



Financiera de Desarrollo Territorial S. A. - FINDETER

Report for the period between July 1 and September 30, 2018

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

3Q-2018



Financiera de Desarrollo Territorial S. A. - Findeter

*INTERIM CONDENSED FINANCIAL
STATEMENTS THIRD QUARTER 2018*

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed statement of financial situation
To September 30, 2018
(Figures expressed in thousands of pesos)

Statement of financial position	Note	September 30, 2018	December 31, 2017
Assets			
Cash and restricted cash equivalents	\$	545.924.112	770.919.769
Investment financial assets		333.208.422	274.877.767
Loan portfolio and financial leasing operations, net	9	8.571.275.556	8.277.297.399
Trade accounts receivable and other accounts receivable, net		83.380.513	62.055.142
Current tax assets		8.635.848	-
Deferred tax assets, net		16.451.889	19.423.487
Property, plant and equipment, net		28.680.711	29.043.803
Investment properties		619.546	619.546
Intangible assets, net		679.174	335.953
Other assets, net		2.533.416	1.414.249
Total assets	\$	9.591.389.188	9.435.987.115
Equity and liabilities			
Liabilities			
Certificates of deposit		5.307.932.796	5.131.628.443
Derivative financial instruments		20.667.838	11.362.686
Financial obligations		1.884.638.458	1.931.188.286
Trade accounts payable and other accounts payable		16.876.431	27.589.788
Employee benefits		8.501.170	6.324.981
Investment securities in circulation		1.148.111.331	1.165.835.913
Provisions	10	70.293.848	70.996.428
Current profit income taxes, net	11	-	5.035.463
Other non-financial liabilities		2.291	6.312
other financial liabilities		1.998.714	1.998.714
Total liabilities	\$	8.459.022.877	8.351.967.014
Equity	12	\$ 1.132.366.311	1.084.020.101
Total equity and liabilities	\$	9.591.389.189	9.435.987.115

See the notes accompanying the condensed financial statements

*Original copies signed

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(See my report of October 31st, 2018)

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Results Statement
For the quarter ending on September 30, 2018
(Figures expressed in thousands of pesos)

	Note	to September 30 2018	September 30 2017	July 1 to September 30 2018	July 1 to September 30 2017
Ordinary operating net income					
Interest loan portfolio		469.865.893	526.706.651	151.297.869	164.475.627
Net investment income, net		31.347.085	32.677.329	9.872.706	10.867.405
Operational expenses					
Certified interest for term deposits		(240.980.589)	(290.877.984)	(77.180.353)	(86.998.746)
Interest on financial obligations		(61.905.725)	(60.220.710)	(21.825.733)	(19.827.653)
Interest on outstanding investment securities		(68.365.951)	(63.828.371)	(22.752.599)	(22.956.805)
Net profit for exchange difference, net		2.016.336	19.126.227	(10.589.165)	32.458.460
Loss for derivative valuation, net		(21.521.793)	(53.523.886)	4.502.529	(42.527.047)
Financial margin, net		110.455.256	110.059.256	33.325.254	35.491.241
Impairment for financial assets of credit and accounts receivable, net	9	5.463.249	(2.895.072)	(460.192)	(4.394.180)
Financial margin, after impairment, net		115.918.505	107.164.184	32.865.062	31.097.061
Income and expenses for commissions and other services					
Income for commissions and other services		70.114.885	82.493.754	20.704.497	27.409.994
Expenses for commissions and other services		(6.281.322)	(5.821.617)	(2.675.226)	(2.938.806)
Income and expenses for commissions and other services, net		63.833.563	76.672.137	18.029.271	24.471.188
Other income and expenses					
Other income		4.527.276	5.114.205	435.031	358.668
Other expenses		(108.111.466)	(118.053.012)	(33.365.236)	(41.981.743)
Other income, net		(103.584.190)	(112.938.807)	(32.930.205)	(41.623.075)
Profit before income taxes and CREE		76.167.878	70.897.514	17.964.128	13.945.174
Income tax expense		(26.559.294)	(28.638.403)	(6.626.692)	(1.456.740)
Profit for the financial year		49.608.584	42.259.111	11.337.436	12.488.434

See the notes accompanying the condensed financial statements

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER
Condensed Statement of Cash Flows
for the period ended September 30, 2018
(Figures expressed in thousands of pesos)

