Financiera de Desarrollo Territorial S. A. - FINDETER

AUDITED FISCAL YEAR

FINANCIAL STATEMENTS

2017

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Statement of Financial Position
To December 31, 2017
(In thousand of pesos)

Statement of Financial Position	Note		2017	2016 Restated (*)	January 1st 2016 Restated (*)
Assets					
Cash and cash equivalents	8	$	770.919.769	723.497.771	728.042.319
Investment financial assets	9		274.877.767	234.889.863	194.745.531
Financial derivatives instruments	9		-	1.318.620	4.774.446
Loans and Financial leasing operations, net	10		8.277.297.399	7.834.490.725	6.900.276.059
Trade accounts receivable and other accounts receivable, net	11		62.055.142	68.517.151	58.074.202
Non-current assets held for sale	12		-	220.100	17.590.399
Current tax assets			-	-	12.260.347
Deferred tax assets, net	16		19.423.487	16.103.311	0
Property, plant and equipment	13		29.043.803	29.339.585	29.830.640
Investment properties	14		619.546	606.994	566.860
Intangible Assets	15		335.953	1.013.570	841.193
Other Assets-Net	17		1.414.249	1.859.557	1.430.646
Total Assets		$	**9.435.987.115**	**8.911.857.247**	**7.948.432.642**
Equity and Liabilities					
Liabilities					
Deposits	18		5.131.628.443	4.788.503.619	4.530.182.311
Derivatives financial instruments	9		11.362.686	16.802.920	15.814.189
Financial obligations	20		1.931.188.286	2.016.586.611	1.330.405.297
Trade accounts payable and other accounts payable	23		27.589.788	43.652.824	68.823.980
Employee benefits	21		6.324.981	5.627.405	4.930.017
Investmen securities	19		1.165.835.913	957.819.594	957.728.641
Provisions	22		70.996.428	50.180.755	38.405.965
Income tax	16		5.035.463	219.496	-
Other non-financial liabilities	23		6.312	26.796	296.528
Other financial liabilities	23		1.998.714	1.500.953	797.279
Total Liabilities		$	**8.351.967.014**	**7.880.920.973**	**6.947.384.207**
Equity					
Issued capital	24		924.315.660	887.480.160	858.637.697
Reserves	24		65.584.348	60.925.677	61.915.967
Profit/Loss first-time adoption			34.071.300	34.071.300	34.071.300
Unrealized profit and loss			(10.102.174)	(11.039.512)	566.820
Retained earnings			70.150.967	59.498.649	45.856.651
Net Income			52.146.489	41.494.171	43.780.447
Retained earnings			18.004.478	18.004.478	2.076.204
Total equity		$	**1.084.020.101**	**1.030.936.274**	**1.001.048.435**
Total equity and liabilities		$	**9.435.987.115**	**8.911.857.247**	**7.948.432.642**

See accompanying notes to the condensed financial statements
*See note 3 of restatement

RODOLFO ENRIQUE ZEA NAVARRO
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(See my report from February 20,2018)

*Original copies signed

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Income Statement
To December 31, 2017 2017
(Thousand of colombian pesos)

	Note		2017	2016 Restated (*)
Ordinary Operating Revenues, net				
Interest income loans	25	$	685.012.999	703.458.040
Investment evaluation profit, net			46.944.281	60.663.091
Operating Expenses				
Interest expenses, term deposit certificates			(373.408.805)	(417.787.857)
Interest expenses, financial obligations	25		(80.979.169)	(70.268.750)
Interest expenses, bonds in circulation			(86.823.302)	(76.487.800)
Loss from exchange rate diferences, net			4.731.047	39.906.797
Loss for derivative evaluation, net			(47.662.577)	(91.164.186)
Ginancial margin, net			**147.814.474**	**148.319.335**
Impaired Financial assets and accounts receivable, net	10		(13.354.735)	(2.744.012)
Financial margin, before impaired loan portfolio, net			**134.459.739**	**145.575.323**
Income and expenses for commissions and other services				
Income, commissions and other services	25		124.073.344	89.939.277
Expenses, commissions and other services	25		(8.754.792)	(7.244.103)
Income and expenses for commissions and other services, net			**115.318.552**	**82.695.174**
Other income and expenses				
Other income	26		6.372.650	11.732.114
Other expenses	27		(163.231.273)	(159.685.695)
Other income, net			**(156.858.623)**	**(147.953.581)**
Profit before income tax and CREE			**92.919.668**	**80.316.916**
Tax profit and CREE expenses	16		(40.773.179)	(38.822.745)
Net Income		**$**	**52.146.489**	**41.494.171**

*See the notes accompanying the condensed financial statements
*See note 3, restated

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER
Condensed Cash Flow Statement
For the trimester ending December 31st 2017
(In thousands of pesos)

		December 31st 2017	December 31st 2016 Restated (*)
Net income		52.146.489	41.494.171
Reconciliation of net income and net cash lows used in operating activities	$		
Provisions of Loans, Financial Leasing operations and others, net.		13.354.735	2.744.012
Depreciations	27	905.645	600.290
Amortizations	15 / 27	1.235.156	1.241.206
Valuation and investments interests, net		(46.944.281)	(60.663.091)
Derivatives valuation and contracts operations, net		47.662.577	91.164.186
Interests expenses		541.211.276	564.544.407
Interests income	25	(685.012.999)	(703.458.040)
Current tax recovery from previous periods	16	600.797	-
Income tax	16	40.773.179	38.822.745
Changes in assets and adjustment for exchange difference in operating liabilities:			
Increase (decrease) loan portfolio and financial leasing operations		393.934.937	(119.822.288)
Decrease Account receivable		14.573.152	20.422.451
Increase other assets		(44.248.843)	(43.094.620)
Increase other provisions		20.815.672	11.774.791
Decrease Account payable andother liabilities		(402.952.740)	(512.584.564)
Increase employee benefits	21	697.576	697.387
Decrease non-financial liabilities		497.761	703.674
Decrease in acceptances, cash transactions and derivatives		(53.102.811)	(90.175.455)
Increase (decrease) not realized profit		937.338	(11.606.332)
Decrease (increase) property and equipment		(227.845)	221.453
Decrease (Increase) assets held for sale	12	220.100	(220.100)
Paid income tax		4.815.967	17.809.895
Paid interests		(723.219.607)	(625.919.550)
Received interests		744.860.008	623.090.724
Net cash flows used in operations		**(76.466.761)**	**(752.212.649)**
Sales of property and equipment		1.551	2.272
Property and equipment purchases	13	(396.121)	(370.822)
Other non-tangible assets purchases	15	(557.539)	(1.413.583)
Cash flows for investment activities		**(952.108)**	**(1.782.133)**
Issuance of outstanding investment securities	19	203.680.000	-
Decrease ordinary purchased interbank funds		(5.256.583)	(6.890.815)
Bank loans and other financial obligations (new)		81.762.484	827.072.872
Payments of bank loans and other financial obligations		(157.419.043)	(86.894.145)
Net cash flows (used in) from financing activities		**122.766.857**	**733.287.912**
Net increase (decrease) of cash and cash equivalents, before the change in exchange rate		45.347.988	(20.706.871)
Effect of the exchange rate variation on cash and cash equivalents		2.074.010	16.162.323
Net increase (decrease) of cash and cash equivalents	8	**47.421.998**	**(4.544.548)**
Cash and cash equivalents at the beginning of the period	8	723.497.771	728.042.319
Cash and cash equivalents at the end of the period	8	**770.919.769**	**723.497.771**
Available restricted		(21.514.105)	(26.436.726)
Cash and cash quivalents at the end of the period without the available restricted		**749.405.664**	**697.061.045**

*See the notes accompanying the condensed financial statements
*See note 3, restated

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY
For the period ending December 31st, 2017
(In thousands of pesos)

			Paid and share Capital	Reserves: Legal Reserves	Reserves: Occasional Reserves	Profit/Loss First-Time Adoption	Unrealized Profit (Loss)	Accumulated Profits: Retained Earnings	Accumulated Profits: Net Income	Total Equity
Initial Balance January 1st 2016		$	858.637.697	46.462.656	15.453.311	34.071.300	566.820	2.076.204	43.780.447	1.001.048.435
Changes in equity:										
Recapitalization of profits			28.842.463	2.785.216	(3.775.506)	-	-	15.928.274	(43.780.447)	-
Result for the period			-	-	-	-	-	-	41.494.171	41.494.171
Other comprehensive income			-	-	-	-	(11.606.332)	-	-	(11.606.332)
Total changes in equity			28.842.463	2.785.216	(3.775.506)	-	(11.606.332)	15.928.274	(2.286.276)	29.887.839
Ending balance December 31st, 2016		$	887.480.160	49.247.872	11.677.805	34.071.300	(11.039.512)	18.004.478	41.494.171	1.030.936.274
Initial balance January 1st, 2017		$	887.480.160	49.247.872	11.677.805	34.071.300	(11.039.512)	18.004.478	41.494.171	1.030.936.274
Changes in equity:										
Recapitalization of profits	24		36.835.500	4.149.420	509.251	-	-	-	(41.494.171)	-
Result for the period			-	-	-	-	-	-	52.146.489	52.146.489
Other comprehensive income			-	-	-	-	937.338	-	-	937.338
Total changes in equity			36.835.500	4.149.420	509.251		937.338	-	10.652.318	53.083.827
Ending balance December 31st, 207		$	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

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Statement of Comprehensive Income
To December 31st, 2017
(In thousands of pesos)

		31 diciembre 2017	31 diciembre 2016
Net income	$	52.146.489	41.494.171
Total Other Comprehensive Income that shall not be reclassified to the profit/loss of the period.			
Revaluation of fixed assets		227.845	(221.453)
Deferred taxes recognition		(571.130)	-
Others comprehensive income		2.300	(1.211.097)
Other Comprehensive Income, net of taxes, profit (losses) on investments in equity instruments		1.278.323	(10.173.782)
Total Other Comprehensive Income that shall not be reclassified to the profit/loss of the period, net of taxes		**937.338**	**(11.606.332)**
Total comprehensive income	**$**	**53.083.827**	**29.887.839**

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Financiera de Desarrollo Territorial S. A. - Findeter
Notes to the financial statements

As of December 31, 2017

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

Note (1) Reporting Entity

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. Treasury 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, two zones, for a total of seven offices in the country. Its term is indefinite.

The corporate purpose of Findeter is the promotion of regional and urban development, through financing and advice mainly to the municipalities and departments of Colombia regarding the design, execution and administration of projects or investment programs, in projects such as construction, expansion and replacement of infrastructure in the sectors of drinking water, transport routes, educational facilities, sports facilities, hospitals and health services, etc .; likewise the execution of those activities that by legal disposition are assigned to him or those that the National Government attributes to him.

The development of its corporate purpose is defined by the Decree 663 of 1993, Findeter, acts as a second-tier development bank to grant loans to state entities or individuals who are dedicated to developing projects of construction, expansion and replacement of infrastructure and technical assistance to adequately advance those activities, in the aforementioned sectors, through entities of the Colombian financial system, which assume the total credit risk with the client and Findeter assumes the credit risk of the financial entity, at rates of interest generally below the market, which are financed with resources obtained from multilateral organizations, collection of resources from the public through term deposit certificates, placement of bonds in national and international markets and own resources.

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. The NCIFs are based on the International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB, for its acronym in English) ; The basic standards correspond to those officially translated into Spanish and issued by the IASB as of December 31, 2015.

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 IAS 39 and IFRS 9, in addition to the treatment of the loan portfolio and its impairment, recognition of impairment of assets received as payment or restituted, 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.

Note (3) Significant accounting policies

a) Measurement bases

The individual financial statements have been prepared on the historical cost basis with the exception of the following items, which have been measured using an alternative basis at each balance sheet date.

Item	Measurement base
Derivative financial instruments	Fair value with changes in results
Financial instruments classified at fair value	Fair value with changes in results and for equity instruments that have been designated in the initial recognition, at fair value through changes in other comprehensive income
Investment properties	Fair value with changes in results
Property (Land and Buildings)	Revalued cost
Deferred tax	Temporary differences using applicable rates in the period of realization

b) Functional and presentation currency

The items included in Findeter's individual financial statements 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. In accordance with IAS 21. All information is presented in thousands of pesos and has been rounded to the nearest unit; except for the exchange rates that are presented in pesos.

c) Re-expression of financial statements.

The following correspond to reclassifications made to the financial statements as of December 31 and January 1, 2016.

Statement of Financial Position

1) Current and deferred taxes

Findeter recorded in its financial statements current assets and liabilities and deferred taxes assets and liabilities separately, that is, according to their nature.

On the other hand and for the purpose of presenting some items of the financial statements, they were adjusted as requested by IAS 1 "Presentation of Financial Statements" and IAS 12 "Income Tax" reclassifying the indicated taxes, to recognize them from net form, in compliance with that indicated in paragraph 71 of IAS 12 that indicates that an entity will offset the assets and liabilities for taxes and will present them compensated in the statement of financial position if and only if the Entity:

- It has the right, legally required, to offset the amounts recognized and
- It intends to settle for the net amount or to realize the asset and settle the liability simultaneously.

2) Pre investment Stand Alone Trust and ITAU-Portfolio Securitization

In compliance with the development of its corporate purpose, Findeter formed the Stand-Alone Pre investment Trust, therefore, as part of the activities carried out in said vehicle, the balance of the equity balances is carried out as of December 31 and January 1 , 2016, in Findeter's financial statements.

In relation to the securitization of the securitization, Findeter has maintained the risks on the onloan portfolio corresponding to the underlying asset, however, the securities that are part of this equity were repurchased by Findeter, therefore, it acts as debtor and creditor. These titles expire in November 2018, in this sense the integration of the remaining balances is made by the securitization.

3) Repurchase of CDT (reclassification No. 2 of the PT attached).

Findeter as issuer of certificates of deposit records as of December 31, 2016 and January 1, 2016, balances in assets and liabilities for the repurchase of securities issued. The asset is liquidated for investments and liability for a deposit certificate, in compliance with paragraph B3.3.2 of section 3.3 of IFRS 9, which establishes that if the issuer of a debt instrument purchases that instrument again, the debt will be canceled, even in the case that the issuer was a market maker for that instrument or tries to sell it again in the immediate future.

4) Reclassification of interest receivable from portfolio to loan portfolio, interest payable to fixed-term certificates of deposit, outstanding investment securities and financial obligations.

5) In accordance with the provisions of IAS 39, the classification and measurement of financial assets and liabilities can be carried out at fair value or amortized cost. Findeter records its active loan portfolio and its liabilities for term certificates of deposit, financial obligations and outstanding investment securities at amortized cost, however, interest was recorded in

accounts receivable and interest payable. The reclassification was performed due to the above and due to the proper presentation of the aforementioned accounts.

6) Reclassification of investments to cash and cash equivalent.

The reclassification of the available balance of the mandate with the National Guarantee Fund was carried out, which was recognized as a fiduciary right. And the interbank interest as cash equivalents. As well as the interests of the investment at amortized cost for the securities of Titularizadora Colombia.

The following is the detail of the affected accounts in the re-expression process:

Assets	**2016**	**Reclassification**	**2016 Re-expressed**
Cash and equivalents	696,743,156	26,436,726	723,179,882
Investment financial assets	250,011,522	(16,921,120)	233,090,402
Credit portfolio	7,746,319,653	34,119,604	7,780,439,257
Trade accounts receivable and other accounts receivable net	156,223,537	(31,535,468)	124,688,070
Current tax assets	42,446,212	(42,446,212)	-
Net deferred tax assets	27,614,993	(11,511,682)	16,103,311
	8,919,359,073	**(41,858,152)**	**8,877,500,921**
Liabilities			
Term deposit certificate	4,755,332,000	(12,500,000)	4,742,832,000
Accounts payable	110,812,118	24,599,742	135,411,860
Liabilities for current taxes	42,665,708	(42,446,212)	219,496
Liabilities for deferred taxes	11,511,682	(11,511,682)	-
	4,920,321,508	**(41,858,152)**	**4,878,463,356**

Relative importance analysis

December 31, 2016	Issued	Adjustment	Re expressed	Relative importance of re-expressed financial statement adjustments
Assets	8,953,715,399	(41,858,152)	8,911,857,247	0.47%
Liability	7,922,779,125	(41,858,152)	7,880,920,973	0.53%

Assets	January 1, 2016	Reclassification	January 1, 2016 Re-expressed
Cash and equivalents	684,978,353	42,884,703	727,863,056
Investment financial assets	206,003,518	(11,257,986)	194,745,532
Credit portfolio	6,812,404,904	55,589,256	6,867,994,160
Trade accounts receivable and other accounts receivable net	143,684,835	(53,149,468)	90,535,367
Current tax assets	29,330,399	(11,740,000)	17,590,399
Net deferred tax assets	25,069,011	(12,808,664)	12,260,347
	7,901,471,020	**9,517,839**	**7,910,988,861**
Liabilities			
Term deposit certificate	4,506,868,000	(11,500,000)	4,495,368,000
Accounts payable	103,881,365	33,826,503	137,707,868
Liabilities for deferred taxes	12,808,664	(12,808,664)	-
	4,623,558,029	**9,517,839**	**4,633,075,868**

Relative importance analysis

January 1, 2016	Issued	Adjustment	Re expressed	Relative importance of re-expressed financial statement adjustments

Assets	7,938,914,803	9,517,839	7,948,432,642	0.12%
Liability	6,937,866,367	9,517,839	6,947,384,206	0.14%

Statement of income

For information with a cut-off date of December 31, 2016, the net presentation of income and expenses for similar transactions was made, which is required by NIC 1 paragraph 35, in relation to net income from the valuation of derivatives, investments, exchange difference, portfolio deterioration.

On the other hand, the appropriate classification of income and expenses according to their nature or concept was made: for Credit portfolio income, income for comissions and fees, as well as the expenses for financial obligations, outstanding securities and commissions.

	2016	Reclassification	2016 Re-expressed
Reclasificaciones Statement of income			
Credit portfolios interest	746,894,026	(43,435,986)	703,458,040
Income from valuation investments	20,050,351	(20,050,351)	-
Investment valuation expenses	(2,823,246)	2,823,246	-
Profit from investment valuation, net	-	60,663,091	60,663,091
Interest on financial obligations and bonds	149,534,653	(2,823,246)	146,711,407
Profit in valuation of derivatives	772,134,290	(772,134,290)	-
Exchange difference	145,262,926	(145,262,926)	-
Loss on valuation of derivatives	(863,298,476)	863,298,476	-
Exchange difference	(105,356,129)	105,356,129	-
Loss for valuation derivatives and Exchange difference, net	-	(51,257,389)	(51,257,389)
	862,398,395	**-2,823,246**	**859,575,150**

Cash flow statement

The method of preparation of the Statement of cash flows was modified from the direct method to the indirect method, and the figures show variation due to the reclassifications described in note 3 (c).

c) Presentation of financial statements

The accompanying financial statements are presented taking into account the following aspects:

i. Statement of financial position

It is presented showing the different accounts of Assets and Liabilities ordered according to their liquidity, in case of sale or their enforceability, respectively, considering that for a financial institution this form of presentation provides more relevant reliable information. Due to the foregoing, in the development of each of the Assets and Financial Liabilities notes, the amount expected to be recovered or paid within twelve months and after twelve months is disclosed, in accordance with IAS 1 "Presentation of financial statements".

ii. Statement of income for the year and other comprehensive income

They are presented separately in two statements as allowed by IAS 1 "Presentation of financial statements". Likewise, the Statement of income is broken-down according to the nature of the expenses, a model that is the most used in financial institutions because it provides more appropriate and relevant information.

iii. Statement of cash flows

It is presented by the indirect method: In which the net flow of operating activities is determined by correcting the gain before taxes on income, by the effects of the items that do not generate cash flow, the net changes in Assets and Liabilities derived from the operating activities and for any other item whose monetary effects are considered cash flows of investment or financing. Income and interest expenses received and paid are part of operating activities.

For the preparation of the separate statement of cash flows, the following concepts are taken into consideration:

• Operating activities: these are the activities that are the main source of income for Findeter.

• Investment activities: correspond to the acquisition, transfer or disposal by other means of long-term Assets and other investments not included in cash and cash equivalents.

• Financing activities: Activities that produce changes in the size and composition of net assets and liabilities that are not part of the operational or investment activities.

iv. Statement of changes in Equity

The purpose of the Statement of Changes in Equity is to show the variations suffered by the different elements that make up the equity, in a given period. In addition to showing these variations, the Statement of Changes in Equity seeks to explain and analyze each of the variations, their causes and consequences within the financial structure of the entity.

d) Transactions in foreign currency

Transactions in foreign currency are converted to Colombian pesos using the prevailing exchange rate on the date of the transaction. Monetary Assets and Liabilities in foreign currency are converted to the functional currency using the exchange rate prevailing on the cut-off date of the Statement of financial position. As of December 31, 2017 and 2016, the rates were $ 2,984.00 and $ 3,000.71; respectively.

e) Cash and cash equivalents

Cash and cash equivalents include cash, deposits in banks and other short-term investments, mainly Interbank transactions with maturities of no more than one month, that are made as part of the usual administration of cash surpluses. In order for a financial investment to qualify as an equivalent of cash, it must be maintained to meet short-term payment commitments, rather than for investment or similar purposes, to be easily convertible into a certain amount of cash and to be subject to an insignificant risk to changes in its value

f) Operations of trust funds

In compliance with the functions defined for Findeter by the organic statute of the financial system, Findeter may enter into fiduciary contracts to manage resources destined to the development of its corporate purpose, in this sense as of December 31, 2017 Findeter has established the following fiduciary businesses

Fondo Nacional de Garantías (National Guarantee Fund)

Agreement signed between Findeter and the National Guarantee Fund, as a mandate without representation, so that the latter in exercise thereof, administers the monies that the Principal, delivers and they are responsible for guaranteeing the delinquencies of individual loans or real estate microcredits intended exclusively to finance the construction, remodeling or acquisition of qualified housing as a social interest. Within the framework of Law 812 of 2003, "National Development Plan 2002-2006", that in its Chapter II "Description of the main investment programs", which had as purpose to encourage the fulfillment of the goals of the National Government, in the placement of social interest housing portfolio in Colombia.

Agreement signed on March 8, 2004, with a term of one hundred and fourteen (114) additional months from the date of the last disbursement of credit that has guarantees under this agreement.

Fiduciaria Bogotá –Pre-Investment

Irrevocable merchant trust and administration contract signed between the Fiduciaria Bogotá S.A. and Findeter, so that the latter transfers resources with the purpose of the fiduciary making the contracts for the studies and design of the infrastructure project. These are within the framework of operations authorized to Findeter, such as providing technical assistance, structuring projects, technical and financial consulting.

The aforementioned operations are a mechanism used by Findeter to develop its corporate purpose and execute special programs to promote regional and urban development, therefore, the resources that originated at the time were resources from Findeter and are part of Findeter's financial statements.

