Financiera de Desarrollo Territorial S. A. - FINDETER

Annual Financial Statements

2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Financiera de Desarrollo Territorial S.A. - Findeter

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Financiera de Desarrollo Territorial S.A. – Findeter (the Company), which include the statement of financial position as of December 31, 2019, and the statements of income, other comprehensive income, changes in equity and cash flow for the year then ended, and respective notes thereto, which include main accounting policies and other explanatory information. I further audited the funds and special accounts managed by the Company, as indicated below.

In my opinion, the accompanying financial statements, prepared based on information taken faithfully from the books, present fairly, in all material respects, the financial position of the Company as of December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for Opinion

I have conducted my audit in accordance with the International Standards on Auditing (ISA) generally accepted in Colombia. My responsibilities under those standards are outlined in the section "Independent Auditor's Responsibilities Regarding the Audit of Financial Statements" of my report. I am independent of the Company, in accordance with the Code of Ethics for Professional Accountants 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 I have fulfilled 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 provide a basis for my opinion.

Key Audit Matters

I have determined that there are no key audit matters that should be reported.

Other Affairs

The financial statements as of and for the year ended December 31, 2018, are presented exclusively for comparison purposes, and were audited by me and in my report dated February 25, 2019, I expressed an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards generally accepted in Colombia, which includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying the appropriate accounting policies, as well as establishing the accounting estimates reasonable under the circumstances.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Findeter's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Findeter's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

1. Based on the results of my audit, in my opinion, during 2019:

a) Findeter’s accounting 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 decisions of the Shareholders’ Meeting.

c) The correspondence, supports of the accounts and the books of minutes and register of shares are kept and duly maintained.

d) The regulations and instructions of the Financial Superintendence of Colombia related to the proper management and provisioning of the assets received in payment and to the implementation and impact on the statement of financial position and the statement of income and other comprehensive income of the applicable risk management systems have been observed.

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

f) The information contained in the self-settlement declarations of contributions to the Integrated Social Security System, in particular the one related to the affiliates and their base contribution income, has been taken from the accounting records and supports. Findeter is not in default for contributions to the Integrated Social Security System.

To comply with the requirements of articles 1.2.1.2. and 1.2.1.5. of the Unified Regulatory Decree 2420 of 2015, in development of the Independent Auditor’s responsibilities contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company’s managers are in accordance with the bylaws and the orders or instructions of the Shareholders’ Meeting and if there are adequate measures for internal control, preservation and custody of the Company’s assets or that of third parties in its possession, I issued a separate report dated February 24, 2020.

2. Pursuant to the provisions of section 3.3.3.7, Chapter III, Title I, Part I of Legal Basic Circular 029 of 2014 of the Financial Superintendence of Colombia, I have audited the financial statements as of December 31, 2019, of the special funds and accounts listed below, whose reports are issued independently:

   30027- Prosperity Fund Program
   30013 - Insfopal Special Account
   30018 - Special IDB San Andrés Account
   30024 - Inter-administrative Agreement Department of Cundinamarca
   30025 - Cooperation Agreement - Nama
   30021- General Royalties System Special Account
   30030 - Cooperation Agreement -Nama COAD
   30028 - Abu Dhabi Development Fund
   30024 - Inter-administrative Cooperation Agreement Ministry of Culture
   30026 - Non-reimbursable Technical Cooperation ATN / FM-15632-CO - GEF-IDB
   30024 - Popayán Inter-Administrative Agreement
   30029 - KFW Cooperation
   30008 - Social Investment Co-financing Fund FIS
   30007- Statement of Account of the Urban Infrastructure Fund FIU
   30024 - Cúcuta Inter-Administrative Agreement
   30024 - Ibagué Inter-Administrative Agreement
   30024 - Inter-administrative Agreement - POD Santander
   30024 - Inter-Administrative Cooperation Agreement Ministry of Housing, City and Territory
   30010 - Statement of Account Regional Social Investment Resources RISR
   30022 - Specific Agreement on Technical Assistance - United States Agency for International Development - USAID
   30004 - Statement of Account of the Roads Co-financing Fund FCV
   30020 - Compensated Rates Fund

3. I followed up on the responses to the letters of recommendation addressed to Findeter’s management and there are no outstanding material issues that could affect my opinion.

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

February 24, 2020

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Statement of Financial Position
as of December 31, 2019
(In thousands of Colombian Pesos)

Statement of Financial Position	**Notes**		**2019**	**2018**
Assets				
Cash and cash equivalents	10	$	695.223.180	717.949.878
Investment financial assets and derivatives	11		428.202.199	348.429.220
Loan portfolio and finance lease operations, net	12		8.893.012.444	8.505.449.222
Accounts receivable and other receivables, net	13		99.326.603	83.023.343
Property and equipment, net	14		33.586.104	29.480.230
Right-of-use assets, net	5		2.123.498	-
Investment properties	15		589.203	589.203
Intangible assets, net	16		1.393.667	1.397.006
Current tax assets, net	17		-	23.582.645
Deferred tax assets, net	17		46.823.870	4.661.455
Other assets	18		2.233.448	1.767.625
Total assets		**$**	**10.202.514.216**	**9.716.329.827**
Equity and liabilities				
Liabilities				
Derivative financial instruments measured at fair value	11		15.972.109	577.070
Current income taxes, net	17		8.721.454	-
Certificates of deposit	19		5.444.803.724	5.183.899.111
Outstanding investment securities	20		1.570.747.870	1.167.454.806
Financial obligations	21		1.846.338.513	2.128.118.856
Lease liability	5		1.981.012	-
Employee benefits	22		5.154.246	5.379.351
Financial guarantees	23		64.821.669	66.693.159
Provisions	24		3.325.520	4.155.793
Accounts payable and other payables	25		17.905.712	19.693.898
Total liabilities		**$**	**8.979.771.829**	**8.575.972.044**
Shareholders' equity				
Issued capital	26		1.024.963.194	971.716.511
Reserves	26		73.643.211	70.329.986
First-time adoption results			52.075.778	52.075.778
Other comprehensive income			(1.850.616)	(10.324.400)
Net income			73.910.820	56.559.908
Total shareholders' equity		**$**	**1.222.742.387**	**1.140.357.783**
Total liabilities and shareholders' equity		**$**	**10.202.514.216**	**9.716.329.827**

The accompanying notes are an integral part of the financial statements.

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SANDRA GÓMEZ ARIAS
Legal Representative

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(See my report of February 24, 2020)

HOLLMAN JAVIER PUERTO BARRERA
Public Accountant
Professional License 31196-T

FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Income Statement
for the years ended December 31
(In thousands of Colombian Pesos)

	Notes		2019	2018
Revenue				
Interest on loan portfolio	27	$	596.774.500	621.782.610
Net revenue from investment valuation at fair value	27		53.682.995	35.783.497
Net interest on investments at amortized cost	27		2.072.696	-
Operating expenses				
Certified interest on term deposits			(274.725.085)	(314.584.376)
Interest financial obligations	27		(77.597.335)	(87.201.535)
Interest on outstanding investment securities			(104.113.088)	(91.154.820)
Net exchange difference loss			(12.246.454)	(96.825.127)
Net derivative valuation (profit) loss			(8.608.823)	71.965.134
Net financial margin			**175.239.406**	**139.765.383**
Net loan portfolio recoveries	12		12.521.079	9.354.306
Net impairment for accounts receivable	13		(176.408)	(416.397)
Net financial margin after impairment			**187.584.077**	**148.703.292**
Revenue and expenses for commissions and other services				
Technical assistance revenue	28		65.323.574	70.892.227
Revenue for commissions and other services	28		14.056.385	22.245.866
Expenses for commissions and other services	28		(7.882.017)	(9.796.901)
Net revenue and expenses for commissions and other services			**71.497.942**	**83.341.192**
Other revenue and expenses				
Other revenue	29		6.042.336	4.332.863
Other expenses	30		(143.476.393)	(144.641.025)
Net other expenses			**(137.434.057)**	**(140.308.162)**
Earnings before income tax			**121.647.962**	**91.736.322**
Income tax expense			(47.737.142)	(35.176.414)
Net income		**$**	**73.910.820**	**56.559.908**

The accompanying notes are an integral part of the financial statements.

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. FINDETER
Statement of Cash Flow
for the years ended December 31
(In thousands of Colombian Pesos)

	Notes		2019	2018
Net Income	7		**73.910.820**	**56.559.908**
Adjustments to reconcile net income with net cash provided by operating expenses		$		
Depreciations	14		793.872	801.734
Right-of-use depreciations	14		1.478.758	-
Amortizations	16		1.075.436	809.770
Interest on loan portfolio	27		(596.774.500)	(621.782.610)
Revenue from investment valuation, net			(55.755.691)	(35.783.497)
Interest expenses			456.435.508	492.940.731
Exchange difference loss, net			12.246.454	96.825.127
Impairment investment properties			30.342	-
Loss (profit) from valuation derivatives, net			8.608.823	(71.965.134)
Recoveries from loan portfolio, net	12		(12.521.079)	(9.354.306)
Provision reinstatement	24 -1		887.393	-
Reimbursement of financial guarantees	23		(1.871.491)	-
Technical assistance revenue	28		(8.142.628)	(6.112.711)
Income tax expense	17		47.737.142	35.176.414
Impairment for accounts receivable, net	13		176.408	416.397
Expenses for other provisions, net			-	308.222
Changes in assets and exchange difference adjustment in operating liabilities:				
Negotiable investments			(18.386.179)	(38.920.016)
Loan portfolio and finance lease operations, net			(177.887.830)	(8.441.936)
Accounts receivable			(8.336.816)	(14.855.490)
Other assets			(465.822)	(847.469)
Derivatives			6.786.216	61.179.517
Employee benefits	22		(225.105)	(451.537)
Estimated liabilities and provisions			-	(455.698)
Accounts payable and other liabilities			309.554.410	107.220.502
Non-financial liabilities			-	(1.998.714)
Subtotal		$	**39.354.441**	**41.269.204**
Paid Income tax			(18.550.127)	(7.775.709)
Lease interest payments	5		(305.024)	-
Paid interest			(552.723.647)	(589.112.129)
Received interest			403.578.555	441.217.791
Net cash used for operating activities		$	**(128.645.802)**	**(114.400.843)**
Additions of property and equipment	14		(74.459)	(179.780)
Additions of other intangible assets	16		(1.072.097)	(1.870.823)
Net cash used for investment activities		$	**(1.146.556)**	**(2.050.603)**
Issuance of outstanding investment securities	20		400.000.000	-
Bank loans and other financial obligations			158.210.619	242.081.893
Bank loan payments and other financial obligations			(448.266.482)	(189.995.813)
Capital payments lease contracts	5		(1.316.219)	-
Net cash provided in financing activities		$	**108.627.918**	**52.086.080**
Cash and cash equivalents before the effect of exchange rate			(21.164.440)	(64.365.366)
Exchange difference on cash			(1.562.258)	11.395.475
Net increase (decrease) of cash and cash equivalents	10	$	**(22.726.698)**	**(52.969.891)**
Cash and cash equivalents initial balance	10		717.949.878	770.919.769
Cash and cash equivalents final balance	10	$	**695.223.180**	**717.949.878**
Available restricted	10		(1.742.632)	(1.683.958)
Cash and cash equivalents final balance without the available restricted		$	**693.480.548**	**716.265.921**

The accompanying notes are an integral part of the financial statements.

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
Statements of Other Comprehensive Income
for the years ended December 31
(In thousands of Colombian Pesos)

	Note		2019	2018
Net income		$	73.910.820	56.559.908
Items not reclassified through profit or loss, net of taxes				
Revaluation of fixed assets	14		4.855.629	509.747
Deferred tax recognition	17		(2.012.955)	308.880
Valuation of Investments in equity instruments, shares and other financial instruments			5.631.110	(1.040.853)
Total other comprehensive income not reclassified through profit or loss, net of taxes			**8.473.784**	**(222.226)**
Total Comprehensive Income		**$**	**82.384.604**	**56.337.682**

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FINANCIERA DE DESARROLLO TERRITORIAL S.A. - FINDETER
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
for the years ended December 31
(In thousands of Colombian Pesos)

	Notes		Subscribed and Paid-in Capital	Reserves: Legal Reserves	Reserves: Occasional Reserves	First-time Adoption Effect	OCI	Net Income	Total Equity
Balance as of January 1, 2018		$	924.315.660	53.397.292	12.187.056	52.075.778	(10.102.174)	52.146.489	1.084.020.101
Changes in Equity:									
Capitalization of profits			47.400.851	5.214.649	(469.011)	-	-	(52.146.489)	-
Net income			-	-	-	-	-	56.559.908	56.559.908
Other comprehensive income			-	-	-	-	(222.226)	-	(222.226)
Total changes in equity			47.400.851	5.214.649	(469.011)	-	(222.226)	4.413.419	56.337.682
Final Balance as of December 31, 2018		$	971.716.511	58.611.941	11.718.045	52.075.778	(10.324.400)	56.559.908	1.140.357.783
Balance as of January 1, 2019		$	971.716.511	58.611.941	11.718.045	52.075.778	(10.324.400)	56.559.908	1.140.357.783
Changes in Equity:									
Capitalization of profits	26		53.246.683	5.655.991	(2.342.766)			(56.559.908)	-
Net income			-	-	-			73.910.820	73.910.820
Other comprehensive income			-	-	-		8.473.784	-	8.473.784
Total changes in equity			53.246.683	5.655.991	(2.342.766)	-	8.473.784	17.350.912	82.384.604
Final Balance as of December 31, 2019		$	1.024.963.194	64.267.932	9.375.279	52.075.778	(1.850.616)	73.910.820	1.222.742.387

The accompanying notes are an integral part of the financial statements.

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(See my report of February 24, 2020)

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

As December 31, 2019

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

Note (1) Reporting Entity

Financiera de Desarrollo Territorial S.A., hereinafter Findeter, was incorporated by public deed number one thousand five hundred seventy (1,570), dated May 14, 1990, with operating authorization issued by the Financial Superintendence of Colombia by Resolution No. 3354 of September 17, 1990. Findeter is a mixed economy joint-stock company established under the laws of the Republic of Colombia headquartered in the city of Bogota at Calle 103 No. 19-20, organized as a credit establishment tied to the Ministry of Finance and Public Credit of the Colombian Government, subject to the control and oversight of the Financial Superintendence of Colombia. Its main shareholder is the National Government of Colombia through the Ministry of Finance and Public Credit, with a 92.55% interest. It currently has five regional offices, two areas, for a total of seven offices in the country. It has an indefinite term of duration.

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

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

Note (2) Declaration of compliance with the Financial Reporting Standards Accepted in Colombia

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

As of January 1, 2019, the inclusion of IFRS 16- Leases came into force. See note 5.

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

Except with respect to:

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

The financial statements of Financiera de Desarrollo Territorial S.A. FINDETER for the period ended December 31, 2019, have been prepared in accordance with the Financial Reporting Standards Accepted in Colombia (CFRS) and the applicable provisions issued by the Colombian Financial Superintendence. This is Findeter’s first set of annual financial statements applying IFRS 16 - Leases. Changes regarding significant accounting policies are described in Note 5.

For legal purposes in Colombia, the individual financial statements are the financial statements used to distribute dividends, when applicable.

Note (3) Significant accounting policies

a) Basis of Measurement

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

Item	Basis of Measurement
	Fair value through profit or loss.

Derivative financial instruments	
Financial instruments classified at fair value	Fair value through profit or loss and, for investments designated on initial recognition as available for sale, at fair value through other comprehensive income.
Investment properties	Fair value through profit or loss.
Property (Land and Buildings)	Revalued cost.
Employee benefits	Present value of defined benefit obligations.
Deferred tax	Temporary differences using rates applicable in the realization period.

b) Functional and presentation currency

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

c) Presentation of Financial Statements

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

1. Statement of Financial Position

It is presented showing the different accounts of Assets and Liabilities ordered according to their liquidity, in case of sale or their enforceability, respectively, considering that for a financial institution this form of presentation provides more relevant reliable information. Accordingly, in developing each note of financial assets and liabilities, the amount expected to be recovered or paid within twelve months and after twelve months is disclosed.

2. Income Statement

The income statement is presented according to the nature of the expenses, the most widely used model among financial institutions, as it provides more appropriate and relevant information.

3. **Statement of Other Comprehensive Income**

The statement of other comprehensive income (OCI) recognizes the positive net differences generated in the first-time application of the International Financial Reporting Standards and their items are not specifically treated as revenue or expense, as these items are unrealized gains or losses in the period, and are recognized in equity.

4. **Statement of Cash Flows**

It is presented using the indirect method: Which determines the net flow of operating activities by correcting net income, given the effects of the items that do not generate cash flow, the net changes in assets and liabilities derived from the operating activities and given any other item whose monetary effects are considered investment or financing cash flows. Interest revenues and expenses received and paid are part of operating activities.

The following concepts are taken into account in preparing the separate statement of cash flows:

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

- Investment activities: Correspond to the acquisition, transfer or otherwise disposal 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 equity and liabilities that are not part of operational or investment activities.

5. Statement of Changes in Equity

The purpose of the statement of changes in equity is to show the variations in the different elements that make up the equity in a given period. Additionally, the statement of changes in equity seeks to explain and analyze each variation, their causes and consequences within the entity's financial structure.

d) Foreign Currency Transactions

Foreign currency transactions are translated into Colombian pesos using the exchange rate published by the Colombian Central Bank on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into functional currency using the exchange rate effective on the cut-off date of the statement of financial position. Exchange differences are recognized through profit or loss. As of December 31, 2019 and 2018, the rates were, $3,277.14 and $3,249.75; respectively.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and interbank operations with maturities of no more than one month, which are carried out as part of the usual management of cash surpluses. In order for a financial investment to be classified as a cash equivalent, it must be held to meet short-term payment commitments, rather than for investment or similar purposes, be easily convertible to a specified amount of cash, and be subject to negligible risk changes in value.

f) Trust Operations

In compliance with the duties defined for Findeter in the organic statute of the financial system, Findeter may enter into fiduciary agreements to manages resources intended for the development of its corporate purpose. Accordingly, as of December 31, 2019, Findeter has established the following fiduciary transactions and agency agreements:

National Guarantees Fund

Agreement signed between Findeter and the National Guarantees Fund, as an agency without representation, so that the latter, in exercising said agency, manages the monies delivered by the Principal and with them guarantees the delinquencies of individual loans or real estate microcredits intended exclusively to finance the construction, remodeling or acquisition of qualified affordable housing. This in accordance with Act 812 of 2003, “National Development Plan 2002-2006”, which in Chapter II “Description of the Main Investment Programs”, encouraged compliance with the goals of the National Government in the placement of the Colombian affordable housing portfolio.

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

Fiduciaria Bogotá – Pre-investment

Irrevocable commercial management and payments trust agreement signed between Fiduciaria Bogotá S.A. and Findeter, for the latter to transfer resources so that the trustee performs the contracts for the study and design of infrastructure projects, in accordance with the operations authorized to Findeter, such as providing technical assistance services, project structuring, and technical and financial consulting, as indicated in note 1.

These operations are a mechanism used by Findeter to develop its corporate purpose and execute special programs to promote regional and urban development.

g) Operating Segments

Operating segments are defined as a component of an entity: (a) that develops business activities from which it can obtain revenue and incur expenses; (b) whose operating results are reviewed on a regular basis and are used for operational decision-making in Findeter; and (c) based on which differentiated financial information is made available.

In line with this definition and taking into account that the Board of Directors, the highest operational decision-making authority, reviews and evaluates on a monthly basis the cost reports prepared by the accounting management, which are key to evaluating performance and making decisions related to investment and allocation of funds, Findeter has defined two business line operating segments for the provision of services: Financial Services and Technical Assistance. For this purpose, it has aligned the direct allocation of revenues, expenses, assets and liabilities with the allocation of the cost centers in the Findeter areas.

There are no levels of integration between the segments. Business units carry out separate activities that do not generate inter-segment pricing. The performance of each segment is measured on earnings before income tax, according to monthly reports submitted to the board of directors. See note 6.

h) Assets – Financial Instruments

Investments are classified in accordance with the provisions of Chapter I and I-1 of the Accounting and Financial Basic Circular issued by the Financial Superintendence of Colombia with respect to: negotiable investments, held-to-maturity investments and available-for-sale investments. Findeter, in developing its business model and following the guidelines of the Board of Directors, aims to negotiate investments in order to optimize the management of its financial resources, to achieve compliance, opportunity, security and transparency in its contractual commitments

1. Financial Investment Assets

Includes investments made to maintain a secondary liquidity reserve and comply with legal or regulatory provisions, in order to maximize the risk-return ratio of the portfolios and leverage opportunities that arise in the markets where it operates.

For investments valued at market prices, the entity values them using the information provided by the pricing entity PRECIA S.A, which gives inputs for the valuation of investments (prices, rates, curves, margins, etc.), and has investment valuation methodologies approved in accordance with the provisions of Decree 2555 of 2010 and the instructions in the Legal Basic Circular of the Financial Superintendence of Colombia.

The different types of investment are classified, valued and accounted for according to the business model, defined by:

Negotiables		
Characteristics	**Valuation**	**Accounting**
Portfolio to manage fixed income and variable income investments other than shares with the main purpose of obtaining profits, as a result of variations in the market value of different instruments and in activities of purchase and sale of securities. It leads to active sales and purchases.	Investments represented in securities or debt securities are valued based on the price determined by the pricing entity. In exceptional cases where there is no determined fair value for the valuation day, such securities are valued exponentially based on the internal rate of return. This procedure is performed on a daily basis. Interests 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 management company on the day immediately prior to the date of valuation. Unless they are listed on stock exchanges that mark the price in the secondary market, they must be valued according to this price.	These investments are accounted for in the respective accounts of “Investments at Fair Value through Profit or Loss” of the Unified Catalog of Financial Information for supervisory purposes. The difference between the current and immediately preceding fair values is recorded as a higher or lower value of the investment, affecting the period results. This procedure is performed on a daily basis.

