



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

*Report for the period between April 1<sup>st</sup> to June 30th, 2020*

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

**2Q-2020**

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

To the Shareholders

Financiera de Desarrollo Territorial S.A. Findeter:

### **Introduction**

I have reviewed the accompanying condensed interim financial report of Financiera de Desarrollo Territorial S.A. as of June 30, 2020, comprising:

- the condensed statement of financial position as of June 30, 2020;
- the condensed statement of income for the half-year and quarter ended June 30, 2020;
- the condensed statement of other comprehensive income for the half-year and quarter ended June 30, 2020;
- the condensed statement of changes in equity for the half-year ended June 30, 2020;
- the condensed statement of cash flows for the half-year ended June 30, 2020; and
- the notes to the interim financial report.

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

### **Scope of review**

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

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying condensed interim financial report as at and for the six months ended June 30, 2020, is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia.

Gabriela Margarita Monroy Diaz  
Independent Auditor of Financiera de Desarrollo Territorial S.A. Findeter  
Professional License 33256-T  
Member of KPMG S.A.S.

August 14, 2020

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

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

**Introduction**

I have reviewed the condensed interim financial report of Financiera de Desarrollo Territorial S.A. as of June 30, 2020, in eXtensible Business Reporting Language (XBRL), comprising:

- the statement of financial position as of June 30, 2020;
- the statement of income and other comprehensive income for the half-year and quarter ended June 30, 2020;
- the statement of changes in equity for the half-year ended June 30, 2020;
- the statement of cash flows for the half-year ended June 30, 2020; and
- accompanying notes.

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

**Scope of review**

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

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial report of Financiera de Desarrollo Territorial S.A. in eXtensible Business Reporting Language (XBRL) as at and for the six months ended June 30, 2020, is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, contained in the Financial Reporting Standards accepted in Colombia.

Gabriela Margarita Monroy Diaz  
Independent Auditor of Financiera de Desarrollo Territorial S.A. Findeter  
Professional License 33256-T  
Member of KPMG S.A.S.

August 14, 2020

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**Condensed Statement of Financial Position**  
**As of June 30, 2020**  
**(In thousands of Colombian Pesos)**

<b>Statement of Financial Position</b>	<b>Note</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
<b>Assets</b>			
Cash and cash equivalents	9	\$ 760.644.282	695.223.180
Investment financial assets and derivatives	10	353.570.589	428.202.199
Loan portfolio and finance lease operations, net	11	10.080.216.619	8.893.012.444
Accounts receivable and other receivables, net		128.579.719	99.326.603
Property and equipment, net	13.1	33.210.995	33.586.104
Right-of-use assets	13.1	1.452.020	2.123.498
Investment properties		589.203	589.203
Intangible assets, net	13.2	1.091.399	1.393.667
Current tax assets, net		0	0
Deferred tax assets, net	12	100.778.293	46.823.870
Other assets, net	13.3	986.551	2.233.448
<b>Total assets</b>		<b>\$ 11.461.119.670</b>	<b>10.202.514.216</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
Derivative financial instruments measured at fair value		\$ 18.834.593	15.972.109
Current income taxes, net	11	47.608.436	8.721.454
Certificates of deposit	13.1	6.212.809.685	5.444.803.724
Outstanding investment securities		1.608.469.407	1.570.747.870
Financial obligations	13.2	2.245.357.383	1.846.338.513
Lease liability		1.563.313	1.981.012
Employee benefits		6.765.704	5.154.246
Financial guarantees	14	60.802.158	64.821.669
Provisions		3.325.520	3.325.520
Accounts payable and other payables		16.168.843	17.905.712
<b>Total liabilities</b>		<b>\$ 10.221.705.042</b>	<b>8.979.771.829</b>
<b>Shareholders' equity</b>	15	<b>\$ 1.239.414.628</b>	<b>1.222.742.387</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 11.461.119.670</b>	<b>10.202.514.216</b>

See accompanying notes to the condensed interim financial statements

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

**HOLLMAN JAVIER PUERTO BARRERA(\*)**  
Accountant  
P.L. 31196-T

**GABRIELA MARGARITA MONROY DÍAZ**  
Independent Auditor  
P.L. 33256-T  
Member of KPMG S.A.S.  
(See my report of August 14, 2020)

(\*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have previously verified the statements contained in these financial statements and that they have been faithfully taken from Findeter's auxiliary ledger.

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

	Note	For the half-year ended on		for the three-month period ended	
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
<b>Revenue</b>					
Interest on loan portfolio	14.3	\$ 326.880.610	294.838.053	163.750.335	147.511.238
Net revenue from investment valuation at fair value, net	14.4	7.745.362	23.895.103	3.610.571	14.573.762
Net interest on investments at amortized cost, net		1.103.853	909.221	554.307	533.576
<b>Operating expenses</b>					
Certified interest on term deposits	14.5	(153.814.200)	(138.827.111)	(79.156.814)	(70.455.564)
Interest financial obligations	14.5	(31.695.869)	(42.102.457)	(13.222.896)	(19.367.925)
Interest on outstanding investment securities	14.5	(58.176.649)	(45.545.701)	(29.023.399)	(23.330.130)
Net exchange difference profit (loss)		(223.936.768)	12.122.563	138.791.803	(14.522.212)
Net derivative valuation profit (loss)		206.678.377	(18.482.522)	(148.444.240)	11.042.427
<b>Net financial margin</b>		<b>\$ 74.784.716</b>	<b>86.807.149</b>	<b>36.859.668</b>	<b>45.985.173</b>
Net (Impairment) for loan financial assets and accounts receivable		(6.584.614)	1.189.821	(4.565.754)	(952.713)
<b>Net financial margin after impairment</b>		<b>\$ 68.200.102</b>	<b>87.996.970</b>	<b>32.293.915</b>	<b>45.032.460</b>
<b>Revenue and expenses for commissions and other services</b>					
Technical assistance revenue	14.6	32.322.335	29.737.533	17.645.026	13.559.957
Revenue for commissions and other services	14.6	5.742.552	7.439.772	2.495.233	3.731.826
Expenses for commissions and other services		(3.081.299)	(2.359.262)	(2.125.896)	(1.446.155)
<b>Net revenue and expenses for commissions and other services</b>		<b>\$ 34.983.588</b>	<b>34.818.043</b>	<b>18.014.363</b>	<b>15.845.628</b>
<b>Other revenue and expenses</b>					
Other revenue		6.276.807	5.577.493	4.535.762	3.433.775
Other expenses		(71.800.217)	(68.277.194)	(36.179.779)	(34.340.234)
<b>Net other expenses</b>		<b>\$ (65.523.410)</b>	<b>(62.699.701)</b>	<b>(31.644.017)</b>	<b>(30.906.459)</b>
<b>Earnings before income tax</b>		<b>\$ 37.660.280</b>	<b>60.115.312</b>	<b>18.664.261</b>	<b>29.971.629</b>
Income tax expense		(22.567.040)	(19.972.657)	2.292.484	(17.324.971)
<b>Net income</b>		<b>\$ 15.093.240</b>	<b>40.142.655</b>	<b>20.956.744</b>	<b>12.646.658</b>

