**KPMG Audit SAS**
Calle 90 No. 19c - 74
Bogotá DC - Colombia

Phone 57 (1) 6188000
57 (1) 6188100

home.kpmg/co

# STATUTORY AUDITOR'S REPORT

Dear Shareholders
Financiera de Desarrollo Territorial S.A. – FINDETER

## Report on the audit of the financial statements Opinion

I have audited the financial statements of Financiera de Desarrollo Territorial S.A. – Findeter (the Financial Company), which include the financial statements as of December 31, 2021 and income statements, other comprehensive income, changes in equity and cash flows for the year ended on that date and their respective notes, which include significant accounting policies and other explanatory information; I also audited the funds and special accounts indicated in paragraph 3) of this report and which are administered by the Financial Company.

In my opinion, the financial statements that are mentioned, prepared in accordance with information faithfully taken from the books and attached to this report, reasonably display, in all aspects of material importance, the financial situation of la Financiera as of December 31, 2021, the results of its operations and its cash flows for the year that ended on that date, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

## Basis for the opinion

I performed my audit in accordance with the International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are described in the "Responsibilities of the tax auditor in relation to the audit of the financial statements" section of my report. I am independent with respect to la Financiera, in accordance with the Code of Ethics for Accounting Professionals issued by the *International Ethics Standards Board for Accountants* (IESBA Code) included in the Information Assurance Standards accepted in Colombia along with the ethical requirements that are relevant to my audit of the financial statements established in Colombia and have complied with my other ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to support my opinion.

**Key Audit Matters**

Key audit matters are those, in my professional judgment, that were of the greatest importance in my audit of the financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| Evaluation of the provision for credit risk of the direct commercial portfolio according to Guidelines of the Financial Superintendence of Colombia (see note 12 to the financial statements) | |
|---|---|
| **Audit Key Issue** | **How it was approached in the audit** |
| The balance of the direct commercial credit portfolio and its provision for credit risk as of December 31, 2021, amount to $1,251,480 million and<br>$14,021 million, respectively<br><br>Findeter records the provision of direct commercial portfolio as provided by the Financial Superintendence of Colombia, which sets forth the establishment of minimum provisions in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.<br><br>I considered as a key audit matter the methodology for the assignment of the credit risk rating of customers classified in direct commercial portfolio, because it incorporates significant elements of judgment in the key analysis assumptions, including the variables that allow capturing credit risk. This assigned risk rating is incorporated as a parameter in the reference model for the calculation of the credit risk provisions of the direct commercial portfolio. | My audit procedures for assessing the assignment of the credit risk rating and the effect on the provision include but are not limited to the following:<br><br>• Involvement of professionals with experience and knowledge in the assessment of credit risk and information technology, to evaluate certain internal controls related to the Financial Process for the determination of the provision of direct commercial credits. This included controls associated with: (1) Validation of credit risk rating methodology and/or allocation models according to regulatory provisions, (2) Financial monitoring on the allocation of credit risk ratings and the result of the value of the provisions, (3) information technology controls on the input data to the models for the determination of the credit provision, as well as the calculations of the provisions; and (4) evaluation of the client's financial information to identify if there were significant changes in credit risk.<br><br>• Inspection of a sample of records of the direct commercial credit portfolio, to verify that the rating given to commercial portfolio clients complies with the guidelines |

| Evaluation of the provision for credit risk of the direct commercial portfolio according to Guides of the Financial Superintendence of Colombia (see note 12 to the financial statements) | |
|---|---|
| **Audit Key Issue** | **How it was approached in the audit** |
| | defined by the Financial Superintendence of Colombia for the system of provisions and that is supported according to the financial, qualitative or economic characteristics of the client and its subsequent incorporation in the reference model for the calculation of provisions.<br><br>• Recalculation of the provision as of May 31 and December 31, 2021 on the entire direct commercial portfolio, in accordance with the current regulatory accounting standard. |

**Other matters**

The financial statements as of and for the year ended December 31, 2020 are presented exclusively for comparison purposes, they were audited by another public accountant member of KPMG SAS who in his report dated February 19, 2021 expressed an unqualified opinion on them.

**Responsibility of the administration and those charged with governance of the Financial Institution in relation to the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements free of material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates reasonable under the circumstances.

In preparing their financial statements, management is responsible for assessing the ability of Findeter to continue as a going concern, to disclose, as applicable, matters related to the continuity thereof and to use the going concern basis of accounting unless management intends to liquidate Findeter or cease operations, or there is no more realistic alternative than to proceed in one of these ways.

Those in charge of governance are responsible for overseeing the entity's Financial Reporting process.

**Responsibilities of the tax auditor in relation to the audit of the financial statements**

My objectives are to obtain reasonable assurance as to whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance means a high level of assurance, but it is not a guarantee that an audit carried out in accordance with ISAs will always detect a material error, when it exists. Errors may arise due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs, I exercise my professional judgment and maintain professional skepticism during the audit. I also:

- I identify and evaluate the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to support my opinion. The risk of not detecting a material error resulting from fraud is greater than that arising from an error, because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override or overstepping of internal control.

- I gain an understanding of internal control relevant to the audit with the aim of designing audit procedures that are appropriate under the circumstances.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- I conclude on the adequacy of the use of the going concern hypothesis by management and, based on the audit evidence obtained, on whether or not there is a material uncertainty related to events or conditions that may indicate significant doubts about the ability of Findeter to continue as a going concern. If I conclude that there is material uncertainty, I must draw attention in my report to the disclosure that describes this situation in the financial statements or, if this disclosure is inadequate, I must modify my opinion. My findings are based on audit evidence obtained as of the date of my report. However, future events or conditions may cause Findeter to cease to be a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events to achieve a reasonable presentation.

I communicate to those charged with governance of Findeter, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with confirmation that I have complied with the relevant ethical requirements of independence and that I have communicated to them all relationships and other matters that may reasonably be considered to influence my independence and, where appropriate, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. I describe these matters in my tax auditor's report unless the law or regulation prevents public disclosure of the matter or when, in extremely exceptional circumstances, I determine that a matter should not be disclosed in my report because the adverse consequences of doing so would be reasonably greater than the public interest benefits of such disclosure.

**Report on other legal and regulatory requirements**

1. Based on the result of my tests, on my concept during 2021:

a) The accounting of Findeter has been carried out in accordance with legal regulations and accounting techniques.

b) The transactions recorded in the books are in accordance with the bylaws and the decisions of the Shareholders' Meeting.

c) The correspondence, the supporting documents of the accounts and the books citing the minutes and record of shares are well kept and properly preserved.

d) The rules and instructions of the Financial Superintendence of Colombia related to the implementation and impact on the statement of financial position and on the income statement and other comprehensive income of the applicable risk management systems have been complied with.

e) There is agreement between the accompanying financial statements and the management report prepared by the administrators, which includes the record by the administration on the free circulation of the invoices issued by their vendors or suppliers.

f) The information contained in the declarations of self-assessment of contributions to the comprehensive social security system, in particular that related to the affiliates and their contribution base income, has been taken from the records and accounting supports. Findeter is not in arrears for contributions to the comprehensive social security system.

In order to comply with the requirements of articles 1.2.1.2. and 1.2.1.5. of the Sole Regulatory Decree 2420 of 2015, in carrying out any responsibilities of the Tax Auditor contained in paragraphs 1 and 3 of article 209 of the Commercial Code, related to the evaluation of whether the acts of the directors of Findeter comply with the bylaws and the orders or instructions of the Shareholders' Meeting and whether there were and are adequate internal control measures, conservation and custody of the assets of Findeter or third parties that are in its possession, a separate report dated February 23, 2022 was issued.

2. Finally, I state that I followed up on the responses on the recommendations addressed to the management of the company and there are no pending matters of material importance that may affect my opinion.

3. In compliance with the provisions of numeral 3.3.3.2.6.10 of Chapter III, Title I, Part I of the Basic Legal Circular 029 of 2014 of the Financial Superintendence of Colombia, below, I list the audit reports on the financial statements as of December 31, 2021 that are issued independently for the Funds and Special Accounts administered by Findeter:

   a) Unqualified reports

      - 30004- Statement of account for the Co-financing Roadway Fund
      - 30007- Statement of the Urban Infrastructure Fund
      - 30008- Social Investment Co-financing Fund FIS
      - 30010- Statement of Regional Social Investment Resources RISR
      - 30013 - Insfopal Special Account
      - 30018 – Sustainable Development Support Program of the Department of the Archipelago of San Andrés, Providencia and Santa Catalina
      - 30020 - Compensated Fees Fund
      - 30021- Special Account General Royalty System
      - 30024 – Inter-administrative Contract Municipality of Armenia
      - 30024 – Inter-administrative Contract Metropolitan Area of Bucaramanga (AMB)
      - 30024 - Interadministrative Agreement Department of Cundinamarca and the Regional Ferrera Company.
      - 30024 - Popayán Inter-Administrative Agreement
      - 30024 – Interadministrative Contract Municipality San Sebastian de Mariquita.
      - 30025- Cooperation Agreement - NAMA
      - 30026 - Non-reimbursable Technical Cooperation ATN/FM-15632-CO - GEF-BID
      - 30027 - Prosperity Fund Program
      - 30028 - Abu Dhabi Development Fund
      - 30029 - KFW Cooperation
      - 30031 – Non-Refundable Technical Cooperation - NAMA MOVE

- 30032 – Interadministrative Contract for Technical Assistance and Resource Management to the Department of Risaralda – Ministry of Health.
- 30032 – Inter-administrative Project Structuring Contract No. DNP-891- 2021

b) Unqualified reports with emphasis of matter paragraphs

- 30022- Specific Technical Assistance Agreement – United States Agency for International Development USAID – (in liquidation)
- 30024 - Inter-administrative Agreement - POD Santander – (in liquidation)
- 30024 - Inter-administrative Agreement Ibagué - (in liquidation)
- 30030 - Cooperation Agreement - NAMA COAD

JORGE ENRIQUE PEÑALOZA PORRAS
Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 16:14:18 -05'00'

Jorge Enrique Peñaloza Porras Tax Auditor for the Financiera de Desarrollo Territorial S.A. – Findeter
CPA 43402 - T
Member of KPMG S.A.S.

Feb 23, 2022

KPMG Audit SAS
Calle 90 No. 19c - 74
Bogotá DC - Colombia

Phone 57 (1) 6188000
57 (1) 6188100

home.kpmg/co

## INDEPENDENT REPORT OF THE TAX AUDITOR ON COMPLIANCE WITH PARAGRAPHS 1) and 3) OF ARTICLE 209 OF THE CODE OF COMMERCE

Dear Shareholders
Financiera de Desarrollo Territorial S.A. – FINDETER

**Description of the Main Subject**

As part of my duties as a Tax Auditor and in compliance with articles 1.2.1.2 and 1.2.1.5 of the Sole Regulatory Decree 2420 of 2015, modified by articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on the compliance with paragraphs 1) and 3) of article 209 of the Commercial Code, detailed as follows, by Financiera de Desarrollo Territorial S.A. - Findeter, which includes the Funds and Special Accounts Administered by Financiera de Desarrollo Territorial S.A. - Findeter hereinafter "the Financial Company" as of December 31, 2021, in the form of an independent reasonable assurance conclusion, that the acts of its directors have complied with the statutory provisions and the Shareholders' Meeting and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

1st) If the acts of the directors of the Financial Company comply with the bylaws and the orders or instructions of the Shareholders' Meeting, and

3rd) If there are and are adequate internal control measures, conservation and custody of the assets of Findeter or third parties that are in its possession.

**Management Responsibility**

The administration of the Finance Company is responsible for compliance with the bylaws and decisions of the Shareholders' Meeting and for designing, implementing and maintaining adequate internal control measures, which include the SARC, SARM, SARL, SARLAFT, SAC and SARO Risk Management Systems for the conservation and custody of the assets of the Finance Company or third parties that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia/ in the internal control system implemented by the administration / indicate any other framework implemented by the entity.

**Tax Auditor's Responsibility**

My responsibility is to examine whether the acts of management of the Finance Company comply with the bylaws and the orders or instructions of the Shareholders' Meeting, and whether there are and are adequate measures of internal control, conservation and custody of the assets of the Finance Company or third parties that are in its possession and report in this regard in the form of a independent reasonable assurance conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) in 2018. Such standard requires that I plan and carry out the procedures I deems necessary to obtain reasonable assurance as to whether the acts of the directors comply with the bylaws and the decisions of the Shareholders' Meeting and as to whether there are and are adequate internal control measures, which include the Risk Management Systems SARC, SARM, SARL, SARLAFT, SAC and SARO for the conservation and custody of the assets of the Financial Institution or third parties that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia, in all material aspects.

The Firm of Accountants to which I belong and which appointed me as tax auditor of Findeter, applies the International Standard of Quality Control No. 1 and, consequently, maintains a complete quality control system that includes documented policies and procedures on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants – IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the assessment of the risk that the acts of the directors do not comply with the bylaws and the decisions of the Shareholders' Meeting and that the appropriate internal control measures, which include the Risk Management Systems SARC, SARM, SARL, SARLAFT, SAC and SARO for the conservation and custody of the assets of the Financial Institution or third parties that are in its possession are not adequately designed and implemented, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia.

This reasonable assurance work includes obtaining evidence as of December 31, 2021. The procedures include:

- Obtaining written representation from the Administration on whether the acts of the directors comply with the bylaws and the decisions of the Shareholders' Meeting and on whether there are and are adequate internal control measures, which include the Risk Management Systems SARC, SARM, SARL, SARLAFT, SAC and SARO for the conservation and custody of the assets of the Financial Institution or third parties that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia.

- Reading and verification of compliance with Findeter's bylaws.

KPMG

- Obtaining a certification from the Administration on the meetings of the Shareholders' Meeting, documented in the minutes.

- Reading of the minutes of the Shareholders' Meeting and the bylaws and verification of whether the acts of the directors comply thereof.

- Inquiries with the Administration about changes or draft amendments to Findeter's bylaws during the covered period and validation of their implementation.

- Evaluation of whether there are and are adequate internal control measures, which include the Risk Management Systems SARC, SARM, SARL, SARLAFT, SAC and SARO for the conservation and custody of the assets of the Financial Institution or third parties that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia, which includes:

  - Design, implementation and operational effectiveness tests on the relevant controls of the internal control components on the financial report and the elements established by Findeter, such as: control environment, risk assessment process by the entity, information systems, control activities and monitoring of controls.

  - Evaluation of the design, implementation and operational effectiveness of the relevant controls, both manual and automatic, of the key business processes related to the significant accounts of their financial statements.

  - Verification of the appropriate compliance with the rules and instructions on the Risk Management and Financial Consumer Care Systems applicable to Findeter: SARC, SARM, SARL, SARLAFT, SAC and SARO.

  - Issuance of letters to management and those in charge of corporate governance with my recommendations on the deficiencies in internal control considered not significant that were identified during the tax audit work.

  - Follow-up to the matters included in the letters of recommendation that I issued regarding the deficiencies considered not significant in internal control.

**Inherent limitations**

Due to the limitations inherent in any internal control structure, effective controls may exist at the date of my review that will change that condition in future periods, because my report is based on selective testing and because the assessment of internal control is at risk of becoming inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate. On the other hand, limitations inherent in internal control include human error, failures due to collusion of two or more people, or inappropriate overstepping of controls by management.

KPMG

**Criteria**

The criteria considered for the evaluation of the matters mentioned in the paragraph Description of the Main Subject include: a) the bylaws and minutes of the Shareholders' Meeting and, b) the components of internal control implemented by the Financial, such as the control environment, the risk assessment procedures, its information and communications systems and the monitoring of controls by the administration and those in charge of corporate governance, which are based on the provisions of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia.

**Conclusion**

My conclusion is based on the evidence obtained on the matters described, and is subject to the inherent limitations raised in this report. I consider that the evidence obtained provides a reasonable basis of assurance to support the conclusion I express below:

In my opinion the acts of the directors comply with the bylaws and the decisions of the Shareholders' Meeting and on whether there are and are adequate internal control measures, which include the Risk Management Systems SARC, SARM, SARL, SARLAFT, SAC and SARO_for the conservation and custody of the assets of the Financial Institution or third parties that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia.

JORGE ENRIQUE PEÑALOZA PORRAS
Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 17:14:07

Jorge Enrique Peñaloza Porras
Statutory Auditor for the Financiera de Desarrollo Territorial S.A. – Findeter
CPA 43402 - T
Member of KPMG S.A.S.

Feb 23, 2022

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**
**Statement of Financial Position**
**as of December 31, 2021 and 2020**
**(Figures expressed in thousands of COP pesos)**

| | Notes | | 2021 | 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Cash Equivalents | 10 | $ | 1,113,487,756 | 1,180,670,793 |
| Investment financial assets and derivatives | 11 | | 488,628,387 | 361,763,745 |
| Credit Portfolio | 12 | | 9,573,929,584 | 10,024,994,463 |
| Trade accounts receivable and other accounts receivable, net | 13 | | 71,007,001 | 92,334,041 |
| Property and equipment, net | 14 | | 27,162,095 | 27,645,779 |
| Assets from rights of use, net | 14.1 | | 750,168 | 1,928,469 |
| Investment properties | 15 | | 924,955 | 874,000 |
| Intangible assets, net | 16 | | 2,234,388 | 1,997,831 |
| Deferred tax assets, net | 17 | | 135,268,977 | 78,701,351 |
| Other Net Assets | 18 | | 3,257,334 | 2,426,653 |
| **Total assets** | | **$** | **11,416,650,645** | **11,773,337,125** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Liabilities** | | | | |
| Derivative financial instruments measured at fair value | 11 | | 2,505,503 | 58,361,272 |
| Current income tax, net | 17 | | 44,617,401 | 8,683,242 |
| Term Deposit certificates | 19 | | 6,192,074,338 | 6,776,680,932 |
| Outstanding investment securities | 20 | | 1,575,884,381 | 1,571,958,773 |
| Financial commitments | 21 | | 2,230,638,160 | 2,046,669,107 |
| Lease liability | 14 | | 765,717 | 2,004,006 |
| Employee benefits | 22 | | 7,318,985 | 6,636,216 |
| Financial guarantees | 23 | | 39,346,819 | 55,239,827 |
| Provisions | 24 | | 2,133,068 | 6,835,965 |
| Trade Accounts payable and other accounts payable | 25 | | 18,449,644 | 17,151,862 |
| **Total Liabilities** | | **$** | **10,113,734,016** | **10,550,221,202** |
| | | | | |
| **Shareholder equity** | | | | |
| Subscribed and paid-up Capital | 26 | | 1,084,671,848 | 1,077,741,944 |
| Reserves | 26 | | 95,475,810 | 94,775,281 |
| First-time adoption income statements | | | 52,075,778 | 52,075,778 |
| Other comprehensive income statements | | | (6,485,686) | (9,107,513) |
| Profit for the fiscal year | | | 77,178,879 | 7,630,433 |
| **Total shareholder equity** | | **$** | **1,302,916,629** | **1,223,115,923** |
| | | | | |
| **Total liabilities and shareholder equity** | | **$** | **11,416,650,645** | **11,773,337,125** |

See the accompanying notes that form an integral part of the financial statements.

JORGE PEÑALOZA PORRAS
Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 16:15:29 -05'00'

**SANDRA GÓMEZ ARIAS (*)**
Legal Representative

**JORGE ENRIQUE PEÑALOZA PORRAS**
Statutory Auditor
CPA 43402-T
Member of KPMG S.A.S.
(See my report of 23 February 2022)

**HOLLMAN JAVIER PUERTO BARRERA (*)**
Public Accountant
CPA 31196-T

(*) 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 faithfully taken from the accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**
**Income Statements**
**for the years ending December 31, 2021 and 2020**
**(Figures expressed in thousands of COP pesos)**

| | Notes | | 2021 | 2020 |
|---|---|---|---|---|
| **Operating income** | | | | |
| Interest from credit portfolio | 27 | $ | 513,874,944 | 596,929,983 |
| Profit from valuation of investments at fair value, net | 27 | | 16,477,020 | 35,950,818 |
| Interest on investments at amortized cost, net | 27 | | 2,734,446 | 2,212,669 |
| Profit from valuation of derivatives, net | 27 | | 243,412,337 | 15,893,436 |
| **Operating expenses** | | | | |
| Interest term deposit certificates | | | (206,504,299) | (282,765,816) |
| Interest from financial obligations | 27 | | (43,399,865) | (52,940,050) |
| Interest on investment securities outstanding | | | (111,805,618) | (113,045,244) |
| Net loss from exchange difference | 27 | | (276,178,862) | (60,895,936) |
| **Financial Margin, net** | | | **138,610,103** | **141,339,860** |
| Recovery (Impairment) for credit financial assets, net | 12 | | 7,381,826 | (12,499,321) |
| (Impairment) and Recovery for accounts receivable, net | 13 | | (618,866) | 41,581 |
| **Financial margin, after impairment, net** | | | **145,373,063** | **128,882,120** |
| **Income and expenses from commissions and other services** | | | 84,524,853 | 56,602,696 |
| Technical assistance revenue | 28 | | 8,067,577 | 11,450,836 |
| Income from commissions and other services | 28 | | 5) | (9,713,139) |
| Expenses for commissions and other services | 28 | | | **58,340,393** |
| [illegible] | | | - | |
| **Other income and expenses** | | | | |
| Other income | 29 | | 27,542,639 | 13,726,220 |
| Other Expenses | 30 | | (163,175,166) | (170,396,787) |
| **Other expenses, net** | | | **(135,632,527)** | **(156,670,567)** |
| **Profit before income tax** | | | **91,591,151** | **30,551,946** |
| Income tax expense | 17 | | (14,412,272) | (22,921,513) |
| **Profit for the fiscal year** | | **$** | **77,178,879** | **7,630,433** |

See the accompanying notes that form an integral part of the financial statements.

**SANDRA GÓMEZ ARIAS (*)**
Legal Representative

JORGE PEÑALOZA PORRAS
Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 16:15:55 -05'00'

**JORGE ENRIQUE PEÑALOZA PORRAS**
Statutory Auditor
CPA 43402-T
Member of KPMG S.A.S.
(See my report of 23 February 2022)

**HOLLMAN JAVIER PUERTO BARRERA (*)**
Public Accountant
CPA 31196-T

(*) 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 faithfully taken from the accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**
**Statement of Other Comprehensive Income**
**for the years ending December 31, 2021 and 2020**
**(Figures expressed in thousands of COP pesos)**

| | Note | | 2020 | 2021 |
|---|---|---|---|---|
| Profit for the fiscal year | | $ | 77,178,879 | 7,630,433 |
| **Items that will not be reclassified to profit or loss for the year** | | | | |
| Revaluation of fixed assets | 14 | | (90) | (5,172,446) |
| Valuation of financial instruments available for sale | | | 1,641,164 | (3,575,374) |
| Recognition of deferred tax | 17 | | 980,753 | 1,490,923 |
| **Total other comprehensive income/loss that will not be reclassified to income/loss for fiscal year, net taxes** | | | **2,621,827** | **(7,256,897)** |
| **Total Comprehensive Results** | | **$** | **79,800,706** | **373,536** |

See the accompanying notes that form an integral part of the financial statements.

JORGE ENRIQUE PEÑALOZA PORRAS
Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 16:16:24 -05'00'

**SANDRA GÓMEZ ARIAS (*)**
Legal Representative

**JORGE ENRIQUE PEÑALOZA PORRAS**
Statutory Auditor
CPA 43402-T
Member of KPMG S.A.S.
(See my report of 23 February 2022)

**HOLLMAN JAVIER PUERTO BARRERA (*)**
Public Accountant
CPA 31196-T

(*) 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 faithfully taken from the accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**
**STATEMENT OF CHANGES IN SHAREHOLDER EQUITY**
**for the years ending December 31, 2021 and 2020**
**(Figures expressed in thousands of COP pesos)**

| | Note | | Capital subscribed | Reserves | | Profit/loss Adoption First time | Other Profit/loss comprehensive | Profit of the Fiscal year | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Reserves legal | Reserves Occasional | | | | |
| **Opening balance at January 1st 2020** | | $ | **1,024,963,194** | **64,267,932** | **9,375,279** | **52,075,778** | **(1,850,616)** | **73,910,820** | **1,222,742,387** |
| Changes in equity: | | | | | | | | | |
| Capitalization of profits | | | 52,778,750 | 7,391,082 | 13,740,988 | | | (73,910,820) | - |
| Results of the financial year | | | - | - | - | | | 7,630,433 | 7,630,433 |
| Other comprehensive results | | | - | - | - | | (7,256,897) | - | (7,256,897) |
| Total changes in equity | | | 52,778,750 | 7,391,082 | 13,740,988 | - | (7,256,897) | (66,280,387) | 373,536 |
| **Closing Balance at 31 December 2020** | | $ | **1,077,741,944** | **71,659,014** | **23,116,267** | **52,075,778** | **(9,107,513)** | **7,630,433** | **1,223,115,923** |
| **Opening balance at January 1st 2021** | | $ | **1,077,741,944** | **71,659,014** | **23,116,267** | **52,075,778** | **(9,107,513)** | **7,630,433** | **1,223,115,923** |
| Changes in equity: | | | | | | | | | |
| Capitalization of profits | 26 | | 6,929,904 | 763,043 | (62,514) | | | 7,630,433 | - |
| Results of the financial year | | | - | - | - | | | 77,178,879 | 77,178,879 |
| Other comprehensive results | | | - | - | - | | 2,621,827 | - | 2,621,827 |
| Total changes in equity | | | 6,929,904 | 763,043 | (62,514) | - | 2,621,827 | 69,548,446 | 79,800,706 |
| **Closing Balance at 31 December 2021** | | $ | **1,084,671,848** | **72,422,057** | **23,053,753** | **52,075,778** | **(6,485,686)** | **77,178,879** | **1,302,916,629** |

See the accompanying notes that form an integral part of the financial statements.

JORGE ENRIQUE PEÑALOZA PORRAS

Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
PEÑALOZA PORRAS
Date: 2022.02.23 16:16:44 -05'00'

**SANDRA GÓMEZ ARIAS (*)**
Legal Representative

**HOLLMAN JAVIER PUERTO BARRERA (*)**
Public Accountant
CPA 31196-T

**JORGE ENRIQUE PEÑALOZA PORRAS**
Statutory Auditor
CPA 43402-T
Member of KPMG S.A.S.
(See my report of 23 February 2022)

(*) 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 faithfully taken from the accounting books.

**FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER**
**Cash Flow Statement**
**for the years ending on December 31, 2021 and 2020**
**(Figures expressed in thousands of COP pesos)**

| | Notes | | | 2020 |
|---|---|---|---|---|
| **Profit for the fiscal year** | 7 | $ | **77,178,879** | **7,630,433** |
| **Adjustments to reconcile the fiscal year's profit with the net cash provided in operating activities:** | | | | |
| Depreciation of property and equipment | 14 | | 643,926 | 767,879 |
| Depreciation for right of use | 14.1 | | 1,596,593 | 1,557,897 |
| Amortization of intangible assets | 16 | | 1,390,145 | 1,218,942 |
| Amortizations other assets | 18 | | 2,807,880 | 2,963,117 |
| Impairment (recovery) of accounts receivable, net | 13 | | (618,866) | 41,581 |
| Increase in investment properties | 15 | | (50,955) | (284,797) |
| Expense and reimbursement for impairment of credit portfolio, net | 12 | | 7,381,826 | (12,499,321) |
| Recalculation for assets and liabilities for lease IFRS 16 | | | 3,141 | 261,128 |
| Income tax expense for the period | 17 | | (14,412,272) | (22,921,513) |
| (Reimbursement) litigation charges, net | 24 | | (3,151,372) | 19,621,774 |
| Charges for other provisions, net | 24 | | (1,551,525) | - |
| Reimbursement for provision of financial guarantees | 23 | | (15,893,008) | (9,581,842) |
| Profit from valuation of investments, net | | | (19,211,466) | (38,163,487) |
| Profit from valuation of derivatives, net | | | 243,412,337 | 15,893,436 |
| Interest from credit portfolio | 27 | | 513,874,944 | 596,929,983 |
| Interest expenses | | | 361,709,782 | 448,751,110 |
| Expense from employee benefits that do not generate cash outflow | | | 2,553,748 | 2,794,002 |
| **Changes in Operating Assets and Liabilities:** | | | | |
| Negotiable Investments | | | (106,012,012) | 101,026,568 |
| Credit portfolio, net | | | 720,837,654 | (808,174,910) |
| Accounts Receivable | | | 21,327,040 | 6,992,562 |
| Other assets | | | (3,638,561) | (3,156,322) |
| Derivative financial instruments | | | 187,556,568 | 58,282,598 |
| Employee benefits | | | (1,870,980) | 1,481,970 |
| Accounts payable and other liabilities | | | (294,525,418) | 1,266,294,527 |
| **Subtotal** | | $ | **182,055,808** | **482,838,983** |
| Paid income tax | | | (3,176,739) | (14,894,217) |
| Lease interest payments | 14.1 | | (78,060) | (284,439) |
| Interest paid | | | (372,034,168) | (445,821,695) |
| Interest received | | | 250,865,129 | 370,402,131 |
| **Net cash from operating activities** | | $ | **57,631,970** | **392,240,763** |
| **Cash flows from investing activities:** | | | | |
| Additions to properties and equipment | 14 | | (160,332) | - |
| Additions of other intangible assets | 16 | | (1,626,702) | (1,823,106) |
| **Net cash used in investing activities** | | $ | **(1,787,034)** | **(1,823,106)** |
| **Cash flows from financing activities** | | | | |
| New loans in bank loans and other financial obligations | | | 127,712,044 | 321,214,986 |
| Payments of bank loans and other financial obligations | | | (256,330,901) | (200,104,575) |
| Payments for capital lease contracts | 14.1 | | (1,653,440) | (1,601,001) |
| **Net cash (used in) provided by financing activities** | | $ | **(130,272,297)** | **119,509,410** |
| Cash and cash equivalents before effect on exchange rate | | | (74,427,361) | 509,927,067 |
| Exchange Difference on cash | | | 7,244,324 | (24,479,454) |
| **(Decrease) Net increase in cash and cash equivalents** | 10 | $ | **(67,183,037)** | **485,447,613** |
| Cash and cash equivalents at the beginning of the period | 10 | | 1,180,670,793 | 695,223,180 |
| **Cash and cash equivalents at the end of the period** | 10 | $ | **1,113,487,756** | **1,180,670,793** |
| Restricted Available | 10 | | (10,561,946) | (4,959,850) |
| **Cash and cash equivalents at the end of the period without restricted cash and cash equivalents** | | $ | **1,102,925,810** | **1,175,710,943** |

See the accompanying notes that make up an integral part of the financial statements.

JORGE ENRIQUE PEÑALOZ A PORRAS

Digitally signed by JORGE ENRIQUE PEÑALOZA PORRAS
Date: 2022.02.23 16:17:07 -05'00'

**SANDRA GÓMEZ ARIAS (*)**
Legal Representative

**JORGE ENRIQUE PEÑALOZA PORRAS**
Statutory Auditor
CPA 43402-T
Member of KPMG S.A.S.
(See my report of 23 February 2022)

**HOLLMAN JAVIER PUERTO BARRERA (*)**
Public Accountant
CPA 31196-T

(*) The undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed intermediate Financial Statements and that they have been faithfully taken from the accounting books.

***Financiera de Desarrollo Territorial S.A. – FINDETER***
*Notes to the Financial Statements*

*As of December 31, 2021 and 2020*

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

## Note (1) Reporting Entity

The Financiera de Desarrollo Territorial S.A., hereinafter Findeter, was constituted by public deed number one thousand five hundred and seventy (1570) dated May 14, 1990, with operating authorization issued by the Financial Superintendence of Colombia by Resolution No. 3354 of 17 September 1990. Findeter is a mixed economy corporation incorporated under the laws of the Republic of Colombia with its principal place of business in the city of Bogotá at Calle 103 No. 19 - 20, organized as a credit establishment, linked to Grupo Bicentenario SAS, subject to the control and surveillance of the Financial Superintendence of Colombia. Its main shareholder is Grupo Bicentenario SAS with a 92.55% stake, which has its main address in Bogotá-Colombia. It currently has five regional offices, and one area, for a total of six country offices. Its duration is indefinite, Findeter had a total of 246 plant employees in 2021 (234 in 2020).