Held to Maturity		
Characteristics	**Valuation**	**Accounting**
Securities in respect of which the entity has legal, contractual, financial and operational ability and intent to hold to maturity or repayment, taking into	Exponentially based on the internal rate of return calculated at the time of purchase, in a 365-day year.	These investments must be accounted for in the respective “Investments at Amortized Cost” accounts.

Held to Maturity		
Characteristics	**Valuation**	**Accounting**
account that the structure of financial instruments eligible for this portfolio only involves payments of principal and interests.	This procedure is performed on a daily basis. For variable rate fixed income investments, the Internal Rate of Return is recalculated each time the value of the face indicator changes. For securities that include a prepaid option, the Internal Rate of Return is recalculated each time future flows and payment dates change.	The difference between the current and immediately preceding fair values must be recorded as a higher or lower value of the investment, affecting the period results. The receivable returns pending collection are recorded as a higher investment value. Consequently, the collection of such returns must be accounted for as a lower investment value. This procedure is performed on a daily basis.

Available for sale - Debt securities		
Characteristics	**Valuation**	**Accounting**
Securities and, in general, any type of investment not classified as negotiable investments or as held-to-maturity investments. According to the business model, this portfolio manages fixed income investments with the main purpose of obtaining contractual flows and making sales as required by the circumstances require, to maintain an optimal combination of profitability, liquidity and coverage that provides support for relevant profitability.	Investments represented in securities or debt securities are valued based on the price determined by the pricing entity. In exceptional cases where there is no determined fair value for the valuation day, such securities are valued exponentially based on the internal rate of return. This procedure is performed on a daily basis.	These investments are accounted for in the respective “Investments at Fair Value through Other Comprehensive Income (OCI)” accounts. The difference between the present value of the valuation day and the immediately preceding one (calculated based on the internal rate of return calculated at the time of purchase, in a 365-day year) must be recorded as a higher value of the investment credited to profit and loss. The difference between the fair value and the calculated present value is recorded in the respective Unrealized Gains or Losses account (OCI).

1.1 Impairment or Losses due to Issuer Risk Rating

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

- The rating of the issuer and/or security in question, if any.

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

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

1.1.1 Securities of Unrated Issues or Issuers

Securities that have no external rating or that are issued by unrated entities will be rated as follows:

Category/Risk	Characteristics	Provisions
A - Normal	Comply with the terms agreed in the security and have an adequate capacity to pay principal and interest.	Not applicable.
B - Acceptable	Corresponds to issues with uncertainty factors that could affect the ability to continue to adequately meet debt service. Additionally, the financial statements and other information available of the issuer evidence weaknesses that may affect its financial situation.	In the case of debt securities, the value for which they are accounted for cannot exceed eighty percent (80%) of their nominal value net of amortizations up to the valuation date. In the case of equity securities, the net value of credit risk provisions (cost less provision) for which they are accounted for cannot exceed eighty percent (80%) of the acquisition cost.
C - Appreciable	Corresponds to issues with a high or medium probability of default in the timely payment of principal and interest. Additionally, its financial statements and other available information show deficiencies in its financial situation that compromise the recovery of the investment.	In the case of debt securities, the value for which they are accounted for cannot exceed sixty percent (60%) of their nominal value net of amortizations up to the valuation date. In the case of equity securities, the net value of credit risk provisions (cost less provision) for which they are accounted for cannot exceed sixty percent (60%) of the acquisition cost.
D -Significant	Corresponds to issues in default in the terms agreed in the security, and their financial statements and other available information evidence marked deficiencies in their financial situation.	In the case of debt securities, the value for which they are accounted for cannot exceed forty percent (40%) of their nominal value net of amortizations up to the valuation date.

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

1.1.2 Securities of issues or issuers with external ratings

Securities or debt securities with one or more ratings and securities or debt securities 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 nominal value net of amortizations up to the valuation date:

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

To estimate the provisions on term deposits, the rating of the respective issuer is taken.

In any case, if the provisions on held-to-maturity investments for which a fair value can be established are higher than estimated, the provision corresponds to the difference between the registered value of the investment and the fair value, when the latter is lower.

For investments or issuers rated by more than one rating agency, the rating taken into account will be either the lowest, if they were issued within the last three (3) months, or the most recent, when the ratings are issued more than three (3) months apart.

2. Transactions with derivative financial instruments

A derivative is a financial instrument whose value changes over time in response to changes in an underlying variable (a specified interest rate, the price of a financial instrument, the price of a listed commodity, a foreign 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 developing its operations, Findeter trades such derivatives as forward contracts.

All derivatives are initially recorded at fair value. Subsequent changes in fair value are adjusted through profit or loss.

3. Loan portfolios

The loan portfolio is accounted for in accordance with the provisions of the Financial Superintendence of Colombia set out in Chapter II of the Accounting and Financial Basic Circular (CBCF) and annexes thereto.

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

3.1 Types of portfolio in Findeter:

The Findeter portfolio is classified into the following modalities:

- Commercial. These are loans granted to natural or juridical persons for the development of organized economic activities. Findeter includes in this modality the following types of loans:

    - Rediscount Transactions: It originates from loan operations that are intermediated by the entities overseen by the Financial Superintendence. Additionally, with the creation of the Affordable Housing Line, other intermediaries were authorized, such as: Family Compensation Funds, Cooperatives of Savings and Credit and Employee Funds.

    - First-Tier Portfolio: This type of portfolio applies when Findeter receives in payment the rediscount portfolio of a credit establishment under liquidation, at which time Findeter acts as a first-tier bank. It must be clear that Findeter does not have first-tier loan allocation policies.

- Housing: Corresponds to loans granted to employees, regardless of amount, destined to the acquisition of new or used housing, or the construction of individual housing. Findeter classifies this portfolio as follows:

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

- Former Employee Housing Portfolio: Corresponds to housing loans that were once granted to Findeter employees, which at the end of their relationship with the entity become part of this portfolio scheme. It must be clear that Findeter does not have former employee loan allocation policies.

- Consumer: Corresponds to loans granted to employees, regardless of amount, to finance the acquisition of consumer goods or the payment of services for non-commercial or non-business purposes. Findeter divides this portfolio as follows:

  - Consumer Portfolio: Corresponds to consumer loans granted to Findeter employees in accordance with the benefits agreed in the collective agreement.

  - Former Employee Consumer Portfolio: Corresponds to consumer loans that were once granted to Findeter employees, which at the end of their relationship with the entity become part of this portfolio scheme. It must be clear that Findeter does not have loan granting policies for former employees.

3.2 Credit Risk

Findeter has designed and adopted a CRMS (Credit Risk Management System) made up of credit risk management policies and processes, internal methodologies and reference models for estimating or quantifying expected losses, provisioning system to cover credit risk and internal control processes.

Findeter permanently evaluates the risk of its credit assets based on the type of portfolio.

- For the Rediscount portfolio, this analysis starts prior to engaging a new intermediary; once engaged, regular monitoring is conducted according to the intermediary’s capacity: credit institutions are monitored monthly and other intermediaries quarterly, control over each operation prior to approval, regular monitoring of operations, also includes cases subject to restructuring.

- For the first-tier portfolio, the analysis starts when the intermediary under liquidation delivers the portfolio with Findeter resources under the former's management. From then on, the beneficiaries of this portfolio are monitored monthly based on an analysis of the main financial figures, an analysis of the guarantees provided by the beneficiary at the time of originating the loan and its repayment behavior.

- For the former employee portfolio (consumer and housing), the monitoring starts from the termination of employment and is conducted monthly based on the debtor's repayment behavior.

3.3 Credit Risk Rating

Findeter's portfolios are classified and rated into the following risk categories considering the regulatory provisions of Chapter II of the Accounting and Financial Basic Circular:

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

CATEGORY	DESCRIPTION
A1	The quantitative and qualitative analysis reflects a solid, stable and sufficient financial situation to meet its obligations permanently and in a timely manner. 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 permanently and in a timely manner; however, there are potential weaknesses that may compromise the counterparty's financial strength and therefore its ability to meet its obligations. Impairment 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 may noticeably compromise the counterparty's financial strength and therefore its ability to meet its obligations. It is vulnerable to impairment in the economic and financial environment.
A4	The quantitative and qualitative analysis reflects a high possibility of default of the counterparty's obligations. It is highly vulnerable to impairment in the economic and financial environment.
A5	The counterparty failed to pay the obligation.

- First-tier commercial portfolio and former portfolio consumer portfolio (according to annexes III and V)

CATEGORY	COMMERCIAL PORTFOLIO (FIRST-TIER)	CONSUMER PORTFOLIO (FORMER EMPLOYEES)

AA	Credits rated in this category reflect excellent structuring and service. The debtors' financial statements or the project's cash flows, as well as other credit information, indicate an optimal payment capacity, in terms of the amount and origin of the debtors' income to meet the required payments.	Credits rated in this category reflect excellent service. The debtor's risk analysis reflects an optimal payment capacity and excellent credit behavior that ensures the collection of the obligation under the agreed terms.
A	Credits rated in this category reflect appropriate structuring and care. The debtors' financial statements or the project's cash flows, as well as other credit information indicate an adequate payment capacity, in terms of the amount and origin of the debtors' income to meet the required payments.	Credits rated in this category reflect adequate service. The debtor's risk analysis reflects an appropriate payment capacity and an adequate credit behavior that allows inferring stability in the collection of the obligation under the agreed terms.
BB	Credits rated in this category are accepted and protected in an acceptable manner, but there are weaknesses that can potentially affect, temporarily or permanently, the debtor's payment capacity or the project's cash flows, so, if not timely corrected, it may affect the normal collection of the credit or contract.	Credits rated in this category reflect acceptable service. The debtor's risk analysis shows weaknesses in their payment capacity and credit behavior that can potentially affect, temporarily or permanently, the normal collection of the obligation under the agreed terms.
B	Credits rated in this category have insufficiencies in the debtor's payment capacity or in the project's cash flows, which compromise the normal collection of the obligation in the agreed terms.	Credits rated in this category reflect poor service. The debtor's risk analysis shows insufficiencies in their payment capacity and credit behavior, affecting the normal collection of the obligation under the agreed terms.
CC	Credits or contracts rated in this category present serious insufficiencies in the debtor's payment capacity or in the project's cash flows, which significantly compromises the collection of the obligation under the agreed terms.	Credits rated in this category have serious insufficiencies in the debtor's payment capacity and credit behavior, significantly affecting the collection of the obligation in the required terms.
NON-COMPLIANCE	The minimum objective conditions for the credit to be rated in this category are the events described in section 1.3.3.1 of the Accounting and Financial Basic Circular.	The minimum objective conditions for the credit to be rated in this category are the events described in section 1.3.3.1 of the Accounting and Financial Basic Circular.

- Employee housing and consumer portfolio (According to Annex I)

CATEGORY	RISK	DESCRIPTION
A	NORMAL	Credits rated in this category reflect appropriate structuring and service. The debtors' financial statements, as well as other credit information, indicate an adequate payment capacity, in terms of the amount and origin of the debtor's income to meet the required payments.
B	ACCEPTABLE	Credits rated in this category are accepted and protected in an acceptable manner, but there are weaknesses that can potentially affect, temporarily or permanently, the debtor's payment capacity, so, if not timely corrected, it may affect the normal collection of the credit or contract.

C	DEFICIENT WITH ACCEPTABLE RISK	Credits rated in this category present insufficiencies in the debtor’s payment capacity, which compromise the normal collection of the obligation in the agreed terms.
D	DIFFICULT COLLECTION WITH SIGNIFICANT RISK	Credits rated in this category have the same characteristics as those DEFICIENT, but to a greater extent, so the probability of collection is highly doubtful.
E	IRRECOVERABLE	Is deemed uncollectible.

The employee housing and employee consumer portfolios are rated as category A or normal risk.

Rating Standardization

To standardize the risk ratings of the commercial portfolio and the consumer portfolio of former employees, Findeter applies the following table:

<table>
<tr><th colspan="4">REPORTING CATEGORY</th></tr>
<tr><th>GROUPED CATEGORY</th><th>COMMERCIAL-REDISCOUNT</th><th>COMMERCIAL-FIRST-TIER</th><th>CONSUMER-FORMER EMPLOYEES</th></tr>
<tr><td rowspan="4">A</td><td>A1</td><td rowspan="4">AA</td><td rowspan="2">AA</td></tr>
<tr><td>A2</td></tr>
<tr><td>A3</td><td rowspan="2">0-30 days delinquent</td></tr>
<tr><td>A4</td></tr>
<tr><td rowspan="2">B</td><td rowspan="4"></td><td>A</td><td>Over 30 days delinquent</td></tr>
<tr><td>BB</td><td>BB</td></tr>
<tr><td rowspan="2">C</td><td>B</td><td>B</td></tr>
<tr><td>CC</td><td>CC</td></tr>
<tr><td>D</td><td>A5</td><td>D</td><td>D</td></tr>
<tr><td>E</td><td></td><td>E</td><td>E</td></tr>
</table>

3.4 Restructuring Processes

At Findeter, loan restructurings is for first-tier loans and former employees loans. For a first-tier or former employee loan to be considered for restructuring, it must meet all the requirements established in Chapter II of the Accounting and Financial Basic Circular (CBCF) of the Financial Superintendence of Colombia. This process starts with the express request for modification of the financial conditions of the loan, then the portfolio management analyzes the debtor’s payment capacity, which is submitted to the loan committee, which then decides whether or not to modify the initial conditions of the loan. The accounting classification and registration is determined by the Accounting and Financial Basic Circular and the Unified Catalog of Financial Information (CUIF).

3.5 Portfolio Write-offs

Obligations that Management considers irrecoverable or have a remote recovery and that are one hundred percent (100%) provisioned, after exhausting all possible means of collection, in accordance with the opinion of judicial collection agencies are subject to write-off.

The write-off does not release Findeter from the responsibilities originated by the approval and management of the loan, nor does it exonerate it from the obligation to continue the collection efforts.

The Board of Directors is the only body with the power to approve write-offs.

3.6 Impairment

Individual Impairment

To cover credit risk, Findeter has a provisioning system which, depending on the type of portfolio, is found in annexes 1, 3, 5 and 6 of Chapter II of the Accounting and Financial Basic Circular, and is applied from as follows:

- For the Rediscount portfolio, the instructions given in Annex 6 (Individual provisions of the entities authorized to carry out Rediscount operations) will apply.

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

- For the First-Tier portfolio that went into the hands of Findeter, the model set out in Annex 3 (Commercial Portfolio Reference Model) will be applied.

For the above portfolios, the provision calculation methodologies adhere to the philosophy of expected losses and incorporate parameters of probability of default and loss given default, based on the credit rating determined by Findeter:

- For the first-tier portfolio, prior to Annex 6 becoming effective, 100% of the portion not guaranteed by the nation is provisioned. As of December 31, 2019, this portfolio represents 0.1% of Findeter’s gross portfolio.

- For the housing portfolio associated with former employees, the instructions given in Annex 1 (General Assessment, Rating and Provisioning Regime for loan portfolio) apply. For consumer and housing portfolios associated with employees, the same annex applies.

3.7 General Provision

A general provision will be established corresponding to one percent (1%) of the balance of the gross portfolio, on the following portfolios: first-tier portfolio (BCH), employee and former employee housing.

3.8 Guarantee Management and Handling Policy

The guarantee is an instrument by means of which the Expected Loss (EL) is reduced whenever there is an event of default. The guarantee represents a right that Findeter acquires when debtors fails to comply with their payment obligations.

The analysis of the guarantees must include the following characteristics:

- Suitability: As legally defined.
- Legality: Document duly executed that offers legal support to enable the management of the collection of the obligations granted.
- Value: Established based on technical and objective criteria.
- Possibility of realization: Reasonably adequate possibility of the guarantees becoming effective.
- Rediscount Portfolio

For the rediscount portfolio, Findeter has policies regarding 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 loan rediscounts, the original promissory note of the loan beneficiary is required, duly completed or in blank with the letter of instructions, duly endorsed by the intermediary to the order of Findeter.

On the other hand, lease rediscounts require the assignment of lease fees from the lease agreement or endorsement of the lessee’s promissory note or lessee’s promissory note endorsed to the order or in favor of Findeter by the financial intermediary.

For first-tier portfolios (direct portfolio), the guarantees required by the financial intermediary from the loan beneficiary; when they loan is delivered to Findeter these are assigned to the latter's favor.

- Housing portfolio

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

4. Other accounts receivable

Impairment of other accounts receivable

Findeter determined that the application of the lifetime expected credit losses policy will initially be applied to the balances of the accounts receivable on the technical assistance services provided by Findeter, which have a 97% share of other accounts receivable. To determine this share, Findeter excludes the accounts receivable from the Ministry of Finance and Public Credit, the Ministry of Education and the Compensated Rate agreements recognized in Findeter's accounting, which are mostly repaid 30 days after origination.

Taking into account that IFRS 9 - "Financial Instruments" provides that accounts receivable for technical assistance do not have a significant financial component and are trade receivables within the scope of IFRS 15, for which a simplified approach is applied.

Measurement of Expected Credit Losses

IFRS 9 provides the following alternatives to always measure the correction in value for expected credit losses of its trade receivables, contract assets.

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

(b) the time value of money; and

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

In order to comply with IFRS 9 with respect to the simplified approach, Findeter evaluated the conditions of the technical assistance contracts signed by Findeter, the capacity of the counterparties (Ministry of Housing, City and Territory, Ministry of Education, Administrative Department of the Presidency of the Republic) and their institutional support, and since there are no indications or statistics that indicate that these entities have presented credit defaults, Findeter determined that expected credit losses should not be considered until there is additional relevant information that allows forecasting future conditions that lead to a default of the counterparties. Findeter established a policy for the measurement and recognition of losses due to the time value of money.

However, the collection of receivables for the technical assistance services provided by Findeter to said Ministries is slow due to the different stages of approval and verifications that must be conducted.

Therefore, the following formula was applied:

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

After applying Findeter's policy, there was an impairment loss for $176,110, which was recorded in the 2019 financial statements. (See note 12 number 4).

i) Investment Properties

They are defined as lands or buildings considered in whole or in part that Findeter has arranged for generating income, asset valuation or both, instead of their use for own purposes.

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

i. their purchase price including import duties, non-refundable purchase taxes, after deducting trade discounts and rebates; and

ii. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended.

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

Investment properties in Findeter will be subsequently measured at fair value through profit or loss.

Findeter has fully identified what property has been arranged to classify it as investment property, intended for exclusively generation of income.

j) Property and equipment

Property and equipment includes assets owned that Findeter holds for their current or future use and that it expects to use for more than one year.

They are recorded at their acquisition cost, less their corresponding accumulated depreciation and, if applicable, the impairment that occurs when the recoverable amount of the asset is less than the book value.

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

i. Their purchase price including import duties, non-refundable purchase taxes, after deducting trade discounts and rebates.
ii. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended.
iii. Dismantling costs: The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
iv. Borrowing costs: Costs related to a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized and, in other cases, are recognized through profit or loss, in accordance with the financing costs..

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

	Useful life (years)
Asset type	
Buildings	80
Furniture, fixtures and equipment	6
Computer equipment	3

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

The conservation and maintenance expenses of property and equipment are recognized as an expense in the year 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. Furniture, Fixtures and Equipment and Computer Equipment will be measured at cost, Land and Buildings will be measured by means of the Revaluation Model less impairment losses and calculated depreciations. Findeter performs the revaluation of its buildings and land every two years, a process carried out by an expert firm, which assesses the requirements of IFRS 13 and determines their fair values. (see note 14)

- **Derecognition of fixed assets**

The book value, 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 provision, and the derecognition is recognized through profit or loss.

- **Impairment of property and equipment items**

At the end of each accounting period, 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 there is indeed such impairment by comparing the asset's book value with its recoverable value (as higher 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 through profit or loss, recording the reversal of the impairment loss recorded in previous periods, and adjusting future charges for amortization accordingly. In no case the reversal of the impairment loss of an asset shall imply an increase in its book value above that which it would have had if impairment losses had not been recognized in previous years.

k) **Leases (IFRS 16 Application)**

Policy applicable before January 1, 2019

i. **Given on Lease**

Findeter classifies its leases as operating because it does not transfer substantially all the risks and rewards incidental to the ownership. These are recognized in the corresponding account and are accounted for according to the nature of the asset. The income received is recorded through profit or loss.

ii. **Received on Lease**

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

Policy applicable from January 1, 2019

Findeter evaluates at the start 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 consideration. To assess whether a contract conveys the right to control the use of an identified asset, Findeter uses the definition of a lease in IFRS 16.

This policy applies to contracts entered into on or after January 1, 2019.

Recognition as lessee

Findeter recognizes a right-of-use asset and a lease liability on the start date of the lease. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payment made on or before the start date, plus the initial direct costs incurred and an estimate of the costs for dismantling and removing the underlying asset or to restore the underlying asset or the site where it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, and is adjusted for certain new measurements of the lease liability, at least once a year.

Findeter measures the lease liability at the present value of the lease payments not paid on that date. In Findeter, for purposes of discounting unpaid lease fees, the lessee's incremental borrowing rate will be used, which will correspond to the borrowing rate for real estate, since it would be the rate that reflects the operation in the market .

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

VA = Present value
VF = Future value
i = Periodic effective interest rate
n = Number of periods

Regarding contractual obligations, the lease fees must be updated with the annual increases established for each of them.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid on the start date:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the commencement date; amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option that the lessee is reasonably certain to exercise (evaluated considering the factors described in paragraphs B37 to B40); and
- Payments for terminating the lease unless it is reasonably certain that early termination will not occur.

Variable lease payments that depend on an index or rate that include, for example, payments linked to the consumer price index, prices linked to a benchmark interest rate (such as LIBOR), or payments that vary to reflect changes at market rental prices.

After the commencement date, Findeter will measure a lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect lease payments made; and
- Remeasuring the carrying amount to reflect any reassessments or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, a lessee shall recognize in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

When the lease liability is remeasured this way, the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero .

Short-term leases and low-value asset leases

Findeter has decided not to recognize right-of-use assets and lease liabilities for low-value asset leases and short-term leases, including computer equipment. Findeter recognizes the lease payments associated with these leases as a straight-line expense over the term of the lease.

Lease Recognition from the Lessor's Perspective

A. Classification of Leases

Findeter classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

a. Operating Leases

Recognition and Measurement

Findeter shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

A lessor shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable underlying assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets. A lessor shall calculate depreciation in accordance with IAS 16 and IAS 38. A lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

l) Intangibles Assets

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

Findeter does not recognize as intangible assets the brands, newspapers headlines, magazines, stamps, publishing names, customer lists or other similar items that have been generated internally.

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

Useful Life of Intangible Assets

The useful life is evaluated taking into account the following factors:

- The expected usage of the asset
- Typical product life cycles for the asset
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products
- Expected actions by competitors or potential competitors
- The level of maintenance expenditure required to obtain the expected future economic benefits

- Whether the useful life of the asset is dependent on the useful life of other assets of the entity

i. **Impairment**

At the end of each accounting period, Findeter analyzes whether there are indications, both external and internal, that an asset may be impaired. If there is evidence of impairment, and in these cases, the accounting policy for property and equipment is followed, to determine if the recognition of any impairment loss applies. Any impairment loss or subsequent reversals is recognized in profit or loss.

m) Financial Guarantees

In order to analyze the risk associated with the financial guarantee issued by Findeter in favor of the Intermediaries participating in the debt substitution operation that gave rise to the FINDETER CRÉDITOS ET - AGUA TRUST, the losses associated with it are estimated from the financial information published by the General Accounting Office of the Nation, of the beneficiary municipalities, Additionally, the historical series of allocation of the General System of Participation published by the National Planning Department and historical series of variations in the CPI were analyzed. With the previous information, a methodology was designed that considers the following variables as risk factors:

- The decrease in interest due to a probable restructuring of the municipality’s debts in accordance with Act 550.
- The sensitivity of the flows to changes in the interest rate on loans (consumer price index, CPI).
- The sensitivity of income from changes in the allocation of the budget of the General System of Participation (SGP) in drinking water issues.

This methodology defines an aggregate expected loss, taking into account that the maximum amount of coverage is 70 billion pesos, which guarantees the value of the flows to be received from financial intermediaries during the term of the aforementioned credits.

n) Financial Liabilities

A financial liability for Findeter is any contractual obligation to receive cash or another financial asset from another entity or person.

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

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

The amortized cost of financial liabilities, certificates of deposit, outstanding investment securities, legal currency bonds and financial obligations, are determined based on the nominal value of the obligation.

For foreign currency bonds, the transaction costs associated with obtaining them are recognized as a deduction from the liability, recalculating the effective interest rate, based on which the corresponding financial expenses are recognized through profit or loss.

Financial liabilities that Findeter has registered do not present reclassifications in their valuation and recognition. The financial statements show the items of income and expenses net of interest and commissions derived from their operations.

For estimates of liquidity, market risks and the description of their management, refer to note 9.

o) Employee benefits

Findeter grants its employees the following benefits, as consideration in exchange for their services:

I. Short-Term Benefits

Corresponds to the benefits that Findeter expects to pay within twelve months of the end of the reporting period. In accordance with Colombian labor law and employment agreements at Findeter, said benefits correspond to severance pay, interest on severance pay, vacation leaves, vacation bonuses, legal and extralegal bonuses, aids and contributions to social security and parafiscal contributions, bonuses. These benefits are measured at cost and accumulated by the accrual system through profit or loss.

II. Other Long-Term Benefits

These are all long-term employee benefits that, in accordance with Findeter's collective agreements and employment agreements, correspond mainly to pension bonuses and five-year bonuses.

Long-term employee benefit liabilities are determined based on the theory of life contingency insurance. Accordingly, it is established that the probability of a future time of life for a person with certain population characteristics is estimated from a life table with annual deaths published for each country or group of interest. In Colombia, the tables of resolution number 1555 of 2010 are used, and changes in actuarial liabilities due to changes in actuarial assumptions are recorded through profit or loss. The results obtained from applying this methodology are finally adjusted in compliance with International Financial Reporting Standards (IFRS) with the inclusion of the projected loan unit, which gives a greater value to the benefits proportionally to the seniority of the employee. These values are calculated individually, i.e., each of the beneficiary employees has different conditions (seniority, gender, age and time to pension, salary) and therefore represent different actuarial liabilities. (See note 22).

p) Taxes

Income Tax

Income tax expense includes current tax and deferred tax. It is recognized through profit or loss except for the portion corresponding to items recognized in other comprehensive income (OCI).

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

a. Current Tax

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

b. Deferred Tax

Deferred taxes are recognized on temporary differences that arise between the tax bases of 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 profit or loss corresponding to future periods when the carrying amount of the asset is recovered or the carrying amount of the liability is settled. However, deferred tax liabilities are not recognized if: i) they arise from the initial recognition of capital gains; ii) they arise from the initial recognition of an asset or liability in a transaction different from a business combination that at the time of the transaction does not affect the accounting or tax profit or loss; iii) the deferred tax is determined using tax rates that are effective as of the balance sheet date and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is offset.

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

In applying article 76 of Act 1943 of 2018, the Company recognized as an expense for the year the entire industry and trade tax incurred in the year, the amount that may be applied as a tax discount is treated as a non-deductible expense in determining the year's income tax. The tax discount applied reduces the value of the current income tax expense for the period and a deferred tax asset was recognized on the balances that may be applied as a tax discount in the following period.

q) Provisions and Contingencies

Provisions destination procedure

This is done based on the monthly report of each of FINDETER'S counsels, for the processes that have been assigned to them. The report contains the rating 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 for Legal Defense of the State, which include Resolution No. 353 of 2016, and IAS 37.

The rating is as follows:

a. The contingency is determined:

- Probable, when the possibility of losing the case in the opinion of FINDETER'S Legal Department or counsel is greater than 50% and/or there is a first instance or second instance ruling against Findeter.

- Eventual, when the possibility of losing the case in the opinion of FINDETER'S Legal Department or counsel is greater than 5% and less than 50%.

- Remote: When the possibility of losing the case in the opinion of FINDETER'S Legal Department or counsel is less than 5%.

b. the provision is rated, according to the procedural stage and status of the process.

c. the probability of loss of a process is determined HIGH: More than 50%; MEDIUM: Between 25% and 50%; LOW: Between 10% and 25%; REMOTE: Less than 10%. Taking into account the Defense Strength (reasonableness and/or expectation of the plaintiff regarding the events and rules used as basis); Defense Evidence Strength (consistency and soundness of the events compared to the evidence provided and practiced for the defense of the process); Presence of Procedural and Extra-Procedural Risks (related to the following events in the defense of the State: (i) change of office, (ii) presiding judge, (iii) timely arrival of the requested evidence, (iv) number of instances associated with the process, (v) judicial decongestion measures); and the Jurisprudence Level (similar procedural history in a process where favorable rulings were obtained.) If the probability is less than 50%, the amount of the claims will be recognized as a judicial contingency or contingent liability.

r) Revenue

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

- **Interest Revenue**

Interest revenue comes from loans, interbank operations, cost investments and other similar items that are generally recognized as they accrue using the effective interest method.

- **Commission and Fee Revenue**

Findeter recognizes revenue in accordance with the provisions of IFRS 15 and analyzing the following activities:

- Analyze contracts with customer and their main characteristics
- Identify the performance obligations in the contract.
- Determine the transaction price and the effects caused by the variable considerations.
- Allocation of transaction amounts to each performance obligation
- Analysis of the appropriateness of the moment in which the revenue must be recognized in Findeter either at a point in time or over time.

Revenue Estimating Methodology

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

Fixed Costs	Fixed costs refer to the recognition of revenue, due to Findeter's availability of the infrastructure and logistics for the provision of Technical Assistance service and are supported in the preparation of a monthly financial and technical report.
Variable Costs	
I. Preparing the Terms of Reference and Evaluation of the Calls	The revenue recognition basis is the value awarded and actually contracted to carry out the works, audits and consultancies, multiplied by the percentage of remuneration stipulated in each of the Inter-Administrative Contracts.
II. Project Execution Supervision	The revenue remuneration basis will result from the value paid to the construction and consulting contractors, multiplied by the percentage of remuneration stipulated in each of the Inter-Administrative Contracts.
III. Technical Visits	They refer to work monitoring activities, progress verification and monitoring committees carried out in the field.
IV. Management related to the monitoring item by the Ministry, corresponding to two percent (2%)	It refers to the engagement and administrative management of payments to the supervisors that are Findeter's counterparty in the Ministry for the Water program projects.

Inter-administrative Contracts - Social Infrastructure Management-

Fixed Costs	Fixed costs refer to the recognition of revenue, due to Findeter's availability of the infrastructure and logistics for the provision of Technical Assistance service and are supported in the preparation of a monthly financial and technical report.
Variable Costs	
I. Preparing the Terms of Reference and Evaluation of the Calls	- The revenue recognition basis is the value awarded and actually contracted by the free-standing trust fund to carry out the works, audits and consultancies, multiplied by the percentage of

	remuneration stipulated in each of the Inter-Administrative Contracts.
II. Monthly Project Monitoring Visits	They refer to work monitoring activities, progress verification and monitoring committees.
III. Viability	Corresponds to the number of visits made to prepare the viability certificates.

SERVICE PROVISION CONTRACTS - HOUSING AND URBAN DEVELOPMENT MANAGEMENT -

Fixed Costs	They are associated with all activities related to FINDETER'S management of resources for the fulfillment of the contract's purpose, i.e., 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 visit project and it is conditional on the presentation of a consolidated report of the visits carried out in said period.
II. Milestone Follow-up Visits (checklist) for Housing and/or Project, Certificates of Existence and Certificates of Non-Compliance	Activities that will be carried out for each housing in contractually defined periods and is conditional 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	The supervision of all the projects of the contract will be carried out after the stipulation of the execution term clause for each contract.

s) Expenses

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

Note (4) New Accounting Pronouncements

Standards and amendments applicable as of January 1, 2020

(a) Future Requirements

In accordance with the provisions of Decree 2270 of 2019, below are the amendments and interpretations issued by the IASB during 2018, applicable as of January 1, 2020. The impact of these amendments and interpretations is being assessed by Findeter's management;

however, they are not expected to have a significant impact on Findeter's financial statements.

Financial Information Standard	Subject of the Standard or Amendment	Detail
Conceptual framework for financial reporting - Amendments to references to the conceptual framework in IFRS standards	Complete amendment to the previous conceptual framework	A new conceptual framework is established for entities that apply Full IFRS (Group 1) for the preparation of general purpose financial information. The new conceptual framework is much more aligned with current IFRS and incorporates concepts not established in the previous framework, such as the objectives and principles of the information to be disclosed, the unit of account, derecognition, contracts pending execution , among others. In the Amendments to References to the Conceptual Framework in the IFRS Standards, some of these references and citations that refer to the 2018 Conceptual Framework are updated and other amendments are made to clarify which version of the Conceptual Framework is amended.
IAS 19 - Employee Benefits	Amendments related to post-employment benefits, defined benefit plans - Amendment, Reduction or Liquidation of the Plan.	The amendment requires an entity to use updated actuarial assumptions to determine the cost of the services for the current period and the net interest for the remainder of the annual period that is reported after the amendment, reduction or liquidation of the plan when the entity remeasures its net defined benefit liability (asset).
IAS 1 - Presentation of Financial Statements IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	The definition of materiality is amended.	The amendment consists on providing guidance to assist entities in making materiality judgments, rather than making major changes to the definition of materiality. Therefore, in September 2017, the IASB issued Practice Statement No. 2 "Making Materiality Judgements".

<u>Note (5) Changes in Significant Accounting Policies</u>

Findeter applied IFRS 16 Leases as of January 1, 2019, using the prospective approach, under which the effect of the initial application is recognized in the right-of-use asset and the lease liability on current lease contracts and that meet the definition of a lease. Consequently, the comparative information presented for 2018 is not restated, i.e., it is presented, as previously reported, under IAS 17 and related interpretations. Details of changes in accounting policies are disclosed below. In addition, the disclosure requirements in IFRS 16 have generally not been applied to comparative information.

Findeter leases offices for the development of its ordinary activities. Leases are generally established for a period of 2 to 3 years, with an option to renew the lease after that date.

Impact on the financial statements

Below, is a list of office leases that have a remaining lease period of more than one year, and on which the impact on the financial statements of the right-of-use asset and lease liability was recognized, which was made based on the lease fees pending payment plus the dismantling expenses expected for the delivery of the properties.

Contracts	Fee	Expiry
Contract 3rd Floor Building Torre 104 Avda. Cra 19 104-08 city of Bogota	34,410	31/12/2021
Office 6th Floor Stage I	36,018	30/11/2020
Office 5th Floor Stage II Building Torre 104. Address Cra 19 No. 104-18	27,338	31/12/2020
Office 6th Stage II Building Torre 104. Address Cra 19 No. 104-18	35,279	30/09/2021

In the transition to IFRS 16, Findeter recognized right-of-use assets and lease liabilities on the balance sheet as follows:

	2019
Right-of-use assets - Buildings	3,602,256
Lease liabilities	3,602,256

Below is the summary table of the calculation made on the lease agreements as of January 1, 2019, that met the definition of a lease agreement under IFRS 16.

Month	Interests	Liabilities	Fixed fee estimated	Asset depreciation expense
January/2019	30,378	102,667	133,045	123,230
February/2019	29,512	103,533	133,045	123,230
March/2019	28,639	106,091	134,730	123,230
April/2019	27,745	106,986	134,730	123,230
May/2019	26,842	107,888	134,730	123,230
June/2019	25,932	108,798	134,730	123,230
July/2019	25,015	109,716	134,730	123,230

August/2019	24,090	110,641	134,730	123,230
September/2019	23,157	113,115	136,271	123,230
October/2019	22,203	114,069	136,271	123,230
November/2019	21,241	115,031	136,271	123,230
December/2019	20,271	117,686	137,957	123,230
Total Year 2019	**305,024**	**1,316,219**	**1,621,244**	**1,478,758**
January/2020	19,278	120,128	139,406	123,230
February/2020	18,265	121,141	139,406	123,230
March/2020	17,244	124,075	141,319	123,230
April/2020	16,197	125,122	141,319	123,230
May/2020	15,142	126,177	141,319	123,230
June/2020	14,078	127,241	141,319	123,230
July/2020	13,005	128,314	141,319	123,230
August/2020	11,923	129,396	141,319	123,230
September/2020	10,832	132,439	143,271	123,230
October/2020	9,715	133,556	143,271	123,230
November/2020	8,589	134,682	143,271	123,230
December/2020	7,453	98,114	105,567	89,854
Total Year 2020	**161,721**	**1,500,384**	**1,662,105**	**1,445,383**
January/2021	6,625	70,155	76,780	64,579
February/2021	6,034	70,746	76,780	64,579
March/2021	5,437	73,358	78,795	64,579
April/2021	4,819	73,976	78,795	64,579
May/2021	4,195	74,600	78,795	64,579
June/2021	3,566	75,229	78,795	64,579
July/2021	2,931	75,864	78,795	64,579
August/2021	2,291	76,503	78,795	64,579
September/2021	1,646	77,148	78,795	64,579
October/2021	996	39,028	40,023	32,302
November/2021	667	39,357	40,023	32,302
December/2021	335	39,689	40,023	32,302
Total Year 2021	**39,542**	**785,653**	**825,194**	**678,115**
Total	**506,287**	**3,602,256**	**4,108,544**	**3,602,256**

In measuring lease liabilities, for leases classified as leases, Findeter discounted the lease payments using its incremental borrowing rate as of January 1, 2019. The weighted average rate applied is 10,603%.

Below is the recognition made in Findeter's financial statements for the 2019 term, derived from the application of IFRS 16:

Movement of right-of-use assets	**2019**
Right-of-use assets - Buildings	3,602,256
Linear depreciation right of use	1,478,758
Balance right of use	**2,123,498**

Movements of lease liabilities	**2019**

Lease liabilities	3,602,256
Passive capital payments	1,316,219
Passive interest payments	305,024
Balance lease liabilities	**1,981,013**

Note (6) Judgments and Estimates

Findeter makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amount of assets and liabilities in the accounting period. Judgments and estimates are evaluated on an ongoing basis and based on Findeter's experience and other factors, including expectations of future events that are believed to be reasonable. As of December 31, 2019, no judgments or critical estimates were identified.

Note (7) Operating Segments

The following figures correspond to revenue and expenses by segment for years ended:

Thousands of pesos
Reporting segment

	Financial services		Technical assistance		For the twelve-month periods ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net revenue						
Interest on loan portfolio	596,774,500	621,782,610	-	-	596,774,500	621,782,610
Net revenue from investment valuation	55,755,691	35,783,497	-	-	55,755,691	35,783,497
Operating expenses						
Financial expenses	(456,435,508)	(492,940,731)	-	-	(456,435,508)	(492,940,731)
Net exchange difference profit and loss	(12,246,454)	(96,825,127)	-	-	(12,246,454)	(96,825,127)
Net derivative valuation profit and loss	(8,608,823)	71,965,134	-	-	(8,608,823)	71,965,134
Net financial margin	**175,239,406**	**139,765,383**	**-**	**-**	**175,239,406**	**139,765,383**
Net loan portfolio impairment	12,521,079	9,354,306	-	-	12,521,079	9,354,306
Net accounts receivable impairment		(16,254)	(176,408)	(400,144)	(176,408)	(416,398)
Net financial margin after impairment	**187,760,485**	**149,103,435**	**(176,408)**	**(400,144)**	**187,584,077**	**148,703,291**
Revenue and expenses from commissions and other services						
Technical assistance revenue	-	-	65,323,574	70,892,227	65,323,574	70,892,227
Revenue for commissions and other services	14,056,385	16,133,154	-	6,112,712	14,056,385	22,245,866
Expenses for commissions and other services	(7,474,378)	(9,472,458)	(407,639)	(324,443)	(7,882,017)	(9,796,901)
Net revenue and expenses for commissions and other services	**6,582,007**	**6,660,696**	**64,915,935**	**76,680,496**	**71,497,942**	**83,341,192**

Other revenue and expenses						
Other revenue	5,815,087	4,332,863	227,249	-	6,042,336	4,332,863
Other expenses	(74,946,573)	(84,322,299)	(68,529,819)	(60,318,726)	(143,476,392)	(144,641,025)
Net other expenses	**(69,131,486)**	**(79,989,436)**	**(68,302,570)**	**(60,318,726)**	**(137,434,057)**	**(140,308,162)**
Earnings before income tax	**125,211,006**	**75,774,695**	**(3,563,044)**	**15,961,626**	**121,647,962**	**91,736,321**
Income tax expense	(49,135,353)	(29,055,907)	1,398,211	(6,120,507)	(47,737,142)	(35,176,415)
Net Income	**76,075,653**	**46,718,787**	**(2,164,833)**	**9,841,119**	**73,910,820**	**56,559,906**

	FINANCIAL SERVICES		TECHNICAL ASSISTANCE		TOTAL	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Assets	10,160,754,917	9,673,799,741	41,759,300	42,530,086	10,202,514,217	9,716,329,827
Liabilities	8,945,722,841	8,556,401,576	34,048,988	19,570,468	8,979,771,829	8,575,972,044

See note 3 item H

Note (8) Fair value estimate

Findeter values financial assets and liabilities such as derivatives and debt and equity securities, which are traded in an active market with sufficient and available information at the valuation date, using the price information published by the official pricing entity certified by the Financial Superintendence of Colombia (PRECIA SA). This way, Findeter obtains the prices and curves published by the pricing entity and applies them according to the methodology corresponding to the valued instrument.

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

The fair value hierarchy has the following levels:

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

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

i. Recurring fair value measurements

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

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

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

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

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

- Benchmark margins and curves: Methodology applied to assets and liabilities for which market variables such as benchmark curves and spreads or margins are used with respect to recent quotes of the asset or liability in question or similar. This methodology, equivalent to a level 2 input, is generally used for investments in debt securities of financial institutions and corporate debt in the local market of low-recurring issuers with low outstanding amounts.

- OTC derivatives: These instruments are valued by applying the discounted cash flow approach, which, based on inputs published by the pricing entity of domestic, foreign and implicit interest rate curves, and exchange rates, projects and discounts the future flows of each contract based on the underlying asset in question. The portfolio of these instruments, classified as level input, is made up of currency forward contracts.

- For the investment classified as level 3 input, which corresponds to the investments in the Ashmore Colombia Infrastructure Private Equity Fund, the valuation of the participation unit held is obtained from the value of the Fund at closing of the previous day (Equity Value) plus the results of the day in which the Fund is being valued ((+)

Contributions (-) Withdrawals (+) Income (-) Expenses), divided by the number of Participation Units issued by the Fund at the closing of the previous day (Total Units of the Fund, which are generated in each capital call). The result gives the value of the participation unit of the Fund that is reported to investors in accordance with legal provisions.

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

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

Assets	Fair value December 31, 2019	Hierarchy level 1	Hierarchy level 2	Hierarchy level 3	Fair value December 31, 2018	Hierarchy level 1	Hierarchy level 2	Hierarchy level 3
Negotiable investments								
Debt securities other financial entities	111.433.149	-	111.433.149	-	74.729.765	543.390	74.186.375	-
Government debt securities	156.186.568	155.471.764	714.804	-	117.063.327	88.630.647	28.976.070	-
Private Equity Fund- Ashmore	61.938.007	-	-	61.938.007	52.739.897	-	-	52.739.897
Collective investment funds	17.213.510	-	17.213.510	-	19.861.333	-	19.861.333	-
Available for sale								
FNG Shares	33.887.605	-	33.887.605	-	28.324.612	-	28.324.612	-
Currency forward	18.137.299	-	18.137.299	-	24.841.316	-	24.841.316	-
Total assets	**398.796.138**	**155.471.764**	**181.386.368**	**61.938.007**	**317.560.250**	**89.174.037**	**176.189.706**	**52.739.897**
Liabilities								
Currency forward	15.972.109	-	15.972.109	-	577.070	-	577.070	-
Total liabilities	**15.972.109**	**-**	**15.972.109**	**-**	**577.070**	**-**	**577.070**	**-**

Financial assets and liabilities measured at fair value did not present value hierarchy transfers as of December 31, 2019.

