September 2025

Financiera de Desarrollo Territorial S.A. -FINDETER
Financial results Q2 2025

Event Transcript

Slide 1 (Moderador)

Welcome to FINDETER's presentation of its financial results Q2 2025. 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 (Moderador)

The presentation is divided into four sections. First, we'll discuss our financial and operational results for the second trimester of 2025. Then, we'll discuss how Findeter has closed gaps in the country through technical assistance and project implementation. Then, we'll see the financed projects and the relevant sectors. Finally, we'll look at what we've achieved in terms of social and environmental impact.

Slide 4-5 (Moderador)

We will begin by learning about Findeter's responsible funding and financial sustainability. We welcome Jose Alberto Laurens, Findeter's Finance Vicepresident.

Slide 6 (Jose)

When analyzing Findeter's asset performance in the first half of 2025, we highlight notable variations in its main accounts. Compared to Q2 2024, the net portfolio showed an increase of 16.2%, closing at $15 trillion pesos. This performance has been leveraged by the behaviour of disbursed loans so far this year, which reached a value of $2.9 trillion. Overall, the portfolio will perform optimally: disbursements above expectations, portfolio amortization in line with estimates, and underpayments.

On the other hand, investments showed a decrease of 3.6% and closed Q2 2025 at $557 billion, given that the own portfolio saw reductions in TES Securities and Forwards.

On the other hand, cash increased by 54.3%, allowing for the scheduled maturities for the next two months, in accordance with the liquidity gap, and to leverage the sales force placements. It is important to note that cash has been able to leverage the high volume of placements recorded to date; however, it must be consistent with CFEN requirements.

On the other hand, Findeter's capital structure is composed of 91.4% liabilities and 8.6% equity. Within this total structure, the most representative item is deposits, with a share of 71.8%, followed by loans from multilateral and commercial banks, which represent 16.8%, and bonds, which account for 1.4%.

Deposits grew 35.1% year-over-year, due to the higher issuance volume to meet CFEN requirements, the high concentration of maturities, and placements ahead of schedule by the commercial area. Regarding Equity, at the close of Q2 2025 it showed a growth of 1.2% compared to 2024, slowing its pace due to the greater portfolio deterioration recorded as a result of the loans of the company AIR-E, which were rated in category D in April 2025. It is important to remember that, as a rule, the profits generated by Findeter are reinvested in the entity.

Regarding the income statement, it is worth mentioning that operating revenues grew by 21.9%, as did operating expenses, which grew by 29.8%, due to the performance of non-portfolio components, with the most significant being the exchange rate difference accounts.

It is important to keep in mind that in March 2025, the CPI was 0.1%, lower than analysts' expectations, leading to annual inflation of 4.8%; however, upside risks persist due to a high indexation effect, greater fiscal uncertainty, the global tariff situation, and a possible US recession. Given the above, the Banco de la República has maintained an unchanged restrictive monetary policy since April 2025, when it decided to lower the reference rate to 9.25%, causing indexed rates to remain at high levels despite the declines seen in previous months. The behavior of rates, combined with the favorable performance of disbursements, means that portfolio interest income does not show a more pronounced drop than the -5.2% seen, which generates a positive effect on Findeter's financial statements.

Likewise, the result of financial income has also been leveraged by the performance of investment portfolios and liquidity, showing a higher performance when compared to the results obtained in 2024. The own portfolio generated gross income of $14.9 billions with a year-to-date profitability of 8.9%. The portfolio managed by the FNG has shown positive performance with a year-to-date profitability of 9.9% and liquidity presents a profitability of 8.6%.

Financial expenses fell 6.1%, with the expense variation exceeding revenue. This is primarily due to the significant decrease in the cost of hedge devaluations compared to 2024. This gap has been narrowing and is explained by the lower differential between the Colombian repo rate and the US Fed rate, leading to the gradual stabilization of these costs. Regarding bonds, there was a decrease in interest accruals, generated by the decrease in the CPI and the outflow of subordinated bonds, international bonds, and a tranche of the sustainable bond. Meanwhile, the interest payment cost on CDTs (Findeter's main source of funding) has grown 4.3% due to a higher volume of deposits. Regarding financial obligations with banks, there were no significant variations.