	September 30, 2018	September 30, 2017
PROFIT FOR THE FINANCIAL YEAR	49.608.584	42.259.111
Reconciliation between profit for the year and net cash used in operating activities	\$	
Provision of credit portfolio, financial leasing and other accounts receivable, net	(5.463.249)	2.895.072
Depreciation	534.797	476.675
Amortization	671.673	942.285
Investment valuation and interest, net	(31.347.085)	(32.677.329)
Net profit for difference, net	(2.016.336)	(19.126.227)
Valuation of derivatives and forward transactions, net	21.521.793	53.523.886
Interest expenses	371.252.264	414.927.065
Expenses for other provisions, net	544.323	15.882.257
Technical Assistance Income	(8.793.610)	-
Interests Income	(469.865.893)	(526.706.651)
Income tax	26.559.294	28.638.403
Changes in assets and adjustment for exchange difference in operating liabilities:		
Increase in loan portfolio and financial leasing operations	(153.325.003)	(43.508.350)
Increase in accounts receivable	(12.531.760)	(22.626.309)
Decrease (increase) other assets	2.214.034	(9.335.081)
(Decrease) estimated liabilities and other liabilities	(1.246.903)	(4.016.473)
Increase accounts payable and other liabilities	256.206.464	111.361.586
Increase emp'loyee bennefits	2.176.188	654.830
Increase non-financial liabilities	-	1.117.793
Decrease in acceptances, cash transactions and derivatives	(12.216.641)	(46.019.028)
Decrease in property and equipment	15.121	153.449
(Increase) decrease in negotiable investments	(28.490.737)	6.880.459
Income tax paid	(7.775.709)	(11.127.760)
Interest paid	(483.315.575)	(443.349.925)
Interests received	329.568.428	404.720.633
Net cash used for operating activities	<u>(155.515.538)</u>	<u>(74.059.629)</u>
Additions of property and equipment	(186.826)	(548.020)
Additions of other intangible assets	(1.131.706)	(1.484.942)
Net cash used in investment activities	<u>(1.318.532)</u>	<u>(2.032.962)</u>
Bank loans and other financial obligations	63.186.037	20.994.212
Payments of bank loans and other financial obligations	(129.993.171)	(115.909.640)
Net cash provided by the Financing activities	<u>(66.807.134)</u>	<u>(94.915.428)</u>
Net decrease in cash and cash equivalent before the effect on the exchange rate	(223.641.204)	(171.008.019)
Increase for the effect of the variation of the exchange rate over cash	(1.354.453)	(5.091.360)
Net decrease in cash and cash equivalent	<u>(224.995.657)</u>	<u>(176.099.379)</u>
Cash and cash equivalents at the beginning of the period	770.919.769	723.497.771
Cash and cash equivalents at the end of the period	<u>545.924.112</u>	<u>547.398.392</u>
Available Restricted	(23.075.066)	(31.710.470)
Cash and cash equivalents at the end of the period without the restricted cash	<u>522.849.046</u>	<u>515.687.922</u>

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS 'EQUITY
For the period ended September 30, 2018
(Figures expressed in thousands of pesos)

		Subscribed and paid capital	Reserves		Results of first time adoption	Profits (Losses) Unrealized	Accumulated profits		Total equity
			Legal reserves	Occasional reserves			Accumulated earnings	Profit for the Financial year	
Balance as of December 31, 2016	\$	887.480.159	49.247.874	11.677.804	34.071.300	(11.039.512)	18.004.477	41.494.171	1.030.936.273
Changes in equity:									
Capitalization of profits		36.835.501	4.149.418	509.252			-	(41.494.171)	-
Result for the period						-		42.259.111	42.259.111
Other comprehensive result		-	-	-	-	1.850.176			1.850.176
Total changes in equity		<u>36.835.501</u>	<u>4.149.418</u>	<u>509.252</u>	<u>-</u>	<u>1.850.176</u>	<u>-</u>	<u>764.940</u>	<u>44.109.287</u>
Final balance as of September 30, 2017	\$	<u>924.315.660</u>	<u>53.397.292</u>	<u>12.187.056</u>	<u>34.071.300</u>	<u>(9.189.336)</u>	<u>18.004.477</u>	<u>42.259.111</u>	<u>1.075.045.560</u>
Balance as of December 31, 2017	12 \$	924.315.660	53.397.292	12.187.056	34.071.300	(10.102.174)	18.004.478	52.146.489	1.084.020.101
Changes in equity:									
Capitalization of profits		47.400.851	5.214.649	(469.011)	-	-	-	(52.146.489)	-
Result for the period								49.608.584	49.608.584
Other comprehensive result		-	-	-	-	(1.262.374)	-		(1.262.374)
Total changes in equity		<u>47.400.851</u>	<u>5.214.649</u>	<u>(469.011)</u>	<u>-</u>	<u>(1.262.374)</u>	<u>-</u>	<u>(2.537.905)</u>	<u>48.346.210</u>
Final balance as of September 30, 2018	12 \$	<u>971.716.511</u>	<u>58.611.941</u>	<u>11.718.045</u>	<u>34.071.300</u>	<u>(11.364.548)</u>	<u>18.004.478</u>	<u>49.608.584</u>	<u>1.132.366.311</u>

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Statement of Other Comprehensive Income
For the quarter ending on September 30, 2018
(Figures expressed in thousands of pesos)

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>July 1 to September 30 2018</u>	<u>July 1 to September 30 2017</u>
"Profit for the financial year	\$ 49.608.584	42.259.111	11337435,65	12488433,55
Items that will not be reclassified "results of the period"				
Other total comprehensive income	244.793	2.301	244793	0
Items that can be subsequently reclassified to results of the period				
Other comprehensive income, net of taxes, gains (losses) on investments in equity instruments	(1.507.167)	1.847.875	463082	-1505652
Revaluation of fixed assets	-			
Recognition of deferred tax	-			
Total other comprehensive income, net of taxes	(1.262.374)	1.850.176	707875	-1505652
Total comprehensive income	\$ <u>48.346.210</u>	<u>44.109.287</u>	<u>12.045.311</u>	<u>10.982.782</u>

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Financiera de Desarrollo Territorial S. A. - Findeter

Report for the period between July 1 and September 30, 2018

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

(Figures expressed in thousands except number of shares)

Original version dully signed

1. Entidad que reporta

The Financiera de Desarrollo Territorial SA, hereinafter Findeter, was constituted by public deed number one thousand five hundred and seventy (1570) dated May 14, 1990, with operating authorization issued by the Financial Superintendence of Colombia through Resolution No. 3354 of 17 September 1990. Findeter is a joint-stock company incorporated under the laws of the Republic of Colombia with its principal domicile in the city of Bogotá at Calle 103 No. 19-20, organized as a credit establishment, linked to the Ministry of Finance and Public Credit of the Colombian Government, subject to the control and surveillance of the Financial Superintendence of Colombia. Its main shareholder is the National Government of Colombia through the Ministry of Finance and Public Credit with a 92.55% stake.