Ss of December 31, 2019, Findeter registers an investment in the Ashmore Colombia Infrastructure Fund, for $61,938,007, a figure that is equivalent to having a 12.86% interest and 1,695,749.48 units on the total of the Fund. The Fund's valuation is reported by an independent third party in accordance with the provisions of the Fund's regulations. The valuation variables are presented in the following table:

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

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

ii. **Non-recurring fair value measurements:** As of December 31, 2019, there are assets or liabilities measured at fair value determined on non-recurring bases.

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

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

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

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

- **Flow projection**

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

- **Determining the Discount Rate**

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

- **Calculating Duration.**

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

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

		December 31, 2019	
		Carrying value	Fair value
Assets			
Net loan portfolio and finance lease transactions	$	8,893,012,444	9,090,201,347
Investment financial assets		29,406,062	29,408,156
Total financial assets		**8,922,418,506**	**9,119,609,503**
Liabilities			
Certificates of deposit		5,444,803,724	5,473,920,084
Outstanding investment securities		1,570,747,870	1,628,304,177
Financial obligations		1,846,338,513	1,826,796,297
Total liabilities	**$**	**8,861,890,107**	**8,929,020,558**

		December 31, 2018	
		Carrying value	Fair value
Assets			
Net loan portfolio and finance lease transactions	$	8,505,449,222	8,508,734,277
Investment financial assets		29,408,156	29,408,156
Total financial assets		**8,534,857,378**	**8,538,142,433**
Liabilities			
Certificates of deposit		5,183,899,111	5,220,783,334
Outstanding investment securities		1,167,454,806	1,200,391,518
Financial obligations		2,128,118,856	2,145,010,199
Total liabilities	**$**	**8,479,472,773**	**8,566,185,051**

Note (9) Financial Risk Management

Risk Management Process

In its ordinary course of business, Findeter is exposed to different financial and non-financial risks. Risk management is considered as one of the cornerstones of management and as a strategic process.

As a fundamental premise, risk management permeates throughout Findeter, and starts with the Board of Directors and Senior Management.

In accordance with our ongoing improvement policy, the stages of identification, measurement, control and monitoring of each of the management systems of financial risks, such as Liquidity Risk (SARL), Market Risk (SARM) and Credit Risk (SARC), and non-financial risks, such as Operational Risk (SARO), Money Laundering and Terrorist Financing Risk (SARLAFT), Information Security (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 Findeter and focused on strategic decision-making.

Board of Directors

The Board of Directors is responsible for adopting the following decisions, among others, 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.
- Declare general policies for proper risk management.
- Establish limits and risk tolerance within the different systems.
- Establish policies for setting up provisions.
- Establish recovery policies.
- Approve the risk measurement methodologies for the different systems.
- Periodically review the established limits.
- Guarantee the allocation of technical and human resources to ensure optimal risk management.
- Require Management to submit for evaluation purposes 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 duties assigned to the positions and areas in charge of managing risk.
- Evaluate the recommendation and correction proposals for the management processes suggested by the principal legal representative, for the possible adoption of those that are deemed pertinent.

- Approve the internal control system, accurately assigning the responsibilities of the relevant areas and employees, as well as evaluating the reports and the management of the area in charge of said control.

Committees associated with risk management

i. ALCO (Asset-Liability Committee) and SARLAFT Risk Committee

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

Pursuant to the approval of the Board of Directors in May 2019, this committee was merged with the committee of the Money Laundering and Terrorist Financing Risk Management System (SARLAFT).

Main duties:

- Establish risk management procedures and mechanisms.
- Advise the Board of Directors on the definition of exposure limits.
- Recommend strategies for balance sheet structure regarding 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 operations.
- Evaluate the portfolio, define the risk category of the intermediaries.

ii. SARC Committee

General Purpose: This Committee aims to analyze, validate and maintain an interdisciplinary control of all issues related to the credit risk of intermediaries and beneficiaries. The internal Credit Risk Committee will meet at least once a month.

Main duties:

- Follow up on early warning indicators.
- Define the entities that must be visited according to the quantitative and qualitative analyzes.
- Analyze the level of provisions of each intermediary.

- Analyze the periodic reconciliations between the portfolio registered by FINDETER and by Intermediaries.
- Analyze the concentration of the beneficiary portfolio.
- Make recommendations to the Risk Committee.
- Analyze the variations of the proposed Maximum Exposure Values.
- Define the qualitative points to evaluate each intermediary.
- Analyze the results of the audits of the Rediscount operations and evaluate the pertinent actions where applicable.
- Such others as may be considered by the Credit and Risk Vice President and/or the ALCO.

RISK MANAGEMENT SYSTEMS

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

I. Sistema Credit Risk Management System (SARC)

The relevant qualitative aspects of the Credit Risk, such as operations where it occurs, types of policies approved, procedures, general measurement methodologies, etc., are described below,

Operations exposed to credit risk

Portfolio - Rediscount:

It originates from loan operations made through credit establishments supervised by the Financial Superintendence and from operations originated in certain entities not supervised by the Financial Superintendence, like the Regional Development Institutes (INFIS). In addition, with the creation of the Affordable Housing Line, other intermediaries were authorized, such as Family Compensation Funds supervised by the Superintendence of Family Subsidy, Savings and Credit Cooperatives and employee funds supervised by the Superintendence of Solidarity Economy. It must be clear that the portfolio associated with entities not supervised by the Financial Superintendence of Colombia and the INFIS, with a long-term rating different from "AAA", is a portfolio exclusively in recovery; therefore no new ones are granted with this type of entities.

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

- Financial analysis and probability of impairment: Mathematical and statistical evaluation of the financial statements of intermediaries.

- Qualitative aspects and on-site visits: The objective of this component is to conduct a qualitative analysis of a series of information provided by the intermediary, with which we intend to further customer knowledge and better understand their business model, strategy and corporate governance framework.

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

The main figures regarding credit risk exposure are detailed below.

Total loan portfolio exposure:

	2019		2018	
	EXPOSURE	SHARE	EXPOSURE	SHARE
REDISCOUNT	$ 8,869,285,599	99,46%	$ 8,485,008,278	99.41%
FIRST-TIER	$ 4,921,450	0,06%	8,985,411	0.10%
EMPLOYEE	$ 21,942,769	0,25%	25,641,069	0.30%
FORMER EMPLOYEE	$ 20,571,386	0,23%	15,906,241	0.19%
	$ 8,916,721,204	**100,00%**	**$ 8,535,540,999**	**100.00%**

Total gross portfolio interest exposure:

	2019		2018	
	EXPOSURE	SHARE	EXPOSURE	SHARE
REDISCOUNT	$ 34,373,635	99.77%	$ 40,106,855	98.82%
FIRST-TIER	$ 36,095	0.10%	432,428	1.07%
EMPLOYEE	$ 0	0.00%		
FORMER EMPLOYEE	$ 44,923	0.13%	47,440	0.11%
	$ 34,454,653	**100.00%**	**$ 40,586,723**	**100.00%**

The following table describes the rediscount portfolio exposure among entities supervised and not supervised by the Financial Superintendence of Colombia.

Rediscount portfolio exposure:

	2019		2018	
	Exposure	Share	Exposure	Share
SUPERVISED	$ 8,845,924,903	99.74%	$ 8,448,394,629	99.57%
NOT SUPERVISED	$ 23,360,696	0.26%	36,613,649	0.43%
	$ 8,869,285,599	**100%**	**$ 8,485,008,278**	**100.00%**

Total rediscount portfolio interest exposure:

	2019		2018	
	Exposure	Share	Exposure	Share
SUPERVISED	$ 34,356,895	99,95%	$ 39,902,489	99,49%
NOT SUPERVISED	$ 16,740	0,05%	204,366	0,51%
	$ 34,373,635	**100%**	**$ 40,106,855**	**100.00%**

Distribution of the rediscount loan portfolio by type of entity.

Rediscount portfolio principal exposure:

	2019		2018	
	Exposure	Share	Exposure	Share
BANKS	$ 8,593,573,574	96.89%	$ 8,222,284,019	96.90%
DEVELOPMENT INSTITUTES - INFIS	95,861,062	1.08%	145,463,928	1.73%
FINANCIAL COOPERATIVES	52,998,497	0.60%	63,754,537	0.75%
FINANCING COMPANIES	1,336,583	0.02%	23,257,418	0.27%
SPECIAL OFFICIAL INSTITUTION - IOE	119,107,315	1.34%	19,723,680	0.23%
OTHERS	$ 6,408,568	0.07%	$ 10,524,696	0.12%
	$ 8,869,285,599	**100.00%**	**$ 8,485,008,278**	**100.00%**

Total rediscount portfolio interest exposure:

	2019		2018	
	Exposure	Share	Exposure	Share
BANKS	$ 33,385,951	97.13%	$ 38,684,380	96.90%
DEVELOPMENT INSTITUTES - INFIS	676,039	1.97%	812,946	1.73%
FINANCIAL COOPERATIVES	183,856	0.53%	264,218	0.75%
FINANCING COMPANIES	6,694	0.02%	289,253	0.27%
SPECIAL OFFICIAL INSTITUTION - IOE	107,728	0.31%	32,610	0.23%
OTHERS	$ 13,367	0.04%	23,448	0.12%
	$ 34,373,635	**100.00%**	**$ 40,106,855**	**100.00%**

The classification "others" includes compensation funds, saving and credit cooperatives and employee funds.

Distribution of the total portfolio by risk rating:

Total loan portfolio exposure:

	2019		2018	
CATEGORY	Exposure	Share	Exposure	Share
Category A "Normal Risk"	$ 8,910,043,485	99.93%	$ 8,525,019,961	99.88%
Category B "Acceptable Risk "	$ 775,384	0.01%	1,064,684	0.01%
Category C "Appreciable Risk"	$ 0	0.00%	801,501	0.01%
Category D "Significant Risk "	$ 796,063	0.01%	825,131	0.01%
Category E "Irrecoverable"	$ 5,106,271	0.05%	7,829,722	0.09%
Total Gross Portfolio	**$ 8,916,721,203**	**100.00%**	**$ 8,535,540,999**	**100.00%**

Total loan portfolio interest exposure:

2019	2018

CATEGORY	Exposure	Share	Exposure	Share
Category A “Normal Risk”	$ 34,396,272	99.83%	$ 40,134,400	99.88%
Category B “Acceptable Risk “	$ 4,422	0.02%	14,148	0.01%
Category C “Appreciable Risk”	$ 0	0.00%	2,910	0.01%
Category D “Significant Risk “	$ 32,062	0.09%	1,246	0.01%
Category E “Irrecoverable”	$ 21,897	0.06%	434,019	0.09%
Total Gross Portfolio	**$ 34,454,653**	**100.00%**	**$ 40,586,723**	**100.00%**

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

II. Market Risk Management System

The relevant qualitative aspects 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 lending, borrowing or contingent liability-causing transactions, such as interest rates, exchange rates, and prices indices, among others.

Market risk comes from adverse variations in the relevant financial market variables. Therefore, the main market risks to which FINDETER is exposed can be classified generically 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. Accordingly, we have the following risks:

Interest Rate Risk. It is the possibility that the entity suffers 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 assets and liabilities. This risk can be in legal currency, foreign currency and in Real Value Units (UVR).

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

Equity Risk. It arises from holding open positions (buy or sell) with stocks, indices or equity-based instruments. This creates an exposure to changes in the market price of the shares linked to the indices or equity-based instruments. Findeter is exposed to this risk by having a stake in the National Guarantees Fund.

Collective Investment Fund Risk. 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 (SARM) has the purpose of identifying, measuring, controlling and monitoring the market risk to which the entity is exposed in the course of its authorized operations, including treasury operations, taking into account its structure and size.

Regarding the FINDETER'S risk exposure to variations in the exchange rate of the peso against other currencies, the Board of Directors adopted the policy of hedging the global exchange position in 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 should not exceed 2% of Findeter's liability positions in foreign currency.

Associated Procedures for the Measurement and Control of Market Risk

Treasury book positions exposed to rate risk:

Asset positions (derechos)	**2019**	**2018**
Investments		
(excluding private equity funds, collective investment funds, $ Investments) (1)	267,619.717	193,253,907
Asset positions in foreign currency (rights)		
Forward rights	1,538,749,097	1,238,666,461
Liability positions (obligations)		
Forward obligations	1,536,500,378	1,213,675,751

(1) Funds and shares are subject to other sensitivities determined by the Financial Superintendence.

Asset and liability positions that determine the foreign exchange rate risk:

		2019	**2018**
Loans in dollars	$	225,061,091	353,456,102
Dollar purchase forward		1,538,749,097	1,238,666,467

Available in dollars		64,958,522	182,338,979
Other assets and accounts receivable in dollars		1,473,633	3,205,293
	$	**1,830,242,343**	**1,777,666,841**

		2019	2018
Multilateral bank debt	$	1,831,695,080	1,802,176,593
Other liabilities and accounts payable		14,654,002	24,356,761
		1,846,349,082	**1,826,533,354**
Absolute difference		16,106,739	48,866,514
Foreign exchange VaR		2,686,004	6,103,428

VaR is calculated by applying the standard model and, according to the instructions of the Financial Superintendence of Colombia in the Accounting and Financial Basic Circular, it is reported daily, which implies that the values used to estimate the market risk are prior to accounting close, so there may be differences with the balance sheet.

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

	2019	2018
Shares	33,887,605	28,324,612
CIFs & PEFs	79,151,517	72,601,229

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

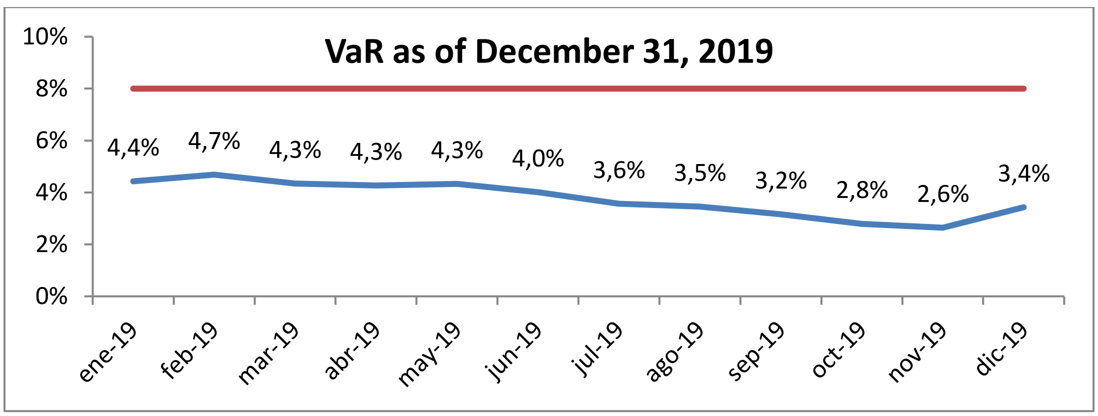
Month	**2018**	**2018**
Interest rate	$ 21,295,796	$ 36,659,225
Exchange rate	2,686,004	6,103,428
Share price	4,981,493	4,163,733
Collective investment funds	11,739,509	11,374,012
Value at risk	**40,702,802**	**58,300,398**
Technical equity	$ 1,187,276,080	$ 1,171,853,970
Overall VaR	**3.43%**	**4.98%**

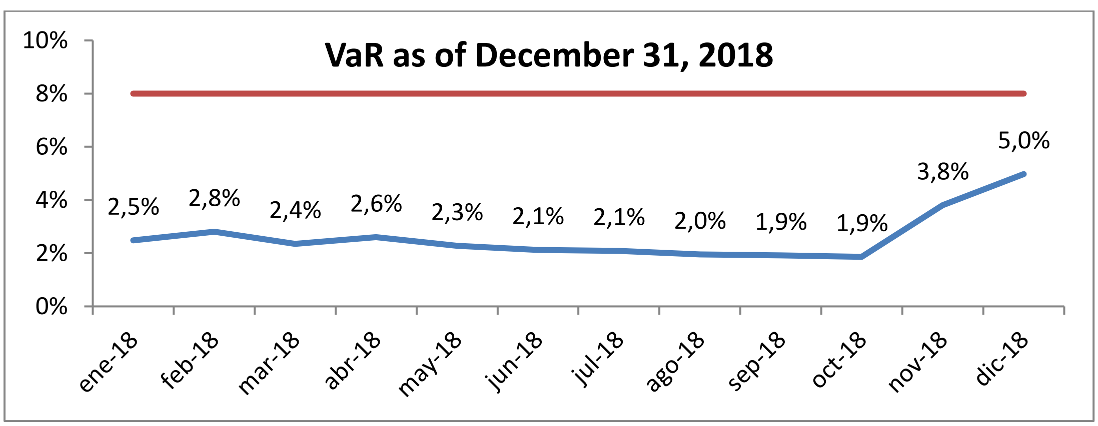
The lower interest rate risk stands out, which as of 2018 presented a higher value, explained by the terms of the hedges that had increased from an average of approximately 90 days to 300 days according to FINDETER'S strategies. In this case, the shorter time to maturity of the hedges reflects the lower exposure to interest rate risk.

Value at risk vs. Overall Limit:

Below is the behavior of the overall VaR described above with respect to its approved limit of 8% of technical equity.

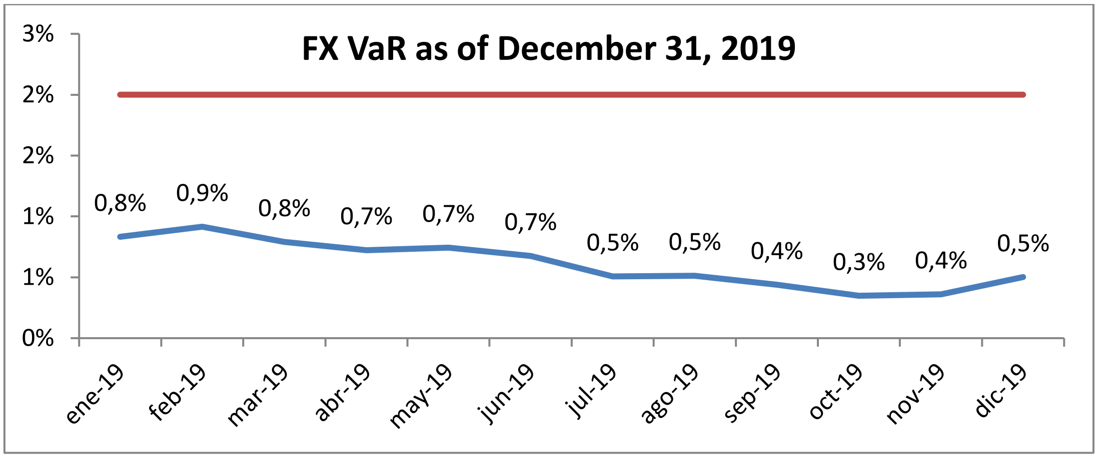
Value at risk vs. Overall Limit

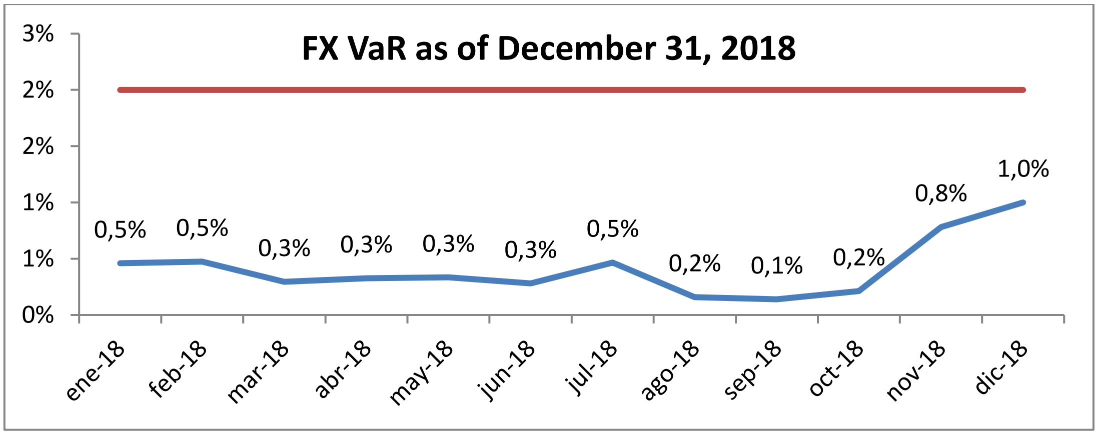




Foreign exchange value at risk vs Limit:

In the market risk monitoring policies, FINDETER determines the foreign currency VaR based on the calculations of 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 foreign currency liabilities must not exceed a limit of 2%:





Foreign exchange risk exposure:

Pursuant to the provisions of External Regulatory Circular DODM 285 of the Colombian Central Bank, with respect to covering the Entity's foreign exchange risk exposure, and to the provisions of External Circular 041 of the Financial Superintendence of Colombia, regarding the transmission of the Overall Exchange Position, FINDETER has been covering the exchange exposure of its liabilities in foreign currency.