ITAU

Commercial fiduciary contract for the securitization of the rediscount portfolio, signed between Findeter and Asset Manegemente Colombia. S.A. Trust Company (initially, Helm Fiduciaria S.A.), whose purpose was the constitution of an independent autonomous equity and separate from the assets of the parties, which will be made up of Assets trustor by the originator, consisting of a portfolio of rediscounts credits. This as a mechanism in the diversification of the fund practices that Findeter has authorized.

The Contract will be valid from the date of its subscription by the parties, until the obligations of the parties have been extinguished with the approval of the accounts presented by the trustee and the liquidation of the trust.

g) Operation Segments

Operation 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 operation decision making 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 of operations, regularly reviews and evaluates a variety of information and financial data, key to evaluate performance and make decisions related to investment and allocation 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 integration levels 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. See note 29.

h) Financial instruments Assets

The investments are classified in accordance with the provisions of chapter I and I-1 of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia with respect to: negotiable investments, investments to be held until maturity and investments available for sale.

i. Investment financial assets

Includes the investments acquired for the purpose of maintaining a secondary reserve of liquidity and complying with legal or regulatory provisions, with the objective of maximizing the risk-return ratio of portfolios and / or managed Assets and taking advantage of opportunities that arise in the markets in which it intervenes.

For investments that are valued at market prices, the entity values them using the information provided by the price provider INFOVALMER S.A. The supplier provides inputs for the valuation of investments (prices, rates, curves, margins, etc.), and has investment valuation methodologies approved in accordance with the provisions of Decree 2555 of 2010, as well as the instructions provided in the Basic Legal Circular of the Financial Superintendence of Colombia. Investments in participation certificates are valued according to the price provided by the management company of the securities and the other securities are valued at purchase TIR.

Below is the way in which the different types of investment are classified, valued and accounted for according to the business model defined by:

Negotiables		
Characteristics	**Valuation**	**Accounting**
Portfolio to manage fixed income and equity investments other than shares with the main purpose of obtaining profits, product of the variations in the market value of different instruments and in activities of purchase and sale of securities. It leads to active purchases and sales.	The investments represented in securities or debt securities are valued based on the price determined by the Valuation price provider. For exceptional cases in which there is no determined fair value for the valuation day, such securities or securities are valued exponentially from the internal rate of return. This procedure is performed daily. Participations in collective investment funds, private equity funds, among others, and the securities issued in the development of securitization processes are valued taking into account the value of the unit calculated by the management company on the day immediately prior to the date of Valuation, Unless they are listed on stock exchanges that mark a price on the secondary market, they must be valued according to this price.	The accounting of these investments is made in the respective accounts of "Investments at Reasonable Value with Changes in Results", of the Sole Catalog of Financial Information for the purpose of supervision. The difference between the current fair value and the immediately previous one is recorded as a higher or lower value of the investment, affecting the results of the period. This procedure is performed daily.

To maintain until its expiration		
Characteristics	**Valuation**	**Accounting**
Securities in respect of which the entity has the legal, contractual, financial and operational purpose and capacity to maintain them until maturity or redemption expires, taking into account that the structure of eligible financial instruments for this portfolio only implies payments of principal and interests. Money market operations can not be carried out on these investments (simultaneous repurchase or repurchase transactions or temporary transfer of securities), except in the case of forced investments or compulsory investments subscribed in the primary market and provided that the counterparty to the transaction is the Colombian Central Bank, the General Directorate of Public Credit and the National Treasury or the entities supervised by the Financial Superintendence of Colombia.	The accounting for these investments must be made in the respective accounts of "Investments at Amortized Cost", of the Sole Catalog of Financial Information for the Purpose of Supervision (CUIF).	The accounting for these investments must be made in the respective accounts of "Investments at Amortized Cost", of the Sole Catalog of Financial Information for the Purpose of Supervision (CUIF).

Likewise, they may be delivered as collateral in a counterparty risk center, in order to support compliance with the transactions accepted by the counterparty for compensation and settlement and/or in guarantee of money market operations.		

Available for sale - Debt securities		
Characteristics	**Valuation**	**Accounting**
Securities and in general any type of investment, that are not classified as Negotiable investments or as investments to hold until maturity. According to the business model, in this portfolio, fixed income investments are managed with the main objective of obtaining contractual flows and making sales when the circumstances require it, in order to maintain an optimal combination of profitability, liquidity and coverage that provides relevant profitability. The securities classified as investments available for sale may be delivered as collateral in a counterparty	The investments represented in securities or debt securities are valued based on the price determined by the Valuation price provider. For exceptional cases in which there is no determined fair value for the valuation day, such securities or securities are valued exponentially from the internal rate of return. This procedure is performed daily.	The accounting for these investments is made in the respective accounts of "Investments at Fair Value with Changes in Other Comprehensive Results - ORI", of the Sole Catalog of Financial Information for the Purpose of Supervision. The difference between the current value of the Valuation day and the immediately preceding one (calculated from the Internal Rate of Return calculated at the time of purchase, based on a 365-day year), should be recorded as a higher value of the investment with credit to the income statement. The difference between the fair value and the present value calculated according to

Available for sale - Debt securities		
Characteristics	**Valuation**	**Accounting**
risk center, in order to support compliance with the operations accepted by the latter for its clearing and settlement. Likewise, these investments can be used to carry out money market operations (repurchase or repo simultaneous transactions or temporary transfer of securities) and to guarantee this type of transaction.		the previous paragraph is recorded in the respective account of Unrealized Gains or Losses (ORI). This procedure is performed daily.

(a) Reclassification of investments

Investments can be reclassified in accordance with the following provisions:

(i) Investments to maintain until maturity to Negotiable investments

Reclassification is possible when one or any of the following circumstances occurs:

- Significant deterioration in the conditions of the issuer, its parent company, its subordinates or its related parties.

- Changes in regulation that prevent the maintenance of the investment.

- Merger processes or institutional reorganization involving the Reclassification or the realization of the investment, with the purpose of maintaining the previous position of risk of interest rates or of adjusting to the credit risk policy previously established by the resulting entity.

- Other unforeseen events, with prior authorization from the Financial Superintendence of Colombia.

(ii) Investments available for sale to Negotiable investments or investments to hold until maturity.

Reclassification is possible when:

- The composition of the significant activities of the business is redefined, derived from circumstances such as variations in the business cycle or market niche in which the monitored entity is acting or in its appetite for risk.

- The adjustment assumptions materialize in the management of the investments that the business model has previously defined.

- The investor loses the status of parent or controlling company and such circumstance also implies the decision to dispose of the investment in the short term as of that date.

When investments available for sale are reclassified to Negotiable Investments, the result of the Reclassification of investments must be recognized and maintained in other comprehensive income (ORI) as unrealized gains or losses, until the sale of the corresponding investment is made and from the date of Reclassification, the accounting treatment corresponding to Negotiable investments is applied.

When investments available for sale are reclassified to investments to maintain until maturity, the Valuation and Accounting regulations of the latter must be observed. As a result, unrealized gains or losses, recognized in other comprehensive income (ORI), must be canceled against the registered value of the investment, since the effect of fair value will no longer be realized, given the decision of Reclassification to the maintain category until expiration. In this way, the investment must be recorded as if it had always been classified in the category to be held until maturity. Likewise, from that date the investment must be valued under the same conditions of Internal Rate of Return of the day before the Reclassification.

(b) Investment repurchase rights

Corresponds to investments that represent the collateral guarantee of money market operations such as repo operations and simultaneous operations. On these investments, Findeter retains the economic rights and benefits associated with the value and retains all the risks inherent therein, although it transfers the legal ownership when performing the operation of the money market.

These securities continue to be valued daily and accounted for in the Statement of financial position or results in accordance with the methodology and procedure applicable to investments classified as Negotiable, until maturity and available for sale in accordance with the category in which they are classified. prior to the acquisition of the repurchase commitment.

(c) Investments delivered as collateral

It corresponds to investments in securities or debt securities that are delivered as collateral to support compliance with operations accepted by a counterparty risk center for their compensation and settlement.

These securities are valued daily and accounted for in the Statement of financial position and Statement of income in accordance with the methodology and procedure applicable to the category in which they were before being delivered as collateral.

(d) Impairment or losses due to issuer risk rating

The price of investments that are Negotiable or available for sale, for which on Valuation day no fair exchange prices exist, and the price of investments classified as hold-to-maturity investments, as well as the participative securities that are valued at equity variation, are adjusted on each Valuation date based on the credit risk rating, in accordance with the following criteria:

- The rating of the issuer and / or of the title in question whenever it exists.

- The objective evidence that an impairment loss has been incurred or could be incurred in these Assets. This criterion is applicable even to record a deterioration greater than that which results simply by taking the rating of the issuer and / or the title, if this is required based on the evidence.

The amount of the impairment loss is always recognized in the profit or loss, regardless of whether the respective investment has recorded any amount in Other Comprehensive Income (ORI), except the securities and / or securities of internal or external public debt issued or endorsed by the Nation, the issues by Findeter, the Colombian Central Bank and those issued or guaranteed by the Fund of Guarantees of Financial Institutions - FOGAFÍN

(e) Securities of unrated issues or issuers

The securities that do not have an external rating or that are issued by entities that are not qualified will be rated as follows:

Category / Risk	Characteristics	Provisions
A - Normal	They comply with the terms agreed in the security and have an adequate capacity to pay the capital and interest.	Do not proceed.
B - Acceptable	Corresponds to issues that present factors of uncertainty that could affect the ability to continue to adequately comply with debt servicing. Likewise, the financial statements and other information available to the issuer have weaknesses that may affect their financial situation.	In the case of securities and / or debt securities, the value for which they are accounted can not be greater than eighty percent (80%) of their nominal net value of the amortizations made up to the Valuation date.
		In the case of equity securities and / or securities, the net value of provisions for credit risk (cost less provision) for which they are accounted cannot be greater than eighty percent (80%) of the acquisition cost.
C - Appreciable	Corresponds to issues that have high or medium probability of default in the timely payment of principal and interest. Likewise, its financial statements and other available information show deficiencies in its financial situation that compromise the recovery of the investment.	In the case of securities and / or debt securities, the value for which they are accounted may not exceed sixty percent (60%) of their net nominal value of the amortizations made up to the valuation date.

Category / Risk	Characteristics	Provisions
		In the case of equity securities and / or securities, the net value of provisions for credit risk (cost less provision) for which they are accounted cannot exceed sixty percent (60%) of the acquisition cost.
D -Significant	Corresponds to those issues that show default in the terms agreed in the security, as well as their financial statements and other available information have marked deficiencies in their financial situation.	In the case of securities and / or debt securities, the value for which they are accounted may not exceed forty percent (40%) of their nominal net value of the amortizations made up to the valuation date.
		In the case of equity securities and / or securities, the net value of provisions for credit risk (cost less provision) for which they are accounted can not exceed forty percent (40%) of the acquisition cost.
E - Uncollectable	Investments that according to financial statements and other information available from the issuer, it is estimated that the investment is uncollectible.	The value of these investments is provisioned for in full.

(f) Securities and / or securities of issues or issuers that have external ratings

Securities or debt securities that have one or more ratings and securities or debt securities that are rated by external rating agencies recognized by the Financial Superintendence of Colombia cannot be accounted for an amount that exceeds the following percentages of their nominal value net of the amortizations made up to the Valuation date:

Long term classification	Maximum value %	Short term rating	Maximum value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD,EE	Zero (0)		

For the purpose of estimating the provisions on term deposits, the rating of the respective issuer is taken.

In any case, if the provisions on investments classified as held to maturity and for which a fair value can be established are greater than those estimated with the rule indicated above, the latter are applied. Such provision corresponds to the difference between the registered value of the investment and the fair value, when this is lower.

In the event that the investment or the issuer has the qualifications of more than one qualifying company, the lowest rating is taken into account, if they were issued within the last three (3) months, or the most recent when there is a lapse higher than said period between one and another rating.

ii. Transactions with derivative financial instruments

A derivative is a financial instrument whose value changes over time in response to changes in an underlying variable (a specified interest rate, the price of a financial instrument, that of a commodity quoted, an exchange rate of the foreign currency, etc.), does not require a net initial investment or requires an investment that is lower than what would be required for other types of contracts in relation to the underlying Assets and is settled at a future date.

In the development of its operations, Findeter generally trades derivative financial instruments in the market for trading purposes such as forward contracts.

All derivative transactions are recorded at the initial moment at their fair value. Subsequent changes in fair value are adjusted with a charge or credit to results.

iii. Credit portfolios

For the accounting treatment of the Credit portfolio, the provisions of the Financial Superintendence of Colombia established in chapter II of the Basic Accounting and Financial Circular "CBCF" and its annexes apply.

a. Types of portfolio in Findeter:

The portfolio in Findeter is classified in the following modalities:

- Commercial. Are those credits granted to natural or legal persons for the development of organized economic activities, other than those granted under the modality of microcredit. In Findeter this modality includes the following types of credits:

Suggest an edition
- Onloan Operations: Originating in the credit operations where the entities supervised by the Financial Superintendence participate, as well as the creation of the VIS Social Interest Housing Line, other intermediaries were authorized, such as: Family Compensation Funds, Cooperatives Savings and Credit and Employee Funds.
o First Floor Portfolio: First Tier Portfolio: This type of portfolio takes place when FINDETER decides to receive as a payment the onloan portfolio of the credit settlement in liquidation and act as a first floor bank. It is important to clarify that Findeter does not have first floor credit allocation policies.

- Housing: Corresponds to the credits granted to natural persons, regardless of their amount, destined to the acquisition of new or used housing, or the construction of individual housing. In Findeter this portfolio is classified as:
    - Housing Portfolio Employees: Corresponds to the housing credits granted to Findeter's workers in accordance with the benefits agreed in the collective agreement.
    - Housing Portfolio Former employees: Corresponds to the housing loans that were granted to Findeter employees, which upon completion of their relationship with the entity become part of this portfolio scheme. It is

important to clarify that Findeter does not have credit assignment policies for former employees.

- Consumption: Corresponds to credits that, regardless of their amount, are granted to natural personnel to finance the acquisition of consumer goods or the payment of services for non-commercial or business purposes, different from those granted under the microcredit modality. In Findeter this portfolio is divided into:

    - Consumption Portfolio Employees: Corresponds to the consumption credits granted to Findeter's workers in accordance with the benefits agreed in the collective agreement.
    - Consumption Portfolio Former employees: Corresponds to the consumption loans that were granted to Findeter employees, which upon completion of their relationship with the entity become part of this portfolio scheme. It is important to clarify that Findeter does not have credit assignment policies for former employees.

b. Credit risk

Findeter designed and adopted a SARC (Credit Risk Management System) that is composed of credit risk management policies and processes, internal methodologies and reference models for the estimation or quantification of expected losses, provisions system to cover the risk of credit and internal control processes.

Findeter permanently assesses the risk incorporated in its credit Assets, this analysis depends on the type of portfolio.

- For Onloan's portfolio, this analysis begins prior to linking a new intermediary, once linked, periodic monitoring is carried out, control of each operation prior to approval, periodic monitoring of operations, cases where there may be restructuring are also included.

- For the first-tier portfolio, the analysis starts from the time the intermediary in liquidation delivers the portfolio with resources from Findeter that it was responsible for, from there the beneficiaries of this portfolio are monitored monthly, based on an analysis of the main financial figures and payment behavior.

- In the case of the portfolio of former employees (consumption and housing), the follow-up starts from the termination of the employee and is performed on a monthly basis based on the payment behavior of the debtor.

c. Credit risk rating

Findeter portfolios are classified and rated in the respective risk categories taking into account the regulatory provisions of chapter II of the Basic Accounting and Financial Circular that establishes the following risk categories.

- Onloan Commercial Portfolio
- First floor commercial portfolio and ex-employee consumption portfolio
- Portfolio of housing and consumer employees

The housing and consumption portfolios are classified as category A or normal risk.

Homologation of qualifications.

In order to standardize the risk ratings of the commercial portfolio and the consumption of former employees, Findeter applies the following table:

<table>
<tr><th colspan="4">CATEGORÍA DE REPORTE</th></tr>
<tr><th>CATEGORÍA AGRUPADA</th><th>COMERCIAL-REDESCUENTO</th><th>COMERCIAL-PRIMER PISO</th><th>CONSUMO-EXEMPLEADOS</th></tr>
<tr><td rowspan="4">A</td><td>A1</td><td rowspan="4">AA</td><td rowspan="2">AA</td></tr>
<tr><td>A2</td></tr>
<tr><td>A3</td><td rowspan="2">A con mora entre 0-30 días</td></tr>
<tr><td>A4</td></tr>
<tr><td rowspan="2">B</td><td rowspan="4"></td><td>A</td><td>A con mora mayor a 30 días</td></tr>
<tr><td>BB</td><td>BB</td></tr>
<tr><td rowspan="2">C</td><td>B</td><td>B</td></tr>
<tr><td>CC</td><td>CC</td></tr>
<tr><td>D</td><td>A5</td><td>D</td><td>D</td></tr>
<tr><td>E</td><td></td><td>E</td><td>E</td></tr>
</table>

d. Restructuring processes

At Findeter, loan restructurings are directed to first-tier loans and credits to former employees. In order for a first-tier loan or former employees to be considered for a restructuring, it must comply with all the requirements established in chapter II of the Basic Accounting and Financial Circular "CBCF" of the Financial Superintendence of Colombia.

e. Portfolio write-offs

The obligations that in the opinion of the Administration are considered irrecoverable or of remote recovery and that are one hundred percent (100%) provisioned, after having exhausted all possible means of collection possible in accordance with the opinions of the judicial collection agencies.

The penalty does not release the entity from the responsibilities originated by the approval and administration of the credit, nor exempts them from the obligation to continue the collection procedures to achieve the collection.

The Board of Directors is the only body competent to approve the write-off of operations.

f. Provisions

Individual Provision

Findeter, to cover the credit risk, has a system of provisions which, depending on the type of portfolio, can be found in Annexes 1, 3, 5 and 6 of Chapter II of the Basic Accounting and Financial Circular, and is applied to the following way:

- For the Onloan portfolio, the instructions given in Appendix 6 are applied (individual Provisions of the entities authorized to carry out Onloan operations.

- For the consumer portfolio associated with former employees, the model set out in Annex 5 (Reference Model for Consumer Portfolio-MRCO) is used.

- For the First Floor portfolio that passed into the hands of FINDETER after the entry into force of Annex 6, the model set forth in Annex 3 (Commercial Portfolio Reference Model) will apply.

- For the aforementioned portfolios, the aforementioned individual provisions calculation methodologies respond to the philosophy of expected losses and incorporate parameters of probability of default and losses given the non-compliance.

- For the first floor portfolio prior to the entry into force of Annex 6, 100% is provisioned on the part not guaranteed by the nation and 0% on the part guaranteed by the nation. For the cut of December 31, 2017 this portfolio represents 0.02% of the entity's gross portfolio.

- For the housing portfolio associated with former employees, the instructions given in Appendix 1 (General assessment, qualification and provisioning of Credit portfolio) apply; for the consumer and housing portfolios associated with employees, the same annex also applies.

General Provision

A general provision will be established that corresponds to one percent (1%), on the following portfolios: first floor portfolio, employees and housing of former employees.

g. Policy for the admission and handling of guarantees

The guarantee is an instrument by means of which the Expected Loss (EL) is reduced when there is a default event. The guarantee represents a right acquired by the entity when the debtor ceases due to failure to pay its obligations.

For each type of credit, the guarantees that must be provided are defined. Credit approvals must include the guarantee under which the operation is authorized.

The analysis of the guarantees must include the following Characteristics:

• Suitability: According to legal definition.
•Legality: Document duly perfected that offers legal support that facilitates the management of the collection of the obligations granted.
• Value: Established based on technical and objective criteria.
• Possibility of realization: reasonably adequate possibility to make the guarantees effective.
• Onloan wallet

For the onloan portfolio, Findeter has a series of policies regarding the guarantees that must be established at the time of a new operation and that depend on the type of operation, the type of intermediary and the final destination of the resources.

For the onloan credit the original of the promissory note of the beneficiary of the loan, duly completed, or blank promissory note with letter of instructions, duly endorsed by the intermediary to the order of Findeter, is required.

On the other hand, for leasing onloans, the assignment of lease fees of the leasing contract or endorsement of the promissory note of the tenant or promissory note of the tenant endorsed to or in favor of Findeter by the financial intermediary is required.

For the first floor portfolios (direct portfolio), the guarantees are those that the financial intermediary has demanded from the beneficiary of the credit since at the time of delivering the credit to Findeter they are assigned to the entity, in addition to those previously described.

• Housing portfolio

For mortgage loans, a first-degree mortgage is required as a guarantee, with no limit in favor of Findeter.

i) Non-current Assets held for sale

- **Assets received in payment**

These are Assets that Findeter intends to sell, and expect to be recovered through sale, instead of being recovered through continued use. The value of the goods received by Findeter in payment of unpaid balances from credits in its favor is recorded.

Goods received in kind for payment represented in real estate are received based on a technically determined commercial appraisal and property, shares and participations, based on market value.

The following conditions are taken into account for the registration of goods received as payment in kind:

The initial recognition is made in accordance with the value determined in the judicial award or that agreed with the debtors, taking into account their fair value and the resulting differences are recognized as appropriate, as an expense charged to the results of the period (in the event there is an excess of the value of the credits with respect to the value of the Assets awarded) or as an account payable in favor of the debtor.

Regardless of its classification, (whether in portfolio, investments, investment properties, Non-current Assets held for sale and other Assets) according to the instructions of the Financial Superintendence of Colombia, the provision for goods received in payment is calculated in applying chapter III of the Basic Financial Accounting Circular, where the intention of such provision is not based on the impairment of the value of the Assets but with the intention of preventing risk and conserving the equity.

Provision for goods received in payment

Property

The impairment estimates the maximum expected loss on the sale of the goods received in payment, according to their history of recoveries on the goods sold, the inclusion of expenses incurred in the receipt of the same, support and sale of the same and the grouping of these into common categories to estimate the base rate of provision. This rate is adjusted by a factor that relates the time elapsed from receipt and up to eighty percent (80.0%) of provision in a maximum term of forty-eight (48) months; however, if an extension is not requested or it is not granted before the expiration of the term to be sold, an additional provision is made up to eighty percent (80.0%) of the value of the Assets after the two years have elapsed.

j) Investment properties

In accordance with the International Accounting Standard IAS 40, they are defined as those lands or buildings considered in whole or in part, which Findeter is willing to obtain rents, valuation of the Assets or both, instead of their use for own purposes.

Investment properties are measured initially at their fair value, which includes:

i. Their purchase price, including import costs and non-discountable taxes, after deducting commercial discounts.

ii. Any directly attributable cost to bring the Assets to the location and necessary conditions for their correct and adequate operation.

The recognition of the cost will cease when the element is in the location and conditions necessary for its operation.