See accompanying notes to the condensed interim financial statements

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

**HOLLMAN JAVIER PUERTO BARRERA(\*)**  
Accountant  
P.L. 31196-T

**GABRIELA MARGARITA MONROY DÍAZ**  
Independent Auditor  
P.L. 33256-T  
Member of KPMG S.A.S.  
(See my report of August 14, 2020)

(\*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have previously verified the statements contained in these financial statements and that they have been faithfully taken from Findeter's auxiliary ledger.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER**  
**Condensed Statement of Cash Flows**  
**For the half-year ended**  
**(In thousands of Colombian Pesos)**

		on June 30, 2020	on June 30, 2019
<b>Net Income</b>	Notes	<b>15.093.240</b>	<b>40.142.655</b>
<b>Adjustments to reconcile net income with net cash used in operating activities:</b>	\$		
Depreciations	13,1	378.908	345.810
Right-of-use depreciations	13,1	777.730	760.424
Amortization of intangibles and other assets	13,2	594.020	508.588
Amortization of other assets		1.246.897	955.102
Net (impairment) for loan financial assets and accounts receivable	11	6.584.614	(1.189.821)
Interest expenses	14,5	243.159.018	227.228.428
Lease contract expense		78.223	-
(Loss) and profit from exchange difference, net		223.936.768	(12.122.563)
Income tax expense		22.567.040	19.972.657
Expenses for other provisions, net		-	(552.278)
Reimbursement of financial guarantees	15	(4.019.512)	(3.463.556)
Technical assistance revenue		(4.615.319)	(6.140.644)
Revenue from investment valuation, net		(8.321.516)	(25.557.483)
Loss (profit) from valuation derivatives, net		(206.678.377)	18.482.522
Interest on loan portfolio	14,3	(326.880.610)	(294.838.055)
<b>Changes in assets and exchange difference adjustment in operating liabilities:</b>			
Negotiable investments		85.397.027	80.477.819
Loan portfolio and finance lease operations, net		(1.042.315.946)	76.505.467
Accounts receivable		(24.637.797)	2.421.822
Derivative financial instruments		209.540.861	(14.548.300)
Employee benefits		1.611.458	278.002
Lease liabilities		-	-
Accounts payable and other liabilities		738.593.590	(35.826.016)
<b>Subtotal</b>	\$	<b>(67.909.683)</b>	<b>73.840.580</b>
Paid Income tax		(14.894.217)	(18.550.127)
Lease interest payments	13,1	(243.985)	-
Paid interest		(203.255.915)	(206.152.070)
Received interest		207.422.863	202.599.572
<b>Net cash (used) provisioned for operating activities</b>	\$	<b>(78.880.937)</b>	<b>51.737.955</b>
Additions of property and equipment	13,1	(3.799)	(59.129)
Additions of other intangible assets	13,2	(291.752)	(283.389)
<b>Net cash used for investment activities</b>	\$	<b>(295.551)</b>	<b>(342.518)</b>
Issuance of outstanding investment securities		-	400.000.000
Increase simultaneous interbank funds		-	9.527.238
New loans in bank loans and other financial obligations		233.441.282	56.223.880
Bank loan payments and other financial obligations	14,2	(102.348.305)	(372.865.889)
Capital payments lease contracts	13,1	(602.174)	(852.333)
<b>Net cash provided in financing activities</b>	\$	<b>130.490.803</b>	<b>92.032.896</b>
Cash and cash equivalents before the effect of exchange rate		51.314.315	143.428.333
Exchange difference on cash		14.106.787	(6.448.549)
<b>Net increase (decrease) of cash and cash equivalents</b>	9	<b>\$ 65.421.102</b>	<b>136.979.785</b>
Cash and cash equivalents initial balance	9	695.223.180	717.949.878
<b>Cash and cash equivalents final balance</b>	9	<b>\$ 760.644.282</b>	<b>854.929.663</b>
Available restricted	8	(5.693.677)	(16.971.520)
<b>Cash and cash equivalents final balance without the available restricted</b>	\$	<b>754.950.605</b>	<b>837.958.143</b>

See accompanying notes to the condensed interim financial statements

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

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

**GABRIELA MARGARITA MONROY DÍAZ**  
Independent Auditor  
**P.L. 33256-T**  
Member of KPMG S.A.S.  
(See my report of August 14, 2020)

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**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For the period ended on June 30, 2020  
(In thousands of Colombian Pesos)

	Issued Capital	Reserves		First-time Adoption Effect	Other comprehensive income	Net income	Total shareholders' equity
		Legal Reserves	Occasional Reserves				
Balance as of January 1, 2019	\$ 971.716.511	58.611.941	11.718.045	52.075.778	(10.324.400)	56.559.908	1.140.357.783
Changes in Equity:							
Capitalization of profits	53.246.683	5.655.991	(2.342.766)			(56.559.908)	-
Net income						40.142.655	40.142.655
Other comprehensive income	-	-	-	-	4.777.943		4.777.943
Total changes in equity	<u>53.246.683</u>	<u>5.655.991</u>	<u>(2.342.766)</u>	<u>-</u>	<u>4.777.943</u>	<u>(16.417.253)</u>	<u>44.920.598</u>
Final balance as of June 30, 2019	\$ <u>1.024.963.194</u>	<u>64.267.932</u>	<u>9.375.279</u>	<u>52.075.778</u>	<u>(5.546.457)</u>	<u>40.142.655</u>	<u>1.185.278.381</u>
Balance as of January 1, 2020	\$ 1.024.963.194	64.267.932	9.375.279	52.075.778	(1.850.616)	73.910.820	1.222.742.387
Changes in Equity:							
Capitalization of profits	52.778.750	7.391.082	13.740.988	-	-	(73.910.820)	0
Net income						15.093.240	15.093.240
Other comprehensive income	-	-	-	-	1.579.001		1.579.001
Total changes in equity	<u>52.778.750</u>	<u>7.391.082</u>	<u>13.740.988</u>	<u>-</u>	<u>1.579.001</u>	<u>(58.817.580)</u>	<u>16.672.241</u>
Final balance as of June 30, 2020	\$ <u>1.077.741.944</u>	<u>71.659.014</u>	<u>23.116.267</u>	<u>52.075.778</u>	<u>(271.615)</u>	<u>15.093.240</u>	<u>1.239.414.628</u>

