



*Individual Financial Statements prepared according to the Accounting Standards of Financial Information Adopted in Colombia (NCIF)*

**2Q-2017**



*\*(Numbers expressed in thousands of Colombian pesos, except number of shares)*

---

## **II. Notes to the Financial Statements - FINDETER**

### **1. Corporate Purpose Information**

La Financiera de Desarrollo Territorial S.A. -FINDETER, created by Public Deed No. 1570 of May 14, 1990, according to Act 57 of 1989, with operating license issued by the Financial Superintendence of Colombia through Resolution No. 3354 of 1990 and No. 3140 of 1993, is a national mixed economy stock corporation, organized as a credit institution linked to the Ministry of Finance and Public Credit, and supervised by the Colombian Financial Superintendence (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 throughout Colombia. Findeter supports infrastructure projects in sectors such as potable water, transportation, education, health, among others. Findeter is also committed in the execution of those tasks assigned by legal provisions, or those assigned by the National Government.

Findeter acts as a second-tier development bank, conceding rediscount loans to authorized financial intermediaries, composed of commercial banks and other financial institutions. In turn, financial intermediaries disburse loans to final beneficiaries. Findeter assumes the credit risk of the financial intermediaries, and the financial institutions assume the credit risk of the final beneficiaries.

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

At the meeting of the Board of Directors on July 25, 2017, the financial management closure to June 30 was presented, according to the minute #324.

## **2. Declaration of compliance with the Accounting Standards of Financial Information Accepted in Colombia**

The individual financial statements below have been prepared according to the Accounting Standards of Financial Information accepted in Colombia (NCIF), which include: the International Financial Reporting Standards (IFRS) in Decree 2420 of 2014, issued by the National Government, except for the classification and valuation of investments according to IAS 39 and IFRS 9. The accounting provisions in the Basic Finance and Accounting Memorandum issued by the Financial Superintendency of Colombia are applied to the treatment of notes receivable and impairment, the recognition of impairment of goods received in payments or refunded, independently of its accounting classification. Yearly accumulation of tax assets against equity reserves or profit/loss is handled according to Law 1739 of December 2014. The partial implementation of the International Financial Reporting Standards for public interest entities, such as financial entities, was required by the General Accountancy of the Nation in Resolution 743 of 2013 and in Decree 2784 issued by the National Government in December 2012, which is mandatory for accounting and preparation of financial statements for public interest entities from 1 January 2016.

The financial statements for Financiera de Desarrollo Territorial S.A. FINDETER, for the trimester ending on June 30 2017 have been prepared according to the Accounting Standards of Financial Information Accepted in Colombia (NCIF), with close attention to the requirements of the IAS 34 – Interim Financial Information, and the provisions issued by the Financial Superintendency of Colombia applicable for separate financial statements.

The accounting policies and calculation methods applied in the Financial Statements of Financiera de Desarrollo Territorial S.A. FINDETER, on 31 December 2016, have also been applied to these interim financial statements.

## **3. Significant accounting policies**

### **a) Measurement basis**

The entity's individual financial statements have been prepared using the historical cost basis, except for the following items, which have been prepared using an alternate basis at each balance date.

<u>Item</u>	<u>Measurement basis</u>
<u>Derivative financial instruments</u>	<u>Fair value through profit or loss</u>

Financial instruments classified as fair value	Fair value through profit or loss and for equity instruments that have been designated in the initial recognition, at fair value through other comprehensive income
Investment property	Fair value through profit or loss
Property (Land and Buildings)	Revalued Cost

#### **b) Functional and presentation currency**

The items included in the individual financial statements of the entity are expressed in the currency of the primary economic environment where the entity operates, which is the Colombian peso. All information is presented in thousands of pesos and has been rounded to the closest unit.

#### **4. Judgments and Estimations**

##### **Use of accounting judgments and estimations with significant impact in the financial statements**

Findeter makes estimations and assumptions that affect the values recognized in the financial statements and the carrying value of the assets and liabilities within the following accounting period. The judgments and estimations are continuously evaluated and are based on the entity's experience as well as other factors, including reasonably possible future events.

The entity also makes certain judgments apart from those that involve estimations when applying the accounting policies. The judgments that have the most important impact on the values recognized in the financial statements and the estimations that can cause an adjustment in the carrying value of the assets and liabilities in the following year include the following:

**i. Impairment of Financial Assets:**

**Provision of loans receivable**

Based on the evaluations, the granted credits are classified by risk level, and individual provisions are created in accordance with Chapter II of the Basic Finance and Accounting Memorandum 100 of 1995 as follows: for rediscounting loans and loans to ex-employees, internal methodology applies; for loans to ex-employees classified as consumption, applies the Model of Reference for Consumption; for loans to ex-employees classified as housing, applies the Financial Superintendence standards; and for level 1 loans acquired, the Model of Reference Commercial applies .