The investment properties in Findeter will be subsequently measured at fair value with changes in results.

Findeter has fully identified which property has been prepared to be classified as investment property, which is intended for full rental income generation, as provided in IAS 40. (See Note 14).

k) Properties, plant and equipment

The properties, plant and equipment include the Assets, owned, that Findeter maintains for its current or future use and that it expects to use during more than one fiscal year.

They are recorded at their acquisition cost, less their corresponding accumulated depreciation and, if applicable, the estimated losses resulting from comparing the net book value of each item with its corresponding recoverable value.

The properties, plant and equipment are initially measured at cost, which includes:

i. Their purchase price, including import costs and non-discountable taxes, after deducting commercial discounts.

ii. Any directly attributable cost to bring the Assets to the location and necessary conditions for their correct and proper operation.

iii. Decommissioning costs: Corresponds to the initial estimate of the costs of dismantling and removal of the element, as well as the rehabilitation of the place on which it sits.

iv. Loan costs: The costs that are related to an apt asset, which is the one that necessarily requires a substantial period before being ready for the use to which it is destined, or for sale, are capitalized and, in the rest cases, they are recognized in the results of the period in accordance with the financing costs.

Depreciation is calculated, applying the straight-line method, on the cost of acquisition of the Assets, minus their residual value; it being understood that the land on which the buildings and other constructions are built have an indefinite useful life and, therefore, are not subject to depreciation. Depreciation is recorded with a charge to results and is calculated based on the following useful lives:

Type of Assets	Useful life (years)
Buildings	80
Equipment, Furniture and Fixtures	6
Computer Equipment	3

The useful life and residual value of these Assets is based on independent evaluations, mainly for buildings, or on the concepts of other specialized personnel and are reviewed in accordance with the accounting policy established by Findeter.

The maintenance and maintenance expenses of property and equipment are recognized as an expense in the year in which they are incurred and recorded under "Maintenance expenses".

Findeter will subsequently measure its property, plant and equipment Assets depending on the type of Assets; For the purposes of Furniture and Fixtures and Computer Equipment, it was determined that they will be measured at cost, for which the Land and Buildings will be measured by the Re-evaluated Model less losses due to deterioration and calculated depreciation. (see note 13)

- **Remove from fixed Assets**

The book value, including the residual value of Assets of property, plant and equipment is derecognized when no more future associated economic benefits are expected, due to obsolescence or by management's disposition, and the profits or losses of the removal are recognized in the results of the period.

- **Deterioration of property, plant and equipment elements**

At each accounting close, Findeter analyzes whether there are indications, both external and internal, that a material Asset may be impaired. If there is evidence of impairment, the entity analyzes whether such impairment actually exists by comparing the net book value of the Asset with its recoverable value (as the greater value between its fair value less disposal costs and its value in use). When the book value exceeds the recoverable value, the book value is adjusted to its recoverable value, modifying the future charges for depreciation, in accordance with its remaining useful life.

Similarly, when there are indications that the value of a material Asset has been recovered, Findeter estimates the recoverable value of the Assets and recognizes it in the profit and loss account for the period, recording the reversal of the impairment loss recorded in periods above, and adjust future charges accordingly for their amortization. In no case may the reversal of the impairment loss of an Assets imply an increase in its book value above that which it would have if losses for impairment in prior years had not been recognized.

- **Residual value**

The estimated residual value will be based on similar Assets that have reached the end of their useful life at the date of the estimate that is made. In practice, the residual value is generally insignificant and / or equal to zero.

The depreciable amount of an Assets is its cost after deducting its residual value.

Findeter has not determined any change in the application of its accounting policies, which generate modifications of estimates that require disclosures to date.

l) Leased assets

i. Given on lease

Findeter classifies its leases as operative because it does not substantially transfer all the risks and advantages inherent to the property. These are recognized in the corresponding account and are accounted for according to the nature of the Assets. The incomes received are recorded in results as income.

ii. Received on lease

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Findeter determined that it does not have financial leases and its lease agreements do not represent the longest period of use of the economic life of the Assets held in these contracts.

Intangible assets

The intangible Assets of Findeter correspond to non-monetary Assets without physical appearance that arise as a result of a legal transaction or are developed internally. They are Assets whose cost can be reliably estimated, and it is considered probable that the future economic benefits will flow to Findeter.

Findeter does not have intangibles of infinite life, it has been determined by accounting policy that the amortization periods will be 24 months from the moment of acquisition and that said Assets will be amortized by the straight-line method. They will be recorded charged to results as an amortization expense.

They correspond mainly to computer programs, which are initially measured by their acquisition cost. After their initial recognition, these Assets are amortized over their estimated useful life which, for computer programs, is 24 months based on technical concepts and the Findeter experience. (See. Note 15).

Useful life of intangible Assets

The evaluation of the useful life is made taking into account the following factors:

- The expected use of Assets.
- The typical life cycles of the Assets.
- The incidence of technical, technological, commercial obsolescence.
- The stability of the industry, or sector, and the changes in the market demand of the product.
- The actions expected of competitors or potential competitors.
- The level of maintenance disbursements necessary to achieve the expected benefits of the Assets.
- Whether the useful life of the software depends on the lifetimes of other Assets.

i. Impairment

At each accounting close, Findeter will analyze whether there are indications, both external and internal, and for these cases, the accounting policy for property, plant and equipment is followed to determine if the recognition of any impairment loss applies. Any impairment losses or subsequent reversals are recognized in the results of the year.

m) 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. (See note 22)

n) Financial liabilities

A financial Liability is any contractual obligation of Findeter to receive cash or other financial Assets from another entity or person.

Financial liabilities are recognized and measured at amortized cost, as long as they correspond to the typical fundraising activities of financial entities; except for derivatives that are measured at fair value through profit or loss, based on the available support on compliance with the applicable requirements of IFRS 9.

Amortized cost is understood to be the acquisition cost of an adjusted financial Liability (in more or less, as the case may be) for the repayments of the principal and the portion systematically charged to the Statement of income of the difference between the initial cost and the corresponding cost. refund value at expiration.

The amortized cost of financial liabilities, forward deposit certificates, outstanding investment securities, legal currency bonds and financial obligations is determined based on the nominal value of the obligation, including expenses caused by paying interest.

For outstanding investment securities and bonds in foreign currency, the transaction costs associated with obtaining the same are recognized as a deduction from Liability, the effective interest rate being recalculated, based on which the financial expenses are recognized. corresponding to the results of the period.

Financial liabilities that Findeter has registered do not present reclassifications in its Valuation and recognition. In the financial statements are presented the items for net income and expenses for interest and commissions derived from their operations.

For the estimates of liquidity and market risks and the description of their management, refer to Note 7.

o) Employee benefits

Findeter grants its employees the following benefits, as consideration in exchange for the services provided by them:

I. Short-term benefits

Corresponds to the benefits that Findeter expects to pay before the twelve months following the end of the reporting period. In accordance with Colombian labor standards and labor agreements in Findeter, these benefits correspond to severance, interest on severance, vacation, vacation premiums, legal and extralegal bonuses, assistance and contributions to social security and withholdings, bonuses. These benefits are measured at their nominal value and are accumulated by the accrual system charged to results.

II. Other long-term benefits

These are all the benefits to employees other than short-term and post-employment employee benefits and severance payments. In accordance with the collective bargaining agreements and labor agreements of Findeter, these benefits basically correspond to a pension bonus and five-year premiums.

Liabilities for long-term employee benefits are determined based on the theory of life insurance. According to this, the probability of a future life time for a person with determined population characteristics is determined, said probability is estimated from a life table with annual deaths published for each country or interest group. In Colombia the tables of resolution number 1555 of 2010 are used, and changes in the actuarial Liability for changes in actuarial assumptions are recorded in the Statement of income. (See note 21)

p) Taxes

i. Income tax

The income tax expense includes the current tax, the income tax for equity "CREE" and the deferred tax. It is recognized in the Statement of income except in the part corresponding to items recognized in other comprehensive income (ORI).

The policy adopted for each of these concepts is explained in greater detail below:

a. Current Tax

The current tax includes the expected tax payable or receivable on the profit or taxable loss of the year and any Adjustment related to previous years. It is measured using the approved tax rates, or whose approval process is practically completed at the balance sheet date. The current tax also includes any tax arising from dividends.

With the entry into force of Law 1819 of 2016, in Colombia changes were introduced in relation to current tax, mainly the change in the rate of the tax that went from 25% to 33% plus the respective surcharge, in addition to the dismantling of the Income Tax for the CREE Equity. (See note 16).

b. Deferred tax

Deferred taxes are recognized on temporary differences that arise between the tax bases of the Assets and Liabilities and the amounts recognized in the financial statements, which give rise to amounts that are deductible or taxable when determining the corresponding tax gain or loss for future periods when the carrying amount of the Assets is recovered or that of the liability is settled. However, deferred liabilities are not recognized if: i) They arise from the initial recognition of goodwill; ii) if it arises from the initial recognition of an asset or liability in a transaction different from a business combination that at the time of the transaction does not affect the accounting or tax profit or loss, iii) The deferred tax is determined using tax rates that are effective as of the balance sheet date and are expected to be applied when the Assets for deferred tax is realized or when Liability for deferred tax is offset.

Deferred tax assets are recognized only to the extent that it is probable that future tax revenues will be available against which the temporary differences can be used.

The deferred taxes assets and liabilities are compensated when there is a legal right to offset current deferred taxes against liabilities for current taxes and when the deferred tax assets and liability is related to taxes levied by the same tax authority on the same entity or different entities when there is an intention to offset the balances on net bases.

q) Provisions and contingencies

The provisions are liabilities in which there is uncertainty about their amount or maturity and are recognized in the Statement of financial position if:

• Findeter has a present obligation (whether legal or implicit) as a result of a past event.
• It is likely that it will be necessary to divest resources that incorporate economic benefits to cancel such an obligation.
• Findeter can make a reliable estimate of the obligation.

The amount of the provision is determined by the best estimate; in cases where it is expected to be settled in the long term, it is discounted to its present value, provided that the discount is significant and the costs of providing this estimate do not exceed the benefits.

Each provision must be used only to meet the disbursements for which it was originally recognized.

If Findeter has an onerous contract, the present obligations deriving from it must be recognized and measured, in the financial statements, as provisions. According to the evaluation carried out for the closing of the year 2017, it was determined that there are no contracts of an onerous nature nor implicit derivatives.

Provisions are periodically updated at least on the closing date of each period and are adjusted to reflect at all times the best estimate available. The updating of provisions to reflect the passage of time is recognized in the results of the period as expenses by processes. In the event that the outflow of resources is no longer probable, to pay the corresponding obligation, the provision is reversed.

- **Contingent Assets**

Contingent Assets are an Assets of possible nature, arising from past events, whose existence is confirmed only by the occurrence, or in its case by the non-occurrence, of one or more uncertain events in the future, which are not entirely under the Findeter control.

- **Contingent Liability**

A contingent liability is any possible obligation, arising from past events whose existence will be confirmed only if one or more uncertain future events occur and are not under the control of Findeter. Contingent Liabilities will be disclosed and, to the extent that they become probable obligations, they will be recognized as a provision.

r) Income

Revenue is measured by the fair value of the consideration received or to be received, and represents amounts receivable for the goods or services rendered. Findeter recognizes revenues when the amount of them can be measured reliably, it is likely that future economic benefits will flow to the entity and when the specific criteria for each of Findeter's activities have been met.

- **Income from Interest**

Interest income and similar items are generally recognized as they are accrued using the effective interest method.

- **Income from Commissions and Fees**

Commissions and fees are recognized as income when the respective services are rendered.

s) Expenses

Expenses are measured at fair value and represent an outflow of money made by the entity as consideration for a service or an acquired asset. These amounts are recognized when they can be measured reliably in accordance with the ordinary course of business of Findeter.

Note (4) New accounting pronouncements

Rules and amendments applicable from January 1, 2018

(a) Future requirements

As of December 31, 2017, the following standards and interpretations had been issued but were not mandatory for the cutoff period. Findeter is currently analyzing the possible effects of these new standards and interpretations, however, management does not expect to have any material effect on the financial statements.

i. IFRS 9 Financial instruments and amendments associated with other standards. Effective date on January 1, 2018. IFRS 9 replaces the classification and measurement models of IAS 39 "Financial Instruments: Measurement and Recognition" with a single model that initially has two classification categories: Amortized cost and Fair value.

Regarding the implementation and its impacts on Findeter, due to the exceptions established in Decree 2420 of 2015, regarding the measurement and classification of investments and deterioration of the Credit portfolio, there is no impact on the financial statements. Findeter has no estimate for 2018 of the change in recognition and measurement models that could impact the classification and measurement of financial assets and liabilities.

The requirements of IFRS 9 related to financial liabilities do not generate an impact with respect to the application practiced in Findeter. Therefore, it is not considered an effect in the financial statements.

ii. IFRS 15. Effective date on January 1, 2018. The IASB issued a new standard for the recognition of income. This replaces IAS 18 that covers the contracts for products and services.

The Financial Company is analyzing the implementation of IFRS 15, for which it is evaluating; the scope, the classification of the current contracts, modifications that alter the agreed service class, the identification of the commitments and the methodology to measure the progress of the work carried out that comply with the agreed services, with the clients.

The services provided by Findeter, technical assistance, related activities and measurement units are grouped below.

Executing unit	Technical assistance objective	Units
Housing Management	Supervision reports Verification of enabling requirements Certificates of compliance Evaluation of calls Feasibility certificates Visits	FIXED or VARIABLE
Water management	Preparation of terms of reference Evaluation of proposals Follow up	FIXED or VARIABLE
Infrastructure management	Administration of resources Preparing terms of reference	FIJOS VARIABLES

	Visits	

The methodology used to measure the progress of the services provided and not completed, corresponding to the "technical assistance services", is determined according to the estimate of the total time to be employed per activity, which is distributed and converted to income per month. of execution.

On the other hand, and in relation to the impact that may affect the application of IFRS 15, in the financial statements as of January 1, 2018, Findeter estimates that there is no impact when applying the standard, the impact on income for the year 2018 of the technical assistance services, could decrease because many projects are in the closing stage, as a result of the culmination of the National Government cycle.

Financial information standard	Subject of the standard or amendment	Detail
NIC 12 - Income tax	Recognition of Assets for Deferred Taxes for Unrealized Losses	Clarify the recognition requirements of Assets for deferred taxes for unrealized losses on debt instruments measured at fair value.
NIC 7 - Statement of cash flows	Disclosure initiative	Require entities to provide disclosures that allow users of financial statements to assess changes in liabilities arising from financing activities.

Impacts for the 2018 term

The administration of Findeter carried out the verification of possible effects in the financial statements when the IAS 12 Income Tax entered into force in 2018, and as a result it is observed that there is a temporary difference in debt investments, for an amount of $ 1 078,895 that compared to the tax burden and results of the Findeter is not material.

Likewise and in relation to IAS 7 - Statement of cash flows, Findeter expects to have a net variation in its financial liabilities positions of $ 14,130,000, a value that is not significant, compared to the total of its financial liabilities that amount to at the close of 2017 to $ 8,142,420,429.

Note (5) 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 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 following year include the following:

i. Impairment of Financial Assets:

a) Provision of Credit portfolio

For the onloan portfolio, calculating the impairment of an intermediary is a process whose objective is to mitigate losses in the event of an eventual default. This process goes through several stages:

- Qualitative analysis of the intermediary.
- Calculation of the value to be provisioned (impairment).
- Adjustment for systemic risk of the value to be provisioned (impairment).

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

It estimates and records a provision for legal proceedings, 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 opinions of external legal advisors when circumstances warrant, are considered probable of loss and can be reasonably quantified. Given the nature of the claims, cases and / or processes, it is not possible on some occasions 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 the Estimated and initially provisioned amounts are recognized in the period in which they are identified.

iii. Onerous Contracts

Findeter analyzed the provisions of IAS 37 Paragraph 10 and made a review of the contracts signed and in execution, in order to estimate if there was a contract, where the expenses incurred exceeded the benefits of the contracted service, proving that no contracts were identified with the previous characteristic.

Note (6) Fair value estimation

Findeter values the financial assets and liabilities negotiated in an assets market with available and sufficient information at the valuation date such as derivatives and debt and equity securities, through the price information published by the official price provider hired (INFOVALMER 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 those 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 asset markets for assets or liabilities identical to those that the entity can access at the measurement date.
• Level 2 entries are different entries to the quoted prices included in Level 1 that are observable for the assets or the liability, either directly or indirectly.
• Level 3 entries are unobservable entries for the assets or the 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 the IFRS accounting standards in the Statement of financial position at the end of each reporting period. If 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 the estimate of fair values.

The financial assets and liabilities measured at fair value did not present transfers of value hierarchy up to December 31, 2017, as can be seen in the following table, due to the fact that the types of securities subject to investment were the same for the two periods compared.

Activos		**Valor razonable 31 de diciembre de 2017**				**Valor razonable 31 de diciembre de 2016**			
Inversiones Negociables									
Titulos de deuda otras entidades financieras	(Nivel 2)	82,664,878	82,664,878						
Titulos de deuda otras entidades financieras	(Nivel 1)					5,362,019	5,362,019		
Titulos de deuda de Gobierno	(Nivel 1)	55,669,746	55,669,746			102,783,734	102,783,734		
Fondo de Capital Privado - Ashmore	(Nivel 3)	55,019,243	-		55,019,243	49,802,360			49,802,360
Fondo de Inversion Colectiva	(Nivel 2)	21,234,122	-	21,234,122		18,002,241		18,002,241	
Cambios en Patrimonio		-							
Acciones FNG	(Nivel 2)	29,476,483	-	29,476,483		27,615,085		27,615,085	
Forward de moneda		-				1,318,620		1,318,620	
Total activos		**244,064,472**	**138,334,624**	**50,710,605**	**55,019,243**	204,884,059	108,145,753	46,935,946	49,802,360
Pasivos									
Forward de moneda	(Nivel 2)	11,362,686		11,362,686		16,802,920		16,802,920	
Total pasivos		**11,362,686**		**11,362,686**		**16,802,920**		**16,802,920**	

For the case of the investment classified in fair value hierarchy 3, Findeter as of December 31, 2017, records an investment in the Ashmore Colombia FCP-I Infrastructure Fund, for $ 55,019,243, a figure equivalent to having a participation of 12.84% and have 1,874,956 units, over the total Fund. The valuation of the fund is reported by an independent third party (KPMG) in accordance with the provisions of the fund regulations.

For Valuation purposes, the following is taken into account:

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.	La principal información significativa no observable corresponde a: 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. 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.	El valor de la unidad estimado puede aumentar o disminuir si: 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 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.

- The Measurement of the participative title of the private equity fund Ashmore, as individual case of hierarchy level of value 3, is obtained from the value of the Fund at the close of the previous day (Equity Value) plus the results of the day on 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 call of capital). 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.

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, they are projected and they discount the future flows of each contract depending on the underlying one in question. The portfolio of these instruments, classified in level 2 of fair value, is made up of forward contracts of currencies.

iv. **Measurement at fair value on non-recurring bases:** As of December 31, 2017, 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 portfolios valued. (See note 10).

- **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. (See notes 18,19 and 20).

	2017	
	Valor en libros	**Valor razonable**
Activos		
Cartera de creditos (bruto)	91,826,778	91,943,047
Inversiones	34,898,202	34,898,202
Total activos financieros	**126,724,980**	**126,841,249**
Pasivos		
Certificados de Deposito a Termino	1,053,703,498	1,051,675,581
Instrumentos de deuda emitidos	965,819,913	969,460,488
Creditos de bancos y otras obligaciones	533,805,574	543,885,768
Total pasivos	**2,553,328,985**	**2,565,021,838**

	2016	
	Valor en libros	**Valor razonable**
Activos		
Cartera de creditos (bruto)	104,162,080	103,679,033
Inversiones	29,522,862	29,522,862
Total activos financieros	**133,684,942**	**133,201,895**
Pasivos		
Certificados de Deposito a Termino	509,906,015	475,089,830
Instrumentos de deuda emitidos	957,775,397	969,220,500
Creditos de bancos y otras obligaciones	555,348,079	572,605,946
Total pasivos	**2,023,029,491**	**2,016,916,276**

The methodology for calculating the fair value of a long-term financial asset (loan) can be measured as the present value of all future cash flows discounted using a market interest rate. Taking into account that the credits currently registered by Findeter are tied to variable rates, which are updated with the market, it can be deduced that at present the credits at each presentation date, the amortized cost thereof is similar to its fair value.

Note (7) Financial risk management

Risk Management Process

The Financial Company, in the ordinary course of its business, is exposed to different financial and non-financial risks, which is why within Findeter risk management is considered as one of the main axes of the administration and as a strategic process.

As a fundamental premise, risk management is transversal to Findeter and its management starts from the Board of Directors and Senior Management.

In accordance with the policy of continuous improvement established by the Financial Company, the identification, measurement, control and monitoring procedures of each of the financial risk systems have been updated and optimized, such as: Liquidity Risk (SARL), Market Risk (SARM), Credit Risk (SARC), and non-financial risks: Operational Risk (SARO), Risk of Asset Laundering and Terrorist Financing (SARLAFT), Information Security Management System (ISMS) and Environmental and Social Risks (SARAS). Each of these systems has models, methodologies, policies and limits, defined in each of the respective manuals. All these components are approved by the Board of Directors of the Financial Company and focused on making strategic decisions.

Board of Directors

The Board of Directors of the Finance Company is responsible for adopting, among others, the following decisions regarding the proper organization of the risk management system:

- The manuals and regulations of the different risk management systems will be approved by the Board of Directors in ordinary session.
- Dictate the general policies for adequate risk management.
- Establish the limits and risk tolerance within the different systems.
- Establish policies for the constitution of provisions.
- Establish recovery policies.
- Approve risk measurement methodologies for different systems.
- Periodically review the established limits.
- Guarantee the allocation of technical and human resources to ensure optimal risk management.
- To demand from the administration, for its evaluation, periodic reports on the levels of exposure to the different risks, their implications and the relevant activities for their mitigation and / or adequate administration.
- Indicate the responsibilities and attributions assigned to the positions and areas in charge of managing the risk.
- Evaluate the recommendations and corrective proposals on the administration processes suggested by the main legal representative, without prejudice to the adoption of those that it deems pertinent.
- Approve the internal control system, assigning with precision the responsibilities of the competent areas and employees, as well as evaluating the reports and the management of the area in charge of said control.

Risk Committees

i. Risk and GAP Committee

General Objective: Support the Board of Directors and the presidency of the entity in the definition, monitoring, control, implementation of policies and procedures of risk management.

