

June 14, 2024

**Financiera de Desarrollo Territorial S.A. -FINDETER**  
**Financial results 2023 and Q1 2024**

**Event transcript**

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**Slide 1 (Moderator)**

Welcome to FINDETER's presentation of its financial results for the year 2023 and Q1 2024.

My name is Sara and I will be your operator for today's presentation.

We have just a few announcements before we begin. At this time, all participants are in a listen only mode. Please note that this conference is being recorded.

The slides will advance automatically throughout the presentation. Below the slides window in your browser, you will find Q&A icon to submit a question at any time.

**Slide 2**

Disclaimer

**Slide 3 (Moderator)**

FINDETER is Colombia's development bank of that promotes sustainable growth, the territories' competitiveness and the well-being of citizens, through integral solutions. In line with its 2023-2026 strategic plan, Findeter has transformed itself to expand its impact in the regions of the country, working to improve the quality of life of the most needy Colombians, by strengthening financing, technical assistance and the transfer of capacities, especially in category 3, 4, 5 and 6 municipalities.

**Slide 4 (Moderator)**

The content of the presentation is given in 4 sections. First, we will see how Findeter has closed gaps in the country through technical assistance and the execution of projects, then we will hear about the projects and sectors financed. We will move on to look at Findeter's social impact and finally we will review the financial and operational results in 2023 and the outlook for 2024.

**Slide 5 (Moderator)**

We welcome Maria Lourdes Lacouture, Findeter's Investor Relations professional, to begin.

**Slide 6 (Maria Lourdes)**

Welcome to the presentation of results. During 2023, Findeter continued to be the executing arm of the national government.

**Slide 7 (Maria Lourdes)**

Regarding technical assistance and project execution, we had progress in the contractual management, execution and closing of 534 projects worth COP \$3.3 trillion pesos. Additionally, because of new alliances with national and territorial entities, at the end of the year 2023 we had 310 projects in initiation, that is, in the structuring of previous studies, calls for proposals and legalization, for a value of COP \$3.5 trillions.

The above gives us a total of COP \$6.8 trillions of managed resources and 844 projects in vital sectors for the sustainable development of the country such as potable water and basic sanitation, sports and recreation, urban development and

housing, education, energy, health, telecommunications and transportation, generating a social impact throughout the national territory.

**Slide 8 (Maria Lourdes)**

As of the first trimester of 2024, we advanced in the contractual management, execution and settlement of 711 projects, for a value of COP 5.7 trillion of administered resources that benefit more than 300 municipalities, of which 190 are category 4, 5 and 6 municipalities. These projects stand out in sectors such as potable water and basic sanitation, sports and recreation, urban development and housing, education and transportation.

**Slide 9: Moderator**

We now turn to the results in terms of projects financing in 2023 and the first quarter of 2024. Maria Lourdes Lacouture continues.

**Slide 10: Maria Lourdes**

Financing through rediscount credit and direct credit is an essential component in our service portfolio. Last year, we managed to make disbursements for a historic amount. In 2023 FINDETER disbursed COP 3.89 trillion of which COP 2.42 trillion correspond to rediscount and COP 1.47 trillion to direct credit.

**Slide 11: Maria Lourdes**

We promote the country's strategic sectors, financing projects that support the development of the regions to improve the quality of life of Colombians. Financing in 2023 was allocated to 12 sectors, where energy, water and basic sanitation, transportation, and education had the highest participation.

These resources have been aimed at financing projects that contribute to closing socioeconomic gaps and inequalities in the regions, that positively impact the unmet basic needs and that, in addition, allow progress in the fulfillment of the Sustainable Development Goals.

During this period, we financed 670 projects, of which 293 were recipients of municipalities in categories 3, 4, 5 and 6, which represents 44% of the total projects financed, exceeding the goal of 17%. These initiatives have an impact on the popular economy and include social housing projects.