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 with regard to the design, execution and administration of investment projects or programs, in projects such as construction, expansion and replacement of infrastructure in the sectors of drinking water, transport, educational facilities, sports facilities, hospitals and health services, etc.; likewise, the execution of those activities that by legal provision are assigned or those that the National Government attributes to it, among which is the administration of funds and special accounts, derived from interadministrative contracts signed with government entities for the development of activities associated with technical assistance and resource administration.

The development of its corporate purpose is defined by Decree 663 of 1993, Findeter, acts as a second-floor development bank to grant credits to State entities, territorial entities or individuals that are dedicated to developing the projects of construction, expansion and replacement of infrastructure and technical assistance to adequately carry out 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 with the financial entity, at interest rates generally below the market, which are financed with resources obtained from multilateral organizations, raising resources from the public through term deposit certificates, placement of bonds in national and international markets and with its own resources.

In the framework of supporting the government's economic policies, powers were granted by Presidential Decrees Nos. 468 of March 23, 2020 and 581 of April 15, 2020, for the granting of credits under the direct credit modality to entities providing public services on the occasion of the Covid-19 pandemic.

During the last two years, the following statutory reforms were carried out, the first with deed 27 of 2021, amendment of article 24, "The General Shareholders' Meeting will elect its respective chairman at each meeting", and the second Deed 0353 of May 26, 2020, amendment of article 7. "Authorized capital Art. 7.Authorized capital. The Authorized Capital of FINDETER is ONE TRILLION, NINETY-FIVE BILLION pesos ($1,095,000,000,000) COP, DIVIDED into ten million nine hundred and fifty thousand shares (10,950,000) with a nominal value of ONE HUNDRED THOUSAND PESOS (COP $100,000) each."

In compliance with the functions defined for Findeter by the organic status of the financial system, Findeter may enter into contracts to manage resources intended for the development of its corporate purpose, in this sense, the list of signed resource management contracts is detailed, which are in force as of December 31, 2021:

| FUND |
|---|
| GEF_IDB Convention USAID |
| Convention ABU DHABI |
| CONVENTION |
| NAMA cooperation agreement KFW |
| NAMA Convention COAD MINISTRY OF HOUSING CITY and TERRITORY NAMA Convention MOV cooperation GIZ |
| FINDETER |
| KFW cooperation Agreement |
| Agreements Administered- COAD -DPTO CUNDINAMARCA |
| Agreements Administered- COAD- POD SANTANDER |
| Agreements Administered- COAD - POPAYAN |
| Administered Conventions- COAD- IBAGUE |
| Administered Conventions- COAD- ARMENIA |
| Administered Agreements- COAD- AMB BUCARAMANGA |
| Administered Agreements- COAD- MARQUITA |
| ROYALTY Fund |
| Administration of Agreements- ADCO-DNP |
| Administration of Agreements- ADCO-RISARALDA |
| Agreement IDB SAN ANDRES |
| Fund for Prosperity |
| Compensated Rates |
| Trust of Administration of INSFOPAL |
| Social Investment Fund- FIS |
| Co-financing Fund for Urban Infrastructure- FIU |
| Vias Co-financing Fund- FCV |
| Social and Regional Investment Resources - RISR |

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

These financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, regulated by the Single Regulatory Decree 2420 of 2015 amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020 and the 938 of 2021. The NCIFs applicable in 2021 are based on the International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB); the basic standards correspond to those officially translated into Spanish and issued by the IASB in the second half of 2020.

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

- The application of IAS 39 and IFRS 9, regarding the treatment of the credit portfolio and its impairment and the classification and valuation of investments; for these cases, the provisions of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia (SFC) continue to apply.

The financial statements of Financiera de Desarrollo Territorial S.A. FINDETER, for the period ended December 31, 2021, have been prepared in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia (NCIF) and the provisions issued by the applicable Financial Superintendence of Colombia.

For legal purposes in Colombia, the individual financial statements are the financial statements used to distribute dividends. In the case of Findeter, no distribution of dividends is done.

**Note (3) Significant accounting policies**

**a) Basis of Measurement**

The individual financial statements have been prepared on a historical cost basis, with the exception of the following major items included in the statement of financial position.

| Item | Measurement basis |
|---|---|
| Derivative financial instruments | Fair value through profit or loss |
| Financial instruments classified at fair value | Fair value through profit or loss and for available-for-sale investments that have been designated at initial recognition, at fair value through other comprehensive income. |
| Investment properties | Fair value through profit or loss |
| Property (Land and Buildings) | Revalued Cost |
| Employee Benefits | Current value of defined benefit obligations |
| Financial guarantees | Fair value through profit or loss |
| Provisions for proceedings, lawsuits and litigation against | Fair value through profit or loss |

**b) Functional and presentation currency**

The items included in Findeter's individual financial statements are expressed in the currency of the primary economic environment in which the entity operates, which is the Colombian peso, which is the functional currency and the presentation currency. All information is presented in thousands of pesos and has been rounded to the nearest unit; with the exception of the exchange rates presented in pesos and the dollars described in note 3 subsection d.

**c) Presentation of financial statements**

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

**1. Statement of financial position**

The following is presented showing the different accounts of assets and liabilities ordered according to their liquidity, in case of sale or their enforceability, respectively, considering that for a financial institution this form of presentation provides more relevant reliable information.

**2. Income statement for fiscal year**

This income statement is presented discriminated according to the nature of the expenses, a model that is most used in financial institutions because it provides more appropriate and relevant information.

### 3. Other comprehensive income statement

The statement of other comprehensive income (ORI) recognizes the net differences that were generated in the application of International Financial Reporting Standards for the first time and the items that their measurement, are not specifically treated as an income or expense, because these items are unrealized gains or losses in the period, and are recognized in equity.

### 4. Cash Flow Statement

**It is presented by the indirect method:** In which the net cash flow from operating activities is determined by correcting the profit for the fiscal year, by the effects of items that do not generate cash flow, the net changes in assets and liabilities derived from operating activities and by any other item whose monetary effects are considered investment or financing cash flows. Interest income and expenses received and paid are part of operating activities.

For the preparation of the cash flow statement, the following items are taken into consideration:

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

- Investment activities: Correspond to the acquisition, disposal or divestiture by other means of long-term assets and other investments not included in cash and cash equivalents.

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

### 5. Statement of Changes in Equity

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

## d) Foreign currency transactions

Transactions in foreign currency are converted into Colombian pesos using the exchange rate published by Colombia's Central Bank on the date of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency using the market representative rate prevailing on the cut-off date of the statement of financial position.

Differences in exchange rates are recognized in the income statement. As of December 31, 2021 and 2020, the exchange rates for one US dollar were,
$3,981.16 and $3,432.50, respectively.

**e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank deposits and Interbank transactions with maturities not exceeding one month, which are carried out as part of the usual management of cash surpluses. In order for a financial investment to qualify as cash equivalent, it must be held to meet short-term payment commitments, rather than for investment or similar purposes, be readily convertible into a given amount of cash and be subject to negligible risk of changes in its value.

**f) Trust Operations**

In compliance with the functions defined for Findeter by the organic status of the financial system, Findeter may enter into trust contracts to manage resources intended for the development of its corporate purpose, in this sense as of December 31, 2021 Findeter has established the following fiduciary businesses and mandate contracts:

**National Guarantee Fund**

Agreement signed between Findeter and the National Guarantee Fund, as a mandate without representation, so that the latter, in the exercise of this, administers the money that the Principal delivers and at their expense guarantees the claims of individual credits or real estate microcredits intended exclusively to finance the construction, remodeling or acquisition of housing classified as of social interest. Within the framework of Law 812 of 2003, "National Development Plan 2002-2006" in its Chapter II "Description of the main investment programs", which had the purpose of encouraging the fulfillment of the goals of the National Government, in the placement of housing portfolio of social interests in Colombia.

This mandate is valid for an additional one hundred and fourteen (114) months, counted from the date of the last disbursement of credit that is carried out and that has guarantees under the agreement. As of December 31, 2021 and 2020, guarantees continue to be delivered within the scope of the mandate.

**Fiduciaria Bogotá -Pre-Investment**

Irrevocable commercial trust contract for administration and payments entered into between Fiduciaria Bogotá S.A. and Findeter, in order for the latter to transfer resources in order for the fiduciary to carry out the contracts for studies and design of infrastructure projects, within the framework of the operations authorized to Findeter, such as providing the service of technical assistance, structuring of projects, technical and financial consultancy. As indicated in note 1.

The aforementioned operations are a mechanism used for Findeter to develop its corporate purpose and implement special programs to promote regional and urban development.

**g) Operating Segments**

Operating segments are defined as a component of an entity: (a) that carries out business activities from which it can derive income from ordinary activities and incur expenses; (b) whose operating results are reviewed on a regular basis and are used for Findeter's operating decisions; and (c) for which differentiated financial information is available.

Findeter defined for the provision of services two operating segments of business lines; Financial Services and Technical Assistance, for this purpose the direct allocation of income, expenses, assets and liabilities was established, according to the allocation of the cost centers of the Findeter areas, and their result is support for the preparation of the cost report generated by the accounting management and presented to the accounting and budget management committee composed of the management group of the entity.

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

**h) Financial instruments Assets**

Investments are classified in accordance with the provisions of chapter I-1 of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia regarding: marketable investments, investments to be held to maturity and investments available for sale. Findeter in performing its business model guided by the guidelines defined in the Board of Directors, aims to negotiate investments in order to optimize the management and administration of Findeter's financial resources, to achieve compliance, timeliness, security and transparency of its contractual commitments.

**1. Investment financial assets**

This includes investments acquired in order to maintain a secondary liquidity reserve and comply with legal or regulatory provisions, with the aim of maximising the risk-return ratio of portfolios and taking advantage of opportunities that arise in the markets in which it operates.

For investments that are valued at market prices, the entity values them using the information provided by the pricing provider Precia S.A. The supplier supplies inputs for the valuation of investments (prices, rates, curves, margins, etc.), and has valuation methodologies for investments approved in accordance with the provisions of Decree 2555 of 2010, as well as the instructions provided in the Basic Legal Circular of the Financial Superintendence of Colombia.

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

| Negotiable | | |
|---|---|---|
| **Characteristics** | **Valuation** | **Accounting** |
| Portfolio to manage fixed income investments and variable income other than shares with the main purpose of obtaining profits, product of changes in the market value of different instruments and in the activities of buying and selling securities.<br>Active purchases and sales take place. | Investments represented in securities or Debt securities are valued on the basis of the price determined by the valuation price provider.<br>For exceptional cases where there is no determined fair value for the valuation day, such securities are valued exponentially from the internal rate of return.<br>This procedure is performed daily.<br>Participations in collective investment funds, private equity funds, among others, and securities issued in the course of securitization processes are valued taking into account the value of the unit calculated by the managing company on the day immediately preceding the valuation date. Unless they are listed on stock exchanges that mark a price in the secondary market, they | The accounting for these investments is carried out in the respective accounts of "Investments at Fair Value with Changes in Results", of the Single Catalog of Financial Information for supervisory purposes.<br>The difference between the current fair value and the immediately preceding fair value is recorded as greater or lesser value of the investment affecting the results of the period.<br>This procedure is performed daily. |

| | | |
|---|---|---|
| | must be valued according to this price. | |

| **To hold to maturity** | | |
|---|---|---|
| **Characteristics** | **Valuation** | **Accounting** |
| Securities for which the entity has the purpose and the legal, contractual, financial and operational capacity to hold them until the expiration of their maturity or redemption term, taking into account that the structure of financial instruments eligible for this portfolio implies only payments of principal and interest. | Exponentially from the internal rate of return calculated at the time of purchase, based on a 365-day year.<br>This procedure is performed daily.<br>For variable rate fixed income investments, the Internal Rate of Return is recalculated each time the face indicator value changes.<br>In the case of securities that incorporate a prepayment option, the Internal Return Rate is recalculated each time future flows and payment dates change. | The accounting of these investments must be carried out in their respective accounts of "Investments at Cost Amortized."<br>The difference between the current fair value and the immediately preceding fair value of the respective value must be recorded as a greater or lesser value of the investment, affecting the profit/loss for the period.<br>Accrued income pending collection is recorded as a higher amount of the investment. Consequently, the collection of said returns must be accounted for as a lower value of the investment. This procedure is carried out every day. |

| Available-for-sale – Debt securities | | |
|---|---|---|
| **Characteristics** | **Valuation** | **Accounting** |
| Securities or securities and, in general, any type of investment, which are not classified as marketable investments or as investments to be held to maturity. In accordance with the business model, fixed income investments are managed in this portfolio with the main objective of obtaining contractual flows and making sales when circumstances require, to maintain an optimal combination of profitability, liquidity and hedging that provides relevant profitability support. | Investments represented in securities or debt securities are valued based on the price determined by the valuation price provider.<br>For exceptional cases where there is no determined fair value for the valuation day, such securities are valued exponentially from the internal rate of return.<br>This procedure is performed daily. | The accounting of these investments is carried out in the respective accounts of "Investments at Fair Value with Changes in Other Comprehensive P&L - ORI<br><br>The difference between the present value of the valuation day and the immediately preceding one (calculated from the Internal Rate of Return calculated at the time of purchase, on the basis of a 365-day year), must be recorded as a higher value of the investment credited to the income statement.<br><br>The difference between the fair value and the present value calculated is recorded in the respective unrealized profit and loss account (ORI). |

| Available-for-sale – equity instruments | | |
|---|---|---|
| **Characteristics** | **Valuation** | **Accounting** |
| Securities or securities and, in general, any type of investment, which are not classified as marketable investments or as investments to be held to maturity.Mainly participatory securities. | Investments in equity instruments are valued using the equity share method | It is accounted for in the respective Unrealized Profit or Loss (ORI) account, charged or credited to the investment. |

### 1.1 Impairment or losses due to issuer risk rating

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

- The rating of the issuer and/or the security in question where it exists.

- Objective evidence that an impairment loss has been or could be incurred on these assets. This criterion is applicable even to record a deterioration greater than that resulting from simply taking the rating of the issuer and/or the security, if so required based on the evidence.

The amount of the impairment loss is always recognized in the result of the period, regardless of whether the respective investment has any amount recorded in Other Comprehensive P&L (ORI for Spanish acronym), except for the securities and/or internal or external public debt securities issued or guaranteed by the Nation, those issued by the Bank of the Republic and those issued or guaranteed by the Guarantee Fund of Financial Institutions – FOGAFIN.

#### 1.1.1 Securities and/or securities of unrated issuers or issuers.

Securities that do not have an external rating or that are issued by entities that are not rated shall be rated as follows:

| **Category / Risk** | **Characteristics** | **Provisions** |
|---|---|---|
| A. Normal | They comply with the terms agreed in the security or title and have an adequate capacity to pay capital and interest. | Not applicable. |
| B Acceptable | Corresponds to issues that present uncertainty factors that could affect the ability to continue to adequately service the debt. Likewise, the financial statements and other information | In the case of securities and/or debt securities, the value for which they are accounted cannot exceed eighty percent (80%) of their net nominal value of those |

| Category / Risk | Characteristics | Provisions |
|---|---|---|
| | available from the issuer, have weaknesses that may affect its financial situation. | amortisations made up to the valuation date. |
| | | In the case of securities and/or equity securities, the net value of provisions for credit risk (cost less provision) for which they are accounted for may not exceed eighty percent (80%) of the acquisition cost. |
| C Appreciable | Corresponds to issues that present a high or medium probability of default in the timely payment of capital and interest. Likewise, its financial statements and other available information show deficiencies in its financial situation that compromise the recovery of the investment. | In the case of securities and/or debt securities, the value for which they are accounted for may not exceed sixty percent (60%) of their net nominal value of the amortizations made up to the valuation date. |
| | | |
| | | In the case of securities and/or equity securities, the net value of provisions for credit risk (cost less provision) for which they are accounted for may not exceed sixty percent (60%) of the acquisition cost. |
| D -Significant | Corresponds to those issues that show non-compliance in the terms agreed in the title, as well as their financial statements and other available information present accentuated deficiencies in their financial situation. | In the case of securities and/or debt securities, the value for which they are accounted for may not exceed forty percent (40%) of their net nominal value of the amortizations made up to the valuation date. |

| Category / Risk | Characteristics | Provisions |
|---|---|---|
| | | In the case of securities and/or equity securities, the net value of provisions for credit risk (cost less provision) for which they are accounted for may not exceed forty percent (40%) of the acquisition cost. |
| E - Uncollectible | Investments that, according to the financial statements and other available information of the issuer, are deemed to be uncollectible. | The value of these investments is fully provisioned. |

**1.1.2 Securities and/or securities of issues or issuers with external ratings**

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

| Long Term Classification | Maximum value % | Short Grade term | Maximum value % |
|---|---|---|---|
| BB+, BB, BB- | Ninety (90) | 3 | Ninety (90) |
| B+, B, B- | Seventy (70) | 4 | Fifty (50) |
| CCC<br>DD,EE | Fifty (50)<br>Zero (0) | 5 and 6 | Zero (0) |

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

In any case, if the provisions for investments classified as held-to-maturity, in respect of which a fair value can be established, are higher than estimated, the provision shall correspond to the difference between the recorded value of the investment and the fair value, when this is lower.

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

**2. Transactions with derivative financial instruments**

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

In the performing its transactions, Findeter deals in the market derivative financial instruments for trading purposes such as forward contracts.

All derivatives are recorded at the initial time at fair value. Subsequent changes in fair value are adjusted against or credited to profit or loss.

**3. Credit Portfolio**

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

Loans are initially measured at their disbursement value, and subsequently at cost less payment flows that decrease their balance.

**3.1 Portfolio Types at Findeter:**

The portfolio in Findeter is classified in the following categories:

- Commercial. These are credits granted to legal entities to carry out organized economic activities. The following types of credits are included in Findeter in this modality:
    - Rediscount Operations: These originate in the credit operations done by the entities supervised by the Financial Superintendence, likewise with the creation of the Social Interest Housing Line VIS, other intermediaries were authorized such as: Family Compensation Funds, Savings and Loan Cooperatives and Employee Funds.

- Direct Credit: This originates as authorized operations to the Financiera de Desarrollo Territorial S.A. – Findeter by means of Presidential Decrees Numbers 468 of March 23, 2020 and 581 of April 15, 2020, which refer to:

  Grant direct credits with compensated rate and/or syndicated credits with entities of public international law, addressed to Municipalities, Districts and Departments.

- Housing: This corresponds to the credits granted to employees, regardless of their amount, intended for the acquisition of new or used housing, or the construction of individual housing, with special rates, according to collective agreement. In Findeter this portfolio is classified as:

  - Employee Housing Portfolio: Corresponds to the housing credits granted to Findeter workers according to the benefits agreed in the collective agreement.

  - Housing Portfolio Former employees: Corresponds to the housing credits that were granted to Findeter employees at the time, which at the end of their relationship with the entity become part of this portfolio scheme. Findeter has no credit allocation policies for Former Employees.

- Consumer: Corresponds to the credits that regardless of their amount, granted to employees to finance the acquisition of consumer goods or the payment of services for non-commercial or business purposes, with special rates, according to collective agreement. In Findeter this portfolio is divided into:

  - Consumer Portfolio: Corresponds to the consumer credits granted to Findeter workers according to the benefits agreed in the collective agreement.

  - Housing Portfolio Former employees: Corresponds to the housing credits that were granted to Findeter employees at the time, which at the end of their relationship with the entity become part of this portfolio scheme. Findeter has no credit allocation policies for Former Employees.

### 3.2 Credit Risk

Findeter, as established and indicated in chapter II of external circular 100 of 1995 issued by the Financial Superintendence of Colombia, designed and adopted a SARC (Credit Risk Management System) which is composed of credit risk management policies and processes, internal methodologies and reference models for the estimation or quantification of expected losses, a system of provisions to cover credit risk and internal control processes.

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

- For the Rediscount portfolio, this analysis begins prior to the linking of a new intermediary, once linked, periodic monitoring is carried out according to the quality of the intermediary, if it is a credit establishment, it is done monthly and for the other intermediaries it is done quarterly, control of each operation prior to approval, periodic monitoring of operations, also including cases where there may be restructuring.

  For the direct credit portfolio, the analysis begins from the knowledge of the client, the risk analysis at the origination stage of the credit and then the debtors of this portfolio are monitored every six months, based on an analysis of the evolution of the main financial figures, their ability to pay, analysis of the guarantees delivered by the beneficiary at the time of granting the credit and its payment behavior.

- In the case of the employee portfolio, the follow-up is given to the recovery made by payroll discount and to the employment relationship with Findeter, which historically reflects great stability, once the employment relationship is terminated and becomes ex-employee (consumer and housing), the follow-up begins from the separation of the employee and is carried out on a monthly basis based on the payment behavior of the debtor.

- In the case of the portfolio of former employees (consumer and housing), monitoring begins from the time of the employee's disassociation and is carried out on a monthly basis based on the payment behavior of the debtor.

### 3.3 Rating of credit risk

Findeter's portfolios are classified and graded into the following risk categories taking into account the regulatory provisions of chapter II of the Basic External Accounting and Financial Circular 100, issued by the Financial Superintendence of Colombia:

- Commercial Portfolio of Rediscount (according to Annex VI of Chapter II)

| CATEGORY | DESCRIPTION |
|---|---|
| A1 | The quantitative and qualitative analysis reflects a sound, stable and sufficient financial situation to meet its obligations on a permanent and timely basis. Financial strength is unlikely to be adversely affected by economic and financial events. |
| A2 | The quantitative and qualitative analysis reflects a stable and sufficient financial situation to meet its obligations in a permanent and timely manner; however, there are potential weaknesses that may compromise the financial soundness of the counterparty and therefore its ability to respond to its obligations. The deterioration in the economic and financial environment is likely to affect the ability to meet its obligations. |
| A3 | The quantitative and qualitative analysis reflects an acceptable financial situation. There are factors that can significantly compromise the financial soundness of the counterparty and therefore its ability to respond to obligations. It is vulnerable to deterioration in the economic and financial environment. |
| A4 | The quantitative and qualitative analysis reflects a high possibility of non-compliance with the counterparty's obligations. It is highly vulnerable to deterioration in the economic and financial environment. |
| A5 | The counterparty failed to pay the obligation. |

- Direct commercial portfolio, first floor and ex-employee consumer portfolio (according to Annexes III and V of Chapter II of the external circular 100 of the Financial Superintendence of Colombia)

| CATEGORY | COMMERCIAL PORTFOLIO (DIRECT AND FIRST FLOOR) | CONSUMER PORTFOLIO (FORMER EMPLOYEES) |
|---|---|---|

| | | |
|---|---|---|
| AA | Credits rated in this category reflect excellent structuring and attention. The financial statements of the debtors or the cash flows of the project, as well as other credit information, indicate an optimal capacity to pay, in terms of the amount and origin of the income available to the debtors to meet the required payments.<br><br>Credits already granted that do not present more than 29 days in arrears in their contractual obligations, that is between 0 and 29 days in arrears | Credits rated in this category reflect excellent structuring and attention. The risk analysis on the debtor reflects an optimal ability to pay and an excellent credit behavior that guarantees the collection of the obligation in the agreed terms. |
| A | Credits rated in this category reflect excellent structuring and attention. The financial statements of the debtors or the cash flows of the project, as well as other credit information indicate an adequate capacity to pay, in terms of the amount and origin of the | Credits rated in this category reflect excellent structuring and attention. The risk analysis on the debtor reflects an appropriate capacity to pay and an appropriate credit behavior that allows inferring stability in the collection of the obligation in the agreed terms. |
| | income available to debtors to meet the required payments.<br><br>Credits already granted that are in arrears of more than or equal to 30 days and less than 60 days in their contractual obligations, that is between 30 and 59 days in arrears. | |

| | | |
|---|---|---|
| BB | Credits classified in this category are met and protected in an acceptable manner, but there are weaknesses that may potentially affect, temporarily or permanently, the debtor's ability to pay or the cash flows of the project, in such a way that, if not corrected in a timely manner, they would affect the normal collection of the credit or contract.<br><br>Credits already granted that are in arrears of more than or equal to 60 days and less than 90 days in their contractual obligations, that is between 60 and 89 days in arrears. | Credits rated in this category reflect excellent structuring and attention. The risk analysis on the debtor shows weaknesses in its ability to pay and credit behavior that can potentially affect, temporarily or permanently, the normal collection of the obligation in the agreed terms. |
| B | Receivables that have deficiencies in the debtor's ability to pay or in the project's cash flows, which compromise the normal collection of the obligation in the agreed terms, are classified in this category. | Credits rated in this category reflect deficient attention. The risk analysis on the debtor shows inadequacies in the ability to pay and poor credit behavior, affecting the normal collection of the obligation in the agreed terms. |
| | Credits already granted that are in arrears of 90 days or more but less than 120 days in their contractual obligations, i.e. between 90 and 119 days in arrears. | |

| | | |
|---|---|---|
| CC | Credits or contracts with serious shortcomings in the debtor's ability to pay or in the cash flows of the project, which significantly compromise the collection of the obligation in the agreed terms, are classified in this category.<br><br>Credits already granted that are in arrears of 120 days or more but less than 150 days in their contractual obligations, i.e. between 120 and 149 days in arrears. | Receivables classified in this category have serious shortcomings in the debtor's ability to pay and in its credit behavior, significantly affecting the collection of the obligation in the required terms. |
| BREACH | The minimum objective conditions for the credit to be classified in this category are the events described in section 1.3.3.1 of the Basic Accounting and Financial Circular. | The minimum objective conditions for the credit to be classified in this category are the events described in section 1.3.3.1 of the Basic Accounting and Financial Circular. |

- Housing and consumer portfolio employed (According to Annex I, Chapter II of the external circular 100 of the Financial Superintendence of Colombia)

| **CATEGORY** | **RISK** | **DESCRIPTION** |
|---|---|---|
| A | NORMAL | Credits rated in this category reflect excellent structuring and attention. The financial statements of the debtors, as well as other credit information, indicate an adequate capacity to pay, in terms of the amount and origin of the income available to the debtors to meet the required payments. |
| | | |

| | | |
|---|---|---|
| B | ACCEPTABLE | Credits classified in this category are acceptably met and protected, but there are weaknesses that may potentially affect, temporarily or permanently, the debtor's ability to pay, in such a way that, if not corrected in a timely manner, they would affect the normal collection of the credit or contract. |
| C | DEFICIENT WITH ACCEPTABLE RISK | Receivables that have shortcomings in the debtor's ability to pay, which compromise the normal collection of the obligation in the agreed terms, are classified in this category. |
| D | DIFFICULT COLLECTION WITH SIGNIFICANT RISK | The credits rated in this category have the same characteristics as the DEFICIENT, but to a greater degree, so that the probability of collection is highly doubtful. |
| E | UNRECOVERABLE | Considered uncollectible. |

The housing and consumer portfolios used are classified in category A or normal risk.

**Approval of qualifications**

Pursuant to the provisions of chapter II of external circular 100 of 1995 issued by the Financial Superintendence of Colombia, for the purposes of approving the risk ratings of the commercial portfolio (rediscount and direct credit) and the consumption of former employees of the models to the rating that must be reported in the financial statements, Findeter applies the following table:

| **REPORT CATEGORY** | | | |
|---|---|---|---|
| **GROUPED CATEGORY (EEFF)** | **COMMERCIAL-REDISCOUNT** | **COMMERCIAL - DIRECT** | **CONSUMER - FORMER EMPLOYEES** |
| A | A1 | AA | AA |
| | A2 | | |
| | A3 | | A with default between 0-30 days |
| | A4 | | |

| | | | |
|---|---|---|---|
| B | | A | A with default greater than 30 days |
| | | BB | BB |
| | | B | B |
| C | | CC | CC |
| D | A5 | D | D |
| E | | E | E |

### 3.4 Modification and restructuring processes

In order for a credit to be considered for a modification (credits that during the last 6 months have not reached a delay greater than 60 days for consumer; and 90 days for commercial and housing) or restructuring (those changes in the original conditions to allow the debtor the adequate attention of its obligation in the face of the real deterioration of its ability to pay and that is not considered a modification) the credit must comply with all the requirements established in chapter II of the Basic Accounting and Financial Circular "CBCF" as well as in External Circulars 027 of 2017 and 016 of 2019 of the Financial Superintendence of Colombia. This process begins with the express request for modification of the financial conditions of the credit, subsequently the Portfolio Management performs an analysis of the debtor's ability to pay that is presented to the Administrative Credit Committee, which decides whether or not to modify the initial conditions of the credit. The classification and accounting record is determined by the Basic Accounting and Financial Circular and External Circulars 027 of 2017 and 016 of 2019 of the Financial Superintendence of Colombia.

### 3.5 Portfolio write-offs

Obligations that, in the opinion of the Administration, are considered irrecoverable or remote recovery and that are one hundred percent (100%) provisioned, after having exhausted all possible means of collection, in accordance with the concepts by the Legal Directorate of Findeter, are liable to be written off.

The write off does not release Findeter from the responsibilities arising from the approval and administration of the credit, nor does it exempt the entity from the obligation to continue the collection procedures to achieve collection.

The Board of Directors is the only body competent to approve the write off operations, on the recommendation of the Administrative Credit Committee.

### 3.6 Impairment

**Individual**

**Impairment**

In accordance with the provisions of Chapter II of External Circular 100 of 1995 issued by the Financial Superintendence of Colombia, the methodologies for calculating provisions respond to the philosophy of expected losses and incorporate parameters of probability of default and losses given the default; based on the credit rating determined by Findeter

By virtue of the foregoing, Findeter, to hedge credit risk, has a system of provisions which, depending on the type of portfolio, is found in Annexes 1, 3, 5 and 6 of Chapter II of the Basic Accounting and Financial Circular, and is applied as follows:

- For the Rediscount portfolio, we apply instructions given in annex 6 (Individual provisions of the entities authorized to carry out Rediscount operations). The methodologies implemented for the risk classification of the different types of intermediaries are based on:

  - Financial analysis and probability of deterioration: Mathematical and statistical evaluation of the financial statements of intermediaries.
  - Qualitative aspects, and on-site visits: The objective of this component is to carry out a qualitative analysis of a series of information sent by the intermediary, with which it is intended to deepen the knowledge of the customer and have a greater knowledge about their business model and strategy, corporate governance framework, etc.

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

- For the Direct Credit and First Floor portfolio, the Commercial Portfolio Reference Model is applied, set out in Annex 3 of Chapter II of the CBCF.

- For the housing portfolio associated with former employees, the instructions given in Annex 1 (General regime for the evaluation, rating and provision of credit portfolio) apply; for the portfolios of consumer and housing associated with employees, the same annex also applies.

### 3.7 General Provisions

Pursuant to the provisions of chapter II of external circular 100 of 1995 issued by the Financial Superintendence of Colombia, Findeter will constitute a general provision corresponding to one percent (1%) of the balance of the gross portfolio, on the following portfolios: employees and housing of former employees.

### 3.8 Policy for admission and handling of guarantees

In accordance with the provisions of chapter II of external circular 100 issued by the Financial Superintendence of Colombia, the guarantees that support the operation are necessary to calculate the expected losses in the event of non-payment and, consequently, to determine the level of provisions.
The analysis of guarantees must include the following characteristics:

- Appropriateness: According to legal definition.
- Legality: Document duly signed that offers legal support that facilitates the management of any collection of the obligations granted.
- Value: Established based on technical and objective criteria.
- Possibility of realization: Reasonably adequate possibility to make the guarantees effective.

**Rediscount Portfolio**

For the rediscount portfolio, Findeter has policies about the guarantees that must be constituted, which depend on the type of operation, the type of Intermediary and the final destination of the resources.

In this sense, for credit redemptions, the original of the promissory note of the beneficiary of the credit duly completed or blank promissory note with letter of instructions, duly endorsed by the intermediary to the order of Findeter, is required.
On the other hand, for lease redemptions, the assignment of lease fees of the lease agreement or endorsement of the promissory note is required from the lessee or promissory note from the lessee endorsed to or in favor of Findeter by the financial intermediary.

