



Financiera de Desarrollo Territorial S. A. - FINDETER

*Report for the period between **April 1 and June 30, 2019***

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

2Q-2019

Financiera de Desarrollo Territorial S. A. - Findeter

*INTERIM CONDENSED FINANCIAL
STATEMENTS SECOND QUARTER 2019*

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed statement of financial situation
To June 30, 2019
(Figures expressed in thousands of pesos)

Statement of financial position	Note	June 30, 2019	December 31, 2018
Assets			
Cash and cash equivalents	10	\$ 854.929.663	717.949.878
Investment financial assets and derivatives	11	295.516.414	348.429.220
Loan portfolio and financial leasing operations, net	12	8.518.033.279	8.505.443.229
Trade accounts receivable and other accounts receivable, net		86.748.158	83.029.336
Property and equipment, net		31.933.619	29.480.230
Rights of Use assets	4	2.812.450	-
Investment properties		589.203	589.203
Intangible assets, net		1.171.808	1.397.006
Current tax assets		4.900.513	23.582.645
Deferred tax assets, net		40.510.508	4.661.455
Other assets, net		812.522	1.767.625
Total assets		9.837.958.136	9.716.329.827
Equity and liabilities			
Liabilities			
Derivative financial instruments measured at a reasonable value		\$ 4.511.291	577.070
Certificates of deposit	14,1	5.156.557.799	5.183.899.111
Investment securities in circulation	14,2	1.606.142.209	1.167.454.807
Financial obligations	14,3	1.784.219.405	2.128.118.856
Buy/Sell-Back Transactions	15	9.527.238	-
Leasing Liabilities	4	2.720.540	-
Employee benefits		5.657.353	5.379.351
Financial guarantees	16	63.229.604	66.693.160
Provisions	16	1.885.848	2.438.126
Trade accounts payable and other accounts payable		18.227.474	21.410.568
Other non-financial liabilities		995	995
Total liabilities		8.652.679.756	8.575.972.044
Equity	17	\$ 1.185.278.381	1.140.357.783
Total equity and liabilities		\$ 9.837.958.137	9.716.329.827

See the notes accompanying the condensed financial statements

*Original copies signed

INGRID CATALINA GIRALDO CARDONA(*)
Legal Representative

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Professional Card 31196-T

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(See my report of August 14th, 2019)

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

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Results Statement
For the quarter ending on June 30, 2019
(Figures expressed in thousands of pesos)

	Note	For the six months period that ended		For the three months period that ended	
		On June 30 2019	On June 30 2018	On June 30 2019	On June 30 2018
Ordinary operating net income					
Interest loan portfolio	14,4	294.838.053	318.568.024	147.511.238	156.103.441
Net investment income, net		25.557.483	21.474.379	15.541.410	10.416.275
Operational expenses					
Certified interest for term deposits	14,1	(139.580.270)	(163.800.236)	(70.889.635)	(80.383.083)
Interest on financial obligations		(42.102.457)	(40.079.992)	(19.367.925)	(21.406.577)
Interest on outstanding investment securities		(45.545.701)	(45.613.352)	(23.330.130)	(22.794.073)
Net profit for exchange difference, net		12.122.563	12.605.502	(14.522.212)	(45.977.268)
Loss for derivative valuation, net		(18.482.522)	(26.024.322)	11.042.427	41.624.629
Financial margin, net		86.807.149	77.130.003	45.985.174	37.583.345
Impairment for financial assets of credit, net	12	1.189.821	5.096.699	(952.713)	5.992.236
Financial margin, after impairment, net		87.996.970	82.226.702	45.032.461	43.575.582
Income and expenses for commissions and other services					
Income for technical assistance	14,5	29.737.533	36.024.282	13.686.666	16.000.150
Income for commissions and other services	14,5	7.439.772	13.386.106	3.605.117	5.444.474
Expenses for commissions and other services		(2.359.262)	(3.606.096)	(1.446.155)	(1.419.036)
Income and expenses for commissions and other services, net		34.818.043	45.804.292	15.845.628	20.025.588
Other income and expenses					
Other income		5.577.493	4.098.237	3.433.775	2.126.368
Other expenses		(68.277.194)	(73.925.481)	(34.340.234)	(37.576.794)
Other income, net		(62.699.702)	(69.827.244)	(30.906.459)	(35.450.425)
Profit before income taxes		60.115.312	58.203.750	29.971.630	28.150.745
Income tax expense	13	(19.972.657)	(19.932.601)	(17.324.971)	(7.009.809)
Profit for the financial year		40.142.655	38.271.149	12.646.659	21.140.936

See the notes accompanying the condensed financial statements

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER
Condensed Statement of Cash Flows
for the period ended June 30, 2019
(Figures expressed in thousands of pesos)