See accompanying notes to the condensed interim financial statements

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

**HOLLMAN JAVIER PUERTO BARRERA(\*)**  
Accountant  
P.L. 31196-T

**GABRIELA MARGARITA MONROY DÍAZ**  
Independent Auditor  
P.L. 33256-T  
Member of KPMG S.A.S.  
(See my report of August 14, 2020)

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

	For the half-year ended on		For the three-month period ended on	
	30-jun-20	30-jun-19	30-jun-20	30-jun-19
Net income	\$ 15.093.240	40.142.655	20.956.744	12.646.658
<b>Items not reclassified through profit or loss</b>				
Fixed asset revaluation	-	2.770.413	-	2.770.413
Valuation of financial instruments available for sale	1.753.120	2.007.530	(2.601.330)	538.100
Deferred tax recognition	(174.119)	-	261.469	-
<b>Total other comprehensive income not reclassified through profit or loss, net of taxes</b>	<b>1.579.001</b>	<b>4.777.943</b>	<b>(2.339.860)</b>	<b>3.308.513</b>
<b>Total Comprehensive Income</b>	<b>\$ <u>16.672.240</u></b>	<b><u>44.920.598</u></b>	<b><u>18.616.884</u></b>	<b><u>15.955.171</u></b>

See accompanying notes to the condensed interim financial statements

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

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Accountant  
P.L. 31196-T

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

*Condensed Interim Financial Report from April 1 to June 30, 2020, under Financial Reporting Standards Accepted in Colombia (CFRS) accompanied by the independent auditor's limited review report.*

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

## **1. Reporting Entity**

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

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

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

The financial management report as of June 30, 2020, was submitted to the Board Meeting of July 28 this year, according to Minutes No. 370.

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

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

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

Except with respect to:

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

The condensed interim individual financial statements do not include all the information and disclosures required for an annual financial statement; therefore, they must be read together with the annual financial statements as of December 31, 2019.

### **3. Significant Accounting Policies**

The accounting policies applied in the condensed financial statements of Financiera de Desarrollo Territorial S.A. - FINDETER are the same as those applied in the financial statements as of December 31, 2019.

### **4. Judgments and Estimates**

Findeter makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amount of assets and liabilities in the accounting period. Judgments and estimates are evaluated on an ongoing basis and based on Findeter's experience and other factors, including expectations of future events that are believed to be reasonable. As of June 30, 2020, no judgments or critical estimates were identified.

### **5. Operating Segments**

Findeter has defined two business line operating segments for the provision of services: Financial Services and Technical Assistance. For this purpose, it has aligned the direct allocation of revenues, expenses, assets and liabilities with the allocation of the cost centers in the Findeter areas.

The following figures correspond to revenue and expenses by segment for the half year and quarter ended June, 30, 2020 and 2019:

Thousands of pesos  
Reported Segment

	FINANCIAL SERVICES		TECHNICAL ASSISTANCE		FINANCIAL SERVICES		TECHNICAL ASSISTANCE					
			For the half-year ended				For the half-year ended					
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	1 April to 30 June 2020	1 April to 30 June 2019	1 April to 30 June 2020	1 April to 30 June 2019		
<b>Net revenue</b>												
Interest on loan portfolio	326,880,610	294,838,053	-	-	326,880,610	294,838,053	163,750,335	147,511,238	-	-	163,750,335	147,511,238
Net revenue from investment valuation	9,012,297	25,557,483	-	-	9,012,297	25,557,483	4,168,560	15,541,410	-	-	4,168,560	15,541,410
<b>Operating expenses</b>												
Financial expenses	(243,849,799)	(227,228,428)	-	-	(243,849,799)	(227,228,428)	(121,406,790)	(113,587,690)	-	-	(121,406,790)	(113,587,690)
Net exchange difference profit/loss	(223,936,768)	12,122,563	-	-	(223,936,768)	12,122,563	138,791,803	(14,522,212)	-	-	138,791,803	(14,522,212)
Net derivative valuation on profit/loss	206,678,377	(18,482,522)	-	-	206,678,377	(18,482,522)	(148,444,240)	11,042,427	-	-	(148,444,240)	11,042,427
<b>Net financial margin</b>	<b>74,784,716</b>	<b>86,807,149</b>	<b>-</b>	<b>-</b>	<b>74,784,716</b>	<b>86,807,149</b>	<b>36,859,668</b>	<b>45,985,174</b>	<b>-</b>	<b>-</b>	<b>36,859,668</b>	<b>45,985,174</b>
Net impairment for credit financial assets and accounts receivable	(6,584,614)	1,189,821	-	-	(6,584,614)	1,189,821	(4,565,754)	(952,713)	-	-	(4,565,754)	(952,713)
<b>Net financial margin after impairment</b>	<b>68,200,102</b>	<b>87,996,970</b>	<b>-</b>	<b>-</b>	<b>68,200,102</b>	<b>87,996,970</b>	<b>32,293,915</b>	<b>45,032,461</b>	<b>-</b>	<b>-</b>	<b>32,293,915</b>	<b>45,032,461</b>
<b>Revenue and expenses from commissions and other services</b>												
Technical assistance revenue	-	-	32,322,335	29,737,533	32,322,335	29,737,533	-	-	17,645,026	13,686,666	17,645,026	13,686,666
Revenue for commissions and other services	5,742,552	7,439,772	-	-	5,742,552	7,439,772	2,495,233	3,605,117	-	-	2,495,233	3,605,117
Expenses for commissions and other services	(3,024,187)	(2,174,254)	(57,112)	(185,008)	(3,081,299)	(2,359,262)	(2,101,230)	(1,346,623)	(24,666)	(99,532)	(2,125,896)	(1,446,155)
<b>Net revenue and expenses from commissions and other services</b>	<b>2,718,364</b>	<b>5,265,518</b>	<b>32,265,223</b>	<b>29,552,525</b>	<b>34,983,588</b>	<b>34,818,043</b>	<b>394,004</b>	<b>2,258,494</b>	<b>17,620,360</b>	<b>13,587,134</b>	<b>18,014,363</b>	<b>15,845,628</b>
<b>Other revenue and expenses</b>												
Other revenue	6,276,807	5,577,493	-	-	6,276,807	5,577,493	4,535,762	3,433,775	-	-	4,535,762	3,433,775
Other expenses	(40,166,630)	(35,337,581)	(31,633,587)	(32,939,613)	(71,800,217)	(68,277,194)	(20,916,400)	(16,937,172)	(15,263,379)	(17,403,662)	(36,179,779)	(34,340,234)
<b>Net other revenue and expenses</b>	<b>(33,889,822)</b>	<b>(29,760,088)</b>	<b>(31,633,587)</b>	<b>(32,939,613)</b>	<b>(65,523,410)</b>	<b>(62,699,701)</b>	<b>(16,380,638)</b>	<b>(13,503,397)</b>	<b>(15,263,379)</b>	<b>(17,403,662)</b>	<b>(31,644,017)</b>	<b>(30,906,459)</b>
<b>Earnings before income tax</b>	<b>37,028,644</b>	<b>63,502,400</b>	<b>631,636</b>	<b>(3,387,088)</b>	<b>37,660,280</b>	<b>60,115,312</b>	<b>16,307,280</b>	<b>33,787,558</b>	<b>2,356,981</b>	<b>(3,815,528)</b>	<b>18,664,261</b>	<b>29,971,630</b>
Income tax expense	(22,188,547)	(21,097,980)	(378,493)	1,125,323	(22,567,040)	(19,972,657)	2,002,982	(19,530,752)	289,502	2,205,811	2,292,484	(17,324,971)
<b>Net income</b>	<b>14,840,097</b>	<b>42,404,419</b>	<b>253,143</b>	<b>(2,261,765)</b>	<b>15,093,240</b>	<b>40,142,655</b>	<b>18,310,262</b>	<b>14,256,807</b>	<b>2,646,483</b>	<b>(1,610,147)</b>	<b>20,956,744</b>	<b>12,646,659</b>