Its main domicile is the city of Bogotá, and it currently has five regional offices, and two areas, for a total of seven offices in the country. Its term of duration is indefinite.

The corporate purpose of Findeter is the promotion of regional and urban development, through funding and advice, mainly to municipalities and departments of Colombia regarding the design, implementation and management of projects or investment programs, in projects such as construction, expansion and replacement of infrastructure in the sectors of drinking water, roads, educational facilities, sports facilities, hospitals and health services, etc., as well as the execution of those activities that may be assigned by law or those assigned by the national government.

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 or private companies dedicated to the development of construction, expansion and replacement of infrastructure projects, and technical assistance in the aforementioned sectors, through the entities of the Colombian financial system, which assume the total credit risk with the client and Findeter assuming the credit risk of the financial institution, at interest rates that are generally below the market value, which are financed with resources from multilateral agencies, public fundraising through certificates of deposit, issuance of bonds on the domestic and international markets and its own resources.

At the meeting of the Board of Directors on October 30 of this year, according to act 342, the financial management was presented to September 30, 2018.

2. Note (2) Declaration of compliance with the Financial Information Accounting Standards Accepted in Colombia

The financial statements have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, regulated by Sole Regulatory Decree 2420 of 2015 modified by Decrees 2496 of 2015, 2131 of 2016 and 2170 of 2017.

Findeter applies to these individual financial statements the following exceptions contemplated in Title 4 Special Regimes of Chapter 1 of Decree 2420 of 2015.

Except in relation to:

- Treatment of the classification and valuation of investments as stipulated in IFRS 9, in addition to the treatment of the loan portfolio and its impairment, recognition of impairment of assets received as payment or refunded, regardless of their accounting classification, for which the accounting provisions issued by the Financial Superintendence of Colombia included in the Basic Accounting and Financial Circular apply.

For legal purposes in Colombia, the individual financial statements are the financial statements used to distribute dividends, when applicable.

The financial statements of the Financiera de Desarrollo Territorial S.A. FINDETER, for the quarter ended September 30, 2018, have been prepared in accordance with the Accounting and Financial Information Standards Accepted in Colombia (NCIF) and especially those as required by IAS 34-Interim Financial Information and the provisions issued by the Financial Superintendence of Colombia applicable in the individual financial statements.

3. Significant accounting policies

The accounting policies applied in the Financial Statements of the Financiera de Desarrollo Territorial S.A. FINDETER, as of December 31, 2017, have been applied with these interim financial statements.

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

The condensed individual interim financial statements of the interim period do not include all the information and disclosures required for an annual financial statement, for this reason it is necessary to read them in conjunction with the annual financial statements as of December 31, 2017. In accordance with IAS 34, the intermediate financial information and accounting policies used for the interim periods are the same as those applied in the preparation of the annual financial statements.

4. Judgments and estimates

Use of judgments and accounting estimates with significant effect on the financial statements

Findeter makes estimates and assumptions that affect the amounts recognized in the financial statements and the book value of the assets and liabilities within the next accounting period. The judgments and estimates are continually evaluated and are based on the experience of Findeter and other factors, including the expectation of future events that are believed to be reasonable.

Findeter also makes certain judgments other than those involving estimates in the process of applying the accounting policies. The judgments that have the most important effects on the amounts recognized in the financial statements and the estimates that may cause an adjustment in the book value of the assets and liabilities in the year include the following:

i. Impairment of Financial Assets:

a) Impairment of credit portfolio

For the re-loan portfolio the impairment of an intermediary is calculated, which is a process whose objective is to mitigate losses in the event of default. This process goes through several stages:

- Qualitative analysis of the intermediary.
- Calculation of the value to be impaired.
- Adjustment for systemic risk of the value to be impaired.

Taking into account that Findeter S.A carries out operations with several types of intermediaries (Family Compensation Funds, Savings and Credit Cooperatives, Employee Funds, Credit Establishments and INFIS), the methodology is adjusted to the particularities of each type of intermediary.

The risk category depends on the weighted rating that in turn arises from the quantitative rating factor.

ii. Estimation for legal processes

A provision for legal proceedings is estimated and recorded, in order to cover possible losses for labor cases, civil, commercial, tax or other cases according to the circumstances that, based on the opinion of Findeter's Legal Department and the committee of Judicial defense, supported by concepts of external legal advisors when circumstances so warrant, are considered probable for loss and can be reasonably quantified. Given the nature of the claims, cases and / or processes, it is sometimes not possible to make an accurate forecast or quantify a loss amount in a reasonable manner, therefore, the differences between the actual amount of disbursements actually made and Estimated and initially provisioned amounts are recognized in the period in which they are identified.

iii. Onerous Contracts

Findeter, analyzing the provisions of IAS 37 Paragraph 10, periodically performs a review of the contracts signed and in execution, in order to estimate if any contract exists where the expenses incurred exceed the benefits of the contracted service, verifying that no contracts were identified with the previous characteristic.

iv. Financial guarantees

In order to analyze the risk associated with the financial guarantee issued by Findeter and to estimate the losses associated with it, a methodology was designed that considers the following variables:

- The reduction of interest due to a probable restructuring of the municipality's debts within the framework of Law 550.
- The sensitivity of the flows to changes in the interest rate of the loans (consumer price index CPI).
- The sensitivity of revenues due to changes in the allocation of the budget of the General System of Participation SGP in the subjects of drinking water.

