



**FINANCIERA DE DESARROLLO TERRITORIAL S.A.  
FINDETER**

**UNAUDITED  
QUARTERLY FINANCIAL STATEMENTS  
IFRS**

As of June 30, 2016  
2Q- 2016



## General information about the Quarterly Financial Statements (2Q-2016)

Name or description of entity submitting report	Financiera de Desarrollo Territorial S.A. - FINDETER
Taxpayer Identification Number	800096329
Main economic activity	Financial
Entity type	22
Entity code	2
Fund type	0
Fund subtype	0
Collective Investment Fund Code, Escrows, Funds and Universalities	0
Explanation about de name change of entity submitting report or other identification at the end of the reporting period.	N/A
Financial statements nature description	Separate
Reporting period date	06/30/2016
Period covered by the financial statements	March to June, 2016
External audit/ Statutory auditor company name	Price WaterHouse Coopers Ltda
Signatory auditor name	Matilde del Pilar Rodriguez
Opinion type about financial statements	Clean
Opinion issuance date	16/02/2016
Date of the session in in which the top corporate board approved the financial statements	30/03/2016
Currency	Colombian Peso (COP)
Rounding value used in financial statements	COP Thousand
IFRS date application	01/01/2016

### Management Comments

During 2015, we continued the growing trend in the level of credit placements of the recent years, in which disbursements amounted COP \$2.3 trillion, with broad regional coverage in 117 municipalities of 27 departments of the country, which favored the leveraging of investments in priority sectors of the National Government.

We have been able to protect the value of the Company with an equity growth of 2.7%, accompanied by an increase in the assets of 6.2%. The growth of 14% in the portfolio, coupled with the strengthening of our funding sources allowed us to preserve the AAA long term credit rating for 18 consecutive years and the BBB investment grade long term international credit rating (at the same level of the National Government), which ratifies the excellent response and confidence of investors in our issuances.

The Colombian Securities Exchange (BVC) granted us the “Issuer Investor Relations –IR” recognition, due to our best practices in the disclosure of information and investor relations. Hence, we become the first governmental financial institution to receive this recognition, and we are now part of a select group recognized for being the most transparent companies in the local market.

We have strengthened our non-financial products denominated Integrated Territorial Development, accompanying the National Government in the administration of COP \$7.4 trillion to execute over 600 projects, such as the One Hundred Thousand Free Housing Program, supervising the construction of around 51 thousand homes. Additionally, in the Water for Prosperity Program, Findeter and the Ministry of Housing, City and Territory, have been working together to benefit more than 9 million citizens by implementing more than 202 projects worth COP \$1.8 trillion. In Social Infrastructure Projects, we highlight Findeter’s assistance in 200 projects, which represent nearly COP \$600 billion in investments.

It is important to highlight the achievements of the initiatives implemented by Findeter in the recent years such as Sustainable and Competitive Cities, Caribbean and Santanderes Diamond and Emblematic Cities. With the implementation of these programs, cities, regions, and territories are conceived today in an orderly way and opportunities strive as a result of new ways of planning, applying the vision of public and private stakeholders into action, in a structured, orderly, and efficient way.

Finally, in the framework of our deepening as a development bank, we created the Project Structuring Department, the Territorial Financial Structuring Unit and the Urban Intervention Center for Advanced Development of the Transport (CIUDAT).

### **Information disclosed about nature of business**

La Financiera de Desarrollo Territorial S.A. -FINDETER, was created by public deed No. 1570, dated on May 14, 1990, with operating license issued by the Financial Superintendence of Colombia through Resolution No. 3354 dated on September 17, 1990. Findeter is a national mixed economy stock corporation, organized as a credit institution, tied to the Ministry of Finance and Public Credit, and supervised by the Financial Superintendence of Colombia (the Colombian regulator). Its main shareholder is the Colombian Government through the Ministry of Finance and Public Credit with a 92.55% stake.