**Slide 12: Maria Lourdes**

By 2024 we have the goal of disbursing COP \$3.25 trillions. Compliance as of March with the annual disbursement goal was 42.6% or \$1.38 trillions. The most prominent sectors are energy, water and basic sanitation and education.

Additionally, by 2024 we seek to impact 115 territorial entities category 3,4,5 and 6, of which as of March we have achieved 24.3% with 59 municipalities of which 28 are municipalities categories 3, 4, 5 and 6.

Finally, our goal is to place COP \$7.1 billion in lines with a compensated rates.

**Slide 13: Maria Lourdes**

It is evident that, over the years and through various financing lines, FINDETER has built a portfolio that is strategically distributed in the different geographic regions of Colombia. This approach has been fundamental in providing support to the various regions of the country. Our vision is clear: to continue supporting category 3, 4, 5 and 6 municipalities, in order to generate a positive and significant impact on the most vulnerable communities.

As seen in this image, the majority of Findeter's portfolio, with 65%, is placed in the Andean region of the country, followed by the Caribbean region with 25%. We continue working to achieve a more equitable distribution and positively impact the territories that are in need.

**Slide 14: Moderator**

As we have heard, FINDETER is contributing to closing gaps in various regions of the country through its portfolio. However, FINDETER has also wanted to support this objective from other fronts, such as the creation of spaces for comprehensive support for the governors and mayors of different regions of Colombia during their mandate.

**Slide 15: Maria Lourdes**

In line with what we have mentioned, through the Transforming Regions Fund we seek to improve the quality of life of communities and close social gaps.

This Fund focuses on the structuring and execution of short and medium-term projects. Priority is given to projects that impact territorial entities categories 3, 4, 5 and 6 proposed by local administrations, but also by social organizations and actors in the popular economy.

The Fund is designed to act on three fronts: social, environmental and economic matters. Mainly seeking to reduce extreme poverty, mitigate the effects of climate change and guarantee access to basic services.

**Slide 16: Maria Lourdes**

For the fund, the Shareholders' Assembly approved the use of \$21 billion pesos in 2023 and this year they added another \$50 billion pesos, thanks to the positive management of the administration. These resources will be destined to support 200 nominated projects, from 25 departments, of which 90% are in category 5 and 6 municipalities. These projects are expected to benefit nearly 8 million Colombians.

**Slide 17: Maria Lourdes**

Findeter plays a fundamental role in the financing and execution of projects, being an engine for economic and social progress. The entity not only provides financial resources, but we are also a vehicle for innovation and the implementation of sustainable practices.

Throughout 2023, at FINDETER we have implemented the national government's change of approach. This change is comprehensively aligned with the goals and objectives established in the National Development Plan 2022-2026, "Colombia World Power of Life", and is materialized through our Strategic Plan "Transforming Regions". The purpose of this plan is to strengthen the development models of community organizational expressions, taking advantage of economies of scale and their productive potential, seeking to reduce and close regional gaps throughout the national territory.

The popular economy refers to a set of economic activities and forms of organization that arise and develop in the field of civil society, with the aim of satisfying the economic and social needs of local communities. These activities may include the production and marketing of goods and services, the management of community resources, the solidarity and cooperative economy, among other forms of economic exchange.

Under this understanding, it seeks, through sustainability and social inclusion, to eliminate barriers and generate access to the popular economy. The popular economy is made up of organizations such as cooperatives, mutual associations, indigenous councils, community councils, palenqueros, raizales, among others.

**Slide 18: Maria Lourdes**

FINDETER created a direct line of credit to Community Action Boards and a contracting policy for solidarity and popular economy organizations that allows operations through solidarity agreements.

It is important to highlight that the popular economy, more than an economic approach, is an integral catalyst for positive change in communities. FINDETER recognizes that its active support of the popular economy is important to forge an inclusive and sustainable future for Colombia.