	FINANCIAL SERVICES		TECHNICAL ASSISTANCE		TOTAL	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
<b>Assets</b>	<b>11,402,125,185</b>	<b>10,160,754,916</b>	<b>58,994,485</b>	<b>41,759,300</b>	<b>11,461,119,670</b>	<b>10,202,514,216</b>
<b>Liabilities</b>	<b>10,210,352,751</b>	<b>8,945,722,841</b>	<b>11,352,292</b>	<b>34,048,988</b>	<b>10,221,705,043</b>	<b>8,979,771,829</b>

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

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

## **7. Financial risk management**

### **Risk Management Process**

Findeter, in its ordinary course of business, is exposed to different financial and non-financial risks, which is why Findeter considers risk management to be key to its management and a strategic process.

As a fundamental premise, for Findeter, risk management is company-wide and its processes come from the Board of Directors and Senior Management.

### **RISK MANAGEMENT SYSTEMS**

Below is a detail of the different risk management systems in Findeter:

#### **Market Risk Management System (SARM) and Liquidity Risk Management Systems (SARL)**

Regarding the Market Risk Management System, during the first half of 2020, Findeter's investment portfolio has been monitored, ensuring compliance with the applicable regulations in force, the controls established by the GAP Committee and the policies approved by the Board of Directors and established in the system manual.

In turn, the Liquidity Risk Management Systems implemented the Net Stable Funding Ratio, regulated by the Financial Superintendence of Colombia in Letter 019 of 2019, making the first official transmission on January 31, 2020.

#### **Credit Risk Management System (SARC)**

Under Decree 468 of March 23, 2020, Decree 581 of April 15, 2020, and the respective approval of the Board of Directors of the Company given on April 17, 2020, during the first half of 2020, Findeter implemented the policies, processes, procedures, methodologies and other documentation associated with the new direct loan operation, which allows Findeter to directly lend to very specific beneficiaries, such as the Municipalities, Districts and Departments, and exceptionally until December 31, 2020, to Residential Public Service Providers.

#### **Operational Risk Management System (SARO)**

Findeter has implemented the Operational Risk Management System with which the Company's operational risks are identified, measured, controlled, monitored and communicated, 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 standard, the Company has an Operational Risk Unit (URO), led by the Risks Vice President.

The Operational Risk Unit, in order to strengthen the culture of risk management within the organization and meet the regulatory requirements, in the first half of 2019 updated the Operational Risk Management Manual, which included policies and guidelines related to information security and cybersecurity risk management and compliance with seizure measures.

FINDETER has implemented the Information Security and Cybersecurity Management System (SARSICIB), through which risks, events, threats, vulnerabilities and situations that may affect the information security and cybersecurity of the entity are managed and processed, in accordance with business requirements and observing current legal provisions issued by the Financial Superintendence of Colombia (SFC) and the National Government.

#### **Anti-Money Laundering and Counter Terrorism Financing Risk Management System (SARLAFT)**

During the first half of 2020, the Company's consolidated residual risk remained at a moderate level. However, after the evaluation of the elements that make up the System, their status was considered optimal.

Furthermore, as a result of the new product of direct loans to Departments, Municipalities and residential public service providers of aqueduct, sewerage and/or cleaning, electric utilities and fuel gas providers through networks, the following adjustments were made:

- The scope of the direct loan recipients was extended as mentioned above.
- Definitions were included considering the new customers.
- The standards on the applicable legal framework were updated.
- Customer knowledge procedures were adjusted, such as the engagement form, the required documentation and the treatment of politically exposed persons (PEPs).

Additionally, the following modifications were made:

- The exception of cross-checking restrictive lists of international bondholders was included.
- The scope of the "Targeted Financial Sanctions" was specified.
- The residual risk calculation was included after the controls had been applied.