With the above information, an expected loss is defined in an aggregate manner.

5. New accounting pronouncements

IFRS 9. FINANCIAL INSTRUMENTS as of January 1, 2018 the application of IFRS 9 - Financial Instruments came into effect, which establishes changes in the measurement of the impairment of accounts receivable, whose application was considered by Findeter

prospectively, without having an effect on the re-expression of the comparative financial statements of 2017.

Other accounts receivable

Initial Recognition

Accounts receivable derived from non-financial services are measured at the value of the transaction. These accounts receivable do not have the recognition of a significant financial component according to what was initially agreed with the counterparty.

Subsequent Recognition

For the accounts that are expected to be recovered in less than a year, there is no interest measurement, therefore, its measurement is carried out according to its recognition as a transaction value decreased by the collections of the payments received.

Impairment

The recognition of the impairment of accounts receivable is made in accordance with a simplified method or approach in reference to the expected losses during the life of the account receivable. In the case of Findeter no impairment is quantified because, there is no uncertainty about its recovery due to the fact that the debtor is the State through the government ministries and other state-owned entities.

In this regard, it was determined that the application in the policy mentioned above did not generate an impact on the financial statements.

IFRS 15. IFRS 15 "Revenue from ordinary activities from contracts with customers": Findeter implemented this standard using the product method which consists of the services of technical visits, preparation of Terms of Reference (TDR), fixed costs and variable costs, for purposes of recognizing technical assistance services. Transactions until December 31, 2017, were recognized under IAS 18

Once the services provided by the entity were analyzed, the applicable accounting policy was established to determine the amount to be recognized in accordance with the service and the contractual conditions, which has allowed the amount to be recognized for the tasks performed to be quantified, recording it in FINDETER's quarterly financial statements as an income caused by the services rendered, according to the progress of the deliverables object of each contract subscribed with the clients.

IFRS 16. Lease Agreements. FINDETER is carrying out an analysis of the lease agreements signed to date to determine the contractual conditions of these; identifying if in the contract the landlord retains substantially all the risks and benefits inherent to the ownership of the leased asset. Where lease payments are recognized on a straight-line basis as an expense in the income statement during the term of the contract. Another type of lease is one in which all the risks and advantages inherent in the ownership of the asset are substantially transferred, although ownership of the asset is not transferred, but it is determined that there is full right of use and the obligation to pay. The goods received under this modality will be recognized in the balance sheet as property, plant and equipment for own use according to their purpose and are initially accounted for in assets and liabilities simultaneously for a value equal to the fair value of the asset received in lease or for the present value of the minimum payments of the lease, if this is lower. After the initial recognition, the asset is accounted for in accordance with the applicable accounting policy, regarding depreciation, the asset is depreciated by the lesser of the term of the lease contract and the useful life of the assets held in the entity.

Currently, FINDETER is evaluating the impacts of the application of the aforementioned regulation and determining the amounts to be recognized at the end of 2018.

6. Operating segments

The operating segments are defined as a component of an entity: (a) that develops business activities from which it can obtain income from ordinary activities and incur expenses; (b) whose operating results are reviewed on a regular basis by the highest authority in the decision making for operations of the entity; and (c) on which differentiated financial information is available.

In accordance with this definition and taking into account that the Board of Directors, the highest authority in the decision making for operations, regularly reviews and evaluates a variety of information and financial data, which are key to evaluating performance and making decisions related to the investment and assignment of funds. Findeter defined two operating segments of business lines for the provision of services; Financial Services and Technical Assistance, for this purpose, the direct allocation of income, expenses, assets and liabilities was established, in accordance with the allocation of the cost centers of the Findeter areas.

It should be noted that there are no levels of integration between the segments, the business units carry out separate activities, which do not generate inter-segment pricing. The yield generated by each segment is measured on income before income tax, according to the monthly reports presented to the board of directors.

It is important to point out that for purposes of the distribution of assets and liabilities these are allocated according to the cost centers that make up each segment, for the respective period, there is an increase in the liabilities of the assistance segment, due to the fact that they were added up to this segment, areas that were added to said generating unit, which justifies the variation.