		June 30, 2019	June 30, 2018
PROFIT FOR THE FINANCIAL YEAR	6	40.142.655	38.271.149
Reconciliation between profit for the year and net cash used in operating activities	\$		
Impairment for credit financial assets, net		(1.189.821)	(5.096.699)
Depreciation		345.810	353.703
Depreciation for right of use		760.423	-
Amortization		508.588	542.312
Investment valuation and interest, net		(25.557.483)	(21.474.379)
Net profit for exchange difference, net		(12.122.563)	(12.605.502)
Valuation of derivatives and forward transactions, net		18.482.522	26.024.322
Reimbursements and Expenses for other provisions, net		(552.278)	(29.286)
Financial Guarantees		(3.463.556)	641.469
Technical Assistance Income		(6.140.644)	(6.884.414)
Interest expenses		227.228.428	249.493.579
Interests Income		(294.838.055)	(318.568.024)
Income tax		19.972.657	19.932.601
Changes in assets and adjustment for exchange difference in operating liabilities:			
Current Investments		80.477.819	(32.037.276)
Loan portfolio and financial leasing operations		76.505.467	(39.499.951)
Accounts receivable		2.326.506	(13.908.553)
Right of use Assets		(3.572.873)	-
Decrease other assets		955.102	1.207.291
(Decrease) estimated liabilities and provisions		-	-
Financial instruments derivatives		(14.548.300)	(9.968.481)
Accounts payable and other liabilities		(7.304)	(2.398.848)
Rent liabilities		3.572.873	-
Employee benefits		278.002	1.722.996
(Decrease) increase non financial liabilities		-	-
Rent Income	3	95.316	-
Income tax paid		(18.550.127)	(7.775.709)
Interest paid		(206.152.070)	(214.478.681)
Interests received		202.599.572	231.802.357
Net cash used for operating activities		51.737.955	(114.870.442)
Additions of property and equipment	14,7	(59.129)	(23.184)
Additions of other intangible assets	14,7	(283.389)	(111.230)
Net cash used in investment activities		(342.518)	(134.414)
Issuance of outstanding investment securities	14,2	400.000.000	-
Increase Buy/Sell back interbank funds	15	9.527.238	-
Bank loans and other financial liabilities		56.223.880	23.130.602
Payments of bank loans and other financial obligations	14,3	(372.865.889)	(120.041.274)
Payment leasing contracts	4	(852.333)	-
Net cash provided by the Financing activities		92.032.896	(96.910.672)
Net Increase (decrease) in cash and cash equivalent before the effect on the exchange rate		143.428.333	(4.550.700)
Decrease for the effect of the variation of the exchange rate over cash		(6.448.549)	(211.915.528)
Net Increase (decrease) in cash and cash equivalent		136.979.785	(216.466.228)
Cash and cash equivalents at the beginning of the period		717.949.878	770.919.769
Cash and cash equivalents at the end of the period		854.929.663	554.453.541
Available Restricted	14,6	(16.971.520)	(22.047.905)
Cash and cash equivalents at the end of the period without the restricted cash		837.958.143	532.405.636

See the notes accompanying the condensed financial statements

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS 'EQUITY
For the period ended June 30, 2019
(Figures expressed in thousands of pesos)

		Paid capital	Reserves		Results of first time adoption	Other Comprehensive Results	Accumulated profits		Total equity
			Legal reserves	Occasional reserves			Accumulated earnings	Profit for the Financial year	
Balance as of January 1st 2018	\$	924.315.660	53.397.292	12.187.056	34.071.300	(10.102.174)	18.004.477	52.146.489	1.084.020.100
Changes in equity:									
Capitalization of profits		47.400.851	5.214.649	(469.011)				(52.146.489)	-
Result for the period								38.271.149	38.271.149
Other comprehensive result		-	-	-	-	(1.970.248)			(1.970.248)
Total changes in equity		<u>47.400.851</u>	<u>5.214.649</u>	<u>(469.011)</u>	<u>-</u>	<u>(1.970.248)</u>	<u>-</u>	<u>(13.875.340)</u>	<u>36.300.901</u>
Final balance as of June 30, 2018	\$	<u>971.716.511</u>	<u>58.611.941</u>	<u>11.718.045</u>	<u>34.071.300</u>	<u>(12.072.422)</u>	<u>18.004.477</u>	<u>38.271.149</u>	<u>1.120.321.001</u> 1.120.321.001,82
Balance as of January 1st 2019	\$	971.716.511	58.611.941	11.718.045	34.071.300	(10.324.400)	18.004.478	56.559.908	1.140.357.783
Changes in equity:									
Capitalization of profits	17	53.246.683	5.655.991	(2.342.766)	-	-	-	(56.559.908)	-
Result for the period								40.142.655	40.142.655
Other comprehensive result		-	-	-	-	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>-</u>	<u>(16.417.253)</u>	<u>44.920.597</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>34.071.300</u>	<u>(5.546.457)</u>	<u>18.004.478</u>	<u>40.142.655</u>	<u>1.185.278.381</u>

