



***Financiera de Desarrollo Territorial S. A. - FINDETER***

*Report for the period between January 1<sup>st</sup> to September 30th, 2021*

*Condensed Financial Statements under Financial Information Accounting Standards  
Adopted in Colombia (NCIF)*

**3Q-2021**

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Interim Statement of Financial Position**  
(In thousands of Colombian Pesos)

	Note	September 30, 2021	December 31, 2020
<b>Assets</b>			
Cash and cash equivalents	10	\$ 572,736,869	1,180,670,793
Investment financial assets and derivatives	11	559,420,269	361,763,745
Investment financial assets and derivatives	12	9,968,144,193	10,024,994,463
Investment financial assets and derivatives		94,905,994	92,334,041
Property and equipment, net	14	27,125,699	27,645,779
Right-of-use assets, net	15	713,390	1,928,469
Investment properties		874,000	874,000
Intangible assets, net	16	1,215,685	1,997,831
Deferred tax assets, net	13	125,336,465	78,701,351
Other assets, net	17	27,207	2,426,653
<b>Total assets</b>		<b>\$ 11,350,499,771</b>	<b>11,773,337,125</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
Derivative financial instruments measured at fair value	18	\$ 17,624,716	58,361,272
Current income taxes, net	13	32,948,024	8,683,242
Certificates of deposit		6,211,919,677	6,776,680,932
Outstanding investment securities		1,555,507,011	1,571,958,773
Financial obligations		2,186,928,442	2,046,669,107
Lease liabilities	15	746,558	2,004,006
Employee benefits		9,817,813	6,636,216
Financial guarantees	19	49,437,257	55,239,827
Provisions	20	2,124,540	6,835,965
Accounts payable and other payables		16,694,116	17,151,862
<b>Total liabilities</b>		<b>\$ 10,083,748,155</b>	<b>10,550,221,202</b>
Issued capital		1,084,671,848	1,077,741,944
Reserves		95,475,810	94,775,281
First-time adoption results		52,075,778	52,075,778
Other comprehensive income		(14,381,580)	(9,107,513)
Net income		48,909,760	7,630,433
<b>Shareholders' equity</b>	21	<b>\$ 1,266,751,616</b>	<b>1,223,115,923</b>
<b>Total liabilities and equity</b>		<b>\$ 11,350,499,771</b>	<b>11,773,337,125</b>

Refer to the accompanying notes, which are an integral part of the condensed interim financial statements.

**INGRID CATALINA GIRALDO CARDONA(\*)**  
Legal Representative

**HOLLMAN JAVIER PUERTO BARRERA(\*)**  
Accountant  
Professional License 31196-T

**JORGE ENRIQUE PEÑALOZA PORRAS**  
Independent Auditor  
Professional License 43402-T  
Member of KPMG S.A.S.  
(See my report of November 12, 2021)

(\*) The undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed interim statements of financial position and that they have been faithfully taken from Findeter's auxiliary accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Interim Income Statement**  
(In thousands of Colombian Pesos)

	Note	For the nine-month periods ended		For the three-month periods ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Revenue</b>					
Interest on loan portfolio	22	\$ 369,626,092	471,586,631	126,337,497	145,191,691
Net revenue from investment valuation	23	11,578,860	27,243,431	7,318,505	19,012,398
Net interest on investments at amortized cost	23	2,076,515	1,592,858	783,451	489,005
Net derivative valuation profit	27	166,952,092	245,893,367	19,993,556	39,214,991
<b>Operating expenses</b>					
Interest on certificates of deposit	24	(148,296,075)	(224,502,754)	(50,057,656)	(70,688,554)
Interest on outstanding investment securities	24	(80,627,329)	(86,024,053)	(28,789,285)	(27,847,403)
Interest financial obligations	25	(31,985,379)	(43,631,687)	(10,558,284)	(11,935,818)
(Loss) profit from exchange difference, net	26	<u>(188,010,850)</u>	<u>(278,888,901)</u>	<u>(29,509,427)</u>	<u>(54,952,133)</u>
<b>Net financial margin</b>		<b>\$ <u>101,313,926</u></b>	<b><u>113,268,892</u></b>	<b><u>35,518,357</u></b>	<b><u>38,484,176</u></b>
Recovery (Impairment) for credit financial assets, net	12	730,215	(6,922,564)	3,996,838	(337,949)
(Impairment) for other accounts receivable, net		<u>(723,731)</u>	-	<u>(125,164)</u>	
<b>Net financial margin after impairment</b>		<b>\$ <u>101,320,410</u></b>	<b><u>106,346,328</u></b>	<b><u>39,390,031</u></b>	<b><u>38,146,227</u></b>
<b>Revenue and expenses for commissions and other services</b>					
Technical assistance revenue	28	56,502,280	45,166,187	18,961,734	12,843,852
Revenue for commissions and other services	28	6,432,143	8,781,331	1,933,360	3,038,779
Expenses for commissions and other services		<u>(7,910,021)</u>	<u>(6,918,740)</u>	<u>(3,800,335)</u>	<u>(3,837,440)</u>
<b>Net revenue and expenses for commissions and other services</b>		<b>\$ <u>55,024,402</u></b>	<b><u>47,028,778</u></b>	<b><u>17,094,759</u></b>	<b><u>12,045,191</u></b>
<b>Other revenue and expenses</b>					
Other revenue	29	15,618,757	14,562,502	4,347,632	8,285,893
Other expenses	29	<u>(119,729,213)</u>	<u>(113,973,680)</u>	<u>(44,808,052)</u>	<u>(42,173,662)</u>
<b>Net other expenses</b>		<b>\$ <u>(104,110,456)</u></b>	<b><u>(99,411,178)</u></b>	<b><u>(40,460,420)</u></b>	<b><u>(33,887,770)</u></b>
<b>Earnings before income tax</b>		<b>\$ <u>52,234,356</u></b>	<b><u>53,963,928</u></b>	<b><u>16,024,370</u></b>	<b><u>16,303,648</u></b>
Income tax (expense) income		<u>(3,324,596)</u>	<u>(27,257,329)</u>	<u>11,545,151</u>	<u>(4,690,289)</u>
<b>Net income</b>		<b>\$ <u>48,909,760</u></b>	<b><u>26,706,599</u></b>	<b><u>27,569,521</u></b>	<b><u>11,613,359</u></b>

Refer to the accompanying notes, which are an integral part of the condensed interim financial statements.

INGRID CATALINA GIRALDO CARDONA (\*)  
Legal Representative

HOLLMAN JAVIER PUERTO BARRERA(\*)  
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Member of KPMG S.A.S.  
(See my report of November 12, 2021)

(\*) The undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed interim statements of financial position and that they have been faithfully taken from Findeter's auxiliary accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Interim Statement of Other Comprehensive Income**  
(In thousands of Colombian Pesos)

Note	For the nine-month periods ended		For the three-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net income	\$ 48,909,760	26,706,599	27,569,521	11,613,359
<b>Items not reclassified through profit or loss, net</b>				
Revaluation of fixed assets	14 (90)	-	-	-
Valuation of financial instruments available for sale	(5,684,390)	752,010	(1,150,479)	(1,001,110)
Deferred tax recognition	410,413	(73,397)	(24,690)	100,722
<b>Total other comprehensive income not reclassified through profit or loss, net of taxes</b>	<b>(5,274,067)</b>	<b>678,613</b>	<b>(1,175,169)</b>	<b>(900,388)</b>
<b>Total Comprehensive Income</b>	<b>\$ <u><u>43,635,693</u></u></b>	<b><u><u>27,385,212</u></u></b>	<b><u><u>26,394,352</u></u></b>	<b><u><u>10,712,971</u></u></b>

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**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
**for the nine-month periods ended September 30, 2021 and 2020**  
(In thousands of Colombian Pesos)