Housing credits are covered 100% with the mortgage guarantee.

**• Investment provision:**

For the provision of its investments, the entity makes judgments based on the financial information of the issuers, a revision of credit quality and other macroeconomic variables, issuing an internal rating. This rating is reviewed with the rating issued by the risk assessors, for investments that have a rating. When there is probability for impairment, the provisions are estimated according to Chapter I-1 of the Basic Finance and Accounting Memorandum in the percentages indicated in paragraph d. financial instruments.

**ii. Fair value of derivative financial instruments**

Information about the fair values of level 2 financial instruments, different from the quoted prices included in level 1, is directly or indirectly observable for all assets and liabilities. The fair values and valuation of financial instruments are determined according to the hierarchy of the three levels of fair value that reflect the importance of the inputs used in its measurement.

The entity considers observable data to be market data that is already available, that is distributed and updated regularly, verifiable and reflects the assumptions that the market participants use to fix the price of the asset or liability.

### **iii. Estimation of legal processes**

The entity estimates and registers a provision for legal processes, in order to cover the possible losses for labor cases, civil, commercial, or fiscal proceedings or others according to the circumstances that, based on the opinion of the entity's Legal Department and the committee of legal defense, supported with concepts of external legal consultants when the circumstances call for it, the loss can be considered probable and can be reasonably quantified. Given the nature of the claims, cases, and/or proceedings, it is not possible in some cases to make an accurate prognostic or reasonably quantify a value of loss, so the differences in the real amount of the disbursements and the estimated amounts initially provisioned are recognized in the period in which they are identified.

### **iv. Employee Benefits**

The measurement of the obligations derived from collective agreement such as bonuses for five-year periods, pension withdrawal and other long-term obligations depend on a great variety of premises and assumptions about the long-term, which include actuarial bases, estimations of the present value of projected future payments of the benefits, considering the probability of potential future events, such as increases in the minimum wage and demographic experience. These premises and assumptions can have an effect on the amount and future contributions, if any variation exists.

For the calculations, the concept of life insurance was used as a base. According to this theory, the probability of a future life span for a person with determined demographic characteristics is established using a table of life span with annual deaths published for each country or interest group.

## **5. Estimation of fair value**

The fair value of the financial assets and liabilities negotiated in active markets (such as financial assets in debt securities and equity and actively quoted derivatives in stock markets or interbank markets) is based on prices given by an official price provider authorized by the Financial Superintendency of Colombia. The price provider determines the prices through averages of transactions that happen during the trading day.

An active market is a market where transactions with assets and liabilities are frequent enough to continuously provide information about prices. A "dirty price" includes the interests accrued and pending on the title, from the date of emission or last interest payment until the trading operation's completion date or evaluation date. The fair value of financial assets and

liabilities that are not traded in an active market are determined through valuation techniques determined by the price provider or the entity's administration.

The entity can use models developed internally for instruments that do not have active markets. These models are generally based on methods or valuation techniques regulated in the financial sector. The valuation models are used mainly to evaluate financial instruments of equity that are not quoted in the stock market. Some inputs of these models may not be observable in the market, and are therefore estimated using assumptions based on the market conditions existing on each reporting date.

The output of a model is always an estimation or approximation of a value that can not be determined with certainty and the valuation techniques used may not fully reflect all the factors pertaining to the position of the entity. As a result, the values are adjusted if necessary, in order to include additional factors, including risks of the model, liquidity risks, and counterparty risks.

The fair value of non-monetary assets, such as assets maintained for sale and investment properties, is determined by independent experts using the replacement cost method.

The hierarchy of fair value has the following levels:

- Level 1 entries are quoted prices (without adjustments) in active markets for assets or liabilities that are identical to those that the entity has access to at the measurement date.
- Level 2 entries are different than the quoted prices in Level 1 that are observable for the asset or the liability, directly or indirectly.
- Level 3 entries are entries not observable for the asset or liability.

The level of the hierarchy of fair value is determined based on the entry of the lowest level that is significant for the measurement of fair value. Therefore, the importance of an entry is evaluated in relation to the measurement of fair value in its entirety. If a measurement of fair value uses observable entries that require significant adjustments based on non-observable inputs, it is a Level 3 measurement. The evaluation of the importance of a particular input in the measurement of fair value requires professional judgment, taking into account specific factors of the asset and liability. The financial instruments that are quoted in the market that are not considered assets but are valued according to the quoted market prices, price provider quotes or alternative price sources supported by observable entries, are classified as Level 2.

