



Financiera de Desarrollo Territorial S. A. - FINDETER

Report for the period between July 1st to September 30th, 2020

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

3Q-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 September 30, 2020, comprising:

- the condensed statement of financial position as of September 30, 2020;
- the condensed statement of income for the nine months and quarter ended September 30, 2020;
- the condensed statement of other comprehensive income for the nine months and quarter ended September 30, 2020;
- the condensed statement of changes in equity for the nine months and quarter ended September 30, 2020;
- the condensed statement of cash flows for the nine months and quarter ended September 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 September 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.

November 13, 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 September 30, 2020, in eXtensible Business Reporting Language (XBRL), comprising:

- the statement of financial position as of September 30, 2020;
- the statement of income and other comprehensive income for the nine months and quarter ended September 30, 2020;
- the statement of changes in equity for the nine months ended September 30, 2020;
- the statement of cash flows for the nine months ended September 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 September 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.

November 13, 2020

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

Statement of Financial Position	Note	September 30, 2020	December 31, 2019
Assets			
Cash and cash equivalents	9	\$ 1,192,693,071	695,223,180
Investment financial assets and derivatives	10	459,145,291	428,202,199
Loan portfolio and finance lease operations, net	11	10,089,733,713	8,893,012,444
Accounts receivable and other receivables, net		98,437,357	99,326,603
Property and equipment, net	13.1	33,029,230	33,586,104
Right-of-use assets, net	13.1	1,063,154	2,123,498
Investment properties		589,203	589,203
Intangible assets, net	13.2	866,430	1,393,667
Deferred tax assets, net	12	104,070,208	46,823,870
Other assets, net	13.3	587,310	2,233,448
Total assets		\$ 11,980,214,967	10,202,514,216
Equity and liabilities			
Liabilities			
Derivative financial instruments measured at fair value		\$ 4,059,614	15,972,109
Current income taxes, net	12	47,665,846	8,721,454
Certificates of deposit	19.1	6,747,277,653	5,444,803,724
Outstanding investment securities		1,552,469,023	1,570,747,870
Financial obligations		2,295,215,281	1,846,338,513
Lease liabilities		1,158,046	1,981,012
Employee benefits		7,568,917	5,154,246
Financial guarantees	14	58,998,179	64,821,669
Provisions	15	2,982,239	3,325,520
Accounts payable and other payables		12,692,570	17,905,712
Total liabilities		\$ 10,730,087,368	8,979,771,829
Shareholders' equity	16	\$ 1,250,127,599	1,222,742,387
Total liabilities and shareholders' equity		\$ 11,980,214,967	10,202,514,216

See accompanying notes to the condensed interim financial statements

INGRID CATALINA GIRALDO CARDONA(*)
 Legal Representative

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

Gabriela Margarita Monroy Díaz
GABRIELA MARGARITA MONROY DÍAZ
 Independent Auditor
 T.P. 33256-T
 Member of KPMG S.A.S.
 (See my report of November 13, 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 nine months ended		For the nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Income					
Interest on loan portfolio	19.3	\$ 472,072,301	443,645,761	145,191,691	148,807,708
Net income from investment valuation at fair value	19.4	26,757,761	35,230,302	19,012,398	11,335,200
Net interest on investments at amortized cost		1,592,858	2,243,595	489,005	581,215
Operating expenses					
Net derivative valuation profit		245,893,367	88,435,335	39,214,991	106,917,856
Certified interest on term deposits	19.5	(224,502,754)	(206,949,753)	(70,688,554)	(67,369,483)
Interest financial obligations	19.2	(43,631,687)	(61,877,912)	(11,935,818)	(19,775,455)
Interest on outstanding investment securities	19.5	(86,024,053)	(74,389,184)	(27,847,403)	(28,843,484)
Net exchange difference loss		(278,888,901)	(103,637,944)	(54,952,133)	(115,760,507)
Net financial margin		\$ 113,268,892	122,700,200	38,484,176	35,893,050
Net (Impairment) for loan financial assets and accounts receivable	11	(6,922,564)	5,932,380	(337,949)	4,742,559
Net financial margin after impairment		\$ 106,346,328	128,632,580	38,146,227	40,635,609
Income and expenses for commissions and other services					
Income from technical assistance	19.6	45,166,187	47,659,521	12,843,852	17,924,509
Income from commissions and other services	19.6	8,781,331	11,000,306	3,038,779	3,558,013
Expenses for commissions and other services		(6,918,740)	(5,578,550)	(3,837,440)	(3,219,288)
Net income and expenses for commissions and other services		\$ 47,028,778	53,081,277	12,045,191	18,263,234
Other income and expenses					
Other income		14,562,502	10,520,810	8,285,893	4,943,316
Other expenses		(113,973,680)	(102,471,485)	(42,173,662)	(34,194,289)
Net other income		\$ (99,411,178)	(91,950,675)	(33,887,770)	(29,250,973)
Earnings before income tax		\$ 53,963,928	89,763,182	16,303,648	29,647,870
Income tax expense		(27,257,329)	(43,582,379)	(4,690,289)	(23,609,722)
Net income		\$ 26,706,599	46,180,803	11,613,359	6,038,148