The following figures correspond to income and expenses for years ending in:

Miles de pesos
Segmento sobre los que debe informarse

	<u>SERVICIOS FINANCIEROS</u>		<u>ASISTENCIA TÉCNICA</u>		<u>TOTAL</u>		<u>SERVICIOS FINANCIEROS</u>		<u>ASISTENCIA TÉCNICA</u>		<u>TOTAL</u>	
	<u>1 de julio a 30 sep</u>	<u>1 de julio a 30 sep</u>	<u>1 de julio a 30 sep</u>	<u>1 de julio a 30 sep</u>	<u>1 de julio a 30 sep</u>	<u>1 de julio a 30 sep</u>	<u>30-Sept-18</u>	<u>30-Sept-17</u>	<u>30-Sept-18</u>	<u>30-Sept-17</u>	<u>30-Sept-18</u>	<u>30-Sept-17</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>						
Ingresos ordinarios, neto												
Servicios	155,952,553	172,873,873	16,437,858	19,326,596	172,390,411	192,200,469	491,915,638.74	555,606,667	52,462,140	58,587,837	544,377,778.60	614,194,504
Ingresos por arrendamiento	46,986	43,819	-	-	46,986	43,819	130,276	120,106	-	-	130,276	120,106
Utilidad por valoración de inversiones, neto	9,872,706	10,867,405	-	-	9,872,706	10,867,405	31,347,085	32,677,329	-	-	31,347,085	32,677,329
Utilidad por valoración derivados, neto	4,502,529	-	-	-	4,502,529	-	-	-	-	-	-	-
Utilidad por diferencia en cambio, neto	-	32,458,460	-	-	-	32,458,460	2,016,336	19,126,227	-	-	2,016,336	19,126,227
Total ingresos ordinarios	170,374,774	216,243,556	16,437,858	19,326,596	186,812,632	235,570,153	525,409,336	607,530,330	52,462,140	58,587,837	577,871,476	666,118,166
Gastos amortización y depreciación	246,683	539,468	63,772	43,999	310,454	583,467	1,058,788	1,299,538	147,682	119,422	1,206,470	1,418,960
Pérdida por valoración derivados, neto	-	42,527,047	-	-	-	42,527,047	21,521,793	53,523,886	-	-	21,521,793	53,523,886
Perdida por diferencia en cambio, neto	10,589,165	-	-	-	10,589,165	-	-	-	-	-	-	-
Deterioro neto por activos financieros de crédito	460,192	4,394,180	-	-	460,192	4,394,180	(5,463,249)	2,895,072	-	-	(5,463,249)	2,895,072
Otros	75,736	8,071,443	-	-	75,736	8,071,443	820,748	20,147,024	-	-	820,748	20,147,024
Gastos que no han dado lugar a salida de efectivo (no monetarios):	11,371,776	55,532,138	63,772	43,999	11,435,547	55,576,137	17,938,080	77,865,519	147,682	119,422	18,085,763	77,984,941
Gastos que dan lugar a salida de efectivo (monetarios):												
Gastos financieros	19,688,180	21,486,348	15,966,091	14,779,291	35,654,271	36,265,638	62,351,183	60,092,345	50,014,387	42,216,301	112,365,571	102,308,646
Utilidad/(Pérdida) antes de impuestos	17,556,133	9,441,867	407,995	4,503,307	17,964,128	13,945,174	73,867,808	54,645,400	2,300,070	16,252,114	76,167,878	70,897,514
Gasto/(Ingreso) por impuesto sobre las ganancias	6,476,189	986,316	150,503	470,424	6,626,692	1,456,740	25,757,273	22,073,510	802,021	6,564,893	26,559,294	28,638,403
Utilidad/(Pérdida) Neta	11,079,944	8,455,551	257,492	4,032,883	11,337,437	12,488,434	48,110,535	32,571,890	1,498,049	9,687,221	49,608,584	42,259,111
Activos	9,544,712,660	9,396,542,181	46,676,528	39,444,934	9,591,389,188	9,435,987,115						
Pasivos	8,363,397,230	8,347,652,593	95,625,646	4,314,421	8,459,022,876	8,351,967,014						

7. Seasonality or cyclical nature of the transactions of the period

Findeter does not present seasonality in its operations, our transactions developed in a homogeneous manner during the period.

8. Fair value estimation

Findeter values the financial assets and liabilities traded in an active market with available and sufficient information at the valuation date such as derivatives and debt and equity securities, by means of the price information published by the official contracted price provider (PRECIA S.A.). In this way, Findeter obtains the prices and curves published by the supplier and applies them according to the methodology corresponding to the instrument to be valued.

The fair value of non-monetary assets such as held for sale and investment properties is determined by independent experts using the comparison or market method.

The fair value hierarchy has the following levels

- Level 1 entries are quoted prices (unadjusted) in active markets for assets or liabilities identical to those that the entity can access at the measurement date.
- Level 2 entries are inputs different to the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 entries are unobservable inputs for the asset or liability.

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

i. Fair value measurements on a recurring basis

Recurring measurements are those required or permitted by IFRS accounting standards in each reporting period and which are measured regularly on that basis. If their measurement is required in a circumstantial manner, they are classified as non-recurrent.

In order to determine the fair value hierarchy levels, an evaluation is made of the methodologies used by the official price provider and the expert criterion of the treasury areas, who have knowledge of the markets, the inputs and the approaches used for estimating fair values.