The entity considers observable data to be market data that is already available, that is distributed or updated regularly by the price provider, that is reliable and verifiable, that does

not have rights to property, and is reported by independent sources that actively participate in the reference market.

### Measurements of fair value on a recurring basis

Measurements of fair value on a recurring basis are those measurements that IFRS requires or permits in the statement of financial position at the end of every accounting period.

FINDETER has determined that the registered investments that are part of the mandate signed with the National Guarantee Fund (*Fondo Nacional de Garantías*), are classified in Level 1, with the exception of the collective portfolios and the securities of Banco Popular (FNG), which are classified in Level 2. Our derivative assets and liabilities measured at fair value are classified at Level 2, as are the investments in Shares and Rights in Trust. The entity calculates the fair value of the fixed-income instruments and derivatives, using information about prices and/or inputs given by the official price provider (INFOVALMER Proveedor de Precios para la Valoración S.A.). This provider has been authorized based on compliance with standards applicable to price providers for evaluation in Colombia, including its objective, operating regulations, approval process for evaluation methodologies and required technological infrastructure, among other aspects. After evaluating the methodologies of the price provider INFOVALMER S.A., it is concluded that the fair value calculated for the derivative instruments using prices or inputs given by the price provider is accurate and it is classified at Level 3.

The entity has determined that the financial assets and liabilities measured at fair value do not show transfers of hierarchy for the case of the private capital fund Ashmore, which is classified at Level 3, protected by the valuation methods addressed in the Basic Finance and Accounting Memorandum issued by the Financial Superintendency of Colombia.

FINDETER has determined that financial assets and liabilities measured at fair value do not present value hierarchy transfers. The following assets and liabilities are evaluated on a recurring basis:

	<b>Mar-2017</b>	<b>Dec-2016</b>
Assets measured at fair value on a recurring basis		
Negotiable Investments	\$ 5.051.450	5.049.600
Private Capital Fund - Ashmore	50.933.788	49.802.360
Debt Securities	102.158.231	106.381.262
Currency Forward	0	1.318.620



Total assets measured at FV recurring basis	<u><b>\$158.143.469</b></u> <u><b>162.551.842</b></u>	
	<b>Mar-2017</b>	<b>Dec-2016</b>
Liabilities measured at fair value on a recurring basis		
Currency Forward	20.078.886	16.802.920
Total liabilities measured at FV recurring basis	<u><b>\$ 20.078.886</b></u>	<u><b>16.802.920</b></u>

According to the methodologies approved by the Financial Superintendency of Colombia, the price provider receives the information coming from all external and internal sources of negotiation, information, and registration within the established hours.

<b>Level of Hierarchy of Investments</b>	<b>2017</b>	<b>2016</b>
Investments Level 1 (FNG)	104,700,579	102,783,734
Investments Level 1 (FDT)	5,039,350	5,049,600
Investments Level 2 (FNG)	16,643,431	3,597,528
Investments Level 2 (FDT)	31,349,602	13,997,899
Investments Level 3 (FDT)	<u>81,902,856</u>	<u>77,417,444</u>
<b>Total</b>	<u><b>239,635,818</b></u>	<u><b>219,649,125</b></u>
Liabilities Level 2 (FDT)	<u>118,830</u>	<u>16,802,920</u>
	<u><b>118,830</b></u>	<u><b>16,802,920</b></u>

## **6. Loans and financial leasing operations**

The account for financial assets for loans receivable in the balance is shown classified by commercial accounts receivable, consumption and housing, taking into account that this is the classification adopted by the Financial Superintendency in the new Catalog of Financial Information "CUIF." The balances of the loans receivable are presented as follows:

	<b>Mar- 2017</b>	<b>Dec- 2016</b>
Ordinary loans	\$ 8.024.658.086	7.773.502.489
Mortgage loans	34.939.137	35.216.650
Loans to employees	2.763.042	2.510.229
Loans to ex employees	577.403	503.364
Subtotal	<b>\$ 8.062.937.668</b>	<b>7.811.732.732</b>
Provision	\$ 64.860.613	65.413.078
<b>Total</b>	<b>\$ 7.998.077.055</b>	<b>7.746.319.654</b>

The movements of expenses and recoveries of impaired loan portfolio Findeter to June 30, 2017 and 2016 are detailed as follows:

<b>Impaired loan portfolio</b>	<b>Jun-17</b>	<b>Jun-16</b>	<b>April-Jun 2017</b>	<b>April-Jun 2016</b>
Recoveries	4,026,473	11,437,383	1,252,664	978,642
Charges	3,474,008	5,618,189	1,287,854	2,643,824
<b>Total</b>	<b>552,465</b>	<b>5,819,194 -</b>	<b>35,190 -</b>	<b>1,665,182</b>

## **7. Financial Liabilities**

The following table details the financial obligations.

