

MANAGEMENT AND SUSTAINABILITY REPORT 2019



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LETTER TO OUR SHAREHOLDERS

(102-6, 102-7, 102-14, 103-2 Water and sanitation projects, 103-2 Projects aimed to benefit vulnerable communities, 103-2 Infrastructure projects for education, 103-2 Offer of territory-focused products, 103-2 Sustainable cities and communities)

Dear shareholders,

In 2019 we at Findeter continued to consolidate our position as the strategic partner of the National Government and the territories. During this period, as a Colombian Territorial Development Bank, we managed to effectively execute commitments of the national agenda and assist the planning, structuring, financing and execution of infrastructure projects aimed to build more competitive, dynamic and sustainable territories. Through an integrated management model, our entity has been able to reach the regions and provide successful comprehensive support to make sustainable projects a reality. This year we achieved a cumulative coverage of 626 municipalities throughout the country, which makes us an efficient vehicle for the implementation and execution of the National Government's programs and brings us a step closer to achieving our goal of having an ever-increasing outreach to underserved municipalities across the country.

Spatial planning has been an invaluable instrument for national territories, because it sets out a medium and long-term roadmap towards achieving the regions and municipalities' vision of becoming sustainable territories. This has allowed us to recognize the strengths, opportunities and gaps in each territory and to propose integrated solutions to improve the population's quality of life. In 2019, we delivered four action plans from the Sustainable and Competitive Cities program (Rionegro; Sincelejo - Corozal; Riohacha; and Cucuta Metropolitan Area), four action plans from the Emblematic Cities program (Anapoima, Villa de Leyva, Villanueva and Puerto Lopez), and completed the Land-use Planning projects for the Departments of Atlantico and Santander, as well as the Popayan Public Space Master Plan. Therefore, our entity has been responsible for spatial planning through 26 different projects valued at COP \$40 billion.

In November 2019, we launched the Sustainable Development Route strategy, which seeks to involve the new mayors and governors to promote social infrastructure projects that improve the quality of life of Colombians. With this initiative we offered leaders an analysis methodology to obtain a diagnosis of their territory and identify projects that are a priority for the sustainability and competitiveness of the municipality or department. For 93 municipalities and the country's 32 departments, we identified 1,296 projects that require investments of more than COP \$10.9 trillion, which were summarized in municipal and departmental booklets that have already been delivered to the political leaders.

Through our project structuring, we validated in 2019 four Public-Private Partnerships (APP) for Bogota, arranged high-impact projects such as highly complex hospitals and public lighting and signed an agreement with the Territorial Renewal Agency (ART) for the development of health, education and energy projects in the territories, within the Territory-Focused Development Programs (PDET).

Furthermore, our entity performed an extraordinary commercial management in the placement of loans. Disbursements last year amounted to COP \$2.73 trillion, COP \$342 billion above our projections, achieving 114% of the annual goal. With these resources, we financed 318 infrastructure projects in 93 municipalities across the country. Of this total, we managed Offset Rate resources for COP \$1.09 trillion and financed 179 projects through different lines such as Reactiva Colombia, thus enabling the channeling of resources to different sectors of the national economy, driving their momentum and supporting the fulfillment of the objectives set out by the National Government in the 2018-2022 Development Plan.

The sectors where most resources were disbursed were transportation (20%), drinking water and basic sanitation (20%), urban infrastructure (19%), healthcare (15%), energy development (13%) and water (10%). The remaining percentage was allocated to tourism, technology, environment and sports, recreation and culture. Accordingly, the departments that received the most resources were Antioquia (21%), Atlantico (18%), Capital District (12%), and Valle del Cauca (10%). The remaining resources, corresponding to 39%, were distributed among 20 other departments in the country.

2019 also saw us complete and deliver 193 infrastructure projects, for whose implementation we provided

technical assistance value at COP \$1.19 trillion. At the end of the year, our entity had 354 projects in execution for a value of COP \$2.98 trillion, 87 of which belonged to the Water and Basic Sanitation program, 178 to the Sustainable Infrastructure program, 80 to the Housing programs, seven in San Andrés and two ICT projects. Additionally, in 2019 we started 127 new projects, which represents a growth of 46% over the previous year, for a value of COP \$1.52 trillion. Regarding our impact indicators, 24,378 families are beneficiaries of social infrastructure projects, 1.5 million people of water and basic sanitation projects, and 8,479 of housing projects. Also, thanks to our extensive experience in the execution of housing programs, in 2019 we began supporting the execution of the “Casa Digna Vida Digna” Program, which seeks to reduce the country’s qualitative housing deficit.

To succeed in our mission, we at Findeter have maintained excellent management ratings. In 2019 Fitch Ratings Colombia SA held our credit risk ratings “AAA” for Long-Term Debt and “F1 +” for Short-Term Debt, making us one of the State institutions with the highest levels of reliability in the financial system. Investor confidence was confirmed with the positive reception of our sustainable bond issue, the first of its kind in the country.

Regarding our financial management, we kept a solid behavior ready to undertake the different commitments raised by the National Government. In 2019, our assets amounted to COP \$10.2 trillion, which represented a 5.0% increase compared to 2018. Equity increased by 7.22%, from COP \$1.14 trillion in December 2018 to COP \$1.22 trillion in December 2019. Net income was COP \$73,911 million, which represented a growth of 30.68% compared to 2018. Finally, in line with our commitment to the 2030 Agenda and the Sustainable Development Goals, we confirmed our support to the United Nations Global Compact initiative and its key principles relative to the fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption, which we will continue to develop within our sphere of influence as Development Bank .

Along these lines, we made the decision to articulate and strengthen our organization’s sustainability management through the Responsible Action strategy, which shapes the way we direct our actions, seeking to understand the needs of the territories through dialogue and cooperation, to offer relevant, customized and positive impact projects, acting with integrity and building trust.

We further declare that, with strict adherence to current legal provisions, the information set out in this document concerning the Financial Statements has been prepared on the basis of criteria of completeness, rights, obligations, valuation, presentation and disclosure, duly verified and obtained from our accounting records, processed in accordance with accounting standards and principles established in Colombia. Regarding the provisions of item 4, article 47 of Act 222 of 1995, as amended by article 1 of Act 603 of 2000, we hereby inform that Findeter complies with all the rules on intellectual property and copyrights contemplated in Colombian law.

Javier Alexander Gutiérrez Rueda
Chairman of the Board

Sandra Gómez Arias
President

ABOUT THIS REPORT

(102-3, 102-50)

This report consolidates the 2019 management and highlights the most relevant events for stakeholders and those linked to Findeter's sustainability in its responsible action from economic, social and environmental dimensions. It also incorporates, for the fifth consecutive year, the annual report presented to the Board of Directors and the Chairman of the General Shareholders' Meeting and the Sustainability Report, and constitutes the best tool to demonstrate accountability to the general public and stakeholders.

This report was developed following the parameters of the Ministry of Finance and Public Credit and the Financial Superintendence of Colombia, as well as the guidelines of the Global Reporting Initiative (GRI).

2019 FISCAL YEAR HIGHLIGHTS

(102-10)

The most relevant highlights of 2019 are the following:

1. On March 26, 2019, the Board of Directors, in ordinary session, approved the expansion of the offset rate line for sustainable infrastructure, adding COP \$547.5 billion exclusively for investment projects that strengthen infrastructure for the development of the regions and thus expanding the Reactiva Colombia financing program. The Board also approved the creation of an offset rate line for up to COP \$50 billion, destined for the renovation of the Valle de Aburra car population towards clean energy.
2. The Board of Directors, in ordinary session of April 29, 2019, approved the 2019 - 2022 Strategic Plan, contained in Minutes No. 350. This document provides the definition of corporate strategy in its different components: mission, vision, strategic guidelines, value proposition, perspectives, objectives, indicators and strategic initiatives. Furthermore, in the same ordinary session, the senior management presented to the Board the guidelines for updating the Strategic Variable Premium policy, which is classified as a system that rewards the exceptional results obtained by the organization.
3. On June 25, 2019, the Board of Directors approved the action plan associated with the on-site visit made by the Financial Superintendence of Colombia from March 18, 2019, to April 5, 2019, with the aim of evaluating the significant rediscount activity, the performance of the operational management and the Credit Risk management operation. The approval was recorded in Minutes No. 352.
4. In 2019, the Entity participated in the entity recognition process carried out by the Ministry of Finance and Public Credit, as part of the structuring process of the state financial holding company, which will be the country's third largest financial group. Accordingly, the National Government, through Decree No. 2111 of November 24, 2019, created the Bicentennial Group, a company responsible for the management of the public financial service, expected to produce higher levels of efficiency, optimize the Nation's investments in financial institutions and centralize the Nation's property rights.
5. In the 2019 term, Findeter prepared the first quarterly cost reports that included the missionary areas that generate income in the Entity. These reports allow management to track and control the expenses incurred, thus facilitating decision making.














SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Board Meeting of January 28, 2020, approved the adjustment to the structures of the Commercial Vice President, Financial Vice President and Planning Vice President.

KEY FACTS AND FIGURES

Our efficiency indicators evidenced outstanding results. Operational Efficiency¹ stood at 1.40%, an improvement of 11 basis points compared to 2018, mainly explained by an efficient spending management. Profitability indicators also showed positive variations in 2019. ROE increased by 1.09% from 2018 to 2019, directly evidenced in the profit obtained, derived from the year-on-year performance of the financial margin, which increased by 26.13% as a result of a better management of the differential between the Entity's lending and borrowing rates, and a proper management of operating expenses; equity also experienced a positive variation of 7.14%, which is also reflected in the result of the indicator.

Figure 1 Key Figures

	\$73,911 million Operating Profit		6.05% ROE
	\$8.98 trillion Liabilities		\$10.20 trillion Assets
	\$2.73 trillion Loan Placement		\$1.22 trillion Equity
	\$3.1 trillion Funding		\$ 8,92 trillion Portfolio
	AAA Long Term		\$ 400 billion Sustainable Bonds
	395² Employees		<i>efr</i> Family-Responsible Company
	BBB- International Bonds		ISO 9001:2015 ISO 14001:2015 17 Certified Processes

¹ Administrative Expenses / Productive Assets

²229 in-house employees, including 1 free appointment/removal employee, 154 temporary workers y 12 Sena apprentices.

Territory Development

4	Sustainable Cities Action Plans
4	Emblematic Cities Action Plans
26	Projects for \$ 40 billion

(102-7)

1. ABOUT FINDETER

We are the Territorial Development Bank that offers integrated solutions to build sustainable territories by means of planning, structuring, financing, and technically assisting infrastructure projects that improve the quality of life of Colombians.

(102-5)

We were created by authorization of Act 57 of 1989, and in accordance with Decree-Law 4167 of 2011, we were incorporated as a national mixed economy company, organized as a credit institution, under a private law regime, linked to the Ministry of Finance and Public Credit and supervised by the Financial Superintendence of Colombia.

(102-3, 102-4)

We are headquartered in the city of Bogota D.C. and have nationwide presence, conducting our operations through five regional divisions, two zones and five satellite offices. Our organizational structure is adapted to our competencies in the planning, structuring, execution and financing of projects, for which we have 17 processes certified by ISO 9001 and ISO 14001 standards. In addition, we promote the application of best practices in Corporate Governance and social and environmental responsibility.

1.1 Integrated Management Model

As a territorial development bank, we at Findeter seek to overcome market failures and the obstacles traditionally faced by territories in identifying and structuring bankable and executable projects. Through our integrated management model, we offer planning, structuring, financing and technical assistance services for the execution of strategic infrastructure projects for the sustainable development of the regions, thus seeking an efficient and appropriate allocation of economic and technical resources nationwide.

In partnership with the territories, we identified the main strengths and opportunities in the region to build together a roadmap of short, medium and long-term strategic projects. With territorial planning we seek to generate a planned, sustainable, balanced and inclusive development. Additionally, through our project structuring, we at Findeter delve further into identified projects, seeking to reduce technical, legal and financial uncertainty and to prepare a scenario for awarding, financing and subsequent implementation.



We also carried out loan and lease operations in both pesos and dollars for investment, working capital and debt substitution of infrastructure projects in sectors eligible for funding by the organization. This is how, by financing sustainable projects and working jointly with our financial intermediaries, we manage to support the execution of development projects in the country. Finally, through the technical assistance of projects, we provide integrated advice and support in the development and execution of high impact projects and programs for the territories. We have become the strategic partner and vehicle of the National Government for the execution of policies in sectors such as housing, water and social infrastructure.

In 2019, we implemented the Integrated Sales strategy to coordinate the offer of products and services to our customers, providing the necessary information and full support throughout the execution of their projects. Our

financial and non-financial products and services, which make up the management model, are presented below

1.2 Strategic Direction

(102-2; 102-6)

Our corporate strategy, known as Flight Plan 2019-2022, is aimed at working hand in hand with the National Government and territorial entities to plan, structure, finance and execute sustainable projects for the positive transformation of territories. This plan, built upon five strategic principles, has as its main goal for 2022 to make Findeter the leading Territorial Development Bank, with nationwide coverage, offering integrated services based on an efficient and profitable structure that promotes the country's sustainable development..

The process of defining our new corporate strategy began in January 2019, with the support of an advisory firm and the participation of an interdisciplinary group of Findeter employees from different areas and levels led by members of the Presidency Committee.

For this exercise, we decided to implement the Balanced ScoreCard methodology, which is based on the steps of the strategy management system and whose main benefits are consensus, understanding, integration and alignment of the different strategic components and monitoring scheme. In addition, we consider it necessary to take an additional step in monitoring the strategy and, for this reason, we went from a project-based strategic plan to a management scheme based on strategic and management indicators.

The Corporate Plan was approved by the Board of Directors on April 29, 2019, then we held communication workshops with the entity's employees to make them aware of its components:

Mission: We are the strategic partner of the National Government and Territorial Entities for the planning, structuring, financing and execution of sustainable projects for the positive transformation of territories.

Vision: By 2022 we will have increased our national coverage to become the leading Development Bank, offering integrated services based on an efficient and profitable structure that promotes the country's sustainable development.

The plan is based on five **Strategic Principles:**

- We are recognized for our excellent Integrated Project Management

- We have an integrated, relevant and affordable portfolio of products and services
- We efficiently manage the resources that ensure our growth as Development Bank
- We have the technology required to generate value for the Entity
- We are a profitable and transparent Entity that generates value for its Stakeholders

Value Proposition, where we define the attributes of the products and services offered to our customers:

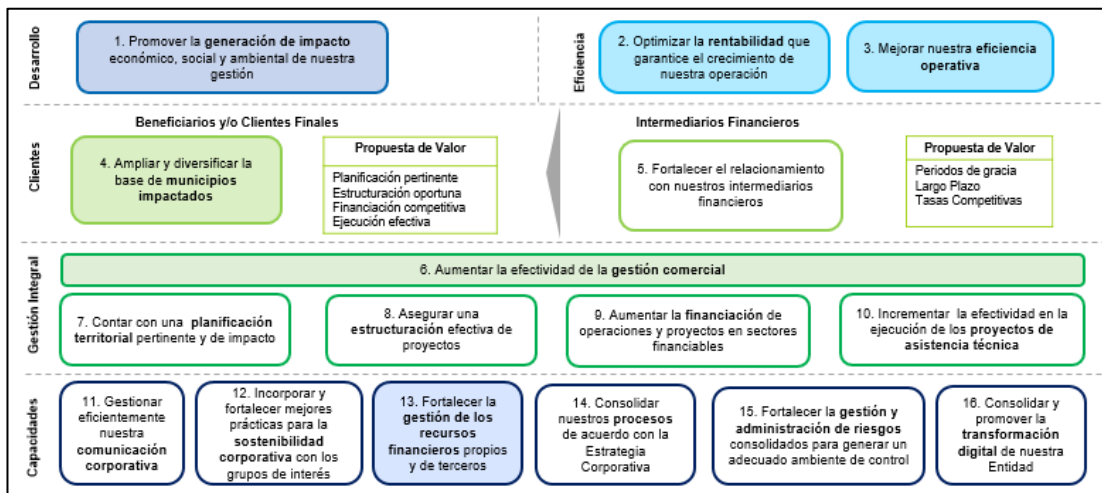
- Relevant planning.
- Timely structuring.
- Competitive financing (grace periods, long term, and competitive rates).
- Effective execution.

Corporate Strategy Map

To graphically represent Findeter’s strategy, we defined a map with five perspectives, grouping the 16 strategic objectives as follows: Development, Efficiency, Customers, Integrated Management and Capabilities.

The 16 strategic objectives are illustrated in the following figure:

Figure 2 Strategy Map



Source: Findeter, 2019

Each of these objectives has been shaped to align their understanding within the organization. In addition, for each one we specified one or several indicators to monitor compliance over time, creating a battery of 35 indicators. Each indicator has been assigned a four-year goal, in order to evaluate their compliance year by year.

Strategic Initiatives

For 2019, we formulated the following initiatives, which we develop as projects or strategic tasks, considering their scope and nature:

Figure 3 Strategic Initiatives



Source: Findeter, 2019

(102-16) (ODS 16)

Corporate Values

At Findeter we define corporate values as the attributes that regulate our employee’s way of thinking, being and acting when doing their job, putting ethical principles into practice and ensuring their effective contribution to the entity’s results and customer satisfaction. Our corporate values are:



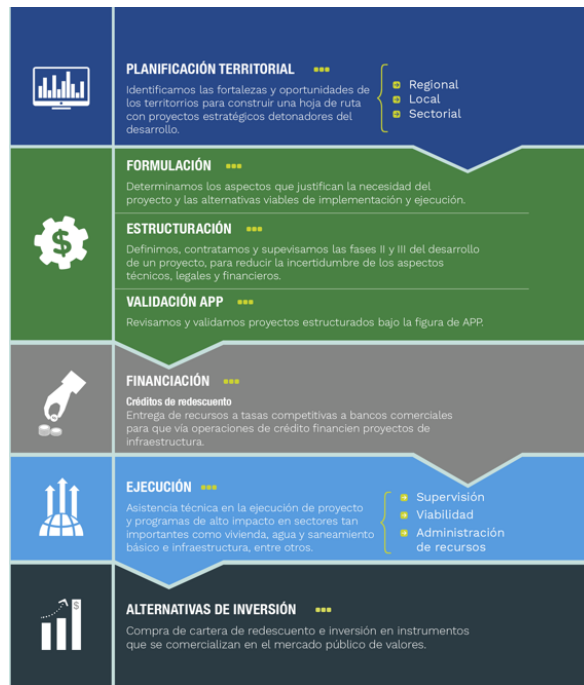
Values set out in the Code of Good Governance, approved by the Board of Directors in its July 30, 2019, meeting.

1.3 Products and Services

(102-2), (103-1) Water and sanitation projects, (103-1) Projects aimed to benefit vulnerable communities, (103-1) Infrastructure projects for education, 103-2 Offer of territory-focused products, (103-1) Sustainable cities and communities (102-9 Supply Chain) (102-6)

Our commitment to build more articulated, sustainable and smart territories, as well as the increase in the needs of the population and the accelerated growth of cities, has led us to design a portfolio of products and services to specifically face the challenges of governance, productivity, infrastructure and social and environmental development in the regions.

Figure 4 Portfolio of Products and Services

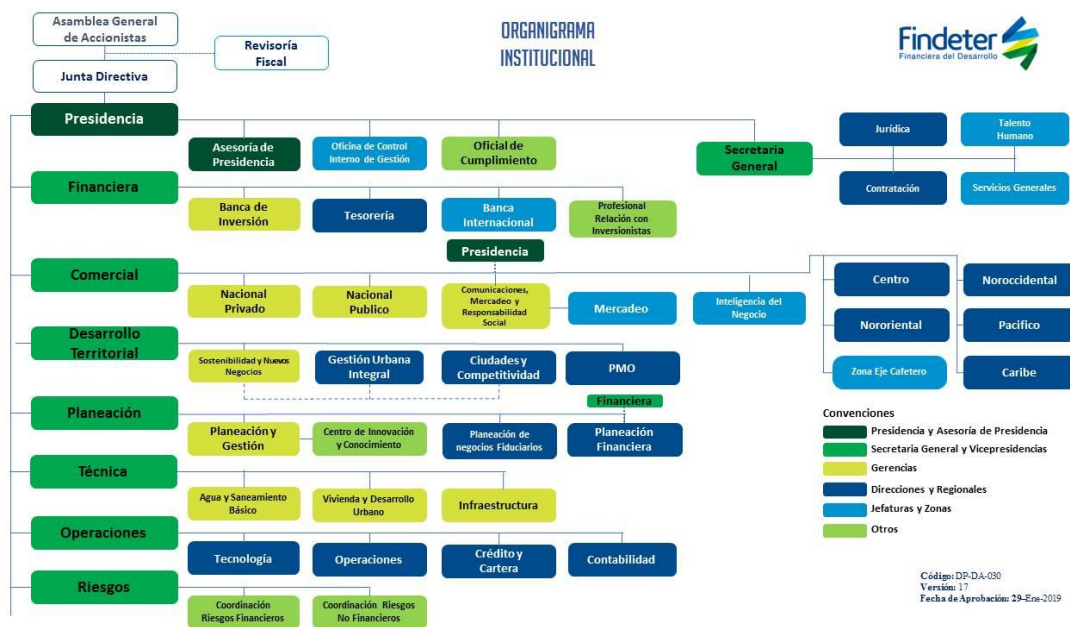


Source: Findeter, 2019

1.4 Organizational Structure

(102-18)

Figure 5 Organizational Chart



Source: Findeter, 2019

The Board of Directors in its January 29, 2019, meeting (Minutes No. 346) approved a change to our organizational structure, which aimed to reorganize and align the Entity with the 2019-2022 Strategic Planning and business plan. The main changes were the following:

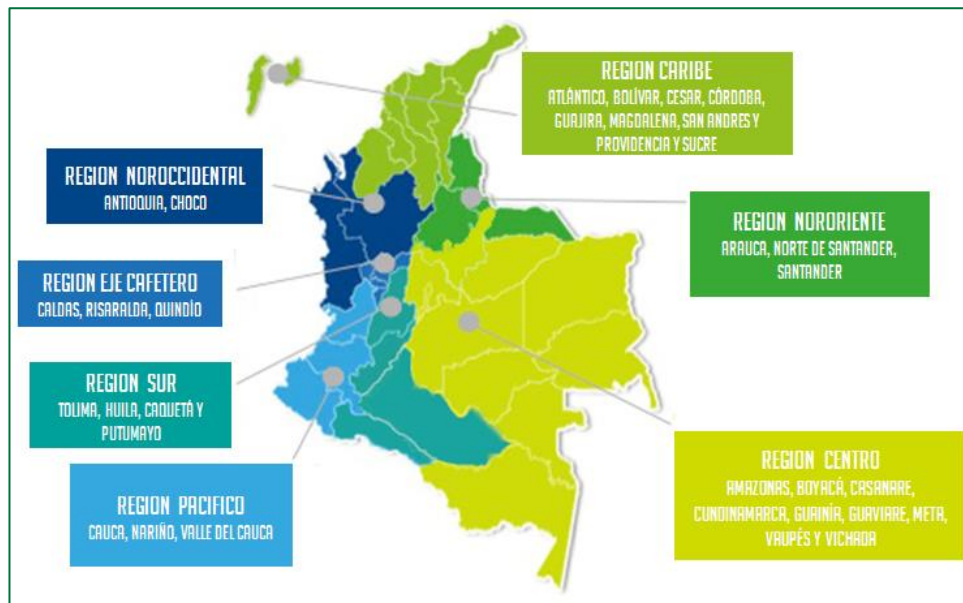
- We transferred the duties of the Corporate Social Responsibility group to the Communications, Market and Social Responsibility Management, which in turn is accountable to the Commercial Vice Presidency led by the Communications Direction.
- In the Commercial Vice Presidency, the South Area became operationally and administratively accountable to the Center Regional Division.
- The Compliance Officer now answers directly to Presidency, in order to adopt good practices as requested by the Board of Directors, in addition to gaining independence from any other position.
- We transferred the Financial Planning Direction and the Fiduciary Business Planning Direction to the Planning Vice Presidency.
- Human and Administrative Management became the Human Talent Head Office and its administrative duties were assumed by the General Services Head Office.
- The Accounting Direction now answers to the Operations Vice Presidency and budgeting-related activities now belong to the Planning Vice Presidency.
- We created the Territorial Development Vice Presidency for a specialized, organized and high-impact territorial planning.
- We left two risk management units in the Risk Vice Presidency, as required by current regulations, to address issues associated with investment and liquidity risk, credit risk, environmental and social risk, operational and information security risk.

1.5 Our Offices

(102-4)

We are headquartered in Bogotá D.C., at Calle 103 No. 19-20, and have nationwide presence, conducting our operations through five regional divisions, two zones and five satellite offices

Figure 6 Our Offices



Source: Findeter, 2019

1.6 Composition and Governing Bodies

102-5; 102-18

In accordance with the provisions of article 6 of Decree Law 4167 of 2011, Financiera de Desarrollo Territorial S.A., Findeter, operates under private law and is subject to the regime for mixed economy companies not assimilated as industrial and commercial state companies, regardless of the ownership interest of its publicly traded stock.

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

1.6.1 General Shareholders' Meeting

The Entity's shareholding structure as of December 31, 2019, is as follows:

Table 1 Shareholding Structure

Shareholders	Percentage %
Nation	92,5477
Departments	7,2036
IFINORTE	0,2487

Source: Findeter, 2019

1.6.2 Board of Directors

Below is the composition of the Board of Directors as of December 31, 2019, chaired by Javier Alexander Gutiérrez Rueda, as approved by the General Shareholders' Meeting of March 28, 2019.

Table 2 Composition of the Board of Directors

Board of Directors	
*Javier Alexander Gutiérrez Rueda Advisor to the Ministry of Finance and Public Credit	Karen Cecilia Abudinen Abuchaibe Senior Presidential Advisor for the Regions DAPRE - Presidency of the Republic
*Felipe Calderón Padilla Independent Member	Judith Millán Durán General Secretary Ministry of Housing, City and Territory
Eduardo Verano de la Rosa Governor of the Department of Atlantico	Carlos Eduardo Osorio Buritica Governor of the Department of Quindio
Cesar Negret Mosquera Independent Member	Francisco Estupiñán Heredia Independent Member
Juan Gonzalo Zapata Giraldo Independent Member	Álvaro Rodríguez Pérez Independent Member

Source: Findeter, 2019

In accordance with Findeter's Corporate Bylaws and Code of Good Governance, the principal and alternate members of the Board of Directors are elected by the Shareholders' Meeting for two-year periods. In 2019, the appointments for the first and second line principals were made.

*Javier Alexander Gutiérrez Rueda, (first line principal). Took office as authorized by the Financial Superintendence of Colombia on April 22, 2019.

*Felipe Calderón Padilla (second line principal) – Took office as authorized by the Financial Superintendence of Colombia on April 22, 2019.

The remuneration of the Board of Directors is set out in Resolution No. 1424 of May 14, 2019, issued by the Ministry of Finance and Public Credit, and is equivalent to 4.5 Current Legal Monthly Minimum Wages per session of the Board and committees. In 2019 no conflicts of interest were reported.

Participation of Board members in other Boards:

- Felipe Calderón Padilla is part of the Board of Directors of SATENA S.A.
- Cesar Negret Mosquera participates as principal member of the Board of Directors of Banco Agrario de Colombia.
- Álvaro Rodríguez Pérez participates as alternate member of the Board of Directors of Bancompartir.
- Francisco Estupiñán Heredia participates as principal member of the Board of Directors COINK S.A.

In 2019, there were 12 ordinary sessions and 2 extraordinary sessions of the Board of Directors. For more information see annexes hereto.

1.6.3 Board of Directors Supporting Committees

For the fulfillment its duties, the Board of Directors, according to the Code of Good Governance, has the advice and support of the following committees:

Board of Directors Audit Committee

This committee supports issues related to the control and improvement of the Internal Control System. It is also responsible for defining the structure and supervision of the operation of Findeter's Internal Control Systems.

The Board of Directors Audit Committee is made up of four Board members and meets at least every three months or more regularly, as warranted by the results of the evaluations of the Internal Control System, or in the event of detecting flaws in said System that require urgent assessment and corrective measures, or in case of significant changes in the Entity's policies or in the laws that regulate its operations.

In ordinary sessions of January 29 (Minutes No. 346) and April 29 (Minutes No. 350), 2019, the Board appointed Juan Gonzalo Zapata Giraldo and Felipe Calderón Padilla as additional members to the Audit Committee.

In 2019, the Committee met six times: February 21, May 27, June 19, August 22, October 23 and November, chaired by Álvaro Rodríguez Pérez, independent member. Its main activities include monitoring the observations made by the Comptroller General and monitoring the activities carried out by the Internal Control Office and Ernst & Young S.A.S.

The Committee learned about the validation of the different systems: Risk, Internal Control and Internal Accounting Control, and gave recommendations for their sustainability and improvement.

The Audit Committee was managed through the permanent and active supervision of the duties and activities it carried out, in order to establish adequate independence in relation to the activities that were audited, allowing the means to comply with the approved audit plan for the term.

For more information see annexes hereto.

Corporate Governance Committee

This Committee supports the good governance operation of Findeter, it suggests systems to the Board of Directors for the adoption, monitoring and strengthening of best practices in the organization. The Corporate Governance Committee meets three times a year, and extraordinarily as required.

In accordance with the Board's decision of January 29, 2019 (Minutes No. 346), the following Board members were appointed for this Committee: Javier Alexander Gutiérrez Rueda, Advisor to the Ministry of Finance and Public Credit, and Francisco Estupiñán Heredia, Felipe Calderón Padilla and Juan Gonzalo Zapata Giraldo, independent members. In 2019, the Committee met four times: April 12, July 18, October 10 and December 9, chaired by Francisco Estupiñán Heredia, independent member.