See accompanying notes to the condensed interim financial statements

INGRID CATALINA GIRALDO CARDONA (*)
Legal Representative

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

GABRIELA MARGARITA MONROY DÍAZ
Independent Auditor
T.P. 33256-T
Member of KPMG S.A.S.
(See my report of November 13, 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 nine months ended
(In thousands of Colombian Pesos)

		September 30, 2020	September 30, 2019
	Notes		
Net Income		26,706,599	46,180,803
Adjustments to reconcile net income with net cash used in operating activities:			
	\$		
Depreciations	13.1	560,672	511,525
Right-of-use depreciations	13.1	1,166,596	1,106,303
Amortization of intangibles and other assets	13.2	2,719,858	773,344
Net impairment (reimbursement) of loan financial assets and accounts receivable	11	6,922,564	(5,932,380)
Reimbursement for lease agreements		(8,518)	-
Net exchange difference loss		278,888,901	103,637,944
Income tax expense for the period		27,257,329	43,582,379
Net reimbursement for other provisions	15	(323,556)	(563,671)
Reimbursement for provision of financial guarantees	14	(5,823,490)	(8,105,150)
Income recognized for technical assistance		(6,439,770)	(11,719,538)
Net income from investment valuation		(28,350,619)	(37,473,897)
Net derivative valuation profit		(245,893,367)	(88,435,336)
Interest on loan portfolio	19.3	(472,072,301)	(443,645,761)
Interest expenses	19.5	354,158,493	343,216,849
 Changes in assets and exchange difference adjustment in operating liabilities:			
Negotiable investments		(1,671,826)	(52,074,654)
Net loan portfolio and finance lease operations		(977,893,427)	219,524,739
Accounts receivable		7,329,016	(1,537,395)
Increase in other assets		(201,658)	-
Derivative financial instruments		233,980,873	87,867,388
Employee benefits		2,414,671	795,638
Accounts payable and other liabilities		1,263,926,959	(349,778,243)
 Subtotal		\$ 467,353,999	(152,069,113)
Paid income tax		(14,894,217)	(18,550,127)
Lease interest payments	13.1	(264,992)	(240,527)
Paid interest		(369,549,370)	(452,201,886)
Received interest		285,108,669	298,756,829
Net cash (used) provisioned for operating activities		\$ 367,754,089	(324,304,824)
Additions of property and equipment	13.1	(3,799)	(74,459)
Additions of other intangible assets	13.2	(344,825)	(321,564)
 Net cash used for investment activities		\$ (348,624)	(396,023)
Issuance of outstanding investment securities		-	400,000,000
New bank loans and other financial obligations		235,102,075	105,556,041
Bank loan payments and other financial obligations		(123,321,505)	(383,303,158)
Capital payments lease contracts	13.1	(1,190,395)	(970,217)
Net cash provided in financing activities		\$ 110,590,175	121,282,666
Cash and cash equivalents before the effect of exchange rate		477,995,640	(203,418,181)
Exchange difference on cash		19,474,251	259,353
Net increase (decrease) of cash and cash equivalents		\$ 497,469,891	(203,158,828)
Cash and cash equivalents initial balance	9	695,223,180	717,949,878
Cash and cash equivalents final balance		\$ 1,192,693,071	514,791,050
Available restricted	9	(2,346,933)	(1,484,073)
Cash and cash equivalents final balance without the available restricted		\$ 1,190,346,138	513,306,977