	Subscribed and Paid-in Capital	Reserves		First-time adoption effect	Other comprehensive income	Net income	Total shareholders' equity
		Legal Reserve	Occasional Reserves				
<b>Balance as of December 31, 2019</b>	<b>\$ 1,024,963,194</b>	<b>64,267,932</b>	<b>9,375,279</b>	<b>52,075,778</b>	<b>(1,850,616)</b>	<b>73,910,820</b>	<b>1,222,742,387</b>
Changes in equity:							
Capitalization of profits	52,778,750	7,391,082	13,740,988	-	-	(73,910,820)	-
Net income	-	-	-	-	-	26,706,599	26,706,599
Other comprehensive income	-	-	-	-	678,613	-	678,613
Total changes in equity	<u>52,778,750</u>	<u>7,391,082</u>	<u>13,740,988</u>	<u>-</u>	<u>678,613</u>	<u>(47,204,221)</u>	<u>27,385,212</u>
<b>Balance as of September 30, 2020</b>	<b><u>\$ 1,077,741,944</u></b>	<b><u>71,659,014</u></b>	<b><u>23,116,267</u></b>	<b><u>52,075,778</u></b>	<b><u>(1,172,003)</u></b>	<b><u>26,706,599</u></b>	<b><u>1,250,127,599</u></b>
<b>Balance as of December 31, 2020</b>	<b>\$ 1,077,741,944</b>	<b>71,659,014</b>	<b>23,116,267</b>	<b>52,075,778</b>	<b>(9,107,513)</b>	<b>7,630,433</b>	<b>1,223,115,923</b>
Changes in equity:							
Capitalization of profits	21 6,929,904	763,043	(62,514)	-	-	(7,630,433)	-
Net income	-	-	-	-	-	48,909,760	48,909,760
Other comprehensive income	-	-	-	-	(5,274,067)	-	(5,274,067)
Total changes in equity	<u>6,929,904</u>	<u>763,043</u>	<u>(62,514)</u>	<u>-</u>	<u>(5,274,067)</u>	<u>41,279,327</u>	<u>43,635,694</u>
<b>Balance as of September 30, 2021</b>	<b><u>\$ 1,084,671,848</u></b>	<b><u>72,422,057</u></b>	<b><u>23,053,753</u></b>	<b><u>52,075,778</u></b>	<b><u>(14,381,580)</u></b>	<b><u>48,909,760</u></b>	<b><u>1,266,751,616</u></b>

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**FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER**  
**Condensed Interim Statement of Cash Flow**  
(In thousands of Colombian Pesos)

	Note	For the nine-month periods ended	
		September 30,	September 30, 2020
		2021	
<b>Net Income</b>		<b>48,909,760</b>	<b>26,706,599</b>
<b>Adjustments to reconcile net income with net cash (used in) provided by operating activities:</b>	↘		
Depreciation of property and equipment	14	533,536	560,672
Right-of-use depreciations	15	1,195,340	1,166,596
Amortizations of intangibles	16	1,062,860	872,062
Amortizations of other assets	17	2,487,523	1,847,796
Net recovery (impairment) for credit financial assets	12	(730,215)	6,922,564
Net impairment for receivable accounts		(723,731)	-
Expense for lease contracts	15	19,739	(8,518)
Income tax expense for the period		3,324,596	27,257,329
Reimbursement of other provisions, net	20	(4,711,425)	(323,556)
Reimbursement of financial guarantees provisions	19	(5,802,570)	(5,823,490)
Net income from investment valuation	23	(13,655,376)	(28,836,289)
Net income and for derivative valuation	27	(166,952,092)	(245,893,367)
Interest on loan portfolio	22	(369,626,092)	(472,072,301)
Interest expenses		260,908,783	354,158,493
Employee benefit expenses that do not generate cash outflow		5,083,307	3,917,963
<b>Changes in assets and exchange difference adjustment in operating liabilities:</b>			
Negotiable investments		(189,685,538)	(1,671,826)
Loan portfolio and finance lease operations, net		251,467,871	(1,016,680,400)
Accounts receivable		(2,571,954)	7,329,016
Other assets		(88,077)	(201,658)
Derivative financial instruments		126,215,536	233,980,873
Employee benefits		(1,901,710)	2,414,671
Accounts payable and other liabilities		(359,565,168)	1,571,730,769
<b>Subtotal</b>		<b>\$ (414,805,097)</b>	<b>467,353,999</b>
Paid Income tax		(3,176,739)	(14,894,217)
Lease interest payments	15	(63,373)	(264,992)
Paid interest		(290,227,342)	(369,549,370)
Collected interest		176,462,437	285,108,669
<b>Net cash provided (used) for operating activities</b>		<b>\$ (531,810,114)</b>	<b>367,754,089</b>
<b>Net cash used for investment activities</b>			
Additions of property and equipment	14	(13,456)	(3,799)
Additions of other intangible assets	16	(280,714)	(344,825)
<b>Net cash used for investment activities</b>		<b>\$ (294,170)</b>	<b>(348,624)</b>
<b>Net cash for financing activities</b>			
New bank loans and other financial obligations		76,416,155	235,102,075
Bank loan payments and other financial obligations		(158,229,760)	(123,321,505)
Capital payments lease contracts	15	(1,235,252)	(1,190,395)
<b>Net cash (used in) provided by financing activities</b>		<b>\$ (83,048,857)</b>	<b>110,590,175</b>
Cash and cash equivalents before the effect on the exchange rate		(615,153,141)	477,995,640
Exchange difference on cash		7,219,217	19,474,251
<b>Net increase (decrease) of cash and cash equivalents</b>		<b>\$ (607,933,924)</b>	<b>497,469,891</b>
Cash and cash equivalents opening balance	10	1,180,670,793	695,223,180
<b>Cash and cash equivalents closing balance</b>	10	<b>\$ 572,736,869</b>	<b>1,192,693,071</b>
Available restricted	10	(10,555,945)	(2,346,933)
<b>Cash and cash equivalents closing balance without available restricted</b>		<b>\$ 562,180,924</b>	<b>1,190,346,138</b>

Refer to the accompanying notes, which are an integral part of the condensed interim financial statements.

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## **INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL REPORT**

To the Shareholders  
Financiera de Desarrollo Territorial S.A. Findeter:

### **Introduction**

I have reviewed the accompanying condensed interim financial report of Financiera de Desarrollo Territorial S.A. Findeter as of September 30, 2021, comprising:

- the condensed interim statement of financial position as of September 30, 2021;
- the condensed interim statements of income and other comprehensive income for the nine and three-month periods ended September 30, 2021;
- the condensed interim statement of changes in equity for the nine-month period ended September 30, 2021;
- the condensed interim statement of cash flows for the nine-month period ended September 30, 2021; and
- the notes to the interim financial report.

Management is responsible for the preparation and presentation of this condensed interim financial report in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia. My responsibility is to express a conclusion on this condensed interim financial report based on my review.

### **Scope of review**

I conducted my review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, included in the Information Assurance Standards accepted in Colombia. A review of interim financial reporting consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing accepted in Colombia and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying condensed interim financial report as at and for the six months ended September 30, 2021, is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia.

Jorge Enrique Peñaloza Porras  
Independent Auditor of  
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November 12, 2021



## **INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE REPORT IN EXTENSIBLE BUSINESS REPORTING LANGUAGE (XBRL)**

To the Shareholders  
Financiera de Desarrollo Territorial S.A. Findeter:

### **Introduction**

I have reviewed the condensed interim financial report of Financiera de Desarrollo Territorial S.A. Findeter as of September 30, 2021, in eXtensible Business Reporting Language (XBRL), comprising:

- the statement of financial position as of September 30, 2021;
- the statements of income and other comprehensive income for the nine and three-month period ended September 30, 2021;
- the statement of changes in equity for the nine-month period ended June 30, 2021;
- the statement of cash flows for the nine-month period ended September 30, 2021; and
- accompanying notes.

Management is responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia, in eXtensible Business Reporting Language (XBRL), and for the presentation of the report in eXtensible Business Reporting Language (XBRL) in accordance with instructions of the Financial Superintendence of Colombia. My responsibility is to express a conclusion on this interim financial report in eXtensible Business Reporting Language (XBRL) based on my review.

### **Scope of review**

I conducted my review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, included in the Information Assurance Standards accepted in Colombia. A review of interim financial reporting consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing accepted in Colombia and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial report of the Company in eXtensible Business Reporting Language (XBRL) as at and for the six months ended September 30, 2021, is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia.

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November 12, 2021



**Financiera de Desarrollo Territorial S. A. - Findeter**

*Semiannual report for the period ended September 30, 2021,*

*Condensed Interim Financial Report under Financial Reporting Standards Accepted in Colombia (CFRS)*

*(Figures expressed in thousands of Colombian pesos, except for USD and number of shares)*

## **1. Reporting Entity**

Financiera de Desarrollo Territorial S.A., hereinafter Findeter, was incorporated by public deed number one thousand five hundred seventy (1,570), dated May 14, 1990, with operating authorization issued by the Financial Superintendence of Colombia by Resolution No. 3354 of September 17, 1990. Findeter is a mixed economy joint-stock company established under the laws of the Republic of Colombia headquartered in the city of Bogota at Calle 103 No. 19-20, organized as a credit establishment tied to Grupo Bicentenario SAS, subject to the control and oversight of the Financial Superintendence of Colombia. Its main shareholder, with a 92.55% interest, is Grupo Bicentenario SAS, with registered address in Bogota - Colombia. It currently has five regional offices and one area, for a total of six offices in the country. It has an indefinite term of duration.