Table 3 Topics discussed in the Corporate Governance Committee

Session	Topic	Presented to the Board
April	Update to the Code of Ethics	April
	Strategic Planning	
	Strategic Variable Bonus Model	
July	Meeting Schedule	July
	Analysis of a possible conflict of interest regarding the appointment of the Director of FONVIVIENDA as Board member (second line alternate)	
	Off-site visit report by the Superintendence - Senior Management and Board of Directors	
	Awareness of the Code of Ethics and Integrity and evaluation results	
December	Update to the Code of Ethics and Integrity and future amendments to the Code of Good Governance.	July
	Code of Ethics and Integrity evaluation results	October
	Code of Ethics and Integrity disclosure	
	Corporate Governance Diagnosis - IR	

Source: Findeter, 2019

For more information see annexes hereto.

Investment Committee

The Findeter Investment Committee supports the duties of the Board of Directors in the approval and monitoring of the investment strategy of the investment portfolio, based on the policies approved by the Board.

The Board of Directors, in its session of January 29, 2019 (Minutes No. 346), authorized the participation of two of its members in the Investment Committee.

The Investment Committee meets ordinarily at least once every three months and extraordinarily as necessary.

In accordance with the Board's decision of January 29, 2019 (Minutes No. 346), Francisco Estupiñán Heredia and Álvaro Rodríguez Pérez were appointed as members of this Committee. Subsequently, in its meeting of April 29, 2019 (Minutes No. 350), the Board added a new member: Javier Alexander Gutiérrez Rueda, Advisor to the Ministry of Finance and Public Credit.

Álvaro Rodríguez Pérez resigned from participating in this Committee in Board meeting of July 30, 2019 (Minutes No. 353).

In 2019, the Committee met three times: June 13, September 23 and December 3, chaired by Mr. Javier Alexander Gutiérrez Rueda, Advisor to the Ministry of Finance and Public Credit.

Table 4 Topics discussed in the Investment Committee

Session	Topic	Presented to the Board
	Analysis of portfolio results in terms of profitability and gross profit	
	Approval of the ranges allowed in the strategic allocation of assets by term and sector (including liquidity) applied on a quarterly basis	

Session	Topic	Presented to the Board
June	Approval of the maximum duration of the portfolio	January
	Confirmation of the portfolio revenue budget for 2019	
	Approval of limits of public debt - private debt by sector	
	Monitoring risk controls associated with the investment portfolio	
September	Analysis of portfolio results in terms of profitability and gross profit	September
	Approval of the ranges allowed in the strategic allocation of assets by term and sector (including liquidity) applied on a quarterly basis	
	Approval of the "Colombian Stock Exchange Standardized Derivatives" project.	
	Approval of the portfolio's target profitability for 2020	
	Confirmation of the maximum duration of the portfolio	
December	Monitoring risk controls associated with the investment portfolio	
	Analysis of portfolio results in terms of profitability and gross profit	
	Approval of the ranges allowed in the strategic allocation of assets by term and sector (including liquidity) applied on a quarterly basis	
	Confirmation of the maximum duration of the portfolio	
	Monitoring risk controls associated with the investment portfolio	
	Analysis and review of maximum exposure values and counterparty limits	

Source: Findeter, 2019

For more information see annexes hereto.

Risk, Assets, Liabilities and SARLAFT Management Committee

This committee has been created on legal grounds and is in charge of supporting the Board of Directors and the Entity's Presidency in the definition, monitoring, control and implementation of the appropriate risk management policies, procedures and mechanisms.

In accordance with the Board's approval of May 28, 2019 (Minutes No. 351), this committee was merged with the Money Laundering and Terrorist Financing Risk Management System (SARLAFT) Committee.

The committee meets at least once a month with half plus one of its members and decides with half plus one of the attendees. The main topics discussed in this committee were:

Table 5 Topics discussed in Risk, Assets, Liabilities and SARLAFT Management Committee

System	Topic	Frequency
CRMS (Credit Risk Management System)	Maximum Exposure Values Analysis	Semiannually
	Behavior report of main rediscount Intermediaries	Monthly
	Credit risk category analysis	Monthly
	Portfolio and Investment Rating	Semiannually
(MRMS) Market Risk Management System	Value at risk behavior report	Monthly
	Maximum Exposure Values Usage Report	Monthly

LRMS (Liquidity Risk Management System)	Liquidity risk indicator behavior report	Monthly
	Internal Liquidity Risk Model	Monthly
	Early warning indicators	Monthly
ESRMS (Environmental and Social Risk Management System)	ESRMS management results and perspectives	Upon request
ORMS (Operational Risk Management System)	Operational risk events report	Monthly
	ORMS performance report	Semiannually
ISMS (Information Security Management System)	Vulnerability analysis	Annually
	Security incident management	Annually
	Social engineering test	Annually
	Security projects status	Monthly

Source: Findeter, 2019

In 2019, the committee, fulfilling its duties, met to inform the Board, through its Compliance Officer, about the following aspects regarding the SARLAFT:

- Consolidated risk profile, which remained at a moderate level.
- Assessment of the impact of the potential materialization of ML/TF risks.
- Timely delivery of standard reports to the Financial Information and Analysis Unit, UIAF.
- Meeting the requirements of the supervisory agencies, including the Financial Superintendence of Colombia and monitoring the derived action plans.
- Evaluation of the elements that make up the system, which is currently at an optimal level.
- Report on the mandatory training that the Entity must provide annually to its employees.

For more information see annexes hereto.

1.6.4 Management Team

The Management Team as of December 31, 2019, which defines and controls the Entity's policies, general objectives and actions.

Table 6 Management Team

Sandra Gómez Arias President	
Liliana María Zapata Bustamante General Secretary	Laura Mercedes Peña Rodríguez Planning Vice President
Richard Orlando Martínez Hurtado Financial Vice President	Leonardo Fabio Ramos Lozada Risk Vice President
María Amparo Arango Valencia Commercial Vice President	Ingrid Catalina Giraldo Cardona Operations Vice President
Juan José Oyuela Soler Technical Vice President	María Amparo Arango Valencia (Acting) Territorial Development Vice President

Source: Findeter, 2019

1.7 Stakeholders

(102-40, 102-42, 102-43, 102-44, 102-46)

The groups with which Findeter interacts in the exercise of its corporate purpose are the following:

Table 7 Stakeholders

Stakeholders	Detail	Findeter Commitment
Governing and Management Bodies	Board of Directors, Shareholders, and Management, who dictate the rules and principles under which Findeter must operate.	Regarding the rights conferred by Law, the bylaws and derived from the shares.
Investors	Those who acquire the certificates of deposit or other credit instruments placed by Findeter and people who acquire shares in this bank from the issuance of Decree 4167 of 2011.	Ensure that they are treated fairly in accordance with the terms established by Law.
Customers	Natural or juridical persons who have a relationship with Findeter through rediscount operations, technical assistance or a cooperation agreement.	Quality and opportunity in the provision of services and products
Suppliers and Contractors	Natural or juridical persons with whom Findeter hires the provision of a service or the purchase of a product	Maintain trusting relationships effectively and timely.
Supervisory Agencies	It groups the supervisory agencies that carry out oversight, monitoring and control duties over the operations, obligations and activities of Findeter.	Maintain a fluent and cooperative relationship; follow the recommendations diligently and in a timely manner.
Ministry of Finance and Public Credit	The entity's highest governing body and whose guidelines must therefore be followed.	Efficiently and in a timely manner meet the requirements and guidelines set out.
Creditors	Findeter's committed responsibility to its creditors makes them keep their interest in the company for its financial capacity and timely payment of obligations.	Respect the terms of the negotiation.
In-house and Temporary Employees	All persons under an employment relationship with the Entity and who constitute its main resource.	Promote an adequate organizational climate for the optimal development of institutional activities.
Government and Society	Natural and juridical persons and civil society organizations over which Findeter's actions may have an impact or that may have any particular interest in the organization in the short, medium and long term.	Generate positive impacts on Colombian society.

Source. Findeter

1.8 Responsible Action

(102-11) SDG (3,4,6,7,10 y 11)

Our sustainability approach seeks to form a responsible business, based on our mission to transform Colombian territories into a solid and integrated Corporate Government through sustainable development.

With the design of the 2019-2022 Strategic Plan, we at Findeter prioritize the incorporation and strengthening of best practices for corporate sustainability, in order to maximize the impact of projects, build authentic, empathetic and respectful relationships, and understand the territorial environment together with the needs and expectations of our stakeholders.

From a mission-focused perspective, the products and services offered to our customers stand out for considering social and environmental aspects, which tend to reduce negative impacts and increase positive ones.

To make this sustainability effective, in 2019 we began to design a Responsible Action strategy³ to understand the needs of the territories through dialogue and cooperation, and therefore offer relevant, customized and positive impact projects, acting with integrity and building trust.

This strategy proposed the following key topics: trusting and close relationships with stakeholders; positive impact to understand territorial risks, needs and opportunities; culture to promote ethics, integrity and transparency in the organization; and responsible finances to integrate environmental, social and economic criteria in decision making and product offerings.

1.9 Materiality

(102-44, 102-46, 102-47)

For Findeter, materiality are those issues that reflect the impacts that are significant for the Entity at an economic, environmental and social level, and how they substantially influence the assessments and decisions made by stakeholders.

In 2019, we reviewed the 2018 materiality matrix to articulate the issues prioritized with the new development strategy called Responsible Action. This exercise allowed us to identify issues that can be incorporated into the organization's priorities and that are in line with the 2019-2022 Strategic Plan.

Accordingly, and for the design of the responsible action strategy⁴, we reviewed materiality taking as benchmarks global sustainability frameworks and internal documents, with which we emphasized the importance of expanding in the development of our mission-related management such aspects as: product innovation, change and risk management, sustainable finance, projects supported with a solid social management, stakeholder relations; corporate governance; and climate strategy.













We therefore seek to strengthen the materiality matrix by including in the new responsible action strategy the 12 key material issues identified in the 2018 exercise. The result of this exercise was the validation and prioritization of the following aspects and areas of work to guide the organization's sustainability in the coming years.

Below is an outline of the issues prioritized with the material aspects identified in 2018 and the areas of the responsible action strategy

Table 8 Materiality

³ Strategy developed with the support of the consulting firm Contreebute.

⁴ Strategy developed with the support of the consulting firm ConTREEbute.

Areas		Relevant Prioritized Issues	Key Material Issues	SDG
Positive impact		Contribution to regional development	Offer of territory-focused products	       
		Impact services products	Water and sanitation projects Projects aimed to benefit vulnerable communities (social inclusion) Infrastructure projects for education Sustainable cities and communities	
		Environmental management	Actions against climate change	
Trust relationships		Stakeholder relations	Working conditions - decent work Training, professional development and talent attraction	
Responsible finance		Profitable growth	Business lines with social and environmental criteria	
		Sustainable finance	Promotion of environmentally responsible practices in projects to be financed	
Culture of integrity		Corporate governance	Respect for human rights	
		Ethics, Integrity and Transparency	Ethics, Integrity and Transparency	

1.10 Economic Value Generated and Distributed

Figure 7 Economic Value Generated and Distributed



Source: Findeter, 2019

2 INTEGRATED MANAGEMENT (Positive Impact)

2.1 Territorial Planning

(Green growth; 103-2, 103-1 Education and training in environmental issues.),305-4
(SDG 7, 11, 12, 13, 14 y 15)

At Findeter, we have driven our actions towards aspects typical of a Development Bank, highlighting the importance of supporting territorial planning and development processes at regional, supra-municipal and municipal levels. Therefore, we have implemented a strategy of short, medium and long-term integrated solutions offering vision-based support for territorial entities in their planning processes.

In this sense, **local planning programs focus on** closing social and economic gaps through a methodology of diagnosis, prioritization and identification of strategic projects that define a roadmap for cities in the short, medium and long term. These are the Sustainable and Competitive Cities and Emblematic Cities programs.

Regionally, we have developed initiatives to support municipalities with urban planning methodologies towards an expanded and adjusted version for territories. In addition, with the Territory of Opportunities program, we promote development in favor of territorial complementarity and the definition of a territorial economic development strategy, as well as support in the design of Departmental Land-use Planning (POD), an instrument that promotes the articulation and harmonization of both national and municipal initiatives.

Furthermore, at **sectoral** level, we have regional programs that address multi-sector issues such as in the creative, transport and environmental industries. Therefore, initiatives such as Creative and Cultural Industries, Urban Transformations and CIUDAT, and Green Growth are devised to achieve greater comprehensiveness and diversity in the territories' demands.

Local Planning

Sustainable and Competitive Cities – CSC

By the end of 2019, we had delivered 17 action plans for the benefit of 23 cities: Barranquilla, Bucaramanga, Manizales, Monteria, Pasto, Pereira, Valledupar, Santa Marta, Villavicencio, Cartagena, Ibagué, Neiva, Popayan, Rionegro, Riohacha and, on a supra-municipal scale, the cities of Sincelejo-Corozal, and Supra-municipal Cucuta (Cucuta, Los Patios, El Zulia, Puerto Santander, San Cayetano and Villa del Rosario).

Emblematic Cities - CE

By the end of 2019, we had delivered 17 action plans for the benefit of 28 cities: Galapa, San Gil, Quibdo, Tumaco, Buenaventura, Sabana Centro (11 municipalities⁵), Magangué, La Dorada, Aracataca, Barrancabermeja, Santa Cruz de Lorica, La Calera, Chinchina, Villanueva, San Bernardo del Viento, Anapoima and Villa de Leyva.

Regional Planning

Under this pillar, in 2019 we carried out projects that highlight the visions of territorial development in the three urban axes defined as follows: Metropolis of the Barranquilla-Cartagena Sea Axis (21 municipalities), Monteria-Sincelejo Axis (21 municipalities) and Magdalena Riverside Municipalities Axis (11 municipalities).

Throughout the year, we implemented the Territory of Opportunities program, which pursues territorial planning focused on the area of influence of private companies, aiming to increase and direct social investment in the community. The program started with the private companies Geopark S.A. Colombia, which has operations in the municipalities of Tauramena and Trinidad in the Department of Casanare, and the hydroelectric company Urrá S.A. E.S.P., which operates in the municipality of Tierralta in the Department of Córdoba.

⁵ Gachancipa, Chia, Cajica, Cogua, Cota, Nemocon, Sopo, Tabio, Tenjo, Tocancipa and Zipaquirá.

Additionally, in regional planning, the following relevant events stand out: the delivery to the Ministry of Housing, City and Territory of the results of the territorial visions that benefit seven departments and 53 municipalities, the presentation of the results of the design of the Departmental Land-use Planning for Atlántico, the completion of the Departmental Land-use Planning for Santander, the start of Agreement No. 0036, executed with the Ministry of Culture for COP \$750 million, which aims to strengthen the cultural and creative industries in Colombia through the mapping of cultural sectors and guidelines for the design of sectoral plans. The execution with the Medellín Secretary of Economic Development of inter-administrative agreement 4600081960 of 2019 for COP \$49 million, which aims to implement and transfer the mapping and characterization methodology of creative sectors.

Sectoral Planning

(ODS 7, 11, 12, 13, 14 y 15)

Urban Transformations: Identify and formulate projects that seek to improve and promote the sustainable development of the regions, offering technical and administrative support to projects and agreements concerning mobility, transportation, public space, comprehensive urban planning and Smart Cities.

In 2019, we contracted the technical, legal, financial and social structuring for the implementation of the Manizales Strategic Public Passenger Transport System, financed with resources from the Prosperity Fund of the British Embassy. We are currently supervising said contract.

We also closed the design of the Popayan Public Space Master Plan.

On November 18, 2019, we signed Addendum No. 1 and restarted Inter-Administrative Agreement No. 127 of 2016 for the *“Studies and designs for the construction of the fire station type 3 and the Integrated Operations Control Center of first responders in the municipality of Ibagué, including access, parking and accessory works, which will be led by the municipal fire department.”* The contract term is 18 months from signing of the agreement. The municipality has undertaken to contribute COP \$690,575,285. By the end of 2019, the municipality had still not delivered the resources.

On December 30, we signed Consulting Agreement No. 0070, financed by the Prosperity Fund of the British Embassy. Its term begins in 2020 and has the purpose of structuring the strategic and inclusive plan of the historic center of Santa Marta. Additionally, we approached the Ministry of Culture, specifically the Heritage Direction, for awareness purposes.

In 2019 we carried out needs assessments for the acquisition of the ArcGIS geographic software and we prepared the technical document that supports the GIS within the Findeter organizational structure. In December, the contract was accepted for purchase.

Center for Urban Interventions for Advanced Transportation Development – CIUDAT: Its main purpose is to design and implement strategies to generate public policies and local urban projects aimed at reducing Greenhouse Gases, thus mitigating the effects of climate change. Currently, through CIUDAT, the National Government executes two NAMA initiatives for urban development and sustainable mobility: TOD-NAMA Colombia, whose main objective is to transform the current urban development model through Transit-Oriented Development (TOD), and NAMA MovE, which aims to promote migrating the Colombia car population to cleaner and more environmentally friendly technologies to decrease the production of GHG.

We are advancing the construction process of the Monitoring and Evaluation methodology for projects related to the TOD-NAMA, which was designed with the participation of Pasto, Manizales, Medellín and Montería, as well as the Ministries of Environment, Housing and Transport, the National Planning Department (DNP), the Energy and Mining Planning Unit (UPME) and some private organizations.

Applying this methodology will allow to measure the true impacts of this type of projects in the territories and the effectiveness in the use of resources.

We planned the methodology for the Monitoring, Reporting and Verification of TOD projects, in order to report their contribution to the Colombian Low Carbon Development Strategy (CLCDS) and to the country's international commitments in reducing GHGs. The methodology prepared in accordance with the guidelines established by the Ministry of the Environment.

In terms of sustainable mobility, regarding NAMA MovE (electric mobility), in December we signed an inter-administrative agreement with the Ministry of Transport to receive counterparty resources for COP \$400 million, which complement the \$338 thousand euros from the NAMA Facility, to prepare the design of the NAMA MovE support proposal. The NAMA Facility delivers these resources through a cooperation agreement with GIZ, which we signed to receive the non-reimbursable funds and execute them.

We submitted to the National Planning Department (DNP) the preliminary formulation of the strategy that Findeter will follow to meet the obligations set out in CONPES 3934 on the Green Growth policy.

In terms of green growth, the Green Climate Fund (GCF) approved the resources for hiring "The external consulting service to develop the structuring and formulation of the NAMA for municipal solid waste." Said services will be provided in 2020 and should lead to the formulation of the NAMA, the definition of the final disposal model for domestic solid waste, a project of interest to the National Government, and the structuring of the economic models under which those specific prototypes are made.

At the end of 2019, we proposed the Bogota Metro as the fourth TOD pilot project. In a joint decision with the Bogota Metro Company, Findeter was designated to carry out studies and designs, with international cooperation resources, to implement a multimodal station with connection to the public bus system and cycling infrastructure at the Portal de las Américas Station of the future metro system. The prefeasibility stage for this project will be conducted during the first half of 2020.



2.2 Project Design, Structuring and Validation

(103-2)

Findeter works to provide an integrated solution to the structuring and financing issues of territorial projects in Colombia. For this reason, our activity not only contemplates conducting studies and designs, but also providing services to integrate financing/investments with infrastructure projects in municipalities and departments. The main achievements in 2019 in this field were the following:

- We validated the Public-Private Partnership (PPP) project "Mobility HUB Plaza Calle 125" in the Urban Development sector, under the agreement signed with the Administrative Department of the Public Space Ombudsman (DADEP).
- We started providing support in the evaluation and other necessary procedures for the approval of the PPP project "Multimodal Parking Carrera 15".
- We continued structuring two level III high-complexity hospital projects in Manizales and Soacha, which contribute to improving the quality of healthcare services in the country's regions. We will also finance and provide technical assistance for the construction of the Soacha hospital in 2020.
- In terms of energy efficiency, we completed in May 2019 Consulting Service No. 1, whose objective was to "define a technical, legal and financial structuring methodology for public lighting projects in Colombia" within the framework of the Technical Cooperation Agreement ATN/FM CO 15632 IDB-GEF "Financing Mechanisms for Private Investments in Energy Efficient (EE) Public Lighting, Promoting the Replacement of Low Efficiency Street Lighting with High Efficiency LEDs." In April, we completed

Consulting Service No. 2, which sought to identify and analyze the financial mechanisms that best fit Findeter's products and services.

- With these inputs we worked on structuring and promoting the first solar generation project for Non-Interconnected Zones (ZNI) in the municipality of Miraflores - Guaviare. This project significantly contributes to reducing the generation of greenhouse gases within Findeter's social and environmental responsibility program, dropping CO2 generation by 95%.
- We partnered with the Territorial Renewal Agency (ART) for the financial, legal and technical structuring of infrastructure projects identified in the Action Plans for Regional Transformation (PATR), within the implementation of the Territory-Focused Development Programs (PDET). It will have an impact in these municipalities, executing at least 60 structures in the sectors of education (classrooms and school canteens), healthcare (hospitals, healthcare stations and centers) and energy efficiency.
- We executed the project for the construction of approximately ten kilometers of high efficiency LED lighting for the main road between Aracataca and Fundación in the Department of Magdalena.
- Financial and legal supervision of projects through the Prosperity Fund, an international cooperation with the British Embassy, which includes: Smart Cities Santa Marta, the process prior to the award of the feasibility of studies and cargo and passenger train designs between Bogota and Zipaquirá, design of collectors in Ibagué - Tolima and sewers in populated centers of Valledupar - Cesar.
- Formation and consolidation of a technical team with the capacity to develop the design and structuring of PPP infrastructure projects and public works, in the healthcare, urban development, energy and transportation infrastructure sectors.
- Execution and start of the activities of the Inter-Administrative Agreement signed with the Tourist and Cultural District of Cartagena de Indias to provide technical assistance services to said District for the diagnosis of the current public lighting system, analysis of alternatives and technical, legal and financial structuring for the development of the public lighting modernization project.
- Execution of the detailed engineering studies and designs of the Calle 60 stretch that will connect Carrera 13 with Ambalá Avenue in the municipality of Ibagué - Tolima.



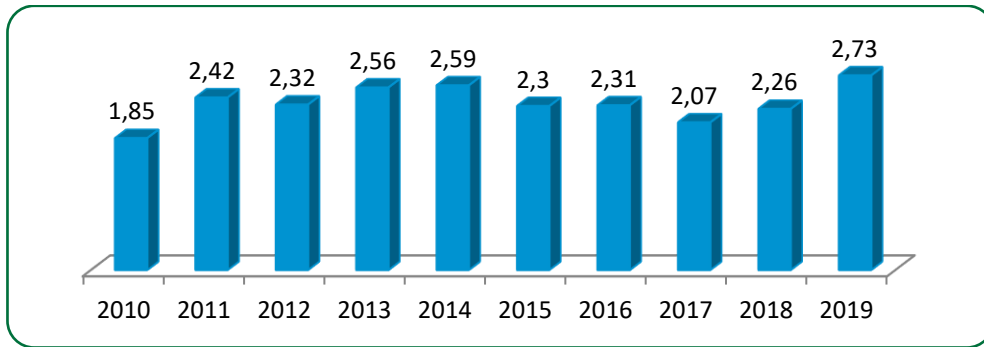
2.3 Financing

2.3.1 Disbursements 2019

(FS 6; FS7; FS8; 201-1,103-2) (SDG 8 and 10)

For 2019 we had set a goal of COP \$2.39 trillion for the placement of rediscount loans, which we successfully achieved with disbursements that amounted to COP \$2.73 trillion, meaning that we exceeded the goal by COP \$342 billion, which is equivalent to a 114% execution. Of the total disbursements, COP \$1.2 trillion correspond to the private segment and COP \$ 1.5 trillion to the public segment, represented in 195 projects nationwide.

Chart 1. Disbursements 2010 – 2019

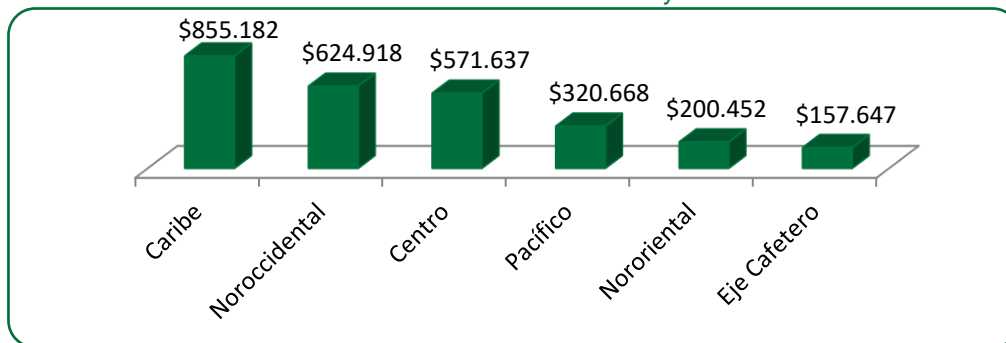


Source: Financianet, figures in trillions of pesos

Disbursements by region/area

The COP \$2.73 trillion disbursed in 2019 reached all the country's regions, aiding the sustainable development of departments and municipalities.

Chart 2. 2019 Disbursements by Area

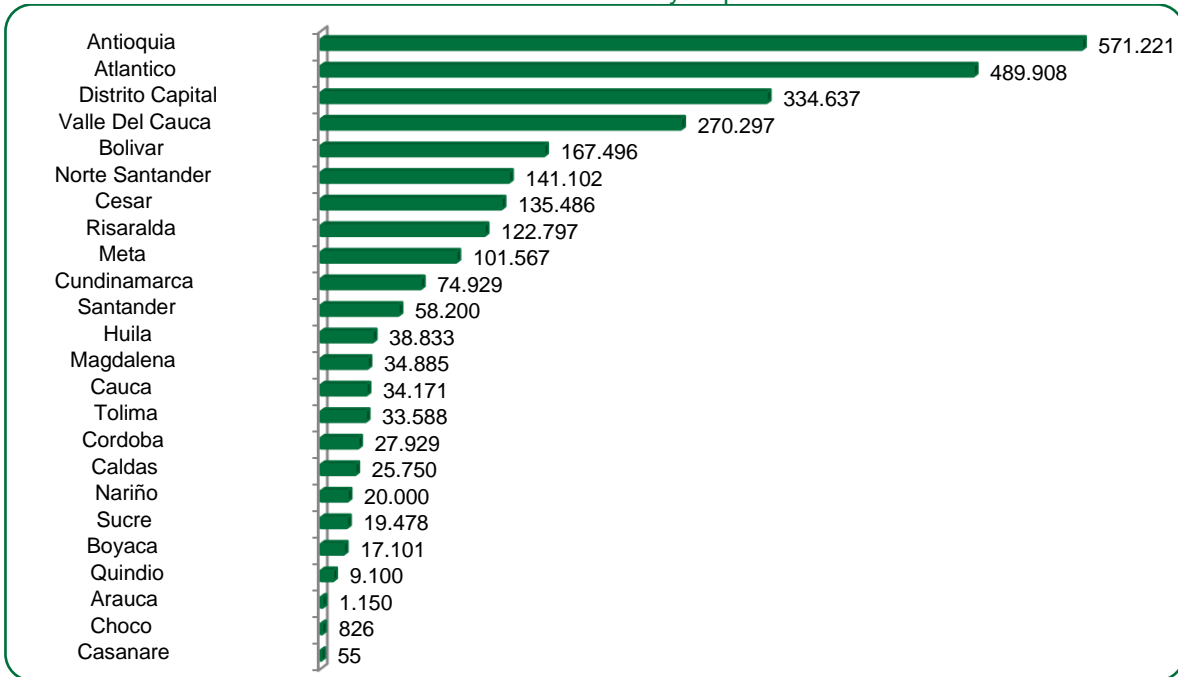


Source: Financianet, figures in millions of pesos

Disbursements by Department

In 2019, the disbursements were intended for 93 municipalities in 24 departments of the Colombian territory, covering 75% of the country in investments for infrastructure. More than half of the disbursements are concentrated in the Departments of Antioquia, Atlantico and the Capital District. Findeter promotes, supports and finances sustainable projects throughout the country to continue their endeavor as the leading Development Bank and strategic partner of all regions.

Chart 3. Disbursements by Department

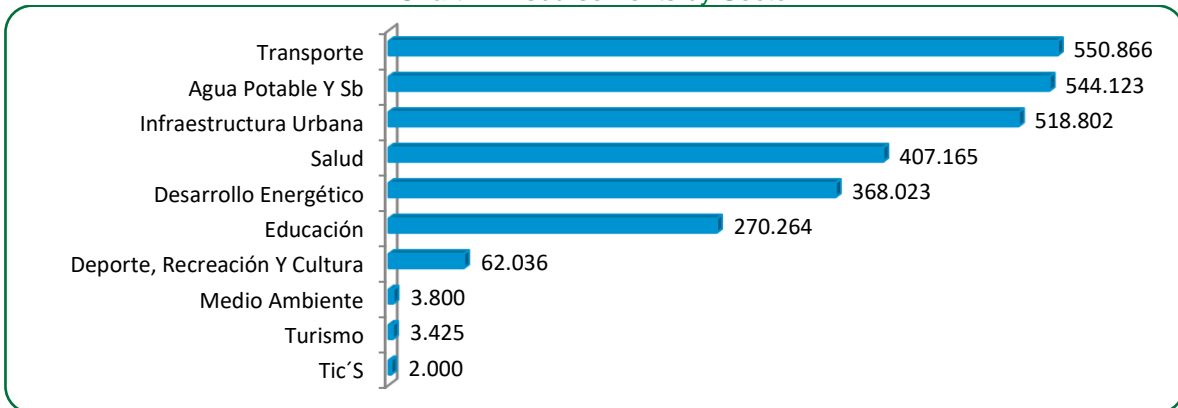


Source: Financianet, figures in millions of pesos

Disbursements by Sector

We seek to boost the strategic sectors of the country by financing projects that support the integrated development of the regions to improve the quality of life of Colombians. In 2019 we financed projects in ten sectors, focusing particularly on transport, drinking water, urban infrastructure and healthcare.

Chart 4. Disbursements by Sector



Source: Financianet, figures in millions of pesos

Disbursements by Intermediary

From January to December 2019, our most important intermediaries were: Davivienda, with a 27.6% share, positioning as our main strategic partner, followed by Bancolombia, with 19.6%, Banco de Bogotá, with 13.1%, and Banco de Occidente, with 12.4%.