Principal functions:

- Establish procedures and mechanisms for risk management.
- Advise the Board of Directors in the definition of exposure limits.
- Recommend strategies for the structure of the balance sheet in terms of terms, amounts, currencies, types of instruments and coverage mechanisms.
- Evaluate the assets and liabilities portfolio.
- Guarantee compliance with the decisions of the Board of Directors.
- Design and approve the risk management strategy and lead its execution.
- Recommend to the Board of Directors the maximum exposure value for on-line operations, investments and coverage.
- Evaluate the portfolio, define the risk category of intermediaries.

- i. SARC Committee

General Objective: The purpose of this Committee is to analyze, validate and maintain an interdisciplinary control of all issues related to the credit risk of intermediaries and beneficiaries, prior to sending the relevant issues to the Risk and GAP Committee. The internal Credit Risk Committee will be held at a minimum bimonthly periodicity.

Principal functions:

- Carry out monitoring of early warning indicators.
- Define the entities that should be visited according to the quantitative and qualitative analysis.
- Analyze the level of provisions of each intermediary.
- Define presentations for Risk Committee.
- Analyze the periodic reconciliations between the portfolio registered by FINDETER and the one registered by the Intermediaries.
- Analyze the portfolio of the beneficiaries.
- Make recommendations to the Risk Committee.
- Analyze the variations of the proposed VME.
- Define the qualitative points to evaluate of each intermediary.

- Others that the Vice President of Credit and Risk, and / or the Risk and GAP Committee consider.

CREDIT RISK ADMINISTRATION SYSTEM - SARC.

The following describes the relevant qualitative aspects of Credit Risk, such as in what operations it occurs, types of approved policies, procedures, generality of measurement methodologies, etc.

Operations on which there is exposure to credit risk Portfolio - Onloan:
It originates in the credit operations that intermediate the credit establishments supervised by the Financial Superintendence and in operations that originated in some entities not supervised by this entity as in the case of the Regional Development Institutes - INFIS. Likewise, with the creation of the VIS Social Interest Housing Line, other intermediaries were authorized, such as: Family Compensation Funds monitored by the Family Subsidy Superintendence, Savings and Credit Cooperatives and Employee Funds supervised by the Superintendency of Solidarity Economy. It is important to clarify that the portfolio associated with the entities not supervised by the Financial Superintendence of Colombia and the Institutes of development and regional development, is a portfolio that is exclusively in recovery ie no new operations are carried out with this type of entities.

Portfolio - Employees: This portfolio was created as an incentive policy for employees, so their participation is very small within the total portfolio.

Portfolio - Former employees: Originated in the case of withdrawals of employees of the entity.

First Floor Portfolio: This type of portfolio takes place when FINDETER receives payment as a first floor bank.

Interbank: These are operations carried out to take advantage of cash surpluses and may only be carried out with other credit institutions that are supervised by the Financial Superintendence of Colombia.

Investments: These are the set of positions, which the entity maintains with the objective of benefiting in the short term from fluctuations in the price and those that are sensitive to market fluctuations, that is to say; Negotiables and those available for sale.

Derivatives: These are the set of operations that the Entity holds in order to cover active and passive positions to which it is exposed. At present, this coverage is made for liabilities in dollars through Forward Non Delivery operations.

The above operations, with the exception of the portfolio employees, former employees and first floor employees, may only be carried out with entities to which the Board of Directors has approved Maximum Credit Exposure Value (VME), this value is discretionary, which means it will be exclusively for internal management, may be modified at any time and does not commit Findeter to contract operations up to that value.

Once the operations exposed to the credit risk were identified, the associated policies, methodologies and associated processes were defined, which is contained in the Manual of the Credit Risk Management System - SARC, the following is a description of the type of policies that are defined within this manual:

Type of associated policies:

- Granting policies, criteria to define the subjects of credit.
- Credit exposure limits policies.
- Guarantee Policies.
- Portfolio restructuring policies.
- Portfolio recovery policies.
- Monitoring and control policies.
- Information disclosure policies on risk levels in credit portfolios.
- Information Policies.
- Incentive policies, management of conflicts of interest and ethics
- Policies for the incorporation of new products and / or portfolio of credits.
- Information policies and record of portfolio evaluation.
- General policies of Onloan operations.
- Provision policies.
- Policies for portfolio punishment.

The associated procedures:

- Assignment of counterpart VME, monitoring and control.
- Assignment of VME for entities supervised by the Financial Superintendence of Colombia, monitoring and control.
- Monitoring and control for entities not supervised by the Financial Superintendence of Colombia.

The associated methodologies:

- Methodology of VME assignment, control and monitoring for entities supervised by the Financial Superintendence.

- Control and monitoring for Cooperatives and Employee Funds supervised by the Solidarity Superintendency.
- Control and monitoring for Family Compensation Funds supervised by the Family Subsidy Superintendence.
- Control and monitoring for Regional Development Entities - INFIS
- Methodology for the allocation of counterpart VME (exclusively treasury operations), control and monitoring for Brokerage Companies.
- Methodology for assigning counterpart lines (exclusively treasury operations), control and monitoring for Trust Companies.
- Methodology for the allocation of counterpart lines (exclusively treasury operations), control and monitoring for fund management companies.

These implementation methodologies to evaluate, qualify and periodically control the different types of intermediaries are based on:

- Financial analysis and probability of deterioration: Mathematical and statistical evaluation of the financial statements of intermediaries. For each type of Intermediary, the SARC manual establishes the methodology and indicators that will be considered for this analysis.
- Qualitative aspects, and on-site visits: The objective of this component is to perform a qualitative analysis of a series of information sent by the intermediary, with which it is intended to deepen the knowledge of the client and obtain a greater knowledge about its business model. and strategy, corporate governance framework. The topics to be evaluated are:

- Organization: Aspects such as the organizational structure of the entity, corporate governance and administration thereof are evaluated.
- Commercial aspects, business strategy: The commercial and strategic policies of the entity and their respective business lines are evaluated.
- Financial Aspects: The aim is to investigate aspects related to the entity's portfolio and its funding alternatives.
- Operational Performance. Aspects related to the granting and due management of credits are evaluated.
- Risk Management and control: Analysis of the various risk management systems implemented by the intermediary.

The Internal Credit Risk Committee (SARC Committee), based on the Financial Analysis and the evaluation of the qualitative aspects, will select the Intermediaries that will be visited during the period.

All VMEs are approved exclusively by the Board of Directors of Findeter.

Below, the main figures about exposure to credit risk are detailed.

Exposure of the total credit portfolios:

	2017		2016	
	EXPOSURE	PARTICIPATION	EXPOSURE	PARTICIPATION
ONLOAN	$ 8,258,868,000	99.36%	7,754,380,935	99.27%
FIRST FLOOR	14,483,839	0.17%	19,121,554	0.24%
EMPLOYEES	23,923,232	0.29%	25,468,085	0.33%
FORMER EMPLOYEES	14,567,735	0.18%	12,762,158	0.16%
	$ 8,311,842,806	**100.00%**	**7,811,732,732**	**100%**

Exposure of total interest gross portfolio

	2017		2016	
	EXPOSURE	PARTICIPATION	EXPOSURE	PARTICIPATION
ONLOAN	$44,989,874	98.90%	53,795,626	97.41%
FIRST FLOOR	434,792	0.96%	1,365,999	2.46%
FORMER EMPLOYEES	62,644	0.14%	69,739	0.13%
	$ 45,487,310	**100.00%**	**55,231,364**	**100%**

The following table describes the onloan portfolio exposure distributed between those monitored by the Financial Superintendence of Colombia and those not monitored by it.

	2017		2016	
	EXPOSURE	PARTICIPATION	EXPOSURE	PARTICIPATION
VIGILADOS	$ 8,205,970,266	99.36%	7,678,821,003	99.03%
NO VIGILADOS	105,872,540	0.64%	132,911,729	0.97%
	$8,311,842,806	**100.00%**	**7,811,732,732**	**100%**

Distribution of onloan credit portfolios by type of entity.

	2017		2016	
	EXPOSURE	PARTICIPATION	EXPOSURE	PARTICIPATION
BANKS	$ 7,922,887,840	95.93%	7,357,899,226	94.89%
DEVELOPMENT INSTITUTES - INFIS	183,924,835	2.23%	234,957,157	3.03%
FINANCIAL COOPERATIVES	68,342,607	0.83%	77,456,829	1.00%
FINANCING COMPANIES	68,749,532	0.83%	63,407,596	0.82%
OTHERS	14,963,186	0.18%	20,660,127	0.27%
	$ 8,258,868,000	**100.00%**	**7,754,380,935**	**100%**

Within the classification of "others" we have compensation funds, savings and credit cooperatives and employee funds.

Distribution of the total portfolio by risk rating:

	2017		2016	
CATEGORY	EXPOSURE	PARTICIPATION	EXPOSURE	PARTICIPATION
Category A "Normal Risk"	$ 8,296,474,560	99.82%	7,800,405,623	99.85%
Category B "Acceptable Risk"	1,572,118	0.02%	1,501,956	0.02%
Category C "Appreciable Risk"	904,851	0.01%	88,181	0.00%
Category D "Significant Risk"	4,183,379	0.05%	69,364	0.00%
Category E "Irrecoverable"	8,707,898	0.10%	9,667,608	0.12%
Total Gross Portfolio	**$ 8,311,842,806**	**100.00%**	**7,811,732,732**	**100%**

The portfolio that is in category E belongs to first floor and former employees, this portfolio is provisioned at 100%.

Market risks

Next, the relevant qualitative aspects in terms of Market Risk are described:

Market risk is the potential loss due to changes in the market risk factors that affect the valuation or the expected results of the active, passive or contingent liability transactions, such as interest rates, exchange rates, indices of prices, among others.

Market risk comes from adverse variations in the relevant financial market variables. Thus, the main market risks to which Findeter is exposed can be classified in a generic way by the exposure of its portfolios to variations of the different risk factors.

FINDETER uses the standard model of the Financial Superintendence of Colombia to measure its exposure to these risks, in this way we have:

Interest Rate Risk. It is the possibility that the entity incurs losses due to changes in interest rates. Financial entities are exposed to interest rate risk whenever there is a mismatch between the average term of the Assets and that of the Liabilities. This risk can be in legal currency, foreign currency and in Real Value Units (UVR).

Currency or Currency Risk. It is the possibility that the entity incurs losses due to variations in the exchange rates of the different currencies with which the entity conducts operations or has invested resources.

Share Risk It arises when holding open positions (purchase or sale) with shares, indices or instruments based on shares. This creates an exposure to the change in the market price of the shares linked to the indices or instruments based on them. Findeter has exposure to this risk by owning a stake in the National Guarantee Fund. Findeter also participates in FIC Collective Investment Funds.

The Market Risk Management System (MRSA) has the purpose of identifying, measuring, controlling and monitoring the market risk to which the entity in the development of its authorized operations is exposed, including treasury, based on its structure and size.

With regard to the risk of variations in the exchange rate of the peso against other currencies to which FINDETER may be exposed, the Board of Directors adopted the policy of keeping the global exchange position covered by a percentage higher than 95%. Additionally, the VaR of foreign currency is obtained from the positions in these currencies in the VaR calculation of the standard model. This VaR must not exceed 2% of Findeter's foreign currency passive positions.

Associated Procedures for the Measurement and Control of Market Risk

Positions of the treasury book exposed to the rate risk:

Active Positions (rights)		**2017**	**2016**
Investments (without private equity funds, collective investment funds, Investments) (1)	$	152,270,481	106,381,262

Active positions foreign currency (rights)		
Forward rights in thousands of pesos	836,917,589	821,353,005
Passive positions (obligations)		
Forward obligations in pesos	848,280,275	836,837,305

(1) Other sensitivities determined by the Financial Superintendence are applied to the funds and shares.

Active and passive positions that determine the risk in the exchange rate:

	2017	2016
Credits in dollars	$ 499,321,678	499,774,837
Forward coverage of dollar purchases	836,917,589	821,347,719
Available in dollars	213,904,327	264,839,794
Other assets and accounts receivable in dollars	3,059,829	2,106,960
	$ 1,553,203,423	**1,588,069,310**

	2017	2016
Multilateral banking debt	$ 1,555,114,665	1,583,475,738
Other liabilities and payable accounts	20,088,218	16,598,515
	$ 1,575,202,883	**1,600,074,253**
Difference in absolute value	21,999,460	12,004,943
Var Exchange Rate	2,747,732	660,272

Positions exposed to equity risk and positions in mutual funds and private equity funds:

	2017	2016
Shares	29,476,593	27,615,085
FICs and FCP	76,253,365	67,804,601

Value at risk per module according to the model of the Financial Superintendence of Colombia:

Month	2017	2016
Interest rate	$ 15,460,478	4,853.894

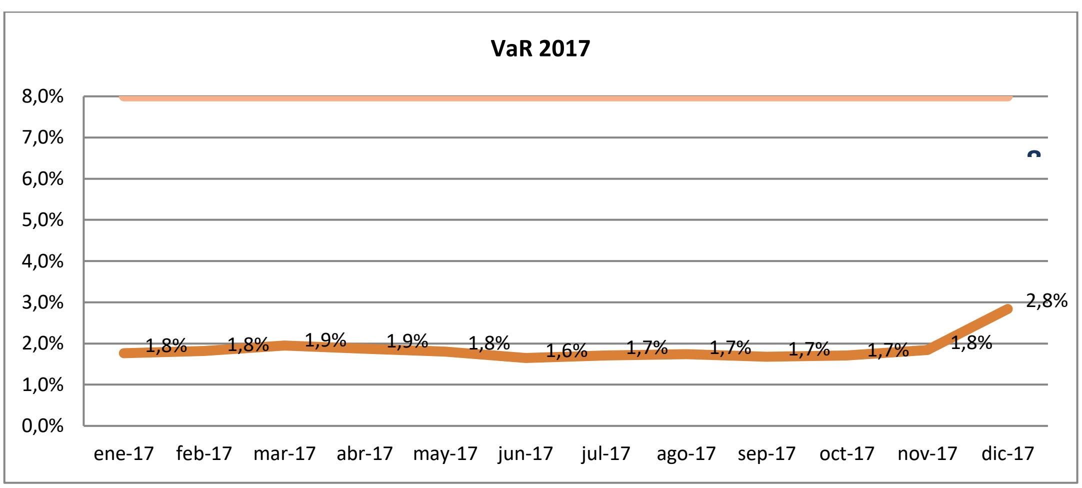
Exchange rate	2,747,757	660,272
Price of shares	4,333,059	4,059,418
Collective investment funds	11,209,245	7,849,784
Value at risk	**33,750,539**	**17,423,367**
Technical equity	$ 1,188,772,000	958,369,168
GLOBAL VaR	**2.8%**	**1.8%**

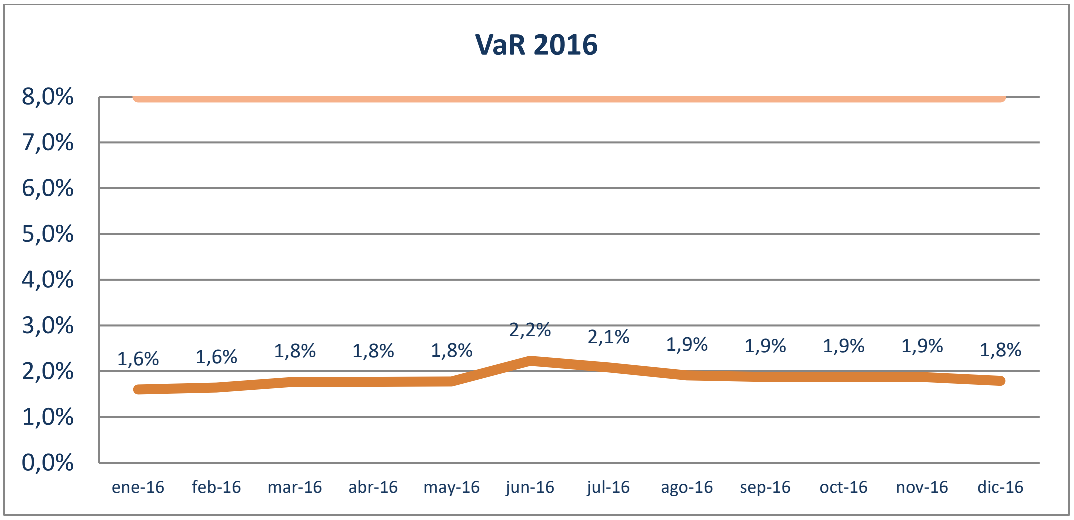
There were variations that increased the value at risk, the interest rate module shows an increase due mainly to higher terms negotiated in the hedge derivatives portfolio, with an approximate change of 90 days to 300 days, which increases the exposure in this calculation for longer duration of the instrument. On the other hand, the sensitivity for dollar accounts determined by the Basic Accounting and Financial Circular, of the Financial Superintendence, was updated with respect to the calculation of value at risk by Circular Letter External 27 of 2017, going from 5.5% to 12.49%, which increased the value at risk in the exchange rate as of December 2017.

Value at risk vs Global limit:

Below is the behavior during each year of the global VaR described in the previous section, with respect to its approved limit of 8% of technical equity.

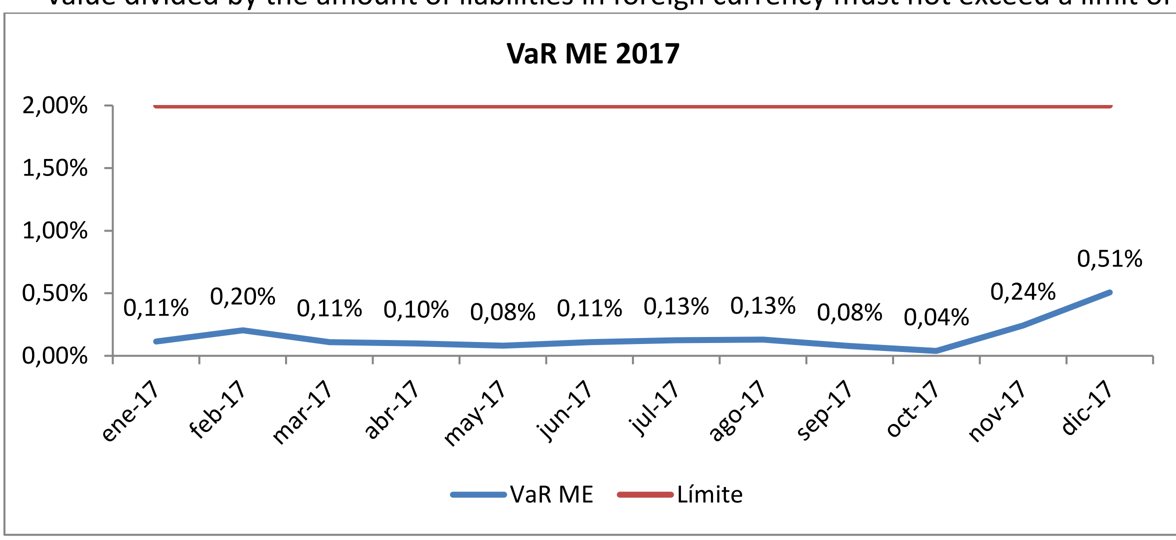
Value at risk vs Global limit:

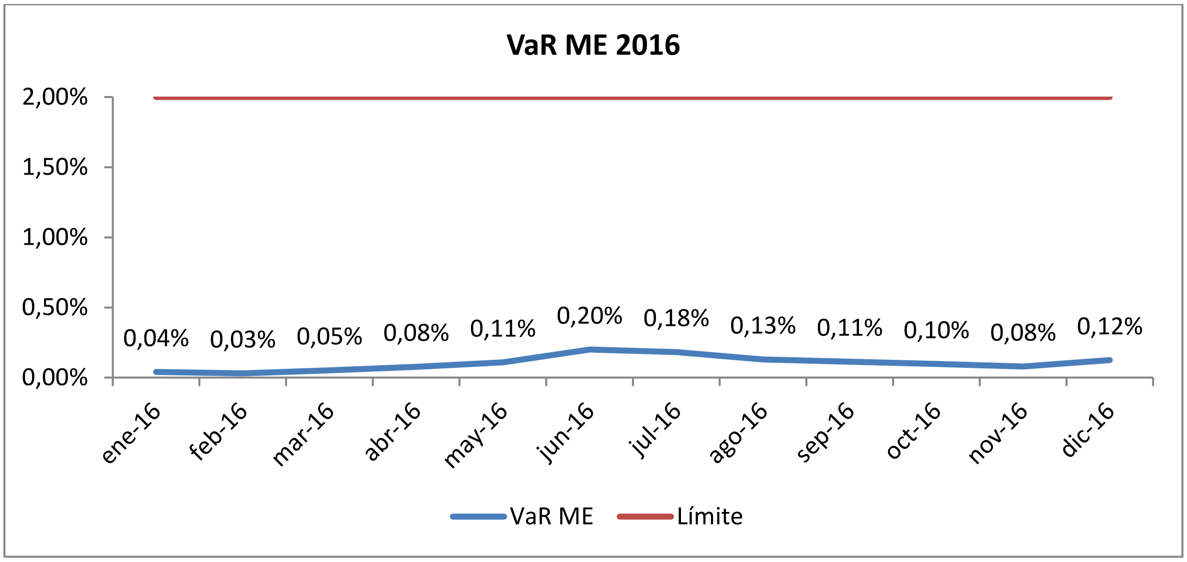




Value at risk Foreign Currency vs. Limit:

Within the market risk monitoring policies, FINDETER assumes as VaR of foreign currency the sum of calculations corresponding to the modules of the standard model of the Financial Superintendence of Colombia: interest rate of positions in dollars and exchange rate. This value divided by the amount of liabilities in foreign currency must not exceed a limit of 2%:





Exposure to exchange risk:

Complying with the provisions of Regulation DODM 285 of the Colombian Central Bank, in the sense of covering the exchange exposure of the Entity and with the provisions of Circular Letter No. 041 of the Financial Superintendence of Colombia regarding the transmission of the Global Foreign Exchange Position, FINDETER has been hedging the exchange exposure of its Liabilities in foreign currency.

As part of its strategy to reduce its foreign exchange risk, Findeter carried out operations with derivative financial instruments and made disbursements in dollars as a natural hedge for liabilities in foreign currency. As of December 31, 2017, it reached USD283,500,000 in forward contracts and USD167,333,002 in onloan loans. Additionally, Findeter monitors its positions in foreign currency through the monitoring of value at risk in foreign currency, which has remained at tolerable levels with respect to the limit defined by the Board of Directors.