Findeter's corporate purpose is the promotion of regional and urban development, mainly by financing and advising the municipalities and departments of Colombia on the design, execution and management of investment projects or programs relative to the construction, expansion and replacement of infrastructure for drinking water, transport routes, educational facilities, sports facilities, hospitals and health services, etc., as well as the execution of such activities as may be assigned by legal provision or by the National Government, including the management of funds and special accounts, derived from inter-administrative contracts signed with government agencies for the development of activities associated with technical assistance and resource management.

The development of its corporate purpose is defined by Decree 663 of 1993. Findeter, acts as a second-tier development bank granting loans to state entities, territorial entities, or individuals engaged in projects for the construction, expansion and replacement infrastructure and technical assistance to adequately develop these activities for the economic sectors listed above, through entities of the Colombian financial system, which assume the total credit risk with the customer while Findeter assumes the credit risk with the financial entity, at interest rates generally below the market rate, which are financed with resources from multilateral organizations, from the public through certificates of deposit, bond placement in national and international markets and own resources.

In supporting the government's economic policies, the company was granted powers through Presidential Decrees Numbers 468 of March 23, 2020, and 581 of April 15, 2020, for the granting of loans under the direct loan modality to public service providers on account of the Covid-19 pandemic.

The financial management report as of September 30, 2021, was submitted to the Board Meeting of October 26 this year, according to Minutes No. 389.

## **2. Declaration of Compliance with the Financial Reporting Standards Accepted in Colombia**

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34) - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia (CFRS), established in Act 1314 of 2009, regulated by Unified Regulatory Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The CFRS are based on the International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB). The base standards correspond to those officially translated into Spanish and issued by the IASB in 2018, in addition to the incorporation of the COVID-19-Related Rent Concessions, issued in 2020, which amend IFRS 16 - Leases.

In accordance with the provisions of IAS 34, the interim financial statements are prepared with the intention of updating the last annual financial statement report, emphasizing the new activities, events and circumstances that occurred during the interim reporting period, without duplicating information previously published in the annual report. These condensed interim financial statements do not include all the information and disclosures required for an annual financial statement; therefore, they must be read together with the annual financial statements as of December 31, 2020.

Findeter applies to the financial statements the following exceptions of Title 4 Special Regimes of Chapter 1 of Decree 2420 of 2015:

The application of IFRS 9 regarding the treatment of the portfolio and its impairment, and the classification and valuation of investments. For these cases, it continues to apply what is required in the Accounting and Financial Basic Circular of the Financial Superintendence of Colombia (SFC).

## **3. Significant Accounting Policies**

The accounting policies applied in the condensed financial statements of Financiera de Desarrollo Territorial S.A. - FINDETER are the same as those applied in the financial statements as of December 31, 2020.

## **4. Relevant Facts**

The financial results as of September 30, 2021, were not affected by the evolution of the COVID 19 pandemic. They were, however, influenced by situations of the economic environment.

The Colombian GDP increased to 17.6% during the second half of 2021, thus showing greater dynamism in different sectors of the economy, which generates a positive effect as it leads to a reactivation of non-financial businesses whose lines show a positive YoY trend in income.

This dynamism in economic activity is also reflected in an increase in inflation, which as of September 2021 closed at 4.51%, thus generating an increase in the income and expenses of both the portfolio and the funding indexed to this indicator between the movement of the first and second quarters 2021 compared to the quarter ended on September 30, 2021.

Based on the GDP growth and the increase in inflation, the Colombian Central Bank started redirecting towards a more contractionary monetary policy, which is reflected in the increase of the REPO rate by 25 bps until reaching 2%. This behavior was anticipated by the IBR indicator for 1 and 3-month terms, thus generating a positive impact on the company's financial statements, since 68% of the portfolio is indexed in these indicators.

Despite the increase in rates, it is worthwhile to mention that the real interest rate of the Colombian economy is broadly expansionary, which is why the Colombian Central Bank will continue with the upward cycle of rates until inflation is controlled without affecting economic growth. This will be reflected positively in the company's financial margin through an increase in finance income.

## **5. Going Concern**

The financial statements were prepared under the going concern assumption. It was determined that there is no uncertainty about facts, events or conditions that could raise significant doubt about the possibility that Findeter will continue to operate normally during the next 12 months.

## **6. Judgments and Estimates**

Findeter makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amount of assets and liabilities in the accounting period. Judgments and estimates are evaluated on an ongoing basis and based on Findeter's experience and other factors, including expectations of future events that are believed to be reasonable.

As of September 30, 2021, the critical judgment was identified, related to the determination of the customer's risk level, carried out in accordance with the regulations issued by the Financial Superintendence of Colombia in Annex 3 to Chapter II of Accounting Basic Circular 100, which is reviewed by credit analysts.

## **7. Operating Segments**

Findeter has defined two business line operating segments for the provision of services: Financial Services and Technical Assistance. For this purpose, it has aligned the direct allocation of revenues, expenses, assets, and liabilities with the allocation of the cost centers in the Findeter areas. For the reporting period, the same segments as in the last annual financial statements as of December 31, 2020, are defined.

The following figures correspond to revenue and expenses by for the nine and three-month periods ended September 30, 2021 and 2020:





Thousands of pesos  
Reported Segment

	FINANCIAL SERVICES		TECHNICAL ASSISTANCE		TOTALS	
	For the three-month periods ended September 30, 2021					
<b>Net revenue</b>						
Interest on loan portfolio	126,337,497	145,191,691	-	-	126,337,497	145,191,691
Net revenue from investment valuation	7,318,505	19,012,398	-	-	7,318,505	19,012,398
Net investment interest at amortized cost	783,451	489,005	-	-	783,451	489,005
Net derivative valuation gain and loss	19,993,556	39,214,991	-	-	19,993,556	39,214,991
<b>Operating expenses</b>						
Financial expenses	(89,405,225)	(110,471,775)	-	-	(89,405,225)	(110,471,775)
Net exchange difference gain and loss	(29,509,427)	(54,952,133)	-	-	(29,509,427)	(54,952,133)
<b>Net financial margin</b>	<b>35,518,357</b>	<b>38,484,177</b>	-	-	<b>35,518,358</b>	<b>38,484,177</b>
Net loan impairment portfolio	3,996,838	(337,949)	-	-	3,996,838	(337,949)
Net accounts receivable impairment	(125,164)	-	-	-	(125,164)	-
<b>Net financial margin after impairment</b>	<b>39,390,031</b>	<b>38,146,228</b>	-	-	<b>39,390,032</b>	<b>38,146,227</b>
<b>Revenue and expenses from commissions and other services</b>						
Technical assistance revenue	-	-	18,961,734	12,843,852	18,961,734	12,843,852
Commissions and other services revenue	1,933,360	3,038,779	-	-	1,933,360	3,038,779
Commissions and other services expenses	(3,741,517)	(3,746,753)	(58,818)	(90,688)	(3,800,335)	(3,837,440)
<b>Net revenue and expenses from commissions and other services</b>	<b>(1,808,157)</b>	<b>(707,973)</b>	<b>18,902,916</b>	<b>12,753,164</b>	<b>17,094,760</b>	<b>12,045,191</b>
<b>Other revenue and expenses</b>						
Other revenue	4,347,632	8,285,893	-	-	4,347,632	8,285,893
Other expenses	(27,697,734)	(26,493,235)	(17,110,318)	(15,680,427)	(44,808,052)	(42,173,662)
<b>Net other revenue</b>	<b>(23,350,102)</b>	<b>(18,207,342)</b>	<b>(17,110,318)</b>	<b>(15,680,427)</b>	<b>(40,460,420)</b>	<b>(33,887,770)</b>
<b>Earnings before income tax</b>	<b>14,231,773</b>	<b>19,230,913</b>	<b>1,792,599</b>	<b>(2,927,263)</b>	<b>16,024,371</b>	<b>16,303,649</b>
Income tax expense	10,253,629	(5,532,414)	1,291,521	842,125	11,545,150	(4,690,289)
<b>Net income</b>	<b>24,485,401</b>	<b>13,698,499</b>	<b>3,084,120</b>	<b>(2,085,138)</b>	<b>27,569,521</b>	<b>11,613,360</b>

## **8. Seasonality or cyclical nature of the period transactions**

Findeter does not show any seasonality in its operations, the transactions were carried out homogeneously during the reporting period.