As part of its strategy to reduce its foreign exchange risk, Findeter carried out operations with derivatives and made disbursements in dollars as natural hedging for foreign currency liabilities. As of December 31, 2019, it reached USD 473,500,000 in forward contracts and USD 68,676,068 in rediscount loans. Additionally, Findeter monitors its foreign currency positions by keeping in check the foreign currency value at risk, 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 the entity and the entity's share as of 2019:

	December 31, 2019	
ENTITY	**USD transactions by entity**	**Share**
BANCO DE BOGOTA	89,500,000	19%
CORFICOLOMBIANA	10,000,000	2%
DAVIVIENDA	53,500,000	11%
BANCO DE OCCIDENTE	92,500,000	20%
BANCO BBVA	90,000,000	19%
BANCOLOMBIA	113,500,000	24%
BANCO POPULAR	15,000,000	3%
	473,500,000	

	December 31, 2018	
ENTITY	**USD transactions by entity**	**Share**
BANCO BBVA	51,000,000	13%
BANCOLOMBIA	85,000,000	22%
BANCO DE BOGOTA	89,500,000	23%
BANCO DE OCCIDENTE	60,000,000	15%
CORFICOLOMBIANA	18,500,000	5%
DAVIVIENDA	32,500,000	8%
BANCO POPULAR	56,500,000	14%
	393,000,000	

Overall foreign exchange positions with as of December 31, 2019 and 2018, presented values of USD (1,572,376) and USD (242,526) respectively, located within the allowed limits of 20% and (5%) with respect to technical equity as of October, in accordance with the provisions of External Regulatory Circular DODM 285:

OVERALL FOREIGN EXCHANGE POSITION - VALUE IN DOLLARS (USD)

RIGHTS	2019	2018
Banks	19,821,711	56,108,923
Forward	473,500,000	393,000,000
USD loans	68,676,068	108,764,090
Accounts receivable	449,670	903,525
	562,447,450	**558,776,538**
OBLIGATIONS	**VALOR USD**	**VALOR USD**
	563,399,340	**559,019,064**
Overall Foreign Exchange Position (USD)	(951,890)	(242,526)

LIMITS ESTABLISHED

	USD thousands	USD thousands
Technical Equity October USD	**349,145**	**362,212**
20%	69,829	73,442
-5%	(17,457)	(18,111)

III. Liquidity Risk Management System (SARL)

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

Liquidity risk comes from adverse variations in the relevant financial market variables. The main liquidity risks to which FINDETER is exposed can be classified by the exposure of its portfolios to the different risk factors. Accordingly, we have:

- Inadequate management of assets and liabilities: Refers to a mismanagement of resources, either due to the quality or composition of the asset, or the way to leverage its activity.
- Mismatch of terms and rates: This is the risk that occurs when the terms or interest rates of the assets and liabilities do not match.
- Volatility of the resources collected: Variability in the stability of the resources collected in forwards. Estimating volatility allows the construction of different liquidity scenarios, evaluating the deposit rates against the market and defining tolerance limits.

- Deposit concentration: This materializes in liquidity risk when the concentration of deposits is accompanied by a concentration of maturities.

Variables outside the entity's control and that can lead to a systemic crisis:

Adverse variation in interest rates.

- Deterioration of the economic sectors served.
- Rumors (financial panic).

The SARL must allow the Entity to measure and quantify the minimum level of liquid assets, in domestic and foreign currency, which it must maintain to prevent the liquidity risk from materializing, i.e., having the ability to pay in a timely and compliant manner the obligations in both a normal scenario and a crisis scenario. To measure its exposure to liquidity risk FINDETER uses the standard methodology suggested by the Financial Superintendence of Colombia.

Associated Procedures Measurement and Control of Liquidity Risk

Policies

Regarding liquidity risk, Findeter has established policies on the concentration of its obligations and the measurement and monitoring of its indicators:

Liquidity Risk Indicators:

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

Concentration Policies:

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

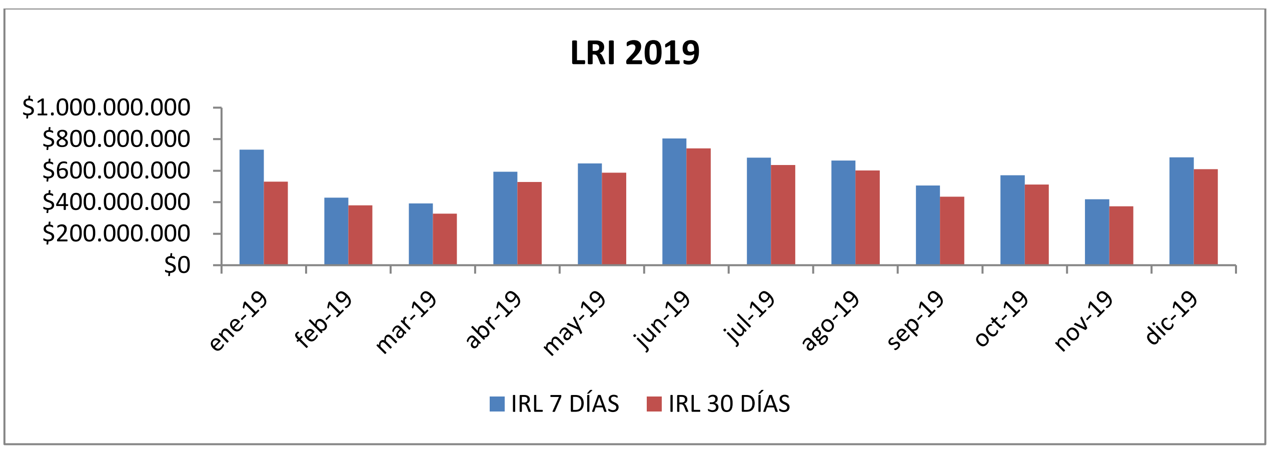
Credit disbursements: If disbursements made during the month reach the value that had been budgeted in the financial plan, the additional disbursements must be approved by the ALCO.

The ALCO will establish the maturity concentration limit for funding operations.

Liquidity Contingency Plan: It is considered that the entity may be presenting a significant exposure to liquidity risk when in a given weekly report the 7 or 30-day Liquidity Risk Indicator is negative. To prevent and act against said event, the Liquidity Contingency Plan is established.

7 or 30-day Liquidity Risk Indicator (LRI):

Month	7 DAYS LRI	30 DAYS LRI
Jan-19	$ 734,071,833	529,951,801
Feb-19	427,950,500	379,233,875
Mar-19	392,739,207	327,576,795
Apr-19	594,099,621	529,132,196
May-19	646,082,609	586,707,889
Jun-19	804,007,997	741,765,593
Jul-19	682,755,081	635,389,454
Aug-19	663,309,416	602,138,416
Sept-19	504,887,390	434,912,223
Oct-19	570,018,201	512,091,680
Nov-19	417,626,154	373,313,848
Dec-19	684,729,391	609,881,402

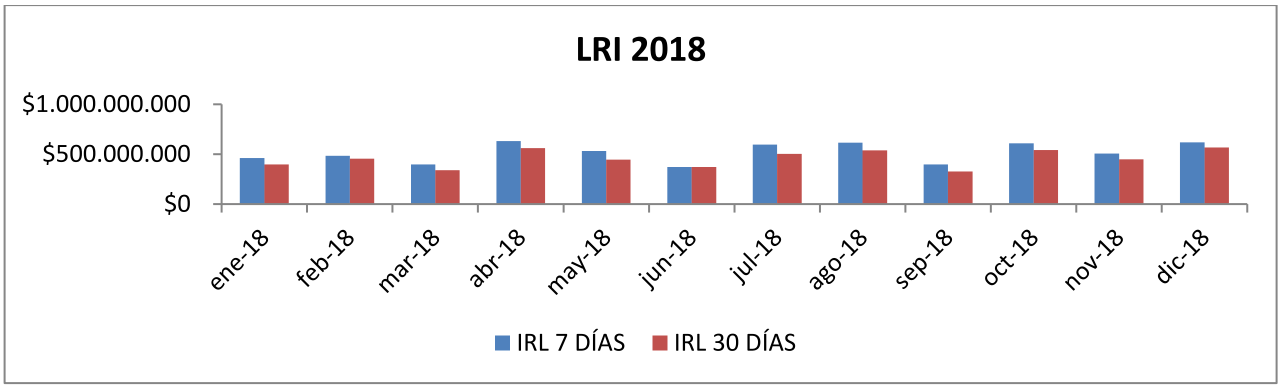


Below is the 2018 behavior:

Month	7 DAYS LRI	30 DAYS LRI
Jan-19	$ 462,998,923	396,731,422
Feb-19	484,804,285	456,132,777
Mar-19	397,642,026	340,376,397
Apr-19	629,897,991	560,505,317
May-19	531,937,283	445,099,229

Jun-19	370,524,298	370,309,667
Jul-19	595,222,148	504,636,868
Aug-19	614,898,157	539,724,839
Sept-19	397,166,725	328,402,599
Oct-19	609,828,614	542,425,888
Nov-19	505,171,880	449,950,431
Dec-19	617,255,714	565,823,621

Below is the 2018 behavior:



The internal model for calculating liquidity risk is based on the standard model of the Financial Superintendence of Colombia, extended to other time bands. Taking into account the nature of FINDETER'S operations, the cash flow projection should go beyond 30 days.

The liquidity risk indicator (LRI) will be determined as follows:
LRI = NAM - RLN where:

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

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

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

The results of the internal liquidity risk model are presented below. Bear in mind that the available and investment values that make up liquid assets cannot be restricted in any way and, additionally, include market liquidity haircuts as required by regulations (Accounting and

Financial Basic Circular). Therefore, assets recognized as restricted are not part of the calculation.

Liquidity risk indicator for different bands as of December 2019:

$ Millions		DAYS						
DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	686,083,947							
LOAN PORTFOLIO		16,623,643	88,301,721	104,141,558	123,418,454	324,584,866	697,908,469	9,714,988,009
CERTIFICATES OF DEPOSIT		5,418,223	289,217,754	245,900,856	272,619,018	722,640,044	1,468,059,018	2,764,535,015
NET LIQUIDITY REQUIREMENT		(1,354,556)	(76,202,544)	(147,769,060)	(161,217,903)	(204,113,950)	(849,676,919)	(3,258,971,123)
LIQUIDITY RISK INDICATOR		684,729,391	609,881,402	462,112,342	300,894,439	96,780,490	(752,896,430)	2,506,074,693
RELATIVE LIQUIDITY RISK INDICATOR		50650.11%	900.34%	412.73%	286.64%			

Liquidity risk indicator for different bands as of December 2018

$ Millions		DAYS						
DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	636,886,555							
LOAN PORTFOLIO		14,115,688	84,677,345	110,872,373	115,627,929	306,183,861	638,924,416	9,218,519,627
CERTIFICATES OF DEPOSIT		78,515,663	271,329,002	307,095,273	200,851,710	752,307,688	1,112,173,488	2,936,365,788
NET LIQUIDITY REQUIREMENT		(19,630,841)	(71,062,934)	(521,717,849)	(93,765,101)	(529,829,067)	(548,079,684)	(2,546,879,653)
LIQUIDITY RISK INDICATOR		617,255,714	565,823,621	44,105,772	(49,659,329)	(579,488,396)	(1,127,568,080)	1,419,311,572
RELATIVE LIQUIDITY RISK INDICATOR		3244.32%	896.23%	108.45%	47.04%			

Liquidity risk sensitivity

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

2019

$ Millions		DAYS

DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	686,083,947							
LOAN PORTFOLIO		12,467,732	66,226,291	78,106,169	92,563,841	243,438,650	523,431,352	7,286,241,007
CERTIFICATES OF DEPOSIT		5,418,223	289,217,754	245,900,856	272,619,018	722,640,044	1,468,059,018	2,764,535,015
NET LIQUIDITY REQUIREMENT		(1,354,556)	(76,202,544)	(173,752,379)	(192,010,807)	(204,113,950)	(1,023,805,082)	(3,258,971,123)
LIQUIDITY RISK INDICATOR		684,729,391	609,881,402	436,129,023	244,118,216	40,004,267	(983,800,816)	2,275,170,307

RELATIVE LIQUIDITY RISK INDICATOR		50650.11%	900.34%	351.01%	227.14%

Liquidity risk indicator stressing revenues by 25% for different bands, as of December 2019.

$ Millions		DAYS						
DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	686,083,947							
LOAN PORTFOLIO		8,311,822	44,150,861	52,070,779	61,709,227	162,292,433	348,954,235	4,857,494,004
CERTIFICATES OF DEPOSIT		5,418,223	289,217,754	245,900,856	272,619,018	722,640,044	1,468,059,018	2,764,535,015
NET LIQUIDITY REQUIREMENT		(1,354,556)	(76,202,544)	(199,787,769)	(222,865,421)	(204,113,950)	(1,198,282,200)	(3,258,971,123)
LIQUIDITY RISK INDICATOR		684,729,391	609,881,402	410,093,634	187,228,213	(16,885,736)	(1,215,167,936)	2,043,803,187

RELATIVE LIQUIDITY RISK INDICATOR		50650.11%	900.34%	305.26%	184.01%

Liquidity risk indicator stressing revenues by 50% for different bands, as of December 2019.

2018

$ Millions		DAYS						
DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	636,886,555							
LOAN PORTFOLIO		10,593,122	63,546,137	83,204,203	86,773,010	229,775,761	479,481,001	6,918,040,545
CERTIFICATES OF DEPOSIT		78,515,663	271,329,002	307,095,273	200,851,710	752,307,688	1,112,173,488	2,936,365,788
NET LIQUIDITY REQUIREMENT		(19,630,841)	(71,062,934)	(549,386,019)	(122,620,019)	(606,237,167)	(707,523,100)	(2,546,879,653)

LIQUIDITY RISK INDICATOR		617,255,714	565,823,621	16,437,601	(106,182,418)	(712,419,585)	(1,419,942,685)	1,126,936,968

RELATIVE LIQUIDITY RISK INDICATOR		3244.32%	896.23%	102.99%	13.41%

Liquidity risk indicator stressing revenues by 25% for different bands, as of December 2018.

$ Millions		DAYS						
DESCRIPTION	BALANCE	1-7	1-30	31-60	61-90	91-180	181-360	360 onwards
NET LIQUID ASSETS	636,886,555							
LOAN PORTFOLIO		7,062,081	42,364,091	55,469,468	57,848,674	153,183,841	319,654,000	4,612,027,030
CERTIFICATES OF DEPOSIT		78,515,663	271,329,002	307,095,273	200,851,710	752,307,688	1,112,173,488	2,936,365,788
NET LIQUIDITY REQUIREMENT		(19,630,841)	(71,062,934)	(577,120,754)	(151,544,356)	(682,829,087)	(867,350,100)	(2,546,879,653)
LIQUIDITY RISK INDICATOR		617,255,714	565,823,621	(11,297,133)	(162,841,489)	(845,670,576)	(1,713,020,676)	833,858,977

RELATIVE LIQUIDITY RISK INDICATOR		3244.32%	896.23%	98.04%	7.45%

Liquidity risk indicator stressing revenues by 50% for different bands, as of December 2018.

IV. Operational Risk Management System (SARO)

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

Findeter integrated its operational risk, money laundering and terrorist financing, information security and business continuity systems based on SARO. This way, risks are identified from the processes, which are assessed and controlled in order to obtain the residual risk. The risk profile for the Entity is obtained from consolidating the residual risk. Each of the stages of the SARO has the respective policies and methodologies that contribute to its management, these are contained within the System Policy Manual, which has been duly approved by the Board of Directors, and is known to both the Audit Committee and the Asset-Liability Committee (ALCO).

The system has the necessary procedures to develop the management of operational risk, which are contained within the Integrated Management System. It also contains a register of operational risk events, an essential tool in risk management that ensures the strengthening of processes by identifying and correcting failures, thus generating greater control and operational efficiency by reducing errors and thereby creating a favorable framework for the development of the operation, as well as its different products and operating lines.

Regarding the record of 2019 events, the Company presented operating risk losses corresponding to $1,084, which were accounted for in fines and penalties; litigation; compensations and operating risk claims - IFRS. These losses have the respective event record, as well as the corresponding action plans for their management.

According to the results of the latest monitoring as of December 31, 2019, FINDETER'S residual risk profile is mainly MODERATE, which results from the application of the methodologies defined in the manual for risk management and controls associated with the processes that the Company has defined for its operation.

The SARO contains the Business Continuity Plan (BCP), which includes the Emergency Response Plan, the main objective of which is responding to situations of operation interruption, so that critical processes continue operating until activities are back to normal. Accordingly, the Company, through a business impact analysis, has defined its critical processes, which are annually subject to different types of tests that seek to ensure their operation in this type of situations.

Each test is duly documented in order to identify any activities that need to be strengthened in the crisis, these gaps generate action plans which are monitored by the ALCO, which is responsible for ensuring compliance with the BCP.

V. Money Laundering and Terrorist Financing Risk Management System (SARLAFT)

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

In 2019, Findeter continued to strengthen activities aimed at protecting itself against the risks of money laundering and terrorist financing (ML/TF).

Meetings were held with different areas in order to provide training on the new activities to be carried out with respect to ML/TF risk management. These areas were: Human and Administrative Management, Portfolio and Loan Head Office, Procurement Management and Treasury Management.

The Compliance Officer submitted the quarterly reports to the Board of Directors on the activities carried out, risk profiles, compliance with obligations undertaken and employee observance of the SARLAFT manual.

In addition, the following reports were sent to the Financial Information and Analysis Unit (UIAF): exempt customers, products, political campaigns, cash transactions and suspicious operations.

The Entity monitored its consolidated risk profile based on the rating of the probability and impact of identified risks, which resulted in a concentration of “moderate” risk. We also monitored the SARLAFT by evaluating its constitutive elements and obtained an optimal result, thus seeking to adequately protect the Entity against this risk.

Customers and Publicly Exposed Persons (PEPs) linked to the entity were monitored using the segmentation methodology,.

The annual SARLAFT training was held during September and October, in addition to the virtual trainings carried out during the course of the year for worker who signed up.

The SARLAFT manual was adjusted with respect to general, document and procedural definitions. The “cross referencing” of our databases with more sources of information was expanded, strengthening the evaluation of third parties with which Findeter intends to have some kind of relationship.

The recommendations of the reports presented by the internal audit and tax audit were followed, seeking the system’s optimization.

Additionally, Findeter has an Anti-Fraud and Anti-Corruption Program, which includes the policy and details actions that are considered fraud and the mechanisms to avoid the misuse of privileged or reserved information. It has complaint channels by email, telephone and the Entity’s website, as well as a procedure for addressing these events whenever they materialize.

VI. Legal Risk

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

Findeter, in accordance with the instructions given by the supervisory entity, assessed the claims of the proceedings brought against it based on the analysis and concepts of the counsels, and made the necessary provisions to cover the probability of loss. Note 23 to the financial statements details the processes against Findeter not classified as remote.

Note (10) Cash and Cash Equivalents

Below is the detail of Cash and Cash Equivalents:

	2019	2018
Cash	20,917	17,182
Domestic currency (1)	484,909,267	448,262,033
Foreign currency (2)	64,958,522	182,339,973
Interbank (3)	143,591,842	85,646,732
Available funds (4)	1,742,632	1,683,958
	695,223,180	**717,949,878**

1) Of the $484,906,176 of cash - Domestic Currency, the Treasury Department made available resources of $460,624,476 in savings accounts that, as of December 31, 2019, generated an average return of 3.76% E.A. (December 2018, 3.84% E.A.).

   There is no restriction on their availability, there is a pledge on the resources of the Colombian Central Bank for $22,892,589. See Note 30, item 1, Commitments and contingencies – Counter guarantees, the detail of the pledges, but there are no restrictions on their availability. As of December 31, 2019, there are 7 reconciling items, amounting to $1,606, corresponding to notes for unidentified deposits.

2) Cash in foreign currency corresponds to deposits in US dollars in remunerated accounts that generated an average return as of December 31, 2019 and 2018, of 1.18% and 1.02% E.A., respectively, with a balance of USD 19,821,711.

3) Interbank funds were classified as cash equivalents, for $143,591,842, which have maturities between 1 and 30 days according to policy.

Entity	Rate	Maturity	Rating	Rating Agency
Corficolombiana	4.15%	02/01/2020	AAA	Standard and Poor's and Fitch Ratings Colombia

4) Corresponds to the cash balances as of December 31, 2019, registered in the National Guarantees Fund for $1,647,898 and the Pre-investment Fund for $ 94,734.

   The cash and equivalents of these funds are restricted, given that they have exclusive allocations, as is the case of the National Guarantees Fund, which must cover the loss ratio of affordable housing loans. In turn, the Pre-investment Fund has an order to meet the needs of pre-feasibility technical studies of infrastructure requirements of territorial entities.

The following table corresponds to the Bank ratings by the risk rating firms authorized by the Financial Superintendence of Colombia of the financial entities where Findeter has the cash balance. As of December 31, 2019, they are rated as AAA and AA.

BANK	RISK RATING	DECEMBER 31, 2019
Banco de Bogotá S.A.	AAA	898,042
Banco Popular S.A.	AAA	85,778,522
Bancolombia S.A.	AAA	9,390,303
Banco GNB Sudameris	AA+	179,071,294
Bbva Colombia S.A.	AAA	183,602,672
Banco de Occidente S.A.	AAA	4,822
Davivienda S.A.	AAA	2,271,014
Colombian Central Bank	País	23.892.598
		$ 484,909,267

Note (11) Investment Financial Assets and Derivatives

The investment classification is indicated below:

		2019	2018
Negotiable investments	$	346,158,208	264,394,322
Investments to maturity		29,950,970	30,868,970
Available for sale through OCI		33,955,722	28,324,612
Derivatives		18,137,299	24,841,316
	$	**428,202,199**	**348,429,220**

10.1 Negotiable investments at fair value

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

		2019	2018
Debt securities in Colombian pesos issued or guaranteed by other financial institutions	$	111,365,032	74,729,765
Equity securities (1)		61,938,007	52,739,897
Debt securities in Colombian pesos issued or guaranteed by the Colombian Government		155,641,658	117,063,327
Collective investment fund - NGF		-	9,480
Bogota Trust Fund - Pre-investment (2)		17,213,511	19,851,853
	$	**346,158,208**	**264,394,322**

(1) Through Decree 1070 of April 08, 2010, Findeter was authorized to invest in private equity funds. Subsequently, the Findeter Board of Directors approved the investment in the Ashmore Private Equity Fund through Minutes 233 of 26 April 2010.