In the following table, the value of the forwards constituted by entity and the participation by entity for the closing of the year 2017 are observed:

	2017	
ENTITY	**Operations by entity USD**	**Participation**
BANCO BBVA S.A.	17,000,000	6%
BANCOLOMBIA S.A.	50,000,000	18%
BANCO DE BOGOTA S.A.	49,000,000	17%

BANCO DE OCCIDENTE S.A.	18,000,000	6%
BANCO DAVIVIENDA S.A.	75,500,000	27%
BANCO SUDAMERIS S.A.	20,000,000	7%
BANCO POPULAR S.A.	54,000,000	19%
	283,500,000	

	2016	
ENTITY	**Operations by entity USD**	**Participation**
BANCO BBVA S.A.	39,000,000	14%
BANCOLOMBIA S.A.	10,500,000	4%
BANCO DE BOGOTÁ S.A.	55,500,000	20%
BANCO DE OCCIDENTE S.A.	43,000,000	16%
CORFICOLOMBIANA S.A.	30,000,000	11%
BANCO DAVIVIENDA S.A.	68,000,000	25%
JP MORGAN CHASE	28,100,000	10%
	274,100,000	

The global exchange position with a cut off at December 31, 2017 and 2016 presented a value of USD (221,285) and USD (545,468) respectively, being within the allowed limits of 20% and (5%) with respect to technical equity as of October, in accordance with the provisions of the External Regulatory Circular Letter DODM 285:

CALCULATION GLOBAL CHANGE POSITION - VALUE IN DOLLARS (USD)

RIGHTS	**2017**	**2016**
Banks	71,727,410	88,259,043
Forward	283,500,000	274,100,000
Credits USD	167,333,002	166,552,194
Accounts receivable	1,239,223	702,154
TOTAL RIGHTS	**523,799,635**	**529,613,392**
OBLIGATIONS	**AMOUNT USD**	**AMOUNT USD**
TOTAL OBLIGATIONS	**524,020,920**	**530,158,860**
Global Exchange Position (USD)	(221,285)	(545,468)
ESTABLISHED LIMITS		
	Millions of USD	**Millions of USD**
Technical Equity for October	**379.813**	**304.092**

20%	75.963	**45.614**
-5%	(18.991)	**(15.205)**

Liquidity risk

Liquidity risk is the contingency for which an entity can incur that incurs excessive losses that lead it to sell part or all of its assets and to perform other operations that allow it to achieve the necessary liquidity to be able to fulfill its obligations.

The liquidity risk comes from adverse variations of the relevant financial market variables. The main liquidity risks to which the Entity is exposed can be classified according to the different risk factors to which its portfolios are exposed. In this way you have:

- Inadequate management of assets and liabilities: Refers to mismanagement of resources, either because of the quality or composition of the assets, or because of the way they leverage their activity.
- Mismatch of term and rates: It is the risk that arises when the terms or interest rates of the assets do not coincide with those of the liability.
- Volatility of collected resources: Variability in the stability of resources captured at term. Estimating volatility allows us to construct different liquidity scenarios, evaluate the deposit rates against the market and define tolerance limits.
- Concentration of deposits: It materializes in liquidity risk when the concentration of deposits is accompanied by the concentration of maturities.

Variables outside the entity that can lead to a systemic crisis:

Adverse variation of interest rates.

- Deterioration of the economic sectors that are served.
- Rumors (Financial panic).

The SARL must allow the Entity to measure and quantify the minimum level of liquid assets, in local currency and foreign currency, which it must maintain in order to prevent the materialization of the liquidity risk, that is, having the ability to pay in a timely and fulfilled manner. the obligations that are taken in a normal scenario, and also in a crisis scenario. To measure its exposure to liquidity risk FINDETER uses the standard methodology suggested by the Financial Superintendence of Colombia.

Associated Procedures Measurement and control of liquidity risk

Policies:

With respect to liquidity risk, Findeter has established policies regarding the concentration of its obligations and the measurement and monitoring of its indicators:

Liquidity risk index:

The liquidity risk indicators of the entity for the 7 and 30 calendar day horizons must always be equal to or greater than zero.

Concentration policies:

The Board of Directors establishes the concentration limits that the entity must maintain in relation to:

Credit disbursements: If the disbursements made during the month reach the value that was budgeted in the financial plan, the additional disbursements must be approved by the Risk and GAP Committee.

The Risk Committee and GAP will establish the limit for the concentration of maturities for fund raising operations.

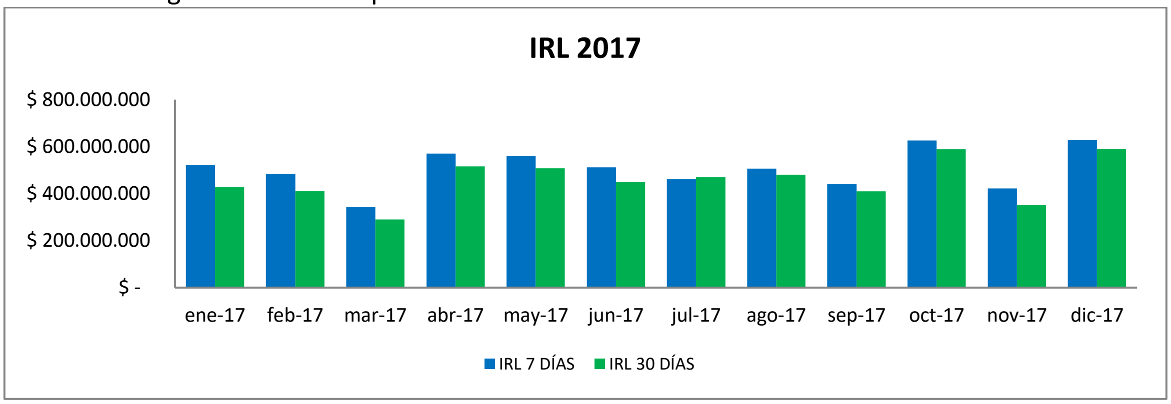
Liquidity Contingency Plan: It is considered that the entity may be presenting a significant exposure to liquidity risk when in a certain weekly report the IRL at 7 or 30 days is negative. To prevent and act when faced with said event, the liquidity contingency plan is established.

IRL liquidity risk indicator at 7 and 30 days

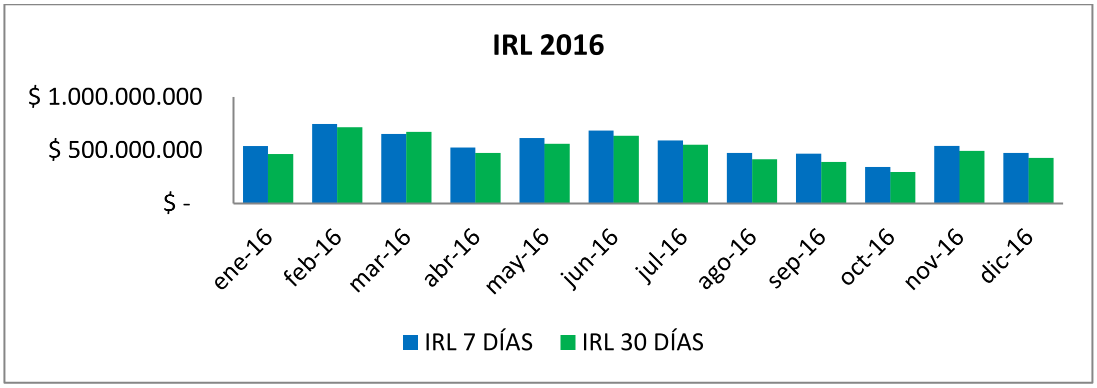
Month	IRL 7 DAYS	IRL 30 DAYS
jan-17	$ 522,568,671	$ 426,852,248
feb-17	484,239,459	$ 411,048,001
mar-17	342,967,464	$ 289,686,394
apr-17	570,881,080	$ 515,278,452
may-17	560,857,083	$ 507,349,984
jun-17	511,855,215	$ 451,097,181
jul-17	461,221,279	$ 469,786,377
aug-17	506,579,064	$ 480,610,244
sep-17	440,573,512	$ 409,448,825

Month	IRL 7 DAYS	IRL 30 DAYS
oct-17	626,498,740	$ 588,740,812
nov-17	421,915,796	$ 352,200,923
dec-17	$ 628,990,605	$ 591,011,166

The following is the behavior presented in 2017:



Month	IRL 7 DAYS	IRL 30 DAYS
Jan-16	$ 539,556,768	463,219,160
Feb-16	745,061,000	714,550,000
Mar-16	651,928,448	674,129,646
Apr-16	526,246,787	475,897,197
May-16	612,880,404	563,618,732
Jun-16	686,823,288	636,874,123
Jul-16	591,364,085	553,178,521
Aug-16	476,096,034	415,134,565
Sept-16	469,990,603	390,020,235
Oct-16	341,414,569	293,102,751
Nov-16	541,327,565	495,113,052
Dec-16	$ 473,610,646	428,667,640



The internal model for calculating liquidity risk is based on the standard model of the Financial Superintendence of Colombia, extended to other time bands. Taking into account the nature of FINDETER's operations, it is important to see the projection of cash flow in terms of more than 30 days.

The Liquidity Risk (IRL) indicator will be determined as follows:
IRL = ALM - RLN where:
ALM: Liquid assets adjusted due to market liquidity, exchange risk and required reserve.
RLN: Estimated Net Liquidity Requirement for the time band.

The composition of the ALM and RLN is carried out in accordance with the provisions of Chapter VI, Annex 1 of the Basic Accounting and Financial Circular of the Financial Superintendence.

The degree of exposure to liquidity risk, of the positions that have contractual maturities at pre-established dates, is estimated by analyzing the mismatch of the cash flows of their assets, liabilities and off-balance sheet positions.

The results of the internal liquidity risk model can be seen below, it is important to bear in mind that the available and investment securities that make up the liquid assets cannot have any type of restriction and the market liquidity haircut required by the regulations is also applied (Basic Accounting and Financial Circular 100 of 1995, chapter VI annex 1). Therefore, assets recognized as being restricted are not part of the calculation.

Internal model calculation of liquidity risk - December 2017								
Millions of $	DAYS							
DESCRIPTION	BALANCE	1 to 7	1 to 30	31-60	61-90	91 to 180	181 to 360	360 or more
AVAILABLE	638,986,103							

INVESTMENTS LIQUID ASSETS	15,366,637							
NET LIQUID ASSETS	654,352,741							
CREDIT PORTFOLIOS		14,079,741	93,248,090	104,779,967	126,143,917	332,799,336	700,028,046	9,212,533,381
CDTs		101,440,843	241,517,162	252,770,641	108,321,329	824,318,619	1,788,972,198	2,269,995,537
NET LIQUIDITY REQUIREMENT		**-25,362,136**	**-63,341,575**	**-226,762,501**	**-28,998,557**	**-558,619,654**	**-1,112,807,365**	**3,164,325,013**
LIQUIDITY RISK INDICATOR		**628,990,605**	**591,011,166**	**364,248,665**	**335,250,108**	**-223,369,546**	**-1,336,176,911**	**1,828,148,102**
RELATIVE LIQUIDITY RISK INDICATOR		**2580%**	**1033.1%**	**260.6%**	**1256.1%**	**60.0%**	**-20.1%**	**42.2%**

Indicator of liquidity risk for different bands as of December 2017.

Internal model calculation of liquidity risk - December 2016

Millions of $	**DAYS**							
DESCRIPTION	**BALANCE**	**1 to 7**	**1 to 30**	**31-60**	**61-90**	**91 to 180**	**181 to 360**	**360 or more**
AVAILABLE	504,883,375							
INVESTMENTS LIQUID ASSETS	13,378,065							
NET LIQUID ASSETS	518,261,440							
CREDIT PORTFOLIOS		13,097,146	109,627,724	107,297,947	125,041,701	326,505,738	685,292,276	9,041,909,111
CDTs		162,004,664	337,896,430	296,292,467	296,721,801	693,184,183	1,276,218,086	2,268,362,094
NET LIQUIDITY REQUIREMENT		**-44,650,795**	**-89,593,800**	**-250,452,880**	**-140,249,408**	**-410,281,048**	**-657,041,928**	**2,798,336,312**
LIQUIDITY RISK INDICATOR		**473,610,646**	**428,667,640**	**178,214,760**	**37,965,352**	**-372,315,696**	**-1,029,357,625**	**1,768,978,687**
RELATIVE LIQUIDITY RISK INDICATOR		**1161%**	**578.5%**	**171.2%**	**127.1%**	**9.3%**	**-56.7%**	**36.8%**

Indicator of liquidity risk for different bands as of December 2016 .

Sensitivity to liquidity risk

Findeter determined two scenarios of liquidity stress related to the Portfolio collection, assuming that there are breaches that reduce it to 75% and 50% of contractual flows.

2017

Millions of $	**DAYS**							
DESCRIPTION	**BALANCE**	**1 to 7**	**1 to 30**	**31-60**	**61-90**	**91 to 180**	**181 to 360**	**360 or more**
AVAILABLE	638,986,103							
INVESTMENTS LIQUID ASSETS	15,366,637							
NET LIQUID ASSETS	654,352,741							
CREDIT PORTFOLIOS		7,046,145	46,665,601	52,436,678	63,128,174	166,547,979	350,325,988	4,610,372,227
CDTs		101,440,843	241,517,162	252,770,641	108,321,329	824,318,619	1,788,972,198	2,269,995,537
NET LIQUIDITY REQUIREMENT		**-29,439,551**	**-63,341,575**	**-279,105,790**	**-39,126,848**	**-724,871,011**	**-1,462,509,423**	**3,164,325,013**
LIQUIDITY RISK INDICATOR		**624,913,189**	**591,011,166**	**311,905,376**	**272,778,528**	**-452,092,483**	**-1,914,601,905**	**1,249,723,108**

RELATIVE LIQUIDITY RISK INDICATOR		**2223%**	**1033.1%**	**211.8%**	**797.2%**	**37.6%**	**-30.9%**	**60.5%**

Indicator of liquidity risk stressing revenues 25% for different bands, cut off December 2017.

2016

Millions of $	**DAYS**							
DESCRIPTION	**BALANCE**	**1 to 7**	**1 to 30**	**31-60**	**61-90**	**91 to 180**	**181 to 360**	**360 or more**
AVAILABLE	638,986,103							
INVESTMENTS LIQUID ASSETS	15,366,637							
NET LIQUID ASSETS	654,352,741							
CREDIT PORTFOLIOS		10,569,218	69,998,401	78,655,017	94,692,261	249,821,969	525,488,982	6,915,558,340
CDTs		101,440,843	241,517,162	252,770,641	108,321,329	824,318,619	1,788,972,198	2,269,995,537
NET LIQUIDITY REQUIREMENT		**-25,902,173**	**-63,341,575**	**-252,887,451**	**-28,998,557**	**-641,597,021**	**-1,287,346,429**	**3,164,325,013**
LIQUIDITY RISK INDICATOR		**628,450,568**	**591,011,166**	**338,123,715**	**309,125,158**	**-332,471,863**	**-1,619,818,292**	**1,544,506,721**

RELATIVE LIQUIDITY RISK INDICATOR		**2526%**	**1033.1%**	**233.7%**	**1166.0%**	**48.2%**	**-25.8%**	**51.2%**

Indicator of liquidity risk stressing revenues 50% for different bands, cut December 2017.

Non-financial risk management.

During 2017 we continued working on the implementation of the Integrated System of Non-Financial Risks, which seeks to manage, under the same model and methodology, operational risks, information security, business continuity and protect against asset laundering and terrorism financing, having as a frame of reference the processes of the Financial Company defined in its Integrated Management System.

A fundamental part of this implementation and work is to have the support of all the people in the organization. It is for this reason that in the annual training in the relevant aspects of these systems we make the necessary efforts to reach a coverage level of 98% of the workers of the financial, exceeding the established minimum of 80%.

Next, we present the relevant aspects for each system.

OPERATING RISK ADMINISTRATION SYSTEM - SARO.

FINDETER has implemented the Operational Risk Management System which identifies, measures, controls, monitors and communicates the operational risks of the Financial Company, thus complying with the provisions of Chapter XXIII of the Basic Accounting and Financial Circular, issued by the Financial Superintendence of Colombia. In accordance with the provisions of this regulation, the Financial Department has the Operational Risk Unit - URO - led by the Vice Presidency of Credit and Risks.

The financial company identifies its operational risks from the processes, these are valued and controlled in order to obtain the residual risk. From the consolidation of the residual risk, the risk profile for the Entity is obtained. Each of the stages of the SARO has the respective policies and methodologies that contribute to its management, these are contained in the System Policies Manual, which has been duly approved by the Board of Directors, and is known to the Audit Committee as well as the Risk and Management Committee of assets and liabilities - GAP -.

The system has the necessary procedures to develop the management of operational risk, which are contained within the Integrated Management System. Likewise, it has the registry of operational risk events, a fundamental tool in risk management that favors the strengthening of processes by identifying their faults and correcting them, thus generating greater control and operational efficiency by reducing errors, creating in this way, a favorable framework for the development of the operation, as well as its different products and operational lines.

According to the results of the last monitoring carried out as of December 31, 2017, the residual risk profile of FINDETER is focused on MODERATE, which is derived from the application of the methodologies defined in the manual for risk management and controls associated with the processes that the Financial Company has defined for its operation. For the same period of time, no economic losses were recorded as a result of the materialization of operational risk events.

The Business Continuity Plan (PCN) is included in the SARO, which includes the Emergency Response Plan, which has as its fundamental objective to respond to situations of interruption of the operation, in such a way that the critical processes continue to operate until the return to normality. For this purpose, the Financial Company has defined its critical processes through business impact analysis, which are subject to different types of tests every year, which seek to ensure its operation in this type of situation.

Each test is duly documented in order to identify those activities that need to be strengthened in the crisis, these gaps generate action plans which are subject to monitoring by the Risk Committee and GAP, who has the responsibility to ensure compliance of the PCN.

- Identification, monitoring and control of operational risk.
- Identification, monitoring and control of information security risk.
- Crisis Management.
- Anti-Fraud and Corruption Program.

RISK OF ASSETS LAUNDERING AND TERRORIST FINANCING - SARLAFT.

Findeter has implemented the Asset Laundering and Terrorist Financing Risk Management System - SARLAFT, which includes the policies, procedures and organizational infrastructure, in accordance with the provisions of the Basic Legal Circular of the Financial Superintendence of Colombia.

During the year 2017 the Manual was updated, taking into account the observations originated in the visit of the Financial Superintendence of Colombia. Consequently, the Board of Directors in its session of October 2017 approved the aforementioned update

Regular reports were presented to the Board of Directors on the activities carried out by the Compliance Officer and transmissions were made to the Financial Analysis Research Unit - UIAF for the following reports: Suspicious Operations (ROS), Products Report, Political Campaigns, Cash Transactions and Exonerated Clients.

The training and annual evaluation of the employees of the Entity on the SARLAFT was carried out, obtaining for 2017 a coverage of 98% corresponding to 495 employees.

In accordance with the provisions of the Basic Legal Circular, the SARLAFT is monitored, by evaluating the elements that compose it, obtaining an optimal result thereof, seeking in this way to properly shield the entity against this risk.

- Identification, monitoring and control of SARLAFT risks.
- Client knowledge (know you client).
- Knowledge of the market.
- Detection and identification of unusual and suspicious operations.

INFORMATION SECURITY MANAGEMENT SYSTEM - ISMS.

During 2017, we implemented managed security services in the entity that were contracted with a company specialized in security issues, which made it possible to strengthen the management of security incidents and events and the management of technological vulnerabilities. We also conducted a series of tests of Ethical Hacking and Social Engineering in order to determine the level of risk and exposure of the organization to internal or external attackers that could compromise critical assets of Findeter and verify aspects related to internal security protocols. of Findeter, the level of awareness of Findeter's employees about information security issues, knowledge and / or compliance with Findeter's information security and privacy policies and the level of exposure of information published on the internet about Findeter and its employees.

A series of campaigns and trainings were carried out with the aim of strengthening the culture, risk management and information security in Findeter workers and disseminated a set of information security policies in order that employees understand the safety guidelines that govern Findeter.

By 2018, the implementation of the security and privacy model of the Online Government strategy that Findeter must meet will continue with the security campaigns and the implementation of controls and measures to strengthen the security of the information of Findeter.

Associated procedures:

- Identification, monitoring and control of IS risks.
- Management of IS events.
- Vulnerability management.

SYSTEM OF ADMINISTRATION OF ENVIRONMENTAL AND SOCIAL RISKS - SARAS.

In 2012 we subscribed to the "Green Protocol", a voluntary agreement with the National Government, with the aim of implementing policies and practices that are precursors, multipliers and demonstrators in terms of environmental and social responsibility in harmony with sustainable development.

Based on the above, in Findeter we designed our Environmental and Social Risk Management System - SARAS -, whose main objective is to manage the possible environmental and social risks in projects associated with onloan operations and specifically for investment use.

- Environmental and social analysis.

Legal risk

The Legal Division supports the work of legal risk management in the operations carried out by Findeter. In particular, it defines and establishes the necessary procedures to adequately control the legal risk of the operations, ensuring that they comply with the legal norms, that they are documented, and they analyze and draft the contracts that support the operations carried out by the different units. of business.

Findeter, in accordance with the instructions given by the control body, assessed the claims of the proceedings against them based on analysis and concepts of the lawyers in charge and constituted the necessary provisions to cover the probabilities of loss. Note 21 to the financial statements details the processes against Findeter, other than those classified as having remote probability.

Customer Service Information System

This is a Citizen Attention Information System created to provide protection and respect to the Financial Consumer, while guaranteeing accurate, clear and timely information that allows it to achieve optimal results. The SAC allows improvement of the quality of attention to citizens, with the greater agility in the consultations, access to updated information, control and follow-up of the suggestions, requests, complaints and claims to provide a greater satisfaction to the citizen.

In compliance with Law 1328, the main structures of the SAC regime were established, typical of supervised entities, which should involve certain activities involving FINDETER to:

- Provide information
- Care and protection for financial consumers

Note (8) Cash and cash equivalents

The following is the detail of the Cash and Cash Equivalents:

		2017	2016
Cash	$	43,525	40,678
National Currency (1)		471,210,765	265,162,684
Foreign Currency (2)		214,034,590	264,839,794
Interbanking (3)		64,116,784	167,017,890
	$	**749,405,664**	**697,061,045**
Available Restricted (4)		21,514,105	26,436,726

770,919,769	**723,497,771**

(1) Of the $ 471,210,764 of cash and cash equivalents - National Currency, the Treasury Department set aside resources for $ 451,692,326 in savings accounts that as of December 31, 2017, generated an average return of 4.57% (December 2016 7.40% EA).

There is no restriction on its availability or reconciliation items, except for the resources of the Colombian Central Bank. See Note 28 number 1, Commitments and contingencies - Counter-guarantees.

(2) Cash and cash equivalent in foreign currency corresponds to deposits in US dollars in remunerated accounts that generated an average return as of December 31, 2017 and 2016, of 0.67% and 0.45% E.A .; respectively.

(3) Interbank funds were classified as cash equivalents, for $ 64,116,784, which have maturities between 1 and 30 days according to policy.

(4) Corresponds to the cash balances as of December 31, 2017 and 2016, registered in the stand alone funds, the National Guarantee Fund $ 1,396,799 ($ 7,131,277), ITAU $ 20,00,553 ($ 19,233,504) and Pre -Investment Fund $ 83,754 ($ 71,945).