#### **8. Fair Value Estimate**

Findeter values financial assets and liabilities such as derivatives and debt and equity securities, which are traded in an active market with sufficient and available information at the valuation date, using the price information published by the official pricing entity certified

by the Financial Superintendence of Colombia (PRECIA SA). This way, Findeter obtains the prices and curves published by the pricing entity and applies them according to the methodology corresponding to the valued instrument.

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

The fair value hierarchy has the following levels:

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

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

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

Recurring fair value measurements are those that other IFRSs require or permit at the end of each reporting period and which are regularly measured on that basis. Non-recurring fair value measurements are those that other IFRSs require or permit in particular circumstances

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

On the other hand, and in accordance with the methodologies approved by the Financial Superintendence of Colombia, the pricing entity receives the information from all external and internal sources of negotiation, information and registration.

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

- **Market Price:** Methodology applied to assets and liabilities that have sufficiently wide markets, in which the volume and number of transactions are generated to establish an output price for each negotiated reference. This methodology, equivalent to a level 1 input, is generally used for investments in sovereign bonds, financial institutions and corporate debt in local and international markets.

- Benchmark margins and curves: Methodology applied to assets and liabilities for which market variables such as benchmark curves and spreads or margins are used with respect to recent quotes of the asset or liability in question or similar. This methodology, equivalent to a level 2 input, is generally used for investments in debt securities of financial institutions and corporate debt in the local market of low-recurring issuers with low outstanding amounts.
- OTC derivatives: These instruments are valued by applying the discounted cash flow approach, which, based on inputs published by the pricing entity of domestic, foreign and implicit interest rate curves, and exchange rates, projects and discounts the future flows of each contract based on the underlying asset in question. The portfolio of these instruments, classified as level input, is made up of currency forward contracts.
- For the investment classified as level 3 input, which corresponds to the investments in the Ashmore Colombia Infrastructure Private Equity Fund, the valuation of the participation unit held is obtained from the value of the Fund at closing of the previous day (Equity Value) plus the results of the day in which the Fund is being valued ((+) Contributions (-) Withdrawals (+) Income (-) Expenses), divided by the number of Participation Units issued by the Fund at the closing of the previous day (Total Units of the Fund, which are generated in each capital call). The result gives the value of the participation unit of the Fund that is reported to investors in accordance with legal provisions.

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

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

Financial assets and liabilities	Fair value June 30,, 2020	Hierarchy level			Fair value December 31, 2019	Hierarchy level		
		1	2	3		1	2	3
<b>Negotiable investments</b>								
Debt securities other financial entities	\$ 106.400.587	-	106.400.587	-	111.433.149	543.390	74.186.375	-
Government debt securities	40.683.895	40.683.895	-	-	156.186.568	88.630.647	28.976.070	-
Private Equity Fund- Ashmore	49.337.750	-	-	49.337.750	61.938.007	-	61.938.007	-
Collective investment funds	17.590.910	-	17.590.910	-	17.213.510	-	17.213.510	-
Currency forward	74.530.156	-	74.530.156	-	18.137.299	-	18.137.299	-
<b>Changes in equity</b>								
Shares national guarantee fund	35.628.792	-	35.628.792	-	33.887.605	-	33.887.605	-
<b>Total assets</b>	<b>324.172.090</b>	<b>40.683.895</b>	<b>234.150.445</b>	<b>49.337.750</b>	<b>398,796,138</b>	<b>89,174,037</b>	<b>172,400,859</b>	<b>61,938,007</b>
<b>Liabilities</b>								
Currency forward	18.834.593	-	18.834.593	-	15.972.109	-	15.972.109	-
<b>Total liabilities</b>	<b>\$ 18.834.593</b>	<b>-</b>	<b>18.834.593</b>	<b>-</b>	<b>15.972.109</b>	<b>-</b>	<b>15.972.109</b>	<b>-</b>

Financial assets and liabilities measured at fair value did not present value hierarchy transfers as of June 30, 2020.

As of June 30, 2020, Findeter registers an investment in the Ashmore Colombia Infrastructure Fund, for \$49,337,750, equivalent to a 12.84% interest and 1,695,749.48 units on the Fund's total. The Fund's valuation is reported by an independent third party in accordance with the provisions of the Fund's regulations. The valuation variables are presented in the following table:

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

Contingent Consideration	The valuation of the companies that are part of the FCP-I Ashmore Colombia Infrastructure Fund is carried out through the Discounted Cash Flow and Asset Appraisal methodologies.	<p>The main unobservable significant information corresponds to:</p> <ol style="list-style-type: none"> <li>1. Estimated income for the valuation period.</li> <li>2. The pricing and cost structure of companies</li> <li>3. The weighted average cost of capital used to discount future flows</li> <li>4. The level of administrative and sales expenses.</li> <li>5. The working capital management policies used in the projection.</li> <li>6. The balance structure used in the projection.</li> <li>7. The dividend policy of each of the companies.</li> </ol> <p>The information of the points mentioned above comes from the business plans generated within each company, which in turn are built based on historical performance, specific growth objectives according to market information and business strategies.</p>	<p>The estimated unit value can increase or decrease if:</p> <ol style="list-style-type: none"> <li>1. The projected income assumptions are met</li> <li>2. If there is an effective control of costs and expenses in each company</li> <li>3. If the working capital requirements increase or decrease</li> <li>4. If the dividend policy is substantially modified.</li> <li>5. If the discount rate used to discount free cash flows increases or decreases.</li> </ol>
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- ii. **Non-recurring fair value measurements:** As of June 30, 2020, there are assets or liabilities measured at fair value determined on non-recurring bases.

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

- **Loan portfolio:** For the loan portfolio, its fair value was determined using discounted cash flow models at the interest rates of the valued portfolios at cut-off.
- **Financial obligations and other financial liabilities:** For financial obligations and other credit liabilities, their fair value was determined using discounted cash flow models at the interest rates of the valued portfolios at cut-off.