Findeter has its main domicile in the city of Bogotá D.C., and currently has 5 regional branch offices and 2 area offices, for a total of 7 offices in the country. The time-duration of Findeter is unlimited.

Findeter’s corporate purpose is the promotion of urban and regional sustainable development, funding and advising the design, execution, and management of infrastructure projects in the municipalities and departments of Colombia. Findeter supports infrastructure projects in sectors such as potable water, roads, education, sports facilities, hospitals, and health. Findeter is also committed in the execution of those tasks assigned by legal provisions, or those assigned by the National Government.



In compliance of its corporate purpose, Findeter acts as a second-tier development bank, granting rediscount loans to financial entities, which in turn, those institutions grant loans to governmental entities or private companies that develops infrastructure projects in the aforementioned sectors. Findeter assumes the credit risk of the financial institutions, with interest rates generally below the market, and the financial institutions assume the credit risk of the final beneficiaries of the rediscount loans.

Findeter obtains its funding by issuing securities (mainly through certificate deposits), bond issuances, portfolio securitizations, loans granted by multilateral agencies and international banks, and by its own financial resources.

### **Information disclosed about the results of operations and prospects**

During 2016, Findeter expects to disburse COP \$1.8 trillion in rediscount loans, 73% in the private sector and 27% in the governmental segment.

As of June 30, 2016, disbursements amounted COP \$1.38 trillion, 84% placed in the private companies and 16% in the governmental sector.

During 2Q-2016, issuance of certificate deposits (CDs) reached COP \$0.63 trillion, while funding according to external loans, reached US \$60 million in disbursements:

- Central American Bank for Economic Integration (CABEI): US 10 million
- KFW: US 50 million

### **Information disclosed about key performance measures and indicators applied by management to evaluate the performance of the Entity with respect to the objectives established**

Balance Sheet Analysis. During the period, the Balance Sheet showed a scenario of expansion with a 15,64% increase in assets and 17,26% in liabilities, while equity grew 4,83%.

Asset Analysis. Findeter's main asset is the gross loan portfolio with 87.5%, equivalent to COP \$7.5 trillion. The net loan port portfolio's participation is 86.89%, with a value of COP 7.44 trillion. Between 2Q-2015 and 2Q-2016, the Net loan portfolio showed an increase of 18.71%, equivalent to COP \$1.17 trillion.

Portfolio Prepayments fell from COP \$324 billion in Q2-2015 to COP \$147 billion in Q2-2016.

Liabilities and Equity Analysis. Liabilities increase 17.31% or COP 1.1 trillion between 2T-2015 and 2T-2016.

Equity amounted COP 43 billion, growing 4.52% when compared to last year same period. This result was mainly caused due to the COP 28.8 billion capitalization of earnings of the prior year. Findeter's earning capitalization policy aims for a permanent, sustainable and organic growth.

Income Statement Analysis. During the period, the Operating Income increased 112% equivalent to COP \$525 billion, when compared to 2Q-2015. This performance was mainly caused due to the volatility of the exchange rate that influenced the valuation of derivatives and exchange adjustment due to restatement of assets and liabilities. Operating Expenses increased 108.7% or \$488 billion.

Our Net Income grew \$14 billion compared to 2Q-2015, amounting \$ 23.943.491.

The return on equity (ROE) stood at 4.92%, caused by the performance of our loan portfolio.

Efficiency. In the past financial results, Findeter had been presenting growth in the Indicator of Administrative Expenses over Average Total Assets, which is a consequence of the organizational transformation process that began on the 4Q-2011, mainly explained by the increase in costs linked to technical assistance and sustainability programs (integrated territorial development products). However, the trend has now changed, caused by a slight reduction when comparing the expenses performance obtained in 2Q-2015 and 2Q-2016, from 1.53% to 1.56%, respectively.