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Condensed Statement of Other Comprehensive Income
For the quarter ending on June 30, 2019
(Figures expressed in thousands of pesos)

		For the six months period that ended		For the three months period that ended	
		On June 30 2019	On June 30 2018	On June 30 2019	On June 30 2018
Profit for the financial year	\$	40.142.655	38.271.149	12.646.659	21.140.936
Items that will not be reclassified to "results of the period"					
Revaluation of fixed assets		2.770.413	0	2.770.413	0
Valuation of derivative contracts due to the effects of CVA and DVA		726.464	(180)	0	0
Valuation of investments in equity instruments and shares		1.281.066	(1.970.068)	538.100	(1.691.059)
Total other comprehensive income that will not be reclassified to the result of the period, net of taxes		4.777.943	(1.970.248)	3.308.513	(1.691.059)
Total comprehensive income	\$	<u>44.920.597</u>	<u>36.300.901</u>	<u>15.955.172</u>	<u>19.449.877</u>

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Financiera de Desarrollo Territorial S. A. - Findeter

Report for the period between April 1 and June 30, 2019

Condensed Financial Statements under Accounting Standards Accepted in Colombia (NCIF)

(Figures expressed in thousands of pesos except the number of shares)

1. Entity that reports

The Financiera de Desarrollo Territorial SA, hereinafter referred to as 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 headquarters 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 Colombian National Government through the Ministry of Finance and Public Credit with a 92.55% stake.

Findeter currently has five regional and 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 in terms of 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, transportation routes, educational facilities, sports facilities, hospitals and health services, etc.; also the execution of those activities that by legal disposition are assigned to it or those that the National Government attributes it.

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 these 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 institution, at rates of interest generally below the market, which are financed with resources obtained from multilateral organizations, collection of resources from the public through certificates of deposit at term, placement of bonds in national and international markets and own resources.

In the meeting of the Board of Directors of July 30, 2019, of this year, according to minutes No. 353, the regulation of the condensed financial statements as of June 30, 2019.

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

The condensed intermediate financial information has been prepared in accordance with international accounting standard 34 (IAS 34), intermediate financial information contained in the Accounting and Financial Information Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, regulated by the Sole Regulatory Decree 2420 of 2015 modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018. The NCIF are based on the International Financial Reporting Standards (IFRS), together with the interpretations issued by the International Accounting Standards Board (International Accounting Standards Board –IASB), the basic norms correspond to those translated into Spanish and issued for the second half of 2017.

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

- Treatment of the classification and valuation of investments according to IFRS 9, in addition to the treatment of the credit portfolio and its impairment, for which the accounting provisions issued by the Financial Superintendence of Colombia included in the Basic Accounting and Financial Circular apply.

The condensed individual financial statements for the intermediate period do not include all the information and disclosures required for an annual financial statement, for this reason it is necessary to read them together with the annual financial statements as of December 31, 2018.

3. Significant accounting policies

The accounting policies applied in these condensed financial statements of the Financiera de Desarrollo Territorial S.A. FINDETER, are the same as those applied in the financial statements as of December 31, 2018, with the exception of IFRS 16 "lease".

Leases Accounting policy

IFRS 16 Leases. Effective date of application on January 1, 2019. This standard establishes basic characteristics to determine the classification of a lease as financial.

For which were defined the policies that will be applied in Findeter as a tenant, as well:

Initial Measurement - Tenant

The Right of Use, for the underlying assets that are under the application of IFRS 16 "Leases", will be initially measured at cost (Lease Liability, adjustment costs and dismantling costs).

The lease liability will be the present value for outstanding lease payments, discounted at the interest rate of the liability.

As a result of the above, two types of property contracts were established:

Short-term lease contract is the one subscribed for a period equal to or less than twelve months. As indicated by the standard in Appendix A: "A lease that, on the start date, has a lease term of 12 months or less", therefore, these will be recorded at the expense.

Assets of low value, are those that considered individually, does not exceed 1% of the total property and equipment of Findeter. The payments derived from these will be recognized directly in the lease expense.

Subsequent measurement - Tenant

The Right of Use - Will be measured at fair value according to IAS 40 "Investment Properties".

The lease liability will be measured taking into account the outstanding cancellation fees discounted at the rate of the liability.

The Frequency of update of the rights of use and the Liability for lease, will be made in each accounting quarter.

The interest rate, applicable for the updates of the lease liability, will be the Consumer Price Index for twelve months, available on the measurement date.

Lessor

Findeter as a lessor, will classify its lease agreements, as a short-term lease, recognizing in the income statement the income generated by the leases charged. For the current period, revenues amount to \$ 95,316.

