

## IMPORTANT NOTICE

### STRICTLY CONFIDENTIAL – DO NOT FORWARD

### THIS EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE OR ARE ACTING FOR THE ACCOUNT OR BENEFIT OF NON-U.S. PERSONS THAT ARE ADDRESSEES OUTSIDE THE UNITED STATES.

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached exchange offer memorandum following this page. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached exchange offer memorandum. In accessing the attached exchange offer memorandum, you agree to be bound by the following terms and conditions including any modifications to them from time to time, each time you receive any information from us as a result of such access. Capitalized terms used but not defined have the meanings given to them in the attached exchange offer memorandum.

**Confirmation of Your Representation:** You have accessed the attached exchange offer memorandum on the basis that you have confirmed your representation to ProCapital SBSA (the "**Dealer Manager**") that (1) you are a holder of or are a custodian or intermediary acting on behalf of the beneficial owner of the Existing Notes (as defined in the attached exchange offer memorandum) issued by Credivalores – Crediservicios S.A., a stock corporation (*sociedad anónima*) organized under the laws of the Republic of Colombia (the "**Company**"), (2) you are otherwise a person to whom it is lawful to send the attached exchange offer memorandum and to make an invitation pursuant to the exchange offer in accordance with applicable laws; (3) you and any person you represent or are acting for the account or benefit of are non-U.S. persons outside the United States and to the extent you acquire the securities described in the attached exchange offer memorandum, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); (4) you are not a target of any financial or economic sanctions or trade embargoes administered or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury, the U.S. Department of State or Commerce or any other United States, European Union, United Nations or United Kingdom economic sanctions and (5) you consent to delivery of the attached exchange offer memorandum and any amendments or supplements thereto by electronic transmission.

**YOU SHOULD READ THE ATTACHED EXCHANGE OFFER MEMORANDUM CAREFULLY BEFORE MAKING A DECISION WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER, AND ANY SUCH DECISION SHOULD BE MADE SOLELY ON THE INFORMATION CONTAINED IN THIS EXCHANGE OFFER MEMORANDUM. UPON YOUR PARTICIPATION IN THE EXCHANGE OFFER, YOU WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED TO THE COMPANY AND THE DEALER MANAGER THE REPRESENTATIONS AS SET FORTH IN "DESCRIPTION OF THE EXCHANGE OFFER – CONDITIONS TO THE EXCHANGE OFFER – REPRESENTATIONS, WARRANTIES AND COVENANTS OF ELIGIBLE HOLDERS OF THE EXISTING NOTES" OF THE ATTACHED EXCHANGE OFFER MEMORANDUM.**

The communication of the attached exchange offer memorandum and any other document or materials relating to the issue of the securities offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the securities offered thereby are only available to, and any investment or investment activity to which the attached exchange offer memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached exchange offer memorandum or any of its contents.

The attached exchange offer memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or the Prospectus Regulation as it forms part of domestic law of the United Kingdom (the "**UK Prospectus Regulation**") by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**"). The attached exchange offer memorandum has been prepared on the basis that all offers of the securities made to persons in the European Economic Area or the UK will be made pursuant

to an exemption under the Prospectus Regulation or the United Kingdom Prospectus Regulation (as the case may be) from the requirement to produce a prospectus in connection with offers of the securities.

**Notice to Prospective Investors in the European Economic Area** – The attached exchange offer memorandum is not a prospectus for the purposes of the Prospectus Regulation. The attached exchange offer memorandum has been prepared on the basis that any offer of the New Notes (as defined in the attached exchange offer memorandum) in any Member State of the European Economic Area (the "EEA") will only be made to a legal entity which is a qualified investor under the Prospectus Regulation ("**Qualified Investors**"). Accordingly, any person making or intending to make an offer in that Member State of New Notes which are the subject of the exchange contemplated in the attached exchange offer memorandum may only do so with respect to Qualified Investors. Neither the Company nor the Dealer Manager has authorized, nor do they authorize, the making of any offer of New Notes other than to Qualified Investors.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of the attached exchange offer memorandum and any other document or materials relating to the issue of the New Notes offered pursuant to the Exchange Offer (as defined in the attached exchange offer memorandum) is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Promotion Order, (2) persons who fall within Article 49 of the Financial Promotion Order ("**high net worth companies, unincorporated associations etc.**"), or (3) any other persons to whom these documents and/or materials may lawfully be communicated. In the UK, the New Notes being offered in connection with the Exchange Offer are only available to, and any investment or investment activity to which the attached exchange offer memorandum relates will be engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on the attached exchange offer memorandum or any of its contents.

The attached exchange offer memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Dealer Manager or any person who controls it or any of its directors, employees representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

**Restriction:** The attached exchange offer memorandum is being furnished in connection with an exchange offer exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the exchange of the securities described herein. You are reminded that the information in the attached exchange offer memorandum is not complete and may be changed.

**THE EXISTING NOTES AND THE NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Except with respect to eligible investors in jurisdictions where such exchange offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Company, the Dealer Manager or the Information and Exchange Agent (as defined in the attached exchange offer memorandum) to subscribe for or purchase any of the securities described herein. In addition, access to this electronic transmission has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the exchange offer be made by a licensed broker or dealer and the Dealer Manager or any affiliate of the Dealer Manager is a licensed broker or dealer in that jurisdiction, the offering shall be described as being made by such Dealer Manager or its respective affiliates on behalf of the Company in such jurisdiction.

You are reminded that you have accessed the attached exchange offer memorandum on the basis that you are a person into whose possession this exchange offer memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this exchange offer memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you should not, and will be unable to, exchange any of the securities described therein.

**Actions That You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not exchange any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORIZED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED EXCHANGE OFFER MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH EXCHANGE OFFER MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED EXCHANGE OFFER MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

## INVESTOR REPRESENTATIONS

By accessing the attached exchange offer memorandum, you are further deemed to have made the following representations, warranties, agreements undertakings, confirmations and acknowledgements to the Company and the Dealer Manager. For the purposes of the below, "you" means the Company and/or the Dealer Manager as the context may indicate, and "we" means such holder participating in the Exchange Offer by submitting instructions and tendering the Existing Notes for exchange pursuant to the Exchange Offer (as defined in the attached exchange offer memorandum).

1. We acknowledge that none of the Company, any of its affiliates or any other person has made any representations, express or implied, to us with respect to the Company, the Exchange Offer, the New Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Exchange Offer or the New Notes. We agree that we will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the Exchange Offer (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which we act).
2. We understand that entering into the Exchange Offer involves a high degree of risk and that the New Notes are a speculative investment.
3. We (a) have consulted with our own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent we have deemed necessary, (b) have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning its financial condition and results of operations and the Exchange Offer, and any such questions have been answered to our satisfaction, (c) have requested from the Company and reviewed all information that we believe is necessary or appropriate in connection with the Exchange Offer, (d) have made our own investment decisions based upon our own judgment, due diligence and advice from such advisers as we have deemed necessary and not upon any view or representation expressed by or on behalf of you, and (e) have been and will continue to be solely responsible for making our own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Company and any of the subsidiaries of the Company (collectively, the "**Group**"), and any other person referred to herein and for making our own decisions as to the purchase of, or the taking or not taking of any action in connection with, the Exchange Offer and the New Notes.
4. We understand and agree that we may not rely on any investigation that any person acting on your behalf has conducted with respect to the Exchange Offer, the New Notes, the Company or any of its affiliates, and no other party has made any representation to us, express or implied, with respect to the Exchange Offer, the New Notes or the Company. Neither the Dealer Manager nor any of its respective associates or affiliates has made, and we have not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Manager shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to us in connection with the Exchange Offer; (b) any non-performance by any party to any such documents; (c) the Exchange Offer or the New Notes; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Manager does not owe and shall not owe any duty whatsoever in connection with any of the foregoing. Any information or explanations related to the terms and conditions of the Exchange Offer and the New Notes does not constitute investment advice or a recommendation in respect of the Exchange Offer and is not considered or deemed to be an assurance or guarantee as to the expected performance of the New Notes, the Company, and each other member of the Group.

5. We acknowledge that the information provided to us with regard to the Company and the New Notes has been prepared and supplied by the Company (whether or not it was conveyed by you to us on the Company's behalf), and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness.
6. We are a sophisticated institutional investor and have such knowledge and experience in financial, business and international investment matters, and in particular in purchasing debt securities issued by Colombian non-bank financial institutions, and we are capable of evaluating the merits and risks of the Exchange Offer, have had the opportunity to ask questions of, and receive answers and request additional information from, the Company and we are aware that we may be required to bear, and are able to bear, the economic risk of an investment in the New Notes (to the extent of sustaining a complete loss in connection with the Exchange Offer).
7. We acknowledge that certain of the information and materials provided by the Company was provided in the Spanish language, and we represent that we are capable of understanding and evaluating all such information.
8. We represent and acknowledge that (a) neither the Dealer Manager nor any of its affiliates has been requested to or has provided us with any information or advice with respect to the Exchange Offer or the New Notes nor is such information or advice necessary or desired; (b) neither the Dealer Manager nor any of its affiliates has made or makes any representation as to the Company, the Exchange Offer or the credit quality of the New Notes; (c) the Dealer Manager and its affiliates may have acquired, or during the term of the Exchange Offer and/or the New Notes may acquire, non-public information with respect to the Company, which we agree need not be provided to us; (d) in connection with the Exchange Offer and the issuance of the New Notes, neither the Dealer Manager nor any of its affiliates has acted as our financial advisor or fiduciary; and (e) the Dealer Manager has relied upon information supplied by the Company and its representatives and other information available from generally recognized public sources in performing the services contemplated hereby without assuming any responsibility for independent investigation or verification thereof.
9. We are acquiring the New Notes for our own account (or for the account of a person that is not a U.S. person as defined in Regulation S promulgated under the United States Securities Act of 1933 (the "**Securities Act**") as to which we exercise sole investment discretion and have authority to make these statements) for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws.
10. We understand that the New Notes have not been, and will not be, registered under the Securities Act or with any state of the United States or other jurisdiction.
11. If we are acting as a fiduciary or agent for one or more investor accounts, (a) we have investment discretion with respect to each such account and (b) we have full power and authority to make the representations, warranties, agreements and acknowledgements in this letter on behalf of each such account.
12. We acknowledge and agree that we did not become aware of the Exchange Offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a "public offering" under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S) and we did not become aware of the Exchange Offer and were not otherwise solicited to enter into the Exchange Offer through solicitation of any party other than the Company and its respective affiliates.

13. The Exchange Offer is lawful under the securities laws of the jurisdiction in which we accept the exchange for the New Notes.
14. We are not a nominee company (unless the name of the ultimate beneficiary has been disclosed).
15. The terms and provisions of this investor representation letter shall inure to the benefit of and be binding upon each Eligible Holder of the Existing Notes and their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees. We confirm that, to the extent we are acting for the account of one or more persons, (i) we have been duly authorized to make on their behalf the confirmations, acknowledgements and agreements set forth herein and (ii) these provisions constitute legal, valid and binding obligations of us and any other persons for whose account we are acting.
16. We understand that the foregoing representations, warranties, agreements undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that you and your affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements.

You are responsible for protecting against viruses and other items of a destructive nature. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**EXCHANGE OFFER MEMORANDUM****STRICTLY CONFIDENTIAL**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.  
NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO ANY PERSON LOCATED OR  
RESIDENT IN THE UNITED STATES.**

**THIS EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS  
AND ARE OUTSIDE THE UNITED STATES.**



**Credivalores - Crediservicios S.A.**

*(a stock corporation (sociedad anónima) organized under the laws of the Republic of Colombia)*

**Offer to Exchange at least a Minimum Acceptance Amount of the Outstanding 12.50% Notes Due 2023  
and**

**Offer to Exchange at least a Minimum Acceptance Amount of the Outstanding 13.0% Notes due 2024**

<b>Description of Debt Securities</b>	<b>Outstanding Amount</b>	<b>ISIN/Common Code</b>	<b>Minimum Acceptance Amount</b>	<b>Exchange Consideration - New Notes</b>
12.50% Notes Due 2023 (the "Existing 2023 Notes")	US\$15,000,000	XS2549503352/ 254950335	US\$14,250,000	US\$1,000 in aggregate principal amount of New Notes and 2023 Notes Capitalized Interest <sup>(1)</sup>
13.0% Notes Due 2024 (the "Existing 2024 Notes" and, together with the Existing 2023 Notes, the "Existing Notes" )	US\$16,612,232	XS2598649684/259864968	US\$15,781,620	US\$1,000 in aggregate principal amount of New Notes and 2024 Notes Capitalized Interest <sup>(2)</sup>

(1) Consideration in the form of principal amount of New Notes per US\$1,000 principal amount of Existing 2023 Notes that are validly tendered (and not validly withdrawn), including further New Notes to capitalize the accrued and unpaid interest from (and including) the immediately preceding interest payment date to (but excluding) the Settlement Date, to the effect that each US\$1 of accrued and unpaid interest of such Existing 2023 Notes validly tendered and accepted (rounded down to the nearest US\$1) will be exchanged for US\$1 in principal amount of New Notes in lieu of cash (such accrued and unpaid capitalized interest, the "2023 Notes Capitalized Interest").

(2) Consideration in the form of principal amount of New Notes per US\$1,000 principal amount of Existing 2024 Notes that are validly tendered (and not validly withdrawn), including further New Notes to capitalize the accrued and unpaid interest from (and including) the immediately preceding interest payment date to (but excluding) the Settlement Date, to the effect that each US\$1 of accrued and unpaid interest of such Existing 2024 Notes validly tendered and accepted (rounded down to the nearest US\$1) will be exchanged for US\$1 in principal amount of New Notes in lieu of cash (such accrued and unpaid capitalized interest, the "2024 Notes Capitalized Interest" and, together with the 2023 Notes Capitalized Interest, "Capitalized Interest").

**THIS EXCHANGE OFFER (AS DEFINED HEREIN) WILL EXPIRE AT 4:00 P.M., LONDON TIME ON DECEMBER 18, 2023, UNLESS EXTENDED OR EARLIER TERMINATED AT OUR SOLE DISCRETION (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE "EXPIRATION DEADLINE"). ELIGIBLE HOLDERS (AS DEFINED HEREIN) WHO GIVE INSTRUCTIONS (AS DEFINED HEREIN) TO EXCHANGE EXISTING NOTES WILL RECEIVE EXCHANGE CONSIDERATION AS DESCRIBED BELOW. INSTRUCTIONS MAY NOT BE WITHDRAWN ONCE SUBMITTED.**

Upon the terms and subject to the conditions set forth in this exchange offer memorandum (this "**exchange offer memorandum**"), we, Credivalores – Crediservicios S.A., a stock corporation (*sociedad anónima*) organized under the laws of the Republic of Colombia (the "**Company**" or "**Credivalores**"), are offering to (i) exchange (the "**2023 Exchange Offer**") at least US\$14,250,000, or 95%, of the outstanding principal amount of the Existing 2023 Notes (the "**2023 Notes Minimum Acceptance Amount**") and (ii) exchange (the "**2024 Exchange Offer**" and, together with the 2023 Exchange Offer, the "**Exchange Offer**") at least US\$15,781,620, or 95%, of the outstanding principal amount of the Existing 2024 Notes (the "**2024 Notes Minimum Acceptance Amount**" and, together with the 2023 Notes Minimum Acceptance Amount, the "**Minimum Acceptance Amounts**") held by Eligible Holders (as defined herein) for the Exchange Consideration set forth in the table above, consisting of (i) US\$1,000 (the "**2023 Notes Exchange Consideration**") for each US\$1,000 principal amount of the outstanding Existing 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, and the 2023 Notes Capitalized Interest and (ii) US\$1,000 (the "**2024 Notes Exchange Consideration**" and, together with the 2023 Notes Exchange Consideration, the "**Exchange Consideration**") for each US\$1,000 principal amount of the outstanding Existing 2024 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, and the 2024 Notes Capitalized Interest. For further details, see the sections entitled "Description of the Exchange Offer—Exchange Consideration" and "Summary of the Exchange Offer – Capitalized Interest."

Terms used in this exchange offer memorandum that are not otherwise defined herein have the meanings set forth in the Issuing and Paying Agency Agreement, dated August 12, 2014, between the Company and Deutsche Bank AG, London Branch, as issuing and paying agent (the "**Issuing and Paying Agent**"), governing the Existing Notes (as it may be amended from time to time, the "**Issuing and Paying Agency Agreement**").

The new notes (the "**New Notes**") to be issued under the Company's Euro Commercial Paper Program (the "**Program**") will have a maturity of five years and bear an interest rate of 10.0% per annum, payable quarterly in arrears on each interest payment date. Principal on the New Notes will be payable in four scheduled principal payment dates with 25% of the original aggregate principal amount of the New Notes due on each of December 20, 2025, December 20, 2026, December 20, 2027 and December 20, 2028.

Any New Notes to be sold and/or issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$1,000 (inclusive of Capitalized Interest) and integral multiples of US\$1.00 in excess thereof. Consequently, instructions to exchange any of the Existing Notes may only be submitted in a minimum principal amount of US\$1,000 and integral multiples of US\$1.00 in excess thereof (the "**Minimum Exchange Amount**").

**Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms herein. You must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an instruction on your behalf to the relevant clearing system prior to the deadlines specified by the relevant clearing system, which may be earlier than the deadlines specified in this exchange offer memorandum or in a separate notice by the Company (in the event such deadlines are later modified).**

Our obligation to accept for exchange the Existing 2023 Notes validly tendered is subject to, and conditioned upon, among other things, the valid tender of the Existing 2023 Notes for at least the 2023 Notes Minimum Acceptance Amount. Our obligation to accept for exchange the Existing 2024 Notes validly tendered is subject to, and conditioned upon, among other things, the valid tender of the Existing 2024 Notes for at least the 2024 Notes Minimum Acceptance Amount. We reserve the right, in our sole discretion, to amend any term of, or waive any condition to, including the Minimum Acceptance Amounts, the Exchange Offer prior to the Expiration Deadline.

The Exchange Offer is subject to the conditions discussed under "Description of the Exchange Offer – Conditions to the Exchange Offer." Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under "Description of the Exchange Offer – Conditions to the Exchange Offer" have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein (including the Minimum Acceptance Amounts), in whole or in part, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer (including the Minimum Acceptance Amount) or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. Our obligation to accept for exchange the Existing Notes validly tendered by Eligible Holders is subject to, and conditioned upon, among other things, the valid tender of the Existing Notes for at least the Minimum Acceptance Amount. **Unless waived by us, if we receive valid tenders of the Existing Notes for less than the Minimum Acceptance Amount, we will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.**

Only direct participants in Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**") may submit Instructions through Euroclear and Clearstream. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an instruction on your behalf to the relevant clearing system prior to the deadline specified by the relevant clearing system. Any Eligible Holder that gives Instructions on behalf of a beneficial holder must give separate instructions with respect to each of its beneficial holders. Eligible Holders who intend to make different elections with respect to portions of their holding of Existing Notes must deliver separate instructions with respect to each such portion. Upon giving Instructions with respect to any Existing Notes, those Existing Notes will be blocked and may not be transferred until the earlier of (i) the Settlement Date and (ii) the Exchange Offer is modified or terminated so as to result in a cancellation of such instructions.

You should carefully consider all the information in this exchange offer memorandum including, but not limited to, the "Risk Factors" section in this exchange offer memorandum before you make any decision regarding the Exchange Offer. For more information regarding the New Notes, see the section entitled "Summary of the New Notes."

**YOU MUST MAKE YOUR OWN DECISION WHETHER TO EXCHANGE YOUR EXISTING NOTES IN THE EXCHANGE OFFER. NONE OF THE COMPANY, THE ISSUING AND PAYING AGENT, THE DEALER MANAGER (AS DEFINED HEREIN), THE INFORMATION AND EXCHANGE AGENT (AS DEFINED HEREIN) OR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD EXCHANGE YOUR EXISTING NOTES IN THE EXCHANGE OFFER.**

**The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state of the United States or other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered and sold only to non-U.S. persons outside the United States in compliance with Regulation S under**

the Securities Act. For a description of certain restrictions on resale or transfer, see the section entitled "Distribution Restrictions."

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*Dealer Manager*

**ProCapital SBSA**

The date of this exchange offer memorandum is December 8, 2023

**YOU SHOULD READ THIS EXCHANGE OFFER MEMORANDUM CAREFULLY BEFORE MAKING A DECISION WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER, AND ANY SUCH DECISION SHOULD BE MADE SOLELY ON THE INFORMATION CONTAINED IN THIS EXCHANGE OFFER MEMORANDUM. UPON YOUR PARTICIPATION IN THE EXCHANGE OFFER, YOU WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED TO THE COMPANY AND THE DEALER MANAGER THE REPRESENTATIONS AS SET FORTH IN "DESCRIPTION OF THE EXCHANGE OFFER - CONDITIONS TO THE EXCHANGE OFFER - REPRESENTATIONS, WARRANTIES AND COVENANTS OF ELIGIBLE HOLDERS OF THE EXISTING NOTES" OF THIS EXCHANGE OFFER MEMORANDUM.**

This exchange offer memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this exchange offer memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this exchange offer memorandum or that the information contained in this exchange offer memorandum is correct as of any time after that date.

This exchange offer memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129.

