

July 12th, 2022

**Financiera de Desarrollo Territorial S.A. -FINDETER**  
**Annual Financial Results 2021 & 1Q2022**

**Event Transcription**

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**Slide 2**

Welcome to Findeter's financial results presentation, where we will be sharing the company's financial and corporate results for 2021 and the first quarter of 2022. Today will be joining us, Richard Martinez, CFO and Juan Galvan, Treasurer.

In 2021, Findeter led one of the National Government's priorities by offering support, not only financial, to the public and private sectors that would allow them to promote the economic reactivation of the country. To carry out this purpose, as a Development Bank we decided to make credit lines with competitive interest rates at favorable terms available to territorial entities, as well as to private companies, to support initiatives leading to the recovery of the sectors most affected by the country's public health crisis derived from the pandemic and through this channel contribute to the generation of new jobs.

During 2021, in the most critical phase of the pandemic, we consolidated ourselves as the strategic ally of the National Government, supporting the territories, for which we generated competitive financial tools. Such is the case of direct credit, which enable us to foster greater dynamics in local economies, as well as the start-up of important projects, especially for category 4, 5 and 6 municipalities, contributing to the closing of historical gaps in these territorial entities.

We are a Development Bank committed to sustainability. We have accompanied the National Government by making available not only our financial products but also our technical knowledge in project structuring, making viable those initiatives in key sectors that have helped to meet the challenges of the country's economic recovery under the framework of the Development of Sustainable Objectives.

For 2022, we hope to continue supporting the development and sustainable transformation of territorial entities, with projects of economic and social impact.

**Slide 3 (applies only to English presentation)**

*Let me start first by emphasizing that, to avoid any confusion in the translation of figures, where applicable, in this presentation we refer to One thousand million (1,000,000,000) as billions of pesos, and one billion (1,000,000,000,000) as trillions of pesos.*

*First we are going to talk about the 2021 Corporate results. Then we are going to see the financial results of the first quarter of 2022 and finally we are going to show you the commercial results of the first quarter of 2022.*

**Slide 6**

The Operating revenues although they presented a reduction of 18.26% compared to 2020, were mainly generated from commissions and fees, which are divided into 3 large business units

(territorial planning, structuring and execution of projects) that allowed the Entity to obtain resources of COP \$84,5 billions during 2021.

On the other hand, the decrease in operating expenses in 2021 was 20.88%, a figure that is mainly explained by the behavior of financial expenses. The most representative item that explains 81.87% of the decrease is due to the valuation of forward hedges which were impacted for the volatility effect of the Exchange Rate (TRM) in 2021.

According to the behavior in operating income and expenses explained before, the operating profit increased 199.79% from one year to another, reaching COP \$91,5 billions.

The ROE indicator presented a result of 5.92% with a variation of 5.3 percentage points compared to 2020, as a result of the performance of the financial margin, which increased by 12.61% due to an adequate management of the differential of active and passive rates of the Entity; Likewise, the proper management of non-financial income and expenses lead to extraordinary results that leverage the 6.52% growth in equity.

Finder's net portfolio decreased 4.50% in the last year, that is, a decrease of COP \$451 billions and stood at the end of December 2021 at \$9.57 trillions. The behavior of the total portfolio is explained by the decrease in the rediscount portfolio of 13.68%, that is, a decrease of \$1.31 trillions; This situation arose due to the greater impulse given to the direct credit portfolio, which experienced a strong growth of 67.48%, equivalent to COP \$844,4 billions, however, it was not enough to compensate for the drop in rediscounts.

Regarding EBITDA, this met the expectations set in the strategic plan, increasing by COP \$45,7 billions compared to 2020 and reaching a result of COP \$101,617 billions, this result is achieved by the excellent performance in terms of technical assistance income, lower execution of expenses for commissions and an adequate control of administrative expenses.

***Slide 7:***

We promote the strategic sectors of the country, financing projects that support the integral development of the regions to improve the quality of life of Colombians. In 2021 we finance projects in 12 sectors, of which Transportation, Energy Development, Urban Development and Health have the highest shares.