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

Activos	Valor razonable	Nivel de jerarquía			Valor razonable	Nivel de jerarquía		
	31 de marzo de 2018	1	2	3	31 de diciembre de 2017	1	2	3
Inversiones Negociables								
Títulos de deuda otras entidades financieras	87,768,309	-	87,768,309	-	82,664,878	-	82,664,878	-
Títulos de deuda de Gobierno	55,878,986	55,878,986	-	-	55,669,746	55,669,746	-	-
Fondo de Capital Privado- Ashmore	56,411,364	-	-	56,411,364	55,019,243	-	-	55,019,243
Fondos de Inversión Colectiva	21,215,044	-	21,215,044	-	21,234,122	-	21,234,122	-
Cambios en Patrimonio								
Acciones FNG	29,197,484	-	29,197,484	-	29,476,483	-	29,476,483	-
Total activos	250,471,186	55,878,986	138,180,836	56,411,364	244,064,472	55,669,746	133,375,483	55,019,243
Pasivos								
Forward de moneda	67,727,328	-	67,727,328	-	11,362,686	-	11,362,686	-
Total pasivos	67,727,328	-	67,727,328	-	11,362,686	-	11,362,686	-

Financial assets and liabilities measured at fair value did not present transfers of value hierarchy as September 30th, 2018.

For the case of the investment classified in the fair value hierarchy 3, which corresponds to the investment in the Ashmore Colombia FCP-I Infrastructure Fund, said valuation of the unit of participation that is held is obtained from the value of the Fund at the close 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 Units of Participation issued by the Fund at the close of the previous day (Total Units of the Fund, which are generated in each capital call). The result gives the value of the unit of participation of the Fund that is reported to the investors in accordance with the provisions of the Regulations.

Findeter as of September 30, 2018, records an investment in the Ashmore Colombia FCP-I Infrastructure Fund, for \$ 57.784.087, a figure equivalent to having a 12.86% stake and having 1,874,957.62 units of the total of the Fund. The valuation of the fund is reported by an independent third party in accordance with the provisions of the fund regulations. The valuation variables are presented in the following table:

Tipo	Técnica de valoración	Información significativa no observable	Interrelación entre la información no observable significativa y la medición del valor razonable
Consideración Contingente	La valoración de las empresas que hacen parte del Fondo de Infraestructura Ashmore Colombia FCP-I se realiza a través de las metodologías Flujo de Caja descontado y Avalúo de Activos.	<p>La principal información significativa no observable corresponde a:</p> <ol style="list-style-type: none"> 1. Los ingresos estimados para el periodo de valoración. 2. La estructura de pricing y costos de las compañías 3. El costo promedio ponderado de capital utilizado para descontar los flujos futuros 4. El nivel de gastos administrativos y de ventas. 5. Las políticas de administración de capital de trabajo utilizadas en la proyección. 6. La estructura de balance utilizada en la proyección. 7. La política de dividendos de cada una de las compañías. <p>La información de los puntos mencionados anteriormente proviene de los planes de negocio que se generan al interior de cada compañía, que a su vez se construyen con base en un desempeño histórico, en unos objetivos de crecimiento específicos de acuerdo con información de mercado y en las estrategias del negocio.</p>	<p>El valor de la unidad estimado puede aumentar o disminuir si:</p> <ol style="list-style-type: none"> 1. Los supuestos de ingresos proyectados se cumplen 2. Si hay un efectivo control de costos y gastos en cada compañía 3. Si se incrementan o disminuyen los requerimientos de capital de trabajo 4. Si la política de dividendos es modificada sustancialmente. 5. Si la tasa de descuento usada para descontar los flujos de caja libre aumenta o disminuye.

On the other hand, and in accordance with the methodologies approved by the Financial Superintendence of Colombia, the price provider receives the information from all external and internal sources of negotiation, information and registration within the established schedules.

Accounts receivable are recorded according to their transaction value, they have no associated interest or payment flows except the principal that corresponds to short-term figures.

ii. Applicable methodologies for the valuation of investments in debt securities and equity certificates:

- **Market Prices:** methodology applied to assets and liabilities that have sufficiently large markets, in which the volume and number of transactions sufficient to establish an exit price for each negotiated reference are generated. This methodology, equivalent to a level 1 hierarchy, is generally used for investments in sovereign debt securities, financial entities and corporate debt in local and international markets.
- **Margins and reference curves:** methodology applied to assets and liabilities for which market variables are used as reference curves and spreads or margins with respect to recent quotes of the assets or liability in question or similar. This methodology, equivalent to a level 2 hierarchy, is generally used for investments in debt securities of financial institutions and corporate debt of the local market of low-recurrent issuers with low amounts in circulation.

iii. Applicable methodologies for the Valuation of derivative financial instruments:

- **OTC derivative financial instruments:** these instruments are valued by applying the discounted cash flow approach, in which, based on inputs published by the price provider of domestic, foreign and implicit interest rate curves, and exchange rates, the future flows of each contract are projected and discounted depending on the underlying flow in question. The portfolio of these instruments, classified in level 2 of fair value, is made up of forward currency contracts.

iv. Measurement at fair value on non-recurring bases: As of September 30, 2018, there are assets or liabilities valued at fair value determined on a non-recurring basis.

The following is the detail of the way in which the financial assets and liabilities managed by accounting until maturity were valued at fair value for the purposes of this disclosure.

- **Credit portfolios:** For Credit portfolios, their fair value was determined using cash flow models discounted at the interest rates at the cut off dates for the valued portfolios.
- **Investments measured at amortized cost:** For investments measured at amortized cost, their fair value was determined using cash flow models discounted at the cut-off interest rates of the portfolios valued.
- **Deposit Transactions:** For the transaction of certificates of deposit and the issuance of outstanding securities, their fair value was determined using cash flow models discounted at the cut interest rates of the valued portfolios.
- **Financial Obligations and Other Financial Liabilities:** For financial obligations and other credit liabilities, their fair value was determined using cash flow models discounted at the interest rates at the cut off dates of the valued portfolios.