4. Impact application IFRS 16 "leases"

Effect of Implementation of IFRS 16

After determining the policies and analyzing the conditions of the current contracts, the impact of the application of this standard for the financial statements for the year 2019 was quantified, as shown in the following summary:

ACTIVE TYPE	MONTHLY LEASE CANON	CONTRACT REMAINING TIME (MONTHS)	RIGHT OF USE	LIABILITY FOR LEASING
Office 1	38,780	33,16	1,230,297	1,230,297
Office 2	42,862	21,04	876,360	876,360
Office 3	41,982	30,04	1,211,407	1,211,407
Office 4	2,936	15,4	44,260	44,260
TOTAL			3,362,324	3,362,324

ACTIVE TYPE	MONTHLY LEASE CANON	CONTRACT REMAINING TIME (MONTHS)	RIGHT OF USE	LIABILITY FOR LEASING
TOYOTA PRADO	4,270	44.02	169,841	169,841
RENAULT DUSTER	1,768	44.02	40,708	40,708
TOTAL			210,549	210,549

For purposes of applying the Findeter standard, it will record as depreciation of the right of use in a linear manner until the end of the lease each asset by right of use; According to the calculations made, during the first half of 2019, the sum of \$ 760,423 was recognized, as amortization of the right-of-use asset. On the other hand, of each payment made from the lease liability, \$ 852,333 have been recognized.

Findeter does not have short-term leases, in the case of leases for computer equipment, Findeter classified as low value, due to the cost of each computer equipment, which is \$ 1,946 for the term of the contract, amount that according to accounting policy is classified as a low value asset.

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 carrying amount of assets and liabilities within the following accounting period. Judgments and estimates are continually evaluated and modified in Findeter's experience and other factors, including the expectation of future events believed to be reasonable.

Findeter also makes certain judgments apart from those that involve estimates in the process of applying accounting policies. The judgments and estimates made with these condensed financial statements did not show changes and therefore correspond to those made in the annual financial statements as of December 31, 2018.

6. Operating segments

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 income generated by each segment is measured on income before income tax, according to the monthly reports presented to the Board of Directors.

The following figures correspond to income and expenses for the quarters and semesters ended June 30, 2019 and 2018:

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.

RISK ADMINISTRATION SYSTEMS

Below is a detail of the different systems in Findeter for managing your risks:

MRMS y LRMS

During the first half of 2019, the Findeter Board of Directors comprehensively reviewed the contents of the manual of the SARM and SARL systems, approving changes among which the updating of functions of the organizational structure, the updating of the framework of action of the treasury operations, the scope, composition and policies for the operation of the Investment Committee were also modified.

CRMS

During the first semester of 2019, with the approval of the Board of Directors, the credit risk profile of Findeter was updated allowing the Regional Development and Development Institutes (INFIS) monitored by the Financial Superintendent of Colombia and with a credit rating of "AAA", can perform rediscount operations with the Financial. Additionally, the new methodology for assigning investment quotas in the real sector was built, approved and applied.

ORMS

Findeter has implemented the Operational Risk Management System that identifies, measures, controls, monitors and communicates the operational risks of the Financial Department, 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 Financial Company has the Operational Risk Unit - URO -, led by the Vice Presidency of Risks.

The Operational Risk Unit - URO in order to strengthen the culture of risk management in the organization and meet the regulatory requirements, during the first half of 2019 the Manual of Operational Risk Management was updated, where policies were included and guidelines related to the management of information security and cybersecurity risks and compliance with embargo measures.

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

Findeter does not present seasonality in its operations, transactions were carried out in a homogeneous manner during the reporting period.

9. Fair value estimation

Findeter values financial assets and liabilities such as derivatives and debt and equity securities which are traded in an active market with available and sufficient information at the valuation date, through the price information published by the official price provider hired (PRECIA SA). 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 investment properties and property and equipment is determined by independent experts using the comparison or market method.

The fair value hierarchy has the following levels:

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

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

i. Fair value measurements on a recurring basis

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

In order to determine the levels of fair value hierarchy, 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.

Financial assets and liabilities measured at fair value are as follows:

Assets	Fair value				Fair value			
	June 30, 2019	level of hierarchy			December 31, 2018	level of hierarchy		
		1	2	3		1	2	3
Negotiable investments								
debt titles other financial entities	\$ 72.205.977	5.059.200	67.146.777	-	72.729.765	543.390	74.186.375	-
Government debt titles	78.473.811	77.776.647	697.174	-				
Private equity fund-Ashmore	55.635.089	-	-	55.635.089	52.739.897	-	-	52.739.897
collective investment funds	18.959.205	-	18.959.205	-	18.861.333	-	18.861.333	-
equity changes								
FNG shares	29.598.629	-	29.598.629	-	28.324.612	-	28.324.612	-
Currency forward	11.258.697	-	11.258.697	-	24.841.316	-	24.841.316	-
Total assets	266.131.408	82.835.837	127.660.482	55.635.089	317.560.250	89.174.037	176.189.706	52.739.897
Liabilities								
Currency forward	4.511.291	-	4.511.291	-	577.070	-	577.070	-
Total liabilities	\$ 4.511.291	-	4.511.291	-	577.070	-	577.070	-

Financial assets and liabilities measured at fair value did not show transfers of value hierarchy as of June 30, 2019.