For the Direct Credit portfolio, the guarantees are those that comply with the provisions of Decree 2555 of 2010, and the Basic Accounting and Financial and Legal Circulars of the Financial Superintendence of Colombia, as well as those defined by the National Government in Decrees 517, 528, 581, 798 and 819 of 2020 for the event of credit operations with Persons Providing Domiciliary Public Services.

In the case of credits received from an intervened first floor bank, the guarantees are those that the financial intermediary has demanded from the beneficiary of the credit, at the time of delivering the credit to Findeter these are transferred in its favor.

**Direct credit portfolio**

For the Territorial Entities, the pledge of the minimum income is required for 130% of the annual debt service including capital and interest, during the term of the credit.

**Portfolio of employees and former employees**

For housing loans, a first-degree open mortgage is required as collateral with no limit on the amount payable to Findeter.

For consumer credits, the debtor, vehicle pledge and/or first-degree open mortgage may be required without amount limit payable to Findeter.

**4. Other accounts receivable**

AR records the values pending collection such as commissions and fees for services rendered, as well as the resulting sums originating from the sale of goods and services, leases, advances of contracts and suppliers. Likewise, it records advances of money to employees from which surrender and legalization of accounts is expected in the short term, and other amounts receivable accrued for any other concept.

These accounts are mainly constituted by the values caused by the technical assistance provided by Findeter. Their main clients are the Ministries and Territorial Entities.

They are initially recognized at cost for the amount of the transaction and will subsequently continue to be measured at cost.

Taking into account the seasonality of this account, it cannot be delimited in a specific period, since each of its balances depends on the period of provision of the service and the legalization of this, before the Ministries or territorial entities, in order to authorize its cancellation.

For the purpose of establishing these accounts and especially of technical assistance, accounting and technical policies are available for the calculation and recognition of income, as a result of the work performed.

**Impairment of other accounts receivable**

Taking into account that IFRS 9 – "Financial Instruments", provides that for trade receivables that are within the scope of IFRS 15 and do not contain a significant financial component, the simplified impairment model will be applied.

**Measurement of expected credit losses**

IFRS 9 establishes the following alternatives for the purposes of always measuring the value adjustment for expected credit losses of your trade receivables, contract assets.

(a) an unbiased weighted probability amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money;

(c) reasonable and sustainable information that is available without cost or disproportionate effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

In order to comply with IFRS 9, with reference to the simplified impairment model, Findeter evaluated the conditions of the technical assistance contracts signed, the quality of the counterparties, such as (Ministries of Housing City and Territory, Ministry of Education, Administrative Department of the Presidency of the Republic, Cormagdalena, Ministry of the Interior, District of Bogotá Secretariats, among others), their institutional support and given that there are no indications or statistics that these entities have presented defaults of a credit nature, it was established that expected losses due to credit risk should not be contemplated, until there is relevant additional information that allows predicting future conditions that lead to a default of the counterparties.

On the other hand, and taking into account the seasonality of the accounts receivable, technical assistance that Findeter records, originating in the development of the contracted work and its subsequent legalization of collection, was established as a policy of recognition of possible impairment, loss of purchasing power, Temporary value of money.

In this sense, the following formula will be applied for the recognition and updating of the impairment calculation, for the other accounts receivable:

Impairment = Initial Registration Value * (Final Consumer Price Index/Initial Consumer Price Index) - Initial Registration Value.

*Provided by the National Administrative Department of Statistics (DANE)

**i) Investment properties**

These are defined as those land or buildings considered in whole or in part, that Findeter is willing to obtain rents, valuation of the asset or both, instead of its use for its own purposes.

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

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

ii. Any costs directly attributable to bringing the asset to the location and conditions necessary for its correct and adequate operation.

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

The investment properties at Findeter will be measured subsequently at fair value through profit or loss. The fair value of investment properties is determined by independent experts using technical valuations.

Findeter has fully identified which property has been arranged to be classified as investment property, which is intended for full generation of income.

**j) Property and Equipment**

Property and equipment include the assets, owned, that Findeter maintains for its current or future use and that it expects to use for more than one fiscal year.

They are recorded at their acquisition cost, less their corresponding accumulated depreciation and, if applicable, the impairment that takes place when the recoverable amount of the asset is lower than the value recorded in their books.

Property and equipment are initially measured at cost, which includes:

i. Their purchase price, including non-discountable import and tax costs, after deducting trade discounts.
ii. Any costs directly attributable to bringing the asset to the location and conditions necessary for its correct and adequate operation.
iii. Dismantling costs: It corresponds to the initial estimate of the costs of dismantling and removal of the element, as well as the rehabilitation of the place on which it is based.
iv. Costs for loans: Costs that are related to an eligible asset, which is one that necessarily requires a substantial period before being ready for the use for which it is intended or for sale, are capitalized and, in other cases, are recognized in the results of the period in accordance with the financing costs.

Depreciation is calculated, using the straight-line method, on the acquisition cost of the assets, less their residual value, in the case of assets measured at revalued cost, these are adjusted by eliminating the accumulated depreciation and recording the asset at its fair value; it being understood that the land on which the buildings and other constructions are built has an indefinite useful life and that, therefore, they are not subject to depreciation. Depreciation is recorded against profit or loss and is calculated based on the following useful lives:

| Type of asset | Shelf life (years) |
|---|---|
| *Buildings* | 100 |
| *Furniture and Fixtures* | 6 |
| *Computer equipment* | 3 |

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

Expenses for the maintenance and conservation of property and equipment are recognized as expenses in the year in which they are incurred and are recorded under the item "Maintenance expenses".

Findeter will subsequently measure its property and equipment assets depending on the type of asset; for the purposes of the Furniture and Equipment and Computer Equipment, it was determined that they will be measured at cost, for the Land and Buildings, they will be measured using the Revalued Model minus impairment losses and calculated depreciation. At Findeter, once the revalued cost of the properties has been determined, it will depreciate them according to the new estimated useful lives.

Findeter carries out the revaluation of its buildings and land every two years, a process carried out by an expert firm, which evaluates the requirements of IFRS 13 and determines the fair values thereof. (see note 14)

- **Write-off of fixed assets account**

The carrying amount, including the residual value of a property and equipment asset, is derecognized when no further associated future economic benefits are expected, obsolescence is determined or by management's disposition, and the gains or losses from derecognition are recognized in the period's profit or loss.

- **Impairment of property and equipment items**

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

Similarly, when there are indications that the value of a tangible asset has been recovered, Findeter estimates the recoverable value of the asset and recognizes it in the profit and loss account for the period, recording the reversal of the impairment loss accounted for in previous periods, and adjust future charges for its depreciation accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior years.

**k) Leases**

Findeter evaluates at the beginning of a contract, whether it is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for any consideration. To assess whether a contract conveys the right to control the use of an identified asset, Findeter uses the lease definition in IFRS 16.

**Recognition as a lessee**

**Initial measurement**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs to decommission and to remove the underlying asset or to remove the underlying asset or the site where it is located.

**Subsequent measurement**

The right-of-use asset after the commencement date is measured using the cost model, adjusted for any new measurement of the lease liability, subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, and adjusted for certain new measurements of the lease liability, at least annually.

Findeter measures the lease liability at the present value of lease payments that have not been paid at that date. At Findeter, for the purposes of discounting the payments of the unpaid lease fees, the incremental rate for loans of the lessee will be used, which will correspond to the lease rate for properties, since it would be the rate that would reflect the operation in the market.

$$VA = \frac{VF}{(1+i)^n}$$

**VA = Present or Current**
**Value VF = Future Value**
**i = Periodic effective interest rate n**
**= Number of periods**

In view of the contractual obligations, it must be borne in mind that the lease payments must be updated with the annual increases set for each of these.

**Short-term leases and leases of low-value assets**

Findeter has decided not to recognize right-of-use assets and liabilities, for leases of low-value assets and short-term leases, including computer equipment, defined as assets whose amount does not exceed 1% of the total fixed assets of Findeter, considered individually. In this sense, Findeter recognizes the payments associated with these leases as a straight-line expense during the term of the lease.

**Recognition of the lease from the Lessor's perspective**

Findeter will classify such as an operating lease if it does not transfer substantially all the risks and rewards inherent in the ownership of an underlying asset, and will recognize the income derived from it, charged to profit or loss, during the life of the lease.

**l) Intangible assets**

Findeter's intangible assets will be measured initially and subsequently at cost and will be recognized only if it meets the following:

- The future economic benefits attributed to it are likely to flow to the House;
- The cost of the asset can be measured reliably.

Findeter does not have infinite-life intangibles, it has been determined by accounting policy that the amortization periods will be 24 months from the time of acquisition and that said assets will be amortized by the linear method. These will be recorded against profit or loss as an amortization expense. These assets relate mainly to computer programs, which are initially measured by their acquisition cost. (See. Note 16)

**Useful life of intangible assets**

The lifetime assessment is carried out taking into account the following factors:

- The expected use of the asset.
- Typical asset life cycles.
- The incidence of technical, technological and commercial obsolescence.
- The stability of the industry, or sector, and changes in the market demand for the product.
- The expected performances of competitors or potential competitors.

- The level of maintenance disbursements necessary to achieve the expected benefits of the asset.
- Whether the useful life of the software depends on the useful lives of other assets.

**i. Impairment**

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

**m) Other assets**

Records the value of the anticipated expenses incurred by the Entity in the development of its activity in order to receive future services, including the following:

- Insurance

Amortization of prepaid expenses shall be effected during the period in which the services are received or the expenses are incurred.

At the end of the amortization period, if residual values remain due to approximations, these must be adjusted in the last period.

**n) Financial guarantees**

Findeter issued a Financial Guarantee in favor of the Intermediaries participating in the debt replacement operation that gave rise to the FINDETER CREDITS ET – WATER TRUST, estimating their losses associated from the financial information published by the General Accounting of the Nation, of the municipalities beneficiary of the credits, additionally the historical series of allocation of the General System of Participations published by the National Planning Department and historical series of variations of the IPC were analyzed. Losses are associated with events of default which arise because one or more municipalities participating in the scheme do not pay all or part of the debt service to the Trust (due to different risk factors) and consequently Findeter must be liable for those differences.

For financial guarantees, the measurement of the reserve associated with the guarantee issued by Findeter to the Intermediaries participating in the debt replacement operation of the "Water Bonds" with the TRUST FINDETER CREDITS ET – WATER is based on analyzing the risk factors present in the life of the loans. The following risk factors are targeted and are the subject of analysis and study:

- The decrease in interest due to a probable restructuring of the municipality's debts within the framework of Law 550.
- The sensitivity of flows to changes in the interest rate of loans, consumer price index CPI.
- The sensitivity of income due to changes in the allocation of the budget of the General GSP Participation System in the topics of drinking water and basic sanitation.
- Negative impact on the scheme as a result of possible legal contingencies aimed at ignoring the existence or legality of the credits acquired by municipalities.

The analysis of each of these risk factors determines a level of expected losses based on the available information.

This methodology defines an expected loss in an aggregate manner, the maximum amount of coverage is 70,000,000, which guarantees the value of the flows that financial intermediaries will receive during the term of the credits.

The calculation of these reserves is carried out by the professionals of Findeter's vice-presidency of risks, who according to the formulated models, update the calculation the same every semester, which is then sent to the Directorate of Accounting for recognition.

For the calculation of the technical reserves from the National Guarantee Fund, it is based on the estimation of the expected losses for the different products back-guaranteed by Findeter. For VIS products, an expected loss of 5.71% was estimated for an 8.5-year horizon. This horizon is the maximum possible time in which a credit claim can count on the guarantee, considering that the mandate guarantees the credits for the first 7 years and that the claim can be made for a guarantee that has a maximum of 18 months of arrears.

The percentage of expected loss is the result of the estimate made on a historical basis of loans on VIS real estate recovered and sold by banks, as well as the design of estimated loss settlement tables in which losses are estimated for loans with different terms between 5 and 20 years, with different proportions between the value of the loan and the value of the property (Loan to Value or LTV) and scenarios on the year in which the loss may occur.

For probability modeling, transition matrices were used to establish the probability that a credit will reach more than 18 months of default or be delivered as payment.

For VIPA products, the determination of the technical reserves is also based on the value of the expected loss, for this product the percentage of expected loss is 2.3%, determined in a similar way to that of VIS.

The technical reserve of the guarantees of the National Guarantee Fund is carried out by the

Fund's Risk team in accordance with the described methodology, which is sent at the end of each month to be recognized in Findeter's accounts.

Financial guarantees are recognized initially and subsequently at fair value.

**o) Financial liabilities**

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

Financial liabilities are recognized and measured at amortized cost, provided that they correspond to the typical fundraising activities of financial institutions; except for derivatives that are measured at fair value through profit or loss, based on the support available on compliance with the applicable requirements of chapter XVIII of the Basic Accounting and Financial Circular 100 of 1995.

Amortized cost is defined as the cost of acquiring a financial liability adjusted (in more or less, as the case may be) for repayments of the principal and the portion systematically charged to the income statement of the difference between the initial cost and the corresponding repayment value at maturity.

The amortized cost of the financial liabilities represented by term deposit certificates, investment securities in circulation, legal currency bonds and financial obligations, is determined based on the nominal value of the obligation.

For foreign currency bonds, the transaction costs associated with obtaining these are recognized as a deduction from the liability, recalculating the effective interest rate, based on which the corresponding financial expenses are recognized in the results of the period.

The financial liabilities that Findeter has recorded do not have reclassifications in their valuation and recognition. The financial statements present the items for net income and expenses for interest and commissions arising from their operations.

For estimates of liquidity, market and management risks, please refer to Note 9.

**p) Employee benefits**

Findeter grants its employees the following benefits, in return for their services provided:

**I. Short-term benefits**

Corresponds to the benefits that Findeter expects to pay before the twelve months following the end of the reporting period. In accordance with Colombian labor standards and labor agreements in Findeter, said benefits correspond to severance, interest on severance, holidays, vacation premiums, legal and extra-legal premiums, bonuses, aid, social security contributions and parafiscal contributions. These benefits are measured at cost and accumulated by the accrual system charged to results.

**II. Other long-term benefits**

These are all the long-term benefits of employees who, in accordance with the collective agreements and labor agreements of Findeter, correspond fundamentally to pension bonus and five-year premiums.

Long-term employee benefit liabilities are determined based on life contingency insurance theory. In accordance with this, it is established that the probability of a future life time for a person with determined population characteristics is estimated from a table of life with annual deaths published for each country or interest group. In Colombia, the tables of resolution number 1555 of 2010 are used, and changes in the actuarial liability due to changes in the actuarial assumptions are recorded in the income statement. The results obtained from applying the aforementioned methodology are finally adjusted with the projected credit unit, which gives greater value to the benefits in proportion to the employee's seniority. These values are calculated individually, that is, each of the beneficiary employees have conditions that differentiate them (seniority, gender, age and time to pension, salary) and therefore represent different actuarial liabilities. (See note 22).

The recognition of these benefits is carried out based on the calculation carried out by the professionals of the Vice Presidency of Risks, which is updated every semester with the data of the employees linked in each court.

They are initially recognized at the present value of the defined benefit obligations and subsequently with the update of their present value.

**q) Taxes**

**Income tax**

Income tax expense includes current tax and deferred tax. It is recognized in the income statement except in the part that corresponds to items recognized in other comprehensive profit or loss (ORI).

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

**a. Current Tax**

Current tax includes the expected tax payable or receivable on taxable profit or loss for the year and any adjustments related to prior years. It is measured using the tax rates established in the tax statute at the end of the reporting period. Current tax also includes any tax arising from dividends.

**b. Deferred tax**

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

On the occasion of the provisions of Law 1311 of 2021, in which optionally establishes as an alternative the recognition and presentation of the deferred tax caused by the change of rate in the Income Tax originated by Law 2155 of 2021 to be presented in the result or within the equity with affectation to results of previous periods, the entity decided to directly affect the result of the 2021 term.

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

Deferred tax assets and liabilities are offset when there is a legal right to offset current deferred taxes against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same entity or different entities when there is an intention to offset balances on a net basis.

**c. Tax on Industry and Commerce**

In application of article 86 of Law 2010 of 2019, Findeter recognized as an expense for the year all the industry and trade tax caused in the year, the value that can be charged as a tax discount is treated as a non-deductible expense in the determination of the income tax for the year. The tax discount applied decreases the value of the current income tax expense for the period.

**r) Provisions and contingencies**

**Procedure for allocating provisions**

This is done based on the monthly report of each of the representatives of FINDETER, and of the processes that were assigned. The report contains the classification of contingencies, the possibility of loss and the estimate of the provision, in accordance with the General Policies for Judicial Provisions established by the National Agency of Legal Defense of the State, which include Resolution No.353 of 2016, and the IAS 37 standards.

The rating is done as follows:

a. the contingency is determined:

- Probably, when the possibility of losing the case in the opinion of the Legal Directorate of FINDETER or the lawyer in charge, is greater than 50% and/or there is a conviction against Findeter at first instance or second instance.

- Possible: When the possibility of losing the case in the opinion of the Legal Directorate of FINDETER or the lawyer in charge, is greater than 5% and less than 50%.

- Remote: When the possibility of losing the case in the opinion of the Legal Directorate of FINDETER or the lawyer in charge, is less than 5%.

b. the provision is qualified, according to the procedural stage and state in which the process is.

**s) Trade Accounts payable and other accounts payable**

Accounts and documents payable represent the obligations borne by the entity arising from goods or services received.

They will be initially recognized at cost, which is the value of the transaction, and subsequently measured at the same value as their initial transaction.

- Accounts payable of importance must be recorded separately, taking into account the Single Plan of Accounts issued by the Financial Superintendence of Colombia.

- In setting up accounts payable, it is necessary to have the invoice, equivalent document, list of invoices in the event that these correspond to excessive volumes issued by the suppliers of the good and/or service.

- In the case of accounts payable arising from employment relationships, they may be established without the requirement of the invoice and/or equivalent document, in this case it will be sufficient with the liquidation support carried out by the Human Talent Department of the entity.

- Accounts payable to third parties may be established when they make greater payments of the obligations contracted with FINDETER. For these cases, the support must be the report prepared by the area that makes the application of the payment.

- The invoices and/or equivalent documents registered by FINDETER, must have a causal relationship with the period in which the service or good is received.

- The Accounting Department will be in charge of FINDETER, to carry out the settlement of invoices and/or equivalent documents, and the respective cause registration (Payment Order).

- The Accounting Department will establish accounts payable supported in communication received by the respective areas that request it.

**t) Revenue**

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

- **Revenue from Interest**

Interest revenue is derived from credit operations, interbank transactions, investments at maturity, amortized cost and other similar items that are generally recognized as they accrue using the effective interest method.

- **Revenue from commissions and fees**

Findeter recognizes its income derived from interadministrative contracts for technical assistance and resource management, in accordance with the provisions of IFRS 15 and analyzing the following activities:

- Analysis of customer contracts and their main features
- Identification of performance obligations in the aforementioned contracts
- Determination of transaction prices and effects caused by variable considerations
- Allocation of transaction amounts to each performance obligation
- Analysis of the appropriateness when income should be recognized in Findeter either at a point in time or alonga certain time span.

**Methodology for the recognition of Income.**

Inter-administrative Contracts – Technical Assistance Services and Resource Management- (Water Management)

| | |
|---|---|
| **Income from Fixed Costs** | Fixed costs refer to the recognition of income, due to Findeter's availability of infrastructure and logistics for the provision of the Technical Assistance service and are supported in the preparation of a monthly financial and technical report. |
| **Income from Variable Costs** | |
| I. Preparation of the Terms of Reference and Evaluation of the Calls for Proposal | The basis for the recognition of income is the value awarded and actually contracted, for the execution of the works, audits and consultancies, multiplied by the percentage of remuneration established in each of the Interadministrative Contracts. |
| II. Monitoring of project implementation | The base of income remuneration will be given by the value paid to the contractors of works and consultancies, multiplied by the percentage of remuneration stipulated in each of the Interadministrative Contracts |
| III. Technical Visits | They refer to the activities of monitoring the work, verification of progress and committees of follow-up carried out in the field |
| IV. Management related to the follow-up item by the Ministry, corresponding to two percent (2%) | Refers to the recruitment and administrative management of payments to supervisors who are Findeter's counterpart in the Ministry for Water program projects. |

**Inter-administrative Contracts - Social Infrastructure Management-**

| | |
|---|---|
| **Income from Fixed Costs** | Fixed costs refer to the recognition of income, due to Findeter's availability of infrastructure and logistics for the provision of the Technical Assistance service and are supported in the preparation of a monthly financial and technical report. |
| **Income from Variable Costs** | |
| I. Preparation of the Terms of Reference and Evaluation of the Calls for Proposal | The basis for the recognition of income is the value awarded and actually contracted by autonomous equity, for the execution of the works, audits and consultancies, multiplied by the percentage of remuneration established in each of the Interadministrative Contracts. |
| II. Monthly Project Monitoring Visits | They refer to the activities of monitoring the work, verification of progress and follow up committees. |
| III. Viabilizations | Corresponds to the number of visits carried out for the preparation of viability certificates. |

**CONTRACTS FOR THE PROVISION OF SERVICES - HOUSING AND URBAN DEVELOPMENT MANAGEMENT**

| | |
|---|---|
| **Income from Fixed Costs** | These are associated with all activities related to the management of resources by FINDETER for the fulfillment of the object of the contract, that is, the availability of the required personnel, the technical and logistical infrastructure for the fulfillment of the obligations |
| **Variable Costs** | |
| I. Monthly Project Monitoring Visits | These are the activities that will be carried out in each project of visits and are conditional on the presentation of a consolidated report of the visits carried out throughout that period. |
| II. Milestone Tracking Visits (checklist) by Dwelling and/or Project, Certificates of Existence and Certificates of Non-Compliance | Activities that will be carried out for each dwelling in contractually defined periods and is conditioned on the presentation of a consolidated report of the visits and validations of the checklist carried out and certificate of existence of the works. |

| | |
|---|---|
| III. Final Contract Report | Supervision of all contract projects will be completed, in accordance with the provisions of the execution term clause for each contract. |

The revenue estimation policies, established in Findeter, are based on the provisions of International Standard IFRS 15, The recognition of these revenues is supported in the development of the performance obligations contracted in each of the agreements and in turn in the associated projects to be developed, which are only invoiced when the contractually agreed conditions have been fully complied with. There is a high degree of compliance by Findeter in the execution of each of these. Likewise, because they are agreements signed with government entities, there is a high degree of collection and collection of these, which is highly efficient. See Note 28**.**

## u) Expenses

Expenses represent an outflow of money done by the entity in consideration for a service received, or the decrease of assets or the increase of a liability.

Recognition of expenses must be made subject to the principles of accrual or causation and measurement, so that it systematically reflects Findeter's situation.

## v) Net of items of the same nature

Findeter, for presentation purposes and in compliance with the requirements of the International Financial Reporting Standards, does the netting on the assets and liabilities of the same nature, as follows, the netting carried out as of December 31, 2021:

| **Table Summary of netting BG 2021** | | | | |
|---|---|---|---|---|
| **Concept** | **Balance** | **Netting** | **Net Balance Presentation** | **Standard that underpins it** |
| Deferred tax Assets (1) | 171,931,536 | 36,662,559 | 135,268,977 | Is netted as required by IAS 12 paragraphs 71 to 76 |
| Investment financial assets and derivatives (2) | 618,158,387 | 129,530,000 | 488,628,387 | Netting is carried out for presentation purposes according to IAS 1 |
| Tax Advances (3) | 4,389,550 | 4,389,550 | - | Is netted as required by IAS 12 paragraphs 71 to 76 |

| | | | | |
|---|---|---|---|---|
| Other Assets (4) | 14,021,164 | 10,763,828 | 3,257,336 | Netting is carried out for presentation purposes according to IAS 1 |
| Tax on Industry and Commerce | 1,588,190 | (4,737) | 1,583,453 | Is netted as required by IAS 12 paragraphs 71 to 76 |
| Employee benefits - other liabilities (4) | 18,082,814 | 10,763,828 | 7,318,986 | Netting is carried out for presentation purposes according to IAS 1 |
| Term Deposit certificates (2) | 6,321,604,338 | 129,530,000 | 6,192,074,338 | Netting is carried out for presentation purposes according to IAS 1 |
| Deferred tax liabilities (1) | 36,662,559 | 36,662,559 | - | Is netted as required by IAS 12 paragraphs 71 to 76 |

(1) The position on deferred tax assets and liabilities is netted, leaving the balance in net deferred assets.
(2) The netting of this item consists of the elimination of the investment asset, which the entity has by right on the term deposit certificates that are issued by Findeter and which by investment strategy are repurchased, which are then netted with liabilities held by the entity.
(3) The net of the active balance for tax advances is made, against the current income tax balance.
(4) In relation to this netting, it is applied by eliminating the balances recognized for the balances of assets and liabilities recognized as benefits to employees associated with the differential in the interest rate of the credits that are granted in accordance with the collective labor agreement.

## Note (4) New accounting pronouncements

**Rules and amendments applicable from 1 January 2023**

**(a) Future requirements**

In accordance with the provisions of Decree 938 of 2021, the following amendments issued by the IASB during the years 2019 and 2020 are listed below, some of them entered into force internationally and others will enter into force from January 1, 2023. These standards have not yet been adopted in Colombia, their early application being voluntary as long as the standard allows it, for the impact of these amendments, The Entity has not evaluated the possible impact that the application of these amendments will have on its financial statements in the period in which they are applied for the first time.

| Information Standard Financial | Theme of the standard or amendment | Details |
|---|---|---|
| IFRS 9 - Financial Instruments<br>IAS 39 – Financial Instruments: Recognition and Measurement<br>IFRS 7 – Financial Instruments: Disclosures to be issued | Reform of the Reference Interest Rate<br>(amendments to IFRS 9, IAS 39 and IFRS 7) | Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, with respect to temporary exceptions to the application of specific hedge accounting requirements.<br><br>Paragraphs 102a-102N and 108g are incorporated into IAS 39 with respect to temporary exceptions to the application of specific hedge accounting requirements.<br><br>Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF (effective date and transition) are incorporated.<br><br>The amendment applies from January 1, 2020 and its early application is allowed (although no significant impact is expected for Colombian entities) and its requirements will be applied retroactively only to hedging relationships that existed at the beginning of the reporting period in which the entity first applies such requirements. |
| IFRS 9 - Financial Instruments<br>IAS 39 – Financial Instruments: Recognition and Measurement<br>IFRS 7 – Financial Instruments: Disclosures to be issued,<br>IFRS 4 - Insurance | Reference Interest Rate Reform – Phase 2 | Paragraphs 5.4.5 to 5.4.9 are added Changes to the basis for determining contractual cash flows as a result of the reform of the reference interest rate (measurement at amortized cost), 6.8.13 Completion of the application of the temporary exception in hedge accounting, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the reform of the reference interest rate, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for the reform of the reference interest rate Phase 2 of IFRS 9.<br><br>Paragraph 102M is amended Completion of the application of the temporary exception in hedge accounting, paragraphs 102O to 102Z3 are added Additional temporary exceptions arising from the reference interest rate reform and 108H to 108K Effective date and transition, and new headings are added, to IAS 39.<br><br>Paragraphs 24I, 24J are added Additional disclosures related to the reference interest rate reform, 44GG and 44HH Effective Date and Transition, and new headings are added to IFRS 7. |

| | | |
|---|---|---|
| Contracts<br>IFRS 16 -<br>Leases | | Paragraphs 20R and 20S are added to Changes to the basis for determining contractual cash flows as a result of the reference interest rate reform, and paragraphs 50 and 51 Effective Date and Transition, and new headings are added, to IFRS 4.<br><br>Paragraphs 104-106 are amended Temporary exception arising from the reference interest rate reform, and paragraphs C20C and C20D are added Phase 2 reference interest rate reform of IFRS 16.<br><br>The amendment was issued in August 2020 and applies as of January 1, 2021 and its early application is allowed |
| IFRS 3 – Business Combinations. | Modifications by reference to the conceptual framework. | Modifications are made to the references to align them with the conceptual framework issued by IASB in 2018 and incorporated into our legislation, in this sense, the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework5. |
| | | Paragraphs 21A, 21B and 21C are incorporated with respect to exceptions to the recognition principle for contingent liabilities within the scope of IAS 37 and IFRIC 21.<br><br>Paragraph 23A is incorporated to define a contingent asset, and to clarify that the acquirer in a business combination will not recognize a contingent asset at the acquisition date<br><br>The amendment applies from January 1, 2022 and allows its early application. Any effect on its application will be carried out prospectively. |
| | | The amendment deals with costs directly attributable to the acquisition of the asset (which are part of the PPYE element) and refer to “the costs of verifying that the asset functions properly (i.e. whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for leasing to third parties or for administrative purposes)”. |

| | | |
|---|---|---|
| IAS 16 - Plant, property and equipment. | Modified in relation to products obtained before the intended use. | Paragraph 20A states that the production of inventories, while the PPYE element is in the conditions provided by management, at the time of sale, will affect the result of the period, together with its corresponding cost.<br><br>The amendment applies from January 1, 2022 and allows its early application.<br><br>Any effect on their application will be done retroactively, but only to the elements of PPYE that are brought to the place and conditions necessary so that they can operate in the manner provided by management from the beginning of the first period presented in the financial statements when the entity firstly applies the amendments. The cumulative effect of the initial application of the amendments shall be recognized as an adjustment to the opening balance of retained earnings (or other equity component as applicable) at the beginning of the first reporting period. |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets | Contracts for consideration — Cost of a Contract Fulfillment. | It is clarified that the cost of a contract fulfillment includes costs directly related to the contract (direct and material labour costs, and the allocation of costs directly related to the contract).<br><br>The amendment applies from January 1, 2022 and allows its early application.<br><br>The effect of the application of the amendment shall not restate any comparative information. Instead, the cumulative effect of initial application of the amendments shall be recognized as an adjustment to the opening balance of retained earnings or other equity, as applicable, at the date of initial application. |

| | | |
|---|---|---|
| Annual Improvements to IFRS Standards 2018–2020 | Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 – Agriculture. | Amendment to IFRS 1. Subsidiary that adopts IFRS for the first time. Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt IFRS for the first time and take as opening balance sheet amounts included in the financial statements of the parent company (paragraph D16 (a) of IFRS 1) so that it can measure the translation exchange differences accumulated for the carrying amount of that item in the consolidated financial statements of the parent company (also applies to associates and joint ventures).<br><br>Amendment to IFRS 9. Commissions in the "10% test" regarding the derecognition of financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is also added, this specifically to clarify recognition of the commissions paid (to the profit and loss if it is a cancellation of the liability, or as a lower value of the liability if it is not treated as a cancellation).<br>Amendment to IAS 41. Taxes on measurements at fair value. The phrase “nor tax flows” in paragraph 22 of IAS 41 is deleted, the reason being that “prior to Annual Improvements to IFRS 2018-2020, IAS 41 had required an entity to use cash flows before taxes when measuring fair value, but did not require the use of a discount rate before taxes to discount those cash flows”. This aligns the requirements of IAS 41 with those of IFRS 13.<br><br>The amendment applies from January 1, 2022 and allows its early application. |

| | | |
|---|---|---|
| IAS 1 Presentation of Financial Statements | Modifications are done regarding classifying liabilities as current or non-current. | This amendment was issued in January 2020 and subsequently amended in July 2020.<br>It modifies the requirement to classify a liability as current, establishing that a liability is classified as current when "it does not have the right at the end of the reporting period to postpone the settlement of the liability for at least the twelve months following the date of the reporting period".<br>Clarifies in the added paragraph 72A that "an entity's right to defer the settlement of a liability for at least twelve months after the reporting period must be substantial and, as illustrated in paragraphs 73 to 75, must exist at the end of the reporting period"<br>The amendment applies from January 1, 2023 and allows its early application. The effect of the application on comparative information shall be carried out retroactively. |

## Note (5) Changes in significant accounting policies

During the year covered by this report, Findeter did not apply any changes to its accounting policies.

## Note (6) Judgments and Estimates

**Use of judgments and accounting estimates with 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 next accounting period. Judgments and estimates are continually evaluated and are based on Findeter's experience and other factors, including the expectation of future events believed to be reasonable. Findeter also makes certain judgments apart from those involving estimates in the process of applying accounting policies. Judgments that have the most significant impact on the amounts recognized in the financial statements and those estimates that may cause an adjustment in the carrying amount of assets and liabilities in the following year include the following:

### i. Impairment of financial assets:

#### a) Provision for credit portfolio

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

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

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

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

For the direct credit portfolio as of December 31, 2021, the critical judgment was identified, related to the determination of the client's risk level, carried out in accordance with the regulations issued by the Financial Superintendence of Colombia in Annex 3 of Chapter II of the basic accounting circular 100, which is reviewed by credit analysts.

