings were reduced by 10.2%, equaling COP 0.7 billion.

Finally, regarding the banks' ability to assume risks associated with the development of their operations, in September 2016, they obtained a 15.5% solvency ratio, presenting an increase not only in comparison to the previous month, going from 14.9% to 15.5%. Given these figures, it may be said that the banking sector is complying with the minimum levels required and defined by the regulation indicated by the Colombian Financial Superintendence as to the total solvency margin which should remain at levels exceeding 9.00%, and at the same time by guidelines of the Basel I implementation process, since in Colombia, implementations of Basel I were determined and Basel II is undergoing implementation, and Basel III in undergoing analysis process.

1.4 Important Events Taking Place After the Fiscal Year

So far this year there have been no relevant events deserving to be mentioned in this report.

2 Findeter

2.1 About Findeter

We are a Development Bank, which provides integral solutions to construct sustainable territories through planning, structuring, funding and technical assistance of infrastructure projects that improve the Quality of Life of Colombian people.

We were incorporated pursuant to authorization of Act 57 of 1989, under Decree-Law 4167 of 2011; were are constituted as a National Semi-Public Company, belonging to the limited companies type, organized as a Credit Agency, with private law scheme, attached to the Ministry of Treasury and Public Credit supervised by the Financial Superintendence of Colombia.

We are headquartered in Bogota, D.C and we have presence to implement our operations nationwide through five regional offices, two zones and different satellite offices. Our Organizational Structure is adapted to our competences as to technical assistance, structuring and funding of projects, for that end we have certified 17 processes in ISO9001, ISO14001 and NTCGP1000 Standards and we are certified as a Family-friendly Company. Additionally, we apply the best Corporate Government, and social and environmental responsibility practices.

In 2011 we started an institutional transformation that has allowed us getting consolidated as the strategic Partner in the regions generating well-being for people, providing integral and sustainable solutions to develop projects through a set of Financial and non-financial Products; the last ones are referred to as *Integral Territorial Development - ITD*.

2.2 Location of its main Branches

Headquarters

Calle 103 No. 19-20

Bogota, DC

Colombia

Office

Calle 104 No. 18A-52, Floors 3 & 6

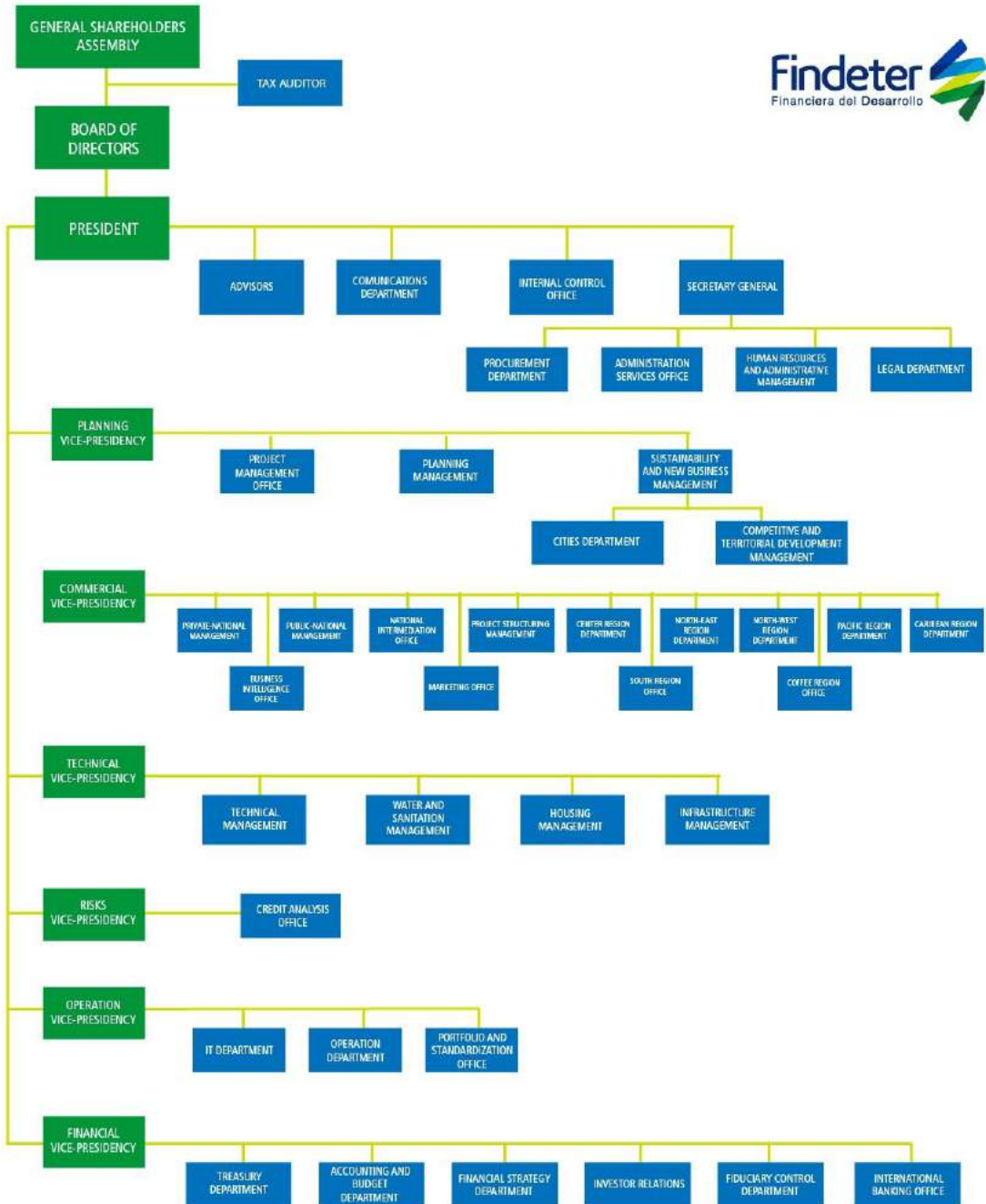
Bogota, DC

Colombia

[Localization of regional branches, zones and satellites in the country](#)



2.3 ORGANIZATIONAL STRUCTURE



2.4 Mission, Vision & Corporate Values s

Pursuant to provisions of the Good Governance Code and the 2015 – 2016 Strategic Plan, approved by the Board of Directors in its meeting held on December 15 2015, strategic routing aspects were defined; they are as follows:

Mission: We are the strategic partner in the regions, which generates well-being for people.

Vision: Being the banking of the leader development that transforms regions in sustainable territories.

Value Promise: integral and sustainable solutions to develop your projects.

Corporate Values:

- Service Vocation
- Respect
- Integrity
- Commitment
- Teamwork
- Innovation

As a Corporate Government good practice training sessions were continuously conducted on disclosure of the Routing and Strategic Plan addressed to all co-workers. Didactic campaigns were also conducted through PRISMA Intranet Application “FINDEHOME” and digital portfolios, devices through which we pretend internalization of ethical principles and corporate values in the entire organization.

2.5 Products & Programs

Financial Products: Rediscount & Compensated Rates

At Findeter, Public and private entities may acquire rediscount credits to fund up to 100% of the total cost of their projects; with payment deadlines up to 15 years, including up to three years of grace; with possibility of partial disbursements that may be on COP or in US\$, and at interest rates in (CPI) Consumer Price Index, (TD) Time Deposits or (IRNI) Reference Banking Indicator.

These resources can be used by the beneficiaries for working capital, debt replacement or investment projects related to the construction of infrastructure, the acquisition of goods and implementation of new technologies in 11 sectors of the economy such as health, potable water, housing, transport, energy and others.

In addition to rediscount loans, our portfolio of financial products includes the administration of public resources and the granting of sureties and guarantees.

Within the Rediscount product we have two product lines. The first, our ordinary resources, are where Portfolio rates are in both pesos and dollars. The second is our soft rates, which include the Special Lines, which are developed by Findeter with its own resources and where its objective is to promote a specific sector, in common agreement and in alignment with the provisions of the National Government. We also have Compensated Rates, a joint initiative between Findeter and the National Government that seek to strengthen a specific sector. These resources come from the Ministry of Finance or another National Governmental Entity (municipality, department, among others) and the use of these rates has a specific amount and destination, as well as the viability of the projects.

SUPPLY CHAIN STRUCTURE

Our Rediscount process begins at the moment when the commercial area defines the strategy to meet the stated goal and to generate a work plan for the year. Taking into account the management that is carried

out through the commercial arm of Findeter in the regions and the support given to customers at the national level, there are several commercial tools to meet the objectives and the seeding of businesses, the Prospecto Databases of clients, that are used for tracking and identifying potential businesses. Once the commercial offer is presented to the clients and an investment is required we get to know all the information about the client and the project in order to advise the best path for our future clients. Once the project is defined and structured, it is presented to the Financial Intermediaries, in order for them to evaluate the clients according to the defined standards in the Colombian financial system and according to the requirements of each financial intermediary, if the customer credit request is not approved then the process stops. If the project is approved by the Financial Intermediary, support is provided for the Rediscount application process. The request of the financial intermediary about the operations to be disbursed at the internal level of the Entity is received and all the information and the documentation of the request of credit is verified and later it is necessary to perform the disbursement.

Thanks to all the above we have strengthened our position as an effective instrument in the implementation of priority programs of social inclusion, managing to articulate the public policies with the needs and requirements of the regions.

2.5.1 INTEGRATED TERRITORIAL DEVELOPMENT - ITD

TERRITORY PLANNING

We promote the development of the country from the regions with short, medium and long term integral solutions, in strategic programs such as: *Ciudades Sostenibles y Competitivas* (hereinafter "Sustainable and Competitive Cities"), *Ciudades Emblemáticas* ("Emblematic Cities"), and *Diamante Caribe y Santanderes* (hereinafter "Caribbean Diamond and Santanderes").

- Sustainable and Competitive Cities is a Platform led by the IDB and Findeter to promote strategic projects, oriented to transforming intermediate cities through orderly planning and improving the quality of life of its inhabitants.
- The Emblematic Cities program aims to close the inequality gaps and support the planning and development processes of cities of strategic importance for the country, located in areas of vulnerability, basically in four dimensions: environmental, fiscal, urban, economic and social.
- The Caribbean Diamond and Santanderes initiative is implemented in partnership with Microsoft, the Metrópoli Foundation and Colciencias, and allows the identification and management of physical or digital projects that improve the competitiveness of the 12 departments that make up this region.

On the other hand, through the technical assistance service, we support the National Government and other governmental entities, carrying out the pre-contractual and contractual processes and monitoring the implementation of social infrastructure programs, such as *100,000 Viviendas Gratis* (100,000 Free Houses), PIHS, *Agua para la Prosperidad* (Water for Prosperity), *Centros de Integración Ciudadana* (Centers of Citizen Integration), from *Cero a Siempre* (Zero to Forever), and other programs of impact and national interest.

FORMULATION AND STRUCTURING OF PROJECTS

We formulate projects at the profile level or using the Adjusted General Methodology (AGM) in order to evaluate the feasibility of their implementation with basic information. We provide technical, financial and methodological assistance to infrastructure projects in sectors such as health, transportation and water, under the AGM.

In more advanced structuring stages we contract, through the pre-investment fund, studies in pre-feasibility or feasibility, in order to satisfy the needs of public entities that require technical assistance for said purpose. These studies include the technical, legal and financial aspects.

PRE-INVESTMENT FUND

The pre-investment fund is a national development instrument, so its action is aimed at promoting and supporting pre-investment projects (Studies and Designs). It is basically oriented toward the financing and structuring of pre-feasibility and feasibility studies for physical infrastructure projects, the execution of technical, economic, financial, environmental, regulatory and legal studies and consultancy services for the development and execution of infrastructure projects through contracts, by which PPPs; concessions; construction, operation, and transfer (BOT) contracts; operation and maintenance contracts and other similar mechanisms in Colombia are implemented, based on the resources provided by the Trustees and any another contributor..

SUPPORT FOR THE MATURATION AND VALIDATION OF PPPs

Findeter, in its role as a second-tier bank and promoter of the country's infrastructure development, has as one of its objectives to support public entities in the technical, legal and financial validation of PPP projects. In addition, public entity clients are also given support when dealing with the Ministry of Finance and Public Credit (MHCP) for the valuation and approval of contingent liabilities, as well as when dealing with the National Planning Department (DNP) or Planning Secretariat for the approval of its implementation through the PPP scheme.

TECHNICAL ASSISTANCE FOR PROJECTS

Findeter provides technical assistance, evaluation and supervision services to high impact projects in the sectors of housing, water and basic sanitation, and social infrastructure.

2.6 FINANCIAL STRENGTH

In order to maintain our financial strength and to respond to regional development expectations, in addition to raising funds through certificates of deposits (CDs) we have developed new sources of funding such as portfolio securitization, local and international bond issues, loans with multilateral banks and international banks.

Our international debt is currently rated BBB by Fitch Ratings and Standard & Poor's (equal to the sovereign credit rating) and is assigned "AAA" national rating by Fitch Rating (highest local rating).

In addition, the Colombian Stock Exchange granted us the "IR Issuer" recognition for our good practices in the disclosure of information to the market and for our relationships with investors.

IN SUMMARY, WHAT ACTIVITIES DO WE PERFORM?

- We rediscount loans to public entities, to private legal entities and autonomous equity for infrastructure and environmental projects.
- We capture domestic savings through the issue of securities and the subscription of other documents, and we enter into internal credit agreements.
- We receive deposits from public entities, which are immediately available or for a fixed term, and we recognize special returns or considerations for them.
- We enter into external credit operations.
- We administer securities issues and enter into trust, guarantee, agency, or payment agreements, and enter into trust agreements to manage the funds transferred by other public entities.
- We provide technical assistance services, project structuring, and technical and financial consulting.
- We manage third party instruments.
- We issue sureties and guarantees.

Note: We are not in superior-subordinate relationship. We neither have any relationship with parent companies or controlling companies nor do we have subsidiaries or subordinated companies.

2.7 ALLIANCES AND ASSOCIATIONS

2.7.1 ASSOCIATIONS

Findeter is currently a member of the following associations:

- Asobancaria (Colombian Banking Association)
- Alide (Latin American Association of Development Banks)
- Colombia Global Compact and Global Compact Network
- UNEP Finance Initiative.
- World Energy Council - WEC Colombia



2.7.2 ALLIANCES AND COMMITMENTS

Findeter currently maintains the following alliances and is linked to different initiatives such as:

Table 1- Alliances and Commitments

Alliances	Description
Protocolo Verde (Green Protocol)	Agreement signed on June 7, 2012 between the government and the Financial Sector to facilitate the convergence of efforts to incorporate and implement environmentally responsible policies and practices that facilitate sustainable development that meet the needs of the present generations without compromising the possibilities of future ones.
Comité Financiero del Clima – Sisclima (Climate Finance Committee – Sisclima)	The <i>Sistema Nacional Ambiental</i> (National Environmental System) - SISCLIMA - is focused on coordinating, articulating, formulating, monitoring and evaluating policies, norms, strategies, plans, programs, projects, actions and measures regarding adaptation to climate change and the mitigation of greenhouse gases. Findeter is part of the 12 institutions that carry out this work throughout the national territory.
Andesco – UPME (Energy efficiency award)	<i>Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones</i> (National Association of Public Services and Communications Companies)
FAO	Findeter signed a letter of intent with FAO to undertake joint actions related to the work areas of the <i>Marco Programático del País</i> (Country Program Framework) and Findeter's financeable sectors which are of common interest for a four year period.
EUROPEAN UNION	The European Union supports Findeter and all the regions of the country through pre-investment technical assistance; the institutional strengthening of government institutions and the dissemination of best practices.

Alliances	Description
FDA	The French Development Agency provides development support by financing programs and projects.
IDB	The Inter-American Development Bank supports Findeter's mission through credit and technical cooperation and the Sustainable and Competitive Cities Program.
USAID	A Memorandum of Understanding was signed in order to join efforts to support Colombian cities to achieve climate-resilient and low carbon development.
KFW	The German Development Bank (Kreditanstalt für Wiederaufbau) has provided a credit line to support projects that promote sustainable urban development.
Kingdom of the Netherlands	In 2015 a Memorandum of Understanding was signed with the Embassy in Colombia of the Netherlands with the aim of promoting cooperation in the fields of water and wastewater, solid waste, sustainable energy, the development of mobility programs and Sustainable Cities.
United Kingdom	The UK Embassy in Colombia has been a strategic ally to strengthen Findeter's sustainability and international positioning programs, supporting a number of mobility plans through cooperation funds.
SPRI (Spain)	Findeter signed an agreement with the Basque Government - SPRI (Sociedad para la Transformación Competitiva -Company for Competitive Transformation) that aims to support and promote, through its support and services, the economic growth of Basque companies.
COFIDES (Spain)	A Memorandum of Understanding was signed with COFIDES with the objective of facilitating medium and long-term financing for viable private investment projects abroad in which there is a Spanish interest.
WRI	A Memorandum of Understanding was signed with the World Resource Institute to establish a collaborative framework for the development of projects and activities that focus on how to accelerate the implementation of sustainable urban solutions in cities.
Consejo Colombiano para la Construcción Sostenible (Colombian Council for Sustainable Construction)	The CCSC is an association that works to raise the level of sustainability of all new and existing buildings, and cities in general.

2.7.3 INTERNATIONAL PRESENCE

Findeter has been able to consolidate its international position through participation in international events, through invitations to missions and trainings from our international allies, and by welcoming visits from various countries.

During 2016 we participated in several events including: UN Habitat, Smart City, Cities for Life, IDB Annual Meetings, World Bank and CAF, and the ALIDE Assembly, among others. Highlights include the training of Findeter team members in countries such as China, Japan, Korea, the United States, France, Israel, Turkey, Canada, Singapore, Uruguay and Paraguay.

It is noteworthy that during 2016 we received visits from banks and foreign governments with the goal of learning about the Findeter model. These included the European Union Parliament, members of local governments from Germany, the Ministry of Production of Argentina, BANOBRAS from Mexico, BANDESAL from El Salvador, the Korean Research Institute for Human Resettlements and the National Development Bank of Paraguay.

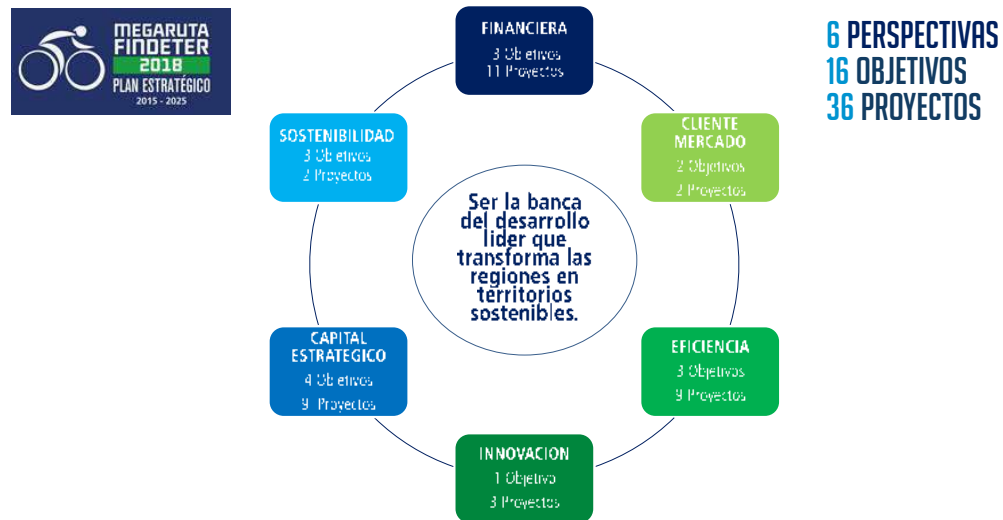
2.7.4 STRATEGIC PLAN 2015-2018

Findeter is implementing its Strategic Plan 2015 – 2025, that begins with Megaruta 2018 ("Megaroute 2018"), which includes the objectives to achieve the vision "To be the leading development bank that transforms regions into sustainable territories". With this Strategic Plan, we want to go beyond that, to strengthen knowledge and experience in order to offer integral solutions, which mean offering intergral products and services, completing the planning cycle, prioritizing, financing and execution.

The Plan is developed upon six interrelated strategic perspectives that revolve around a central axis: the Vision. The perspectives are: financial, customer/market, efficiency, innovation, sustainability and strategic capital. It is also supported by six institutional values: integrity, service vocation, respect, commitment, teamwork and innovation.

For its execution, 16 strategic objectives were defined that are implemented when developing 36 projects within the six proposed perspectives, as illustrated below.

Figure 1- Perspectives, objectives and strategic projects



From the financial point of view, we are working on diversifying revenues, optimizing the capital structure

and keeping a precise control of costs.

With regard to customers, the first strategy is to update and improve the definition of the products and services offered. The route for strengthening the customer service competencies of all collaborators has already begun; so that it is not the responsibility of an area but of them all.

In order to achieve the objectives of the Plan, it is necessary to integrally manage the projects, by applying the best practices of Project Management, and also by reinforcing the work through processes and the implementation of the monitoring and control of the risks of the non-financial products by using the new risk methodology supported by a new software program. These issues are developed from the perspective of Efficiency.

From the point of view of Innovation, the *Centro de Innovación y Conocimiento - CIC* ("Innovation and Knowledge Center") was founded in order to apply knowledge and innovation in the search for new and better solutions. The institutional memory is also being collated with the lessons learned and experience gained in order for it to be shared with all the stakeholders.

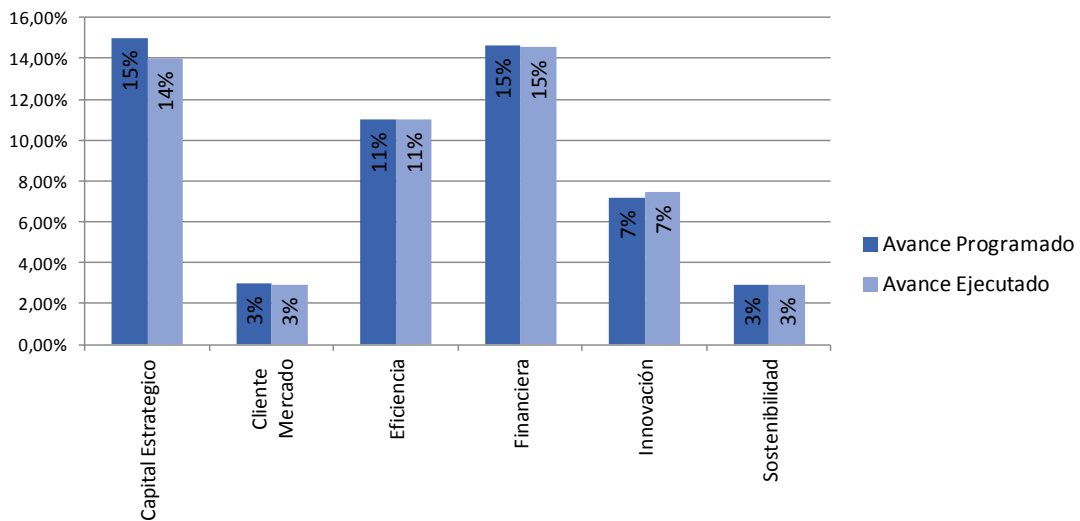
With reference to sustainability, we are working with stakeholders to generate value-sharing projects that are a win-win for all parties.

These important challenges can only be met with our main asset, the collaborators, and our focus is on working to help form socially responsible and integral professionals.

2.7.5 FOLLOW-UP OF THE STRATEGIC PLAN

The progress of the Strategic Plan as of December 2016 is 53%, with 99% compliance with the planned result. Progress for each perspective is presented below.

Graph 1- Progress of the Strategic Plan to December 2016



For the control and monitoring of the execution of the projects, the project management practices of the PMI (Project Management Institute) are being applied. The project platform of Findeter is being used which allows the administration of projects using online data, with updated corporate information that is available in web environments, with high levels of security. It also has centralized information with historical records of the projects that allows the corporate memory to be updated and provides the facility to quickly get to know the state of the projects.

With the implementation of this Plan, Findeter hopes to consolidate itself as the strategic partner in the regions, through a promise of integral value and excellent service. This implies that it is permanently proposing solutions, is innovative, and works as a team to continue to grow and benefit thousands of Colombians.

2.8 SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

2.8.1 SUSTAINABILITY MANAGEMENT

We are a development bank that is governed by sustainability guidelines, in accordance with our mission and vision aimed at supporting sustainable projects, under the social, economic and environmental pillars of sustainability, which permeate our value chain and under the parameters of the code of good governance, which is the umbrella that governs the ethical and transparent actions of the entity and its officers.

The management of institutional sustainability that supports our financial sustainability is integrated by:

- Our Corporate Governance
- Our policies on sustainability, social responsibility and environmental responsibility
- The Environmental Management System for operational eco-efficiency and consolidation of the internal culture.
- Financial, non-financial, socially profitable and environmentally responsible products and services, including green products.
- Good practices incorporated into the credit analysis processes that support the objective of sustainable finances through the application of the System of Analysis of Environmental and Social Risks.
- The management of social responsibility with collaborators, our clients, territories and their communities, as well as with our suppliers and contractors.
- The active participation in scenarios of the definition of public policy such as the Financial Management Committee of the National System of Climate Change SISCLIMA.

We highlight some of the initiatives that were launched and consolidated under the guidelines of Findeter's Corporate Social Responsibility in 2016:

- With collaborators and the environment: Implementation of a shared bicycles program for collaborators in partnership with "*Mejor en Bici*" ("Better by Bike") SIBUC and the adaptation of workspaces that encourage creativity, among others.
- With the territories: The various projects carried out in 2016 in the "Sustainable and Competitive Cities" and "Emblematic Cities" programs, which provide the participating local governments with a Plan of Action to lead their territory towards sustainability, integrating Social, economic and environmental aspects, considering the proposed criteria for the adaptation and mitigation of climate change.
- With the communities: two emblematic shared-value projects for Findeter: "Social-sports schools" and the "Design and installation of a solar photovoltaic system in the Lorenzo Morales priority interest housing development in Valledupar". These projects were conceived with the awareness that we are jointly responsible actors in the development processes of the regions and therefore we undertake strategies that reflect our commitment to supporting the welfare of the population and the construction of a more just, equitable and peaceful society.

- For us and our external Customers: The integration of the Rediscount financial product management focused on supporting the fulfillment of the Sustainable Development Objectives, with the development of the system of Measurement, Reporting and Verification of finances for the Sustainable Development Goals and Climate change for the rediscount product.
- With our Financial Institution peers: As signatories of the Green Protocol led by the Asobancaria (Colombian Banking Association) by which the *"Pilotos de Innovación Financiera"* ("Pilots of Financial Innovation") project is advanced, for the design of financial mechanisms that encourage the financing of projects that contribute to the fight against Climate change, in which Findeter leads the water and energy tables, as well as participating in the transport table.

2.8.2 CONSIDERATION OF ENVIRONMENTAL AND SOCIAL RISKS

Findeter's Environmental and Social Risk Analysis System (ESRMS) has as its main objective to constitute the set of policies, mechanisms, tools and procedures for the timely identification, measurement, control and monitoring of the environmental and social commitments generated for the beneficiaries in the financing of its projects, so that Findeter's chances of assuming the costs transferred by these risks in its role of "second floor" bank are minimized.

In this way, Findeter ensures that the system functions and improves in a proper and continuous way, given its dynamism, and is strengthened progressively thanks to its accumulated experience.

GOALS

- To approve the ESMRMS of the Financial Intermediaries (FI), according to due diligence.
- To receive technical assistance for the strengthening of the ESMRMS, through international cooperation, to comply with the environmental and social standards

2.9 GOALS 2017

During 2017 Findeter will continue with the execution of its Megaruta 2018, with which it is expected to complete important projects such as the:

- Completion of the first issue of subordinated bonds
- Definition and dissemination of the portfolio of products and services
- Implementation of the cost methodology for the lines of business
- Optimization of the financial mission and critical support processes
- Definition and implementation of the models for knowledge management and innovation management.
- The measurement, reporting and verification of the rediscount resources that support the management of the Sustainable Development and Climate Change Goals.
- Strengthening the development plan for high-potential leaders and talents.

For products and services, we also have important goals to continue contributing to the construction of

sustainable territories:

- Placement of COP 1.9 billion in investment projects at the national level, 31% in the Central Region, 21% in the Caribbean Region and 16% in the Pacific Region.
- Impact in 42 cities through the delivery of the Action Plans carried out under the Sustainable and Competitive Cities and Emblematic Cities Programs.
- Implementation of the *Bosques de Paz* ("Forests of Peace") program, as an alternative to compensation for environmental licenses pending compliance with projects in the mining, infrastructure, hydrocarbon and other sectors.
- Through the technical assistance service to projects, to continue with the implementation of the water, housing and social infrastructure projects and in the integral improvement of the Utility Companies providing Water and Sanitation Services, through the implementation of the AquaRating standard.

From the institutional point of view, initiatives will be taken to strengthen corporate governance, risk management, and operational management, among which are:

- The review and updating of the Code of Good Governance
- Consolidation of the methodology for the estimation of economic capital.
- Implementation and validation of the first resistance tests associated with financial activity.
- Establishment of a global indicator of financial risks.
- Extension of the functionality and use of the Findeter Virtual tool by our intermediaries and clients, providing agility and opportunity in the service, making the processes of origination and management of the credits more efficient.
- Transition to the 2015 version of the ISO 9001 and ISO 14001 standards to ensure that the Integrated Management System meets the requirements defined by these standards.

3 CORPORATE GOVERNANCE

3.1 COMPOSITION AND GOVERNING BODIES

Pursuant to the provisions of article 6 of Decree Law 4167 of 2011, the Financiera de Desarrollo Territorial S.A. Findeter is a private company and in all cases will be subject to the regime of mixed economy companies not assimilated to the industrial and commercial companies of the State, regardless of the share of public capital in its assets.

The different governing bodies of Findeter and their composition are described below:

3.1.1 GENERAL SHAREHOLDERS' MEETING

The shareholding composition of the entity as of December 31, 2016 was as follows:

Table 2- Shareholding composition as of December 31, 2016

Shareholders	Percentage %
Nation	92.5477
Departaments	7.2036
IFINORTE	0.2487

The General Assembly of Shareholders at its meeting on March 30, 2016, agreed to the practices adopted by the Entity and incorporated into the Code of Good Governance of Findeter for the year 2015, as a result of the updating of this Code according to the Guidelines issued by the Financial Superintendence of Colombia in External Circular Letter No. 028 of September 30, 2014, through which said Control Entity presented the New Country Code.

The most relevant aspects were as follows:

- Updating of the Strategic Direction (mission, vision, values, promise of value, ethical principles) to the new Strategic Plan 2015-2025.
- Incorporation of the *Empresa Familiarmente Responsable – Efr* (Family Friendly Company) policy.
- Adjusting the scope of the policies of Sustainability, IMS Quality and Anti-Fraud and Corruption.
- Disclosure Policy: Extension of the mechanism for handling Complaints and Claims allowing the adaptation of an internal line for anonymous whistleblowing.
- Measures suggested by the Colombian Financial Superintendence are included in the Country Survey.

3.1.2 BOARD OF DIRECTORS

The Board of Directors of Findeter is composed of the following members:

Principles:

- Two representatives of the Ministry of Finance and Public Credit
- One Governor
- A representative of the National Planning Department
- One Independent Member

Alternates:

- A representative of the National Planning Department
- A representative of the Ministry of Housing, City and Territory
- One Governor
- Two independent members

* The Principal and Alternate representatives are elected by the Shareholders' Meeting, for a period of two years.

Table 3- Board of Directors as of December 31, 2016

Board member	Alternate
Dr. Ana Lucia Villa Arcila Director General of Fiscal Support MHCP	Dr. José Mauricio Cuestas Gómez Director of Finance and Public Investment DNP
Dr. Lina Quiroga Vergara Head Legal Advisory Office MHCP	Dr. Raúl José Lacouture Daza** General Secretary Ministry of Housing, City and Territory
Dr. Eduardo Verano de la Rosa* Governor of the department of Atlántico	Dr. Carlos Eduardo Osorio Buritica* Governor of the department of Quindío
Dr. Cesar Negret Mosquera	Dr. Francisco Estupiñán Heredia** Independent Member
Dr. Manuel Fernando Castro Quiroz Territorial and Public Investment Deputy General Director DNP	Dr. Álvaro Rodríguez Pérez Independent Member
*Appointed by the Ordinary General Shareholders' Meeting held on March 30, 2016	
** Appointed by the Extraordinary General Meeting held on July 13, 2016.	

3.1.3 MANAGEMENT TEAM

Luis Fernando Arboleda Gonzalez President	
Rodolfo Enrique Zea Navarro General Secretary (E)	
Ana Patricia Cañón Corrales Commercial Vice President	Alejandro Callejas Technical Vice President Vice President of Planning (E)
Hilda Cristina Alzate Martinez Vice President of Operations	Ramiro Augusto Forero Corzo Vice President of Credit and Risk
Richard Martinez Vice President of Finance (E)	Lina María Chedraui Torres Director of Communications
Rubiela Hernández Velasco Head Office of Internal Control of Management	Price Waterhouse Coopers Statutory Auditor

3.1.4 GOVERNMENT ACTIVITIES

MEETINGS

In 2016 there were twelve ordinary sessions of the Board of Directors. The decisions are recorded in the respective minutes that are in the custody of the General Secretary of Findeter. The attendance of each of the members of the Board is published below:

Table 4- Attendance by Board Member

Board member	Attendance Sessions	Alternate	Attendance Sessions
Dr. Ana Lucia Villa Arcila Director General of Fiscal Support Ministry of Finance and Public Credit	12	Dr. José Mauricio Cuestas Gómez Director of Finances and Public Investment National Planning Department	5
Dr. Lina Quiroga Vergara Head of the Legal Advice Office Ministry of Finance and Public Credit	9	Dr. Raúl José Lacouture Daza General Secretary Ministry of Housing, City and Territory	4
Dr. Eduardo Verano de la Rosa Governor of the department of Atlántico	4	Dr. Carlos Eduardo Osorio Buriticá Governor of the department of Quindío	5
Dr. Cesar Negret Mosquera Independent Member	11	Dr. Francisco Estupiñán Heredia Independent Member	5
Dr. Manuel Fernando Castro Quiroz Deputy General Director Territorial and Public Investment - National Planning Department	11	Dr. Álvaro Rodríguez Pérez Independent Member	11

The remuneration of the Board of Directors is established in Resolution No. 1130 of April 30, 2012 issued by the Ministry of Finance and Public Credit, and is equivalent to three Minimum Monthly Minimum Wages, per session.

The meetings of the Board of Directors include the active participation of the President, the Secretary General as Secretary of the Board of Directors, the Vice President of Finance, Credit and Risk, and the officers who participate in the presentation of reports to the Board of Directors.

There were no conflicts of interest affecting the members of the Board of Directors.

OTHER CORPORATE GOVERNANCE ACTIVITIES

- Completion of the Country Code 2016 survey in compliance with the provisions established by the Financial Superintendence of Colombia.
- In June 2015, the Board of Directors approved, within the organizational structure of the Bank, a person to be in charge of the contact with the investors, who reports to the Financial Vice-Presidency. This collaborator is in charge of the direct relationship with the investors and stakeholders. Among the management activities performed by this professional is the realization in 2016 of three events aimed at Findeter's investors and market analysts, which have connected investors, multilateral development banks and international banks from the United States, England, Peru, Chile and Colombia with the Entity, taking advantage of the new information technologies.
- The Investor Relations section was created in the Findeter website. This section incorporates the most relevant corporate and financial information of the Entity, where the quarterly financial statements of the Financial Company (Balance Sheet, Income Statement, Cash Flow and Statement of Changes in Equity) are published.
- A "Direct Contact" link was also included on the website, which allows for quick and fluid interaction with investors, allowing a timely response to the concerns about the operation and performance of the Entity.
- In September 2016, the Colombian Stock Exchange BVC renewed the "Investor Relations IR" certificate. The goal of the Entity is to not only renew the certification every year, but to also deepen the integration of better practices of good governance, disclosure of information, and investor relations.

3.1.5 BOARD SUPPORT COMMITTEES AND INTERNAL CONTROL MECHANISMS

SUPPORT COMMITTEE FOR CORPORATE GOVERNANCE

Through Circular Letter No. 018 of December 16, 2015, the Findeter President's Committee was updated, including functions directly related to Corporate Governance. This Committee is made up of the Senior Management of the Entity and will act as a consultant, guide and controller of the policies, general objectives and actions of the Institution towards the future.

The President's Committee is composed of the following members:

- | | |
|-------------------------------------|-------------------------------|
| • President | • Technical Vice President |
| • General Secretary | • Planning Manager |
| • Financial Vice-President | • Sustainability Manager |
| • Vice President of Credit and Risk | • Project Structuring Manager |
| • Vice President of Operations | • Director of Communications |
| • Commercial Vice President | • Presidential Advisors |

In accordance with the same Circular Letter, the Committee of the Presidency will meet ordinarily once a month and extraordinarily when the President considers it convenient. Following this guideline, the Committee held 19 sessions during 2016.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee acts based on Internal Circular Letter No. 9 of June 7, 2012. It is made up of: the representative of the President of the Republic; the delegate of the National Planning Department and a representative of the Territorial Entities.

The Committee is composed of the following members:

- Álvaro Rodríguez (member of the Board of Directors of Findeter), who chairs it.
- Lina Quiroga Vergara (member of the Board of Directors of Findeter)
- Cesar Negret Mosquera (member of the Board of Directors of Findeter).
- Francisco Estupiñán Heredia (independent member)

Dr. Francisco Estupiñán Heredia joined this Committee in December 2016.