## **9. Fair Value Estimate**

Findeter values financial assets and liabilities such as derivatives and debt and equity securities, which are traded in an active market with sufficient and available information at the valuation date, using the price information published by the official pricing entity certified by the Financial Superintendence of Colombia (PRECIA SA). This way, Findeter obtains the prices and curves published by the pricing entity and applies them according to the methodology corresponding to the valued instrument.

The fair value of non-monetary assets such as investment property and land and buildings is determined by independent experts using technical appraisals.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that Findeter can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Findeter classifies financial assets and liabilities in each of these hierarchies, based on the assessment of the input data used to obtain the fair value.

### **i. Recurring fair Value Measurements**

Recurring fair value measurements are those required by Financial Reporting Standards accepted in Colombia- NCIF in each reporting period, on financial assets and liabilities, and which are measured regularly based on fair value, if required a circumstantial measurement of a financial instrument at fair value is classified as non-recurring.

To determine the levels of fair value hierarchy, an evaluation is made of the methodologies used by the official pricing entity, with knowledge of the markets, inputs and approaches used to estimate fair values of the recurring bases.

On the other hand, and in accordance with the methodologies not objected by the Financial Superintendence of Colombia, the pricing entity (PRECIA) receives the information from all external and internal sources of negotiation, information and registration.

The methodologies for determining the fair value of investments in Findeter are:

- **Market Price:** Methodology applied to assets and liabilities that have sufficiently wide markets, in which the volume and number of transactions are generated to establish an output price for each negotiated reference. This methodology, equivalent to a level 1 input, is generally used for investments in sovereign bonds.
- **Benchmark margins and curves:** Methodology applied to assets and liabilities for which market variables such as benchmark curves and spreads or margins are used with respect to recent quotes of the asset or liability in question or similar. This methodology, equivalent to a level 2 input, is generally used for investments in debt securities of financial institutions and corporate debt in the local market of low-recurring issuers with low outstanding amounts.

Additionally, the recognition of equity investments, which have no market and are measured according to the equity variation of the entity where the investment is held. According to the recognition and measurement instructions of the Financial Superintendence of Colombia, Chapter I and I-1 of the Accounting and Financial Basic Circular 100.

- **OTC derivatives:** These instruments are valued by applying the discounted cash flow approach, which, based on inputs published by the pricing entity of domestic, foreign, and implicit interest rate curves, and exchange rates, projects and discounts the future flows of each contract based on the underlying asset in question. The portfolio of these instruments, classified as level input, is made up of currency forward contracts.
- **For financial guarantees,** the measurement of the reserve associated with the guarantee issued by Findeter to the Intermediaries that participate in the debt substitution operation of the “Water Bonds” with the trust FIDEICOMISO FINDETER CRÉDITOS ET – AGUA is based on analyzing the risk factors present in the life of the loans. Below are the risk factors identified as object of analysis and study:
  - ✓ The decrease in interest due to a probable restructuring of the municipality’s debts under Act 550.

- ✓ The sensitivity of the flows to changes in the interest rate on loans, consumer price index CPI.
- ✓ The sensitivity of income due to changes in the budget allocation of the General System of Participation (SGP) in the areas of drinking water and basic sanitation.
- ✓ Negative impact on the scheme as a result of possible legal contingencies tending to ignore the existence or legality of the loans taken by the municipalities

The analysis of each of these risk factors determines a level of expected losses based on the available information.

The calculation of the technical reserves of the National Guarantees Fund is based on the estimate of expected losses for the different products underwritten by Findeter. For affordable housing products, an expected loss of 5.71% was estimated for a horizon of 8.5 years. This horizon is the maximum possible time in which a loan can have the guarantee, considering that the mandate guarantees the loans during the first 7 years and that a claim can be made for a guarantee that is up to 18 months past due.

The percentage of expected loss is the result of the estimate made on a historical basis of loan on affordable housing real estate recovered and sold by banks, as well as the design of tables for the settlement of estimated losses where losses are estimated for loans with different terms between 5 and 20 years, with different proportions between the value of the loan and the value of the property (Loan to Value or LTV) and scenarios about the year in which the claim may occur.

To model the probabilities, transition matrices were used in order to establish the probability that a loan reaches more than 18 months past due or is delivered as a payment in kind.

For VIPA (housing for savers) products, the technical reserves are also based on the value of the expected loss. For this product, the percentage of expected loss is 2.3%, determined similarly to affordable housing.

- For the investment classified as level 3 input, which corresponds to the investments in the Ashmore Colombia Infrastructure Private Equity Fund, the valuation of the participation unit held is obtained from the value of the Fund at closing of the previous day (Equity Value) plus the results of the day in which the Fund is being valued ((+) Contributions (-) Withdrawals (+) Income (-) Expenses), divided by the number of Participation Units issued by the Fund at the closing of the previous day (Total Units of

the Fund, which are generated in each capital call). The result gives the value of the participation unit of the Fund that is reported to investors in accordance with legal provisions.

Findeter's accounts receivable are recorded according to their transaction value, have no associated interests or payment flows except the principal and correspond to short-term figures.

The financial assets and liabilities measured at fair value are as follows:

Financial assets and liabilities	Fair value	Hierarchy level			Fair value	Hierarchy level		
	September 30, 2021	1	2	3	December 31, 2020	1	2	3
Cash equivalents (interbank)	\$ 115,506,111		115,506,111		\$ 47,004,543		47,004,543	
<b>Negotiable investments</b>								
Debt securities other financial entities	\$ 115,350,066	-	115,350,066	-	70,516,633	-	70,516,633	-
Government debt securities	281,132,878	281,132,878	-	-	170,502,005	170,502,005	-	-
Private Equity Fund- Ashmore	45,226,415	-	-	45,226,415	42,085,661	-	-	42,085,661
Collective investment funds	18,075,622	-	18,075,622	-	18,408,324	-	18,405,576	-
<b>Available for sale</b>								
Shares	26,240,458	-	26,240,458	-	30,344,313	-	30,344,313	-
Future contracts	57,580	-	57,580	-				
Currency forward	43,928,526	-	43,928,526	-	615,188	-	615,188	-
<b>Total assets</b>	<b>645,517,656</b>	<b>281,132,878</b>	<b>319,158,363</b>	<b>45,226,415</b>	<b>379,476,667</b>	<b>170,502,005</b>	<b>166,886,253</b>	<b>42,085,661</b>
<b>Liabilities</b>								
Future contracts	57,250	-	57,250	-				
Currency forward	17,567,466	-	17,567,466	-	58,361,272	-	58,361,272	-
Financial guarantees	49,437,257	-	49,437,257	-				
<b>Total liabilities</b>	<b>\$ 67,061,973</b>	<b>-</b>	<b>67,061,973</b>	<b>-</b>	<b>58,361,272</b>	<b>-</b>	<b>58,361,272</b>	<b>-</b>

To establish the disclosure values of the Private Capital Fund as Level 3 Assets, the historical series of the investment position of the last 23 months was determined, as well as the Value at risk for each of the months and reported to the SFC. The results were as follows:

Year	Month	Position Value	Max. Var.	Standard deviation
2019	November	52,416,386	7,705,209	3,585,953,041,393
2019	December	61,938,007	9,104,887	2,130,318,581,937,940
2020	January	62,140,980	9,134,724	2,218,306,863,528,730
2020	February	61,945,818	9,106,035	2,133,671,410,145,390
2020	March	61,571,143	9,050,958	1,975,801,360,948,480
2020	April	60,798,252	8,937,343	1,669,308,091,984,320
2020	May	61,006,830	8,968,004	1,749,477,101,270,110
2020	June	49,337,750	7,252,649	154,195,009,253,501
2020	July	55,314,386	8,131,215	236,087,884,833,739
2020	August	56,183,549	8,258,982	376,573,405,108,245
2020	September	57,898,861	8,511,133	749,621,182,420,334
2020	October	57,335,698	8,428,348	613,122,946,566,933

2020	November	57,898,661	8,511,103	749,570,273,852,749
2020	December	42,085,661	6,186,592	2,127,904,139,666,030
2021	January	42,085,661	6,186,592	2,127,904,139,666,030
2021	February	42,886,929	6,304,379	1,798,139,967,869,610
2021	March	43,436,087	6,385,105	1,588,157,568,377,390
2021	April	43,845,575	6,445,300	1,440,063,431,212,630
2021	May	44,448,053	6,533,864	1,235,348,273,253,400
2021	June	45,130,239	6,634,145	1,022,486,787,185,850
2021	July	45,390,084	6,672,342	946,697,212,920,502
2021	August	45,886,192	6,745,270	810,100,365,202,780
2021	September	45,226,662	6,648,319	994,022,319,654,556
	<b>Average</b>	<b>52,009,020</b>	<b>7,645,326</b>	<b>1,119,986</b>

**Standard Deviation 1.162.751**

The VAR of the position is taken because it is a risk measure and is filtered by its calculation methodology.