	<b>Jun-2017</b>	<b>Dic-2016</b>
Term deposit certificates	\$ 4.751.453.000	4.755.332.000
Financial obligations	1.943.908.862	2.001.232.236
Bonds in circulation (1)	1.133.168.836	928.587.505
<b>TOTAL FINANCIAL OBLIGATIONS</b>	<b>\$ 7.828.530.698</b>	<b>7.685.151.741</b>

- (1) The bonds emitted in the year 2014 will pay interests at the end of every year and the capital at the bond's expiry date. These bonds do not have a granted guarantee. These bonds were acquired in USD but registered in pesos.
- (2) On April 26, 2017, Findeter issued Subordinated Bonds in the public securities market. 203,680 million pesos were acquired, with a 7 maturity term, with a IPC+ 3.57% cut rate. Due to its Subordinated nature this issue was rated AA + and the demand (Bid to Cover) was 2.4 times the amount awarded; The achievement of these resources made it possible to diversify sources of funding, as well as to improve the solvency margin for the entity, increasing it by 178 BP.

## 8. Provisions

The following table shows the movement of provisions:

	<u>Legal processes, fines, sanctions &amp; compensations (1)</u>	<u>Other misc. provisions (2)</u>	<u>Total</u>
<b>Balance at 31 December 2016</b>	<b>\$ 2.608.882</b>	<b>45.619.634</b>	<b>48.228.516</b>
New provisions		9.689.366	9.689.366
Unused reversed provisions (3)	0	-3.008.000	-3.008.000
<b>Balance at 31 March 2017</b>	<b>\$ 2.608.882</b>	<b>52.301.000</b>	<b>54.909.882</b>

- (1) The provisions for legal processes correspond to: labor processes for 2.608.882. For these provisions it is not possible to determine a specific calendar of disbursements due to the diversity of processes in different instances.
- (2) The other provisions correspond to the values calculated for the coverage of the National Fund of Guarantees' technical estimation of \$ 28.341.650 and the provision for water bonds guaranteed by the entity for \$ 22.080.797. These provisions are calculated according to the technical estimation tables detailing the assumptions and the curves that determine the risks associated with guaranteed products. These provisions recorded an increase in the period of 7,810,813; of which 3,294,694 correspond to Provision of Water Bonds and

4,516,119 to Technical Provision. On the other hand, the provision of the Commerce Industry Tax for amount of 1,878,553 is registered.

The provision or reserve covers possible claims of Current Guarantees. It is increased as the mandate assumes greater responsibilities for the issuing of guarantees.

It is important to mention that for 2016, a new methodology was established for the measurement of the calculation of the reserve provision for the VIS (Housing of social interest) guarantee line, which was presented to and approved by the Board of Directors, according to Act 441 on 19 February 2016, establishing the following:

The reserves of the VIS guarantee line are calculated according to the following formula:

- Guarantees in arrears  $\leq$  12 months is Current Loan Balance \* Risk rate
- Guarantees in arrears  $>$  12 months is Current Guarantee Balance

(3) Unused Reversed Provisions correspond to reversals of provisions estimated on accounts payable at the end of December 31, 2016, not used. These were recognized as an expense in 2017, according to the charges made on the services received, corresponding to 2016.

## **9. Income Tax**

The expense for income tax is recognized based on the best estimation of the administration for the current income tax and deferred income tax. The effective tributary rate for Findeter, with respect to the continuous operations for the three-month period ending on June 30 2017 was 43.05% (period of three months ending on June 30 2016: 70.38%).

The variation of 27.33% on the effective tributary rate is due mainly to the following factors:

The effective tax rate of Findeter S. A. for continuing operations for the six-month period ended June 30, 2017 was 47.73% (Six-month period ended June 30, 2016, 55.45%).

The variation of 7.72% in the effective tax rate is mainly due to the following factors:

## **10. Shareholder equity**

### **Capital in shares**

The common shares authorized, issued and in circulation by the entity have a nominal value of 100.000 per share, and are represented the following way:

	<u>Jun-2017</u>	<u>Dic-2016</u>
Number of subscribed and paid shares	9.243.131	8.874.801
Subscribed and paid capital	924.313.100	887.478.100
Decreed dividends	2.559	2.060

During the general assembly of shareholders on 28 March 2017, distribution of profits was approved, ordering the capitalization of 36.835.500. The legal procedure took effect in May 2017. In addition to the increase of the Entity's authorized capital to 1,050,000,000, with a balance of the capital to be subscribed of 125,686,900.