**Slide 19-20: Moderator**

Thank you Maria Lourdes. We now move on to learn about Findeter's responsible funding and financial sustainability in 2023 and what is expected in 2024. We welcome Jose Alberto Laurens, Treasurer of Findeter.

**Slide 21: Jose Laurens**

In terms of responsible funding, we have consolidated our relationship with multilateral and international banks. This strategy has given us the opportunity to diversify our financing sources through the negotiation and signing of new credit contracts. These actions have allowed us to expand our reach towards category 3, 4, 5 and 6 municipalities, resulting in a broader impact and greater support for the most in need regions.

To mention some examples, we have the Municipal Environmental Protection program with KFW for USD 84.9 million, the Urban Development and Improvement of Public and Social Services Program with the IDB for USD 150 million and important international cooperation resources to continue supporting the transformation of the Colombian regions.

**Slide 22: Jose Laurens**

In accordance with the behavior in operational matters, we obtained excellent financial results at the end of the 2023 period.

The ROE before taxes indicator presented a result of 16.4% with a growth of 662 basis points compared to 2022, leveraged by income from portfolio interest, income from investments and liquidity, income from project execution and other income such as those associated to refunds from the National Guarantee Fund and recovery of provision of water bonds.

The operating result plus some benefits achieved in terms of taxes led to the net profit registering a record figure of COP 165 billion, equivalent to a growth of 92.5%.

Without a doubt, Findeter's gross portfolio was the asset component with the best performance, growing 10.2% in the last year, that is, an increase of COP 1.14 trillion and was located at the end of December 2023 in COP 12.2 trillions; This behavior is explained by an adequate portfolio game, where loans grew and the execution of prepayments remained at low levels.

For its part, our operating income closed at \$4.47 trillions, showing an increase of 21.9% compared to 2022, leveraged mainly by the behavior of financial income, which experienced a growth of 74%.

**Slide 23: Jose Laurens**

During the year 2023, the three main accounts of the Financial Position Statement showed growth compared to 2022. The total assets of the Entity were positioned at COP 14 trillion, increasing 12% compared to the previous year, liabilities showed an annual positive variation of 12% closing the year at COP 13 trillion and equity increased by 12% situated at COP 1.5 trillion.

In the asset section, the main categories continue to be the loan portfolio, accounting for 83%, cash and its equivalents at 9%, investments at 3.5%, and other assets at 3.4%.

Regarding the capital structure, liabilities represented 89% and equity 10.5% at the end of 2023; within liabilities, the most representative item was Deposits and Liabilities, with a participation of 65% equivalent to COP 8.64 trillion, a growth of 27.4% with respect to the previous year, a fact explained by the higher volume of issues made at the end of the period, in accordance with the better liquidity conditions of the market and to meet the high concentration of maturities of less than one year; Thus, total issuances amounted to COP 8.41 trillion, which represents an increase of 15% compared to 2022; this figure demonstrates the support of investors for the Entity's management.

In second place of participation within total liabilities were financial obligations, which represent 20% equivalent to COP 2.7 trillion, with a decrease in their balance with respect to 2022 of 15% as a result of the behavior of the exchange rate, which had a strong fall in the year running.

Another important item within liabilities is outstanding investment securities, which represented 11.9% of the liability account and decreased its share compared to other funding instruments due to the fact that no more instruments of this type were

subscribed during 2023. This account is composed of three bond issues, an international issue made in 2014 for USD 500 million, another subordinated issue made in 2017 for COP 203.68 billion and the sustainable bond issue made in 2019 for COP 400 billion.

Regarding equity in 2023, it had an annual variation of 12.8% equivalent to an increase of COP 178 billions, as a result of the ordinary increase in the profit for the year account according to the excellent operational results achieved.

Our operating income saw a 21.9% increase compared to 2022, driven by the performance of financial income, which experienced growth of 74%. This includes interest on the loan portfolio, which rose by 70% due to the strong performance of the loan balance, attributed to high placement volumes and a low number of prepayments. Additionally, these revenues were boosted by the behavior of indexed rates, which saw a significant increase from 2022 due to measures taken by the Central Bank to control the effects of inflation on the national economy.