We, having made all reasonable inquiries, confirm that: (i) this exchange offer memorandum contains all information with respect to us, our subsidiaries and affiliates referred to in this exchange offer memorandum and the New Notes that is material in the context of the Exchange Offer; (ii) the statements contained in this exchange offer memorandum relating to us and our subsidiaries are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this exchange offer memorandum with regard to us and our subsidiaries are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other material facts in relation to us, our subsidiaries and the New Notes, the omission of which would, in the context of the Exchange Offer, make this exchange offer memorandum, as a whole, misleading; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

We have prepared this exchange offer memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of tendering your Existing Notes for exchange. By tendering your Existing Notes for exchange for the New Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled "*Description of the Exchange Offer – Conditions to the Exchange Offer – Representations, Warranties and Covenants of Eligible Holders of the Existing Notes*" below.

No representation or warranty, express or implied, is made by ProCapital SBSA (the "**Dealer Manager**"), the Issuing and Paying Agent or D.F. King Ltd., as the information and exchange agent (the "**Information and Exchange Agent**") or any of their respective affiliates, directors or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this exchange offer memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Dealer Manager, the Issuing and Paying Agent, the Information and Exchange Agent and any of their respective affiliates, directors or advisors has independently verified any of the information contained in this exchange offer memorandum and, as such, can give no assurance that such information is accurate, truthful or complete. To the fullest extent permitted by law, none of foregoing accept any responsibility for the contents of this exchange offer memorandum. This exchange offer memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Company, the Dealer Manager, the Issuing and Paying Agent or the Information and Exchange Agent or any of their respective affiliates, directors or advisors as to whether Eligible Holders of the Existing Notes should tender their Existing Notes pursuant to the Exchange Offer.

Each person receiving this exchange offer memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Dealer Manager or any person affiliated with the Dealer Manager in connection with any investigation of the accuracy of such information or its decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates or the New Notes (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of the Company and the terms of the Exchange Offer) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Dealer Manager.

**The New Notes have not been approved or disapproved of by the United States Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Exchange Offer or the accuracy or adequacy of this exchange offer memorandum. Any representation to the contrary is a criminal offense in the United States.**

We are not, and the Dealer Manager is not, making an offer to sell the New Notes in any jurisdiction except where an offer or sale is permitted. The Dealer Manager is not making any recommendation regarding the Exchange Offer to any Eligible Holders or to any advisor or other representative of any such Eligible Holders. The distribution of this exchange offer memorandum and the Exchange Offer may in certain jurisdictions be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by us and the Dealer Manager to inform itself about and to observe any such restrictions. For a description of the restrictions on the offer and distribution of the New Notes and distribution of this exchange offer memorandum, see the section entitled "Offer and Distribution Restrictions" below.

This exchange offer memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this exchange offer memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the Exchange Offer, including the merits and risks involved. We are not making any representation to you regarding the legality of tendering the Existing Notes pursuant to the Exchange Offer by you under any legal, investment, taxation or similar laws or regulations. You should not consider any information in this exchange offer memorandum to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding tendering the Existing Notes pursuant to the Exchange Offer.

In making your investment decision, you should rely only on the information contained in this exchange offer memorandum. We have not, and the Dealer Manager and the Information and Exchange Agent have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We, the Dealer Manager and the Information and Exchange Agent are not making an offer to sell (or soliciting an offer to buy) or exchange securities in any jurisdiction where such offer, sale or exchange is not permitted.

Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, to redeem or purchase (for cash or other consideration) from time to time any Existing Notes through open market or privately negotiated transactions, one or more tender offers, additional exchange offers or otherwise, on terms that may differ from those of this exchange offer memorandum, or to exercise any of our rights (including rights of redemption) under the Issuing and Paying Agency Agreement.

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- (1) Audited Financial Statements as of and for the years ended December 31, 2022 and 2021 and
- (2) Unaudited Financial Statements as of September 30, 2023

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This exchange offer memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, statements about the Exchange Offer, our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and other statements contained in this exchange offer memorandum that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "plan", "potential", "predict", "should" or "will" or the negative of such terms or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements expressed or implied by such forward-looking statements to differ materially from historical results or those anticipated. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These risks, uncertainties and other factors some of which are listed under "Risk Factors," *"Appendix A - Risk Factors"* and elsewhere in this exchange offer memorandum include, but are not limited to:

- Changes in economic conditions that could adversely affect our business;
- Failure by us to control our financial risks, including liquidity risk, credit risk and changes in interest rates;
- Reductions in our credit ratings which could limit our access to sources of capital on competitive terms;
- Contractions in the credit markets that reduce our profitability;
- Changes in our management;
- Changes in general economic, legal and business conditions in Colombia;
- An increased perception of risk by investors in relation to Colombia or other emerging market economies;
- Security issues in Colombia; and
- Restrictions and limitations under Colombian law.

These forward-looking statements speak only as of the date of this exchange offer memorandum and we undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events or otherwise. There can be no assurance that the Exchange Offer will be completed. Additional factors affecting our business may emerge from time to time and it is not possible for us to predict all of these factors, nor can we assess the impact of all such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe that the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. In addition, you should not interpret statements regarding past trends or activities as assurances that those trends or activities will continue in the future. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this exchange offer memorandum might not occur. All written, oral and electronic forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

## **CONVENTIONS**

Unless the context otherwise requires, references to the "Company," "we" or "us" in this exchange offer memorandum are references to Credivalores – Crediservicios S.A.

## OFFER AND DISTRIBUTION RESTRICTIONS

*This exchange offer memorandum does not constitute an offer of securities for sale in any jurisdiction where it is unlawful to do so. The distribution of this exchange offer memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by each of the Company, the Issuing and Paying Agent, the Dealer Manager and the Information and Exchange Agent to inform themselves about and to observe any such restrictions. None of the Issuing and Paying Agent, the Dealer Manager and the Information and Exchange Agent will incur any liability for their own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.*

### UNITED STATES

The Exchange Offer will only be made to Eligible Holders who are not U.S. persons (as defined in Regulation S of the Securities Act) located outside the United States and who hold the Existing Notes through the Clearing Systems (as defined herein) or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States and holding the Existing Notes through the relevant Clearing System. The Exchange Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Existing Notes may not be tendered in the Exchange Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States or by a U.S. person (in each case, as defined in Regulation S of the Securities Act).

Accordingly, copies of this exchange offer memorandum and any other documents or materials relating to the Exchange Offer are not being, and must not be (directly or indirectly) mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported offer of the Existing Notes for purchase or exchange resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer of the Existing Notes for purchase or exchange made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

The New Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons outside the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any other jurisdiction.

The purpose of this exchange offer memorandum is limited to the Exchange Offer and this exchange offer memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of the Existing Notes participating in the Exchange Offer will represent that it is not a U.S. person and it is not located in the United States and is not participating in the Exchange Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Exchange Offer from the United States.

## PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The New Notes may not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
- (b) a customer within the meaning of the Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## PROHIBITION OF SALES TO UK RETAIL INVESTORS

The New Notes may not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**"); or
- (b) a customer within the meaning of the provisions of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**").

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law of the UK by virtue of the UK PRIIPs Regulation for offering or selling the securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of this exchange offer memorandum and any other document or materials relating to the issue of the New Notes offered pursuant to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Promotion Order, (2) persons who fall within Article 49 of the Financial Promotion Order ("high net worth companies, unincorporated associations etc."), or (3) any other persons to whom these documents and/or materials may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). In the UK, the New Notes being offered in connection with the Exchange Offer are only available to, and any investment or investment activity to which this exchange offer memorandum relates will be

engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on this exchange offer memorandum or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the New Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the New Notes in, from or otherwise involving the United Kingdom.

## **CHILE**

Neither the Company nor the New Notes are (or will be) registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*, or "**SVS**"), or subject to the control and supervision of the SVS. This exchange offer memorandum does not constitute a public offer of, or an invitation to subscribe for or purchase, the New Notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (i.e., an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

## **COLOMBIA**

The New Notes have not been and will not be registered in the *Registro Nacional de Valores y Emisores* (the Colombian National Registry of Securities and Issuers) maintained by the *Superintendencia Financiera de Colombia* (the Colombian Superintendency of Finance) and may not be offered or sold publicly or otherwise be subject to brokerage activities in Colombia, except as permitted by Colombian law.

## SUMMARY OF THE EXCHANGE OFFER

*Major terms of the Exchange Offer are summarized below. We urge you, however, to read the detailed descriptions in the section of this exchange offer memorandum entitled "Description of the Exchange Offer" and also the information in the Information Memorandum relating to the Program (as may be amended from time to time, the "Information Memorandum").*

Background	We are working on generating sufficient cash flow to meet our financial commitments, including, among others, through extension of our existing debt obligations, opportunistic financing and expenditure conservation. As part of these efforts, we are conducting the Exchange Offer to improve our financial condition, extend our debt maturity profile, improve cash flow management, enhance our ability to satisfy our debt obligations and maintain our loan origination. We are offering Eligible Holders of the Existing Notes an opportunity to exchange their Existing Notes for the New Notes with an extended maturity designed to allow us to improve our financial condition and stability.
Company	Credivalores – Crediservicios S.A., a stock corporation ( <i>sociedad anónima</i> ) organized under Colombian law.
The Exchange Offer	<p><u>2023 Exchange Offer.</u> Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange at least the 2023 Notes Minimum Acceptance Amount of our outstanding Existing 2023 Notes (ISIN: XS2549503352; Common Code: 254950335) held by Eligible Holders for the 2023 Notes Exchange Consideration, which includes the 2023 Notes Capitalized Interest. As of the date of this exchange offer memorandum, US\$15,000,000 in aggregate principal amount of our 2023 Existing Notes is outstanding.</p> <p><u>2024 Exchange Offer.</u> Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange at least the 2024 Notes Minimum Acceptance Amount of our outstanding Existing 2024 Notes (ISIN: XS2598649684; Common Code: 259864968) held by Eligible Holders for the 2024 Notes Exchange Consideration, which includes the 2024 Notes Capitalized Interest. As of the date of this exchange offer memorandum, US\$16,612,232 in aggregate principal amount of our 2024 Existing Notes is outstanding.</p> <p>Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to their respective Existing Notes (other than the right to receive the relevant components of the applicable Exchange Consideration) and will release and discharge us from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.</p>
Purpose of the Exchange Offer	<p>The purpose of the Exchange Offer is to refinance the Existing Notes and improve our liquidity position.</p> <p>Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, to redeem or purchase (for cash or other</p>

	consideration) from time to time any Existing Notes through open market or privately negotiated transactions, one or more tender offers, additional exchange offers or otherwise, on terms that may differ from the Exchange Offer.
Minimum Acceptance Amount	<p><u>2023 Notes Minimum Acceptance Amount.</u> The minimum aggregate principal amount of the Existing 2023 Notes, being US\$14,250,000, or 95.0%, of the outstanding principal amount of the Existing 2023 Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the 2023 Exchange Offer.</p> <p><b>Unless waived by us, if we receive valid tenders of the Existing 2023 Notes for less than the 2023 Notes Minimum Acceptance Amount, we will not proceed with the 2023 Exchange Offer and the 2023 Exchange Offer shall lapse automatically.</b></p> <p><u>2024 Notes Minimum Acceptance Amount.</u> The minimum aggregate principal amount of the Existing 2024 Notes, being US\$15,781,620, or 95.0%, of the outstanding principal amount of the Existing 2024 Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the 2024 Exchange Offer.</p> <p><b>Unless waived by us, if we receive valid tenders of the Existing 2024 Notes for less than the 2024 Notes Minimum Acceptance Amount, we will not proceed with the 2024 Exchange Offer and the 2024 Exchange Offer shall lapse automatically.</b></p> <p><b>We reserve the right, in our sole discretion, to amend or waive the conditions to the Exchange Offer (including the Minimum Acceptance Amounts) in accordance with the terms of the Exchange Offer.</b></p>
Exchange Consideration	For each US\$1,000 principal amount of the outstanding Existing Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of the respective Existing Notes will receive the applicable Exchange Consideration set forth in the table on the front cover page of this exchange offer memorandum, consisting of (i) US\$1,000 with respect to the Existing 2023 Notes, and the 2023 Notes Capitalized Interest and (ii) US\$1,000 with respect to the Existing 2024 Notes, and the 2024 Notes Capitalized Interest. The principal amount of New Notes to be received by a holder pursuant to the Exchange Offer will be rounded down to the nearest US\$1.
New Notes	The New Notes will be issued upon exchange of the relevant Existing Notes validly accepted and exchanged.
Tenor and Interest Rates of the New Notes	The New Notes will have a tenor of five years and bear an interest rate of 10.0% per annum, payable quarterly in arrears on each interest payment date. Interest on the New Notes will be paid on March 20, June 20, September 20 and December 20 of each year, beginning on March 20, 2024.
Capitalized Interest	The 2023 Existing Notes bear interest at the rate of 12.50% per annum and the 2024 Existing Notes bear interest at the rate of 13.0% per annum. Further New Notes will

	<p>be issued and delivered to capitalize the accrued and unpaid interest in respect of the Existing Notes validly tendered and accepted for exchange from (and including) the immediately preceding interest payment date of the respective Existing Notes to (but excluding) the Settlement Date, to the effect that each US\$1 of accrued and unpaid interest of such Existing Notes validly tendered and accepted (rounded down to the nearest US\$1) will be exchanged for US\$1 in principal amount of New Notes in lieu of cash.</p>
Minimum Denominations of New Notes	Each of the New Notes will be issued in minimum denominations of US\$1,000 and integral multiples of US\$1.00 in excess thereof.
Expiration Deadline	4:00 p.m., London Time on December 18, 2023, unless extended or earlier terminated at our sole discretion.
Settlement Date	We anticipate that the Settlement Date will occur on or about December 20, 2023, unless the Exchange Offer is extended or earlier terminated.
Exchange Website	<a href="https://sites.dfkingltd.com/crediservicios">https://sites.dfkingltd.com/crediservicios</a> , the website set up by the Information and Exchange Agent for the purposes of hosting the documents relating to the Exchange Offer (the " <b>Exchange Website</b> ").
Eligible Holders	<p>The Exchange Offer will only be made to, and the New Notes are being offered and will be issued only to, Eligible Holders. By giving Instructions, Eligible Holders of the Existing Notes will be deemed to make a series of representations, warranties and undertakings, which are set out in "<i>Description of the Exchange Offer – Conditions to the Exchange Offer – Representations, Warranties and Covenants of Eligible Holders of Existing Notes.</i>"</p> <p><b>Only Eligible Holders who have, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees have, completed the procedures described in, and required by, this exchange offer memorandum are eligible to participate in the Exchange Offer.</b></p> <p>For a description of restrictions on resale or transfer of the New Notes, see "Selling Restrictions" in the Information Memorandum.</p>
Sanctions Restricted Person	<p>Each person or entity:</p> <ul style="list-style-type: none"> <li>i. that is, or is owned or controlled by a person that is, described or designated as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" (which can be found at: <a href="http://sdnsearch.ofac.treas.gov/">http://sdnsearch.ofac.treas.gov/</a>); or</li> <li>ii. currently subject to, or in violation of, any sanctions under the laws and regulations that have been officially published and are administered or enforced by any sanctions authority or any enabling legislation or executive order relating thereto.</li> </ul>

Conditions to the Exchange Offer	<p>Our obligation to consummate the Exchange Offer is conditional upon the following:</p> <ul style="list-style-type: none"> <li>• not less than the Minimum Acceptance Amount with respect to each series of the Existing Notes shall have been validly tendered prior to the Expiration Deadline;</li> <li>• there being no material adverse change in the market from the date of this exchange offer memorandum to the Settlement Date;</li> <li>• an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and</li> <li>• the satisfaction of the other conditions described in "<i>Description of the Exchange Offer – Conditions to the Exchange Offer.</i>"</li> </ul> <p>Subject to applicable law, we may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by us by the Settlement Date. We may also extend the Exchange Offer from time to time until the conditions are satisfied or waived.</p> <p>Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law.</p>
Material Differences between the Existing Notes and the New Notes	<p>Certain terms of the New Notes will be materially different from the terms of the Existing Notes, including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• the Existing 2023 Notes matured on October 19, 2023 and bore interest at the rate of 12.50% per annum, while the New Notes will mature on December 20, 2028 and bear interest at the rate of 10.0% per annum;</li> <li>• the Existing 2024 Notes will mature on March 14, 2024 and bear interest at the rate of 13.0% per annum, while the New Notes will mature on December 20, 2028, after the maturity date of the Existing 2024 Notes, and bear interest at the rate of 10.0% per annum;</li> <li>• Principal on the Existing 2023 Notes was due on October 19, 2023 (and has not been paid) and principal on the Existing 2024 Notes is payable in three scheduled principal payment dates occurring on September 14, 2023 (which has not been paid), December 14, 2023 and March 14, 2024, while principal on the New Notes will be payable in four scheduled principal payment dates with 25% of the original aggregate principal amount of the New Notes due on each of December 20, 2025, December 20, 2026, December 20, 2027 and December 20, 2028;</li> <li>• The Existing Notes have denominations of US\$10,000 of principal amount and integral multiples of US\$1.0 in excess of, while the New Notes will be</li> </ul>

issued in denominations of US\$1,000 of principal amount and integral multiples of US\$1.0 in excess of;

- prior to giving effect to the Exchange Offer, the aggregate principal amount of the Existing 2023 Notes is US\$15,000,000 and the aggregate principal amount of the Existing 2024 Notes is US\$16,612,232, while the aggregate principal amount outstanding of the New Notes will depend on the aggregate principal amount of the Existing Notes exchanged for New Notes in the Exchange Offer; and
- the Existing Notes do not contain any cross provisions, while the New Notes will include a cross provision that provides that holders of more than 75% of the principal of the New Notes can cross accelerate the payment of their New Notes upon payment default and acceleration of Credivalores' 144A/Regulation S Bonds due February 7, 2025 (or of bonds exchanged by Credivalores therefor) prior to maturity.

Eligible Holders should read carefully the terms of the New Notes contained herein before making an investment decision in relation to the Exchange Offer.

#### Procedures for Tendering Existing Notes

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes for exchange prior to the Expiration Deadline pursuant to the procedures described herein.

If you are an Eligible Holder holding the Existing Notes through Euroclear and Clearstream or through a fiduciary holding accounts and you wish to participate in the Exchange Offer, you must tender your Existing Notes pursuant to the procedures described herein by way of an electronic instruction, which must be submitted or delivered through the relevant Clearing System by each Eligible Holder of the Existing Notes who is shown in the records of such Clearing System as a holder of an interest in the Existing Notes, authorizing delivery of your tender to exchange the Existing Notes that are the subject of such electronic instruction (the "**Instruction**").

A separate Instruction needs to be submitted per each beneficial owner of the Existing Notes held through Euroclear and Clearstream due to the Capitalized Interest payments.

No guaranteed delivery procedures are being offered in connection with the Exchange Offer. You must tender your Existing Notes for exchange prior to the Expiration Deadline in order to participate and receive the Exchange Consideration.

Only direct participants in Euroclear or Clearstream may submit Instructions to Euroclear or Clearstream. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an Instruction on your behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System.

	<p>Any Instructions must be given with respect to Existing Notes in the Minimum Exchange Amount. Eligible Holders are responsible for ensuring that their Instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$1,000. Instructions that would result in a principal amount of New Notes below US\$1,000 will be rejected.</p> <p>Upon giving Instructions with respect to any Existing Notes, those Existing Notes will be blocked and may not be transferred until the earlier of (i) the Settlement Date and (ii) the date the Exchange Offer is modified or terminated so as to result in a cancellation of such Instructions.</p> <p><b>PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.</b></p>
Tendering through a Custodian	<p>If you are a beneficial owner of the Existing Notes that are held by or registered in the name of a custodial entity such as a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your Existing Notes, you should contact your custodial entity promptly and instruct it to tender your Existing Notes on your behalf pursuant to the procedures of that custodial entity.</p> <p>No guaranteed delivery procedures are being offered in connection with the Exchange Offer.</p>
Withdrawal and Revocation	<p><b>Instructions in connection with the Exchange Offer are irrevocable, unless withdrawal thereof is required by applicable law.</b></p>
Acceptance of Tenders; Delivery of Exchange Consideration	<p>Subject to the terms and conditions described herein, we will accept Instructions that are validly tendered prior to the Expiration Deadline. Upon our determination that the conditions to the Exchange Offer have been satisfied, participants in the Exchange Offer who validly gave Instructions, and which Instructions are accepted by us, will receive the Exchange Consideration on the Settlement Date.</p>
Extensions, Amendments and Terminations	<p>To the extent that it is legally permitted to do so, we expressly reserve our absolute right to (i) waive any condition to the Exchange Offer, including the Minimum Acceptance Amounts; (ii) amend any of the terms of the Exchange Offer, including the Minimum Acceptance Amounts; and (iii) modify the consideration offered. Any amendment to the 2023 Exchange Offer will apply to all Existing 2023 Notes tendered, regardless of when and in what order such Existing 2023 Notes were tendered. Any amendment to the 2024 Exchange Offer will apply to all Existing 2024 Notes tendered, regardless of when and in what order such Existing 2024 Notes were tendered. If we make a material change in the terms of an Exchange Offer, we will disseminate additional offer materials or, if appropriate, issue a press release setting forth such changes, and will extend the applicable Exchange Offer as we consider</p>

	<p>appropriate or if required by law. We have the right, at our sole discretion, to extend the Expiration Deadline or Settlement Date.</p> <p>Additionally, we expressly reserve the right, at our absolute discretion, to terminate the Exchange Offer at any time if the conditions to the Exchange Offer are not met (or waived by us) prior to the Settlement Date.</p> <p>In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated prior to the Settlement Date, no consideration will be paid or become payable and no New Notes will be issued or become issuable to Eligible Holders who have validly tendered their Existing Notes pursuant to the Exchange Offer. In any such event, the Existing Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders.</p>
Consequences of Failure to Exchange Existing Notes	For a description of the consequences of failing to exchange your Existing Notes, see " <i>Risk Factors</i> " and " <i>Description of the Exchange Offer – Certain Consequences to Holders of the Existing Notes Not Participating in the Exchange Offer</i> ."
Brokerage Commissions	No brokerage commissions are payable by the holders of the Existing Notes to us, the Dealer Manager or the Information and Exchange Agent. Holders who tender their Existing Notes through a broker or other nominee may be required to pay a commission or service charge. You should consult with your broker or other nominee to determine whether any such charges apply.
Dealer Manager	ProCapital SBSA
Information and Exchange Agent	D.F. King Ltd. has been appointed as the Information and Exchange Agent. You can find the address and telephone number for the Information and Exchange Agent on the back cover of this exchange offer memorandum.
Issuing and Paying Agent	Deutsche Bank AG, London Branch, in respect of the Existing Notes and the New Notes pursuant to the Issuing and Paying Agency Agreement.
Clearing Systems	Euroclear and/or Clearstream (each a " <b>Clearing System</b> " and, collectively, the " <b>Clearing Systems</b> ")
Use of Proceeds	We will not receive any cash proceeds from the Exchange Offer.
Further Information	<p>Questions about the terms of the Exchange Offer should be directed to the Dealer Manager.</p> <p>If you have questions regarding tender or offer procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent.</p> <p>Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.</p>

All documents related to the Exchange Offer will be made available, subject to eligibility, on the Exchange Website.