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

10.2 Available for sale through OCI:

The detail of equity investments is:

		2019	2018
National Guarantees Fund - NGF	$	33,955,522	28,324,412

Others		300	300
Impairment of investments		(100)	(100)
Equity through OCI	**$**	**33,955,722**	**28,324,612**

Findeter has a shareholding interest in the National Guarantees Fund of 6.75%, class of share A, total shares 5,264,172, the fund's equity value per share is $6,437.37, these shares are registered through OCI and according to the equity method, in accordance with the Accounting and Financial Basic Circular.

10.3 Derivatives measured at fair value

The following table expresses the fair values at the end of the foreign exchange forward contract period, in which Findeter involved.

	2019		**2018**	
	Notional amount	**Fair Value**	**Notional amount**	**Fair Value**
Derivative assets	**USD (millions)**		**USD (millions)**	
Forward contracts:				
Purchase of foreign currency	317	18,137,299	363	24,841,316
Total derivative assets	317	18,137,299	363	24,841,316
Derivative liabilities				
Forward contracts:				
Purchase of foreign currency	156.5	(15.972.109)	30	(577,070)
Total derivative liabilities	156.5	(15.972.109)	30	(577,070)
Net position	473.5	2,165,190	393	24,264,246

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

The derivatives executed by Findeter are traded on the OTC (over-the-counter) market with local and international counterparties. The fair value of derivatives has positive or negative variations as a result of fluctuations in foreign currency exchange rates.

- **Investment Time Bands**

Below is the breakdown of investments according to their maturity:

		2019				
		Up to one month	More than one month and not more than three months	More than three months and not more than one year	More than one year	Total
Debt instruments issued or guaranteed by financial institutions	$		6,524,600	13,060,370	91,780,002	111,364,972
Equity securities FCP					61,938,007	61,938,007
Debt securities in Colombian pesos issued or guaranteed by the Colombian Government		2,533,650		714,804	152,393,204	155,641,658
Investments to maturity, debt instruments					29,950,970	29,950,970
Collective investment funds					17,213,511	17,213,511
Equity through OCI					33,955,722	33,955,722
	$	**2,533,650**	**6,524,600**	**13,775,174**	**387,231,476**	**410,064,900**

		2018				
		Up to one month	More than one month and not more than three months	More than three months and not more than one year	More than one year	Total
Debt instruments issued or guaranteed by financial institutions	$			22,632,134	52,097,631	74,729,765
Equity securities FCP					52,739,897	52,739,897
Debt securities in Colombian pesos issued or guaranteed by the Colombian Government				68,754,130	48,309,197	117,063,327
Investments to maturity, debt instruments					30,868,970	30,868,970
Collective investment funds		9,480			19,851,853	19,861,333
Equity through OCI					28.324.612	28,324,612
	$	**9,480**	**-**	**91,386,264**	**232,192,160**	**323,587,904**

- **Investment counterparty rating for the year 2019.**

The table below shows the balances and ratings of counterparties of securities that make up the entity's portfolio and the respective authorized firm that issued said rating, as of December 2019 and December 2018:

Issuer	2019	Rating
Fondo Nacional de Garantías S.A.	$ 33,887,405	NOT REGISTERED
Arco Grupo Bancoldex	5,006,150	AAA
Banco Av villas	3,501,260	AAA
Banco de Occidente S.A.	6,464,630	AAA
Banco Popular S.A.	8,651,685	AAA
Bancolombia	16,243,700	AAA
Banco Caja Social Colmena BCSC.	2,061,040	AAA
Compañía Energética del Tolima S.A. ESP.	100	NOT REGISTERED
Davivienda S.A.	5,658,840	AAA
Ecopetrol S.A.	100	AAA
Fcp fondo inf col ashmore i-s1	61,938,007	NOT REGISTERED
Fondo de Inversión Colectiva Abierto Fidubogota	17,213,510	AAA
Fondo Nacional de Garantías S.A.	102,051,690	NOT REGISTERED
Min Finance-mngment.nal.tax-tes.general n	117,980,722	NOT REGISTERED
Forward transactions	18,137,299	NOT REGISTERED
Titularizadora Colombiana S.A.	29,406,061	AAA
	$ 428,202,199	

ISSUER	2018	RATING
Cajanal S.A.	$ 100	NOT REGISTERED
Compañía Energética del Tolima	100	NOT REGISTERED
Ecopetrol S.A.	100	AAA
Fcp fondo inf col ashmore i-s1	52,739,895	NOT REGISTERED
Fondo de Inversión Colectiva Abierto FIDUGOB	19,851,852	AAA
Fondo Nacional de Garantías	174,120,360	NOT REGISTERED
GM FINANCIAL COLOMBIA S.A.	5,058,700	AAA
Ministry of Finance and Public Credit	42,408,740	NOT REGISTERED
Forward transactions	24,841,315	NOT REGISTERED
Titularizadora Colombiana S.A.	29,408,058	AAA
	$ 348,429,220	

In cases without rating, the counterparty does not have a rating issued by any of the firms authorized by the Financial Superintendence of Colombia.

Note (12) Loan Portfolio and Finance Lease Transactions, Net

The financial assets account by loan portfolio in the balance sheet is shown classified by commercial, consumer and housing portfolio.

Below is the detail of the loan portfolio and finance lease operations:

		2019		
Modality		**Principal**	**Interest**	**Total**
Commercial	$	8,874,207,049	34,409,730	8,908,616,779
Consumer		4,501,256	3,849	4,505,105
Housing		38,012,899	41,074	38,053,973
		8,916,721,204	**34,454,653**	**8,951,175,857**
Commercial provision		(56,028,222)	(242,208)	(56,270,430)
Consumer provision		(160,062)	(16,447)	(176,509)
Housing provision		(1,699,819)	(16,655)	(1,716,474)
Provision		(57,888,103)	(275,310)	(58,163,413)
	$	**8,858,833,101**	**34,179,343**	**8,893,012,444**

		2018		
Modality		**Principal**	**Interest**	**Total**
Commercial	$	8,493,993,689	40,539,282	8,534,532,971
Consumer		3,835,438	3,316	3,838,754
Housing		37,711,872	44,125	37,755,997
		8,535,540,999	**40,586,723**	**8,576,127,722**
Commercial provision		(67,683,925)	(720,732)	(68,404,657)
Consumer provision		(173,191)	(8,563)	(181,754)
Housing provision		(2,074,132)	(17,957)	(2,092,089)
Provision		(69,931,248)	(747,252)	(70,678,500)
	$	**8,465,609,751**	**39,839,471**	**8,505,449,222**

The portfolio by rating is as follows:

		Portfolio by rating 2019			
				provision	
		Principal	**Interest and financial component**	**Principal**	**Interest and financial component**
Commercial					
A - Normal	$	8,869,302,652	34,373,634	51,451,850	215,071
B - Acceptable		-	-	-	-
C- Appreciable		-	-	-	-
D - Significant		796,063	32,062	467,783	23,103
E - Uncollectible		4,108,334	4,034	4,108,589	4,034
		8,874,207,049	34,409,730	56,028,222	242,208
Consumer					
A - Normal		4,272,763	1,190	83,535	19
B - Acceptable		166,067	1,421	15,966	142
E - Uncollectible		62,425	1,238	60,560	16,286
		4,501,256	**3,849**	**160,062**	**16,447**
Housing					
A - Normal		36,468,070	21,448	729,361	-
B - Acceptable		609,317	3,001	25,591	30
E - Uncollectible		935,512	16,625	944,867	16,625
		38,012,899	41,074	1,699,819	16,655
	$	**8,916,721,204**	**34,454,653**	**57,888,103**	**275,310**

	Portfolio by rating 2018			
			Provision	
	Principal	**Interest and financial component**	**Principal**	**Interest and financial component**
Commercial				
A - Normal	$ 8,485,237,167	40,108,466	60,345,311	301,595
B - Acceptable	720,760	11,813	341,204	3,231
C- Appreciable	801,501	2,910	102,933	374
D - Significant	825,131	1,246	484,863	685
E - Uncollectible	6,409,130	414,847	6,409,614	414,847
	8,493,993,689	40,539,282	67,683,925	720,732
Consumer				
A - Normal	3,740,279	2,078	78,032	52
E - Uncollectible	95,159	1,238	95,159	8,511
	3,835,438	3,316	173,191	8,563

Housing				
A - Normal	36,042,516	23,857	721,000	-
B - Acceptable	343,923	2,334	14,445	23
E - Uncollectible	1,325,433	17,934	1,338,687	17,934
	37,711,872	44,125	2,074,132	17,957
	$ 8,535,540,999	**40,586,723**	**69,931,248**	**747,252**

Below is the breakdown of the loan portfolio (principal, interest and financial component) by economic sector:

		2019			
Economic sector	**Commercial**	**Consumer**	**Housing**	**Total**	**% Share**
Transport infrastructure	$ 1,995,690,506	-	-	1,995,690,506	22%
Education infrastructure	1,655,277,504	-	-	1,655,277,504	18%
Health infrastructure	1,598,050,378	-	-	1,598,050,378	18%
Infrastructure for energy development	1,222,627,669	-	-	1,222,627,669	14%
Drinking water and basic sanitation infrastructure	1,162,570,230	-	-	1,162,570,230	13%
Urban infrastructure development, construction and housing	988,439,254	-	-	988,439,254	11%
Infrastructure for sports, recreation and culture	128,777,381	-	-	128,777,381	1%
Tourism infrastructure	77,409,158	-	-	77,409,158	1%
Environmental infrastructure	36,811,389	-	-	36,811,389	0%
ICT infrastructure	35,467,129	-	-	35,467,129	0%
Territorial fiscal consolidation	7,496,181	-	-	7,496,181	0%
Salaried (Employees and Former Employees)	-	4,505,105	38,053,973	42,559,078	0%
	$ 8,908,616,779	**4,505,105**	**38,053,973**	**8,951,175,857**	**100%**

		2018			
Economic sector	**Commercial**	**Consumer**	**Housing**	**Total**	**% Share**
Transport infrastructure	$ 2,069,814,357	-	-	2,069,814,357	24%
Education infrastructure	1,579,392,154	-	-	1,579,392,154	18%
Health infrastructure	1,561,025,688	-	-	1,561,025,688	18%
Infrastructure for energy development	1,214,294,413	-	-	1,214,294,413	14%
Urban infrastructure development, construction and housing	1,072,292,964	-	-	1,072,292,964	13%
Drinking water and basic sanitation infrastructure	775,910,118	-	-	775,910,118	9%
Tourism infrastructure	90,542,930	-	-	90,542,930	1%
Infrastructure for sports, recreation and culture	70,705,869	-	-	70,705,869	1%
ICT infrastructure	51,756,348	-	-	51,756,348	1%
Environmental infrastructure	37,298,966	-	-	37,298,966	0%
Territorial fiscal consolidation	11,499,164	-	-	11,499,164	0%
Salaried (Employees and Former Employees)	-	3,838,754	37,755,997	41,594,751	0%
	$ 8,534,532,971	**3,838,754**	**37,755,997**	**8,576,127,722**	**100%**

Portfolio by geographical area

Below is the breakdown of the loan portfolio by geographical area:

		2019		
		Principal	**Interest**	**Total**
Commercial				
Caribbean region	$	1,987,222,877	9,702,492	1,996,925,369
Center region		2,626,354,825	11,476,737	2,637,831,561
Northwest Region		1,908,643,873	6,187,711	1,914,831,585
Pacific region		1,047,426,571	3,101,183	1,050,527,754
Coffee growing axis area		472,071,193	1,386,219	473,457,411
Northeast area		692,140,164	2,135,725	694,275,889
South area		140,347,547	419,663	140,767,211
		8,874,207,049	34,409,730	8,908,616,779
Consumer		0	0	
Center region		4,501,256	3,849	4,505,105
		4,501,256	3,849	4,505,105
Housing		0	0	
Center region		**38,012,899**	**41,074**	38,053,973
		38,012,899	41,074	38,053,973
	$	**8,916,721,204**	**34,454,653**	**8,951,175,857**

		2018		
		Principal	**Interest**	**Total**
Commercial				
Caribbean region	$	1,971,787,517	11,561,067	1,983,348,584
Center region		2,477,478,047	13,583,536	2,491,061,583
Northwest Region		1,900,030,802	6,385,517	1,906,416,319
Pacific region		1,021,841,420	4,486,350	1,026,327,770
Coffee growing axis area		368,817,444	1,414,227	370,231,671
Northeast area		638,714,111	2,394,171	641,108,282
South area		115,324,347	714,414	116,038,761
		8,493,993,688	40,539,282	8,534,532,970
Consumer				

Center region	3,835,438	3,316	3,838,754
	3,835,438	3,316	3,838,754
Housing			
Center region	37,711,872	44,125	37,755,997
	37,711,872	44,125	37,755,997
$	**8,535,540,998**	**40,586,723**	**8,576,127,721**

- **Portfolio by monetary unit**

Below is the breakdown of the loan portfolio by currency type:

		2019			
Modality		**Domestic currency**	**Foreign currency**	**UVR**	**Total**
Commercial	$	8,679,205,411	226,534,724	2,876,644	8,908,616,779
Consumer		4,505,105			4,505,105
Housing		38,053,973			38,053,973
	$	**8,721,764,489**	**226,534,724**	**2,876,644**	**8,951,175,857**

		2018			
Modality		**Domestic currency**	**Foreign currency**	**UVR**	**Total**
Commercial	$	8,173,024,216	356,392,331	5,116,424	8,534,532,971
Consumer		3,838,754	-	-	3,838,754
Housing		37,755,997	-	-	37,755,997
	$	**8,214,618,967**	**356,392,331**	**5,116,424**	**8,576,127,722**

- **Portfolio by maturity period**

Below is the breakdown of the loan portfolio by maturity period:

Modality		0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Commercial	$	9,146,779	333,180,983	921,502,653	5,339,188,926	2,305,597,438	8,908,616,779
Consumer		126,182	845,180	1,832,197	1,701,546	0	4,505,105
Housing		646,010	38,190	29,732	418,703	36,921,338	38,053,973
	$	**9,918,971**	**334,064,353**	**923,364,582**	**5,341,309,175**	**2,342,518,776**	**8,951,175,857**

		2018					
Modality		**0 to 1 year**	**1 to 3 years**	**3 to 5 years**	**5 to 10 years**	**More than 10 years**	**Total**
Commercial	$	5,969,641	239,505,404	880,389,296	4,310,954,296	3,097,714,334	8,534,532,971
Consumer		135,945	1,138,329	1,131,984	1,432,496	0	3,838,754
Housing		643,675	20,393	107,202	494,382	36,490,344	37,755,996
	$	**6,749,261**	**240,664,126**	**881,628,482**	**4,312,881,174**	**3,134,204,678**	**8,576,127,721**

- **Restructured loans portfolio**

  Below is the breakdown of the restructured loans portfolio:

		Restructured / Modified Loans Portfolio			
		2019			
				Provision	
Commercial		**Principal**	**Interest**	**Principal**	**Interest**
Act 550	$	42,633	-	26,177	-
Act 617		-	-	-	-
Ordinary		4,805,900	32,062	4,477,620	28,572
		4,848,533	32,062	4,503,797	28,572
Consumer					
Ordinary		49,741	750	47,876	14,369

		49,741	750	47,876	14369
Housing					
Ordinary		1,181,958	14,805	831,537	13,106
		1,181,958	14,805	831,537	13,106
Act 550		42,633	-	26,177	-
Act 617		-	-	-	-
Ordinary		6,037,599	47,617	5,357,033	56,047
	$	**6,080,232**	**47,617**	**5,383,210**	**56,047**

2018

				Provision	
Commercial		**Principal**	**Interest**	**Principal**	**Interest**
Act 550	$	80,693	-	49,545	-
Act 617		502,515	4,120	312,895	2,508
Ordinary		7,914,429	414,970	6,875,594	411,872
		8,497,637	419,090	7,238,034	414,380
Consumer					
Ordinary		59,913	486	59,913	486
		59,913	486	59,913	486
Housing					
Ordinary		1,178,379	15,509	832,055	13,113
		1,178,379	15,509	832,055	13,113
Act 550		80,693	-	49,545	-
Act 617		502,515	4,120	312,895	2,508
Ordinary		9,152,721	430,964	7,767,562	425,472
	$	**9,735,929**	**435,084**	**8,130,002**	**427,980**

- **Portfolio of restructurings, agreements and arrangements based on risk rating**

  Below is the breakdown of the portfolio of restructured loans by rating:

2019

		Provision

Risk category	No. of loans	Principal	Interest	Principal	Interest
Commercial					
A - Normal	1	17,053	-	341	-
D - Significant	1	796,063	32,062	467,783	28,572
E - Uncollectible	2	4,035,417	-	4,035,673	-
	4	4,848,533	32,062	4,503,797	28,572
Consumer					
A - Normal	-				
E - Uncollectible	4	49,741	750	47,876	14,369
	4	49,741	750	47,876	14,369
Housing					
A - Normal	2	55,836	85	1,117	-
B - Acceptable	1	317,111	1,630	13,319	16
E - Uncollectible	5	809,011	13,090	817,101	13,090
	8	1,181,958	14,805	831,537	13,106
	16	**6,080,232**	**47,617**	**5,383,210**	**56,047**

	2018				
				Provision	
Risk category	No. of loans	Principal	Interest	Principal	Interest
Commercial					
A - Normal	1	228,889	1,612	4,578	-
B - Acceptable	1	305,904	2,508	308,963	2,508
C - Appreciable	2	801,500	2,910	102,933	374
D - Significant	2	825,131	1,246	484,863	685
E - Uncollectible	2	6,336,213	410,813	6,336,697	410,813
	8	8,497,637	419,089	7,238,034	414,380
Consumer					
A - Normal	0				
E - Uncollectible	3	59,913	486	59,913	486
	3	59,913	486	59,913	486
Housing					
A - Normal	1	25,444	85	509	-
B - Acceptable	1	343,923	2,334	14,445	23
E - Uncollectible	5	809,011	13,090	817,101	13,090
	7	1,178,378	15,509	832,055	13,113
	18	**9,735,928**	**435,084**	**8,130,002**	**427,979**

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

Economic sector	2019 Commercial	Consumer	Housing	Total	% Share
Urban infrastructure development, construction and housing $	4,009,837	0	0	4,009,837	65%
Territorial fiscal consolidation	42,633	0	0	42,633	1%
Salaried (Employees and Former Employees)		50,491	1,196,763	1,247,254	20%
Health infrastructure	828,125	**0**	**0**	828,125	14%
	$ 4,880,595	**50,491**	**1,196,763**	**6,127,849**	**100%**

Economic sector	2018 Commercial	Consumer	Housing	Total	% Share
	6,698,611	0	0	6,698,611	66%
Urban infrastructure development, construction and housing $	804,411	0	0	804,411	8%
Territorial fiscal consolidation	587,328	0	0	587,328	6%
Salaried (Employees and Former Employees)		60,399	1,193,887	1,254,286	12%
Health infrastructure	826,377	**0**	**0**	826,377	8%
$	**8,916,727**	**60,399**	**1,193,887**	**10,171,013**	**100%**

- **Restructured loans, agreements and arrangements by geographical area**

Below is the breakdown of the portfolio of restructured loans by geographical area:

	2019		Provision	
	Principal	**Interest**	**Principal**	**Interest**
Commercial				
Center region	$ 796,063	32,062	467,783	23,103
South area	4,009,837		4,009,837	5,469
Caribbean region	42,633	-	26,177	-
	4,848,533	32,062	4,503,797	28,572
Consumer				
Center region	49,741	750	47,876	750
	49,741	750	47,876	750
Housing				
Center region	1,181,958	14,805	831,537	24,926
	1,181,958	14,805	831,537	24,926
	$ 6,080,232	**47,617**	**5,383,210**	**54,248**

2018

	Principal	Interest	Provision Principal	Provision Interest
Commercial				
Caribbean region	$ 825,131	1,246	484,864	685
Coffee growing axis are	6,287,797	410,813	6,287,797	410,813
South area	1,384,709	7,031	465,373	2,882
	8,497,637	419,090	7,238,034	414,380
Consumer				
Center region	59,913	486	59,913	486
	59,913	486	59,913	486
Housing				
Center region	1,178,379	15,509	832,055	13,113
	1,178,379	15,509	832,055	13,113
	$ 9,735,929	**435,085**	**8,130,002**	**427,979**

- **Impairment for loan portfolio**

Below is the breakdown of the loan portfolio provision:

Principal	Initial balance 2019	Recoveries	Charges	Final balance 2019
Commercial $	67,683,925	13,460,484	1,804,354	56,027,795
Consumer	173,191	420,742	407,613	160,062
Housing	2,074,132	456,893	83,007	1,700,246
	69,931,248	**14,338,119**	**2,294,974**	**57,888,103**
Interest	**Initial balance 2019**	**Recoveries**	**Charges**	**Final balance 2019**
Commercial $	726,724	520,103	35,587	242,208
Consumer	8,563	1,308	9,192	16,447
Housing	17,957	210,124	208,822	16,655
	753,244	**731,535**	**253,601**	**275,310**
	70,684,492	**15,069,654**	**2,548,575**	**58,163,413**
		Net impairment	**12,521,079**	

The decrease in impairment reflected as of December 31, 2019, is mainly due to the improvement in the internal risk category of one of Findeter's main customer. This customer in 2018 was in risk category "A2" and for 2019 this customer's category had improved to "A1". This change in category implied a lower risk associated with the customer and, consequently, a lower value of provisions.