To determine the fair value of the loan portfolio, financial obligations, certificates of deposit and outstanding investment securities, the following methodology and the necessary inputs for its calculation were determined:

- **Flow projection**

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

- **Determining the Discount Rate**

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

- **Calculating Duration**

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

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

	June 30, 2020		December 31, 2019		Hierarchy level
	Carrying value	Fair value	Carrying value	Fair value	
<b>Assets</b>					
Net loan portfolio and finance lease transactions	\$ 10,080,216,619	10,078,610,878	8,893,012,444	9,090,201,347	3

Investment financial assets	29.398.499	30.359.830	29,406,062	29,408,156	2
<b>Total financial assets</b>	<b>10.109.615.118</b>	<b>10.108.970.708</b>	<b>8,922,418,506</b>	<b>9,119,609,503</b>	
<b>Liabilities</b>					
Certificates of deposit	6.212.809.685	6.247.405.332	5,444,803,724	5,473,920,084	2
Outstanding investment securities	1.608.469.407	1.682.818.331	1,570,747,870	1,628,304,177	2
Financial obligations	2.245.357.383	2.156.089.908	1,846,338,513	1,826,796,297	3
<b>Total liabilities</b>	<b>\$ 10.066.636.475</b>	<b>10.086.313.571</b>	<b>8,861,890,107</b>	<b>8,929,020,558</b>	

## 9. Cash and Cash Equivalents

The table below corresponds to the Bank ratings of the financial institutions where Findeter has balance of cash and cash equivalents, as of June 30, 2020, and December 31, 2019.

BANK	RISK RATING	JUNE 30, 2020	DECEMBER 31, 2019
Banco de Bogotá S.A.	AAA	\$ 1.332.384	898,851
Banco Popular S.A.	AAA	100.099.487	85,778,522
Bancolombia S.A.	AAA	7.576.187	9,389,498
Banco GNB Sudameris	AA+	267.301.984	179,071,294
BBVA Colombia S.A.	AAA	247.441.110	183,602,672
Banco de Occidente S.A.	AAA	104.428	4,822
Davivienda S.A.	AAA	3.097.756	2,271,018
Central Bank of Colombia	Country	25.426.002	23,892,589
Bancolombia S.A. Panama	AAA	79.247.243	61,449,282
Davivienda Panamá	AAA	2.296.976	3,509,240
Petty Cash	No rating	25.456	20,917
Interbank	No rating	21.001.592	143,591,843
Restricted Cash (1)	No rating	5.693.677	1,742,632
		<b>\$760.644.282</b>	<b>695,223,180</b>

(1) As of June 30, 2020, \$5,598,717 are registered in the National Guarantees Fund, and \$94,960 in the Pre-investment Fund.

They have exclusive allocations as follows: as is the case of the National Guarantees Fund, which must cover the loss ratio of affordable housing loans. In turn, the Pre-investment Fund has an order to meet the needs of pre-feasibility technical studies of infrastructure requirements of territorial entities.

## 10. Investment Financial Assets and Derivatives

The table below shows the balances and ratings of counterparties of securities that make up Findeter's portfolio, as of June 2020 and December 2019:

Issuer	June 30, 2020	Rating
ARCO GRUPO BANCOLDEX	5,009,900	AAA
BANCO COLPATRIA	3,105,960	AAA
BANCO DE BOGOTA	9,254,000	AAA
BANCO DE OCCIDENTE	8,832,925	AAA
BANCO POPULAR	13,329,760	AAA
BANCOLOMBIA	30,413,990	AAA
BBVA COLOMBIA	8,281,580	AAA
DAVIVIENDA S.A.	15,538,930	AAA
FCP FONDO INF COL ASHMORE I-S1(1)	49,337,750	NO RATING
LEASING BANCOLOMBIA S.A.	1,564,380	AAA
REPUBLIC OF COLOMBIA	40,683,895	Baa2
SCOTIABANK COLPATRIA	3,056,430	AAA
TITULARIZADORA COL. TIPS N-13	108,919	AAA
TITULARIZADORA COL. TIPS N-14	279,595	AAA
TITULARIZADORA COL. TIPS N-15	3,517,751	AAA
TITULARIZADORA COL. TIPS N-16	4,106,466	AAA
TITULARIZADORA COLOMBIA S.A.	29,395,751	AAA
SHARES NATIONAL GUARANTEES FUND	35,628,592	NO RATING
FORWARD TRANSACTIONS	74,530,156	NO RATING
EPSA	100	AAA
ECOPETROL SA	100	AAA
FONDO DE INVERSIÓN COLECTIVA ABIERTO FIDUBOGOTA	17,593,659	AAA
	<b>\$ 353,570,589</b>	

(1) The Ashmore private equity fund presented a devaluation of \$12,600,257, which is explained by the update of the fund's investment portfolio valuations.

Issuer	2019	Rating
ACCIONES FONDO NACIONAL DE GARANTIAS	33,887,405	NO RATING
ARCO GRUPO BANCOLDEX	5,006,150	AAA



BANCO AV VILLAS	3,501,260	AAA
BANCO DE OCCIDENTE S.A.	6,464,630	AAA
BANCO POPULAR S.A.	8,651,685	AAA
BANCOLOMBIA S.A.	16,243,700	AAA
BANCO CAJA SOCIAL COLMENA BCSC.	2,061,040	AAA
EPSA	100	AAA
DAVIVIENDA S.A.	5,658,840	AAA
ECOPETROL S.A.	100	AAA
FCP FONDO INF COL ASHMORE I-S1	61,938,007	NO RATING
FONDO DE INVERSIÓN COLECTIVA ABIERTO FIDUBOGOTA	17,213,510	AAA
FONDO NACIONAL DE GARANTÍAS S.A.	102,051,690	NO RATING
REPUBLIC OF COLOMBIA	117,980,722	PAIS
FORWARD TRANSACTIONS	18,137,299	NO RATING
TITULARIZADORA COLOMBIANA S.A.	29,406,061	AAA

**\$ 428,202,199**

#### 11. **Loan Portfolio and Finance Lease Transactions**

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

	June 30, 2020	December 31, 2019
Ordinary loans	\$10,065,589,753	8,874,207,049
Housing portfolio (employees and former employees)	39,031,466	38,012,899
Employee loans (consumer)	3,659,717	3,555,422
Former employee loans (consumer)	907,706	945,834
Interest receivable	35,776,006	34,454,653
Subtotal	<b>10,144,964,647</b>	<b>8,951,175,857</b>

Impairment (1)	(64,748,027)	(58,163,413)
<b>Total</b>	<b>\$10,080,216,619</b>	<b>8,893,012,444</b>

<b>Impairment portfolio balance</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Impairment initial balance	58,163,413	70,684,493
Principal recoveries	(967,635)	(5,065,081)
Principal charges	7,702,251	4,136,814
Interest recoveries	(176,035)	(452,053)
Interest charges	26,033	190,498
<b>Impairment final balance</b>	<b>64,748,027</b>	<b>69,494,672</b>

Below is the movement of portfolio impairment:

<b>Impairment Portfolio Movement - Expense</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Principal recoveries	967,635	5,065,081
Principal charges	(7,702,251)	(4,136,814)
Interest recoveries	176,035	452,053
Interest charges	(26,033)	(190,498)
<b>Net impairment portfolio</b>	<b>(6,584,614)</b>	<b>1,189,821</b>

(1) The impairment increase reflected between December 2019 and June 2020 is mainly due to the disbursements of Findeter's portfolio, so far this year it presented an increase in the net portfolio amounting to \$1,187,204,175, in the different Findeter lines of credit.