On the other hand, the growth of operating expenses in 2023 was 19.4%, a figure that is mainly explained by the behavior of the funding sources and the valuation of derivatives. Interest accrued on Term Certificates of Deposit increased 93% with respect to 2022, a fact that is mainly explained by the greater volume of issues during the year; although funding spreads began the year at levels higher than historical ones, they fell sharply towards the end of the year.

According to the behavior evidenced in operating income and expenses, the income before taxes increased 89% from one year to the other, reaching COP 256 billions. It is important to take into account that in fiscal year 2023 the Entity closed with an effective tax rate of 35.30%, mainly explained by the recording of the current income tax of zero associated to a negative net taxable income according to the deputation of the liquidation base figures for the income tax based on the accounting profit generated in the fiscal year. The operating result incorporating the effect of the current tax and deferred tax led to a net income of COP 165 billions, equivalent to a growth of 92.5%.

#### ***Slide 24: Jose Laurens***

When analyzing the behavior of Findeter's assets until March 2024, notable variations can be observed in its main accounts.

Compared to March 2023, the net portfolio showed an increase of 16.2%, closing at COP \$12.8 trillions. Over the period, the portfolio corresponding to direct credit has gone from \$2.2 trillions to \$3.33 trillions pesos. On the other hand, investments showed a decrease of 5.8%, with the drop in the balance of repurchases being significant at \$168 billion pesos.

It is also worth noting that a downward behavior of 5% was observed in the cash, due to the fact that the entity did not carry out a significant volume of certificate deposits issues in the first two months of 2024 and used the available liquidity to solve its needs.

On the other hand, Findeter's capital structure is composed of 89% liabilities and 11% by equity. Within this total structure, the most representative item corresponds to deposits and demands with a participation of 59%, followed by multilateral and commercial banking loans that represent 17%, another 11% which is made up of bonds (international, subordinated and sustainable); and, finally, 2% to other liabilities.

Regarding Equity, as of March 2024 it shows a growth of 10.7% compared to the same month of 2023, a variation that has occurred as a consequence of the appropriation of the profits of the previous year for \$165 billion pesos. It is important to remember that, as a rule, the profits generated by Findeter are reinvested in the entity.

Finally, regarding the income statement, it is worth noting that for the month of March 2024, FINDETER has obtained profits of \$15 billion pesos, which translates into a decrease of 57.3% compared to March 2023. This is explained by a greater provision made in the financial statements as a result of the change in category of financial intermediaries. Without taking into account the impact of the provision, a growth in financial income of 9.32% has been observed associated with the constant growth that the portfolio has experienced since 2023.

#### ***Slide 25: Jose Laurens***

For March 2024, the Portfolio Quality Indicator was at a level of 0.13%, close to what was observed at the end of 2023. It is observed that Findeter shows excellent levels and significantly lower than those observed in the financial system, which is at 5.17%. This reflects the lower portfolio risk that FINDETER assumes due to the rediscount and the effective control of the new direct credit modality.

The solvency ratio showed an increase of 116 basis points from March 2023 to 2024. The trend is explained by the increase in assets weighted by risk level. On the other hand, the technical equity has presented an upward variation which corresponds mostly to the higher value of the basic equity due to the profits for fiscal year 2023. Finally, an increase in the value at risk corresponding to the operational risk module is observed.

**Slide 26: Jose Laurens**

Regarding EBITDA, it presents a result of \$31 billion pesos. The EBITDA presented a downward trend as a result of the impact of the provision recorded in the March financial statement; however, its result is positive and consistent with the goals set.

The ROE as of March 2024 is at 3.93% and presented a notable performance associated with operating results leveraged by the financial margin and lower administrative costs.