During 2016 four sessions were held by this Committee and the Statutory Auditor attended in special cases, as well as the Second Level Directors of the Entity, with the objective of carrying out the follow-up to the Improvement Plans as a result of the audits carried out in each area.

The remuneration of the Audit Committee of the Board of Directors is established in Resolution No. 1130 of April 30, 2012 issued by the Ministry of Finance and Public Credit, and is equivalent to one and a half Colombian Monthly Minimum Salaries, per session.

COMMITTEE ON RISKS AND MANAGEMENT OF ASSETS AND LIABILITIES

Findeter's Committee on the Risks and Management of Asset and Liabilities is constituted and regulated by Internal Circular 09 of April 11, 2013. The primary objective of this Committee will be to support the Board of Directors and the Presidency of the Bank, in the definition, monitoring, control and implementation of risk management policies and procedures.

The Committee shall be composed of the following members:

- The President, who chairs the committee, and in his/her absence will be presided by one of the legal representatives
- The Secretary General
- The Vice President of Finance
- The Vice President of Operations
- The Commercial Vice President
- The Vice President of Risk and Credit
- The Head of the Office of Internal Control, with voice but no vote

SARLAFT COMMITTEE

The Committee for the System of Risk Management of Money Laundering and Terrorist Financing - SARLAFT, is constituted and regulated by Agreement No. 013 of December 18, 2008 of the Board of Directors. Its primary objective is to support and advise the Board of Directors, the Presidency of Findeter and the Compliance Officer, in defining policies for the prevention of the crime of money laundering and terrorist financing in the activities carried out by Entity, and the establishment of monitoring, control and prevention mechanisms.

The Committee shall be composed of the following members:

- The President, who chairs the committee, and in his/her absence will be presided over by

one of the legal representatives.

- The Secretary General
- The Vice President of Finance.

3.2 GOOD GOVERNANCE, ETHICS AND TRANSPARENCY

3.2.1 GOOD GOVERNANCE

In the Code of Good Governance, the Entity describes its values, policies, mechanisms and instruments, processes and best practices with which it directs, performs and manages its risks, under a control system that ensures its transparency, efficiency, effectiveness and, in particular, the reliability of the stakeholders in the processes that surround institutional management.

With the Code of Good Governance, the management and administration bodies of Findeter establish the framework for their governance actions, with the purpose of strengthening the permanent and planned improvement for its proper management, the adequate use of available resources, mitigate the related risks, improve the decision-making capacity and reduce conflicts between stakeholders.

In the development of these guidelines and in compliance with the External Circular Letter 028 of 2014 of the Financial Superintendence of Colombia, Findeter updated the Code of Good Governance to strengthen the organization, achieving continuous improvement of its processes, strengthening the culture of service and order established through clear and precise rules that allow an integral control of the management to be achieved. Findeter submitted to the Superintendence of Finance in a timely manner the report on the implementation of best corporate practices for 2015, which is published on the corporate website.

In accordance with this commitment, the General Shareholders' Meeting for March 2015 approved the statutory reform, which included the commitment of the Entity, its managers and employees to complying with all the recommendations made by Findeter, especially those issued by the Financial Superintendence of Colombia and those related to the practices adopted in our Code of Good Governance.

GOALS

- Review and update of the Findeter Good Governance Code

3.2.2 COMBATING CORRUPTION

The Findeter Code of Good Governance points out that unethical behavior or the commission of fraudulent acts can negatively affect the image of the Entity and, therefore, the attainment of corporate vision and goals. In line with the above, the Board of Directors of the entity approved the anti-fraud policy in which it clearly states which actions constitute fraud, which persons are responsible for the prevention, detection and investigation thereof, as well as the procedure to carry out the denunciations. This policy is intended to promote the highest ethical conduct among its managers, employees, customers, suppliers and other interested parties.

The "Anti-Fraud and Corruption Program" defines the scope of the policy, details the actions that are considered fraud, as well as mechanisms to prevent the misuse of privileged or reserved information.

There is also a system for whistleblowing and a procedure whereby Findeter's employees, its clients, suppliers

or third parties may bring any fraudulent conduct to the attention of the financial administration, as well as mechanisms to prevent the misuse of privileged or reserved information.

During 2016, the methodology for the identification, measurement, control and monitoring of fraud and corruption risks and the risk profile of the associated matrix were reviewed. The outcome of the evaluation was moderate risk. On the other hand, there was no evidence that any event or alleged event involving management or employees was filed.

3.2.3 UNFAIR COMPETITION



See complete information on preventing unfair competition in Annex 2

3.2.4 EXERCISE OF INTERNAL CONTROL

The internal control of the activities carried out by the Entity is exercised by the Office of Internal Control of Management, the Internal Control Coordination Committee and the Statutory Auditor.

Through this option, any person or entity may file a complaint or denunciation against Findeter before the Office of Internal Control of Management, the Internal Control Coordination Committee and the Statutory Auditor.

For the internal control of the institutional management, the Entity counts on the Office of Internal Control of Management that performs the systematic evaluation of the Entity, identifying successes and deviations thereof; evaluates the existing controls verifying that they are sufficient and adequate and issues recommendations aimed at strengthening the Internal Control System. This evaluation should cover the examination, proper assessment and effectiveness of Findeter's internal control.

The Head of the Internal Control Office is a public employee, appointed by the President of the Republic to whom he/she is directly answerable. In order to fulfill their functions, they will have a multidisciplinary group of professionals, with duly established procedures and methodologies. The findings and reports resulting from the audits carried out must be reported to the Office of the President and General Secretariat of the Institution; likewise, the person in charge will prepare the necessary reports requested by the Board of Directors and the control and monitoring entities that will account for the development of their function.

INTERNAL CONTROL COORDINATION COMMITTEE

The objective of the Internal Control Coordination Committee is to order the necessary actions to guarantee the articulated, efficient and effective functioning of the Internal Control System and the Quality Management System as established in articles four to ten of Decree 1826 of 1994, the regulations of article 13 of Law 87 of 1993 and in Decree 4110 of 2004.

This Committee is made up of the President of Findeter who chairs the committee, the General Secretary who will chair the committee in the absence of the President, the Director of Technology and Processes, the Head of the Planning Office, the Commercial Vice-President, the Financial Vice-President and Operations and the Head of the Risk Office; the Delegate of the Ministry of Finance and Public Credit and the Head of the Office of Internal Control of Management shall also attend with a voice but without vote. Any official who is deemed necessary by the Chairman or the Committee may attend as a guest. The Technical Secretary of the Committee shall be the Head of the Office of Internal Control of Management.

The Secretary will have as their basic functions, to advise the President in the definition of strategic plans and

in the evaluation of the fulfillment of goals and objectives of the Entity, within the plans and sectorial policies. The Committee shall meet quarterly on an ordinary basis.

STATUTORY AUDITING

The Entity will have a Statutory Auditor, elected by the General Assembly of Shareholders for a period of two years that can be re-elected for a further period and will have an alternate, appointed for the same period. The Statutory Auditor must comply with the functions of Law, the Bylaws and those compatible with the above, that are entrusted to it by the Shareholders' Meeting or the Board of Directors.

The Statutory Auditor in Findeter exercises the roles of inspection and supervision, accompanies, watches and certifies that all the accounting and financial operations or acts of the Entity comply with the legal and statutory requirements and the decisions of the General Assembly of Shareholders and of the Board of Directors; its field of action is without limits, this is why it must have full knowledge of the operations or acts of the Entity without any reservation; it will be obliged to ensure the confidentiality of the information that is supplied to it, and it may only be communicated or denounced in the form and in the cases that the rules indicate.

The Statutory Auditor shall render to the General Assembly of Shareholders, to the Board of Directors, to the Presidency and to the control and monitoring entities, the pre-established reports on the defined dates and the others that are required.

The Board of Directors and the Presidency of Findeter will be informed on the findings and reports with the recommendations that are presented by the Statutory Auditor and will act accordingly to respond to them in a timely manner.

ACHIEVEMENTS

- The strengthening of the system for the evaluation and monitoring of the non-financial risks, for which it acquired a new tool that will allow it to have a more critical risk profile for the exposure of the Entity in the fulfillment of its purpose. Likewise, it was observed that Findeter has strengthened its credit risk system with the implementation of an internal model of portfolio provisions where it carries out a rating with new variables that allow it to be more prudent when granting credit lines to the financial intermediaries and in the estimation of a provision
- For the different applications or tools that Findeter uses, automatic controls have been developed that have allowed the strengthening of the security mechanisms for the platforms (Databases, Communications, WEB, etc.), the authentication scheme of web platforms, password policies, and monitoring of network activities, databases, and folders where information is stored.
- The process of closing the action plans defined by the process owners has been improved and, increasingly, the areas are aware of the importance of implementing them for the strengthening of the ICS.

3.2.5 TRANSPARENCY AND DISCLOSURE OF INFORMATION

At Findeter we promote the best information disclosure practices and strengthening of our investor relations. This management has been recognized by the Colombian stock exchange with the BVC Committed issuer recognition.

With the objective of providing specialized attention and in order to transmit relevant, pertinent and updated information:

- We have appointed a bilingual professional with sufficient technical and commercial skills to handle the queries of investors, analysts and creditors, both in Spanish and English.
- We conduct quarterly results events for investors, analysts, multilateral banks and international banks. In these events we present the relevant financial, commercial and technical information of the period.
- We publish our quarterly financial statements under IFRS (International Financial Reporting Standards).
- We maintain our website in Spanish and English with the most important financial and corporate information of the Institution.

Findeter also uses as channels of customer service, the national toll free line 01-8000-116622, the Findeter website www.findeter.gov.co, the chat service, the institutional email findeter@findeter.gov.co, and also has presence in social networks:



Findeter makes the financial information available to the Shareholders and Stakeholders at the end of the year, in a publication that has been uploaded to its website since 2011 [<http://www.findeter.gov.co/documentos.php?id=111>]

Another way to connect directly with the Entity is by accessing the website in the Investor Relations section where the financial and corporate information is available with issues, risk ratings, relevant information, financial results, and direct contact information.

[link http://www.findeter.gov.co/publicaciones/relacion_con_inversionistas_new_pub]

ACCOUNTABILITY

On November 1, 2016, the Entity held a Public Hearing with the purpose of publicly responding to the public for the mission management carried out during the period from October 2015 to October 2016. This hearing was conducted under the modality of interview and dialogue between the President of Findeter and its main executives.

These results are published in the following link:

http://www.findeter.gov.co/publicaciones/participacion_ciudadana_pub

4 FINANCIAL SUSTAINABILITY

4.1 ECONOMIC RESULTS AND FINANCIAL MANAGEMENT

4.1.1 MAIN INDICATORS

Findeter's return on equity (ROE) at December 31, 2016 was 4.21%, higher than at December 31, 2015 when it was 2.92%. In 2016, there was an increase in Findeter's equity due to the capitalization of the entity's profits as determined by the entity's Assembly.

The performance of the Operational Income/Average Total Asset indicator increased from 18.69% in 2015 to 21.17% in 2016, respectively. Findeter's total assets increased by more than COP 1 billion, generated by the increase in the portfolio, which rose from COP 6,875,825 million in 2015 to COP 7,811,732 million in 2016. Operating revenues were generated by the increase in the portfolio and the increase in interest rates.

Table 5- Summary of the main financial indicators as of December 31, 2016

Profitability	Dec-15	Dec-16
Operating income / average total assets	18.69%	21.17%
Gross financial margin / average total assets	2.29%	2.97%
Gross financial margin / initial equity	17.69%	25.71%
Gross financial margin % financial income.	12.81%	14.12%
Financial Services/Operating Revenues	5.11%	4.97%
Pre-Tax Profit /Average Total Assets (ROA)	0.75%	0.94%
Net Income/Initial Equity (ROE)	2.92%	4.21%
Other Indicators		
Productive assets / total assets	97.42%	97.73%
Portfolio coverage (provisions / past due portfolio)	463.92%	611.06%
Average Portfolio Performance	7.41%	8.72%

EFFICIENCY ANALYSIS

Findeter's corporate strategy is reflected in its indicators. On the one hand, the ratio of Operational Expenses/Average Total Assets shows an increase from 18.11% to 20.23% in 2016. In spite of the growth in total assets of the entity, an increase in the behavior of the Operational Expenses of the entity is witnessed as a result of the increase of the losses presented in derivatives, due to the loans in dollars. The increase in interest rates and higher deposits of CDs explains the increase in operating expenses.

On the other hand, the indicator of Operational Expenses/Operating Revenues, decreased from 96.88% in 2015 to 95.56% at the close of 2016, reason for which in spite of presenting increases in the operational expenses, due to the aforementioned situation, it is noted that the operating income of the entity showed an increase generated by the profit in valuation in derivatives and the interest thereof.

As for the ratio of Administrative Expenditures with respect to Findeter's average total assets, in 2015 an equivalence of 1.68% was presented, and in 2016 a ratio of 1.62% was presented. Therefore, the Entity increased its expenses marginally against the accelerated growth of its assets.

Table 6- Efficiency indicators as of December 31, 2016

Efficiency	Dec-15	Dec-16
Operating Expenditures/Total Average Assets	18.11%	20.23%
Operating Expenses/Operating Revenues	96.88%	95.56%
Admin Expenses/Total Average Assets	1.68%	1.62%
Admin Expenses/Operating Income	9.01%	7.66%

ANALYSIS OF EQUITY SUFFICIENCY (SOLVENCY)

As of December 31, 2016, the solvency indicator, defined as the technical capital over assets weighted by the level of risk, was 11.28%, displaying a reduction compared to the total solvency ratio of December 2015, which was 12.83%. Likewise, the basic solvency ratio was 10.84%, lower than that reported in the same period of the previous year, which was 12.28%. The variation presented is explained by the net increase in the portfolio by COP 933,915 million and the credit line in the amount of COP 806,235 million.

Table 7 - Solvency indicators as of December 31, 2016

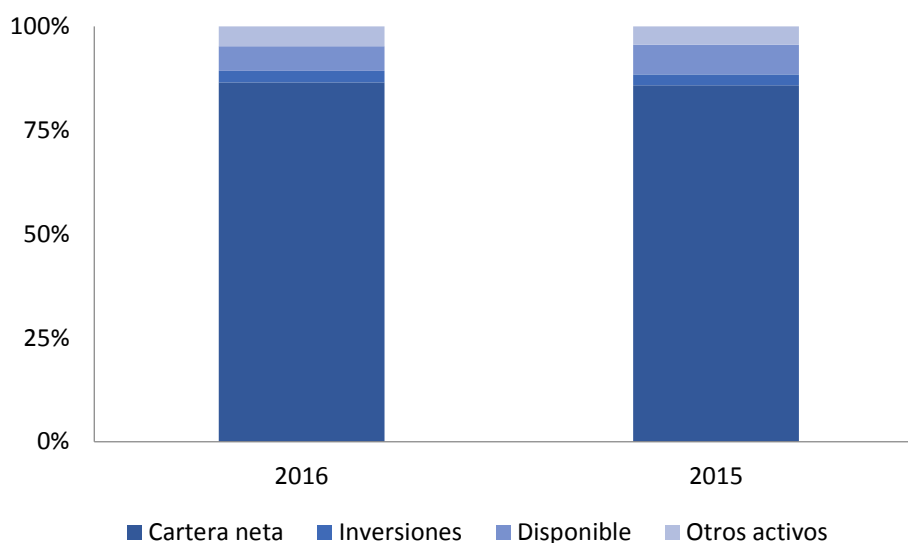
Equity Sufficiency	Dec-15	Dec-16
Basic Solvency Relationship	12.28%	10.84%
Total Solvency Ratio	12.83%	11.28%

4.1.2 ANALYSIS OF THE GENERAL BALANCE SHEET

When comparing the close of 2015 against the Balance Sheet 2016, the assets of Findeter increased by 13%

(COP 1,014,800 million), the Liabilities presented a 14% increase (COP 984,912 million) and Equity displayed an increase of 3% (COP 29,887 million). It is important to clarify that the financial results for 2016 and 2015 were generated under the IFRS (International Financial Reporting Standards) methodology and the results presented in the Management and Sustainability Report 2015 are based on the COLGAAP methodology (Colombia Generally Accepted Accounting Principles)

Graph 2 - Structure of the assets



The Bank's gross portfolio increased compared to 2015 by COP 935,907 million, which represents a percentage increase of 13.6%; its relative share in total assets went from 86.6% to 87.2%. Provisions grew by 3.1%, which means an increase in the net portfolio of COP 933,914 million (13.7%) and a change in its relative share by 0.7 percentage points. The change in the net portfolio is explained by a 122% fulfillment of the disbursement budget (COP 1,900,000 million budgeted and COP 2,015,000 million in pesos/USD 98.9 million); disbursements grew by 0.52% compared to 2015. In addition, the collection of portfolio interest and prepaid expenses amounted to COP 539,033 million and COP 302,814 million, respectively. The significant increase in interest rates explains why the prepayment volume was not similar to that observed in previous years; in 2015 prepayments were COP 790,347 million (40% of that prepaid in 2016).

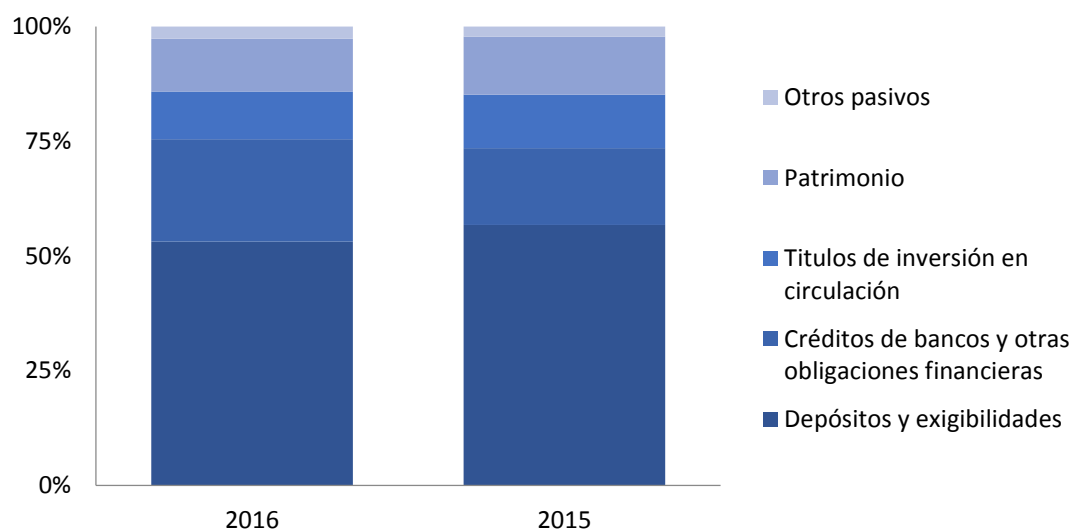
In 2016 Findeter's credit quality (past-due portfolio/gross portfolio) was 0.14%, six basis points below the 2015 score. In terms of the portfolio hedging ratio (portfolio provisions/past due), 2016 closed at 611% compared to 463% in 2015. These results show that the Bank has performed significant management in terms of overdue loans and in the generation of provisions in order to achieve stability and financial sustainability.

The available amount had a reduction in its relative participation in assets from 7.1% to 5.9%. The average monthly balance of this item was COP 532,724 million, which is 0.8% lower than the balance of 2015 (COP 536,957 million). This behavior of the available amount is due to a significant increase in the resources received by the multilateral and international banks.

The investment item had a significant change compared to 2015, increasing 19.2% from COP 210,777 million to COP 251,330 million. The reason for this variation is explained in part by the Title B purchase during the securitization that was executed with the Titularizadora Colombiana and by accounting adjustments when moving from COLGAAP to IFRS. The relative share of assets in 2016 was 2.65%, compared to 2.81% in 2015.

Finally, the Bank's other assets increased 12% from COP 230,753 million to COP 259,322 million, which is mainly explained by the increase in accounts receivable and the balance of tax advances.

Graph 3- Analysis of Liabilities and Equity



The item with the largest relative participation in total liabilities is the Deposits and Credits (CDs), which represent 60%. Compared to the previous year, CD issuance increased 37% from COP 2,351,044 million to COP 3,235,272 million in 2016 due to the higher execution of disbursements compared to that budgeted and the deceleration of prepayments.

However, it is important to highlight the strategy diversification of the sources of funding five years ago. Among the funding decisions that have been implemented is the portfolio securitization, multilateral and international banking resources, and the issuance of bonds in the international market. Between 2012 and 2016 the Entity has performed two securitizations; the first took place in 2012 for a value of COP 289,650 million and the second in 2016 for COP 233,900 million. In 2014, an international bond issue was performed for an amount equivalent to USD 500 million or COP 946,175 million.

Bank loans and other financial obligations have increased their relative share to represent approximately a quarter of the total liabilities, compared with 20% in 2015. As mentioned above multilateral banking resources are an important support not only due to their financial conditions that improve the indicators of Findeter, but because they allow the financing of projects in the infrastructure sectors to be sustainable. The balance in United States dollars increased from USD 421 million to USD 527.7 million in 2016; the loans in pesos closed with a balance of COP 417,756 million. Resources came from the following institutions: IDB USD 9.7 million, BCIE USD 50 million, KFW USD 75 million, Bank of Tokyo COP 248,206 million, Citibank COP 169,550 million.

All of the above explains the fall in the relative weight of CDs in the total of liabilities, down from 65% in 2015 to 60% in 2016.

Other liabilities, which include interest payable on CDs, on Bonds and credits, and the income received for third parties as a result of the recovery of the securitized portfolio and for the tax provision, increased by 35% (COP 237,364 million in 2016 to COP 175,874 million in 2015). The higher growth is explained by the

increase in tax provisions.

Findeter's equity increased by 2.9% due to the capitalization of the profits of the previous year.

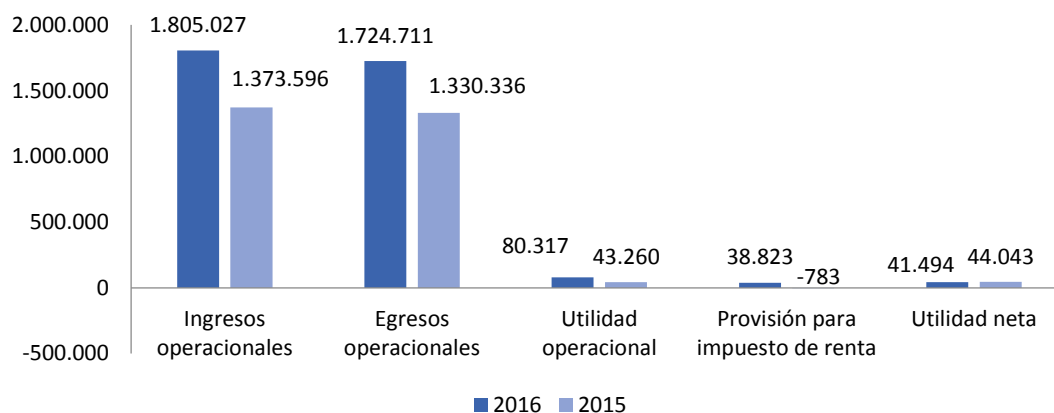
GOALS

- To continue with a diversified funding structure based on prudent financial management that allows the optimization of profitability, minimizing the risks generated by the volatility associated with macroeconomic variables, in order to achieve commercial goals.
- To execute the issuance of a subordinated bond, which will have a positive effect on the Bank's solvency margin.
- To deepen the analysis of the possibility of capitalizing Findeter
- According to the development of the strategic plan we expect to perform the first subordinated bonds issue of Findeter which will contribute positively to the margin.

4.1.3 STATEMENT OF RESULTS

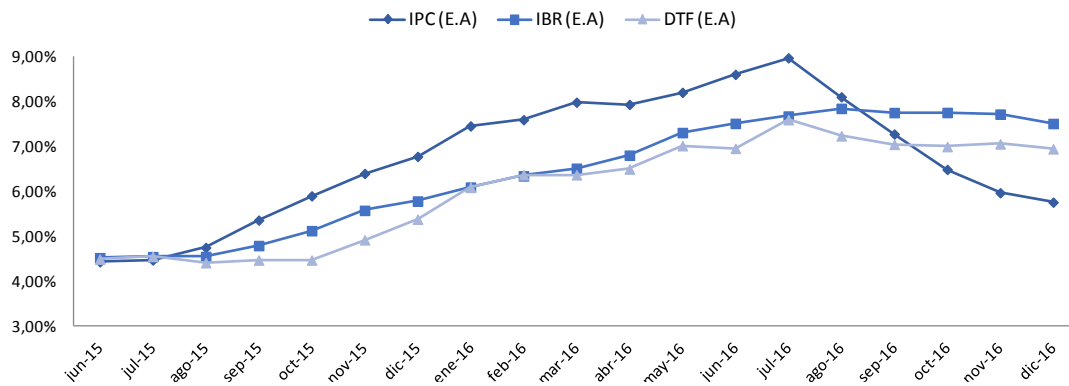
In 2016, Findeter's operating revenues increased 31% from COP 1,373,596 million in 2015 to COP 1,805,027 million. Operating expenses increased at a slower pace to 30%, from COP 1,330,335 million to COP 1,724,710 million, generating an increase in operating income of COP 37,056 million and an increase in operating margin: from 3.15% to 4.45%. The increase in operating revenues is mainly explained by the behavior of portfolio interest and the valuation of derivatives.

Graph 4 - Income statement. 2016-2015



Portfolio interest increased 49% due to a double effect: a significant increase in interest rates, which affected the base rates at which the portfolio is indexed, and the increase in the average portfolio balance (19% growth).

Graph 5- Evolution of portfolio interests



The following table shows the composition by index of the rediscount portfolio:

Table 8 - Composition of the rediscount portfolio

Index	Balance (millions COP)	%
Time Deposits	5,055,667	65%
IPC	1,453,951	19%
IBR 3 Months	341,676	4%
IBR 1 Month	301,612	4%
FIJA	104,249	1%
UVR	33,238	0%
Libor 1 Month	64,022	1%
Libor 3 Months	329,273	4%
Libor 6 Months	120,619	2%
Total Balance	7,804,306	100%

The intervention rate of the Colombian Central Bank closed 2016 at 7.5%, which is an increase of 175 basis points compared to the end of 2015. This increase was explained by the acceleration of inflation: the average CPI for 2016 was higher than that of 2015 by 254 basis points, hitting a rate of 8.97% in July 2016. For Time Deposits, the average for 2015 was 4.58% E.A. while in 2016 it was 6.84% (it increased by 226 basis points). The average IBR in 2015 was 4.78% E.A. while in 2016 it was 7.23%, an increase of 245 basis points.

As mentioned above, in 2016 the Bank received USD 134.7 million from multilateral and international banks and disbursed loans of USD 98.9 million. Given these changes in assets and liabilities in foreign currency, and in compliance with the hedging policy to mitigate the risk of changes in the exchange rate, Findeter increased

the average balance of derivatives, which increased from USD 145.7 million in 2015 to USD 275.7 million in 2016. In addition, this explains the significant change in the valuation of derivatives (58% growth) and its impact on operating revenues (this item weighs 43% in the operational income).

During 2016, non-financial income generated by the inter-administrative agreements executed by the Technical Vice-Presidency, recorded in the program fees and commissions account, increased 19% from COP 56,946 million in 2015 to COP 67,678 million in 2016). This growth reinforces the trend of the importance for Findeter of not only diversifying its sources of income but of being an ally for the territories through the support to sustainable programs. These non-financial revenues have a relative share of 3.7% in operating revenues.

Changes in operating expenses are explained by movements in the interests item (up 48% compared to 2015), exchange adjustment (decreasing by 70% compared to the previous year) and the increase due to the loss of valuation of derivatives (116% increase).

Like the portfolio interests, interest on CDs and loans increased due to an increase in the average monthly balance (19%) of these liabilities and the increase in interest rates. The average monthly balance of CDs in 2015 was COP 4,334,124 million and in 2016 was COP 4,627,138 million. The composition of the liability of CDs by rate is presented in the table below:

Table 9- Tax liability composition of the CDs by rate

Index	Balance (millions)	%
IBR	1,742,507	37%
IPC	1,225,698	26%
Time Deposits	1,284,560	27%
Fixed rate	502,567	11%
Total balance	4,755,332	100%

In terms of loans, the average monthly balance increased from COP 1,004,038 million to COP 1,743,872 million. Given that approximately 75% of the credit balance in 2016 is denominated in dollars, the devaluation of the exchange rate in 2016 impacted the amount paid for interest; the exchange rate displayed an average increase of 11% compared to 2015.

The increase in the loss in the valuation of derivatives is explained by the increase in the average balance of hedges during 2016 in relation to 2015 (as explained above), as well as by the volatility of the dollar against the Colombian peso.

The net income for 2016 grew significantly compared to the previous year and the ROE for 2016 closed at 4.21% (it measures profitability against the Equity of the entity), which means an increase in 129 basis points compared to that achieved in 2015. This ROE was above the goal proposed in the Strategic Plan: 2.95%.

4.1.4 RISK RATING

STANDARD & POOR'S

In 2015 the country had a long-term international rating of BBB with a stable outlook, but in February 2016 the outlook was reduced to negative. This reduction is explained by the deterioration of the growth outlook, the fiscal situation and the balance of external accounts that is derived from the less optimistic projections about the oil price made by the rating agency at that time.

With this reduction, five Colombian banks were affected, including Findeter, which went from having a long-term international rating of BBB + to BBB-. However, in August, Standard and Poor's improved the international long-term risk outlook for Colombian banks from negative to stable.

FITCH RATINGS

In the case of Colombia, the country closed 2015 with a long-term foreign currency rating of BBB with a stable outlook. In July 2016 Fitch Ratings changed its risk rating outlook for Colombia from stable to negative considering the external imbalance, the evolution of external indebtedness, the growing tendency of the fiscal deficit, a narrow fiscal margin for maneuver, and the acceleration of inflation.

Findeter ended 2015 with a long-term international rating of BBB with a stable outlook, and as a result of the reduction in Colombia's sovereign rating, this was reduced to a negative outlook. The main reason for these decisions is that for Fitch, the banks' prospects must be aligned with that of Colombia's sovereign debt. Therefore, although the report presented by Fitch acknowledges that the banks' long-term BBB rating is due to their own merit, they cannot be above that of the country, and therefore the Colombian outlook is reflected in their rating.

Fitch Ratings affirms Findeter rating in 'AAA (col)' and 'F1 + (col)'; Stable Outlook. (November 21, 2016):

- National long-term rating affirmed at 'AAA (col)'; Stable Outlook
- National short-term rating affirmed in 'F1 + (col)';
- Ratings are based on:
 - Government Support: Fitch Ratings's perception of the State's willingness and ability to provide it with timely and sufficient support, if required.
 - Contribution to Economic Development: strategic importance within the National Development Plan.
 - Low profitability, according to goals: orientation to the public service and contribution to economic development. Objective of diversification of the funding alternatives of the entity.



SECURITIZATION RATING WITH HELM

Fitch Ratings affirms the ratings on the TIF sub-series; Stable Outlook (March 28, 2016):

- Fitch has affirmed the ratings for the sub-series that will comprise the Credit Content Securities issued by the "Findeter Securitization Trust (TIF)" for COP 289,650 million.
- TIF Sub series A2 - 48 months up to COP 91,500 million
- Affirmed the 'AAA (col)' rating; Stable Outlook.
- TIF Sub-series A3 - 72 months up to COP 98,500 million
- Affirmed the 'AAA (col)' rating; Stable Outlook.
- The ratings are based on: 1) Strong Credit Support Mechanisms; 2) Adequate portfolio characteristics; 3) Structure of the transaction; 4) Findeter's Operational and Administrative capacity and 5) Legal framework
- Adequate Portfolio Features: The underlying asset of the issue is represented in different modalities of Rediscount credits granted by Findeter to financial institutions in Colombia. The credits selected to support the issue present satisfactory characteristics in terms of risk, rate, term and concentration by sector, financial institution and financial group
- Structure of the Transaction: The transaction has credit support mechanisms, such as a high overcollateralization, a prepaid account, a series of liquidity funds and a strict policy of returning surplus to the originator. In addition, the structure greatly mitigates the interest rate risk given that securitized loans are indexed at the same rate as the securities issued. The priority of payments established for the issue generates a significant strength to the structure because it limits the distribution of excess cash in the case of a default of more than 3%. The credit substitution mechanism, in which Findeter acquires the commitment to replace credits with prepayments greater than 3% quarterly, mitigates the prepayment risk to which investors would be exposed

INTERNATIONAL BOND RATINGS

Fitch Ratings

Senior Notes Rating 'BBB' (November 21, 2016): 10-year bonds denominated in COP, senior and unsecured, maturing in 2024 at BBB

The rating is based on:

- The long-term foreign currency Issuer Default Rating (IDR) is 'BBB' with negative outlook and the local currency IDR ('BBB') with negative outlook. The IDRs are in line with Colombia's sovereign debt ratings, as Fitch Ratings considers Findeter an integral part of the government given its role in the development of the regions.
- In recent years Findeter has diversified its financing alternatives, thus improving funding sources.

Standard & Poors

- Findeter rating, on March 31, 2016, Corporate Credit Rating (CCR) BBB/Negative/A-2.
- Rating of Senior Unsecured Bonds BBB
- The individual credit profile (SACP) is "bbb-".

- Findeter is a second-tier entity highlighted within the financial system, with a "very important role" because it is an entity that promotes strategic development in Colombia, in the main sectors of the country's economy, such as infrastructure, transportation, housing, energy, technology, among others.
- "Adequate" risk position.
- The fund's overall liquidity and liquidity assessment is moderate.
- Findeter's perspective is negative, since it is based on Colombia's perspective.

ACHIEVEMENTS

- Obtaining the AAA risk rating for long-term debt, totaling 18 consecutive years with the highest local credit rating. At the international level, the rating agencies Standard and Poor's and Fitch Ratings assigned us the BBB rating, the same as is now assigned to the Republic of Colombia. We can see this reflected in the good reception and confidence of the investors in the issues of Findeter.

4.2 BUDGET AND SOURCES OF FUNDING

4.2.1 BUDGET

The final budget of sources of the Entity for 2016 amounted to COP 985,291 million.

The execution of sources registered a value of COP 839,150 million, equivalent to 85% of the current budget. Of these sources, the Financial Revenues stand out with an execution of 84%, which mainly originated, due to the collection of interest of the active portfolio whose value was COP 512,241 million. Similarly, another figure that stands out is Other Operating Income with a 139% execution, generated by the entry of Fiduciary Commissions and Commitment for COP 12,086 million.

Table 10 - Execution of budget sources

Sources	Current Budget (1)	Initial target (2)	Income Year (3)	Difference Execution (4)=(1)-(3)	% Compliance (5)= (3)/(1)
Financial income	910,469	580,891	762,874	147,595	84%
Income Agreements and / or Programs	65,759	65,759	63,433	2,326	96%
Other Operating Income	8,708	8,708	12,086	(3,378)	139%
Other Non-Operating Income	355	355	77	(402)	21.3%
Total Sources	985,291	655,713	839,150	146,141	85%

Figures in millions

As for the final budget implementation, this totaled COP 813,019 million, equivalent to an 83% of compliance with the current budget.

Within the implementation items are Financial Expenses with 83% execution. These expenses correspond to the payment of the interest and commissions for obligations, the expenditures for derivatives and other financial expenses that amounted to COP 687,527 million. Another concept corresponds to 80% execution of the agreements and programs administered by Findeter for COP 36,714 million.

Table 11- Budget implementation items

Implementat ons	Current budget (1)	Initial target (2)	Accumulated Commitments (3)	Uncommitted Value (4)=(1)-(3)	Current vs. Commitments (5)=(3)/(1)
Financial expenses	833,352	493,236	687,527	145,825	83%
Tax Expenses and Contributions	34,789	53,021	30,708	4,081	88%
General and Administrative Expenses General	69,490	58,372	56,925	12,565	82%
Agreements and / or Programs Expenses Operation	46,075	48,755	36,714	9,361	80%
Acquisition of Assets	1,585	2,329	1,145	440	72%
Total Implementation items	985,291	655,713	813,019	172,272	83%

With respect to the execution of sources of the Royalties Execution Unit, for the years 2014 to 2016, resources were estimated for COP 50,393 million with 99% compliance on accumulating an income value of COP 49,874 million.

Table 12 - Execution of Sources of the Royalties Execution Unit

Detail	Approved Resources	Revenue Execution 2014 - 2016	Difference Execution	% Compliance
Royalties Resources Projects	50,393	49,874	519	99%
Total Sources Royalties	50,393	49,874	519	99%

Figures in millions

In relation to the implementation budget items of COP 50,393 million at the end of 2016, there are commitments amounting to COP 49,874 million, for a 99% execution.

Table 13 - Execution of implementation Royalties Execution Unit

Detail	Approved Resources	Accumulated Commitments	Uncommitted Value	Resources vs. Commitments
Projects Resources Royalties	50,393	49,874	519	99%
Total Implementation Royalties	50,393	49,874	519	99%

Figures in millions

4.2.2 FUNDING

During 2016 at Findeter we have been able to raise funds through CDs worth COP 3.24 bn, which represents a 37% increase in the volume of placements of these securities in the market. No bond issues were performed.

Direct issues totaled COP 1.74 bn; In addition, the renewals of the securities totaled COP 1.18 bn without forgetting the placement of securities through the Dutch Auction mechanism on the Colombian Stock Exchange that reached COP 317,000 million.