See accompanying notes to the condensed interim financial statements

INGRID CATALINA GIRALDO CARDONA (*)
Legal Representative

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

GABRIELA MARGARITA MONROY DÍAZ
Independent Auditor
T.P. 33256-T
Member of KPMG S.A.S.
(See my report of November 13, 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 Changes in Equity
For the period ended September 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	-	-	-	-	-	46,180,803	46,180,803
Other comprehensive income	-	-	-	-	4,551,074	-	4,551,074
Total changes in equity	<u>53,246,683</u>	<u>5,655,991</u>	<u>(2,342,766)</u>	<u>-</u>	<u>4,551,074</u>	<u>(10,379,105)</u>	<u>50,731,877</u>
Final balance as of September 30, 2019	<u>\$ 1,024,963,194</u>	<u>64,267,932</u>	<u>9,375,279</u>	<u>52,075,778</u>	<u>(5,773,326)</u>	<u>46,180,803</u>	<u>1,191,089,660</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:							
Transfer to retained earnings	52,778,750	7,391,082	13,740,988	-	-	(73,910,820)	-
Net income	-	-	-	-	-	26,706,599	26,706,599
Other comprehensive income	-	-	-	-	678,613	-	678,613
Total changes in equity	<u>52,778,750</u>	<u>7,391,082</u>	<u>13,740,988</u>	<u>-</u>	<u>678,613</u>	<u>(47,204,221)</u>	<u>27,385,212</u>
Final balance as of September 30, 2020	<u>\$ 1,077,741,944</u>	<u>71,659,014</u>	<u>23,116,267</u>	<u>52,075,778</u>	<u>(1,172,003)</u>	<u>26,706,599</u>	<u>1,250,127,599</u>

See accompanying notes to the condensed interim financial statements

INGRID CATALINA GIRALDO CARDONA(*)
Legal Representative

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

GABRIELA MARGARITA MONROY DÍAZ
Independent Auditor
T.P. 33256-T
Member of KPMG S.A.S.
(See my report of November 13, 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 Other Comprehensive Income
(In thousands of Colombian Pesos)

	For the nine months ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income	\$ 26,706,599	46,180,803	11,613,359	6,038,148
Items not reclassified through profit or loss				
Fixed asset revaluation	-	3,455,252	-	715,182
Valuation of financial instruments available for sale	752,010	1,955,637	(900,388)	(82,236)
Deferred tax recognition	(73,397)	(859,815)	-	(859,815)
Total other comprehensive income not reclassified through profit or loss, net of taxes	678,613	4,551,074	(900,388)	(226,869)
Total Comprehensive Income	\$ <u>27,385,212</u>	<u>50,731,877</u>	<u>10,712,971</u>	<u>5,811,279</u>

See accompanying notes to the condensed interim financial statements

INGRID CATALINA GIRALDO CARDONA(*)
Legal Representative

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

GABRIELA MARGARITA MONROY DÍAZ

Independent Auditor
T.P. 33256-T
Member of KPMG S.A.S.
(See my report of November 13, 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 Interim Financial Report for the ninth-month period and quarter ended September 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 September 30, 2020, was submitted to the Board Meeting of October 27, 2020, according to Minutes No. 373.

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 September 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 nine months and quarter ended June 30, 2020 and 2019:

Thousands of pesos
Reported segment

	<u>FINANCIAL SERVICES</u>		<u>TECHNICAL ASSISTANCE</u>		<u>FINANCIAL SERVICES</u>		<u>TECHNICAL ASSISTANCE</u>					
	For the nine months ended				For the quarters ended							
	<u>30-Sept-20</u>	<u>30-Sept-19</u>	<u>30-Sept-20</u>	<u>30-Sept-19</u>	<u>30-Sept-20</u>	<u>1 July to 30 September 2020</u>	<u>1 July to 30 September 2019</u>	<u>1 July to 30 September 2020</u>	<u>1 July to 30 September 2019</u>	<u>1 July to 30 September 2020</u>	<u>1 July to 30 September 2019</u>	
Net revenue												
Interest on loan portfolio	472,072,301	443,645,761	-	-	472,072,301	443,645,761	145,191,691	148,807,708	-	-	145,191,691	148,807,708
Net revenue from investment valuation	28,519,256	37,473,897	-	-	28,519,256	37,473,897	19,506,959	11,916,415	-	-	19,506,959	11,916,415