Cash and equivalents of these funds are restricted, due to the fact that they have exclusive allocations for their purpose, as is the case of the National Guarantee Fund that must cover the loss of social housing loans, in the case of the Fund. of Pre-Investment these have an order to meet the needs of technical studies of pre-feasibility of infrastructure requirements of territorial entities and finally those of ITAU to cover the obligations required by the vehicle of the securitization of the portfolio.

The following table corresponds to the credit ratings of the financial entities where Findeter owns the cash balance and its equivalents as of December 31, 2017.

BANCO	RISK RATING
BANCO DE BOGOTA S.A	AAA
POPULAR S.A.	AAA
BANCOLOMBIA S.A.	AAA
BANCO GNB SUDAMERIS	AA+

BBVA COLOMBIA S.A.	AAA
ITAU CORPABANCA COLOMBIA S.A.	AAA
BANCO DE OCCIDENTE S.A.	AAA
DAVIVIENDA S.A.	AAA
POPULAR S.A.	AAA

Note (9) Investment in financial assets

The classification of investments is indicated below:

		2017	2016
Negotiable Investments	$	214,587,989	175,950,354
Investments until expiration		30,813,285	31,324,424
Available for sale changes in ORI		29,476,493	27,615,085
	$	**274,877,767**	**234,889,863**

- **Negotiable investments at fair value**

The balance of negotiable investments at fair value is:

		2017	2016
Debt securities issued in Colombian pesos or guaranteed by other financial institutions	$	82,664,878	5,049,600
Participation certificates (1)		55,019,243	49,802,360
Debt securities issued in Colombian pesos or Guaranteed by the Colombian Government		55,477,264	102,783,734
Collective investment fund -FNG (2)		70,680	3,597,528
Equity securitization-Itaú		192,482	312,419
Fiduciaria Bogotá -Pre-Investment		21,163,442	14,404,713
	$	**214,587,989**	**175,950,354**

(1) Through Decree 1070 of April 8, 2010, Findeter was authorized to invest in private equity funds. Subsequently, the Board of Directors of Findeter approved the investment in the private equity fund Ashmore through Document 233 of 26 April 2010. "

(2) Corresponds to the resources made through the mandate with the National Guarantee Fund, invested in collective investment funds, Fiduciaria Corficolombiana for $ 61,761 and $ 797,082 and Fonval $ 8,919 and $ 2,800,446 as of December 31, 2017 and 2016, respectively.

(3) Corresponds to the balance of the collective investment fund, which has constituted the Pre-investment fund, in which specific resources are managed to provide technical assistance for the infrastructure projects developed with the fund's resources.

- **Investments until maturity at amortized cost**

The balance of investments at maturity at amortized cost is:

		2017	2016
Debt securities issued in in Colombian pesos or guaranteed by other financial institutions	$	30,813,285	31,324,424
	$	**30,813,285**	**31,324,424**

- **Available for sale with changes in the ORI:**

The detail of the equity investments is:

		2017	2016
National Guarantee Fund - FNG	$	29,476,293	27,614,885
Others		300	300
Deterioration Investments		(100)	(100)
Equity with changes in the ORI	**$**	**29,476,493**	**27,615,085**

(1) Findeter has a stake in the equity composition of the National Guarantee Fund of 6.75%, share class A, total shares of 5,264,172, the equity value per share of the fund is $ 5,599.42, these shares are registered with changes in the ORI, and are registered according to the equity variation method in compliance with the Basic Accounting Circular.

- **Investment time bands**

The following is the detail of the investments according to their maturity:

		2017				
		Up to a month	More than one month and no more than three months	More than three months and no more than one year	More than one year	Total
Debt instruments issues or guaranteed by financial institutions	$		1,708,727	26,974,195	53,981,956	82,664,878
FCP participation certificates					55,019,243	55,019,243
Debt securities in Colombian pesos issues or Guaranteed by the Colombian Government				4,300,020	51,369,726	55,669,746
Investments to maturity, debt instruments					30,813,285	30,813,285
Collective investment funds		70,680			21,163,442	21,234,122
Equity changes in ORI shares					29,476,493	29,476,493
	$	70,680	1,708,727	31,274,215	241,824,145	274,877,767

		2016				
		Up to a month	More than one month and no more than three months	More than three months and no more than one year	More than one year	Total
Debt instruments issues or guaranteed by financial institutions	$			5,049,600	312,419	5,362,019
FCP participation certificates					49,802,360	49,802,360
Debt securities in Colombian pesos issues or Guaranteed by the Colombian Government		1,508,310	5,697,874	37,867,135	57,710,415	102,783,734
Investments to maturity, debt instruments					31,324,424	31,324,424
Collective investment funds		3,597,528			14,404,713	18,002,241
Equity changes in ORI shares					27,615,085	27,615,085
	$	5,105,838	5,697,874	42,916,735	181,169,416	234,889,863

- **Rating counterpart investment for the year 2017.**

The following table shows the ratings of the counterparties of the securities that make up the entity's portfolio and the respective authorized firm that issued said rating:

Counterpart	Type	Rating	Company
Findeter	CDT	AAA	Fitch Ratings
GM Financial Colombia S.A	CDT	AAA	Standard & Poors
F.C.P. Ashmore	Private Capital Fund		
Ecopetrol	Shares	AAA	Fitch Ratings
Enertolima	Shares		
Cajanal	Shares		
Fondo Nacional de Garantías S.A	Shares		
Itau Corpbanca Colombia S.A	CDT/Bonds	AA+	Fitch Ratings

The following is the detail of the counterpart ratings for the investments that the National Guarantee Fund maintains with resources from Findeter.

Counterpart	Type	Rating	Company
Banco Citibank S.A.	CDT	AAA	Fitch Ratings
Banco GNB Sudameris S.A.	CDT	AA+	Standard & Poors
Banco Popular S.A.	CDT	AAA	Standard & Poors
Titularizadora Colombiana	Security instrument	AAA	Standard & Poors
Banco Davivienda S.A.	CDT and Bonds	AAA	Standard & Poors
Bancolombia S.A.	CDT and Bonds	AAA	Standard & Poors
Banco De Bogota S.A.	CDT	AAA	Standard & Poors
Banco Falabella S.A.	CDT	AAA	Fitch Ratings
República De Colombia	CDT and Bonds		
Banco De Occidente S.A.	Bonds	AAA	Standard & Poors
Banco AV Villas S.A.	CDT	AAA	Standard & Poors
Cía. de Financiamiento TUYA	CDT	AAA	Fitch Ratings
Bancoldex S.A.	Bonds	AAA	Standard & Poors

In those cases where no rating is recorded, the counterparty does not have a rating issued by any of the firms authorized by the Financial Superintendence of Colombia.

- **Derivative financial instruments**

Financial instruments derived from negotiation

The following table expresses the fair values at the end of the forward exchange rate contract period, in which Findeter is committed.

	2017		2016	
	Notional amount	Reasonable Amount	Notional amount	Reasonable Amount
Derivatives Assets	**USD (in millions)**		**USD (in millions)**	
Forward contracts:				
Purchase of foreign currency	-	-	77	1,318,620
Total derivatives assets	-	-	77	$1,318,620
Derivatives Liabilities				
Forward contracts:				
Purchase of foreign currency	(284)	(11,362,686)	(197)	(16,802,920)
Total derivatives liabilities	(284)	(11,362,686)	(197)	(16,802,920)
Net position	(284)	(11,362,686)	(120)	$(15,484,300)

The main variation of the trading portfolios corresponds exclusively to the strategic management of the portfolio due to the conditions given in the market by the negotiations in the variations and high fluctuations of the exchange rate.

The financial derivative instruments contracted by Findeter are negotiated in the OTC market (at the counter) with local and international counterparts. The fair value of derivative instruments has positive or negative variations as a result of fluctuations in the exchange rates of foreign currency.

Note (10) Credit portfolios and financial leasing operations

The financial assets account by credit portfolios in the balance sheet is classified by commercial portfolio, consumption and housing.

The following is the detail of the credit portfolios and financial leasing operations:

	2017			2016		
Modality	**Capital**	**Interest**	**Total**	**Capital**	**Interest**	**Total**
Commercial	$ 8,273,351,840	45,424,666	8,318,776,506	7,807,829,932	55,161,625	7,862,991,557
Consumption	3,711,871	2,846	3,714,717	3,013,592	3,525	3,017,117
Housing	34,779,095	59,798	34,838,893	35,216,650	66,215	35,282,865
	8,311,842,806	45,487,310	8,357,330,116	7,846,060,175	55,231,364	7,901,291,539
Provision Commercial	(77,149,995)	(688,912)	(77,838,907)	(63,772,910)	(1,040,277)	(64,813,187)
Provision Consumption	(180,563)	(152,432)	(332,995)	(408,499)	(121,722)	(530,221)
Provision Housing	(1,834,585)	(26,230)	(1,860,815)	(1,439,509)	(17,897)	(1,457,406)
Provision	(79,165,143)	(867,574)	(80,032,717)	(65,620,917)	(1,179,896)	(66,800,813)
	$ 8,232,677,663	**44,619,736**	**8,277,297,399**	**7,780,439,257**	**54,051,468**	**7,834,490,725**

The portfolio by rating is as follows:

	Portfolio by rating			
	2017			
			Provision	
	Capital	**Interest and financial component**	**Capital**	**Interest and financial component**
Commercial				
A - Normal	$ 8,259,879,581	44,997,955	66,460,287	312,542
B - Acceptable	925,971	11,948	71,962	928
C - Appreciable	904,851	43,074	148,952	8,444
D - Significant	4,183,379	16,734	3,010,736	12,043
E - Uncollectable	7,458,058	354,955	7,458,058	354,955
	8,273,351,840	45,424,666	77,149,995	688,912
Consumption				
A - Normal	3,598,181	1,006	75,858	26
E - Uncollectable	113,690	1,840	104,705	152,405
	3,711,871	2,846	180,563	152,432
Housing				

A - Normal	32,996,798	30,485	659,935	-
B - Acceptable	646,147	3,114	27,138	31
E - Uncollectable	1,136,149	26,199	1,147,512	26,199
	34,779,095	59,798	1,834,585	26,230
	$ 8,311,842,806	**45,487,310**	**79,165,143**	**867,574**

Portfolio by rating

	2016			
			Provision	
	Capital	**Interest and financial component**	**Capital**	**Interest and financial component**
Commercial				
A - Normal	$ 7,798,207,170	54,112,507	54,537,276	1,075
B - Acceptable	938,140	4,815	47,676	245
C - Appreciable	88,181	6,187	12,644	841
E - Uncollectable	8,596,441	1,038,116	9,175,313	1,038,117
	7,807,829,932	55,161,625	63,772,910	1,040,277
Consumption				
A - Normal	2,835,031	1,492	55,481	25
D - Significant	69,364	270	33,588	588
E - Uncollectable	109,197	1,764	89,851	121,109
	3,013,592	3,525	178,920	121,722
Housing				
A - Normal	33,690,865	31,254	673,818	-
B - Acceptable	563,815	17,236	23,680	172
E - Uncollectable	961,970	17,725	971,590	17,725
	35,216,650	66,215	1,669,088	17,897
	$ 7,846,060,175	**55,231,364**	**65,620,917**	**1,179,896**

Portfolio by economic sector

The following is the detail of the Credit portfolios (capital, interest and financial component) by economic sector:

2017

Economic sectors		Commercial	Consumption	Housing	Total	% Part
Health infrastructure	$	1,972,085,698			1,972,085,698	23.60%
Transportation infrastructure		1,928,890,383			1,928,890,383	23.08%
Infrastructure for energy development		1,341,730,115			1,341,730,115	16.05%
Development of urban infrastructure, construction and housing		996,630,883			996,630,883	12%
Education infrastructure		966,266,218			966,266,218	12%
Drinking water infrastructure and basic sanitation		846,274,062			846,274,062	10%
Tourism infrastructure		100,379,762			100,379,762	1%
Infrastructure of TICs		61,174,422			61,174,422	1%
Infrastructure for sports, recreation and culture		51,936,021			51,936,021	1%
Territorial fiscal consolidation		30,272,372			30,272,372	0%
Environmental infrastructure		23,136,570			23,136,570	0%
Salaried persons (Employees and Former employees)			3,714,717	34,838,893	38,553,610	0%
	$	**8,318,776,506**	**3,714,717**	**34,838,893**	**8,357,330,116**	**100.00%**

		2016				
Economic sectors		**Commercial**	**Consumption**	**Housing**	**Total**	**% Part**
Health infrastructure	$	2,036,005,944			2,036,005,944	25.77%
Transportation infrastructure		1,784,959,048			1,784,959,048	22.59%
Infrastructure for energy development		1,130,907,108			1,130,907,108	14.31%
Development of urban infrastructure, construction and housing		983,114,018			983,114,018	12%
Education infrastructure		850,221,136			850,221,136	11%
Drinking water infrastructure and basic sanitation		798,389,263			798,389,263	10%
Tourism infrastructure		104,902,373			104,902,373	1%
Infrastructure of TICs		77,545,711			77,545,711	1%
Infrastructure for sports, recreation and culture		60,998,184			60,998,184	1%
Territorial fiscal consolidation		25,248,466			25,248,466	0%
Environmental infrastructure		10,700,306			10,700,306	0%
Salaried persons (Employees and Former employees)			3,017,117	35,282,865	38,299,982	0%
	$	**7,862,991,557**	**3,017,117**	**35,282,865**	**7,901,291,539**	**100.00%**

- **Portfolio by geographical area**

The following is the detail of the Credit portfolios by geographical area:

Portfolio by Regional office

		2017		
		Capital	**Interest**	**Total**
Commercial				
Caribbean Regional office	$	1,814,374,919	11,247,814	1,825,622,733
Central regional office		2,077,808,371	12,798,692	2,090,607,062
Northwestern Regional		1,895,733,120	7,319,025	1,903,052,145
Pacific Regional		1,192,052,163	6,189,772	1,198,241,935
Coffee axis area		314,656,166	1,810,391	316,466,557
Northeast zone		869,948,100	5,180,640	875,128,741
South Zone		108,779,000	878,333	109,657,332
		8,273,351,840	45,424,666	8,318,776,506
Consumption				
Central regional office		3,711,871	2,846	3,714,717
		3,711,871	2,846	3,714,717
Housing				
Central regional office		34,779,095	59,798	34,838,893
		34,779,095	59,798	34,838,893
	$	**8,311,842,805**	**45,487,310**	**8,357,330,116**

Portfolio by regional office

		2016		
		Capital	**Interest**	**Total**
Commercial				
Caribbean Regional office	$	1,742,800,410	9,220,080	1,752,020,490
Central regional office		2,012,655,311	18,902,348	2,031,557,659
Northwestern Regional		1,501,578,635	7,520,164	1,509,098,798
Pacific Regional		1,097,085,500	7,703,965	1,104,789,465
Coffee axis area		314,145,921	2,689,410	316,835,331
Northeast zone		1,011,619,152	8,221,660	1,019,840,812
South Zone		127,945,003	903,998	128,849,000
		7,807,829,932	55,161,624	7,862,991,557
Consumption				
Central regional office		3,013,592	3,525	3,017,117
		3,013,592	3,525	3,017,117
Housing				
Central regional office		35,216,650	66,215	35,282,865
		35,216,650	66,215	35,282,865
	$	**7,846,060,175**	**55,231,364**	**7,901,291,539**

• Portfolio per monetary unit

The following is the detail of the Credit portfolios by currency type

Modalities		2017			
		Local currency	Foreign currency	UVR	Total
Commercial	$	7,795,895,710	503,019,520	19,861,275	8,318,776,506
Consumption		3,714,717			3,714,717
Housing		34,838,893			34,838,893
	$	**7,834,449,320**	**503,019,520**	**19,861,275**	**8,357,330,116**

Modalities		2016			
		Local currency	Foreign currency	UVR	Total
Commercial	$	7,328,046,065	501,664,335	33,281,158	7,862,991,557
Consumption		3,017,117			3,017,117
Housing		35,282,865			35,282,865
	$	**7,366,346,046**	**501,664,335**	**33,281,158**	**7,901,291,539**

• Portfolio by maturity period

The following is the detail of the Credit portfolios by maturity period:

		2017					
		0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Commercial	$	13,411,290	249,098,994	1,041,979,727	4,027,930,411	2,986,356,084	8,318,776,506
Consumption		125,582	76,555	666,676	1,767,974	1,077,930	3,714,717
Housing		34,124,247	2,460	14,881	130,757	566,549	34,838,893
	$	**47,661,119**	**249,178,008**	**1,042,661,283**	**4,029,829,142**	**2,988,000,563**	**8,357,330,116**

		2016					
		0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Commercial	$	18,658,954	297,688,618	570,318,082	3,986,387,793	2,989,938,109	7,862,991,557
Consumption		39,334	167,314	703,430	1,206,772	900,268	3,017,117
Housing		34,462,149	1,575	17,217	40,869	761,055	35,282,865
	$	**53,160,437**	**297,857,507**	**571,038,728**	**3,987,635,434**	**2,991,599,432**	**7,901,291,539**

- **Restructured credit portfolios**

The following is the detail of the restructured credit portfolios:

		Restructured / Modified credit portfolios			
		2017			
				Provision	
Commercial		Capital	Interest	Capital	Interest
Law 550	$	118,826	-	72,959	-
Law 617		1,653,396	16,899	1,026,787	10,259
Ordinary		10,807,879	358,837	9,335,161	352,770
		12,580,101	375,736	10,434,907	363,029
Consumption					
Ordinary		147,300	14,758	97,761	92,119
		147,300	14,758	97,761	92,119
Housing					
Ordinary		1,599,608	24,050	1,080,072	22,673
		1,599,608	24,050	1,080,072	22,673
Law 550		118,826	-	72,959	-
Law 617		1,653,396	16,899	1,026,787	10,259
Ordinary		12,554,786	397,645	10,512,994	467,562
	$	**14,327,008**	**414,544**	**11,612,740**	**477,821**

Commercial		Restructured / Modified credit portfolios 2016 Capital	Interest	Provision Capital	Provision Interest
Law 550	$	146,374	769	89,874	461
Law 617		2,301,761	41,914	1,995,581	25,338
Ordinary		6,807,945	77,782	95,588	1,022
		9,256,080	120,465	2,181,044	26,821
Consumption					
Ordinary		112,283	11,631	77,553	64,542
		112,283	11,631	77,553	64,542
Housing					
Ordinary		1,476,415	19,076	898,436	14,206
		1,476,415	19,076	898,436	14,206
Law 550		146,374	769	89,874	461
Law 617		2,301,761	41,914	1,995,581	25,338
Ordinary		8,396,643	108,488	1,071,578	79,770
	$	**10,844,778**	**151,171**	**3,157,033**	**105,569**

• Portfolio restructurings, agreements and concordats for their risk rating

The following is the detail of the restructured credit portfolios by rating:

Risk category	2017 No. of credits	Capital	Interest	Provision Capital	Provision Interest
Commercial					
A - Normal	3	1,011,580	8,082	28,279	66
D - Significant	1	4,183,379	16,733	3,010,736	12,043
E - Uncollectable	4	7,385,141	350,921	7,395,892	350,920
	8	12,580,101	375,736	10,434,907	363,029
Consumption					
A - Normal	1	46,295	73	5,741	9

E - Uncollectable	5	101,005	14,685	92,020	92,110
	6	147,300	14,758	97,761	92,119
Housing					
A - Normal	2	84,123	423	841	-
B - Acceptable	2	450,675	963	14,422	10
E - Uncollectable	6	1,064,810	22,664	1,064,809	22,663
	10	1,599,608	24,050	1,080,072	22,673
	24	**14,327,008**	**414,544**	**11,612,740**	**477,821**

	2016				
				Provision	
Risk category	No. of credits	Capital	Interest	Capital	Interest
Commercial					
A - Normal	3	7,772,550	94,666	118,641	1,022
E - Uncollectable	2	1,483,530	25,799	2,062,403	25,799
	5	9,256,080	120,465	2,181,044	26,821
Consumption					
A - Normal	3	15,772	89	387	2
E - Uncollectable	4	96,512	11,541	77,166	64,540
	7	112,283	11,631	77,553	64,542
Housing					
A - Normal	3	497,240	3,254	4,972	
B - Acceptable	1	88,545	1,632	2,833	16
E - Uncollectable	5	890,630	14,189	890,630	14,189
	9	1,476,415	19,076	898,436	14,206
	21	**10,844,778**	**151,171**	**3,157,033**	**105,569**

- **Restructured loans, agreements and concordats by economic sector**

The following is the detail of the credit portfolios restructured by economic sector:

2017

Economic sectors		Commercial	Consumption	Housing	Total	% Part
Development of urban infrastructure, construction and housing	$	6,628,307			6,628,307	44.96%
Health infrastructure		22,443			22,443	0.15%
Tourism infrastructure		4,515,965			4,515,965	31%
Territorial fiscal consolidation		1,789,121			1,789,121	12%
Salaried persons (Employees and Former employees)			162,058	1,623,658	1,785,716	12%
	$	**12,955,837**	**162,058**	**1,623,658**	**14,741,552**	**100%**

Economic sectors		2016				
		Commercial	Consumption	Housing	Total	% Part
Development of urban infrastructure, construction and housing	$	6,480,757			6,480,757	58.94%
Health infrastructure					-	0.00%
Tourism infrastructure		404,970			404,970	3.68%
Territorial fiscal consolidation		2,490,818			2,490,818	22.65%
Salaried persons (Employees and Former employees)			123,914	1,495,491	1,619,405	14.73%
	$	**9,376,545**	**123,914**	**1,495,491**	**10,995,950**	**100.00%**

• Restructured loans, agreements and concordats by geographical area

The following is the detail of the credit portfolios restructured by geographical area:

		2017			
				Provision	
		Capital	**Interest**	**Capital**	**Interest**
Commercial					
Central regional office					
Caribbean Regional office	$	5,955,601	33,633	4,110,482	22,302
Coffee axis area		314,410	1,442	14,336	66
South Zone		6,287,818	340,490	6,287,818	340,490
Pacific Regional		22,272	172	22,272	172
		12,580,101	375,736	10,434,907	363,029
Consumption					
Central regional office		147,300	14,758	97,761	92,119
		147,300	14,758	97,761	92,119

Housing				
Central regional office	1,599,608	24,050	1,080,073	22,674
	1,599,608	24,050	1,080,073	22,674
	$ **14,327,008**	**414,544**	**11,612,740**	**477,822**

	2016			
			Provision	
	Capital	**Interest**	**Capital**	**Interest**
Commercial $				
Central regional office				
Caribbean Regional office	8,851,110	120,465	2,162,579	26,736
Coffee axis area	404,970		18,465	85
South Zone				
Pacific Regional				
	9,256,080	120,465	2,181,044	26,821
Consumption				
Central regional office	112,283	11,631	77,553	64,542
	112,283	11,631	77,553	64,542
Housing				
Central regional office	1,476,415	19,076	898,436	14,206
	1,476,415	19,076	898,436	14,206
$	**10,844,778**	**151,171**	**3,157,033**	**105,569**

- **Provision for Credit portfolios**

The following is the detail of the provision for credit portfolios:

	Starting balance 2017	**Recovered**	**Charges**	**End balance 2017**
Commercial	63,772,910	11,225,277	24,725,195	77,149,995
Consumption	408,499	1,071,788	843,852	180,563
Housing	1,439,509	21,442	416,518	1,834,585
	65,620,918	**12,318,508**	**25,985,566**	**79,165,143**
Commercial	1,040,277	1,409,932	1,058,567	688,912
Consumption	121,722	1,165	31,874	152,432
Housing	17,897	14,043	22,376	26,230
	1,179,896	**1,425,140**	**1,112,817**	**867,574**

Net impairment Financial assets	**13,743,648**	**27,098,383**	**(13,354,735)**

Note (11) Other accounts receivable

The following is the detail of other accounts receivable:

		2017	2016
Trust Business	$	3,789	12,861
Accounts receivable compensated Rate (1)		19,205,668	44,495,422
Commissions and fees (agreements) (2)		41,265,205	20,520,971
Leases		17,860	10,451
Advances to staff		93,409	94,341
Accounts Receivable (taxes Funds)		397,543	1,094,350
Portfolio (commissions) (3)		834,814	1,070,926
Various Others		313,511	1,264,230
Subtotal		62,131,799	68,563,552
Provision of other accounts receivable		(76,657)	(46,401)
	$	**62,055,142**	**68,517,151**

(1) Corresponds to the balance of interest receivable derived from the compensated rate agreements (Ministry of Finance, Ministry of Education and the departments), which are intended to cover the difference between the intermediation rate under these lines and the published rate of Findeter. In compliance with the decrees: 3210 of August 29, 2008 of the Ministry of Education and Decree No. 925 of March 18, 2009 of the Ministry of Finance

(2) Corresponds to accounts receivable for the technical assistance services provided by Findeter within the framework of the technical assistance agreements signed.