Table 14 - Comparison Funding Findeter 2015-2016

Type	2015	%	2016	%	Var %
CD Primary Issue	1,526,786	65%	1,735,380	54%	14%
CD Renewal	824,258	35%	1,182,809	37%	44%
CD Auction		0%	317,083	10%	100%
Bonds		0%		0%	0%
Total	2,351,044	100%	3,235,272	100%	37%

Figures in Millions

In terms of the distribution by type of indicator, the issues of 2016 were led by the IBR with 43.95%, in second place the Time Deposits with 37.06%, showing an increase in the outstanding volume compared to the previous year, in third place the Fixed Rate with 15.58% and finally the CPI with a 3.41% share.

Table 15- Funding by Indicator Findeter 2015-2016

Indicator	2015	%	2016	%	Var %
Time Deposits	594,758	25%	1,198,867	37%	102%
CPI	268,226	11%	110,357	3%	-59%
IBR	1,227,987	52%	1,421,844	44%	16%
Fixed rate	260,073	11%	504,204	16%	94%
Total	2,351,044	100%	3,235,272	100%	38%

Figures in Millions

Renewals of maturities and repurchases of CD securities reached 58.78% of maturities, which allowed us to promote the permanence of resources with investors, improve the maturity profile and the use of liquidity surpluses.

Monetizing and hedging management

During 2016 we monetized resources from loans with International Banks for USD 155 million, facilitating their availability for local currency rediscount operations. At the same time, our management allowed us to maintain close to 100% coverage of foreign currency liabilities through the formation of Forward and natural hedges, which allowed us to reduce the vulnerabilities of exchange rate risk in a year that recorded historical and important volatilities resulting in a revaluation of 4.72% at the end of the year.

4.2.3 INVESTMENTS

During 2016, global market volatility continued, which is why we preferred to maintain the conservative position of low exposure with mainly short term investments.

In terms of Treasury Bonds, we did not make investments during the year due to the great impact suffered by asset prices in emerging markets in the first part of the year; however, we managed to materialize the yield of some securities purchased the previous year.

The Entity's investment portfolio was focused on the use of temporary cash surpluses, mainly with short-term CDs (less than one year) to a greater extent with buy backs of CDs, which facilitated the management of the maturity profile by lowering concentrations and lengthening the duration of said liabilities.

Finally, it is worth mentioning that in line with the provisions of the structuring of the rediscount portfolio securitization operation we acquired TER IPC B securities.

4.3 INTERNATIONAL BANKING

Findeter maintained its international position by obtaining credits from Multilateral and International Banks; non-refundable international cooperation resources and being present at world-class events. 2016 was the year with the highest level of disbursements in international credits and the signing of international cooperation agreements.

During 2016 Findeter obtained foreign loans worth USD 325 million, represented in loan agreements and credit agreements with Multilateral and International Banks, as outlined below.

Within the framework of the Multi-sector Conditional Credit Line Agreement for the Fiscal Strengthening and Public Investment Expenditure Program of the Territorial Entities, the second individual loan under the Credit Line was signed: "Program for Fiscal Strengthening and Public Investment Expenditure for Municipalities, its Decentralized Entities and Metropolitan Areas" for a value of USD 150 million that aims to contribute to the improvement of fiscal and urban sustainability in Bucaramanga, Manizales, Montería, Pasto, Pereira, their Public Service Companies and the Metropolitan Areas to which they belong, through the financing of institutional strengthening and investment projects.

Findeter signed the Global Credit Line Agreement No. 2142 for USD 50 million with the Central American Bank for Economic Integration (CABEI).

As for International Banks, Findeter received credits from CITIBANK N.A for USD 50 million and the Bank of Tokyo - Mitsubishi UFJ, LTD for USD 75 million.

In order to leverage the growth achieved in the Entity, in the course of 2016, external credit disbursements amounting to approximately USD 260 million were obtained from CITIBANK NA, Bank of Tokyo - Mitsubishi UFJ, LTD, Central American Bank for Integration Economics - BCIE, Inter-American Development Bank-IDB and KFW.

In the field of international non-reimbursable cooperation, resources were approved with international funds for approximately USD 35 million, making 2016 the year with highest level of approved resources.

The NAMA Facility approved approximately € 14.7 million to the Entity for the development of projects focused on reducing greenhouse gas emissions and the development of a public policy framework for Sustainable Transport Oriented Development (TOD). The French Fund for the Global Environment (FFEM in French), through the French Development Agency, awarded Findeter € 350,000 to carry out a value capture study based on TOD projects. The Global Environment Facility, through the Inter-American Development Bank (IDB), granted FINDETER non-reimbursable cooperation resources for energy efficient public lighting for USD 2 million.

Disbursements for international cooperation worth approximately COP 10,000 million were executed from various sources of international cooperation such as the Latin American Investment Facility (LAIF), the Inter-American Development Bank, and the Low Carbon Resilient Development Program (LCRD / USAID).

In addition, during 2016 Findeter received technical cooperation from the Dutch Embassy for the Cartagena Infrastructure Project of the IDB for the structuring and possible issuance of green bonds, and the German Development Bank KFW for the identification of potential water and basic sanitation projects.

4.4 RISK MANAGEMENT

4.4.1 RISK MANAGEMENT APPROACH

Risk management at Findeter aims to manage the various financial and non-financial risks faced by the Entity by virtue of the execution of its corporate purpose and its own existence as such. This implies the construction and implementation of policies, procedures and methodologies to identify, measure, control and monitor these risks, whether through regulatory compliance or as a result of the voluntary adoption of good practices. For this purpose, Findeter, through the Vice-Presidency of Credit and Risks, has an appropriate human resource and an adequate technological support for the management of the different types of risk.

In this way, through appropriate risk management, senior management is provided with sufficient and timely information for appropriate risk-taking.

On the other hand, in the case of the materialization of risk events, the control mechanisms adopted in the different processes manage to minimize the impacts that are generated. In addition, appropriate risk management generates a high level of confidence of the Entity to all its stakeholders.

Figure 2 - Findeter Risk Management System



According to the validation performed to the different risk management systems managed by the Entity, and as a result of the audit results, we note that Findeter is complying with what is defined by the Colombian Financial Superintendence regarding the stages and elements. Notwithstanding this recommendations were generated that will allow it to continue strengthening the different systems, in the following aspects.

4.4.2 INTEGRATED FINANCIAL RISK SYSTEM

During 2016 we consolidated the individual provisions model for the rediscount operations in order to make it more efficient in accordance with the assigned portfolio coverage according to the risk associated with this type of operation.

In accordance with the policy of continuous improvement established at the Entity, procedures for the identification, measurement, control and monitoring of the Management Systems for Liquidity Risk (LRMS), Market Risk (MRMS) and Credit Risk (CRMS) have been updated and optimized. Each of these systems has models, methodologies, policies and limits defined in each of the respective manuals. All these components are approved by the Board of Directors of the Entity and focused on strengthening the decision making process.

Below, the performance of these aspects is presented per system.

CREDIT RISK MANAGEMENT SYSTEM – CRMS

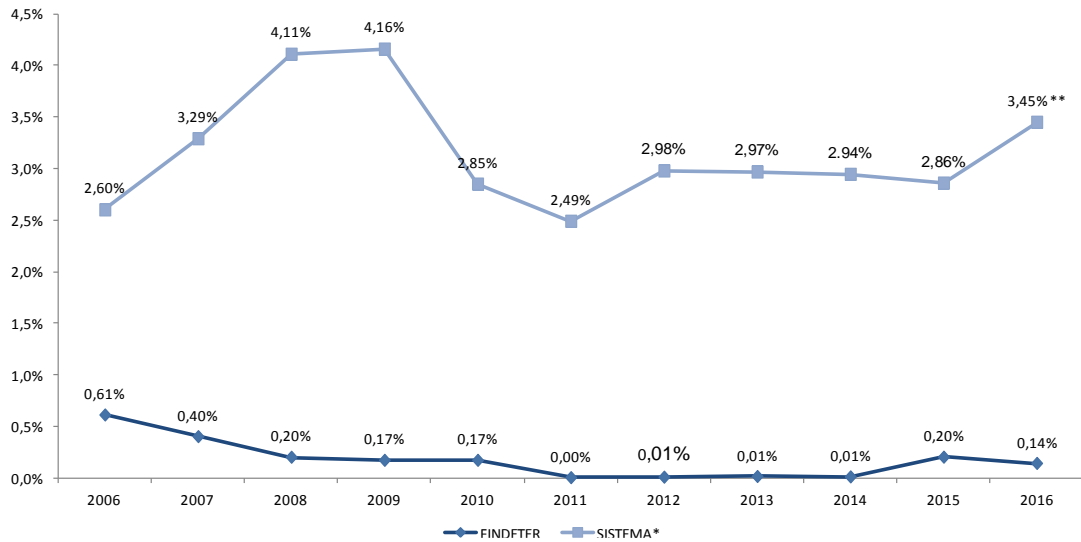
The credit risk management system allows the assessment of credit risk in the process of granting, tracking and control of a loan by the Entity.

Credit Risk management within the Entity is carried out in accordance with the rules issued by the Colombian Superintendence of Finance and the guidelines established by the Board of Directors. The policies, limits, procedures, models, constitution of provisions and methodologies of allocation of Maximum Exposure Value (MEV), monitoring and control for each type of intermediary, are recorded in the entity's CRMS Manual. During 2016 this manual was updated several times, the last of which was approved on September 27.

The methodologies implemented in the Entity are differentiated by the type of intermediary to be evaluated, qualified and controlled; these methodologies are based on financial analysis, likelihood of default, qualitative aspects and visits, which allow the objective of assigning the Maximum Exposure Value (MEV) to each intermediary to be realized. It should be noted that all MEVs are approved exclusively by the Board of Directors of the Entity, following analysis by the Risk Committee and GAP. In 2016, with the approval of the Board of Directors, the CRMS Committee was created to analyze different aspects related to the credit risk management system.

Findeter, as a result of the application of its models of evaluation, qualification and follow-up to the counterparties that make up the loan portfolio, maintains the credit risk indicators at levels that place it among the best in the financial system, a situation that is shown in The following graphs:

Graphic 6 Graphic AA - Portfolio Quality (Past due portfolio / Gross Portfolio)



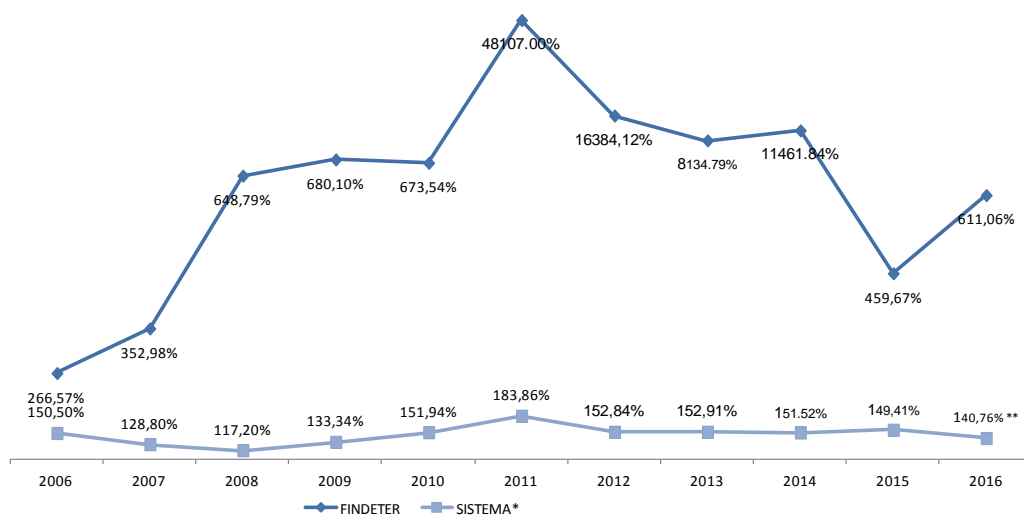
* Source Financial Superintendence of Colombia.

** Figure with cut off to November 2016.

As for the portfolio quality indicator, it has historically been at very low levels with respect to the system. In December 2016 this indicator decreased compared to 2015 to a level of 0.1375%. It is important to mention that this portfolio includes the portfolio of former employees.

As regards the coverage chart, it is important to clarify that due to the effect of the decrease in past due portfolio, as a result of a portfolio write-off in 2011, the coverage indicator as of that date had values that are not visible to scale in the graph. By December 2016 it was at levels of 611.06% higher than that reported the immediately preceding year. It is important to clarify that, as of December 2015, the methodology of provisions was amended in compliance with External Circular 032 of November 2014 of the Financial Superintendence of Colombia, this new methodology allows the Entity to be more efficient in recognizing the risk associated with each intermediary conjugated with a component of systemic risk and in this way to calculate the expected losses.

Figure 7 Coverage (Provisions / Overdue portfolio)



The distribution of the portfolio by rating is as follows:

Table 16 - Portfolio Rating

Category	Portfolio balance	% Share
Category A "Normal Risk"	7,800,406	99.86%
Category B "Acceptable Risk"	1,502	0.02%
Category C "Appreciable Risk"	88	0.00%
Category D "Significant Risk"	69	0.00%
Category E "Non-recoverable"	9,668	0.12%
Total Gross Portfolio	7,811,733	100.00%

Figures in millions

As can be seen, 99.85% of the total portfolio of the entity is in category A, the share of 0.12% of category E is due to a part of the portfolio that Findeter received for direct collection product of the liquidation of Financiera Internacional and the BCH, which was fully provisioned because it is under judicial collection or under Law 550/99 and 617/00.

LIQUIDITY RISK MANAGEMENT SYSTEM - LRMS

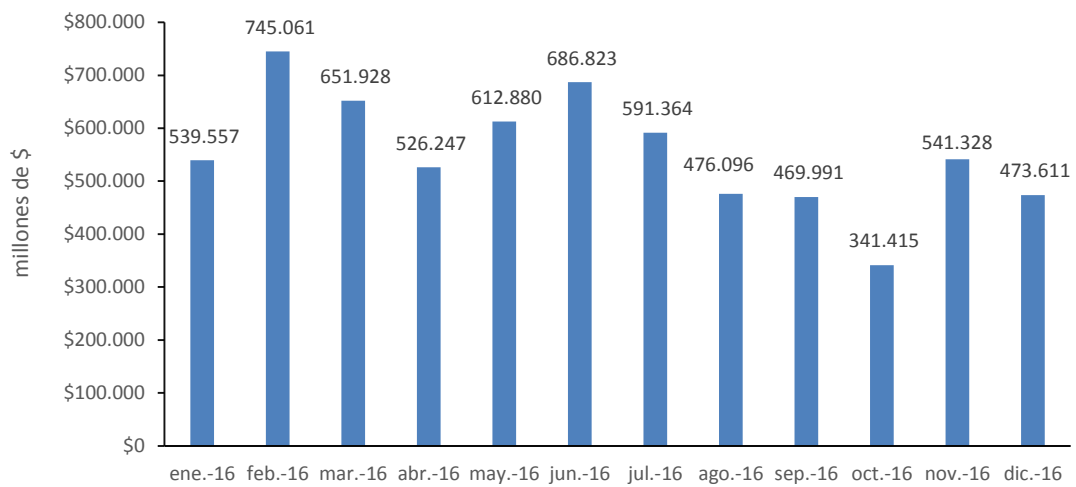
The LRMS is the liquidity risk management system that entities must implement in order to identify, measure,

control and monitor the liquidity risk to which they are exposed in the development of their authorized operations both for the positions of the so-called banking book and the treasury book, whether on or off the balance sheet (debit contingencies and creditor contingencies). The Liquidity Risk Management System - LRMS of the Entity complies with the External Circular 042 of November 2009 of the Financial Superintendence of Colombia. The main indicator used by Findeter for monitoring in this system is the liquidity risk index - LRI as defined by the aforementioned circular letter.

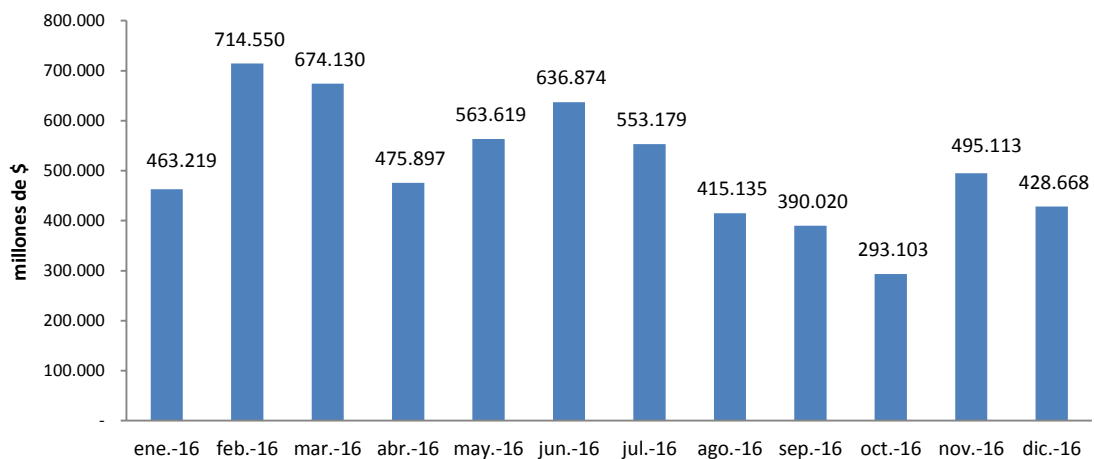
During 2016 we performed weekly monitoring activities, which are projections in which the indicator is obtained up to 60 days from the date of calculation, which allows us to anticipate changes and to know the impact generated by the daily dynamics of disbursements or withdrawals in the liquidity of the Entity. We perform monthly calculations applying the internal model of liquidity risk, in addition to strictly following the policies of the Board of Directors.

As can be observed, at the monthly closes the LRI for the bands of 7 and 30 days remained positive:

Graph 8 - LRI 7 days



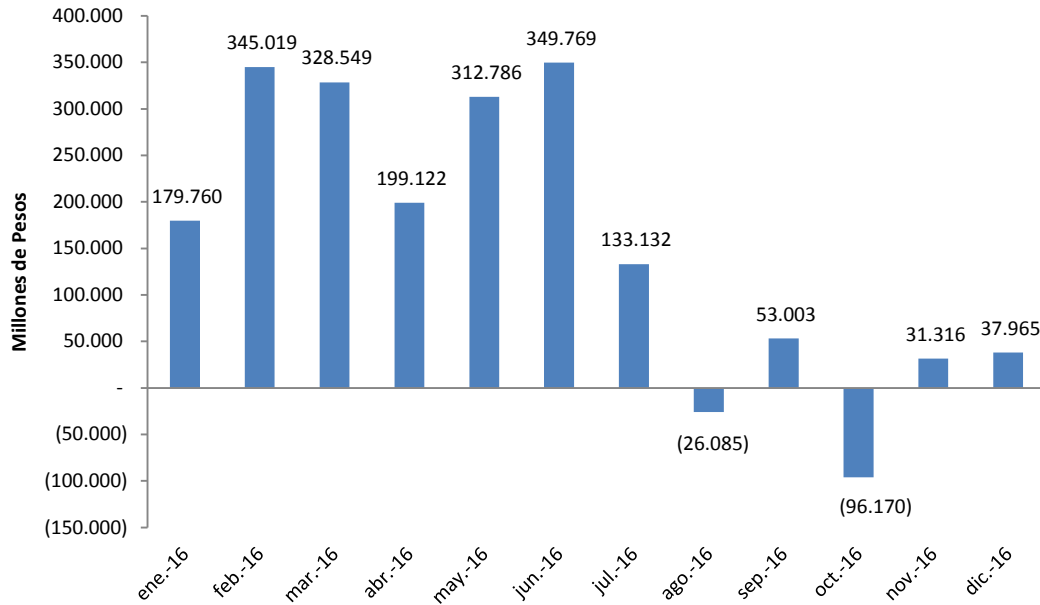
Graph 1- LRI 30 days



At the end of the year the indicator was COP 473,611 million for the band from 1 to 7 days and COP 428,668 million for the band from 1 to 30 days, which reflects that an adequate level of resources is maintained in the Entity to fulfill its obligations and to carry out its activities.

Findeter, in order to monitor and control medium and long-term liquidity risk, developed an internal model based on the liquidity requirements and contractual flows defined in the Financial Superintendence of Colombia's standard model, but including the analysis of the liquidity risk indicator in other time bands according to the nature of the Entity's operations. During 2016, the behavior of the 90-day band was as follows:

Graph 10 - Accumulated Liquidity Gap 90 Days



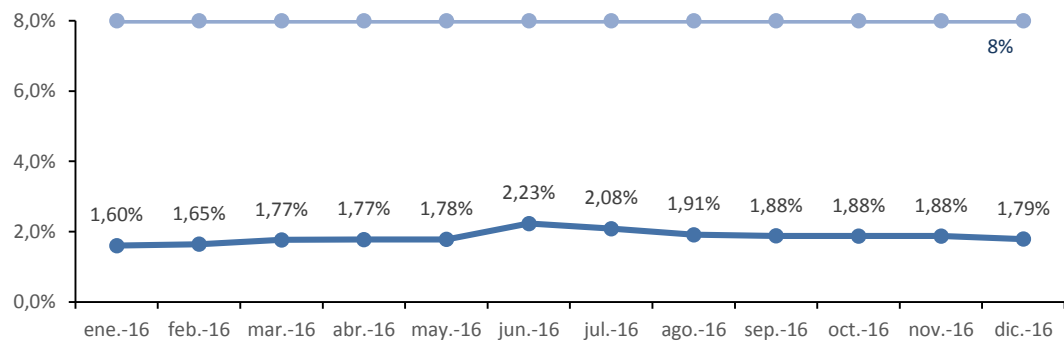
In this way, the internal model allowed the raising of funds for the fulfillment of contractual obligations to be properly programmed, and also allowed the most opportune moments to be analyzed in order to boost the commercial work of the Entity.

MARKET RISK MANAGEMENT SYSTEM - MRMS

Findeter has implemented the Market Risk Management System, which allows for timely decisions to be taken to mitigate this risk. The value at market risk is estimated using the methodology suggested by the Financial Superintendence of Colombia. At the close of 2016, the value-at-risk (VaR) result was COP 17,423 million, representing 1.79% of the value of Findeter's technical assets, which is below the limit established by the Board of Directors, which is 8.0%.

The following graph shows the value-at-risk (VaR) behavior, which remained below the limit established by the Entity's Board of Directors.

Graph 2- VaR



EXCHANGE RISK

In compliance with the provisions of the External Regulatory Circular Letter DODM 285 of the Colombian Central Bank, in order to cover the exchange exposure of the Entity and with the provisions of External Circular No. 041 of the Financial Superintendence of Colombia regarding the transmission of the Global Exchange Rate Position, Findeter has been hedging the exchange exposure of its foreign currency liabilities.

Therefore, the Entity adopted the policy of hedging its liabilities in foreign currency prior to the issuance of the regulations in 2005, strictly complying with the provisions of External Circular 014 of 1998 issued by the Financial Superintendence of Colombia, as stated in the minutes of Board of Directors No. 131 of January 23, 2003.

As part of its strategy to reduce its foreign exchange risk during 2016, Findeter made forward transactions and dollar disbursements as a natural hedge for foreign currency liabilities amounting to USD 274.1 million and USD 166.5 million respectively at the close in December. The Entity's liability coverage program closed 2016 with a 99.90% foreign exchange hedge.

4.4.3 INTEGRATED NON-FINANCIAL RISK SYSTEM

During 2016, Findeter worked on the implementation of an integrated system of non-financial risks, which seeks to manage, under a single model and methodology, the risks for operations, information security, business continuity, suppliers, money laundering and financing of terrorism, taking as a framework the processes of the Entity as defined in its Integrated Management System.

In the development of this work, the migration of six processes to this new scheme was performed (Commercial Management, Active Operations, Financial Operations, Portfolio Management, Risk Management and Assistance to Integrated Territorial Development), which was accompanied by the implementation of the WRM application that will allow the Entity to perform better risk governance.

Continuing with the integrated systems model, Findeter worked on the definition of methodologies and risk matrices for the projects to which technical assistance is provided, seeking to extend the risk management to said projects, strengthening their execution and increasing the trust deposited in us by our customers.

Next, the performance of these aspects per system is presented:

SYSTEM OF RISK ADMINISTRATION OF ASSET LAUNDERING AND FINANCING OF TERRORISM - SARLAFT

SARLAFT is the system adopted to promote the Risk management culture and to prevent crimes associated with Money Laundering (LA) and Terrorism Financing (FT). Money laundering is incurred when any person or company acquires, stores, invests, transports, transforms, custodies or administers goods that are of an illegal origin.

Findeter has implemented the System of Risk Management of Money Laundering and Financing of Terrorism - SARLAFT, which includes the policies, procedures and organizational infrastructure, in accordance with the Basic Legal Circular of the Financial Superintendence of Colombia.

In 2016, periodic reports were presented to the Board of Directors on the activities carried out by the Compliance Officer, as well as the transmissions of the Suspicious Operations Report SOR, and the Products Report to the Financial Analysis Research Unit - UIAF.

Annual training and evaluation was carried out to the Entity's employees on SARLAFT, obtaining coverage of 97%, corresponding to 394 employees.

In accordance with the provisions of the Basic Legal Circular, SARLAFT was monitored by evaluating the elements that compose it, obtaining an optimal result of the same, seeking in this way to adequately shield

the Entity against this risk. Additionally, it was established that there were no elements that modified the profile of the Entity for this type of risk, with said risk remaining low.

OPERATIONAL RISK ADMINISTRATION SYSTEM - ORAS

The Operational Risk Management System, aims to identify, measure, control and effectively monitor the operational risk associated with the different processes within Findeter, complying with the provisions of the Accounting Basic Circular 100 of 1995, issued by the Financial Superintendence of Colombia, Chapter XIII.

In addition to the migration of process, 35 risk events were presented in the Entity, which did not generate economic losses and have been a source for strengthening of our processes. Also, during 2016 we continue working on the culture of risk, completing the training sessions called "Towards a culture of risk", achieving 97% coverage as mentioned in the SARLAFT section.

Business Continuity Plan - BCP

For this issue we update the business impact analyzes. This tool allows both the criticality level of the processes and their critical activities to be updated. Based on these analyzes, various operational tests were carried out to maintain reasonable assurance about the continuity of the Entity in the event of an interruption in its operations, as well as a return to normality once the crisis has passed.

Project Risks

Findeter, through the non-financial product called "Advisement to Integrated Territorial Development - AITD", has been developing technical assistance to water, infrastructure and housing programs, among others. In the management of these products and projects, the Entity is exposed to a variety of situations that generate potential risks that may materialize. These can lead to economic costs, legal sanctions, damage to its image and reputation, and eventually the continuity and survival of the business. For this reason, we contemplate the implementation of a methodology aimed at effectively and efficiently managing these risks. As a result, the process of hiring a consultancy specialized in the subject was initiated, which allows for the strengthening of the management of the risks associated with the projects emanating from the aforementioned programs, as well as their adaptation and adjustment to other programs, products and projects led by the Entity.

Anti-Fraud and Corruption Program

Once the risk profile was evaluated, there were no elements that modified it with the risk remaining as moderate. Additionally, the evaluation of the elements that compose the program was performed, obtaining an acceptable result. Finally, during the year, the actual or presumed occurrence of any event that involved the workers of the Entity was evidenced.

INFORMATION SECURITY MANAGEMENT SYSTEM - ISMS

Findeter, committed to information security, approved the scope of the Information Security Management System, the Information Security and Privacy Policies, the Non-Financial Risk Comprehensive Methodology and the Contracting of the CYBERSECURITY Policy.

Progress was also made in the implementation of measures aimed at strengthening the Entity's information security, such as: Restriction of access to the area of IT infrastructure management; the Physical identification of workers and visitors; Control of access to the corporate network of the Entity; Restriction of navigation through the Internet in critical areas of the Entity; Information Exchange Portal; Control of printing in the region offices; Protective measures against Ransomware; Separation of the test and development environment; Control of generic users; Equipment security and the programmed shutdown of equipment, among others.

With regard to regulatory compliance related to information security, the following activities were carried out:

- Registration of the Personal Databases in the National Registry of Databases - NRDB, in

compliance with External Circular 002 of 2015 of the Superintendence of Industry and Commerce.

- Review of the Entity's personal data protection policy and establishment of measures to ensure compliance with Law 1581 of 2012 and regulatory decree 1377 of 2013, regarding the protection of personal data.
- Definition of the identification and classification guide of the Entity's assets, according to the levels of classification of information established in Law 1712 of 2014 "Law on Transparency and the Right of Access to National Public Information".
- Compliance with the security requirements established in External Circular 029 of 2014 of the Financial Superintendence of Colombia.

In addition, Findeter contracted a comprehensive managed security service, with the objective of strengthening the Entity's capabilities to detect, analyze, prevent and respond to attacks, incidents or the presence of vulnerabilities that may jeopardize the security of its information.

ENVIRONMENTAL AND SOCIAL RISKS MANAGEMENT SYSTEM - ESRMS

The ESRMS constitutes the set of policies, mechanisms, tools and procedures for the easy and timely identification, evaluation, reduction and monitoring of the environmental and social risks generated by the beneficiaries in the development of their activities, so as to minimize the possibilities of FINDETER to assume the costs transferred by these risks, in its role as a second floor Bank.

Findeter's Board of Directors approved a modification to the organizational structure in February 2016 that included, within the changes, the reassignment of functions from the previous Social and Environmental Responsibility Directorate to the areas of the Entity that according to the review carried out, had said functions assigned to them.

The results of the executed analysis were that the Entity has a Vice-Presidency of Credit and Risks that has within its responsibilities to identify, analyze, evaluate and manage the risks of the Entity based on an integral risk management; and that it also has the competent professionals to manage each of these. For this reason, it was determined that the Environmental and Social Risk Analysis System (ESRMS) should also be under the administration of this Vice Presidency, since it is in charge of providing the guidelines on risks and performing the monitoring and control for the proper functioning of all these systems.

Due to the above, the Findeter ESRMS is now under the control of the Vice-Presidency of Credit and Risks, which in its role as the Middle Office of the system, has the following functions:

- Ensure the correct application of the system.
- Ensure compliance with legal requirements and other requirements applicable to the ESRMS.
- Design and propose the ESRMS policy.
- Define the instruments, methodologies and procedures for the implementation and operation of the system and its improvement, in accordance with established policies.
- Support the monitoring of social and environmental risks based on decisions made by the executive committee.
- Manage with the relevant areas the internal and external training programs, related to environmental and social risks.
- Prepare the system effectiveness reports when requested.
- Provide support on environmental and social risk issues in the negotiation of Findeter's loan agreements with multilateral banks.

It is pertinent to clarify that due to the modification to the organizational structure, changes had to be made in the Manual and other instruments, in order to update the documentation contained in the Integrated Management System. The Board of Directors approved the Manual, with its changes, on December 13, 2016. Likewise, the Entity's employees and financial intermediaries have been trained on these new adjustments.

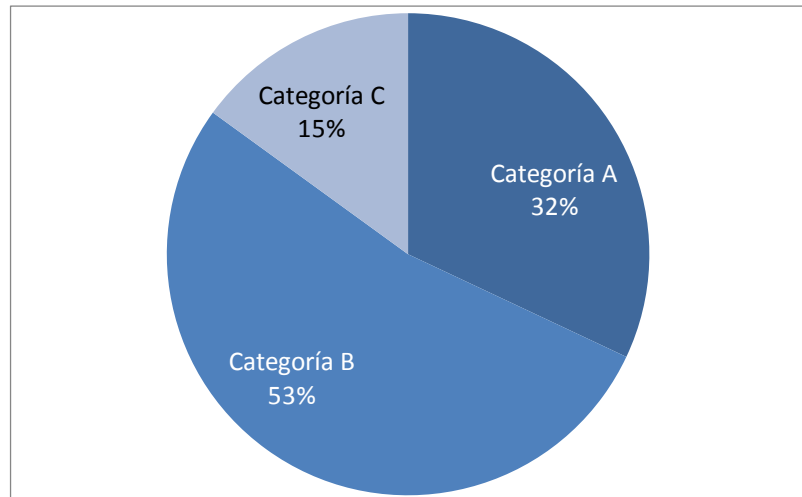
As for the management developed by Findeter during 2016, regarding ESRMS, the following behavior was presented:

Table 17 - ESRMS Indicators

Total ESRMS Projects	32
Disbursed Projects	22
Project with Evaluation / Without Disbursement	10

The categorization of projects is assigned due to the level of environmental and social risk, with "A" being the highest incidence and "C" the least.

Graph 12- Category of projects by ESRMS - 2016



GOALS

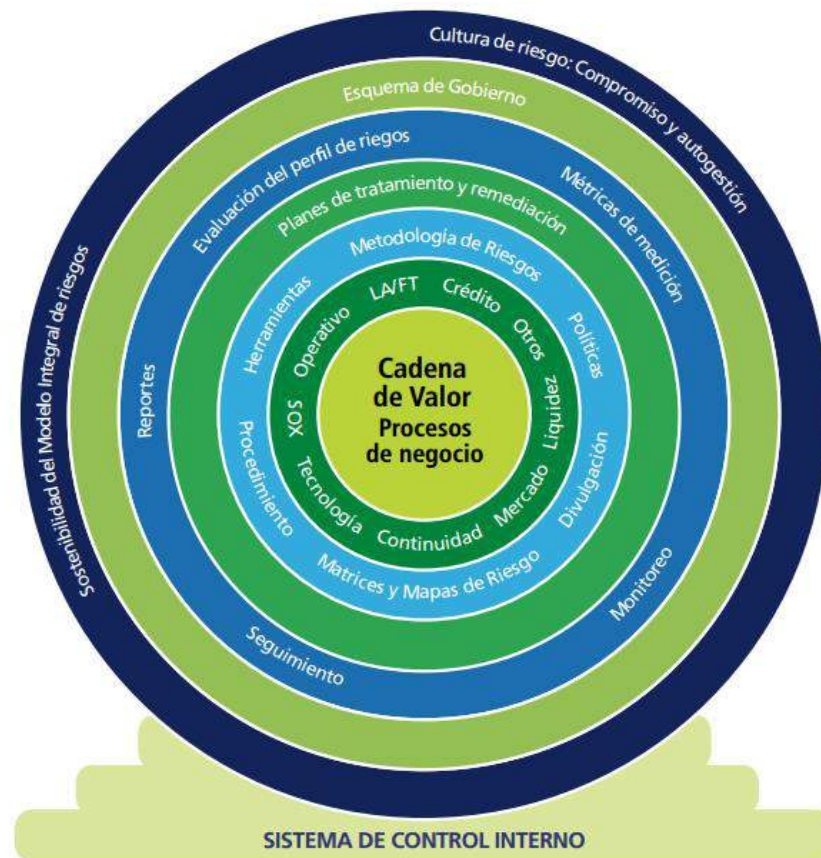
- Consolidate the methodology for estimating the economic capital of the Entity.
- Conduct and validate the first resistance tests associated with Findeter's financial activity.
- Establish a global indicator of financial risks.
- Create a counterparty exposure analysis model for the real economy.
- Strengthen the internal liquidity risk measurement model.
- Finalize the implementation of the WRM application as an integrated risk system.
- Definition, design, structuring and implementation of the methodology and risk system in projects, aligned with the Entity's non-financial risk management.
- Monitoring and updating of the fraud and corruption risk matrix.
- Campaigns to raise awareness and strengthen the culture of risk (ORMS, SARLAFT, Information Security and Business Continuity, etc.).
- To advance in the implementation and strengthening of the Information Security Management System, as well as in security measures aimed at protecting the availability, integrity and confidentiality of the Entity.

4.5 INTERNAL CONTROL

4.5.1 INTERNAL CONTROL MANAGEMENT APPROACH

The Internal Control System of Findeter seeks its sustainability and strengthening in leading practices and applying the guidelines established in the current regulations related to the review and adaptation of the Internal Control System which has allowed the Entity to have management systems oriented to leveraging the fulfillment of objectives based on its business model.¹

Figure 3 - Conceptual Framework of the Internal Control System



The Internal Control Office performs its assurance and consultation function by evaluating 100% of the Entity's processes, the Regional offices, the Management Systems and contributes to the strengthening of the System. Additionally, it performs special audits with the purpose of identifying preventive improvement opportunities and supports the strengthening of processes. According to these evaluation and audit actions,

¹ The evaluation of the Internal Control System was carried out in accordance with DECREE 943 of May 21, 2014, by which the Standard Internal Control Model (SICM) is updated with respect to the 2 modules, 6 components, 13 elements and one transversal axis; and with each of the elements defined in part I, Title I, Chapter V of the external circular 029 of 2014 issued by the Financial Superintendence of Colombia, including Technological Management and Accounting Management.

the recommendations obtained allowed the strengthening of the different control elements as follows:

Control Environment:

- Strengthened through the definition and documentation of policies and procedures applicable to the new areas and programs or projects managed by the Entity, as well as the updating of existing documentation, in accordance with changes in each area or process.
- The Entity also defined a new strategic plan in which the objectives were aligned with the mission and vision of the Entity and highlighted the principles and values that govern it, generating a climate of trust adequate for the fulfillment of the fundamental purpose and the achievement of their results.
- Finally, we note that the recommendations made in the internal audits through their reports are applied by the areas to improve the processes contributing to the continuous improvement of the Integrated Management System.