For the case of the investment classified in the fair value hierarchy 3, which corresponds to the investment in the Ashmore Colombia FCP-I Infrastructure Fund, said valuation of the unit of participation held is obtained from the value of the Fund at the close of the period of the previous day (Equity Value) plus the results of the day in which the Fund is being valued ((+) Contributions (-) Withdrawals (+) Income (-) Expenses), divided by the number of Units of Participation issued by the Fund at the close of the previous day (Total units of the Fund, which are generated in each capital call). The result gives the value of the unit of participation of the Fund that is reported to the investors in accordance with the provisions of the Regulations.

Findeter as of June 30, 2019, registers an investment in the Ashmore Colombia FCP-I Infrastructure Fund, for \$ 55,635,089, which is equivalent to having a 12.86% stake and having 1,874,957.62 units, over the total From the bottom. The valuation of the Fund is reported by an independent third party in accordance with the provisions of the fund regulations. The valuation variables are presented in the following table:

Type	Valuation Technique	Significant information not observable	Interrelation between significant unobservable information and fair value measurement
Contingent Consideration	The valuation of the companies that are part of the Infrastructure Fund Ashmore Colombia FCP-I is done through the discounted Cash Flow and Asset Valuation methodologies.	<p>The main unobservable significant information corresponds to:</p> <ol style="list-style-type: none"> 1. Estimated income for the valuation period. 2. The pricing structure and costs of the companies 3. The weighted average cost of capital used to discount future flows 4. The level of administrative and sales expenses 5. The policies of administration of working capital used in the projection 6. The balance structure used in the projection. 7. The dividend policy of each of the companies <p>The information of the aforementioned points comes from the business plans that are generated within each company, which in turn are built based on a historical performance, on specific growth objectives according to market information and in the business strategies.</p>	<p>The value of the estimated unit can increase or decrease if:</p> <ol style="list-style-type: none"> 1. Projected income assumptions are met. 2. If there is an effective control of costs and expenses in each company 3. If the working capital requirements are increased or decreased 4. If the dividend policy is substantially modified 5. If the discount rate used to discount free cash flows increases or decreases

The value of the unit may also be affected by the carrying interest accounting agreed in the regulations of the Fund, said charge is based on the valuation of investments calculated by an external third party and is applied to the financial statements of the Fund.

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

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

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

- **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 asset 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 little recurring issuers with low amounts in circulation.

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

- **OTC derivative financial instruments:** these instruments are valued by applying the discounted cash flow approach, in which, based on inputs published by the price provider of domestic, foreign and implicit interest rate curves, and exchange rates, 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 fair value level 2, consists of forward contracts for currencies.

iv. Measurement at fair value on non-recurring basis: As of June 30, 2019, 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 to maturity were valued and that are valued at fair value only for purposes of this disclosure.

- **Loan Portfolio:** For the loan portfolio, their fair value was determined using cash flow models discounted at the cut interest rates of portfolios valued.
- **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 cut-off interest rates of the valued portfolios.

For purposes of determining the fair value of the loan portfolio, financial obligations and other financial liabilities, the following methodology and the necessary inputs for its calculation were determined:

- **Projection of Flows.**

For each one of the portfolios, the cash flows that are going to be received and / or paid in the validity of each of them 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 that would have to be received and / or paid in the period immediately following the cut-off date of the calculation and the days are determined at the expiration of same.

- **Determination of the Discount Rate**

The active or passive effective rate of each of the portfolios is determined as appropriate, on the cut-off date, according to the facial characteristics of each one and the values caused on the cut-off date. This rate is Base 365 / real.

- **Calculation of Duration.**

With the above calculations we obtain the present values and the individual durations which when summed (present values) and weighted (durations), we obtain the fair value of each one of the portfolios by index and currency.

In the following detail, the measurement of financial assets and liabilities, not measured on a recurring basis, is presented:

	<u>June 30 de 2019</u>	
	<u>Value in books</u>	<u>Fair Value</u>
Assets		
Credit portfolio (net)	\$ 8,518,033,279	8,620,725,791

Investments		29,385,005	30,345,895
Total Financial	\$	8,547,418,284	8,651,071,686

Liabilities

Certificates of Term deposit	\$	5,156,557,799	5,180,442,657
Debt instruments issued		1,606,142,209	1,697,748,504
Bank loans and other obligations		1,784,219,405	1,759,950,953
Total Liabilities	\$	8,546,919,413	8,638,142,114

December 31, 2018

		<u>Value in books</u>	<u>Fair Value</u>
Assets			
Credit Portfolio (net)	\$	8,505,449,222	8,508,734,277
Investments		30,868,970	30,884,386
Total Financial Assets	\$	8,536,318,192	8,539,618,663

Liabilities

Certificates of Term Deposit	\$	5,183,899,111	5,220,783,334
Debt instruments issued		1,167,454,806	1,200,391,518
Banks loans and other obligations		2,128,118,856	2,145,010,199
Total Liabilities	\$	8,479,472,773	8,566,185,051

10. Cash and Cash equivalents

The following table corresponds to the Bank ratings of the financial institutions where Findeter owns the balance of cash and its equivalents, as of June 30, 2019, are classified as AAA and AA +.