Note (13) Net Accounts Receivable and Other Receivables

Below is the breakdown of other accounts receivable:

		2019	2018
Trust transactions	$	7,830	7,941
Accounts receivable compensated rate (1)		50,028,542	40,327,221
Commissions and fees (agreements) (2)		45,502,656	41,867,735
Leases		4,984	14,361
Advances to staff		121,694	95,117
Accounts receivable (Tax Funds)		325,234	76,311
Portfolio (commissions) (3)		3,552,441	585,787
Accounts receivable pre-investment		235,467	235,467
Others		211,225	306,457
Subtotal	$	99,990,073	83,516,397
Provision of other accounts receivable (4)		(663,470)	(493,054)
	$	**99,326,603**	**83,023,343**

Below is the breakdown of commissions and fees receivable for technical assistance by issue date range :

Management	1 to 3 month	more than 3 to 6 months	from 6 months to one year	more than 1 a year	Total
Water	$7,308,337	1,548,970	2,081,600	2,301,060	13,239,967
Housing	3,716,586	34,235	-	-	3,750,821
Infrastructure	9,421,023	3,251,184	1,048,725	5,661,756	19,382,688
Others	7,434,162	274,686	616,134	804,198	9,129,180
	$27,880,108	**5,109,075**	**3,746,459**	**8,767,014**	**45,502,656**

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

(2) Corresponds to accounts receivable for technical assistance services provided by Findeter under the technical assistance agreements signed. For the period, balances receivable for

each program are recorded as follows: housing $3,750,821, infrastructure $19,382,688, water $13,239,967, San Andrés $2,499,295, guarantee fee $896,751 and other services $5,733,134.

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

(4) The increased impairment of other accounts receivable is due to the application of the expected loss model applied in Findeter on the accounts receivable from agreements, for which an impairment of ($176,183) was recognized. (See note 3, letter h, item 4).

Below is the movement of the impairment of the other accounts receivable:

	Initial balance	Charges	Recoveries	Final balance
Others	$86,918	-	-	86,918
Technical assistance	400,144	(176,408)	-	576,552
	$487,062	**(176,408)**	-	**663,470**
		Net impairment	**(176,408)**	

Note (14) Net property and equipment

Below is the detail of property and equipment:

	2019	2018
Land (revalued)	$ 8,923,200	8,923,200
Buildings and constructions (revalued)	24,167,695	20,712,443
Furniture, fixtures and office equipment	4,323,279	4,255,791
Computer equipment	1,149,063	1,142,092
Net assets	**38,563,237**	**35,033,526**
Accumulated depreciation	(4,977,133)	(5,553,296)
	$33,586,104	**29,480,230**

	January 1, 2019	Depreciation	Balance December 2019
Right-of-use assets	$3,602,256	1,478,758	$2,123,498
	$3,602,256	**1,478,758**	**$2,123,498**

Below is the movement of the cost of property and equipment:

	2018	Depreciation	Additions	Removals	Revalued cost adjustment (1)	2019
Land	$ 8,923,200		-	-	-	8,923,200
Buildings and constructions (revalued) (1)	20,712,443	(1,370,035)	-	-	4,825,287	24,167,695
Furniture, fixtures and office equipment	4,255,791		67,488	-	-	4,323,279
Computer equipment	1,142,092		6,971	-	-	1,149,063
	$ 35,033,526	**(1,370,035)**	**74,459**	**-**	**4,825,287**	**38,563,237**

	2017	Additions	Removals	Cost adjustment	2018
Land (revalued)	$ 8,580,000	-	-	343,200	8,923,200
Buildings and constructions (revalued)	19,997,262	-	-	715,181	20,712,443
Furniture, fixtures and office equipment	4,249,899	25,467	(19,575)	-	4,255,791
Computer equipment	987,779	154,313	-	-	1,142,092
	$ 33,814,940	**179,780**	**(19,575)**	**1,058,381**	**35,033,526**

(1) As of December 31, 2019, the revalued cost adjustments for land and buildings were made, which generated a variation of the cost for buildings of $3,4555,252, recognized according to the technical appraisals made by the company Onasi Ltda., expert in determining the fair value of assets.

Below is the movement of accumulated depreciation of property and equipment:

	Buildings	Computer equipment	Furniture and fixtures	Total
Balance as of December 31, 2017	$ 1,033,475	941,350	2,796,312	4,771,137
Depreciation	336,560	59,010	386,589	782,159
Balance as of December 31, 2018	1,370,035	1,000,360	3,182,901	5,553,296
Revaluation Adjustment (Accum. Dep.)	(1.370.035)	-	-	(1.370.035)

Depreciation		385,466	57,175	351,231	793,872
Balance as of December 31, 2019	**$**	**385,466**	**1,057,535**	**3,534,132**	**4,977,133**

Note (15) Investment Properties

The following is the detail of investment properties as of December 31, 2019 and 2018. Investment properties correspond to the item of buildings, which are measured at fair value.

Investment property corresponds to the office owned in the city of Neiva which is leased generating income.

Below is the movement of the fair value of investment properties:

	2019	**2018**
Initial balance	$ 589,203	619,546
Changes in fair value measurement (1)	-	(30,343)
	$ 589,203	**589,203**

(1) The investment property was adjusted to fair value at the end of 2018, the date of the latest appraisal by Findeter.

Below is the detail of figures included in the period result:

		2019	**2018**
Revenue from investment properties	$	59,725	64,685

- During these periods, there were no contractual obligations for acquiring investment properties.
- To determine the fair value of its investment properties, Findeter uses a firm that performs the appraisal in accordance with IFRS 13 requirements.
- There are no restrictions on the realization of investment properties.
- For purposes of measuring the fair value of the investment property, it is determined as a level 2 input. The observable data were as follows:
- Location of the building in a sector of multiple economic activity and very close to or near main roads.

- The recognition, facade and visual conditions of the building where the office is located; the characteristics of the building, in terms of its equipment, infrastructure and provision of services.
- The quality of the office finishes and the internal adaptations, urban regulations and applicable land uses.
- The real estate market with similar characteristics in the sector, the remaining useful life assigned to the property and the calculated fair value corresponds to the property's commercial value.

Note (16) Intangible Assets

Movement of Net Intangible Assets

Below is the movement of the cost of intangible assets other than capital gains:

	2017	Acquisition/ Additions	Amortization through expense	2018	Acquisition/ Additions	Amortization through expense	2019
Computer programs and applications	335,953	1,870,823	809,770	1,397,006	1,072,097	1,075,436	1,393,667
Total	**335,953**	**1,870,823**	**809,770**	**1,397,006**	**1,072,097**	**1,075,436**	**1,393,667**

Intangible assets consist of software licenses acquired by Findeter, which do not show signs of impairment and are amortized over a 2-year period, as defined in the accounting procedure manual.

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

- The asset's expected use.
- The asset's typical life cycles.
  The incidence of technical, technological, commercial obsolescence.
- The stability of the industry or sector, and changes in the market demand for the product.
- The expected actions 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.

<u>**Note (17) Net current and deferred income tax**</u>

- **Income tax expense components:**

Income tax expense for the years ended December 31, 2019 and 2018, includes the following:

		December 31, 2019	December 31, 2018
Income tax for the current period	$	49,781,257	19,749,638
Income tax surcharge		-	2,361,896
Current tax adjustment prior periods		7,617,396	(1,602,940)
Current tax subtotal		**57,398,653**	**20,508,594**
Net deferred taxes for the period		(9,661,511)	14,667,820
Total income tax	**$**	**47,737,142**	**35,176,414**

- **Tax rate reconciliation in accordance with tax provisions and the effective rate:**

The current tax provisions applicable to Findeter provide the following:

- The income tax rate for 2019 is 33%. With the Constitutional Court Ruling C-510 of October 2019, the application of the additional percentage points to the income tax applicable to financial institutions is declared unenforceable; for 2018 the income tax rate is 33% plus 4 additional points over the general rate.

- In accordance with the Economic Growth Law 2010 of 2019, the income tax rate for 2020, 2021 and 2022 onwards is 32%, 31% and 30%, 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 the year 2020 and 3% for the years 2021 and 2022 shall apply.

- For 2019 the presumptive income is 1.5% of net equity on the last day of the immediately preceding tax year, while for 2018 it was 3.5%.

- The Economic Growth Law 2010 of 2019 reduces the presumptive income to 0.5% of net equity on the last day of the immediately preceding taxable year for 2020, and to 0% from 2021 onwards.

- The Economic Growth Law 2010 of 2019 maintains the possibility of taking as an income tax discount 50% of the industry and trade, notices and boards tax effectively paid in the taxable year or period, which from the year 2022 it will be 100%. For 2018 this tax has the deduction treatment in the income tax.

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

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

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

- The excesses of presumptive income can be offset in the following 5 taxable periods.

- Occasional earnings are taxed at a 10% rate.

In accordance with IAS 12, paragraph 81, literal (c), the following is the detail of the reconciliation between Findeter's total income tax expense calculated at the current tax rates and the tax expense effectively recorded in the results of the period for the periods ended December 31, 2019 and 2018.

	Periods ended	
	December 31, 2019	**December 31, 2018**
Earnings before income tax	**121,647,962**	**91,736,322**
Theoretical tax expense: at the rate of 33% (2019) - 37% (2018)	40,143,827	33,942,439
More or (less) taxes that increase (decrease) the theoretical tax:		
Non-deductible expenses	4,773,245	1,425,925
Untaxed income	(185,995)	(118)

Current tax adjustment from previous periods	7,617,396	(1,602,940)
Deferred tax re-measurement	(540,885)	837,293
Other items	(353,382)	573,815
Tax discount	(3,717,064)	-
Total income tax expense for the period	**$ 47,737,142**	**$ 35,176,414**

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

The differences between the bases of assets and liabilities under CFRS and their tax bases give rise to temporary differences that generate deferred taxes calculated and recorded for the years ended December 31, 2019 and 2018:

	Balance December 31, 2018	**Effect on profit or loss**	**Effect on OCI**	**Reclassification ***	**Balance December 31,2019**
Deferred tax assets					
National Guarantees Fund technical reserve	9,955,147	(750,927)	-	-	9,204,220
General portfolio provision	152,465	(152,465)	-	-	-
Provision of other assets	94,927	(15,933)	-	-	78,994
Property and equipment-Other assets	65,657	(65,657)	-	-	-
Intangible assets-Deferred charges	545,913	37,304	-	-	583,217
Loss on derivatives	213,516	(213,516)	-	-	-
Remodeling	356,776	(356,776)	-		-
Employee benefits	613,952	(16,970)	-	-	596,982
Provisions for other expenses	10,280,746	521,027	-	-	10,801,773
Unrealized exchange difference	-	3,174,709	-	33,916,957	37,091,666
Unrealized appreciation of private equity funds	-	(596,902)	-	596,902	-
Industry and trade tax		948,673		-	948,673
	22,279,099	**2,512,567**	**-**	**34,513,859**	**59,305,525**
Deferred tax liabilities					
Investments in negotiable debt securities	481,826	3,203,166	-	-	3,684,992
Investments in equity securities-Shares	200,388	-	556,266	-	756,654
Profit on derivatives	9,191,287	(8,411,818)	-	-	779,469
Property and equipment cost	6,144,503	(394,097)	1,456,689	-	7,207,095
IFRS 16 leases	-	53,445	-	-	53,445
Other assets	1,599,640	(1,599,640)	-	-	-
	17,617,644	**(7,148,944)**	**2,012,955**	**-**	**12,481,655**
	4,661,455	**9,661,511**	**(2,012,955)**	**34,513,859**	**46,823,870**

(*) With the tax return for the 2018 taxable year, a reclassification was made between the current income tax and the deferred income tax of $34,513,859 originated in the adjustment and determination of non-deductible expenses for the unrealized exchange difference and loss in valuation of Ashmore private equity fund.

	Balance December 31, 2017	Effect on profit or loss	Effect on OCI	Balance December 31, 2018
Deferred tax assets				
National Guarantees Fund technical reserve	10,970,021	(1,014,874)	-	9,955,147
General portfolio provision	146,836	5,629	-	152,465
Provision of other assets	88,516	6,411	-	94,927
Property and equipment-Other assets	11,882	53,775	-	65,657
Intangible assets-Deferred charges	584,324	(38,411)	-	545,913
Loss on derivatives	4,204,194	(3,990,678)	-	213,516
Remodeling	414,140	(57,364)	-	356,776
Employee benefits	-	613,952	-	613,952
Provisions for other expenses	10,956,368	(675,622)	-	10,280,746
	27,376,281	(5,097,182)	-	22,279,099
Deferred tax liabilities				
Investments in negotiable debt securities	1,078,895	(597,069)	-	481,826
Investments in equity securities-Shares	315,588	-	(115,200)	200,388
Profit on derivatives	-	9,191,287	-	9,191,287
Property and equipment cost	6,558,311	(623,220)	209,412	6,144,503
Other assets	-	1,599,640	-	1,599,640
	7,952,794	9,570,638	94,212	17,617,644
	19,423,487	**(14,667,820)**	**(94,212)**	**4,661,455**

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

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

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

	December 31, 2019			December 31, 2018		
	Amount before taxes	Deferred tax	Net	Amount before taxes	Deferred tax	Net
Land appreciation	-	-	-	343,200	(34,320)	308,880
Building reappreciation	4,855,629	(1,456,689)	3,398,940	684,839	(175,092)	509,747

Investments in shares and equity instruments	5,562,660	(556,266)	5,006,394	107,003	115,200	222,203
Other OCI items	68,450	-	68,450	(1,263,056)	-	(1,263,056)
	10,486,739	**(2,012,955)**	**8,473,784**	**(128,014)**	**(94,212)**	**(222,226)**

- **Tax Positions Uncertainties**

As of December 31, 2019 and 2018, Findeter has no tax uncertainties that generate a provision for said item, taking into account that the income tax process is regulated under the current tax framework. Therefore, there are no risks of an additional tax obligation.

- **Realization of Deferred Tax Assets**

In future periods we expect to continue generating taxable net income against which to recover the values recognized as deferred tax assets. The estimate of future tax results is based primarily on the projection of the Company's operation and the continuity of the positive trend.

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

- **Current tax Assets and Liabilities**

Current tax assets and liabilities as of December 31, 2019 and 2018, consist of:

	December 31, 2019	**December 31, 2018**
Income tax advance	-	4,339,050
Withholdings and self-withholdings	41,059,803	41,355,128
Income tax liability	(49,781,257)	(22,111,533)
Net current tax assets (liabilities)	(8,721,454)	23,582,645

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

Note (18) Net Other Assets

Below is the detail of other assets:

		2019	2018
Prepaid expenses (1)	$	2,231,348	1,765,525
Other assets		2,100	2,100
	$	**2,233,448**	**1,767,625**

(1) Prepaid expenses correspond to the insurance policies paid, which are being amortized during the coverage period, including those of global bank responsibility and management.

Note (19) Certificates of Deposits

Below is the detail of long-term deposits and liabilities:

	2019			2018			
Deposits and receivables	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Average interest rate**
Issued for 6 months and less than 12 months	$ 634,706,000	793,863	135,793,863	-	-	-	5.36%
Issued for 12 months and less than 18 months	135,000,000	4,982,120	639,688,120	718,505,000	13,814,943	732,319,943	5.51%
Issued for 18 months or more	4,642,981,000	26,340,741	4,669,321,741	4,424,633,000	26,946,168	4,451,579,168	5.70%
	$ 5,412,687,000	**32,116,724**	**5,444,803,724**	**5,143,138,000**	**40,761,111**	**5,183,899,111**	

Below is the detail of the maturities of deposits and receivables:

YEAR	2019	YEAR	2018
2020	$ 2,781,210,439	2019	53,395,646
2021	2,235,222,559	2020	3,860,839,705
2022	290,337,731	2021	965,060,640
2022 onwards	138,032,995	2022 onwards	304,603,120
	$ 5,444,803,724		**5,183,899,111**

Below is the detail of deposits and receivables by sector:

	2019	Share	2018	Share
Deposits and receivables				
Private	$ 4,998,925,255	91.81%	4,668,537,546	90.06%
Public	228,807,819	4.20%	317,020,287	6.11%
Mixed	217,070,650	3.99%	198,341,278	3.83%
	$ 5,444,803,724	**100.00%**	**5,183,899,111**	**100.00%**

Deposits and receivables are traded on the secondary market.

Note (20) Outstanding Investment Securities

Below is the detail of the outstanding investment securities:

		2019	**2018**
International Bonds	$	963,316,140	961,248,175
Urban Development Bonds		26,400	26,196
Subordinated Bonds		206,395,517	206,180,435
Sustainable Bonds		401,009,813	-
	$	**1,570,747,870**	**1,167,454,806**

International Bonds:

2019

Year issued	Type of issue	Series	Principal	Interest	Interest rate	Issue date	Maturity
2014	Foreign ordinary bonds	Single series (fixed rate)	934,328,189	28,987,951	7.88%	12/08/2014	12/08/2024

2018

Year issued	Type of issue	Series	Principal	Interest	Interest rate	Issue date	Maturity
2014	Foreign ordinary bonds	Single series (fixed rate)	932,260,225	28,987,950	7.88%	12/08/2014	12/08/2024

The bonds were issued in 2014, they will pay interest per annum and the principal upon maturity. These bonds have no guarantee. These were securities in dollars, but denominated in pesos.

- Urban Development Bonds:

2019				
Type of issue	**Issue date**	**Maturity**	**Capital**	**Interest**
Urban Development Bonds	Liability taken over from former Banco Central Hipotecario	The securities are extendable until the holder of the bond is found to start the redemption process.	4,199	22,201

2018				
Type of issue	**Issue date**	**Maturity**	**Capital**	**Interest**
Urban Development Bonds	Liability taken over from former Banco Central Hipotecario	The securities are extendable until the holder of the bond is found to start the redemption process.	4,199	21,997

- Subordinated Bonds:

2019							
Year issued	**Type of issue**	**Series**	**Principal**	**Interest**	**Interest rate**	**Issue date**	**Maturity**
2017	Subordinated Bonds	Series A (Tied to the CPI) Subseries A7	203,680,000	2,715,517	CPI + 3.57%	26/04/2017	26/04/2024

2018							
Year issued	**Type of issue**	**Series**	**Principal**	**Interest**	**Interest rate**	**Issue date**	**Maturity**
2017	Subordinated Bonds	Series A (Tied to the CPI) Subseries A7	203,680,000	2,500,435	CPI + 3.57%	26/04/2017	26/04/2024

On April 26, 2017, Findeter issued the Subordinated Bonds in the public stock market through which it received resources equal to $203,680,000 for a term of 7 years at a rate of CPI + 3.57%. Given its subordinated nature, this issue was rated AA+.

Below is the breakdown by sector of subordinated bonds:

	2019	**Share**	**2018**	**Share**
Private	$ 200,822,190	97.30%	200,612,916	97.30%
Public	5,573,327	2.70%	5,567,520	2.70%
	$ 206,395,517	**100.00%**	**206,180,435**	**100.00%**

- Sustainable Bonds:

2019							
Year issued	Type of issue	Series	Principal	Interest	Interest rate	Issue date	Maturity
2019	Sustainable Bonds	Series A (Tied to the CPI) Subseries A5	132,827,000	323,178	CPI + 2.54%	18/06/2019	18/06/2024
2019	Sustainable Bonds	Series A (Tied to the CPI) Subseries A5	267,173,000	686,635	CPI + 2.90%	18/06/2019	18/06/2026

On June 18, 2019, Financiera de Desarrollo Territorial (Findeter) placed for the first time in the Colombian public stock market sustainable bonds for 400,000,000, with terms of 5 and 7 years and at a rate of CPI + 2.54% and CPI + 2.90%, respectively.

Below is the breakdown by sector of sustainable bonds:

	2019	Share
Private	$ 391,986,820	97.75%
Public	9,022,993	2.25%
	$ 401,009,813	**100.00%**

Below is the breakdown of principal maturities of outstanding investment securities - Bonds:

Year	International Bonds	Urban Development Bonds	Subordinated Bonds	Sustainable Bonds	Total
After 2020	963,316,140	26,400	206,395,517	401,009,813	**1,570,747,870**

Note (21) Financial Obligations

Below is the breakdown of the financial obligations:

	2019			2018				
Entity	**Principal**	**Interest**	**Commissions**	**Principal**	**Interest**	**Commissions**	**Current interest rate**	**Expiry**
Inter-American Development Bank-IDB 1967	$54,619,000	216,773	-	67,703,125	276,695	-	2.93%	09/12/2023
Inter-American Development Bank-IDB 2314	180,242,700	2,290,180	-	194,985,000	2,779,235	-	2.93%	05/08/2030

Inter-American Development Bank-IDB 2768	221,206,950	556,445	-	231,544,688	619,521	-	2.93%	21/12/2037
Inter-American Development Bank-IDB 3392	327,710,723	4,450,452	378,638	298,977,000	3,349,959	602,650	2.93%	15/07/2035
Banco Inter-American Development Bank-IDB 3596	197,368,935	2,143,483	768,236	87,584,037	617,777	1,016,483	2.93%	15/07/2041
French Development Agency-AFD101801K	418,031,978	2,073,291	-	466,355,374	2,826,636	-	4.25%	20/11/2027
KFW Bankengruppe-KFW 26770	218,476,000	76,317	-	259,980,000	93,968	-	4.25%	29/12/2024
Central American Bank for Economic Integration - CABEI 2142	159,760,575	674,242	-	162,487,500	780,243	-	4.13%	25/11/2023
Bank Of Tokyo	-	-	-	248,206,500	6,818,026	-	0.00%	01/03/2019
CITI Bank	-	-	-	56,516,667	497,404	-	0.00%	11/02/2019
KFW Bankengruppe-KFW 28318	54,278,218	108,952	906,425	32,559,871	25,832	914,665	1.54%	15/05/2033
	$1,831,695,079	**12,590,135**	**2,053,299**	**2,106,899,762**	**18,685,296**	**2,533,798**		

In relation to financial obligations with multilateral banks and other entities, there are contractual conditions, including those indicated below:

CABEI Financial Conditions

- Equity vulnerability index less than 6.0%. Resulting from dividing the net non-performing loan portfolio by FINDETER'S total Equity.
- Gross NPL ratio less than 5.9%. Resulting from dividing the gross non-performing loan portfolio by FINDETER'S Gross Loan Portfolio.
- Liquidity Risk Indicator (LRI). As regulated and effective by the Colombian Financial Superintendence. CABEI

AFD Financial Conditions

- Solvency Index (CAR) must remain above the level prescribed in the Colombian regulation applicable to the banking sector;
- NPL ratio must remain below 5% AFD

KFW Financial Conditions

- Capital-to-risk weighted assets ratio (CRAR) (not less than 11%)
- Exposure of open credit ratio (may not exceed 10%)
- Deposits and loans ration (may not exceed 140%)
- Leverage ratio (not less than 5%)

KFW ENERGY Financial Conditions

- Capital-to-risk weighted assets ratio (CRAR) (not less than 11%)
- Exposure of open credit ratio (not less than 10%)
- Liquidity index (not less than 100%)

The covenants were fully complied with as of December 31, in accordance with each contract.