(3) Corresponds to the accounts receivable from commitment commissions on approved and undisbursed loans.

Note (12) Non-Current Assets Held for Sale

As of December 31, 2017, Findeter does not have any assets classified as assets held for sale. During the 2016 period, there was an asset held for sale for a value of 220,100, which corresponded to a good received as payment for a loan, which was sold in 2017. There were no restrictions of any kind on said asset.

Note (13) Properties, plant and equipment, net.

The following is the detail of the properties, plant and equipment:

	2017	2016
Land (revalued)	$ 8,580,000	9,364,146
Buildings and constructions (revalued)	19,997,262	18,997,823
Furniture, fixtures and office equipment	4,249,899	4,329,824
IT equipment	987,779	1,746,898
Net Assets	**33,814,940**	**34,438,691**
Accumulated depreciation	(4,771,137)	(5,099,106)
	$ 29,043,803	**29,339,585**

	2017		
	Cost	Accumulated depreciation	Net
Land (revalued)	$ 8,580,000	-	8,580,000
Buildings and constructions (revalued)	19,997,262	(1,033,475)	18,963,787
Furniture, fixtures and office equipment	4,249,899	(2,796,312)	1,453,587
IT equipment	987,779	(941,350)	46,429
	$ 33,814,940	**(4,771,137)**	**29,043,803**

	2016		
	Costo	Accumulated depreciation	Net
Land (revalued)	$ 9.364.146	-	9.364.146
Buildings and constructions (revalued)	18.997.823	(536.673)	18.461.150
Furniture, fixtures and office equipment	4.329.824	(2.885.871)	1.443.953
IT equipment	1.746.898	(1.676.562)	70.336
	$ 34.438.691	**(5.099.106)**	**29.339.585**

The following is the movement of the cost of property, plant and equipment:

	2016	Additions	Withdrawals(1)	Adjustment Revalued Cost(2)	2017
Land (revalued)(1)	$ 9,364,146	-	-	(784,146)	8,580,000
Buildings and constructions (revalued)(1)	18,997,823	-	-	999,439	19,997,262
Furniture, fixtures and office equipment	4,329,824	396,121	(476,046)	-	4,249,899
IT equipment	1,746,898	-	(759,119)	-	987,779
	$ 34,438,691	**396,121**	**(1,235,165)**	**215,293**	**33,814,940**

	2015	Additions	Adjustment Revalued Cost(1)	2016
Land (revalued)(1)	$ 8,745,000	-	619,146	9,364,146
Buildings and constructions (revalued)(1)	19,878,557	-	(880,734)	18,997,823
Furniture, fixtures and office equipment	4,016,513	313,311	-	4,329,824
IT equipment	1,689,387	57,511	-	1,746,898
	$ 34,329,457	**370,822**	**(261,588)**	**34,438,691**

(1) The values that are reflected in this column correspond to losses made in office furniture and fixtures and computer equipment, totally depreciated.
(2) As of December 31, 2017, the revalued cost adjustments for the land and buildings were made, which generated a cost variation for the buildings of 1,011,991 and the lands of (784,146) recognized in accordance with the technical appraisals made by Onasi Ltda., experts in the determination of the fair value of Assets.

The following is the depreciation movement of property, plant and equipment:

	Buildings	IT equipment	Furniture and fixtures	Total
Balances as of December 31, 2016	$ 536,672	1,676,563	2,885,871	5,099,106
Depreciation	496,803	(735,213)	(89,559)	(327,969)
Saldos al 31 de diciembre de 2017	**$ 1,033,475**	**941,350**	**2,796,312**	**4,771,137**

	Buildings	IT equipment	Furniture and fixtures	Total
Balances as of December 31, 2015	$ 308.193	1.648.647	2.541.977	4.498.817
Depreciation	228.480	27.915	343.894	600.289
Balances as of December 31, 2016	$ **536.673**	**1.676.562**	**2.885.871**	**5.099.106**

(1) Findeter makes the depreciation of its fixed Assets using the straight line method, the determined useful lives are 80 years for buildings, 6 for furniture and fixtures and 3 for computer equipment. The assets of Findeter have no restrictions, nor are they part of guarantees of the obligations of the entity.

Note (14) Investment properties

The following is the detail of investment properties as of December 31, 2017 and 2016. Investment properties correspond to the concept of buildings which are measured at fair value.

The investment property corresponds to the office owned in the city of Neiva and which is leased generating rental income.

The following is the movement of the cost of investment properties:

		2017	2016
Starting balance	$	606,994	566,860
Changes in the fair value measurement (1)		12,552	40,134
	$	**619,546**	**606,994**

(1) (1) Investment property was adjusted to fair value at the end of 2017.

The following is the detail of figures included in the result of the period:

		2017	2016
Income derived from income from investment properties	$	77,193	72,898

- During the aforementioned periods there were no contractual obligations to acquire investment properties.
- There are no restrictions on the realization of investment properties.
- For purposes of measuring the fair value of the investment property, it is determined at a level of hierarchy 2. The observable data were the following:

  - Location of the building in a sector of multiple economic activities and very close or near important roads.
  - The recognition, façade and visualization conditions enjoyed by the building where the office is located. The characteristics of the building, in terms of its equipment, infrastructure and provision of services.
  - The quality of the finishes of the office and of the internal adjustments, the urban norms and applicable land uses.
  - The market of properties with similar characteristics in the sector, the remaining useful life assigned to the property and the calculated fair value corresponds to the commercial value of the property

Note (15) Intangible assets

Movement of intangible Assets

The following is the movement of the cost of intangible assets other than goodwill:

	2015	Acquisition/ Additions	Amortization charged to the expense	2016	Acquisition/Additions	Amortization charged to the expense	2017
Software and computer applications	841,193	1,413,583	1,241,206	1,013,570	557,539	1,235,156	335,953
	841,193	**1,413,583**	**1,241,206**	**1,013,570**	**557,539**	**1,235,156**	**335,953**

Intangible Assets are comprised of software licenses acquired for the use of the entity, which show no signs of impairment and are amortized over a period of 2 years, in accordance with the provisions of the accounting procedure manual of the entity.

The evaluation of the useful life is made taking into account the following factors:

o The expected use of assets.
o The typical life cycles of the assets.
o The incidence of technical, technological, commercial obsolescence.
o The stability of the industry, or sector, and the changes in the market demand of the product.
o The expected actions of competitors or potential competitors.
o The level of maintenance disbursements necessary to obtain the expected benefits of the assets.
o If the useful life of the software depends on the useful lives of other assets.

Note (16) Income tax

- **Components of the income tax expense:**

The expense for income tax for the years ended December 31, 2017 and 2016 includes the following:

		2017	2016
Income tax for the current period	$	38,516,290	26,666,068
Income tax surcharge		6,748,992	-
CREE income tax		-	9,599,784
CREE income tax surcharge		-	6,399,857
Adjustment current tax previous periods		(600,797)	-
Subtotal current tax		**44,664,485**	**42,665,709**
Net deferred taxes for the period		(3,891,306)	(3,842,964)
Total income tax	**$**	**40,773,179**	**38,822,745**

- **Reconciliation of the tax rate according to the tax provisions and the effective rate:**

The current tax provisions applicable to Findeter stipulate that:

- The income tax rates for the years 2017, 2018 and 2019 and following are 40%, 37% and 33%, respectively (including the surcharge of the income tax, only for the years 2017 of 6% and 2018 of the 4%). For 2016 the rate of income tax and CREE was 40%.

- As of January 1, 2017, the minimum income (presumptive income) to determine the income tax cannot be less than 3.5% of the net equity on the last day of the immediately preceding taxable year (3% up to December 31, 2016).

- Income tax is charged at the 10% rate.

The following is the detail of the reconciliation between the total income tax expense calculated to the tax rates currently in force and the tax expense actually recorded in the Statement of income:

		2017	2016
Profit before taxes	$	**92,919,668**	**80,316,916**
Theoretical tax expense at the 40% rate		37,167,867	32,126,766
Non-deductible expenses		3,169,012	6,732,393
Untaxed income		(1,807,355)	-
Redemption of deferred taxes		2,574.777	-
Adjustment current tax previous periods		(600,797)	-
Other concepts		269,675	(36,414)
Total income tax expense	$	**40,773,179**	**38,822,745**

• Deferred tax by type of temporary difference:

The differences between the bases of assets and liabilities for purposes of NCIF and the basis thereof for tax purposes give rise to temporary differences that generate deferred taxes calculated and recorded for the years ended December 31, 2017 and 2016:

	Balance December 31, 2016	Effect on results	Effect on ORI	Balance December 31, 2017
Deferred tax Assets				
FNG Technical Reserve	7,862,425	3,107,596	-	10,970,021
General portfolio provision	58,828	88,008	-	146,836
Provision of other Assets	101,872	(13,356)	-	88,516
Property plant and equipment-Other Assets	13,335	(1,453)	-	11,882
Intangible assets-Deferred charges	562,814	21,510	-	584,324
Placement of securities	4,563,476	(4,563,476)	-	-
Loss in derivatives	6,721,168	(2,516,974)	-	4,204,194
Remodeling	-	414,140	-	414,140
Industry and commerce tax	780,896	(780,896)	-	-
Excess of presumptive income	446,108	(446,108)	-	-
Employee benefits	6,504,072	4,452,296	-	10,956,368
Provisions of other expenses	**27,614,994**	**(238,713)**	**-**	**27,376,281**
Subtotal				

Deferred tax Liability	946,884	132,011	-	1,078,895
Investments in Negotiable debt securities	-	-	315,588	315,588
Intangible assets - Deferred charges	527,448	(527,448)	-	-
Utility in derivatives	3,925,469	2,377,300	255,542	6,558,311
Cost of property, plant and equipment	306,623	(306,623)	-	-
Other Assets	5,805,259	(5,805,259)	-	-
Liability for outstanding investment securities	11,511,683	(4,130,019)	571,130	7,952,794
Net total	**16,103,311**	**3,891,306**	**(571,130)**	**19,423,487**

	Balance December 31, 2015	Effect on results	Effect on ORI	Balance December 31, 2016
Deferred tax Assets				
FNG Technical Reserve	4,018,692	3.843.733	-	7.862.425
General portfolio provision	-	58.828	-	58.828
Provision of other Assets	116,527	(14.655)	-	101.872
Property plant and equipment-Other Assets	1,202,482	(1.189.147)	-	13.335
Intangible assets-Deferred charges	-	562,814	-	562,814
Placement of securities	5,164,928	(601,452)	-	4,563,476
Loss in derivatives	6,325,676	395,492	-	6,721,168
Remodeling	698,232	(698,232)	-	-
Industry and commerce tax	29,960	750,936	-	780,896
Excess of presumptive income	4,934,873	(4,934,873)	-	-
Employee benefits	452,229	(6,121)	-	446,108
Provisions of other expenses	2,465,108	4,038,964	-	6,504,072
Subtotal	**25,408,707**	**2,206,287**	**-**	**27,614,994**
Deferred tax Liability				
Investments in Negotiable debt securities	262,592	684,292	-	946,884
Intangible assets - Deferred charges	339,696	(339,696)	-	-
Utility in derivatives	1,909,778	(1,382,330)	-	527,448
Cost of property, plant and equipment	4,591,553	(666,084)	-	3,925,469
Other Assets	289,734	16,889	-	306,623
Liability for outstanding investment securities	5,755,007	50,252	-	5,805,259
Subtotal	13,148,360	(1,636,677)	-	11,511,683
Net total	**12,260,347.00**	**3,842,964**	**-**	**16,103,311**

Findeter made the offset of deferred taxes assets and liabilities in accordance with the provisions of paragraph 74 of IAS 12, considering the application of tax provisions in force in Colombia on the legal right to offset assets and liabilities for current taxes.

- **Effect of current and deferred taxes on each component of other comprehensive income in equity**

The effects of deferred taxes on each component of other comprehensive income are detailed below:

	December 31, 2017		
	Monto antes	**Deferred tax**	**Net**
Land devaluation	(784,146)	78,415	(705,731)
Revaluation of Buildings	1,011,991	(333,957)	678,034
Investments in equity instruments	1,278,420	(315,588)	962,832
Other ORI items	2,203	-	2,203
TOTAL	**1,508,468**	**(571,130)**	**937,338**

For the year 2016 there is no item recorded in other comprehensive income.

- **Uncertainties in tax positions:**

Findeter as of December 31, 2017 and 2016 does not present fiscal uncertainties that generate a provision, taking into account that the tax process is regulated within the current tax framework. Therefore, there are no risks that may imply any tax obligation.

Note (17) Other assets

The following is the detail of other assets:

		2017	2016
Expenses paid in advance (1)	$	918,056	934,252
Others (Portfolio Benefits) (2)		494,093	923,205
Other Assets		2,100	2,100
	$	**1,414,249**	**1,859,557**

(1) The expenses paid in advance correspond to the insurance policies paid and which are being amortized during the period of coverage of the same, among which are the coverage for responsibility and global banking management.
(2) Portfolio benefits arise from the calculation made by the interest rate differential granted in credits to employees and that are recognized at the time of disbursement as a deferred and amortized assets over the life of the loan.

Note (18) Certificates of term deposits

The following is the detail of the long-term financial obligations:

Deposits and current liabilities	2017 Capital	2017 Interest	2016 Capital	2016 Interest	Average interest rate
Issues less than 6 months	$ 191,000	1,514	309,000	3,492	5.40%
Issues equal to 6 months and less than 12 months	472,600,000	5,635,117	221,878,000	4,876,367	5.97%
Issues equal to 12 months and less than 18 months	601,150,000	3,614,540	879,393,000	5,605,935	6.21%
Issues equal to or greater than 18 months	4,018,091,000	30,345,272	3,641,252,000	35,185,825	6.95%
	$ 5,092,032,000	**39,596,443**	**4,742,832,000**	**45,671,619**	

El siguiente es el detalle de los vencimientos de los depósitos y exigibilidades:

YEAR	2017	YEAR	2016
2018	$ 736,391,000	2017	2,675,479,000
2019	3,285,562,000	2018	1,722,835,000
2020	598,945,000	2019	145,747,000
After 2020	471,134,000	After 2019	198,771,000
	$ 5,092,032,000		**4,742,832,000**

The following is the detail of the deposits and current liabilties by sector:

	2017	Percentage of Participation	2016	Percentage of Participation
Deposits and current liabilities				
Private	$ 4,594,681,000	90.23%	4,215,137,000	88.87%

Public	384,851,000	7.56%	437,356,000	9.22%
Mixed	112,500,000	2.21%	90,339,000	1.90%
	$ 5,092,032,000	**100.00%**	**4,742,832,000**	**100.00%**

Note (19) Investment securities in circulation

The following is the detail of the investment securities in circulation:

		2017	2016
International Bonds	$	959,337,186	957,775,397
Urban Development Bonds		48,624	44,197
Subordinated Bonds		206,450,103	-
	$	**1,165,835,913**	**957,819,594**

- Subordinated Bonds:

2017

Issue Year	Type of Issue	Series	Capital	Interest	Interest rate	Date of issue	Maturity date
2017	Subordinated Bonds	Series A (Attached to the IPC) Subseries A7	203,680,000	2,770,103	IPC+3.5 7%	26/04/2017	26/04/2024

- On April 26, 2017, Findeter made the issue of Subordinated Bonds in the public securities market through which resources were acquired for 203,680,000 for a term of 7 years and IPC cut-off rate + 3.57%, due to its subordinated nature this issue was rated AA +. International Bonds:

2017

Issue Year	Type of Issue	Series	Capital	Interest	Interest rate	Date of issue	Maturity date

2014	Ordinary bonds abroad	Single series (fixed rate)	930,349,235	28,987,951	7.88%	12/08/2014	12/08/2024

2016

Issue Year	Type of Issue	Series	Capital	Interest	Interest rate	Date of issue	Maturity date
2014	Ordinary bonds abroad	Single series (fixed rate)	928,583,306	29,192,091	7.88%	12/08/2014	12/08/2024

The bonds were issued in 2014, they will pay the year expired interest and the capital at maturity of the securities, these bonds have no guarantee granted. It should be noted that they were securities captured in Dollars but denominated in pesos.

- Urban Development Bonds:

2017

Type of Issue	Date of issue	Maturity date	Capital	Interest
Urban Development Bonds	Liability inherited from the extinct Banco Central Hipotecario bank	The titles are extendable until the holder of the bonus is found to begin the redemption process	4,199	44.425

2016

Type of Issue	Date of issue	Maturity date	Capital	Interest
Urban Development Bonds	Liability inherited from the extinct Banco Central Hipotecario bank	The titles are extendable until the holder of the bonus is found to begin the redemption process	4,199	39.998

The following is the detail by sector of the subordinated bonds:

	2017	Percentage of Participation
Private	$ 194,180,000	95.34%
Public	9,500,000	4.66%
	$ 203,680,000	100.00%

The following is the detail of capital maturities of the investment securities in circulation - Bonds:

YEAR	International Bonds	Urban Development Bonds	Subordinated Bonds	Total
After 2020	$ 930,349,235	4,199	203,680,000	$ 1,134,033,434

Note (20) Financial obligations

The following is the detail of the financial obligations:

	2017		2016			
Entity	Capital	Interest	Capital	Interest	Interest rate in force	Expiry date
Inter-American Development Bank-IDB S.F. 977	$ -	-	1,616,444	27,125	5.74%	16/03/2017
Inter-American Development Bank-SPDT IDB 1066	5,635,618	133,141	11,334,353	273,745	5.44%	31/07/2018
Inter-American Development Bank-IDB 1967	74,600,000	206,805	87,520,708	225,110	2.33%	09/12/2023
Inter-American Development Bank-IDB 2314	193,960,000	1,927,861	210,049,700	1,829,957	2.33%	05/08/2030
Inter-American Development Bank-IDB 2768	223,800,000	439,213	225,053,250	376,688	2.33%	21/12/2037
Inter-American Development Bank-IDB 3392	117,535,684	965,614	57,999,727	424,934	2.33%	25/07/2035
Inter-American Development Bank-IDB 3596	36,077,896	217,748	13,485,524	25,232	2.33%	22/07/2041
French Development Agency-AFD101801K	475,798,800	2,203,358	526,309,530	2,213,159	3.96%	20/11/2027
KFW Bankengruppe-KFW 26770	278,506,667	102,498	300,071,000	75,121	4.25%	29/12/2024

Central American Bank of Economic Integration-BCIE 2142	149,200,000	581,077	150,035,500	636,814	3.69%	25/11/2023
Bank of Tokyo	248,206,500	6,989,909	248,206,500	6,989,909	8.31%	01/03/2019
CITI Bank	113,033,333	1,066,564	169,550,000	2,256,581	1.85%	11/02/2019
	$1,916,354,498	**14,833,788**	**2,001,232,236**	**15,354,375**		

Maturity bands for short and long-term obligations are found in the liquidity risk note.

The following is the detail of the maturities of the financial obligations:

YEAR	2017	YEAR	2016
2018	5,635,618	2017	1,616,444
2019	361,239,833	2018	11,334,353
2020	-	2019	417,756,500
After 2020	1,549,479,047	After 2019	1,570,524,939
	1,916,354,498		**2,001,232,236**

Note (21) Employee benefits

In accordance with Colombian labor legislation and based on labor agreements and collective agreements signed with employees, Findeter's different employees are entitled to short-term benefits, such as: salaries, vacations, legal and extralegal bonuses and severance payments and severance payment interests with labor regime Law 50 of 1990; and long-term benefits, such as: extra-legal seniority premiums and retirement benefits, such as: retirement bonus and five-year bonuses.

Through its personnel benefit plans, Findeter is exposed to a series of risks (interest rate and operational risk), which it tries to minimize through the application of risk management policies and procedures.

The following is the detail of the balances of provisions for employee benefits as of December 31, 2017 and 2016:

	2017	2016
Short-term benefits	$ 3,389,455	3,146,566
Long-term benefits	2,935,526	2,480,839
	$ 6,324,981	**5,627,405**

- **Short-term benefits**

The detail of the short-term benefits is:

	2017	2016
Severance payments	$ 179,848	108,584
Legal premium	162,158	151,414
Extralegal bonus	1,074,157	1,052,687
Holidays	1,954,942	1,823,659
Interest severance payments	18,349	10,221
	$ 3,389,455	**3,146,566**

Findeter grants short-term benefits, such as: salaries, vacations, vacation premiums, legal and extralegal bonuses, aid, parafiscal contributions and severance payments and severance interests in accordance with labor regime Law 50 of 1990.