Solvency Indicator (Tier 1) stood at 11.89%, 176 bps below that reported in the 2Q-2015. Similarly, basic solvency ratio (Tier 2) stood at 11.62%, posting a reduction of 119 bps compared to 2Q-2015. These figures explain our loan portfolio growth. In order to improve these indicators at our desired levels, and support the future growth of our loan portfolio, we executed in May 2016, a portfolio securitization, and we are studying the execution of other transactions.

Our 0.16% portfolio quality index and 483.27% portfolio coverage remains as one of the best performance in the financial system.

#### **Description of significant events and transactions during 2Q-2016**

1. Capitalization of Earnings. The Annual Shareholders Meeting, held on March 30, 2016, ordered the following profit distribution:

- Total Liquid Net Income of the Financial Year: \$27,852,173
- Legal Reserve: - \$2,785,217
- Investment Reserve: - \$65,432
- Used Reserves: \$3,840,940
- Total Capitalized Profits: \$28,842,463

2. Period Profits: During 2Q-2016, we generated an accumulated income that worth \$23.943.491

## Financial Statements

[220000] Statement of financial position, liquidity order		
Statement of financial position [synopsis]	30/06/2016	31/12/2015
Assets [synopsis]	Annual Accumulated	Previous year end
Cash and cash equivalents	678.004.470	684.978.353
Investments	221.753.120	189.369.872
Others financial assets	16.208.319	21.408.092
Credit portfolio and financial leasing operations	7.444.544.482	6.812.404.903
Commercial accounts receivable and other accounts receivable	139.951.522	143.684.835
Accounts receivable -related and affiliated parties	0	0
Technical reserves of reinsurers	0	0
Current tax assets	30.090.552	29.330.399
Deferred taxes assets	5.605.056	5.605.056
Other non-financial assets	826.576	1.430.646
Non-current assets or assets groups for disposal, classified as held for sale or as held for distribution to owners	0	0
Investment property	0	0
Properties, plant and equipment	30.347.309	30.397.500
Inventories	0	0
Biological assets	0	0
Capital gains	0	0
Intangible assets other than capital gains	445.643	841.193
Investments accounted for using the equity method	0	0
Investments in subsidiaries, joint businesses, and associates	0	0
<b>Total assets</b>	<b>8.567.777.049</b>	<b>7.919.450.849</b>
<b>Equities and liabilities [synopsis]</b>		
<b>Liabilities [synopsis]</b>		
Deposits and current liabilities	4.595.460.000	4.506.868.000
Other financial liabilities	1.929.490.224	1.410.666.149
Technical reserves	14.358.199	12.177.855
Provision for employee benefits	2.154.170	2.242.413
Other provisions	17.666.715	15.744.525
Commercial accounts payable and other accounts payable	28.030.222	33.019.999
Accounts payable to related parties	0	0
Current taxes liabilities	34.093.264	15.301.546
Securities issued	927.727.567	928.740.690
Other non-financial liabilities	391.737	296.528
Liabilities included in assets groups classified as held for sale	0	0
Deferred taxes liabilities	7.681.260	7.681.260
<b>Total liabilities</b>	<b>7.557.053.358</b>	<b>6.932.738.965</b>
<b>Equity [synopsis]</b>		
Issued capital	887.480.160	858.636.800
Assigned capital	0	0
Treasury shares in portfolio	0	0
Supplementary investment to the assigned capital	0	0
Share premium	0	0
Outturn for the financial year	23.943.491	31.520.099
Retained earnings	0	0
Other equity interests	38.374.363	34.639.017
Reserves	60.925.677	61.915.968
Equity attributable to owners of the parent or controlling company	1.010.723.691	986.711.884
Non-controlling interests	0	0
<b>Total equity</b>	<b>1.010.723.691</b>	<b>986.711.884</b>
<b>Total equity and liabilities</b>	<b>8.567.777.049</b>	<b>7.919.450.849</b>