**ii. Provision for legal proceedings**

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

**iii. Deferred income tax**

For the purposes of calculating the deferred tax, the estimate is based on the sale or payment of assets expressed in a foreign currency or settlement and total payment of liabilities expressed in a foreign currency, the materialization of which will have tax effects on the exchange difference that is done according to the projected dates of each of the active or passive obligations that FINDETER has; for the purposes of estimating the deferred tax for the exchange difference caused, the total of the active and passive portfolio expressed in foreign currencies is taken, estimating annually the capital to be collected or paid as the case may be and that weight is multiplied by the exchange difference that is pending accomplishment.

## Note (7) Operating segments

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

Thousands of pesos
Segment to be reported on

| | Financial Services | | Technical Assistance | | for the twelve-month periods ending in | |
|---|---|---|---|---|---|---|
| | **Dec 31, 2021** | **December 31, 2020** | **Dec 31, 2021** | **December 31, 2020** | **Dec 31, 2021** | **December 31, 2020** |
| **Ordinary net operating income** | | | | | | |
| Interest from credit portfolio | 513,874,944 | 596,929,983 | - | - | 513,874,944 | 596,929,983 |
| Profit from valuation of investments, net | 16,477,020 | 35,950,818 | - | - | 16,477,020 | 35,950,818 |
| Interest on investments at amortized cost, net | 2,734,446 | 2,212,669 | - | - | 2,734,446 | 2,212,669 |
| Profit and loss from valuation of derivatives, net | 243,412,337 | 15,893,436 | - | - | 243,412,337 | 15,893,436 |
| **Operating expenses** | | | | | | |
| Financial Expenses | 361,709,782 | 448,751,110 | - | - | 361,709,782 | 448,751,110 |
| Profit and loss from exchange difference, net | (276,178,862) | (60,895,936) | - | - | (276,178,862) | (60,895,936) |
| **Financial Margin, net** | **138,610,103** | **141,339,860** | **-** | **-** | **138,610,103** | **141,339,860** |
| Impairment for credit portfolio, net | 7,381,826 | (12,499,321) | - | - | 7,381,826 | (12,499,321) |
| Impairment for accounts receivable, net | (622,595) | 41,581 | - | - | (622,595) | 41,581 |
| **Financial margin, after impairment, net** | **145,369,334** | **128,882,120** | **-** | **-** | **145,369,334** | **128,882,120** |
| **Income and expenses from commissions and other services** | | | | | | |
| Technical assistance revenue | - | - | 84,524,853 | 56,602,696 | 84,524,853 | 56,602,696 |
| Income from commissions and other services | 8,067,577 | 11,450,836 | - | - | 8,067,577 | 11,450,836 |
| Expenses for commissions and other services | (10,509,100) | (9,525,575) | (232,715) | (187,564) | (10,741,815) | (9,713,139) |
| **Income and expenses from commissions and other services, net** | **(2,441,523)** | **1,925,261** | **84,292,138** | **56,415,132** | **81,850,615** | **58,340,393** |
| **Other income and expenses** | | | | | | |
| Other income | 27,546,368 | 13,726,220 | - | - | 27,546,368 | 13,726,220 |
| Other Expenses | (103,073,066) | (104,952,966) | (60,102,100) | (65,443,821) | (163,175,166) | (170,396,787) |
| **Other income, net** | **(75,526,698)** | **(91,226,746)** | **(60,102,100)** | **(65,443,821)** | **(135,628,798)** | **(156,670,567)** |
| | | | | | | |
| **Profit before income tax** | **67,401,113** | **39,580,635** | **24,190,038** | **(9,028,689)** | **91,591,151** | **30,551,944** |
| Income tax expense | (10,605,863) | (29,695,264) | (3,806,409) | 6,773,751 | (14,412,272) | (22,921,513) |
| **Profit for the fiscal year** | **56,795,250** | **9,885,371** | **20,383,629** | **(2,254,938)** | **77,178,879** | **7,630,433** |

| | FINANCIAL SERVICES | | TECHNICAL SUPPORT | | TOTAL | |
|---|---|---|---|---|---|---|
| | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 |
| **Assets** | 11,332,472,092 | 11,706,080,710 | 83,967,121 | 67,256,415 | 11,416,439,213 | 11,773,337,125 |
| | | | | | | |
| **Liabilities** | 10,079,179,912 | 10,530,083,411 | 34,342,671 | 20,137,791 | 10,113,522,583 | 10,550,221,202 |

See note 3, numeral g

## Note (8) Fair value estimate

Findeter values financial assets and liabilities such as derivatives and debt and equity securities which are traded on an active market with available and sufficient information at the valuation date, through the price information published by the official price provider endorsed by the Financial Superintendence of Colombia (PRECIA S.A.). Thus, Findeter obtains the prices and curves published by the supplier and applies them in accordance with the methodology corresponding to the instrument to be valued.

The fair value of non-monetary assets such as investment properties and land and buildings is determined by independent experts using technical valuations.

The fair value hierarchy has the following levels:

- Tier 1 entries are quoted (unadjusted) prices in active markets for identical assets or liabilities to which Findeter may access the assessment date.
- Tier 2 entries are entries other than quoted prices included in Tier 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 financial assets and liabilities in each of these hierarchies, based on the evaluation of input data used to derive fair value.

### i. Assessment of fair value on a recurring basis

Recurring measurements are those that are required by the Financial Reporting Standards accepted in Colombia- NCIF, in each reporting period, on financial assets and liabilities, and which are regularly measured on the fair value, if a measurement of a financial instrument at fair value is required on a circumstantial basis, is classified as non-recurring.

For the determination of the levels of fair value hierarchy, an evaluation of the methodologies used by the official price supplier is carried out, with knowledge of the markets, the inputs and the approximations used for the estimation of the fair values of the recurring bases.

On the other hand, and in accordance with the methodologies not objected to by the Financial Superintendency of Colombia to the price provider (PRECIA), it receives information from all external and internal sources of negotiation, information and registration.

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

a) Market Prices: methodology applied to assets and liabilities that have sufficiently large markets, in which the volume and number of transactions are generated to establish a starting price for each negotiated reference. This methodology, equivalent to a level 1 hierarchy, is generally used for investments in sovereign debt securities.

b) 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 quotations 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 non-recurring issuers with low amounts in circulation.

   OTC derivative financial instruments: these instruments are valued using the discounted cash flow approach, in which, based on inputs published by the supplier of domestic, foreign and implicit interest rate curves, and exchange rates, the future flows of each contract are projected and discounted according to the underlying in question. The portfolio of these instruments, classified at fair value level 2, is made up of currency forwards contracts.

   In the case of collective investment funds, the valuation of the unit of participation in force for the day and applicable for the operations that can be carried out on this date will be given by the value of the pre-closure of the Collective Investment Fund divided by the total number of units for the beginning of the day. It should be noted that the value of the Collective Investment Fund unit will determine the number of units corresponding to the investors. The value of the unit of each type of participation of the Collective Investment Fund in force for the day and applicable for the operations that can be carried out on this date will be given by the value of the pre-closing of each type of participation of the Collective Investment Fund divided by the number of units of the type of participation for the beginning of the day.

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

Additionally, the recognition of equity investments, which have no market and are measured according to the variation in the entity's equity where the investment is held. According to recognition and measurement instructions of the Financial Superintendence of Colombia, chapter i-1 of the Basic Accounting and Financial Circular 100, which are classified at hierarchy level 3.

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

| Assets | Fair values Dec 31, 2021 | Hierarchy level 1 | Hierarchy level 2 | Hierarchy level 3 | Fair value Dec 31, 2020 | Hierarchy level 1 | Hierarchy level 2 | Hierarchy level 3 |
|---|---|---|---|---|---|---|---|---|
| **Negotiable Investments** | | | | | | | | |
| Debt securities other financial institutions | 86,876,451 | - | 86,876,451 | - | 70,516,633 | - | 70,516,633 | - |
| Government debt securities | 210,217,823 | 210,217,823 | - | - | 170,502,005 | 170,502,005 | - | - |
| Private Equity Fund - Ashmore | 44,478,538 | - | - | 44,478,538 | 42,085,661 | - | - | 42,085,661 |
| Collective investment funds | 19,235,338 | - | 19,235,338 | - | 18,405,576 | - | 18,405,576 | - |
| **Available for sale** | | | | | | | | |
| FNG Shares | 36,162,178 | - | - | 36,162,178 | 30,344,314 | - | - | 30,344,314 |
| Currency Forward | 62,193,935 | - | 62,193,935 | - | 615,188 | - | 615,188 | - |
| **Total of Investments** | **459,164,263** | **210,217,823** | **168,305,724** | **80,640,716** | **332,469,377** | **170,502,005** | **89,537,397** | **72,429,975** |
| Investment Properties | 924,955 | - | 924,955 | - | 874,000 | - | 874,000 | - |
| Buildings | 20,263,869 | - | 20,263,869 | - | 20,263,959 | - | 20,263,959 | - |
| Land | 6,847,500 | - | 6,847,500 | - | 6,847,500 | - | 6,847,500 | - |
| **Total Assets** | **487,200,587** | **210,217,823** | **196,342,048** | **80,640,716** | **360,454,836** | **170,502,005** | **117,522,856** | **72,429,975** |
| **Liabilities** | | | | | | | | |
| Currency Forward | 2,505,503 | - | 2,505,503 | - | 58,361,272 | - | 58,361,272 | - |
| Financial Guarantees | 39,346,819 | - | - | 39,346,819 | 55,239,827 | - | - | 55,239,827 |
| **Total Liabilities** | **41,852,322** | **-** | **2,505,503** | **39,346,819** | **113,601,098** | **-** | **58,361,272** | **55,239,827** |

In order to establish the disclosure values of the Private Capital Fund as a Level 3 Asset, the historical series of the investment position of the last 23 months was established, as well as the Value at risk for each of the months and reported to the Financial Superintendency of Colombia. Yielding the following results:

(Figures expressed in thousands of pesos)

| Year | Month | Position Value | Max var | Standard Deviation |
|---|---|---|---|---|
| 2019 | November | 52,416,386 | 7,705,209 | 30,325,184,620,035 |
| 2019 | December | 61,938,007 | 9,104,887 | 2,476,907,951,994,690 |
| 2020 | Janua ry | 62,140,980 | 9,134,724 | 2,571,714,506,640,270 |
| 2020 | February | 61,945,818 | 9,106,035 | 2,480,523,145,609,710 |
| 2020 | March | 61,571,143 | 9,050,958 | 2,310,067,025,388,170 |
| 2020 | April | 60,798,252 | 8,937,343 | 1.977.610.819.895.000 |
| 2020 | May | 61,006,830 | 8,968,004 | 2,064,786,372,213,340 |
| 2020 | June | 49,337,750 | 7,252,649 | 77,516,734,982,527 |
| 2020 | July | 55,314,386 | 8,131,215 | 360,176,671,070,946 |
| 2020 | August | 56,183,549 | 8,258,982 | 529,859,113,161,696 |
| 2020 | September | 57,898,861 | 8,511,133 | 960,527,631,382,519 |
| 2020 | October | 57,335,698 | 8,428,348 | 805,111,626,499,359 |
| 2020 | November | 57,898,661 | 8,511,103 | 960,470,004,418,065 |
| 2020 | December | 42,085,661 | 6,186,592 | 1,807,613,819,231,040 |
| 2021 | Janua ry | 42,085,661 | 6,186,592 | 1,807,613,819,231,040 |
| 2021 | February | 42,886,929 | 6,304,379 | 1,504,765,814,698,120 |
| 2021 | March | 43,436,087 | 6,385,105 | 1,313,230,710,814,400 |
| 2021 | April | 43,845,575 | 6,445,300 | 1,178,892,104,700,850 |
| 2021 | May | 44,448,053 | 6,533,864 | 994,415,364,653,129 |
| 2021 | June | 45,130,239 | 6,634,145 | 804,469,858,550,757 |
| 2021 | July | 45,390,084 | 6,672,342 | 737,408,995,099,051 |
| 2021 | August | 45,886,192 | 6,745,270 | 617,477,406,994,783 |
| 2021 | September | 45,226,662 | 6,648,319 | 779,244,437,010,679 |
| 2021 | October | 45,268,948 | 6,654,535 | 768,308,547,881,794 |
| 2021 | November | 46,070,596 | 6,772,378 | 575,610,339,756,634 |
| 2021 | December | 44,478,538 | 6,538,345 | 985,497,674,596,074 |
| Average | | 51,231,752 | 7,531,068 | 1,100,352 |

| | |
|---|---|
| Standard Deviation | 1,122,143 |

The VAR of the position is taken as a measure of risks and is filtered by its calculation methodology.

Based on the above statements, the average deviation of the data series is calculated, yielding a value of $1,122,143, which means that the averages of the average have an average gap for that value. It is also taken to stress the possible loss of the average.
As a result of the above, the potential impact on the income statement is calculated under a less favorable hypothesis that is the average value of the var of the data series, stressing it by

adding the value of a standard deviation of that data series:

**Potential impact on the results account negative hypothesis (Loss) =**

**7,531,068 + 1,122,143= 8,653,211**

To measure the potential Impact on the Income Statement Positive Hypothesis, the average of the active position in the series is taken and multiplied by the value of the active rate of the rediscount portfolio for the final month of December 2021 6.9% EA, giving as the most favorable result a return of $3,534,991

Findeter as of December 31, 2021, records an investment in the Ashmore Colombia Infrastructure Fund, for $44,478,538, which is equivalent to having a participation of 12.84% and having 1,151,089.49 units, out of the total of the Fund. Generating an increase by $2,392,877 versus December 31, 2020.

| Private Equity Fund - Ashmore | Balance |
|---|---|
| Dec 31, 2021 | 44,478,538 |
| December 31, 2020 | 42,085,661 |
| Variation | $2,392,877 |

At December 31, 2021, the private equity fund generated a net profit from valuation of $5,526,043.

| **Private Equity Fund - Ashmore** | **Dec 31, 2021** | **December 31, 2020** |
|---|---|---|
| Income from valuation | 5,646,010 | 19,960,292 |
| Valuation Expense | 119,967 | 24,040,650 |
| **Net Valuation** | **5,526,043** | **(4,080,358)** |

The variation between the valuation and the final balance of the investment as of December 31 corresponds to the redemption of capital made by the fund for $3,133,166.

The valuation of the Fund is reported by an independent third party in accordance with the provisions of the Fund's regulations. The valuation variables are presented in the following table:

| **Type** | **Valuation technique** | **Significant unobservable information** | **Interrelationship between unobservable information and the measurement of fair value** |
|---|---|---|---|
| | | The main non-observable significant information corresponds to: | The estimated unit value may increase or decrease if: |

| | | | |
|---|---|---|---|
| Contingent Consideration | The valuation of the companies that are part of the Ashmore Colombia FCP-I Infrastructure Fund is carried out through the Discounted Cash Flow and Asset Appraisal methodologies. | 1. Estimated income for the valuation period.<br><br>2.The pricing structure and costs of the companies<br><br>3.The weighted average cost of capital used to discount future flows<br><br>4.The level of administrative and sales expenses.<br><br>5.The working capital management policies used in the projection.<br><br>6.The balance sheet structure used in the projection.<br><br>7.The dividend policy of each of the companies.<br><br>The information in the points mentioned above comes from the plans of business generated within each company, which in turn is built on the basis of historical performance, in specific growth objectives according to market information and in business strategies. | 1. The projected income assumptions are met<br><br>2. If there is an effective control of costs and expenses in each company<br><br>3. If working capital requirements are increased or decreased<br><br>4. If the dividend policy is changed substantially.<br><br>5. If the discount rate used to discount free cash flows increases or decreases. |

For financial assets measured at fair value, value hierarchy transfers were presented with a cut-off date of December 31, 2021 versus December 31, 2020. Originating from the fact that Findeter holds shares in the National Guarantee Fund which are not listed on the market and are measured in accordance with the equity variation of the entity where the investment is held. According to the recognition and measurement instructions of the Financial Superintendence of Colombia, chapter i-1 of the Basic Accounting and Financial Circular 100. The shares held by Findeter in the National Guarantee Fund were reclassified from hierarchy level 2 to hierarchy level 3. This reclassification does not alter the present financial statements or the previous validity, and is only done for disclosure purposes.

**ii.** **Measurement at fair value on a non-recurring basis:** As of December 31, 2021, there are assets or liabilities valued at fair value determined on a non-recurring basis.

The following is a breakdown of how financial assets and liabilities held for accounting purposes to maturity were measured and are measured at fair value solely for the purposes of this disclosure.

In accordance with the methodologies described below, which are used to re-experience assets and liabilities on a non-recurring basis, only the calculation is made for disclosure purposes, and classified in Hierarchies of fair value 2 and 3.

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

For the determination of the fair value of the credit portfolio, financial assets of investment in securities at amortized cost, financial obligations, term deposit certificates and investment securities in circulation, the following methodologies and the necessary inputs for their calculation were determined:

- **Flow projection**

For each of the portfolios, the cash flows to be received and/or paid during the term of each of them are projected individually. For the respective projection, the interest rate of the current flow at the cut-off date is taken 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 at the expiration thereof are determined.

- **Determination of the Discount Rate**

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

- **Calculation of time duration.**

With the above 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.

In the following breakdown, the book value and fair value of financial assets and liabilities are presented, on a non-recurring basis:

| | Dec 31, 2021 | | December 31, 2020 | | Hierarchy Level |
|---|---|---|---|---|---|
| Assets | Book Value | Fair values | Book Value | Fair values | |
| Credit Portfolio and finance lease transactions, net | 9,573,929,584 | 9,889,510,172 | 10,024,994,463 | 10,260,776,068 | 3 |
| Investment financial assets * | 29,464,124 | 30,501,262 | 29,294,369 | 30,254,318 | 3 |
| **Total financial assets** | **9,603,393,708** | **9,920,011,434** | **10,054,288,832** | **10,291,030,386** | |

| **Liabilities** | | | | | |
|---|---|---|---|---|---|
| Term Deposit certificates | 6,192,074,338 | 6,345,222,290 | 6,776,680,932 | 6,799,352,150 | 3 |
| Outstanding investment securities | 1,575,884.38 | 1,638,822,106 | 1,571,958,773 | 1,621,055,707 | 3 |
| Financial commitments | 2,230,638,160 | 2,217,974,494 | 2,046,669,107 | 2,028,788,826 | 3 |
| **Total Liabilities** | **$9,998,596,879** | **10,202,018,890** | **10,395,308,812** | **10,449,196,683** | |

*Investment financial assets correspond to securities remaining from the portfolio securitization process carried out by Findeter, which were acquired and are recorded at amortized cost.

**Note (9) Risk management**

## Risk Management Process

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

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

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

## Management board

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

- The manuals and regulations of the different risk management systems will be approved by the Board of Directors in ordinary session.
- Issue general policies for proper risk management.
- Establish the limits and risk tolerance within the different systems.
- Establish policies for the constitution of provisions.
- Establish recovery policies.
- Approve the risk measurement methodologies for the different systems.
- Periodically review the established limits.
- Ensure the allocation of technical and human resources to ensure optimal risk management.
- Require the administration, for its evaluation, periodic reports on the levels of exposure to the different risks, their implications and the activities relevant to their mitigation and/or adequate management.

- Indicate the responsibilities and attributions assigned to the positions and areas in charge of risk management.
- Evaluate the proposals for recommendations and corrective actions on the administration processes suggested by the principal legal representative, without prejudice to the adoption of those deemed appropriate.
- Approve the internal control system, assigning precisely the responsibilities of the competent areas and employees, as well as evaluate the reports and management of the area in charge of said control.

## Committees associated with risk management

i. Risk Committee and GAP and SARLAFT

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

Main functions:

- Establish risk management procedures and mechanisms.
- Advise the Board of Directors on the definition of exposure limits.
- Recommend strategies for the structure of the balance sheet in terms of terms, amounts, currencies, types of instruments and hedging mechanisms.
- Evaluate the assets and liabilities portfolio.

- Ensure compliance with the decisions of the Board of Directors.
- Design and approve the risk management strategy and lead its execution.
- Recommend to the Board of Directors the maximum exposure value for rediscount, investment and hedging transactions.
- Evaluate the portfolio, define the intermediary risk category.

ii. SARC Committee

General Objective: This Committee aims to analyze, validate and maintain an interdisciplinary control of all issues related to credit risk. The Internal Credit Risk Committee will be held on a minimum monthly basis.

Main functions:

- Follow up on early warning indicators.
- Define the entities that should be visited according to quantitative and qualitative analyses.
- Analyze the level of provisions.
- Analyze the periodic reconciliations between the portfolio recorded by FINDETER and that recorded by the Intermediaries.
- Analyze the concentration of the portfolio.
- Make recommendations to the Risk Committee.
- Analyze the variations of the proposed Maximum Exposure Values.
- Define the qualitative points to be evaluated by each intermediary.
- Analyze audit results for Rediscount operations and evaluate the relevant actions in those cases that apply.
- Others that the Vice President of Risks, and/or the Risk Committee and GAP and SARLAFT consider.

**RISK MANAGEMENT SYSTEMS**

Below is a breakdown of the different systems in place at Findeter for risk management:

**I. Credit Risk Management System – SARC.**

The following describes the relevant qualitative aspects of Credit Risk, such as, for example, the transactions in which it is produced, types of policies approved, procedures, generality of measurement methodologies, etc.

**Transactions over which there is exposure to credit risk Portfolio –**

**Rediscount:**

This originates in credit operations intermediated by credit institutions supervised by the Financial Superintendency and in operations that originated in certain entities not supervised by this entity as in the case of the Regional Development Institutes – hereinafter INFIS. Similarly, with the creation of the Social Interest Housing Line VIS, other intermediaries were authorized, such as: Family Compensation Funds monitored by the Superintendency of Family Allowance, Savings and Credit Cooperatives and Employee Funds monitored by the Superintendency of Solidarity Economy. It is important to clarify that the portfolio associated with the entities not supervised by the Financial Superintendence of Colombia and the INFIS with a long-term rating other than "AAA", is a portfolio that is exclusively in recovery; and therefore no new transactions were recorded with these entities.

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

- Financial analysis and probability of deterioration: Mathematical and statistical evaluation of the financial statements of intermediaries.
- Qualitative aspects, and on-site visits: The objective of this component is to carry out a qualitative analysis of a series of information sent by the intermediary, with which it is intended to deepen the knowledge of the customer and have a greater knowledge about their business model and strategy, corporate governance framework, etc.

All Maximum Exposure Values are approved exclusively by the Findeter Board of Directors.

**Direct loan portfolio**

Findeter, by virtue of the authorizations given by the Colombian Government, places credits directly to some beneficiaries in order to support the territories:

Direct Credits to Territorial Entities: It originates from direct credit operations and/or credits syndicated with entities of public international law addressed to districts, municipalities and/or departments by virtue of decree 468 of March 23, 2020.

Direct Credits to Persons Providing Public Domiciliary Services PPSPD supervised by the Superintendency of Public Domiciliary Services (utilities): It originates from the direct credit operations that are granted to persons providing public domestic services, by virtue of decrees 581 of April 2020, 798 and 819 both of June 2020. This line was in force until December 31, 2020, currently the portfolio with this type of entity is in the process of recovery.

The credit risk management of this direct credit product complies with all the guidelines established in Chapter II of the Basic Accounting and Financial Circular 100 of 1995 issued by Colombia's Financial Superintendence. For each of the phases of granting, monitoring and recovery, different policies, methodologies, models, procedures are applied to maintain risk levels in accordance with what is defined by the administration and Board of Directors.

Given the social and economic situation caused by the pandemic, which originated in 2020 and lasted throughout 2021, Findeter carried out a permanent monitoring of the behavior of the different indicators of each of the intermediaries, adjusting the exposure level and the level of provisions as indicated by the analyses, however, and in general terms the intermediaries during 2021 do not show deterioration in their most relevant indicators, this by virtue of the signs of economic recovery that the country showed at the end of 2021.

The main figures on the exposure to credit risk are detailed below.

Total credit portfolio capital exposure:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| RE-DISCOUNT | $8,295,449,117 | 86.33% | $9,610,197,895 | 95.43% |
| DIRECT CREDIT | 1,251,480,355 | 13.02% | 407,040,944 | 4.04% |
| FIRST FLOOR | 868,980 | 0.01 % | 4,417,440 | 0.04% |
| EMPLOYEES | 39,937,208 | 0.42% | 28,884,834 | 0.29% |
| EX-EMPLOYEES | 21,021,906 | 0.22% | 20,352,076 | 0.20% |
| | **$9,608,757,566** | **100.00%** | **$10,070,893,189** | **100.00%** |

Exposure of total interest on gross portfolio

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| RE-DISCOUNT | $24,438,236 | 85.88% | $24,069,667 | 97.20% |
| DIRECT CREDIT | 3,846,147 | 13.52% | 470,108 | 1.90% |
| FIRST FLOOR | 36,096 | 0.13% | 36,095 | 0.15% |
| EMPLOYEES | 36,868 | 0.13% | 55.451 | 0.22% |
| EX-EMPLOYEES | 98,629 | 0.35% | 132,687 | 0.54% |
| | **$28,455,976** | **100.00%** | **$24,764,008** | **100.00%** |

The following table describes the rediscount portfolio exposure distributed between supervised by the Financial Superintendence of Colombia and those not under their supervision.

Exposure of the rediscount portfolio:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| MONITORED | $8,288,617,608 | 99.92% | $9,596,660,350 | 99.85% |
| UNMONITORED | 6,831,509 | .08% | 13,537,545 | 0.15% |
| | **$8,295,449,117** | **100%** | **$9,610,197,895** | **100%** |

Exposure of the total interest on the rediscount portfolio

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| MONITORED | $24,383,555 | 99.78% | $23,999,330 | 99.71% |
| UNMONITORED | 54,681 | 0.22% | 70,337 | 0.29% |
| | **$24,438,236** | **100%** | **$24,069,667** | **100%** |

Distribution of the rediscount credit portfolio by type of entity.

Rediscount Portfolio Capital Exposure:

| | **2021** | | **2020** | |
|---|---|---|---|---|
| | **Exposure** | **Share** | **Exposure** | **Share** |
| BANKS | $8,086,791,743 | 97.50% | $9,346,265,624 | 97.25% |
| SPECIAL OFFICIAL INSTITUTION - IOE | 113,614,856 | 1.37% | 116,006,101 | 1.21% |
| INSTITUTES OF DEVELOPMENT - INFIS | 76,696,556 | 0.92% | 104,171,088 | 1.08% |
| FINANCIAL COOPERATIVES | 9,325,277 | 0.11% | 33,291,808 | 0.35% |
| FINANCING COMPANIES | 7,848,039 | 0.09% | 8,525,901 | 0.09% |
| OTHERS | 1,172,646 | 0.01 % | 1,937,373 | 0.02% |
| | **$8,295,449,117** | **100.00%** | **$9,610,197,895** | **100.00%** |

Exposure of the total interest on the rediscount portfolio

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| **BANKS** | **$22,969,600** | **93.99%** | **$22,822,653** | **94.82%** |
| SPECIAL OFFICIAL INSTITUTION - IOE | 868,303 | 3.56% | 689,322 | 2.86% |
| INSTITUTES OF DEVELOPMENT - INFIS | 528,410 | 2.16% | 406,293 | 1.69% |
| FINANCIAL COOPERATIVES | 44,821 | 0.18% | 120,751 | 0.50% |
| FINANCING COMPANIES | 24,268 | 0.10% | 26,213 | 0.11% |
| OTHERS | 2,834 | 0.01 % | 4,435 | 0.02% |
| | **$24,438,236** | **100.00%** | **$24,069,667** | **100.00%** |

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

The following tables describe the direct credit portfolio exposure distributed between Territorial Entities and Home Utility Providers – PPSPD

Direct credit portfolio capital exposure:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| TERRITORIAL ENTITIES | $975,679,480 | 77.96% | $128,125,213 | 31.48% |
| PPSPD | 275,800,875 | 22.04% | 278,915,731 | 68.52% |
| | **1,251,480,355** | **100.00%** | **407,040,944** | **100.00%** |

By virtue of Decree 581 of April 15, 2020, the credits to Persons Providing Domiciliary Public Services – PPSPD were placed at an interest rate of 0%

Exposure of interest on direct credit portfolio:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Exposure | Share | Exposure | Share |
| TERRITORIAL ENTITIES | $3,846,147 | 100.00% | $470,108 | 100.00% |
| | **$3,846,147** | **100.00%** | **$470,108** | **100.00%** |

Distribution of the total portfolio by risk rating: Exposure of the total credit portfolio

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **CATEGORY** | Exposure | Share | Exposure | Share |
| Category A "Normal Risk" | $9,584,286,939 | 99.75% | $10,063,932,013 | 99.93% |
| Category B "Acceptable Risk" | 22,055,286 | 0.23% | 1,585,429 | 0.02% |
| Category C "Appreciable Risk" | 388,814 | 0.00% | - | 0.00% |
| Category D "Significant Risk" | 378,796 | 0.00% | 796,063 | 0.01 % |
| Category E "Unrecoverable" | 1,647,731 | 0.02% | 4,579,684 | 0.04% |
| **Total gross portfolio** | **$9,608,757,566** | **100.00%** | **$10,070,893,189** | **100.00%** |

Exposure of total interest on loan portfolio

| CATEGORY | 2021 Exposure | 2021 Share | 2020 Exposure | 2020 Share |
|---|---|---|---|---|
| Category A "Normal Risk" | $28,307,808 | 99.48% | $24,709,603 | 99.83% |
| Category B "Acceptable Risk" | 90,598 | 0.32% | - | 0.02% |
| Category C "Appreciable Risk" | 225 | 0.00% | - | 0.00% |
| Category D "Significant Risk" | 6,029 | 0.02% | 32,062 | 0.09% |
| Category E "Unrecoverable" | 51,316 | 0.18% | 22,343 | 0.06% |
| **Total gross portfolio** | **$28,455,976** | **100.00%** | **$24,764,008** | **100.00%** |

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

## II. Market Risk Management System

The relevant qualitative aspects in terms of Market Risk are described below:

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

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

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

Interest-rate risk. It is the possibility that the entity incurs losses due to changes in interest rates. Financial institutions are exposed to interest rate risk whenever there is a mismatch between the average term of the assets and that of the liabilities. This risk can be in legal currency, foreign currency and in True Value Units (UVR from Spanish acronym).

Foreign Exchange/Currency Risk: It is the possibility that the entity incurs losses due to changes in the exchange rates of the different currencies with which the entity carries out operations or has resources invested.

Securities Risk. This arises from holding open positions (buy or sell) with shares, indices or equity-based instruments. This creates an exposure to the change in the market price of index-linked shares or index-based instruments. Findeter has exposure to this risk by holding a stake in the National Guarantee Fund.

Collective investment funds. It arises from holding positions in private equity funds, mutual funds, securities funds and investment funds. Under this scheme there is exposure to the change in the valuation of the units of participation in said instruments.

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

With regard to the risk due to changes in the exchange rate of the peso against other currencies to which FINDETER may be exposed, the Board of Directors adopted the policy of keeping the global exchange rate position hedged at a percentage greater than 95%. Additionally, the foreign currency VaR is obtained from the positions in these currencies in the calculation of the VaR of the standard model, this VaR must not exceed 2% of the passive positions of Findeter in foreign currency.