30 de Septiembre de 2018

	Valor en libros	Valor razonable
Activos		
Cartera de creditos (bruto)	\$ 8,645,845,024	8,651,863,557
Inversiones	29,679,638	30,666,717
Total activos financieros	<u>8,675,524,662</u>	<u>8,682,530,274</u>
Pasivos		
Certificados de Depósito a Término	5,307,932,796	5,316,622,442
Instrumentos de deuda emitidos	1,148,111,331	1,156,873,345
Créditos de bancos y otras obligaciones	1,884,638,458	1,892,340,617
Total pasivos	<u>\$ 8,340,682,585</u>	<u>8,365,836,404</u>

31 de diciembre de 2017

	Valor en libros	Valor razonable
Activos		
Cartera de creditos (bruto)	\$ 8,357,330,116	8,395,821,353
Inversiones	29,340,370	29,314,504
Total activos financieros	<u>8,386,670,486</u>	<u>8,425,135,857</u>
Pasivos		
Certificados de Depósito a Término	5,131,628,443	5,340,612,712
Instrumentos de deuda emitidos	1,165,835,913	1,192,463,561
Créditos de bancos y otras obligaciones	1,931,188,286	1,942,706,285
Total pasivos	<u>\$ 8,228,652,642</u>	<u>8,475,782,558</u>

9. Loan portfolio and financial leasing operations

The financial assets account by loan portfolio in the balance sheet is classified by commercial portfolio, consumption and housing, taking into account that this is the classification adopted by the Financial Superintendence in the new Unique Catalog of Financial Information "CUIF", the balances of the portfolio are shown according to the modalities in the following classification detail:

	Sep-18	Dec-17
Ordinary loans	\$8,559,412,642	8,273,351,840
Housing portfolio (employees and former employees)	35,334,993	34,779,095
Credits to employees (consumption)	3,044,502	3,133,976
Loans to former employees (consumption)	512,209	577,895
Accounts receivable interest	47,540,678	45,487,310
Subtotal	8,645,845,024	8,357,330,116
Impairment*	74,569,468	80,032,717
Total	\$8,571,275,556	8,277,297,399

*The decrease in provisions reflected between the period of December 2017 and September 2018 is mainly due to the improvement in the internal risk category of one of Findeter's main clients, this customer in the month of December was in risk category " A2 "and for the period the category of this customer had improved to" A1 ", this change of category implied a lower risk associated with the client and consequently a lower value of provisions.

The movement of portfolio impairment is shown as follows:

Impairment Portfolio balance	Sept-18	Sept-17
Initial balance deterioration Capital	80,032,717	66,592,974
Capital Recoveries	13,247,140	11,326,200
Capital Charges	(8,061,612)	(14,614,409)
Recoveries Interests	2,197,644	1,868,502
Charges Interests	(1,919,923)	(1,475,365)
Final balance Capital deterioration	74,569,468	69,488,046

Movement Deterioration Portfolio-Expenditure	Sept-18	Sept-17
Capital Recoveries	13,247,140	11,326,200
Capital Charges	(8,061,612)	(14,614,409)
Recoveries Interests	2,197,644	1,868,502
Charges Interests	(1,919,923)	(1,475,365)
Net impairment portfolio	5,463,249	(2,895,072)

10. Provisions

The following is the movement of provisions:

	Legal proceedings, fines, sanctions and indemnities (1)	Other miscellaneous provisions (2)	Total
Balance as of December 31, 2017	\$2,608,882	68,387,546	70,996,428
New provisions	11,393	544,322	555,715
Increase (decrease) in existing provisions	(182,148)	(1,076,147)	(1,258,295)
Balance as of September 30, 2018	\$2,438,127	67,855,721	70,293,848

(1) Provisions for legal processes correspond to: labor processes; for which it is not possible to determine a disbursement schedule since there are different processes in different instances. During the period it presented a decrease of \$ 170,755, derived from a judicial proceeding filed against the entity, which was decided in favor of FINDETER and generated a decrease in the provision.

(2) The other provisions correspond to the values calculated for:

a) the coverage of the technical estimate of the National Guarantee Fund on the social interest housing loans granted, amounting to \$ 33.652.697, represented an increase of \$410.210 as a result of the guarantees that increase the reserve.

b) The registry of the provision on the water bonds that guarantees the possible loss of the credits granted by the financial intermediaries to the territorial creditor entities, to the line of credit of these bonds, in the amount of \$ 33,335,226. It should be noted that this provision was increased by \$ 134,112 in accordance with the analysis of the possible loss ratio, which will be recognized progressively until the risk curve of the bonds is covered.

c) On the other hand, a reduction on the Trade Industry Tax provision of \$ 1.076.147 corresponding to the provision for the fourth bimester of 2018 is recorded, which adjusts to the income of October.

11. Income Tax

Income tax expense is recognized based on the administration's best estimate of both current income tax and deferred income tax. The effective tax rate of Findeter S. A. in respect of continuing operations for the three-month period ended September 30, 2018 was 36.89% (Three-month period ended September 30, 2017, 10.45%).