The entity has not issued any preferential shares.

#### **11. Commitments and contingencies**

The commitments and contingencies correspond to the following:

Creditors:	<b><u>Jun-2017</u></b>	<b><u>Dic-2016</u></b>
For stipulated litigations (pretensions) (1)	\$ 32.584.158	39.069.672
Private capitalization fund (2)	554.734	1.426.058
Loan pledges IDB (3)	14.051.940	14.060.609
Approved credits, not disbursed (4)	763.865.372	806.235.333
<b>TOTAL</b>	<b><u>\$ 811.056.204</u></b>	<b><u>860.791.672</u></b>
Debtors:		
Suspended loan interests (5)	803.671	672.316
<b>TOTAL</b>	<b><u>\$ 803.671</u></b>	<b><u>672.316</u></b>

The balances of this account correspond to the following:

- 1 Corresponds to the pretensions derived from legal processes against the entity, which include various types of labor and administrative proceedings in progress.
- 2 Corresponds to the balance of the capital appeals by the Ashmore Private Capital Fund. This investment is obligatory and is not subject to approval by the investment committee.
- 3 The commitments derived from the approved, not disbursed, credits are a product of client contracts, in which the pending unused credit balances do not necessarily represent future cash requirements because these quotas can expire and not be used completely or partially. But they are recognized as a contingency, as possible capital requirements.

On June 30 2017, the approved, non-disbursed credit balance is presented for a value of \$763.865.372, derived from the credit contracts for the expansion of the Barranquilla Airport and 4G Contracts.

## **12. Related parties**

According to the IAS 24, a related party is a person or entity that is related to the entity, that can exercise control or joint control of the reporting entity; exercise significant influence on the entity, or be considered as a member of the key management personnel of the reporting entity or of a controller of the reporting entity. Within the definition, a related party includes: a) people and/or family members related to the entity, entities that are members of the same group (controller and subsidiary), associates or joint businesses of the entity or entities of the group, post-employment benefit plans for the benefit of employees of the entity that is reporting or of a related entity.

The following are considered related parties:

- 1) An economic associate: is a person or entity that is related to an entity through transactions such as transferring resources, services, or obligations, independently of whether or not a price is charged.
- 2) The shareholders that individually hold more than 10% of the social capital of the entity (the Nation).
- 3) Key management personnel: Those people that have the authority and responsibility to plan, direct, and control the entity's activities directly or indirectly, including any director

or administrator (executive or not) of the entity, the President, Vice-Presidents, and members of the Board of Directors.

4) Subordinate entities: Companies where the entity has control, according to the Chamber of Commerce's definition of control and IFRS 10 Consolidation.

5) Associates: Companies where the entity has significant influence, which is generally considered when the entity has participation between 20% and 50% of the capital.

#### **Operations with related parties:**

The entity can have operations, agreements, and contracts with related parties, with the understanding that these operations will be done at fair value, according to market conditions and rates.

Between the entity and its related parties, for the periods ending on June 30 2017 and 31 December 2016, the following is presented:

- Loans with different interest rates than those ordinarily paid or charged to third parties in similar conditions of term, risk, etc.

During the period ending on June 30 and December 31 2016, fees were paid to the Board of Directors for 123.936 y 177.879, respectively, for attendance to the meetings for the Board of Directors and Committees.

On June 30 and December 31 2016 the entity has balances for loans and payments to key management personnel as follows:

	<u>Jun-2017</u>	<u>Dec-2016</u>
Loans	\$ 2.100.087	2.117.235
Payments Key Management Personnel	\$ 2.128.527	8.361.865

### 13. Restatement of Previous Financial Statements.

As of December 31, 2016, Findeter S. A. had recorded current and deferred taxes independently according to their nature of assets or liabilities; however, in accordance with paragraph 71 of IAS 12, an entity shall offset the tax assets and liabilities and present them offset in the statement of financial position.

The following is the detail of the accounts affected in the process of retroactive restatement of the financial statements as of December 31, 2016.