**Associated Procedures Market Risk Measurement and Control**

Treasury book positions exposed to rate risk:

| **Active Positions (rights)** | **2021** | **2020** |
|---|---|---|
| Investments<br>(without private equity funds, collective investment funds and shares) (1) | 297,094,274 | 241,018,638 |
| **Active positions in foreign currency (rights)** | | |
| Forwards Rights | 2,136,200,394 | 1,763,176,623 |
| **passive positions (obligations)** | | |
| Forward obligations | 2,076,415,050 | 1,820,937,557 |

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

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

| | 2021 | 2020 |
|---|---|---|
| Credits in dollars and euros | $109,499,819 | $210,044,037 |
| Forward purchase of dollars and euros | 2,136,200,394 | 1,763,176,623 |
| Available in dollars and euros | 54,611,212 | 75,095,048 |
| Other assets and accounts receivable in dollars | 253,616 | 878,460 |

| | 2021 | 2020 |
|---|---|---|
| | **$2,300,565,041** | **$2,049,194,168** |
| | **2021** | **2020** |
| Multilateral bank debt | $2,220,526,342 | $2,038,854,435 |
| Other liabilities and accounts payable | 10,122,384 | 7,814,672 |
| | **$2,230,648,726** | **2,046,669,107** |
| Difference in absolute value | 183,979,619 | 183,979,619 |
| VaR Exchange Rate* | 356,327 | 148,731 |

*(See note 27, RMR impact analysis)

The VaR calculation is carried out applying the standard model and, in accordance with the instructions of the Financial Superintendence of Colombia in the Basic Accounting and Financial Circular, it is reported daily, this implies that the values used to estimate market risk are prior to the accounting closing, so there may be differences with what is reflected in the balance sheet.

Positions exposed to equity risk and by positions in collective investment funds and private equity:

| | 2021 | 2021 |
|---|---|---|
| **Stocks** | 36,162,178 | $30,344,313 |
| **FICs and FCPs** | 63,713,876 | 60,493,985 |

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

| Month | | 2021 | 2020 |
|---|---|---|---|
| Interest rate | $ | 14,442,287 | 21,725,513 |
| Exchange Rate | | 356,327 | 148,731 |
| Share price | | 3,908,690 | 4,605,125 |
| Collective investment funds | | 9,363,300 | 10,031,727 |
| Value at risk | **$** | **28,070,604** | **36,511,096** |
| Technical Equity | | 1,214,08,431 | 1,188,022,620 |
| GLOBAL VaR | | **2.31%** | **3.07%** |

The lower risk by interest rate is highlighted, which for the end of 2020 presented a higher value, explained by the terms of the hedges and the liquidation of positions in the investment portfolio in accordance with the strategies of FINDETER, likewise there is evidence of a decrease in the price of shares and collective investment funds.

**Value at Risk vs Global Limit:**

The overall value at risk of the bank and treasury book as of December 31, 2021 was 2.3% below the 8% limit established by the Board of Directors, compared to 3.07% at the end of 2020, shows a slight decrease generated by the decrease in the interest rate component, share price and collective investment funds.

**Value at risk Foreign Currency vs Limit:**

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

The VaR in foreign currency as of December 31, 2021 was 0.2% below the limit of 2% established by the Board of Directors, compared to 0.3% at the end of 2020, shows a slight decrease generated by the fit of the active and passive positions exposed to this risk and the increase in the PT.

**Exposure to currency risk:**

In compliance with the provisions of the Colombia's Central Bank External Regulatory Circular DODM 285, in the sense of hedging the Entity's currency exposure and with the provisions of External Circular 041 of the Financial Superintendence of Colombia regarding the transfer of the Global Currency Position, FINDETER has been hedging the currency exposure of its liabilities in foreign currency.

As part of its strategy to reduce its foreign exchange risk, Findeter carried out operations with derivative financial instruments and made disbursements in dollars as a natural hedge for liabilities in foreign currency, with a cut on December 31, 2021 of USD 518,923,482 in forward contracts and USD 27,504,501 in rediscount credits. Additionally, Findeter monitors its foreign currency positions through the monitoring of the value at risk in foreign currency, which has been maintained at tolerable levels with respect to the limit defined by the Board of Directors.

The following table shows the value of the forwards constituted by entity and the participation by entity for the end of 2021:

## 2021

| ENTITY | Transactions by entity USD | Share |
|---|---|---|
| BANCOLOMBIA | 99,850,000 | 19% |
| BANCO DE BOGOTÁ | 65,300,000 | 12% |
| BANCO DE OCCIDENTE | 124,743,724 | 23% |
| ITAU CORPBANCA COLOMBIA | 102,245,000 | 19% |
| CORFICOLOMBIANA | 29,000,000 | 5% |
| SCOTIABANK COLPATRIA | 25,200,000 | 5% |
| DAVIVIENDA S.A. RED BANCAFE | 58,224,689 | 11% |
| BANCO POPULAR | 29,325,000 | 5% |
| | **533,888,413** | |

## 2020

| ENTITY | Transactions by entity USD | Share |
|---|---|---|
| BANCO DE BOGOTÁ | 47,400,000 | 9% |
| BANCO DE OCCIDENTE | 50,975,000 | 10% |
| BANCO POPULAR | 37,700,000 | 7% |
| BANCOLOMBIA | 71,955,539 | 14% |
| BANCO BBVA | 65,500,000 | 13% |
| CORFICOLOMBIANA | 65,356,776 | 13% |
| DAVIVIENDA S.A. RED BANCAFE | 64,666,435 | 13% |
| ITAU CORPBANCA COLOMBIA | 52,500,000 | 10% |
| SCOTIABANK COLPATRIA | 58,000,000 | 11% |
| | **514,053,750** | |

The global foreign exchange positions with a cut off as of December 31, 2021 and 2020 presented figures of USD -89,447 and USD 1,118,117 respectively, being located within the permitted limits of 20% and (5%) with respect to the technical assets as of October 2020, in accordance with the provisions of the External Regulatory Circular DODM 285 of the Colombia's Central Bank:

**CALCULATION OF GLOBAL FOREIGN EXCHANGE POSITION - DOLLAR VALUE (USD)**

| RIGHTS | 2021 | 2020 |
|---|---|---|
| Banks | 13,717,412 | 21,877,654 |
| Forward | 518,923,482 | 514,053,750 |
| Credits (USD) | 27,504,501 | 61,192,727 |
| Accounts Receivable | 63,704 | 255,924 |
| | **560,209,099** | **597,380,055** |
| **OBLIGATIONS** | **VALUE $USD** | **VALUE $USD** |
| | **560,298,546** | **596,261,939** |
| Global Currency Position (USD) | -89,447 | 1,118,117 |

**LIMITS SET**

| | Thousand of USD | Thousand of USD |
|---|---|---|
| **Technical Equity month of October in USD** | **302.48** | **299.48** |
| 20% | 249.26 | 59.90 |
| -5% | (60.56) | (14.97) |

## III. Liquidity risk management system. SARL

Liquidity risk is the contingency that Findeter may go through if it incurs excessive losses that lead it to sell part or all of its assets and to carry out other operations that allow it to achieve the liquidity necessary to be able to comply with its obligations.

Liquidity risk arises from adverse changes in the relevant financial market variables. The main liquidity risks to which the Institution is exposed can be classified according to the different risk factors to which its portfolios are exposed. In this way you have:

- Inadequate management of assets and liabilities: Refers to a mismanagement of resources, either because of the quality or composition of the asset, or because of the way in which its activity is leveraged.
- Term and rate mismatch: This is the risk that arises when the terms or interest rates of the assets do not coincide with those of the liabilities.
- Volatility of resources captured: Variability in the stability of resources captured at term. Estimating volatility makes it possible to construct different liquidity scenarios, assess market uptake rates and define tolerance limits.
- Concentration of deposits: Materializes in liquidity risk when the concentration of deposits is accompanied by concentration of maturities.

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

Adverse change in interest rates.

- Deterioration of the economic sectors being served.
- Rumors (Financial Panic).

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

Associated Procedures Liquidity Risk Measurement and Control

**Policies**

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

**Liquidity Risk Indicator:**

The institution's liquidity risk indicators for the 7- and 30-calendar-day horizons should always be equal to or greater than zero.

**Concentration policies:**

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

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

The risk and GAP Committee shall establish the maturity concentration limit for resource raising operations.

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

7- and 30-day IRL liquidity risk indicator:

| | 2020 | | 2021 | |
|---|---|---|---|---|
| Month | IRL 7 days | IRL 30 days | IRL 7 days | IRL 30 days |
| January | 422,916,827 | 384,015,774 | 791,756,780 | 685,196,094 |
| February | 509,270,731 | 469,057,783 | 560,604,581 | 356,912,138 |
| March | 398,508,464 | 352,013,025 | 836,521,892 | 365,805,556 |
| April | 888,637,573 | 825,646,389 | 1,000,806,076 | 824,231,039 |
| May | 853,654,567 | 785,840,125 | 866,156,824 | 790,112,780 |
| June | 748,168,618 | 677,946,697 | 887,975,472 | 598,329,320 |
| July | 1,196,612,147 | 1,134,293,025 | 899,378,609 | 885,552,821 |
| August | 1,421,317,569 | 1,336,995,464 | 879,284,101 | 841,732,956 |
| September | 1,167,215,112 | 1,030,306,328 | 685,100,346 | 540,513,431 |
| October | 951,596,301 | 883,762,358 | 590,682,334 | 513,256,398 |
| November | 989,537,697 | 956,303,496 | 667,782,591 | 570,056,607 |
| December | 1,233,179,355 | 1,152,107,680 | 1,082,896,944 | 1,038,136,134 |

**Thousands of Colombian pesos**

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

The Liquidity Risk Indicator (LRI) shall be determined as follows:

IRL = Alm - RLN where:

Alm: Liquid assets adjusted for market liquidity, foreign exchange risk and required reserve.
RLN: Estimated Net Liquidity Requirement for the time band.

The composition of the Alm and RLN is carried out in accordance with the provisions of Chapter VI, Annex 1 of the Basic Accounting and Financial Circular of the Financial Superintendence.
The degree of exposure to liquidity risk, of positions that have contractual maturities at predetermined dates, is estimated by analysing the displacement of the cash flows of its assets, liabilities and off-balance sheet positions.

The results of the internal liquidity risk model can be seen below, it is important to note that the available values and investments that make up the liquid assets can not have any type of restriction and in addition market liquidity haircuts are applied to them required by regulations (Basic Accounting and Financial Circular). Therefore, assets recognised as restricted are not part of the calculation.

Liquidity risk indicator for different bands as of December 31, 2021:

| Band | | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|---|
| Available | Cash | 900,365 | 900,365 | 853,414 | 369,252 | 318,703 | (442,193) |
| | Portfolio | 184,722 | 184,722 | 184,722 | 184,722 | 184,722 | ND |
| Requirement | | (2,191) | (46,951) | (484,162) | (50,549) | (945,618) | (1,052,118) |
| IRL | | 1,082,897 | 1,038,136 | 553,974 | 503,425 | (442,193) | (1,494,311) |
| IRL Relative | | 49535% | 2311.1% | 214.4% | 1095.9% | | |

*Figures in millions of COP*

Liquidity risk indicator for different bands as of December 31, 2020:

| Band | | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|---|
| Available | Cash | 1,112,501 | 1,112,501 | 1,028,373 | 820,238 | 355,937 | (789,702) |
| | Portfolio | 123,735 | 123,735 | 123,735 | 123,735 | 123,735 | - |
| Requirement | | (3,056.3) | (84,128) | (208,135) | (464,301) | (1,269,373) | (902,639) |
| IRL | | 1,233,179 | 1,152,108 | 943,972 | 479,671 | (789,702) | (1,692,341) |
| IRL Relative | | 40449% | 1469% | 554% | 203% | | |

*Figures in millions of COP*

## Liquidity risk sensitivity

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

2021

| Band | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|
| Available | 1,085,088 | 1,085,088 | 1,038,136 | 511,647 | 453,511 | (626,950) |
| Requirement | (2,191) | (46,951) | (526,489) | (58,136) | (1,080,461) | (1,309,485) |
| IRL | 1,082,897 | 1,038,136 | 511,647 | 453,511 | (626,950) | (1,936,435) |
| IRL Relative | 49535% | 2311.1% | 197.2% | 880.1% | | |

*Figures in millions of COP*

Liquidity risk indicator stressing income by 25% for different bands, as of December 31, 2021.

| Band | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|
| Available | 1,085,088 | 1,085,088 | 1,038,136 | 469,312 | 364,615 | (850,715) |
| Requirement | (2,191) | (46,951) | (568,824) | (104,696) | (1,215,331) | (1,566,903) |
| IRL | 1,082,897 | 1,038,136 | 469,312 | 364,615 | (850,715) | (2,417,618) |
| IRL Relative | 49535% | 2311.1% | 182.5 | 448.3% | | |

Figures in millions of COP

Liquidity risk indicator stressing income by 50% for different bands, as of December 31, 2021.

2020

| Band | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|
| Available | 1,236,236 | 1,236,236 | 1,131,925 | 893,145 | 397,215 | (972,847.0) |
| Requirement | (3,056.3) | (104,310.6) | (238,780.4) | (495,929.4) | (1,370,062.3) | (1,135,823.3) |
| Liquidity Risk Indicator | 1,233,179 | 1,131,925 | 893,145 | 397,215 | (972,847) | (2,108,670) |
| IRL Relative | 40449% | 1185% | 474% | 180% | | |

Figures in millions of COP

Liquidity risk indicator stressing income by 25% for different bands, as of December 31, 2020.

| Band | 1-7 days | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days |
|---|---|---|---|---|---|---|
| Available | 1,236,236 | 1,236,236 | 1,101,397 | 831,910 | 304,289 | (1,166,664.5) |
| Requirement | (3,056.3) | (134,838.7) | (269,487.0) | (527,620.7) | (1,470,953.7) | (1,369,474.7) |
| Liquidity Risk Indicator | 1,233,179 | 1,101,397 | 831,910 | 304,289 | (1,166,664) | (2,536,139) |
| IRL Relative | 40449% | 917% | 409% | 158% | | |

Figures in millions of COP

Liquidity risk indicator stressing income by 50% for different bands, as of December 31, 2020.

### IV. Operational Risk Management System – SARO.

FINDETER has implemented the Operational Risk Management System with which the operational risks of Findeter 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, Findeter has the Operational Risk Unit – URO –, led by the Vice Presidency of Risks.

The company integrated its operational risk, money laundering and terrorist financing, information security and cybersecurity, business continuity and environmental systems based on SARO. Hence, the identification of risks is carried out from the processes, these are assessed and controlled in order to obtain the residual risk. From the consolidation of the residual risk, the risk profile for the Entity is obtained. Each of the SARO stages has the respective policies and methodologies that contribute to its management, these are contained in the System Policy Manual, which has been duly approved by the Board of Directors, and is known to both the Audit Committee and the Risk Committee.

The system has the necessary procedures to develop the management of operational risk, which are contained within the Integrated Management System. Likewise, it has the record of operational risk events and security incidents, a fundamental tool in risk management that promotes the strengthening of processes by identifying their failures and correcting them, thus generating greater control and operational efficiency by reducing errors, thus creating a framework conducive to the development of the operation, as well as its different products and operating lines.

Regarding the recording of events for 2021, Findeter presented losses for operational risk corresponding to $1,672,796, (2020 $16,11,329), which were accounted for in the fines and sanctions account of other authorities. These losses have the respective event record, as well as the corresponding action plans for their attention.

According to the results of the last monitoring carried out with a cut-off date of December 31, 2021, FINDETER's residual risk profile is concentrated in MODERATE, which is derived from the application of the methodologies defined in the manual for the management of the risks and controls associated with the processes that Findeter has defined for its operation.

The Business Continuity Plan – PCN is contained within SARO, which includes the Emergency Response Plan and the Disaster Recovery Plan – DRP, these have as a fundamental objective to respond to situations of interruption of the operation, so that critical processes are kept operating until the return to normalcy. For this purpose, Findeter has defined its critical processes through the analysis of the impact of the business, which are subjected annually to different types of tests, which seek to ensure its operation in this type of situation.

Each test is duly documented in order to identify those activities that need to be strengthened in the crisis, these gaps generate action plans which are monitored by the Risk Committee, which has the responsibility of ensuring compliance with the PCN.

### V. Risk Management System of Money Laundering and Financing of Terrorism - SARLAFT.

FINDETER, as an entity supervised by the Financial Superintendence of Colombia, in compliance with the applicable regulatory framework and aware of the need to generate a control infrastructure against the risks of Money Laundering Terrorist Financing - ML/TF, has implemented the SARLAFT, which contemplates the organizational infrastructure, policies, methodologies, procedures, and the adoption of controls that allow the mitigation of the risks that are generated through the risk factors associated with money laundering and terrorist financing.

In accordance with the guidelines of the Financial Superintendence of Colombia, the implementation of the so-called SARLAFT 4.0 was completed. Within this update, the ML/TF risk matrix, their associated controls, the system components, warning signals and supporting documentation: Manual, procedures, formats and instructions were reviewed.

Regarding the situation generated by the pandemic, this did not represent changes in the control mechanisms of the ML/TF risks; this is how the consolidated residual risk of the Financial was maintained at a moderate level and from the evaluation of the elements that make up the System, it was obtained that its status is considered optimal.

Finally, the periodic reports were presented to the Board of Directors on the management carried out and the regulatory reports were transmitted to the Financial Information and Analysis Unit – UIAF, highlighting that no operation that could be classified as suspicious was detected and deserved to be reported to the aforementioned entity.

### VI. Legal risk

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

Findeter, in accordance with the instructions given by the control entity, assessed the claims of the proceedings against the Company based on analysis and concepts of the lawyers in charge and constituted the necessary provisions to cover the probabilities of loss. Note 24 to the financial statements elaborates on the proceedings against Findeter, other than those classified as remote probability.

## Note (10) Cash and cash equivalents

The following is the breakdown of Cash and Cash Equivalents:

| | 2021 | 2020 |
|---|---|---|
| Cash | $ 23,640 | 25,014 |
| National Currency (1) | 857,544,692 | 1,053,586,338 |
| Foreign Currency (2) | 54,611,212 | 75,095,048 |
| **Subtotal Cash** | **912,179,544** | **1,128,706,400** |
| Interbank (3) | 190,746,266 | 47,004,543 |
| Available Restricted (4) | (10,561,946) | (4,959,850) |
| **Subtotal Cash Equivalent** | **201,308,212** | **51,964,393** |
| | **1,113,487,756** | **1,180,670,793** |

1) Of the $857,544,692 of cash – National Currency, the Treasury Department disposed of resources for $816,050,181 in savings accounts as of December 31, 2021, which generated an average return of 2.07% E.A. (December 2020 1.42% E.A.). Findeter manages its resources as a single cash unit, destined to meet all its resource needs in fulfillment of its corporate purpose.

   There is no restriction on its availability, there is a pledge on the resources of Colombia's Central Bank as of December 2021 for $40,402,716 (2020 $30,520,169). See Note 31 number 1, Commitments and contingencies – Counter-guarantees the detail of the pledges, there are no restrictions for their availability. As of December 31, 2021, there are 2 reconciling items for a total value of $19,685; as of December 31, 2020, there were no reconciling items.

2) Cash in foreign currency corresponds to deposits in US dollars in remunerated accounts that generated an average return as of December 31, 2021 and 2020, of 1.42% and 1.02% E.A.; respectively, with a balance as of December 31, 2021 of USD 13,717,412 (2020 USD 21,877,654).

3) Interbank funds were classified as cash equivalents, for $190,746,266, which have a maturity between 1 and 30 days according to policy.

Information as of December 31, 2021

| Entity | Rate | Value | Expiration Date | Grade | Rating agency |
|---|---|---|---|---|---|
| Corficolombiana | 2.91% | 60,712,628 | 3/01/2022 | AAA | Standard and Poors and Fitch Ratings Colombia |
| JP Morgan | 3.11% | 130,033,638 | 3/01/2022 | AAA | Standard and Poors and Fitch Ratings Colombia |
| Total | | 190,746,266 | | | |

Information as of December 31, 2020

| Entity | Rate | Value | Expiration Date | Grade | Rating agency |
|---|---|---|---|---|---|
| Corficolombiana | 4.15% | 47,004,543 | 2/01/2020 | AAA | Standard and Poors and Fitch Ratings Colombia |

4) Corresponds to the cash balances as of December 31, 2021 and 2020, recorded in the National Guarantee Fund for $10,459,811 (2020 $4,694,457) and the Pre-Investment Fund for $102,135 (2020 $265,393).

   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 housing credits of social interest, in the case of the Pre-investment Fund these have a system to meet the needs of technical studies of prefeasibility of infrastructure requirements of territorial entities.

The following illustrates the Bank ratings granted by risk rating firms authorized by the Financial Superintendency of Colombia, of the financial institutions where Findeter holds the cash balance, as of December 31, 2021 and 2020, are classified as AAA and AA+.

| BANK | GRADE OF RISK | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Banco de Bogotá S.A. | AAA | $1,395,730 | 4,684,884 |
| Banco Popular S.A. | AAA | 144,744,003 | 217,142,627 |
| Bancolombia S.A. | AAA | 8,008,197 | 8,556,850 |
| Banco GNB Sudameris | AA+ | 210,754,308 | 266,778,775 |
| BBVA Colombia S.A. | AAA | 142,849,825 | 326,188,283 |
| Banco Santander S.A. | AAA | 40,416,633 | 27,056,520 |
| Banco Itau S.A. | AAA | 167,646,461 | 169,670,961 |
| Banco de occidente S.A. | AAA | 97,294,546 | 132,427 |
| Davivienda S.A. | AAA | 4,032,273 | 2,854,842 |
| Banco de la República | Country Risk | 40,402,716 | 30,520,169 |
| Banks-Foreign Currency | BBB | 54,611,212 | 75,095,048 |
| Petty cash | Unrated | 23,640 | 25,014 |
| Interbanking | AAA | 190,746,266 | 47,004,543 |
| Restricted Cash | AAA | 10,561,946 | 4,959,850 |
| | | **$1,113,487,756** | **1,180,670,793** |

## Note (11) Investment financial assets and derivatives

The classification of investments is as follows:

| | 2021 | 2020 |
|---|---|---|
| Negotiable Investments | $283,057,706 | 300,957,984 |
| Investments held to maturity (1) | 29,464,124 | 29,294,369 |
| Available for sale changes in ORI | 113,912,622 | 30,896,204 |
| Derivative financial instruments | 62,193,935 | 615,188 |
| | **488,628,387** | **361,763,745** |

(1) Corresponds to the balance of the investments derived from the portfolio securitization, held in the Colombian Securitization for $29,464,124 at December 31, 2021, ($29,294,369 in 2020)

### 11.1 Marketable investments at fair value

The balance of marketable investments at fair value is as follows:

| | 2021 | 2020 |
|---|---|---|
| Debt securities in Colombian pesos issued or guaranteed by other financial institutions | $86,876,451 | 70,516,633 |
| Equity securities (1) | 44,478,538 | 42,085,661 |
| Debt securities in Colombian pesos issued or guaranteed by the Colombian Government | 132,467,379 | 169,950,114 |
| Fiduciaria Bogotá - Pre-investment (2) | 19,235,338 | 18,405,576 |
| | **$283,057,706** | **300,957,984** |

(1) By Decree 1070 of April 8, 2010, Findeter was authorized to invest in private equity funds. Subsequently, the Board of Directors of Findeter approved the investment in the Ashmore Private Equity Fund as specified in minutes 233 of April 26, 2010. As of December 31, 2021, the fund presented a net profit from valuation of $5,516,646 (2020 loss of $4,080,358). See Note 27.

(2) It corresponds to the balance of the collective investment fund, which is constituted by the Pre-investment fund, in which resources are managed with a specific allocation consisting of the technical assistance of infrastructure projects.

### 11.2 Available for sale with changes in the ORI:

The breakdown of equity investments is as follows:

| | | |
|---|---|---|
| Debt securities in Colombian pesos issued or guaranteed by the Colombian Government (1) | $77,750,444 | 551,891 |
| National Guarantee Fund – FNG (2) | 36,161,978 | 30,344,113 |
| Other | 300 | 300 |
| Impairment of Investments | (100) | (100) |
| **Equity with changes in the ORI** | **$113,912,622** | **30,896,204** |

(1) The increase in this item is due to the objective of generating income through the creation of a Structural Portfolio of Fixed Income assets, with a medium risk profile, consistent with the investment horizon and cost of Findeter's resources.

Within its structure, and framed within the guidelines defined by the Board of Directors of Findeter, the Own Portfolio has an upper limit of $500,000. The objective and purpose of having these investments available for sale, is the generation of income through the purchase and sale of financial assets, seeking to maximize profitability by obtaining cash flows, both being essential for the achievement of this.

(2) Findeter has a stake in the national equity composition of the National Guarantee Fund as of December 31, 2021 and 2020 as follows: 1.10% 2021 (1.91% in 2020), for a total of 5,264,172 shares in 2021 (5,264,172 in 2020); with a equity value per share of $6,869.45 in 2021 ($5764.27 in 2020). The update of the value of the shares is recorded with changes in the ORI. For this purpose, the equity value was updated with the certificate updated as of November 30, 2021.

### 11.3 Derivative financial instruments measured at fair value

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Notional Amount | Amount Reasonable | Notional Amount | Amount Reasonable |
| Derivatives assets | USD | | USD | |
| Forward contracts: | | | | |
| Purchase of foreign currency | 430,874,800 | | 72,000,000 | |
| Rights | | $1,785,203,781 | | 246,994,605 |
| Obligations | | (1,723,009,846) | | (246,379,417) |
| Total assets derivatives | 430,874,800 | $62,193,935 | 72,000,000 | $615,188 |
| Derivatives liabilities | | | | |
| Forward contracts: | | | | |
| Purchase of foreign currency | 88,050,000 | | 442,053,750 | |
| Rights | | $350,997,274 | | 1,516,201,988 |
| Obligations | | (353,502,776) | | (1,574,563,260) |
| Total liabilities derivatives | 88,050,000 | $(2,505,503) | 442,053,750 | $(58,361,272) |
| Net position | 518,924,800 | $59,688,432 | 514,053,750 | $(57,746,084) |

During 2021 it was not modified, nor has the hedging strategy been modified where the hedged position is intended to be as close to 100%. The changes are due to movements in the exchange rate where the aggregate settlement of individual derivatives during the year could generate the change in the position.

The derivative financial instruments contracted by Findeter are traded on the OTC market (at the counter) with local counter parties. The fair value of derivative instruments has positive or negative changes as a result of fluctuations in foreign currency exchange rates.

- **Investment time bands**

The following is the breakdown of investments by maturity:

| | | 2021 | | | | |
|---|---|---|---|---|---|---|
| | | **Up to 1 month** | **More than one month and not more than three months** | **More than three months and less than a year** | **More than a year** | **Total** |
| Debt instruments issued or guaranteed by financial institutions | $ | 2,035,240 | 11,138,360 | 9,915,050 | 63,787,801 | 86,876,451 |
| FCP shares | | - | - | - | 44,478,538 | 44,478,538 |
| Debt securities in Colombian pesos issued or guaranteed by the Colombian Government | | - | - | 4,840,600 | 127,626,779 | 132,467,379 |
| Colombian Investments up to maturity of debt instruments | | - | - | - | 29,464,124 | 29,464,124 |
| Collective investment funds | | - | - | - | 19,235,338 | 19,235,338 |
| Equity changes in ORI | | - | - | - | 113,912,622 | 113,912,622 |
| Forwards Operations | | 19,895,862 | 30,011,709 | 12,286,364 | - | 62,193,935 |
| | $ | **21,931,102** | **41,150,069** | **27,042,014** | **398,505,202** | **488,628,387** |

| | | 2020 | | | | |
|---|---|---|---|---|---|---|
| | | **Up to 1 month** | **More than one month and not more than three months** | **More than three months and less than a year** | **More than a year** | **Total** |
| Debt instruments issued or guaranteed by financial institutions | $ | 6,596,580 | 5,565,000 | 1,579,025 | 56,776,028 | 70,516,633 |
| FCP shares | | | - | - | 42,085,661 | 42,085,661 |
| Debt securities in Colombian pesos issued or guaranteed by the Colombian Government | | | 14,227,613 | 24,707,500 | 131,566,892 | 170,502,005 |

| | | | | | |
|---|---|---|---|---|---|
| Investments to maturity, debt instruments | | - | - | 29,294,369 | 29,294,369 |
| Collective investment funds | | - | - | 18,405,576 | 18,405,576 |
| Equity changes in ORI | | - | - | $30,344,313 | $30,344,313 |
| Forwards Operations | | - | 615,188 | - | 615,188 |
| $ | **6,596,580** | **19,792,613** | **26,901,713** | **308,472,839** | **361,763,745** |

- **Counterparty grade investments of the year 2021.**

The following table shows the balances and ratings of the counterparties of the securities that make up the entity's portfolio, with cuts as of December 2021 and 2020:

| Issuer | 2021 | 2020 | Rating |
|---|---|---|---|
| National Guarantee Fund | 36,161,978 | 30,344,113 | AAA |
| Corficolombiana | 13,817,232 | - | AAA |
| Bancóldex S.A. | 3,032,910 | - | AAA |
| Banco de la Republica | 70,818,670 | 82,088,571 | AAA |
| Titularizadora Col. N-16 TIPS | 1,569,861 | - | AAA |
| Banco de Occidente S.A. | 29,276,786 | - | AAA |
| BBVA Bank | - | 6,147,975 | AAA |
| Scotianbank Colpatria | - 7,257,426 | 227,923 | AAA |
| Banco de Bogotá | 27,759,194 | 19,059,291 | AAA |
| Banco Popular S.A. | 9,912,611 | 8,346,940 | AAA |
| Bancolombia S.A. | 11,709,460 | 19,557,395 | AAA |
| Banco Corpbanca | 9,915,050 | - | AAA |
| ITAU CORPBANCA COLOMBIA | 12,195,195 | - | AAA |
| Davivienda S.A. | 22,624,661 | 15,219,825 | AAA |
| Ecopetrol S.A. | 100 | 100 | AAA |
| Fondo de Inversión Colectiva Abierto Fid. Bogotá | 19,235,337 | 18,408,324 | AAA |
| Titularizadora Colombiana S.A. | 29,464,124 | 31,864,093 | AAA |
| Colombia Ashmore Infrastructure Fund | 44,478,538 | 42,085,661 | NO RECORDS |
| Ministry of Finance and Public Credit | 139,399,153 | 88,413,434 | COUNTRY RISK |
| Other | 100 | 100 | NO RECORDS |
| | **488,628,387** | **361,763,745** | |

Credit or risk ratings are a relative measure of the credit risk of an investment and give investors an idea of the safety of investing in a particular asset or issuer. In the case of country risk, it translates into the risk that a country has vis-à-vis its financial operation and affects foreign direct investment and is measured by its risk premium.

Currently there is no restriction on the Findeter portfolio, the investments of the National Guarantee Fund and the Pre-Investment Fund, are managed and managed in the funds for the ordinary turn of the same.

## Note (12) Loan portfolio, net

The account of financial assets by credit portfolio in the balance sheet is classified by commercial portfolio, consumer spending and housing.

The following is the detail of the loan portfolio, as of December 31, 2021 and 2020:

| | | 2021 | | |
|---|---|---|---|---|
| Category | | Capital | Interests | Total |
| Re-discount | | $8,295,449,117 | 24,438,236 | 8,319,887,353 |
| First floor | | 868,980 | 36,096 | 905,076 |
| Direct credit | | 1,251,480,355 | 3,846,147 | 1,255,326,502 |
| Trade | $ | 9,547,798,452 | 28,320,479 | 9,576,118,931 |
| Consumer | | 4,580,689 | 16,399 | 4,597,088 |
| Housing | | 56,378,425 | 119,098 | 56,497,523 |
| | | 9,608,757,566 | 28,455,976 | 9,637,213,542 |
| Re-discount | | ( 45,999,965) | ( 142,254) | (46,142,219) |
| First floor | | (868,980) | (36,096) | (905,076) |
| Direct credit | | (14,021,410) | (42,698) | (14,064,108) |
| Commercial Provision | | (60,890,355) | (221,048) | (61,111,403) |
| Provision for consumer | | (166,941) | (16,399) | (183,340) |
| Provision for Housing | | (1,968,941) | (20,274) | (1,989,215) |
| Provision | | (63,026,237) | (257,721) | (63,283,958) |
| | $ | **9,545,731,329** | **28,198,255** | **9,573,929,584** |

| | | 2020 | | |
|---|---|---|---|---|
| Category | | Capital | Interests | Total |
| Re-discount | | 9,610,202,158 | 24,069,665 | 9,634,271,823 |
| First floor | | 4,413,177 | 36,096 | 4,449,273 |
| Direct credit | | 407,040,945 | 470,108 | 407,511,053 |
| Trade | $ | 10,021,656,280 | 24,575,869 | 10,046,232,149 |
| Consumer | | 4,280,176 | 23,378 | 4,303,554 |
| Housing | | 44,956,735 | 164,761 | 45,121,496 |
| | | **10,070,893,191** | **$24,764,008** | **10,095,657,199** |
| Re-discount | | (59,589,993) | (161,113) | (59,751,106) |
| First floor | | (4,283,912) | (32,667) | (4,316,579) |
| Direct credit | | (4,613,604) | (5,148) | (4,618,752) |

| | | | | |
|---|---|---|---|---|
| Trade Provision | | (68,487,509) | (198,928) | (68,686,437) |
| Provision for consumer | | (126,708) | (19,134) | (145,842) |
| Provision for Housing | | (1,812,614) | (17,841) | (1,830,455) |
| Provision | | (70,426,831) | (235,903) | (70,662,734) |
| | $ | **10,000,466,360** | **24,528,105** | **10,024,994,465** |

With regards to the evolution of the LIBOR, the expectation observed for 2022 is completely upward, this as a result of the increase in inflation in the United States, which is currently above 7%, a situation that will force the Federal Reserve to promote a contractionary monetary policy in order to control the increase in prices. According to economic analysts, the increase in the reference rate in that country could be higher than 100 basic points for said validity.