Risk Management:

Recommendations were made regarding the methodology and design of the fraud and corruption risk matrix so that it is aligned with the parameters defined by the Administrative Department of Public Function (ADPF), as well as the documentation of the methodology implemented. Likewise, recommendations were generated for the different stages and elements of the systems for the administration of the operational risks, money laundering and terrorist financing, market credit and liquidity. On the other hand, recommendations were generated for the strengthening of the awareness campaigns on the reports of operational events by the different areas, as well as in the generation and monitoring of action plans for their mitigation.

Control Activities:

- The recommendations generated for this element, are aimed at strengthening the design and effectiveness of the controls implemented by the different process owners, to mitigate the risks that affect the achievement of the organization's objectives. As a result of our evaluations, recommendations were issued in each area related to the identification of new controls and the execution and improvement of the efficiency of the existing controls.
- The strengthening of this element has been evidenced by the definition of new controls for entering into compensated rate agreements for the return of the financial yields, the following up of the correction of observations in the evaluations of eligibility projects, the definition of phases for the evaluation of water projects, the creation of a new legal area for the different government programs, in addition to others.

Information and Communication:

- Improvement opportunities were generated for the strengthening of information assets in terms of security (confidentiality, integrity and availability), quality (effectiveness, efficiency and reliability) and compliance with the information generated.
- For this control element, the documentation of the new classification definitions of the Findeter information was evidenced, as well as the updating of the matrix of primary and secondary information of the different processes.

Monitoring:

- Recommendations were made on the definition of management indicators for the new areas, projects or programs managed by the Entity. Likewise, opportunities for improvement were generated on the definition of action plans for the fulfillment of the established goals.

- Planning management carried out training campaigns in different areas, to guide the definition, formulation and monitoring of management indicators. It also carried out a permanent follow-up on the implementation of action plans from the ISOLUCIÓN tool.

Accounting Management:

- Recommendations were made for the strengthening of the policies and procedures defined by the Entity in accordance with the entry of the IFRS. Likewise, recommendations were made on the reconciliation of fixed assets and accounts payable.
- In order to have adequate planning and structuring in the implementation of IFRS, the Entity has hired the advice of accounting, tax and labor experts to minimize errors in the application of the new regulations.
- The Accounting Department has defined controls to ensure the accrual of monthly operations, by defining and monitoring figures at the close; it also generates reconciliations with the different areas that provide information such as human talent, portfolio, administrative and operations.

IT Management:

- The recommendations generated during 2016 focused on strategic IT planning, technology and infrastructure acquisition, the management of system projects, quality management, service management with third parties, technology continuity, the management of facilities, software acquisition and maintenance, IT change management, systems accreditation, performance, capacity and availability, and data management.
- As a product of the exercises of Ethical Hacking, information security and technology management performed from the Office of Internal Control, the Entity has strengthened its controls in the education and training of users and the administration of IT operations, it has also carried out different awareness campaigns on information security, password changes for equipment, among others.

In order to meet the recommendations, the process owners developed action plans aimed at strengthening and improving the Entity's Internal Control System, which have been implemented based on the dates defined in the audit reports and special evaluations.

Findeter has implemented and developed within the organization the guidelines issued by the Administrative Department of Public Function - ADPF and the guidelines of the Financial Superintendence of Colombia. The commitment and the management of the managers, and in general all the levels of the Entity, has been observed to the continuous improvement of the processes and the identification and implementation of good practices of the Internal Control System.

As a result of the above, it is concluded that the Entity has a defined and documented control environment, identified and monitored risk systems, control activities implemented in its processes, transversal communication and information systems and a monitoring scheme for the fulfillment of its objectives which has allowed the sustainability and strengthening of the Internal Control system. However, management must continue with the action plans designed for the continuous improvement and sustainability of the Internal Control System, as well as continue to strengthen its controls in the Water for Prosperity, Free Housing and Infrastructure programs, which minimize the reputational, legal and economic risks of the Entity.

4.5.2 AUDITING

The internal management audits were carried out with a structured and integrated work approach, based on risks, leveraged in a methodology that allows the following components to be evaluated in each process: Control environment, risk management, control activities, information, communication and monitoring, as well as the controls associated with accounting transactions and those of the applications that support it. These assessments have identified possible risk situations or aspects that may impact business operations and

their control environment.

Figure 4 - Scheme for strengthening the Internal Control System

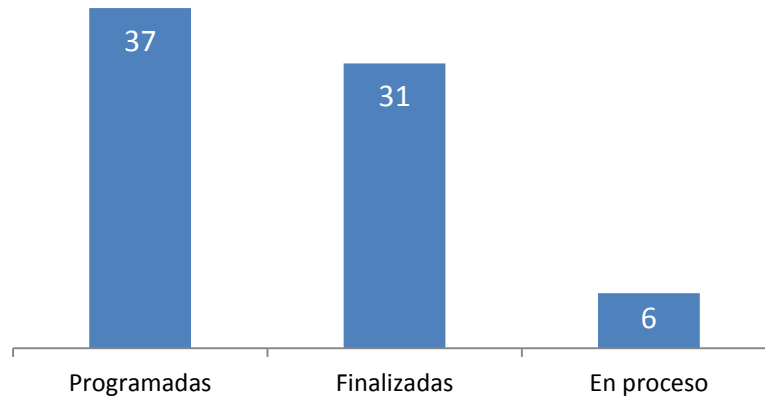


Note: COSO: Committee of Sponsoring Organizations of the Treadway Commission (COSO): initiative of five agencies to improve internal control within organizations.

AUDIT PLAN

Pursuant to the 2016-2017 Audit Plan approved by the Audit Committee of the Board of Directors at its meeting on November 24, 2015, as of December 31, 2016, 12 special evaluations has been executed, 19 internal management audits were carried out and six audits are in the completion and validation stage with the process owner.

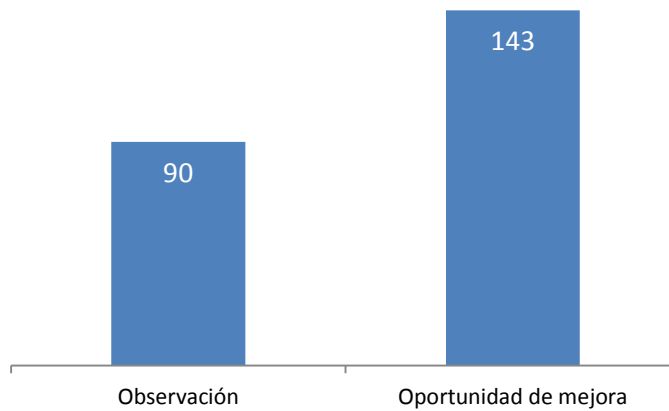
Graph 13 - Number of Internal Control Audits



AUDIT RESULTS

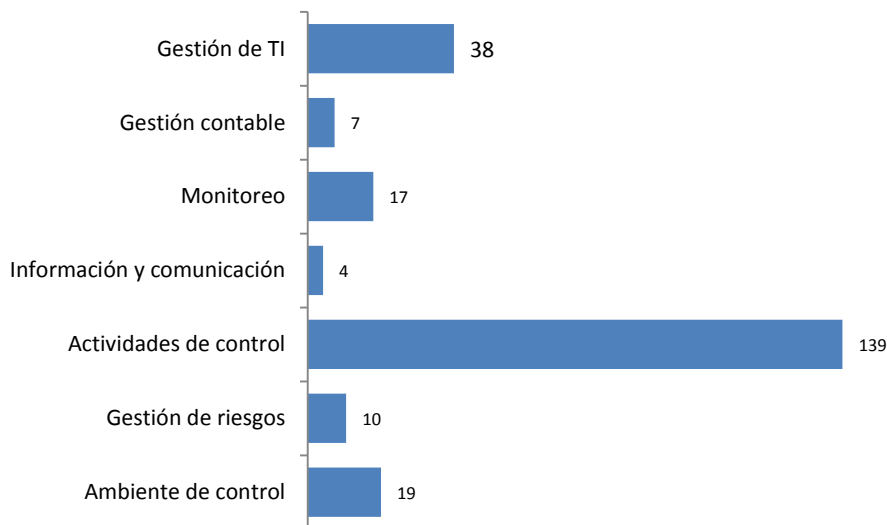
As a result of the evaluations carried out as of December 31, 2016, a total of 233 observations and opportunities for improvement were generated, on which the same number of action plans were set up to strengthen compliance with the objectives of the Entity and the different control elements defined in the external circular 029 of the Financial Superintendence.

Graph 14- Evaluation Results 2016



The following graph shows the number of observations and opportunities for improvement by control element:

Graph 15- Observations and opportunities for improvement by control element



As a result of the execution of the audits, situations were identified that will enable the Entity to continue strengthening its Internal Control System in each of the processes defined in the current value chain, on which recommendations were made and action plans were generated.

In accordance with the previous recommendations and those presented in previous years, we note that the new methodology implemented by the Entity to follow the strategic objectives has the following strengths:

- The PMO Project Management Office has an Information System for Project Management (ISPM), which supports the control of documentation, the monitoring and control of the Project Management process.
- The projects work under the PMBOOK (Project Management Body of Knowledge) methodology, with 10 areas of knowledge (Scope, Time, Cost, Quality, Human Resources, Communications, Stakeholders, Risk, Procurement and Integration).
- Good practices have been adopted, risk management is carried out and a record of exchange controls and a control of payments are kept for each deliverable of the strategic projects.
- The ISPM platform leaves the evidence of deliverables and other documentation required for all projects.

SPECIAL AUDITS

Throughout the year, special audits were carried out regarding compliance with regulations and best practices with respect to the Anti-Corruption Matrix, Ethical Hacking, Findeter ET-Water Credits Trust and Risk Management, on which recommendations were made and the corresponding action plans were generated.

4.5.3 AUDITS OF THE INTEGRATED MANAGEMENT SYSTEM

The Office of Internal Control of Management (OIC) coordinated the Ninth Cycle of Internal Audits of the

IMS, from November 17 to 25, 2016, supported by the audit team of the Entity.

The result of the audit is detailed in the following table:

Table 18 - Results of the ninth cycle of IMS internal audits

TYPE OF PROCESS	PROCESS	TYPE OF FINDING					
		NC Quality	NC Environment	OB Quality	OB Environment	OI Quality	OI Environment
Strategic	Routing and Planning			1			
Evaluation and Control	Institutional Management Control					2	
Mission	Assets Operations					1	
	Liabilities Operations			2			
Support	Technology Management					2	
	Administrative management	1					
	Human Talent Management					2	1
	Continuous Improvement Management				1		
	Financial operations					1	1
	Adquisition of goods and services			1		1	
Regional offices, zones and satellites	Caribbean Region			3		1	
	Pacific Region						
	Central Region						
TOTAL		1	0	7	1	10	2

NC = Non Conformity

OB = Observation

OI = Opportunity for improvement

According to the results of the ninth audit cycle, it can be concluded that the Integrated Management System at Findeter shows a satisfactory level of compliance with the provisions.

FOLLOW-UP OF AUDITS OF THE INTEGRATED MANAGEMENT SYSTEM

During the 2016, the quarterly monitoring of compliance with the action plans of the seventh and eighth cycle of internal audits of IMS (quality and environmental) was carried out. As a result of this monitoring, all the action plans defined by the process owners for the seventh cycle were able to be completed by December 31, 2016.

For the eighth cycle of audits, 29 action plans were completed with one Non-Conformity, one Observation and one Opportunity for Improvement pending for implementation, which are aimed at updating the Integrated Management System documents, the definition and measurement of the Nonconforming product and training on the budget, respectively.

4.5.4 AUDIT OF THE INTERNAL ACCOUNTING CONTROL SYSTEM

Based on the development of the audit procedures of 2016, it can be established that the Internal Accounting Control System of the Entity was carried out in accordance with legal regulations and accounting technique.

Findeter has documented and implemented manuals, procedures and controls that allow the management of financial and accounting information, applying generally accepted accounting principles in Colombia.

In the audits of the Entity's processes, the identified observations and improvement opportunities were managed by those persons responsible for the process, and they signed action plans aimed at strengthening accounting management.

4.5.5 FOLLOW-UP AND IMPLEMENTATION OF THE ACTION PLANS

The Office of Internal Control of Management carries out monthly monitoring of the action plans implemented by process owners as a result of the generated recommendations, for which a verification process is performed using the tool provided by the Entity (ISOLUCIÓN) regarding compliance with the time and activities as well as the supporting document that are required.

In the result of the monitoring carried out by the Office of Internal Control (OIC) Management to the 233 action plans generated for 2016, it was observed that 144 action plans are closed and 89 are pending to be implemented.

4.5.6 INTERNAL AND EXTERNAL REPORTS OF MANAGEMENT CONTROL

The Office of Internal Control of Management, in the performance of the "relationship with external entities" role and as a dynamic component of the Internal Control System, during 2016, has produced, in addition to others, the following reports and requirements of the Control Entities: Internal Accounting Control Report, Improvement Plan of the General Comptroller of the Republic Report, Certifications of the Follow-up of the Ekogui State Unique Information System, the Integrated Model of Planning and Management, Follow-up to the Anti-Corruption Plan and Citizen Customer Service, Detailed Report of the State of Internal Control - Law 1474 of 2011, Monitoring of Petition Rights, Expenditure Austerity Report. The preparation of these reports is regulated by the existing standards for this purpose, as well as their periodicity: monthly, bimonthly, quarterly and semi-annually.

4.5.7 IMPROVEMENT PLAN OF THE GENERAL COMPTROLLER OF THE REPUBLIC OF COLOMBIA

The General Comptroller of the Republic of Colombia, based on the powers granted by Article 267 of the Political Constitution, performed an audit of Findeter for 2015, through the evaluation of the principles of fiscal management: efficiency, effectiveness and economy with which it administered the resources made available to it, and the results of its management in the areas, activities or processes, the review of the balance

sheet as of December 31, 2015 and the income statement for the year ended on this date. These financial statements were reviewed and compared with those of the previous year. The audit included, in addition to the management review, the examination of a selection of accounts from Findeter's operations, in order to determine whether its administrative and economic operation was carried out in accordance with the legal norms and applicable procedures. It also evaluated the internal control.

As a result of this evaluation, the Office of the Comptroller General of the Republic of Colombia (CGR), declared that based on the principles of efficiency, effectiveness and economy, the management carried out by Findeter in relation to the activities evaluated for the year 2015 is favorable, with a rating of 98.078 points out of 100.

On completion of the 2015 audit, below we show the result obtained for the evaluated components:

Table 19 - Results of the Improvement Plan of the General Comptroller of the Republic of Colombia

Components	Score	Percentage	Weighted Rating
Management control	94.33	20%	18.87
Control of Results	100	30%	30
Control of Legality	98.33	10%	9.83
Financial Control	100	30%	30
Internal control	93.8	10%	9.38
Total Management and Results Rating		100%	98.078

Findeter created and subscribed to the Plan of Improvement through the System of Electronic Surrender of Accounts and Reports - SIRECI. This plan is established for four findings with seven activities scheduled during 2016 and 2017. As of December 31, 2016, it presents an execution rate of 71%, equivalent to five activities carried out as scheduled.

It also transmitted through the System of Electronic Surrender of Accounts and Reports - SIRECI, the follow-up to the Plan of Improvement corresponding to the 2015 term of the Entity and an activity from 2014 with a report date of December 31, 2015.

4.5.8 INTERNAL CONTROL COMMITTEES

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

In order to establish the general guidelines for the supervision, monitoring and improvement of the Internal Control System-ICS, as well as the process used to review the effectiveness of the ICS and aspects related to Risk Management, in various sessions the Audit Committee performs a follow-up to the results of the Audit Plan presented in 2016.

The management of the Audit Committee was carried out through the permanent and active supervision of the functions and activities carried out by the Internal Control Office, in order to establish an adequate independence in relation to the activities being audited, providing the means to comply with the audit plan approved for the term for which four sessions were held in February, May, August and November 2016. The corresponding minutes were drawn up for said sessions.

INTERNAL CONTROL COORDINATION COMMITTEE

The Coordination Committee of the Internal Control System of Findeter, as a collegiate organ of support to the Administration, and in accordance with the provisions of the applicable regulations and other regulatory Decrees, is in charge of ordering the necessary actions in order to guarantee the articulated, efficient and effective use of the Internal Control System and the IMS.

The Office of Internal Control of Management performs the Technical Secretariat role for this Committee, being responsible for the preparation, compilation and custody of the respective minutes. During this period, the Committee met in four (4) opportunities: February, May, August and November 2016.

At the meetings held by the committee, the Office of Internal Control of Management presented the evaluations made to Findeter's management models, as well as the follow-up to action plans, generated in accordance with observations and opportunities for improvement resulting from the performed audits, activities carried out in terms of promoting the culture of control and relations with external entities.

4.5.9 PROMOTING THE CULTURE OF CONTROL

The Internal Control Office, in the development of its role of "promoting the culture of control", developed a Self-Control campaign aimed at disseminating the information, raising awareness and empowering Findeter's employees, who are responsible for evaluating and analyzing their own responsibilities and the controls that contribute to the continuous improvement in the fulfillment of the institutional mission.

As a result of this activity it was identified that Findeter has an Organizational Culture focused on strengthening the Internal Control System and continuous improvement.

4.6 FINANCIAL STATEMENTS AND THE REPORT OF THE STATUTORY AUDITOR



See the complete information on the Financial Statements and the Opinion of the Statutory Auditor in Annex 3.

5 COMMITMENT TO THE SUSTAINABILITY OF THE REGIONS

5.1 REDISCOUNT CREDIT

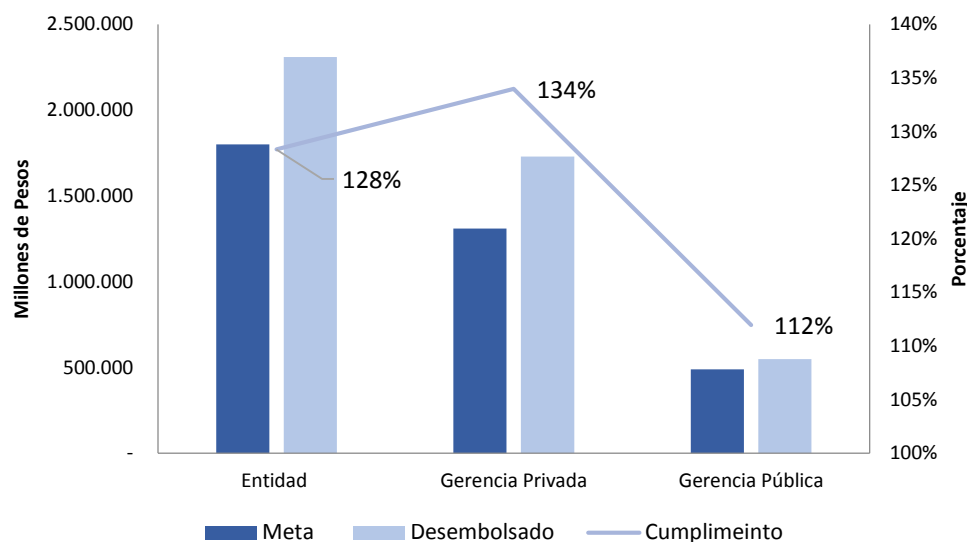
5.1.1 REDISCOUNT MANAGEMENT

In 2016, Findeter managed rediscount operations through which COP 2.3 billion was disbursed, with the goal for the year being COP 1.8 billion for the placement of rediscount credits. Said target was widely exceeded with 128% compliance (134% for Private Management and 112% for Public Management). This highlights the commitment and responsibility of the human talent of the organization to fulfill the proposed

objectives.

During 2016 Findeter contributed to the sustainable development of the country with disbursements in 88 municipalities and 25 departments.

Graph 16- Budget achievement vs. Disbursement



Some important public sector disbursements that support the sustainable development of the regions can be highlighted:

- For the District of Barranquilla, COP 125,000 million was disbursed for the execution of investment projects under the city's 2016-2019 development plan.
- A credit of COP 106,000 million was approved for the plan for the replacement and modernization of the networks and transmission lines of the Empresa de Centrales Eléctricas del Norte de Santander S.A. ("North Santander Electrical Plants Company").
- In the Department of Cesar COP 20,000 million was disbursed for the road plan and the execution of tertiary roads.
- In the city of Medellín, 16 new trains were purchased for COP 20,000 million for the *Empresa de Transporte Masivo del Valle de Aburrá* ("Aburrá Valley Mass Transit Company").
- The District of Bogotá also received an investment in the Transportation Sector with the Ciudad Bolívar Cable Car project for approximately COP 18,000 million.

5.1.2 DESCRIPTION OF DISBURSEMENTS 2016

In the following table we can see the 2016 disbursements by Resource Line. The line with the largest amount of disbursements is Ordinary Resources with 44% of the total. We want to emphasize, among the Compensated Rates, the Compensated Health Rate of Decree 1681, where COP 685,914 million was disbursed in 2016, with 97% for Private sector beneficiaries and the remaining 3% for the Public sector. This decree is intended for public and private Health Service Providers at the national level in order to provide liquidity to the sector.

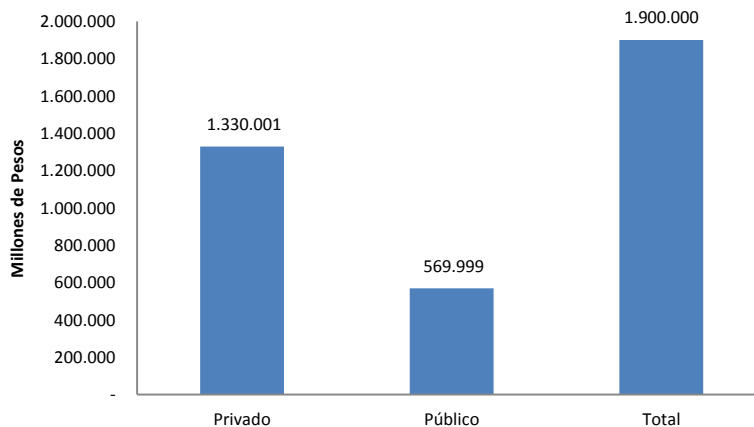
Table 20- Disbursement of rediscounts by resource line

Resource line	Disbursed in 2016
Resource Line	1,015,303
Ordinary Resources	968,695
Compensated Rates	295,025
Dollars (USD)	31,283
Total	2,310,305

Figures in Millions of Pesos

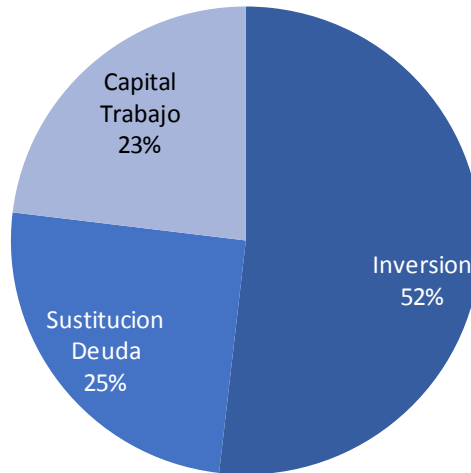
With respect to the disbursements by type of channel, we can see how most of our disbursements are made in the Private sector, with a little more than three times what was disbursed in the Public Sector. The objectives set at the beginning of the year for the two National Management Units, both Private and Public, were complied with. In total, 650 rediscount operations were carried out in 2016.

Graph 17- Total disbursements per channel



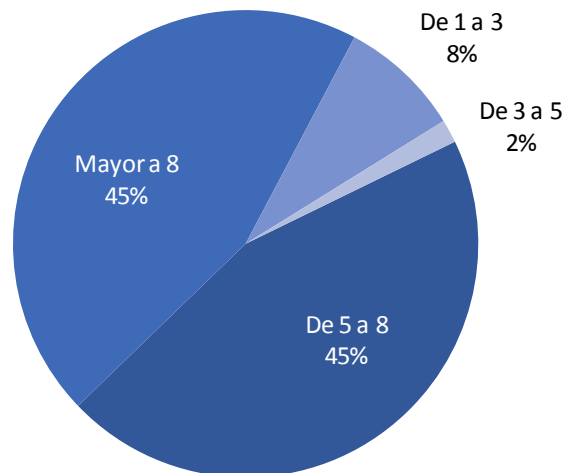
During 2016, the most prevalent use of resources was for investment. This was thanks to generated business including those agreed in the city of Barranquilla for more than COP 125,000 million and the Pablo Tobón Uribe Hospital in the city of Medellín for COP 70,000 million. Second place in disbursements for the use of resources is Debt Substitution and finally Working Capital with 23% of total disbursements.

Graph 18- Disbursements by use of resources



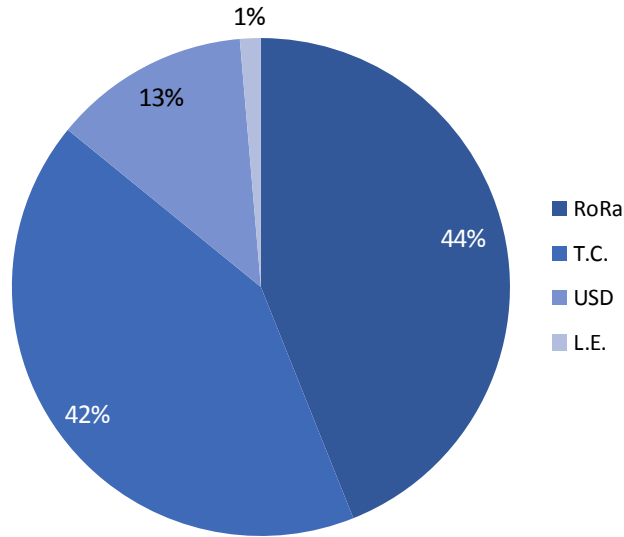
With respect to terms, we can see that almost 90% of the total disbursements are for terms of five years and longer, with 45% from five to eight years and 45% for over eight years. This shows that the Entity is focused on long-term loans.

Graph 19- Disbursements by terms



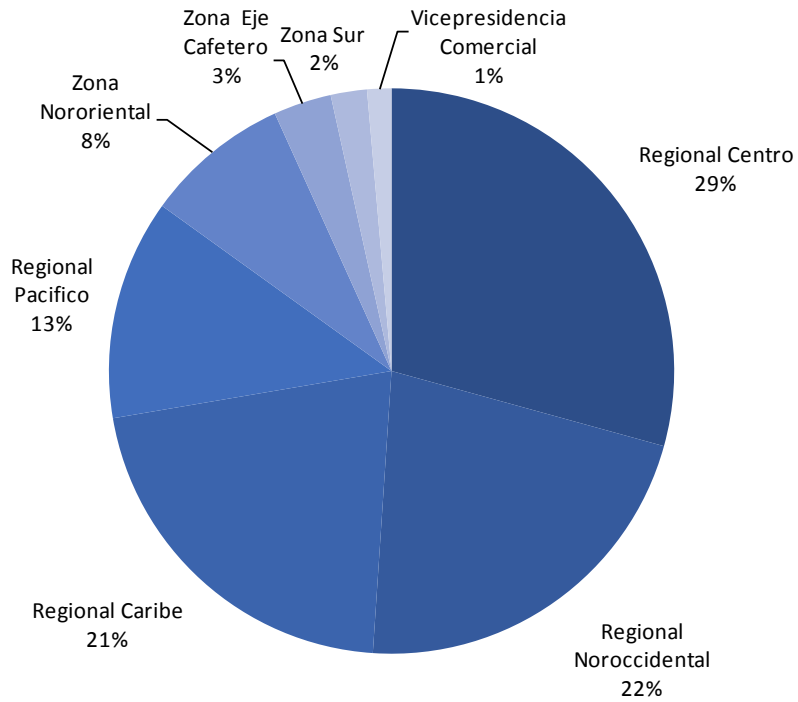
Our largest resource line continues to be Ordinary Resources with 44% of the total disbursements in 2016. But we also have 42% for the Compensated Rate, thanks to the aforementioned Compensated Health Rate.

Graph 20- Disbursements by type of resources



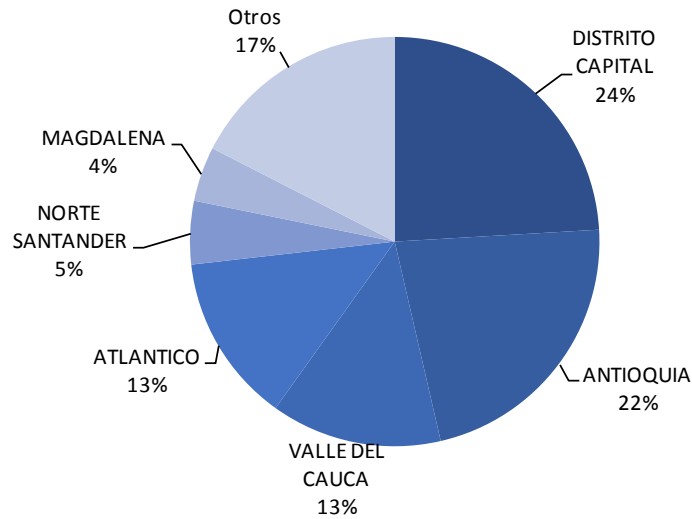
For disbursements by Region, we can see how the Central Region has the largest participation in the disbursements of 2016 with 29%, followed by the Northwest Region and the Caribbean Region.

Graph 21- Disbursements by región



The disbursements by Department follow the line of disbursements by Region, with the Capital District being the area where most loans were made in 2016, followed by the Department of Antioquia and Atlántico. In total 26 departments were the recipients of Findeter rediscount loans, supporting the Entity's premise of bringing sustainable development to the regions.

Graph 22- Disbursements by Department



The sector that had the most disbursements in 2016 was the Health Infrastructure. This is thanks to the Health Compensation Rate available during 2016, which was fully implemented during this period.

Graph 23- Disbursements by sector

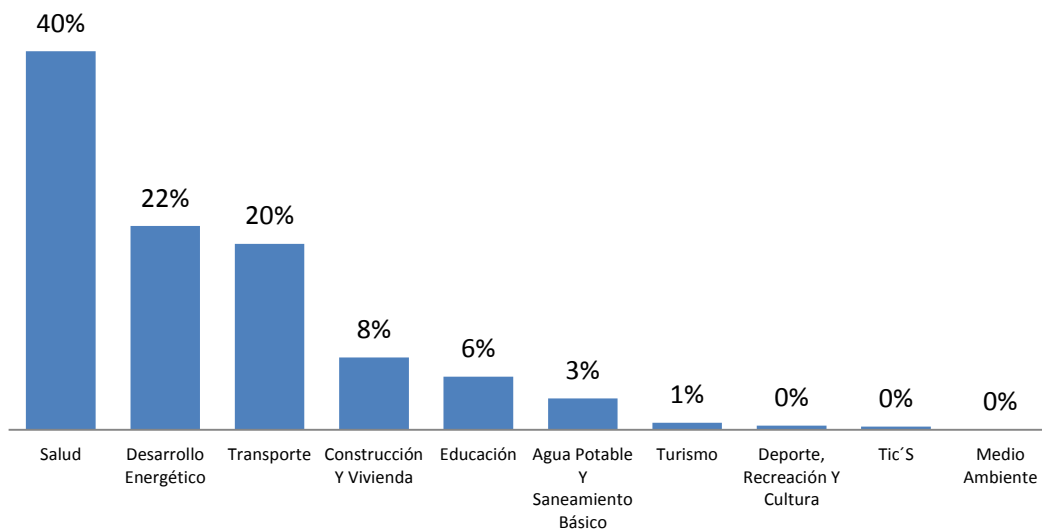


Tabla 1- Type of Operation vs Disbursements 2016

Type of Operation	No. Operations	% Operations	Disbursements (Millions of COP)	% Disbursements
Credit	420	50.4%	2,071,387	89.7%
Leasing	78	9.4%	52,771	2.3%
Credileasing	100	12.0%	178,098	7.7%
SIH	226	27.1%	8,049	0.4%
Rejected	10	1.2%	-	-
Total	834	100%	2,310,305	100%

REVIEW OF REDISCOUNT OPERATIONS

Findeter reviews the rediscount transactions performed with the financial intermediaries, which include, among others, the supporting documents presented by the beneficiaries, study of loans, application of current regulations, established procedures and controls, consistency of the information recorded in their databases versus those of Findeter, and the portfolio recovery process. The detail of this exercise during 2016, with 29 reviews that included 449 operations, is presented below:

Graph 24 - Review of Rediscount Operations 2016

	No.	%
Place of Reviews		
In situ	22	76%
Off-site	7	24%
Total	29	100%
Current status of the reviews		
Open	9	31%
Closed	20	69%
Result of the Reviews		
In conformity	11	38%

With observations	18	62%
Review by Type of Operation		
Loan	14	48%
Leasing	4	14%
SIH	11	38%
Number of Operations Reviewed		
Loan	219	48%
Leasing	57	13%
SIH	173	39%
Total	449	100%

GOALS

- By 2017 the goal is to place COP 1.9 billion in investment projects nationwide.
- The Central Region will have the largest concentration of the budget for 2017, with 31% of the total of the target, followed by the Caribbean Region and the Pacific Region with 21% and 16% respectively.
- 5% of loans are planned in strategic sectors of the economy: Water, Health, Education, Transport and Energy. This strategy seeks to place the largest amount of resources for investment at the national level, in order to be a partner for all the regions of the country. It also aims to continue using the current Compensated Rates and thus be able to maximize the benefit derived from the resources leveraged by the National Government together with Findeter.
- In the budget per channel, COP 1.33 billion corresponds to the private sector and COP 569 million to the public sector. This will result in a 7% increase in the target for the private channel and 23% for the public sector channel compared to the previous year.

5.2 INTEGRATED TERRITORIAL DEVELOPMENT

5.2.1 TERRITORY PLANNING

We promote the development of the country from the regions with comprehensive solutions in the short, medium and long term through the comprehensive planning of the territory.

This is a comprehensive strategy that takes advantage of the characteristics of our territories combining them with the strengths of our economic sectors, the specialization of our technicians and professionals, and the use of technology.

SUSTAINABLE AND COMPETITIVE CITIES

In 2012, the Inter-American Development Bank (IDB) arrived in Colombia with the Emerging and Sustainable Cities Initiative (ESCI), the bank chose Findeter as the partner for the application of the methodology, adapting the name of the initiative to Sustainable and Competitive Cities (SCC).

The Sustainable and Competitive Cities Program (SCC) aims to generate a short, medium and long-term planning tool that allows the prioritization of relevant sustainability actions for the intermediate cities of the country due to their contribution to the development of Colombia. Likewise, it seeks to be an articulator of national policies in the areas of land use, housing, water, education, mobility, environment, public management, competitiveness and income generation; among others.

The final product delivered to cities is an Action Plan, which addresses four dimensions: Urban, Environment, Socio-economic and Fiscal-Governance, in four phases: the first is the collection of information from a battery of indicators that exist to analyze the state of the four dimensions in the cities, then some filters are implemented (working technique with the territory, to validate the results of the indicators and to collect qualitative information on the problems and opportunities identified by the territorial actors), a comparative or benchmark analysis is carried out to classify the different subjects, and a situational diagnosis of the city is elaborated in the four aforementioned dimensions.

Based on the results of the diagnosis, the Action Plan is prepared, which develops the priority themes such as the investment projects that allow the city to be mobilized towards sustainable development. Subsequent phases are then executed; Project development and monitoring and evaluation.

As of 2016, the project has covered the cities of Barranquilla, Pereira, Manizales, Bucaramanga, Pasto, Montería, Valledupar, Santa Marta, Villavicencio, Ibagué, Cartagena, Neiva, Popayán, Riohacha, Rionegro, and the functional system of Sincelejo-Corozal.

Table 22 – Coverage indicators of Sustainable and Competitive Cities

Coverage	Nº completed action plans	Nº completed action plans 2016
17 cities	6	3

In 2016 the Action Plans for Santa Marta, Villavicencio and Valledupar were finalized. The eight action plans delivered to date have an investment forecast of approximately COP 12.4 billion, of which, as of December 2016, COP 3.2 billion has been disbursed. Findeter has mobilized COP 4.1 billion in loans for all the cities included in the Program.