## **SUMMARY OF THE NEW NOTES**

*For a summary of the general terms of notes issued under the Program, please refer to the section entitled "The Program" in the Information Memorandum. For a description of the terms of the New Notes, please refer to "Summary of the Exchange Offer" and the descriptions provided elsewhere in this exchange offer memorandum.*

## SUMMARY TIMETABLE

*The following summarizes the current schedule for the Exchange Offer. The below dates are indicative only. Please note that the Expiration Deadline and the Settlement Date, as well as the other events listed below, may be earlier or later than indicated below. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this exchange offer memorandum.*

*In relation to the time and dates indicated below, Eligible Holders of the Existing Notes should note the particular practices and policies of the relevant Clearing System regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Notes for exchange may be delivered to the relevant Clearing System (which may be earlier than the deadlines set forth below) so that they are received by the Information and Exchange Agent within the deadlines set forth below.*

*All notices to Eligible Holders of the Existing Notes will be released through delivery to the Clearing Systems for communication to direct participants and will be made available on the Exchange Website by the Information and Exchange Agent ( <https://sites.dfkintl.com/crediservicios>).*

<b>Date</b>	<b>Event</b>
December 8, 2023	Commencement of the Exchange Offer and announcement via the Exchange Website and through Euroclear or Clearstream, as applicable.  The exchange offer memorandum will be made available to Eligible Holders of the Existing Notes on the Exchange Website.
December 18, 2023 (4:00 p.m., London time)	Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.
As soon as practicable after the Expiration Deadline	Announcement of (i) the amount of valid tenders for exchange received prior to the Expiration Deadline, (ii) the final aggregate principal amount of Existing Notes accepted for exchange (if any), and (iii) the final aggregate principal amount of any New Notes to be issued to investors in exchange for the Existing Notes validly tendered and accepted for exchange pursuant to the Exchange Offer.
On or about December 20, 2023	Settlement Date. Subject to satisfaction of the conditions as set forth under "Description of the Exchange Offer – Conditions to the Exchange Offer," this being the date on which the Exchange Consideration, including the Capitalized Interest, will be delivered to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.

We reserve the right to extend or earlier terminate the Expiration Deadline in our sole discretion. In such a case, the date on which the subsequent announcement relating to the Exchange Offer will be delivered and the Settlement Date will be adjusted accordingly. Eligible Holders of the Existing Notes should inform themselves of any earlier deadlines that may be imposed by Euroclear or Clearstream, as applicable, and/or any intermediaries, which may affect the timing of the submission of an Instruction for exchange.

The Company intends to publicly announce the commencement date of the Exchange Offer, any extension of the Expiration Deadline, other notifications or amendments relating to the Exchange Offer and the results of the Exchange Offer by the issue of a press release and/or a notice sent via Euroclear and Clearstream and announcement on the Exchange Website.

## RISK FACTORS

*Before deciding whether to participate in the Exchange Offer, you should carefully consider the risks and uncertainties described below and other information contained in this exchange offer memorandum before making an exchange decision with respect to the Existing Notes. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Existing Notes and/or the New Notes, and you could lose all or part of your investment. For further risks, see "Appendix A –Risk Factors."*

### **Risks Relating to the Exchange Offer Generally**

***The New Notes may not be a suitable investment for all investors.***

Each potential investor in any New Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the New Notes, the merits and risks of investing in the New Notes and the information (including, but not limited to, the financial information of the Company) contained in this exchange offer memorandum and the Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the New Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the New Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the New Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The New Notes are complex products and such products may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the New Notes which are complex products unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the New Notes will perform under changing conditions, the resulting effects on the value of such New Notes and the impact this investment will have on the potential investor's overall investment portfolio. A potential investor should ensure that it has sufficient knowledge and experience (either alone or with the help of a financial adviser) to make its own legal, tax, accounting and financial evaluation of the merits and risks of investing in the New Notes and that it considers the suitability of the New Notes as an investment in light of its own circumstances and financial condition.

***Your decision to tender any Existing Notes for the Exchange Consideration may expose you to the risk of nonpayment for a longer period of time.***

The Existing 2023 Notes matured on October 19, 2023. The Existing 2024 Notes will mature on March 14, 2024 and a payment of 16.7% of the original aggregate principal amount of the Existing 2024 Notes was due on September 14, 2023 (and was not paid) and a payment of 16.7% of the original aggregate principal amount of the Existing 2024 Notes is due on December 14, 2023. The New Notes will have a tenor of five years, with principal on the New Notes payable in four scheduled principal payment dates with 25% of the original aggregate principal amount of the New Notes due on each of December 20, 2025, December 20, 2026, December 20, 2027 and December 20, 2028.

We have other indebtedness with a maturity prior to the maturity of the New Notes, mainly represented by amortizations of revolving loans with local financial institutions. If you tender Existing Notes for New Notes and, following the maturity date of your tendered Existing Notes but prior to the maturity date of the New Notes, we were to become subject to bankruptcy or similar proceedings, holders of any earlier-maturing indebtedness (including the holders of the Existing Notes who did not exchange their Existing Notes for New Notes) could be paid in full prior to becoming subject to such bankruptcy or similar proceedings and there would exist a risk that holders of the Existing Notes who exchanged their Existing Notes for later maturing New Notes would not be paid in full, if at all. Your decision to tender your Existing Notes for later-maturing New Notes should be made with the understanding that the lengthened maturity of such New Notes exposes you to the risk of nonpayment for a longer period of time.

***Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Notes may be substantially reduced, and market prices for outstanding Existing Notes may decline as a result.***

The trading market for Existing Notes that are not exchanged for New Notes could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the principal amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes. If a market for Existing Notes that are not exchanged exists or develops, the Existing Notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in the Existing Notes will exist, develop or be maintained, or as to the prices at which the Existing Notes may trade, after the Exchange Offer is consummated.

***We expressly reserve the right to purchase any Existing Notes that remain outstanding after the consummation of the Exchange Offer.***

Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, to redeem or purchase (for cash or other consideration) from time to time any Existing Notes that remain outstanding after the consummation of the Exchange Offer through open market or privately negotiated transactions, one or more tender offers, additional exchange offers or otherwise, on terms that may differ from the Exchange Offer, or to exercise any of our other rights, including redemption rights, under the Issuing and Paying Agency Agreement governing the Existing Notes. There can be no assurance that the consideration for any such repurchase shall be more favorable than the Exchange Consideration.

You should also note that the Company and its affiliates may conduct purchases of Existing Notes in the open market from time to time, subject to applicable laws.

***Failure to obtain tenders of at least the Minimum Acceptance Amounts could increase our default risk under the Existing Notes.***

If at least the Minimum Acceptance Amounts are not tendered, or if any of the other conditions as described in "Description of the Exchange Offer – Conditions to the Exchange Offer" are not satisfied or waived by us, we may not be able to repay and/or refinance the Existing Notes on favorable terms or at all and may therefore face liquidity pressure and be subject to increased default risk under the Existing Notes and our other outstanding indebtedness. In addition the Company is already in default on the Existing Notes as the Company did not make the scheduled principal payment of 16.7% of the original aggregate principal amount of the Existing 2024 Notes on September 14, 2023 and did not make the \$15 million principal payment for the Existing 2023 Notes at maturity on October 19, 2023.

***Even after consummation of the Exchange Offer, we may not be able to make payments due on the New Notes, any outstanding Existing Notes or our other outstanding indebtedness.***

We are experiencing difficulty in maintaining and raising sufficient cash to meet our obligations as they become due and to continue funding our ongoing business operations and investments. See "Summary of the Exchange Offer – Background" and "Summary of the Exchange Offer – Purpose of the Exchange Offer."

We continue to examine various options to improve our liquidity and cash position. However, even after consummation of the Exchange Offer, we may continue to face pressure with respect to our coupon and principal payments on our borrowings becoming due given the current significant and negative situation with our liquidity and cash position. There can be no assurance that we will be able to continue generating sufficient cash through operations and financing activities to meet our obligations as they come due (including any Existing Notes not exchanged even if the Exchange Offer is consummated), as well as to continue funding our significant operational cash flow needs and ongoing investments and other commitments. Failure by us to generate such cash may in turn trigger cross-defaults or cross-acceleration under borrowings and could have a material adverse effect on our business, results of operations and financial condition, on the trading price of the New Notes, and ultimately on our ability to repay our obligations under the New Notes or any outstanding Existing Notes upon consummation of the Exchange Offer on a timely basis, or at all.

In addition, the Company did not make the scheduled principal payment of 16.7% of the original aggregate principal amount of the Existing 2024 Notes on September 14, 2023 and did not make the \$15 million principal payment for the Existing 2023 Notes on October 19, 2023. The Settlement Date of the Exchange Offer takes place after the maturity date of the Existing 2023 Notes and after the payment date for 16.7% of the original aggregate principal amount of the Existing 2024 Notes and Eligible Holders who tender their Existing Notes for exchange will be deemed to have agreed that they will not take any action between their tender of the Existing Notes and the Settlement Date of the Exchange Offer and that the Company will not provide a notice of event of default.

***The Exchange Offer may be cancelled, delayed or amended.***

We are not obligated to complete the Exchange Offer under certain circumstances and unless and until certain conditions are satisfied or waived, the Exchange Offer may be terminated, as described more fully below in "Description of the Exchange Offer – Conditions to the Exchange Offer." Even if the Exchange Offer is completed, it may not be completed on the schedule described in this exchange offer memorandum. Accordingly, participating Eligible Holders may have to wait longer than expected to receive their Exchange Consideration (or to have their Existing Notes returned to them in the event that we terminate the Exchange Offer), during which time those Eligible Holders will not be able to effect transfers of their Existing Notes tendered in the Exchange Offer. In addition,

subject to applicable laws, we have the right to amend the terms of the Exchange Offer prior to the Expiration Deadline.

We may choose to terminate or amend certain parts of the Exchange Offer, but retain other aspects unchanged. In particular, subject to applicable law, we may terminate the Exchange Offer or amend the terms of the Exchange Offer with respect to the Existing Notes, including the relevant timing of the Exchange Offer such as the Expiration Date or Settlement Date or both. In such event, we will issue announcements of such decisions accordingly.

***The Exchange Consideration to be received in the Exchange Offer does not reflect any market valuation of the Existing Notes or the New Notes.***

We have made no determination that the consideration to be received in the Exchange Offer represents a fair valuation of the Existing Notes or the New Notes. The Exchange Consideration should not be construed as assurance or an indication of, and may not accurately reflect, the current or future market value of the Existing Notes or the New Notes. We have not obtained a fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by holders of the Existing Notes. Accordingly, none of us, our board of directors, the Dealer Manager, the Information and Exchange Agent, the Issuing and Paying Agent or any of their respective affiliates, directors and agents or any other person is making any recommendation as to whether you should tender any Existing Notes for exchange in the Exchange Offer.

***We have no obligation to exchange the Existing Notes pursuant to the Exchange Offer.***

We are not under any obligation to exchange, and shall have no liability to any person for any non-exchange of, any tender of Existing Notes for exchange pursuant to the Exchange Offer. Any tenders by holders of the Existing Notes for exchange of Existing Notes may be rejected in our sole and absolute discretion for any reason and we are not under any obligation to such holders to furnish any reason or justification for refusing to accept tenders of Existing Notes for exchange. For example, any tenders of Existing Notes for exchange may be rejected if the Exchange Offer is terminated, if the holder is not an Eligible Holder, if any of the conditions to the Exchange Offer are not satisfied, if the Exchange Offer does not comply with the relevant requirements of a particular jurisdiction, or for any other reason.

***Eligible Holders must validly offer for exchange a minimum principal amount of Existing Notes equal to the Minimum Exchange Amount in order to receive New Notes pursuant to the Exchange Offer.***

In order to receive New Notes pursuant to the Exchange Offer, an Eligible Holder must validly tender for exchange a minimum principal amount of Existing Notes equal to the Minimum Exchange Amount. An Eligible Holder that holds Existing Notes having a principal amount which is less than the Minimum Exchange Amount must, if it wishes to receive New Notes pursuant to the Exchange Offer, first acquire such additional Existing Notes as is necessary to enable that Eligible Holder to tender Existing Notes equal to at least the Minimum Exchange Amount. For a description of the Minimum Exchange Amount, holders should refer to "*Procedures for Participating in the Exchange Offer*" in this exchange offer memorandum.

***Eligible Holders of the Existing Notes with a residual holding of less than US\$1,000 in principal amount may not be able to trade or transfer such Existing Notes.***

If an Eligible Holder of Existing Notes does not, for any reason, submit all of its Existing Notes in the Exchange Offer, and following the Exchange Offer, such Eligible Holder continues to hold in its account with the relevant Clearing System a principal amount of Existing Notes which is less than US\$1,000, such Eligible Holder would

need to purchase a principal amount of Existing Notes such that its holding amounts to at least US\$1,000 in principal amount, otherwise its residual holding may not be tradeable in the Clearing Systems.

***Eligible Holders of the Existing Notes may not withdraw their Instructions except as required by applicable law.***

Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders who tender their Existing Notes may not withdraw their Instructions to exchange for the Exchange Consideration except in limited circumstances as required by applicable law as described in this exchange offer memorandum. Withdrawal rights will only be provided as, and if, required by applicable law.

***You are responsible for complying with the procedures of the Exchange Offer. The Existing Notes you tendered will not be accepted for exchange and you may not receive Exchange Consideration in the Exchange Offer if the procedures for the Exchange Offer are not followed.***

Eligible Holders are responsible for complying with all of the procedures for offerings to exchange the Existing Notes. We will issue New Notes in exchange for your Existing Notes only if you tender such Existing Notes and deliver a properly submitted Instruction through Euroclear or Clearstream, as applicable. You should allow sufficient time to ensure timely delivery of the Instruction and the necessary documents. None of the Company, the Issuing and Paying Agent, the Dealer Manager and the Information and Exchange Agent assumes any responsibility for informing the holders of the Existing Notes of irregularities in any Instruction to Euroclear or Clearstream, as applicable, or with respect to the acceptance of offers to exchange. Prior to the Settlement Date, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the terms and conditions of the Exchange Offer. Upon giving a blocking instruction relating to the securities account where Existing Notes are held in a relevant Clearing System, Eligible Holders should be aware that they may not transfer title to such Existing Notes to other persons and may suffer losses if the market price of the Existing Notes changes and the Exchange Offer, in respect of that holder or generally, is not completed for whatever reason.

Eligible Holders holding the Existing Notes in Euroclear or Clearstream should note the particular practices and policies of Euroclear or Clearstream, as applicable, regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Notes for exchange may be delivered to Euroclear or Clearstream (which may be earlier than the deadlines set forth in this exchange offer memorandum or in a separate notice by the Company (in the event such deadlines are later modified)), as applicable, so that they are received by the Information and Exchange Agent in respect of the Exchange Offer within the deadlines set forth in this exchange offer memorandum or any such separate notice. None of the Company, the Dealer Manager and the Information and Exchange Agent will be responsible for the communication of acceptances and corresponding instruction notices by:

- beneficial owners to the direct participant through which they hold the Existing Notes; or
- the direct participant to the Euroclear or Clearstream, as applicable.

If you are the beneficial owner of Existing Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the Exchange Offer, you should promptly contact the person in whose name your Existing Notes are registered and instruct that person to tender on your behalf and to properly follow the procedures.

***Your Existing Notes generally will be blocked from the date of instruction until the earlier of (i) consummation and (ii) termination of the Exchange Offer.***

Participating Eligible Holders should be mindful that they are authorizing the relevant Clearing System to block their position in the Existing Notes until the Settlement Date, or termination or withdrawal of the Exchange Offer, as applicable. Participating Eligible Holders will not be able to sell or otherwise transfer their interests in such tendered Existing Notes during such time.

***Eligible Holders are responsible for compliance with the exchange and transfer restrictions.***

Each Eligible Holder of the Existing Notes is referred to the restrictions herein relating to the Exchange Offer and any transfer of the New Notes. Non-compliance with these restrictions could result in, among other things, the rejection to exchange, unwinding of trades and/or heavy penalties.

***We did not perform any tax analysis regarding the tax consequences of the Exchange Offer to investors.***

This exchange offer memorandum does not discuss the tax consequences to Eligible Holders and beneficial owners of the Exchange Offer. Eligible Holders and beneficial owners are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Exchange Offer (including the exchange of Existing Notes for New Notes (including Capitalized Interest)) to them under the laws of any relevant jurisdiction. Such Eligible Holders and beneficial owners are liable for their own taxes and have no recourse to us, the Dealer Manager, the Information and Exchange Agent and the Issuing and Paying Agent or any of their respective affiliates, directors or advisors or agents with respect to taxes arising in connection with the Exchange Offer. For certain tax consequences of the ownership and disposition of the New Notes, see the section entitled "*Taxation*" in the Information Memorandum.

***There will be differences between the Existing Notes and the New Notes***

Certain terms of the New Notes will be different from the terms of the Existing Notes, including, but not limited to, the following:

- the Existing 2023 Notes matured on October 19, 2023 and bore interest at the rate of 12.50% per annum, while the New Notes will mature on December 20, 2028 and bear interest at the rate of 10.0% per annum;
- the Existing 2024 Notes will mature on March 14, 2024 and bear interest at the rate of 13.0% per annum, while the New Notes will mature on December 20, 2028, after the maturity date of the Existing 2024 Notes, and bear interest at the rate of 10.0% per annum;
- Principal on the Existing 2023 Notes was due on October 19, 2023 (and has not been paid) and principal on the Existing 2024 Notes is payable in three scheduled principal payment dates occurring on September 14, 2023 (which has not been paid), December 14, 2023 and March 14, 2024, while principal on the New Notes will be payable in four scheduled principal payment dates with 25% of the original aggregate principal amount of the New Notes due on each of December 20, 2025, December 20, 2026, December 20, 2027 and December 20, 2028;
- The Existing Notes have denominations of US\$10,000 of principal amount and integral multiples of US\$1.0 in excess of, while the New Notes will be issued in denominations of US\$1,000 of principal amount and integral multiples of US\$1.0 in excess of; and
- prior to giving effect to the Exchange Offer, the aggregate principal amount of the Existing 2023 Notes is US\$15,000,000 and the aggregate principal amount of the Existing 2024 Notes is US\$16,612,232, while

the aggregate principal amount outstanding of the New Notes will depend on the aggregate principal amount of the Existing Notes exchanged for New Notes in the Exchange Offer.

The terms of the New Notes will be substantially in the form set out in "*Summary of the Exchange Offer*" and elsewhere in this exchange offer memorandum and in the section entitled "Program" in the Information Memorandum. Without prejudice to the foregoing, holders should review the information in Appendix A - Risk Factors, contained in this exchange offer memorandum and the information set forth in the Information Memorandum before making a decision whether to offer Existing Notes for exchange pursuant to the Exchange Offer.

***Tender of the Existing Notes by Sanctions Restricted Persons will not be accepted.***

An Eligible Holder of the Existing Notes who is a Sanctions Restricted Person (as defined herein) may not participate in the Exchange Offer. No steps taken by a Sanctions Restricted Person to tender any or all of its Existing Notes for exchange pursuant to the Exchange Offer will be accepted by us and such Sanctions Restricted Person will not be eligible to receive the Exchange Consideration in any circumstances.