## 12. Income Tax

Income tax expense is recognized based on management's best estimate of both current income tax and deferred income tax. The effective tax rate of Findeter S.A., regarding ongoing operations for the three-month period ended June 30, 2020, was (12.28)% (for the three-month period ended June 30, 2019, 57.80%).

The (70.08)% variation of the effective tax rate is mainly caused by the following:

\* For the quarter ended June 2020, 50% of the Industry and Trade tax effectively paid in the year, amounting to \$3,074, is treated as a tax discount, while in the same period of 2019

said discount was not applied, therefore causing a decrease in the quarterly effective rate of (16.47)%.

\* As of March 2019, Findeter was projecting its effective annual rate, however, the deferred rate was updated taking into account the balance of assets and liabilities as of the cut-off date, which caused a distortion in the effective rate for said period, that was then adjusted during the second quarter of 2019, while in the second quarter of 2020 there was no remeasurement of deferred taxes. This caused a YoY decrease in the quarterly effective rate of (13.80)%

\* In the June 2020 quarter, there is a (37.71)% decrease in the effective rate as a result of the non-deductible expense, caused by the exchange difference of loans abroad, which during the quarter has been highly volatile due to the financial impacts of COVID-19, which generated a difference in rates between the current tax, measured at 36%, and the deferred tax, with an average rate of 31%. As of June 2019, the effect on the effective rate for this concept only represented (2.47)%, therefore, there is a (35.24)% YoY decrease in the quarterly effective rate.

The effective tax rate of Findeter S.A. for ongoing operations for the half-year ended June 30, 2020, was 59.92% (half-year ended June 30, 2019, 33.22%).

The 26.70% YoY variation in the effective tax rate is mainly caused by the following:

\* As of June 2020, there is a 27.81% increase in the effective rate due to the non-deductible expense, caused by the exchange difference of loans abroad, which has been highly volatile due to the financial impacts of COVID-19, generating a difference in rates between the current tax, measured at 36%, and the deferred tax, with an average rate is 31%. As of June 2019, the effect on the effective rate for this concept only represented (1.23)%, therefore, there is a 29.04% YoY increase in the semi-annual effective rate.

\* The nominal income tax rate dropped from 37% in 2019 to 36% in 2020, causing a decrease in the semi-annual effective rate of 1%.

### **13. Property and Equipment, Intangibles and Other Assets**

#### **1. Property and equipment**

The following is the detail of movements in property and equipment as of June 30, 2020:

	December 31, 2019	Depreciation as of Dec 2019	Additions 2020	Depreciation 2020	June 30, 2020
Land (revalued)	\$ 8,923,200	-	-	-	\$ 8,923,200
Buildings and constructions (revalued)	24,167,695	(385,466)	-	(195,326)	23,586,903
Furniture, fixtures and office equipment	4,323,279	(3,534,132)	3,799	(157,716)	635,230
Computer equipment	1,149,063	(1,057,535)	-	(25,866)	65,662
	<b>\$ 38,563,237</b>	<b>(4,977,133)</b>	<b>3,799</b>	<b>(378,908)</b>	<b>\$ 33,210,995</b>

The movements of Findeter's right-of-use assets and the lease liabilities for the first quarter of 2020 is presented below:

#### Movements of right-of-use assets

	<u>2020</u>
Right-of-use assets - Buildings	2,123,498
Right-of-use adjustment - Interest rate	106,252
Linear depreciation right of use	<u>(777,730)</u>
<b>Balance right of use</b>	<b><u>1,452,020</u></b>

#### Movements of lease liabilities

	<u>2020</u>
Lease liabilities	1,981,012
Passive capital payments	(602,174)
Adjustment of interest from previous years	<u>184,475</u>
<b>Balance lease liabilities</b>	<b><u>1,563,313</u></b>

Payment for interest during 2020	59,510
Adjustment of interest year 2019	305,024
Recalculation adjustment interest rate 2020	(120,549)
Payment for interest during 2020 *	<b>243,985</b>

## 2. Movement of intangibles

Below is the movement of the cost of intangible assets other than capital gains as of June 30, 2020:

	December 31, 2019	Acquisition/ Additions	Amortization through expense	2020
Computer programs and applications	\$ 1,393,667	291,752	594,020	\$ 1,091,399

Net intangible assets	\$	1,393,667	291,752	594,020	\$ 1,091,399
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### 3. Movement of other assets

Below is the detail of other assets as of June 30, 2020:

	December 31, 2019	Acquisition/ Additions	Amortization through expense	2020
Insurance	\$ 2,233,448	-	1,246,897	\$ 984,451
<b>Net other assets</b>	<b>\$ 2,233,448</b>	<b>-</b>	<b>1,246,897</b>	<b>\$ 984,451</b>

### 14. Relevant Events

It is worthwhile to mention that the measures taken by Findeter to withstand the effects of the emergency are being strengthened and are in the final stages of implementation. Credit analyses are currently being processed for the beneficiaries of the lines of credit that will alleviate specific sectors of the economy, such as public services, which will be fully funded by the national government through the Emergency Mitigation Fund and focuses on delivering cash flow relief for up to 36 months to end consumers.

Furthermore, Findeter's portfolio continues to increase due to the market's need to obtain resources, reaching a gross balance of \$10,109,188,640, as a result of the disbursements made during 2020, which amount to \$1,984,220,107, as well as the slow dynamics shown by the prepayments, which for the same period are \$285,396,320, thus allowing the growth of Findeter's main asset.

#### 1- Certificates of Deposit

Due to the market conditions Findeter began to attract resources through CDs with terms of less than 1 year, given the market's appetite mainly for fixed-rate, short-term securities, which balance increased by \$768,005,961, compared to December 2019.