Operating expenses												
Financial expenses	(354,327,130)	(343,216,849)	-	-	(354,327,130)	(343,216,849)	(110,477,331)	(115,988,422)	-	-	(110,477,331)	(115,988,422)
Net exchange difference profit/loss	(278,888,901)	(103,637,944)	-	-	(278,888,901)	(103,637,944)	(54,952,133)	(115,760,507)	-	-	(54,952,133)	(115,760,507)
Net derivative valuation profit/loss	245,893,367	88,435,335	-	-	245,893,367	88,435,335	39,214,991	106,917,856	-	-	39,214,991	106,917,855
Net financial margin	113,268,892	122,700,200	-	-	113,268,892	122,700,200	38,484,176	35,893,050	-	-	38,484,176	35,893,050
Net impairment for credit financial assets and accounts receivable	(6,922,762)	5,932,380	-	-	(6,922,762)	5,932,380	(337,949)	4,742,559	-	-	(337,949)	4,742,559
Net financial margin after impairment	106,346,130	128,632,580	-	-	106,346,130	128,632,580	38,146,227	40,635,609	-	-	38,146,227	40,635,609

Revenue and expenses from commissions and other services

Technical assistance revenue	-	-	45,166,187	47,659,521	45,166,187	47,659,521	-	-	12,843,852	17,811,741	12,843,852	17,811,741
Revenue from commissions and other services	8,781,331	11,000,306	-	-	8,781,331	11,000,306	3,038,779	3,670,780	-	-	3,038,779	3,670,780
Expenses from commissions and other services	(6,770,940)	(5,268,248)	(147,799)	(310,302)	(6,918,740)	(5,578,550)	(3,746,753)	(3,093,994)	(90,688)	(125,294)	(3,837,440)	(3,219,288)
Net revenue and expenses from commissions and other services	2,010,391	5,732,058	45,018,387	47,349,220	47,028,778	53,081,277	(707,973)	576,786	12,753,164	17,686,447	12,045,191	18,263,234

Other revenue and expenses

Other revenue	14,562,700	10,520,810	-	-	14,562,700	10,520,810	8,285,893	5,714,086	-	-	8,285,893	5,714,085
Other expenses	(67,834,619)	(50,941,679)	(46,139,062)	(51,529,806)	(113,973,681)	(102,471,485)	(26,493,235)	(16,313,767)	(15,680,427)	(18,651,292)	(42,173,662)	(34,965,059)
Net other revenue	(53,271,919)	(40,420,869)	(46,139,062)	(51,529,806)	(99,410,980)	(91,950,675)	(18,207,342)	(10,599,681)	(15,680,427)	(18,651,292)	(33,887,770)	(29,250,974)

Earnings before income tax	55,084,602	93,943,769	(1,120,674)	(4,180,586)	53,963,928	89,763,182	19,230,912	30,612,715	(2,927,263)	(964,845)	16,303,648	29,647,869
Income tax expense	(27,823,385)	(45,612,164)	566,056	2,029,785	(27,257,329)	(43,582,379)	(5,532,414)	(24,378,065)	842,125	768,342	(4,690,289)	(23,609,722)
Net income	27,261,217	48,331,606	(554,619)	(2,150,801)	26,706,599	46,180,803	13,698,498	6,234,651	(2,085,138)	(196,502)	11,613,359	6,038,147

	FINANCIAL SERVICES		TECHNICAL ASSISTANCE		TOTAL	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Assets	11,931,845,356	10,160,754,916	48,369,611	41,759,300	11,980,214,967	10,202,514,216
Liabilities	10,715,901,895	8,945,722,841	14,185,473	34,048,988	10,730,087,368	8,979,771,829

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. 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, as of September 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. Given the current circumstances caused by SARSCoV-2, the VaR has exhibited slight movements in the days of high volatility without major alerts or exceeding the limits established in our manuals and policies. Nevertheless, we have implemented new controls according to the needs caused by the pandemic.

In turn, the Liquidity Risk Management System implemented as of September has monitored Findeter's liquidity indicators, ensuring compliance with the applicable regulations in force, the controls established by the GAP Committee and the policies approved by the Board and contained in the system manual. Given the current situation caused by SARSCoV-2, the IRL had a stable behavior, and it was not necessary at any time to activate the liquidity contingency plan or last resort funding sources.

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 nine months 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 (See note 11).

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, updated the Operational Risk Management Manual, which included policies and guidelines related to information security and cybersecurity risk management and compliance with seizure measures.

FINDERER 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 nine months 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 not objected to 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.