## **USE OF PROCEEDS**

We will not receive any cash proceeds from the Exchange Offer. Notes tendered in the Exchange Offer pursuant to valid and accepted Instructions will be exchanged on the Settlement Date and subsequently canceled.

## QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

**Q: Why is the Company making the Exchange Offer?**

A: We are conducting the Exchange Offer to refinance the Existing Notes, and improve our liquidity position. See "*Summary of the Exchange Offer – Background*" and "*Summary of the Exchange Offer – Purpose of the Exchange Offer*."

**Q: What will I receive if I tender my Existing Notes in the Exchange Offer?**

A: For each US\$1,000 principal amount of outstanding Existing Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder will receive the Exchange Consideration set forth in the table on the front cover page of this exchange offer memorandum, consisting of (1) US\$1,000 with respect to the Existing 2023 Notes, and the 2023 Notes Capitalized Interest and (2) US\$1,000 with respect to the Existing 2024 Notes, and the 2024 Notes Capitalized Interest.

Any fractional amounts of the New Notes will be forfeited. See "*Summary of the Exchange Offer*" and "*Description of the Exchange Offer – Exchange Consideration*" for further details.

**Q: What are the consequences of not tendering in the Exchange Offer?**

A: Following the consummation of the Exchange Offer, the trading market for Existing Notes that are not exchanged could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes. See the section entitled "*Risk Factors – Risks Relating to the Exchange Offer Generally – Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Notes may be substantially reduced, and market prices for outstanding Existing Notes may decline as a result*" for additional risk disclosure. Even if the Exchange Offer is consummated, the Company may not be able to repay the remaining non-exchanging Existing Notes upon their maturity. See "*Risk Factors – Risks Relating to the Exchange Offer Generally – Even after consummation of the Exchange Offer, we may not be able to make payments due on the New Notes, any outstanding Existing Notes or our other outstanding indebtedness.*"

**Q: How do the Existing Notes differ from the New Notes to be issued in the Exchange Offer?**

A: The Existing 2023 Notes matured on October 19, 2023 and bore interest at the rate of 12.50% per annum, while the New Notes will mature on December 20, 2028 and bear interest at the rate of 10.0% per annum.

The Existing 2024 Notes will mature on March 14, 2024 and bear interest at the rate of 13.0% per annum, while the New Notes will mature on December 20, 2028, after the maturity date of the Existing 2024 Notes, and bear interest at the rate of 10.0% per annum.

Principal on the Existing 2023 Notes was due on October 19, 2023 (and has not been paid) and principal on the Existing 2024 Notes is payable in three scheduled principal payment dates occurring on September 14, 2023 (which has not been paid), December 14, 2023 and March 14, 2024, while principal on the New Notes will be payable in four scheduled principal payment dates with 25% of the

original aggregate principal amount of the New Notes due on each of December 20, 2025, December 20, 2026, December 20, 2027 and December 20, 2028.

**Q: Are there any conditions to the consummation of the Exchange Offer?**

A: Our obligation to complete the Exchange Offer is conditioned upon, among other things, the following: (i) not less than the Minimum Acceptance Amount with respect to each series of the Existing Notes shall have been validly tendered prior to the Expiration Deadline; (ii) there being no material adverse change in the market from the date of this exchange offer memorandum to the Settlement Date; (iii) an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and (iv) the satisfaction of the other conditions described in "*Description of the Exchange Offer – Conditions to the Exchange Offer*."

Subject to applicable law, we may terminate or withdraw the Exchange Offer if any of the conditions is not satisfied or waived by the Settlement Date. We may also extend the Exchange Offer from time to time until all conditions are satisfied or waived.

Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law.

**Q: When will the Exchange Offer expire?**

A: The Exchange Offer will expire at 4:00 p.m., London time on December 18, 2023, subject to our right to extend or earlier terminate that time and date at our absolute discretion.

**Q: Under what circumstances can the Exchange Offer be extended, amended or terminated?**

A: We reserve the right to extend the Exchange Offer at our absolute discretion for any reason. We expressly reserve the right, at any time, to amend the terms of the Exchange Offer in any respect, prior to the Expiration Deadline, subject to applicable law. Further, we may extend the Exchange Offer if we make a material change in the terms of the Exchange Offer or in the information contained in this exchange offer memorandum or waive a material condition to the Exchange Offer. During any extension of the Exchange Offer, Existing Notes that were previously tendered for exchange will remain subject to the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration, will apply to all Existing Notes previously validly tendered. We reserve the right to terminate the Exchange Offer at any time prior to the Settlement Date if any conditions are not met. For more information regarding our right to extend, amend or terminate the Exchange Offer, see "*Description of the Exchange Offer – Expiration Deadline; Extensions; Amendments; Termination*."

**Q: When will the Company issue the New Notes?**

A: Assuming the conditions to the Exchange Offer are satisfied or waived, we anticipate that we will issue the New Notes and settle the Exchange Offer, including the delivery of the Exchange Consideration, including the Capitalized Interest, on or about December 20, 2023, unless the Exchange Offer is extended or earlier terminated.

**Q: What are my rights if I change my mind after I tender my Existing Notes?**

A: Tenders of Existing Notes may not be withdrawn or revoked once submitted unless we are required by law to permit such withdrawal or revocation.

**Q: Will the Company receive any cash proceeds from the Exchange Offer?**

A: No. See "*Use of Proceeds*."

**Q: When will the Company purchase or redeem the Existing Notes?**

A: Existing Notes tendered in the Exchange Offer pursuant to valid and accepted Instructions will be exchanged on the Settlement Date and subsequently canceled.

**Q: Can I transfer my Existing Notes after submitting an instruction to exchange?**

A: Upon giving Instructions with respect to any Existing Notes, an Eligible Holder will agree that its Existing Notes will be blocked from transferring in the relevant account in the relevant Clearing System from the date the relevant Instruction is submitted until the Settlement Date or the date of termination of the Exchange Offer (including where such Existing Notes are not accepted by the Company for exchange), whichever is earlier.

**Q: What happens if some or all of my Existing Notes are not accepted?**

A: If we decide not to accept some or all of your Existing Notes because of an invalid tender, the occurrence of the other events set forth in this exchange offer memorandum or otherwise, the Existing Notes not accepted by us for the Exchange Offer will be credited back to the tendering holder's account at Euroclear or Clearstream, as applicable.

**Q: Will I have to pay any fees or commissions if I tender my Existing Notes in the Exchange Offer?**

A: If your Existing Notes are held through a broker or other nominee who tenders the Existing Notes on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges apply. Otherwise, you will not be required to pay any fees or commissions to us, the Dealer Manager or the Information and Exchange Agent in connection with the Exchange Offer.

**Q: How do I tender my Existing Notes for exchange in the Exchange Offer?**

A: Please see "*Description of the Exchange Offer – Procedures for Tendering Existing Notes*." For further information, please contact D.F. King Ltd., who has been retained by us as the Information and Exchange Agent for the Exchange Offer, or consult your broker, dealer, commercial bank, trust company or other nominee or custodian for assistance.

PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO HOLDERS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. TO PARTICIPATE IN THE EXCHANGE OFFER, A HOLDER OF EXISTING NOTES MUST EITHER HOLD SUCH EXISTING NOTES THROUGH A DIRECT PARTICIPANT IN EUROCLEAR OR CLEARSTREAM OR ARRANGE FOR THE TRANSFER OF ITS EXISTING NOTES SO THAT THEY ARE HELD THROUGH SUCH A DIRECT PARTICIPANT. U.S.

PERSONS (WITHIN THE MEANING OF REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

**Q: Will the New Notes be freely tradable?**

A: Transfer of the New Notes will be restricted. The New Notes will not be registered under, and we are not obligated to register the New Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See the section entitled "*Selling Restrictions*" in the Information Memorandum. We have not agreed to or otherwise undertaken to register the New Notes, and have no intention to do so. There can be no assurance as to the development or liquidity of any market for the New Notes.

**Q: What is the Company's plan if the Exchange Offer fails?**

A: If the Exchange Offer is not successfully completed (even after amending the terms of, or waiving any conditions to, the Exchange Offer), the Company may not be able to repay the Existing Notes upon maturity and may contemplate using alternative sources of funding that may compromise the origination capabilities of the Company in the following months or conducting an alternative debt restructuring exercise. See "*Summary of the Exchange Offer*" and "*Risk Factors – Failure to obtain tenders of at least the Minimum Acceptance Amounts could increase our default risk under the Existing Notes.*" for more details.

**Q: To whom should I direct any questions?**

A: Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent, as appropriate. If you have questions regarding exchange procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this exchange offer memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees or custodians for assistance concerning the Exchange Offer. All documents related to the Offer will be made available, subject to eligibility, on the Exchange Website.

## DESCRIPTION OF THE EXCHANGE OFFER

### BACKGROUND

We are working on generating sufficient cash flow to meet our financial commitments, including, among others, through extension of our existing debt obligations, opportunistic financing and expenditure conservation. As part of these efforts, we are conducting the Exchange Offer to improve our financial condition, extend our debt maturity profile, strengthen our balance sheet, improve cash flow management, enhance our ability to satisfy our debt obligations and maintain our loan origination. We are offering Eligible Holders of the Existing Notes an opportunity to exchange their Existing Notes for New Notes with an extended maturity designed to allow us to improve our financial condition and stability.

### GENERAL

We intend to conduct the Exchange Offer in accordance with the applicable rules and regulations of any jurisdiction where the offer of the New Notes and the exchange of the Existing Notes are permitted. The Exchange Offer will only be made to, and the New Notes are being offered and will be issued only to, Eligible Holders of Existing Notes who have complied with the procedures set out herein, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees or custodians have complied with the procedures herein and confirmed and represented that such holders are non-U.S. persons located outside the United States, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States, as those terms are defined in Regulation S under the Securities Act.

### PURPOSE OF THE EXCHANGE OFFER

The purpose of the Exchange Offer is to refinance the Existing Notes, improve our liquidity position and extend the maturity of the Existing Notes. See "*Summary of the Exchange Offer – Background of the Exchange Offer*" and "*Summary of the Exchange Offer – Purpose of the Exchange Offer*."

### TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange:

- (i) at least the 2023 Notes Minimum Acceptance Amount of our outstanding Existing 2023 Notes due October 19, 2023 (ISIN: XS2549503352; Common Code: 254950335) held by Eligible Holders for the Exchange Consideration as set forth below and
- (ii) at least the 2024 Notes Minimum Acceptance Amount of our outstanding Existing 2024 Notes due March 14, 2024 (ISIN: XS2598649684; Common Code: 259864968) held by Eligible Holders for the Exchange Consideration as set forth below.

As of the date of this exchange offer memorandum, US\$15,000,000 in aggregate principal amount of our Existing 2023 Notes is outstanding and US\$16,612,232 in aggregate principal amount of our Existing 2024 Notes is outstanding.

Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the relevant components of the applicable Exchange Consideration) and will release and discharge us from

any and all claims such holder may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

Existing Notes accepted pursuant to the Exchange Offer will be exchanged on the Settlement Date and will subsequently be cancelled.

## **EXCHANGE CONSIDERATION**

For each US\$1,000 principal amount of the outstanding Existing 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of the Existing 2023 Notes will receive the 2023 Notes Exchange Consideration set forth in the table on the front cover of this exchange offer memorandum, consisting of US\$1,000 and the 2023 Notes Capitalized Interest. The 2023 Notes Capitalized Interest shall consist of further New Notes to capitalize the accrued and unpaid interest in respect of the Existing 2023 Notes validly tendered and accepted from (and including) the interest payment date of the Existing 2023 Notes immediately preceding the Settlement Date to (but excluding) the Settlement Date, to the effect that each US\$1 of accrued and unpaid interest of such Existing 2023 Notes validly tendered and accepted (rounded down to the nearest US\$1) will be exchanged for US\$1 in principal amount of New Notes in lieu of cash.

For each US\$1,000 principal amount of the outstanding Existing 2024 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of the Existing 2024 Notes will receive the 2024 Notes Exchange Consideration set forth in the table on the front cover of this exchange offer memorandum, consisting of US\$1,000 and the 2024 Notes Capitalized Interest. The 2024 Notes Capitalized Interest shall consist of further New Notes to capitalize the accrued and unpaid interest in respect of the Existing 2024 Notes validly tendered and accepted from (and including) the interest payment date of the Existing 2024 Notes immediately preceding the Settlement Date to (but excluding) the Settlement Date, to the effect that each US\$1 of accrued and unpaid interest of such Existing 2024 Notes validly tendered and accepted (rounded down to the nearest US\$1) will be exchanged for US\$1 in principal amount of New Notes in lieu of cash.

Any fractional amounts of the New Notes will be forfeited.

**Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under "*Description of the Exchange Offer – Conditions to the Exchange Offer*" have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, including the Minimum Acceptance Amounts, (iii) extend the Expiration Deadline, (iv) amend the terms of the Exchange Offer, including the Minimum Acceptance Amounts, or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. Unless waived by us, if we receive a valid tender of the Existing Notes for less than the respective Minimum Acceptance Amount, we will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.**

If all or any of the Existing Notes tendered for exchange by any holder are not accepted, you will receive (i) the Exchange Consideration in relation to the amount of the Existing Notes validly tendered and accepted in the Exchange Offer; and (ii) in relation to those Existing Notes validly tendered but not accepted in the Exchange Offer, such Existing Notes will be returned to such holder.

## **TENOR AND COUPON ON THE NEW NOTES**

The tenor of the New Notes will be five years. The New Notes will bear interest at 10.0% per annum, payable quarterly in arrears on each interest payment date. Principal on the New Notes will be repaid in four scheduled principal payment dates. See "*Summary of the New Notes*."

## **ELIGIBILITY FOR ACCEPTANCE OF THE EXCHANGE OFFER**

By submitting an electronic Instruction with respect to any Existing Notes to Euroclear or Clearstream, as applicable, you shall be deemed to certify that you are an Eligible Holder.

## **EXPIRATION DEADLINE; EXTENSIONS; AMENDMENTS; TERMINATION**

For purposes of the Exchange Offer, the Expiration Deadline will be 4:00 p.m., London time, on December 18, 2023, subject to our right to extend or earlier terminate such time and date at our absolute discretion, in which case the Expiration Deadline means the latest time and date to which such time and date is extended or earlier terminated.

We reserve the right, at our absolute discretion, by giving written notice to the Dealer Manager and the Information and Exchange Agent to:

- extend the Exchange Offer;
- terminate the Exchange Offer if any condition to our obligation to consummate the Exchange Offer is not satisfied or waived prior to the Settlement Date, or if we determine that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are not in our best interests; and
- amend or modify the Exchange Offer, or waive any condition to the Exchange Offer, including the Minimum Acceptance Amounts.

If we make a material change in the terms of the Exchange Offer or the information concerning the Exchange Offer, or waive a material condition to the Exchange Offer, we will promptly disseminate disclosure regarding the changes to the Exchange Offer and we may extend the Exchange Offer as we consider appropriate or if required by law.

During any extension of the Exchange Offer, Existing Notes that were previously tendered for exchange will remain valid and subject to the terms of the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration will apply to all Existing Notes previously validly tendered for such waiver, amendment or modification.

We will promptly announce any extension, amendment or termination of the Exchange Offer by issuing an announcement via the Exchange Website, and through Euroclear and Clearstream. We will announce any extension of the Expiration Deadline no later than 9:00 a.m., New York time, on the next business day after the previously scheduled Expiration Deadline.

## **ACCEPTANCE OF THE EXISTING NOTES**

Subject to the terms and conditions of the Exchange Offer, and assuming we do not otherwise terminate the Exchange Offer, we will be deemed to accept validly tendered Existing Notes when, and if, we give oral or written notice of acceptance to the Dealer Manager and the Information and Exchange Agent. If any tendered Existing Notes are not accepted for any reason described in the terms and conditions of the Exchange Offer, such unaccepted Existing Notes will be returned to the tendering holder at our expense promptly after the expiration or termination of the Exchange Offer. Any unaccepted Existing Notes will be credited back to the tendering holder's account at

the relevant Clearing System. Under no circumstances will we be required to accept Existing Notes for exchange that have not been validly tendered prior to the Expiration Deadline in accordance with the procedures set forth in this exchange offer memorandum. We reserve the absolute right to reject any and all tenders of the Existing Notes not in proper form or any Existing Notes the acceptance for exchange of which may, in the opinion of counsel, be unlawful. See "*Procedures for Tendering Existing Notes*."

## **SETTLEMENT DATE; DELIVERY OF CONSIDERATION**

The Settlement Date will occur promptly after the Expiration Deadline. We anticipate that the Settlement Date will occur on or about December 20, 2023, unless the Exchange Offer is extended or earlier terminated.

Subject to the terms and conditions of the Exchange Offer, and assuming that the Exchange Offer is not otherwise terminated by us, on the Settlement Date, the corresponding New Notes (including Capitalized Interest) will be delivered to Eligible Holders who validly tendered Existing Notes in accordance with the procedures set forth in this exchange offer memorandum prior to the Exchange Expiration Deadline that are accepted by us.

At settlement of the Exchange Offer, the New Notes (including Capitalized Interest) will be delivered to the Clearing System accounts in which the relevant Existing Notes are held. The delivery of such New Notes (including Capitalized Interest) to the Clearing Systems will discharge the obligation of the Company to all such holders in respect of the delivery of the New Notes (including Capitalized Interest).

Provided the New Notes (including Capitalized Interest) are delivered by the Company or made on its behalf, in each case, for all Existing Notes accepted for exchange pursuant to the Exchange Offer to the relevant Clearing Systems, on or before the Settlement Date, under no circumstances will any additional distribution or interest be payable to a holder because of any delay in the delivery of the New Notes by the relevant Clearing System or any other intermediary with respect to such Existing Notes of that holder.

In addition, the Settlement Date of the Exchange Offer takes place after the maturity date of the Existing 2023 Notes and after the payment date for 16.7% of the original aggregate principal amount of the Existing 2024 Notes and Eligible Holders who tender their Existing Notes for exchange will be deemed to have agreed that they will not take any action between their tender of the Existing Notes and the Settlement Date of the Exchange Offer and that the Company will not provide a notice of event of default.

## **CONDITIONS TO THE EXCHANGE OFFER**

Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under this section have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, including the Minimum Acceptance Amounts, (iii) extend the Expiration Deadline, (iv) amend the terms of the Exchange Offer, including the Minimum Acceptance Amounts, or (v) modify the form or amount of the consideration to be paid pursuant to the Exchange Offer.

### **Combined General Conditions**

Notwithstanding any other provisions of the Exchange Offer, or any extension of the Exchange Offer, we will not be required to deliver any consideration (and we may terminate the Exchange Offer or, at our option, modify, extend or otherwise amend the Exchange Offer), unless each of the following conditions, which we refer to as the combined general conditions, are satisfied or waived:

- (1) not less than the Minimum Acceptance Amount with respect to each series of the Existing Notes shall have been validly tendered and not validly withdrawn pursuant to the Exchange Offer prior to the Expiration Deadline;
- (2) we have made an affirmative determination that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests;
- (3) no action or event shall have occurred or to our knowledge, been threatened (including a default under an agreement, indenture or other instrument or obligation to which we are a party or by which we are bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either:
  - (i) challenges the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer; or
  - (ii) in our reasonable judgment, could materially affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects of the Company, or materially impair the contemplated benefits to us of the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might be material to holders of the Existing Notes in deciding whether to accept the Exchange Offer;
- (4) there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us that, in our sole judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;
- (5) none of the following has occurred:
  - (i) any general suspension of or limitation on trading in securities in the United States, London or Colombia securities or financial markets, or in the over-the-counter market (whether or not mandatory);
  - (ii) any material decrease in the trading price of the Existing Notes in the United States, London or Colombia or other major securities or financial markets;
  - (iii) a material impairment in the general trading market for debt securities;
  - (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States, London or Colombia or other major financial markets (whether or not mandatory);
  - (v) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to the United States, London or Colombia;

- (vi) any limitation (whether or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in our reasonable judgment, of affecting, the extension of credit by banks or other lending institutions in the United States, London or Colombia;
  - (vii) any material disruption has occurred in securities settlement or clearance services in the United States, London or Colombia;
  - (viii) any amalgamation, merger, acquisition or other business combination proposal involving us shall have been proposed, announced or made by any person or entity;
  - (ix) any material adverse change in the United States, London or Colombia securities or financial markets generally;
  - (x) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; and
- (6) the Issuing and Paying Agent shall not have objected in any respect to, nor have taken any action that could in our reasonable judgment adversely affect the consummation of, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer nor shall the Issuing and Paying Agent have taken any action that challenges the validity or effectiveness of the procedures used by us in making the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer.

#### **Waiver, Termination and Modification**

The foregoing conditions are for our sole benefit and may be waived by us, in whole or in part, at our absolute discretion. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding. Our failure at any time to exercise any of our rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If any of the combined general conditions is not satisfied, we may, at any time prior to the Settlement Date, subject to applicable law:

- terminate the Exchange Offer and return all tendered Existing Notes;
- modify, extend or otherwise amend the Exchange Offer and retain all tendered Existing Notes until the Expiration Deadline may be extended; or
- waive any unsatisfied conditions with respect to the Exchange Offer, and accept all Existing Notes tendered and delivered.

Unless waived by us, if we receive valid tender of the Existing Notes for less than the respective Minimum Acceptance Amount, we will not proceed with the Exchange Offer of such series of Existing Notes and the Exchange Offer with respect to such series of Existing Notes shall lapse automatically.