BANK	RISK RATE	JUNE 30 OF 2019	DECEMBER 31 OF 2018
Banco de Bogotá S.A.	AAA	\$ 1,593,491	140,211
Banco Popular S.A.	AAA	219,382,491	212,335,162
Bancolombia S.A.	AAA	68,973,050	185,739,711
Banco gnb Sudameris	AA+	180,058,945	159,481,950
Bbva Colombia S.A.	AAA	210,934,407	46,899,173
Itau corpbanca Colombia S.A.	AAA	-	265,415
Banco de occidente S.A.	AAA	68,331	45,243
DaviVienda S.A.	AAA	63,207,882	2,923,729
Banco de la Republica	Unrated	26,230,782	22,771,412

Minor Cash	Unrated	16,289	17,182
Interbank	Unrated	67,492,475	85,646,732
Restricted Cash	Unrated	16,971,520	1,683,958
		\$854,929,663	717,949,878

11. Investment Financial assets

The following table shows the balances and ratings of the counterparties of the securities that make up the entity's portfolio and the respective authorized firm that issued said rating, with a cut-off as of June 2019 and December 2018:

Issuing Company	Jun-19	Calification
Banco AV Villas	3,503,570	AAA
Banco de Occidente	2,119,560	AAA
Banco Popular	5,639,185	AAA
Banco Santander	2,003,880	AAA
Bancolombia	5,159,110	AAA
Cajanal S.A.	100	Does not register
Compañía Energética del Tolima	100	Does not register
Davivienda	3,088,560	AAA
Ecopetrol S.A.	100	AAA
Ashmore	55,635,089	Does not register
Fiduciaria Bogota	18,959,205	AAA
Fondo Nacional de Garantías	114,696,299	Does not register
Gmac Financiera	5,057,300	AAA
Isagen	2,548,100	Does not register
Ministerio de Hacienda y Crédito Publico	36,447,597	Does not register
Forward Operations	11,258,697	Does not register
Colombia Securitizer	29,399,962	BBB+
	295,516,414	

Issuing Company	Dec-18	CALIFICACION
Cajanal S.A.	100	Does not register
Compañía Energética del Tolima	100	Does not register
Ecopetrol S.A,	100	Does not register
Ashmore	52,739,895	Does not register
Fiduciaria Bogota	19,851,852	AAA

Fondo Nacional de Garantías	174,120,360	Does not register
Gmac Financiera	5,058,700	AAA
Ministerio de Hacienda y Crédito público	42,408,740	Does not register
Forward Operations	24,841,316	Does not register
Colombia Securitizer	29,408,058	BBB+
	348,429,220	

In those cases where there is no rating, it is because the counterparty has no rating issued by any of the firms authorized by the Financial Superintendence of Colombia.

12. Loan portfolio and financial leasing operations

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

	<u>Jun-19</u>	<u>Dec-18</u>
Ordinary loans	\$8,506,852,209	8,493,993,689
Housing portfolio (employees and former employees)	38,492,022	37,711,872
Credits to employees (consumption)	2,831,720	2,911,769
Credits for former employees (consumption)	1,136,611	923,669
Accounts receivable interest	38,215,389	40,586,723
	8,587,527,951	8,576,127,722
Deterioration	69,494,672	70,684,493
	\$8,518,033,279	8,505,443,229

Impairment Portfolio balance	<u>Jun-19</u>	<u>Jun-18</u>
Initial balance impairment	\$ 70,684,493	80,032,717
Capital Recoveries	(5,065,081)	(12,777,485)
Capital Charges	4,136,814	7,208,141
Interests Recoveries	(448,340)	(492,610)
Interests Charges	190,364	959,262

Accounts receivable recoveries	(3,713)	(82)
Accounts receivable charges	134	6,075
	\$ 69,494,672	74,936,018

Next, the movement of portfolio impairment is presented:

	Jun-19	Jun-18
Capital Recoveries	\$ 5,065,081	12,777,485
Capital Charges	(4,136,814)	(7,208,141)
Interests Recoveries	448,340	492,610
Interests Charges	(190,364)	(959,262)
Accounts receivable recoveries	3,713	82
Accounts receivable charges	(134)	(6,075)
	\$ 1,189,821	5,096,699

During the period there were no significant variations in the loan portfolio, however it is important to mention that, at the end of this period, disbursements of portfolio for \$ 1,319,543,531 have been made.

13. Income Tax

Income tax expense is recognized based on the best management estimate of both current income tax and deferred income tax. The effective tax rate of Findeter S.A., regarding continuous operations for the three-month period ended June 30, 2019 was 57.80% (Three-month period ended June 30, 2018, 24.90%).