Based on the above statements, the mean deviation of the data series is calculated, yielding a value of \$1,162,751, which means that the means of the average have an average gap for that value, the possible loss of the average is also stressed.

As a result of the above, the potential impact on the income statement is calculated under a less favorable hypothesis, which is the average value of the VAR of the data series, stressing it by adding the value of a standard deviation of that data series:

Potential impact on negative hypothesis results (Loss) =

$$7,645,326 + 1,162,751 = 8,808,077$$

To measure the potential Impact on the Positive Hypothesis Account, the average of the active position in the series is taken and multiplied by the value of the active rate of the on-loan portfolio for the final month of the calculation September 2021 5.74% effective annual rate, producing as the most favorable result a yield of \$2,985,318.

As of September 30, 2021, Findeter registers an investment in the Ashmore Colombia Infrastructure Fund, for \$45,226,415, a figure that is equivalent to having a 12.86% interest and 203,945.60 units on the total of the Fund. Generating an increase of \$3,140,754 compared to December 31, 2020.

<b>Ashmore Private Equity Fund- investment</b>	<b>Balance</b>
September 30, 2021	\$ 45,226,415
December 31, 2020	42,085,661

Variation	\$ 3,140,754
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As of September 30, 2021, the private equity fund generated a net valuation profit of \$4,251,681.

Ashmore Private Equity Fund	September 30, 2021	December 31, 2020
Valuation Income	4,321,734	19,960,292
Valuation Expense	70,053	24,040,650
<b>Net Valuation</b>	<b>4,251,681</b>	<b>(4,080,358)</b>

The variation between the valuation and the final balance of the investment as of September 30 corresponds to the capital redemption made by the fund for \$1,110,927. The Fund's valuation is reported by an independent third party in accordance with the provisions of the Fund's regulations. The valuation variables are presented in the following table:

Type	Valuation technique	Significant unobservable information	Interrelation between significant unobservable information and fair value measurement



Contingent Consideration	The valuation of the companies that are part of the FCP-I Ashmore Colombia Infrastructure Fund is carried out through the Discounted Cash Flow and Asset Appraisal methodologies.	<p>The main unobservable significant information corresponds to:</p> <ol style="list-style-type: none"> <li>1. Estimated income for the valuation period.</li> <li>2. The pricing and cost structure of companies</li> <li>3. The weighted average cost of capital used to discount future flows</li> <li>4. The level of administrative and sales expenses.</li> <li>5. The working capital management policies used in the projection.</li> <li>6. The balance structure used in the projection.</li> <li>7. The dividend policy of each of the companies.</li> </ol> <p>The information of the points mentioned above comes from the business plans generated within each company, which in turn are built based on historical performance, specific growth objectives according to market information and business strategies.</p>	<p>The estimated unit value can increase or decrease if:</p> <ol style="list-style-type: none"> <li>1. The projected income assumptions are met</li> <li>2. If there is an effective control of costs and expenses in each company</li> <li>3. If the working capital requirements increase or decrease</li> <li>4. If the dividend policy is substantially modified.</li> <li>5. If the discount rate used to discount free cash flows increases or decreases.</li> </ol>
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Financial assets and financial liabilities measured at fair value did not present value hierarchy transfers as of September 30, 2021, compared to December 31, 2020.

- ii. **Non-recurring fair value measurements:** As of September 30, 2021, there are assets or liabilities measured at fair value determined on non-recurring bases.

Below is the detail of how financial assets and liabilities accounted for until maturity were measured at fair value only for purposes of this disclosure.

In accordance with the methodologies described below, assets and liabilities measured at fair value for disclosure purposes are classified in fair value hierarchies 2 and 3.

For purposes of determining the fair value of the loan portfolio, financial assets for investment in securities at amortized cost, financial obligations, certificates of deposit and outstanding investment securities, the following methodology and the necessary inputs for its calculation were determined:

- **Flow projection**

For each of the portfolios, the cash flows to receivable and/or payable during their corresponding terms are projected individually. For the respective projection, the interest rate of the current flow is taken at the cut-off date to determine the interest value receivable and/or payable in the period immediately following the calculation cut-off date and the days are determined upon maturity.

- **Determining the Discount Rate**

The active or passive effective rate of each portfolio is determined as appropriate, on the cut-off date, according to the face characteristics of each one and the values accrued on the cut-off date. This rate is actual/365.

- **Calculating Duration**

With the previous calculations, the present values and the individual durations are obtained, which when added (present values) and weighted (durations) result in the fair value of each of the portfolios by index and currency.

Below is the breakdown of the carrying amount and the fair value of financial assets and liabilities, on a non-recurring basis:

	September 30, 2021		December 31, 2020		Hierarchy
	Carrying value	Carrying value	Carrying value	Carrying value	Level
<b>Assets</b>					
Net loan portfolio and finance lease transactions	\$ 9,968,144,193	10,505,016,543	10,024,994,463	10,260,776,068	2
Investment financial assets *	29,408,723	30,370,389	29,294,369	30,254,318	3
<b>Total financial assets</b>	<b>9,997,552,916</b>	<b>10,535,386,931</b>	<b>10,054,288,832</b>	<b>10,291,030,386</b>	

<b>Liabilities</b>					
Certificates of deposit	6,211,919,677	6,239,510,279	6,776,680,932	6,799,352,150	2
Outstanding investment securities	1,555,507,011	1,667,473,966	1,571,958,773	1,621,055,707	2
Financial obligations	2,186,928,442	2,145,985,503	2,046,669,107	2,028,788,826	3
<b>Total liabilities</b>	<b>\$ 9,954,355,130</b>	<b>10,052,969,749</b>	<b>10,395,308,812</b>	<b>10,449,196,683</b>	

\* Investment financial assets correspond to securities remaining from the portfolio securitization process, carried out by Findeter, which were acquired and are recorded at amortized cost.

## 10. Cash and Cash Equivalents

The table below corresponds to the Bank ratings of the financial institutions where Findeter has balance of cash and cash equivalents, as of September 30, 2021, and December 31, 2020.

<b>BANK</b>	<b>RISK RATING</b>	<b>SEPTEMBER 30, 2021</b>	<b>DECEMBER 31, 2020</b>
Banco de Bogotá S.A.	AAA	\$ 1,248,391	4,684,884
Banco Popular S.A.	AAA	2,126,772	217,142,627
Bancolombia S.A.	AAA	3,906,735	8,556,850
Banco gnb Sudameris	AA+	261,218,510	266,778,775
BBVA Colombia S.A.	AAA	578,053	326,188,283
Banco Santander S.A.	AAA	2,307,038	27,056,520
Banco Itau S.A.	AAA	131,449,271	169,670,961
Banco de occidente S.A.	AAA	497,862	132,427
Davivienda S.A.	AAA	4,126,574	2,854,842
Colombian Central Bank	Country Risk	31,641,294	30,520,169
Banks Foreign Currency	BBB	7,550,330	75,095,048
Petty cash	No Rating	23,983	25,014
Interbank (1)	AAA	115,506,111	47,004,543
Restricted Cash (2)	AAA	10,555,945	4,959,850
		<b>\$572,736,869</b>	<b>1,180,670,793</b>

The decrease of \$607,933,924 is due to the natural development of the entity's operations, mainly the resources kept in the accounts of the banks BBVA and Banco Popular.

There is no restriction on its availability, except for a pledge on the resources of the Colombian Central Bank for \$31,641,294. See Note 30, section 1, Commitments and Contingencies - Counter-guarantees, for the detail of the pledges.