<u>ASSETS</u>	<u>December 31 2016</u>	<u>Restatement</u>	<u>Restatement December 31 2016</u>
Cash and cash equivalents	696,742	-	696,742
Instruments and Derivatives	1,319	-	1,319
Investments	250,012	-	250,012
Loan Portfolio	7,746,320	-	7,746,320
Trade accounts receivable and other accounts receivable	156,224	-	156,224
Current tax assets	42,447	(42,447)	-
Deferred tax assets	27,615	(11,512)	16,103
Intangible assets	1,014	-	1,014
Other Net Assets	32,024	-	32,024
<b>Total assets</b>	<b>8,953,717</b>	<b>(53,959)</b>	<b>8,899,758</b>
<b>Equity and Liabilities</b>			
Deposits	4,755,332	-	4,755,332
Bank Credits and other financial obligations	2,001,232	-	2,001,232
Investment Securities	928,588	-	928,588
Financial instruments at fair value	16,803	-	16,803
Trade accounts payable and other accounts payable	94,305	-	94,305
Current tax liabilities	42,666	(42,447)	219
Deferred tax liabilities	11,512	(11,512)	-
Employee benefits	5,627	-	5,627



Provisions	24,403	-	24,403
Provisions for guarantees	23,826	-	23,826
Other financial liabilities	4,866	-	4,866
Other non-financial liabilities	13,621	-	13,621
<b>Total liabilities</b>	<b>7,922,781</b>	<b>(53,959)</b>	<b>7,868,822</b>
<b><u>PATRIMONIO:</u></b>			
Issued capital	887,480	-	887,480
Reserves	60,926	-	60,926
Profit/Loss first-time adoption	41,494	-	41,494
Retained earnings	18,004	-	18,004
Other comprehensive results	23,032	-	23,032
<b>Total Stockholder´s equity</b>	<b>1,030,936</b>	-	<b>1,030,936</b>
<b>Total Stockholder´s liabilities and equity</b>	<b>8,953,717</b>		<b>8,899,758</b>

#### **14. Events occurring after the end of the period**

No events happened after the end date that could affect the financial position of the entity, the perspectives of the entity, or question the going concern of the entity.

### III. Financial Statements

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Statement of Financial Position**  
**to June 30 2017**  
**(In thousands of pesos)**

Statement of Financial Position	Note	30 June 2017	31 December 2016
<b>Assets</b>			
Cash and cash equivalents	\$	656.366.194	696.743.156
Investments		284.198.324	250.011.522
Other financial assets		0	1.318.620
Loans and Financial Leasing Operations	6	7.998.077.055	7.746.319.654
Trade accounts receivable and other accounts receivable		119.688.853	156.223.537
Current tax assets		6.747.814	0
Deferred tax assets		5.933.831	16.103.311
Non-current Assets Held for Sale		220.100	220.100
Investment Properties		0	606.994
Property, plant, and equipment		29.735.428	29.339.585
Intangible assets different than goodwill		909.561	1.013.570
Other Assets-Net		959.834	1.857.455
<b>Total assets</b>	<b>\$</b>	<b>9.102.836.995</b>	<b>8.899.757.504</b>
<b>Equity and Liabilities</b>			
<b>Liabilities</b>			
Deposits	7	4.751.453.000	4.755.332.000
Investment Securities		1.133.168.836	928.587.505
Instruments and Derivatives		118.830	16.802.920
Bank Credits and other financial obligations		1.943.908.862	2.001.232.236
Trade accounts payable and other accounts payable		131.619.868	94.304.672
Employee benefits		5.937.220	5.627.405
Income Tax		0	219.496
Provisions	8	54.909.882	48.228.516
Other non-financial liabilities		13.608.777	13.620.978
Other financial liabilities		4.048.940	4.865.502
<b>Total liabilities</b>	<b>\$</b>	<b>8.038.774.216</b>	<b>7.868.821.230</b>

<b>Equity</b>			
Issued capital	10	924.315.660	887.480.160
Reserves		65.584.348	60.925.677
Profit/Loss first-time adoption		34.071.300	34.071.300
Unrealized profit and loss		(7.683.685)	(11.039.512)
Retained earnings		47.775.156	59.498.649
Net income			
<b>Total equity</b>	<b>\$</b>	<b>1.064.062.779</b>	<b>1.030.936.274</b>
		<b>0</b>	
<b>Total equity and liabilities</b>	<b>\$</b>	<b>9.102.836.995</b>	<b>8.899.757.504</b>

See accompanying notes to the condensed financial statements

**RICHARD ORLANDO MARTÍNEZ HURTADO**  
Legal representative

**HOLLMAN JAVIER PUERTO  
BARRERA**  
Accountant  
T.P. 31196-T

**GABRIELA MARGARITA MONROY  
DÍAZ**  
Statutory Auditor  
T.P. 33256-T  
Member of KPMG S.A.S.

\*Original copies signed

(See my report from 22 May 2017)