- 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. As well as the recognition of equity investments, which have no market and are measured according to the equity variation of the institution where the investment is held.
- 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	Hierarchy level			Fair value	Hierarchy level		
	September 30, 2020	1	2	3	December 31, 2019	1	2	3
Negotiable investments								
Debt securities other financial entities	\$ 78,098,889	-	78,098,889	-	111,433,149	543,390	74,186,375	-
Government debt securities	153,304,201	153,304,201	-	-	156,186,568	88,630,647	28,976,070	-
Private Equity Fund- Ashmore	56,522,230	-	-	56,522,230	61,938,007	-	-	61,938,007
Collective investment funds	17,759,976	-	17,759,976	-	17,213,510	-	17,213,510	-
Currency forward	89,547,582	-	89,547,582	-	18,137,299	-	18,137,299	-
Changes in equity								
Shares national guarantee fund	34,621,572	-	34,621,572	-	33,887,605	-	33,887,605	-
Total assets	429,854,450	153,304,201	220,028,019	56,522,230	398,796,138	89,174,037	172,400,859	61,938,007
Liabilities								
Currency forward	4,059,614	-	4,059,614	-	15,972,109	-	15,972,109	-
Total liabilities	\$ 4,059,614	-	4,059,614	-	15,972,109	-	15,972,109	-

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

As of September 30, 2020, Findeter registers an investment in the Ashmore Colombia Infrastructure Fund, for \$52,522,230, 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.

- ii. **Non-recurring fair value measurements:** As of September 30, 2020, there are assets or liabilities not measured at fair value, determined, for reporting purposes, on a non-recurring basis.

Below is the detail of the fair value measurement of financial assets and liabilities accounted for until maturity, only for reporting purposes.

- **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:

	<u>September 30, 2020</u>		<u>December 31, 2019</u>		<u>Hierarchy</u>
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>level</u>
Assets					
Net loan portfolio and finance lease transactions	\$ 10,089,733,713	10,149,696,090	8,893,012,444	9,090,201,347	2
Investment financial assets	29,290,841	30,248,652	29,406,062	29,408,156	3
Total financial assets	10,119,024,555	10,179,944,742	8,922,418,506	9,119,609,503	
Liabilities					
Certificates of deposit	6,747,277,653	6,779,025,634	5,444,803,724	5,473,920,084	2
Outstanding investment securities	1,552,469,023	1,587,363,897	1,570,747,870	1,628,304,177	2
Financial obligations	2,295,215,281	2,292,594,716	1,846,338,513	1,826,796,297	3
Total liabilities	\$ 10,594,961,958	10,658,984,247	8,861,890,107	8,929,020,558	

9. Cash and Cash Equivalents

The table below corresponds to bank account balances by financial institution where Findeter has cash and cash equivalents, as of September 30, 2020, and December 31, 2019.

BANK	RISK RATING	SEPTEMBER 30, 2020	DECEMBER 31, 2019
Banco de Bogotá S.A.	AAA	\$ 1,582,078	898,851
Banco Popular S.A.	AAA	75,947,179	85,778,522
Bancolombia S.A.	AAA	72,162,055	9,389,498
Banco Itau	AAA	153,540,156	0
Banco GNB Sudameris	AA+	269,353,584	179,071,294
BBVA Colombia S.A.	AAA	458,120,123	183,602,672
Banco de Occidente S.A.	AAA	68,769,252	4,822
Davivienda S.A.	AAA	2,478,877	2,271,018
Banco de la República	Country	31,429,552	23,892,589
Bancolombia S.A. Panamá	AAA	12,043,781	61,449,282
Davivienda Miami	AAA	10,593,029	3,509,240
Petty Cash	No rating	24,795	20,917
Interbank	No rating	34,301,677	143,591,843
Restricted Cash (1)	No rating	2,346,933	1,742,632
		<u>\$1,192,693,071</u>	<u>695,223,180</u>

(1) As of September 30, 2020, \$2,251,869 are registered in the National Guarantees Fund, and \$95,064 in the Pre-investment Fund.

They have exclusive allocations as follows: 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 September 2020 and December 2019:

Issuer	September 30, 2020	Rating
BANCO COLPATRIA S.A.	3,118,740	AAA
BANCO DE BOGOTA S.A.	12,067,680	AAA
BANCO POPULAR S.A.	11,438,730	AAA
BANCOLOMBIA S.A.	19,229,640	AAA
DAVIVIENDA S.A.	17,377,360	AAA
MINISTRY OF FINANCE AND PUBLIC CREDIT	153,304,251	NO RATING

TITULARIZADORA COLOMBIA S.A.	29,290,841	AAA
SCOTIABANK COLPATRIA S.A.	3,080,490	AAA
BBVA COLOMBIA S.A.	6,211,255	AAA
TITULARIZADORA COLOMBIANA	5,574,943	AAA
ASHMORE PRIVATE EQUITY FUND (1)	56,522,230	NO RATING
SHARES NATIONAL GUARANTEES FUND	34,621,372	NO RATING
FORWARD TRANSACTIONS	89,547,582	NO RATING
EPSA S.A.	100	AAA
ECOPETROL SA	100	AAA
FIDUCIARIA BOGOTA S.A.	17,759,976	
Total	\$ 459,145,291	

(1) The Ashmore private equity fund presented an impairment of \$(5,415,777), which is explained by the update of the fund's investment portfolio valuations.