Table 9 Disbursements by Intermediary

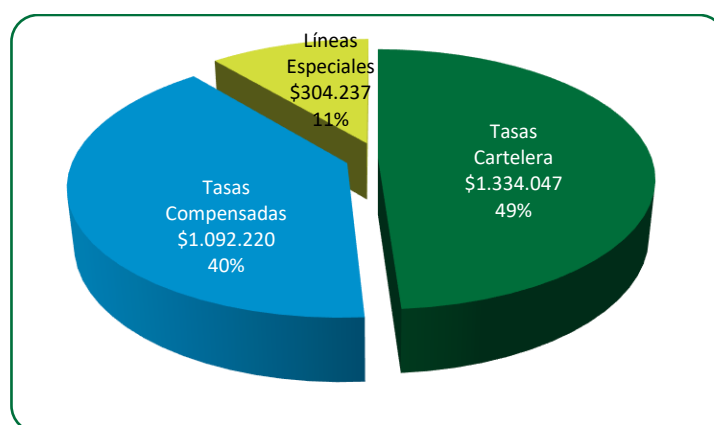
Intermediary	Amount	% Share
Davivienda S.A.	\$754,826.00	27.64%
Bancolombia	\$535,465.00	19.61%
Banco de Bogota	\$357,517.00	13.09%
Banco de Occidente	\$337,328.00	12.35%
BBVA	\$237,734.00	8.71%
Banco GNB Sudameris	\$169,784.00	6.22%
Banco Popular S.A.	\$113,708.00	4.16%
FDN	\$100,000.00	3.66%
ITAU CORPBANCA Colombia S.A.	\$53,425.00	1.96%
Others	\$70,717.00	2.59%
Total	\$2,730,504	100.00%

Source: Financianet, figures in millions of pesos

Disbursements by Type of Resources

The following chart shows the share of resource lines so far in 2019. Most disbursements were made with ordinary resources, reaching 64%, for a total of COP \$1.7 trillion.

Chart 5. Disbursements by Type of Resources



Source: Financianet, figures in millions of pesos

Execution of Offset Rates

Thanks to the joint initiatives of the National Government, the territorial entities and Findeter to boost strategic sectors in the regions, in 2019 we disbursed offset rate resources valued at COP \$ 1.09 trillion:

Table 10. Execution of Offset Rates

Offset Rates	Amount
T.C. - Sustainable Inf. Dec. 2048	\$703,423
T.C. - Water and BS Dec.1300 - T.2	\$122,239
T.C. - Healthcare Liquidity Dec. 1681 - T.4	\$113,800
T.C. - Healthcare Liquidity Dec. 1681 - T.5 - IPS	\$86,423
T.C. - Healthcare Liquidity Dec. 1681 - T.5 - EPS	\$65,000
T.C. - Tourism Caldas	\$875
T.C. - Tourism Meta	\$290
T.C. - Tourism Guainia	\$170
Total	\$1,092,220

Source: Financianet, figures in millions of pesos

The Sustainable Infrastructure Offset Rate line has a 64% share of disbursements by offset rate and has been of great importance to finance infrastructure projects with social impact such as:

- Ciudad Bolívar air cable in Bogota.
- Toyo Tunnel in Antioquia.
- Main Coliseum Sports Venue for the 2019 National Games in Bolivar.
- Construction and remodeling of parks in Cesar.
- Rehabilitation of the Simon Bolivar road, El Pailón-Aguaclara stretch in Valle del Cauca.

Disbursements by sector of this line were as follows:

- Transportation 40%
- Education el 21%
- Energy 18%
- Healthcare 8%
- Urban Development 8%
- Sports and Culture 5%

The other offset rates showed the following behavior:

Table 11 Offset Rate Lines by Sector

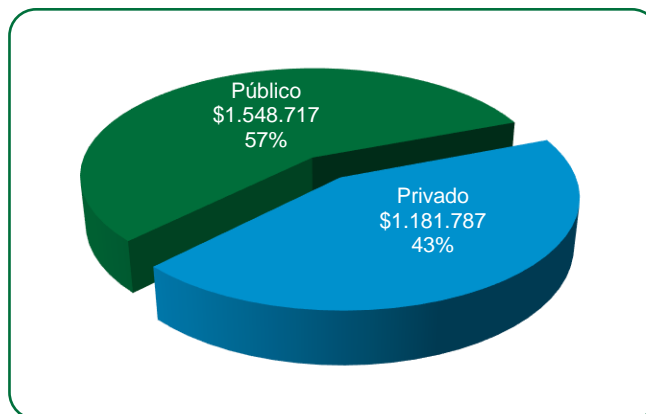
Sector	Sustainable Inf Dec. 2048	Water and BS Dec. 1300	Healthcare Liquidity Dec. 1681	Others	Total	% Share
Urban Infrastructure	60,588		265,223	-	325,811	30%
Drinking Water	280,204			-	280,204	26%
Education	146,245			-	146,245	13%
Healthcare	124,541			-	124,541	11%
Transportation		122,239		-	122,239	11%
Sport and Culture	59,641			-	59,641	5%
Energy Development	32,203			-	32,203	3%
Tourism				1,335	1,335	0%
Total	703,422	122,239	265,223	1,335	1,092,219	100%

% Share	64%	11%	24%	0%	100%
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Source: Findeter, 2019

Disbursements by Type of Beneficiary

Chart 6. Disbursements by Type of Beneficiary



Source: Financianet, figures in millions of pesos

With respect to disbursements by type of channel, most are in the public sector, with a 57% share, while 43% corresponds to the private segment.

- Projects of the 2016-2019 development plan “Barranquilla Capital of Life” for COP \$337.7 billion.
- Channeling of streams in the Barranquilla metropolitan area for COP \$100 billion.
- Construction of eight mobility projects in the municipalities of Envigado, Sabaneta, Medellín, Girardota, Barbosa, Copacabana, Bello, Itagüi, Sabaneta, Caldas and La Estrella in the Department of Antioquia. These include cycling routes, road interchanges and administrative centers for the Valle de Aburrá Metropolitan Area for COP \$93 billion.
- Toyo tunnel in Antioquia, a project articulated with 4G roads, for COP \$151,117 million.
- Construction and rehabilitation of the Remedios - Caucaasia road for the Northeaster Highways for COP \$49,672 million.
- Transmicable of Ciudad Bolívar for COP \$50 billion.
- Construction and remodeling of parks in Valledupar, Department of Cesar, for COP \$43,467 million.

Disbursements for Territory-Focused Development Programs (PDET) in Municipalities

Findeter disbursed resources to nine of the 170 municipalities prioritized by the National Government within the PDET, reaching areas of interest to the nation.

Of the total resources disbursed in 2019, 10% was for PDET municipalities.

Table 12 Share of Disbursements in PDET Municipalities

Department	PDET Municipality	Private	Public	Total Overall
Antioquia	Apartado	4,800		4,800
Cesar	Becerril		14,923	14,923
Valle del Cauca	Buenaventura		25,808	25,808
Antioquia	Caucaasia	43,712		43,712
Cesar	Jagüa de Ibirico		17,989	17,989
Cauca	Miranda	34,114		34,114

Department	PDET Municipality	Private	Public	Total Overall
Cordoba	Montelibano	1,000		1,000
Magdalena	Santa Marta	400	32,985	33,385
Cesar	Valledupar	24,800	77,774	102,574
Total Overall		108,826	169,479	278,305

Source: Financianet, figures in millions of pesos

Additionally, we provided fiscal support services to five PDET municipalities:

- El Tarra – Norte de Santander
- Miraflores – Guaviare
- San Jose del Guaviare – Guaviare
- Tierralta – Cordoba
- Valledupar – Cesar

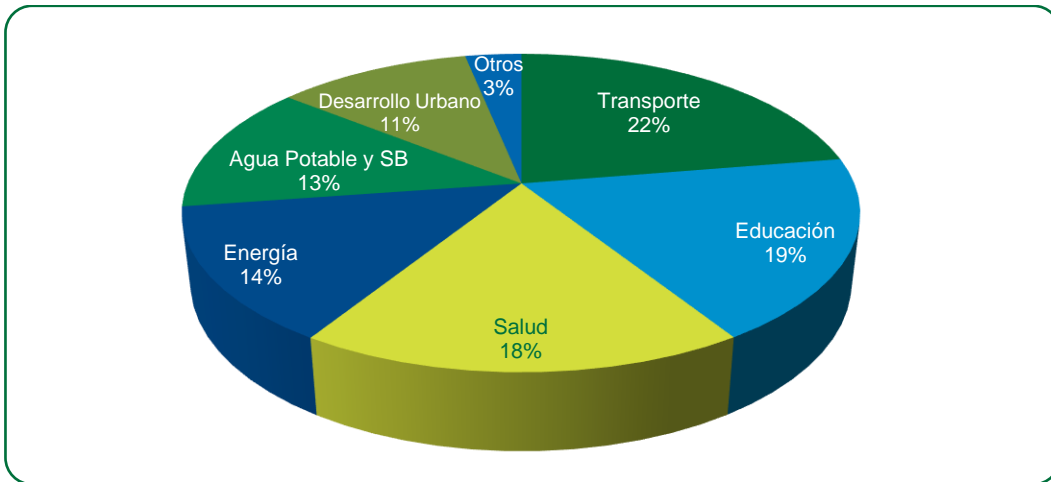
With this process, Findeter contributes to post-conflict and social issues, enabling business opportunities for all regions, especially those most in need of social support.



2.3.2 Rediscount Portfolio

The most representative item of the Entity's assets is the rediscount portfolio, which represents 99.5% of the total gross portfolio, which for 2019 amounted to a record figure of COP \$8.92 trillion and had no delinquencies at closing. The distribution at the end of the year is shown below:

Chart 7. Findeter Portfolio by Sectors

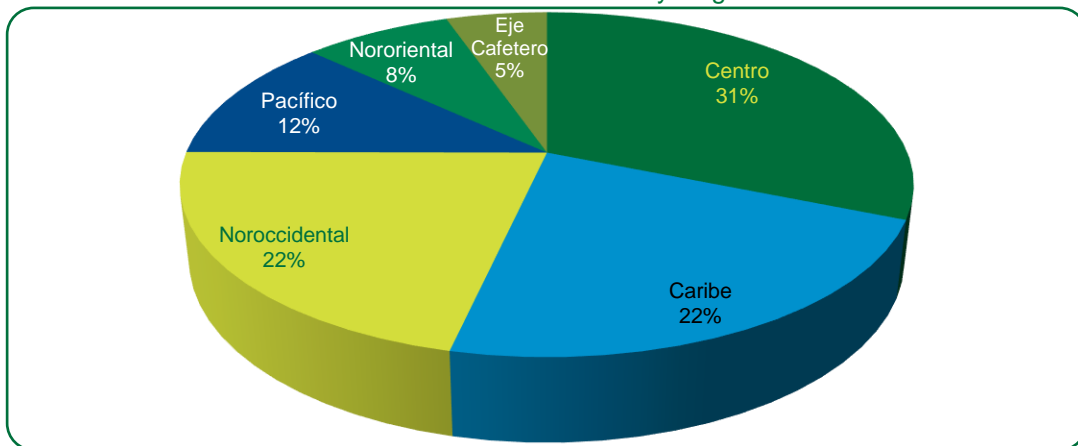


Source: Findeter, 2019

The transport, education, health, energy, water and urban development sectors represent 97% of the total portfolio. The projects that stand out are:

- Development plans
- Departmental road plans and roadway construction
- Investments for mass transportation systems
- Universities
- Small Hydroelectric Power Plants.
- Investments for clinics and hospitals.
- Debt substitutions

Chart 8. Findeter Portfolio by Regions



Source: Findeter, 2019

The Center Region has the highest share, with 31% of the total portfolio, followed by the Caribbean and Northwest with 22% each. In these regions we have important beneficiaries such as:

- District Infrastructure Agency (ADI)
- Bioenergy Zona Franca SAS
- Special, Industrial and Port District of Barranquilla
- Pablo Tobón Uribe Hospital

- Department of Valle del Cauca
- Department of Cesar
- Department of Antioquia
- Valle de Aburrá Metropolitan Area
- Coosalud Entidad Promotora de Salud S.A.
- Valle de Lili Foundation
- Bogota Capital District

In addition to the achievement of disbursement goals, Findeter materialized the following:

The Sustainable Development Route event, where more than 150 new leaders from the country's cities and departments participated. Iván Duque Márquez, President of the Republic, and several of his ministers also attended. The initiative aimed to contribute to the strengthening of the new leaders' technical, leadership and relationship capacities with the National Government, in addition to addressing essential issues to develop their duties.

Additional resources amounting to COP \$547 trillion for the Sustainable Infrastructure Offset Rate credit line. This allocation seeks to reactivate the national economy through the financing of investments related to studies and designs, construction, rehabilitation, maintenance, improvement, expansion, inspection, equipment and goods in several sectors. The addition to Decree 755/2019 affects the following decrees: Decree 1980/18, Decree 1020/18, Decree 1460/17 and Decree 2048/14.

The creation of the Health Liquidity tranche 5 offset rate line, as per Resolution 2617/19 issued by the Ministry of Health and Social Protection, for an amount of COP \$387,481 million, assigned as follows: EPS (Healthcare Promotion Entities) COP \$290,611 and IPS (Healthcare Service Provider) COP \$96,870 millions.

In terms of sustainable financing, with the launch of the REACTIVA Colombia program in 2019, Findeter put on the market more competitive rates and longer credit terms for projects in the sectors of social infrastructure, energy efficiency, and sustainable housing construction.



2.4 Execution

Findeter provides Technical Assistance and Resource Management services for the development of programs and projects of the National Government, territorial entities and decentralized state entities. Through the Technical Assistance service in 2019 we managed the following:

Table 13 2019 Total Historical Projects by Business Line

Business Line	No. Projects
Social Infrastructure Management	497
Water and Basic Sanitation Management	305
Housing and Urban Development Management	264
San Andres Coordination	15
ICT Coordination	9
TOTAL	1,090

Source: Findeter, 2019

In 2019, we supervised 354 projects for COP \$2.98 trillion, 87 water and basic sanitation projects, 178 social infrastructure projects, 80 housing and urban development projects, 7 development program projects for San Andres and 2 ICT program projects .

Housing and Urban Development Line

Thanks to our evaluation and supervision of housing projects contemplated in the programs led by the National Government, we managed to help a greater number of Colombians access better living conditions in most of the national territory. Our experience gained since 2002 in evaluating affordable urban housing plans has allowed us to be part of the public policy on affordable housing development, which has been reformulated by the National Government since 2011. For this reason, the dynamics of affordable housing construction are still being developed, which makes us the tool and strategic partner of the National Government for the fulfillment of the goals set in the context of the housing programs, promoting better habitability conditions in Colombian homes.

We have been involved in the evaluation of public properties presented by the territorial entities for the free housing programs phase I and phase II and the VIPA program, in the evaluation of calls for the selection of private projects and constructors, and in the monitoring of projects.

Housing Program for Savers (VIPA) and Free Housing Program Phase Two

The main achievements and highlights in terms of Housing and Urban Development during 2019, in the context of the Housing for Savers VIPA Program, Free Housing Program Phase Two PVGII, were:

- We evaluated seven calls for PVGII projects, from which two projects were awarded, and two calls for VIPA projects, from which seven projects were selected.
- We fully certified 29 projects for 7,268 homes (COP \$369,616 million).
 - 13 PVGII projects (2,362 homes)
 - 16 VIPA projects (4,906 homes)
- We continued to supervise the work of 15 projects for 4,076 homes (COP \$215,534 million).
 - 4 PVGII projects (900 homes)
 - 11 VIPA projects (3,176 homes)
- We advanced the procurement processes for executors and inspectors of home improvement activities in 13 municipalities.
- In 2019, we have issued 2,309 certificates of existence in 25 projects and to date 2,246 homes are pending certification, all from the VIPA program.
- At Findeter we have followed up on 32 projects selected in the private scheme, which total 5,868 homes. To date we have issued 5,458 certificates of existence and 410 homes are pending certification from the PVGII program.
- At the end of 2019, we had two projects pending commencement, which were awarded in the calls evaluated by Findeter in the course of 2019, which total 400 homes in the departments of Choco and Vichada.

Some projects executed within the VIPA and Free Housing II Programs were:



Project: Altos del Zulia
Free Housing II Program
Municipality of El Zulia, Norte de Santander



Project: Parque de las Garzas
VIPA Program
Municipality of Popayan, Cauca



Project: Urbanización Altos del Progreso
VIPA Program
Municipality of San Alberto, Cesar

Decent House Decent Life Program

As an additional challenge, in 2018, the National Government launched the Decent House Decent Life program in response to the needs of Colombians in vulnerable situations, to carry out improvement works in their homes and reduce the qualitative deficit, bettering sanitary conditions, public services and housing structure quality of beneficiary households. Findeter offered technical assistance services to support both the pre-contractual management process and the supervision activities of said improvement works.

Findeter carries out activities in the different development stages of the program:

- Household registration and application stage: We have made available a website to territorial entities where they can register and apply as beneficiaries based on the requirements established by the Ministry of Housing, City and Territory and using the form designed by the Ministry for such purpose. To date, there are a total of 7,191 households registered in the system.
- Pre-contractual stage: We prepared the document for Preliminary Studies and Terms of Reference that was approved by the Decent House Trust for each one of the calls made by Fiduciaria Bogota, in order to select the contractors for works and inspection in each of the municipalities that signed agreements with Fonvivienda and Findeter.
- Inspection supervision: We have provided supervision services to the inspection of the projects selected by the Decent House Trust, in two phases: Categorization and Diagnosis and Execution of Improvement works.

There are currently 13 inter-administrative cooperation agreements with different municipalities in the country. These agreements have a total of 11,692 improvement quotas, 8,164 of which are contracted.

Water and Basic Sanitation Line (103-2; 103-3) (SDG-6)

In 2019, we continued with the programs in place with the Ministry of Housing, City and Territory, the Ibaguè public services company - IBAL and the Rural Development Agency - ADR, providing technical assistance services in pre-contractual, contractual and project closing procedures.

The main achievements and highlights in terms of Water and Basic Sanitation were:




- Ruling in favor of the Free-Standing Trust Fund by the Arbitration Tribunal in a process that was brought by the construction contractor (sewerage project in Valledupar). The financial claims amounted to COP \$2,136 million.
- The project "Optimization of the Aqueduct System Network of the Municipal Capital" was delivered to the Mayor of in Quibdo, Choco, which increases coverage to 95% and benefits 135,210 inhabitants.
- Completion of the project "Construction of Storm Sewers in the San Carlos Neighborhood" in

Villavicencio, Meta, which increases the neighborhood's storm sewer coverage from 10% to 100% and benefits 13,277 inhabitants.

- Completion of the project “Construction of the Supply Line from the Cinco Mil Stream, Optimization of the Treatment and Storage System of the Urban Aqueduct” in Socorro, Santander. This project achieved 24-hour continuity in the provision of drinking water and benefits 25,125 inhabitants.

Of the 305 active projects at the end of 2019, 108 were liquidated, 116 in the liquidation process, 49 in progress and 32 pending commencement.

The most significant water and basic sanitation projects that we are developing are the following:

Reconstruction of the Aqueduct System of the Municipality of Mocoa - Putumayo	Optimization of the La Esmeralda Drinking Water Treatment Plant for Villavicencio - Meta	Construction of the Wastewater Treatment System of the Municipality of Malambo
		
<p>The project will ensure the supply of drinking water to the municipality of Mocoa to overcome the state of emergency after the avalanche that damaged the aqueduct system. 45,947 inhabitants would benefit from the 7,511 connections attempted. The value of the project is \$26,390 million.</p>	<p>The project will provide service 24 hours a day throughout the year and will benefit 25,125 inhabitants. The value of the project is \$44,301 million.</p>	<p>100% of wastewater treatment will be achieved. The benefited population is 116,043 inhabitants. The value of the project is COP \$20,585 million.</p>

Social Infrastructure Line
(103-1, 103-2) (SDG 4)

We provide Technical Assistance and Resource Management to national and decentralized entities such as the Administrative Department of the Presidency of the Republic (DAPRE), Ecopetrol, the Temporary Management for the Educational Sector in the Department of La Guajira, the Ministry of Labor, the Ministry of Education, Fonvivienda, Cormagdalena, the Municipality of Pasto, the Department Government of San Andres, the District Secretary for Culture, Recreation and Sports of Bogota (SDCRD), the District Secretary for Social Integration (SDIS), the District Secretary for Security, Coexistence and Justice (SDSCJ), the Colombian Institute of Family Welfare - ICBF, the National Road Safety Agency - ANSV, the Ministry of Culture, the Ministry of the Interior, and Coldeportes, among others.

To meet our objectives, we involve the community in the design of infrastructure solutions, we use a turnkey contracting scheme that removes the risks associated with contractual modifications, coordinate with several institutions to optimize land use, and implement the use of unconventional construction systems.

As of December 2019, we have provided technical assistance to 497 social infrastructure projects in 181 municipalities for more than COP \$1 trillion, through the execution of 34 inter-administrative agreements.

Of the 497 Social Infrastructure projects at the end of the 2019 term, 142 were liquidated, 207 in the liquidation process, 65 in progress and 83 pending commencement.

Emblematic projects of Social Infrastructure:

Significant Social Infrastructure projects:

El Ensueño Theater – Bogota (commissioning)	Campo Alegre Calandaíma Crecer Center– Bogota	Provisioning of Colegio Acanto – Soacha
		
<p>Value: COP \$ 11,095 million Status: Project in progress in 2019 and 2020, estimated delivery in July 2020. Impact: Beneficiary population 1,100 children and adolescents from the town adjacent to the school and El Ensueño Theater. Beneficiary population from the cultural provisioning in the town: approximately 682,861 inhabitants.</p>	<p>Value: COP \$ 6,487 million Status: Project completed and planned to be delivered in February 2020. Impact: It benefits more than 1 million people who live in the town of Kennedy. The center has a capacity of 100 boys and girls under 18, with disabilities.</p>	<p>Value: COP \$ 16,614 million Status: Project in progress in 2019, completion and delivery in October 2020 Impact: It benefits 768 families and has a capacity of 1,440 students.</p>
Cormagdalena - Maintenance program for the navigable canal of the Magdalena River - dredging of the access canal to the Port of Barranquilla		School and park Antonia Santos Urbanization
		
<p>Value: COP \$ 14,451 million Status: Project in progress in 2019, completion in January 2020 Impact: This project brings a great financial benefit to the entire country, as it contributes to river transport and the conveyance of hydrocarbons and dry goods.</p>		<p>Value: COP \$ 10,470 million Status: Project delivered in December 2019 Impact: It benefits 600 families and has a capacity of 1,240 students.</p>

ICT Coordination

We provided technical assistance to the Information and Communications Technologies Fund - FONTIC, of the Ministry of Information and Communications Technologies - MINTIC, through an agreement performed during 2019.

We completed the supervision of the following projects: **E-commerce**, the purpose of which was to develop the value chain for Colombian MSMEs. The project intended to benefit 10% of MSMEs owned by women, and that 15% of MSMEs be located outside the country's five main cities. **Massification** Project, the main purpose of which was to unite supply and demand, closing the gap between the companies that develop solutions and the MSMEs that seek to implement technological solutions in their companies for their digital transformation in areas such as: management, direction, operation, marketing and sales.

San Andrés Coordination

During the development of the agreement signed with the National Unit for Disaster Risk Management (UNGRD), financed with resources from the Inter-American Development Bank (IDB), we provided technical assistance for the execution of 15 projects, which at the end of the 2019 term there were seven (7) completed, seven (7) in progress and one (1) pending commencement.

Table 14. Achievements and Highlights San Andres Coordination

Project	Valor	Characteristics
Construction of the desalination plant on the island of San Andrés	COP \$45,000 million	- Catchment (200 l/s) - Pumping Station - Desalination Plant (50 l/s) - Tank (1,000 m3)
Replacement of aqueduct networks in San Andres	COP \$25,223 million	- Networks (26.1 km) – Loma, San Luis and El Cove Neighborhoods - Sectorization (valves and macro meters) - 3,700 household connections
Complementary works of the Providencia aqueduct	COP \$4,881 million	- 2 prefabricated tanks (405 m3 each)



2.5 Social Management

Each project is an opportunity to promote social inclusion and gender equality, support diversity, promote sustainable communities, and facilitate the creation, participation, and interaction between national and local governments with the people, to fully strengthen the social fabric. Accordingly, we have been working on the following:

- Structuring of the social guidelines for the direct credit program.
- Structuring the social management and gender equality component for the pre-contractual and awarding processes of six projects of the Prosperity Fund - British Embassy and the social component for the Territory-Focused Development Programs (PDET) of the Territorial Renewal Agency .
- Adjusting the risk matrix for execution agreements with regarding the social, environmental and reputational aspects, thereby strengthening the risk management contemplated in the social management guidelines.
- Executing the mobility project Manizales Strategic Public Transport System, and also structuring and execution of two projects corresponding to Territory of Opportunities: Geopark and the Urra Hydroelectric Power Plant.

- Developing the social component for execution projects, from the pre-contractual process to their liquidation, for example, the Decent House Decent Life program.
- The legal review for the preparation and implementation of social management guidelines and contractual obligations.

The monitoring of social management of each of the Entity's projects and/or programs, through relationships with three key actors. The first is the delegate supervisor, with whom we conduct the traceability of the technical, environmental, social, reputational, legal and financial status of the project and/or program; the second is the inspection department, to support the fulfillment of contractual obligations; and the third is the community, with which we verify the implementation of the participation and social dialogue processes set out in the social management guidelines, thus ensuring progress in the involvement and sustainability of projects.

In addition, Findeter continues to participate in voluntary initiatives and committees that promote private and public commitment to sustainability through the Financial Committee of the National Climate Change System, the National Council of the Orange Economy, the Coordinating Committee of Rail Transport, the Green Protocol led by Asobancaria, Colombia Global Compact and Global Compact World Network.

And finally, social investment focused on sports and recreation, aimed at vulnerable populations, was maintained through the following actions:

- In partnership with the Revel Foundation, we aided the continuity of soccer sports academies started in 2018 and which in 2019 involved 800 children and adolescents, in the municipalities of Pasto, Tumaco, Rionegro, Codazzi and Manizales.
- In partnership with the municipality of Quibdo, we developed the EN BICI project, through which we delivered 80 bicycles and 80 helmets, with the aim of strengthening the collective processes of cultural involvement towards territorial sustainability, through sports and recreational practice in bicycle, as well as strengthening the consolidation of alternative mobility systems and reducing school dropouts in the Chocó capital.
- Delivered 50 helmets, to strengthen the consolidation of alternative mobility systems, reduce school dropouts and complement safety for the bicycles delivered in 2018.



2.6 Environmental Management

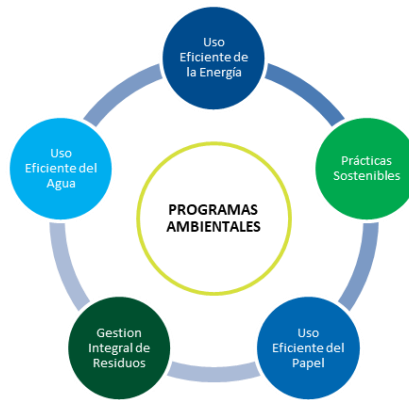
(305-1; 305-2; 305-3) (SDG 13 and 15)

(103-3) Sustainable cities and communities (103-3) Environmental education and training (103-1) (103-2)

We have an Environmental Management System (EMS) included in the Entity's Integrated Management System, which has allowed us to remain certified in ISO 14001:2015 for the year 2019.

The strategic objectives of the EMS policy are to promote the generation of economic, social and environmental impact of our management and to incorporate and strengthen best practices for corporate sustainability with stakeholders. In order to meet these objectives, and based on the analysis of the legal requirements, the risks and the environmental aspects and impacts generated by Findeter's activities, we developed five programs (see figure below).

Figure 8 Environmental Programs



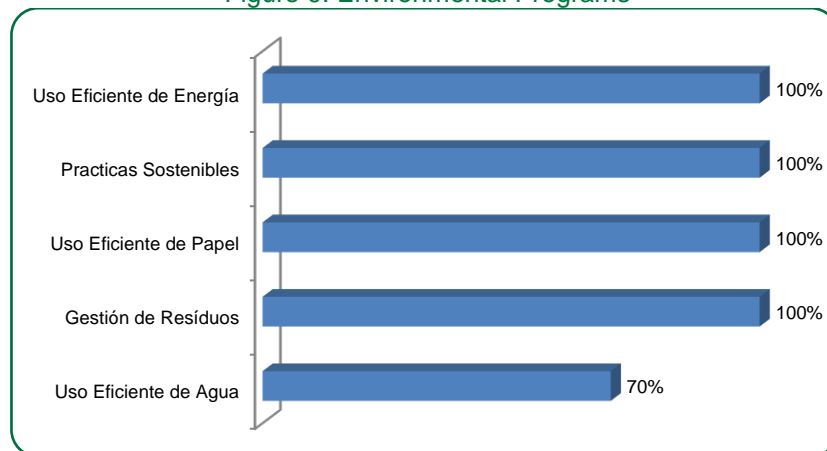
Source: Findeter

Within these programs we developed the environmental campaign “Being Conscious is Being Findeter”, with the motto: down to earth, aiming to promote our environmental programs through different activities and internal communication channels to meet the goals established for each prioritized environmental aspect.

The results from meeting the goals established for each program in 2019 are presented in the figure below. For the **Efficient Use of Water** program, the goal was achieved at 70%, the level of consumption of the main headquarters remained constant at 2,176 m³/year.

For the **Efficient Use of Energy** program, the goal was fully achieved, with an average goal per person of 125 KWh/month, reaching 46 KWh/month, which was lower than expected. This is largely due to the change in consumption habits and the application of more efficient technologies in cafeteria services.

Figure 9. Environmental Programs



Source: Findeter

Findeter’s average paper consumption at all locations as of November 2019 was 2,681 reams of paper, fully achieving the goal of the **Efficient Use of Paper** program. With the progress of the digital transformation strategy, document digitization and the use of technologies, we aim to reduce by 2020 the consumption of paper in the Findeter operation nationwide.

Regarding the generation of hazardous waste, it was properly disposed of and fully delivered to the waste management company authorized by the competent Environmental Authority, fully achieving the goal of

the **Integrated Waste Management** program, reaching 3,746 kg this year.