Table 23 - Action Plans Sustainable and Competitive Cities. Costs and disbursements to date

CITY	Pre-investment	Investment	Total	Disbursements
Barranquilla	27,453	2,188,920	2,216,373	1,517,138
Bucaramanga	14,100	941,200	955,300	613,639
Manizales	16,950	890,050	907,000	159,402
Montería	50,225	1,586,210	1,636,435	141,608
Pasto	44,690	1,721,310	1,766,000	156,464
Pereira	21,944	631,400	653,344	267,410
Valledupar	20,730	1,810,500	1,831,230	71,746
Santa Marta	60,365	2,390,043	2,450,408	274,063
TOTAL	256,457	12,159,633	12,416,090	3,201,470

Figures in millions of pesos

ACHIEVEMENTS

Among the main results obtained in 2016 by the Sustainable and Competitive Cities Program in the different cities, the following should be highlighted:

- **Barranquilla:** *Código de Construcción Verde* (Green Building Code) for COP 240 million with resources from the Barranquilla Chamber of Commerce; the District School of Arts for COP 2,600 million with IDB-SECO resources executed by ETH Zurich; and the Central American and Caribbean Games Roadmap with resources from the Mayor's Office and Findeter for COP 336 million executed by Identity.
- **Bucaramanga:** we delivered the Real Madrid Foundation Social-Sports School with resources from the Mayor's Office and Findeter for COP 350 million, the Master Plan of the Quebrada La Iglesia Linear Park with resources from the Metropolitan Area of Bucaramanga and LAIF-FDA for COP 400 million, executed by Julio Gómez. Likewise, the Unified Integral Management Educational Platform (PEGUI) project is currently being implemented.
- **Pereira:** We started the process of contracting the Master Plan for Mobility and Parking with resources from the Mayor's Office and LAIF-FDA for COP 1,689 million.
- **Manizales:** we delivered the project "Strengthening the Cultural and Artistic competences of the Children and Youth" for COP 160 million whose consultant is the Rafael Pombo Corporation; and we are implementing the strengthening of the entrepreneurial ecosystem through *Manizales Más* ("Manizales More") for COP 500 million. Likewise, the Master Plan projects are being tendered.
- **Pasto:** We have three projects underway, the Integral Unified Management Education Platform with resources from the Mayor's Office and MinTIC (Ministry of Information and Communication Technologies), the Río Pasto River Park for COP 558 million with IDB resources and whose consultant is the Río Pasto Consortium and the Real Madrid Social-Sports School for COP 230 million.
- **Montería:** The Educational Platform of Integral Unified Management with resources of the Mayor's Office and MinTIC.
- **Valledupar:** we delivered four projects, the base studies with resources of LAIF-FDA and the municipality for COP 665 million, the design of the Master Plan for the Linear Ecopark Río Guatapuri for COP 192 million with resources of the municipality and executed by *Geografía Urbana* ("Urban Geography") and the development of node 7 of this Master Plan of the Ecopark "Lagunas de Tarulla" for COP 47 million with municipal resources and executed by Geografía Urbana. In execution are the Educational Platform of Unified Management Integral with resources of the Mayor's Office and MinTIC, the Social-Sports School of Real Madrid and the Solar Panels in the Lorenzo Morales Urbanization.
- **Santa Marta:** we carried out the delivery of two projects, the basic studies with IDB resources and the characterization studies of Pescaito and urban and architectural design concept valued at COP 665 million with LAIF-FDA resources executed by the architect Simon Hossie.
- **Villavicencio:** we delivered the base studies with LAIF-FDA resources and the identification of the need for a COP 175 million infrastructure cycle with IDB resources.

GOALS

- For 2017, we want to impact 42 cities through the delivery of Action Plans that are carried out within the framework of the Sustainable and Competitive Cities, and Emblematic Cities programs

EMBLEMATIC CITIES

Following the Sustainable and Competitive Cities (SCC) program, a number of municipalities in the country expressed an interest in being part of the IDB network of ICES cities, but due to the nature, magnitude and focus of the program, the municipalities were unable to meet the selection criteria for the platform, which is why the Emblematic Cities (CE) was created.

Findeter decided to adapt the ICES methodology to a smaller scale by providing technical assistance in specific areas according to the problems and needs of each territory. The objective of this program is to promote sustainable development in municipalities with strategic importance for the country or located in areas of vulnerability, which have indicators of Unsatisfied Basic Needs above the national average, and have institutions committed to the comprehensive planning and implementation of strategic projects in the cities.

The mission of the Emblematic Cities program focuses on closing inequality gaps and supporting its planning and development processes. The methodology focuses on four dimensions of sustainability: Environmental, Urban, Socio-economic, Tax and Governance, which are disaggregated in different topics of relevance for each of the dimensions. In addition, it also takes into account existing planning tools in cities and the available information produced by different territorial and national entities.

The project has covered the municipalities of Quibdó, Galapa, Buenaventura, San Gil, Tumaco, Barrancabermeja, Magangué, Aracataca, Lorica, La Calera, San Andrés, Chinchiná, Gramalote, Anapoima, Villanueva, Tolú, San Bernardo del Viento, Villa de Leyva, Carmen de Bolívar, as well as the 11 municipalities of the Sabana Centro ("Central Savannah") region.

Table 24- Emblematic Cities coverage indicators

Coverage	N° Plans delivered	N° Completed action plans	N° Action plans in process
31 cities	17	3	11

ACHIEVEMENTS

In 2016, the Action Plans of Magangué, Aracataca, Lorica and Barrancabermeja were finalized. In previous years Findeter had already delivered the Action Plans for Quibdó, Galapa, Buenaventura, San Gil and Tumaco.

During 2016, the following important achievements were realized:

- Galapa: Real Madrid Social-Sports for COP 220 million.
- Quibdó: Operation of the Quibdó Symphony Orchestra for COP 600 million with resources from the Ministry of Culture and Findeter, executed by the Batuta Foundation.

CIUDAT – SUSTAINABLE MOBILITY

Based on the mission of Findeter as an entity in charge of promoting development, planning, intergovernmental collaboration and financing of local infrastructure, the Center for Urban Interventions for Advanced Transport Development (CIUDAT) is created under the Sustainability Management. One of its objectives is to create a space where national policies are aligned in different fields around Sustainable Transport Oriented Development (TOD) projects. For this, CIUDAT has a board where all decisions are made and an advisory committee where technical support is given in order to take said decisions. The board and advisory committee are composed of representatives from the Ministry of Environment and Sustainable Development, the Ministry of Transport, the Ministry of Housing, City and Territory, the National Planning Department, Findeter and a representative of the Clean Air Policies CAP (at the advisor level).

The functions of CIUDAT include the carrying out of studies and consultancies that lead to the creation of policies that increase the public and private investment in TOD type projects. Assistance will be provided to initially design and financially structure pilot projects. Technical assistance is also provided throughout the project process by its technical staff or external consultants.

In addition, CIUDAT is leading the development of National Appropriate Mitigation Actions (NAMAs) which were agreed within the framework of the United Nations as a voluntary mitigation option for developing countries. TOD-NAMA Colombia is a national program whose main objective is to transform the current urban development model into a Sustainable Transport Oriented Development-TOD.

To achieve this objective, national policy studies are carried out to identify legal and economic gaps and constraints for the construction of TOD projects in the country. Following these studies, recommendations are made to the CIUDAT Steering Committee (Center for Urban Interventions for Transport-Oriented Development) so they can issue laws, CONPES (National Council for Economic and Social Policy) documents, decrees and other regulatory documents to solve and regulate the problems detected during the execution of the program. On the other hand, it is planned to build four (4) pilot projects in different cities across the country (from the idea phase, through prefeasibility and feasibility to the construction phase) that will identify policy gaps and voids in issues that are fundamental to the implementation and success of TOD projects. Likewise, these will serve as an example to follow in future projects and will show the economic, social and environmental benefits of implementing these types of projects in the cities of the country.

The NAMA TAnDem (NAMA of Active Transport and Demand Management) is a national government initiative that seeks to encourage non-motorized modes of transport (active modes) and discourage the use of private vehicles.

The beneficiary cities of the project during 2016 have been Bucaramanga, Cali, Cartagena, Chinchiná, Galapa, Ibagué, Manizales, Medellín, Montería, Pasto, Pereira, Popayán, San Gil and Villavicencio.

Table 25- Coverage indicators CIUDAT Program

Coverage	Executed Projects 2016	Projects in Progress	Project target 2017
14 cities	3	11	13

ACHIEVEMENTS

Among the results obtained during 2016, the consolidation of the CIUDAT program stands out thanks to the NAMA Facility approving a cooperation resource for € 14.7 million to support the Colombia TOD-NAMA. In addition to CIUDAT, the national government - in recognition of its work with the Colombia TOD-NAMA - commissioned the work of implementing the NAMA TAnDem, to Findeter, making it one of the main implementing agencies of NAMAs in the country. With this CIUDAT becomes the implementing entity of the Colombia TOD-NAMA and of the NAMA TAnDem.

During this year we have delivered five products that contribute to achieving a more sustainable mobility in the various territories across Colombia. Specifically:

- Galapa: Master Plan for Mobility and Public Space of the municipality 2016-2031, for COP 450 million with FDA resources and executed by GDS.
- Valledupar: Design of the Intelligent City Technical Project for COP 375 million with IDB-Nipa Korea resources, executed by Moon Engineering
- Villavicencio: studies and technical designs for the construction of the integrated control center for COP 375 million with IDB-KSP resources.
- Montería: Traffic lights diagnostic with resources of the municipality for COP 120 million which was executed by GSD PLUS and the creation of definitive designs (technical, operative, legal and financial) for the implementation of the traffic control system and its control center for the city of Montería and studies of definitive detail designs for the construction of the Integrated Center for Operations Control, valued at COP 704 million with IDB resources and the Mayor's Office(whose consultant was SIGMA-GECIVAL).
- Bucaramanga: Preliminary diagnosis of the traffic light system of the city of Bucaramanga (with the support of NIPA Korea) and the Traffic Light Control System and Integrated Control Center of Operations with IDB-Nipa Korea resources worth COP 600 million, executed by Moon Engineering.

GOALS

Among the challenges and perspectives set for 2017, we highlight the most relevant:

- CIUDAT plans to sign the financial cooperation contract with the entity designated by the NAMA Facility (KfW), securing resources to finance the pilot projects during the next three years of the program. It will also carry out four prefeasibility and feasibility studies, one for each pilot project.

Since October 4, 2016, NAMA TAnDem has become part of CIUDAT and therefore will be directed by Findeter with the experience and rigor garnered through the Colombia TOD-NAMA. With the international cooperation of the international development agency GIZ, specifically the Transfer program, in 2017 we will have a very active agenda of local capacity building with events, training and publications in two cities of the Colombian territory. In this agenda there will be an active participation of the National Government through the Ministry of Transport, DNP, Ministry of the Environment and Ministry of Housing.

Additionally in the area of Sustainable Mobility, it is planned to develop projects in different Colombian cities in areas such as Public Space and/or Mobility Master Plans, Master Plans for Parking, Integrated Operational Control Centers, the Structuring of Public Transport Systems and Traffic Light Systems. Currently in Findeter we have signed inter-administrative agreements with different territorial entities around the country for the development of the following studies in 2017:

1. Master Plan for the Mobility of Pereira and the Parking Master Plan.

2. To prepare the Manizales Mobility Master Plan integrated to the Public Space Master Plan developed by the city and the prefeasibility of two cable car lines.

3. The Mobility and Public Space Master Plan for Ibagué in conjunction with the detailed design of the Calle 103 and Carrera 13 roads.

4. The Technical, Legal and Financial Structuring of the River Sinu River Passenger Transport System - Línea Azul ("Blue Line") and the Detail Engineering Design of a Pilot System Project in the City of Montería.

5. Identify the needs of the cycle infrastructure through the collection and analysis of data in two Colombian cities (Villavicencio and Chinchiná),

6. Preparation of studies and final designs for the execution of the Park and "Bio-healthy" Corridor of the Cauca River in the city of Popayán.

7. Pasto River Park in the city of Pasto.

8. The creation of pre-feasibility designs for the fire station and integrated operations control center of the city of Ibagué.

COMPETITIVENESS AND TERRITORIAL DEVELOPMENT

Findeter's initiatives with a territorial approach guide the agglomerations, associations of municipalities and territorial alliances so that they can design and implement programs of socio-economic complementarity, strategies of local economic development and mega-sustainable projects based on the collective and articulated work of the territories, managing to leverage ambitious processes, for the medium and long term, for the development and well-being of inhabitants. It harmonizes the rural-urban vision including rural development projects and their relationship with the city. Management has several programs such as: Agrópolis, Territorial Complementarity and Supramunicipal Planning.

Among the projects with a territorial focus are the following:

Caribbean Diamond and the Santanders

The main objective of the Caribbean Diamond and Santanders initiative is to determine the key competitiveness factors of the Colombian Caribbean region and the departments of Santander and Norte de Santander (North Santander) for the design of a model of territorial and urban development inspired by the concept of Intelligent Territory. Through the study of the physical infrastructure and digital platforms of the region, as well as its integration, the goal is to increase scientific capacity, technological innovation and competitiveness, through the identification of functional profiles for each of the cities, but which may be complementary to the entire region. The Caribbean Diamond and Santanders projects have coverage in the departments of Santander, Norte de Santander, Atlántico, Bolívar, La Guajira, Córdoba, Magdalena, César and Sucre; and in the sectors of Agriculture, Water and Sanitation, Sport, Recreation and Culture, Logistics and Transport, Environment, Health, ICT, Tourism and Urbanism.

Table 2- Coverage indicators of the Caribbean Diamond and Santanders initiatives

Projects executed Phase II 2016	Projects in management to take to Phase III
75	3

ACHIEVEMENTS

- During 2016, the "Caribbean Diamond and Santander" project was completed. The technical execution to 100% of the 54 activities approved by the OCAD (Collegiate organ of administration and decision) by means of article 2 of Agreement N°025 of May 30, 2014 is thus completed. The following actors participated in the execution of the activities: Metrópoli Foundation, Universidad Industrial de Santander, Universidad del Norte Foundation and Findeter Foundation. The total value of the project is COP 14,504 million.
- In the development of products, the methodology called "CITIES" was applied with an international focus for the strategic and territorial development of communities with differentiating potential. As a result, a comprehensive regional vision was built and 60 project profiles and 15 macro project profiles (Diamond scale) were identified. The projects obtained from the " Caribbean Diamond and Santander " research project constitute a territorial development strategy, which has been incorporated in the development plans of the departments involved in the implementation project.
- The technical documents of the identified initiatives constitute an advance and the starting point so that in the future these investments reach stage three of maturity, starting with the development and financing of identified intervention actions.

The following tables list the strategic projects by department and the Diamond scale:

Table 27 - Main projects of the Caribbean Diamond and Santanders program

Department	Project
Santander-Barrancabermeja	Barrancabermeja PLUS Ecociudad del Agua y la Energía ("Water and Energy Eco-city") Ecobulevar del Ferrocarril ("Rail Eco-Boulevard") Malecón District Puerto Wilches Agropolis
Santander-Bucaramanga	Bucaramanga Digital District Quebrada la Iglesia Linear Park North Techno Industrial Corridor South Techno Industrial Corridor Guatiguará Megapark
Atlántico-Barranquilla	Hybrid Port of Barranquilla Ecobulevar 4.0 ("Eco-Boulevard 4.0") Historical Center Urban Port Transporte Azul ("Blue Transport") Arco logístico Industrial ("Industrial Logistics Arch") Salamanca Island
Bolivar-Cartagena	Ecobulevar Pedro de Heredia ("Pedro de Heredia Eco-Boulevard") New Centrality Area Hybrid Port of Cartagena Arco logístico de Cartagena ("Cartagena Logistics Arch") Water park Eco-communities of Bolivar
Norte de Santander-Cúcuta	Cúcuta TEC Libertadores park Water park Diagonal Santander road Distrito 7 ("District 7") Corazones de Barrio ("Neighborhood Hearts") Ronda Futura ("Future Round") Táchira Binacional logistical program
La Guajira- Riohacha	Ecobulevar de Riohacha ("Riohacha Eco-Boulevard") Sea front El Delta Parque del Ranchería ("Ranchería Park") Avenida de la Energía ("Avenue of Energy") Agriculturas Urbanas ("Urban agriculture")

Department	Project
	Riohacha Tourist Node
Córdoba-Montería	Sinú Ecological Corridor Metropolitan Circunvalations Ecobulevar 21 ("Eco-Boulevard 21") Sinú Eco-city Córdoba Agrotech Arco Sur ("Southern Arc")
Magdalena-Santa Marta	Linear City of the Coast Eco-communities of Magdalena Ciénaga Agropolis Historical Center Tourism Technology Park
Cesar-Valledupar	Ecological Corridors Metropolitan roads Ecobulevar Simón Bolívar ("Simón Bolívar Eco-Boulevard") City River Program Cesar Agrotech
Sucre-Sincelejo	Ecological Corridors Metropolitan Ringroads Ecobulevar de Sincelejo ("Sincelejo Eco-Boulevard") Parque road Sucre Agrotech Historical Center
Strategic Diamante Scale Projects	Barranquilla 4.0 The Airport City Santander LIFE Bahía Digital ("Digital Bay") La Metrópoli del Mar ("The Metropolis of the Sea") BB NEXT Guajira Desert The Triangle of the Sierra Nevada Paisajes del Agua Norte de Santander Binacional logistical program Gulf of Morrosquillo and Montes de María Sinú Regional Park La Dorada PLUS San Andrés Eco-island Diamante Cloud

The future

The projects under management to take to Phase III, derived from the Caribbean Diamond and Santander program, which are part of the new initiative of innovation and new businesses, are: Bahía Digital (Digital Bay), which was born as a component of the INNOVATUR project; Morrosquillo Gulf and Montes de María,

which is born as a component of the Bosques de Paz ("Forests of Peace") and Metropolis del Mar (Sea Metropolis), which is born as a component of the Tren del Caribe (Caribbean Train).

White paper Caribbean Diamond and Santanders

In 2016 the White Paper of the Caribbean Diamond and Santanders Project was published, which is the synthesis of the results of the research carried out by the Metr poli Foundation, Universidad Industrial de Santander and Universidad del Norte Foundation, and the incorporation of ideas, references and points contributed by institutions, social representatives of the cities, participating departments, ministries and agencies of the national government, in which a set of strategic projects of sustainable development are presented, supported by the competitive advantages of the territory. These results provide references applicable to other areas of the territory in order to transform the country through the regions. Two thousand copies were printed.

Agropolis

Findeter has understood the importance of carrying out development policies that define and implement a set of tactical and strategic actions of urban-regional development, mainly based on the expansion and valorization of agro-food production. Accordingly, Findeter worked on the following definition of Agropolis as "Globally competitive innovative urban-regional systems thanks to the intelligent integration of services, infrastructures and institutions, territorial actors that allows the extension of the value chain of agricultural products to all sectors of the economy". In this way, the entity proposes the development of a program that generates a Territorial Economic Development Strategy (TEDS) to establish and impulse the rural-urban relationship and agroindustry and to promote, guide and strengthen the agricultural and agro-industrial sector as a motor of economic development, determined by the urban-rural reality. As a result of the program strategies, programs and projects will be defined that pose agro-economics as the central nucleus of the development of the territory. Therefore, it is an initiative that promotes the integral development of cities with agricultural capacity and potential for sustainable growth, aimed at boosting the synergies of agricultural development between urban and rural spaces.

This initiative has an analysis in five fundamental dimensions: human capital, local productivity, infrastructure, institutionality, investment and foreign trade. The methodology is divided into four phases, and consists of performing a diagnosis based on the indicators of the dimensions (Phase I), and will then continue with the formulation of a roadmap towards the competitiveness and empowerment of the agricultural sector (Phase II). Then the structuring, management and financing of strategic projects (Phase III) will follow, together with the development and implementation of pilot projects (Phase IV). In parallel to these four phases mechanisms of public-private management and strategies are implemented to disseminate the strategy.

Local Economic Development Strategies

The Local Economic Development Strategies (LED) aim to promote territorial planning and revitalizing projects from an endogenous reading of the territory, based on local actors with a bottom up approach that integrates the different visions and levels of governance (country, region, municipality and territory). The efficiency of LEDs is demonstrated by their results in terms of harnessing the potential of the territories in the management of their own development.

Supramunicipal Planning

The program seeks to provide technical assistance to identify possibilities for improvement in the planning, definition and execution of strategic projects, by identifying common challenges and opportunities for complementarity offered by agglomerations, especially deepening the generation of employment and economic dynamism through unified or complementary strategies of local economic development for the territory.

Table 28 - Indicators of coverage of projects of Competitiveness and Territorial Development

Program	Initiatives underway 2016
Agropolis*	2
Supramunicipal Planning**	3
Competitiveness studies***	1
Local Economic Development****	0

* Agropolis: Agropolis del Sinu (Montería) and Agropolis de la Sabana (Sincelajo).

** Supramunicipal Planning: Urban Footprint Bogotá - Region, Supramunicipal Visions in partnership with Ministry of Housing (3); Land Use Planning Santander

*** Competitiveness Studies: Montería and Sincelajo-Corozal

**** Local Economic Development: Off-peak energy by request of Prodeco.

ACHIEVEMENTS

Of the activities carried out during 2016, the following stand out:

- Supramunicipal planning process - Sincelejo-Corozal-: Beginning of this pioneering planning process for an agglomeration under the methodology of Sustainable and Competitive Cities.
- Supramunicipal planning program with emphasis on the definition of Local Economic Development strategies, for the municipalities in the territory of influence of PRODECO and denominated: "Energy Valley of Cesar - Territory of opportunities": Delivery of the proposal to PRODECO to be developed in 2017.
- Elaboration of the first methodological version of the Agrópolis program, which develops the scope of the strategy, phases and dimensions, as well as an approach to issues and indicators.
- Competitiveness and Local Economic Development Study - Phase I and Phase II for Montería: Launching of this study with FDA-LAIF and city cooperation resources and under development by the Idensity consulting firm to be completed in the first half of 2017.
- Development of supramunicipal visions in Colombia: Signing of the agreement with the Ministry of Housing for its development in 2017-18 (in conjunction with Innovation and New Business). An addition of resources was proposed for the contracting of the following supra-municipal visions:
 - The Caribbean Hub (Cartagena - Barranquilla - Santa Marta)
 - The Montería Axis - Sincelejo
 - River municipalities (Magdalena Medio)
- Urban Footprint Study and technical assistance in the city-region planning framework for Bogotá-Cundinamarca: Management and signature of the agreement with the Government of Cundinamarca and the Mayor's Office of Bogotá for its development in 2017.
- Departmental Planning Plan - Santander: presentation of proposal and signature of the agreement with the Governor of Santander (together with Innovation and New Businesses).

GOALS

The most relevant management perspectives for 2017 are:

- To develop a supramunicipal planning process within the framework of the Sustainable Cities for the Sincelejo - Corozal Sustainable Program;
- Carry out a first pilot of the Territory of Opportunities program that fosters complementarities between territories and create a work plan between them that can boost job creation and economic dynamization through a unified or complementary territorial economic development strategy for the territory.
- Process to accompany the territorial planning of a department and three supramunicipal visions under the methodology agreed with MinVivienda;
- Studies of competitiveness and employment generation in 2 territories and urban footprint in the territory of Bogotá
- Diagnosis of the Agropolis in a territory that allows the strategies to promote the economic development of the agriculture to be identified.

INNOVATION AND NEW BUSINESS

This is a new initiative created to advise, structure and execute the strategic projects that arise in the planning of the territories, in the dimensions of the city, CIUDAT or competitiveness and territorial development. In this way, a comprehensive solution is offered to the territories. It is in charge of projects that arise in the different sectors such as tourism, logistics and transport, digital, forestry, urban-territorial and the creative economy.

The coverage of projects led by the management of innovation and new projects covers the departments of Santander, Norte de Santander, Atlántico, Bolívar, La Guajira, Córdoba, Magdalena, César, Sucre, Quindío, Risaralda, Caldas and the Urabá region in Antioquia; and for the following sectors: Sports, Recreation and Culture, Logistics and Transport, Environment, Health, ICT, Tourism and Urbanism.

Table 29 - New Business and Innovation coverage indicators

Managed projects 2016	Projects under negotiation
4	13

The following projects and initiatives are highlighted:

District 4.0 in Barranquilla

In order to deepen and begin to develop the projects identified in the Caribbean Diamond program, in this case the District 4.0 project, an agreement was made with Probarranquilla and the Chamber of Commerce of Barranquilla, with resources from the LAIF -FDA cooperation for COP 28 million. District 4.0 is an urban renewal operation for the city's riverfront that by incorporating the river as a key element of urban identity

and identity will drive the transformation of industrial and port areas that currently occupy very central sites of urban space and hinder the connection between the city and the Magdalena River.

Through this agreement, Team Mazzanti was hired together with Columbia University where six conceptual architectural proposals were made for the area of influence of the District 4.0 project in Barranquilla.

As part of the agreement, the Mayor's Office, the Governor's Office, ANDI Barranquilla, Probarranquilla and the Chamber of Commerce were in New York for the final deliveries of the projects.

Master Plan of Barrancabermeja

Inter-administrative Agreement No. 130-2016 was signed between the Mayor's Office of Barrancabermeja and Findeter, whose purpose is: The provision by Findeter to the municipality of the technical assistance and administration of resources necessary to contract the consulting firm that carries out the formulation of the Master Plan for the Municipality of Barrancabermeja, for a value of COP 1,000 million. The terms of Reference were defined for the subsequent contracting.

Inter-administrative contract of the Ministry of Housing

The Inter-administrative Contract No. 563 of 2016 was signed between the Ministry of Housing, City and Territory and Findeter, whose purpose is the: *Provision of technical assistance and administration of public resources for the contracting of visions for the urban agglomerations and axes, which articulate the different actions that are proposed in the document CONPES 3819 of 2014 (National Policy to consolidate the System of Cities in Colombia)*, for a value of COP 1,650 million.

Bosques de Paz ("Forests of Peace")

On December 6, 2016, the Ministry of Environment and Sustainable Development (MESD) issued Resolution No. 2028, through which the Forests of Peace Program was created, whose regulations are based on the joint objectives of the Regional Authorities and the Ministry. The resources that will be applied to the program are based on the projects of compensations for environmental licenses pending to be fulfilled in the different regions of the country, for projects in the sectors of mining, infrastructure, hydrocarbons, among others, based on the ANLA (National Environmental Licensing Authority), and that must contact the licensees to involve them in the Program.

Project components include environmental conservation, complementarity, strategic alliances, sustainable development for beneficiary communities, community participation and environmental education.

The MESD and Findeter are currently preparing an operation contract of the Program where it will be defined that the Entity will be the operator.

Governments and strategic local stakeholders

During 2016, eight Departments were contacted to present the Forests of Peace Program and to identify, in conjunction with the regional authorities, possible projects that could be developed under the program. From these presentations the following contacts were achieved and 13 possible projects were identified:

Table 30- Potential projects for the Forests of Peace Program

Department	Projects
Bolivar	Carmen de Bolivar
Sucre	Sincelejo, El Tintal Environmental Services Park and Ovejas
Cesar	Being defined
Magdalena	Departmental Project and “Heart of the World Forest Rangers”
Tolima	Ibagué Conservation Ring
Caldas	Chinchiná River Basin Biological Corridor, Regional Water Companies of Caldas and Campoalegre River Biological Corridor
Santander	Northeast Region Forests of Peace
Valle	Being defined

Likewise, it was possible to form working groups with the authorities and regional actors in five departments: Bolívar, Sucre, Tolima, Caldas, Santander.

Partnership agreement with the Metr poli Foundation

A collaboration agreement was signed with the Metr poli Foundation with the objective of facilitating the continuity of the collaboration between the parties in new opportunities and projects related to the social, economic, urban and territorial development in Colombia. Through this agreement the Metr poli Foundation and Cites Lab joined Findeter as strategic knowledge partners in the projects and initiatives with a territorial component that they decide to jointly execute.

As a highlight of the project, the White Paper - Caribbean Diamond and Santanders was published. This is a synthesis of the results of the research carried out by the Metr poli Foundation, the Universidad Industrial de Santander and the Universidad del Norte Foundation, and the incorporation of ideas, references and sensibilities provided by institutions, social representatives of the cities, participating departments, ministries and agencies of the national government, in which a set of strategic projects of sustainable development are proposed, supported by the competitive advantages of the territory. These results provide references applicable to other areas of the territory in order to transform the country through the regions. Two thousand copies were printed.

GOALS

For 2017 the following main challenges in the direction of innovation and new businesses have been set:

- Consolidation of the Innovation and New Business Management to promote all the projects identified by the Sustainability and New Business Management. Strategies will be established for the promotion of new projects and the acquisition of resources.
- To support the Governments in the development of their Departmental Planning Plans, this initiative is led by the National Planning Department through the Modern Land Use Planning Programs where Findeter is the strategic ally of the regions.
- Within the area of Science, Technology and Innovation, the following initiatives are planned for 2017:
 1. Digital Diamond: This initiative seeks the implementation of some of the digital projects proposed for the Caribbean Diamond and Santanders program.
 - a. Diamond Cloud: Solution of infrastructure, platform and software in the cloud for the provision of computer and technological services, in the form of SaaS (Software as a Service).
 - b. Digital Support Solutions: Digital solutions that support the different strategic development vectors of the Diamond and whose incorporation strengthens the different initiatives proposed.
 - c. Innovation Centers: Centers that articulate the private, public and university sectors to develop research projects, generate knowledge and strengthen entrepreneurship with different emphases and approaches depending on the sector.
 2. Smart Cities: In order to promote the theme of Smart Cities within Findeter, the aim is to create a program that establishes a methodology to diagnose the urban and infrastructure challenges of technology and connectivity in each city and to develop a comprehensive solution with a multi-sector vision. Once the methodology is defined, some cities will be chosen to apply, adapt and disseminate it.
 3. Consolidation of CTel proposal for the regions: In order to have a clear and unified offer for CTel (Science, Technology and Innovation) projects and to facilitate their promotion in each of the regions, a diagnosis will be made in each Department to identify the players that are part of the innovation ecosystem, to identify the needs and possible products to be offered and to prepare the regional teams for their adequate promotion.
 4. Consolidation of the Forests of Peace strategy: Signing of the program's operating contract through Findeter, and to make contact with licensees as potential financiers of the projects already defined with the departments. Execution of three of the projects identified during 2016 and the Reforestation and Conservation Goal of 600 hectares during 2017.

5.2.2 PROJECT STRUCTURING

During 2016, eight projects were managed through the pre-investment fund, three of which came from previous years and five were signed during 2016. In addition, the validation of two Public Private Partnerships (PPP) was completed. These projects generated gross revenues for technical assistance to Findeter for COP 1,211 million. Here is a brief description:

PUBLIC PRIVATE PARTNERSHIPS - PPP

During 2016, the validations of the "80 - CIM 80 Modal Exchangers" were completed for the District Mobility Secretariat and "Light Rail Avenida 68" for the Transmilenio bus service. In both cases, observations were made so that the projects can be adjusted and supplemented to comply with the requirements defined in Law 1508 and its regulatory decrees, as well as with the terms of reference and technical annexes of the public entities receiving said initiatives.

PPP - El Campin Coliseum in Bogotá

This project was accepted by the local administration and awarded during this period of government. It is currently in the pre-constructive stage. It is a project for the renovation, expansion and operation of the El Campin Coliseum, which estimates investments for COP 70,000 million. The implementation of this project will allow the city of Bogotá to have a world class venue for high impact cultural, musical and sports events.

Findeter participated in the validation of the technical and financial studies, providing IDRD, the entity in charge of the initiative, the necessary elements for the approval of the project. Likewise, important guidelines were provided in the section on risks and contingent liabilities, for subsequent approval by the Ministry of Finance and Public Credit.

This is the first private initiative PPP of territorial and social type awarded in the country, in which the entity had a definitive role in reviewing and proposing adjustments to the project that finally allowed its positive validation and were decisive for its approval by the Ministry of Finance and Public Credit, allowing its subsequent award.

PRE-INVESTMENT FUND

Projects Executed in 2016:

- Cartagena Conventions and Fairs Venue. Agreement signed with the Chamber of Commerce of Cartagena in 2015 for up to COP 1,560 million.
- Central American Games of the Caribbean 2018 Road Map. Agreement signed in 2015 between the District of Barranquilla and FINDETER for COP 290.5 million, in order to structure a project that aims to develop and consolidate a sustainable, integrated, optimal and balanced territory, with the capacity to efficiently support the execution of the works and infrastructure necessary for the proper and successful staging of the 2018 Central American and Caribbean Games. Master Plan of Public Space for Pereira. Agreement signed between the Municipality of Pereira and Findeter.
- Environmental Studies for Ibagué and Neiva. A COP 1,161 million agreement was signed to carry out environmental studies for the diagnosis of the dimensions in the Sustainable and Competitive Cities program.
- Start of the Hospital Santa Sofia process. An agreement was signed with the Governor's Office of Caldas for COP 3,303 million in order to prepare the designs in phase II for the new headquarters of the Hospital. Currently, the tender for consulting and auditing is being developed.
- Start of the Pereira Mobility Plan process. An agreement was signed between the Municipality of Pereira and Findeter, to be executed with resources from the Municipality (COP 1,040 million) and the FDA (COP 650 million). Start of the Mobility Plan and Ibagué Roads process. An agreement was signed for COP 3,626 million.

5.2.3 TECHNICAL ASSISTANCE FOR THE EXECUTION OF PROJECTS

Through its technical assistance service for water, social infrastructure and housing programs, Findeter has established itself as the vehicle for implementing National Government programs and policies in the regions, resulting in the execution of 742 projects for COP 8.2 billion.

In order to optimize this service, the new Integrated Territorial Development Advisory (AITD) process was approved during 2016, which includes the complete management of the projects (start, planning, execution, closing and monitoring and control), in accordance with the best practices of PMI (Project Management Institute), Prince2 and ISO 9001.

With the implementation of this new process, it is expected to increase efficiency, facilitate interaction with the other processes of the organization, as well as risk reduction, preservation of knowledge in the Entity and an adequate management of the volume of agreements, contracts and projects to be signed.

HOUSING AND URBAN DEVELOPMENT

Findeter continues with its commitment to contribute to a greater number of Colombians accessing better living conditions thanks to its work to formulate, execute, evaluate and supervise the housing projects contemplated in the programs led by the National Government.

The experience accumulated since 2002 in the evaluation of urban social interest housing plans, in the legal, technical and financial aspects, has allowed the Entity to make the granting of eligibility and viability to the projects more expeditious and, therefore, the granting of subsidies by the National Government to the Family Compensation Funds.

Thanks to the above the dynamics of free housing construction has been maintained, which means that Findeter has been able to consolidate itself as the tool of the National Government for the fulfillment of the goals of the housing program, promoting better housing conditions for Colombian families.

Free Houses Program

The following activities related to the evaluation and supervision of projects in 2016 are highlighted:

Supervision of projects of the Free Housing Program - Phase 1 (100 thousand Free PIH)

As of December 31, 2016, the projects under supervision by Findeter reflected a 100% execution in the activities carried out and a balance of 51,147 homes with certificates of existence issued that were subject to supervision by Findeter.

Table 31 - General Summary of the Execution of the Free Housing Program - December 2016

Department	No. Projects	No. Houses	% Execution
Atlántico	8	8,846	100%
Bogotá	2	870	100%
Bolívar	3	3,734	100%
Caldas	1	240	100%
Caquetá	1	160	100%
Cauca	1	1,644	100%
Cesar	1	1,900	100%
Córdoba	6	5,794	100%
Cundinamarca	5	2,079	100%
La Guajira	5	2,186	100%
Magdalena	5	5,553	100%
Meta	1	196	100%
Nariño	5	2,348	100%
Norte de Santander	5	3,476	100%
Quindío	3	279	100%
Risaralda	4	1,813	100%
Sucre	5	3,180	100%
Tolima	2	201	100%
Valle Del Cauca	9	6,648	100%
Total	72	51,147	100%

Evaluation of the Public Tenders for the Free Housing Program - Second Phase

In 2016 Findeter began evaluating the legal and technical aspects of 432 projects that will be carried out on urban land, for the construction of priority interest houses in the framework of the second tender for the second phase of the program of free housing carried out by the Ministry of Housing, City and Territory in category 3, 4, 5 and 6 municipalities, in which the goal is to select the projects that will be awarded through agreements signed between FONVIVIENDA and the Territorial Entities.

Table 32 – Assessment of projects of the Free Housing Program evaluated in 2016

Department	No. Projects	No. Houses
Amazonas	1	170
Antioquia	73	7,980
Arauca	4	1,116
Bolívar	13	2,486
Boyacá	34	2,550
Caldas	11	1,052
Caquetá	7	1,000
Casanare	11	1,335
Cauca	8	1,142
Cesar	14	2,624
Chocó	14	1,960
Córdoba	10	2,085
Cundinamarca	36	2,952
Guainía	4	638
Guaviare	5	399
Huila	27	5,080
La Guajira	9	1,962
Magdalena	16	2,598
Meta	5	640
Nariño	37	4,472
Norte De Santander	17	1,933
Putumayo	6	610
Quindío	5	687
Risaralda	4	778
Santander	28	2,751
Sucre	8	1,265
Tolima	13	2,070
Valle Del Cauca	5	2,607
Vaupés	4	437
Vichada	3	600
Total	432	57,979

Evaluation of Tenders for the selection of private projects and builders. Free Housing Program - Second Phase

In 2016, Findeter initiated the evaluation of the financial, legal and technical aspects of 103 private projects to be developed in sites located on urban land, through the tenders published on the website of the Alianza Colpatría Trust for the construction of priority interest houses in the second tender of the second phase of the free housing program carried out by the Ministry of Housing, City and Territory for category 3, 4, 5 and 6 municipalities. 25 private projects for 4,571 houses were enabled.

Builders were also approved for 102 public projects in order to build 16,840 homes.

Table 33- Evaluation of private projects for Free Housing

Department	No. Enabled		Enabled		Total Projects	
	No. Projects	No. PIH	No. Projects	No. PIH	No. Projects	No. PIH
Bolívar	10	2,262	2	401	12	2,663
Caquetá	3	330			3	330
Cauca	4	837	1	96	5	933
Chocó	1	0			1	0
Córdoba	3	739	1	229	4	968
Cundinamarca	1	64	3	375	4	439
Meta	1	100	2	420	3	520
Norte de Santander	26	4,800	5	950	31	5,750
Putumayo	4	530	2	250	6	780
Sucre	12	2,335	2	500	14	2,835
Valle del Cauca	10	2,150	4	845	14	2,995
Nacional - Tolima	2	490	1	288	3	778
Nacional - Amazonas	1	300			1	300
Choco			2	217	2	217
Total	78	14,937	25	4,571	103	19,508

Table 34- Evaluation of public projects for Free Housing

Department	Enabled		No. Awarded or No. Enabled		Total	
	No. Projects	No. Houses	No. Projects	No. Houses	No. Projects	No. Houses
Antioquia	2	300	1	190	3	490
Atlántico	11	2,240	61	11,900	72	14,140
Bolívar	4	800	2	400	6	1,200
Boyacá	9	750	19	1,590	28	2,340
Caldas	6	530	10	860	16	1,390
Caquetá	1	180	1	180	2	360
Casanare	3	460	7	1,040	10	1,500
Cauca	4	500	8	1,000	12	1,500
Cesar	10	2,000	21	4,200	31	6,200
Chocó	3	600	2	400	5	1,000
Córdoba	6	1,430	33	7,950	39	9,380
Cundinamarca	2	340	11	1,950	13	2,290
Huila	4	800	12	2,400	16	3,200
La Guajira	6	920	17	2,660	23	3,580
Magdalena	8	1,570	1	200	9	1,770
Meta	1	100	2	200	3	300
Nariño	8	1,370	7	970	15	2,340
Norte De Santander	3	340			3	340
Putumayo	1	100	1	100	2	200
Quindío	2	220	8	880	10	1,100
Santander	2	350	6	860	8	1,210
Sucre	2	400	2	400	4	800
Tolima	2	190	6	570	8	760
Valle Del Cauca	2	350	2	350	4	700
Total	102	16,840	240	41,250	342	58,090

Priority Interest Housing Program for Savers - PIHPS

In 2013, the National Government, through the Ministry of Housing, City and Territory, presented a new program of Priority Interest Housing that will benefit households that currently have an income of up to two Colombian Legal Minimum Monthly Wages and that could have their own house without having to commit

more than 30% of their income in the payment of credit installments for home purchasing. 86,000 priority interest homes will be generated within the framework of this program.