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Income Statement**  
**To June 30, 2017**  
**(Thousands of Colombian pesos)**

	Note	to June 30 2017	to June 2016	April 1 to June 30, 2017	April 1 to June 30 2016
Interest income loans		\$ 362.231.025	330.733.385	177.322.400	176.348.573
Financial income, investment evaluation		21.809.925	23.192.162	9.037.784	12.908.794
Interest expenses, term deposit certificates		(203.879.238)	(195.500.882)	(97.174.389)	(102.621.993)
Interest expenses, financial obligations		(40.393.057)	(29.084.463)	(20.436.664)	(17.607.965)
Interest expenses, bonds in circulation		(40.871.566)	(38.062.594)	(22.049.639)	(19.031.297)
Financial costs for derivative evaluation and exchange rate differences, net		(24.329.074)	(22.780.021)	(10.410.668)	(10.301.132)
<b>Net Income, interests and evaluation</b>		<b>74.568.015</b>	<b>68.497.587</b>	<b>36.288.824</b>	<b>39.694.980</b>
Expenses for financial asset provisions		552.465	5.819.194	(35.190)	(1.665.182)
<b>Net Income, interests and evaluation after provision</b>		<b>75.120.480</b>	<b>74.316.781</b>	<b>36.253.634</b>	<b>38.029.798</b>
Income, commissions and other services		55.083.760	45.370.774	26.748.646	23.212.741
Expenses, commissions and other services		2.882.811	2.102.365	1.364.947	818.280
<b>Net Income, commissions</b>		<b>52.200.949</b>	<b>43.268.409</b>	<b>25.383.699</b>	<b>22.394.461</b>
Other income		5.702.179	9.304.997	1.291.376	4.941.983
Other expenses		(76.071.269)	(73.146.696)	(38.040.907)	(37.233.788)
<b>Other income, net</b>		<b>(70.369.090)</b>	<b>(63.841.699)</b>	<b>(36.749.531)</b>	<b>(32.291.805)</b>
<b>Earnings before income tax and CREE</b>		<b>56.952.340</b>	<b>53.743.491</b>	<b>24.887.802</b>	<b>28.132.454</b>
Tax expense	9	(27.181.662)	(29.800.000)	(10.713.617)	(19.800.000)
<b>Net income</b>		<b>\$ 29.770.678</b>	<b>23.943.491</b>	<b>14.174.185</b>	<b>8.332.454</b>

\*See the notes accompanying the condensed financial statements \*Original copies signed

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER**  
**Condensed Cash Flow Statement**  
**For the trimester ending June 30 2017 compared to the trimester ending June 30 2016**  
**(In thousands of pesos)**

	30 June 2017	30 June 2016
<b>Net cash flows for operating activities</b>		
<b>Types of cash receivables from operating activities</b>	<b>5.090.069.057</b>	<b>6.011.341.587</b>
Loan receivables	\$ 819.453.562	760.052.899
Receivables from deposits and obligations	4.199.969.322	5.217.507.653
Receivables from commissions and other income from ordinary activities	54.145.487	33.687.912
Receivables from contracts held for intermediation or negotiation	16.389.137	
Receivables from bonuses and benefits, annuities and other policy benefits	44.138	-
Other receivables from operating activities	67.411	93.123
<b>Types of cash payments from operating activities</b>	<b>(5.202.889.626)</b>	<b>(6.414.251.171)</b>
Loan payments	(910.573.934)	(1.280.607.843)
Payments from deposits and liabilities	(4.224.754.734)	(5.080.352.909)
Payments to providers for supply of goods and services	(29.937.960)	(38.961.359)
Payments from contracts held for intermediation or negotiation	(20.226.317)	-
Payments to employee accounts	(16.248.200)	(13.317.965)
Payments for bonuses and benefits, annuities and other policy benefits	(155.620)	(202.818)
Other payments for operating activities	(992.861)	(808.277)
<b>Net cash flows used in operations</b>	<b>(112.820.569)</b>	<b>(402.909.584)</b>
Dividends received	-	418.720
Paid interests	(108.501.706)	(190.012.145)
Received interests	199.124.799	348.188.488
Refunded income taxes (paid)	(40.455.989)	(31.837.841)
Other cash inflows (outflows)	124.026.880	(36.096.464)
<b>Net cash flows used in operating activities</b>	<b>61.373.415</b>	<b>(312.248.826)</b>
<b>Cash flows for investment activities</b>		
Property, plant, and equipment purchases	(60.219)	(284.713)
Intangible asset purchases	(180.872)	(573.372)
Payments from operations with derivative financial instruments	(52.818.410)	(115.410.143)
Receivables from operations with derivative financial instruments.	3.350.671	48.298.190
Other cash inflows (outflows)	196.024	15.020.416