In 2021 we disbursed COP \$ 2.44 trillions, of which COP \$1.47 trillions were through rediscount loans and COP 972 billions in direct loans to territorial entities. Of the total disbursed, COP \$1.19 trillions were allocated to private projects and the remaining COP \$1.25 trillions to public projects, which were distributed in 859 projects located throughout the Colombian territory.

***Slide 8:***

In territorial planning, in alliance with key territorial entities, we work to identify strengths and opportunities to build a roadmap with strategic projects in the short, medium and long term.

We are currently executing 6 planning projects worth COP \$3,6 billions, in the municipalities of Armenia, Florencia, Arboletes, Ibagué, Villanueva, Tauramena and Mariquita.

**Slide 9:**

In 2021, we managed a total of 23 projects for a value of COP \$88,2 billions, in 48 municipalities and 20 departments.

We began the structuring of strategic projects aimed at strengthening economic, social and environmental development to consolidate the Gulf of Morrosquillo as a top-level tourist destination in the country.

Likewise, during 2021 progress was made in the structuring of important transport infrastructure projects with an environmental focus, minimizing the emission of pollutants, such as Regiotram Norte, the Caribbean Regional Train and the Rionegro Train, which have as a common denominator that they are all electric.

**Slide 10:**

We have a historical record of COP \$76,9 billions in income

We have 333 projects in execution worth COP \$2.10 trillions, of which 207 correspond to social infrastructure providing consulting services in areas such as culture, recreation and sports; education; security and social integration. 69 projects in water and basis sanitation sector distributed in areas such as aqueduct, sewage, sanitary landfills, drinking water and treatment plants with coverage in different municipalities throughout the national territory and 57 housing projects for urban development

**Slide 11:**

In November 2020, as a consequence of the natural disaster generated by the Hurricane Iota in the Archipelago of San Andrés and Providencia, inter-institutional efforts were made to guarantee the reconstruction not only of the affected homes but of all the infrastructure required in the archipelago and especially on the island of Providencia, which was the place that suffered the most from the Hurricane.

These are the progress and activities carried out as of December 31, 2021 in the island:

- ✓ 1,090 homes were built and delivered
- ✓ Reconstruction of Bomboná and Boyacá schools
- ✓ Reconstruction and repair of 8 sports facilities
- ✓ Execution of works at El Embrujo airport for the construction of a new terminal and the expansion of the aircraft parking area
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- ✓ Dredging works and complementary works of the aqueduct system.

Approximately 18,700 inhabitants of the island benefited from the completion of the aqueduct network renovation project for the island of San Andrés, which included the renovation of 42.39 kilometers of aqueduct networks

**Slide 12:**

In 2021 the Colombian Stock Exchange granted us the recognition as the only issuer of securities that was positioned in the 5 rankings, in relation to our Corporate Governance system, best practices for disclosure of information and relationship with investors IR.

**Slide 13:**

In 2021 we received the ratification of the “AAA” credit risk rating for Long-Term debt granted by BRC Standard & Poors and Fitch Ratings Colombia that reflects the financial and corporate strength, recognizing the excellent management that Findeter has financing regional and urban infrastructure projects.

In addition, in 2021, BRC Standard & Poor’s and Fitch Ratings confirmed Findeter’s international credit rating at BB+, which is tied to the sovereign credit rating, reflecting the fundamental role that Findeter plays in the execution of the public policies of the national government.

Additionally, the result of the measurement of the work environment index was 94.6 in the Government sector, achieving 100% in relation to the established corporate goal, which maintains our good position in the ranking of the best companies to work for, at a national and Latin American level.

**Slide 14:**

Let me introduce you to Juan Camilo Galvan he is Findeter’s Treasurer who will present the first quarter 2022 financial results next:

**Slide 15: Juan Camilo**

Findeter continues to be a benchmark as one of the leading development banks in the country focused on promoting sustainable projects in territories nationwide. An example of this is the growth of the entity's total assets over the last 10 years, since it increased from COP \$6.83 to COP \$11.87 trillions. This behavior has been driven mainly by the increase in the gross loan portfolio, which has grown on average 6.22% per year reaching COP \$10.32 trillions by march 2022.

**Slide 16:**

As of March 2022, the total portfolio of the financial system amounts to COP \$628 trillions, which is equivalent to an increase of 12.54% compared to the same month of the previous year, this growth is driven by consumer and commercial loans. Of the total portfolio, 52.1% corresponds to the commercial portfolio, which is equivalent to COP \$327 trillions, COP \$28 trillions more than the one registered in March 2021.