Specifically, the beneficiaries of the program can be households that:

- Have a total monthly income not exceeding two legal monthly Colombian minimum salaries.
- Do not own a home in the national territory.
- They have not been beneficiaries of a family housing allowance (that has been applied), nor beneficiaries of interest rate cover. The exception to this is when the beneficiary has lost their house because they were unable to pay the loan when they acquired it, or when the dwelling has been totally destroyed or rendered uninhabitable as a result of natural disasters, public calamities, emergencies, or terrorist attacks.
- Have savings equivalent to 5% of the value of the house, that is, approximately COP 2,000,000.
- Have a pre-approved credit for the value corresponding to the missing resources required to obtain the house.
- They have not been disqualified for previously having submitted documents or false information in order to be awarded a subsidy.

Supervision of Selected PIHS Projects

Findeter executes the activities of monitoring and supervision of PIHS projects under the contract for the provision of services signed with the Fiduciaria Bogotá fiduciary. Therefore, as of December 31, 2016, the program has 127 projects with Findeter starting supervision for them, out a total of 140 selected projects. Of these projects under supervision, approximately 45 projects are already fully certified.

Table 35- PIHS supervised projects

Completed			Underway			Total		
N° Proj.	N° Hou.	Amount (millions)	N° Proj.	N° Hou.	Amount (millions)	N° Proj.	N° Hou.	Amount (millions)
45	20,971	COP 1.0	95	46,367	COP 2.2	140	67,338	COP 3.2

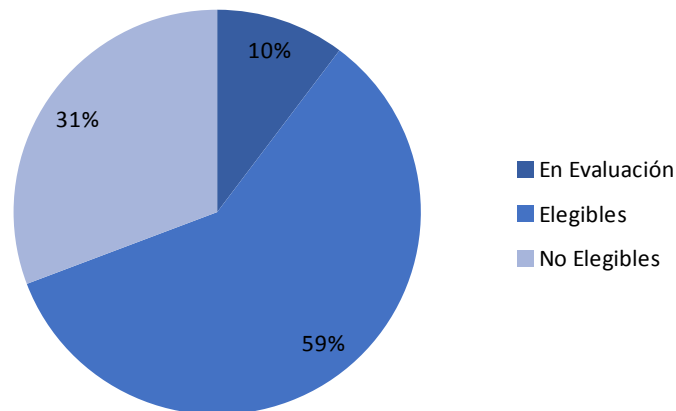
Eligibility of SIH Projects

During 2016, 39 projects of Social Interest Housing (SIH) were filed in Findeter, with an offer of 2,737 houses, for the evaluation of their technical legal and financial aspects. In the same period, 23 housing plans were declared as eligible that aim to receive subsidy resources from the Family Compensation Funds and the National Housing Fund - FONVIVIENDA (Displaced persons due to Violence).

Table 36- Status of SIH Projects 2016

Status	N° Projects	N° Houses
Under evaluation	4	127
Eligible	23	2,011
Not Eligible	12	599
Total	39	2,737

Graph 25 - Number of SIH projects according to eligibility 2016

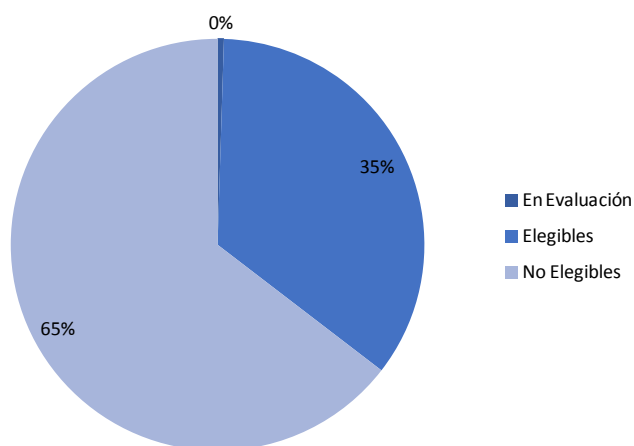


Findeter, in the development of the National Policy of Social Interest Housing in urban areas, during the terms of President Santos' government, has issued certificates of eligibility for 67,280 houses in 525 projects.

Table 37- Status of SIH Projects during the Santos Period (August 2010 - December 2016)

Status	N° Projects	N° Houses
Under evaluation	4	951
Eligible	525	67,280
Not Eligible	735	124,424
Total	1,264	192,655

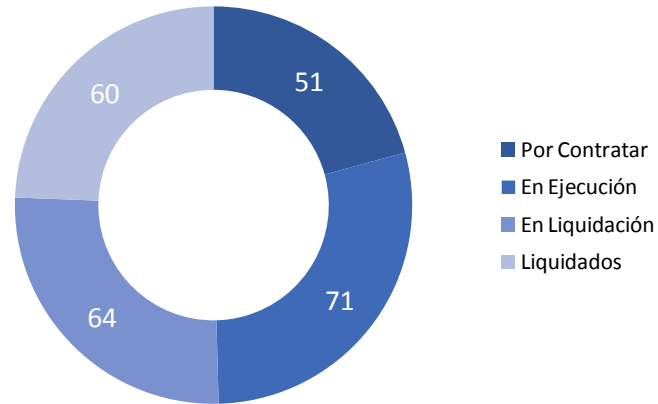
Graph 26 - Number of SIH projects according to eligibility. Santos Period



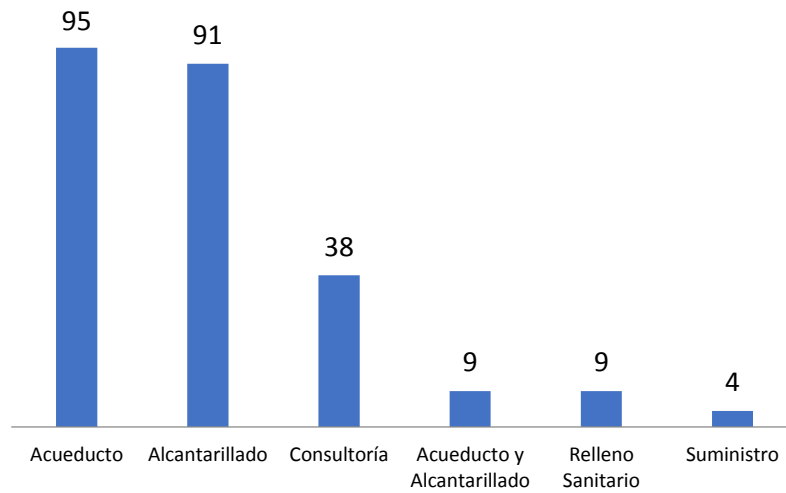
WATER AND BASIC SANITATION

We closed 2016 with a total of 246 projects for water and basic sanitation, for a value of COP 2.1 billion. The projects are divided as follows:

Graph 27- Status of Water and Sanitation Basic Projects - 2016



Graph 28- Typology of Water and Basic Sanitation Projects



During 2016 we signed two new inter-administrative agreements:

- Contract 451 of 2016 with a value of COP 18,000 million, with the Ministry of Housing, City and Territory.
- Contract 068 of 2016 with a value of COP 12,500 million, with IBAL (Water and Sewage Company of Ibagué)

Therefore, Findeter has eight inter-administrative contracts:

Table 38 – Inter-administrative Contracts for Water and Basic Sanitation 2016

Contract No.	Client	Total
438	Ministry of Housing, City and Territory	706,810
159	Ministry of Housing, City and Territory	471,793
36	Ministry of Housing, City and Territory	684,353
766	Ministry of Housing, City and Territory	115,630
541	Ministry of Housing, City and Territory	20,002
547	Ministry of Housing, City and Territory	32,194
451	Ministry of Housing, City and Territory	18,000
IBAL	IBAL (Water and Sewage Company of Ibagué)	12,500
		2,061,282

Figures in Millions of pesos
Includes matching funds

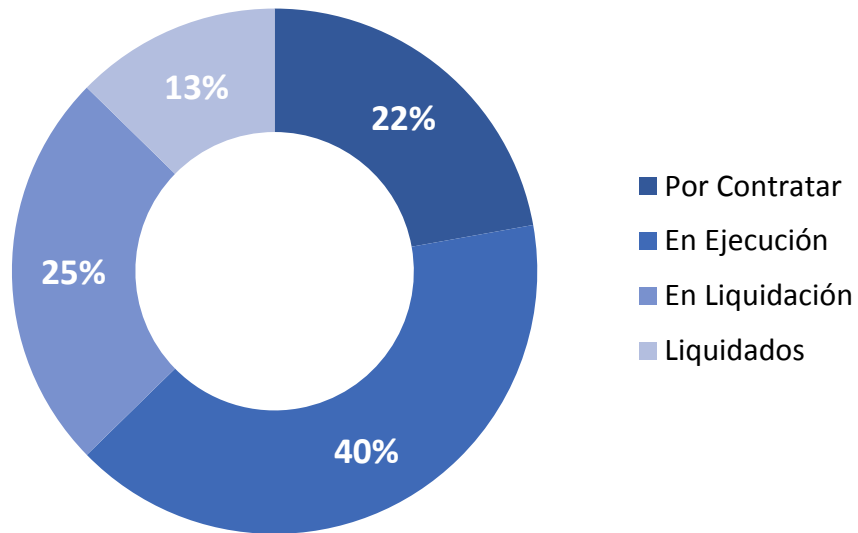
ACHIEVEMENTS

- Receipt of technical cooperation from the Dutch Embassy for the Cartagena Cycle Infrastructure Project of the Inter-American Development Bank (IDB) for the structuring and possible issuance of green bonds, and the German Development Bank (KfW) for the identification of possible water and basic sanitation projects.

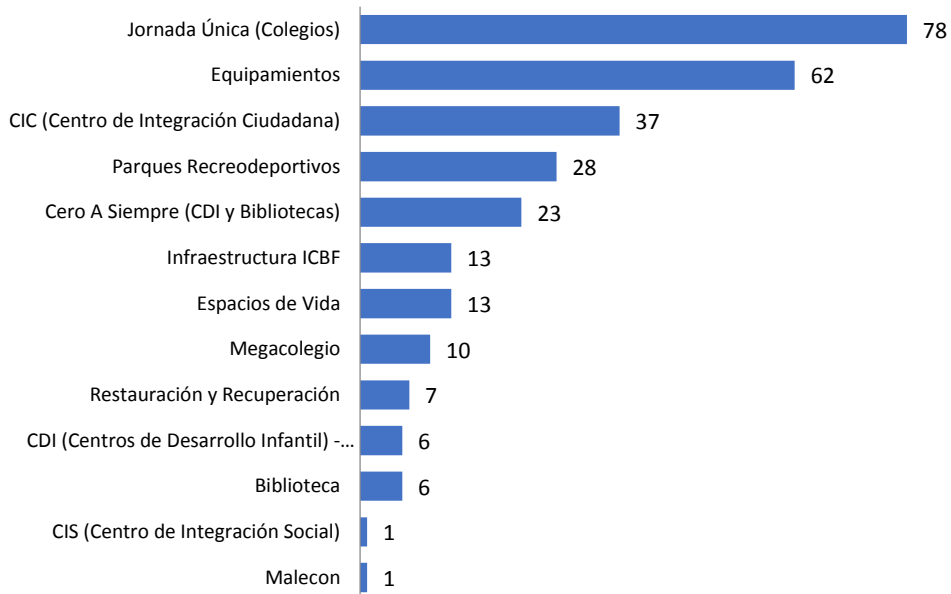
SOCIAL INFRASTRUCTURE

Findeter closed 2016 with a total of 285 Social Infrastructure projects for a value of approximately COP 833,000 million. The projects are divided as follows:

Graph 29- State of Infrastructure Projects 2016



Graph 30- Typology Infrastructure Projects 2016



During 2016 we signed two new inter-administrative agreements:

- Contract 1564 of 2016 for COP 19,295 million, with the Colombian Institute of Family Welfare (ICBF).
- Contract 068 of 2016 for COP 56,571 million, with DAPRE (Administrative Department of the Presidency of the Republic).

Therefore, Findeter has 16 Inter-Administrative Social Infrastructure Contracts which are distributed as follows:

Table 39 – Inter-administrative Contracts of Social Infrastructure

Contract No.	Client	Total Amount (Millions of COP)
2453-2015	Ministry of Culture	3,600
238-2013	DAPRE (Administrative Department of the Presidency of the Republic)	11,774
F442-2013	Ministry of the Interior	28,160
378 of 2014	DNP	254
330 of 2015	Fonvivienda	320,000
2808-2014	Ministry of Culture	20,256
1013-2014	Ministry of Education	66,803
620-2015	Ministry of Education	120,000
Agreement No. 8	Buenaventura Mayor's Office - Valle Department Governor's Office	27,000
1000 of 2013	Ministry of Education	52,004
1260 of 2013	Ministry of Education	57,923
887 of 2013	Coldeportes	35,858
2717 of 2013	Ministry of Culture	11,248
3024 of 2015	Ministry of Culture	1,900
1564 of 2016	ICBF	19,295
068 of 2016	DAPRE (Administrative Department of Presidency of the Republic)	56,571

Total

832,646

SUPPORT PROGRAM FOR THE SUSTAINABLE DEVELOPMENT OF SAN ANDRÉS, PROVIDENCIA AND SANTA CATALINA

Under CONPES 3778 of 2013 and Loan Contract No. 3104 / OC-CO between the Republic of Colombia and the Inter-American Development Bank, the National Fund for Disaster Risk Management - Fiduprevisora S.A. signed Agreement No. 9677-SAPII013-281-2015 on March 20, 2015 with Findeter for the implementation of the Sustainable Development Support Program of the Archipelago of San Andrés, Providencia and Santa Catalina, which has five components in terms of reference to urban development, the provision of drinking water, improvement of coastal infrastructure, local economic development and fiscal strengthening.

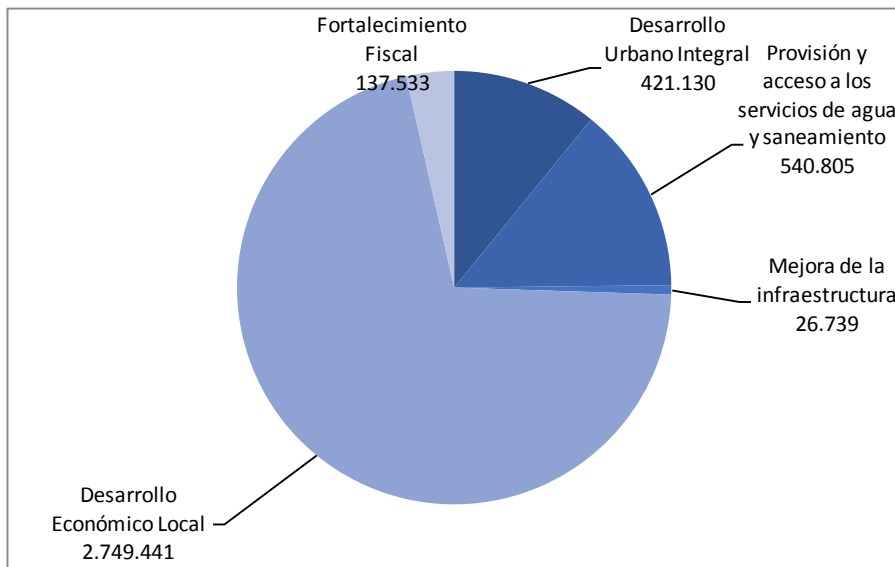
During 2016 progress was made in the execution of 15 contracts that were awarded in 2015 and 2016. Below we show the contracts that were in the execution stage during 2016, with the financial execution and percentage of progress:

Table 40 - Contracts in execution San Andrés, Providencia and Santa Catalina

Components (Contracts in Execution as of December 31, 2016)	Executed as of Dec. 31, 2016 (US\$)	Percentage of Physical Progress of the Contract
Support Program for the Sustainable Development of San Andrés, Providencia and Santa Catalina - Loan 3104 / OC-CO	3,822,353	
Integral Urban Development	421,130	
Final Design Integral Improvement of Neighborhoods in the Department of San Andrés, Providencia and Santa Catalina	242,499	100%
Audit of the Final Design for the Integral Improvement of Neighborhoods in the Department of San Andrés, Providencia and Santa Catalina	30,005	100%
Construction Works Integral Improvement of San Andrés Neighborhoods First Stage	0	0%
Construction Works Integral Improvement of Providencia Neighborhoods first stage	0	0%
Studies and Design of Works and Furniture for the Revitalization of the Urban Center	135,783	100%
Audit of the Studies and Designs of Works and Furniture for the Revitalization of the Urban Center	12,843	100%
Provision and access to water and sanitation services	519,867	
Elaboration of the Master Plan of the Water Resource in the Island of San Andrés.	399,650	70%
Audit of the elaboration of the Director Plan of the Water Resource of the Island of San Andrés	52,396	70%
Studies and Designs of the Complementary Works of the Water Company of Providencia	58,694	100%
Audit of the Studies and Designs of the complementary works of the Water Company of Providencia	9,127	100%
Improving Coastal Infrastructure and Coastal Risk Management	0	
Studies, Designs and Works for the recovery of Beaches.	0	0%
Audit of the Studies, Designs and Works for the recovery of Beaches.	0	0%
Economic and Local Development	2,743,823	

Entrepreneurship Development Fund - Seed Capital	1,825,356	70%
Guarantee Fund for Business Development Credits	918,467	10%
Fiscal Strengthening	137,533	
Program of technical assistance in the formulation and structuring of projects, directed to the officials of the Government	137,533	70%

Graph 31- Sustainable Development Support Program for San Andrés, Providencia and Santa Catalina - Value Executed Per Component (US\$)



NEW BUSINESS*Instituto Colombiano de Bienestar Familiar - ICBF (Colombian Institute of Family Welfare)*

The contract signed with the Colombian Institute of Family Welfare (ICBF) aims to provide the Technical Assistance service for the development of projects within the framework of the primary application of the infrastructure intervention plan. To achieve this, the following projects will be implemented:

Table 41 - Projects to be executed - Contract with ICBF - Primary application of the Infrastructure Intervention Plan

Projects	Projects
Studies, Design and Construction HI Girasoles - Cartagena (Bolívar)	1
Studies, Design and Construction CZ Manizales - Manizales (Caldas)	1
Studies and Designs CAE Huila - Neiva (Huila)	1
CAE works Chocó - Quibdó (Choco)	1
Adaptation of Properties SRPA - Medellín (Antioquia), Cali (Valle), Ibagué (Tolima), Turbaco (Bolívar)	4
Studies, Designs CAE Cesar and Construction of the Sanitary and Electrical installations - Valledupar (Cesar)	1
Adaptation SRPA real estate: Manare Farm and Sanitary system works - Yopal (Casanare) and WWPT works CAE Nariño - Pasto (Nariño)	2
Studies, Design and Construction HI Nuevo Amanecer - Pacho (Cundinamarca)	1
Studies, Design and Construction El Redentor Zonal Park, including the formalities corresponding to the formulation and approval of the respective Master Plan - Bogotá	1
Total Projects	13

GOALS

- Execution of 13 projects, in the development of the Technical Assistance contract signed with the Colombian Institute of Family Welfare (ICBF), within the framework of the primary application of the infrastructure intervention plan.

Agencia de Desarrollo Rural – ADR (Rural Development Agency)

In 2014, the Ministry of Agriculture initiated the implementation of the Rural Development strategy with a territorial approach, whose purpose is the sustainable and integral development of the rural sector, its territories and communities, so that rural producers are the basis of a vigorous rural middle class, under principles of multi-functionality, integration and interaction of heterogeneous sectors.

As part of the actions aimed at improving the indicators associated with rural development, Findeter signed a contract with the Rural Development Agency to implement the following investment guidelines, which are aligned with the recommendations given by the Economic Commission for Latin America and the Caribbean - ECLAC and the efforts of the National Government to improve the quality of life of Colombians. The purpose of the contract is:

1. Analysis, design and construction of irrigation and drainage districts at national level - National Fund for Land Adaptation. Up to eight projects.
2. Support for the implementation of alternative systems of national land adaptation. Minimum 37 deep wells.
3. Sanitation - Contribute to water supply and improve basic sanitation conditions for the rural population in Colombia. Minimum 700 units of sanitation units.

Empresa Ibaguereña de Acueducto y Alcantarillado – IBAL (“Ibague Water and Sewerage Company”)

The purpose of the signed inter-administrative contract is to provide the technical assistance and administration of the resources transferred by Ibagué and IBAL, for the contracting and execution of the Aqueduct and Sewer Projects to be executed in the Municipality. The above is based on the cooperation agreement signed by the Municipality of Ibagué and Findeter to join forces between the parties to consolidate the implementation of projects that promote the development of the city and thus contribute to the reduction of the inequity gap and in order to satisfy the basic needs of citizens.

AquaRating - International Standard for Evaluating Water and Sanitation Services:

Findeter entered into the integral improvement of the Companies providing Water and Sanitation Services through the implementation of the AquaRating standard.

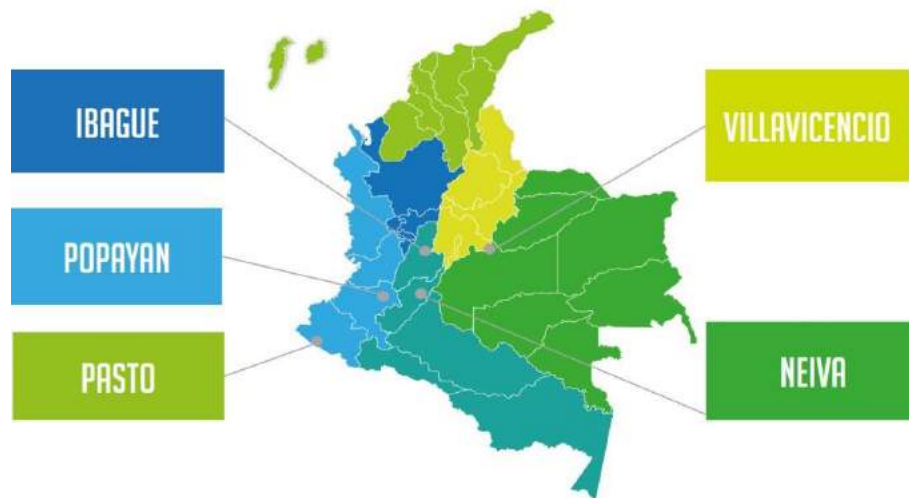
The AQUARATING system was developed by the Inter-American Development Bank (IDB) with the support of the International Water Association (IWA) so that companies providing water and sanitation services can self-assess in eight areas:

Figure 5- Structuring Areas of the AQUARATING System



In April 2016, IDB and Findeter signed an agreement in order to join efforts for the implementation of the AquaRating system and to promote an integral improvement in the management of the utilities companies. To achieve this, the water companies of Ibagué, Popayán, Pasto, Villavicencio, Neiva were selected. After sessions and trainings with IDB specialists, the companies began the process of self-evaluation and uploading of supporting documents in order to achieve the highest reliability in the qualification to be obtained. The self-evaluation process by the end of 2016 was successful for all five companies.

Figure 6- Water companies in the AquaRating initiative



In addition, a Non-refundable Technical Cooperation was requested from the Secretary of State for Economic Affairs of Switzerland (SECO), with the objective of financing the program in four phases:

1. AquaRating Initial Self-diagnosis for ten utilities companies (Ibagué, Popayán, Pasto, Villavicencio, Neiva and five additional companies undergoing the selection process)
2. Development of Strategic Plans (based on AquaRating results)
3. Implementation of Strategic Plans.
4. Final Self-Diagnosis of the AquaRating certification

The requested resources amount to USD 15 million and the highest percentage of investment will be implemented in phase 3 during the implementation of the strategic plans and specific actions aimed at: cultural changes, quality improvement and planning, infrastructure and modern administrative practices.

5.2.4 SHARED VALUE PROJECTS

SOCIAL-SPORTS SCHOOLS

During 2016, the alliance with Real Madrid Foundation and the Revel Foundation continued to benefit children and young people in vulnerable conditions from different municipalities in the country. During this year, seven agreements were signed in seven cities in the country and 19 social-sport schools were implemented in Galapagos, Pasto, Valledupar, Villavicencio, Cartagena and Bucaramanga, benefiting a total of 3400 children and young people. They received training in values and on the culture of peace through sport.

The purpose of the Social-Sports Schools is to give children a space that is complementary to their basic

education, where they are given a solid formation in values and a culture of peace, making soccer the ideal bridge to create future agents of change.

We closed the year with 12 partners: the Real Madrid Foundation, Revel Foundation, Galapa Mayor's Office, Atlántico Governor's Office, Villavicencio Mayor's Office, Valledupar Mayor's Office, Pasto Mayor's Office, Bucaramanga Mayor's Office, Constructora Amarillo (real estate company), Universidad de Caldas, Pasto Mayor's Office, Sociedad Portuaria de Cartagena (Cartagena Port Company), and Constructora Valorcon (real estate company).

In order to evaluate the sustainability of the internal operation, we have indicators and goals associated with the Environmental Management System of the different programs that comprise it, such as per capita energy and water consumption and non-hazardous solid waste, among others.

Also within the process of continuous improvement we are advancing in ways of evaluating sustainability. In order to consolidate the integral institutional vision of social responsibility, the "Social Responsibility Model" project was launched in 2016, which will produce a medium-term Action Plan and qualitative indicators that allow self-assessment.

SOLAR ENERGY GENERATION SYSTEM FOR PIH

With international cooperation resources from the US Forest Service -USFS, through the agreement signed between the Low Carbon Resilient Development Program on behalf of the USFS, Findeter executed the "System of solar photovoltaic generation in the Lorenzo Morales urbanization Stage 1 of Valledupar" project, a national demonstration project in Priority Interest Housing, which will contribute to the reduction of greenhouse gases through the generation of electricity from unconventional sources. The operating photovoltaic system of 20KWp was delivered to the joint-ownership on December 22, 2016.

520 low-income vulnerable households will benefit, specifically by reducing the costs of the energy service in the communal areas of the urbanization, covering the demand generated by the water pumping system and communal washing machines.

As a demonstration project, its results and lessons learned will be important in the formulation and design of future social housing projects in the country, whose impact on the reduction of service costs will be evaluated in the first quarter of 2017, once several utility bills for energy have been received.

PEGUI - VIRTUAL EDUCATIONAL PLATFORM

PEGUI is a virtual educational platform co-funded by the Ministry of Information and Communication Technologies, and structured in partnership with Findeter, the Ministry of National Education (MNE) and Computers for Education (CFE), as a strategy to improve the quality of Education in the country through Information and Communication Technologies.

PEGUI seeks to promote the sustainable development of the regions of Colombia, promote innovation, infrastructure development and the application of information and communication technologies in the cities of Bucaramanga, Monteria, Pasto and Valledupar in different regions of the country, and in this way it seeks to contribute to solving some of the problems of education in Colombia, such as school dropout rates and the improvement in areas such as educational planning, quality, the use of digital tools, the strengthening of institutions and results in Government tests.

The materialization of the platform in educational establishments has allowed, in addition to many others, the following achievements:

- PEGUI implemented in 169 campuses of the 196 main campuses in the four cities, through workshops on the administrative platform and the LMS (Learning Management System) platform.
- 100% licensing to use the platform equal to 594 Official Educational Establishments in the four cities.
- 400 VLO (Virtual Learning Objects) in the areas of science, mathematics and language for

all the levels of Basic and Middle Education, developed by the Ministry of National Education loaded and parameterized in the PEGUI platform and 600 VLAs more in process

- 8,429 teachers out of 12,000 received training in the ETIC@ diplomas of Computers for Education.
- 60 workshops on how to use the platform realized in the PEGUI cities.
- 1,498 IT Vocational Workshops for students in grades 9, 10 and 11 and IT pedagogical vocation for teachers implemented. (98% of achievement of the goal).
- 9,754 promotional kits delivered to communities.
- Linking of the Computers for Education and territorial cooperation for the PEGUI group. Thirty teachers and officials of the Secretariats of Education participated in the event Educa Digital Buga (“Buga Digital Education”), in the department of Valle (Nov.2016), with the attendance of approximately 300 people.

ENTREPRENEURSHIP WITH DATA

The Entrepreneurship with Data project consists of fostering entrepreneurship at the national level in the ICT sector, taking advantage of the country's advances in terms of the mass use of the Internet and the reduction of the digital divide. For this purpose, it is intended to make permanent calls to teams of entrepreneurs who have had experience in the sector, who already have a prototype or a viable minimum product, and teams of entrepreneurs will also be called who are undergoing the APPS.co initiative of the MinTic. The target for this project is the market segment of web-mobile applications that allow the resolution of public and social issues through the use of government data.

To achieve this, we seek to strengthen the entrepreneurial ecosystems in each of the sustainable cities selected for this purpose (Bogotá, Medellín, Cali, Barranquilla, Bucaramanga and Manizales), each of which will serve as a cluster for entrepreneurship for the different municipalities of the countries interested in the program. Each of the ecosystems will have capacity at the infrastructure and communications level and expert knowledge to be able to carry out the support, training and advice in the fronts of Business, IT Architecture and Software Development for each and every one of the teams of entrepreneurs selected through the calls made during the events that allow the sensitization, preparation and subsequent selection of teams of entrepreneurs and those coming from the APPS.co initiative. The different stages of the project can be seen in the following image:

A web portal will be developed to guarantee the traceability of the progress of each of the teams of entrepreneurs throughout the lifecycle of the project.

During the initiation phase of the program, events were held in each of the cities with the following target audience impacted:

Table 42- Total people impacted by the Entrepreneurship with Data initiative

City	Participants			
	Entrepreneurs	Companies	Public entities	Total
Barranquilla	48	15	39	102
Bucaramanga	62	27	11	100
Bogotá	68	30	17	115
Cale	26	1	12	48
Manizales	73	40	14	127
Medellín	28	29	9	66
			Total Impacted	558

As of December 2016, 125 teams of entrepreneurs were registered, of which 82 met the qualifying criteria.

ENERGY INTELLIGENCE

Beginning in June 2016, a project was started, consisting of an Energy Intelligence strategy for Findeter, initially applicable in the Caribbean Diamond and Santander, but scalable throughout the whole country.

The strategy was based on the principles of the World Energy Council (WEC) for Energy Security, Social Equity and Sustainability, and consists of promoting, structuring, financing and implementing energy efficiency projects and non-conventional sources of energy, that strengthen the energy security of the Caribbean Diamond and Santander region and the country. The program seeks to manage good environmental practices through the promotion of eco-efficiency, education for sustainability, the promotion of environmental and social risk management, and cooperation. However, the focus is on increasing productivity by applying the efficiency principle of "doing more with the same energy" and replacing energy sources with high environmental impact for renewable sources.

The project consists of three phases: short (1 year), medium (3 years) and long-term (5 years). During the first phase, the strategy will be aligned with the country's energy policies and business cases will be formulated for the structuring of projects. During the second phase, comprehensive solutions will be financed and implemented throughout the energy chain (electricity and thermal); and a great emphasis will be placed on generation with renewable sources, to make the most of the natural resources wealth of the Caribbean Diamond and Santander regions of the country. In the third phase, Findeter will be able to deploy all its financial, commercial, technical and operational capacity, which will consolidate its position as the leading Development Bank in financing energy efficiency and renewable energy sources in Colombia.

The key indicators of the Strategy are the reduction of the Energy Intensity of production in the related projects; the increase in the share of renewable energy sources promoted and financed by Findeter in the country's energy basket; the reduction of GHG emissions in projects; and the increase in Findeter's participation in the financing of energy and renewable energy projects in the country (in terms of new loans).

The strategy was validated with the energy authorities, professional associations and technical entities of the sector (that partners for its development) and above all, with the possible clients of the solutions to be

financed. Likewise, the proposal for the innovative financing mechanism for energy efficiency and clean energy, proposed by Findeter as part of the Green Protocol of the Asobancaria (Banking Association) was approved. This will be used to finance the territorial entities in the quest for energy efficient public buildings together with the developers of projects and Energy Service Companies. Along the same lines, Findeter's top management recommended advancing in the design of a solar project for the Findeter building in order to act as an example for public buildings.

INTELLIGENT CITIES STUDY

Within the framework of Agreement 0435 FonTIC-Findeter, a consulting firm was hired to carry out a study to classify Colombian cities according to their maturity level with respect to the concept of intelligent cities as defined by the Ministry of Information Technologies and Communications (MinTIC), the Universidad del Rosario and Findeter.

An "i" City is one that, through the appropriation and use of ICT, manages to be sustainable in an efficient and innovative way with significant impacts on the quality of life of its citizens. This is achieved through four dimensions, namely: the environment, economic and urban development, social sustainability and governance, and conflict resolution.

Figure 7- Intelligent cities diagram



In this project that culminated on December 15, 2016, 32 departmental capital cities and 50 complementary cities of Colombia with more than 80,000 inhabitants were studied, including those belonging to the programs of Sustainable and Competitive Cities, Emblematic Cities and Caribbean Diamond Caribe and Santander. These cities were classified according to a methodology designed with simple and compound indicators based on the defined concept.

The MinTIC will use the results of this study for the formulation of public policies that will allow connectivity gaps to be closed and access issues to the ICTs of the cities to be solved when covering the concept of intelligent cities.

In addition, the results of this study are complementary to the Sustainable Cities, Emblematic Cities and Diamond Caribbean and Santander programs. They also present an analysis of business opportunities for our rediscount loans, as the needs of the territories in key investment sectors for Findeter are clear.

In addition, the study has as a final product the formulation of ten standard projects in ten different sectors

related to information and communication technologies formulated in the Adjusted General Methodology of the National Planning Department and the Logical Framework. These allow the territories to close gaps in the lacking sectors, by appropriating the projects, complete their formulation with the support of our Project Structuring Management and finance them with Findeter credits or resources of the General System of Royalties.

MSME VIVE DIGITAL (MSME LIVE DIGITAL)

On December 15, 2016, the Inter-administrative Agreement 1232 of 2016 was signed between MINTIC and Findeter, with the objective of implementing the national MSME Vive Digital - (MSME Live Digital) program of the MinTIC, which seeks to roll out on a mass scale the connectivity and the transformation of productive processes in small and medium-sized Colombian companies by using and exploiting ICT products and services.

With a value of more than forty five billion pesos, in the next two years it is planned to contribute to the Micro, Small and Medium Enterprises sector of the country in order to increase their competitiveness and productivity according to the global demands of the market.

The five components of the Digital Route will be transformed over the coming months into projects formulated and executed by Findeter, that joins this important national objective providing more than COP 900 million, in addition to the experience, support and solidity that is required in the regions to achieve the growth of our productive sector with the use of ICT tools.

The initiative has the following goals:

- National Training Program: A virtual training strategy will be implemented for MSME entrepreneurs in areas identified to enhance their knowledge, appropriation and use of ICT in their production chain, with the goal of 100,000 Colombian digital entrepreneurs.
- MSME Digital Tender: Seeks to contribute to the implementation of electronic commerce by MSME entrepreneurs from the regions of Colombia. Target: 10,000 SMEs transferred to electronic use.
- Mentality and Culture: Consists of the creation of a Digital Ecosystem for Colombian SMEs.
- Creation of an Incentive Program: This strategy will implement an incentive plan for small and medium-sized enterprises in the use of ICT for their production process, in addition to providing support for the design, development and implementation of products for technological applications.

ACHIEVEMENTS

- 3,400 vulnerable children benefited from the social-sport schools program in partnership with the Real Madrid Foundation in six cities.
- Implementation of the first photovoltaic solar generation system in Priority Interest Housing in the Lorenzo Morales Urbanization located in Valledupar, as part of the development of the Cooperation Agreement signed with USAID, representing the United States Forest Service.
- Structuring and signing of the Inter-Administrative Agreement 1232 of 2016 between MINTIC and Findeter, to implement the national MSME Vive Digital strategy of the MinTIC.

GOALS

- Implement the Measurement, Reporting and Verification of the rediscout resources of the Entity, which support the management of the Sustainable Development and Climate Change Objectives.
- Align the strategy of Energy Intelligence with the country's energy policies and formulate business cases.