These results were made possible thanks to periodic inspections of temporary waste storage sites at our headquarters, the training of general service personnel on handling hazardous waste, changing bins in line with the new color code provided in Resolution 1397 of 2018, and the audits and monitoring of the District Secretary of Environment.

Through the **Sustainable Practices** program, which aims to raise environmental awareness and promote the efficient use of natural resources to contribute to reducing the carbon footprint generated by the Entity, we were able to offset in 2019 100% of the carbon footprint of 2017 and 2018, successfully complete the timetable of the environmental campaigns, and encourage activities such as the promotion and loan of bicycles to employees for their commute and the mass participation in talks to Findeter employees about “Sustainable Consumption”.



2.7 Carbon Footprint

(305-4)

The measurement of Corporate Carbon Footprint includes inventorying greenhouse gas emissions (GHG) and calculating environmental performance, thus identifying the emissions caused throughout the operation and service provision cycle.

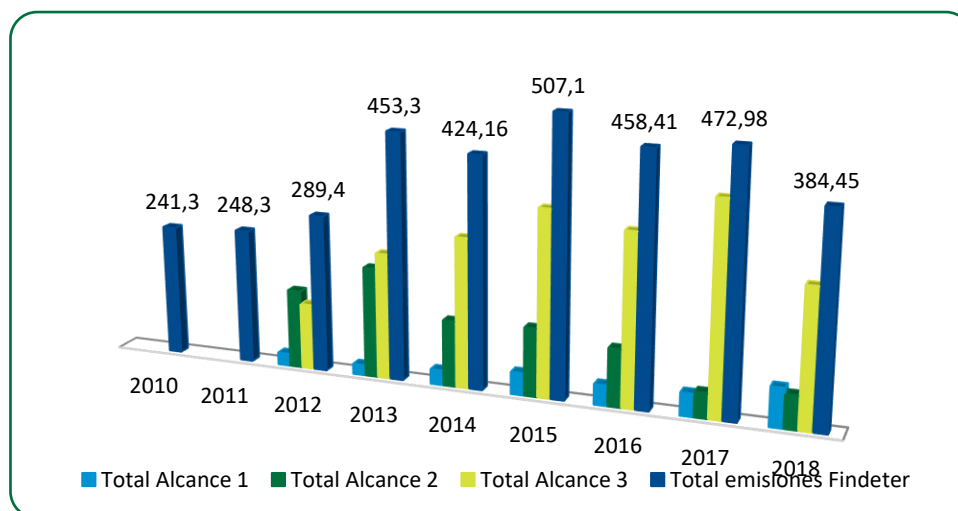
In this sense, since 2010 we have been measuring the carbon footprint of our business activities as good sustainable practice, and offsetting emissions through different mechanisms such as tree planting and the purchase of carbon credits.

Scope 1. Fuel for mobile sources, fuels for stationary sources, refrigerant gas leaks.

Scope 2. Emissions associated with the consumption of electrical energy

Scope 3. Emissions from flights, emissions from printing supplies (paper, toner), emissions from waste management and disposal, emissions from outsourced transport.

Figure 10 Evolution of Findeter's Carbon Footprint



Source: Findeter, 2019

For 2018, Findeter's carbon footprint was 384.45 tCO₂e. The emissions generated had a positive variation

due to a 19% reduction compared to the emissions generated in 2017 (458.42 tCO₂e). This was due to senior management policies related to the reduction of corporate travel and the use of technological telecommunications resources that allow to substitute national travel in some cases.

In 2019 we offset the 2018 and 2017 emissions with the planting of 1,165 and 1,434 trees, respectively, in the Department of Vaupés, one of the territories most affected by deforestation. This tree planting project in the territory positively impacts the social development of communities such as the Great Vaupés Indigenous Shelter, ancestral protectors of forests.



3 ECONOMIC ENVIRONMENT

3.1 Economic Context - 2019 in Retrospect

2019 closed with a weak global economic activity. The global growth projected for the end of this year is 2.9% according to the International Monetary Fund (IMF), 2.9% according to the Organization for Economic Cooperation and Development (OECD), and 2.6% according to the World Bank. All of these estimates are the lowest predicted since the 2008 financial crisis⁶.

This was the result of three general events: the first was the uncertainty surrounding the world trade relations generated by the trade war between the United States and China⁷. The tensions have caused the suspension or postponement of projects and changes in investment decisions that immediately affected the financial markets. The consequent losses to the global economy were estimated at \$700 billion dollars, equivalent to 0.8% of the world gross domestic product⁸.

The second event was the economic slowdown across the United Kingdom and the effects of Brexit in the euro area. Uncertainty surrounding UK's organized exit from the European Union generated a contraction in the country's investment and affected its European trading partners, which decreased exports and moderated their private consumption. Projected growth for the euro area at the end of 2019 is 1.2%, five percentage points below its growth in 2018. Germany (0.5%), France (1.3%) and Italy (0.2 %) were countries that contributed negatively to the indicator. UK, meanwhile, had a growth of just 1.3% in 2018 and is expected to keep the same figure in 2019.

Finally, the third cause of the world economy's weak behavior is the contraction in manufacturing and international trade. Increased tariffs and uncertainty affected investment and demand for capital goods, causing international trade to grow just 1% in the first half of 2019, the lowest level since 2012.

For Latin America, the largest economies (Chile and Mexico) slowed down at the beginning of the year, mainly due to idiosyncratic factors, i.e., political and social environments. In addition, the international shocks mentioned above affected the area through commodity prices and exports. The IMF adjusted the annual growth projection for Latin America to 0.1%, decreasing its beginning of the year projections by 1.3 percentage points. On a national level for 2019, a 0% growth is expected for Mexico, Argentina is gradually recovering after going through recession, and Brazil expects a moderate growth of 1.2%. On the other hand, Chile, Colombia and Peru show greater resilience in the face of a less favorable global environment: growth forecasts remain around 3.5% for 2019.

Although external conditions had an impact on the national economy, Colombia has managed to maintain an orderly and gradual economic recovery. For the third quarter of 2019, the domestic GDP grew by 3.3% compared to the same period of the previous year, the highest growth reported since 2015 (see chart

⁶ We use projections since there are no cut-offs from 2019 to January 2020.

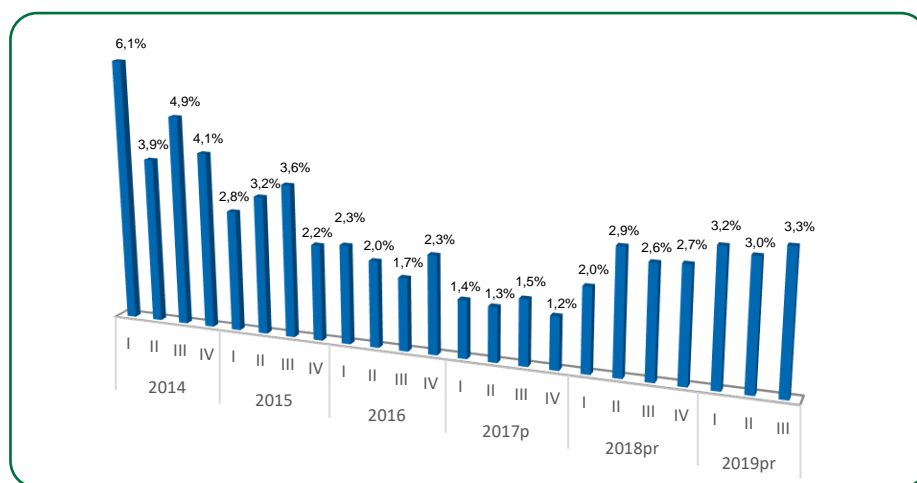
⁷ Higher tariffs on products imported from China to the United States, with China's response to increase tariffs on American products.

⁸ International Monetary Fund. Press Conference, Beijing, Nov. 21, 2019.

below). The dynamism of private consumption has been an important factor for this indicator: individual final consumption expenditure of households increased in the third quarter of 2019 to 4.9% and the general government's final consumption expenditure of the grew by 3.5%.

The increase in indebtedness allowed the financial and insurance activities sector to grow by 8.2% compared to the same period of the previous year, and the retail, transport, accommodation and food services sectors reported a growth of 5.9 %.

Chart 11. Colombia Gross Domestic Product. Annual Percentage Variation



Source: DANE. Own calculations.

However, these figures are difficult to match with the impairment of the labor market, which had an unemployment rate of 10.8% for September 2019, with a devaluation of the Colombian peso against the US dollar that reached an exchange rate of COP \$3,52210 per dollar and an inflation of 3.82%, well above the inflation target¹¹. In addition, as of September 2019, public debt continued to rise, reaching COP \$363 billion, equivalent to 58.8% of the GDP, 5% more than in September 2018. This (global) trend of public debt reduces the ability to respond to adverse events and finance development-focused investments¹².

Colombia was one of the few Latin American countries that maintained a positive growth trend in the face of external shocks. Although the region was characterized by social movements that created uncertain environments and reduced economic activity, the country's economy stood out positively in the face of an international environment characterized by weak progress and loaded with downside risks due to protectionist actions.

The Colombian economy showed resilience, supported by its strong internal demand, essentially due to the high consumption of households, which spent their additional income and became more indebted. The main uncertainties for the country in 2020 are twofold: the labor market and the export sector.

3.2 Analysis of the Financial System - Banks

2019 marked a different dynamic for banks compared to 2018, since better activity in the portfolio increase and investments were the engine of growth for the banking sector. With an increase of COP \$38.6 trillion in the gross portfolio¹³ and a reduction in the growth rate of the past-due portfolio, that year showed signs

⁹ DANE. Great Integrated Household Survey (GEIH) Labor Market.

¹⁰ Central Bank of Colombia. Representative Exchange Rate.

¹¹ Central Bank of Colombia. Monetary Policy: The Target Inflation Strategy.

¹² Global Economic Prospects. World Bank Group. June 2019.

¹³ Source: Report of the Financial Superintendence as of October 2019.

of an economic recovery that could promote further growth in the future. This situation helped maintain good solvency and liquidity levels, reflecting Colombia’s banking strength.

Along these lines, the credit risk of the financial sector maintained its profile in the last year, which is evidenced in the portfolio quality indicators (both due to late payment and risk profile) that began to recover compared to the 2018. It should be noted that a better economic situation in several companies of the corporate sector led to an increase in prepayments, in addition to the refinancing of debt due the lower rates, driven by better expectations.

In turn, the appreciations of the investment portfolios, given the behavior of market rates and the expansionary policy of the Central Bank of Colombia, have benefited the net interest margin of the financial sector. This situation has been translated into increased profits for banks of COP \$9.3 trillion¹⁴.

Regarding the system’s liquidity, the liquidity risk indicator suggests that banks have sufficient levels of liquid resources to meet their short-term obligations, also taking into account that their financing increased mainly thanks to deposits in current and savings accounts, with a positive variation of 11% and closing with COP \$249 trillion as of October.

4 FINANCIAL RESULTS

4.1 Key Indicators

The efficiency indicators showed outstanding results. The “Operational Efficiency”¹⁵ indicator stood at 1.40%, showing an improvement of 11 basis points compared to 2018, mainly explained by the efficient spending management, thanks to which year-on-year spending only increased by 3.86%, which reflects a sound policy by senior management regarding the management and control of expenses.

Table 15 Efficiency Indicators

Indicator	Dec-18	Dec -19
Operational Efficiency	1.51%	1.40%

Source: Findeter

The profitability indicators also showed positive variations in 2019. The “ROE” indicator increased by 1.09% from 2018 to 2019, directly evidenced in the profit obtained, derived from the performance of the financial margin, which had year-on-year increase of 26.13%, due to the better management of the differential between the Entity’s lending and borrowing rates, and an adequate management of operating expenses. Equity also experienced a positive variation of 7.14%, which has an effect on the indicator’s result.

EBITDA¹⁶ increased by COP \$23,498 million compared to 2018, mainly as a result of the growth in operating profit of COP \$29,912 million. The importance of this indicator is that it shows the Entity’s profitability before deducting expenses associated with debt and taxes, i.e., it reflects Findeter’s ability to generate benefits exclusively taking into account its productive activity.

In order to optimize income generation, Findeter launched in May 2019 the operation of its own investment portfolio, investing its own resources in the stock market in accordance with the investment policies established by the Board of Directors. As of May 2019, the portfolio had a value of COP \$55,513 million, which at the end of the year increased to COP \$194,566 million, generating a year-on-year gross profitability increase of 6.47%, which translates into a net income of COP \$2,013 million.

¹⁴ Source: Report of the Financial Superintendence as of October 2019.

¹⁵ Administrative Expenses / Productive Assets

¹⁶ Earnings Before Interest, Taxes, Depreciation and Amortization

Table 16 Profitability Indicators

Indicator	Dec-18	Dec -19
ROE (Net Income/Equity)	4.96%	6.05%
EBITDA	\$95.496 million	\$119.443 million
Gross profitability of own portfolio	N/A	6.47%

Source: Findeter

The solvency ratio showed a 0.11% reduction from December 2018 to December 2019, which is attributed to the increase in assets weighted by a risk level of 4.28% as a consequence of the increase in the value of the portfolio, investments and derivatives. In turn, market risk showed a reduction of 30.18%, justified by the behavior of the hedges in dollars due to the fact that their amount and term increased compared to the previous year, thus affecting the interest rate module of the value at risk.

Table 17 Solvency Indicators

Indicator	Dec-18	Dec -19
Total Solvency Ratio	21.71%	21.60%

Source: Findeter

Below is the consolidated result of the main components of the Entity's Financial Statements

Table 18 Main Components of the Financial Statements

Indicator (COP\$)	Dec-18	Dec-19	Var.
Total Assets (Trillions)	\$ 9.72	\$ 10.20	5.00%
Total Liabilities (Trillions)	\$ 8.58	\$ 8.98	4.71%
Total Equity (Trillions)	\$ 1.14	\$ 1.22	7.22%
Total Net Income (Trillions)	\$ 56,560	\$ 73,911	30.68%

Source: Findeter

4.2 Balance Sheet Analysis

In 2019, the main Balance sheet accounts¹⁷ increased compared to 2018. The Entity's total assets stood at COP \$10.20 trillion, an increase of 5.00% compared to 2018. Liabilities on the other hand showed an annual variation of 4.71%, closing the year at COP \$8.98 trillion and equity increased by 7.22% to COP \$1.22 trillion.

In assets, the main items continue to be the portfolio, with a share of 87.16%, cash and cash equivalents, with 6.81%, and investments, with 4.20%. Cash had an annual variation of -3.17% and closed 2019 at COP \$695,223 million, complying with the liquidity indicator regulated by the Financial Superintendence of Colombia. Investments increased by 22.9% and ended the year at COP \$428,202 million, as a result of the launch of its own investment portfolio, through which investments were made mainly in TES public debt securities, in both UVR and Fixed Rate, and also in private debt securities such as term deposits and Bonds. A second element that explains the variation is the valuation of forward contracts, as a result of the 20.48% increase in the balance of hedges compared to 2018 and the average year-on-year devaluation of the exchange rate, which went from 1.84% to 2.06%.

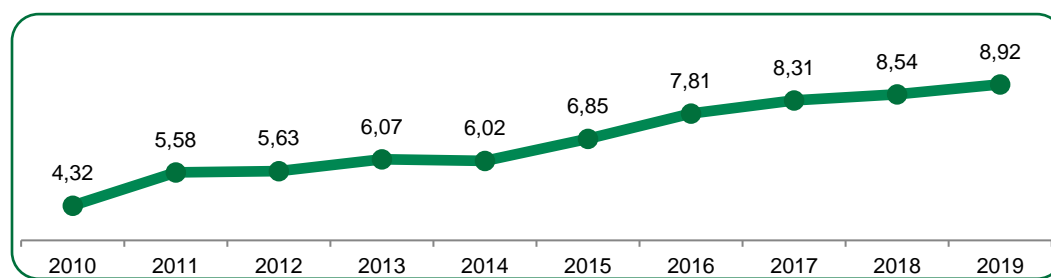
On the other hand, Findeter's gross portfolio grew by 4.47% in the last year, reaching COP \$8.92 trillion as of December 2019. This growth corresponded to COP \$381,180 million, thus maintaining the positive trend of the last 6 years, despite the fact that the volume of prepayments registered during 2019 amounted to COP \$1.5 trillion. Additionally, 59.19% of the rediscount portfolio corresponds to offset rates and special

¹⁷ Corresponds to the Financial Statements report of the Independent Auditing firm.

lines.

Furthermore, in 2019, we disbursed resources for COP \$ 2.73 trillion, exceeding the commercial goal, which was COP \$ 2.39 trillion.

Chart 12. Gross Portfolio



Source: Findeter – Figures in trillions of pesos.

Regarding the capital structure, liabilities represented 88.02% and Equity 11.98% as of year-end 2019. The most representative item in liabilities corresponds to Certificates of Deposit, with a share of 60.63%, equivalent to COP \$5.4 trillion, and showing a growth of 5.03% with respect to 2018, as a result of the issues made, which amounted to COP \$2.76 trillion. The second largest item in liabilities was financial obligations, with a share of 20.56%, equivalent to COP \$1.85 trillion. This item includes the resources disbursed by the IDB to Findeter, which amounted to USD 41.3 million during the year, as well as the resources disbursed by the KfW corresponding to USD 6.5 million.

Another important item within liabilities is outstanding investment securities, which represented 17.49% of the liabilities account. It is made up of 3 Bond issues, an international bond issue in 2014 for USD 500 million, a subordinate bond issue in 2017 for \$ 203,680 million and a sustainable bond issue in 2019 for \$ 400 billion.

Equity in 2019 had a year-on-year variation of 7.22%, equivalent to COP \$82,385 million, as a result of the increase in profits compared to the previous year.

4.3 Income Statement

Findeter's revenue during 2019 increased by 11.06% compared to 2018. One of the factors that leveraged the results has to do with the valuation of derivatives, as a result of a lower average devaluation in 2019 of 1.87% compared to 2.47% in 2018. In addition, the implementation of its own investment portfolio generated a gross profit of COP \$5,637 million. Finally, the valuation of the Ashmore private equity fund unit stood at 18.68% from November to December 2019, due to the increase in the value of the companies that are part of the Fund's investment portfolio.

It is also important to point out that the revenue related to portfolio interest decreased by 4.02%, as a result of the expansionary policy promoted by the Central Bank of Colombia since April 2018, when the REPO¹⁸ rate was decreased by 25 basis points¹⁹, remaining unchanged at 4.25% until year-end 2019. This decision ended up having an impact on the other market benchmarks such as DTF²⁰ and IBR²¹, which directly

¹⁸ The key monetary policy rate of interest of the Central Bank of Colombia.

¹⁹ Basic Points of a rate

²⁰ Fixed Term Deposit: Rate paid to savers, banks, savings and housing corporations, financial corporations, and commercial finance companies.

²¹ Benchmark Bank Indicator.

affects the income generation. On the other hand, the CPI²² showed an upward trend, reaching 3.8%, approaching the upper limit of the inflation range defined by the Central Bank of Colombia.

Below is a breakdown of the composition of the rediscount portfolio (excluding the portfolio of employees and former employees) according to their classification by type of rate. Its composition varied in 2019, reducing the DTF share of the portfolio and increasing the amount of resources tied to the IBR. The IBR indicator doubled its share by increasing 17 percentage points compared to 2018.

Table 19 Composition of the Rediscount Portfolio by Rates

Indicator	Balance 2019	Share	Balance 2018	Share
DTF	2,541,175	28.65%	3,444,909	40.60%
CPI	1,768,910	19.94%	2,036,904	24.01%
1-Month IBR	3,058,134	34.48%	1,761,990	20.77%
3-Month IBR	1,195,047	13.47%	795,738	9.38%
Fixed	78,084	0.88%	86,898	1.02%
UVR	2,875	0.03%	5,112	0.06%
Libor	-	0.00%	22,605	0.27%
Libor	121,186	1.37%	188,427	2.22%
6-Month Libor	103,785	1.17%	142,425	1.68%
Total Balance	8,869,196	100.00%	8,485,008	100.00%

Source: Findeter – Figures in millions of pesos.

Regarding other revenue, we also find the revenue from commissions and fees, which had a relevant importance in 2019, by the guideline given by our senior management to diversify the sources of non-financial revenue. In this aspect, there were 4 major lines of business that allowed Findeter to obtain revenues in the order of \$65,324 million: Bundles²³, Territorial Planning, Project Structuring²⁴ and Project Execution, which will continue gaining strength in the coming years.

The Bundles business line generated an income worth COP \$2,561 million²⁵ (new business line included in the 2019-2022 flight plan) and Territorial Planning and Project Structuring experienced a growth of 146.87% and 142.34%, respectively.

The increase in operating expenses in 2019 was 8.94%, a figure mainly explained by the increase in expenses associated with the valuation of forward hedges, since the amount of the external debt covered increased compared to 2018. Nevertheless, the net effect of derivatives and exchange difference showed a decrease of 16.11% compared to 2018, which is equivalent to COP \$20,522 million, as a result of the derivatives trading strategy.

Regarding the expenditure generated by the Entity's funding sources, we found that the interest accrual of Certificates of Deposits (CD) decreased by 12.67% during 2019, which is explained by the drop in

²² Consumer Price Index.

²³ Selling more than one product to the same project, seeking to generate integrated solutions for the territories and turn their initiatives into real projects.

²⁴ Structuring the strategic projects of the National Government, the departments, municipalities and the private sector.

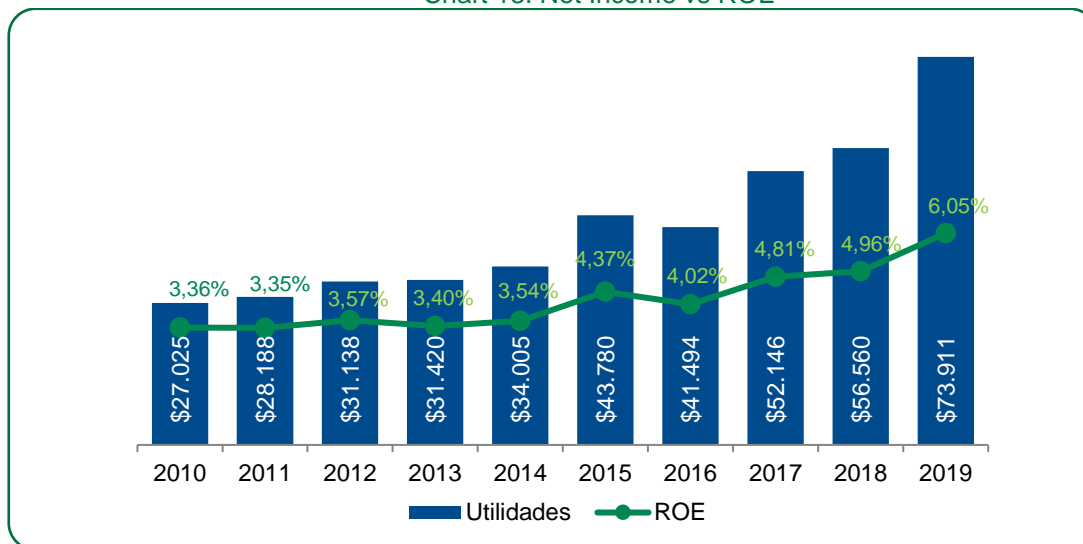
²⁵ Of the total of this revenue, only \$ 1,104 correspond to commissions and the remaining value corresponds to portfolio interest income.

interest rates of the system to which these securities are tied, as well as the reduction of the market-maker spreads²⁶.

In addition, interest on financial obligations decreased by 11.01%, a situation that is justified by the decrease in the LIBOR²⁷ (London Interbank Offered Rate), which went from 2.50% in 2018 to 1.75% as of year-end 2019, affecting the interests of all the obligations contracted in dollars. This decrease in the rate goes in line with the three consecutive interest rate cuts made by the FED²⁸ in 2019. It is important to highlight the behavior of the entity's administrative expenses, since they only increased to 3.86% while inflation for all 2019 was 3.8%. After reviewing them, we identified that the personnel expenses item had only a 1.95% increase compared to the previous year, while other expenses such as temporary services, travel expenses, and contributions, affiliations and transfers showed reductions of 8.14%, 9.04% and 13.32%, respectively, thus evidencing their adequate control led by senior management.

As a result of the increase in the financial margin and the proper management of administrative expenses, earnings before taxes increased by 32.61% in 2019, reaching \$121,648 million pesos. It is important to bear in mind that, in 2019 the Entity affected COP \$7,775 million in its financial statements corresponding to the income tax self-withholding for 2018, which did not generate operational repercussions. The Entity's operating income, together with the 4% decrease in the income tax provision, in accordance with the non-applicability of the financial sector surtax established in the financing law, led to an all-time record high net income of COP \$73,911 million, which resulted in an annual variation of COP \$17,351 million compared to 2018, equivalent to a growth of 30.68%.

Chart 13. Net Income vs ROE



Source:

Findeter, figures in millions of pesos.

Other financial highlights during the 2019 term are the following:

- Ongoing management of the Entity's borrowing rate, which led to a financial margin higher than the goal established.
- High degree of accuracy in financial projections, evidencing the Entity's adequate financial planning.

²⁶ Difference between a market's supply and demand; also refers to the profitability differential between one product and another comparable product.

²⁷ Interest rate used in lending between banks on the London interbank market for short-term deposits. The data corresponds to the 3-Month Libor.

²⁸ Federal Reserve System

- Structuring of a financial tool that allows determining the maximum impact of a quota assigned directly to customers in the commercial management process, which in turn allows the Entity greater control over the financial margin.
- Construction of the business costing model, an essential tool for determining the price of non-financial products, taking into account all the direct and indirect costs, as well as the expected profitability.
- Ongoing improvement of the financial projections model, which was developed in-house by Findeter.
- Presenting to the Board of Directors the P&L by regional division, which allows to dynamically identify the contribution margins of each regional division.
- Consolidation of the proposed variable remuneration model applicable to the Entity's Account Managers.

4.4 Foreign Exchange Risk

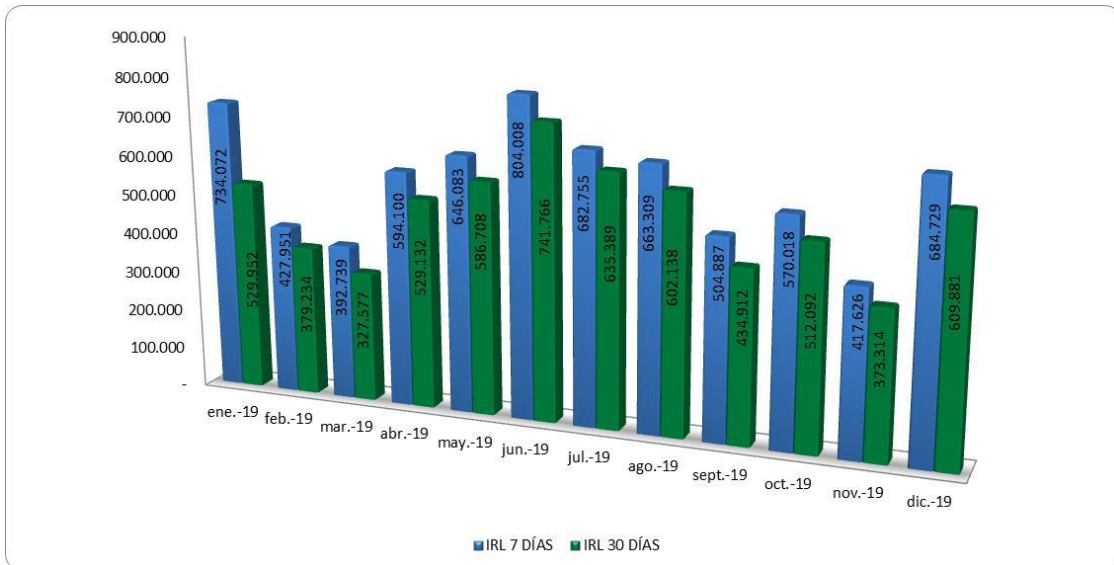
As part of our strategy to reduce foreign exchange risk, we carry out operations with derivative financial instruments and make disbursements in dollars as natural hedge for liabilities in foreign currency, in accordance with the regulations of the Central Bank of Colombia and the Financial Superintendence of Colombia (SFC). As of December 2019, we reached USD \$473,500,000 in forward contracts and USD \$68,676,069 in rediscount credits. Consequently, we monitor our positions in foreign currency, by reviewing the value at risk in foreign currency, which has been maintained at tolerable levels with respect to the limit defined by the Board of Directors (95%).

At the end of the reporting period, the Entity's liability hedging program presented a foreign exchange hedging of 99.72%.

In 2019, we continued with the weekly liquidity management monitoring activities, as well as the Liquidity Risk Indicator (LRI) projection for up to 90 days (estimated on a weekly basis), in order to anticipate changes in said indicator and know the impact caused by daily dynamics of disbursements or fundraising in Findeter's liquidity.

The following charts show the positive liquidity levels according to the LRI for the monthly cut-offs (for the 7 and 30 day terms, respectively):

Charts 14. LRI 7 days - LRI 30 days



Source: Risks Vice Presidency – Figures in millions of pesos

As of December 2019, the LRI was \$684,729 million for the 1-7 day term and \$609,881 million for the 1-30 day term, proving that we maintain an adequate level of resources to meet our obligations and activities.



4.5 Risk Rating

Standard & Poor's

On October 28, 2019, the rating agency S&P published a press release ratifying the country's "BBB-" credit rating. This decision reflects the local economy's recovery, which should help stabilize government debt. In addition, it recognizes the issuer's management of monetary policy, warning of the importance of anchoring inflation expectations. Regarding the stable outlook, the rating agency points out that the country's external profile is expected to improve gradually, while GDP growth would help keep fiscal results in check. Findeter's rating is fully tied to the Nation's rating. Accordingly, S&P reaffirmed the "BBB-" rating with a stable outlook for both the Entity and the international bonds issued in 2014.