The portfolio by rating is as follows:

Portfolio by rating

2021

| | | | | Provision | |
|---|---|---|---|---|---|
| | | Capital | Interest and Financial Component | Capital | Interest and Financial Component |
| Trade | | | | | |
| A. Normal | $ | 9,525,430,799 | 28,197,954 | (59,618,267) | (183,413) |
| B-Acceptable | | 21,498,673 | 86,430 | (403,108) | (1,530) |
| C-Appreciable | | 0 | 0 | 0 | 0 |
| D -Significant | | 0 | 0 | 0 | (9) |
| E - Uncollectible | | 868,980 | 36,095 | (868,980) | (36,096) |
| | | **9,547,798,452** | **28,320,479** | **(60,890,355)** | **(221,048)** |
| Consumer | | | | | |
| A. Normal | | 4,407,994 | 13,758 | (86,848) | (69) |
| B-Acceptable | | 6,175 | 5 | (537) | 0 |
| C-Appreciable | | 99,442 | 83 | (22,189) | (13) |
| D -Significant | | 33,364 | 1,001 | (23,653) | (749) |
| E - Uncollectible | | 33,714 | 1,552 | (33,714) | (15,568) |
| | | **4,580,689** | **16,399** | **(166,941)** | **(16,399)** |
| Housing | | | | | |
| A. Normal | | 54,448,145 | 96,098 | (1,108,266) | (686) |
| B-Acceptable | | 550,438 | 4,163 | (17,614) | (133) |
| C-Appreciable | | 289,372 | 141 | (28,937) | (14) |
| D -Significant | | 345,432 | 5,028 | (69,086) | (1,006) |
| E - Uncollectible | | 745,038 | 13,668 | (745,038) | (18,435) |
| | | 56,378,425 | 119,098 | **(1,968,941)** | **(20,274)** |
| | $ | **9,608,757,566** | **28,455,976** | **(63,026,237)** | **(257,721)** |

Portfolio by rating

2020

Provision

| | | Capital | Interest and Financial Component | Capital | Interest and Financial Component |
|---|---|---|---|---|---|
| Trade | | | | | |
| A. Normal | $ | 10,015,657,674 | 24,539,773 | (64,159,257) | (166,261) |
| B-Acceptable | | 1,585,429 | 0 | (44,276) | 0 |
| D -Significant | | 796,063 | 32,062 | (666,798) | (28,633) |
| E - Uncollectible | | 3,617,114 | 4,034 | (3,617,178) | (4,034) |
| | | **10,021,656,280** | **24,575,869** | **(68,487,509)** | **(198,928)** |
| Consumer | | | | | |
| A. Normal | | 4,240,312 | 21,826 | (86,845) | (111) |
| E - Uncollectible | | 39,864 | 1,552 | (39,863) | (19,023) |
| | | **4,280,176** | **23,378** | **(126,708)** | **(19,134)** |
| Housing | | | | | |
| A. Normal | | 44,034,028 | 148,004 | (880,681) | (1,084) |
| E - Uncollectible | | 922,707 | 16,757 | (931,933) | (16,757) |
| | | 44,956,735 | 164,761 | (1,812,614) | (17,841) |
| | $ | **10,070,893,191** | **24,764,008** | **(70,426,831)** | **(235,903)** |

The following is the breakdown of the loan portfolio (capital, interest and financial component) by economic sector:

| | | 2021 | | | | |
|---|---|---|---|---|---|---|
| Economic sectors | | Trade | Consumer | Housing | Total | % share |
| Education Infrastructure | $ | 1,716,004,345 | - | - | 1,716,004,345 | 17.81% |
| Transportation Infrastructure | | 1,964,935,963 | - | - | 1,964,935,963 | 20.39% |
| Health infrastructure | | 1,366,841,176 | - | - | 1,366,844,908 | 14.18% |
| Urban infrastructure development, construction and housing | | 1,510,367,219 | - | - | 1,510,367,219 | 15.67% |
| Infrastructure for energy development | | 1,227,514,893 | - | - | 1,227,514,893 | 12.74% |
| Drinking water and basic sanitation infrastructure | | 1,201,135,738 | - | - | 1,201,135,738 | 12.46% |
| Infrastructure for sport, recreation and culture | | 419,139,047 | - | - | 419,139,047 | 4.35% |
| Territorial fiscal consolidation | | 26,710,076 | - | - | 26,710,076 | 0.28% |
| Tourism infrastructure | | 32,627,315 | - | - | 32,627,315 | 0.34% |
| Environmental Infrastructure | | 46,199,960 | - | - | 46,199,960 | 0.48% |
| TIC's Infrastructure | | 54,603,845 | - | - | 54,603,845 | 0.57% |
| Infr. Cultural, Creative and Orange Economy Industry | | 10,039,354 | - | - | 10,039,354 | 0.10% |
| Employees (Employees and Former Employees) | | - | 4,597,088 | 56,497,523 | 61,090,879 | 0.63% |
| | $ | 9,576,118,931 | 4,597,088 | 56,497,523 | 9,637,213,542 | 100 % |

| Economic sectors | | 2020 Trade | Consumer | Housing | Total | % share |
|---|---|---|---|---|---|---|
| Education Infrastructure | $ | 1,923,661,238 | - | - | 1,923,661,238 | 19.05% |
| Transportation Infrastructure | | 1,750,377,952 | - | - | 1,750,377,952 | 17.34% |
| Health infrastructure | | 1,664,698,812 | - | - | 1,664,698,812 | 16.49% |
| Urban infrastructure development, construction and housing | | 1,365,936,821 | - | - | 1,365,936,821 | 13.53% |
| Infrastructure for energy development | | 1,429,174,555 | - | - | 1,429,174,555 | 14.16% |
| Drinking water and basic sanitation infrastructure | | 1,343,516,417 | - | - | 1,343,516,417 | 13.31% |
| Infrastructure for sport, recreation and culture | | 307,165,838 | - | - | 307,165,838 | 3.04% |
| Territorial fiscal consolidation | | 123,533,312 | - | - | 123,533,312 | 1.22% |
| Tourism infrastructure | | 52,304,891 | - | - | 52,304,891 | 0.52% |
| Environmental Infrastructure | | 41,576,526 | - | - | 41,576,526 | 0.41% |
| TIC's Infrastructure | | 39,128,051 | - | - | 39,128,051 | 0.39 % |
| Infr. Cultural, Creative and Orange Economy Industry | | 5,157,736 | - | - | 5,157,736 | 0.05% |
| Employees (Employees and Former Employees) | | - | 4,303,554 | 45,121,496 | 49,425,050 | 0.49% |
| | $ | **10,046,232,149** | **4,303,554** | **45,121,496** | **10,095,657,199** | **100 %** |

**Portfolio by geographic area**

The following is the breakdown of the loan portfolio by geographical area:

| | | 2021 Capital | Interests | Total |
|---|---|---|---|---|
| Trade | | | | |
| Regional Center | $ | 2,949,192,823 | 10,016,507 | 2,959,209,330 |
| North-West Regional | | 2,114,421,657 | 5,911,658 | 2,120,333,315 |
| Caribbean Regional | | 1,899,952,564 | 6,735,737 | 1,906,688,301 |
| Pacific Regional | | 1,115,076,042 | 2,582,755 | 1,117,658,797 |
| North-east area | | 798,461,574 | 1,836,875 | 800,298,449 |
| Coffee growing Axis | | 522,508,825 | 987,359 | 523,496,184 |
| Southern Area | | 148,184,967 | 249,588 | 148,434,555 |
| | | 9,547,798,452 | 28,320,479 | 9,576,118,931 |
| Consumer | | | | |
| Central Region | | 4,580,689 | 16,399 | 4,597,088 |
| | | 4,580,689 | 16,399 | 4,597,088 |
| Housing | | | | |
| Central Region | | 56,378,425 | 119,098 | 56,497,523 |
| | | 56,378,425 | 119,098 | 56,497,523 |
| | $ | **9,608,757,566** | **28,455,976** | **9,637,213,542** |

| | | Capital | Interests | Total |
|---|---|---|---|---|
| Trade | | | | |
| Central Region | $ | 3,059,958,607 | 7,431,953 | 3,067,390,560 |
| North-West Regional | | 2,134,397,347 | 4,245,986 | 2,138,643,333 |
| Caribbean Region | | 2,164,161,277 | 7,731,704 | 2,171,892,981 |
| Pacific Region | | 1,186,175,391 | 2,393,425 | 1,188,568,816 |
| North-east area | | 796,098,604 | 1,915,453 | 798,014,057 |
| Coffee growing Area | | 516,168,425 | 680,910 | 516,849,335 |
| Southern area | | 164,696,629 | 176,438 | 164,873,067 |
| | | 10,021,656,280 | 24,575,869 | 10,046,232,149 |
| Consumer | | | | |
| Central Region | | 4,280,176 | 23,378 | 4,303,554 |
| | | 4,280,176 | 23,378 | 4,303,554 |
| Housing | | | | |
| Central Region | | **44,956,735** | **164,761** | 45,121,496 |
| | | 44,956,735 | 164,761 | 45,121,496 |
| | $ | **10,070,893,191** | **24,764,008** | **10,095,657,199** |

- **Portfolio by currency unit**

The following is the breakdown of the loan portfolio by type of currency

| | 2021 | | | |
|---|---|---|---|---|
| Options | **Legal tender** | **Currency foreign** | **UVR** | **Total** |
| Trade | $ 9,462,748,547 | 109,753,436 | 3,616,948 | 9,576,118,931 |
| Consumer | 4,597,088 | - | - | 4,597,088 |
| Housing | 56,497,523 | - | - | 56,497,523 |
| | $ **9,523,843,158** | **109,753,436** | **3,616,948** | **9,637,213,542** |

| | **2020** | | | |
|---|---|---|---|---|
| Options | **Legal tender** | **Currency foreign** | **UVR** | **Total** |
| Trade | $ 9,830,881,509 | 210,922,497 | 4,428,143 | 10,046,232,149 |
| Consumer | 4,303,554 | - | - | 4,303,554 |
| Housing | 45,121,496 | - | - | 45,121,496 |
| | $ **9,880,306,559** | **210,922,497** | **4,428,143** | **10,095,657,199** |

- **Portfolio by maturation period**

The following is the breakdown of the loan portfolio by maturity period:

| | | **2021** | | | | |
|---|---|---|---|---|---|---|
| **Category** | **0 - 1 year** | **1 to 3 years** | **3 to 5 years** | **5 to 10 years** | **10+ years** | **Total** |
| Trade | $ 156,329,345 | 1,524,887,710 | 1,683,719,024 | 5,247,421,815 | 963,761,037 | 9,576,118,931 |
| Consumer | 102,622 | 1,091,173 | 1,711,112 | 1,678,345 | 13836 | 4,597,088 |
| Housing | 1,092,200 | - | 53,281 | 5,417,696 | 49,934,346 | 56,497,523 |
| | $ **157,524,167** | **1,525,978,883** | **1,685,483,417** | **5,254,517,856** | **1,013,709,219** | **9,637,213,542** |

| Category | | 2020 | | | | | |
|---|---|---|---|---|---|---|---|
| | | 0 - 1 year | 1 to 3 years | 3 to 5 years | 5 to 10 years | 10+ years | Total |
| Trade | $ | 116,800,592 | 683,749,363 | 1,433,434,556 | 5,237,807,123 | 2,574,440,514 | 10,046,232,149 |
| Consumer | | 146,089 | 969,582 | 1,880,900 | 1,306,983 | - | 4,303,554 |
| Housing | | 643,675 | 36,660 | 68,822 | 2,278,998 | 42,093,340 | 45,121,496 |
| | $ | **117,590,356** | **684,755,605** | **1,435,384,278** | **5,241,393,104** | **2,616,533,854** | **10,095,657,199** |

- **Restructured loan portfolio**

The following is the breakdown of the restructured loan portfolio:

**Restructured / Modified Loan Portfolio**

**2021**

| | | | | Provision | |
|---|---|---|---|---|---|
| **Trade** | | **Capital** | **Interests** | **Capital** | **Interests** |
| Law 617 | | 58,333 | 3,268 | (58,333) | (3,268) |
| Ordinary | | 796,063 | 32,062 | (796,063) | (32,062) |
| | | 854,396 | 35,330 | ( 854,396) | ( 35,330) |
| Consumer | | | | | |
| Ordinary | | 21,029 | 291 | (21,029) | (291) |
| | | 21,029 | 291 | (21,029) | (291) |
| Housing | | | | | |
| Ordinary | | 898,614 | 10,138 | ( 643,708) | (10,127) |
| | | 898,614 | 10,138 | ( 643,708) | (10,127) |
| | $ | **1,774,039** | **45,759** | **( 1,519,133)** | **( 45,748)** |

**2020**

| | | | | Provision | |
|---|---|---|---|---|---|
| **Trade** | | **Capital** | **Interests** | **Capital** | **Interests** |
| Law 550 | $ | 10,658 | 0 | (6,438) | 0 |
| Ordinary | | 4,333,865 | 32,062 | ( 4,204,600) | (28,633) |
| | | 4,344,523 | 32,062 | ( 4,211,038) | (28,633) |
| Consumer | | | | | |
| Ordinary | | 27,179 | 1,065 | (27,179) | (1,065) |
| | | 27,179 | 1,065 | (27,179) | (1,065) |
| Housing | | | | | |
| Ordinary | | 1,102,506 | 13,174 | ( 822,971) | (13,091) |
| | | 1,102,506 | 13,174 | ( 822,971) | (13,091) |
| | $ | **5,474,208** | **46,301** | **( 5,061,188)** | **( 42,789)** |

- **Restructuring portfolio, agreements and concordats due to their risk rating**

The following is the breakdown of the restructured loan portfolio:

**2021**

| | | | | **Provision** | |
|---|---|---|---|---|---|
| **Category / Risk** | **No. of credits** | **Capital** | **Interests** | **Capital** | **Interests** |
| Trade | | | | | |
| E - Uncollectible | 2 | 854,396 | 35,330 | ( 854,396) | ( 35,330) |
| | 2 | 854,396 | 35,330 | ( 854,396) | ( 35,330) |
| Consumer | | | | | |
| E - Uncollectible | 3 | 21,029 | 291 | (21,029) | (291) |
| | 3 | 21,029 | 291 | (21,029) | (291) |
| Housing | | | | | |
| A. Normal | 2 | 257,481 | 11 | ( 2,575) | - |
| E - Uncollectible | 4 | 641,133 | 10,127 | ( 641,133) | (10,127) |
| | 6 | 898,614 | 10,138 | ( 643,708) | (10,127) |
| | **11** | **1,774,039** | **45,759** | **( 1,519,133)** | **( 45,748)** |

**2020**

| | | | | **Provision** | |
|---|---|---|---|---|---|
| **Category / Risk** | **No. of credits** | **Capital** | **Interests** | **Capital** | **Interests** |
| Trade | | | | | |
| A. Normal | 1 | 4,263 | - | (43) | - |
| D –Significati. | 1 | 796,063 | 32,062 | (666,798) | (28,633) |
| E - Uncollectible | 2 | 3,544,197 | - | ( 3,544,197) | - |
| | 4 | 4,344,523 | 32,062 | ( 4,211,038) | (28,633) |
| Consumer | | | | | |
| E - Uncollectible | 4 | 27,179 | 1,065 | (27,179) | (1,065) |
| | 4 | 27,179 | 1065 | (27,179) | (1,065) |
| Housing | | | | | |
| A. Normal | 2 | 293,495 | 84 | (5,870) | (1) |
| E - Uncollectible | 5 | 809,011 | 13,090 | ( 817,101) | (13,090) |
| | 7 | 1,102,506 | 13,174 | ( 822,971) | (13,091) |
| | **15** | **5,474,208** | **46,301** | **( 5,061,188)** | **( 42,789)** |

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

| Economic sectors | | 2021 Trade | Consumer | Housing | Total | % share |
|---|---|---|---|---|---|---|
| Employees (Employees and Former Employees) | | - | 21,320 | 908,753 | 930,073 | 51.11% |
| Technology Infrastructure | | 61,601 | - | - | 61,601 | 3.39% |
| Health infrastructure | | 828,125 | - | - | 828,125 | 45.51% |
| | $ | **889,726** | **21,320** | **908,753** | **1,819,799** | **100.00%** |

| Economic sectors | | 2020 Trade | Consumer | Housing | Total | % share |
|---|---|---|---|---|---|---|
| Urban infrastructure development, construction and housing | $ | 3,537,802 | - | - | 3,537,802 | 64.08% |
| Territorial fiscal consolidation | | 10,658 | - | - | 10,658 | 0.19% |
| Employees (Employees and Former Employees) | | - | 28,243 | 1,115,680 | 1,143,923 | 20.72% |
| Technology Infrastructure | | - | - | - | - | 0.00% |
| Health infrastructure | | 828,125 | - | - | 828,125 | 15.00% |
| | | **4,376,585** | **28,243** | **1,115,680** | **5,520,508** | **100.00%** |

- **Restructured credits, agreements and concordats by geographical area**

The following is the breakdown of the restructured loan portfolio by geographical area:

| | | 2021 | | | |
|---|---|---|---|---|---|
| | | | | **Provision** | |
| | | **Capital** | **Interests** | **Capital** | **Interests** |
| Trade | | | | | |
| Regional Center | | 796,063 | 32,062 | 796,063 | (32,062) |
| Caribbean Regional | | 58,333 | 3,268 | (58,333) | (3,268) |
| | | 854,396 | 35,330 | ( 854,396) | ( 35,330) |
| Consumer | | | | | |
| Central Region | | 21,029 | 291 | (21,029) | (291) |
| | | 21,029 | 291 | (21,029) | (291) |
| Housing | | | | | |
| Central Region | | 898,614 | 10,138 | ( 643,708) | (10,127) |
| | | 898,614 | 10,138 | ( 643,708) | (10,127) |
| | $ | **1,774,039** | **45,759** | **( 1,519,133)** | **( 45,748)** |

| | | 2020 | | | |
|---|---|---|---|---|---|
| | | | | **Provision** | |
| | | **Capital** | **Interests** | **Capital** | **Interests** |
| Trade | | | | | |
| Regional Center | | 796,063 | 32,062 | (666,798) | (28,633) |
| Southern Area | $ | 3,537,802 | 0 | 3,537,802 | 0 |

| | | | | |
|---|---|---|---|---|
| Caribbean Regional | 10,658 | 0 | (6,438) | 0 |
| | 4,344,523 | 32,062 | ( 4,211,038) | (28,633) |
| Consumer | | | | |
| Central Region | 27,179 | 1,065 | (27,179) | (1,065) |
| | 27,179 | 1,065 | (27,179) | (1,065) |
| Housing | | | | |
| Central Region | 1,102,506 | 13,174 | ( 822,971) | (13,091) |
| | 1,102,506 | 13,174 | ( 822,971) | (13,091) |
| $ | **5,474,208** | **46,301** | **( 5,061,188)** | **( 42,789)** |

- **Impairment for loan portfolio**

The following is the breakdown of the provision for loan portfolio:

| | | Balance at December 31, 2020 | Recoveries | Charges | Balance at December 31, 2021 |
|---|---|---|---|---|---|
| Capital | | | | | |
| Trade | $ | 68,503,190 | 18,724,444 | 11,111,609 | (60,890,355) |
| Consumer | | 98,902 | 30,836 | 98,875 | (166,941) |
| Housing | | 1,827,789 | 297,125 | 438,277 | (1,968,941) |
| | | **70,429,881** | **19,052,405** | **11,648,761** | **(63,026,237)** |

| | | **Balance - December 31, 2020** | | | **Balance - December 31, 2021** |
|---|---|---|---|---|---|
| Interests | | | Recoveries | Positions | |
| Trade | $ | 204,984 | 98,004 | 114,068 | (221,048) |
| Consumer | | 15,209 | 3,826 | 5,016 | 16,399 |
| Housing | | 15,710 | 4,200 | 8,764 | (20,274) |
| | | (235,903) | 106,030 | 127,848 | 257,721 |
| | | **70,665,784** | **19,158,435** | **11,776,609** | **63,283,958** |
| | | | **Net Impairment** | **7,381,826** | |

| Capital | | Balance at 31 December 2019 | Recoveries | Positions | Balance at 31 December December 2020. |
|---|---|---|---|---|---|
| Trade | $ | 56,027,795 | 3,039,092 | 15,498,806 | 68,487,509 |
| Consumer | | 160,062 | 115,811 | 82,457 | 126,708 |
| Housing | | 1,700,246 | 122,622 | 234,990 | 1,812,614 |
| | | **57,888,103** | **3,277,525** | **15,816,253** | **70,426,831** |

| Interests | | Balance - December 31, 2019 | Recoveries | Positions | Balance - December 31, 2019 |
|---|---|---|---|---|---|
| Trade | $ | 242,208 | 90,660 | 47,380 | 198,928 |
| Consumer | | 16,447 | 1,369 | 4056 | 19,134 |
| Housing | | 16,655 | 5,063 | 6,249 | 17,841 |
| | | 275,310 | 97,092 | 57,685 | 235,903 |
| | | | | | |
| | | **58,163,413** | **3,374,617** | **15,873,938** | **70,662,734** |
| | | | **Net Impairment** | **($12,499,321)** | |

The recovery in the impairment of the portfolio reflected as of December 31, 2021. It is mainly due to the change in rating of some financial intermediaries, as well as the net portfolio recovery during the year, for $451,068,609, and consequently the recovery of provisions.

**Note (13) Trade accounts receivable and other accounts receivable, net.**

The following is the breakdown of other accounts receivable:

| | 2021 | 2020 |
|---|---|---|
| Trust Business | $ 2,775 | 2,626 |
| Accounts receivable Compensated rate (1) | 22,103,791 | 53,976,188 |
| Commissions and fees (agreements) (2) | 48,184,636 | 37,830,814 |
| Leases | 8,234 | 4,884 |
| Advance payments to employees | 111,213 | 101,368 |
| Accounts Receivable (Taxes Funds) | 204,069 | 149,010 |
| Commissions Portfolio (3) | 114,634 | 326,551 |
| Account Receivable Pre-investment | 43,649 | - |
| Miscellaneous Other | 1,474,755 | 564,489 |
| Subtotal | $72,247,756 | 92,955,930 |
| Provision for other accounts receivable | (1,240,755) | (621,889) |
| | **$71,007,001** | **92,334,041** |

Trade accounts receivable and other accounts receivable are classified as current, with the exception of accounts receivable from agreements that detail their maturity.

(1) It corresponds to the balance of interest receivable derived from the compensated rate

agreements (Ministry of Finance, Ministry of Education, departments among others), which are intended to cover the differential between the brokerage rate under these lines and the Findeter billboard rate. In compliance with the Decrees: 3210 of August 29, 2008 of the Ministry of Education and Decree No. 925 of March 18, 2009 of the Ministry of Finance, the change in the balance between December 2021 and 2020 by ($31,872,397), is mainly due to the decrease in the balance receivable from the Ministry of Finance that for 2021 is $18,140,615 to 2020 $51,659,316.

(2) It corresponds to the accounts receivable for the technical assistance services provided by Findeter within the framework of the signed agreements. That with a cut off as of December 31, 2021 and 2020, it records the following balances by program and date of issue ranges, the increase in accounts receivable for commissions and fees of $10,353,822, due to the increase in the cause of the income of the different contracts signed by Findeter for the development of technical assistance services such as (CT SAIPRO 2021 providencia, National Infrastructure Agency, Ministry of Sport, FONTUR among others).

| Balance of Accounts Receivable December 2021 | | | | | |
|---|---|---|---|---|---|
| Management | **1 to 3 months** | **3 to 6 months** | **6+ months to 1 year** | **more than 1 year** | **Total** |
| Water | $3,878,245 | 1,616,313 | 3,319,595 | 4,287,280 | 13,101,433 |
| Housing | 8,696,162 | - | - | 583,692 | 9,279,854 |
| Infrastructure | 8,972,795 | 1,860,784 | 2,101,631 | 665,005 | 13,600,215 |
| Other | 7,105,016 | 707,346 | 616,348 | 3,774,424 | 12,203,134 |
| | **$28,652,218** | **4,184,443** | **6,037,574** | **9,310,401** | **48,184,636** |

| Balance of Accounts Receivable December 2020 | | | | | |
|---|---|---|---|---|---|
| Management | **1 to 3 months** | **3 to 6 months** | **6+ months to a year** | **more than 1 year** | **Total** |
| Water | $9,957,691 | 1,640,550 | 1,361,647 | 2,950,229 | 15,910,116 |
| Housing | 3,296,244 | 38,569 | - | - | 3,334,813 |
| Infrastructure | 4,136,175 | 1,398,411 | 1,363,615 | 4,914,417 | 11,812,618 |
| Other | 2,398,671 | 292,631 | 1,029,448 | 3,052,517 | 6,773,267 |
| | **$19,788,781** | **3,370,162** | **3,754,709** | **10,917,163** | **37,830,814** |

(3) It corresponds to the accounts receivable of commitment commissions on approved and undisbursed credits.

(4) The change in impairment of other accounts receivable is detailed below:

| | Balance at December 2019 | Charges | Recoveries | Balance at December 2020 | Charges | Recoveries | Balance at December 2021 |
|---|---|---|---|---|---|---|---|
| Other | $86,918 | - | 41,207 | 45,711 | 28,991 | 90 | 74,612 |
| Technical support | 576,552 | 69,657 | 70,031 | 576,178 | 869,931 | 279,966 | 1,166,143 |
| | $663,470 | 69,657 | 111,238 | 621,889 | 898,922 | 280,056 | $1,240,755 |
| **Net Impairment** | | | | **41,581** | | | **(618,866)** |

- The increase in the impairment of accounts receivable is derived from the increase in the balance of these, since its recognition is calculated on said balance.

## Note (14) Property and equipment, net.

The following is the breakdown of the property and equipment:

| | 2021 | 2020 |
|---|---|---|
| Land plots (revalued) | $ 6,847,500 | 6,847,500 |
| Buildings and constructions (revalued) | 20,263,869 | 20,263,959 |
| Furniture and office equipment | 4,116,053 | 4,008,381 |
| Computer equipment | 1,516,621 | 1,463,961 |
| Net Assets | **32,744,043** | **32,583,801** |
| Accrued Depreciation | (5,581,948) | (4,938,022) |
| Total assets, net | **$27,162,095** | **27,645,779** |

Land and buildings, measured at revalued cost, would cost $1,908,780 for land and $13,804,247 for buildings.

The following is the change in the cost of property and equipment:

| | 2020 | Purchases | Cost Adjustment | 2021 |
|---|---|---|---|---|
| Land | $ 6,847,500 | - | - | 6,847,500 |
| Buildings and constructions | 20,263,959 | - | (90) | 20,263,869 |
| Furniture, fixtures and office equipment | 4,008,381 | 107,672 | - | 4,116,053 |
| Computer equipment | 1,463,961 | 52,660 | - | 1,516,621 |
| | **$32,583,801** | **160,332** | **(90)** | **32,744,043** |

| | 2019 | Adjustment Depreciation | Reclassifications | Cost Adjustment Revalued (1) | 2020 |
|---|---|---|---|---|---|
| Land | $ 8,923,200 | | - | (2,075,700) | 6,847,500 |
| Buildings | 24,167,695 | (806,990) | - | (3,096,746) | 20,263,959 |
| Furniture, fixtures and | 4,323,279 | | (314,898) | - | 4,008,381 |
| Digital equipment | 1,149,063 | | (314,898) | - | 1,463,961 |
| | $38,563,237 | (806,990) | - | (5,172,446) | 32,583,801 |

(1) As of December 31, 2020, revalued cost adjustments were made for the land and buildings, which generated a variation of ($5,172,446), recognized in accordance with the technical assessments made, as of the date of the report as of December 31, 2020.

As of December 31, 2021 and 2020, there are no items of property and equipment outside, nor reclassified as available for sale, similarly there are no restrictions on use, or pledges on the assets of the entity, at the same period there is no evidence of their impairment.

The following is the movement of accumulated depreciation of property and equipment:

| | Buildings | Information systems | Furniture and Fixtures | Total |
|---|---|---|---|---|
| Balances as of December 31, 2019 | $ 385,466 | 1,057,535 | 3,534,132 | $4,977,133 |
| Depreciation 2020 | 421,524 | 51,733 | 294,622 | 767,879 |
| Adjustment or reclassification (revaluation) | (806,990) | - | - | (806,990) |
| Balances as of December 31, 2020 | - | 1,109,268 | 3,828,754 | (4,938,022) |
| Depreciation 2021 | 261,464 | 40,918 | 341,544 | 643,926 |
| Balances as of December 31, 2021 | $ 261,464 | 1,150,186 | 4,170,298 | $5,581,948 |

### 14.1 Right-of-use assets and lease liabilities

Below is the recognition made in the financial statements of Findeter with a cut-off date as of December 2021 and 2020, derived from the application of IFRS 16:

| Movement of Assets by right of use | 2021 | 2020 |
|---|---|---|
| Assets for right of use - Buildings | 5,027,082 | 5,041,784 |
| Adjustment of recalculation of rights of use | 432,994 | - |
| Right-of-use linear depreciation (1) | (4,709,908) | (3,113,315) |
| Balance of right of use | 750,168 | 1,928,469 |

| Changes in lease liabilities | 2021 | 2020 |
|---|---|---|
| Lease liabilities | 5,027,082 | 5,041,784 |
| Adjustment of recalculation of lease liabilities | 429,853 | - |
| Payments of Accumulated Passive Capital (2) | ( 4,691,218) | ( 3,037,778) |
| Balance of lease liabilities | 765,717 | 2,004,006 |
| | | |
| The payment for Interest during each Term | 78,060 | 284,439 |
| Expense from Depreciation of right of use (1) | 1,596,593 | 1,557,897 |
| Capital Payments (2) | 1,653,440 | 1,601,001 |

## Note (15) Investment properties

The following is the detail of investment properties as of December 31, 2021 and 2020. Investment properties correspond to the concept of buildings which are measured at fair value.

The investment property corresponds to the office owned in the city of Neiva and which is leased generating income. As of December 31, 2021 and 2020, there are no restrictions on such.

The following is the change in the fair value of investment properties:

| | | 2021 | 2020 |
|---|---|---|---|
| Initial Balance | $ | 874,000 | 589,203 |
| Changes in measurement at fair value (1) | | 50,955 | 284,797 |
| Final Balance | **$** | **924,955** | **874,000** |

(1) The investment property was adjusted to fair value, according to the last valuation received at the end of the 2021 term.

The following is the breakdown of figures included in the result for the period (see note 29):

| | | 2021 | 2020 |
|---|---|---|---|
| Income derived from income from the Investment Properties | $ | 56,772 | 48,415 |

During the 2021 term, no maintenance or repair expenses were incurred on the investment property.

- There were no contractual obligations for the acquisition of investment properties during the above periods.
- Findeter for the determination of the fair value of its investment properties, contracts the firm that carries out the valuation in accordance with the requirements of IFRS 13.