5.3 CONTRIBUTION TO THE PEACE AND POST-CONFLICT PROCESS

As a tribute to the victims of armed conflict and displacement in Colombia, Findeter and the Ministry of Environment and Sustainable Development (MESD) promote the Forests of Peace initiative. The resources that will be applied to the program are based on the compensation projects for environmental licenses pending to be fulfilled in the different regions of the country, for projects in the sectors of mining, infrastructure and hydrocarbons, among others, based on ANLA (National Environmental Licensing Authority). ANLA licensees must be contacted to involve them in the Program. The program is also focused on giving back to the community that is historically affected by the armed conflict, through the sustainable development of its territories that includes environmental conservation, community participation and environmental education. Three projects are planned for the reforestation of 600 hectares during 2017. In particular, the Montes de Maria will now be Forests of Peace by planting 250,000 trees (native species).

The MESD and FINDETER are in preparing a contract of operation for the Program where it will be defined that Findeter will be the operator.

GOALS

- 2017 will be a crucial year in terms of international cooperation for Colombia because of the post-conflict situation. Findeter will actively seek and manage resources to leverage territorial development within the framework of peace.

6 ENVIRONMENTAL SUSTAINABILITY

6.1 ENVIRONMENTAL MANAGEMENT

Through its environmental management Findeter promotes good environmental practices to generate environmental awareness among our collaborators and to promote the efficient use of natural resources and to properly dispose of hazardous waste. Therefore, we have an environmental policy and objectives that meet the legal requirements and other requirements signed by Findeter and the significant environmental impacts associated with the activities that we develop.

This is how the reduction of our environmental impacts is managed, through energy efficiency programs, the

efficient use of water, the efficient use of paper, integrated waste management and sustainable practices.

Figure 9- Findeter Environmental Programs

5 programas ambientales



The program seeks to manage good environmental practices through the promotion of eco-efficiency, education for sustainability, promotion of environmental and social risk management and cooperation.

It is necessary and important to create environmental awareness in all our collaborators with respect to the efficient use of water, energy and paper resources, in addition to disposal of waste. To this end, we develop campaigns focused around different environmental programs.

With these campaigns we are encouraging sustainable practices and generating environmental awareness in all our collaborators. During 2016 we achieved this through varied fun and educational experiences, involving a phase of expectation, followed by a phase of contextualization about the environmental, economic and social reality of our planet and, finally, by developing an environmental sensitization phase, focused on generating changes in the actions and habits of the collaborators.

Figure 10 - Example of an environmental campaign for an internal audience



6.2 CLIMATE CHANGE

The environmental programs aim to control Findeter's carbon footprint. This footprint is measured by the greenhouse gas emissions generated, which are expressed in tons of carbon dioxide equivalent - tCO₂e. Our carbon footprint for 2015 was 555.6 tCO₂e. In 2016 we expect to reduce these emissions and this measurement will be made during the first half of 2017 which is why it is not expressed in this report.

With the objective that the compensation is integrated and aligned with the programs developed by the Entity, and specifically with the Forests of Peace program, in 2016 we will compensate the carbon footprint through the planting of trees for the restoration of a high impact water basin that is focused on the conservation of the forests, water conservation, restoration of degraded ecosystems and, in general, the sustainable use of ecosystems considered as carbon sinks. We are currently working on the fine tuning of the 2016 Carbon Footprint Compensation Project with the help of FAO.

The inventory of these emissions is done under the World Resources Institute's GHG Protocol Corporate Standard and the World Business Council for Sustainable Development (WBCSD). The data is derived from the consumption of fossil fuels, electric power, waste generation, corporate air transport, paper consumption and the way Findeter workers commute.

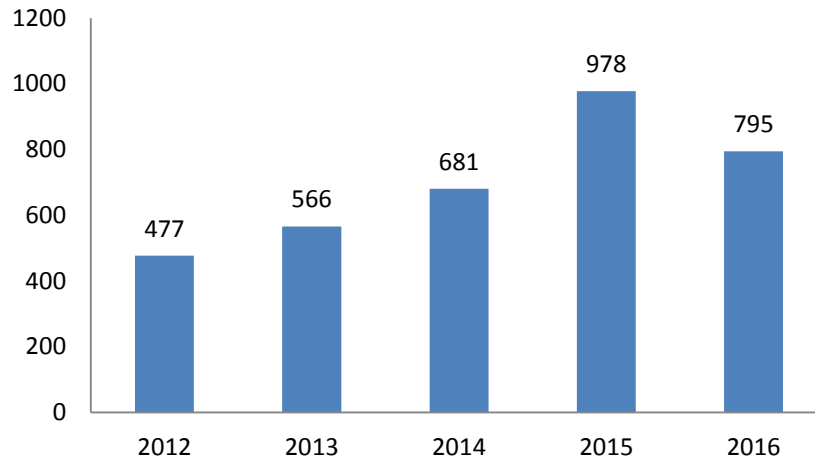
6.3 EFFICIENT USE OF WATER

The efficient use of water program has as its objective good environmental practices and to promote its efficient use in the headquarters of the Entity. In this way, all our headquarters are connected to the respective public sewer system, therefore, no additional control or discharge permits are required. Our financial activity does not generate any different discharges in addition to the typical domestic discharges.

The goal of the indicator in 2016 of 1.0m³/person/ bimester has been surpassed in all its measurements, with a consumption peak in the month of March, tending to decline in the following months. Its average during 2016 was a consumption of 0.57 m³ / person / two month period, which indicates that even with the installation of the green (plant) wall on the building and the increasing of pressure by the water company, the use of the water resource has been stabilizing on a downwards trajectory. During 2016, there was a decrease in consumption of 19% compared to the previous year.

During 2016, water consumption was 720m³, which compared to the figure registered in 2015 showed a decrease of 6.4%, an effort that was due to the effectiveness of the campaigns for savings and the efficient use of public services

Graph 32- Evolution of water consumption (m3)

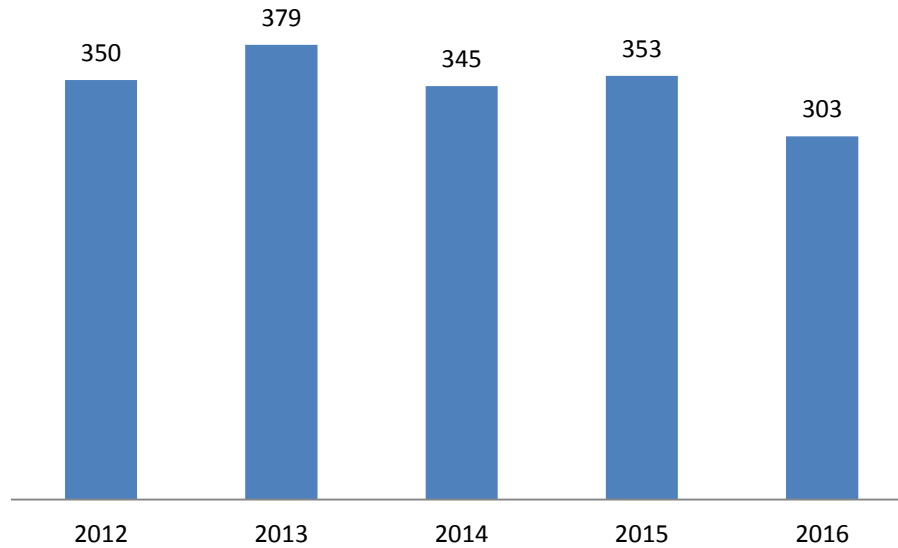


6.4 EFFICIENT USE OF ENERGY

The program of Efficient Use of Energy aims to reduce energy consumption in Findeter and promote the culture of saving in our daily activities and therefore, to contribute to sustainable development. The goal of the indicator in 2016 of 125 KWh/person/month was surpassed; its average during 2016 was a consumption of 81.10 kWh/person/month. This indicates that the strategies of maintenance and coverage of saving devices, have helped significantly in the efficient use of the energy.

In 2016 we joined the national campaign in response to the El Niño Phenomenon and the emergency situation presented at the country's power stations. In response, we integrated the automatic shutdown of computers and the television screens used as information boards, as a way of good practices for saving energy. Thanks to these measures savings of 34% of kwh/person/month were realized. During 2016 there was a decrease in consumption of 14% in relation to the previous year.

Graph 33- Energy consumption (kWh/year)



6.5 MATERIALS AND WASTE

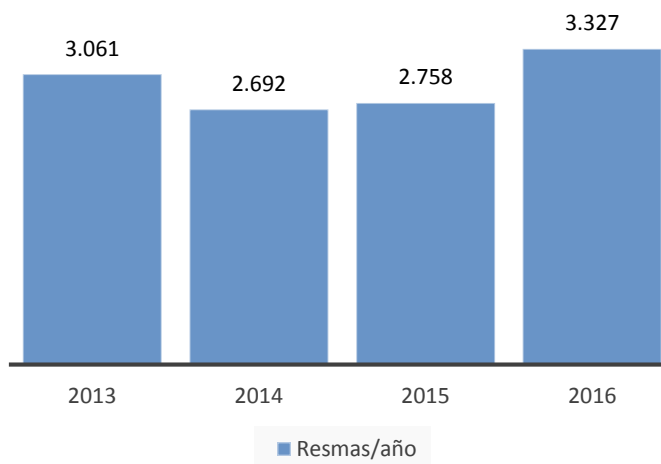
6.5.1 PAPER CONSUMPTION

Findeter has always been aligned with the national strategy for the efficient use of paper, so the following strategies have been implemented within the program of efficient use of paper:

1. **Organizational Culture:** Awareness campaigns have been developed, the correct use of printers has been encouraged through the new card system and/or code to access printing services, policies have been established to reduce the size of documents controlling the size and fonts of text, and the correct configuration of pages before printing, encouraging the reading and correction on the screen, avoiding unnecessary copies and printing, using email and other platforms such as Lync and teleconferences, shared spaces, reusing one-sided paper for notes and correctly recycling using the white bin.
2. **More Effective and Effective Processes and Services:** During 2016, the new POXTA document manager was launched, responding to the needs of the internal and external correspondence management that allows the filing of incoming, outgoing and internal correspondence and requests/claims and complaints in both physical and digital media. In addition, it centralizes and integrates the management of correspondence by assigning consecutive numbers with its traceability, control, tracking and alerts.
3. **Document and Technology Management.** Alternatives were established to incorporate the technological facilities that have contributed to achieving the transversality, coordination, articulation, greater efficiency and opportunity at the institutional and sector level obtaining lower costs, better services, lower risks and greater security. Among these initiatives are the consultation of different certifications, both internal and external, through the intranet and the portal of virtual services known as Findeter Virtual and the implementation of the application for the management of ISPM projects.

In addition, we have responsibly replaced the commonly used white paper with ecological paper. This decision has allowed a reduction in carbon dioxide emissions associated with paper consumption.

Graph 34- Consumption of paper reams



The efficient paper programs have defined the reduction target, which for the current program is a maximum 240 sheets of consumption per person per year with a margin of between 180 and 280 sheets. During 2016 consumption has remained within the defined range, although, an increase in consumption was recorded. This fluctuation has occurred because at various peaks of the year some dependencies, in response to the work they do, are subject to external factors that warrant an above normal consumption of paper.

6.5.2 WASTE MANAGEMENT

We are managing our waste in a comprehensive manner, separating non-hazardous waste at the source and properly disposing of waste considered as hazardous. Since the beginning of 2016 we have a collection center, where waste is stored properly before disposal. In this way we were able to take advantage of reusable and recyclable waste and we have also obtained the different certifications of final disposal of hazardous waste by type.

We have also developed awareness campaigns in order to contribute to the achievement of the program's objectives. Therefore, it has been important to disclose information to generate environmental awareness among the collaborators, and with it, to be able to make an adequate disposal of the waste generated during work. During the 2016 campaign, a new disposal strategy was launched, in which personal waste bins were removed and larger bins were installed in collection points on each floor of the 103 and 104 headquarters. The new bins are classified by colors and legends, with the purpose of visually assisting the separation at source by type of waste, optimizing the recycling process.

Thanks to the above, in 2016 a total of 2,956 kg of paper, AZ's, glass, newspapers and plastics were recovered in addition to others.

7 TEAM

7.1 TEAM PROFILE

For the execution of the different programs and projects that Findeter is in charge of it has the support of mission collaborators who in their majority have specialized studies and experience in the different technical areas that impact the processes, occupying 57% of the total of Findeter's collaborators as of December 31, 2016. It is permanently required to strengthen the human team of the organization to count on the appropriate professional and technical capacity needed to meet the challenges demanded by each one of the activities that it currently develops, as well as the new programs that are assigned to the Entity by the National Government.

This team makes it possible to carry out the steps that will enable the Entity to provide comprehensive support to the Government through the ongoing Inter-Administration Agreements and/or Technical Assistance Contracts.

On the other hand, support services such as surveillance, cleaning, cafeteria, among others, are provided by third party companies hired by the Entity for this purpose.

7.1.1 CHARACTERIZATION OF WORKERS

Table 43 - Number of employees by type of employment contract and gender

Type contract / Gender	Female				Male				Total
	Fixed	Indefinite	Works or job	Total	Fixed	Indefinite	Works or job	Total	
PERMANENT	6	131	0	137	2	90	0	92	229
COLLABORATOR	0	0	1/2	1/2	0	0	130	130	302
TOTAL	6	131	172	309	2	90	130	222	531

Table 44 - Employees covered by collective bargaining agreements

	PERMANENT	% COVERAGE
COVERED BY COLLECTIVE BARGAINING CONVENTION	185	81%
NOT COVERED BY A COLLECTIVE BARGAINING CONVENTION	44	19%
Total	229	100%

The rate of rotation of the entity is 11.1%, corresponding only to the direct staff directly employed by Findeter (permanent). In 2016 there were 34 new hires and 17 people left the company.

SCALE OF THE ORGANIZATION

The types of positions defined in Findeter's organizational structure that are in accordance with the General Function and General Requirements Manual are as follows: messengers, administrative assistants, drivers, secretaries, analysts, professionals, managers, directors, vice-presidents, the Secretary General and the President.

7.2 LABOR RELATIONS

Findeter complies with current regulations with respect to Colombian labor regulations; therefore it has established and put into operation the Labor Coexistence Committee and the Copasst (Joint Committee on Health and Safety at Work). In addition, we develop multiple initiatives to promote family reconciliation and the well-being of our employees:

- We guarantee the continuity of all welfare, Occupational Safety and Health programs and the Training Program for collaborators through the IMS.
- We obtained efr certification as an Empresa Familiarmente Responsable – Efr (Family Friendly Company), granted by the More Family Foundation of Spain.
- The organizational culture and corporate values are as important to Findeter as the quality of the products and services it offers as they are the basis for leveraging the strategy as a competitive advantage, carrying out the annual measurement in order to be able to establish the work plan to reduce gaps between the current culture and the desired culture.
- Development of the leadership model with the evaluation under the 360 degrees methodology, which allows the leader's own perception (self-assessment) to be observed, together with the perception of collaborators, peers and bosses, taking into account different Leadership competencies.
- Evaluation of the development of collaborators that seeks the responsible growth of talent, mixing variables of Culture and Climate, Competences and Potential.
- Measurement of the organizational climate that allows the understanding of the work environment in three pillars such as:
 - Confidence: inspiring leaders and business
 - The camaraderie present in the working group
 - The Pride that the work, the equipment and the company produces

On the other hand, in order to guarantee communication between the different organizational levels, Findeter has established several communication channels, such as suggestion boxes, periodic meetings of the teams, primary groups, the intranet, in addition to others that promote the relationship of the workers with the management of the Organization. Likewise, periodically, the President of the Entity gathers together all the staff to present the quarterly progress results of the management and holds meetings to welcome new employees and to reinforce the commitment they acquire with the mission, vision and values that govern us.

7.2.1 SELECTION AND RECRUITMENT POLICY

In the selection and hiring policy for suitable and competent personnel who will play a role in Findeter, the company has established an equality of opportunity policy, which bars any discrimination based on sex, race, social status, religion, region or any other status.

Likewise, within the *Empresa Familiarmente Responsable – Efr (Family Friendly Company)* model, in its Equal Opportunity dimension, the company will make job offers in its selection of personnel that do not discriminate on the basis of gender, nationality, disability and/or any other condition of a cultural, religious, sexual or racial nature.

The following table shows the gender composition of the positions by level, which highlights that women have the highest levels of participation across the organization.

Table 45 - Distribution of positions by gender

POSITIONS	Women	% Women	Men	% Men	Total
Management Level	29	60%	19	40%	48
Other levels	280	58%	203	42%	483
Total	309	58%	222	42%	531

In the selection, recruitment and induction procedure that Findeter has established, it is ensured that each of the steps to be followed is complied with under the policies described above, as well as its alignment with the general required competencies, with aspects related to the organizational culture and climate, from the searching of potential candidates to fill the different positions, up to the recruitment of the same.

These controls are defined from the same procedure used to analyze the applicants' resumes in relation to the fulfillment of the studies, experience and specific competencies of the applicants, without any discrimination based on sex, race, social status, religion, region or any other factor. This process is subject both to the management audit as well as the quality audit.

SALARY COMPENSATION

Five years ago Findeter underwent a transformation and since then salary studies have been carried out with external consultants in order to obtain, at a technical level, the competitiveness of the Entity's salaries with respect to the market rates, recognizing that this is a variable that allows the Talent required to achieve the goals of the Entity to be attracted and retained. As a result of these studies, the Board of Directors approved the proposed organizational structure. Every year the consultant updates the information according to the market.

There are currently two types of remuneration; for the managerial level there is an integral salary and there is the Board of Directors which is the body that authorizes the increases each year. For other positions there is a nominal salary and the increase in remuneration occurs according to what is agreed in the collective labor agreement that is in force.

7.3 CONCILIATION AND PROFESSIONAL DEVELOPMENT

7.3.1 FAMILY CONCILIATION

As an important Human Management policy, the Entity is committed to the development of competencies, skills, aptitudes, the suitability of its workers and the strengthening of the work, personal and family life balance. In this sense, it determines the Human Talent management guidelines and practices, where the principles of fairness, impartiality and transparency prevail when performing the processes of selection, induction, training, promotion, performance evaluation and continuous improvement of the Efr (Family Friendly Company) Systems and health and safety at work, which consolidate us as a Family Friendly Company.

The efr certification allows Findeter to be presented as a company that develops Family Friendly Policies and Practices, based on fact that the employee's family and the life project of each collaborator is a priority for the Entity, which reinforces the sustainability policy within the Organization.

The efr certification puts Findeter at the forefront of people management issues by allowing it, under quality standards, to group the entire portfolio of benefits for its workers, allowing us to be sustainable within the organization.

Three new initiatives in the efr model were created in 2016 as part of its continuous improvement:

- Three day marriage allowance
- Installation of an ATM in the Findeter headquarters
- Strategic alliance between the temporary services company, Findeter and Colsanitas, in order to offer the mission workers a preferential tariff that covers their family nucleus.



The programs that have had the greatest response on the part of the collaborators during 2016, and which reinforce the work, personal and family balance and also environmental impact, have been:

- **"Mejor en Bici" ("Better by Bike") initiative:** a measure that encourages physical activity, environmental improvement and time savings through frequent use of bicycles, with 85 people enrolled in the program, who on average saved 4.5 days to enjoy with their families, more than COP 400,000 pesos per month. CO2 savings of 3,372 kg were obtained, corresponding to what the users stopped polluting according to the usual means of transportation per kilometer traveled.

Table 46- Results of the "Mejor en Bici" ("Better by Bike") initiative

	Total	Average
Trips	3,812	233
Distance (km)	26,898	1.843
CO2 savings (kg)	3,372	275
Saving Time (Days)	72.4	4.5
Economic Savings	COP 8,065,000	COP 418,706

- **Cardiovascular risk program**, with which we seek to prevent cardiovascular diseases and promote healthy habits.
- **Working day flexibility**, with which we encourage workers to spend more time with their families.

The measurement of satisfaction with the Entity's Wellness programs for 2016 shows that, on average, 91.4% of the workers confirm that the best practices implemented in the administration of human talent have promoted the balance between personal, family and work life.

7.3.2 WORKING CLIMATE

Findeter, in the quest to make the Entity the best place to work, has for four years performed work environment surveys in accordance with international standards, under the methodology of the Great Place to Work® Institute who have developed and validated, on a global basis, a model for understanding the work environment in three planes whose pillars are:

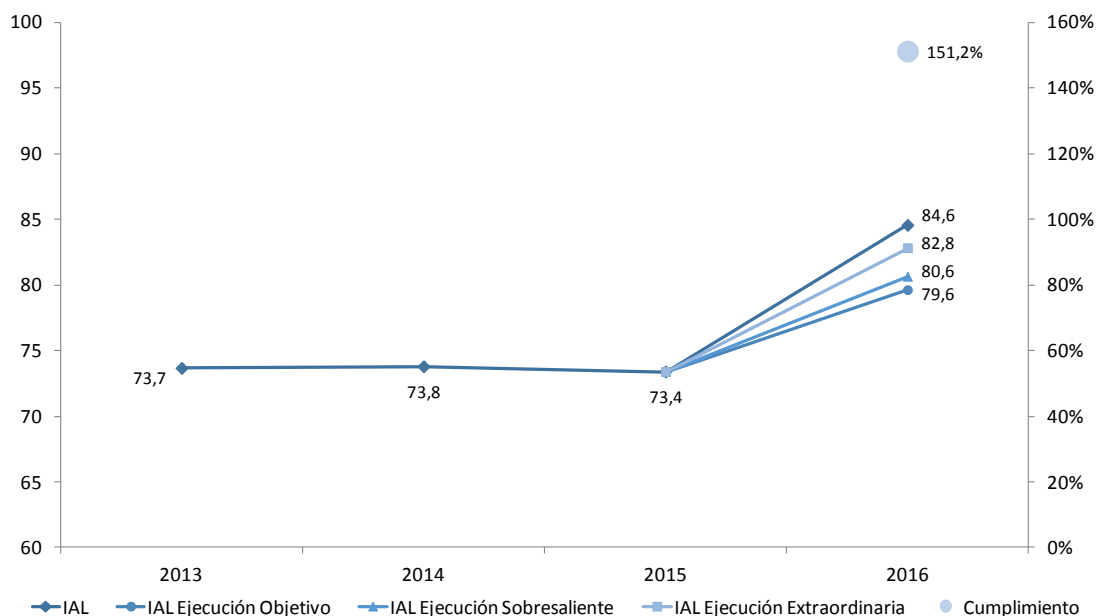
- The Confidence Inspired by Leaders and the Company
- The Camaraderie present in the working group
- The Pride that the work, the team and the company produces

The labor climate survey has allowed us to know the perception of all workers about the type and quality of relationships in their workplace, as well as the feelings that the different facets of the company produce. From the results obtained, action plans are developed with the different work teams in order to reduce the gaps of the lowest scoring variables.

Findeter obtained an LEI (Labor Environment Index) score in 2016 of 84.6 compared to a target LEI of 79.6, which demonstrates Extraordinary performance, as the result in 2015 was 73.4 which makes it possible to affirm that the actions taken to close the gaps generated a positive impact on the improvement of the organizational climate.

For 2017, it is expected to maintain the growth rate obtained in the 2016 measurement, in order to obtain at least an Outstanding LEI of 88.1 according to the GPTW target.

Table 47- Index of Labor Environment and Compliance



7.3.3 TRAINING

The evolution of the training in Findeter has made it possible to systematically update the knowledge and skills of workers in order to improve their skills in the development of their functions, aligned with the strategic direction of the organization, promoting the participation in different specialized or technical (non-formal) courses aimed at updating and complementing knowledge.

This is how the training of 590 people in the different programs results in an investment of 15.6 person-hours on average per month.

Training in Findeter is the support for the strategic plan in the short and medium term because it is aligned with the organizational culture, which allows integral collaborators to think about sustainable and profitable growth, in order to have the necessary elements to achieve the vision "To be the leading development bank that transforms regions into sustainable territories".

Four years ago the Professionals in Training program was implemented, which provides new professionals with a comprehensive and systematic knowledge of Findeter, so that they understand the meaning and significance of their actions in the organization, strengthening their commitment and sense of belonging, in order to optimize their contribution and work performance, thus gaining a competitive advantage from their organizational learning. This group of professionals is the seedbed for future generational relief.

Based on the training needs of the various units, the organizational competencies to be developed and the provisions of the strategic plan, each year's plan is built and executed according to the dynamics of the business. The participation of collaborators in different programs that allow them to develop their soft skills as a complement to the technical training they receive is encouraged by the Human and Administrative Management Department.

Training programs are classified according to the following modalities:

- **Corporate:** Legal and Judicial Framework, Strategic Direction, Products and Services, Social

Responsibility, Occupational Safety and Health, Good Governance, Ethics and Values.

- **Specific:** Risk management, Project management, Public administration, customer service, Monitoring and control, administrative, accounting, tax and financial matters, housing infrastructure, sustainability, legal aspects
- **Complementary:** Update on technological tools, Quality standards update, Online Government, ORAS - SARLAFT, SICM, Information security.
- **Improvement of organizational or managerial skills:** Provision for change, Self-development, Innovation and Creativity, Teamwork, Customer Orientation, Results Orientation with Quality, Execution and Follow-up, People Development.
- **Pre-pensioners program:** Findeter implemented the program to prepare for a lifestyle change and facilitate the adaptation to said change by developing a seminar that addresses the psychological, economic, family and legal aspects when collaborators retire. The program starts for persons that are three years away from retiring taking into account everything related to the current regulations of the Ministry of Labor and Social Security.

In order to ensure the follow-up of the training, a control of the participation of each worker is performed in which the time invested in the learning and the program that they attended is recorded, together with which strategic dimension they correspond to or the organizational competency that they want to develop or strengthen with said training.

We have a measurement indicator for man hours and the coverage of the same. The average man hours per month for 2016 were 15.6 hours with an average coverage of 90%.

For Findeter the training seeks to unify the corporate strategic criteria and guidelines for the satisfaction of clients and stakeholders, in the integrality of the products and services offered, as well as to update and expand the knowledge required in specialized areas and topics, to contribute to raising and maintaining a good level of individual efficiency and collective performance and to generate the appropriation and application of knowledge: to impact on collaborators the three dimensions of learning: *be*, *know* and *know how to do*, so that they can be better comprehensive people, finding meaning to their work and aiming and focusing on the balance of personal, family and work life..

This is why the evolution of training in Findeter is the response to the policies of talent development that have been implemented and the training is aligned to support the programs that the Entity leads for the regions, which require ever more specialized and integral professionals, aligned with the corporate culture and values.

Table 48- Training Hours

Year	Total Hours	Participants	Hours/people per year
2014	20,892	437	47.81
2015	21,919	537	40.82
2016	29,040	590	49.22

In 2016, there were 361 training events, which trained 590 people, who on average received 49 hours of training. The programs with the greatest number of attendees are related to topics including: the strategic plan, recruitment, leadership, quality standards, customer service and environmental awareness, among

others.

Table 49- Training of workers according to gender and position

Employee category	No. female participants	No. male participants	Total No. participants	Female training hours	Male training hours	Total hours of training	Average hours of annual training
INTERNS	26	8	34	754	243	997	29.32
ASSISTANTS, SECRETARIES	23	6	29	609	106	715	24.66
ANALYSTS AND PROFESSIONALS	264	215	479	13,174	8,401	21,575	45.04
DIRECTORS	5	6	11	549	910	1,459	132.65
MANAGERS	13	6	19	1,747	579	2,326	122.42
BOSSSES	7	3	10	627	257	883	88.33
PRESIDENT		1	1		218	218	218.00
GENERAL SECRETARY		1	1		70	70	70.30
VICE PRESIDENTS	2	4	6	322	474	796	132.70
TOTAL	340	250	590	17,783	11,257	29,040	49.22

ACHIEVEMENTS

- Realization of 15.6 training hours/person on average per month during 2016, with 90% coverage and with the opportunity to have more than 30 people abroad learning best practices to transfer to the Entity.

7.3.4 PERFORMANCE

In 2016, the performance evaluation for the period 2015 was carried out, with a participation of 345 workers able to participate in the process. It should be noted that for this evaluation of development management, a new tool was used that measured not only the competencies of the collaborators, but also the contribution to the improvement of the Climate and Organizational Culture and the potential thereof.

Table 50 - Performance Evaluation

PROFESSIONAL CATEGORY	FEMALE	MALE	TOTAL
Analyst	25	14	39
Administrative Assistant	10	3	13
Director	6	5	11
Manager	11	4	15
Boss	6	2	8
Messenger	0	1	1
Professional	133	108	241
Secretary	11	0	11
General secretary	0	1	1
Technical specialist	0	1	1
Vice president	2	2	4
Total	204	141	345

ACHIEVEMENTS

- Measurement for the first time of 360 ° leaders in the Organization, allowing them to contribute to their development aligned with the strategic plan.
- Measuring of the development management for other collaborators integrating innovative aspects such as organizational culture and climate, skills and potential.

7.3.5 OCCUPATIONAL HEALTH

The Administrator of Professional Risks (ARL) has classified Findeter in the minimum risk level, at present it is in Class I (Financial companies, office and administrative work, educational centers, restaurants) due to its economic activity. To date no new developments have been filed with the ARL with respect to alleged work-related illnesses.

As of 2016 no incapacities were generated due to occupational diseases or fatalities. This is the result of the preventive program of Occupational Safety and Health, which with the support of the ARL and the

management that is performed from the Human Resources and Administrative Management has obtained a reinvestment in 2016 of more than COP 48 million that allowed all the collaborators to be participants in the different programs that focus on their good health and safety.

ACHIEVEMENTS

- Redesign of more amenable spaces that lead to the generation of innovative and creative ideas
- Contribution to the improvement of the environment of the city of Bogotá with the creation of green walls on the terrace of the second floor of the main building and on the main façade, fulfilling the mission of our Organization to be sustainable.
- Findeter took the lead in insurance by acquiring coverage for the risk of cyberattacks for financial operations and data protection.

8 RELATIONS WITH STAKEHOLDERS

8.1 VALUE CHAIN

Within the strategies that Findeter carried out in its management during 2016 was to continue strengthening its relations with its stakeholders. This was performed through the information and communication channels, complying with the policy of Sustainability and Corporate Social Responsibility. We have been building this relationship not only from a basis of mutual trust and transparency, but we have also tried to emphasize the interests of the stakeholders and in satisfying them, considering that they are vitally important due to their impact on the results of the company and for being important actors with respect to sustainability, due to their direct and indirect impact on its management.

In the global environment where changes are increasingly significant, the role of stakeholders becomes fundamental in terms of the business, as the better prepared the business strategy is the more possibilities the company will have to identify new opportunities and challenges, and at the same time anticipate the risks and be prepared to minimize them. All this will eventually result in a better economic performance in addition to creating value for society and the environment.

Findeter in its relationship building process with its groups of interest as part of the materiality process researched for each of them, their needs, expectations and interests, through a direct relationship with some and with surveys with others, in order to achieve and assess the extent to which they can and will continue to respond.

This was possible thanks to the sustainability strategy that the Entity continues to develop this year and which we are embodying in our Management and Sustainability Report 2016 and that has provided the appropriate framework for the management of relevant issues in social, environmental and economic issues. In this strategy, we outline the Entity's vision, principles and policies, and define its approach to governance, stakeholder engagement, and communication with stakeholders from all areas of the business.

The following are the stakeholders taken into account:

- Shareholders, Board of Directors and Investors
- Suppliers
- Contractors
- Collaborators

8.1.1 CUSTOMERS AND MARKETING

Regarding our final clients or beneficiaries, the relationship lies directly with the Regional and Entity Zones. Each account manager, according to our institutional values, is oriented to the vocation of service, respect and commitment that as a result has led to a loyalty of 64% of our Beneficiaries, according to the most recent satisfaction survey conducted by the Entity.

On the other hand we have the Financial Intermediaries, who are allies of the Entity in the placement of credits. Loans are made available to the Final Beneficiary through them, which is Findeter attaches such great importance to these actors.

Currently we have a Financial Intermediation Management that is responsible for relationships with these intermediaries. In this way a close relationship is maintained with the managers of financial institutions and as a result we win businesses or projects that are not obtained from the Regional offices but through the branches of the banks. With this, Financial Intermediation Management helps to meet expectations for this year.

We are always looking to achieve an efficient communication with the financial intermediaries, which allows the disclosure of information of interest to the parties, we achieve this through relationship campaigns constantly focused on the understanding of Findeter by providing up to date information to the Financial

Intermediaries.

Finally, we are always working on the positioning of Findeter and its products with the Financial Intermediaries, being present at events and providing commercial support, in order to achieve credibility and prestige. We constantly train the Intermediaries with the purpose of publicizing our new lines of products and updating them on those already in force.

ACHIEVEMENTS

- Creation of 73 relationship plans in 26 cities of the country, as a process of disseminating Findeter's management with the most important media in each region; including the visit of the journalists to the executed works.
- Sending of 21 virtual bulletins with sectorized information to different stakeholders. This material includes photography, audio and videos of projects of interest to them such as Master Mobility Plans, Action Plans, Greenhouse Gas Tenders, CD issues, among others.
- The creation of 7 special informative magazines with specialized information on projects such as: the Caribbean Diamond and Santanders, Alide and Urban Forum, among others.

TARGET MARKET

Our target market is organizations, whether public or private, within the Colombian territory, that are within the sectors that can be financed by the Bank.

The financeable sectors are:

- Transportation Infrastructure
- Infrastructure for Energy Development
- Development of Urban Infrastructure, Construction and Housing
- Infrastructure for Drinking Water and Basic Sanitation
- ICT Infrastructure
- Environmental Infrastructure
- Education Infrastructure
- Health Infrastructure
- Tourist Infrastructure
- Infrastructure for Sport, Recreation and Culture
- Territorial Tax Disencumbrance

CUSTOMER SERVICE

During 2016, Findeter oriented its strategies, actions and objectives towards the client, seeking to provide the market with an excellent level of service, supported by the development of an internal organizational

culture focused towards the client; managing to project itself as a competitive entity in the market.

It is for this reason, that in 2016 efforts were made to improve and/or maintain the levels of satisfaction of the customer service channels, establishing as a goal excellence in the attention of the provided services such as chat, questions and suggestions.

In addition to this during 2016 the customer service project was also started, in which market research was carried out and a benchmarking on companies that could help in the development of the same, allowing the creation of a consolidated strategy for the project, which focuses on four major items: development of competencies, creation of service agreements, structuring of the service area and creation of service policies. The development of this strategy will begin in February 2017 and will be one of the main pillars to make customer service known as a key tool in Findeter's organizational structure.



See the complete customer service information in Annex-4

LOYAL CUSTOMERS

According to the company's latest satisfaction study, Findeter saw an increase of approximately 5% in the numbers of loyal customers between 2014 and 2015, up from 56% in 2014 to 61% in 2015. We can explain this by the work that has been performed by all the members of the Commercial Vice-Presidency to create lasting relationships with our customers.

BUSINESS INTELLIGENCE

The follow-up, monitoring and control of both the financial market and the commercial management of the commercial vice-presidency for the Entity is performed. We monitor the results of the commercial vice presidency through Management indicators. We plan, organize, direct and build reports and tools to achieve what is proposed within the objectives outlined by the commercial area and the Entity.

As workflow, on a weekly basis, we monitor the Entity's business through videoconferences, we analyze lost or deferred business, we consolidate and provide the results of monthly closes, of the account managers, regional office and commercial vice-presidency. In addition, we provide reports on results and indicators by market segment. We communicate the monthly report to each one of the members of the commercial vice-presidency, so that they have enough information and tools to help the development of plans that support the fulfillment of the outlined objectives.

On the other hand, one of the most outstanding functions of the area is the prospecting of clients through the study of client information from the Colombian market. With the support of market databases and communication networks, we have acquired a compendium of companies from which potential customers and potential businesses can be drawn. The Business Intelligence area is in charge of analyzing and segmenting the information up to the point of obtaining the companies that are matches for the products and services of Findeter. These companies are then distributed among all the commercial workforce of the entity depending on the coverage of each of the zones and regions by the Entity.

8.1.2 SUPPLIERS

During 2016, Findeter entered into contractual negotiations with suppliers for approximately COP 57,531 million.

Table 51 - Contracting with suppliers

CONTRACTS	AOC
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PROCESSES BY QUANTITY	QUANTITY	AMOUNT (COP)	QUANTITY	AMOUNT (COP)
Extras and Other Items less than COP 35,000,000	13	14,069,076	74	458,377,796
Extras and Others over COP 35,000,000	-	-	18	1,607,830,998
Extras and Other Items between COP 35,000,001 and COP 350,000,000	11	1,906,919,527	-	-
Extras and Other Items over COP 350,000,001	3	18,904,409,142	-	-
TOTAL EXTRAS AND OTHERS	27	20,925,397,745	92	2,066,208,794
Contracts over COP 350,000,001	7	24,469,917,783	-	-
Contracts between COP 35,000,001 and COP 350,000,000	7	1,661,309,702	-	-
Contracts less than COP 35,000,000	13	74,230,720	193	2,293,450,438
Contracts over COP 35,000,001	-	-	57	6,039,676,643
TOTAL CONTRACTS	27	26,205,458,207	250	8,333,127,081
TOTAL				57,310,191,827

8.1.3 COMMUNICATION CHANNELS WITH STAKEHOLDERS

In order to connect and interact with stakeholders and to achieve a positive perception and reputation with them, Findeter uses four axes of organizational communication:

- External communication that includes the delivery of management results, the strategic plan, mission and vision, service portfolio, relationship plans, business negotiations, government policies and corporate social responsibility.
- Internal communication, covering topics on: Organizational culture, change, leadership, innovation and values;
- Corporate communication developed for brands, reputation, marketing and customer service.
- Virtual communication that includes social networks, connectivity and website, among others; through which it informs, and interacts with, the different stakeholders, while disseminating important issues for each one.