Regarding the behavior of administrative expenses, their execution is 96.1% compared to the forecast and presents an increase of 15.4% compared to 2024. There are significant overexecutions in fees, leases, and maintenance given the growth experienced by technical assistance projects, leading to a greater requirement of people in the Core business areas and transversal to the operation.

Overall, the net interest income has evolved positively. However, in April 2025, the entity made a provision for AIR-E's loans, which were rated in category D, which directly impacted the entity's net income. Accordingly, net income before taxes closed Q2-2025 at -$31.7 billiones, and net income at -$12.2 billions. The entity is focusing its efforts on partially reversing the impact reported in the financial statements.

Slide 7 (Jose)

The solvency ratio showed a result of 21.2%, attributed to a 25.9% drop in operational risk. Risk-weighted assets grew by 10.1% as a result of the increase in the investment portfolio. Finally, technical equity increased by 1.1%, due to the increase in equity. The portfolio quality ratio shows an upward trend compared to December 2024 and is at higher historical levels given the provisioning of $181 billion for AIR-E's loans at the end of Q2-2025, equivalent to a 51% exposure.

Slide 8 (Jose)

The ROE indicator showed a negative result of 1.5%, given that accumulated results remain in negative territory, given that the operating result has not yet recovered from the impact associated with the Air-e provision. However, it should be noted that despite the incorporation of this provision, the financial margin cushioned this impact and closed in positive territory with a value of COP $84 billions to June.

It is important to note that despite the negative result recorded in terms of EBITDA, it has been recovering since April, given the positive execution of operating profit in June, resulting from the recovery of the technical reserve on the water bonds and lower execution in the derivatives valuation account.

The efficiency indicator showed a result of 2.0%, in line with the performance of productive assets, which experienced a 20.3% year-over-year growth, mainly explained by the performance of the gross loan portfolio. Although the administrative expense component experienced a 15.4% growth, efficiency has benefited most from productive assets, and for this reason, it presents a satisfactory performance at the close of Q2 2025.

Slide 9 (Jose)

As of Q2 2025, Findeter's funding sources, excluding equity, amounted to $16.9 trillion pesos. These include deposits, bonds, and loans with multilateral banks.

During the year to June 2025, CDT issuances and renewals amounted to $6.1 trillion, higher than the estimate for the semester, given that the entity had to provide the resources associated with the high issuance volume and to meet scheduled maturities. Given the gap between execution and projections, Findeter's Board of Directors approved an increase in the issuance quota in July 2025, from $8.3 trillion to $10.6 trillion.

Financial obligations ranked second in terms of funding, representing 19% and equivalent to $3.17 trillion, with no substantial changes in loan balances.

Finally, outstanding investment securities did not show any changes, primarily reflecting the second tranche of the sustainable bond.

The Finance Vice Presidency expects to execute a new bond issue in successive batches that the Board of Directors approved in June. Therefore, if this bond program is implemented, along with the execution of new loans with commercial and multilateral banks, the share of bonds would increase to 8% and that of loans to 27%, which would be in line with the policies established.

Slide 10-11 (Moderator)

Thank you, Jose Alberto, for such valuable information. We welcome Maria Lourdes Lacouture, Investor Relations Officer, to tell us how Findeter closes social gaps in the country through technical assistance and project implementation.

Slide 12 (Maria Lourdes)

Regarding technical assistance and project execution, we are making progress in the contract management, execution, and settlement of 789 projects valued at COP $5.6 trillion pesos in resources managed by Findeter. Additionally, we are reaching 32 departments and 516 municipalities in Colombia..

The projects are located in sectors vital to the country's sustainable development, such as drinking water and basic sanitation, sports and recreation, urban development and housing, education, energy, productive strengthening and development, the environment, health, telecommunications, and transportation, generating a social impact throughout the country.