<b>Net cash flows (used in) from investment activities</b>	<b>(49.512.806)</b>	<b>(52.949.622)</b>
<b>Net cash flows from financing activities</b>		
Loan amounts	14.777.146	597.364.300
Loan Reimbursements	(28.963.205)	-
Paid interests	(41.259.129)	(183.008.900)
<b>Net cash flows (used in) from financing activities</b>	<b>(55.445.188)</b>	<b>414.355.400</b>
<b>Net increase (decrease) of cash and cash equivalents, before the change in exchange rate</b>	<b>(43.584.579)</b>	<b>49.156.952</b>
Effect of the exchange rate variation on cash and cash equivalents	3.207.617	(9.427.466)
Net increase (decrease) of cash and cash equivalents	<b>(40.376.962)</b>	<b>39.729.486</b>
Cash and cash equivalents at the beginning of the period	696.743.155	638.274.984
Cash and cash equivalents at the end of the period	<b>\$ 656.366.194</b>	<b>678.004.470</b>
*See the notes accompanying the condensed financial statements		
*Original copies signed		

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Statement of Comprehensive Income**  
**To June 30, 2017**  
**(In thousands of pesos)**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Net income	\$ 29.770.678	23.943.491
<b>Other Comprehensive Income</b>		
Other Comprehensive Income, net of taxes, profit (losses) on investments in equity instruments	3.355.827	68.266
Total Other Comprehensive Income that shall not be reclassified to the profit/loss of the period, net of taxes	<b>3.355.827</b>	<b>68.266</b>
<b>Total Comprehensive Income</b>	<b>\$ <u>33.126.505</u></b>	<b><u>24.011.757</u></b>

\*See the notes accompanying the condensed financial statements

\*Original copies signed

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY**  
For the trimester ending June 30 2016  
(thousands of Colombian pesos)

	<u>Paid and share Capital</u>	<u>Dividends Declared</u>	<u>Legal Reserves</u>	<u>Occasional Reserves</u>	<u>Profit/Loss First-Time Adoption</u>	<u>Unrealized Profit (Loss)</u>	<u>Accumulated Profits</u>		<u>Total Equity</u>
							<u>Retained Earnings</u>	<u>Net Income</u>	
<b>Initial Balance 31 December 2015</b>	\$ 858.636.800	897	46462657	15.453.310	34.071.300	566.821	2.076.204	43.780.447	1.001.048.436
<b>Changes in equity:</b>									
Recapitalization of profits	28.841.300	1.162	2.785.217	(3.775.507)			0	(43.780.447)	(15.928.275)
Result for the period							1.591.773	23.943.491	25.535.264
Other comprehensive income	0	0	0	0	0	68.266			68.266
<b>Total changes in equity</b>	<b>28.841.300</b>	<b>1.162</b>	<b>2.785.217</b>	<b>(3.775.507)</b>	<b>0</b>	<b>68.266</b>	<b>1.591.773</b>	<b>(19.836.956)</b>	<b>9.675.255</b>
<b>Ending balance June 30 2016</b>	\$ 887.478.100	2.059	49.247.874	11.677.803	34.071.300	635.087	3.667.977	23.943.491	1.010.723.691



<b>Initial balance 31 December 2016</b>	\$ 887.478.100	2.059	49.247.874	11.677.805	34.071.300	(11.039.512)	18.004.477	41.494.171	1.030.936.274
<b>Changes in equity:</b>									
Recapitalization of profit, in cash	36.835.000	500	4.149.417	509.254	0	0	0	(41.494.171)	0
Result for the period								29.770.678	29.770.678
Other comprehensive income	0	0	0	0	0	3.355.827			3.355.827
<b>Total changes in equity</b>	<u>36.835.000</u>	<u>500</u>	<u>4.149.417</u>	<u>509.254</u>	<u>0</u>	<u>3.355.827</u>	<u>0</u>	<u>(11.723.493)</u>	<u>33.126.505</u>
<b>Ending balance June 30 2017</b>	<u>\$ 924.313.100</u>	<u>2.559</u>	<u>53.397.291</u>	<u>12.187.059</u>	<u>34.071.300</u>	<u>(7.683.685)</u>	<u>18.004.477</u>	<u>29.770.678</u>	<u>1.064.062</u>

\*See the notes accompanying the condensed financial statements.

\*Original copies signed