The 32.90% variation in the effective tax rate originates mainly from:

- That for the three-month period ended June 2019, Findeter made adjustments for \$ 17,324,971 to current and deferred income tax expense, taking into account that during the first quarter of 2019 the income tax expense was underestimated This generated an increase in the effective rate from one period to another by approximately 29%.

The effective tax rate of Findeter S.A. regarding continuous operations for the six month period ended June 30, 2019 was 33.22% for (Six month period ended June 30, 2018, 34.25%).

For a non-significant variation of (1.03%) in the effective tax rate from one semester to another.

14. Significant transactions

1- Certificates of deposits and expenses for Interest on term deposit certificates.

During this period there was a decrease in the balance of the liability for certificates of \$ 27,341,312, from \$ 5,183,899,111 to \$ 5,156,557,799, for the payment of unrenewed securities.

On the other hand, spending decreased by \$ 24,219,966, from \$ 163,800,236 to \$ 139,580,270, due to two factors: first due to the decrease in the balance of the liabilities of Certificates for \$ 27,341,312, in addition to the decrease in the collection rate 65 basis points; which generates less interest cause.

2- Investment titles in circulation

Investment titles showed an increase of \$ 438,687,402, from \$ 1,167,454,807 to \$ 1,606,142,209, because during this period the issuance of sustainable bonds for \$ 400,000,000, placed in the local market, was made at a rate average CPI 2.54% and CPI 2.90%, with terms of 5 and 7 years respectively.

3- Financial Obligations

The financial obligations presented an increase of \$ 252,824,615, from \$ 120,041,274 to \$ 372,865,889. The main cause of this variation corresponds to the cancellation of the loan with BANK OF TOKYO and CITIBANK, which was made in February 2019 for \$ 248,206,500.

4- Interest income from loan portfolio

The income derived from the loan portfolio showed a decrease of \$ 23,729,971, from \$ 318,568,024 to \$ 294,838,053, based on the drop in the average placement rate of 75 basis points, which generated the lowest interest rate.

5- Income from technical assistance, commissions and other services

Revenues from technical assistance, commissions and other services, showed a decrease of \$ 6,286,749 compared to the previous year, going from \$ 36,024,282 to \$ 29,737,533, as the

development of technical assistance projects had been planned, are in phase final, which is reflected in lower income caused by these services.

In relation to the other services, in this period there is a lower income in the commissions of the National Guarantee Fund, due to the behavior in the granting of guarantees.

6- Available Restricted

Corresponds to the cash balances as of June 30, 2019 and 2018, registered in autonomous assets, the National Guarantee Fund \$ 16,831,223, and Pre-investment Fund \$ 140,297 for a total of 16,971,520.

The 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 claims of social interest housing loans, in the case of the Fund Pre-investment, these have an order to meet the needs of technical studies of prefeasibility of infrastructure requirements of territorial entities.

7- Movement of fixed and intangible assets

The following is the detail of the movement of fixed and intangible assets in the first half of 2019:

	December 31 of 2018	Aditions	Revalued cost adjustment	June 30 of 2019
Terrains (revalued)	\$ 8.923.200			\$ 8.923.200
buildings & constructions (revalued)	20.712.443	-	2.740.070	23.452.513
Furniture, equipment & office equipment	4.255.791	52.159	-	4.307.950
Informatic equipment	1.142.092	6.970	-	1.149.062
	\$ 35.033.526	59.129	2.740.070	\$ 37.832.725

	Buildings	Informatic equipment	Furniture & equipment	Total
Balances as of December 31 of 2018	\$ 1.370.035	1.000.360	3.182.901	\$ 5.553.296
Depreciation	129.453	30.395	185.962	345.810
Balances as of June 30 of 2019	\$ 1.499.488	\$ 1.030.755	\$ 3.368.863	\$ 5.899.106

	2018	Acquisitions/additions	Amotization charged to expense	2018
Computer programs and applications	\$ 1.397.006	283.389	508.588	\$ 1.171.808
	\$ 1.397.006	283.389	508.588	\$ 1.171.808

15. Simultaneous operations

Findeter, in accordance with the guidelines provided by senior management, has been developing activities aimed at strengthening and diversifying its active and passive portfolio, in that sense during the period, simultaneous operations for liabilities for \$ 9,527,238 were constituted.

16. Financial guarantees and provisions

The following is the movement of provisions and financial guarantees:

	legal proceedings, fines, penalties and others (1)	financial guarantees (2)	Total
Balance as of December 31 of 2018	\$ 2,438,126	66,693,160	69,131,286
New provisions	-	-	-
Period decreases	(552,278)	(3,463,556)	(4,015,834)
balance as of June 30 of 2019	\$1,885,848	63,229,604	65,115,452

(1) The provisions for legal processes correspond to: labor processes; for which it is not possible to determine a disbursement schedule since there is a diversity of processes in different instances. At the end of the period there are 87 processes against Findeter, of which 12 processes are provided according to the instance and against the provisions policy, for a total of \$ 1,885,848, classified according to IAS 37 as possible and eventual, presented a

decrease in relation to the balance recorded as of December 31, 2018, for \$ 552,278, judicial proceedings ruled in favor of Findeter and generated the recovery of the provision.