The consumer portfolio grew COP \$29 trillions in the same period.

As for the special official institutions, the total portfolio corresponds to COP \$34 trillions, of which Findeter has a 30% share, placing the entity as the second development bank in the country when comparing its share volume with its peers.

**Slide 17:**

When analyzing the behavior of Findeter's assets during the first quarter of 2022, important variations can be observed in its main accounts.

Compared to March 2021, in the third quarter of 2021 the portfolio showed a decrease of 0.28%, closing at COP \$10.13 trillions. However, it should be noted that during the period, the portfolio corresponding to direct credit has gone from COP \$0.62 to \$1.33 trillions.

On the other hand, investments showed a decrease of 21% due to a decrease in the portfolio value and the repurchases of CDTs carried out by the entity.

On the other hand, a downward behavior of 4% is observed on the part of cash in response to the coverage of liquidity needs for debt payment and projection of potential disbursements during the current year, in total the available has had a decrease during the first quarter of COP 26 billions.

Findeter's capital structure is made up of 89% liabilities and 11% equity. Within this total structure, the most representative item corresponds to deposits and liabilities with a 55.8% share (COP \$6.62 trillions), followed by multilateral bank loans that represent 17.3% (COP \$2.05 trillions). pesos), 13.0% is made up of international bonds, subordinated bonds and sustainable bonds; and, finally, 2.8% to other liabilities.

In Equity, for March 2022 it shows a growth of 7.06% compared to the same month of 2021, a variation that has occurred as a result of the generation of profits from the previous year (COP \$77,1 billions).

Finally, regarding the income statement from January to March 2022 Findeter has obtained profits of COP \$19 billions, showing a growth of 547% compared to March 2021, mainly generated by the improvement of the interest margin that has positive variation of 108% compared to the same period of last year. This result is derived from the increase in base rates that has a favorable impact on the behavior of portfolio interest income.

There has been an increase in the financial expense of term Deposits interests that compared to March of last year have grown by 47% according to the rise in base rates, the interests of bonds have growth 23% because of the increase in the IPC index that directly affects the accruals of sustainable and subordinated bonds. Finally, it should be noted that interest on financial obligations decreased due to amortizations canceled during the quarter.

The increase in income when comparing March 2021 and 2022 is due to the higher value of portfolio interests that have benefited from an upward trend in terms of base rates. Particularly in the IBR and IPC indexes that represent the largest volume of the entity's current loans. This growth has been translated into the financial margin of the entity, which is 140% higher compared to March 2021.

**Slide 18:**

As of March 2022, Findeter's funding sources, without taking into account equity, amounted COP \$10.22 trillions, including deposits and liabilities, bonds and loans with multilateral banks.

At the end of march, the issues and renewals of term deposits amounted COP \$1.24 trillions, showing a growth of 8% compared to the same period of the last year. This is a sign of Findeter's financial strenght, which is recognized by institutional investors who continue to demand the securities issued by the Company.

The credits that the Entity has have been contracted with multilateral banks such as IDB, KFW, AFD and BCIE, whose balance as of March 2022 is COP \$2.05 trillions. In this case, it is worth highlighting the variation of the TRM (Exchange Rate) during the year to date, which between March 2021 and 2022 has had an increase of \$11.24 pesos, which is reflected in a slight variation in the balance of credits that are still in force.

Other important items within the funding structure correspond to investment securities (15.3%), like the international bonds issued in 2014 (COP \$946,1 billions), the subordinated bonds (COP \$203,6 billions) issued in 2017 and the sustainable bonds issued in June 2019 (COP \$400 billions).

**Slide 19:**

Profitability indicators as of March 2022 showed positive variations compared to what was registered in the first quarter of last year. The ROE stood at 5.77% thanks to the income results in the period.

On the other hand, the ROA also presented an upward behavior compared to March 2021, standing at 0.64%, which has also been generated as a consequence of the positive net margin in the period.

The operating efficiency indicator had a variation of 40 basis points and increased to 1.89%. The portfolio quality indicator shows a favorable behavior, of 0.03% while the equivalent of the Colombian financial system amounts 3.83%, reflecting the lower portfolio risk assumed by Findeter for rediscount account and effective control of the new direct credit segment.