<b>[320000] Integral income statement, period income statement, by expense nature</b>				
<b>Income Statement</b>	<b>Accumulated</b>		<b>Quarter</b>	
<b>Period income statement [summary]</b>	<b>01/01/2016</b>	<b>01/01/2015</b>	<b>01/04/2016</b>	<b>01/04/2015</b>
<b>Profits (losses) [synopsis]</b>	<b>30/06/2016</b>	<b>30/06/2015</b>	<b>30/06/2016</b>	<b>30/06/2015</b>
Profits (losses) for operation activities	397.181.909	260.583.856	211.816.826	133.775.173
Other profits(losses)	0	0	0	0
Financial income	574.646.393	198.927.424	311.604.564	109.088.553
Financial costs	-860.481.027	-386.216.743	-461.331.948	-206.366.380
Increase (decrease) of inventories of finished and unfinished products	0	0	0	0
Other work completed by the entity and capitalised	0	0	0	0
Raw materials and other supplies used	0	0	0	0
Expenses for employee benefits	-412.537	0	-301.112	0
Expenses for credit portfolio provisions and financial leasing operations	-5.618.189	-3.008.086	-2.643.824	-2.448.339
Depreciation and amortisation expenses	-733.704	-769.984	-368.465	-327.382
Reversal of Impairment Losses (impairment losses) recognised in the period income statement	0	0	0	0
Other expenses	-56.174.324	-44.632.474	-28.382.853	-23.195.565
Other profits(losses)	21.161.100	6.442.059	5.920.326	3.261.139
<b>Profits (losses) for operation activities</b>	<b>355.404.255</b>	<b>218.615.371</b>	<b>186.040.898</b>	<b>111.065.026</b>
Difference between the amount in books of payable dividends and carrying amount of distributed assets other than cash	0	0	0	0
Profits (losses) based on the net monetary position	0	0	0	0
Profits (losses) due to the derecognition of Financial Assets measured at amortized cost	0	0	0	0
Participation in profits (losses) of associates and joint businesses accounted by using the equity method	0	0	0	0
Other incomes (expenses) from subsidiaries, associates and jointly controlled entities	0	0	0	0
Profits (losses) arising from differences between amounts in previous books and the fair value of financial assets reclassified as measured at fair value	0	0	0	0
<b>Profits (losses) before taxes</b>	<b>69.569.621</b>	<b>31.326.052</b>	<b>36.313.514</b>	<b>13.787.199</b>
Incomes (expenses) from tax payment	-45.626.130	-23.131.904	-27.981.358	-10.134.252
<b>Profits (losses) from continuing operations</b>	<b>23.943.491</b>	<b>8.194.148</b>	<b>8.332.156</b>	<b>3.652.947</b>
Profits (losses) from discontinued operations	0	0	0	0
<b>Profits (losses)</b>	<b>23.943.491</b>	<b>8.194.148</b>	<b>8.332.156</b>	<b>3.652.947</b>
<b>Profits (losses), attributable to [synopsis]</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profits (losses), attributable to controlling company owners	0	0	0	0
Profits (losses), attributable to non-controlling interests	0	0	0	0