- There are no restrictions on the realization of investment properties.
- For the purposes of measuring the fair value of the Investment property, it is determined at a hierarchy level 2. The observable data were as follows:
- Location of the building in a sector of multiple economic activity and very close to or close to major roads.
- The conditions of recognition, facade and visualization that the building where the office is located enjoys, the characteristics of the building, in terms of its equipment, infrastructure and provision of services.
- The quality of the office finishes and of the internal adaptations, the applicable urban standards and land uses.
- The market for properties of similar characteristics in the sector, the remaining useful life assigned to the property and the fair value calculated corresponds to the commercial value of the property

## Note (16) Intangible assets

### Change in intangible assets, net

The change for intangible assets is detailed as follows:

| | 2019 | Acquisition/ Additions | Amortization charged to expense | 2020 | Acquisition/ Additions | Amortization charged to expense | 2021 |
|---|---|---|---|---|---|---|---|
| Computer programs and applications | 1,393,667 | 1,823,106 | 1,218,942 | 1,997,831 | 1,626,702 | 1,390,145 | 2,234,388 |
| Total | **1,393,667** | **1,823,106** | **1,218,942** | **1,997,831** | **1,626,702** | **1,390,145** | **2,234,388** |

**Intangible assets are made up of software licenses acquired for the use of Findeter, which do not show signs of deterioration and are amortized over a period of 24 months, in accordance with what is defined in the accounting procedure manual.**

## Note (17) Current and deferred income tax, net

- **Components of income tax expense:**

Income tax expense for the years ended December 31, 2021 and 2020 includes the following:

| | | 2021 | 2020 |
|---|---|---|---|
| Income tax for the current period | $ | 72,465,266 | 47,522,857 |
| Income tax surcharge | | 7,371,996 | 6,541,744 |

| | | | |
|---|---|---|---|
| Adjustment of current tax from previous periods | | (9,838,117) | (756,530) |
| Subtotal current tax | | **69,999,145** | **53,308,071** |
| Net deferred tax for the Period | | (60,318,469) | (30,386,558) |
| Adjustment of current tax from previous periods | | 4,731,596 | - |
| Subtotal deferred tax | | **(55,586,873)** | **(30,386,558)** |
| Total income tax | $ | **(14,412,272)** | **(22,921,513)** |

- **Reconciliation of the tax rate in accordance with tax provisions and the effective rate:**

The current tax provisions applicable to Findeter stipulate that:

- According to the Economic Growth Act 2010 of 2019, the income tax rate for the years 2020, 2021 is 32% and 31% respectively. For financial institutions that obtain a taxable income equal to or greater than 120,000 UVT in the period, additional income tax percentage points of 4% for 2020 and 3% for 2021 apply.

- The Social Investment Law Law 2155 of September 14, 2021, a rule that modifies the income tax rates from the year 2022, thus:

| Year | Tax Rate of profit | Overtax on Financial Institutions that exceed 12,000 UVT of taxable income | Total General Fee |
|---|---|---|---|
| 2022 | 35% | 3% | 38% |
| 2023 | 35% | 3% | 38% |
| 2024 | 35% | 3% | 38% |
| 2025 | 35% | 3% | 38% |
| 2026 and SS | 35% | 0% | 35% |

- The modification of the income tax rates generated a recalculation of the deferred tax, which was directly carried to the tax expense of FINDETER during the 2021 term, in the amount of $(13,127,821)

- The Economic Growth Law 2010 of 2019 reduces the presumptive income rate from 0.5% of the liquid assets of the last day of the immediately preceding taxable year for the year 2020 to 0% from the year 2021 and following.

- The Economic Growth Act 2010 of 2019 maintains the possibility of taking as a tax discount on income tax 50% of the industry and trade tax notices and boards actually paid in the taxable year or period.

- With the Economic Growth Law 2010 of 2019, for the taxable years 2020 and 2021 the audit benefit is maintained for taxpayers who increase their net income tax of the taxable year in relation to the net income tax of the immediately preceding year by at least 30% or 20%, with which the income statement will be final within 6 or 12 months following the date of its presentation, respectively.

- The Social Investment Law 2155 of 2021 establishes a new audit benefit, for the years 2022 and 2023 for taxpayers who increase their net income tax of the taxable year in relation to the net income tax of the immediately preceding year, when the increase is 35% the term of firmness is 6 months and when the increase is a 25% set term for 12 months.

- With the Economic Growth Law 2010 of 2019, the term of firmness of the income tax and complementary tax return of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will be 5 years.

- Tax losses may be offset against ordinary net income earned in the following 12 taxable periods.

- Excesses of presumptive income can be compensated in the following 5 taxable periods.

- The occasional income tax is taxed at the rate of 10%.

In accordance with IAS 12 paragraph 81 literal (c) the following is the detail of the reconciliation between the total income tax expense of Findeter calculated at the tax rates currently in force and the tax expense effectively recorded in the results of the period for the periods ended December 31, 2021 and 2020.

| | | Periods ended | |
|---|---|---|---|
| | | **2021** | **2020** |
| Income before income tax | $ | 91,591,151 | 30,551,946 |
| Theoretical tax expense: at the rate of 34% (2021) - 36% (2020) | | 31,140,991 | 10,998,701 |
| More or (less) taxes that increase (decrease) the theoretical tax: | | | |
| Non-deductible expenses | | 5,314,889 | 9,556,698 |
| Adjustment of current tax from previous periods | | (5,106,521) | (756,530) |
| Other Items | | (97,232) | 519,258 |
| Tax discount | | (3,712,034) | (1,256,671) |
| Effect on deferred taxes from change in tax rates | | (13,127,821) | 3,860,057 |
| Total income tax expense for the period | $ | **14,412,272** | **(22,921,513)** |

- **Deferred tax by type of temporary difference:**

The differences between the bases of the assets and liabilities for NCIF purposes and the bases of these for tax purposes give rise to temporary differences that generate deferred taxes calculated and recorded for the years ended December 31, 2021 and 2020:

| | Balance at 31 December 2020 | Effect on P&L | Effect on ORI | Balance at 31 December 2021 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| FNG Technical provision | 8,281,259 | 347,183 | 0 | 8,628,442 |
| Provision for other assets | 86,655 | 56,794 | 0 | 143,449 |
| Property and Equipment-Other Assets | 119,657 | 75,410 | 0 | 195,067 |
| Intangible assets-Deferred charges | 601,668 | 68,473 | 0 | 670,141 |
| Loss on derivatives | 19,633,668 | ( 18,681,577) | 0 | 952,091 |
| Employee benefits | 713,902 | 154,041 | 0 | 867,943 |
| Provisions for other expenses | 8,290,689 | ( 3,147,744) | 0 | 5,142,945 |
| Unrealized exchange difference | 44,986,138 | 108,601,500 | 0 | 153,587,638 |
| Unrealized loss from private equity funds | 3,879,013 | ( 3,879,013) | 0 | 0 |
| Tax on Industry and Commerce | 623,556 | ( 623,556) | 0 | 0 |
| Lease liability | 676,989 | ( 386,016) | 0 | 290,973 |
| | **87,893,194** | **82,585,495** | **0** | **170,478,689** |

**Deferred tax liabilities**

| | | | | |
|---|---|---|---|---|
| Investments in marketable debt securities | 2,094,870 | ( 563,093) | ( 1,452,848) | 78,929 |
| Investments in equity securities - Shares | 402,325 | 0 | 581,786 | 984,111 |
| Profit from derivatives | 0 | 23,633,695 | 0 | 23,633,695 |
| Cost incurred by property and equipment | 6,043,147 | ( 532,516) | ( 109,691) | 5,400,940 |
| Leases IFRS 16 | 651,501 | ( 366,437) | 0 | 285,064 |
| Private Equity Fund - Ashmore | 0 | 4,826,973 | 0 | 4,826,973 |
| | **9,191,843** | **26,998,622** | **( 980,753)** | **35,209,712** |
| | **78,701,351** | **55,586,873** | **980,753** | **135,268,977** |

| | Balance at 31 December December 2019 | Effect on profit and loss | ORI effect | Balance at 31 December 2020 |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| FNG Technical provision | 9,204,220 | (922,961) | - | 8,281,259 |
| Provision for other assets | 78,994 | 7,661 | - | 86,655 |
| Property and Equipment-Other Assets | - | 119,657 | - | 119,657 |
| Intangible assets-Deferred charges | 583,217 | 18,451 | - | 601,668 |
| Loss on derivatives | - | 19,633,668 | - | 19,633,668 |

| | | | | |
|---|---|---|---|---|
| Employee benefits | 596,982 | 116,920 | - | 713,902 |
| Provisions for other expenses | 10,801,773 | (2,511,084) | - | 8,290,689 |
| Unrealized exchange difference | 37,091,666 | 7,894,472 | - | 44,986,138 |
| Tax on Industry and Commerce | 948,673 | (325,117) | - | 623,556 |
| Unrealized valuation of private equity fund | - | 3,879,013 | - | 3,879,013 |
| Lease liability | - | 676,989 | - | 676,989 |
| | **59,305,525** | **28,587,669** | **-** | **87,893,194** |
| Deferred tax liabilities | | | | |
| Investments in marketable debt securities | 3,684,992 | (1,590,122) | - | 2,094,870 |
| Investments in equity securities - Shares | 756,654 | - | (354,329) | 402,325 |
| Profit from derivatives | 779,469 | (779,469) | | - |
| Cost incurred by property and equipment | 7,207,095 | (27,354) | (1,136,594) | 6,043,147 |
| Leases IFRS 16 | 53,445 | 598,056 | | 651,501 |
| | **12,481,655** | **(1,798,889)** | **(1,490,923)** | **9,191,843** |
| | **46,823,870** | **30,386,558** | **1,490,923** | **78,701,351** |

For presentation purposes in the Statement of Financial Position, Findeter offset deferred tax assets and liabilities in accordance with paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset current tax assets and liabilities.

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

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

| | Dec 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | **Amount Before Tax** | **Deferred tax** | **Net** | **Amount before tax** | **Tax deferred** | **Net** |
| Revaluation of land plots | 0 | 0 | 0 | (2,075,200) | 207,570 | (1,867,630) |
| Revaluation of buildings | 0 | 109,692 | 109,692 | (3,096,746) | 929,024 | (2,167,722) |
| Investments In instruments of Equity and shares | 5,817,865 | (581,787) | 5,236,078 | (3,543,292) | | (3,188,963) |
| Investments in debt securities | (4,150,995) | 1,452,848 | (2,698,147) | 0 | 0 | 0 |
| Other ORI deliveries | (25,796) | 0 | (25,796) | (32,082) | 0 | (32,082) |
| | **1641.07** | **980.75** | **2,621,827** | **(8,747,320)** | **1,490,923** | **(7,256,397)** |

- **Uncertainties in tax positions:**

As of January 1, 2020 and by Decree 2270 of 2019, the interpretation IFRIC 23- Uncertainty regarding income tax treatments was adopted for the purposes of the Group I local financial statements, which clarifies when the recognition and measurement criteria of IAS 12-tax on profits are applied, in the event that there is uncertainty regarding positions adopted for the purposes of determining income tax, which may not be accepted by the tax authority in the event of a review. Consequently, the Entity as of December 31, 2021 and 2020 does not present tax uncertainties that generate a provision for said concept, taking into account that the process of income and complementary taxes is regulated under the current tax framework. Therefore, there are no risks of uncertainties in the tax positions of the entity as of December 31, 2021 and 2020, which may imply an additional tax obligation.

- **Realization of deferred tax assets**

In future periods, it is expected that it will continue generating taxable liquid income against which to recover the values recognized as deferred tax assets. The estimation of future tax results is based mainly on the projection of the operation of the Company, whose positive trend is expected to continue.

The estimates of these financial projections are the basis for the recovery of deferred tax assets on FNG Technical Reserve and Provisions for other expenses.

- **Current tax assets and liabilities**

Current tax assets and liabilities as of December 31, 2021 and 2020, are made up of:

| | 2021 | 2020 |
|---|---|---|
| Advance payment of surtax on income | 4,173,380 | 6,398,084 |
| Withholdings and self-withholdings | 31,046,481 | 38,983,275 |
| Income tax liability | (79,837,262) | (54,064,601) |
| Current tax assets (liabilities), net | (44,617,401) | (8,683,242) |

For presentation purposes in the Statement of Financial Position, Findeter offset current income taxes on assets and liabilities in accordance with paragraph 72 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset assets and liabilities for current taxes.

## Note (18) Other assets, net

The following is the breakdown of other assets:

| | Insurance | Other Assets | Total |
|---|---|---|---|
| **December 31, 2019** | **2,231,347** | **2,101** | 2,233,448 |
| Additions 2020 | 3,024,417 | - | 3,024,417 |
| Amortization 2020 | (2,831,212) | - | (2,831,212) |
| **December 31, 2020** | **2,424,552** | **2,101** | **2,426,653** |
| Additions 2021 | (3,638,561) | - | 3,638,561 |
| Amortization 2021 | (2,807,880) | - | (2,807,880) |
| **December 31, 2021** | **3,255,233** | **2,101** | **3,257,334** |

(1) They correspond to the insurance policies paid and which are being amortized during the period of coverage of these, generally 12 months of coverage classified as current, which as of December 31, 2021 amounted to $3,255,233, among which are the policies of civil liability and global banking management.

The total expense for other assets amounts to $2,896,283, see note 30, of which $2,807,880 corresponds to amortization and $88,403 corresponds to payments charged directly to the expense by the nature of the item.

**Note (19) Term deposit certificates**

The following is a breakdown of long-term deposits and payables:

| | 2021 | | | 2020 | | | |
|---|---|---|---|---|---|---|---|
| Deposits and demand liabilities | Capital | Interest | Total | Capital | Interest | Total | Rate Effective |
| Issued less than 6 months ago | 259,722,000 | 738,876 | 260,460,876 | - | - | - | 3.98% |
| Issued from 6 months to less than 12 months ago | 238,369,000 | 936,013 | 239,305,013 | 334,000,000 | 11,807,113 | 345,807,113 | 4.02% |
| Issued from 12 months to less than 18 months ago | 1,574,028,000 | 6,507,035 | 1,580,535,035 | 1,911,443,000 | 15,585,380 | 1,927,028,380 | 3.91% |
| Issued 18 months ago or more | 4,094,862,000 | 16,911,414 | 4,111,773,414 | 4,491,404,000 | 12,441,439 | 4,503,845,439 | 4.74% |
| Total | **6,166,981,000** | **25,093,338** | **6,192,074,338** | **6,736,847,000** | **39,833,932** | **6,776,680,932** | |

In accordance with the provisions of Resolutions 1318 of June 25, 2020 and Resolutions 1357 of July 2, 2020 of the Ministry of Finance and Public Credit, the issuance of CDT was established as a result of the resources of the Emergency Mitigation Fund- FOME, intended to meet the direct credit disbursements established. The following is the detail of the securities that are included in the total balance of the previous table:

| CDT's (term deposits) MINHACIENDA - FOME | | | | |
|---|---|---|---|---|
| Name | Amount | Rate | Issuance date | Expiration date |
| MINISTRY OF FINANCE - FOME | 395,470,000 | 0.0% P.V. | 29/07/2020 | 11-29-2023 |
| MINISTRY OF FINANCE - FOME | 28,367,000 | 0.5% P.V. | 29/12/2020 | 29/12/2030 |
| **TOTAL** | **423,837,000** | | | |

For Findeter effects, in accordance with the model for calculating the value of money on financial liabilities, captured at a 0% rate, it performed the calculation and recognition of these instruments, for a value of $12,820,826 of the cost of money and an income for the same value, for an effect
$0 in profit and loss

The following is the detail of the maturities of the deposits and receivables:

| | |
|---|---|
| 2022 | 4,111,100,183 |
| 2023 | 1,594,482,881 |
| 2024 | 387,296,587 |
| Post-2024 | 99,194,687 |
| | 6,192,074,338 |

| | |
|---|---|
| 2021 | 4,395,262,744 |
| 2022 | 1,591,377,257 |
| 2023 | 585,441,276 |
| Post-2023 | 204,599,655 |
| | 6,776,680,932 |

The following is the breakdown of deposits and receivables by sector:

| | **2021** | **Percentage of** | **2020** | **Share percentage** |
|---|---|---|---|---|
| Deposits and Credits | | | | |
| Private | 5,233,589,572 | 84.52% | 5,097,541,000 | 75.56% |
| Public | 810,301,478 | 13.09% | 1,471,106,000 | 21.84% |
| Mixed | 148,183,288 | 2.39% | 168,200,000 | 2.50% |
| TOTAL | **6,192,074,338** | **100.00%** | **6,736,847,000** | **100.00%** |

Deposits and receivables are traded on the secondary market. As of December 31, 2021, balances were presented due to the netting of CDT's (term deposits) repurchase operations in favor of Findeter S.A. for $129,530,000.

## Note (20) Investment securities in circulation

The following is the detail of the outstanding investment securities:

| | 2021 | 2020 |
|---|---|---|
| International Bonds | 967,975,634 | 965,553,975 |
| Urban Development Bonds | 26,710 | 26,591 |
| Subordinated bonds | 206,645,902 | 205,718,084 |
| Sustainable Ordinary Bonds | 401,236,135 | 400,660,123 |
| | **1,575,884,381** | **1,571,958,773** |

International Bonds

**2021**

| Year issued | Type of issuance | Serie | Capital | Interest | Interest rate | Date of issue | Expiration date |
|---|---|---|---|---|---|---|---|
| 2014 | Ordinary bonds abroad | ;ingle series (fixed rate) | 938,987,683 | 28,987,951 | 7.88% | 08/12/2014 | 08/12/2024 |

**2020**

| Year Issued | Type of issuance | Serie | Capital | Interest | Rate of interest | Date of issue | Date of expiration |
|---|---|---|---|---|---|---|---|
| 2014 | Ordinary bonds abroad | ;ingle series (fixed rate) | 936,566,024 | 28,987,951 | 7.88% | 08/12/2014 | 08/12/2024 |

The bonds were issued in 2014, which will pay interest year overdue and the principal will be cancelled maturity of the securities, these bonds have no granted guarantee. This operation was captured in US dollars and converted into pesos with the TRM of the day of issue, in this sense these securities are denominated in pesos and payable in the same currency.

At the time of the issuance of the bonds, transactional costs associated with the issue were generated, for a total amount of $21,760,429, which are amortized via effective rate during the life of the bond, gradually adjusting the balance of the liability, until reaching the total amount of the issuance of $946,975,000, of the total value of the initial costs, a balance of $7,187,317 is pending to be amortized as of December 31, 2021, as of December 31, 2020 $9,608,976.

It is important to indicate that, as of December 31, 2021, Findeter has complied with all the covenants, established in the issue prospectus.

- Urban Development Bonds

| 2021 | | | | |
|---|---|---|---|---|
| **Type of issuance** | **Date of issue** | **Expiration date** | **Capital** | **Interest** |
| Urban Development Bonds | Liabilities inherited from the defunct Central Mortgage Bank | The titles are extendable until there is a bond holder to begin the redemption process. | 4,199 | 22,511 |

| 2020 | | | | |
|---|---|---|---|---|
| **Type of issuance** | **Date of issue** | **Expiration date** | **Capital** | **Interest** |
| Urban Development Bonds | Liabilities inherited from the defunct Central Bank Mortgage | Titles may be extended until there is a holder for the bonds to begin the process of redemption. | 4,199 | 22,392 |

(*) The interest on these bonds is recognized according to the reference rate determined by the Findeter money table, as of December 31, 2021, the reference rate used is 4.5818% effective annually.

- Subordinated bonds

| 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year issued** | **Type of issuance** | **Serie** | **Capital** | **Interest** | **Interest rate** | **Date of issue** | **Expiration date** |
| 2017 | Subordinated bonds | Series A (Tied to CPI) Subseries A7 | 203,680,000 | 2,965,902 | CPI + 3.57% | 4/26/2017 | 04/26/2024 |

| 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year issued** | **Type of issuance** | **Serie** | **Capital** | **Interest** | **Interest rate** | **Date of issue** | **Expiration date** |
| 2017 | Subordinated bonds | Series A (Tied to CPI) Subseries A7 | 203,680,000 | 2,038,084 | CPI + 3.57% | 4/26/2017 | 04/26/2024 |

Subordinated Bonds have an AA+ rating.

- Sustainable Bonds:

| 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year issued** | **Type of issuance** | **Serie** | **Capital** | **Interest** | **Interest rate** | **Date of issue** | **Expiration date** |
| 2019 | Sustainable Bonds | Series A (Tied to CPI) Subseries A5 | 132,827,000 | 398,156 | CPI + 2.54% | 06/18/2019 | 06/18/2024 |
| 2019 | Sustainable Bonds | Series A (Tied to CPI) Subseries A7 | 267,173,000 | 837,979 | CPI + 2.90% | 06/18/2019 | 06/18/2026 |

2020

| Year issued | Type of issuance | Serie | Capital | Interest | Interest rate | Date of issue | Expiration date |
|---|---|---|---|---|---|---|---|
| 2019 | Sustainable Bonds | Series A (Tied to CPI) Subseries A5 | 132,827,000 | 206,992 | CPI + 2.54% | 06/18/2019 | 06/18/2024 |
| 2019 | Sustainable Bonds | Series A (Tied to CPI) Subseries A7 | 267,173,000 | 453,131 | CPI + 2.90% | 06/18/2019 | 06/18/2026 |

The following is the breakdown by sector of subordinated and sustainable bonds as of December 31, 2021:

| | 2021 | Share Percentage | 2020 | Share Percentage |
|---|---|---|---|---|
| Private | 580,580,553 | 95.51% | 594,825,737 | 98.10% |
| Public | 27,301,484 | 4.49% | 11,051,622 | 1.82% |
| Mixed | - | 0.00% | 500,848 | .08% |
| Total | 607,882,037 | 100.00% | 606,378,207 | 100.00% |

All the capital of the investment securities in circulation – Bonds, have a maturity date, after December 31, 2021.

## Note (21) Financial obligations

The following is a breakdown of financial obligations:

| Entity | 2021 Capital | Interest | Commissions | Current Interest Rate | Expiration Date |
|---|---|---|---|---|---|
| Inter-American Development Bank (IDB) 1967 | $ 33,176,333 | 26,007 | - | 1.24% | 9-Dec-23 |
| Inter-American Development Bank (IDB) 2314 | 179,152,200 | 1,100,657 | - | 1.51% | 5-Aug-30 |
| Inter-American Development Bank (IDB) 2768 | 238,869,600 | 206,265 | - | 1.85% | 21-Dec-37 |
| Inter-American Development Bank (IDB) 3392 | 371,571,218 | 2,969,129 | - | 1.76% | 15-Jul-35 |
| Inter-American Development Bank (IDB) 3596 | 466,530,979 | 3,694,876 | 432,131 | 1.98% | 15-Jul-41 |
| Inter-American Development Bank (IDB) 3842 | - | - | 130,887 | | |
| French Development Agency AFD101801K (3) | 380,877,578 | 1,137,279 | - | 2.56% | 20-Nov-27 |
| KFW Bankengruppe-KFW 26770 | 159,246,400 | 55,627 | - | 4.25% | 29-Dec-24 |
| Central American Bank of Economic Intel-BCIE 2142 | 94,552,550 | 226,026 | - | 2.43% | 25-Nov-23 |

| | | | | | |
|---|---|---|---|---|---|
| KFW Bankengruppe-KFW 28318 (2) | 229,071,687 | - | 23,025 | 0.00% | 15-May-33 |
| KFW Bankengruppe-KFW 28708 | 67,477,800 | 3,374 | - | 1.80% | 30-Dec-33 |
| KFW Bankengruppe-KFW 30037 (1) (3) | - | - | 106,532 | 1.59% | 15-May-36 |
| | **$2,220,526,345** | **9,419,240** | **692,575** | | |
| | | **Total** | **$2,230,638,160** | | |

**2020**

| Entity | Capital | Interest | Commissions | Current Interest Rate | Expiration Date |
|---|---|---|---|---|---|
| Inter-American Development Bank (IDB) 1967 | $ 42,906,250 | 30,846 | - | 1.24% | 9-Dec-23 |
| Inter-American Development Bank (IDB) 2314 | 171,625,000 | 981,663 | - | 1.51% | 5-Aug-30 |
| Inter-American Development Bank (IDB) 2768 | 218,821,875 | 177,258 | - | 1.85% | 21-Dec-37 |
| Inter-American Development Bank (IDB) 3392 | 343,246,568 | 2,495,545 | - | 1.76% | 15-Jul-35 |
| Inter-American Development Bank (IDB) 3596 | 291,374,186 | 1,775,547 | 690,820 | 1.98% | 15-Jul-41 |
| Inter-American Development Bank (IDB) 3842 | - | - | 112,849 | | |
| French Development Agency AFD101801K | 383,118,488 | 1,155,645 | - | 2.56% | 20-Nov-27 |
| KFW Bankengruppe-KFW 26770 | 183,066,667 | 63,948 | - | 4.25% | 29-Dec-24 |
| Central American Bank of Economic Intel-BCIE 2142 | 124,428,125 | 306,337 | - | 2.43% | 25-Nov-23 |
| KFW Bankengruppe-KFW 28318 (2) | 217,234,675 | - | 21,061 | 0.00% | 15-May-33 |
| KFW Bankengruppe-KFW 28708 | 63,032,601 | 3,152 | 1 | 1.80% | 30-Dec-33 |
| KFW Bankengruppe-KFW 30037 (1) (3) | - | - | - | 1.59% | 15-May-36 |
| | **$2,038,854,435** | **6,989,941** | **824,731** | | |
| | | **Total** | **2,046,669,107** | | |

(1) On February 17, 2021, loan agreement 30037, worth USD 84,931,000, was signed with KFW Bankengruppe.

(2) On November 12, 2021, KFW Bankengruppe informed by letter that the interest rate designated for the disbursement made on November 12 for USD 850,933.27 corresponds to Libor adjusted -0.4%.

(3) For these credits, since no disbursements have been received, only the payment of the commitment commissions on the approved resources that have not yet been disbursed to us are recognized.

With regards to the evolution of the LIBOR, the expectation observed for 2022 is completely upward, this as a result of the increase in inflation in the United States, which is currently above 7%, a situation that will force the Federal Reserve to promote a contractionary monetary policy in order to control the increase in prices. According to economic analysts, the increase in the reference rate in that country could be higher than 100 basic points for said validity.

As of December 31, 2021, and as of the date of this report, the rate that replaces the LIBOR in active and passive operations is the SORF, which has different calculation methodologies, which are under study by the Financial Superintendence of Colombia. Currently and until the methodology for calculating the SORF Rate is known, the LIBOR rate being published by Colombia's Central Bank will continue to be used.

The increase in the cause of the credits is due to the variation of the TRM.

In relation to financial obligations to multilateral banks and other entities, there are contractual conditions, including the following:

**BCIE Financial terms**

- Equity vulnerability index less than 6.0%. Resulting from the division of the net non-performing loan portfolio among the total equity of FINDETER.
- Gross NPL ratio less than 5.9%. Resulting from the division of FINDETER's Gross nonperforming Loan Portfolio and the Gross Loan Portfolio.
- Liquidity Risk Indicator (LRI). As regulated and in force by the Financial Superintendence of Colombia. BCIE

**AFD Financial terms**

- Its Solvency Index (CAR) must remain above the level prescribed in the Colombian regulation applicable to the banking sector;

- Its NPL should remain below 5% AFD

**KFW Financial terms**

- Risk-weighted Capital Adequacy Ratio (CAR) (Not less than 11%)
- Open Loan Exposure Ratio (May not exceed 10%)
- Ratio of deposits to loans (Not to exceed 140%)
- Leverage ratio (May not be less than 5%)

**Financial Conditions KFW ENERGY**

- Risk-weighted Capital Adequacy Ratio (CAR) (Not less than 11%)
- Open Credit Exposure Ratio (Not less than 10%)
- Liquidity ratio (Shall not be less than 100%)

The covenants were fulfilled in full as of December 31, 2021 and 2020, in accordance with each contract.

**Current financial obligations with the Inter-American Development Bank**

Findeter made a request for a rate change to the IDB credits by resolution 1496 of July 24, 2020 of the Ministry of Finance and Public Credit "By which the Financiera de Desarrollo Territorial S.A. – FINDETER – is authorized to carry out external public debt management operations with the Inter-American Development Bank – IDB, fixed rates were established for the IDB-1967, IDB-2314, IDB-2768, IDB-3392 and IDB-3596 credits as of July 30, 2020.

## Note (22) Employee Benefits

In accordance with Colombian labor legislation and based on labor conventions and collective agreements signed between Findeter and its employees, where short-term benefits were established, such as: salaries, holidays, legal and extra-legal premiums and severance and severance interest with labor regime Law 50 of 1990; and long-term benefits, such as: extra-legal seniority premiums and retirement benefits, such as: retirement bonus and bonuses for five-year periods.

Derived from personnel benefit plans, such as retirement and five-year bonuses, Findeter is exposed to a number of risks (interest rate and operational), which are sought to be minimized through the application of risk management policies and procedures, which are detailed below.

The following is the detail of the balances of liabilities for benefits to employees as of December 31, 2021 and 2020:

| | | 2021 | 2020 |
|---|---|---|---|
| Short-term benefits | $ | 4,934,714 | 4,382,878 |
| Long-term benefits | | 2,384,271 | 2,253,338 |
| | **$** | **7,318,985** | **6,636,216** |

- **Short-term benefits**

The breakdown of the short-term benefits is as follows:

| | | 202<br>1 | 2020 |
|---|---|---|---|
| Payroll payable | $ | 497 | - |
| Severance | | 321,109 | 251,782 |
| Legal bonus | | 182,262 | 179,660 |
| Extra-legal bonus | | 1,627,892 | 1,541,788 |
| Vacation | | 2,767,204 | 2,380,965 |
| Int. Severance | | 35,750 | 28,683 |
| | **$** | **4,934,714** | **4,382,878** |

- **Other long-term benefits:**

The detail of the long-term benefits is:

| | | 2021 | 2020 |
|---|---|---|---|
| Five-year bonus | $ | 908,338 | 915,281 |
| Pension Bonus | | 1,475,933 | 1,338,057 |
| | **$** | **2,384,271** | **2,253,338** |

- **Five-year benefit from seniority:**

In accordance with the provisions of the collective agreement of Findeter, employees are entitled to an extra-legal benefit for five years that will be paid in the period that the time worked is fulfilled and that will correspond to what is established in the following table:

| SENIORITY | DAYS OF SALARY APPLIED TO THE BENEFIT |
|---|---|
| 5 YEARS | 15 |
| 10 YEARS | 20 |
| 15 YEARS | 25 |
| 20 YEARS | 30 |
| 25 YEARS | 35 |

- **Financial Assumptions:**

For the updating and projection of future flows, the following rates were used:

| RATE | 2021 | 2020 |
|---|---|---|
| Discount rate | 5.74% | 5.31% |
| Inflation rate (affects wages) | 3% | 3% |
| Employee turnover rate (first 5 years) | 6.90% | 6.79% |

- **Actuarial Assumptions Pension Bonus**

Findeter uses actuarial mathematics to measure life contingencies to calculate the valuation of its employee benefits. Thus, from a public table of annual deaths, the probability of survival for a person with certain characteristics of a population is established. The tables created for this purpose for Colombia are the life tables published by the Financial Superintendency by resolution number 1555 of 2010. For these tables it is assumed that an individual, whether male or female, will not live beyond 110 years.

On the other hand, the probabilities of permanence in the entity (or rotation) were calculated from the history of withdrawals from Findeter from 2010.

- **Other assumptions that affect the model:**

**Age of Pension:** The number of years a person has left in order to reach the pension are calculated assuming that, if he is a man, he will retire at the age of 62 and if a woman at age 57.