Issuer	December 31, 2019	Rating
SHARES NATIONAL GUARANTEES FUND	33,887,405	NO RATING
ARCO GRUPO BANCOLDEX	5,006,150	AAA
BANCO AV VILLAS S.A.	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. S.A.	2,061,040	AAA
EPSA S.A.	100	AAA
DAVIVIENDA S.A.	5,658,840	AAA
ECOPETROL S.A.	100	AAA
ASHMORE PRIVATE EQUITY FUND	61,938,007	NO RATING
FIDUBOGOTA S.A.	17,213,510	AAA
FONDO NACIONAL DE GARANTÍAS S.A.	102,051,690	NO RATING
MINISTRY OF FINANCE AND PUBLIC CREDIT	117,980,722	COUNTRY
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:

	September 30, 2020	December 31, de 2019
Ordinary loans	\$10,068,247,274	8,874,207,049
Housing portfolio (employees and former employees)	39,497,129	38,012,899
Employee loans (consumer)	3,535,118	3,555,422
Former employee loans (consumer)	836,100	945,834
Interest receivable	42,704,069	34,454,653
Subtotal	10,154,819,690	8,951,175,857
Impairment *	65,085,977	58,163,413
Total	\$10,089,733,713	8,893,012,444

Impairment portfolio balance	September 30, 2020	September 30, 2019
Impairment initial balance	58,163,413	70,684,493
Principal recoveries	(2,038,052)	(8,626,283)
Principal charges	8,799,962	2,998,219
Interest recoveries	(34,662)	(442,799)
Interest charges	195,316	138,482
Impairment final balance	65,085,977	64,752,113

Below is the movement of portfolio impairment:

Impairment Portfolio Movement - Expense	September 30, 2020	September 30, 2019
Principal recoveries	2,038,052	8,626,283
Principal charges	(8,799,962)	(2,998,219)
Interest recoveries	34,662	442,799
Interest charges	(195,316)	(138,482)
Net impairment portfolio	(6,922,564)	5,932,380

(1) The impairment increase reflected between December 2019 and September 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 \$1,196,721,269, in the different Findeter lines of credit, of which \$ 68,907,166, have been disbursed for the public services credit line.

Regarding external letters issued by the Financial Superintendence of Colombia, on financial reliefs that should be granted to debtors who had financial obligations with the institutions, Findeter was not

obligated to fully comply with these. However, after analyzing the conditions of the current loans, and in accordance with the requests we must meet, we granted reliefs in 137 loan transactions with employees and former employees and 360 on-loan transactions with a portfolio balance of \$1,476,590,894 , which did not affect the Company's results, since said reliefs were due to an extension in the term of payment of the obligations, but not to an amendment to the financial conditions of the loans.

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 quarter ended September 30, 2020, is **28.77%** (for the quarter ended September 30, 2019, **79.63%**).

The (50.86%)% variation of the effective tax rate is mainly caused by the following:

- In the quarter ended September 30, 2019, there was a higher income tax expense of \$8,089, due to the non-deductible exchange difference expense adjustment to the income statement for the taxable year 2018. Considering that this situation does not occur in that same quarter of 2020, there is decrease of (27.28%) in the effective quarterly rate.
- For the quarter ended September 2020, there is an excess of deferred tax asset on the valuation of the investments in debt securities portfolio for a value of \$4,280. Considering that this situation does not occur in that same quarter of 2019, there is a decrease of (26.25%) in the effective quarterly rate.
- For 2020 the tax rate is 36% and in 2019 it was 37%; therefore, there is a decrease of (1) percentage point in the effective quarterly rate.
- In the quarter ended September 30, 2020, there was a YoY decrease of \$2,292 in the tax discount for the industry and trade tax effectively paid in the year, corresponding to a YoY increase of 4.79 percentage points.