Note (22) Employee Benefits

In accordance with Colombian labor law and based on labor conventions and collective agreements signed with employees, different Findeter employees are entitled to short-term benefits, such as wages, vacation leaves, legal and extralegal bonuses, and severance and interest on severance, with labor regime Act 50 of 1990; and long-term benefits, such as extralegal seniority bonuses; and retirement benefits, such as retirement bonus and five-year bonuses.

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

Below is the breakdown of the balances of employee benefit provisions as of December 31, 2019 and 2018:

	2019	2018
Short-term benefits	$ 3,272,347	3,573,608
Long-term benefits	1,881,899	1,805,743
	$ 5,154,246	**5,379,351**

- **Short-term benefits**

Breakdown of short-term benefits:

	2019	2018
Payroll payable	$ 6,525	-
Severance	202,445	200,919
Legal bonus	170,656	169,091
Extralegal bonus	1,286,879	1,314,327
Vacation leave	1,582,352	1,868,991
Severance int.	23,490	20,280
	$ 3,272,347	**3,573,608**

Findeter grants short-term benefits such as: wages, vacation leaves, vacation bonuses, legal and extralegal bonuses, aid, parafiscal contributions and severance, and interests on severance, with labor regime Act 50 of 1990.

- **Other long-term benefits:**

Breakdown of long-term benefits:

	2019	2018
Five-year bonus	$ 810,395	841,282
Pension bonus	1,071,504	964,461
	$ 1,881,899	**1,805,743**

It should be noted that Findeter grants its employees an interest rate benefit on portfolio loans, on which a credit amortization table is prepared on a biweekly basis with the conditions of approval: interest rate at the time of granting the loan to the employee, amount of the loan and term. Once the values of the biweekly principal and interest flows have been determined, these are brought to present value on the disbursement date, using the discount rate (opportunity rate) for loans granted. Finally, the calculation of the benefit is obtained by subtracting the determined present value from the amount of the loan.

- **Actuarial Assumptions**

To calculate the valuations of its benefits to employees FINDETER uses actuarial mathematics formulations to measure life contingencies. This way, from a public table of annual deaths, it establishes the probability of survival for a person with certain characteristics of a population. For Colombia, these tables are the life tables published by the Financial Superintendence through resolution number 1555 of 2010. In 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 remaining in the entity (or turnover) were calculated based on Findeter's discharge history from 2010.

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

Pension Age: The number of years a person requires to start receiving pension is calculated assuming that the retirement age for men is 62 and for women is 57.

- **Five-year seniority benefit:**

In accordance with the provisions of the Findeter collective agreement, employees are entitled to an extralegal benefit for five-year terms, which will be paid when the period of time worked is reached and based on 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:**

The following rates were used to update and project future flows:

RATE	2019	2018
Discount rate	7.43%	7.05%
Inflation rate (affects wages)	3%	3%
Employee turnover rate (first 5 years)	7.13%	7.76%

- **Sensitivity Analysis**

The sensitivity analysis of the post-employment benefit liability of the different financial and actuarial variables is presented below, the discount rate applied is affected by +/- 1%, with the other variables being constant:

Benefit	Present value unchanged	+1% discount rate	-1% discount rate
Five years	810.395	771.090	854.143
Pension	1.071.504	1.032.568	1.116.431

Note (23) Financial Guarantees

Below is the movement of financial guarantees:

	Initial balance	Repayment	Fees	Final balance
National Guarantees Fund Reserve	33,183,823	2,660,545	157,456	30,680,734
Water Bonds Reserve	33,509,336	8,330,459	8,962,057	34,140,935
	66,693,159	**10,991,004**	**9,119,514**	**64,821,669**

Financial guarantees decreased by $1,871,490, from $66,693,159 to $64,821,669. The variation corresponds to the following movements:

- The coverage of the technical estimate of the National Guarantees Fund on loans granted, called affordable housing, amounting to 30,680,734, which decreased by $2,503,089, according to the behavior of the guarantees granted.

- The registration of the guarantee on the water bonds, which covers the possible loss of the loans granted by the financial intermediaries to the creditor territorial entities, which increased by $631,599, according to the analysis of the possible loss ratio, adjusting the bond risk curve, generating recovery. The guarantee granted expires in July 2028.

Note (24) Provisions

Below is the movement of provisions:

	Legal processes, fines, penalties and compensations (1)	Provision for Industry and trade tax	Total

Balance as of December 31, 2018	**$2,438,127**	**1,717,666**	**4,155,793**
Charges	1,451,064	-	1,451,064
Recoveries	(563,671)	(1,717,666)	(2,281,337)
Balance as of December 31, 2019	**$3,325,520**	**-**	**3,325,520**

	Legal processes, fines, penalties and compensations (1)	**Provision for Industry and trade tax**	**Total**
Balance as of December 31, 2017	**$2,608,882**	**1,943,945**	**4,552,827**
Charges	58,478	9,549,731	9,608,209
Recoveries	(229,234)	(9,776,010)	(10,005,243)
Balance as of December 31, 2018	**$2,438,127**	**1,717,666**	**4,155,793**

(1) Provisions for legal processes correspond to labor processes, for which it is not possible to determine a disbursement schedule since there are several processes in different instances. At the end of the period there are 117 processes against Findeter, of which, according to the instance and considering the provisions policy, 12 processes are provisioned, for a total of $3,325,520, classified according to IAS 37 as possible, probable and eventual, evidencing an increase compared to the balance as of December 31, 2018, for 887,393, for legal proceedings ruled against Findeter and which generated the increase in the provision.

Note (25) Accounts Payable, Other Payables and Other Liabilities

Below is the detail of accounts payable and other liabilities:

	2019	**2018**
Suppliers and services	$ 702,672	1,001,295
Fees payable	295,784	495,393
Accounts payable provision	1,554,149	-
Leases	408	785,212
Accounts payable Pre-investment	4,758,611	7,863,189
Prepaid revenues	2,131,136	-
Other payables	549,039	2,205,569
Industry and trade tax payable	1,889,909	-
Withholding tax payable	2,935,049	4,121,852
Sales tax payable	3,088,955	3,221,388

	$ 17,905,712	**19,693,898**

Note (26) Shareholders' Equity

Issued Capital

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

	2019	**2018**
Number of subscribed and paid-in shares	10,249,624	9,717,139
Subscribed and paid-in capital	1,024,962,400	971,713,900
Remaining capitalization	794	2,611

		SHARES	
	Initial balance	**Capitalization**	**Final balance**
Number of shares	9,717,139	532,485	10,249,624

The general shareholders' meeting of March 21, 2019, approved the profit distribution project, which ordered a capitalization for a value of $53,246,853. The legal process took effect in May 2019. Findeter has not issued preferred shares.

Findeter is a joint-stock company established with the exclusive participation of public entities and in accordance with Article 30 of Act 1328 of July 15, 2009, which amends Article 271 of the Organic Statute of the Financial System. As such, it "shall not be subject to forced investments and will not distribute profits in cash among its shareholders."

Reserves

The composition of the reserves is as follows:

	2019	**2018**
Legal	$64,267,932	58,611,941
Statutory and occasional		

For investment protection	969,147	2,915,930
Others	8,406,132	8,802,115
Total	**$73,643,211**	**70,329,986**

Legal Reserve

Pursuant to legal provisions, all credit establishments must constitute a legal reserve, appropriating ten point zero percent (10.0%) of the net income 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 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 that Findeter has undistributed profits.

Statutory and Occasional Reserves

Registers the values that by express order of the general shareholders' meeting have been appropriated from Findeter's net income in previous years, in order to comply with legal, statutory or specific purposes.

"Losses will be offset with the reserves that have been specially destined for such purpose or otherwise with the legal reserve." The reserves whose purpose is to absorb certain losses cannot be used to cover other losses, unless otherwise determined by the shareholders' meeting. "If the legal reserve is insufficient to cover the capital deficit, the profits of the following years will be applied to this end" (Article 456 C. de Co.).

Reserves for compensated rates are resources assigned by the Findeter General Shareholders Meeting to cover the deficit in the granting of credit lines with soft rates that benefit the development of Colombian territorial entities. These reserves are paid annually via capitalization, in the same proportion as the item in the expense account of compensated rates in the same period.

Occasional Reserves Available

	2019	2018
Payments from:		
Fiscal consolidation compensated rate	$ 106,111	$220,614
Education compensated rate	-	-
Technical assistance	183,753	175,369

	$289,864	395,983

Resources available for:		
Profits prior to 2003	34,117	34,117
Technical assistance	679,841	863,594
Promotion of education projects	2,192,068	2,192,068
Incentive of efficient and effective projects compensated rate line	5,210,242	5,316,353
For investment protection	969,147	2,915,930
Total committed available resources	9,085,415	11,322,062
Occasional reserves balance	**$9,375,279**	**11,718,045**

Note (27) Revenue and Operating Expenses

Revenue and operating expenses are detailed below:

Interest revenue	**2019**	**2018**
Ordinary resources	$ 243,017,659	291,352,293
Reactiva Colombia	20,261,791	-
Automatic rediscount	859,098	1,262,032
Affordable housing ordinary rediscount	6,576,145	6,744,713
Compensated rate program	306,302,289	297,966,185
Dollars new line	3,976,990	2,012,755
REX Dollars Line 2016	9,324,524	13,682,425
Anti-cyclical policy special line	243,305	532,278
Sustainable development special line	82,086	174,825
Countercyclical policy special line	448,260	856,139
Rediscount USD IDB 2314	486,472	1,598,737
Rediscount USD IDB 2768	3,820,323	4,126,192
Housing employees	603,627	881,665
Housing former employees	590,109	422,635
Consumer	181,822	169,736
	$ 596,774,500	**621,782,610**

Financial obligations interest expense	**2019**	**2018**
Interest IDB SPDT 1066	$ -	82,642

Interest IDB 1967/OC-CO	2,231,670	2,290,090
Interest IDB 2314	6,167,756	5,806,372
Interest IDB 2768	7,852,792	7,131,652
Interest IDB 3392	10,322,882	5,333,475
Interest IDB 3596/OC-CO	4,905,170	1,201,105
Interest AFD 1018 01 K	23,136,356	21,760,880
KFW 26770	10,592,189	11,860,501
Citibank New York	388,024	3,913,668
Bank Of Tokyo	3,380,366	20,912,432
BCIE 2142	7,712,167	6,882,886
KFW 28318	907,963	25,832.46
	$ 77,597,335	**87,201,535**

		2019	2018
Net Valuation Investments Fair Value			
Demand deposits	$	26,207,160	28,900,249
Gains negotiable investment valuation		26,452,705	11,200,816
Gains private equity funds		18,016,992	7,153,518
Gains investment sales		274,852	15,393
Dividends		19,946	319
Loss negotiable investment valuation		(14,349,891)	(5,858,358)
Loss private equity funds		(2,909,662)	(8,627,403)
Loss investment sales		(29,107)	(3,497)
	$	**53,682,995**	**32,781,037**

		2019	2018
Net Investment Valuation Amortized Cost			
Gains investment valuation at cost		2,933,365	3,313,510
Loss investment valuation at cost		(860,669)	(311,049)
	$	**2,072,696**	**3,002,461**

Note (28) Revenue and expenses from commissions and other services

		2019	2018
Revenue from commissions and other services			
Water bond commissions	$	4,917,160	5,851,705
Technical assistance revenue		65,323,573	70,892,227
National Guarantees Fund commission		1,522,470	5,861,788
Others (portfolio fees)		7,522,007	10,463,234

Insfopal commission		94,749	69,138
	$	**79,379,959**	**93,138,092**

Commission and other expenses			
Debt service and fiduciary businesses	$	4,206,759	5,128,508
Banking services		59,603	59,162
Others (IDB-FNG Counter-guarantee)		3,396,405	4,609,231
International bonds and certificates of deposit		219,250	-
		7,882,017	**9,796,901**
	$	**71,497,942**	**83,341,191**

Note (29) Other Revenues

Below is the detail of other revenues:

		2019	2018
Leases	$	59,725	156,306
Recoveries Provision accts x pay		1,086,993	1,684,177
Revenue benefit int. rate Emp Port.		1,198,424	1,269,612
Recoveries reserves		2,572,944	-
Disability reinstatement		104,010	58,403
Litigation recovery		563,671	182,148
Other recoveries		456,570	982,217
	$	**6,042,336**	**4,332,863**

Note (30) Other Expenses

Below is the detail of other expenses:

		2019	2018
Property, registration and notes tax, VAT, Tax on Movement of Funds	$	12,128,683	11,775,301
Industry and trade tax		9,222,277	9,527,904
Legal expenses		346	836
Fees		7,671,176	9,817,661
Penalties, lawsuits and litigation		1,452,149	5,114
Leases		5,880,469	6,968,687
Contributions and affiliations		4,018,756	4,636,507

Insurance	2,024,805	1,256,124
Maintenance and repairs	3,326,611	3,794,558
Electrical installations	199,786	261,327
Other provisions	661,942	308,222
Depreciation	793,872	801,734
Right of use depreciation	1,478,758	-
Amortizations	1,075,436	809,770
Cleaning and security services	1,211,595	1,051,173
Temporary services	33,906,876	36,912,325
Advertising	146,030	164,618
Public relations	330	3,315
Public services	885,705	1,062,746
Travel expenses	2,063,802	2,268,890
Transport	397,037	511,048
Supplies and stationery	630,218	616,978
Promotion and dissemination	977,239	1,136,841
Spending profits on programs	289,864	175,369
Other minor	1,690,206	2,666,326
Employee benefits	48,371,809	46,212,636
Employee benefits- portfolio rate	1,198,424	1,269,612
Claim losses	1,772,192	625,403
	$ 143,476,393	**144,641,025**

Note (31) Commitments and Contingencies

Contingent accounts include:

	2019	2018
IDB loan pledge (1)	$ 23,892,589	22,771,412
Due to litigation (claims) (2)	80,301,717	1,044,911
Approved and undisbursed loans (3)	482,661,367	610,372,905
Interest on suspended loans (4)	1,016,439	923,757
	$ 587,872,112	**635,112,985**

(1) Counter-guarantees

Findeter signed Loan Agreements with the IDB 1967 of 2008, 2314 of 2010, 2768 of 2012 and 3392 of 2015, which established counter-guarantees in favor of the Nation, and in which the revenues received by FINDETER for the rediscount portfolio collection were pledged and paid directly in Deposit Account No. 65812166 of the Colombian Central Bank. Such revenues must cover at least 120% of the value of the semi-annual service of the debt of the Loan Agreement, in addition to granting a blank promissory note with its respective letter of instruction.

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

(2) Corresponds to the claims from the legal processes against Findeter. There are several labor and administrative ongoing processes, whose loss evaluation is eventual or possible. The variation in the ongoing litigation contingency account is mainly due to the change in methodology in determining the constituent figures. Considering that as of this year the resulting difference between the value of the plaintiffs' claims and the value provisioned by Findeter, which supports the possible contingency, is revealed. Compared to the previous record that corresponded to revealing the total value of the plaintiffs' claims.

(3) The commitments from the approved credits not disbursed are the product of contracts with customers. In this sense, we determined that the outstanding balances of unused loan do not necessarily represent future cash requirements because such available amounts may expire and therefore not be used totally or partially, but they are recognized in the contingent accounts as possible capital requirements.

The following table shows the value of the approved loans to the different financial institutions that have not been disbursed by Findeter:

Banking entity	**2019**	**2018**
Banco de Bogotá	$ -	3,839,000
Banco Davivienda	-	6,480,000
Bancolombia S.A.	482,661,367	596,932,905
Banco de Occidente	-	3,121,000
	$482,661,367	**610,372,905**

(4) Suspended Interest

They correspond to interest on loans granted to former employees of the entity, who have not serviced the debt on the obligations acquired. To date, there are 17 loans generating this interest, 10 of which are under housing and 7 under consumer.

Note (32) Related Parties

According to IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements, which could exercise joint control or control over the reporting; exercise significant influence over the reporting entity; or be considered a member of the key management personnel of the reporting entity or a parent of the reporting entity. The definition of related party includes: persons and/or family members related to the entity, entities that are members of the same group (parent and subsidiary), associates or joint ventures of the entity or group entities, plans for post-employment benefit for employees of the reporting entity or a related entity.

The following are considered related parties:

1) Economic affiliate: A person or entity that is related to some entity through transactions such as transfers of resources, services or obligations, whether or not in exchange for consideration.

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

3) Key management personnel: People who have authority and responsibility to plan, direct and control the activities of the entity directly or indirectly, including any director or manager (whether executive or not) of Findeter; includes the CEO, chief officers and members of the Board of Directors.

Transactions with related parties:

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

Findeter has the following transactions with related parties:

- Loans with interest rates different from those that are ordinarily paid or collected from third parties under similar conditions of term, risk, etc.

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

		2019	2018
Board Member Remunerations	$	505,603	461,519

As of December 31, 2019 and 2018, Findeter records balances of the loan portfolio and key management personnel remuneration, as detailed below:

		2019	2018
Loan portfolio	$	222.500	1,599,010
Key management personnel remuneration		10,004,974	10,012,920

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

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

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

ENTITY	Item	2019	2018
Ministry of Finance	Compensated rates	45,652,592	37,764,978

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

Note (33) Adequate Capital Management

Findeter's objectives regarding adequate capital management are: a) meeting the capital requirements established by the Colombian government for financial institutions, and b) maintaining an adequate equity structure to generate value for its shareholders.

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

Compliance is verified on a monthly basis in accordance with the provisions of the Financial Superintendence of Colombia in Chapter XIII - 14 of the Accounting and Financial Basic Circular 100 of 1995.

Risk assets are classified in each category by applying the percentages determined by the Financial Superintendence of Colombia to each of item on the balance sheet according to the IFRS Catalog of Accounts. Additionally, market risks are included as part of risk-weighted assets to calculate the solvency margin.

To manage capital from an economic perspective and generating value to its shareholders, management constantly monitors the profitability levels for each of its business lines and the capital needs in accordance with the growth expectations of each. In addition, the management of economic capital involves the analysis of the credit, market, liquidity and operational risk effects to which Findeter is exposed in developing its operations.

Below is the detail of the minimum technical equity required in Findeter:

	2019	2018
Technical equity		
Ordinary basic equity		
Subscribed and paid-in capital	1,024,962,400	971,713,900
Net income appropriation	64,267,932	58,611,941
Investments available for sale in equity securities	(25,738,075)	(25,738,075)
Deferred income tax	(46,823,870)	(4,661,455)
Unrealized profit or loss (OCI)	(50,225,161)	(41,751,378)

Additional Equity		
Value of subordinated money obligations effectively authorized, placed and paid-in	162,944,000	183,312,000
General provision	416,110	412,068
Net income	73,910,820	56,559,908
Total technical equity	1,203,714,156	1,198,458,909
Risk-weighted assets		
Category I (High security assets weighted at 0%)	589,024,449	731,860,672
Category II (High security assets weighted at 20%)	453,675,792	542,739,439
Category III (Assets with high security but with low liquidity, weighted at 50%)	8,832,052,172	8,425,454,925
Category IV (Other assets at risk weighted at 100%) + Special Weights	889,468,112	971,695,361
Total risk-weighted assets	10,764,220,525	10,671,750,397
Market risk	40,702,802	58,300,398
Basic solvency risk indicator	18.61	18.34
Total solvency risk indicator	21.60	21.71

For 2019, the net cash used for operating activities registered a negative balance of $125,138,729 million as a result of regular business dynamics, which focuses on disbursing long-term operations (over 5 years) and financing them through several short, medium (certificates of deposit) and long term (bonds and loans with multilateral banks) sources, thus generating the need to adequately manage balance sheet risk. To do so, Findeter manages the duration GAP, seeking to maintain the difference between the portfolio and the financing close to 1 year, thus mitigating the repricing risk due to changes in interest rates. This is achieved by adequately mixing the sources of both short and long term financing.

The deficit of net cash used for operating activities is adequately financed with terms greater than one year, such as the issuance of bonds, for $400,000,000, as well as bank loans and other financial obligations, for $158,210,000. These values are included in the net cash provided in financing activities given the term for which they were acquired.

The reason for this is that the negative balance in operating activities is due to risk management and not to difficulties in leveraging Findeter's operating activities.

Findeter has the ability to continue as a going concern for the next 12 months.

Note (34) Legal Controls

Overall Exchange Position: Corresponds to the difference between all on and off-balance sheet rights and obligations denominated in foreign currency, realized or contingent. Findeter complies with the provisions issued by the Board of Directors of the Colombian Central Bank and the regulations issued by the Financial Superintendence of Colombia.

Technical Equity and Solvency Margin: Chapter XIII-13 of the Colombian Financial Superintendence provides the criteria and parameters that recipient entities must observe to comply with the adequate equity and the minimum solvency ratios established in Title 1, Book 1, Part 2 of Decree 2555 of 2010. This in order to maintain adequate levels of good quality capital to absorb unexpected losses arising from the materialization of the risks to which they are exposed, thus preserving public confidence in the financial system and its stability.

Note (35) Approval of Financial Statements

The financial statements and notes thereto were approved by the board of directors and the legal representative, in accordance with Minutes No. 361 of February 24, 2020, to be submitted for approval of the General Shareholders' Meeting, which may approve or modify them.

Note (36) Subsequent Events

No economic events occurred after December 31, 2019 (subsequent events), that could affect Findeter's financial position or prospects or question its continuity as a going concern.