Slide 13 (Maria Lourdes)

Findeter, as a key ally of the national government, continues to foster partnerships that promote the country's grassroots economy. On this occasion, we would like to highlight a partnership with the Agriculture Ministry that seeks to strengthen productive projects and programs, with the implementation of public policy. A partnership was also established with the Interior Ministry, which seeks to promote the implementation of projects focused on strengthening, promoting, and protecting Indigenous peoples, and a project bank for social organizations. Finally, a partnership with the Housing Ministry seeks to conduct an assessment and rehabilitation of wells and mills in four municipalities in the Department of La Guajira.

Slide 14 (moderador)

We now turn to the results in terms of FINDETER project financing in the second quarter of 2025. Maria Lourdes Lacouture continues.

Slide 15 (Maria Lourdes)

Financing through rediscount and direct credit is a fundamental component of our service portfolio. In the period January-June 2025, we achieved historic disbursements of COP 2.99 trillion, of which COP 2.94 trillion corresponded to rediscounts and COP 0.05 trillion to direct credit.

Slide 16 (Maria Lourdes)

We are promoting the country's strategic sectors, financing projects that support the comprehensive development of the regions to improve the quality of life of Colombians. Funding in the second trimester was allocated to 12 sectors, with energy, urban development, housing, and health having the highest share.

These resources have been allocated to financing projects that contribute to closing socioeconomic gaps and inequalities in the regions, positively impacting the unmet basic needs of Colombians, and also enabling progress toward achieving the Sustainable Development Goals (SDGs).

During this period, we financed 423 projects, 230 of which were in municipalities in categories 3, 4, 5, and 6. These initiatives have an impact on the popular economy and also include social housing projects.

Slide 27 (Maria Lourdes)

Over the years and through various lines of financing, Findeter has built a portfolio that is strategically distributed across Colombia's different geographic regions. This approach has been fundamental in providing support to the country's diverse regions. Our vision is clear: to continue supporting municipalities in categories 3, 4, 5, and 6, in order to generate a positive and significant impact on the most vulnerable communities. The portfolio as of June amounts to COP $15 trillion.

As seen in this image, the largest portion of Findeter's portfolio, 61%, is located 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 neediest territories.

Slide 18 (Maria Lourdes)

By 2025, our goal is to disburse $3.45 trillion. As of June, the annual disbursement target was met by 86%. The most notable sectors are energy, urban development, and housing.

Additionally, by 2025, we seek to impact 165 territorial entities in categories 3, 4, 5, and 6. As of June, we surpassed the target with 244 municipalities in those categories.

Slide 19 (Maria Lourdes)

In its quest to positively impact Colombian territories, Findeter increased its credit lines with special rates to provide greater opportunities for beneficiaries. The lines focus in general on infrastructure projects and on the housing and energy sectors.

Slide 20 (moderador)

As we've heard, Findeter is contributing to closing gaps in various regions of the country through its portfolio. However, Findeter has also sought to support this goal on other fronts, such as the creation of comprehensive support spaces for governors and mayors from different regions of Colombia during their term. Last but not least, Findeter would like to share with you the progress made with its sustainability strategy. Maria Lourdes, please continue.

Slide 21 (Maria Lourdes)

Regarding achievements related to environmental and social issues, as of SARAS, we achieved $224 billion in loan operations disbursed under this methodology by June 2025. It is important to mention that we have disbursed a large amount of resources with compensated rates, which are exempt from SARAS. Additionally, it is worth mentioning that we launched the "Green Footprint" program, through which 100% of the entity's employees are being trained in sustainability and climate change.

Likewise, we managed to have our Board members attend training and courses on ESG and climate change topics, which reaffirms our commitment to the 2040 Sustainability Strategy. Last but not least, We managed to obtain the verification declaration for our GHG inventory corresponding to the year 2024, in category 1 and 2 emissions, which represents the first step towards achieving the carbon neutral seal for the Entity, one of the main challenges of the current year.

Slide 27: Moderadora

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

Thank you all.