- **Bonus Sensitivity Analysis**

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

| Benefit | Present value without organizational changes | +1% rate of discount | -1% rate of discount |
|---|---|---|---|
| Quinquenniums | $908,338 | 857,679 | 965,203 |
| Pension | $1,475,932 | 1,430,398 | 1,530,455 |

## Note (23) Financial guarantees

The following is the change in financial guarantees:

| | Balance at 31 December december 2020 | Recoveries | Balance at 31 December December 2021 |
|---|---|---|---|
| FNG Technical provision | $27,604,197 | 2,951,506 | 24,652,691 |
| Water Bond Reserve | 27,635,630 | 12,941,502 | 14,694,128 |
| Total | $55,239,827 | 15,893,008 | $39,346,819 |

The financial guarantees presented a decrease of $15,893,008, since the exact date for the payment of these guarantees in claims is not known, it is classified as a non-current balance, the variation corresponds to the following changes:

- The coverage of the technical estimate of the National Guarantee Fund, on the loans granted such as housing of social interest, presented a decrease of $2,951,506, according to the application of the reserve calculation model on the guarantees granted established in the Fund.

- The filing of the guarantee on water bonds, which protects the possible loss of the credits granted by the financial intermediaries to the creditor territorial entities, generated a recovery of $12,941,502, according to the analysis of the possible loss, adjusting the risk curve of the bonds.

  The guarantee granted expires in July 2028.

## Note (24) Provisions

The following are the changes for provisions:

| | Legal proceedings, fines, sanctions and compensation (1) |
|---|---|
| Balance as of 31 December 2019 | $3,325,520 |
| Positions | 19,621,774 |
| Payments Judgments | (15,992,764) |
| Other payments | (118,565) |
| Balance as at 31 December 2020 | **6,835,965** |
| Litigation Recoveries (1) | (3,151,372) |
| Other recoveries (2) | **(1,551,525)** |
| as of December 31, 2021 | **2,133,068** |

(1) The provisions for legal processes correspond to: 1 labor process; for which it is not possible to determine a disbursement schedule due to the instance, at the end of the period there are 144 processes against Findeter of which according to the instance and against the

provision policy, 1 process is provisioned, for a total of $2,133,068, qualified according to IAS 37 as probable, which presented a decrease in relation to the balance recorded as of December 31, 2020, for $3,151,372, generated by the recalculation of the claims of judicial processes which generated the recovery.

(2) The remaining $1,551,525 corresponds to the recovery of the balance provided to pay social security contributions on the court rulings paid from November to December 2020, an aspect that the entity considered relevant as long as it could be reaffirmed with a concept by the labor and tax advisors.

After analyzing the issue in question, the labor consultant confirms that due to the fact that compliance with the court ruling does not include payment for social security and parafiscal items, which is why the amount provided for this purpose is recovered.

**Note (25) Trade accounts payable and other accounts payable**

The following is a breakdown of accounts payable and other liabilities:

| | 2021 | 2020 |
|---|---|---|
| Vendors and services (1) | $1,344,823 | 706,639 |
| Fees payable | 38,663 | 261,953 |
| Provision for accounts payable | 1,507,804 | 1,043,351 |
| Leases | 195,675 | 226,909 |
| Accounts payable Pre-investment(2) | 5,070,640 | 4,250,218 |
| Advance Income (3) | 26,918 | 2,008,362 |
| Other accounts payable | 1,611,417 | 2,678,335 |
| Industry and Trade Tax payable (4) | 1,583,453 | 1,245,286 |
| Withholding tax payable | 3,432,769 | 2,810,053 |
| Sales tax payable (5) | 3,637,482 | 1,920,756 |
| | $18,449,644 | 17,151,862 |

1. the increase in the number of suppliers and services basically corresponds to the services invoiced to Findeter and which were not paid at the end of the term.
2. The accounts payable of Pre-investment correspond to the balances of the counterparties delivered to the Fund, by the entities that are underway with projects managed in said fund.

3. The variation of the anticipated income corresponds to the recognition as income for technical assistance services, on the contract with the Agency for the Renewal of the Territory ART, which were recognized as income in 2021.

4 and 5. The increase in the balance at the end of the period of these accounts, Industry and trade taxes payable to sales tax payable, originated mainly from the increase in technical assistance income (see note 28).

## Note (26) Shareholders' equity

**Issued capital**

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

| | | 2021 | 2020 |
|---|---|---|---|
| Number of subscribed and paid-up shares | | 10,846,707 | 10,777,418 |
| Subscribed and paid-up Capital | $ | 1,084,670,700 | 1,077,741,800 |
| Remaining capitalization | | 1,148 | 144 |
| **Issued Capital** | **$** | **1,084,671,848** | **1,077,741,944** |

| | SHARES | | |
|---|---|---|---|
| | **Opening balance** | **Capitalization** | **Final Balance** |
| Number of Shares | 10,777,418 | 69,289 | 10,846,707 |

During the General Shareholders' Meeting of March 25, 2021, the surplus application project was approved, where the capitalization was ordered in the amount of $6,929,904. The legal procedure took effect in the month of May 2021, At the meeting of March 26, 2020, the profit distribution project was approved, where the capitalization was ordered in the amount of $52,778,750. Findeter has no preferred stock issued.

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

### Reserves

The breakdown of reserves is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Legal** | $72,422,057 | 71,659,014 |
| Statutory and occasional | | |
| **Others** | 23,053,754 | 23,116,267 |
| **Total** | **$95,475,811** | **94,775,281** |

**1- Legal Reserve**

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

**2- Statutory and occasional reserves**

Records the amounts that by express mandate of the general meeting of shareholders have appropriated the liquid profits of previous years obtained by Findeter, in order to comply with legal, statutory or specific purpose provisions. At the General Shareholders' Meeting of Findeter, held on March 23, 2021, according to minutes # 062, the constitution of occasional reserves was not ordered. For the year 2020, at the General Shareholders' Meeting of Findeter, held on March 26, 2020, according to Act # 059, it ordered the constitution of occasional reserves, to increase the Pre-investment Fund by a value of $15,000,000.

"The losses will be covered with the reserves that have been designed specially for this purpose and, failing that, with the legal reserve. Reserves intended to absorb certain losses may not be used to cover other losses, unless the meeting so decides. "If the legal reserve is insufficient to cover the capital shortfall, the social benefits of the following years shall be applied for this purpose." (Article 456 C. of Co.). The compensated rate reserves are resources allocated by the General Assembly of Shareholders of Findeter, to cover the deficit in the granting of soft rate credit lines that benefit the development of territorial entities of Colombia. These constituted reserves are cancelled annually via capitalization, in the same proportion of the registration in the account of the expense of compensated fees in the same period.

**2.1 - Occasional reserves available**

| | 2021 | 2020 |
|---|---|---|
| Drafts made from: | | |
| Compensated tax rate for tax consolidation | $ - | $62,513 |
| | - | 62,513 |
| Resources available: | | |
| earnings from previous years 2003 | 34,117 | 34,117 |
| Technical support | 679,841 | 679,841 |
| Promotion of education Projects | 2,192,068 | 2,192,068 |
| Incentive for efficient and effective projects compensated rate line | 5,147,728 | 5,147,728 |
| Pre-investment Profits 2019 | 15,000,000 | 15,000,000 |

| | | |
|---|---|---|
| Total Committed Available Resources | 23,053,754 | 23,053,754 |
| Balance of Occasional Reserves | **$23,053,754** | **23,116,267** |

## Note (27) Operating income and expenses

The following are operating income and expenses:

| **Interest from credit portfolio (*)** | **2021** | **2020** |
|---|---|---|
| Regular resources | $167,362,877 | 224,239,976 |
| Reactiva Colombia | 32,602,907 | 40,410,912 |
| Automatic Rediscount | - | 82,022 |
| VIS Ordinary Rediscount | 191,482 | 138,201 |
| Compensated rate program | 310,083,484 | 320,687,450 |
| New Line Dollars | - | 3,903,158 |
| REX line dollars 2016 | 2,434,977 | 5,381,894 |
| Countercyclical policy special line | - | 17,082 |
| Special line for sustainable development | - | 6,477 |
| Counter-cyclical policy special line | 174,461 | 314,823 |
| Rediscount USD IDB 2314 | 77,739 | 139,719 |
| Moratoria direct credits | 1,780 | - |
| Employee Housing | 493,725 | 740,596 |
| Housing Former Employees | 371,857 | 704,678 |
| Consumer | 79,655 | 162,995 |
| | **$513,874,944** | **596,929,983** |

(*) The interest of the loan portfolio in Findeter presented a decrease of ($83,055,039), generated mainly by the change in the balance of the commercial portfolio ($749,717,036), which affected the cause of interest in relation to the average active placement rate which was 6.9%.

| | **2021** | **2020** |
|---|---|---|
| Profit from valuation of investments at fair value, net * | | |
| Demand deposits | $ 16,544,266 | 23,188,788 |
| Profit from valuation of negotiable investments | 38,991,819 | 61,036,533 |
| Profit from private equity funds | 5,646,010 | 20,530,684 |
| Earnings from sale of Investments | 152,015 | 503,863 |
| Dividends | 7 | 72 |
| Loss Valuation of Marketable Investments | (43,251,547) | (43,198,987) |
| Loss of Private Capital Funds | (129,363) | 24,040,650 |
| Loss from the sale of investments | (1,476,187) | (2,069,485) |
| | **$16,477,020** | **35,950,818** |

(*) The decrease in profit from the valuation of investments was due to the strong devaluation of Colombian public debt during 2021, due to the loss of the degree of investment, and the great economic and fiscal challenges of the National Government presented during this year.

| | 2021 | 2020 |
|---|---|---|
| **Interest on investments at amortized cost, net** | | |
| Profit from valuation of investments at cost | 2,734,446 | 2,212,669 |
| | **$ 2,734,446** | **2,212,669** |

| **Interest expenses - financial obligations** | **2021** | **2020** |
|---|---|---|
| Interests IDB 1967/OC-CO | $ 526,924 | 883,462 |
| Interests IDB 2314 | 2,722,856 | 3,717,331 |
| Interests IDB 2768 | 4,367,561 | 4,683,456 |
| Interests IDB 3392 | 6,424,003 | 7,071,467 |
| Interests IDB 3596/OC-CO | 6,642,920 | 4,386,535 |
| Interest AFD 1018 01 K | 10,516,603 | 16,307,240 |
| KFW 26770 | 8,232,158 | 9,649,346 |
| BCIE 2142 | 2,752,270 | 5,019,290 |
| KFW 28318 | 520 | 618,517 |
| KFW 28708 | 1,214,050 | 603,406 |
| | **$43,399,865** | **52,940,050** |

| | **2021** | **2020** |
|---|---|---|
| **Profit from valuation of derivatives, net (*)** | 243,412,337 | 15,893,436 |
| **Net loss from exchange difference, net (*)** | (276,178,862) | (60,895,936) |

(*)The increase in net income from valuation of derivatives is directly associated with the behavior of the exchange rate for 2021, which increased by 15.98% closing the year at $3,981.16 but with considerable volatility. This led to several derivative contracts remaining in a winning position since the spread between the rate negotiated with each of the banks and the closing rate of the contracts was widened as a result of the behavior mentioned in the TRM.

Consistent with the above, there was also a significant increase in the net exchange loss as a result of the increase in the MER mentioned in the previous paragraph, behavior that led to the liabilities contracted in dollars being increased when expressed in pesos.

## Note (28) Income and expenses from commissions, fees and other services

| | | 2021 | 2020 |
|---|---|---|---|
| Income from technical assistance, commissions and other services | | | |
| Income from water vouchers | $ | 3,460,513 | 3,951,738 |
| Income from Technical assistance (1) | | 84,524,853 | 56,602,696 |
| FNG Commission | | 490,617 | 881,974 |
| Portfolio Commissions (2) | | 4,105,730 | 6,600,260 |
| Insfopal | | 10,717 | 16,864 |
| | | **$92,592,430** | **68,053,532** |

| Expenses, commissions and other items | | **2021** | **2020** |
|---|---|---|---|
| Debt service and fiduciary business | $ | (706,313) | (1,585,825) |
| Banking services | | (86,279) | (65,741) |
| Other (IDB Counter-Guarantee) (3) | | (9,949,223) | (8,040,823) |
| International bonds and CDTS | | - | (20,750) |
| | | **(10,741,815)** | **(9,713,139)** |
| | | **$81,850,615** | **58,340,393** |

(1) the following is the breakdown of the breakdown of income from technical assistance at 31 December:

| TECHNICAL SUPPORT (*) | **2021** | **2020** |
|---|---|---|
| Housing | 33,734,824 | 22,190,562 |
| Water | 12,363,911 | 14,271,274 |
| Infrastructure | 30,873,365 | 16,183,092 |
| Consulting | 1,836,241 | 876,146 |
| Investment Banking | 5,716,512 | 3,081,622 |
| | **84,524,853** | **56,602,696** |

(*) Technical assistance revenues presented an increase of $27,922,157, generated by the signing of new contracts, such as SAIPRO 127 of 2021, for the reconstruction of providence, Contracts with the ANI, Aerocivil, Ministry of Sports, Cormagdalena, FONTUR. Among others.

(2) The income from portfolio commissions presented a decrease of ($2,494,530), which corresponds to the collection of availability commissions framed in the loan contracts, which are settled on the balance of the approved and undisbursed credits, which for December 2021 has a balance of $161,472,975 and for December 31, 2020 $455,584,886.

(3) The expense for commitment commissions of credits, presented an increase of $1,908,400, derived from multilateral banking credits in the year 2021, such as the IDB credits 1967-2314-2768-3392-3596,3842, in addition to the KFW credits 28318 and 28708.

## Note (29) Other income

The following is the breakdown for other income:

| | | 2021 | 2020 |
|---|---|---|---|
| Leases | $ | 56,772 | 48,415 |
| Recoveries provision for accounts payable | | 1,043,351 | 1,554,149 |
| Income from employee portfolio interest rate (1) | | 3,785,111 | 1,017,823 |
| Recoveries Reserves (2) | | 15,893,008 | 9,581,842 |
| Return of Disabilities | | 103,983 | 376,055 |
| Recovery of litigation (3) | | 3,151,372 | - |
| Other recoveries (4) | | 3,509,042 | 1,147,936 |
| | **$** | **27,542,639** | **13,726,220** |

(1) The income from portfolio interest rate benefit corresponds to the recognition of the interest rate differential granted to employees for conventional benefit, and which is recognized in accordance with the requirements of IAS 19, employee benefit, which presented an increase of $2,767,288, due to the increase in the disbursement of credit portfolio to employees.
(2) The recoveries of the technical reserves of the National Guarantee Fund and the ET Water Bonds credits, presented an increase of $6,311,184, generated mainly by the analysis of the possible loss of ET water credits by adjusting the claims curve.
(3) There was a recovery of the provision for litigation for $3,151,372, derived from the recalculation of the claims indexed on the proceedings against the entity.
(4) The variation in this item is mainly due to the recovery of provisions for social security payments recorded at December 31 for $2,401,304.

## Note (30) Other expenses

The following are the details of the other expenses:

| | | 2021 | 2020 |
|---|---|---|---|
| Property, registration and notes, VAT and GMF (1) | $ | 17,539,934 | 14,805,154 |
| Industry and Trade Tax | | 7,424,067 | 8,975,171 |
| Legal expenses | | - | 135,276 |
| Fees | | 9,266,061 | 9,206,042 |
| Sanctions, lawsuits and litigation (2) | | 1,672,796 | 19,621,774 |
| Leases | | 7,437,950 | 5,527,836 |
| Contributions and affiliations | | 5,433,204 | 4,705,519 |
| Insurance | | 2,896,283 | 2,963,117 |
| Maintenance and repair | | 4,663,701 | 5,344,045 |

| | | |
|---|---|---|
| Electrical installations | 372,405 | 158,855 |
| Depreciation | 643,926 | 767,879 |
| Depreciation Right of use | 1,596,593 | 1,557,897 |
| Amortization | 1,390,145 | 1,218,942 |
| Cleaning and surveillance services | 950,601 | 926,190 |
| Temporary Services | 37,910,768 | 36,057,612 |
| Advertising and publicity | 254,809 | 43,912 |
| Public relations | 214 | 220 |
| Utility services | 762,609 | 736,154 |
| Travel expenses (1) | 2,247,228 | 814,032 |
| Transport | 251,219 | 157,306 |
| Office supplies and stationery | 28,952 | 219,258 |
| Advocacy and dissemination | 667,638 | 784,889 |
| Expenses from profits from programs | 89,398 | 62,514 |
| Other minor expenses | 868,643 | 971,365 |
| Employee benefits | 52,375,187 | 51,057,696 |
| Employee benefits- portfolio rate (3) | 3,785,111 | 1,017,823 |
| Loss due to claims | 2,645,724 | 2,560,309 |
| | $ 163,175,166 | 170,396,787 |

(1) The main variations originated from the increases in the values caused by the GMF by $2,708. and as a result of the reactivation of visits from both the commercial area and technical assistance, travel expenses were increased by $1,433,196.
(2) The decrease in the item of sanctions, lawsuits and litigation, is due to the fact that during 2020 the entity incurred the payment of a judicial judgment that affected that validity, a situation that did not arise in 2021.
(3) The expense from portfolio interest rate benefit corresponds to the recognition of the interest rate differential granted to employees for conventional benefit, and which is recognized in accordance with the requirements of IAS 19, employee benefit, which presented an increase of $2,767,288, due to the increase in the disbursement of credit portfolio to employees.

## Note (31) Commitments and contingencies

Contingent accounts include:

| | 2021 | 2020 |
|---|---|---|
| Pledge of IDB loans (1) | $ 40,402,716 | 30,520,169 |
| For litigation (claims) (2) | 81,222,944 | 85,255,498 |
| Approved and undisbursed credits (3) | 1,735,618,600 | 578,170,040 |
| Interest on suspended loans (4) | 1,163,594 | 1,123,721 |
| | $1,858,407,854 | 695,069,428 |

(1) Pledge of IDB loans

Findeter signed the Loan Agreements with the IDB, credit 1967 of 2008, 2314 of 2010, 2768 of 2012, 3392 of 2015, 3596 of 2016 and 3842 of 2019, on which counter-guarantees contracts were constituted in favor of the Nation, in which the income received by FINDETER is pledged for the rediscount portfolio collection paid directly into the Deposit Account No.65812166 of Colombia's Central Bank, such income must cover 120% of the value of the semi-annual service of the debt of the Borrowing Agreement.

| CUD account balance 31-Dec-21 | Value to be covered COP 31-Dec-21 | Coverage 120% |
|---|---|---|
| 40,402,716 | 33,126,012 | 121.97% |

| CUD account balance 31-Dec-20 | Value to be covered COP 31-Dec-20 | Coverage 120% |
|---|---|---|
| 33,746,387,435 | 27,982,251,761 | 120.60% |

(2) It corresponds to the claims of the legal processes filed against Findeter that at December 31, 2021 total 144 processes, among which there are labor and administrative processes, and whose loss assessment is considered of medium and low risk, which is revealed with the value of the indexed claims of the plaintiffs, which really supports the possible contingency.

(3) The commitments derived from the undisbursed approved credits are the product of the contracts with customers, in this sense it is determined that the unused outstanding 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 the contingent accounts as possible capital requirements.

In the following list, the value of the approved credits is reported to the different financial institutions and which have not been disbursed by Findeter:

| Bank Entity | 2021 | 2020 |
|---|---|---|
| **Bancolombia S.A.** | **$161,472,975** | **455,584,886** |
| **Direct credit** | 1,574,145,625 | 122,585,153 |
| | **$1,735,618,600** | **578,170,040** |

During the first half of 2021 the direct credit line reactivation Colombia tranche II is activated towards territorial entities, for which the approvals with cut-off as of December 31, 2021 total $1,574,145,625.

(4) Suspended Interest

They correspond to interest on credits granted to former officials of the entity, as well as a first floor credit, which have not serviced the debt on the acquired obligations. As of December 31, 2021, there are 25 (16 in 2020) credits generating these interests, of which 15 are in the housing item (9 in 2020), 9 in consumer (7 in 2020) and 1 commercial credit.

- Findeter within the analysis of the implications of Decree 492 of 2020 issued by the Ministry of Finance and Public Credit, which instructs Findeter to make capital contributions amounting to $100,000,000 for the National Guarantee Fund, in order to strengthen the process of granting credit guarantees, the process of understanding continues, for which a request was extended to the Ministry of Finance and public credit in order to determine the recognition that we must make at the time of making this disbursement. As of December 31, 2021, we have not received any response.

## Note (32) Memorandum accounts

Memorandum accounts allow the recording of transactions and other situations that do not correspond in all cases to assets or liability accounts, but whose information is important for the administration, as well as the recording of assets and securities in custody or as collateral. These accounts include, among others: assets and securities delivered in custody and as collateral, unused credit in favor, assets written off, unused credit in favor, fully depreciated property and equipment, tax value of assets, assets and securities received in custody and as eligible collateral, resources received in administration directly or through separate autonomous assets, etc. which represent the following balances:

| | 2021 | 2020 |
|---|---|---|
| Debtor | | |
| Securities delivered into custody | $ 9,653,236,104 | 8,577,626,660 |
| Assets written off | 2,792,761 | 2,792,761 |
| Unused credits in favor | 1,139,021,048 | 804,453,017 |
| Other assets | 193,611,235 | 194,538,540 |
| Tax cost of fixed assets | 30,183,968 | 29,979,949 |
| Tax depreciation of fixed assets | (25,589,540) | (25,257,382) |
| Fiscal cost of software program | 16,042,066 | 14,415,365 |
| Amortization of software programs | (11,892,891) | (10,647,820) |
| Investments in negotiable debt securities | 203,359,093 | 137,315,649 |
| Investments held to maturity | 158,991,376 | 29,291,620 |
| Settlement of revenue agreements | 828,489 | 838,346 |
| | $11,360,583,709 | 9,755,346,705 |
| Creditors: | | |
| Assets and securities received in custody | $ 4,676,350 | 3,369,500 |

| | | |
|---|---|---|
| Assets and securities received as collateral | 10,119,404,095 | 10,397,645,480 |
| Return on investments | 10,542,337 | 15,723,103 |
| Housing Credit Rating | 56,497,523 | 45,121,496 |
| Consumer credit rating | 4,597,088 | 4,303,553 |
| Guarantee portfolio rating Allowable | 9,576,118,931 | 10,046,232,148 |
| Resources received in administration (1) | 868,685,440 | 426,530,941 |
| Other memorandum accounts | 55,381,764 | 42,364,370 |
| | $20,695,903,528 | 20,981,290,591 |

(1) In this memorandum account, Findeter places the balance of the assets recorded at the end of the period, the financial statements of the financial vehicles created by Findeter in accordance with the provisions of the interadministrative technical assistance agreements signed by the entity.

Derived from the last visit made by the Comptroller General of the Republic, related to the financial audit of the year 2020, he recommended us to make the disclosure on the report of the unfinished works, thus the following disclosure does so.

Within the framework of the administration, Findeter complied with the Comptroller General of the Republic with the report of the Unfinished Works in accordance with the provisions of the regulatory requirements, and on which contract CA 0013-2015 was reported: *"Join efforts among the parties to build the new headquarters of the Museum of Modern Art of Barranquilla (MAMBQ), which is part of the Caribbean Cultural Park, based on the construction plans, technical specifications and budget previously approved by FINDETER*"

However, it is important to indicate that the obligations in charge of the Financiera de Desarrollo Territorial S.A. Findeter, derived from the interadministrative contract signed with the Ministry of Culture and the agreements with the Corporation, were fully fulfilled by our entity; it is important to indicate that it has been exposed both to the General Comptroller of the Republic and in the different judicial instances that the missing works for the completion of the work correspond to the Corporation with their contribution in works; as for the judicial processes (declarative for breach of the agreement and an executive, both against the corporation), were initiated by Findeter and are in progress seeking thereof the fulfillment of the Corporation's obligations, as to the popular action promoted by the Attorney General's Office of the Nation, in which different entities are linked, such as Findeter, the Corporation and the District of Barranquilla, has been manifested by Findeter the fulfillment of its obligations and indicated that the lack of completion of the works corresponds to the contribution in works by the Corporation; in accordance with all the foregoing, we consider that the aforementioned legal actions will not generate a decision that determines any breach by Findeter and no economic conviction.

## Note (33) Related parties

In accordance with IAS24 a related party is a person or entity that is related to the entity that prepares its financial statements in which joint control or control could be exercised over the reporting entity; exercise significant influence over the reporting entity; or be considered a member of the key management personnel of the reporting entity or a controller of the reporting entity. The definition of related party includes: a) individuals and/or family members related to Findeter, entities that are members of the same group (parent and subsidiary), associates or joint ventures of the entity or group entities, post-employment benefit plans for the benefit of employees of the reporting entity or a related entity.
The following are considered related parties:

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

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

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

**Transactions with related parties:**

Findeter may enter into transactions, agreements or contracts with related parties, on the understanding that any such transactions will be carried out at fair values, taking into account market conditions and rates.

At present, Findeter does not record transactions with the maximum shareholder Grupo Bicentenario S.A.S.

Between Findeter and its related parties are presented:

1. As a result of the activities of the Board of Directors, fees were paid to its members for attendance at meetings of the Board of Directors and Committees, and remuneration with key Findeter personnel, the sum of:

| | | 2021 | 2020 |
|---|---|---|---|
| **Fees to the Board of Directors** | $ | 948,087 | 778,567 |
| **Total key management personnel remuneration** | | 10,759,873 | 10,173,469 |

2. As of December 31, 2021 and 2020, Findeter records balances of the loan portfolio with Findeter's key personnel, as detailed below:

| | **2021** | **2020** |
|---|---|---|
| Credit Portfolio | $4,296,902 | 770,610 |

All operations and disbursements were carried out under the conditions described in the collective agreement.

## Note (34) Adequate capital management

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

In 2021, the new regulatory framework for the calculation of the solvency margin and other equity requirements entered into force, established by the Financial Superintendence of Colombia in chapter XIII - 16 of the Basic Accounting and Financial Circular 100 of 1995.

The minimum solvency ratios to be complied with in accordance with Chapter XIII – 16, Decree 2555 of 2010 as amended by Decree 1771 of 2012, Decree 1648 of 2014, Decree 1477 of 2018 and Decree 1421 of 2019, are the following:

- Total Solvency Ratio, is defined as the value of the Technical Equity divided by the value of the assets weighted by credit risk level and market and operational risks, this ratio cannot be less than nine percent (9%),

- Basic Solvency Ratio, It is defined as the value of the Ordinary Basic Equity Net of Deductions divided by the value of the Assets Weighted by Credit Risk Level and of the market and operational risks, this ratio cannot be less than four points five percent (4.5%),

- Additional Basic Solvency Ratio, It is defined as the sum of the value of the Ordinary Basic Equity and the Additional Basic Equity divided by the value of the assets weighted by credit risk level and of the market and operational risks, this ratio cannot be less than six percent (6%),

- Leverage Ratio: It is defined as the sum of the value of the Ordinary Basic Equity and the Additional Basic Equity divided by the leverage value, this ratio cannot be less than 3%.

Compliance with these solvency ratios is verified monthly in accordance with the provisions of the Financial Superintendence of Colombia. Since the implementation of the new regulatory framework, Findeter has had a positive impact with respect to the minimum solvency ratios required by the regulatory body.

The classification of the assets weighted by credit risk level, in each category is carried out by applying the percentages determined by the Financial Superintendence of Colombia according to the credit risk analysis, to each of the items of the balance sheet in accordance with the Single Catalog of Financial Information CUIF. Additionally, market risks and operational risks are included as part of the risk-weighted assets for the calculation of the solvency margin.

In order to manage capital from an economic point of view and to generate value for its shareholders, the administration maintains a detailed monitoring of the profitability levels for each of its business lines and on the capital needs in accordance with the growth expectations of each of the lines. Likewise, the management of economic capital involves the analysis of the effects that the credit, market, liquidity and operational risks to which Findeter is subject in carrying out its operations.

The following is the breakdown of the composition of the solvency margin and other equity requirements for Findeter:

| CONCEPT | 2021 | 2020 |
|---|---|---|
| Ordinary Core Equity Net of Deductions (PBO) | $1,103,380,919 | 1,044,961,388 |
| Additional Core Equity (PBA) | - | - |
| Additional Equity (AP) | 122,812,435 | 143,061,235 |
| Technical Equity | 1,226,193,354 | 1,188,022,623 |
| Total Assets Weighted by Credit Risk Level | 2,944,036,710 | 5,668,244,705 |
| Total Market Risk | 311,895,607 | 405,678,858 |
| Total Operating Risk | 695,447,399 | - |
| Leverage Value | $13,637,448,747 | - |

| | | |
|---|---|---|
| Leverage ratio | 8.09 | - |
| Basic Solvency Ratio | 27.92 | 17.20 |
| Combination buffer | 23.42 | - |
| Basic Solvency Ratio | 27.92 | - |
| Total Solvency Ratio | 31.03 | 19.56 |

## Note (35) Legal controls

**Global Currency Position:** Corresponds to the difference between all rights and obligations denominated in foreign currency, recorded on and off the balance sheet, realized or contingent. Findeter complies with the provisions issued by the Board of Directors of Colombia's Central Bank and the regulations issued by the Financial Superintendence of Colombia.

**Technical Equity and Solvency Margin:** Chapter XIII-16 of the SFC, indicating the criteria and parameters that the entities receiving it must observe for compliance with the solvency margins and other equity requirements established in Title 1 of Book 1 of Part 2 of Decree 2555 of 2010. The above, in order to maintain adequate levels of good quality capital that allow any absorption of unexpected losses arising from the materialization of the risks from exposure, and thus preserve the public confidence in the financial system and its stability.

## Note (36) Relevant Facts in the 2021 term

The Colombian economy had several important impacts during the year 2021, below, we highlight some of them.

During the month of May Colombia lost its investment grade as a result of the decline in the sovereign rating by the rating companies Standard & Poors and Fitch Ratings. Although this situation was already discounted by market agents, it did generate some concern among some investors.

As a result of uncertainty in domestic and international markets, TES securities showed a considerable level of volatility during 2021 as a result of the emergence of new strains associated with COVID 19, political uncertainty not only in Colombia but in several countries in the region that had electoral processes, as well as the inflation trend experienced globally. This behavior significantly affected the investments exposed to this type of indicators, thus generating a significant management challenge for portfolio managers in order to reduce losses for their investors.

The growth of Colombian GDP amounted to 13.2% during the third quarter of 2021, thus showing greater dynamism in different sectors of the economy, derived from the reflected trend, it is expected that GDP will close 2021 with a growth of 9.5%, which is one of the highest levels in history.

This dynamism in economic activity also had an impact on the increase in inflation, which closed at 5.62% for 2021 derived from a considerable increase in the prices of components such as food and imported goods; the behavior mentioned in the CPI had a direct effect on the bank's intermediation margin since both the income of the portfolio and the cost of funding indexed to this indicator showed an increasing trend.

As a result of higher inflation, the national government decided to increase the minimum wage by 10.07% in order to maintain people's purchasing power. In this regard, it is important to mention that the effect of this measure will be reflected in the financial statements during 2022 in components such as wages and costs indexed to this indicator.

Another effect that the sustained increase in inflation is having is the decision taken by Colombia's Central Bank to redirect its monetary policy towards a more contractive one, this has been reflected in the constant increase in the REPO rate from September by 125 Pb to reach 3%, behavior that has been anticipated by the IBR indicators 1 and 3 months thus generating a positive impact on the financial statements of the entity since 68% of the portfolio is indexed in these indices, while the funding indexed to this rate has a much lower proportion.

Despite the rate increase explained, it is important to mention that the real rate of the Colombian economy by the end of 2021 continued to be largely expansionary, which is why it can be concluded that Colombia's Central Bank will continue with the upward rate cycle until achieving a control of inflation without affecting economic growth. This will be reflected in a positive way in the financial margin of the entity via the increase in financing income.

**Note (37) Going concern**

After preparing and analyzing the comparative financial statements with a cut-off date of December 31, 2021 and 2020, the Administration has concluded that there is no uncertainty in its operations, and also has the ability to continue as a going concern in the next 12 months

**Note (38) Approval of financial statements**

The financial statements and the accompanying notes were approved by the Board of Directors and the Legal Representative, in accordance with Minutes No. 293 of February 23, 2022, to be presented to the General Shareholders' Meeting for approval, which may approve or modify them.

## Note (39) Subsequent events

From December 31, 2021 to February 23, 2022, the date of the opinion of the KPMG Tax Auditor, there are no facts that impact the financial statements that must be disclosed, or that may affect the financial situation, the prospects of Findeter or that cast doubt on its continuity.