<b>[510000] Cash Flow Statement, direct method</b>		
<b>Cash Flow Statement [synopsis]</b>		
<b>Cash flows from (used in) operating activities [synopsis]</b>	<b>01/01/2016</b>	<b>01/01/2015*</b>
<b>Collection types from operating activities [synopsis]</b>	<b>30/06/2016</b>	<b>30/06/2015</b>
Collections from credit portfolio and financial leasing operations	472.055.412	0
Collections from deposits and current liabilities	2.008.755.598	0
Collections from receivables of insurance business	0	0
Collections from the sale of goods and the rendering of services	0	0
Collections from royalties, fees, commissions, and others incomes from ordinary activities	23.227.825	0
Collections from contracts held for dealing or trading purposes	0	0
Collections from premiums and benefits, annuities and other underwritten policies benefits	0	0
Collections from subsequent revenues and sales of assets held for rental to others and subsequently held for sale	60.238	0
Other collections related to operating activities	0	0
<b>Types of cash payments from operating activities [summary]</b>		
Payments from credit portfolio and financial leasing operations	-495.605.208	0
Payments from deposits and current liabilities	-2.049.368.733	0
Payments from receivables of insurance business	0	0
Payments to suppliers for the sale of goods and the rendering of services	-16.012.792	0
Payments for contracts held for dealing or trading purposes	0	0
Payments to and on behalf of employees	-8.079.704	0
Payments for premiums, claims, annuities, and other obligations for underwritten policies	-89.722	0
Payments for acquiring or producing assets held for rental to others and subsequently held for sale	0	0
Other payments related to operating activities	-7.824	0
<b>Net cash flows from (used in) operations</b>	<b>-65.064.910</b>	<b>0</b>
Dividends paid	0	0
Dividends received	0	0
Interest paid	-102.908.548	0
Interest received	192.745.030	0
Reimbursed earnings taxes (paid)	-14.986.156	0
Others cash inflows (outflows)	-36.096.464	0
<b>Net cash flows from (used in) operation activities</b>	<b>-26.311.048</b>	<b>0</b>
<b>Cash flows from (used in) investment activities [synopsis]</b>		
Cash flows from losing control of subsidiaries or other businesses	0	0
Cash flows used for the control of subsidiaries or other business	0	0
Other collections for the sale of equity or debt instruments of other entities	0	0
Other payments for acquire equity or debt instruments of other entities	0	0
Other collections for the sale of holdings in joint businesses	0	0
Other payments for acquisition of holdings in joint businesses	0	0
The amounts raised by the sale of properties, plant and equipment	0	0
Purchases of properties, plant and equipment	-29.585	0

The amounts raised for the sale of intangible assets	0	0
Intangible assets purchasing	0	0
Resources for sales of other long-term assets	0	0
Others long-term assets purchases	0	0
Amounts coming from Government subsidies	0	0
Cash advances and loans granted to third parties	0	0
Collections from the repayment of advances and loans granted to third parties	0	0
Payments from future, temporary, and option contracts and swaps	-75.357.158	0
Collections from future, temporary, and option contracts and swaps	10.504.940	0
Dividends received	0	0
Dividends paid	0	0
Interest received	0	0
Reimbursed (paid) income taxes	0	0
Other cash inflows	0	0
Net cash flows from (used in) investing activities	-64.881.803	0
Cash flows from (used in) financing activities [synopsis]		
Resources by changes in shareholdings in property in subsidiaries that do not give rise to a loss of control	0	0
Payments by changes in shareholdings in property in subsidiaries that do not give rise to a loss of control	0	0
Amounts coming from issue of shares	0	0
Amounts coming from other equity instruments	0	0
Payments for acquire or redeem the entity's shares	0	0
Payments for other equity interests	0	0
Amounts coming from loans	179.607.800	0
Loan repayments	0	0
Liabilities payments for finance leases	0	0
Amounts coming from Government subsidies	0	0
Dividends paid	0	0
Interest paid	-180.295.476	0
Reimbursed (paid) income taxes	0	0
Others cash inflows (outflows)	0	0
Net cash flows from (used in) financing activities	-687.676	0
Increase (decrease) net of cash and cash equivalents, before the effect of changes in the exchange rate	-91.880.527	0
Exchange rate variation effects in the cash and cash equivalents [synopsis]	-1.598.066	0
Exchange rate variation effects in the cash and cash equivalents	-1.598.066	0
Net increase/(decrease) in cash and cash equivalents	-93.478.593	0
Cash and cash equivalents at the beginning of the period	771.483.063	0
Cash and cash equivalents at the end of the period	678.004.470	0

\*Findeter does not disclose the comparative Statement of Cash Flows. The figures for the 2015 based in COLGAAP standards, are significantly different from IFRS standards.