- (1) As of September 30, 2021, and December 31, 2020, interbank funds were classified as cash equivalents, for \$115,506,111 and \$47,004,543, which have a maturity between 1 and 30 days according to policy.

**Information as of September 30, 2021**

Entity	Amount	Rate	Maturity	Rating	Rating Agency
Corficolombiana	25,501,236	1.75%	1/10/2021	AAA	Standard and Poors and Fitch Ratings Colombia
JP MORGAN	90,004,875	1.95%	1/10/2021	AAA	Standard and Poors and Fitch Ratings Colombia

**Information as of December 31, 2020**

Entity	Amount	Rate	Maturity	Rating	Rating Agency
Corficolombiana	47,004,543	1.74%	04/01/2021	AAA	Standard and Poors y Fitch Ratings Colombia

- (2) Corresponds to cash balances as of September 30, 2021, and December 31, 2021, recorded in the Agency Agreement with the National Guarantees Fund for \$8,635,153 and \$4,694,457, and Pre-investment Fund for \$1,920,792 and \$265,393, respectively, for a total of \$1,920,792 and \$4,959,850.

The cash and equivalents of these funds are restricted, given that they have exclusive allocations, as is the case of the Agency Agreement with the National Guarantees Fund, which must cover the loss ratio of affordable housing loans. In turn, the Pre-investment Fund has an order to meet the needs of pre-feasibility technical studies of infrastructure requirements of territorial entities.

As of September 30, 2021, and December 31, 2020 there are no conciliatory items.

**11. Investment Financial Assets and Derivatives**

The table below shows the balances and ratings of counterparties of securities that make up the entity's portfolio and the respective authorized firm that issued said rating, as of September 30, 2021, and December 31, 2020:

Issuer	September 30, 2021	Rating
Fondo Nacional de Garantías S.A.	\$ 26,240,258	AAA
Colombian Central Bank	81,940,500	AAA
Banco BBVA	509,030	AAA
Securitization Col. TIPS	1,783,021	AAA
Banco de Bogotá	36,504,675	AAA

Banco Occidente	14,991,650	AAA
Banco Corpbanca	9,999,950	AAA
Banco Popular S.A.	5,167,300	AAA
Bancolombia	21,870,120	AAA
Compañía Energética del Tolima S.A. ESP.	100	NO RATING
Davivienda S.A.	17,438,430	AAA
Ecopetrol S.A.	100	AAA
Infrastructure Fund Colombia Ashmore -FCP	45,226,415	NO RATING
Open Collective Investment Fund Fidubogota	18,075,622	AAA
Ministry of Finance and Public Credit	199,192,378	COUNTRY RISK
Corficolombiana	7,085,890	AAA
Forward transactions - rights	1,130,360,070	AAA
Operaciones de forward- obligations	(1,086,431,544)	AAA
Futures transactions	57,580	AA+
Titularizadora Colombiana S.A.	29,408,723	AAA

**\$ 559,420,269**

\* The counterparties with which Findeter has constituted the Forward transactions are: (Banco BBVA, Banco Colpatría, Corpbanca, Davivienda, Bogota, Occidente, Popular, Bancolombia and Corficolombiana). And futures transactions with associate Brokers.

Issuer	December 31, 2020	Rating
Fondo Nacional de Garantías S.A.	30,344,113	AAA
Colombian Central Bank	82,088,571	AAA
Banco BBVA	6,147,975	AAA
Securitization Col. TIPS N-16	2,572,473	AAA
Banco de Bogotá	19,059,291	AAA
Banco Popular S.A.	8,346,940	AAA
Bancolombia	19,170,130	AAA
Compañía Energética del Tolima S.A. ESP.	100	NO RATING
Davivienda S.A.	15,219,825	AAA
Ecopetrol S.A.	100	AAA
Infrastructure Fund Colombia Ashmore -FCP	42,085,661	NO RATING
Open Collective Investment Fund Fidubogota	18,408,324	AAA
Ministry of Finance and Public Credit	88,413,434	COUNTRY RISK
Forward transactions - rights	246,994,605	AAA
Forward transactions - obligations	(246,379,417)	AAA
Titularizadora Colombiana S.A.	29,291,620	AAA

**\$ 361,763,745**

The variation of the investment portfolio of \$197,656,524, between September 30, 2021, and December 31, 2020, corresponds to investments in negotiable securities as a diversification strategy and alternatives for the entity's generation of income.

Findeter's portfolio of investments is classified into:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Negotiable Investments	\$ 314,077,025	300,957,984
Investments to Maturity	92,710,761	29,846,260
Investments Available for Sale	108,646,377	30,344,313
Derivative instruments	43,986,106	615,188
	<u><b>\$ 559,420,269</b></u>	<u><b>361,763,745</b></u>

Currently there are no restrictions on Findeter's portfolio. The investments of the National Guarantees Fund and the pre-investment fund are managed in the funds for their going concern.

## **12. Net Loan Portfolio and Finance Lease Transactions**

The financial assets account by loan portfolio in the balance sheet is shown classified by commercial, housing and consumer portfolio, considering that this classification is adopted by the Financial Superintendence in the Unified Financial Information Catalog "CUIF". Portfolio balances are presented according to the modalities in the following classification detail:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Ordinary loans (Commercial)	\$8,911,210,038	9,614,615,335
Direct loans (Commercial)*	1,038,250,809	407,040,945
Housing portfolio (employees and former employees)	53,954,262	44,956,735
Employee loans (consumer)	3,743,488	3,556,154
Former employee loans (consumer)	529,990	724,022
Interest receivable	30,388,127	24,764,007
Subtotal	<u><b>10,038,076,714</b></u>	<u><b>10,095,657,198</b></u>
Impairment (*)	69,932,519	(70,662,734)
<b>Total</b>	<u><b>\$9,968,144,193</b></u>	<u><b>10,024,994,463</b></u>

(\*) The increase of \$631,209,864 corresponds to the disbursements made of the new direct lines of credit, implemented by the entity, offered to territorial entities, public utilities, among others.

<b>Impairment portfolio balance</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Impairment initial balance	\$ 70,662,734	58,163,413
Principal recoveries	(9,620,157)	(2,038,052)
Principal charges	8,650,197	8,799,962
Interest recoveries	(67,587)	(34,662)
Interest charges	307,332	195,316
<b>Impairment final balance</b>	<b>69,932,519</b>	<b>65,085,977</b>

### **13. Income Tax**

Income tax expense is recognized based on management's best estimate of both current income tax and deferred income tax.

For the three-month period ended September 30, 2021, the Company generated income from income and complementary taxes of \$11,545,151, generated mainly by the recovery of the income provision for the 2020 taxable year of \$9,838,117. Additionally, an income from deferred income tax was recognized for \$16,311,390, which incorporates the effect derived from the increase in the income tax rate established in the Social Investment Act.

For the quarter ended September 30, 2020, the effective tax rate is 28.77%, showing a decrease of 7.23 percentage points compared to the nominal rate of 36%. This variation is mainly caused by the remeasurement of deferred taxes.

For the nine-month period ended September 30, 2021, the Company generated an effective rate of 6.36%; for the nine-month period ended September 30, 2020 the effective rate was 50.51%, which represents a decrease of 44.15 percentage points.

This variation is mainly caused by the following factors:

- For the period ended September 30, 2021, the Company generated a decrease in the effective rate caused by the update of deferred taxes, derived from the issuance of Act 2155 of September 14, 2021 "Social Investment Act" by means of which the income tax rate is increased from the year 2022 to 35% and for financial institutions the rate is increased to

38% in the years 2022 to 2025. Considering that the Company has a net of deferred tax assets, this situation generated a decrease in the comparative rate of 32.74 percentage points.

- For the period ended September 30, 2021, the Company determined a reimbursement of the provision for income tax from previous years, which was not generated for the same period in 2020. This situation caused a decrease in the comparative effective rate of 18.83 percentage points.
- For the period ended September 30, 2021, the Company determined a lower tax discount for industry and trade tax not subject to deferred tax, compared to the same period in 2020. This situation caused an increase in the comparative effective rate of 3.04 percentage points.

The Social Investment Act 2155 of September 14, 2021, amended article 240 of the Tax Code, increasing the general income tax rate for legal persons from the year 2022 to 35%, plus 3 additional points for financial institutions when their net income exceeds 120,000 UVT, for which reason the Company recognized in the income statement a deferred income tax due to the effect of the rate change.