#### **Representations, Warranties and Covenants of Eligible Holders of the Existing Notes**

Upon instruction to tender the Existing Notes, which will be irrevocable, except as required by applicable law, and subject to the terms and conditions of the Exchange Offer generally, each Eligible Holder will be deemed, among other things, to:

- (1) irrevocably sell, assign and transfer to or upon our order or the order of our nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder of, all Existing Notes tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or in equity against the Company, the Issuing and Paying Agent or any fiduciary, trustee, fiscal agent, security agent or other person connected with the Existing Notes arising under, from or in connection with such Existing Notes;
- (2) waive any and all rights with respect to the Existing Notes tendered thereby (including, without limitation, any existing or past defaults and their consequences in respect of such Existing Notes); and
- (3) release and discharge us, the Issuing and Paying Agent and any fiduciary, trustee, fiscal agent, security agent and other person connected with the Existing Notes from any and all claims such holder may have (now or in the future), arising out of or relating to the Existing Notes tendered thereby, including, without limitation, any claims that such holder is entitled to receive additional principal or interest payments with respect to the Existing Notes tendered thereby (other than as expressly provided in this exchange offer memorandum) or to participate in any redemption or defeasance of the Existing Notes tendered thereby.

In addition, such Eligible Holder of the Existing Notes will be deemed to represent, warrant, agree and undertake that (collectively the "**Investor Representations**"):

- (1) it acknowledges that neither the Issuing and Paying Agent nor any of its affiliates or any other person has made any representations, express or implied, to it with respect to the Company, the Exchange Offer, the New Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Exchange Offer or the New Notes and that in evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Notes, such holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuing and Paying Agent and further agrees to hold the Issuing and Paying Agent harmless in connection with any claims related to the tender of its Existing Notes in the Exchange Offer and with respect to any withholding taxes related to payments on its New Notes;
- (2) it has received and reviewed this exchange offer memorandum including the terms of the New Notes set out herein;
- (3) It acknowledges that none of the Company, any of its affiliates or any other person has made any representations, express or implied, to us with respect to the Company, the Exchange Offer, the New Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Exchange Offer or the New Notes. It agrees that it will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the Exchange Offer (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which we act);
- (4) it understands that the Exchange Offer involves a high degree of risk and that the New Notes are complex products;

- (5) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more such beneficial owners of, the Existing Notes tendered thereby;
- (6) it (i) has not received or been sent copies of this exchange offer memorandum or any related documents in, into or from the United States, (ii) is not a "U.S. person" and is not located in the United States, (iii) is not an agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal who has given instructions with respect of the Exchange Offer from within the United States or from a U.S. person, (iv) has not otherwise utilized in connection with the Exchange Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (v) is offering to exchange the Existing Notes from outside the United States;
- (7) it acknowledges that the Exchange Offer is subject to the restrictions set out in the section entitled "*Offer and Distribution Restrictions*";
- (8) it acknowledges that the New Notes to be exchanged for the Existing Notes tendered for exchange hereby have not been registered under the Securities Act or with any state or other jurisdiction of the United States and may only be sold or otherwise transferred subject to the restrictions set out in the section entitled "*Selling Restrictions*" in the Information Memorandum;
- (9) it is not resident and/or located in any Member State of EEA or United Kingdom or, if it is resident and/or located in any Member State of the EEA or United Kingdom, it is not a retail investor (as defined in this exchange offer memorandum) in the EEA or United Kingdom;
- (10) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in the Article 19(5) of the Financial Promotion Order) or within Article 49 of the Financial Promotion Order (the "high net worth companies, unincorporated associations etc."), or to whom this exchange offer memorandum and any other documents or materials relation to the Exchange Offer may otherwise lawfully be communicated in accordance with the Financial Promotion Order;
- (11) it is not located or resident in Italy or, if it is located in Italy, it is an authorized person or is tendering Existing Notes through an authorized person (such as an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority;
- (12) it is not located or resident in France or, if it is located or resident in France, it is a (i) provider of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investor (investisseur qualifié), other than an individual, acting for its own account (all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code monétaire et financier);
- (13) it is not (i) a person that is, or is owned or controlled by a person that is, identified as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" or included in the U.S. Treasury Department's Sectoral Sanctions Identifications List (which can be found at: <https://sanctionssearch.ofac.treas.gov/>), or in the European

Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia's actions destabilizing the situation in Ukraine; (ii) a person that is organized, resident or located in a country or territory subject to comprehensive/countrywide economic sanctions; (iii) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, Her Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign & Security Policy; or (iv) acting for or on behalf of any of the foregoing parties (a "**Sanctions Restricted Person**");

- (14) the Existing Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;
- (15) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered thereby and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (16) in evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Notes, such holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Company other than those contained in this exchange offer memorandum (as amended or supplemented to the Expiration Deadline), the Dealer Manager, the Information and Exchange Agent or the Issuing and Paying Agent;
- (17) it acknowledges and agrees that the Exchange Offer is an arm's length commercial arrangement between the Company and each Eligible Holder;
- (18) it (a) has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent it has deemed necessary, (b) has had a reasonable opportunity to ask questions of and received answers from officers and representatives of the Company concerning the financial condition and results of operations of the Group, and any such question has been answered to its satisfaction, (c) has requested from the Company and reviewed all information that it believes is necessary or appropriate in connection with the Exchange Offer, and (d) has been and will continue to be solely responsible for making its own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Group;
- (19) It understands and agrees that it may not rely on any investigation that any person acting on its behalf has conducted with respect to the Exchange Offer, the New Notes and the Company or any of their respective affiliates, and no other party has made any representation to it, express or implied, with respect to the Exchange Offer, the New Notes or the Company. Neither the Dealer Manager nor any of its associates or affiliates have made, and it has not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Manager shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to it in connection with the Exchange Offer; (b) any non-performance by any party to any such

documents; (c) the Exchange Offer or the New Notes; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Manager does not owe and shall not owe any duty whatsoever in connection with any of the foregoing. Any information or explanations related to the terms and conditions of or the Exchange Offer and the New Notes does not constitute investment advice or a recommendation in respect of the Exchange Offer and is not considered or deemed to be an assurance or guarantee as to the expected performance of the New Notes, the Company, and each other member of the Group;

- (20) it acknowledges that the information provided with regard to the Company and the New Notes has been prepared and supplied by the Company (whether or not it was conveyed by the Company and/or the Dealer Manager to it on the Company's behalf), and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness;
- (21) it is a sophisticated institutional investor and has such knowledge and experience in financial, business and international investment matters, and in particular in purchasing debt securities issued by Colombian non-bank financial institutions, and it is capable of evaluating the merits and risks of the Exchange Offer, and it is aware that it may be required to bear, and is able to bear, the economic risk of an investment in the New Notes, including the possibility that it may lose all or a substantial portion of its investment;
- (22) it acknowledges that certain of the information and materials provided by the Company may be provided in the Spanish language, and it represents that it is capable of understanding and evaluating all such information;
- (23) it represents and acknowledges that (a) neither the Dealer Manager nor its affiliates has been requested to or has provided it with any information or advice with respect to the Exchange Offer or the New Notes nor is such information or advice necessary or desired; (b) neither the Dealer Manager nor its affiliates has made or makes any representation as to the Company, the Exchange Offer or the credit quality of the New Notes; (c) the Dealer Manager and its affiliates may have acquired, or during the term of the Exchange Offer and/or the New Notes may acquire, non-public information with respect to the Company, which we agree need not be provided to us; and (d) in connection with the Exchange Offer and the issuance of the New Notes, neither the Dealer Manager nor its affiliates has acted as its financial advisor or fiduciary;
- (24) it is acquiring the New Notes for its own account (or for the account of a person that is not a U.S. person as defined in Regulation S promulgated under the Securities Act as to which it exercises sole investment discretion and has authority to make these statements) for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws;
- (25) if it is acting as a fiduciary or agent for one or more investor accounts, (a) it has investment discretion with respect to each such account and (b) it has full power and authority to make the representations, warranties, agreements and acknowledgements in this letter on behalf of each such account;
- (26) it acknowledges and agrees that it did not become aware of the Exchange Offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a "public offering" under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S) and it did not become aware of the Exchange Offer and was not otherwise solicited to enter into the Exchange Offer through solicitation of any party other than the Company and its respective affiliates;

- (27) the Exchange Offer is lawful under the securities laws of the jurisdiction in which it accepts the exchange for the New Notes;
- (28) it is not a nominee company (unless the name of the ultimate beneficiary has been disclosed);
- (29) the delivery of an electronic instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer, in each case on and subject to the terms and conditions set out or referred to in this exchange offer memorandum;
- (30) the delivery of an electronic instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer generally) the appointment of the Information and Exchange Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Existing Notes tendered thereby in favor of the Company or such other person or persons as the Company may direct and to deliver such form(s) of transfer and other document(s) in the attorney's and agent's discretion and/or the certificate(s) and other documents of title relating to such Existing Notes' registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Company or its nominees such Existing Notes;
- (31) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the electronic instruction, which shall be read and construed accordingly;
- (32) by delivering an electronic instruction with respect to its Existing Notes through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning the direct participant's identity, the aggregate principal amount of such Existing Notes and their account details to the Information and Exchange Agent;
- (33) it understands that the New Notes have not been and will not be registered under the Securities Act or any state securities laws in the United States. It further understands that the Company is not registered, nor will it register, under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") and investors will not be entitled to the benefits of the U.S. Investment Company Act. It understands that subject to certain exceptions, the New Notes may not be offered or sold within the United States or to any national, resident or citizen of the United States
- (34) it has not distributed or forwarded this exchange offer memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer; and
- (35) it understands that the foregoing representations, warranties, agreements undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that the Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements. These Investor Representations shall inure to the benefit of and be binding upon each Eligible Holder of the Existing Notes and their respective successors and permitted assigns, and these Investor Representations shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It confirms that, to the extent

it is acting for the account of one or more persons, these Investor Representations constitute legal, valid and binding obligations and any other persons for whose account it is acting.

Each holder of the Existing Notes that submits an electronic instruction will also be deemed to represent, warrant and agree with respect to the transfer restrictions as set forth under the sections entitled "*Offer and Distribution Restrictions*" and "*Investor Representations*" in this exchange offer memorandum and section entitled "*Selling Restrictions*" in the Information Memorandum.

The representations and warranties and agreements of a holder tendering Existing Notes shall be deemed to be repeated and reconfirmed on and as of the Expiration Deadline and the Settlement Date. For the purposes of this exchange offer memorandum, the "beneficial owner" of any Existing Notes shall mean any holder that exercises sole investment discretion with respect to such Existing Notes.

## **PROCEDURES FOR TENDERING EXISTING NOTES**

### **General**

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes for exchange pursuant to the Exchange Offer prior to the Expiration Deadline pursuant to the procedures described below.

To meet the deadlines referred to in this exchange offer memorandum or in a separate notice by the Company (in the event such deadlines are later modified), custodians, nominees and the relevant Clearing System may require you to act on a date prior to the Expiration Deadline. Additionally, they may require further information in order to process all requests to tender. Eligible Holders are urged to contact their custodians or the relevant Clearing System as soon as possible to ensure compliance with their procedures and deadlines.

The method of delivery of electronic instructions to the Information and Exchange Agent via the Clearing Systems is at the election and risk of the holder. Eligible Holders of the Existing Notes should allow sufficient time to assure delivery to and receipt by the Information and Exchange Agent prior to the Expiration Deadline.

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager and questions regarding the procedures for tendering Existing Notes should be directed to the Information and Exchange Agent, as applicable. If you have questions regarding tender procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this exchange offer memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee or custodian for assistance concerning the Exchange Offer.

### **Valid Tender of the Existing Notes**

If you are an Eligible Holder of Existing Notes and you wish to tender your Existing Notes for exchange pursuant to the Exchange Offer, you may accept the Exchange Offer prior to the Expiration Deadline by submitting a valid electronic instruction to the relevant Clearing System in accordance with the requirements of the relevant Clearing System. By submitting an electronic instruction in accordance with the requirements of the relevant Clearing System, you shall be deemed to represent, warrant and undertake the following to the Company, the Dealer Manager, the Information and Exchange Agent and the Issuing and Paying Agent on each of the Expiration Deadline and the Settlement Date:

- that you wish to receive the New Notes under the terms of the Exchange Offer;

- that you are a person located outside the United States and not a U.S. person (within the meaning of Regulation S under the Securities Act) and not a Sanctions Restricted Person;
- the accuracy of your name and securities and cash account numbers at the relevant Clearing System in which you hold the Existing Notes and to which the New Notes are to be credited;
- you have authorized the relevant Clearing System to block your position in the Existing Notes until the Settlement Date or termination or withdrawal of the Exchange Offer; and
- that, in case of a direct participant, you consent to the disclosure by Euroclear or Clearstream of certain details concerning your identity, the aggregate principal amount of such Existing Notes and the account details to the Information and Exchange Agent.

Your acceptance of the Exchange Offer will constitute a binding agreement between you and us in accordance with the terms, and subject to the conditions, set forth herein and in the electronic instruction. Such acceptance will be binding upon receipt by the relevant Clearing System of a valid electronic instruction in respect of all matters except your tender of the Existing Notes for exchange, which will be binding immediately.

By submitting a valid electronic instruction to the relevant Clearing System, you are deemed to represent, warrant and undertake to the Company, the Dealer Manager, the Information and Exchange Agent and the Issuing and Paying Agent that:

- you have received, reviewed and accepted the terms of this exchange offer memorandum, the terms of the New Notes, the "*Offer and Distribution Restrictions*" and "*Investor Representations*" in this exchange offer memorandum and the "*Selling Restrictions*" in the Information Memorandum;
- you currently hold the Existing Notes at the time of submission of an electronic instruction, and will continue to hold the Existing Notes, until the time of settlement on the Settlement Date or the termination of the Exchange Offer;
- you have blocked the Existing Notes (and they will remain blocked) in the securities account to which such Existing Notes are credited in the relevant Clearing System with effect from, and including, the date on which the relevant Clearing System receives the electronic instruction until the time of settlement on the Settlement Date or termination of the Exchange Offer, all in accordance with the normal procedures of the relevant Clearing System and after taking into account the deadlines imposed by the relevant Clearing System;
- if any Existing Notes offered by you for exchange are accepted for exchange by us, you will acknowledge that: (i) any New Notes (including Capitalized Interest) deliverable to you in respect of the Existing Notes so accepted will be delivered by or on behalf of the Company with or to the Clearing Systems on the Settlement Date; (ii) the Clearing Systems thereafter will deliver such New Notes (including Capitalized Interest) to the relevant account(s) in the Clearing Systems of the relevant direct participant; and (iii) the New Notes (including Capitalized Interest) will be delivered to the Clearing System account(s) in which the relevant Existing Notes are held; and the delivery of such New Notes (including Capitalized Interest) to or to the order of the Clearing Systems will discharge the obligation of the Company to you in respect of the delivery of the New Notes (including Capitalized Interest), and no additional amounts shall be payable to you in the event of a delay in the transmission of the relevant New Notes (including Capitalized Interest) by the relevant Clearing System or an intermediary to you;

- you will, through the clearing system, transfer the Existing Notes which are the subject of the electronic instruction, on the Settlement Date, with full title, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same, such Existing Notes thereafter to be cancelled in accordance with the Issuing and Paying Agency Agreement governing the Existing Notes; and
- (i) you are the beneficial owner of, or are a duly authorized representative of one or more such beneficial owners of, the Existing Notes and you are not a U.S. person and are not located in the United States of America at the time you submitted the electronic instruction and (ii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (x) you have full investment discretion with respect to the Existing Notes covered by the electronic instruction or (y) the person on whose behalf you are acting is a non-U.S. person located outside the United States of America at the time he or she instructed you to accept the Exchange Offer.

The receipt of a valid electronic instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant direct participant on the Settlement Date in respect of all of the Existing Notes that you have offered for exchange (and for such Existing Notes to be cancelled) against credit of the relevant New Notes (including Capitalized Interest), subject to the automatic withdrawal of those instructions on the date of any termination of the Exchange Offer (including where such Existing Notes are not accepted for exchange by us), and subject to acceptance of the relevant Existing Notes by us and all other conditions of such Exchange Offer.

**If you are unable to give any of the representations and warranties described above, please contact the Dealer Manager. Do not send Existing Notes or electronic instructions to the Dealer Manager, the Company or the Information and Exchange Agent.**

## **PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER**

To tender Existing Notes pursuant to the Exchange Offer, a beneficial owner should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream, as applicable, and in accordance with the requirements of Euroclear or Clearstream, as applicable, a valid tender instruction that is received by the Information and Exchange Agent by the Expiration Deadline. Tender instructions must be submitted in respect of a minimum nominal amount of Existing Notes of no less than the Minimum Exchange Amount. The Minimum Exchange Amount is equal to such minimum principal amount which is sufficient for the holder to be eligible to receive, in exchange for the Existing Notes pursuant to the Exchange Offer, a principal amount of New Notes of at least US\$1,000.

Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$1,000. Instructions that would result in a principal amount of New Notes below US\$1,000 will be rejected.

Beneficial owners are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes when such intermediary would need to receive instructions from a beneficial owner in order for that beneficial owner to be able to participate in the Exchange Offer by the Expiration Deadline specified in this exchange offer memorandum. ***The deadlines set by any such intermediary and Euroclear or Clearstream, as applicable, for the submission of tender instructions will be earlier than the deadlines set forth in this exchange offer memorandum or in a separate notice by the Company (in the event such deadlines are later modified).***

## **INSTRUCTIONS**

**Only direct participants of Euroclear and Clearstream may submit tender instructions to Euroclear or Clearstream. Each beneficial owner of Existing Notes that is not a direct participant must arrange for the direct participant through which such beneficial owner holds its Existing Notes to submit a valid tender instruction on its behalf to Euroclear or Clearstream, as applicable, before the deadlines specified by Euroclear or Clearstream, as applicable.**

**Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms herein, unless withdrawal thereof is required by applicable law.**

### **Euroclear and Clearstream Participants**

A beneficial owner wishing to participate in the Exchange Offer must submit, or arrange to have submitted on its behalf, at or before the Expiration Deadline and before the deadlines set by Euroclear or Clearstream, as applicable (unless the Exchange Offer is terminated earlier), a duly completed electronic instruction to the Euroclear or Clearstream, as applicable.

The submission of Existing Notes for exchange will be deemed to have occurred upon receipt by Euroclear or Clearstream, as applicable, of a valid electronic instruction in accordance with the requirements of Euroclear or Clearstream, as applicable. The receipt of such electronic instruction by Euroclear or Clearstream, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, as applicable, and will result in the blocking of such Existing Notes in Euroclear or Clearstream, as applicable, so that no transfers may be effected in relation to such Existing Notes.

By submitting an electronic instruction in respect of the Exchange Offer, the relevant holder will be deemed to have confirmed (i) that such holder wishes to participate in the Exchange Offer for the aggregate principal amount of the Existing Notes specified in the electronic instruction, (ii) the name of the holder or the relevant direct participant and the securities account number at Euroclear or Clearstream, as applicable, in which the Existing Notes are held, and (iii) that the New Notes and any cash payments are to be credited to the securities account and cash account numbers, respectively, at Euroclear or Clearstream, as applicable, in which the Existing Notes are held.

### **DETERMINATION OF VALIDITY**

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Existing Notes pursuant to any of the procedures described above, and the form and validity of all documents will be determined by us at our sole discretion, which determination will be final and binding absent a finding to the contrary by a court of competent jurisdiction. We reserve the absolute right to reject any or all tenders of any Existing Notes determined by us not to be in proper form, or if the acceptance of or exchange of such Existing Notes may, in the opinion of our counsel, be unlawful or result in a breach of contract. A waiver of any defect or irregularity with respect to the tender of one Exchange Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Existing Notes.

Your tender of the Existing Notes will not be deemed to have been validly made until all defects or irregularities in your tender and delivery have been cured or waived. None of us, the Dealer Manager, the Information and Exchange Agent, the Issuing or Paying Agent or any of their respective affiliates, directors or advisors or agents or any other person or entity is under any duty to give notification of any defects or irregularities in any tender of any Existing Notes, or will incur any liability for failure to give any such notification.

A separate Instruction needs to be submitted per each beneficial owner of the Existing Notes held through Euroclear and Clearstream due to the Capitalized Interest payments.

#### **NO PARTICIPATION BY THE COMPANY**

The Company may not submit any electronic instructions.

#### **NO GUARANTEED DELIVERY**

There are no guaranteed delivery procedures provided by the Company or any other entity making payments on behalf of the Company in connection with the Exchange Offer. Eligible Holders must tender their Existing Notes in accordance with the procedures set forth herein.

#### **Future Purchases and Exchanges of the Existing Notes by Us**

Following the consummation of the Exchange Offer, we may acquire additional Existing Notes that remain outstanding in the open market, in privately negotiated transactions, in new exchange offers, by redemption or otherwise. Future purchases, exchanges or redemptions of the Existing Notes that remain outstanding after the Exchange Offer may be on terms that are more or less favorable than the Exchange Offer. Future purchases, exchanges and redemptions, if any, will depend on many factors, which include market conditions and the condition of our business.