(2) Financial guarantees showed a decrease of \$ 3,463,556, from \$ 66,693,160 to \$ 63,229,604, the variation corresponds to the following movements:

- The registration of the guarantee on water bonds, which covers the possible loss of loans granted by financial intermediaries to the creditor territorial entities, which was reduced by \$ 2,656,239, according to the analysis of the possible loss, adjusting the bond risk curve, generating recovery. The guarantee granted expires in July 2028.
- The coverage of the technical estimate of the National Guarantee Fund on loans granted called social interest housing amounting to \$ 32,376,507, which presented a decrease of \$ 807,317 in accordance with the behavior of the guarantees granted.

17. Shareholder's equity

Share capital

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

	<u>Jun-19</u>	<u>Dec-18</u>
Number of subscribed and paid shares	10,249,624	9,717,139
Subscribed and paid capital	\$1,024,962,400	971,713,900
Capitalization remnants	794	2,611

During the General Shareholders' Meeting dated March 28, 2019, the profit distribution project was approved, where capitalization was ordered for \$ 53,246,683. The legal process took effect in April 2019, the month in which the registration was made. Findeter has no issued preferred shares.

Findeter is a public limited company of the national order, 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, “shall not be subject to forced investments and will not distribute profits in cash among its partners”.

18. Commitments and contingencies

The commitments and contingencies correspond to:

	<u>Jun-19</u>	<u>Dec-18</u>
Pawn credits IDB (1)	\$26,230,782	22,771,412
For litigation (Claims) (2)	808,194	1,044,911
Approved and undisbursed credits (3)	584,943,341	610,372,905
Interest suspended credits (4)	951,721	923,758
Guaranteed investments (5)	9,539,160	-
	<u>\$622,473,198</u>	<u>635,112,986</u>

(1) Counter-guarantees

Findeter subscribed the Loan Contracts with the IDB, credit 1967 of 2008, 2314 of 2010, 2768 of 2012 and 3596, 3392 of 2015, on which were constituted in favor of the Nation, contracts of counterguarantees in which the income is pledged that FINDETER receives for the collection of the rediscount portfolio paid directly in Deposit Account No.65812166 of the Banco de la República, such income must cover a maximum of 120% of the value of the semiannual service of the debt of the Loan Agreement. In addition to the granting of blank promissory notes with its respective letter of instructions.

Under the IDB Loan Agreements S.F. 977 and IBRD (BM) 4345. Findeter entered into the Trustee Order with the Trustee for the Trustee 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.

- (2) Corresponds to the claims arising from the legal proceedings against Findeter, of which there are several types of ongoing processes such as labor and administrative, whose loss assessment is remote.
- (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 in whole or in part , but they are recognized in 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 :

Banking entity	Jun-19	Dec-18
Banco de Bogotá	\$ 3,839,000	3,839,000
Banco Davivienda	6,480,000	6,480,000
Bancolombia S.A.	568,428,669	596,932,905
Banco de Occidente	3,121,000	3,121,000
	\$ 581,868,669	610,372,905

(4) Suspended Interests

They correspond to interest on loans granted to former officials of the entity, who have not serviced the debt on the acquired obligations. On the date there are 17 credits generating these interests, of which 10 are in the form of housing and 7 consumption.

(5) Investments delivered in operations

Corresponds to the balance of the securities delivered as collateral in the repo operations and simultaneous liabilities constituted by the entity in its treasury policy.

19. Transactions with related parties

Transactions with related parties:

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

Between Findeter and its related parties are presented:

1. 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:

2.

	<u>Jun-19</u>	<u>Jun-18</u>
Board of directors fees	\$ 166,490	93,749

3. As of June 30, 2019 and 2018, Findeter records balances of the loan and remuneration portfolio with Findeter's key personnel, as detailed below:

	<u>Jun-19</u>	<u>Jun-18</u>
Loan Portfolio	\$ -	2,074,556
Key management personnel Remuneration	5,023,895	5,172,286

The loan portfolio does not present a balance due to the fact that Findeter executives do not have current loans. All operations and disbursements were made under the conditions described in the collective agreement.

4. 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 operations with parties related to government entities:

	<u>2019</u>	<u>2018</u>
Compensated rates	<u>\$36,996,872</u>	<u>37,764,978</u>

Correspond to accounts receivable, for the concept of interest rate compensation, in loan placements with special rates, which have as beneficiaries of loans to Territorial Entities, being received such benefits through the financial entities clients of Findeter.

20. Subsequent events

There are no economic events that occurred after the cut-off date, which could affect the financial situation, Findeter's perspectives or that question the continuity of this.