Specifically, Findeter strengthened its relationship and continued communication with external stakeholders, improving the attention of requests, complaints, suggestions and now denunciations that have enabled the Entity to identify its needs to build improvement plans with the client:

- Website: Through the website users are able to access information about Findeter, allowing them to find out more about the Entity. The website has a "Contact Us" option where they can also submit their concerns and suggestions, and they will receive a solution in a maximum time of 15 working days from the specialized areas.
- During the analyzed period 217 submissions were received, and the response time was three days with a satisfaction level of 93%, maintaining the response times compared to the year 2015.
- Virtual Chat: This tool on the website allows citizens direct and immediate contact with the Entity, allowing them to get answers to any questions in the most agile and fast way. Since 2015 improvements have been made that have been well accepted by customers, with a current satisfaction level of 91%
- National toll free line 018000116622: This line provides citizens with an immediate contact and they receive a personalized service and obtain support within the established times
- Social Networks: These are all those virtual means that the Entity has to maintain a two-way communication with citizens, clients and strategic allies, such as: Instagram, Facebook and Twitter.
- Institutional Mail: This allows stakeholders to send their requests and requirements, receiving their solution as soon as possible.

On the other hand, the language that Findeter uses is very technical and that is why it is necessary to maintain the institutional discourse built during 2016, implementing strategic communicative actions that are very simple to understand, in order to be able to demonstrate the high impact works of the Entity to the different stakeholders, in an experiential way and with a regional and social approach.

The results of the Entity's work have a great impact on the inhabitants of the different departments and especially on the regions with the greatest basic needs to be satisfied; which is why it is necessary to issue permanent information about the projects, programs and works that will generate benefits in the medium and long-term. Therefore, during 2016, the Entity developed a communication strategy aimed at humanizing and bringing the results of the projects and programs that Findeter implemented in the different regions, in an experiential way and with a regional and social approach, through specific actions, such as:

- Workshops and dissemination forums on the progress of the Sustainable and Competitive Cities program in cities such as Barranquilla, Riohacha, Pasto, Monteria, Valledupar, Cartagena, Villavicencio, Santa Marta, Neiva and Ibagué.
- Forums and academic meetings in the Emblematic Cities such as: Barrancabermeja, Buenaventura, Galapa, Magangué, Quibdó, Sabana Centro, San Gil and Tumaco.
- Dissemination workshops with specific groups for the presentation and progress of the Caribbean Diamond and Santanders programs in Colombia, Pacific Diamond, Agropolis and Forest of Peace.
- Findeter also participated as a sponsor in more than 61 events in topics related to infrastructure, sustainable development, economic prospects, Competitive cities, among others, allowing it visibility and positioning itself as the Entity that supports sustainable projects, generating welfare in the regions.

Accordingly, each year, and in accordance with the scope of its Strategic Plan, the Entity builds an Organizational Communication Plan that includes tools and channels to disseminate its management and that contain a specific language, according to the target audience.

8.2 MATERIALITY

8.2.1 IDENTIFICATION, PRIORITIZATION AND VALIDATION OF ASPECTS AND MATTERS

In order to determine the relevant aspects for Findeter (internal environment) and the stakeholders (external environment), we conducted a consultation and dialogue process in accordance with the Global Reporting Initiative's G4 Sustainability Reporting Guide.

The process of materiality analysis has been carried out considering the vision of internal groups such as the collaborators, the steering committee and the Board of Directors, as well as externally with suppliers, clients and contractors, considered as priorities for this 2016 materiality exercise. Likewise, the content and quality principles proposed by GRI G4 have been taken as a reference both for the definition of contents and the preparation of the management and sustainability report 2016.

The identification of aspects and issues relevant to Findeter has been performed based on the consultation of primary and secondary information sources:

Primary information sources:

- Consultation via electronic survey to the Findeter Board of Directors
- Consultation via physical survey to those attending the Audience of Accountability 2016 held on November 1, 2016
- Consultation via electronic survey aimed at customers, employees, suppliers and contractors
- Consultation via multi-stakeholder workshop with clients, collaborators, suppliers and contractors, which was held at Findeter's Bogotá facilities on November 17, 2016

Secondary information sources:

External:

- Principles of the Global Compact
- Core subject matters of ISO26000
- Key issues of the National Development Plan 2014 - 2018 Colombia

Internal:

- "Indicators for Findeter" Document in Excel
- Findeter strategic plan 2015-2025
- Materiality 2015 Findeter Management and Sustainability Report

PRIORITIZATION OF ASPECTS

After the identification of the relevant issues obtained from secondary sources, a definition of the GRI G4 aspects to be consulted was carried out, together with the sub-aspects that constituted them and which served as a basis for the presentations and formats used within the 2016 consultation and dialogue exercises with stakeholders.

The prioritization of the aspects is related to the perception of the stakeholders consulted, taking into account the degree of importance of each one and the social, environmental, and economic impacts of the organization.

The groups of interest consulted and the mechanisms by which the prioritization of aspects for the year 2016 was carried out were as follows:

VALIDATION AND REVIEW OF PRIORITIZED ASPECTS

In order to validate the material matters and aspects the following is evaluated:

- Scope: the set of Aspects that are addressed in a report,
- Coverage: the description of where the impacts of each material aspect are produced
- Time: completeness of the selected information for the period subject to the report

Validation ensures that the report provides a reasonable and balanced representation of the organization's sustainability performance, for both its positive and negative impacts. Therefore, if an indicator is considered material, but the aspect to which it corresponds was not identified as such, it is necessary to evaluate whether to consider it material.

In this context, in order to ensure that the materiality reflects in a reasonable and balanced manner the issues relevant to Findeter's sustainable performance, after obtaining the final scores for each GRI G4 prioritized aspect, the cross referencing was performed both for Findeter and its stakeholders, with a total of 40 aspects obtained, of which 19 are considered material (identified with a "*" in the following table). It is emphasized that although the "training and education" aspect was not calculated as material, after reviewing the materiality matrix and considering it to be a generator of positive impact on the collaborators, Findeter has also selected it as a material aspect.

Table 52 - Prioritization of material aspects

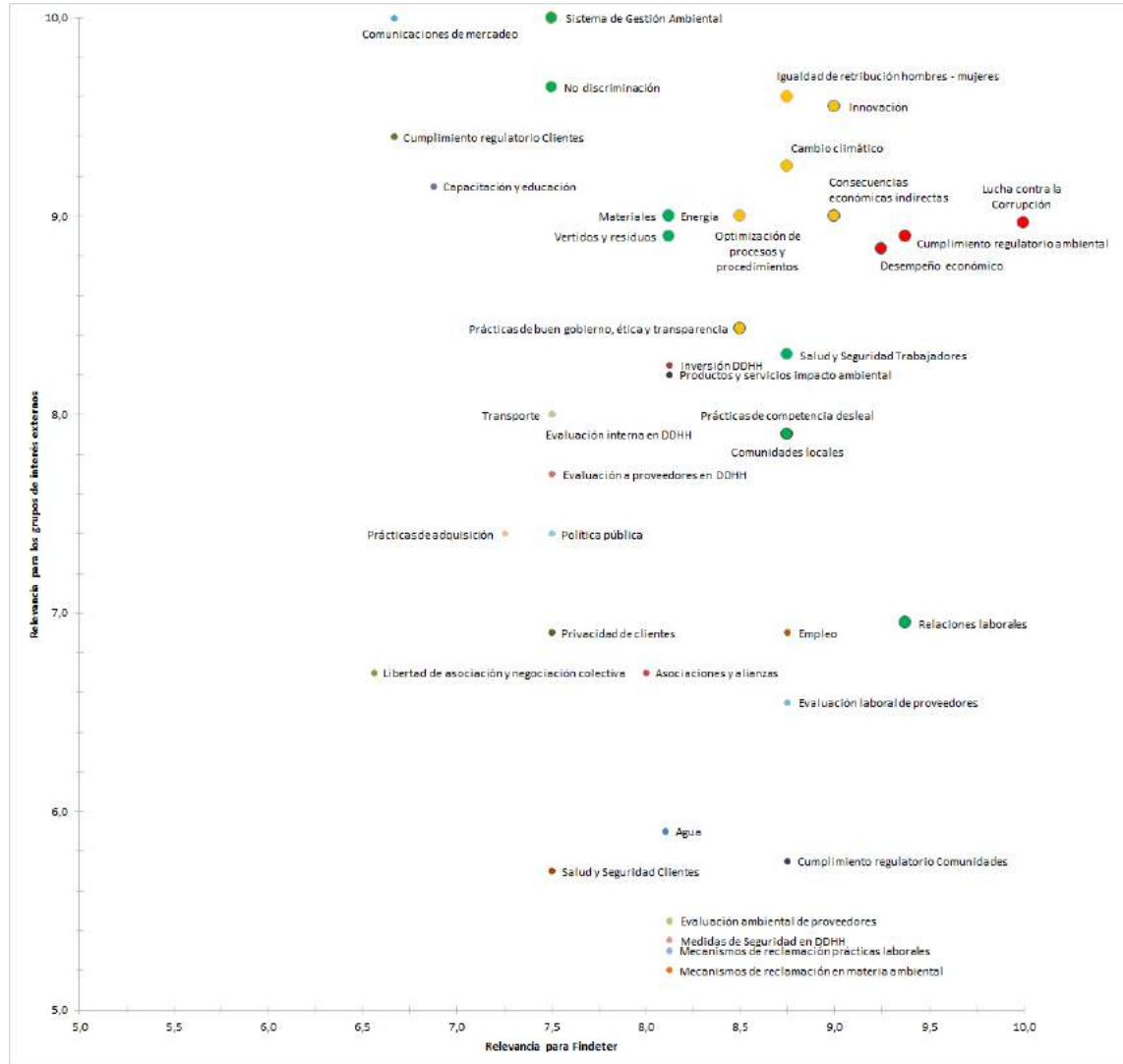
No.	Prioritized aspect
1	Environmental regulatory compliance *
2	Economic performance *
3	Fight against Corruption *
4	Climate change *
5	Indirect economic consequences *
6	Equal pay for men - women *
7	Innovation *
8	Optimization of processes and procedures *
9	Good governance practices, ethics and transparency *
10	Local Communities *
11	Energy*
12	Materials*
13	Nondiscrimination*
14	Practices of unfair competition *
15	Labor relations*
16	Health and Safety for Workers *
17	Environmental management system*
18	Dumping and waste *
19	Training and education *
20	Marketing Communications
21	Regulatory Compliance Clients
22	Employment

No.	Prioritized aspect
23	Human Rights Assessment Suppliers
24	Internal evaluation in Human Rights
25	Employment Assessment Suppliers
26	Human Capital Investment
27	Environmental impact of products and services
28	Transport
29	Associations and alliances
30	Regulatory Compliance Communities
31	Public politics
32	Customer Privacy
33	Water
34	Environmental Assessment Suppliers
35	Freedom of association and collective bargaining
36	Mechanisms for environmental claims
37	Mechanisms for labor practices claims
38	Human Rights Safety Measures
39	Acquisition Practices
40	Health and Safety Clients

8.2.2 MATERIALITY MATRIX

The materiality matrix 2016 is presented below, which graphically plots the result of the analysis, locating the identified issues and aspects based on their internal and external significance for the organization:

Graph 3- Materiality Matrix



- Agua
- Asociaciones y alianzas
- Cambio climático
- Capacitación y educación
- Comunicaciones de mercado
- Comunidades locales
- Consecuencias económicas indirectas
- Cumplimiento regulatorio ambiental
- Cumplimiento regulatorio Clientes
- Cumplimiento regulatorio Comunidades
- Desempeño económico
- Empleo
- Energía
- Evaluación a proveedores en DDHH
- Evaluación ambiental de proveedores
- Evaluación interna en DDHH
- Evaluación laboral de proveedores
- Igualdad de retribución hombres - mujeres
- Innovación
- Inversión DDHH

- Libertad de asociación y negociación colectiva
- Lucha contra la Corrupción
- Materiales
- Mecanismos de reclamación en materia ambiental
- Mecanismos de reclamación prácticas laborales
- Medidas de Seguridad en DDHH
- No discriminación
- Optimización de procesos y procedimientos
- Política pública
- Prácticas de adquisición
- Prácticas de buen gobierno, ética y transparencia
- Prácticas de competencia desleal
- Privacidad de clientes
- Productos y servicios impacto ambiental
- Relaciones laborales
- Salud y Seguridad Clientes
- Salud y Seguridad Trabajadores
- Sistema de Gestión Ambiental
- Transporte
- Vertidos y residuos

8.2.3 COVERAGE OF MATERIAL ASPECTS

Table 53- Coverage of material aspects

no.	Material aspect	Corresponds to:	Relevant within Findeter	Relevant outside Findeter
1	Environmental regulatory compliance	Compliance with applicable environmental regulations	✓	
2	Economic performance	Economic management of Findeter and positive evolution of economic results, improvement of public welfare derived from the activity of Findeter and Cooperative/joint cooperation activities and programs with other organizations	✓	
3	Fight against Corruption	Mechanisms for preventing corruption and preventing money laundering and fraud	✓	✓
4	Climate change	Emissions of greenhouse gases to the atmosphere, mitigation and adaptation plan	✓	✓
5	Indirect economic consequences	Impact on the regions and integrated territorial development		✓
6	Equal pay for men - women	Equitable compensation	✓	
7	Innovation	Innovation projects, in particular Findeter's Center for Innovation and Knowledge (CIK)	✓	
8	Training and education	Training plans for all workers, including training in environmental and social policies applied to the business, performance evaluation and retirement programs	✓	✓

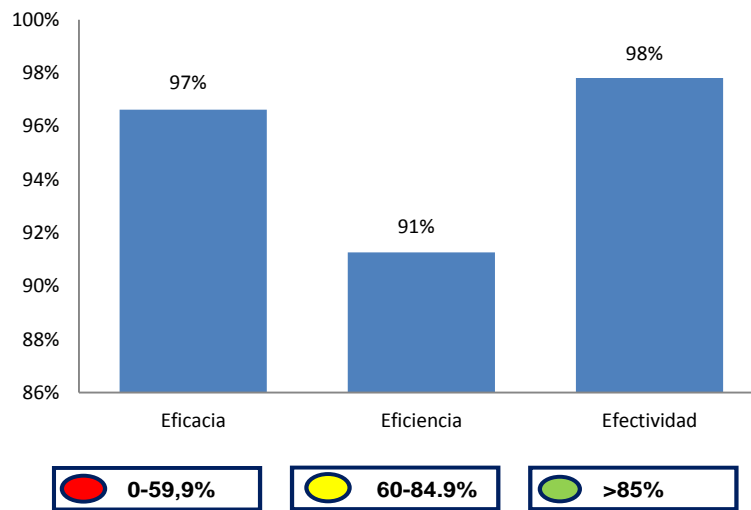
9 PROCESSES AND CONTINUOUS IMPROVEMENT

9.1 INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System, which is composed of: the Quality Management System (QMS), the Environmental Management System (EMS), the Standard Internal Control Model (SICM), the Operational Risk Management System (ORMS), and the model for the management of the reconciliation of personal, family and work life, continued with its maintenance as a basic input to achieve continuous improvement in the management of the Entity, internal control and attention to institutional risks.

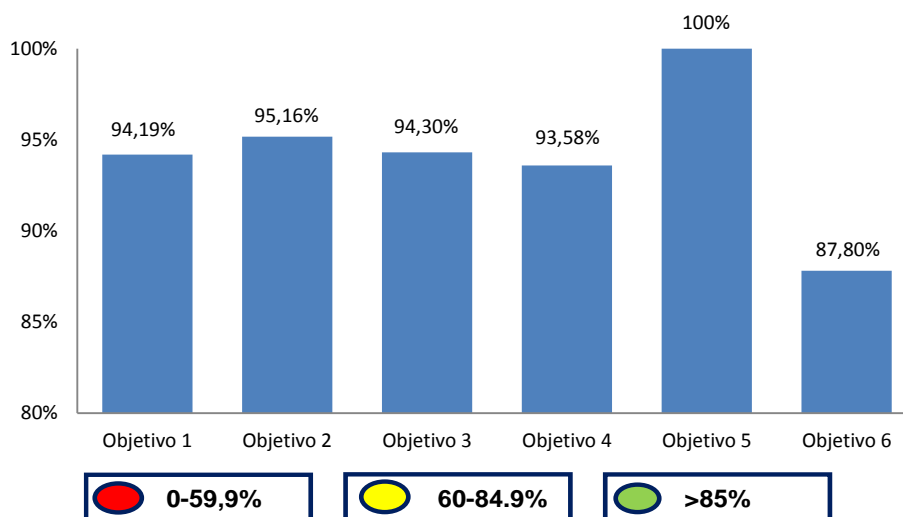
The analysis and measurement of the management indicators shows that the efficacy, efficiency and effectiveness of the Entity showed a positive behavior with the following results.

Graph 36- IMS Compliance Level



The objectives of the IMS showed compliance above 93%, with the exception of the indicator of Environmental Management that recorded compliance of 87.80%.

Graph 4- Compliance with IMS objectives



Objective 1. Increase the level of satisfaction of Findeter's internal and external customers.

Objective 2. To increase the level of opportunity in Findeter's communication.

Objective 3. Optimize the level of effectiveness of the entity's controls.

Objective 4. Improve the level of opportunity with accurate, necessary and clear information.

Objective 5. To increase the level of competence and quality of life of employees.

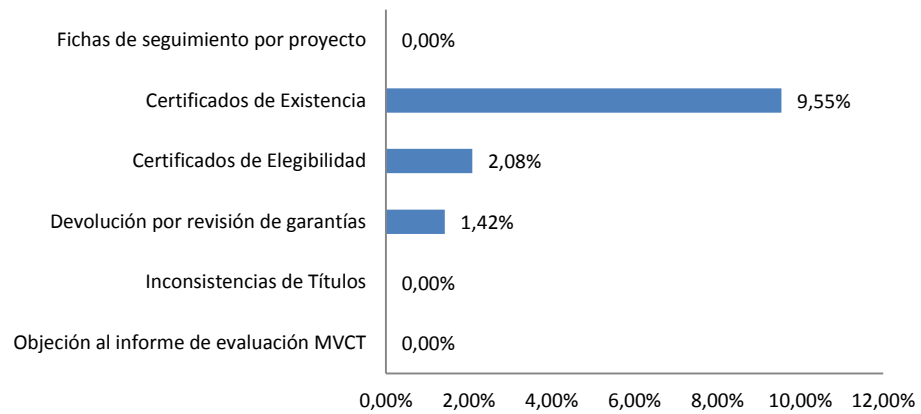
Objective 6. To manage good practices to generate environmental awareness among Findeter's partners to promote the efficient use of natural resources and to adequately dispose of hazardous wastes.

At Findeter we have identified six nonconforming products (NCP) which during 2016 presented the following behavior:

Table 3- Nonconforming Products 2016

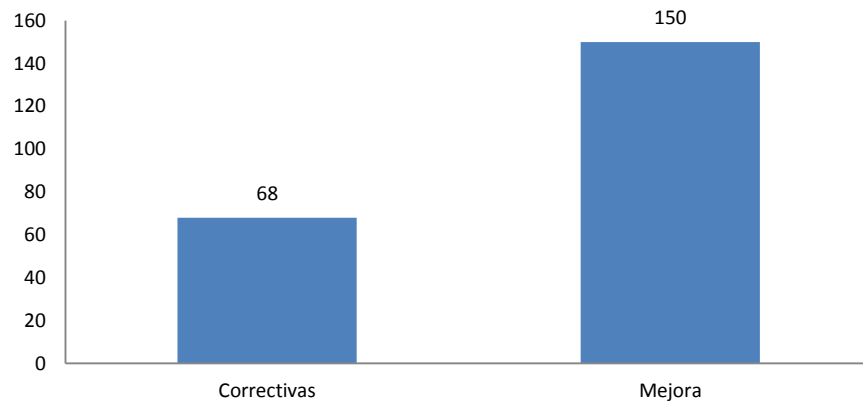
Name	NCP	Total Products	NCP (%)
Objection to the MVCT evaluation report	-	22	0.00%
Inconsistencies of Titles	-	3	0.00%
Return for warranty review	7	493	1.42%
Certificates of Eligibility	1	48	2.08%
Certificates of Existence	1,000	10,475	9.55%
Project tracking sheets	-	-	0.00%

Graph 38- Non-conforming Product

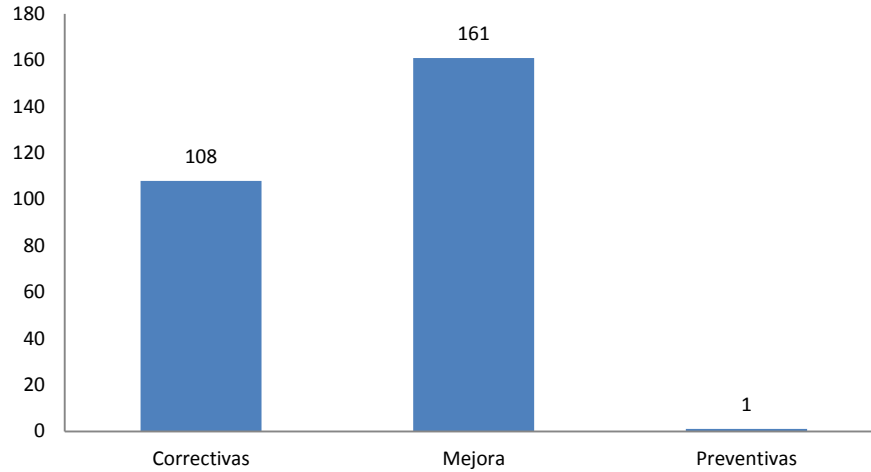


During 2016 we formulated 219 corrective, preventive or improvement actions distributed as follows: 68 corrective actions and 151 improvement actions which indicate that the evolution with respect to the continuous improvement of the system was 69%. Likewise, we closed 2016 with 270 executed actions corresponding to 108 corrective actions, one preventive action and 161 improvement actions. These actions were formulated during 2013 to 2016. The actions derived from both the internal audit of the IMS and the internal management audit were the sources that had the largest participation with 80%.

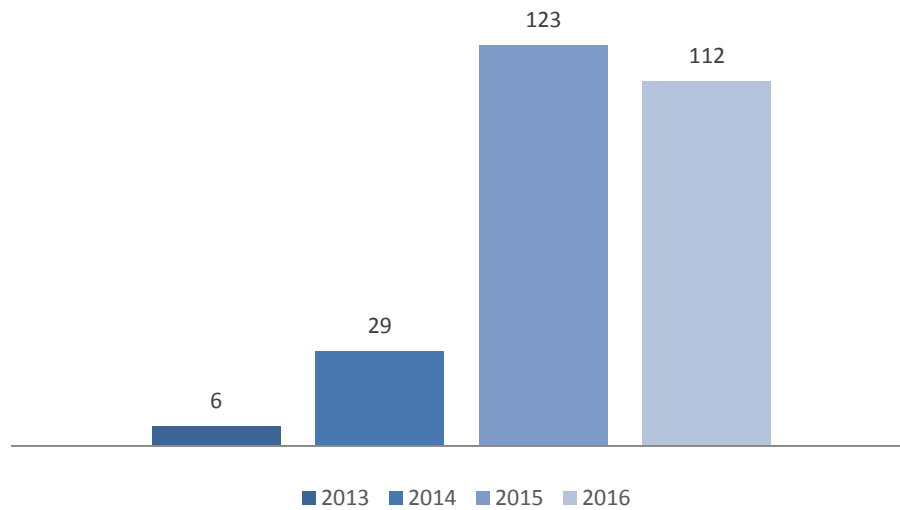
Graph 39- Actions formulated in 2016



Graph 5- Actions completed in 2016



Graph 6- Completed formulated actions by year



The first follow-up audit to the Quality Management System reaffirmed our Certification until 2018, demonstrating compliance with the requirements of ISO 9001: 2008 and NTCGP1000.2009. Likewise, the second follow-up certification audit for the ISO14001-2004 Environmental Management System standard showed that Findeter is committed to identifying the environmental impacts that we generate at our headquarters and that we propose programs to control them.

This is confirmed by the ninth IMS Internal Audit cycle, which reflected the commitment, sense of belonging and work of our teams in the internalization of the System in their daily work. As of December 2016 we have 17 processes certified in both standards.

GOALS

- Make the transition to the 2015 version of the ISO 9001 and ISO 14001 standards to ensure that the IMS complies with the requirements defined by these standards, based on the training received by an interdisciplinary group of the Planning, Internal Control and Vice-Presidency Management on the updating of standards in the 2015 version.
- Continue with the implementation of the ISO 27001: 2013 Information Security Management System, integrating it into the Findeter Management System and achieving its certification in the second half of 2017.

9.2 INNOVATION

The Center for Innovation and Knowledge (CIK) of Findeter promotes and facilitates the conceptualization and approach of new initiatives and actions that enhance innovation and knowledge management as elements of differentiation of the Entity, in order to generate value and to support the fulfillment of the Institutional mission.

The CIK aims to:

- Channel and promote the innovation and management of knowledge to improve the competitiveness of the entity, through initiatives supported in the research, development and innovation (R&D&I) and the transfer of knowledge in key areas or sectors of Findeter's stakeholders.
- Capitalize and share the knowledge generated from the interaction between individuals, institutions, companies, and society, derived from financing actions, project development, technical assistance and other specialized services provided by Findeter in the public and private sectors.
- Promote the innovation culture of the institution.
- Support all R & D & I activities in the different programs of the entity, in order to find solutions to the problems of the territories.

The execution of the different integrated territorial development programs has allowed the generation, adaptation and transfer of knowledge, enriched by good practices and lessons learned, that must be managed to leverage innovation in the Institution. The CIK seeks to make this knowledge accessible to more people and increasing the learning capacity of the organization.

In 2016 several actions were taken to strengthen innovation in Findeter, among which two agreements stand out that were formalized in the framework of collaboration with academia, specifically with the Universidad Nacional de Colombia and Universidad de los Andes, with the consolidation of the magazine Pensamiento Urbano (Urban Thinking), and the implementation of the Public Private Partnerships Booklet.

In the short term, the development and implementation of the Knowledge Management model is planned, which entails actions such as alignment with the organizational culture and the formalization of agreements with Universidad del Valle, Universidad del Norte and Universidad de Antioquia. For Innovation Management, the purpose is to implement and appropriate a model for the institution.

9.3 LEGAL MANAGEMENT

9.3.1 WRIT FOR THE PROTECTION OF FUNDAMENTAL RIGHTS

With respect to the legal processes of the Entity, an effective legal and judicial representation is highlighted. This is evidenced by a favorable percentage of close to 100% in the decisions with respect to writ actions where the Entity was involved. In the year 2016, a total of 74 constitutional actions of this type were replied to, which were all ruled in favor of Findeter.

9.3.2 LEGAL ACTIONS AGAINST FINDETER

Tabla 4- Legal actions against Findeter

Attorney	Process class	Requested amount (COP)	Provision Value (COP)	N ° of Processes
External attorneys	Ordinary Labor	7,820,946,536	1,098,213,687	22
	Insolvency	156,951,168	-	1
	Direct Damages Compensation Action	8,500,458,490	-	19
	Arbitration	4,135,918,702	-	2
In house Attorneys	Ordinary Labor	3,426,829,637	1,510,667,829	5
	Direct Damages Compensation Action	3,795,361,149	-	7
	Contractual action	600,000,000	-	1
	Incidental action	369,886,850	-	4
	Group Action	7,501,799,286	-	3
	Contractual action	1,351,815,261	875,000,000	2*
	Restoration of rights and nullity action	164,099,859	11,393,142	3*
Total		37,824,066,938	3,495,274,658	69

* Corresponds to Processes against the Funds administered by Findeter.

Table 56 - Processes Against Autonomous Equity

Attorney	Process class	Requested amount (COP)	Reserve (COP)	N ° of Processes
External attorneys	Arbitration	7,289,891,261	7,832,057,692	3
	Ordinary Labor	2,626,355,323	437071296	13
In house attorneys	Direct Damages	426,210,697	426,210,697	1
	Claims	-	-	1
	Extrajudicial conciliation	506,574,331	-	3
Total		10,849,031,612	8,695,339,685	21

Table 57- Processes promoted by autonomous patrimony

Attorney	Process class	Requested amount (COP)	Reserve (COP)	N ° of Processes
External attorneys	Arbitration	5,875,849,439	915,769,249	3
Total		5,875,849,439	915,769,249	3

TOTAL CLAIMS	16,724,881,050
TOTAL RESERVES	9,611,108,934

Table 5- Others - Against Findeter

Process class	Amount requested (COP)	Provision Value (COP)	N° of Processes
Claims	925,921,144	-	2
Out of court settlements	2,761,520,268	-	8
Total	3,687,441,412	-	10

Table 59- Processes initiated by Findeter

Process class	Amount requested (COP)	Provision Value (COP)	Nº of Processes
Civil Ordinary	1,827,864,000	-	1
Executive - Former employees	1,078,867,658	-	15
Executive – International	37,804,571,143	-	3
Executive – BCH	75,468,541	-	2
Executive – INSFOPAL	6,191,690,137	-	10
Executive - Local Monitor (program created by Findeter)	54,960,000	-	2
Executive - Utilities (co-financing agreements)	130,255,844	-	6
Total	47,163,677,323	-	39

In total, there are 121 processes of which 106 correspond to judicial processes or other instances.

9.3.3 PORTFOLIO SALE TO CISA

In 2012, an inter-administrative agreement was signed with CISA and the Ministry of Finance, in order to sell the portfolio of the processes that due to the concept of collection of resources of the Funds Administered by Findeter were undergoing summary collection proceedings in the contentious-administrative jurisdiction and liability restructuring processes under Law 550 of 1999. As a result of this sale, a portfolio represented by 813 obligations under executive proceedings for a value of COP 35,130 million and 268 agreements for the restructuring of liabilities of territorial entities for an amount of COP 11,800 million were disposed of.

All of the above has allowed a significant reduction of this portfolio, which as of November 30, 2016, amounted to COP 8,151 million, which implies a reduction between 2011 and 2016 of 94.25% of the portfolio.

Table 60 - Portfolio sale to CISA

Funds	Balance to be refunded	Balance to be refunded Nov.	Reduction
-------	------------------------	-----------------------------	-----------

	Dec 31/2015	30/2016	
Total	16.840	8,151	8,688

Reimbursement	Seizures	Displaced people and victims	Payment Agreements
51	1,619	6,608	408
Total Reduction	8,688		

Figures in Millions of pesos

Other highlights of the legal management of the entity were:

- **Securitization 2016:** From the beginning of 2016, with the Titularizadora de Colombia ("Colombian Securitization Company") it was possible to securitize rediscount credits for COP 233,900 million in May.
- **Protection of Personal Data:** Through the recommendations issued to different areas of the Entity, the applicability of the regulations for the protection of personal data and access to public information has been interpreted, as well as the establishment of guidelines to comply with said rules.
- **Technical Assistance Assessments:** Legal evaluation of Housing projects, recreational sports parks, urban facilities, water, Priority Housing for Savers - PIHS and urban and school infrastructure.
- **Elaboration of internal opinions during 2016:** The entity's opinion on relevant issues of the legal field was announced as a result of the concerns raised by the different areas. In this sense and as a result of the opinions, we released the legal opinions related to the Trusts administered by Findeter; of prepayments by the Municipalities in the operations of Water Bonds; of real estate valuation updates on which there is a guarantee in favor of Findeter; and the liquidation of trust funds in projects belonging to the sector of Drinking Water and Basic Sanitation, among others.

ACHIEVEMENTS

- Creation of the Normograma platform, an easily accessible technological platform, which collects and groups, on the one hand, all relevant information corresponding to norms, laws, decrees, jurisprudence and recommendations issued by State authorities and Supervisory Entities, among others; and on the other hand, all the information corresponding to the Integrated Territorial Development that includes both technical advice and project structuring.

9.4 DOCUMENTARY MANAGEMENT

Findeter formulates, executes and inspects the execution of the activities related to documentary management and which are regulated by the General Archive of the Nation in compliance with Law 594 of 2000. For the fulfillment of this purpose it articulates the execution of services registered in the procedures

of the Administrative Management process which are executed in the following units:

- Correspondence window:
- Document Management Center
- Courier services

During 2016, the following activities were carried out:

Correspondence window and courier services: During the year, through the correspondence window, we have circulated approximately 70,000 communications, which are received and delivered through the services of filing, internal distribution, and local, national and international courier services that are coordinated from our headquarters.

Archival improvement plan: In June 2016, we completed the implementation of the Archival Improvement Plan 2012 - 2016 (AIP), which was presented to the General Archive of the Nation as a strategy to position ourselves as one of the exemplary entities in the administration of its documental heritage. The General Archive of the Nation confirmed the fulfillment of the established goals.

Implementation New Document Management Software - POXTA: The new document management system called POXTA was implemented, which offers great advantages in terms of the electronic document management process and its flow within each of the different processes areas of the Entity.

The main benefit achieved is time saving, by having all the documentation in a single repository and with the same rules of description, creation, classification, capture, etc. All the files are now more accessible, facilitating the process of search and retrieval of information, which streamlines the activities within the Entity and our timely response to customers

9.5 OPERATIONS AND TECHNOLOGY MANAGEMENT

9.5.1 BUSINESS INTELLIGENCE - BI

The objective of this project was to provide the Entity with a unique tool for the analysis of information and the presentation of data that effectively supports decision making, whose source of information are the different systems of the Entity and the application of business rules.

The result is that today Findeter has a world-class business intelligence tool, which supports the decision making of the areas of the Commercial Vice-Presidency, Financial Vice-Presidency, Planning Management and the Technical Vice-Presidency. This solution is flexible and makes it easy for our users to create, modify and reuse their own control panels, indicators and reports, which can also be programmed for the automatic sending to other people in the entity.

9.5.2 CONSTRUCTION AND AUTOMATION OF THE DATA WAREHOUSE OF ECONOMIC INDICATORS

The main objective of this project was to enable the ability to obtain in an automatic and timely way the values of economic indicators of the market, rates and currencies, which are the data drivers of different applications and the CORE processes of the entity.

This was achieved by building a centralized data warehouse of indicators and rates, using SOA (Service Oriented Architecture) components and obtaining data from our supplier of economic indicators.

The entity improved the efficiency in the management of financial operations and reduced the risk involved in the manual loading of economic indicators in the applications. Additionally, the Entity has a store of economic indicators at its disposal, with historical and updated data that can be reused by any additional information system and/or processes that require it.

9.5.3 FINDETER VIRTUAL REDESIGN

The objective of this project, which was developed during the year, was to renew the Findeter Virtual platform in order to position it as a modern, usable and accessible tool that would allow us to improve the experience of our users, thus fulfilling the challenges imposed by the Strategic Plan of the Entity.

With this tool we benefit our customers, employees and former employees with operational improvements in usability and accessibility, aligned with the current graphic style of Findeter.

Additionally, we were able to reduce travel costs due to the realization of virtual trainings that are available online.

The official launch will take place in the first quarter of 2017 and the respective communication campaign will be carried out with all interested parties.

9.5.4 STRATEGIC INFORMATION TECHNOLOGIES PLAN - SITP

During 2016, Findeter started defining the new Strategic Information Technologies Plan (SITP), aligned with the Entity's Strategic Plan, the execution of a business architecture exercise and the analysis to establish the level of maturity of the processes and services of the Findeter Technology Directorate.

9.5.5 INFRASTRUCTURE

With respect to the Infrastructure, Findeter focused on the processing and communications platform, managing to implement environments in the cloud, which results in a decrease in costs with variable billing which depends on consumption, it also favors the obtaining of resources in a more agile and flexible way.

In order to favor the performance and quality of the communications services, the bandwidth of the channels and of Internet access to users were doubled.

Aligned with the requirements of the *Gobierno en Línea* ("Online Government") initiative, we advanced with the implementation of IPv6 protocol, (latest generation Internet Protocol, designed to replace the current Internet protocol, IP version 4) deepening the diagnosis of our technological infrastructure, the definition of the transition strategy and coexistence of this new protocol with IPv4. In the same way, our technical and business personnel were trained and sensitized in the face of the challenges that arise from this transition.

Likewise, we continue with the implementation and strengthening of computer security controls, with the guidelines and policies established by the Vice Presidency of Risks, in order to continuously improve this factor, which is always relevant and of great importance to the Entity.

ACHIEVEMENTS

- Automatic reconciliation was implemented with two financial intermediaries, allowing agility in the provision of information to determine the balances of accounts for payment to suppliers and others.
- The administration and control of multilateral banking resources were systematized, which are used to issue rediscounts in dollars and pesos and to register with the Colombian Central Bank, allowing the availability of information required for decision-making and compliance with the regulations of the exchange regime in a timely manner.
- The process of charging rates for the valuation of investments and derivative operations was automated, minimizing operational risk, providing timely information and operational efficiency by reducing times at the daily close and reliability.

GOALS

- To expand the functionality and increase the use of the Findeter Virtual tool by our intermediaries and clients, providing agility and opportunity in the service provided by the Entity, making the processes of credit management more efficient.
- To optimize the management and recovery process of the different portfolios, reflected in efficiency and quality.
- To implement a tool for the administration and control of the entity's fiduciary management.
- To optimize the billing flow, through the automation of processes, such as the approval of payment orders.
- To develop and implement an application that allows the evaluation and follow-up of the proposals of the tenders for contracting in the technical area.
- To integrate the calculation of the daily profit generated in the savings accounts with Findeter accounting, allowing the verification of compliance with the rates agreed with the Financial Institutions and to have accurate information on the availability of resources.