You should also note that the Company and its affiliates may conduct purchases of Existing Notes in the open market from time to time, subject to applicable laws.

#### **Certain Consequences to Holders of the Existing Notes Not Participating in the Exchange Offer**

Consummation of the Exchange Offer may have adverse consequences to holders of the Existing Notes who elect not to participate. In particular, the trading market for Existing Notes that are not exchanged could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes.

#### **THE ISSUING AND PAYING AGENT**

In accordance with normal practice, the Issuing and Paying Agent expresses no opinion on the terms of the Exchange Offer. The Issuing and Paying Agent has not been involved in formulating the terms of the Exchange Offer, and makes no representation that all relevant information has been disclosed to holders of the Existing Notes herein or that the information contained herein is accurate or complete. Each holder of the Existing Notes is responsible for assessing the merits of the Exchange Offer. Accordingly, the Issuing and Paying Agent recommends that the holders of the Existing Notes seek their own independent financial, tax or legal advice with regard to the impact of the implementation of the Exchange Offer.

#### **INFORMATION AND EXCHANGE AGENT**

D.F. King Ltd. has been appointed as the Information and Exchange Agent for the Exchange Offer. Questions concerning tender procedures and requests for additional copies of this exchange offer memorandum should be directed to the Information and Exchange Agent at the address and telephone numbers listed on the back cover of this exchange offer memorandum. Holders of the Existing Notes may also contact their broker, dealer, commercial bank, trust company or other nominee or custodian for assistance concerning the Exchange Offer. We will pay the

Information and Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses. We have agreed to indemnify the Information and Exchange Agent against certain liabilities, including liabilities arising under the U.S. federal securities laws.

## **DEALER MANAGER**

We have retained ProCapital SBSA to act as the Dealer Manager for the Exchange Offer. We have agreed to pay the Dealer Manager reasonable and customary fees for its services and we will reimburse the Dealer Manager for its reasonable out-of-pocket expenses, including the reasonable expenses and disbursements of its legal counsel. The obligations of the Dealer Manager to perform its functions are subject to various conditions. We have agreed to indemnify the Dealer Manager against various liabilities, including various liabilities under the U.S. federal securities laws. Questions regarding the terms of the Exchange Offer may be directed to the Dealer Manager at its applicable address and telephone number listed on the back cover of this exchange offer memorandum.

The Dealer Manager or certain of its affiliates have provided, from time to time, and in the future may provide, certain investment banking and financial advisory services to us and our affiliates, for which they have received, or in the future will receive, customary fees. In addition, the Dealer Manager or certain of its respective affiliates may have owned, currently own or may own, equity or equity-like securities of ours.

In the ordinary course of their businesses, the Dealer Manager or certain of its affiliates may at any time hold long or short positions, and may trade for their own account or the accounts of customers, in our securities, including in the Existing Notes. To the extent that the Dealer Manager or certain of its respective affiliates own Existing Notes during the Exchange Offer, they may tender such Existing Notes pursuant to the terms of the Exchange Offer. Such participation, if any, will be on the same terms and subject to the same conditions set forth in this exchange offer memorandum applicable to other holders of the Existing Notes.

## **ANNOUNCEMENTS**

The announcement of the commencement of the Exchange Offer, the final aggregate principal amount of the Existing Notes tendered and accepted for exchange, the final total aggregate principal amount of the New Notes and the settlement of the Exchange Offer will be released via the Exchange Website, and made through Euroclear or Clearstream, and will occur as specified in the section entitled "*Summary Timetable*" unless otherwise extended or amended. All other announcements will be made through Euroclear or Clearstream. Significant delays may be experienced in publishing notices through Euroclear or Clearstream and the holders of the Existing Notes are urged therefore to contact the Dealer Manager or the Information and Exchange Agent for the relevant announcements. All announcements will be made available upon release at the offices of the Information and Exchange Agent in London.

The Company and the Information and Exchange Agent will announce the outcome of the Exchange Offer on the dates set out in the section entitled "*Summary Timetable*" and the section entitled "*Description of the Exchange Offer*."

## **OTHER FEES AND EXPENSES**

We will bear the fees and expenses of soliciting tenders for the Exchange Offer. Tendering holders of the Existing Notes will not be required to pay any fee or commission to the Dealer Manager, the Issuing and Paying Agent or the Information and Exchange Agent. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other nominee or custodian, such holder may be required to pay

brokerage fees or commissions to such broker, dealer, commercial bank, trust company or other nominee or custodian.

## **TRANSFER TAXES**

We will pay all transfer taxes, if any, applicable to the exchange of the Existing Notes pursuant to the Exchange Offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing the Existing Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Existing Notes tendered;
- tendered Existing Notes are registered in the name of any person other than the person signing; or
- a transfer tax is imposed for any reason other than the exchange of the Existing Notes under the Exchange Offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the tendered Existing Notes, the amount of any transfer taxes will be billed to the tendering holder.

## **SOURCE OF FUNDS FOR THE EXCHANGE OFFER**

We plan to use our own internal funds to pay all such cash components of the various fees described above.

## **LEGAL MATTERS**

Certain legal matters with respect to the Exchange Offer and the New Notes will be passed upon for us by Baker & McKenzie LLP, as to matters of United States federal and New York law and Baker & McKenzie S.A.S., as to matters of Colombian law.

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager at its address and email set forth below.

If you have questions regarding exchange procedures, please contact the Information and Exchange Agent at the address and telephone number set forth below.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Exchange Website. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

*The Dealer Manager for the Exchange Offer is:*

**ProCapital SBSA**

Address: Rambla República de México 6517, Montevideo, Uruguay  
Attention: Diego Pozzi  
Email: [info@procapital.pro](mailto:info@procapital.pro)

*The Information and Exchange Agent for the Exchange Offer is:*

**D.F. King Ltd**

65 Gresham Street  
London EC2V 7NQ  
United Kingdom  
Tel: +44 20 7920 9700

Email: [crediservicios@dfkingltd.com](mailto:crediservicios@dfkingltd.com)  
Exchange Website: <https://sites.dfkingltd.com/crediservicios>

## APPENDIX A

### *Risk Factors*

*You should carefully consider the following risk factors, as well as all of the other information presented in this exchange offer memorandum and the Information Memorandum. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial also may impair our business operations or our ability to make payments under the Notes and under any other existing or future indebtedness.*

#### **Risks Relating to Colombia**

***Adverse economic and political conditions in Colombia may have an adverse effect on our results of operations and financial condition.***

We are a Colombian company and most of our operations, properties and clients are located in Colombia. As a consequence, our results of operations and financial condition are materially affected by economic and political conditions in Colombia. The quality of our assets, financial condition and results of operations significantly depend on macroeconomic and political conditions prevailing in Colombia.

Colombia is subject to economic, political and other uncertainties, including changes in monetary, exchange control and trade policies that could affect the overall business environment in Colombia, which would, in turn, affect our results of operations and financial condition. For example, changes in monetary, exchange, and trade policies could affect the overall business environment in Colombia, which could impact our financial condition and results of operations and, ultimately, our ability to meet our obligations under the Notes.

Decreases in the growth rate of the Colombian economy, periods of negative growth, material increases in inflation or interest rates or significant fluctuations in the exchange rate could result in lower demand for, or affect the pricing of, our services and products. Because a large percentage of our costs and expenses are fixed, we may not be able to reduce costs and expenses upon the occurrence of any of these events, in which case our profitability could be affected.

***An outbreak of disease or similar public health threat, could have a material adverse impact on us.***

An outbreak of disease or similar public health threat, such as a pandemic and its detrimental impact on the worldwide economy, could have a material adverse impact on our operating results and financial condition.

Future events regarding any pandemic, which are unpredictable and beyond our control, may impact our operations and results, our clients' ability to continue to pay us in a timely manner or at all, our workforce and our performance under our contracts.

Additionally, we cannot assure you that Colombian government authorities will not force our branches or other sales locations to close in the future due to any pandemic. To the extent any of these risks and uncertainties adversely impact us, they may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

We cannot assure you of the impact, if any, further regulations issued by the Colombian government for purposes of mitigating the impacts of the COVID-19 outbreak will have on our business and operations.

***The Colombian economy remains vulnerable to external shocks, including any global economic crisis and those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects.***

A significant decline in economic growth of any of Colombia's major trading partners — in particular, the United States, China and Ecuador — could have a material adverse effect on each country's balance of trade and economic growth. Lower economic growth than expected may result in asset quality deterioration and could negatively affect our business.

The United States is Colombia's largest export market. A decline in the United States' demand for imports could negatively affect Colombian exports and Colombia's economic growth, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes have demonstrated a "contagion" effect with respect to other emerging market countries, in which an entire region or class of investment is disfavored by international investors, Colombia could be affected by negative economic or financial developments in other emerging market countries.

There can be no assurance that any global financial crisis or similar events in emerging market countries will not adversely affect investor confidence in emerging markets or the economies of the principal countries of Latin America, including Colombia. There can be no assurance that these events will not adversely affect Colombia's economy and in turn have a material adverse effect on our business, results of operations and financial condition.

Colombia's long-term public external indebtedness is currently rated BB+ by S&P, BB+ by Fitch and Baa2 by Moody's.

The investment and security climate in Colombia continues to be tied to the results and performance of the government's economic, security and social policies and the perception of such policies by foreign investors. In 2019, Colombia's annual GDP increased by 3.2%. For 2020, prior to the COVID-19 outbreak, *Departamento Administrativo Nacional de Estadística* - DANE estimated GDP growth at 3.62%. During 2020, Colombia's economic growth went down to -7.04%, a significant deterioration compared to annual GDP growth of 3.2% in 2019 and 2.6% in 2018. The economic slowdown in 2020 was primarily due to the disruptions in the economic activity due to the restrictions imposed by the COVID-19 pandemic which affected mainly the construction, mining and oil production sectors and commercial activities. In 2021, Colombia's annual GDP increased by 10.7%, mainly driven by a recovery in the retail sector and wholesale commercial activity, the manufacturing sector and government investment. During 2022, Colombia's GDP increased 7.5% compared to 2021. In spite of this economic recovery, the political and economic climate in Latin America, including countries facing political unrest such as Venezuela, Bolivia, Chile, Ecuador and Argentina, may negatively affect international investor perception of the region. A reversal of the rate of growth of the Colombian economy, a slowdown in the growth in customer demand, an increase in market competition, or changes in governmental regulations, could adversely affect the rate of growth of our loan portfolio and our risk index and, accordingly, increase our required allowances for loan losses. All of these conditions could lead to a general decrease in demand for borrowings.

In addition, the effect on consumer confidence of any actual or perceived deterioration of household incomes in the Colombian economy may have a material adverse effect on our results of operations and financial condition.

***Colombia has experienced and continues to experience internal security issues that have had or could have a negative effect on the Colombian economy.***

Colombia has experienced and continues to experience, in a lesser degree, internal security issues, primarily due to the activities of guerrilla groups such as the dissident groups of the former Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*) ("FARC") and the National Liberation Army (*Ejército de Liberación Nacional*) ("ELN"), paramilitary groups and drug cartels. In remote regions of the country with minimal governmental presence, these groups have exerted influence over the local population and funded their activities by protecting, and rendering services to drug traffickers. The Colombian government commenced peace talks with the FARC in August 2012, and peace negotiations with ELN began in November 2016. The Colombian Government has suspended the negotiations with ELN after a series of rebel attacks. The Colombian government and the FARC signed a peace agreement on September 26, 2016, which was amended by the Colombian Congress on November 30, 2016 and is in the process of being implemented after four years of negotiation. Pursuant to the peace agreements, the FARC now occupies five seats in the Colombian Senate and four seats in the Colombian House of Representatives. Most recently, Law 418 of 2022 was enacted for the Colombian Government to conduct peace talks with illegal armed groups in Colombia. Such law sets forth the delimitation of geographical areas in the country for such peace talks to be conducted (*regiones de paz*). The Colombian government and armed forces will continue making presence in such geographical areas while peace talks take place.

We cannot predict what policies will be adopted by the Colombian government and whether these policies would have a negative impact on the Colombian economy or our business, financial condition and results of operations. During the transition process, Colombia may experience internal security issues, and drug-related crime and guerilla and paramilitary activities, which may have a negative impact on the Colombian economy. Our business or financial condition could be adversely affected by rapidly changing economic or social conditions, including the Colombian government's response to the post conflict if any, which may result in legislation that increases the tax burden of Colombian companies.

***Government policies and actions as well as judicial decisions in Colombia could significantly affect the local economy and, as a result, our results of operations and financial condition.***

Our results of operations and financial condition may be adversely affected by changes in Colombian governmental policies and actions, and judicial decisions, involving a broad range of matters, including interest rates, exchange rates, exchange controls, inflation rates, taxation, banking and pension fund regulations and other political or economic developments affecting Colombia. The Colombian government has historically exercised substantial influence over the economy, and its policies are likely to continue to have a significant effect on Colombian companies, including us. The president of Colombia has considerable power to determine governmental policies and actions relating to the economy, and may adopt policies that could negatively affect us. Future governmental policies and actions, or judicial decisions, could adversely affect our results of operations or financial condition.

***New or higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia could adversely affect our results of operations and financial condition.***

New tax laws and regulations, and uncertainties with respect to future tax policies, could adversely affect our results of operations and financial condition. In recent years, the Colombian Congress has approved the inclusion of additional taxes in a variety of areas, such as taxes on financial transactions and taxes to fund Colombia's fight against terrorism, the peace negotiations with guerilla forces and, recently, to address the Covid-19 outbreak. Changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives and non-taxed income. In addition, tax authorities or courts may interpret tax regulations differently than we do, which could result in tax litigation and associated costs and penalties. Any change in tax regulations or the interpretation thereof could have a material adverse effect on our results of operations and financial condition.

On April 15, 2021, the Colombian government presented to Congress a new tax reform bill intended to restore government revenues and cover the spending associated with the COVID-19 pandemic. This bill was withdrawn by the government on May 2, 2021 due to the discontent of the citizens that resulted in a series of protests nationwide. On July 20, 2021, the Colombian government presented a new tax reform bill which was partially approved by the Congress in December 2021.

On December 13, 2022, the Colombian Congress passed Law No. 2277 of 2022, the new tax reform filed by the government of Gustavo Petro. Such reform amended current rules or introduced new rules on, among others, the corporate income tax taxable base assessment and income tax rates on dividends paid to residents (both individuals and entities) and to foreign non-resident persons, as explained below. Rules on income tax withholding rates and the general regime on payments from Colombia to foreign non-resident entities were not amended.

Under this tax reform, the corporate income tax rate remained at 35%. Surtaxes are applicable to financial entities and oil & gas taxpayers. Per the new regulations, local companies are not allowed to determine an income tax below 15% on the financial profit determined as set-forth by law. In addition, the capital gains tax rate was increased from 10% to 15%.

Dividend distributions to foreign non-residents persons (individuals and entities) are subject to tax at a rate of 20%. The dividends tax rate on distributions to resident individuals is 15%, with 1,090 Tax Units (2023: COP\$46,229,080) of exempt income.

Income tax rate on dividends paid to local companies was increased from 7.5% to 10%, applicable on the first distribution, with a credit for the tax passed onto the ultimate shareholder (resident individual or non-resident entity or individual). The 10% withholding is not applicable when the distribution is made between registered economic group members.

Changes in tax treatment implemented by a new law could have a material adverse effect on our results of operations and financial condition.

***Exchange rate fluctuations could adversely affect the Colombian economy, and therefore, our results of operations and financial condition.***

The Colombian peso has been subject to significant devaluations and appreciations in the past and may be subject to similar fluctuations in the future. As of September 29, 2023, the exchange rate of the Colombian peso against the U.S. dollar was Ps. 4,073.34 per U.S.\$1.00. Substantially all of our revenues are denominated in Colombian pesos. As of September 30, 2023, 58% of our outstanding debt was denominated in U.S. dollars, so a significant decrease in the value of the Colombian peso as compared to the U.S. dollar will increase our debt service costs. We cannot assure you that we will maintain our current hedge positions in the future or that our hedging policy will successfully mitigate the effects of fluctuations in the exchange rate of the Colombian peso against the U.S. dollar.

A devaluation of the Colombian peso relative to the U.S. dollar could create inflationary pressures in Colombia and result in the adoption by the Colombian Central Bank of measures such as increasing interest rates. Restrictive macroeconomic policies could adversely affect the stability of the Colombian economy, as well as adversely impact our results of operations and profitability. A significant devaluation or appreciation of the Colombian peso in relation to the U.S. dollar could adversely affect the Colombian economy, which could have a material adverse effect on our results of operations and financial condition.

***Natural disasters, acts of war or terrorism, or other external events could disrupt our businesses and affect our results of operations and financial condition.***

Colombia is exposed to natural disasters, such as earthquakes, volcanic eruptions, tornadoes, tropical storms and hurricanes. Heavy rains or abnormally low rainfall in Colombia, attributable in part to the *La Niña* and *El Niño* weather patterns, have resulted in severe flooding and mudslides, and prolonged droughts in the past and may continue to contribute to flooding, mudslides, droughts or other natural disasters on an equal or greater scale in the future. In addition to severe weather and natural disasters, acts of war or terrorism and other adverse external events could have a significant impact on our ability to conduct business and may, among other things, impair the ability of our clients to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, cause us to incur additional expenses and/or result in loss of revenue. In the event of such circumstances, our disaster recovery plans may prove to be ineffective, which could have a material adverse effect on our ability to conduct our businesses, particularly if such an occurrence affects computer-based data processing, transmission, storage and retrieval systems or destroys customer or other data. In addition, if a significant number of our employees and senior managers were unavailable because of a natural disaster, our ability to conduct our businesses could be compromised. Natural disasters, acts of war or similar events could also result in substantial volatility in our results of operations for any fiscal quarter or year.

***The Colombian Central Bank may impose requirements on the ability of Colombian residents (including us) to obtain loans in foreign currency.***

Under Colombian exchange control operations, the Colombian Central Bank is allowed to require a mandatory deposit in connection with loans denominated in a foreign currency obtained by Colombian residents, including us. Although there is not currently a mandatory deposit requirement in effect, a mandatory deposit requirement was set at 40.0% in 2008 after the Colombian peso appreciated against foreign currencies. We cannot predict or control future actions by the Colombian Central Bank, which may involve the establishment of a different mandatory deposit percentage. The use of such measures by the Colombian Central Bank may be a disincentive for us and our clients to obtain loans in foreign currency. We cannot predict the effects that such policies will have on the Colombian economy. In addition, we cannot assure you that the Colombian peso will not depreciate or appreciate relative to other currencies in the future.

## **Risks Relating to our Business and Industry**

***Changes in economic conditions could materially and adversely affect consumer demand and thus demand for loan products.***

Our primary business is the origination and servicing of consumer loans. Demand for our products depends on economic conditions in Colombia, including GDP, growth rates, inflation, value-added tax (VAT), unemployment, the cost of energy and other utilities, the availability of consumer credit, interest rates, consumer confidence, debt levels, retail trends and foreign currency exchange rates. These economic conditions are beyond our control. If there is a downturn in economic conditions, demand for consumer goods will likely decline. A decline in demand for consumer goods would likely reduce demand for payroll loans and credit cards usage. Our ability to receive payments on our loans in full and on time is also dependent on the financial condition of our clients, which is in turn heavily dependent on economic conditions. The occurrence of any of these events may materially and adversely affect our revenues, and we may not be able to generate sufficient demand to originate payroll deduction loans in an amount sufficient to satisfy any amounts payable under the Notes.

***Colombian insolvency laws may limit our ability to collect on monetary obligations and enforce rights against collateral or under guarantees.***

Colombian insolvency laws provide that creditors of an insolvent debtor are prohibited from initiating collection proceedings outside the bankruptcy or reorganization process of such debtor. In addition, all collection proceedings

outstanding at the beginning of the bankruptcy or reorganization process must be suspended and any creditors are prevented from enforcing their rights against the assets of the insolvent debtor.

Once a non-merchant individual has ceased paying his or her debts, that individual can initiate a voluntary insolvency proceeding before a notary public or mediator to reach an out-of-court agreement with creditors. The terms of any agreement reached with a group (two or more) of creditors that represent more than 50% of the total amount of the claims will be mandatorily applicable to all relevant creditors. The Colombian insolvency law also provides for increased debtor protections, including an automatic stay for sixty business days that may be extended for another 30 business days at the joint request of the debtor and any of its creditors. A perception that loans to individuals may be difficult to recover could cause us to enhance credit requirements and result in decreased lending to individuals by making access to credit more expensive or more onerous. Furthermore, increased difficulties in enforcing debt and other monetary obligations due to Colombian insolvency laws could have an adverse effect on our results of operations and financial condition.

***Our revenues depend significantly on our existing collaboration agreements with employers and the agreements we have with low-amount collection agencies and non-bank correspondents..***

If we are not capable of maintaining our existing collaboration agreements with employers and of leveraging our sales force to enhance the penetration rate among the employees of the companies and government agencies for granting payroll loans and having optimal operational efficiencies with them, our ability to originate new payroll loans may be diminished and our timely performance of our payment obligations under the Notes could be materially adversely affected. However, according to the Colombian Payroll Loan Law each employee has the right to select the entity providing a payroll loan and its employer is required to enter into an agreement with such entity in order to disburse and collect the loan.