Fitch Ratings

In 2019, Fitch Ratings confirmed Colombia's rating at "BBB" with a negative outlook. According to this rating agency, the negative outlook reflects the ongoing risks for fiscal consolidation and the trend of public debt, the weakened credibility of fiscal policy and the increase in external vulnerabilities derived from greater external imbalances, as well as an increase in debt. Additionally, they observed a constant increase in the debt/GDP ratio, which has been constantly on the rise for the past six years.

Consequently, on November 28, 2019, Fitch Ratings confirmed the following rating:

- National Long-Term Rating confirmed at 'AAA'; Stable Outlook
- National Short-Term Rating confirmed at 'F1+'

Multi-asset securitization risk rating

On March 19, 2019, Fitch Ratings confirmed the ratings of the series that make up the credit content securities issued by TER CPI R-1 for COP \$233.9 billion.

These ratings ratified by Fitch Ratings were based on the quality of the securitized portfolio, the credit enhancement mechanisms, hedge, operating capacity, management and legal-financial structure of the transaction. Currently, only the TER CPI B R-1 is found as part of the portfolio, with a present value equal to COP \$29,403 million as of December 2019.

Subordinated Bond Rating

Fitch Ratings assigned the long-term rating "AA+ (col)" to our subordinated bond issue. This rating was lower than the Entity's, as it reflects its subordinate nature and the potential for a minor recovery with respect to senior debts in the event of default or liquidation.

Sustainable Bond Rating

The S&P technical committee in August 2019 affirmed the long-term rating "AAA" for the issue of sustainable bonds. This rating was supported by factors such as a competitive business position, high solvency levels, profitability, asset quality reflected in less risk exposure and a positive evolution in terms of diversification of funding sources.

4.5 Budget and Sources of Financing

4.5.1 Budget

The Entity's source budget as of December 31, 2019, amounted to COP \$832,462 million.

Execution of Sources

As observed in the following table, the execution of sources as of December 31, 2019, presented a closing of COP \$699,173 million, equivalent to 84% of the budget, mainly due to an under-execution of financial income of - \$138.5 billion (-18%), as a consequence of:

a) lower interest collection from the rediscount portfolio by -\$73,906 million (-16%), due to the increase in the volume of prepayments leveraged with lower loan disbursements from January to April/19, and market rates lower than budgeted; b) lower collection of Offset Rate by -\$36,702 million (-19%), because during the 2019 execution a market rate stability occurred when the budget contemplated an increase, as well as a lower execution in disbursement schedules vs. estimates during the first half of the year; and c) lower derivative income by -\$26,350 million (-55%) resulting from the adoption of a year-long trading strategy supported by the decrease in the cost of long-term devaluations.

Additionally, performance was favorably impacted by an over-execution in the income from agreements and/or programs by COP \$8,112 million (14%), due to a favorable dynamic in the collection of the portfolio of previous years (mainly in the infrastructure program), fully offsetting the under-execution in other operating income of -\$ 2,847 million (-16%), due to a lower collection of investment banking income by - \$2,092 million (-45%) and commissions by -\$755 million (-6%), both in commitment and fiduciary.

Table 20 Execution of Sources

Sources	Budget	Income	Execution Difference	Compliance %
	(1)	(2)	(3) = (2) - (1)	(4) = (2) / (1)
Financial Income	756,164	617,663	-138,500	82%
Income from Agreements and/or Programs	58,329	66,442	8,112	114%
Other Operating Income	17,598	14,751	-2,847	84%
Other Non-Operating Income	371	317	-54	85%
Total Fuentes	832,462	699,173	-133,289	84%

Source: Findeter, figures in millions of pesos

Execution of Applications

The execution of applications as of December 31, 2019, reflected a closing of COP\$ 673,885 million, equivalent to 81% of execution, presenting financial expenses as the main driver, closing at 77% of the budget (equivalent to \$487,354 million), mainly due to:

a) a lower interest payment of obligations, with an execution of 85% (equivalent to \$476.910 million), associated with a lower need for funding (fundraising and credits from multilateral banks), due to the liquidity resulting from the increase in the volume of prepayments of the rediscount portfolio; and b) lower expenses for derivatives closing with an execution of 13% (equivalent to \$8,299 million), resulting from the adoption of a year-long trading strategy supported by the decrease in the cost of long-term devaluations

Proper management and rationing of operating and administrative expenses allowed an 89% execution (equivalent to \$115,924 million), among which, given their efficient management, we highlight service contracts (89% execution; \$4,312 million savings), fees (81% execution; \$2,126 million savings), travel expenses (77% execution; \$1,197 million savings), advertising and dissemination (63% execution; \$1,113 million savings) and maintenance-repairs-adaptations (87% execution; \$384 million savings). Finally, due to the adequate management of the personnel structure and its processes, it was possible to obtain an optimization in total personnel expenditure (93% execution; \$3,585 million savings). The execution of the asset acquisition (78% execution, equivalent to \$1,588 million) was conditioned to a later start in the implementation of the change of the Entity’s document management software and a lower requirement for software licensing.

Table 21. Execution of Applications

Sources	Budget	Initial Goal ⁽¹⁸⁾	Commitments	Uncommitted Value ⁽¹⁹⁾	Compliance %
	(1)	(2)	(3)	(4) = (1) - (3)	(5) = (3) / (1)
Financial Expenses	629,211	647,751	487,354	141,857	77%
Tax and Contribution Expenses	70,848	54,411	69,019	1,829	97%
General Operating and Administrative Expenses	130,356	128,787	115,924	14,431	89%
Asset Acquisition	2,047	1,513	1,588	459	78%
Total Applications	832,462	832,462	673,885	158,577	81%

Source: Findeter, figures in millions of pesos

¹⁸ Initial goal corresponds to the initial budget of the 2019 term.

⁹ Uncommitted value is the balance available as of December 31, 2019, that remained in each item.

The entity's budget management aimed from the start to promote an adequate and efficient use of resources, monitored by the Accounting and Budget Management committee on a monthly basis, allowing the adoption of the necessary measures and contributing to the construction of a good performance of organizational indicators, such as Operating Efficiency, Ebitda - Net Income.



4.5.2 Funding

During the past year, we managed to raise resources for COP \$3.164 trillion, through issues of Certificates of Deposit and Sustainable Bonds, which increased the amount in relation to 2018 and the activity of the advance payments of the active portfolio, as evidenced in the table below.

Direct issues made in the primary market reached COP \$2.21 trillion. In addition, we carried out the first sustainable bond issue for a value of COP \$400 billion; while renewals totaled COP \$1.3 trillion, which represented an increase of 17%, despite the high liquidity obtained by the issue, which shows the trust of investors in our debt securities.

Table 22 Issues by Type

Type	2018	Share	2019	Share	Var %
Certificate of Deposit Initial Issue	1,984,960	64%	1,458,281	46%	-27%
Certificate of Deposit Renewal	1,114,749	36%	1,306,507	41%	17%
Bonds	0	0%	400,000	13%	100%

Type	2018	Share	2019	Share	Var %
Total Overall	3,099,709	100%	3.164,788	100%	2%

Source: Findeter

In terms of the distribution by type of indicator, issues were led by those indexed to the CPI, totaling 53% of the total with COP \$1.7 trillion; while the shares of the Certificates of Deposit indexed to IBR, fixed rate and DTF were 32%, 14% and 1%, respectively.

The most relevant achievements in terms of treasury during 2019 were:

We raised resources through Certificate of Deposit issues for COP \$2.76 billion, confirming Findeter as a recurring issuer of this instrument in the Colombian Securities Market, thus reflecting the good position in the local debt market, which allowed us to promote the permanence of investors' resources and improve the maturity profile.

We made the first sustainable bond issue in Colombia on June 18, 2019, through which we raised resources for COP \$400 billion. The issue received demands for COP \$1.03 billion, with an over-demand of 3.44 times the amount offered. Two series were auctioned: 5 years at CPI+2.54% and 7 years at CPI+2.90%. The bonds have an AAA rating, the highest awarded by BRC S&P.

The resources will allow Findeter to finance projects that generate environmental and social benefits, and facilitate the transition towards a more sustainable economy; as well as diversifying the sources of financing and lengthening the term of the liability.



4.5.3 Investment Portfolio

In 2019, Findeter gradually increased its Investment Portfolio according to the guidelines issued by the Board of Directors, regulating the Investment Committee and defining the Investment Policy. We seek to generate income through the formation of a portfolio of fixed income securities, consistent with the risk profile (moderate), the investment horizon and the cost of Findeter's resources.

Our portfolio is made up of TES Treasury Securities Class "B", at fixed rate or indexed to UVR, and Certificates of Deposit, in banking establishments supervised by the Financial Superintendence of Colombia. The weighted term of the portfolio may not exceed six years.

The Investment Portfolio's profitability in 2019 was 6.47%, generating COP \$5,636.8 million in revenue. As of May 2019, it had a value of COP \$55,513 million, which at the end of the year reached a total value of COP \$194,566 million. With the increases since May in the nominal value of the portfolio, the benchmark was built and the assets that make up the portfolio were strategically assigned implementing trading strategies.

Moreover, we continued our participation in the Ashmore Private Equity Fund, corporate Certificates of Deposit and TER CPI B securities as a result of the securitization of the rediscount portfolio.



4.5.4 Liquidity Management

With liquidity resources, we were able to timely honor the debt obligations, the entity's administrative expenses and the liquidity requirements demanded by the supervisory agencies. These surpluses were mainly managed in savings and interbank accounts with establishments of good credit quality, trying to yield above the levels of the Repo rate.

4.5.5 Hedge Management

Throughout 2019, we hedged nearly 100% of liabilities in foreign currency monetized through derivative instruments such as forwards and natural hedging, which has mitigated the exchange rate risk. transactions were coping with changing market situations in a year that began with rising international rate expectations but ended with three downward FED rate adjustments.

4.6 Resources with International Entities

(103-2)

Loan with International Entities

We made disbursements worth USD \$7.9 million under IDB Loan Agreement 3392/OC-CO, through which urban development projects in the Barranquilla District were financed.

On December 23, 2019, we signed with the IDB the Loan Agreement 3842/OC-CO (Tranche 3 of the CCLIP Line), for a value of USD \$150,000,000, in order to contribute to fiscal and urban sustainability in three cities of the country (Cartagena, Santa Marta and Cali), its decentralized entities and metropolitan areas.

Regarding the IDB Loan Agreement 3596/OC-CO, USD \$33.3 million were executed in projects for urban development and the improvement of public services in Medellín and its metropolitan area, Pereira and Pasto.

We made external loan disbursements with the German Development Bank (KfW, for its acronym in German) worth USD \$6.5 million to continue with the construction of the Small Hydroelectric Power Plant of La Chorrera in Antioquia and the financing of the public lighting in the municipality of Montelíbano, Córdoba.

Non-Refundable International Cooperation

We obtained the following non-refundable international cooperation resources in 2019:

In the context of the KfW Municipal Environmental Protection Program of October 30, we obtained non-refundable cooperation resources worth EUR €910,000. These resources seek to generate greater capacities within the Entity and support the strengthening of the Environmental and Social Risk Analysis System, assisting the municipalities in financing complementary studies for eligible projects and creating mechanisms to verify compliance with the technical and environmental requirements of projects that are financed under the credit line for Water, Basic Sanitation and Solid Waste Management promoted with the support of this German institution.

In addition, we signed an agreement with the United Nations Office for Project Services (UNOPS) for USD \$310,000 from the Green Climate Fund (GCF). These non-refundable technical cooperation resources seek to support the implementation of the NAMA Solid Waste Project.

Also, on December 26, 2019, we signed an International Cooperation Agreement with the German Agency for Cooperation and Development (GIZ), for the execution of the Preparation Phase (DPP) of the NAMA MovE project. The DPP will initially have contributions equivalent to EUR €121,417.80, however, the NAMA MovE project expects to receive an additional €216,479.21 for the development of the following phases.

Regarding the Transit-Oriented Development NAMA (TOD), the cooperation is divided into two components: 1) Technical Component (CCAP-GIZ): which was signed on December 20, 2016, an

agreement with CCAP that ensures the inflow of USD \$1.1 million. This component began its execution in 2017 and as of 2019 a total of USD \$511,206 have been executed, corresponding to 44%. In December 2019, the sixth disbursement request was made to CCAP for USD \$216,080, with which the execution percentage for 2019 would reach 63%. 2) Financial Component (KfW): signed on October 20, 2017, Separate Agreement accompanying the Financial Agreement with KfW, which establishes a contribution of EUR €11.7 million for the implementation of the financial component of the TOD NAMA Program. This component began its execution in 2017 and, through it, a first disbursement amounting to EUR €1.7 million was received in 2018. Of the total resources received, EUR €177,371 have been recognized, which corresponds to 1.5% of the contribution. The resources are destined for feasibility financing, design studies and rate subsidy for the construction of at least three pilot projects in the country. Additionally, it was possible to execute 100% of the resources of IDB Loan 3392, corresponding to USD \$100 million, the focus of which was the improvement of fiscal management and urban development in Barranquilla. The loan was executed in less time than the contract term.

We signed an agreement with the GIZ, for EUR \$337,897. These non-refundable technical cooperation resources will be allocated to the NAMA MOVE project, which seeks to replace official vehicles and taxis powered by fossil fuels with electric vehicles.

In December 2019, we were awarded the contract for the “Structuring of Feasibility Studies for the Train between Bogota and Zipaquirá”, a challenging process both due to its complexity and the impact it will have on the transformation of mobility in Cundinamarca.

Finally, the most important achievements of 2019 include the award COP \$730 million in non-refundable international cooperation resources for the “Sustainable Development Route” event, from some of our main international partners: KfW, the Government of the United Kingdom and the IDB.



4.7 Sustainable Bonds

(103-2; 103-3)

(SDG 1, 3, 4, 6, 11, 12 AND 13)

On June 18, Findeter made the first sustainable bond issue in the country, with the aim of financing projects that generate environmental and social benefits and facilitate the transition to a more sustainable economy. These projects are intended to improve the socioeconomic conditions of the population, finance the infrastructure of services, for the purpose of improving quality of life, promote welfare among Colombians and contribute to the fulfillment of 10 of the 17 Sustainable Development Goals (SDGs).

To structure the issue, we have the support of the IDB through a technical assistance program financed by the Swiss Embassy in Colombia - Economic Cooperation and Development (SECO), which guided the structuring of the issue in terms of sustainability to comply with the Green Bond Principles and the Social Bond Principles of the International Capital Markets Association (ICMA). In addition to following these principles, the issue was assessed by an independent third party, the firm Vigeo Eiris, which expressed its highest level of guarantee on the bonds placed on the market.

In line with the commitments undertaken with this issue, starting this year and on an annual basis, we will report the positive socio-environmental impact generated by all the projects financed. This report will be prepared using aggregated indicators selected by sustainability category and the regional distribution of the use of resources, taking into account the bank reserve rules.

Issue

We placed sustainable bonds for COP \$400 billion with terms of 5 and 7 years in the Colombian Securities Market and at rates of CPI + 2.54% and CPI + 2.90%, respectively. This being the first issue of this type

in the country. The issue was awarded through the Dutch auction mechanism of the Colombian Stock Exchange to institutional investors, companies and individuals.

During the auction, we received demands for COP \$1.03 billion, i.e., 3.44 times the amount initially offered, which confirms the interest of investors in this type of securities. This result further confirms the market's confidence in our strength and ability to promote projects that generate economic and social development. The bonds were rated at AAA, the highest credit rating granted by the rating agency BRC - Standard & Poor's.

Sustainable Bonds Committee

In accordance with the corporate governance best practices, which recommend a controlled number of committees, the Sustainable Bonds Committee, established in frame of reference, changed its name and its duties were transferred to the Findeter Risk, Assets and Liabilities Management Committee, which has a higher hierarchy because it is a committee that gives support to the Board of Directors.

The Findeter Risk, Assets and Liabilities Management Committee reviewed the sustainable bond issue in three sessions, following the guidelines of the frame of reference, especially in relation to the control of the portfolio of projects eligible to be financed and refinanced by the issue under the criteria of the bonds.

Nature of the Projects

The proceeds from this type of bonds may only finance or refinance projects originated up to 24 months before the issue, or after the issue of the bond, where refinancing can occur for up to 100% of the portfolio balances of the selected projects at the time of the issue.

For this first issue, the projects in the prioritized portfolio were all investments financed by offset rates, i.e., interest rates subsidized by the National Government through its ministries or government institutions.

These projects not only have financial benefits as a result of the offset rate, but must also have the viability of the corresponding government ministry or institution. These viabilities account for the analyzes carried out by the national government in technical, financial, environmental, social and legal terms, which ensure that the financed projects comply with current national regulations and with the sustainability guidelines of the national government.

Next, we analyze the use of proceeds from the issue that, in accordance with the provisions of the frame of reference for Sustainable Bonds, is carried out in an aggregate manner. We also show the key result indicators of the use of these proceeds.

Key Impacts and Results

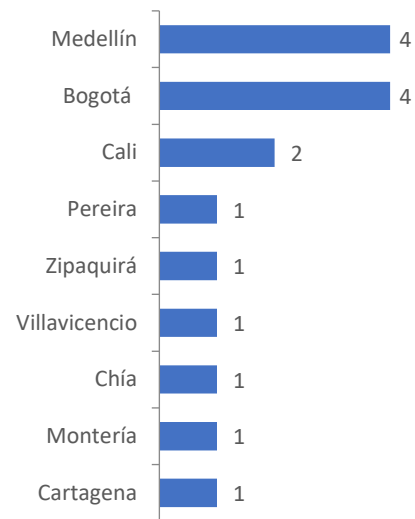
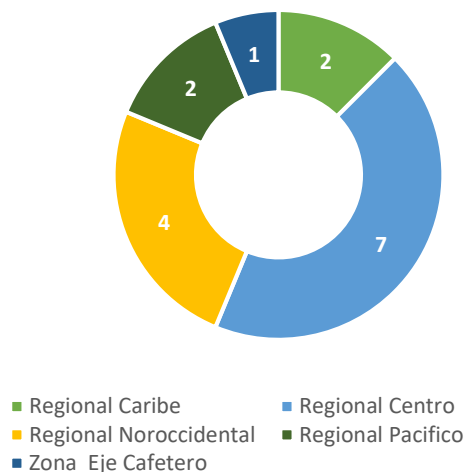
Financial Indicators / Use of Proceeds

As of December 31, there were no funds unused, i.e., the proceeds from the issue had been fully placed in projects that meet the eligibility criteria outlined above. For this same reason, there are no temporary placements of funds, as 100% of these have been assigned to projects.

100% of the proceeds obtained in the issue have been used to refinance existing projects in our portfolio that meet the green bond principles or the social bond principles.

The proceeds from the issue are associated with a total of 16 projects of 14 beneficiaries, where the average value of the loans was COP \$35.4 billion. These projects are located in 9 municipalities, in 8 departments, in 5 regions of the country.

Chart 15. Projects by Region and Municipality



Source: Findeter

Finally, the refinanced projects correspond to four of the bankable categories or sectors of sustainable bonds. The results are presented below by category.

Table 23 Sectors Financed by Sustainable Bonds

Category	No. of Projects	Portfolio Balance	Total Disbursed
		(Dec. 2019)	
Education	12	\$ 314,388	\$ 325,408
Health	2	\$ 105,776	\$ 109,661
Mass Transportation	1	\$ 40,000	\$ 40,000
Water	1	\$ 19,927	\$ 20,616
Total	16	\$ 480,092	\$ 495,685

Source: Findeter, figures in millions of pesos.

As shown in the table above, the 12 education projects have a 66% share of the refinanced value, followed by the 2 health projects that represent 22% and the projects in the Mass Transportation and Water categories account for 8% and 4% of the total refinanced value, respectively.

Education

In the education category, we refinanced 12 investment projects, including the construction of public and private higher education institutions, seeking to expand the physical offer of the centers to further expand the educational capacity of the institutions by 14,003 places.

These investments in education have positive externalities in economic and social activities around the construction of the projects, since they led to new direct and indirect jobs, more public spaces, the implementation of works to reduce energy consumption (LED lighting, natural lighting, and use of solar energy) and a reasonable use of resources like the water.

These projects contributed to SDGs 1, 4 and 11 (No Poverty, Quality Education, and Sustainable Cities and Communities).

Health

This category shares common ground with the education category, as its portfolio includes university hospitals and clinics. This is important, because these types of projects have greater positive externalities insofar as they facilitate improvements in quality of life derived from medical care, but are also spaces where medical staff and other health professionals are trained.

The projects generated the offer of 719 new hospital beds, which has increased the annual service capacity of these hospital centers by 21,155 patients. These investments also contributed to SDGs 1 and 3 (No Poverty and Good Health and Well-being).

Water

Making drinking water and basic sanitation projects a reality allows improving the quality of life of populations, as it reduces vulnerability and the public health risk posed by the deficient access to sewerage networks or the consumption of non-drinking water. These types of works reduce the incidence of diseases transmitted by the consumption of contaminated water and contribute to SDGs 1, 6 and 12 (No Poverty, Clean Water and Sanitation and Responsible Consumption and Production).

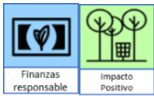
In this category, we refinanced a modernization project for a drinking water treatment plant, which purifies a total of 172,800 cubic meters of water per day. This project also contemplated works for the recovery of water losses thanks to the intervention of 400 meters of aqueduct network and 350 meters of sewer network.

Mass Transportation

Finally, in the transportation category, we refinanced the construction of the Pereira aerial cable, which is part of the municipality's integrated transport system and enables the transportation of 12,000 passengers. These types of projects aim to increase the supply of transport and reduce travel times with low-emission alternatives that provide Colombians with access to safe and sustainable mobility options and contribute to SDGs 11 and 13 (Sustainable Cities and Communities and Climate Action).

Other Impacts and Results

Most projects, regardless of category, are investments in the construction of new infrastructures, followed by modernizations and/or extensions of existing ones. 75% of the projects correspond to constructions that followed the sustainable construction provisions provided in Resolution 0549 of 2015. Their consumption of energy and water in the last year was 5.3 million KWh, and 70,284 cubic meters, respectively. Additionally, the selected projects contributed to the road infrastructure, generating 6 km of access roads.



5 GOVERNMENT, ETHICS AND TRANSPARENCY

5.1 Progress of the Strategic Plan

(103-3 Water and sanitation projects, 103-3 Projects aimed to benefit vulnerable communities, 103-3 Infrastructure projects for education, 103-3 Offer of territory-focused products.)

(SDG 8, 10 and 11)

Key Results Corporate Strategy Map

The Corporate Strategy Map has a control chart, the focus of the strategy, which is monitored by

Presidency and the Board of Directors on a monthly basis to evaluate the fulfillment of our goals.

The **Development perspective** was created in order to make visible the impact of Findeter's work in the territories, in line with our mission. In this perspective, during the course of 2019, we managed to measure the defined impact indicators, with two of them meeting the goal: "Direct Beneficiaries by Project" and "Projects with Impact in More than One Municipality", while the results of the indicator "Impact in Municipalities without Structuring Capacity" were lower than expected, reaching 46 municipalities rather than the desired 50, with 107% compliance.

Measuring these indicators is an important step, because it allows us to consolidate the final impacts of the process. It is the first time in the entity's history that these indicators have been linked to the strategic map and enable monitoring of the progress made in these fronts as a result of the implementation of the Strategic Plan.

The **Efficiency perspective** consolidates the objectives focused on achieving the entity's financial results, which are summarized in profitability and operating efficiency. The associated indicators achieved higher results than expected: ROE with 112% compliance and Operating Efficiency with 108%. We are in the process of measuring and establishing a baseline and goal based on the social IRR, which is a new indicator defined in this perspective.

The **Customers perspective** includes the objectives that show the customer satisfaction results and the coverage of our products and services on national territory. Since the beginning of 2019, the coverage of municipalities was defined as an indicator, achieving the goal at 100.3%, reaching 626 municipalities of the 1,122 total.

The Integrated Management perspective brings together the objectives regarding Findeter's mission management, i.e., those that show compliance with our management model, in terms of revenues and operation of the products and services we offer. Regarding revenues, the indicator of revenue from the sale of products and services associated with Territorial Planning achieved an outstanding compliance of 118.7%, while the Execution and Financing revenue indicators achieved a satisfactory compliance of 100% and 95%, respectively. Comprehensive sales and structuring revenue reached results below expectations, achieving compliance of 47% and 34%, respectively. Disbursements had an outstanding performance with an over-fulfillment of 114%, reaching COP \$2.73 trillion.

The **Capacities perspective** groups the objectives with which we seek to strengthen our conditions and abilities to achieve management effectiveness. The indicator of the incorporation of best practices for corporate sustainability highlights among the nine best practices implemented the country's first issue of sustainable bonds and the implementation of the Corporate Sustainability Strategy, which defines the roadmap that ensures better planning and greater dynamics of the strategic plan over time in terms of sustainability.

The indicators of Profit of the money desk and Profitability of the portfolio showed a compliance of 89% and 91%, respectively, a significant progress considering that 2019 was the first year of operations of the money desk, which in the future will represent an important source of income for Findeter.

In response to the new strategic challenges and the strengthening of our capacities to fulfill our stakeholders' requirements, we started developing a program through which, in its initial phase, we were able to redesign the Findeter value chain based on the definition of our integrated management model, and reassess the Structuring, Management of Outsourced Resources and Territorial Planning process, as well as the validation of the Business Management Process with four sub-processes. In addition, the Execution and Supervision of Projects, Strategic Planning, Financial Planning and Budget Execution processes were also reassessed.

As a result of the reassessment of the processes, we have managed to maintain the ISO 9001 and ISO 14001 certifications, which are also part of the measurements associated with the strategic map.

The entity's progress in digital transformation is being monitored on two fronts: on the one hand, the fulfillment of the projects of the Information Technology Strategic Plan, which this year focused on defining

the plan, including the roadmap for its execution, reaching a 95% progress at the end of the year, and also led to the start of the “Implementation of the Electronic File Document Management System Application”, one of the projects in the roadmap, with a progress of 47%; on the other hand, the use and adoption of technological tools, such as My Work, Service Catalog and Findeter Aprende.

Initiatives of the Strategic Plan

The status and description of our main initiatives in 2019 that further compliance with our strategic objectives for the Integrated Management and Capabilities perspectives.

5.2 Evaluation of the Board of Directors

In compliance with the best practices for Corporate Governance, the Entity’s Board of Directors carried out their 2019 performance self-evaluation. It was scored from 1 (never) to 5 (always). The results of 9 completed self-evaluations are being validated. For this term, the Corporate Governance Committee reviewed and endorsed the new self-evaluation scheme for the Board of Directors and Presidency for 2019. This new scheme expanded the questionnaire for the Board from 10 individual questions to 15 individual questions, 16 group questions and 15 questions for support committees (5 for each).

As can be seen in the table below, the average result was 4.70. In 24% of the questions the members considered that their performance deserved the highest score (5.00). In 48% of the questions the score ranged from 4.50 to 4.99. In the remaining 28%, the self-evaluation ranged from 4.11 to 4.49.

Table 24 Board of Directors Self-Evaluation Result by Component

Component	Number of Questions	Average Score
1. Structure	7	4.7
2. Dynamics and Operation	17	4.6
3. Role in Governance	20	4.8
4. Financial Reporting, Internal Audit and Internal Control Processes	2	4.8
Total Overall	46	4.7

Source: Findeter

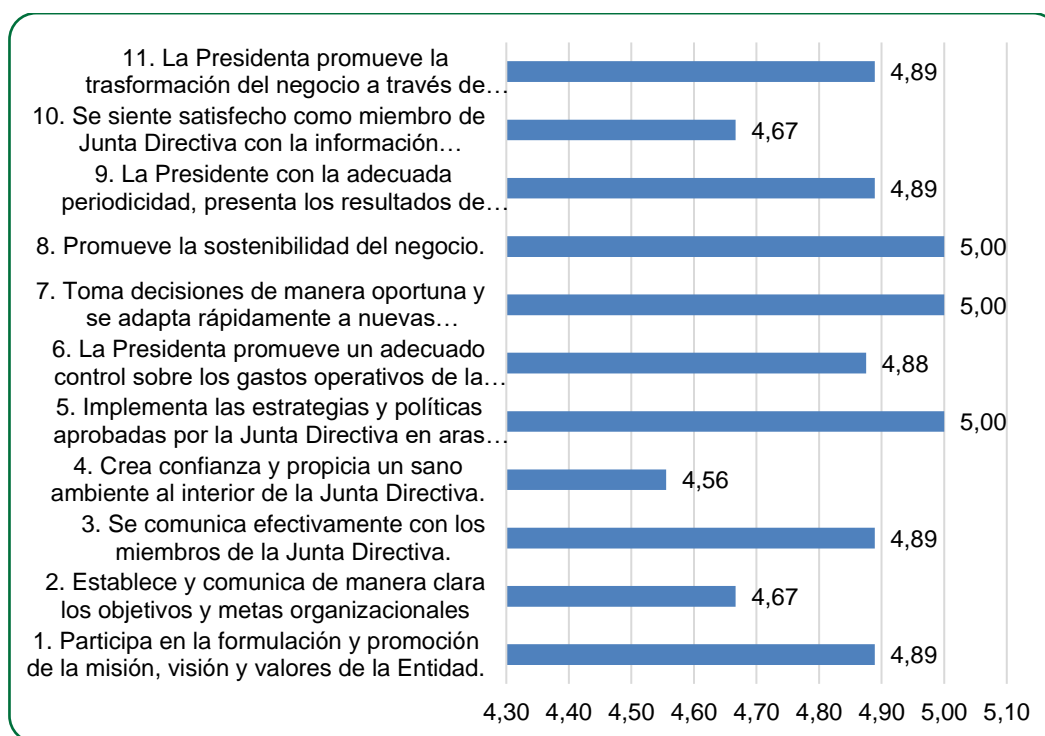
5.3 Evaluation of the President

(102-16;103-1)

In compliance with the best practices for Corporate Governance, the Entity’s Board of Directors carried out the performance evaluation of the President of Findeter, Sandra Gómez Arias, for the period between January 1, 2019, and December 31, 2019. A new evaluation scheme was considered that incorporated 11 questions (scoring from 1 to 5) and an indicator score chart.

The consolidated result was 5.21 higher than the goal, which includes the evaluation score with an average of 4.89 (50%) and the indicator score chart with 5.57 (50%). As can be seen in the following chart, in 27% of the questions the subject scored a 5 and the in remaining 73% the score ranged from 4.5 to 4.9.