- **Other long-term benefits:**

The detail of the short-term benefits is:

	2017	2016
Five-year bonus	$ 1,431,693	926,053
Pension bonus	1,009,741	631,585
Benefits portfolio (1)	494,093	923,202
	$ 2,935,526	**2,480,839**

(1) In relation to other long-term benefits granted by the entity to its employees, there is the interest rate benefit on portfolio loans on which a credit amortization table is drawn up every fortnight, with the approval conditions : Interest rate at the moment of granting credit to the employee, credit amount and credit term. Once the values of the biweekly capital and interest flows are determined, they are brought to present value on the disbursement date, using the discount rate (opportunity rate) for loans granted. Finally, the benefit calculation is obtained by subtracting the determined present value from the credit amount.

- **Actuarial Assumptions**

The methodology used is the theory of life contingencies for insurance, according to this, the probability of a future life time is established for a person with certain population characteristics can be estimated from a life table with published annual deaths for each country or interest group.

In Colombia, the life tables of resolution number 1555 of 2010 are used.

The assumptions of mortality in these tables assume that an individual, either male or female, will not live beyond 110 years of age. This assumption of mortality is assumed for the population of Findeter related to this calculation.

The probabilities of survival are established from the life tables, while the probabilities of permanence (or rotation) were calculated from the history of withdrawals from Findeter from 2010 and until 2017.

Other assumptions that affect the model:

Pension Age: The number of years that a person has remaining to reach their pension, are calculated assuming that if they are a man, they will retire at 62 years and if they are a woman they will retire at 57.

- **Five-year seniority benefit:**

In accordance with the provisions of the collective agreement of Findeter, employees are entitled to an extralegal benefit for five-year periods that will be paid in the period when it is completed and will correspond to what is established in the following table:

TIME AT THE COMPANY	DAYS OF SALARY APPLIED TO THE BENEFIT
5 YEARS	15
10 YEARS	20
15 YEARS	25
20 YEARS	30

- **Financial Assumptions:**

	2017	2016
Discount rate	8.18%	10.41%
Inflation rate (affects wages)	3%	3%
Employee turnover rate (first 5 years)	6.98%	6.73%

The discount rate assigned to find the actuarial present value of the benefits was the estimated active rate for FINDETER.

In this sense, the calculation inputs are the rates described in the previous table, the probability of survival determined from the life tables, the statistics of employee turnover and the population data age, gender, seniority, type of contract and basic salary.

- **Sensitivity analysis.**

The sensitivity analysis of the liability for post-employment benefits of the different financial and actuarial variables is as follows, the applied discount rate is affected by +/- 1%, keeping the other variables constant:

Benefit	Present value without changes	+1% discount rate	-1% discount rate
Five-year	1,431,693	1,327,580	1,551,196
Pension	1,009,741	929,091	1,105,740

Note (22) Provisions

The following is the movement of provisions:

	Legal proceedings, fines, sanctions and compensation(1)	Other miscellaneous provisions (2)	Total
Balance as of December 31, 2016	2,608,882	47,571,873	50,180,755
New Provisions	-	23,823,673	23,823,673
Increase (decrease) in existing provisions	-		-
Reverted unused provisions	-	(3,008,000)	3,008,000
Balance as of December 31, 2017	**2,608,882**	**68,387,546**	**70,996,428**

	Legal proceedings, fines, sanctions and compensation(1)	Other miscellaneous provisions (2)	Total
Balance as of December 31, 2015	4,444,403	20,790,372	25,234,775
New Provisions		33,042,605	33,042,605
Increase (decrease) in existing provisions	3,615,803	-	3,615,803

Reverted unused provisions	(5,451,324)	(6,261,104)	(11,712,428)
Balance as of December 31, 2016	**2,608,882**	**47,571,873**	**50,180,755**

(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.

(2) The other provisions correspond to the values calculated for the coverage of the technical estimate of the National Guarantee Fund on loans granted, which are called social interest housing, amounting to $ 33,242,487. likewise, the provision on water vouchers that guarantees the non-payment of credits granted by financial intermediaries to the territorial entities that credit this line of credit is valued at $ 33,201,114.

The above provisions are calculated according to the technical estimate tables where the assumptions and curves that determine the materialization of the risks associated with the guaranteed products are detailed. These provisions recorded an increase in the amount of $ 23,831,966; of which $ 14,415,010 correspond to the provision of water bonds, product of recalculations of the loss ratio table, which identified a greater risk associated to them, requiring an increase of the assigned reserve. $ 9,416,956 to the technical reserve of the National Guarantee Fund; originated from the increase due to the granting of new guarantees that require the recognition of a higher expense for this concept.

The Trade Industry Tax provision of $ 1,943,945 corresponding to the provision of the Final Bimonthly of 2017 is registered.

(3) Reverted unused Provisions correspond to the Accounts payable estimates at the close of December 31, 2016, which in the statement for that year were not requested as a deductible expense.

Note (23) Accounts payable and other liabilities

The following is the details of the accounts payable and other liabilities:

a- Accounts payable and other accounts payable	2017	2016

Suppliers and services	$	1,513,041	872,008
Fees Payable		657,781	137,170
Commissions to Pay		1,794,832	1,244,140
Leases		520,317	-
Other Accounts payable		11,908,558	3,804,488
Titling process		2,455,741	33,246,304
Withholding at the source to pay		3,276,844	1,755,961
Tax on sales payable		5,462,674	2,592,755
	$	**27,589,788**	**43,652,825**

b- other non-financial liabilities		**2017**	**2016**
Anticipated income		6,312	26,794
	$	**6,312**	**26,794**

c- other non-financial liabilities		**2017**	**2016**
Accounts payable Third Party Collection		1,998,714	1,500,953
	$	**1,998,714**	**1,500,953**

Note (24) Shareholders' equity

Share capital

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

	2017	**2016**
Subscribed and paid capital	$ 924,313,100	887,478,100
Dividends decreed	2,560	2,060
	$ 924,315,660	**887,480,160**

SHARES

	Initial Balance	Capitalization	End Balance
Number of Shares	8,874,801	368,330	9,243,131

During the General Shareholders' Meeting held on March 28, 2017, the profit distribution project was approved, where the capitalization was ordered for $ 36,835,500. The legal procedure took effect in the month of May 2017. In addition to the increase of authorized capital of the Entity to $ 1,050,000,000, with a balance of the capital to subscribe of $ 125,686,900. Findeter has not issued preferred shares

Findeter is a public limited company, constituted with the exclusive participation of public entities and in accordance with Article 30 of Law 1328 of July 15, 2009, which modifies Article 271 of the Organic Statute of the Financial System, "it shall not be subject to to forced investments and will not distribute cash profits among its members. "

Reserves

The composition of the reserves is the following:

	2017	2016
Legal	$ 53,397,292	49,247,872
Statutory and occasional		
For investment protection	2,367,210	65,432
Other	9,819,846	11,612,373
	$ 65,584,348	**60,925,677**

Legal Reserve

In accordance with legal provisions, every credit establishment must constitute a legal reserve, appropriating ten point zero percent (10.0%) of the net profits of each year until reaching fifty point zero percent (50.0%) of the subscribed capital. The reserve may be reduced to less than fifty point zero percent (50.0%) of the subscribed capital, when it is intended to cover losses in excess of undistributed profits. The legal reserve can not be used to pay dividends or to cover expenses or losses during the time that Findeter has undistributed profits.

Statutory and occasional reserves

These register the securities that, by express mandate of the general shareholders' meeting, have appropriated the net profits of previous years obtained by Findeter, in order to comply with legal, statutory or specific purposes.

"The losses will be offset with the reserves that have been specially destined for that purpose and, failing that, with the legal reserve." The reserves whose purpose is to absorb certain losses cannot be used to cover other reserves, unless the assembly so decides. "If the legal reserve is insufficient to cover the capital deficit, the social benefits of the following years will be applied to this end." (Article 456 C. de Co.).

The reserves for compensated rates are resources assigned by the General Assembly of Shareholders of Findeter, to cover the deficit in the granting of soft-fee credit lines that benefit the development of territorial entities of Colombia. These constituted reserves are paid annually through capitalization, in the same proportion as the recording in the expense account of compensated rates in the same period.

Occasional reserves available

		2017	2016
Payments made from:			
Fiscal consolidation compensated rate		$590,867	1,720,573
Education compensated rate		1,311	13,133
Technical assistance		425,554	58,817
Total payments made:		1,017,732	1,792,523
Resources available for:			
Earnings prior to 2003	34,117	34,117	
Technical assistance	1,038,964	1,464,518	
Promotion Education projects	2,192,068	2,193,379	
Incentive of efficient and effective projects compensated rate line	5,536,965	6,127,833	
For investment protection	2,367,210	65,432	
Total Available Resources Committed	11,169,324	9,885,279	
Balance Occasional Reserves	**$12,187,056**	**11,677,802**	

Note (25) Income and operating expenses

The following are the income, operational expenses:

a- Interest of credit portfolios

	2017	2016
Ordinary resources	$ 291,452,614	305,621,645
Resources IDB 2314	616,797	1,170,741
Resources IDB 1967	59,267	24,661
Resources IDB 2768	3,013,773	5,945,766
automatic Onloan	4,675,140	3,496,946
Onloan ordinary VIS	8,889,304	3,617,590
Program compensated rate	300,154,295	305,282,502
Dollars new line	281,429	600,808
REX 2016 Dollars Line	13,411,668	4,822,184
AFD 101801	23,616,679	38,951,006
Special line anti cyclical policy	983,778	1,381,074
Special line sustainable development	302,920	409,218
Special line against cyclical policy	1,249,098	1,396,472
KFW 26770	18,901,979	16,374,562
IDB 3392 / OC-CO	6,753,552	3,626,041
IDB 3596 / OC	889,712	493,107
Onloan USD IDB 1967	444,899	455,873
Onloan USD IDB 2314	3,404,994	3,506,860
Onloan USD IDB 2768	3,786,528	3,823,799
Employees housing	1,388,017	1,747,695
Former employees housing	699,715	684,238
Consumption	36,842	25,252
Ordinary resources	**$ 685,012,999**	**703,458,040**

	2017	2016
b) Revenue and expenses for commissions		
Revenue commissions and other services		

Income water bonds	$ 7,773,394	8,691,995
Technical assistance	93,415,088	67,068,069
FNG Commission	12,519,714	10,523,266
Others (portfolio commissions)	10,331,922	2,948,197
Insfopal	33,226	97,750
	124,073,344	**89,939,277**
Commission expenses and others		
Debt service and fiduciary business	5,013,936	4,661,797
Banking services	66,170	58,144
Others (IDB-FNG Counter Guarantee)	3,552,478	2,321,570
International Bonds and CDTs	122,208	202,592
	8,754,792	**7,244,103**
	$ 115,318,552	**82,695,174**

	2017	**2016**
C) Interest expenses financial obligations		
Interest IDB Tax Reconciliation	$ 29,562	249,224
Interest IDB SPDT 1066	407,092	809,297
Interest IDB 1967 / OC-CO	1,795,524	2,049,650
Interest IDB 2314	4,329,908	4,436,979
Interest IDB 2768	4,920,639	4,650,963
Interest IDB 3392	1,663,359	850,975
Interest IDB 3596 / OC-CO IFRS	372,981	25,232
Interest AFD 1018 01 K	18,776,020	18,467,524
KFW 26770-IFRS	12,718,803	6,510,377
Citibank New York	9,531,682	13,543,695
Bank of Tokyo	20,912,432	17,532,066
BCIE 2142	5,521,167	1,142,768
	$ 80,979,169	**70,268,750**

Note (26) Other income

The following are the detail of other income:

	2017	**2016**
Sale of property and equipment	$ -	1,228

Leases	164,447	124,711
Fiduciary income (1)	1,640,930	3,668,153
Recovered Provision accounts payable	3,008,000	1,143,991
Recovery portfolio Benefits	502,806	445,364
Reimbursement of expenses	394,161	56,038
Disability reinstatement	27,974	321,145
Litigation recovery	-	3,623,397
Other recoveries	634,330	2,348,087
	$ 6,372,650	**11,732,114**

(1) They correspond to the recognition of the net income reported by the Pre-investment Fund, Social Responsibility and Itau.

Note (27) Other expenses

The following are the details of the other expenses:

	2017	2016
Property tax, registration and annotation, VAT and GMF	$ 11,806,598	11,488,515
Contribution to the equity	4,055,252	9,853,250
Tax of industry and commerce	10,811,909	10,696,467
Legal expenses	1,976	18,118
Fees	7,566,819	6,647,821
Litigation	-	1,796,267
Leases	5,854,679	4,569,725
Contributions and affiliations	4,170,084	3,857,509
Insurance	1,713,122	1,613,408
Maintenance and repairs	4,668,732	3,745,026
Electrical installations	464,750	571,662
Other provisions	23,831,966	24,792,433
Depreciation	905,645	600,290
Amortization	1,235,156	1,241,206
Cleaning and guard services	1,003,726	986,836
Temporary services	33,705,636	27,285,373
Advertising	717,225	733,062
Public relations	4,671	3,621
Public services	1,126,024	767,344

Travel expenses	2,409,847	2,149,695
Transport	634,331	586,688
Supplies and stationery	682,036	580,585
Promotion and dissemination	1,471,105	1,545,632
I spend profits to programs - IFRS	-	1,792,523
Provision estimated expenses	-	3,008,000
Others minors	2,790,931	1,986,016
Employee benefits	41,562,880	37,263,269
Sale of property and equipment	1,551	2,272
Loss due to accidents	34,620	43,342
	$ 163,231,273	**159,685,695**

(1) Leases

The following are the minimum future payments of operating leases without purchase option, not payable for each of the following periods.

		BETWEEN ONE AND TWO YEARS	
CITY	**LESSOR**	**2018**	**2019**
Bogotá	Acorbe Piso 3	309,600	-
Bogotá	Acorbe Piso 6	323,136	-
Bogotá	Torre 104 Piso 5 Fase II	296,794	296,794
Bogotá	Torre 104 Piso 6 Fase II	258,958	-
Bogotá	Autopistas Del Café	23,360	-
Neiva	Eficservices	15,600	-
Manizales	Ma. Pilar Jaramillo	-	-
B/ventura	Inverpacifico	-	-
San Andrés	Arisai	-	-
B/quilla	Giancarlo	18,096	6,032
Pasto	Antonio Barbato	20,700	-
Cartagena	Maritza Orrego Vargas	39,984	3,332
		1,306,228	**306,158**

Note (28) Commitments and contingencies

The contingent accounts include:

	2017	**2016**
Pledge IDB credits (1)	$ 16,812,440	14,060,609
Private equity fund (2)	-	1,426,058

For litigation (claims) (3)	33,296,341	39,069,672
Approved and undisbursed credits (4)	702,545,153	806,235,333
Interest credits suspended (5)	939,591	672,310
	$ 753,593,525	**861,463,982**

The balances of this account correspond to:

(1) 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 Onloan 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.

Under the Loan Contracts IDB S.F. 977 and IBRD (BM) 4345. Findeter subscribed Trustee Order with the Fiduciaria la Previsora No.420010 of February 21, 1997, and No.4006 of July 30, 1998, respectively, as a counter-guarantee of 120% of the semi-annual service of the debt of these loans, derived from the Guarantee granted by the Nation.

(1) Corresponds to the balance of calls from the Ashmore Private Capital Fund.

(2) Corresponds to the claims arising from the legal proceedings brought against Findeter, of which there are several types of processes underway, including labor and administrative claims, whose loss assessment is eventual or possible.

(3) 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 and which have not been disbursed by Findeter

Bank entity	**2017**	**2016**
Banco de Bogotá S.A.	$ 10,640,000	21,712,000
Banco Davivienda S.A.	17,955,000	36,639,000

Bancolombia S.A.	665,305,153	730,243,333
Banco de Occidente S.A.	8,645,000	17,641,000
	$ 702,545,153	**806,235,333**

(4) Suspended Interest

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

Note (29) Operation Segment

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

STATEMENT OF INCOME	FINANCIAL SERVICE 2017	TECHNICAL ASSISTANCE 2017	FINANCIAL SERVICES 2016	TECHNICAL ASSISTANCE 2016	TOTAL 2017	TOTAL 2016
Revenue, net						
Services	735,623,107	93,415,088	759,163,162	67,678,069	829,038,194	826,841,231
Rental income	164,447	-	124,711	-	164,447	124,711
Profit from investment valuation, net	46,944,281	-	60,663,091	-	46,944,281	60,663,091
Profit by Exchange difference, net	4,731,047	-	39,906,797	-	4,731,047	39,906,797
Total ordinary income	**787,462,881**	**93,415,088**	**859,857,762**	**67,678,069**	**880,877,968**	**927,535,831**
Amortization and depreciation expenses	1,976,642	164,159	1,723,475	118,021	2.140,801	1,841,496
Loss on Valuation derivatives, net	47,662,577	-	91,164,186	-	47,662,577	91,164,186
Net deterioration due to financial credit assets	13,354,735	-	2,744,012	-	13,354,735	2,744,012
Others	1,550	-	1,044	-	1,550	1,044
Expenses that have not led to cash outflows (non-monetary):	**62,995,505**	**164,159**	**95,632,718**	**118,021**	**63,159,664**	**95,750,739**
Expenses that give rise to cash outflow (monetary):	130,355,419	53,231,942	142,186,117	44,737,652	183,587,361	186,923,769
Financial expenses	541,211,276	-	564,544,407	-	541,211,276	564,544,407
Profit / (Loss) before taxes	52,900,681	40,018,987	57,494,520	22,822,396	92,919,668	80,316,916
Expense / (Income) for income tax	23,212,835	17,560,344	27,791,096	11,031,649	40,773,179	38,822,745
Net Income / (Loss)	**29,687,846**	**22,458,643**	**29,703,424**	**11,790,747**	**52,146,489**	**41,494,171**

Assets	9,396,542,180	39,444,934	8,880,233,521	31,623,726	9,435,987,114	8,911,857,247
Liabilities	8,347,652,593	4,314,421	7,878,376,602	2,544,371	8,351,967,014	7,880,920,973

See note 3 section H

Note (30) Related parties

According to the NIC24, a related party is a person or entity that is related to the entity that prepares its financial statements in which joint control or control over the reporting entity could be exercised; to exert significant influence on the reporting entity; or be considered a member of the key personnel of the management of the reporting entity or of a controlling entity of the reporting entity. The definition of a related party includes: a) persons and / or relatives related to the entity, entities that are members of the same group (controlling and subsidiary), associates or joint ventures of the entity or group entities, plans of post-employment benefit for the benefit of the employees of the reporting entity or a related entity.

The following are considered related parties:

1) An economic related party: is a person or entity that is related to an entity through transactions such as transfers of resources, services or obligations, regardless of whether a price is charged or not.

2) Shareholders who individually hold more than 10% of the share capital of Findeter (the Nation).

3) Key management personnel: Those persons who have the authority and responsibility to plan, direct and control the activities of the entity directly or indirectly, including any director or administrator (whether executive or not) of Findeter, including the President, Vice Presidents and members of the Board of Directors.

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:

	2017	**2016**
Board of Directors Fees	267,791	177,879

As of December 31, 2017 and 2016, Findeter records balances of the credit portfolios and remuneration with the key personnel of Findeter, as detailed below:

	2017	**2016**
Credit portfolios	1,254,066	2,117,235
Key Management Personal Compensation	9,225,353	8,361,865

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**	**2017**	**2016**
Treasury	Compensated Rates	$15,813,125	41,321,830

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

Note (31) Adequate capital management

Findeter's objectives regarding the management of its adequate capital are aimed at: a) complying with the capital requirements established by the Colombian government for financial entities and b) maintaining an adequate equity structure that allows it to generate value for its shareholders.

The total solvency ratio, defined as the ratio between technical equity and assets weighted by risk level, cannot be less than nine zero percent point (9.0%), and the basic solvency ratio, defined as the ratio between the ordinary basic assets and assets weighted by risk level, cannot be less than four point five percent (4.5%), as indicated in article 2.1.1.1.2 and 2.1.1.1.3, respectively, of Decree 2555 of 2010, modified by Decree 1771 of 2012 and Decree 1648 of 2014.

Compliance is verified monthly according to the provisions of the Financial Superintendence of Colombia in chapter XIII - 14 of the Basic Accounting and Financial Circular 100 of 1995.

The classification of the risk Assets in each category is carried out applying the percentages determined by the Financial Superintendence of Colombia, to each one of the items of the general balance according to the Catalog of Accounts IFRS. Additionally, market risks are included as part of the risk-weighted Assets for the calculation of the solvency margin.

To manage the capital from the economic point of view and the generation of value to its shareholders, the administration keeps a detailed follow-up of the levels of profitability for each of its lines of business and on the capital needs according to the expectations of growth of each of the lines. In the same way, the management of economic capital implies the analysis of the effects that the credit, market, liquidity and operational risks may have, to which Findeter is subject in the development of its operations.

The following is the detail of the minimum technical capital calculation required in Findeter:

	2017	**2016**
Technical Equity		
Basic ordinary equity		
Subscribed and paid capital	924,313,100	887,478,100
Appropriation of liquid profits	53,397,292	49,247,875
Investments available for sale in participatory securities	(25,738,075)	
Deferred income tax	(19,423,487)	(16,103,311)

Unrealized gains or losses (ORI)	(41,973,603)	(25,107,942)
Additional Equity		
Value of subordinated cash obligations effectively authorized, placed and paid	203,680,000	
General provision	396,853	401,750
Profit for the year	52,146,489	41,494,171
Total Technical Equity	1,146,798,568	937,410,643
Assets weighted by level of risk		
Category I (High security assets weighted at 0%)	759,364,186	679,354,692
Category II (High security assets weighted at 20%)	126,968,152	251,209,398
Category III (Assets with high security but with low liquidity that weigh 50%)	8,174,834,250	33,899,557
Category IV (Other Assets at Risk Weighted at 100%) + Special Weightings	1,114,706,495	8,878,509,627
Total Assets weighted by risk	10,175,873,083	9,842,973,274
Market risk	33,750,539	17,423,367
Basic solvency risk index.	18.50	10.84
Total solvency risk index.	23.58	11.28

Note (32) Legal Controls

Global Exchange Position: Corresponds to the difference between all the rights and obligations denominated in Foreign currency, registered inside and outside the balance sheet, whether performed or contingent. Findeter complies with the provisions issued by the Board of Directors of the Bank of the Republic and the regulations issued by the Financial Superintendence of Colombia.

Technical Equity and Solvency Margin: Chapter XIII-13 of the SFC, indicates the criteria and parameters that the entities receiving the same must observe for compliance with the appropriate equity and the minimum solvency ratios established in Title 1 of Book 1 of the Part 2 of Decree 2555 of 2010. The foregoing, in order to maintain adequate levels of capital of good quality that allow them to absorb unexpected losses arising from the materialization of the risks to which they are exposed, and in this way preserve the trust of the public in the financial system and its stability.

Note (33) Approval of financial statements

The financial statements and the accompanying notes were approved by the board of directors and the legal representative, in accordance with document No. 333 of February 20, 2018, to be presented to the General Assembly of Shareholders for approval, which may be approve or modify them.

Note (34) Subsequent events

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