If we are unable to maintain the agreements with low-amount collection agencies and non-bank correspondents, which operations allow us collect payroll loans nationwide, our ability to originate and collect loans may be diminished and our timely performance of our payment obligations under the Notes could be materially adversely affected.

***We and our sales force may be subject to penalties or sanctions due to our advertising or lending practices.***

As an entity engaged in consumer lending and financial marketing, we have been and may be subject to sanctions by the Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*) for consumer lending practices or unfair competition. Pursuant to applicable law, we may be subject to penalties imposed by the Superintendency of Industry and Commerce if we fail to provide each borrower with the minimum required information under the law, if we offer information that is incorrect, false, incomplete or susceptible to confusion with regard to our products, or if we engage in advertising that offers our products or services to customers that have expressly requested not to receive such advertising. The advertising carried out by our sales force in order to originate loans could be deemed unclear under applicable law, including with respect to our role as the ultimate creditor, specific interest rates and the terms of loans. Any of the above could affect our public perception, result in penalties or sanctions or have an adverse effect on our business, financial condition and results of operations.

***Past performance may not be indicative of our future results.***

We have included information in the Information Memorandum relating to our past financial performance. In considering this information, you should bear in mind that past performance is not necessarily indicative of future results, and that there can be no assurance that we will achieve comparable results. Future conditions may require actions that differ from those contemplated at this time. See "Business in the Information Memorandum." There

may be differences between investors' expectations and actual results because events and circumstances frequently do not occur as expected, and those differences may be material and adverse. In addition, general economic conditions, which are not predictable, can also have a material adverse impact on the reliability of management's projections. We may use the proceeds of this offering at a slower or faster rate than we have historically been able to deploy capital. Such different rates of using funds are another reason we may not be able to achieve similar returns to the track record described in the Information Memorandum.

***We may not be able to timely collect payroll loans from borrowers upon a borrower's termination of employment.***

Our ability to timely collect payroll loans depends heavily upon irrevocable payment instructions given by individual borrowers to their employers prior to disbursement. The termination of the borrower's employment for any reason (including the borrower's retirement), may result in salaries not being paid to a borrower and, thus, the inability of such borrower to repay a loan. After the occurrence of a borrower's termination of employment, we can still collect payments directly from the borrower or through its new employer, because payroll loans are personal obligations of the borrower. Colombia has a stable regulatory framework for payroll loans. According to the Colombian Payroll Loan Law the deduction "follows" the borrower even in the case of a change of employer. In the event a borrower changes employers, the new employer is required to continue deducting the amounts due to the lender, otherwise the employer becomes jointly liable.

However, if a borrower terminates its employment we may be unable to obtain timely repayment of the applicable payroll loan which may have a material adverse effect on our business, results of operations, prospects and financial condition. Our inability to timely collect from borrowers may affect our ability to timely satisfy our obligations and, if such defaults were to become frequent, as a result of economic or social conditions or otherwise, it could have a material adverse impact on our financial condition and results of operations, including our ability to timely meet our obligations under the Notes.

***Our business is subject to operational risks.***

Our business depends on our ability to process large numbers of transactions efficiently and accurately. While we review the truthfulness and accuracy of the information provided by credit applicants as part of our origination process, operational risks and losses could result from fraud, employee error, failure to properly document transactions or to obtain proper internal authorization, breaches of conduct of business policies, equipment failures, natural disasters or the failure of external systems, among others, and could lead to the loss of the principal amount disbursed, in whole or in part. Although we have implemented operational risk processes and systems based on the best practices and standards of the financial system, those may be ineffective, which could have a material adverse impact on our financial condition and results of operations, including our ability to meet our obligations under the Notes.

***Our revenues depend heavily on our human resources, infrastructure, technology and data collection, processing and storage systems, the failure of any of which could materially and adversely affect our risk management and internal control system.***

Our business is highly dependent on our ability to timely collect and process a large amount of information related to our existing customer base, including transaction processes that may increase in complexity with increasing volume of business. The proper functioning of financial controls, accounting or other data collection and processing systems is critical to our business and to our ability to compete effectively. A partial or complete failure of any of these primary systems could materially and adversely affect our decision-making process, our risk management and internal control systems, as well as our ability to respond on a timely basis to changing market conditions.

Although we continuously invest in our IT systems, we may experience difficulties in upgrading, developing and expanding our IT systems on a timely and cost-effective basis to accommodate our growing customer base. If we cannot maintain an effective data collection and management system, or if we cannot upgrade that system as necessary to meet the changing circumstances of our business, then our business, financial condition and results of operations could be materially adversely affected, which may have a material adverse effect on our ability to meet our obligations under the Notes.

***Interruption or failure in our IT systems may adversely affect our operations.***

Our success is heavily dependent on the efficient and uninterrupted operation of our computer and communications hardware systems. Our computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, computer viruses, physical or electronic break-ins or other similar events or disruptions. Any of these events could cause system interruptions, delays and losses of critical data and could prevent us from operating at optimal levels or at all. Furthermore, our disaster recovery planning may not be sufficient for all eventualities, and we may have inadequate insurance coverage or insurance limitations that could prevent us from being fully compensated for losses from a major interruption or other damage to our systems. If any of these events were to occur, we could incur substantial expenses and our operations, as well as our business, results of operations, prospects and financial condition could be materially adversely affected.

***Our inability to maintain, improve or upgrade our information technology infrastructure and credit risk management systems in a timely manner could adversely affect our competitiveness, financial position and results of operations.***

Our ability to operate and remain competitive depends on, among other factors, our ability to maintain and upgrade our information technology infrastructure in a timely and cost-effective manner. We must continually make investments and improvements to our information technology infrastructure in order to remain competitive. The information available to our management through our existing information systems may not be timely or sufficient to manage risks or to plan for, and respond to, future changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding such systems quickly enough to accommodate our growing customer base and range of products and services. Any failure to maintain, improve or upgrade our information technology infrastructure and management information systems in a timely manner, or the inappropriate manipulation of the data in our systems, could materially and adversely affect our competitiveness, financial position and results of operations. We have not conducted a recent and independent analysis of our systems confirming that there is no risk that the data stored in these systems cannot be manipulated inappropriately.

***If we do not control our financial risks, we may be unable to profitably manage our business.***

Our success in providing financial services depends on our ability to manage and control our financial risks, which include liquidity, market and credit risk. If we fail to manage and adequately control these risks, we may incur losses that could have a material adverse effect on our results of operations and financial condition and, ultimately, our ability to meet our obligations under the Notes.

We have market risk exposure as a result of changes in interest rates, foreign currency rates, asset prices or other financial instruments. Our financial margin and the market value of certain of our assets and liabilities are subject to variations due to interest rate volatility. Changes in interest rates affect our interest income, the volume of loans we generate and our interest expense. For example, when interest rates rise, we must pay higher interest on our borrowings while interest earned on our loans does not rise as quickly, causing our financial margin, which comprises the majority of our revenue, to temporarily decrease. Fluctuations in interest rates and prevailing market prices may have a material adverse effect on our business, results of operations, prospects and financial condition.

***We are subject to fluctuations in interest rates. Imbalances in the interest rates and maturity between our loan portfolio and our sources of funds could adversely affect us and our capacity to expand our business.***

We are exposed to interest rate and maturity mismatches between our loans and sources of funding. Our net interest income from our loans depends mainly on the spread between our cost of funding and the interest rates we charge to our customers. An increase in interest rates, or general uncertainty about changes in interest rates, could affect demand for credit, and thus affect demand for our loan products.

Any mismatch between the maturity of our loan portfolio and our sources of funds could magnify the effect of any imbalance in interest rates and could present a liquidity risk if we fail to obtain funding on an ongoing basis. An increase in our total cost of funds could result in an increase in the interest rates on our loans, which could, as a result, affect our ability to attract new customers and could limit the expansion of our business. A decrease in the growth of our loan portfolio could materially and adversely affect our ability to pay our liabilities, which in turn could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to credit risk, and if we are unable to effectively control the level of non-performing loans in the future, our business, results of operations, prospects and financial condition may be adversely affected.***

Although we have rigorous and standardized credit processes in place and collection channels that mitigate risk of nonpayment, some of our payroll loans and credit card receivables could be partially or totally impaired as a result of the borrowers' default on their obligations. We use an internally designed credit risk management system that estimates the probability of default for every loan based on a borrower profile based on demographic and economic variables. However, this process involves subjective and complex judgments, including projections of economic conditions and assumptions on the ability of our borrowers to repay their loans. This process is also subject to human error as our employees may not always be able to assign an accurate credit rating to a client, which may result in exposure to higher credit risk than indicated by our risk rating system. We may not be able to timely detect these risks before they occur, or due to limited resources or available infrastructure, our employees may not be able to effectively implement our credit risk management system, which may increase our exposure to credit risk.

Non-performing loans can negatively impact our results of operations and financial condition. We cannot assure you that we will be able to effectively control the level of these loans in our loan portfolio. Although the amount of our non-performing loans is lower than that of the Colombian financial system, we cannot assure you that this amount will not increase in the future. If the quality of our total loan portfolio deteriorates, we may be required to increase our impairments, which could materially adversely affect our business, results of operations, prospects and financial condition.

***Our current business model relies heavily on our ability to originate new loans.***

Currently our income is materially dependent on our ability to originate new loans on terms attractive to us. If we are unable to originate new loans on favorable terms, our results of operations and financial position may be adversely affected, since we do not engage in full banking activities that could compensate for a decrease of the income derived from our loan origination business.

***We could fail to fully or timely detect money laundering, terrorism financing and other illegal or inappropriate activities that could result in incurring additional liability and could harm our business and reputation.***

We are subject to and must comply with all applicable laws against money laundering, terrorism financing and other regulations in Colombia. These laws and regulations require, among other things, that we adopt and implement policies and procedures which involve "know-your-client" requirements and reporting suspicious and material

transactions to the applicable regulatory authorities. While we have adopted policies and procedures intended to detect and prevent the use of our network for money laundering activities and by terrorists, and the size of the loans granted are relatively small for money laundering activities, these policies and procedures may fail to fully eliminate the risk that we have been or are currently being used by other parties, without our knowledge, to engage in activities related to money laundering or other illegal or inappropriate activities. To the extent we have not detected or do not detect such illegal activities, the relevant Colombian governmental agencies to which we report, such as the Financial Information and Analysis Unit (*Unidad de Información y Análisis Financiero*) of the Colombian Ministry of Finance, have the power and authority to impose fines and other penalties on us. In addition, our business and reputation could be materially adversely affected if our clients use us for money laundering activities or illegal or inappropriate purposes.

We cannot ensure that our "best practices" and ethics policy for hiring and operations, and the internal control and practices derived from such policy will always be effective in preventing corrupt business practices by our employees and/or distributors in relation to their activities carried out during their dealings with public or private agencies. This could adversely affect our reputation, business, financial condition and results of operations.

***Loans to low-income individuals pose unique risks not generally associated with other forms of lending.***

Our customers are typically low and low-middle income individuals who have limited access to traditional sources of credit. Loans to these borrowers may pose risks not generally associated with other forms of lending in Colombia. Our low-income customers typically have limited credit history or none at all, posing a higher degree of risk than borrowers with established credit history. We use strong collection channels and other relevant information (*i.e.*, from utilities companies) to determine the clients risk profile and mitigate the lack of credit history. In the future we may experience higher levels of non-performing loans and may be required to record higher impairments, which may materially and adversely affect our results of operations and financial position. There can be no assurance that the levels of non-performing loans and subsequent charge-offs will not be materially higher in the future, which could have a material adverse effect on our business, financial condition and results of operations.

***The credit card industry entails significant risks, including the possibility of over-indebtedness of customers, which could have a material adverse effect on us.***

The credit card business is subject to a number of risks and uncertainties, including the possibility of over-indebtedness of our customers, despite our focus on strict origination policies and credit analysis of our clients including information from the payment habits of their utility bills that help us determine their capacity of payment. The credit card industry is characterized by higher consumer default than other segments of the credit markets, and defaults are highly related to macroeconomic indicators that are beyond our control. As part of our current business strategy we sold our credit card business unit. The sale is expected to close during the fourth quarter of 2023.

***A contraction in the credit markets could affect our capacity to fund our operations.***

A contraction in the credit markets could affect our capacity to fund our operations and adversely affect our business, financial condition and results of operations. Increased unemployment caused by such contraction could negatively impact the financial situation of our current clients which could, in turn, cause an increase in delinquent loans, reducing the profitability of our loan portfolios and the solvency of our clients, adversely affect our loan approval rate and, in turn, may have a material adverse effect on our results of operations and financial condition and, ultimately, on our ability to meet our obligations under the Notes.

***Reductions in our credit ratings could increase our cost of borrowing funds and impair our ability to raise new funds and renew maturing debt.***

Our credit ratings are an important component of our liquidity profile. Among other factors, our credit ratings are based on the financial strength, credit quality and low concentrations of our investment portfolio, the level and volatility of our earnings, our capitalization, the quality of our management, the liquidity of our balance sheet and our ability to access a broad array of funding sources. Our lenders may be sensitive to the risk of a downgrade in our credit ratings. We cannot assure you that our ratings will remain for any given period of time or that such ratings will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending, among other factors, on the rating agencies' respective assessment of our financial strength, as well as their assessment of Colombian sovereign risk generally.

Adverse changes in our credit ratings could increase the cost of refinancing existing obligations, raising funds in the capital markets and borrowing funds from private lenders, which may result in a material adverse effect on our business, results of operations and financial condition, and, ultimately, may impair our ability to meet our obligations under the Notes.

***Servicing our indebtedness, including the Notes, will require a significant amount of cash.***

Our ability to make payments on our indebtedness, including the Notes, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness at or before maturity, and may not be able to complete such refinancing on commercially reasonable terms or at all. We may not have sufficient resources to repay our indebtedness as it becomes due or sufficient time to finance the repayment thereof. We are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce funds available for other purposes, including new loan origination. If we are unable to generate cash to service, repay or refinance our indebtedness, our business, financial condition or results of operations may be materially and adversely affected.

***Competition from financial institutions may adversely affect our profitability and position.***

We face competition from lenders that target our existing and prospective payroll loan customers. Competitor financial institutions include banks and cooperatives as well as commercial entities and informal loan providers. We expect competition to continue to increase as we continue expanding our operations in Colombia. Some of our competitors may have more resources and name recognition than us and have access to lower-cost sources of funding. The lower cost of funding of such competitors may allow them to offer payroll loans with lower interest rates or to engage in predatory practices such as lending below costs. Pricing (as reflected primarily in the applicable interest rate and to a lesser extent in related transaction fees) is an important competitive feature in the lending business. Stronger price competition in the future could cause the rate of voluntary prepayments in our portfolio to increase and to exceed the rate at which payroll loans have been prepaid in the past, if the difference in interest rates exceeds the costs of refinancing with other lenders. Competition in our market may result in a material adverse effect on our business, financial condition and results of operations and in turn ultimately have a material adverse effect on our ability to meet our obligations under the Notes.

***We depend on our principal officers and key employees.***

The loss of any of our experienced principal officers, key employees and senior managers could negatively affect our ability to execute our business strategy. In addition, in line with our planned expansion, our future success also depends on our continuing ability to identify, hire, train and retain other qualified sales, marketing, collections and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate

or retain qualified personnel at levels of experience or compensation that are necessary to maintain our quality and reputation or to sustain or expand our operations. For example, we have experienced and continue to experience high rates of turnover among our sales force, which may in turn impact our productivity. Our business, results of operations, prospects and financial condition could therefore be adversely affected if we cannot continue to attract and retain these necessary personnel.

***We are not currently subject to significant regulation as a bank or other financial institution in Colombia. Changes to Colombian governmental regulations, could adversely affect our business, results of operations, prospects and financial condition.***

There may be significant future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us. Financial services and banking laws regulations are subject to ongoing review and revision, including changes in response to global regulatory trends. As a result, governments have been actively considering new banking laws and regulations, and reviewing and revising existing laws and regulations, particularly in relation to the regulation of non-bank financial institutions, capital adequacy and accounting standards. The adoption of new laws or regulations or changes in the interpretations or enforcement of existing laws or regulations may have an adverse effect on our business, results of operations and financial condition.

Any legislative or regulatory actions and any required changes to our business operations resulting from such legislation and regulations could result in significant loss of revenue, limit our ability to pursue certain business opportunities, increase the level of reserves we are required to maintain or capital adequacy requirements, affect the value of assets that we hold, require us to increase our prices and, therefore, reduce demand for our products, impose additional costs on us or otherwise adversely affect our businesses. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect us. Changes in regulations may also cause us to face increased compliance costs and limitations on our ability to pursue certain business opportunities and provide certain products and services.

***If we are not able to access sources of funding, our business, financial condition and results of operations may be adversely affected.***

We rely significantly on several sources of funding. Therefore, we are constantly looking for alternative sources of funding to finance our operations, including bank credit lines, publicly or privately issued debt or equity securities, among others. Adverse financial conditions, including the existence of a liquidity crisis, could limit our access to new or sustained funding. Any decrease in the availability of one or more of our funding sources could have an adverse effect on our business, financial condition and results of operations.

We may also require additional capital in the future in order to grow our loan portfolio, remain competitive or enter into new businesses. In addition, we may need to raise additional capital to increase our equity base in the event that we experience large, unexpected losses in our loan portfolio. Our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by financial institutions; and
- economic, political and other conditions in Colombia and elsewhere.

We may not be able to obtain additional capital in a timely manner, on acceptable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

***Future acquisitions or significant investments may not be successfully implemented or could disrupt our operations.***

As we plan to continue growing our businesses, we may consider other strategic acquisitions or investments (including investments in regulated businesses) from time to time in Colombia and abroad. We face a variety of uncertainties and challenges relating to acquisitions and investments, including achieving expected synergies, retaining key employees, integrating operational and financial systems, maintaining levels of revenue and profitability, securing governmental approvals and minimizing exposure to potential liabilities. These risks, and the possibility that integration of any acquired business could require a significant amount of the time and resources of our management and employees, could disrupt our ongoing business and could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to bring an enforcement action on the collateral securing our financial contracts or if the value of collateral under certain of our financing contracts is inadequate, our results of operations and financial condition could be adversely affected.***

If we are unable to bring an enforcement action on collateral on a timely basis or at all, or if proceedings related thereto are delayed, our results of operations and financial condition may be adversely affected. Additionally, the value of such collateral may be adversely affected by a number of conditions such as damage, loss, deterioration, devaluation, oversupply or reduced demand for such asset. There can be no assurance that the value of such collateral will not decline. There can also be no assurance that the assumptions relied on by appraisers assessing the value of such collateral are accurate measures of the market and thus the value of such collateral may be evaluated inaccurately. Consequently, the price at which we are able to sell any collateral in the event of an attachment or foreclosure may be lower than the valuation of such collateral and this may have a material adverse effect on our financial condition and results of operations.

***Any failure to protect our registered trademarks and intellectual property may materially adversely affect us.***

We believe that our commercial advertisements, trademarks and other intellectual property are fundamental to our name recognition and the continued success of our business. Any infringement of our intellectual or industrial property rights or any failure to register or maintain these rights in the jurisdictions in which we operate may result in: (i) litigation, requiring that we dedicate substantial time and resources to defend our intellectual and industrial property; and/or (ii) the potential loss of our ability to use our trademarks. The success of our business depends in part upon our continued ability to use our trademarks to increase brand awareness and further develop our brand in our markets. We cannot assure you that all of the steps that we have taken to protect our trademarks in Colombia and other countries will be adequate to prevent the infringement of our trademarks by others. The unauthorized reproduction of our trademarks could diminish the value of our brand and our market recognition, our competitive advantages or our goodwill, which could adversely affect our business, results of operations, prospects and financial condition.

***Risks not contemplated in our insurance policies may affect our business.***

Although we take actions to ensure that our insurance policies cover most of the risks related to our business, it is possible that the terms and conditions of the insurance policies we have will not cover a specific event or incident. If any uninsured events occur with respect to a significant portion of our assets or business, such lack of coverage could have a material adverse effect on our financial condition and results of operations.

## **Risks Relating to the New Notes**

***If we were subject to Colombian bankruptcy or insolvency law, holders of the New Notes may find it difficult to collect payment on the New Notes.***

If we were to be held subject to Colombian bankruptcy or insolvency law by a Colombian authority, our obligations under the New Notes would be subject to the outcome of, and priorities recognized in, the relevant proceedings, and would be subject to certain statutory preferences including tax, social security and labor claims and claims of secured creditors. In addition, in the event of bankruptcy or insolvency, our obligations may be subject to an automatic stay or compliance thereunder which may delay or affect the ability of the holders of the New Notes to collect payment on the New Notes.

***The New Notes only have the benefit of limited covenants and events of default.***

The New Notes are Euro notes and contain only the limited features commonly found in Euro notes. In particular, we have only entered into limited covenants as compared to the type of financial and other covenants more commonly found in bonds or other longer term securities issued by emerging market issuers. In addition, although the New Notes contain events of default relating to failure to pay under the New Notes, they do not contain events of default commonly found in such bonds or other longer term securities.

***The New Notes do not have any covenants or provisions limiting any changes in our ownership, including no restrictions on any change of control.***

The New Notes do not have any covenants or provisions limiting any changes in our ownership, including no restrictions on any change of control. Currently, all of our shares are held by four shareholders. Any shareholder could at any time sell our shares without restrictions and consequently, there could be a significant change in our shareholders, including a potential change of control. Any such change could have a material adverse effect on our business or financial condition, which could, in turn, materially affect our ability to meet our obligations under the New Notes.