Chart 16. Result of the Evaluation of the Findeter President



Source: Findeter

The indicator score chart showed outstanding results, particularly in the disbursement goal, net income and return on equity, as observed in the table below.

Table 25 Indicators Score Chart of the Findeter President

Indicator	Goal 2019	Result	Compliance
Net Income Compliance	\$ 64.861	\$ 73.911	114%
Disbursement Compliance	\$ 2,39	\$ 2,73	114%
ROE	5,38%	6,05%	112%
Work Environment	90	90	100%

Source: Findeter

5.4 Good Governance, Ethics and Integrity and Transparency

(102-16; 103-1, 103-2;103-3, 103-1,205-2)

The Code of Good Governance describes the values, policies, mechanisms and instruments, processes and best practices with which the Entity manages its risks, under a control system that ensures transparency, efficiency, effectiveness and especially stakeholders confidence in the processes surrounding institutional management. In the execution of these actions and in accordance with the provisions of Official Letter 028 of 2014 of the Financial Superintendence of Colombia, we updated the Code of Good Governance to strengthen the organization, thereby achieving an ongoing improvement of

the processes and reinforcing the service culture and the established order through clear and precise rules that allow an integrated management control.

In Findeter we adhered to the report on the implementation of best corporate practices for 2018 (Country Code Survey), required by the Financial Superintendence of Colombia, which is published on the institutional website and in the Investor Relations section.

In addition to having a Code of Good Governance, we have a Code of Ethics and Integrity, which is an essential tool, as it contains ethical principles and commitments that govern the actions of the Entity's Board of Directors, managers and employees with respect to the different stakeholders and the country in general. This instrument seeks to generate transparency, trust, credibility, a sense of belonging and respect, among other values, and further serves as a tool to urge individuals and particularly stakeholders to interact with Findeter in accordance with our rules of conduct.

We introduced in this code topics related to conflicts of interest, gifts and invitations treatment, sponsorships, ban on political participation and financing political campaigns, asset control, and obligation to inform and treatment of illegal or suspicious actions.

For April 2019, the Corporate Governance Committee analyzed the adherence of the Entity's Code of Ethics to the document "Values of Public Service – Code of Integrity" of the Administrative Department of Public Duty (DAFP) (Decree 1499 of 2017), a proposal which was approved by the Board of Directors in April 2019 (Minutes No. 350). As a result of said adherence, our strategic management values were standardized with the values of the DAFP Code of Integrity, leading to the adoption in Findeter of the "Code of Ethics and Integrity".

Furthermore, in compliance with best ethical practices, we carried out in the first half of 2019 several communication, awareness and training campaigns on these issues, using internal technological resources such as emails, billboards, internal social networks - Findetergente, Intranet banners and wallpapers, among others. After the campaigns, we conducted a Code of Ethics and Integrity evaluation, based on the topics of the campaigns, yielding satisfactory results and with a high participation of all managers and workers.

A total of 444 employees were evaluated, 369 (83%) passed and 75 (17%) failed. Those who failed were reevaluated and most of them passed.

We conducted an additional campaign for the signing of the Form of Adherence to the Code of Ethics and Integrity by all the Entity's employees, as approved by the Board of Directors, endorsing their commitment to the values and behavior guidelines contained in the Code of Ethics and Integrity.

In addition, during the second half of 2019, we conducted the internalization campaign of the Code of Good Governance, using the technological tools mentioned above and recreational activities, with the participation of almost all employees nationwide.

Investor Relations

In October 2019, the Colombian Stock Exchange (BVC) granted the "Investor Relations IR Issuer" certificate to Findeter for the fifth consecutive year, which recognizes compliance and implementation within the Entity of the best practices in information disclosure in the market and investor relations, being the only bank in the government sector with such recognition, which implies that we are at the forefront of best practices in this area and includes us on the list of most transparent issuers in the market. The renewal of this certificate makes us one of the issuers with best practices in terms of investor relations, as it increases confidence among local and foreign investors.

By complying with IR standards, we have managed to create, manage and process optimal communication channels with investors, supplying relevant, timely and complete information that conveys the behavior of the financial market and facilitates decision-making.

The actions taken to comply with the IR requirements of the Colombian Stock Exchange include the

quarterly events for the presentation of results to investors, where we gave a brief description about the Entity from a financial, commercial and technical perspective, and answered questions asked by several investors regarding our performance. In 2019, the online events were held in English on the following dates: May 24, September 11 and December 17. Each presentation was attended by investors and other members of Findeter's stakeholders interested in learning about the Entity's performance.

We also worked on the investor relations website in Spanish and English, keeping the information regularly up to date, enabling access to financial and corporate information for our local and foreign investors and thus achieving higher traffic. The link is provided below:

https://www.findeter.gov.co/publicaciones/302823/relacion_con_inversionistas_new/

As members of the IR program, the Colombian Stock Exchange, in partnership with CESA Business School, annually measures the corporate governance and information disclosure standards of each issuer. Based on these assessments, we have evolved significantly from the first measurement in terms of corporate governance, ranking 2nd issuer with most progress in their compliance with standards and best practices of information disclosure and investor relations in the 2016-2019 period, among the 32 companies that have the Colombian Stock Exchange IR program, and we continue to be the only public bank with the IR recognition.

5.5 Human Rights in the Organization

(103-1; 103-2 Working conditions – decent work, 103-2 Respect for Human Rights, 406-1) (205-2) (SDG 11 AND 16)

Findeter's Code of Good Governance states that, "As part of its Corporate Social Responsibility (CSR) policy, Findeter is committed to ensuring, promoting and respecting Human Rights in all its activities and among all its stakeholders, contributing to the sustainable, fair and equitable development of Colombian society. To achieve this, Findeter will ensure compliance with the following principles in their respective processes:

- Ensure, respect and promote human rights among all its stakeholders.
- No discrimination based on race, sex, sexual orientation and political affinity.
- Sustainable environmental management, not compromising the resources of future generations with our present activities.
- Respect for communities, especially minority groups."

As an example of the materialization of these principles with the Suppliers and Contractors stakeholders, we included in the clauses of our agreements provisions on social matters and labor practices, in line with the Sustainability and Social Responsibility Policies. Also, within the Responsible Action strategy, on its "Culture of Integrity" focus, we plan to work in 2020 on strengthening human rights management.

Accordingly, in 2019 we held the "Equality Week" from June 26 to 28, led by the Entity's Presidency, in accordance with the Human Rights policy contained in the Code of Good Governance. The objective was to support and promote equality within Findeter, through awareness and adoption of Human Rights and Corporate Values, as established in the Organization's Declaration of Human Rights in our Code of Good Governance. The campaign's motto was "At Findeter we practice equality." This activity was carried out in the auditorium with the participation of the Entity's staff.

5.6 Exercise of Internal Control

The internal control system is an intrinsic exercise in the development of the duties of all the positions in the Entity, and in particular the duties assigned to management positions. Notwithstanding the foregoing, there are four bodies that help in the implementation, development and monitoring of internal control:

- Internal Control Office ²⁹
- Audit Committee
- Internal Control System Coordination Committee
- Tax Auditing³⁰

Internal Control Approach

The internal performance audits were carried out with a risk-based approach, evaluating different components in each process, such as the control environment, risk management, control activities, information and communication and monitoring, as well as controls associated with accounting transactions and general technology controls.

Internal Control System (ICS)

We implement the elements of the Standard Internal Control Model, the strengths evidenced are the following:

- An organizational structure that defines the levels of authority.
- Basic principles governing the entity disclosed by senior management to the entire organization.
- Disclosure of the Code of Good Governance and Code of Ethics in the Integrated Management System (IMS).
- Establishment of objectives in line with the entity's mission, vision and strategic objectives.
- Implementation and maintenance of Risk Management Systems.
- Identification of risks and operational controls for the Bank's 17 processes.
- Implementation of processes to manage the operation's continuity, to solve to specific failures and interruptions of a system or process.
- Training for workers on risk maps and policies defined for risk management.
- Definition of procedures for recording, measuring and reporting loss events due to risk materialization through the anonymity tool.
- Definition of access limitations to the different areas of the organization, according to their level of risk.
- Establishment of high-level reviews and presentations to the Board of Directors to analyze and monitor the entity's progress.

Audits

As a result of the evaluations carried out as of December 31, 2019, 141 observations and opportunities for improvement were identified, for which we established action plans aimed at strengthening compliance with Findeter's objectives and the different control elements defined by the Financial Superintendence of Colombia.

The Office of Internal Control carried out an evaluation of the Internal Control System, in accordance with the generally accepted auditing standards and as established in Part I, Title I, Chapter IV, of Official Letter 029 of 2014. This exercise included an understanding of the system, which allowed us to evaluate and test its effectiveness and operation. The observation of sufficient evidence on the control components indicated by the established standards was also applied.

The result of the review and the Entity's degree of management and organizational maturity led us to conclude that the system complies with the minimum characteristics provided by current regulations.

The recommendations from the evaluations, were referred to Management in the different audit reports.

²⁹ The head of the Internal Control Office is a public employee appointed by the President of the Republic, to whom he reports directly.

³⁰ As of December 31, 2019, the Independent Auditor of Findeter is the firm KPMG.

The results obtained for the following processes were also presented to the Audit Committee: Human Resource Management, Technology Management, Information Security, Financial Strategy, Copyright, Financial Operations, Ongoing Improvement Management, Administrative Management, Cybersecurity, Customer Service System II Semester 2018 and I Semester 2019, Legal Management, Management and Planning, Independent Evaluation 2018, Regional Divisions, Data Governance, Special Audit of Contract Settlement, Governance, Risk Management and Compliance (GRC), Commercial Management, Management of Borrowing Operations, Management of Lending Operations, Portfolio Management, Third Party Information Technology Risk Management, Anti-Fraud and Anti-Corruption Program, Operational Risk Management System (ORMS) II Semester 2018 and I Semester 2019, Money Laundering and Terrorist Financing Risk Management System (SARLAFT) II Semester 2018 and I Semester 2019, Market Risk Management System (MRMS) and Liquidity Risk Management System (LRMS), Credit Risk Management System (CRMS).

These recommendations have allowed us to strengthen the Entity's Internal Control System.

Audits of the Integrated Management System

The Internal Control Office coordinated the IMS's Internal Audit Cycle from July 15 to 25, 2019, relying on the Entity's internal audit team. As a result of the ninth audit cycle, we concluded that the Integrated Management System in Findeter shows a satisfactory level, in accordance with the provisions. The certifying entity was SGS. In total 23 opportunities for improvement (21 for quality and 2 for environmental) and 1 non-conformity were identified .

Audits of the Internal Accounting Control System

Based on the 2019 audit procedures, the Internal Accounting Control System was carried out in accordance with legal regulations and accounting technique.

Findeter has the necessary procedures and controls for the proper management of financial and accounting information, since we apply the International Financial Reporting Standards accepted in Colombia, approved by the Board of Directors, and the accounting principles for institutions supervised by the Financial Superintendence of Colombia.

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

Implementation and Monitoring of Action Plans

The Internal Control Office monthly monitors the action plans implemented by the process owners based on the recommendations made, checking with the tool provided by the Entity for this purpose (ISolution) the timely compliance of the activities through the corresponding supports.

As a result of the Internal Control Office's monitoring, in 2019 we closed 14 observations and opportunities for improvement that were left pending in 2018.

In addition, for the 141 observations and opportunities for improvement identified in the 2019 term, 88 are closed, 3 have an action plan with the process owner and 50 are under development and will be implemented during 2020.

The Audit Committee requested that the action plans be designed and implemented to attack the root cause of the observations made and follow the proposed schedules.

Internal and External Management Control Reports

The Internal Control Office, in developing the "External Entity Relations" role and as a dynamic component of the Internal Control System, prepared in 2019 the following reports and requirements of the control agencies: Internal Accounting Control Report, Improvement Plan Report for the Office of the Comptroller General of Colombia, Certifications of the monitoring of the Unified State Litigation Information System

Ekogui, Integrated Planning and Management Model, monitoring of the Anti-Corruption and Citizen Attention Plan, Detailed Report on the Status of Internal Control - Act 1474 of 2011, monitoring of the right to information, and Spending Austerity Report. The preparation of these reports must observe the provisions of current regulations on such matters, as well as the required regularity.

Improvement Plan of the Office of the Comptroller General of Colombia

The Office of the Comptroller General of Colombia, based on the powers granted by article 267 of the Political Constitution, carried out a financial audit of the Entity's financial statements for the 2018 period, which include: statement of financial position, statement of income, statement of other comprehensive income, statement of changes in equity, statement of cash flows and accompanying notes, as well as budget information.

- **Accounting opinion:** Findeter's financial statements present reasonably in all significant respects the company's financial position as of Dec 31, 2018, as well as the results of operations and cash flows for the year then ended, in accordance with the Applicable Financial Information Framework.
- **Budget opinion:** The opinion is reasonable, given that Findeter's budget was executed in all material respects in accordance with the applicable regulatory framework.
- **Internal Financial Control Evaluation:** The result of the evaluation of the Internal Financial Control is efficient, as a result of having policies, controls and monitoring activities for each of the tasks performed by the entity, related to financial management.
Although the concept of Internal Financial Control was efficient, non-material weaknesses were evident in the execution of contracts, related to lack of work, non-compliance with technical specifications and deadlines with activities pending to be executed and delivered.
- **List of findings:** The Office of the Comptroller General of Colombia established 2 findings, with disciplinary incidence, one of which has a fiscal connotation worth COP \$686,191,227. 6 activities were implemented, with start date on July 25, 2019, and end date on February 28, 2020.
The monitoring of the improvement plan with as of June 30, 2019, was transmitted to the Office of the Comptroller General of Colombia through the Electronic Accountability and Reporting System (Sireci), on July 19, 2019, according to serial number: 27762019-06-30.

Monitoring of:

- Communication of results of Citizen Request 2015-889343-82111-D. Expansion project of the Charrasquero I and II tanks aqueduct network and distribution line via Nariño in the municipality of Girardot.
- The 7 activities proposed to correct 3 findings were completed and will be reported in January 2020. 100% progress.
- Compliance audit of Findeter's performance in plans, programs and projects with direct execution in the Buenaventura District. Valid from 2013 to June 30, 2017.
- The 2 activities proposed to correct 2 findings were completed and reported as of June 30, 2019. Progress: 100%.
- Communication of results of Citizen Request 2016-99799-80134-D. Construction of a 400 lps drinking water treatment plant and supply and installation of a reserve pump at the Gambote station. (Arjona, Turbaco).

The 2 activities proposed to correct 2 findings were completed and reported as of 06-30-2019. Progress: 100%. In addition, on August 15, 2019, the Office of the Comptroller General of Colombia filed the Compliance Audit report for the program to support the sustainable development of the Department of the Archipelago of San Andrés, Providencia and Santa Catalina, valid from 2012 to 2018. For this program, Findeter implemented an improvement plan to correct 7 findings through 16 activities.

Internal Control Committees

- **Audit Committee of the Board of Directors**

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 the aspects related to Risk Management, the Audit Committee met six times during the period, in the months of February, May, June, August, October and November 2019, drawing up the corresponding minutes.

- **Internal Control Coordination Committee**

This Committee, as a governing body supporting management, and in accordance with the provisions of the applicable regulations, is in charge of ordering the necessary actions to ensure the articulated, efficient and effective operation of the Internal Control System and the IMS.

The Internal Control Office acts as the Technical Secretary Department of this Committee, being responsible for preparing, compiling and filing the respective minutes. During this term, the Committee met three times: January, August and October 2019. In these meeting, the Internal Control Office presented the results of the internal performance audits and the monitoring of the actions plans designed based on the opportunities for improvement and observations identified, the adjustments to the risk management manuals by the Risk Vice Presidency, the monitoring of the improvement plan of the Office of the Comptroller General of Colombia and, in general, aspects for the strengthening of the Internal Control System.

Promoting a culture of control

The Internal Control Office, in developing its role of “Promoting a Culture of Control”, devised self-control activities aimed at raising awareness and empowering Findeter employees, who are in charge of evaluating and analyzing their own responsibilities and controls that contribute to their ongoing improvement in the fulfillment of the institutional mission.

As a result of this activity, we identified an organizational culture focused on the Entity’s ongoing improvement and strengthening the Internal Control System.



6 RISK MANAGEMENT

(102-10;102-11)

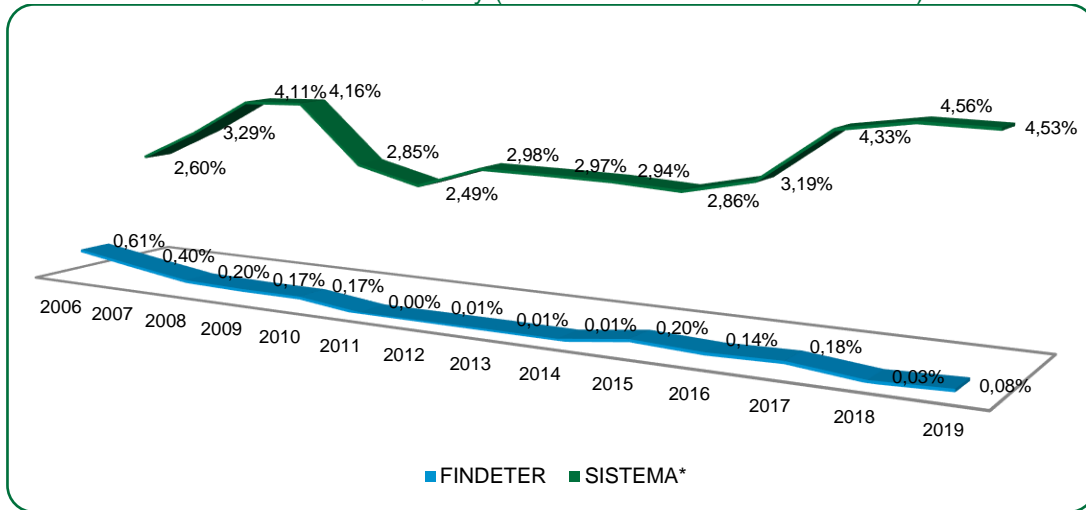
6.1 Financial Risk Management System

In accordance with the Entity’s ongoing improvement policy, we have updated and optimized the procedures for identifying, measuring, checking, controlling and monitoring the Credit Risk Management System, the Liquidity Risk Management System and the Market Risk Management System. Each of these systems has models, methodologies, policies and limits defined in each of the respective manuals, focused on strengthening their strategic decision-making.

Credit Risk Management System (CRMS)

Through the CRMS we implement methodologies to regularly evaluate, rate and control each intermediary. They are based on quantitative analysis, qualitative aspects, on-site visits and audits of disbursed operations, among others. Accordingly, we review and evaluate on a monthly basis the different credit risks to which the Entity is exposed and the correct constitution of the provisions and reserves associated with these risks. Additionally, the different exposures and their potential impairments are evaluated in order to take the appropriate measures whenever necessary. In 2019, our credit risk indicators remained at levels that put the Entity among the best in the financial system, which is presented in the chart below.

Chart 17. Portfolio Quality (Past Due Portfolio / Gross Portfolio)



Source: Risk Vice Presidency

For December 2019, the portfolio quality indicator increased with respect to December 2018, reaching a level of 0.08%, as a result of the increase in the past-due portfolio of former employees, which went from COP \$1,765 million to COP \$2,435 million. It is worth mentioning that the total portfolio includes the portfolio of employees and former employees.

The hedging indicator for December 2019 stood at levels of 792.77%, lower than in December 2018.

Table 26. Distribution of the Entity's Portfolio by Risk Rating

Risk Category	Portfolio Balance	Share %
Category A "Normal Risk"	\$ 8,910,043	99,93%
Category B "Acceptable Risk"	\$ 776	0,01%
Category C "Appreciable Risk"	\$ 0	0,00%
Category D "Significant Risk"	\$ 796	0,01%
Category E "Irrecoverable"	\$ 5,106	0,06%
Total Gross Portfolio	\$ 8,916,721	100.00%

Source: Risk Vice presidency - Figures in Millions

96.89% of Findeter's rediscount portfolio is placed in 16 banks, the rest is distributed among the other types of intermediaries. Bear in mind that the unsupervised or non-AAA rated Financial Institutions for Territorial Development, family compensation funds, credit and savings cooperatives and employee funds are not authorized to carry out new operations with Findeter, this portfolio is in recovery.

Market and Liquidity Risk Management Systems (MRMS and LRMS)

Through the application of the MRMS and LRMS we identify, measure, control and monitor the market and liquidity risk to which we are exposed in developing our authorized operations, including treasury, taking into account their structure and size. Unlike the MRMS, the LRMS applies to both bank book and treasury book operations.

The result of the value at risk (VaR) as of December 2019 was COP \$40,702 million, which represents 3.43% of the value of Findeter's technical equity (COP \$1,187 billion in November), below the limit established by the Board of Directors, which is 8%.

In line with the activation of the portfolio of own investments, a group of controls was implemented that

allows us to effectively manage compliance with internal policies, current regulations and good practices established by the Self-Regulator of the Colombian Securities Market (AMV).

We also made changes within our applications related to the LRMS, due to regulatory changes, which allowed us to keep the system up to date and safe.

Finally, we evaluated new indicators for measuring the interest rate risk, their monitoring will start in 2020.

6.2 Non-Financial Risk System

In 2019, we continued to manage risks under the scheme of an integrated non-financial risk system, which seeks to manage, under the same model and methodology, the operational, information security, business continuity, environmental and social, supplier and money laundering and terrorist financing risks, having as framework the processes defined in our Integrated Management System (IMS).

Operational Risk Management System (ORMS)

Through the Operational Risk Management System (ORMS) we manage the risks incurred due to deficiencies, failures or inadequacies in human resources, processes, technology, infrastructure or due to the occurrence of external events, in accordance with the provisions of the regulations issued by the Financial Superintendence of Colombia.

Every year we provide training to all workers in accordance with the provisions of the standard issued by the Financial Superintendence of Colombia.

In addition, every six months we evaluate the design and effectiveness of the controls managed by the ORMS. This evaluation is derived from the assessment of the risk management controls during the control stage. The effectiveness of the controls was 89.85% - Very Good, 9.21% Good and 0.94% Average.

We developed the contingency calculation model as part of the costing model for the general sale. This allows adjusting the costs of the products we offer according to the level of internal and external risk to which we are exposed.

We strengthened the risk reporting culture in our processes, which is evidenced in the increase of Reports on Operational Risk Events (RERO).

Through the implementation of process tracking tests, which validate aspects of the design, use and effectiveness of controls, we strengthened the Entity's control environment.

We completed the testing schedule of the Business Continuity Plan, generating an adequate level of control.

Finally, we reinforced the methodology for calculating the entity's risk profile.

Money Laundering and Terrorist Financing Risk Management System (SARLAFT)

[\(205-1; 103-1; 103-2; 103-3\) \(205-3\)](#)

In order to have a control infrastructure against the risks of Money Laundering and Terrorist Financing (ML/TF), we have a system that allows the mitigation of these risks. Within this system, we also have an Anti-Fraud and Anti-Corruption Program that establishes policies, defines the activities that are considered fraud and provides mechanisms to prevent the misuse of privileged or reserved information, which is published on the Entity's website. Along these same lines, we have established whistleblowing channels (email, telephone and website) and a procedure for the treatment against the occurrence of fraud and corruption events.

Furthermore, we have a Code of Ethics that describes the principles and commitments that govern the actions of managers and workers regarding the different stakeholders, as well as those related to conflict of interest policies, which are handled according to the capacity of the person involved (board members,

managers and workers), and the instances that determine the existence or not of the impediment. It also refers to the handling of gifts, invitations and donations, the prohibition to participate and finance political campaigns and the tools that allow to have an understanding of the financial position of employees according to their position.

All of the above helps us to generate trust and transparency among our stakeholders concerning the actions of our employees, preserving the Entity's image and reputation.

In 2019, we managed to disseminate the organization's anti-corruption policies and procedures, broken down by job category and region, to all levels of the organization and to our stakeholders. Our actions have further confirmed that we are not parties to any public legal cases related to corruption, that there were no operations evaluated in relation to the risks associated with corruption, and therefore no confirmed case of corruption occurred.

We timely complied with sending the reports to the Financial Information and Analysis Unit (UIAF).

The consolidated risk of the Anti-Fraud and Anti-Corruption Program was kept at a moderate level. Additionally, we assessed the constituent elements, obtaining an optimal result.

In November, we accepted the invitation of Vice President of the Republic, Marta Lucía Ramírez, to be part of the Interinstitutional Network for Transparency and Anticorruption (RITA), the purpose of which is to strengthen the mechanisms to fight corruption and bring citizens closer to public institutions, through channels of citizen participation and transparency.

Finally, no public legal case related to corruption was filed neither against Findeter nor any of its employees.

Unfair Competition

Findeter, in developing its corporate purpose, has not engaged in acts that could lead to unfair competition, such as: poaching customers, acts of disorganization, acts of confusion, acts of deception, acts of discredit, acts of comparison, acts of imitation, wrongful advantage of others' reputation, violation of secrets, inducing breach of contract and violating of regulations.

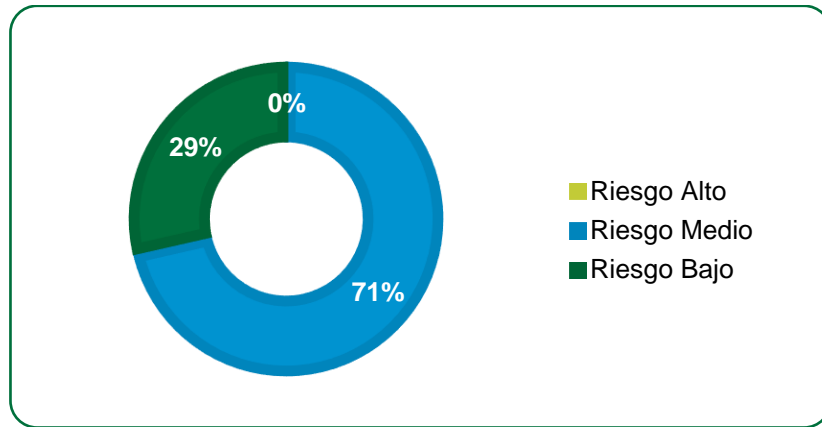
Environmental and Social Risk Management System (ESRMS)

(103-1 and 103-2)

This system that we have implemented since 2015 aims to identify, evaluate and control the environmental and social impacts generated by projects and/or investments financed through rediscount lines of credit. The analysis of these projects is carried out in accordance with current Colombian environmental regulations and international standards such as those of the International Finance Corporation (IFC), from the perspective of a development bank. In addition to environmental impacts, aspects such as occupational safety, health and safety of communities, land acquisition procedures, involuntary resettlement, conservation of biodiversity and sustainable management of renewable natural resources, indigenous peoples, cultural heritage and human rights are taken into account.

The following chart presents the risk categories of the projects analyzed through ESRMS. 71% of the risks are moderate and 29% are low.

Chart 18 Risk Categories of Projects Analyzed through ESRMS



Source: Risk Vice Presidency, 2019.

During 2019, the total amount of the approved value to finance projects to which we applied the ESRMS analysis was COP \$115,825,895,955:

Information Security and Cybersecurity Risk Management System

Through the Information Security and Cybersecurity Risk Management System we manage and handle risks, events, threats, vulnerabilities and situations that may affect information security and cybersecurity, in accordance with business requirements and current legal provisions issued by the Financial Superintendence of Colombia and the National Government. It incorporates the policies approved by the Board of Directors that set out the required measures, limits, responsibilities, controls, procedures and standards.

The primary objective of the system is to ensure that the risks associated with information security, digital security and cybersecurity are known, managed and treated in a documented, systematic, structured, repeatable and efficient manner. To this end, we use the comprehensive risk methodology defined in the ORMS manual.

In 2019:

- We strengthened the system by incorporating the requirements established in Official Letter 007 of 2018 of Financial Superintendence of Colombia, in accordance with the policies approved by the Board of Directors.
- We formalized the duties of the unit in charge of managing information security and cybersecurity risks.
- We conducted vulnerability tests, in accordance with the provisions of Official Letter 008/2018 of the Financial Superintendence of Colombia, and improved where appropriate, exceeding the 85% goal established for its mitigation.
- We conducted intrusion tests with the aim of establishing the level of exposure of our technological infrastructure to internal or external attackers that may compromise its security, operation and continuity.
- We strengthened the contracts entered into with critical third parties, the relevant measures and obligations for the adoption of and compliance with information security and cybersecurity risk management policies.



7 TRUST-BASED RELATIONSHIPS

7.1 Our People

(102-8, 401-1, 103-1 Working conditions - decent work, 103-1 Respect for human rights)

7.1.1 Description of Employees

(102-8, 401-1) (SDG 8)

In Findeter we have the support of temporary workers for the execution of our programs and projects, personnel with specialized studies and experience in the different technical areas that impact the processes. This has allowed us to strengthen the human team of our Entity, to face the challenges of our activities with professional and technical capacity, and to comply with the new programs determined by the National Government, through inter-administrative agreements and/or arrangements for technical assistance.

The number of direct employees did not vary significantly between 2018 and 2019; however, the number of temporary workers did decrease, basically due to the completion of projects for which they were hired.