The Ministry of Trade, Industry and Tourism issued Decree 1311 of 2021 on October 20, 2021, which establishes for a single time the alternative to account for, through the retained earnings in equity, the variation in the deferred income tax, resulting in an increase in the income tax rate as established in the Social Investment Act 2155. However, the Company chose not to apply this decree.

#### 14. Property and Equipment, Intangibles and Other Assets

Below is the movement of property, plant, and equipment.

	December 31, 2020	Depreciation as of Dec 2020	Net book balance as of December 31, 2020	Additions, withdrawals, and adjustments 2021	Depreciation as of September 2021	Net book balance as of September 30, 2021
Land (revalued)	\$ 6,847,500	-	6,847,500	-	-	\$ 6,847,500
Buildings and constructions (revalued)	20,263,959	-	20,263,959	90	196,067	20,067,802
Furniture, fixtures, and	4,008,381	3,513,856	494,525	6,897	297,815	203,607



office  
equipment  
Computer  
equipment

	1,463,961	1,424,166	39,795	6,649	39,654	6,790
<b>\$</b>	<b>32,583,801</b>	<b>4,938,022</b>	<b>27,645,779</b>	<b>13,456</b>	<b>533,536</b>	<b>\$ 27,125,699</b>

## 15. Net Right-of-Use Assets

The movements of Findeter's right-of-use assets and the lease liabilities for the 2021 term is presented below:

<b>Movement of right-of-use assets</b>	<b>September 30, 2021</b>	<b>December 31, 2019</b>
Right-of-use assets - Buildings Initial balance	\$ 1,928,469	2,123,498
Right-of-use adjustment - Interest Rate	(19,739)	1,362,868
Linear depreciation right-of-use	(1,195,340)	(1,557,897)
<b>Right-of-use balance</b>	<b>713,390</b>	<b>1,928,469</b>
<b>Movement of Lease Liabilities</b>	<b>September 30, 2021</b>	<b>December 31, 2019</b>
Lease liabilities Initial balance	\$ 2,004,006	1,981,012
Capital payment liabilities	(1,235,252)	(1,601,001)
Lease liability adjustment	(22,196)	1,623,995
<b>Lease liability balance</b>	<b>746,558</b>	<b>2,004,006</b>
<b>Interest expenses</b>	<b>63,373</b>	<b>284,439</b>

## 16. Net intangible assets

Below is the movement of the cost of intangible assets as of September 30, 2021:

	<b>December 31, 2020</b>	<b>Acquisition/ Additions</b>	<b>Amortization through expense</b>	<b>Balance as of June 2021</b>
Computer programs and applications	\$ 1,997,831	280,714	1,062,860	\$ 1,215,685
<b>Net intangible assets</b>	<b>\$ 1,997,831</b>	<b>280,714</b>	<b>1,062,860</b>	<b>\$ 1,215,685</b>

## 17. Net other assets

Below is the detail of other assets as of September 30, 2021:

	<b>December 31, 2020</b>	<b>Acquisition/ Additions</b>	<b>Amortization through expense</b>	<b>Balance as of September 2021</b>
Insurance	\$ 2,426,653	21,137	2,420,583	\$ 27,207
<b>Net other assets</b>	<b>\$ 2,426,653</b>	<b>21,137</b>	<b>2,420,583</b>	<b>\$ 27,207</b>

The total expense for other assets amounts to \$2,487,523, of which \$2,420,53 corresponds to amortization and \$66,940 to payments attributed directly to the expense due to the nature of the item.

## 18. Derivative financial instruments measured at fair value

The derivative financial instruments liabilities, as of September 30, 2021, and December 31, 2020, were \$ 17,624,716 and \$58,361,272 respectively, decreasing by (\$40,736,556), since the balance of derivative liabilities as of September 30, 2021, amounted to USD \$ 265,342,68, while in December 2020 it was recorded at USD \$442,053,750, indicating that GAAP derivatives effectiveness is in a winning position.

## 19. Financial Guarantees

Below is the movement of financial guarantees:

	<b>Financial Guarantees</b>
<b>Balance as of December 31, 2020</b>	<b>\$ 55,239,827</b>
Recovery of existing provisions	(5,802,570)
<b>Balance as of September 30, 2021</b>	<b>49,437,257</b>

- The coverage of the technical estimate of the National Guarantees Fund, on the loans granted called low-income housing, decreased by \$2,928,076, in accordance with the application of the model for calculating reserves on the guarantees granted established in the Fund.
- The registration of the guarantee on the water bond credits, which covers the possible loss of the credits granted by the financial intermediaries to the creditor territorial entities, generated a recovery for \$2,874,494, according to the analysis of the possible accident rate, adjusting the risk curve of the bonds.

The guarantees granted expire in July 2028.

## 20. Provisions

The following is the movement of provisions:

	<b>Legal processes, fines, sanctions, and compensation</b>
<b>Balance as of December 31, 2020</b>	<b>6,835,965</b>
Refund (1)	(4,711,425)
<b>Balance as of September 30, 2021</b>	<b>2,124,540</b>

- (1) Provisions for legal processes correspond to: 1 labor process; for which it is not possible to determine a disbursement schedule due to the instance. As of the end of the quarter, there are 123 processes against Findeter, of which according to the instance and the provisioning policy, 1 process has been provisioned, for a total of \$2,124,540, classified as probable according to IAS 37, which decreased \$3,159,900 with respect to the balance registered as of December 31, 2020, caused by the recalculation of the claims of judicial processes which generated the recovery.

The remaining \$1,551,525 correspond to the recovery of the balance provisioned to pay of social security contributions on court judgments paid between November and December 2020.

## 21. Shareholders' Equity

### Share capital

The authorized, issued, and outstanding common shares of Findeter have a nominal value of \$100,000 each, and are represented as follows:

	<b>Sept-21</b>	<b>Dec-20</b>
Number of subscribed and paid-in shares	\$ 10,846,707	10,777,418
Subscribed and paid-in capital	1,084,670,700	1,077,741,800
Dividends declared	1,148	144
	<b>\$ 1,084,671,848</b>	<b>1,077,741,944</b>

The General Shareholders' Meeting of March 25, 2021 approved the surplus application project, which ordered a capitalization for a value of \$6,929,904. The legal process took effect in May 2021. Findeter has not issued preferred shares.

<b>FINANCIAL SURPLUSES APPLICATION</b>	
<b>I. SURPLUS FINANCIAL YEAR 2020</b>	<b>(\$)</b>
<b>TOTAL INCOME.</b>	2,577,813,506
<b>TOTAL EXPENSES.</b>	2,547,261,559
Provision for income taxes and complementary.	22,921,513
<b>TOTAL NET INCOME FOR THE YEAR.</b>	<b>7,630,433</b>
<b>APPLICATION PROJECT:</b>	
1. Legal reserve.	763,043
<b>2020 SURPLUS BALANCE TO BE ALLOCATED</b>	<b>6,867,390</b>
<b>II. OCCASIONAL RESERVES</b>	
<i>(According to the Code of Commerce, the Shareholders' Meeting is responsible for reallocating the occasional reserves already constituted)</i>	
<b>OCCASIONAL RESERVES COMMITTED</b>	
1) Education compensated rate	2,192,068
2) Compensated rate fiscal remediation adjustment line	5,210,242
3) Committed earnings from previous years.	34,117
4) Technical assistance	679,841
5) Pre-investment Reserve	15,000,000
<b>BALANCE OF OCCASIONAL RESERVES AS OF 2020</b>	<b>23,116,268</b>
<b>USE OF OCCASIONAL RESERVES IN THE YEAR 2020</b>	
1) Value used in Fiscal Remediation Compensated Rate	62,514
2) Value used in Technical Assistance	0
<b>TOTAL</b>	62,514
<b>The General Shareholders' Meeting should proceed with the following:</b>	
1) Capitalization of 2020 Surpluses in the amount of:	6,867,390
3) Capitalization of Occasional Reserves used in 2020.	62,514
<b>TOTAL APPLICATION OF SURPLUSES AND MOVEMENT OF RESERVES</b>	<b>6,929,904</b>

\*\*\*\* Approved by the Board of Directors in its session of February 19, 2021

Findeter is a joint-stock company established with the exclusive participation of public entities and in accordance with Article 30 of Act 1328 of July 15, 2009, which amends Article 271 of the Organic Statute of the Financial System. As such, it "shall not be subject to forced investments and will not distribute profits in cash among its shareholders."