#### 2- Financial Obligations

As of June 30, 2020, and June 30, 2019, the balance of financial obligations was \$102,348,305 and \$372,865,889 respectively. Findeter decided to manage loan resources with multilateral banks, leveraging on the decrease of interest rates, thus generating a lower financing cost in dollars. Therefore, in the last half-year we have received disbursements for USD 63,099,523.

### 3- Portfolio income

As of June 30, 2020 and June 30, 2019, the income balance from the loan portfolio was \$326,880,610 and \$294,838,053, respectively, presenting a variation of \$32,042,557, caused by the portfolio disbursements, which have increased by \$1,562,183,340 so far this year.

### 4- Revenue from net investment valuation

As of June 30, 2020, and June 30, 2019, the investment valuation balance was \$7,745,362 and \$23,895,103, showing a decrease in revenue of (\$16,545,186), mainly due to the impairment of (\$15,695,658) from the Ashmore private equity fund, caused by the update of the fund's investment portfolio valuations.

### 5- Financial expenses, interest on certificates of deposit, financial obligations and outstanding investment securities

As of June 30, 2020, and June 30, 2019, the balance of financial expenses was \$243,686,718 and \$226,475,269 respectively, showing an increase of \$17,211,449, mainly caused by the increase in accrued interest on certificates of deposit for \$14,937,011, due to the increase in liabilities; the accrued interest on the Bonds issued, which increased by \$12,630,948, taking into account the issues made in 2019; and finally the decrease in accrued interest on foreign currency obligations, for a value of (\$10,406,587), due to the lower interest rates on loans.

### 6- Revenue from technical assistance, commissions and other services

Revenue recognized for technical assistance, commissions and other services showed a variation of \$887,582 YoY, from \$37,177,305 as of June 30, 2019, to \$38,064,887 as of June 30, 2020, which is detailed below according to the service provided:

TECHNICAL ASSISTANCE	As of June 30, 2020	As of June 30, 2019	April 1 to June 30, 2020	April 1 to June 30, 2019
Housing	11,629,455	9,908,399	7,731,318	4,600,742
Water	7,299,137	9,371,373	3,599,816	4,396,812
Infrastructure	9,821,175	8,838,376	5,112,461	3,686,197
Consulting	359,138	1,139,385	(236,795)	636,206
San Andres	-	480,000	-	240,000

Project structuring	3,213,431	-	1,438,226	-
	<b>32,322,335</b>	<b>29,737,533</b>	<b>17,645,026</b>	<b>13,559,957</b>

<b>COMMISSIONS AND OTHER SERVICES</b>	<b>As of June 30, 2020</b>	<b>As of June 30, 2019</b>	<b>April 1 to June 30, 2020</b>	<b>April 1 to June 30, 2019</b>
Guarantees Water Bonds	2,018,785	2,562,487	997,200	1,267,766
National Guarantees Fund Commissions	487,820	810,487	182,843	469,566
Availability Commissions	3,225,974	4,011,305	1,312,992	1,975,481
Insfopal Commission	9,974	55,493	2,198	19,013
	<b>5,742,552</b>	<b>7,439,772</b>	<b>2,495,233</b>	<b>3,731,826</b>

## 15. Financial Guarantees

Below is the movement of financial guarantees:

	<b>Financial Guarantees</b>
<b>Balance as of December 31, 2019</b>	<b>64,821,669</b>
Increase (decrease) in current provisions	(4,019,512)
<b>Balance as of March 31, 2020</b>	<b>60,802,157</b>

The registration of the guarantee on the water bonds, which covers the possible loss of the loans granted by financial intermediaries to the creditor territorial entities, amounting to \$30,467,542, decreased by \$3,673,393, according to the analysis of the possible loss ratio, adjusting the risk curve of the bonds, generating the recovery. The guarantee granted expires in July 2028, from ,201,1 to \$33,509,336.

The coverage of the technical estimate of the National Guarantees Fund on loans granted, called affordable housing, amounting to \$30,334,615, which decreased by \$346,119, according to the behavior of the guarantees granted.

## 16. Shareholders' Equity

### Share capital

The general shareholders' meeting of March 26, 2020, approved the profit distribution project, which ordered a capitalization for a value of \$52,778,750. The legal process took effect in June 2020. Findeter has not issued preferred shares.

## 17. Commitments and Contingencies

Commitments and contingencies correspond to:

	<u>Jun-20</u>	<u>Dec-19</u>
IDB loan pledge	\$25,426,002	23,892,589
Due to litigations (claims)	85,994,450	80,301,717
Approved and undisbursed loans	481,366,347	482,661,367
Interest on suspended loans	1,134,724	1,016,439
	<u><b>\$593,921,523</b></u>	<u><b>587,872,112</b></u>

Within the analysis of the implications of Decree 492 of 2020 issued by the Ministry of Finance and Public Credit, through which Findeter is instructed to make capital contributions worth \$100,000,000 for the National Guarantees Fund, in order to strengthen the process of granting loan guarantees, Findeter is still developing the understanding process, for which it requested the Ministry of Finance and Public Credit information on how to determine the recognition for the disbursement.

## 18. Transactions with related parties

### Transactions with related parties:

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

Findeter has the following transactions with related parties:

1. The following sums were paid to Board members for attending Board and Committee meetings:

	<u>Jun-20</u>	<u>Jun-19</u>
Board Member Remunerations	213,306	166,490



2. As of June 30, 2020 and 2019, Findeter recorded balances of the loan portfolio and key management personnel remuneration, as detailed below:

	<u>Jun-20</u>	<u>Jun -19</u>
Loan portfolio	249,610	-
Key management personnel remuneration	5,032,848	5,023,895

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

3. Findeter is an entity affiliated to the Ministry of Finance and Public Credit of the Colombian Government, which is its main shareholder.

The financial statements reflect the following representative balances of operations with parties related to government agencies:

<b>ENTITY</b>	<b>Item</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
Ministry of Finance	Compensated rates	<u>\$52,382,603</u>	<u>37,225,537</u>

They correspond to accounts receivable to offset the interest in credit placements with special rates, which have as beneficiaries loans to Territorial Entities, such benefits being received through the financial institutions that are customers of Findeter.

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

As of the reporting date, there are no subsequent economic events that could affect the financial position or have negative effects, or that cast doubt on Findeter's continuity as a going concern, as a consequence of the conditions generated by the economic emergency caused by Covid-19.