Table 27. Number of Employees by Sex

Women	Men	Total
210	185	395

Source: Findeter 2019

Table 28 New Hires by Sex and Region

Gender	Female	Male	Total
Bogota	19	15	34
Bucaramanga		1	1
Cali		1	1
Total	19	17	36

Source: Findeter 2019

Our employee turnover rate in 2019 was 7.25, calculated as follows:

Table 29 Turnover Rate

$$\text{Turnover} = \frac{\{[(\text{new hires} + \text{withdrawals})/2]*100\}}{\text{Total employees}} = 7.25$$

	New Hires	Withdrawals	Total Direct
Men	17	26	93
Women	19	24	136
Total	36	50	229

Source: Findeter 2019

Below is a list of statistical information that about Findeter's description of human talent:

Table 30 Number of Employees by Type of Employment Contract and Gender

Gender	Female			Male			Total Overall
Type of Contract	Indefinite	Task or Work	Total Female	Indefinite	Task or Work	Total Female	
Direct (In-house)	136		136	93		93	229
Temporary Worker		67	67		87	87	154
Total	136	67	203	93	87	180	383

Source: Findeter 2019 * These figures do not include 12 apprentices

Table 31 Number of Employees by Type of Contract, Gender and Age Group

Gender	Female			Total Female	Male			Total Male	Total
Type of employment	Between 31 and 50	Over 51	Under 30		Between 31 and 50	Over 51	Under 30		
Direct	72	50	14	136	57	30	6	93	229
Apprentices	3		4	7			5	5	12
Temporary Worker	38	4	25	67	59	4	24	87	154
Total	113	54	43	210	116	34	35	185	395

Source: Findeter 2019

Table 32 Number of Direct Employees by Region and Sex

Region	Female	Male	Total
Atlantico	8	4	12
Bogota D.C.	184	159	343
Santander	2	2	4
Valle del Cauca	2	5	7
Bolivar	1	2	3
Caldas		1	1
Antioquia	5	4	9
Cordoba	1	4	5
Huila	2		2
Risaralda	4	1	5
San Andres		1	1
Magdalena	1	1	2
Sucre		1	1
Total	210	185	395

Source: Findeter 2019

Table 33 Number of Temporary Workers by Region and Sex

Region	Female	Male	Total
Atlantico	1		1
Bogota	63	78	141
Santander		1	1
Valle del Cauca	2	1	3
Bolivar		1	1
Caldas		1	1
Antioquia	1		1
Cordoba		3	3
San Andres		1	1
Magdalena		1	1
Total	67	87	154

7.1.2 Working Relations

(103-2 Human Rights; 403-1, 407-1)

At Findeter we accept the current regulations on labor law and below we list some of our labor practices:

- We annually measure the organizational climate from different variables that guide the improvement of the work environment.
- We implement the Occupational Health and Safety Management System in compliance with current regulations.
- We respect freedom of association and promote communication with the trade union organization through social dialogue, in order to strengthen cooperation and build trust, a space for listening and learning where information and knowledge are shared.
- We seek the employees' permanent observance of the values and processes required by the company to achieve its strategic plan.

In terms of respect for human rights, we began this approach through the procedures certified with the quality standards ISO 9001:2008 and ISO 14001:2004 and the *efr* management model as a family-friendly company that addresses a new social, labor and business culture based on flexibility, mutual respect and commitment.

We do not discriminate in the selection of personnel. We offer fair working conditions and adequate work spaces. We also provide special access in the Entity's main headquarters for people with disabilities and restrooms on the first floor adapted for this population. Neither child labor nor forced labor is promoted among direct personnel or temporary workers or their suppliers, including in their employment contracts the social provisions and labor practices under Colombian law. Moreover, we have the Joint Committee on Occupational Safety and Health (Copasst) and the Workplace Coexistence Committee, to meet the needs of our employees.

It should be noted that in 2019 no cases of discrimination for any reason were reported in any of the instances arranged for that purpose.

Below is the gender composition of the positions by level, highlighting the higher participation of women through all levels of the Entity:

Table 34. Distribution of Employees by Level and Gender

Positions	Female	Male	Total Overall
Management Level	23	20	43

Other Levels*	187	165	352
Total Overall	210	185	395
Share % of Women in the Total	53%		
Share % of women in Management Level	53%		

Source: Findeter 2019 * Including interns: SENA and University.

7.1.2.1 Recruitment and Selection Policy

We have a recruitment and selection policy that establishes equal opportunities and non-discrimination based on sex, race, social condition, religion, region or other circumstances, to hire suitable and competent personnel. In addition, the Equal Opportunities dimension of the *efr* model (family-responsible company) provides that the company shall make job offers in its personnel selection activity, without discrimination of any kind.

Furthermore, the selection, hiring and onboarding procedure is in line with the general competencies required and the aspects related to the organizational culture and climate.

The controls are determined based on the same procedure, by analyzing the resumes and background of the applicants in relation to their studies, experience and specific competences; additionally and for specific processes, voice tests are applied through an advanced validation system, to gain a higher level of security.

7.1.2.2 Salary Remuneration

At Findeter, the salary remuneration is established according to the salary scale in force and according to the manual of duties and general requirements, respecting gender equality, giving priority to the candidate's years of work experience and studies. The Board of Directors authorizes the salary increases each year for both the managerial level and the other employees, and is granted based on the provisions of the collective bargaining agreement in force.

Our wages, compared to the market, are competitive. This is precisely one of the variables that attracts and retains the talent required to achieve our goals, as well as making the salary leveling objectively.

7.1.3 Work-Life Balance

7.1.3.1 Family

(102-41, 103-3 Working conditions - decent work, 401-2, 103-3 Respect for human rights, 407-1)

The *efr* certification ratifies our status as a company that pursues to advance and achieve an appropriate work-life balance, encouraging a voluntary self-regulation and a commitment to ongoing improvement on the basis that each person's family and personal life is a priority for the Bank, thereby reinforcing the sustainability policy within the Entity.

The *efr* certification puts us at the forefront in terms of people management by allowing us, under quality standards, to group the entire portfolio of benefits for our workers and be sustainable at the same time.

7.1.3.2 Work Environment

The Work Environment Index (WEI) is the variable that allows organizations to enhance people management and be established as family-friendly companies. In our pursuit to make this Entity the best place to work, we have measured the WER for six years under international standards, with the methodology of the Great Place to Work® Institute, a model for understanding the work environment based on three pillars:

- Trust inspired by leaders and the company
- Camaraderie in the working group
- Pride in our work, the team and the company

This is how in December 2019, we again ranked 5th in this measurement. We entered the group of the 20 best companies to work in Colombia, in the category of companies with more than 500 workers, and we ranked 6th best place to work for women in Colombia. These recognitions motivate us to continue in the search for excellence.

7.2 Training

(404-1, 404-3; 103-1;103-3)

We have built our annual training plan based on the needs of the different departments, the organizational skills to be developed and the line of the strategic plan. Said plan is executed in accordance with business dynamics. We also promote the participation of workers in different programs that allow to strengthen the organizational culture and develop their soft skills as a complement to the technical training they receive.

The prioritization of training activities is based on the different topics regarding induction, reinduction, corporate issues, technical or specific education, complementary education and skills improvement, which lead to well-rounded workers who think about sustainable and profitable growth.

We also provide financial support as an incentive for our workers to gain knowledge and specialize in topics that contribute to the achievement of Findeter's objectives.

In recent years, the training process at Findeter has been boosted by the Entity's efforts made in the different programs, promoting not only learning and knowledge, but also permanent attendance at the different sessions held, which is why the 395 company employees attended at least one training session in 2019. 674 registrations were received in the year for the different training programs, for a total of 29,297 hours, equivalent to 43.47 man-hours per year on average in a period of high execution of projects and placement of credits as of year-end.

Table 35 Employee Training Hours

Year	Total Hours	Attendees	Annual Man-Hours
2019	29,297	674	43,47

Source: Findeter 2019

We control the participation of each worker by recording the time invested in learning and the program attended and the strategic dimension or organizational competence being developed or enhanced with such training.

In 2019, 355 training events were recorded.

(404-1, 404-3; 103-2)

Table 36 Training of Workers by Gender and Position

Employee Category	No. Women Participants	No. Men Participants	Total No. Participants	Training Hours Women	Training Hours Men	Total No. Hours
University interns and SENA apprentices	6	12	18	31	174	205
Administrative Assistant, Secretary, Driver and Messenger	22	10	32	727	222	949

Employee Category	No. Women Participants	No. Men Participants	Total No. Participants	Training Hours Women	Training Hours Men	Total No. Hours
Analyst and Professional	289	277	565	14,407	10,499	24,906
Directors	11	11	22	649	550	1,199
Managers	5	9	14	173	680	853
Heads of Department	9	2	11	294	102	396
President	1	-	1	21	-	21
General secretary	1	-	1	62	-	62
Vice Presidents	4	6	10	490	216	706
Total	348	327	674	16,854	12,443	29,297

Source: Findeter 2019

7.3 Performance

In 2019, important changes were made in our organizational structure, and accordingly we started the project to review and reformulate the specific roles and duties of all workers, which will be complemented by establishing workloads and subsequently evaluating their development, a task we expect to complete in the first quarter of 2020.

7.4 Occupational Health and Safety

(403-1,403-2)

According to our economic activity and the coding of the Occupational Risk Administrator (ARL), the minimum risk is classified in class I (financial institutions, desk and administrative jobs, educational centers, restaurants), meaning that we are not exposed to high risks of certain diseases.

In 2019, two minor accidents occurred in recreational and daily work activities, which affected lower and upper limbs, and their incidence was low. One was suffered by a woman and the other by a man. They occurred in Bogota and Pasto.

In addition, last year we granted six maternity leaves, but no paternity leaves were requested.

According to the origin rating given by the ARL Positiva, to date there are no cases of occupational disease.

The representation of the workers in the Joint Committee on Occupational Safety and Health and the Workplace Coexistence Committee is 50%, and they are selected by voluntary participation.

(102-41; 407-1) (SDG 8)

7.5 Free Association

Since August 1999, there is one trade union associated with the Entity, in which 71 employees are members, equivalent to 38% of the employees authorized to affiliate to this organization.

The Entity's management and the trade union maintain excellent relationships, based on cooperation and trust-building, through listening and learning spaces where information and knowledge are shared. This has allowed the prevention and resolution of conflicts, and the strengthening of relationships as part of the organizational culture.

7.6 Benefits

(401-2)

The collective bargaining agreement entered into by and between management and the trade union groups together the benefits agreed for the direct employees who sign up for them, which and include:

Table 37 Benefits

Monthly technical bonus	Healthcare policy
Food aid	Disability recognition and maternity leave
Loans: home, vehicle, study, unrestricted investment, domestic calamity.	Working day
Extralegal bonuses (in June and November)	Training
Annual seniority premium	Education aid for children
Transportation aid	Aid for the union
Education aid	Five-year recognition
Funeral service aid in case of death of the employee	Retirement or pension bonus

In 2019, 81% of our direct employees were covered by the collective bargaining agreement.

7.7 Related Party Transactions

(102-42; 102-43)

Our welfare policies and our Family-Friendly Company model include soft lines of credit for all workers for housing, vehicles, study, unrestricted investment and domestic calamity. In 2019, we granted loans to the Entity's managers for an amount of COP \$222.5 million.

Board members were remunerated for their attendance at meetings of the Board and Committees an aggregate amount of COP \$505.6 million as of December 31, 2019.

No additional related party transactions were reported.

7.8 Partnerships and Associations

(102-12 y 102-13) (SDG 17)

Findeter has partnerships with different organizations and is part of initiatives or associations that contribute to the development of our mission or make it easier for us to exercise corporate citizenship with our stakeholders. These partnerships are outlined below:

Table 38 Partnerships and Associations

Associations	Latin American Association of Development Financing Institutions (ALIDE)	Governments and International Official Institutions	Government of the United Kingdom, Great Britain and Northern Ireland
	Association of Banking and Financial Institutions of Colombia (ASOBANCARIA)		Government of Japan
	Colombian Association of Private Capital Funds (ColCapital)		Official Credit Institute (ICO)
	Self-regulator of the Colombian Securities Market (AMV)		European Union (EU)
	Colombia Líder	Multilateral Organizations and Multi-Donor Funds	Inter-American Development Bank (IDB)
	Colombian Institute of Corporate Governance (ICGC)		European Investment Bank (EIB)
	World Energy Council Colombia (WEC)		World Bank (WB)
National Development Banks	French Development Agency (AFD)		Green Climate Fund (GCF)
	German Development Bank (KfW)		NAMA Facility
	German Agency for International Cooperation (GIZ)		Center for Clean Air Policy (CCAP)

International Cooperation Agencies	Basque Business Development Agency (SPRI)	Non-Governmental Organizations	Coalition for Green Capital (CGC)
	United States Agency for International Development (USAID)		United Nations Office for Project Services (UNOPS)
	Abu Dhabi Fund for Development		World Resource Institute (WRI)
			World Wildlife Fund (WWF)

Additionally, we participate in voluntary initiatives and committees that encourage the private and public sectors to commit to issues of public policy, global agenda and sustainable development, among others. These initiatives and committees include the Financial Committee of the National System of Climate Change, the National Council of the Orange Economy, the Coordinating Committee of Rail Transport, the Green Protocol (led by Asobancaria), Global Compact Colombia and the Global Compact World Network.



7.9 Communications Management

Our evolution in 2019 thanks to the new integrated management model and the revision of the corporate strategy led to the creation of the communications management, in charge of giving response to the organization's requirements, the market, customers and enhancing the brand as a strategic asset. Improving relationships with different stakeholders and taking advantage of our territorial nature and regional knowledge as priorities.

The communications management concerns the entire organization; therefore, to achieve a greater scope and have more impact, the Communications Department became the Communications, Marketing and Social Responsibility Management, whose main objectives are to:

- Put communication and other management processes at the service of the corporate strategy.
- Disclose the organization's performance to within and outside the company.
- Coordinate relations with different stakeholders.
- Support the marketing of the company's products and services and customer service issues.
- Incorporate best practices for responsible action.

Communications Performance 2019

In 2019, the communications plan focused on efficiently managing our corporate communications and transmitting, within the company and to other stakeholders, the differential value of our performance, through:

Internal Communications

- We structured and developed the macro strategy of internal communications "Ser Findeter".
- We renewed the digital platform of internal communication channels.
- We structured, developed and supported the strategic planning events "Ser Findeter".
- We consolidated Findeter's network of regional correspondents.
- We developed internal communications campaigns to strengthen the organizational culture.
- We developed 18 internal campaigns.
- We supported and advised the different areas in communications activities: Reactiva Colombia, ABC of Business, MY Work, Findeter Suma, Lines of Credit, Sustainable Bonds, EFR, Internal Calls, Findeter Has Talent, Great Place to Work, Code of Ethics, Code of Good Governance, Strategic Plan, Findeter Miles, PETI, Virtual Findeter, among others.
- We published 213 newsletters of Findeter News.
- We broadcast 58 videos of Findeter Starts the Day.

Dissemination and Press:

- We effectively developed the “Communication Partners” strategy, which has allowed us to have timely and up to date information for our internal and external stakeholders through the different communication channels.
- To stand out and make our performance visible, through free press strategies, we send relevant information from Findeter to the media and opinion leaders: integrated management model, lines of credit (Reactiva Colombia), delivery and dissemination of action plans, project financing, sustainable bond issues, Sustainable Development Route Strategy, and structuring of street lighting projects, among others.
- We continued with the strategy of approaching journalists to present Findeter as an ally for their publications. To do this, we arranged interviews with journalists from national and regional media, we organized three press conferences (Reactiva Colombia, Sustainable Bonds, Sustainable Development Route), a breakfast with journalists from Bogota and attended more than 15 requests from journalists about different technical assistance projects and projects financed by Findeter.
- As a result of these efforts, in 2019 the media published 4,941 pieces about Findeter, 18% in national media and 82% in regional media. These publications represented for Findeter savings in advertising close to COP \$16,143 million.

Digital Marketing and Communication

Websites are the foundations of digital communications. For this reason, we have been working on designing one focused on functionality, usability, relevant content for citizens and transactionality (improving the experience of using our transaction tools).



As a new tactic, we have implemented five landing pages:


- Reactiva Colombia: https://www.findeter.gov.co/reactiva_colombia/
- Creative and Cultural Industries (ICC): https://www.findeter.gov.co/economia_naranja/
- Sustainable Bonds: https://www.findeter.gov.co/bonos_sostenibles/
- Sustainable Development Route: <https://www.findeter.gov.co/rutadeldesarrollo/>
- “Repeat” Strategy: https://www.findeter.gov.co/creditos_findeter/

- **Implementation of Digital Ecosystem:** In 2019, we made an in-depth diagnosis of the entity’s digital assets and identified the need to develop and execute Findeter’s digital ecosystem. The entire process was carried out in 2019 and will be implemented in 2020.
- **Social Networks:** Our work has been focused on conceiving social networks as a strategic communication channel with stakeholders and establishing an editorial methodology to capture, select and publish information that adds value and accounts for Findeter’s daily activity.

Sample figures:




Table 39 Followers on the Different Social Networks, 2019

	January	December	New	Variation
	10970	11873	903	8.2%
	3787	4702	915	24.1%

	January	December	New	Variation
	34116	35458	1369	3.93%

Source: Findeter 2019

Table 40 Involvement in Different Social Networks, 2019

	January	December	Variation
	7.86%	9.25%	17.68%
	10%	16.3%	63%
	2.53%	4.57%	80.6%

Source: Findeter 2019

Other Figures



11,209 followers



28,530 visits

107 new subscriber



Since 2019 all our social profiles (Facebook, Twitter and Instagram) have a verification badge

Editorial Production

The main objective of the editorial production process has been to support Findeter's corporate and positioning strategy, by developing editorial products that facilitate the dissemination of the knowledge we generate. For this purpose, we achieved greater production efficiency and unified the editorial and graphic style of all the publications edited by the Communications, Marketing and CSR Management.

In 2019, we published:

- Seven action plans: Rionegro, Sincelejo - Corozal, Villanueva, Villa de Leyva, Riohacha, Puerto Lopez and Cucuta.
- 108 booklets of the Sustainable Development Route project: 93 municipalities and 15 departments.
- 32 departmental booklets in agreement with the National Federation of Departments.
- A Mobility Master Plan: Ibague and two parts associated with said Plan: Traffic Light Infographic and public transport brochure.
- The first edition of the "Territorios" magazine.

We also supported other areas in the following projects:

- The development and commissioning of the Findeter Virtual Library (this work was done together with the CIC and Technology).
- We participated in two external publications: MinHacienda Report and the book Colombia Líder.

7.10 Recognitions

Findeter received the following recognitions in 2019:

- 6th Best Place to Work for Women in Colombia (March/2019)
- 5th Best Place to Work in Colombia (December/2019)
- The only public bank that has IR recognition, for remaining for 5 years with the Best Practices for Corporate Governance.
- In 2019, we were recertified by Titularizadora Colombiana as portfolio managers with an overall AAA rating.
- We are internationally recognized thanks to our participation in missions, events and training sessions, promoted by our main international partners.
- In 2019, we attended the General Meeting of the Latin American Association of Development Financing Institutions (Alide) in Madrid; the Meeting of the Board of Directors of Alide in Buenos Aires; the Annual Meeting of the World Bank and the International Monetary Fund in Washington D.C., among others. During these visits we held working meetings with multiple international actors, such as multilateral banks, national development banks, international organizations, multi-donor funds, representatives of foreign governments, cooperation agencies, and non-governmental organizations. We stood out in these meetings as the Development Bank for the regions in Colombia.
- In August 2019, the President of Findeter joined the Alide Board of Directors, playing an important role in this scenario.

7.11 Accountability

The 2019 accountability strategy was aimed at informing our management particularly of the results with transparency and participation, to meet the needs of our stakeholders, generating spaces for dialogue and for the adoption of the principles of good governance.

To this end, we have used a series of mechanisms and constant channels of dialogue and interaction with stakeholders through:

1. The social networks found on our website www.findeter.gov.co:

Facebook- Findetercol

Twitter-@Findeter

Youtube

Instagram- @Findetercol @FindeterGente

LinkedIn- Chat Findeter S.A.

2. Participation in seminars, forums and spaces with different trade professionals, associations, community leaders and the general citizenry to discuss issues related to Findeter's contribution to the country's development, such as³¹:

Andesco: "Seminar on Energy Efficiency" (April 25 and 26 - Bogota).

Invest Cartagena: "Cartagena Development Triggers Projects" (May 7 - Cartagena).

³¹ <https://www.findeter.gov.co/loader.php?lServicio=Tools2&lTipo=descargas&lFuncion=descargar&lIdFile=302960>

Asobancaria: “Third Sustainability Congress” (May 2 and 3 - Bogota).

Acodal: Acodal “62” “International Congress of Acodal” (May 29 to 31 - Cartagena).

Diagnostic Workshop for Santander (May - Bucaramanga).

Discussion Meeting on Structuring Methodology for Public Lighting Projects (May 8 - Bogota).

French Embassy Mission (July 4 - Bogota)

Valledupar Impact Plan Business Roundtable (May 4).

3. Participation in the Public Hearing for accountability of the Treasury sector as a company linked to the Ministry of Finance and Public Credit, where on November 8, 2019, we participated in a panel developed by Previsora Seguros, SAE and Supersolidaria, where the President of Findeter Sandra Gómez Arias gave information on the Entity’s performance regarding the financing of infrastructure.

4. The development of the services fair Development Route, which included the participation of public and private actors such as: the Presidency of the Republic, the Ministry of Finance and Public Credit, the Office of the Comptroller General of the Republic, the Vice Ministry of Housing, the Vice Ministry of Water and Basic Sanitation, the Office of the Attorney General, the Ministry of Transport, the Ministry of Culture, the German Embassy in Colombia, the KFW Director for Colombia and Ecuador, the National Planning Department, and Universidad del Rosario, among others.

In this event we had the participation of 144 mayors and 28 department governors, 1,300 projects were identified and 108 booklets were handed out.

The Development Route succeeded in being a direct communication link with stakeholders, as evidenced on their tweets:

November 14, 2019:

Luis Carlos Velásquez Cardona, Governor-elect of Caldas: *“These days in Irotama, is a space for the governors of Colombia, and also many mayors, to plan, to look at our financial positions, but above all to understand how the National Government is our best friend to bring development to the regions, I am in love with Findeter. With Findeter I find the support to bring forward Aerocafé and other projects of interest.”*

Vicente Blel Scaff, Governor-elect of Bolívar: *“Happy to be at this great event by Findeter, where we have received technical support from this valuable Entity that is showing us the basis for the true route to sustainable development that our department needs.”*

5. We also develop spaces for citizen participation in the stages of formulation, execution, and promotion of social control of the Sustainable and Competitive Cities and/or Emblematic Cities program of Findeter, and through a quarterly virtual chat, the results of which are found on our integrated citizen service management reports.

To learn more about these spaces visit:

[https://www.findeter.gov.co/documentos/202066/informe de inquietud o sugerencias.](https://www.findeter.gov.co/documentos/202066/informe%20de%20inquietud%20o%20sugerencias)

6. The interaction with our employees is just as active and constant. Findeter keeps its human talent informed through the “Being Findeter” institutional meetings, where it presents progress reports, organizational changes and carries out integration activities. Through the creation of the “Being Findeter” concept, we transmit the values and policies of culture and organization built around strategy, competitiveness, safety, competence, and awareness.



8 DIGITAL MANAGEMENT AND TRANSFORMATION

8.1 Value Chain

Our value chain is based on the Process Map, which is in turn based on the knowledge and identification of the needs and requirements of our customers and stakeholders, in order to achieve the results that allow us to meet our customers and stakeholders' expectations, through an adequate interrelation of strategic, missionary, support and control processes.

The implementation of the strategies defined in the 2019-2020 Flight Plan raised the need to formulate a Program to design, improve and update the value chain and ensure that all processes are in line with the company's dynamics, operating in harmony and directly in terms of effectiveness and efficiency for a proper understanding of the operation and management model of our Integrated Management System, responding in turn to the guidelines of corporate strategy and new market challenges. Therefore, in the first phase of the program, the process architecture and the redesign of four missionary processes were updated.

Integrated Management System

(403-2)

Our Integrated Management System, which consists of the Quality Management System (QMS), the Environmental Management System (EMS), the Internal Control System, the Operational Risk Management System (ORMS), and the efr model for managing the work-life balance, continues to be the basic input to achieve an ongoing improvement in the Entity's management, internal control and response to institutional risks.

We received from SGS Colombia S.A.S. the certificates that demonstrate compliance with the Quality Management Systems NTC ISO 9001:2015 and ISO 14001:2015. The renewal obtained, after the audit carried out at the end of September on different processes, made it possible to demonstrate the conformity to the certifying entity, and serves as proof in the financial market. Additionally, it strengthens the image of our products and services, and creates trust among customers, the Government, supervisory agencies and the community in general.

The results in terms of efficacy, efficiency and effectiveness ensure compliance with the objectives of the Integrated Management System that are in line with the corporate strategy, which for 2019 presented a positive behavior with an efficacy level of 125%, efficiency of 110% and effectiveness of 104%.

Regarding efficacy, the outstanding compliance is explained by the high results in the indicators associated with internal and external communication, customer service, and the training and education of human talent.

In terms of efficiency, the performance above expectations is due to good results in the indicators of the implementation of good environmental practices, risk management and levels of technological services.

Regarding the System's effectiveness, good performance in adopting action plans in light of the findings in internal and external audits, the result of legal management in the different processes carried out by the Entity, and the information security management led to results that exceeded expectations.

For 2019, we have identified the Non-Conforming Outputs in accordance with the NTC ISO 9001:2015 requirements of the missionary processes: Consulting for Integrated Territorial Development Advisory (ADTI), Management of Lending Operations (GOA), and Management of Burrowing Operations (GOP), achieving favorable results in their control, 6.25% below the maximum allowed, as shown in the table below:

Table 41 Non-Conforming Outputs 2019

Process	SNC	Total Outputs	% SNC	Goal
ADTI	599	3736	13.75%	<20%
GOA	63	436		
GOP	0	642		
TOTAL	662	4814		

Source: Findeter, 2019

With respect to Corrective and Improvement Actions, in 2019 we formulated 191 actions distributed as follows: 78 corrective (40.8%) and 113 improvement (59.2%), showing a positive trend for the system by decreasing corrective actions by 18.4% compared to 2018.

43% of the actions formulated originated from the Risk Management, Commercial Management and Integrated Territorial Development Advisory processes. 74 actions are in progress (42 corrective and 32 improvement). The processes managed achieved the closure of 162 actions, corresponding to 45 corrective and 117 improvement, of which 118 were formulated in 2019 and the remaining 44 between 2016 and 2018. The actions derived from both internal IMS and management audits were the sources with the largest share, with 89% of the total number of actions managed by the system.

8.2 Innovation and Knowledge

(102-4)

In 2019, the Center for Innovation and Knowledge (CIC), fulfilling its objective of promoting and facilitating solutions for the creation of value through innovation and knowledge management in the entity, executed a program of challenges together with a multi-department team of the entity called "Innovation Heroes", who have been trained in innovation methodologies. To this end, and together with the Presidency Committee, we defined four strategic challenges for the entity, which the heroes focused on solving in subsequent sessions. As a result, we obtained light prototypes, which will be validated in 2020, we strengthened the knowledge of the "Innovation Heroes" for the use of innovation tools contained in a toolkit and we held an awareness event open to the entire Findeter community, to learn about some emerging technologies focused on digital transformation, with explanatory and participative activities, which had the participation of more than 100 employees.

We also submitted a project for the first time to the Tax Benefits Program of the Ministry of Science, Technology and Innovation, achieving a tax deduction of approximately COP \$240 million. This initiative was developed together with Corporación Tecnova UEE, within the National System of Science, Technology and Innovation. The activities proposed in the project included visits to different innovation centers of entities with characteristics similar to those of Findeter in order to identify alternative structural designs and apply good practices that have been successful in these entities, we designed the management model of the Center for Innovation and Knowledge, two programs to manage knowledge and the strategic plan for the Center for Innovation and Knowledge.

Finally, we implemented the Virtual Library with the knowledge assets produced in the entity, which has a wide repository of publications such as economic research, books, action plans, magazines, images and videos. Additionally, we prepared the knowledge and surveillance maps for the Planning Vice Presidency and the Operations Vice Presidency, which was complemented with a survey on the critical knowledge in each of the areas, in order to identify the gaps in each one of the areas and thus run the programs on this basis.

8.3 Technology Management

8.3.1 Information Technology (IT) Strategic Plan

As part of our committed to the Compact for the digital transformation of the National Development Plan

2018-2022, with Findeter’s strategic guideline of having the technology required to generate value and with the strategic objective of consolidating and promoting digital culture, in 2019 we defined the strategy and digital aspiration as follows: “Findeter’s digital transformation seeks to scale our operational, commercial and service capacity, generating high efficiency, centered on digital technologies and the development of a culture that promotes the Entity’s dynamic development.”

We therefore based the strategy on five interconnected principles:

1. **Optimization of customer activity:** Seeks that the services offered focus on improving what customers require from Findeter, including identifying the opportunity, the purchase (acquisition), and the incorporation and expansion of the business relationship.
2. **Process digitization and optimization:** Aims to ensure that all or, at least, the vast majority of Findeter processes are executed electronically, optimizing the times and steps they require. As a result, we seek to identify the records or documents that can and should be completely electronic from their creation to their transfer to the central archive.
3. **Innovation in business models, products and channels:** Seeks to implement innovative trends, from digital issues to internal business models and products and services provided by Findeter, supported by new and varied digital channels or with automated components.
4. **High availability with quality and security:** Seeks to ensure that the technological services of the lower layers (communications, processing, storage, transport) operate guaranteeing the highest availability efficiently and safely.
5. **Guarantee the path to the digital experience:** Its purpose is for users and customers to understand, assimilate, adopt and apply the portfolio services, maximizing their productivity and efficiency. The appropriation mechanism has been defined as “Findeter’s path to the digital experience.”

In addition, we further support the development of the technology operation in 2019 through:

- **Data analysis:** We expanded the business intelligence (BI) system, developing and implementing management dashboards, which facilitate decision-making.
- **Document management:** We implement Doc4us software, which allows supporting file management.
- **Use and appropriation:** we carry out use and appropriation exercises for applications such as MIObra and Findeter Aprende and for the IT services established in the new service catalog.
- **Governance and data managements:** We are developing the project to strengthen the capacity for governance and data management, improving the quality of information and reducing the times for consolidation, validation and reporting for the Procurement data sets.
- **Travel allowance:** The development was in line with the optimal functionality of the internal process, which ensures compliance with its security policies.

8.4 Customers and Marketing

Loyal Customers

According to the latest Loyalty Survey carried out by the National Consulting Center³², 64% of our customers are loyal, since they have positive impressions, trust and credibility towards Findeter. Additionally, they express their intention to continue maintaining a relationship with the Bank.

For Findeter it is very important not only to have its customers satisfied, but also to carry out actions to ensure loyalty. Which is why we constantly find ourselves developing improvement opportunities defined by the different areas, based on our customers’ feedback.