The effective tax rate of Findeter S.A. for ongoing operations for the nine months ended September 30, 2020, was 50.51% (nine months ended September 30, 2019, 48.55%).

The 1.96 increase in the effective tax rate is mainly caused by the following:

- In the nine months ended September 30, 2020, there was a YoY increase in non-deductible expenses, leading to a higher effective rate from one period to another by 3.05 percentage points.
- For 2020 the tax rate is 36% and in 2019 it was 37%; therefore, there is a decrease of (1) percentage point in the effective rate.

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 September 30, 2020:

	December 31, 2019 (net)	Additions 2020	Reclassification Cost 2020	Reclassification Depreciation 2020	Depreciation 2020	September 30, 2020
Land (revalued)	\$ 8,923,200				-	\$ 8,923,200
Buildings and constructions (revalued)	23,782,229	-			(292,990)	23,489,239
Furniture, fixtures and office equipment	789,147	3,799	(496,200)	405,549	(228,883)	473,412
Computer equipment	91,528	-	405,549	(405,549)	(38,800)	52,728
Network and communication equipment	-		90,651			90,651
	<u>\$ 33,586,104</u>	<u>3,799</u>	<u>-</u>	<u>-</u>	<u>(560,672)</u>	<u>\$33,029,230</u>

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

Movements of right-of-use assets	2020
Right-of-use assets - Buildings	3,785,211
Linear depreciation right of use 2019	(1,555,461)
Linear depreciation right of use 2020	(1,166,596)
Balance right of use	1,063,154
Movements of lease liabilities	2020
Lease liabilities	3,785,211
Passive capital payments 2019	(1,436,770)
Passive capital payments 2020	(1,190,395)
Balance lease liabilities	1,158,046
Interest payment during 2020 *	264,992

2. Movement of intangibles

Below is the movement of the cost of intangible assets as of September 30, 2020:

	December 31, 2019	Acquisition/ Additions	Amortization through expense	September, 30 2020
Computer programs and applications	\$ 1,393,667	344,825	872,062	\$ 866,430
Net intangible assets	\$ 1,393,667	344,825	872,062	\$ 866,430

3. Movement of other assets

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

	December 31, 2019	Acquisition / Additions	Amortization through expense	2020
Insurance	\$ 2.231.347	201.658	1.847.796	\$ 585.209
Others	2.101	-	-	2.101
Net other assets	\$ 2.233.448	201.658	1.847.796	\$ 587.310

14. Financial Guarantees

Below is the movement of financial guarantees:

	Financial Guarantees	Total
Balance as of December 31, 2019	64,821,669	64,821,669
Increase (decrease) in current provisions	(5,823,490)	(5,823,490)
Balance as of September 30, 2020	58,998,179	58,998,179

The variation corresponds to the following movements

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.

The coverage of the technical estimate of the National Guarantees Fund on loans granted, called affordable and priority housing, amounting to \$28,530,637, which decreased by \$2,150,097, according to the behavior of the guarantees granted.

15. Provisions

Below is the movement of provisions:

	Legal processes, fines, sanctions and compensation (1)
Balance as of December 31, 2019	\$3,325,520
Reimbursements	(343,281)
Balance as of September 30, 2019	\$2,982,239

(1) Provisions for legal processes correspond to employment processes; for which a disbursement schedule cannot be determined, since there are a variety of processes in different instances. At the end of the period there are 115 lawsuits against Findeter, of which, according to the instance and considering the provisioning policy, 1 process has been provisioned, for a total of \$2,982,239, classified as probable according to IAS 37, evidencing a decrease in relation to the balance recorded as of December 31, 2019, for \$343,281, caused by the recalculation of the claims of legal proceedings, which generated the recovery of the provision.

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:

	Sep-20	Dec-19
IDB loan pledge (1)	\$31,429,552	23,892,589
Due to litigations (claims) (2)	85,197,406	80,301,717
Approved and undisbursed loans (3)	577,605,230	482,661,367
Interest on suspended loans (4)	1,158,622	1,016,439
	\$695,390,810	587,872,112

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, and remunerations to key personnel:

	Sep-20	Sep-19	July-September 2020	July-September 2019
Board Member Remunerations	479.939	354.058	94.375	187.568
Key Management Personnel Remunerations	7.561.459	7.536.814	2.528.611	2.512.919

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

	Sep-20	Sep-19
Loan portfolio	233,078	-

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:

ENTITY	Item	2020	2019
Ministry of Finance	Compensated rates	\$52,565,606	45,652,592

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. Relevant Events

- a- Findeter continues to strengthen the measures to withstand the onslaught of the emergency continue, as it works to provide solutions to stakeholders. During the reporting period, loans were granted to the first beneficiaries of the lines of credit that will alleviate specific sectors of the economy, such as public services, being fully funded by the national government through the Emergency Mitigation Fund, and which focuses on delivering cash flow relief for up to 36 months to final consumers.