**Slide 20:**

Regarding EBITDA, it is worth noting a growth of 132.38% compared to march 2021 (Mar-2021: COP \$12,3 billions). The EBITDA presented an upward trend as a result of the recovery of the provision of a financial intermediary, positive behavior of interest income explained by the increase in base rates and the contribution of non-financial income, specifically from project execution. The sum of all of the above allowed an EBITDA level of COP 29 billions.

The ROE as of March 2022 is at 5.92% and stands out for an improvement of 270 basis points compared to March of the previous year.

The net profit of March was favorably impacted by the behavior of the financial income (income from portfolio interests) and by the recovery of the provision due to the change in the rating of the intermediary Davivienda.

Although there has been a significant increase in financial expenses (hedge expenses) and administrative expenses (inflationary increase), the income is sufficient to cover these needs and produce an optimal result in terms of profit for the year.

Finally, the operating efficiency of March 2022 is 1.89%, a difference of 40 basis points higher compared to march 2021. This is explained because of the increase in the minimum wage on the payroll, which had direct impact on administrative expenses. Also the increases contemplated by other tax burdens different from income and finally it is worth highlighting a decrease in productive assets of 1.04% derived from a moderate level of disbursements and prepaid loans for the period, which impacts the indicator upwards.

**Slide 21:**

Regarding the behavior of solvency during the first quarter of 2022, a decrease of 2.4 percentage points stands out compared to the end of 2021, which is mainly based on the effects of the behavior of devaluations and the exposure of the entity's own portfolio on operational risk. It should be noted that the level of assets weighted by risk level has remained stable and the total solvency percentage continues to be above the minimum requirement of the standard.

**Slide 22:**

The graph shows the behavior of Findeter's Assets and Liabilities throughout 2021 and the first quarter of 2022, it can be seen that the behavior of the IRL has remained in positive territory with a considerable margin regarding the maturities of liabilities and net liquidity requirements.

**Slide 24:**

In the first quarter of 2022, we managed rediscount and direct credit operations worth COP \$1.03 trillions, where we highlight the results in the infrastructure and transportation sectors, as well as health and education.

Businesses for the construction of highways and roads stand out, as well as financing of departmental master plans, buildings for universities and passenger transport in electric buses.

At the end of the first quarter, we registered 142% fulfillment with the proposed annual disbursement goal for 2022.

**Slide 25:**

In this period of time, we managed to reach 20 departments and 48 municipalities in all regions, where we impacted 202 projects. Disbursements were concentrated for investment equivalent to 57% of the total; followed by working capital with 25% and debt substitution with disbursements equivalent to 18%.

**Slide 26:**

From January to March 2022, banks represented 59% of the intermediaries of the operations, other intermediaries 29% and direct credit the remaining 12%.

By segment, we disbursed COP \$726 billions to beneficiaries from the private sector, which represented 71% of operations, and COP \$301 billions to beneficiaries from the public sector, which represented the remaining 29%.

Regarding the term of disbursements, as a development bank, we focus on long-term loans. Loans with terms equal to or greater than 8 years represented 39% of the placement.

As a leading bank, we seek to transform regions into sustainable territories through infrastructure projects that generate well-being in the regions and improve the quality of life of their inhabitants.

**Slide 27:**

Findeter, as the leading development bank in Colombia, has continued to work to continue supporting the country's key development sectors. In this sense, we have launched three lines of credit in the first quarter of 2022.

The first is called Compromiso Salud rediscount line, with an amount of COP \$172,7 billions, in order to support the IPS and EPS so that they can continue providing health services and mitigate the effects of the pandemic caused by the covid-19

The second line launched in this first quarter of 2022 is Compromiso Multiproposito Catastro a direct credit with a total amount of COP \$87,4 billions, in order to support the updating of the Multipurpose Catastro to achieve the goals and objectives for territorial development.

In addition to these, the Disbursement Strategy was launched, with an amount of COP \$706 billions, in order to support all financeable sectors with good financial conditions.

***Slide 28:***

This is the end of today's presentation, if you have further questions or require additional information, please contact the Investor Relations office.

Thank you all.