Finally, regarding operational efficiency, the result for March 2024 closed at 2.47%. The result is in line with the behavior of productive assets, which experienced a growth of 11.9% from one year to the next, mainly explained by the performance of the gross portfolio and liquidity, however, the administrative expenses component experienced a growth of 18.5%, which did not allow the performance of productive assets to be translated into better levels of efficiency; personnel expenses, non-income tax expenses such as the ICA and GMF, fees and ordinary operation expenses that increased according to the behavior of inflation, were the main components that drove the variation to increase in administrative expenses and in contrast to efficiency.

**Slide 27: Jose Laurens**

As of March 2024, Findeter's funding sources without taking into account equity amounted to \$12.8 billion pesos, including deposits and claims, bonds and credits with multilateral banks.

During the year until March, the issuances and renewals of certificate deposits amounted to \$1.5 trillion pesos, showing a variation of 9.4% compared to the same period of the previous year. This is a sign of FINDETER's financial strength, which is recognized by institutional investors who continue to demand the securities issued by the company.

The loans that Findeter has signed with multilateral banks and private banks are with IDB, JP Morgan ,AFD and KFW, whose balance as of March 2023 is \$2.5 trillion pesos. In this case, it is worth highlighting the variation in the exchange rate during the last year, which is reflected in the balance of this account.

Other important items within the funding structure correspond to the investment securities in circulation with 12% participation, among which are the international bonds issued in 2014, the subordinated bonds issued in 2017 and the sustainable bonds issued in June 2019. It is important to highlight that subordinated bonds mature in April, a tranche of sustainable bonds in June, and international bonds in August.

**Slide 28: Moderator**

Maria Lourdes Lacouture returns to close the presentation.

**Slide 29: Maria Lourdes**

Regarding the relationship with our investors, we would like to highlight that for the 9th consecutive year we achieved the renewal of IR recognition from the Colombian Stock Exchange for complying with the highest standards of information disclosure and investor relations. Specifically, FINDETER is in first place among issuers that implement and disclose their

ESG policies and second place in information disclosure levels, in accordance with the standards established by the Colombian Stock Exchange.

We take advantage of this space to remember that FINDETER has direct communication channels with its investors such as FINDETER website and the quarterly results event.

***Slide 30: Maria Lourdes***

Finally we will like to share about the sustainability strategy. At FINDETER we recognize the role we have played for several years as a development bank in sustainable development and climate change mitigation, by allocating financial resources and making decisions that can contribute to the reduction of greenhouse gas emissions in the country. To continue closing gaps in 2023 and with the interest of continuing to strengthen our sustainable financing practices and the integration of environmental, social and governance (ESG) criteria, we translate this vision as an organizational priority through the creation of the 2040 Sustainability Strategy.

This involves promoting responsible investments, working together with our national and international clients and partners, to develop financial solutions that encourage investment in projects that directly contribute to sustainable development objectives. At the same time, FINDETER has set objectives that lead us to obtain carbon neutral certification in direct emissions (scope 1 and 2) and indirect emissions (scope 3). Among the objectives that we have defined are a percentage of the portfolio that must be allocated to resources for green projects or assets (social and environmental), another objective of creating and strengthening sustainability capabilities with clients and strategic allies. We also aim to have our supply chain with sustainable criteria and one related to the internal eco-efficiency in direct operations (offices, buildings).

We close by highlighting that our 2023 management and sustainability report includes information on our climate change management and performance in approximation and in accordance with the recommendations of TCFD (Task Force on Climate-Related Financial Disclosure) and SASB. We are committed and aligned with the IFC Performance Standards, as well as with the standards of the Green Climate Fund and the IDB on gender issues and guidelines from the Financial Superintendence of Colombia on climate change issues.

***Slide 31: Moderator***

With this we finish today's presentation, thanking you for your attention and interest in FINDETER results. For questions and additional information, you can contact the Investor Relations office.

Thank you all.