Table 42 Percentage of Loyal Customers 2015 -2018

Year	% of Loyal Customers *
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³² This study by the National Consulting Center in 2019 evaluated Findeter’s customer loyalty in 2018.

2018	64%
2017	65%
2016	68%
2015	60%

Source: National Consulting Center

Customer Satisfaction

According to the latest Satisfaction Survey carried out by the same company³³, 98% of our customers have stated that they are satisfied with the service offered in 2019, demonstrating once again the results of having clear service policies that exceed our customers' expectations and needs.

Table 43 Percentage of Satisfied Customers 2015 - 2018

Year	% of Satisfied Customers **
2018	98%
2017	95%
2016	95%
2015	94%

Source: National Consulting Center

Customer definitions:

- Loyal customers*: These are customers who feel committed to the entity and express their intention to continue their relationship with the entity.
- Satisfied customers**: These are customers whose expectations regarding the work carried out by the Bank are being met.

8.5 Customer Service

In 2019, Findeter focused its actions not only on customers externally, but also on improving internal customer service, recognizing it as a fundamental part of the customer's satisfaction chain and in favor of improving procedures.

External customer service was based on external satisfaction surveys and on the different interactions with customers. We recognize that the market where Findeter operates is very competitive, which is why we work constantly, from each of the Vice Presidencies, to improve both customer-related procedures and the service offered by our employees.

To this end, we carried out 27 actions in 2019, through which we worked on the service from different fronts. Additionally, we carried out two customer service trainings: one for service managers, as an essential part of the customer service structure³⁴, and the other for all Findeter employees, including from the regional divisions, the objective of which was to raise awareness and have a better grasp on customer service and understand it as a building element and generator of trust.

At the same time, we worked on improving customer interaction through our different channels. To this end, we made changes to the image of the website, decreased response times and created response

³³ This study by the National Consulting Center in 2019 evaluated Findeter's customer satisfaction in 2018..

³⁴ A 32-hour workshop was held for the main purpose of giving service managers the necessary tools perform their duties in the best way possible.

protocols for channels, which allowed us to have a level of satisfaction of 85%. From the 2019 management, we want to highlight the following results:

Requests Received

In 2019, through the Findeter website (www.findeter.gov.co) we received 415 requests, 100% of which were timely answered.

We refer to the total number of requests received by the Marketing and Customer Service area (requests, complaints, grievances, concerns and suggestions) addressed in the year evaluated. The analysis of service times is carried out in accordance with the law.

Service Opportunity - Response Times

The average response time in 2019 was 9 business days, thus meeting the established goal of answering all requests in less than 15 business days.

Satisfaction Survey of Total Requests 2019

To validate the service provided through the different service channels, we conducted a satisfaction survey on the people who sent requests. After users received their response, they were prompted to rate the level of satisfaction of the service.

Compared to 2018 satisfaction increased in 2019 and reached a level of 4.5.

Chat

The website (www.findeter.gov.co) provides a chat to interact with users seeking to quickly resolve their concerns. To measure the satisfaction level of the service, they can complete the respective survey at the end of the conversation, in order to know their opinion and make the relevant improvements, seeking to satisfy their needs and requirements.

The survey asks the following questions:

- Quality of the information?
- The advisor's treatment?
- Chat experience?

We found that for 2019 the service rated by users is at a satisfaction level of 85%, a higher percentage than in 2018, when it reached 80%, which means that all the activities established to improve user service have been very satisfactory and customers perceive it.

8.6 Legal management

The Legal Management process is responsible for advising the entity in all legal respects, it exercises judicial and extrajudicial representation, for the full protection of institutional interests, and manages and collects the balances from the liquidations of the co-financing agreements. It follows four procedures:

- Judicial and extrajudicial representation
- Provide opinions and advice
- Management and prejudicial debt collection
- Seizures

The most relevant figures of the main activities of the legal management process are presented below:

8.6.1 Findeter Legal Proceedings

As of December 31, 2019, we are party to 119 judicial processes, as follows:

Table 44. Legal Proceedings Against Findeter

Representative	Type of Proceedings	Value Claimed*	Value Provisioned*	No. of processes
External Lawyers	Ordinary Labor	6,463	393	20
	Insolvency	157	-	1
	Direct Repair	8,293	-	18
Internal Lawyers	Ordinary Labor	2,116	1,481	2
	Direct Repair	9,698	-	13
	Insolvency	187	-	1
	Property	212	-	1
	Contractual Action	69,525	-	9
	Public Interest Action	54	-	10
	Class Action	7,809	-	4
Nullity and Restoration	16	11	1	
Total		104,530	1,885	80

Source: Findeter, figures in millions of pesos.

Table 45. Proceedings Brought by Findeter

Representative	Type of Proceedings	Value Claimed*	Value Provisioned*	No. of processes
External Lawyers	Ordinary Civil	5,837	-	2
Internal Lawyers	Executive - Former Officer	1,038	-	16
	Executive - Officer	-	-	1
	Executive - BCH	75	-	2
	Executive - Insfopal	4,909	252	10
	Executive - Local Monitor	25	-	1
	Executive - Labor	5	-	1
	Executive - Net Income	88	-	4
	Insolvency	58	-	1
	Contractual Action	20	-	1
Total		12,055	252	39

Source: Findeter, figures in millions of pesos.

Lawsuits for the Protection of Fundamental Rights: We filed two actions for the protection of fundamental rights alleging the violation of due process and the right to information. We dealt with 35 actions brought against us related to the alleged violation of the fundamental rights to decent housing and the right to information.

8.6.2 Findeter Administrative Processes and Prejudicial Debt Collection

Table 46. Prejudicial Debt Collection Process

No.	Taxpayer ID	Entity	Department	New Value* order
1	800094462	Campo de la Cruz	Atlantico	16

No.	Taxpayer ID	Entity	Department	New Value* order
2	800094466	Candelaria	Atlantico	66
3	891500978	El Tambo	Cauca	7
4	800188492	Florencia	Cauca	18
5	800188492	Florencia	Cauca	58
6	891502169	La Sierra	Cauca	56
7	800095978	Padilla	Cauca	149
8	891680196	Unguia	Choco	148
9	800100134	Natagaima	Tolima	46
10	800099662	Moniquira	Boyaca	36
11	800099092	Iles	Nariño	36
12	800018650	Colon	Putumayo	16
Total				653

Source: Findeter, figures in millions of pesos.

Legal Opinions

We dealt with 43 queries raised by the different areas, related to the development of Findeter's corporate purpose, in which we considered the conceptual background, the corresponding regulations and jurisprudence.

Our main achievements and highlights during 2019 were:

- We managed to untie Findeter from the preliminary ruling conciliation process, avoiding the initiation of (14) legal proceedings against it with claims corresponding to COP \$1,912 million.
- We obtained a procedural success rate of 100%.
- Five final rulings were issued in favor of Findeter as defendant in legal proceedings within the ordinary-labor jurisdiction (3 of them due to the personnel restructuring process in 2003 and 2 of them due to contracting where Findeter had to assume the labor responsibilities of the contractor); the value of the claims corresponded to COP \$10,012 million.
- In the first instance, we obtained favorable decisions for Findeter in 17 judicial proceedings, 10 labor processes, 1 action for direct repair, 3 class actions, 1 public interest action, 1 action for contractual controversies and 1 action for nullity and restoration of rights; the value of the claims corresponds to COP \$15,001 million.
- In the management of executive processes, we recovered COP \$8,368 million. These processes derive from our role as first-tier bank before the liquidation of Internacional and a process against a former employee, who canceled the partial value of the loan.
- We managed to reduce the prejudicial debt collection processes for the recovery or certification of contributions to victims, such reduction is equivalent to 64% of the total amount collected of COP \$1,054 million.
- We obtained a favorable ruling in the 35 lawsuits for the protection of fundamental rights filed against Findeter.
- Findeter's Policies, Lines of Judicial Defense and Conciliation Guidelines, were drawn up and approved by the Committee for Judicial Defense and Conciliation, in order to exercise an effective defense, reduce legal risk, both in the extrajudicial and judicial stages, and facilitate the work carried out by the representatives of the Entity in charge of judicial and extrajudicial conciliations and processes.
- The National Agency for Legal Defense of the State, certified Findeter for the Formulation of Policies for the Prevention of Wrongful Damage in 2019.

- We reviewed and adjusted the insured values of the Entity's Corporate Insurance Program.
- We held two training sessions for Findeter officials related to the General Code of Process and Insurance Law.
- We prepared 44 legal viabilities related to the eligibility of housing projects.
- We promoted the issuance of Decree 755 of 2019, through which resources were added for the offset rate in General Infrastructure projects.

8.7 Procurement Management

Procurement Management is governed by the provisions of private law and the principles of the Administrative Duty and Fiscal Management. At Findeter we have classified two types of procurement contracts, governed by two internal contracting policies and different selection modalities: a) Findeter goods and services, and b) Goods and services for third parties. In the latter we subclassify contracts made through free-standing trust funds and contracts signed directly by Findeter as part of its commitments to cooperation and international banking, generally referred to as direct third parties Findeter.

The contractual selection modalities are, for Findeter goods and services, open call, selection of consultancies, call for bids, direct procurement and department store purchases; and, for goods and services for third parties, public call, private call; call for bids; and direct procurement.

We highlight the following aspects of procurement management in 2019:

- We consolidated the process of contractual liquidations, by implementing a service plan, monitoring and process control. We implemented a database and developed our own application as management tools.
- We trained our procurement supervisors, through the development of a three-day training cycle, under the methodology of studying and applying practical cases aimed at strengthening the knowledge of the rules and legal impacts of said duty.
- We reviewed and processed more than 859 requirements in the technical areas, including requests for procurement processes (prior studies and need studies), rights to information, requirements of control agencies, contractual certifications, contractual modifications, revision and adjustments to commercial proposals, among others.
- We managed to consolidate the main role of the Entity's Procurement Committee.

Procurement of Findeter Goods and Services

This type of purchase is governed by its own internal contracting policy and aims to meet the Entity's needs for works, goods and services for its operation, strengthening and promotion, depending on the fulfillment of its legal and strategic purposes. The highlights are presented below:

- **142** acceptances of Commercial Offers
- **46** contracts
- **11** contractual additions
- **COP \$62,084** million committed resources

Relevant Figures

We made a financial effort in the field of technology, as an invaluable input in the fulfillment of the strategic objectives set out by senior management. Notwithstanding the tools and the provision of services for the Entity's management, the highest figure is the hiring of temporary services, item responsible for maintaining the necessary technical and support team for the provision of the different services available to our customers, as shown in the table below:

Table 47. Most Relevant Figures for the Acquisition of Findeter Goods and Services

Item	Committed Value COP (\$ million)	Share by Item
Temporary services	33,826	59.53%
Other advisory (help desk, technical assistance, internal control, software factory)	6,564	11.55%
Computer, communication and multifunctional equipment	3,461	6.09%
Premises, offices, parking lots and others	2,326	4.09%
Software maintenance	1,899	3.34%
Air tickets and transportation	1,860	3.27%
Technical files	1,370	2.41%
Promotion and dissemination	1,259	2.22%
Temporary services travel expenses	1,083	1.91%
Software purchase	1,031	1.81%
Stationery and supplies	732	1.29%
Cleaning service and cafeteria	636	1.12%
Tax inspection	429	0.76%
Maintenance of buildings and premises	225	0.40%
Occupational health	116	0.20%

Source: Findeter 2019

Goods and Services for Third Parties

This type of purchase is governed by its own contracting policy, which we updated in 2019, managing to legally strengthen the selection processes and reduce their times from 52 to 28 days. Through this type of purchase, we materialize the fulfillment of our commitments to our national customers, international banking and cooperation. We highlight the following:

- **98** contracts executed through free-standing trust funds for a value of COP \$323,217 million.
- **23** contracts signed by Findeter's direct third parties for a value of COP \$7.9 billion.

Purchase and Acquisition Plan

The Purchase Plan is a tool for controlling Findeter's procurement of goods and services, which allows us to carry out this activity in a planned, efficient and effective manner without causing difficulties in the provision of services.

Day by day we consolidate this important procurement management control tool by implementing and improving the application of compliance indicators and supporting the Entity's technical areas with alerts on compliance with the required contracting schedules. Activities such as improving the formats of the need studies (market surveys) contributed to the efficiency of resources and generated significant savings in contracting. We highlight the following:

- **95%** execution of the resources planned in the period, with which we fulfilled 100% of the goal of the purchasing plan and, consequently, the contracting of 100.00% of the Entity's needs for works, goods and services of the Entity.

Procurement Committee

Created through official letter No. 026 of 2018 as an instance of “review of pre-contractual documents”, with the participation of the General Secretary, the Legal Director, the Contracting Director and the vice president in charge of the department interested in each subject under review. The following documents were reviewed:

- **156** previous studies and terms of reference
- **86** need studies and minimum requirements
- **49** requests for contractual modification
- **186** verification reports of enabling requirements

ICT Incursion in Procurement Management

The highlights are listed below:

- We improved the option of consulting current calls on the entity’s website, making access more practical and attractive for anyone interested in the entity’s procurement processes, significantly reducing consultation times.
- We updated and improved the quality of the contractual information reported in the MiObra application, control and monitoring tool for projects and contracts.
- We developed an application to control the contractual settlement processes.
- We implemented the upload of large files in the publication of calls, with decreasing upload times by more than 65%.
- We developed multiple information analysis boards to control the procurement management process in its different stages.
- We participated in the process of building the architecture of a corporate database that will house the data of the entity’s procurement management process.
- We participated in the design of the use case for the control of procurement procedures, through the new document management system that is currently in the implementation stage.

8.8 Document Management

In 2019, we processed, through the Document Management Center (DMC), loans for 8,161 units, transfers for 8,365 units. We also digitized 30,517 images and filed and processed 70,483 official communications.

In order to establish controls on the DMC activities and to optimize service times, we established, through Official Letter No. 22 of 2019, that document transfers should be made on the first 10 days of each month in said center. We also achieved the approval and validation of the Documental Retention Tables by the General Archive of the Nation. We published the Terminology Bank and presented to the Institutional Management and Performance Committee the disposal of copies of corrections and reports of the proposals submitted for the calls.

As a sustainability strategy of the file management system, we conducted 28 training sessions related to filing processes for 181 employees.

We managed the purchase of a new friendly Document Manager application, which in addition to efficiently and securely controlling the flows of electronic, digital and physical documents from reception to final disposal, will provide organization, reliability, accessibility and security in the disposal of the information, as support for the Entity.

Other key aspects of our management correspond to:

- The General Services Office participated in the document management sector discussion table to simplify and unify the sector processes. As a result, we achieved response times for filing queries in less than 24 hours.
- The joint efforts of the document management and data governance teams allowed the

- preparation of digital document management policies.
- We established a standard structure for the treatment of electronic documents so that they can be maintained, retrieved and consulted over time, maintaining the characteristics of availability, integrity, reliability, legibility, authenticity, regardless of changes or technological advances.

9 PROSPECTS 2020

9.1 Prospects for the Colombian Economy in 2020

Despite the weakening of the 2019 world economy, overall economic prospects project a slight recovery at the global and local levels by 2020. The IMF, for example, foresees world growth at 3.4% for next year, while the World Bank expects 2.4%, both figures being higher than 2019 year-end expectations. These scenarios are conditional to China and the United States reaching a trade agreement, an organized Brexit that does not result in a recession in the area, and a rebound in the manufacturing and commercial industry of emerging economies.

An environment with solid political relations and stable commercial conditions will lead to an economic in several markets in Latin America, the Middle East and Europe that are subject to the prevalent tensions of 2019. For advanced economies (United States, Japan and the euro area) a growth of 1.4% is expected for 2020, mainly explained by a continuation of the weak behavior in the manufacturing industry. In contrast, emerging and developing markets (such as China, Indonesia, Turkey, India, Egypt) are expected to grow an average of 4.1%, as their economies are more stable in periods of recession or economic stagnation³⁵.

At the same time, both the World Bank and the IMF expect growth for Latin America below the world average for 2020: 1.8% and 1.6%, respectively. These projections, which were adjusted downwards with respect to previous forecasts, are explained by the low expectation of growth in Bolivia, Chile and Ecuador, which are undergoing important political transitions that generate uncertainty in their economic environments, the constant recession facing Argentina and Venezuela's poor economic and social conditions. The World Bank is a little more optimistic about the recovery of markets such as Colombia, Brazil and Mexico, therefore placing its growth projection 0.2 points above. It should be noted that both projections for the region in 2020 are above the 2019 year-end projections (0.8% the World Bank and 0.2% the IMF).

In the Colombian case, the growth rates expected for 2020 are above those of 2019. According to the World Bank, the country could have a growth of 3.6% in the economy, mainly explained by the increase in investments in the area for the execution of infrastructure projects. In turn, the IMF projects that Colombia will grow by 3.5%, explained by the recent tax reform. It will boost investment in the country, monetary support, civil works and remittances. Finally, the National Government placed its growth target at 3.6%, a figure that matches these projections.

To these expectations, the National Government must focus its efforts on two relevant aspects: the first is the revitalization of the real sector by 2020, seeking to generate greater productivity and to minimize the effects of a possible natural contraction of individual consumption, which explained growth in 2019. After the renewable energy auction, the oil and gas exploration auction and the government's home construction goals in 2019, a more dynamic scenario could be expected in these sectors for 2020, which will play in favor of growth expectations. This reactivation of the real sector will minimize the adverse effects generated by the volatility of the Exchange Rate in the face of global political situations.

The second aspect is the National Government's management of the negative behavior of the unemployment and inflation variables at the end of 2019. Given the inflationary result at 2019 year-end, it is highly likely that the Central Bank of Colombia will increase interest rates in 2020 and cause a contraction of the national economic activity, thus having direct implications on the unemployment rate.

³⁵ Global Economic Prospects. World Bank. January 2020.

9.2 The Entity's Perspectives for 2020

Integrated Management - Positive Impact

Planning:

- Continue with the *“Feasibility studies and designs for the structuring of technical, legal, financial, and gender equality and social inclusion aspects of a cargo and passenger train between Bogota and Zipaquira.”*
- Continue with the execution of the Inter-Administrative Agreement No. 127 of 2016 for the *“Studies and designs for the construction of the fire station type 3 and the Integrated Operations Control Center of first responders in the municipality of Ibague, including access, parking and accessory works, which will be led by the municipal fire department.”*
- Inter-Administrative Agreement No. 127 of 2016 of the *“Studies and designs for the construction of the type 3 fire station and the Integrated Operations Control Center of first responders of the municipality of Ibague, including its accesses, parking lots and accessory works and that will be in charge of the municipal fire department”*.
- Execution of Consulting Agreement No. 0070, which seeks to structure the strategic and inclusive plan of the historic center of Santa Marta.
- Review, approval and execution of the phases: Formulation of framework and guidelines of public policies for the appropriation, promotion and implementation of TOD initiatives and Executive Report and recommendations, corresponding to the study *“Formulation of the framework and guidelines of public policies for TOD initiatives in Colombia.”*
- Carry out the prefeasibility stage of the studies and designs to implement a multimodal station with connection to the public bus system and cycling infrastructure, at the Portal de las Américas Station of the future metro system.
- Execution of *“external consultancy to develop the structuring and formulation of the municipal solid waste NAMA”*, to formulate the NAMA, the definition of the final disposal model for household solid waste –of interest to the National Government– and the structuring of the economic models under which these specific prototypes are made.
- Execution of the inter-administrative agreement with the Ministry of Transport to prepare the detailed design of the NAMA MovE support proposal.

Structuring:

Based on the territorial projects identified for 2020, the management areas of the Investment Banking Management will be focused on the following segments:

- Regarding the integrated structuring and sale of projects, we will outsource to achieve greater efficiency and improve profitability.
- We will create a strategy for structuring projects with resources from the General Royalty System (SGR), which will allow us to identify initiatives, structure and monitor them, in accordance with the approval of projects by the Governing Body of Administration and Decision.
- We will continue with the IDB-GEF agreement for the structuring of public lighting projects in municipalities, such as Saravena, Paipa, with up to 55,000 lights.
- The Investment Banking Management will work hand in hand with the Technical Vice Presidency and the Commercial Vice Presidency in order to provide structuring/validation services for the projects identified in the Sustainable Cities and Emblematic Cities programs, as well as in the different territories in the country.

Execution:

The 2020 goals for Housing and Urban Development are:

- Execute 14 housing projects, reflected in more than 4,000 housing solutions.

- Start the supervision of seven VIPA Program projects with a development of 3,236 households.
- Start the supervision of two projects of the Free Housing Program Phase 2 for 400 households.
- Start the work and supervision contracts that as of December 31, 2019, were already signed and in the process of legalization within the framework of the Decent House Decent Life program.

The 2020 goals for Water and Basic Sanitation are:

- Complete the works of the aqueduct system optimization project in Mocoa, Putumayo, which will ensure the supply of drinking water to overcome the state of emergency after an avalanche caused damage to the aqueduct system. It will benefit 45,947 inhabitants.
- Complete the works of the project “Construction of sewerage system optimization works” in Jambaló, Cauca, which will allow optimizing the Wastewater Treatment Plant and will expand the sewerage coverage of the municipality from 43% to 100% and will benefit 1,208 inhabitants.
- Complete the works of the project “Optimization of the city’s aqueduct system” in Valledupar, Cesar, to increase the continuity of service from 17 to 24 hours. It will benefit 69,527 inhabitants through the construction of storage tanks for treated water and aqueduct matrix networks.
- Complete the works of the project “Construction of rainwater and sewage collectors No. 2, 2A and 4” in Madrid, Cundinamarca, to increase the hydraulic capacity of the sanitary and storm sewer networks, preventing flooding and overflowing of sewage inside the houses. It will benefit 85,000 inhabitants.

The 2020 goals for Infrastructure are:

- 146 social infrastructure projects:
 - 1 Museum of Modern Art of Barranquilla MAMBQ
 - Dredging agreements and one supply agreement with Cormagdalena
 - Citizen integration centers of the Dapre-Ecopetrol program
 - 5 projects of new works and school improvements within the framework of the program signed with the Temporary Management for the Educational Sector in La Guajira
 - 4 projects of offices of the Ministry of Labor.
 - Intervention groups for indigenous shelters
 - 3 projects for the overall improvement of neighborhoods in the cities of Cali, Neiva and Valledupar
 - 1 river park
 - 15 strategic projects on the Island of San Andres
 - 15 groups of improvements in rural and border educational institutions
 - 5 cultural facilities in Bogota
 - 3 kindergartens in Bogota
 - 1 Comprehensive Justice Center and Specialized Care Center.
 - 1 House of Dance
 - 13 ICBF infrastructure projects
 - 1 complementary works project in the Child Development Center of San Pedro
 - 37 projects of the Equipment program (29 sports playgrounds, 4 schools and 4 Child Development Centers)
 - 16 projects of the Single Workday programs (5 improvements and 11 new works).

Financing:

- Disbursements of COP \$2,635 trillion
- Revenues from territorial planning of COP \$7,059 million
- Revenues from project structuring COP \$16,879 million

- Revenues from project execution COP \$67,559 million
- Revenues from bundles COP \$7,045 million
- Reactiva Colombia financing program: This program seeks to generate solutions in renewable energies, increase energy efficiency, promote infrastructure in water and basic sanitation, recover secondary and tertiary roads, promote the cultural and creative industry and the financing of projects in social sectors such as health, education, environment, culture, recreation and sport, among others.

The program is made up of four lines:

- Line 1: Bankable sectors: transport, urban development, health, education, sport, recreation, environment, orange economy and cultural and creative industry.
Resources: COP \$1.2 trillion.
- Line 2: Water and basic sanitation sector
Resources: COP \$350 billion.
- Line 3: Projects in energy efficiency: generation, transmission, distribution and sale, and renewable energies.
Resources: COP \$ 300 billion.
- Line KFW – Energy: Public lighting projects, Small Hydroelectric Power Plants with a generation range between 3 MW and 19.9 MW, power generation through a photovoltaic solar system with a minimum capacity of 2 MW.
Resources: COP \$ 250 billion.

Adding resources for Line Health Offset Rate Decree 1681 of 2015: This addition of resources will allow us to continue participating in this sector, granting liquidity, clearing of liabilities and working capital to Healthcare Service Provider (IPS)

Line resources: COP \$ 96,860 million.

Line Affordable Housing Constructor: Urban planning works for affordable housing projects, affordable housing or priority affordable housing program, acquisition of land where new affordable housing will be developed, construction, rehabilitation or maintenance of elements of the road network, studies and designs, projects for the comprehensive improvement of neighborhoods and technical studies. Line resources: COP \$200 billion.

Line Sustainable Affordable Housing Constructor: Acquisition of properties where new affordable or priority affordable housing projects with a sustainability component are going to be developed. Projects with social sustainability criteria, environmental sustainability criteria not affecting the territory, environmental sustainability criteria for buildings, saving parameters for the efficient water and energy consumption. This line was created in order to follow up on the policy defined in Conpes 3919 of 2018. Line resources: COP \$100 billion.

9.3 Efficient Management

Financial Management

- We will continue structuring new special lines to continue promoting the development of the regions, we will execute the direct credit mechanism with the support of the National Government, we will promote the growth of business lines in accordance with the guideline for diversification of non-financial income sources implemented by senior management and we will appropriately manage the financial margin in order to continue generating greater economic benefits.
- In 2020 we will continue optimizing the performance of the investment portfolio, making it more dynamic and seeking the best possible return at the end of each period, by creating an asset portfolio consistent with the Bank's risk profile, investment horizon and opportunity cost.

- We will seek resources for COP \$2.95 trillion, through issues of securities in the local market and we will stay alert of the behavior of the external market to take advantage of opportunities that allow diversification of both funding sources and investors.
- In 2020 we will continue supporting the diversification of Findeter's funding sources, through loans from International Banking.
- In terms of international cooperation, we will continue working on obtaining non-refundable cooperation resources to support institutional strengthening processes; subsidy at special lines of credit interest rates, financed with resources from International Banking; and structuring of projects for municipalities. In particular, obtaining resources for the structuring of projects constitutes a strategy to support bundles.
- Finally, we will continue positioning ourselves internationally to generate business opportunities and support for cities and municipalities in the country. In particular, we must complete in 2020 the accreditation process with the Green Climate Fund (GCF), which will open new possibilities of access to credit resources and international cooperation.
- Continue strengthening the suitable management of the financial margin in order to continue generating greater economic benefits; generate financial projections in accordance with the reality of the business and that present a high degree of success; and support the development of the commercial sale of financial products, with the evaluation of the financial margin and estimation of the financial benefit generated through the credits that meet the definition of bundles.
- Regarding fundraising:
 - In 2020 we will continue to optimize the performance of the investment portfolio, making it more dynamic and seeking the best possible return at the end of each period, by creating an asset portfolio consistent with the Bank's risk profile, investment horizon and opportunity cost.
 - We will seek resources for COP \$2.95 trillion, through issues of securities in the local market and we will stay alert of the behavior of the external market to take advantage of opportunities that allow diversification of both funding sources and investors.

Risk Management

Credit Risk Management System

- Evaluate the applicability of an Integrated Risk Management System (IRMS) within the Entity, in accordance with regulations.
- Audit 100% of the non-affordable housing operations disbursed during 2019.
- Adjust the system with a view to the new financing modality for municipalities, districts and departments that complements the current rediscount method, in accordance with the applicable regulations.

Market Risk Management System and Liquidity Risk Management System

- Continue supporting the growth of the treasury processes that are projected in 2020.
- Implement the new regulations issued by the Financial Superintendence of Colombia on these risks.
- Strengthen market risk management, including in our analyzes new investment products considered strategic for Findeter.

Operational Risk Management System

- Implement the new regulations issued by the Financial Superintendence of Colombia on risk issues.
- Continue strengthening and raising awareness about the risk culture, through our own mechanisms and activities.
- Consolidate the use and appropriation of risk management tools in the entity.

Money Laundering and Terrorist Financing Risk Management System (SARLAFT)

- Conduct the respective activities to adapt our system to the provisions of the new regulation that will modify the SARLAFT, once the draft of the Official Letter of the Financial Superintendence of Colombia becomes effective.
- Regarding the Anti-Fraud and Anti-Corruption Program, its adherence to the strategic objectives will be validated, as applicable, within the implementation of the methodology for the management of strategic risks.
- Participate and cooperate when required in the RITA project, led by the Vice Presidency of the Republic.

Environmental and Social Risk Management System

- Validate the ESRMS's compliance with IFC performance standards.
- Work hand in hand with Asobancaria, in order to support training focused on strengthening the ESRMS in other financial entities in the country.
- Strengthen the transfer of knowledge, through attendance at ESRMS training, courses, workshops, diplomas.
- Continue promoting relationships and support with international banks for the ongoing strengthening of the ESRMS.
- Automate the ESRMS through a digital tool.

Information Security and Cybersecurity Risk Management System

- Continue with the implementation and strengthening of security measures in relation to compliance with current regulations applicable to Findeter.
- Continue with security campaigns aimed at strengthening the Entity's information security culture.
- Implement and/or strengthen security measures aimed at mitigating risks associated with the loss, inappropriate use, unauthorized disclosure and leaks of institutional or personal information of a reserved or classified nature managed by the different processes of the Entity.
- Include action plans to address the findings of internal audits and supervisory agencies in security projects.

Administrative Management

- Contract the Entity's new Corporate Insurance Program.
- Share the lines of judicial defense and conciliation guidelines that ensure a high rate of procedural success with the lawyers in charge of the legal representation and application in judicial processes regarding Findeter's policies.
- Train Findeter's employees on legal issues related to the entity's activity.
- Recover loans of former employees.
- Reduce the balances of prejudicial debt collections.
- Achieve the issuance of the decree authorizing the entity to carry out direct credit operations with offset rate.
- Actively participate in the implementation of the Financial Holding created through Decree-Law 2111 of 2019.
- • Reduce national paper consumption by 2020 in the Findeter operation.

Technology Management

Our goal is to continue facing the new challenges that come in our way, for which we undertake to:

- Develop projects of the Information Technology Strategic Plan in line with the Entity's strategic management.
- Continue promoting digital transformation in the Entity.
- Develop and implement Findeter projects at a click and Digital Ecosystem.