## 22. Portfolio income

As of September 30, 2021 and 2020, the income balances derived from the loan portfolio were \$369,626,092 and \$471,586,631, respectively, presenting a variation of (\$101,960,539), which is caused by a decrease in the average placement rate of 41 basis points, from 5.96% in 2020 to 5.55% in 2021.

**23. Income from investment valuation and investment interest at amortized cost, net**

As of September 30, 2021 and 2020, the investment valuation balance was \$13,655,376 and \$ 28,836,289, respectively, evidencing a decrease in earnings of (\$15,180,913), mainly due to the devaluation of the portfolio of debt instruments, derived from the behavior of the yield curves of the TES, CDT and bonds.

**24. Financial expenses for interest from certificates of deposit and investment securities outstanding**

As of September 30, 2021 and 2020, the balance of financial expenses for interest on certificates of deposit and investment securities outstanding was \$228,923,404 and \$310,526,806, respectively, evidencing a decrease of \$81,603,402, generated mainly due to the decrease in the accrual of interest on the certificate of deposit for (\$76,206,679) derived from the decrease of liabilities by (\$535,357,976) and the CPI by 219 basis points.

On the other hand, the accrual of interest on the bonds issued decreased by (\$5,396,723), caused by the decrease of 219 basis points in the CPI rate, to which the bonds issued in 2019 are indexed.

**25. Interest on financial obligations**

As of September 30, 2021, and 2020, the balances of interest on financial obligations were \$31,985,379 and \$43,631,687 respectively, decreasing the expense by (\$11,646,308) as a result of a variation in favor of Findeter, from interest rates on IDB loans, which were at an average variable rate of 2.11%, leaving a new average fixed rate of 1.56%, resulting from the negotiation carried out by Findeter with the multilateral bank in October 2020.

**26. Net exchange difference loss**

As of September 30, 2021 and 2020, the balance of the exchange difference loss was (\$188,010,850) and (\$278,888,901), respectively, mainly generated by the decrease in the expense of the restatement of financial obligations, caused by the decrease in the balance of liabilities due of USD 20,193,968, from USD 593,773,922 in 2020 to USD 573,579,954 in 2021.

## 27. Net income from valuation of derivatives

As of September 30, 2021 and 2020, the balance of income from valuation of derivatives was \$166,952,092 and \$ 245,893,367, respectively, evidencing a variation of (\$78,941,275), due to the decrease in GAAP in the exchange rate of the derivatives constituted.

## 28. Income from technical assistance, commissions, and other services

As of September 30, 2021 and 2020, income recognized for technical assistance, commissions and other services, presented a variation of \$8,986,905, from \$53,947,518 to \$62,934,423, which is detailed below according to the service provided :

TECHNICAL ASSISTANCE	As of September 30, 2021	As of September 30, 2020
Housing (1)	\$ 23,025,741	16,791,790
Waters	8,688,162	10,449,518
Infrastructure (1)	20,400,904	13,539,382
Consulting	1,267,641	695,680
Investment banking	3,119,832	3,689,817
	<b>\$ 56,502,280</b>	<b>45,166,187</b>

COMMISSIONS AND OTHER SERVICES	As of September 30, 2021	As of September 30, 2020
Guarantees on Water Bonds	\$ 2,661,196	2,998,296
National Guarantees Fund Commissions	373,674	703,137
Commissions availability	3,390,620	5,067,257
Insfopal commission	6,653	12,641
	<b>\$ 6,432,143</b>	<b>8,781,331</b>
	<b>\$ 62,934,423</b>	<b>53,947,518</b>

(1) The increase in income in the housing and infrastructure programs corresponds to the execution of the agreement SAIPRO 9677-127-2021 signed in January 2021, the object of which is to rebuild the homes on the island of San Andrés and Providencia.

## 29. Other income and other expenses

As of September 30, 2021 and 2020, other income recorded a balance of \$5,618,757 and 14,572,502, respectively, increasing by \$1,056,255 generated by the recovery of provisions for services in 2020, recovery of sick leaves and recoveries of provisions of the bond reserve.

Other expenses showed an increase of \$5,755,533, caused mainly by the variation of the following items: personnel expenses for \$3,731,816, taxes other than income tax for

\$778,290, expenses for maintenance of technological platforms for \$911,286, and an increase in insurance for \$639,727.

The increase in personal spending is caused by the hiring of officials to support the Company's operational needs and the development of corporate strategies.

### 30. Commitments and Contingencies

Commitments and contingencies correspond to:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
IDB loan pledge (1)	\$31,641,294	30,520,169
Due to litigations (claims) (2)	80,919,428	85,255,498
Approved and undisbursed loans (3)	1,792,365,180	578,170,040
Interest on suspended loans (4)	1,223,595	1,123,721
	<b>\$1,906,149,497</b>	<b>695,069,428</b>

(1) IDB loan pledge

Findeter signed Loan Agreements with the IDB 1967 of 2008, 2314 of 2010, 2768 of 2012, 3392 of 2015, 3596 of 2016 and 3842 of 2019, which established counter-guarantees in favor of the Nation, and in which the revenues received by FINDETER for the rediscount portfolio collection were pledged and paid directly in Deposit Account No. 65812166 of the Colombian Central Bank. Such revenues must cover 120% of the value of the semi-annual service of the debt of the Loan Agreement.

CUD account balance 30-Sept-21	Amount to cover COP 30-Sept-21	Coverage 120%
31,641,294	26,105,842	121.20%

(2) Corresponds to the claims of the legal processes filed against Findeter, which as of September 30, 2021, add up to 123 processes, including labor and administrative processes qualified with medium and low risk, revealed with the value of the plaintiffs' indexed claims, which effectively supports the possible contingency.

(3) The commitments from the approved credits not disbursed are the product of contracts with customers. In this sense, we determined that the outstanding balances of unused loan do not necessarily represent future cash requirements because such available amounts may expire and therefore not be used totally or

partially, but they are recognized in the contingent accounts as possible capital requirements.

The following table shows the value of the approved loans to the different financial institutions that have not been disbursed by Findeter:

<b>Banking entity</b>	<b>Sept-21</b>	<b>Dec-20</b>
Bancolombia S.A.	\$ 249,165,514	455,584,887
Approved Direct Loans	1,543,199,666	122,585,153
	<b>\$1,792,365,180</b>	<b>578,170,040</b>

Regarding the variation in approved undisbursed loans, as of December 2020 direct loans were just started to be disbursed, only the direct credit line was active for public service companies, whose pending disbursement approvals totaled \$122,585,153. During the first half of 2021, the direct credit line of reactivation Colombia section II is activated towards territorial entities, for which the approvals as of September 30, 2021, total \$1,543,199,666.

- (4) Suspended Interest: They correspond to interest on loans granted to former employees of Findeter, who have not serviced the debt on the obligations acquired. As of September 30, 2021, there are 17 loans generating this interest, 10 of which are under housing and 7 under consumer.
- As part of the analysis of the implications of Decree 492 of 2020 issued by the Ministry of Finance and Public Credit, through which instructions were given to Findeter to make capital contributions worth \$100,000,000 for the National Guarantees Fund in order to strengthen the process of granting loan guarantees, Findeter is executing an understanding process, for the recognition of this operation, requesting the Ministry of Finance and Public Credit to determine the procedure for this disbursement. As of September 30, 2021, we have not received any response.

### **31. Transactions with related parties**

#### **Transactions with related parties:**

Findeter may enter into transactions, agreements, or contracts with related parties, with the understanding that they may be carried out at reasonable values, in accordance with market conditions and rates.



Currently, Findeter has no registered operations with the largest shareholder, Grupo Bicentenario S.A.S.

Findeter has the following transactions with related parties:

1. The following sums were paid to Board members for attending Board and Committee meetings and to Findeter's key personnel:

	<u>Sept-21</u>	<u>Dec-20</u>
Board Member Fees	\$ 648,819	778,567
Key Management Personnel Remuneration	\$ 8,127,816	10,173,469

2. As of September 30, 2021, and December 31, 2020, Findeter recorded balances of the loan portfolio with Findeter's key management personnel, as detailed below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Loan portfolio	\$ 3,280,646	770,610

All operations and disbursements were made under the terms described in the collective agreement.

### **32. Events After the Reporting Period**

From September 30, 2021, to November 12, 2021, the issue date of the KPMG Independent Auditor's opinion, there are no events that had an impact on the interim financial statements that should be disclosed or that could affect Findeter's financial position or prospects or question its continuity as a going concern.