Accordingly, Findeter received resources from the Emergency Mitigation Fund for \$545,000,000, with which a Certificate of Deposit was taken to disburse the loans of the direct line of credit for public services.

As part of the development of activities aimed at supporting this state policy, as of September 30, 2020, \$68,907,166 have been disbursed for the public services line of credit, benefiting 31 public utility companies.

- b- By communication received from the Ministry of Finance, and pursuant to the provisions of Decree 492 of 2020, 100% of the shares owned by the Ministry of Finance in Findeter's equity were transferred to Grupo Bicentenario S.A.S., which amount to \$997,924,700, transferring the ownership of the interest owned, becoming the company's majority shareholder.

Other relevant events of the period worth mentioning are the following:

1- Certificate of deposit

Based on market conditions, Findeter began to attract resources via CDs with terms of less than 1 year, as the market shows an appetite mainly for short-term fixed-income securities. Thus, the balance increased by \$1,302,473,929, from \$5,444,803,724 in December 2019 to \$6,747,277,653 as of September 2020.

2- Interest on Financial Obligations

As of September 30, 2020 and September 30, 2019, the balance of interest on financial obligations was \$43,631,687 and \$61,877,912, respectively, with expense decreasing by (\$18,246,225) as a result of a variation in favor of the Company, of interest rates on IDB loans, which were at an average rate of 2.11%, leaving a new average rate of 1.56%, from Findeter's negotiations with multilateral banks.

3- Portfolio income

As of September 30, 2020, and September 30, 2019, the income balance from the loan portfolio was \$472,072,301 and \$443,645,761, respectively, presenting a YoY variation of \$28,426,540, caused by the portfolio's net increase by \$1,196,721,269 so far this year.

4- Revenue from net investment valuation

As of September 30, 2020, and September 30, 2019, the balance of the investment valuation was \$26,757,761 and \$37,473,897 respectively, showing a decrease in income of (\$10,716,136), mainly due to the impairment of (\$8,939,861) from the Ashmore private equity fund, which resulted after updating the fund's investment portfolio valuations.

5- Financial Expenses from interest on certificates of deposit, financial obligations and outstanding investment securities

As of September 30, 2020, and September 30, 2019, the balance of financial expenses was \$354,158,493 and \$343,216,849 respectively, presenting an increase of \$10,941,644, mainly caused by higher accrued interest on certificates of deposit for \$17,721,738, due to the increase in liabilities, as well as higher accrued interest on bonds issued, which increased by \$ 11,634,869, taking into account the 2019 issues.

6- Revenue from technical assistance, commissions and other services

Income recognized for technical assistance, commissions and other services presented a variation of (\$4,712,309), going from \$58,695,827 as of September 30, 2019, to \$53,947,518 as of September 30, 2020, as detailed below according to the service provided:

TECHNICAL ASSISTANCE	As of September 30, 2020	As of September 30, 2019	July 1 to September 30, 2020	July 1 to September 30, 2019
Housing	16,791,790	15,974,123	5,162,335	6,065,724
Water	10,449,518	13,362,341	3,150,381	3,990,968
Infrastructure	13,539,382	15,868,689	3,994,419	7,030,313
Consulting	695,680	1,701,600	60,330	564,736
San Andrés	-	640,000	-	160,000
Project Structuring	3,689,817	112,768	476,387	112,768
	45,166,187	47,659,521	12,843,852	17,924,509

COMMISSIONS AND OTHER SERVICES	As of September 30, 2020	As of September 30, 2019	July 1 to September 30, 2020	July 1 to September 30, 2019
Water Bonds Guarantees	2,998,296	3,813,542	979,511	1,248,534
Commissions National Guarantees Fund	703,137	1,183,730	215,318	373,244
Commissions Availability	5,067,257	5,934,565	1,841,283	1,923,259
Commission Insfopal	12,641	68,469	2,667	12,976
	8,781,331	11,000,306	3,038,779	3,558,013

20. Events After the Reporting Period

As of the reporting date, there are no subsequent economic events as of September 30, 2020, 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.