The variation of 26.44% in the effective tax rate originates mainly because The variation of 26.44% in the effective tax rate originates mainly because as of September 2017, Findeter made a remeasurement of deferred taxes approximately of \$ 3,719 million as a result of the actualization of the same; whose impact on the effective rate of this period compared to the quarter ended September 2018 is 23.09%.

The effective tax rate of Findeter regarding continuous operations for the nine-month period ended September 30, 2018 was 34.87% (nine-month period ended September 30, 2017, 40.39%).

The variation of (5.52%) in the effective tax rate originates mainly due to the following factors:

- For the year 2018 the tax rate is 37% and for 2017 the tax rate was 40%, therefore there is a decrease of 3 percentage points in the effective rate from one period to another.
- As of September 2018, a reimbursement of the provision for income tax of the previous year 2017 was recognized, amounting to \$ 1,603 million, whose effect on the effective rate of this nine-month period compared to the same nine-month period in 2017 is (2.10 %).

12. Equity of shareholders

Capital in shares

The authorized, issued and outstanding common shares of the Financial Company have a nominal value of 100,000 for each one, they are represented as follows:

	<u>Sep-18</u>	<u>Dec-17</u>
Number of subscribed and paid shares	9,717,139	9.243.131
Subscribed and paid capital	971,713,900	\$ 924.313.100

Dividends decreed	2,611	2,560
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During the general shareholders' meeting held on March 22, 2018, the profit distribution project was approved, where the capitalization was ordered for a value of \$ 47,400,800. The legal procedure came into effect in the month of April 2018.

The Entity has not issued preferred shares,

13. Assets and Contingent Liabilities

The commitments and contingencies correspond to:

	<u>Sep-18</u>	<u>Dec-17</u>
Contingent assets:		
Interests suspended loans (1)	\$ 998.580	939,591
	<u>\$ 998.580</u>	<u>939,591</u>
Contingent liabilities		
For stipulated litigation (Claims) (2)	\$1,044,911	33,296,341
BID loans credits (3)	20,965,918	16,812,440
Approved and undisbursed credits (4)	627,692,961	702,545,153
	<u>\$649,703,790</u>	<u>752,653,934</u>

The balances of this account correspond to:

(1) Suspended interests

They correspond to interest on loans granted to former officials of the entity, who have not serviced the debt on the acquired obligations.

- (2) Corresponds to the claims arising from the legal proceedings against FINDETER, of which there are different types of processes underway such as, labor and administrative processes, whose loss assessment is probable or possible. The variation presented by the contingency account for litigation in process originates, mainly due to the change of methodology in the determination of the figures that comprise it. Taking into account that as of this year, the resulting difference between the value of the claims of the plaintiffs and the value provided by FINDETER is

revealed, which really supports the possible contingency. In front of the previous record that corresponded to reveal the total value of the claims of the plaintiffs.

(3) Counter-guarantees

FINDETER signed the Loan Contracts with the IDB, loans 1967, 2314, 2768 and 3392, on which counter-guarantee contracts were constituted in favor of the Nation, in which the income received by FINDETER for the On-loan Portfolio Collection is pledged and paid directly in Deposit Account No.65812166 of the Colombian Central Bank. Said income must cover at least 120% of the value of the semiannual service of the debt of the Loan Agreement. In addition to the granting of the promissory note with its respective instruction letter.

- (4) The commitments derived from the approved undisbursed loans are the product of the contracts with customers, in this sense it is determined that the pending unused credit balances do not necessarily represent future cash requirements because said quotas may expire and not be used totally or partially but are recognized in the contingent accounts as possible capital requirements.

In the following list, the value of the approved loans is reported to the different financial entities which have not been disbursed by Findeter

Bank entity	Sep-18	Dec-17
Banco de Bogotá S.A.	\$3,839,000	10,640,000
Banco Davivienda S.A.	6,480,000	17,955,000
Bancolombia S.A.	614,252,961	665,305,153
Banco de Occidente S.A.	3,121,000	8,645,000
	\$627,692,961	702,545,153

14. Transactions with related parties:

Transactions with related parties:

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

Between Findeter and its related parties the following are presented:

- Loans with interest rates different from those that are ordinarily paid or charged to third parties under similar conditions of term, risk, etc.

Due to the activities of the board of directors, fees were paid to its Members for attending meetings of the Board of Directors and Committees. The sum of:

	<u>Sep-18</u>	<u>Sep-17</u>
Board of Directors Fees	143.058	192.544

As of September 30, 2018 and December 31, 2017, FINDETER records balances of the credit portfolios and remuneration with the key personnel of FINDETER, as detailed below:

	<u>Jun-18</u>	<u>Dec-17</u>
Credit portfolios	2.074,556	1,254,066

All operations and disbursements were made at market prices.

- Findeter is an entity linked to the Ministry of Finance and Public Credit of the Colombian Government, this being its main shareholder.

Within its financial operations, the financial statements reflect the following balances representing transactions with parties related to government entities:

ENTITY	Item	<u>Mar-18</u>	<u>Dec-17</u>
Ministry of Finance	Compensated Rates	<u>\$34,875,271</u>	<u>15,813,125</u>

Accounts payable by way of resources received in advance for purposes of interest rate compensation, in loan placements with special rates, which have as beneficiaries loans to Territorial Entities, and such benefits are received through FINDETER'S financial institution clients.

15. Subsequent events

There are no economic events that occurred after the cut off date (subsequent events) that could affect the financial situation, the prospects of FINDETER or that question the continuity of the same.