***You may not be able to effect service of process on us, our directors or our officers or to enforce in Colombian courts judgments obtained against us in the United States.***

We are a stock corporation organized under Colombian law. Certain of our directors and all or substantially all of our officers reside outside the United States. Substantially all of the assets of such persons are located in Colombia. Substantially all of our assets are located in Colombia. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside of Colombia upon us, our directors or officers or to enforce against us or our directors or officers in any jurisdiction outside of Colombia judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the U.S. federal and state securities laws. In addition, you should not assume that courts in Colombia (1) would enforce judgments of U.S. courts obtained in actions against us based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

There is also substantial doubt that the courts of Colombia would enter judgment in original actions brought in those courts predicated on U.S. federal or state securities laws. We have been advised by our Colombian counsel that there is no legal basis for a Colombian court to exert jurisdiction over original actions to be brought against us or our directors and executive officers predicated solely upon the provisions of the U.S. securities laws. In addition, certain remedies available under provisions of the U.S. securities laws may not be admitted or enforced by Colombian courts.

***No update of Information Memorandum.***

We are not under any obligation to update the Information Memorandum and any offer or sale made on the basis of the information in the Information Memorandum shall not create any implication that the Information Memorandum is accurate at any time subsequent to the date hereof or that there has been no change in our business, financial condition or affairs since the date hereof.

***There is no market for the New Notes and therefore the price of the New Notes may fluctuate and liquidity may be limited.***

The New Notes are new securities that may not be widely distributed and for which there is currently no active trading market. If a market for the New Notes does not develop, holders may be unable to resell such securities for an extended period of time, if at all. If a market were to exist, the New Notes could trade at prices lower than the initial offering price thereof depending on many factors, including prevailing interest rates, the market for similar securities, the ability to locate a willing buyer, general economic conditions in the United States and Colombia and our financial condition, performance and prospects.

***Transfer of the New Notes will be restricted.***

We have not registered the New Notes under the Securities Act or any state laws of the U.S. Unless the Issuer registers the New Notes (which is not expected to occur), you may not offer or sell the New Notes in the United States or to a U.S. person, as defined in Regulation S, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. You should read the discussions under the heading "Selling Restrictions" for further information about these transfer restrictions.

**APPENDIX B**  
**FINANCIAL STATEMENTS**  
**[Attached]**

**Credivalores-Crediservicios S. A.**  
*Financial Statements*

*For the periods ended December 31, 2022 and 2021*

**CREDIVALORES - CREDISERVICIOS S. A.**  
**STATEMENT OF FINANCIAL POSITION**  
**ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

	Notes	December 31, 2022	December 31, 2021
<b>Assets</b>			
Cash and cash equivalents	8	273.052	148.514
Financial Assets at fair value measure profit or loss			
Equity Instruments	9	5.698	6.115
Derivatives Instruments	17	98.861	355.167
Loan portfolio	11	381	16.683
<b>Total financial assets at fair value</b>		<b>104.940</b>	<b>377.965</b>
<b>Financial Assets at amortized cost</b>			
Consumer loans	11	2.005.440	2.034.298
Impairment	11	(372.608)	(318.427)
<b>Total Loan portfolio, net</b>	11	<b>1.632.832</b>	<b>1.715.871</b>
Accounts receivable, net	12	320.129	436.872
<b>Total Financial Assets at amortized cost</b>		<b>1.952.961</b>	<b>2.152.743</b>
Investments in Associates and Affiliates	10	14.945	12.369
Current tax assets	22	32.012	22.245
Deferred tax assets, net	22	157.736	43.409
Property and equipment net	13	173	229
Assets for right of use	14	2.021	4.298
Intangible assets other than goodwill, net	15	39.852	44.111
<b>Total assets</b>		<b>2.577.692</b>	<b>2.805.883</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Financial Liabilities at fair value			
Derivative instruments	17	-	316
<b>Total Financial Liabilities at fair value</b>		<b>-</b>	<b>316</b>
Financial Liabilities At amortized cost			
Financial obligations	18	2.534.228	2.417.239
Other Lease Liabilities	14	2.179	4.770
<b>Total Financial Liabilities At amortized cost</b>		<b>2.536.407</b>	<b>2.422.009</b>
Employee benefits provisions	19	1.053	995
Other provisions	20	3.028	918
Accounts payable	21	51.892	79.065
Current tax liabilities	22	1.698	1.969
Other liabilities	23	40.057	42.000
<b>Total liabilities</b>		<b>2.634.135</b>	<b>2.547.272</b>
<b>Equity:</b>			
Share capital	24	135.194	135.194
Treasury shares	24	(12.837)	(12.837)
Reserves treasury shares	24	12.837	12.837
Reserves	24	11.038	11.038
Additional paid-in capital		71.169	71.169
Other Comprehensive Income (OCI)	25	(49.470)	(36.874)
Retained earnings		99.995	94.058
IFRS convergence result		(21.910)	(21.910)
Net loss income for the period		(302.459)	5.936
<b>Total equity</b>		<b>(56.443)</b>	<b>258.611</b>
<b>Total liabilities and equity</b>		<b>2.577.692</b>	<b>2.805.883</b>

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

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF INCOME**  
**PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

	Notes	December 31, 2022	December 31, 2021
Interest Income and similar	26.1	<b>286.766</b>	<b>321.174</b>
Financial costs interest	18	(491.269)	(235.759)
Exchange rate differences	18	(121.755)	996
Revenue from contracts and other services with customers	26.2	<b>113.128</b>	<b>115.452</b>
<b>Net Interest</b>		<b>(213.130)</b>	<b>201.863</b>
Impairment of financial and condonation assets loan portfolio	11	(83.739)	(81.822)
Expense on accounts receivable provisions		(11.298)	(13.860)
<b>Gross Financial Margin</b>		<b>(308.167)</b>	<b>106.181</b>
<b>Other Expenses</b>			
Employee Benefits		(14.358)	(13.409)
Depreciation and amortization expense	13 – 15	(6.222)	(6.185)
Depreciation right of use assets	14.1	(2.056)	(2.156)
Other	28	(88.880)	(80.004)
<b>Total Other expenses</b>		<b>(111.516)</b>	<b>(101.754)</b>
<b>Net operating Income</b>		<b>(419.683)</b>	<b>4.427</b>
Other Income	27	2.122	940
Financial income		7.566	937
<b>Financial Income</b>		<b>9.688</b>	<b>1.877</b>
Investment valuation at fair value	29	(9)	(44)
<b>Financial expense</b>		<b>(9)</b>	<b>(44)</b>
<b>Net financial income (expense)</b>		<b>9.679</b>	<b>1.833</b>
<b>Net Income before income tax</b>		<b>(410.004)</b>	<b>6.260</b>
Income tax	22	107.545	(324)
<b>Net income for the period</b>		<b>(302.459)</b>	<b>5.936</b>
Net earnings per share		<b>(63.211)</b>	<b>1.241</b>

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
**(Stated in million of Colombian pesos)**

	December 31,	
	2022	2021
<b>Net income for the period</b>	<b>(302.459)</b>	<b>5.936</b>
<b>Other comprehensive income</b>		
<b>Items that may be or are reclassified to profit or loss</b>		
Shares	-	(345)
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	300	3.585
Valuation of financial derivatives Cross Currency Swaps	(40.869)	(54.322)
Valuation of financial derivatives Options	21.190	(54.186)
Income tax	6.782	34.414
<b>Total other comprehensive income for the period</b>	<b>(12.597)</b>	<b>(70.854)</b>
<b>Total other comprehensive income</b>	<b>(315.056)</b>	<b>(64.919)</b>

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

**CREDIVALORES- CREDISERVICIOS S. A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
<b>Balance as of January 01, 2020</b>	<b>129.638</b>	<b>64.725</b>	<b>(12.837)</b>	<b>18.651</b>	<b>33.980</b>	<b>(54.848)</b>	<b>123.638</b>	<b>5.224</b>	<b>308.171</b>
Appropriation of earnings	-	-	-	5.224	-	-	-	(5.224)	-
Capitalization	5.556	6.444	-	-	-	-	-	-	12.000
Increases (decrease) in other comprehensive income	-	-	-	-	(70.854)	-	-	-	(70.854)
Deferred tax application IFRS 9 first time	-	-	-	-	-	-	3.358	-	3.358
Net income for the period	-	-	-	-	-	-	-	5.936	5.936
<b>Balance as of December 31, 2021</b>	<b>135.194</b>	<b>71.169</b>	<b>(12.837)</b>	<b>23.875</b>	<b>(36.874)</b>	<b>(54.848)</b>	<b>126.996</b>	<b>5.936</b>	<b>258.611</b>
Appropriation of earnings	-	-	-	-	-	-	5.936	(5.936)	-
Capitalization	-	-	-	-	-	-	-	-	-
Increases (decrease) in other comprehensive income	-	-	-	-	(12.596)	-	-	-	(12.596)
Net income for the period	-	-	-	-	-	-	-	(302.459)	(302.459)
<b>Balance as of December 31, 2022</b>	<b>135.194</b>	<b>71.169</b>	<b>(12.837)</b>	<b>23.875</b>	<b>(49.470)</b>	<b>(54.848)</b>	<b>132.932</b>	<b>(302.459)</b>	<b>(56.443)</b>

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

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF CASH FLOWS**  
**PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

	Notes	December 31, 2022	December 31, 2021
<b>Cash flows from operating activities</b>			
(Loss) Profit after income tax		(302.459)	5.936
<b>Reconciliation of (loss) profit after income tax:</b>			
Depreciation of tangible assets	13	240	405
Depreciation of assets by right of use		2.056	2.156
Amortization of Intangible Assets	15	5.982	5.780
Amortization of expenses paid in advance		5.377	11.117
Increase in Impairment for Credit Portfolio	11	75.368	67.500
Amortization of Transaction Costs Liabilities		31.875	28.308
Increase in forgiveness		8.370	14.322
Impairment Accounts Receivable		11.298	13.860
Portfolio valuation measured at fair value	12	16.302	3.332
Change in investments in associates	10	(2.576)	(1.403)
Interest causation of financial obligations		271.783	208.477
Difference in Exchange Financial Instruments		360.623	303.443
Income tax		(107.545)	324
<b>Cash generated by operations</b>			
<b>Net change in operating assets and liabilities:</b>			
Increase in the portfolio of capital and interest loans		(7.808)	(312.981)
Increase in Accounts Receivable		112.554	(20.312)
Acquisition of Intangible Assets		(2.226)	(2.596)
Increase in prepaid expenses		(12.046)	(3.015)
Loss of intangible assets		121	55
Increase (Decrease) of Accounts Payable		(27.202)	(14.416)
Employee Benefits Increase		58	12
Income tax paid		(10.040)	(7.461)
Increased Provisions	20	2.110	(6.452)
Increase in Other Liabilities		(1.942)	(7.568)
<b>Net cash provided by operating activities</b>		<b>430.273</b>	<b>288.828</b>
<b>Net change in investment assets:</b>			
Increase in investments in FIC'S financial instruments		417	10.478
Acquisition of property and equipment		(184)	(65)
<b>Net cash provided for investment activities</b>		<b>233</b>	<b>10.413</b>
<b>Net change in operating activities</b>			
Acquisition of financial obligations		895.631	437.638
Result in the maturity settlement of derivatives		292.211	(262.085)
Payment of financial obligations		(1.208.090)	(404.229)
Interest payment financial obligations		(283.350)	(196.258)
Capitalization		-	12.000
Payment of financial leases		(2.370)	(2.093)
<b>Net cash used for financing activities</b>		<b>(305.968)</b>	<b>(415.027)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>124.538</b>	<b>(115.786)</b>
Cash and cash equivalents at the beginning of the period		148.514	264.300
<b>Cash and cash equivalents at the end of the period</b>		<b>273.052</b>	<b>148.514</b>

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

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

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**NOTE 1. REPORTING COMPANY**

Credivalores-Crediservicios S.A., (hereinafter "Credivalores", the "Company" or "CVCS"), is a stock company registered for business in Bogotá - Colombia, located at Carrera. 7 No. 76-35 P 7, and a website at [www.credivalores.com.co](http://www.credivalores.com.co). The Company was incorporated by means of Public Deed No. 420 dated February 4, 2003 drawn up before the Public Notary No.1 of the Circuit of Cali. The term of duration of the Company is twenty years as of the date of the aforementioned deed.

The merger of two companies, Crediservicios S.A. and Credivalores S.A. was registered by means of Public Deed No. 4532 of December 12, 2008.

The merger was unanimously approved by the General Meeting of Shareholders of both companies on July 31, 2008, whereby it was determined that Crediservicios S.A. (the surviving company), would continue to legally exist after taking over Credivalores S.A. which would cease to exist (being dissolved but not liquidated). In addition, the equity of Credivalores S.A. was merged with that of Crediservicios S.A. by means of acquiring the assets and assuming the liabilities of both companies, as agreed on by both company's legal representatives,

This merger agreement was reported to the Colombian Superintendence of Industry and Commerce, which did not report any objections to the aforementioned process. Credivalores S.A. (the acquired company) was incorporated by means of Public Deed No. 1906 dated May 13, 2003, drawn up before the Public Notary No. 1 of the Circuit of Cali, and duly registered with the Chamber of Commerce of Cali on May 21, 2003, under Registry Number 3501 Book IX. Subsequently, the Company changed its name from Crediservicios S.A. to Credivalores-Crediservicios S.A.S, becoming a simplified stock corporation, by means of the Public Deed No. 529 dated February 27, 2009 drawn up before the Public Notary No. 1 of the Circuit of Cali.

By means of Minutes No. 16 dated February 23, 2010 of the General Meeting of Shareholders, duly registered before the Chamber of Commerce on March 19, 2010; the Company became a simplified joint stock company with the name of Credivalores-Crediservicios S.A.S. under Registration Number 3074 of Book IX.

By public deed No. 3175 of notary No. 73 of Bogota D.C. as of September 28th, 2019, registered July 9th, 2019 under Number 02484244 Book IX, the company changed its name from CREDIVALORES - CREDISERVICIOS S. A. S. to CREDIVALORES - CREDISERVICIOS S. A. under the figure of a stock corporation.

The Company's business purpose is to originate consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its own funds and other sources of funding permitted by law. In carrying out these activities, the Company may:

- a) Perform risk assessments,
- b) Service and manage loans or lines of credit, including but not limiting the collection and registration of these obligations,
- c) Purchase and sell loans, securities, and loan portfolios,
- d) Borrow funds and enter into transactions allowing the Company to obtain the funds required to perform its corporate purpose,
- e) Act as co-signer, guarantor, surety or collateral provider to raise funds in order to finance its activities that may be undertaken, structured or implemented through trust arrangements, and

Perform any other activities that are required as part of the Company's normal course of business, such as: (i) acquiring, encumbering, limiting the domain or disposing of fixed assets (ii) acquiring and using trade names, logos, trademarks and other industrial property rights; (iii) investing in existing companies, or creating new ones, providing that these companies have the same or similar business activities as the Company or that should relate in any way to its own corporate purpose; (iv) entering into partnerships or contracts with third parties to carry out its corporate purpose; (v) guaranteeing its own and third-party obligations.

The funds used by the Company for carrying out its business activities shall be lawfully sourced and therefore the Company shall be prohibited from raising money by means of large scale or regular deposits from individuals, pursuant to current legislation. The Company is not under the supervision of the Colombian Superintendence of Finance (Superintendencia Financiera de Colombia) since it is not considered to be a financial institution in accordance with Colombian legislation, nor is it allowed to carry out brokerage of instruments registered with the Colombian National Registry of Securities and Issuers (RNVE).

The Company is prohibited from raising money through large-scale and regular deposits from individuals, complying with the stipulations in the financial and exchange regulations.

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

Credivalores has the following branches nationwide: Aguachica, Armenia, Barrancabermeja, Barranquilla, Bucaramanga, Cali, Cartagena, Cartago, Ciénaga, Cúcuta, El Paso, Florencia, Girardot, Ibagué, La Dorada, La Jagua de Ibérico, Lomas, Magangué, Manizales, Medellín, Mocoa, Montería, Neiva, Palmira, Pasto, Pereira, Popayán, Riohacha, Sahagún, San Andrés, Santa Marta, Sincelejo, Tunja, Valledupar, Villavicencio, and Yopal.

In December 2021 the Company received 12,000 million of capital injection. The ownership of the Company after these capitalizations is as follows:

Shareholders	Ownership
Crediholding S.A.S.	34,24%
Lacrot Inversiones 2014, S.L.U	36,43%
Acon Colombia Consumer Finance Holdings, S.L.	19,90%
Acon Consumer Finance Holdings II, S.L.	4,21%
Direcciones de Negocio S.A.S.	0,0%
Treasury Shares	5,22%
<b>Total</b>	<b>100,00%</b>

The authorized capital of the company will be as follows:

Authorized capital	Number of Shares	Nominal value
182.793.801.894	6.469.661	28.254

Ongoing Business

Article 218 of the Commercial Code sets the causes for dissolution of the Company:

The commercial company shall be dissolved for the following reasons:

- 1) The expiration of the term provided in the contract for its duration, if it is not validly extended before its expiration.
- 2) The impossibility of developing the social enterprise, for the termination of the same or for the extinction of the thing or things whose exploitation constitutes its object.
- 3) By reducing the number of associates to less than required by law for their constitution or operation, or by increasing them, exceeding the maximum limit set in the same law.
- 4) The declaration of bankruptcy of the company.
- 5) The causes that are specifically and clearly stipulated in the contract.
- 6) By decision of the associates, adopted in accordance with the laws and the social contract.
- 7) By decision of the competent authority in the cases expressly provided by law,
- 8) For other reasons established in the laws, in relation to all or some of the forms of society regulated by this Code.

Article 457 of the Commercial Code indicates the causes for dissolution in the corporation:

The public limited company shall be dissolved:

- 1) For the reasons indicated in article 218.
  1. Repealed by art. 4 of Law 2069 of 2020
- 2) When ninety-five percent or more of the subscribed shares are owned by a single shareholder.

Likewise, Article 4 of Law 2069 of 2020 establishes:

ARTICLE 4. CAUSE OF DISSOLUTION FOR NON-COMPLIANCE WITH THE ONGOING BUSINESS HYPOTHESIS. Will be cause for the commercial company dissolution the non-compliance with the ongoing business hypothesis at the end of the year, in accordance with the provisions of current regulations.

(...)

PARAGRAPH 1. The references made in any rule relating to the cause of dissolution for losses shall be understood in reference to the present cause. The obligations established in this rule shall also be enforceable to branches of a foreign company.

Finally, the National Government through Act 854 of 2021 issued by the Ministry of Industry and Commerce indicated the financial ratios or criteria to establish patrimonial impairments and insolvency risks.

(...) however, administrators will use at least the following indicators as a baseline:

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INDICATOR	DIMENSION	FORMULA
Negative equity position	Patrimonial detriment	Total Equity < 0
Consecutive losses in two closing periods or in several monthly periods according to the business model	Patrimonial detriment	(Profit for the financial year < 0) and (profit for the previous year < 0)
Net working capital on short-term debts (<0.5)	Insolvency Risk	(Commercial accounts receivable customers + current inventory - Commercial accounts payable) / Current Liabilities
EBIT / Total assets < Liabilities	Insolvency Risk	(Earnings before interest and taxes / Total Assets) < Total Liabilities

Credivalores has evaluated the following items according to the behavior in recent months:

- Economic environment.
- Payment of obligations with third parties: payroll, suppliers, and tax national, district and municipal entities, financial liabilities.
- Financial Forecasts.
- Ability to continue offering business model products.
- Shareholders commitment.

As stated in the conceptual framework, in paragraph 3.9 ongoing business hypothesis, financial statements are normally prepared under the assumption that a reporting entity is in operation and will continue its activity for the foreseeable future. Therefore, it is assumed that the entity does not intend or need to liquidate or cease its business. If such an intention or need would exist, financial statements may have to be prepared on a different basis. If so, the financial statements describe the basis used.

#### Economic overview

In 2022, different global and local events were presented that had important effects on economic performance. Situations such as the war between Russia and Ukraine impacted the costs of oil and its derivatives, generating cost overruns in energy generation and production globally, due to the increase in the price of raw materials. Likewise, the measures implemented by China to control COVID-19 infections, together with the high uncertainty of investors due to the electoral contests in Colombia, Brazil and other political events in the region, triggered an accelerated escalation in the exchange rates of a large part of the emerging economies.

Additionally, the global economic reactivation generated greater inflationary pressures that had to be tackled by the different central banks through a restrictive monetary policy, where countries such as Colombia suffered significant increases in interest rates, which decreased liquid funds in the economy.

With this global outlook, the economic performance in Colombia was favorable within the region despite having one of the most devalued currencies during 2022, which on average was close to 20%. However, the economy is estimated to have grown close to 9% and the unemployment rate fell to 10.9% in December according to DANE's<sup>1</sup> statistics, approaching pre-pandemic levels again.

In terms of portfolio performance, this year we witnessed the total reactivation of the economy, which allowed portfolio origination volumes to be brought to pre-pandemic levels. However, the portfolio of the banking sector grew 3.5% in real terms, mainly in consumption mode (5.4%), growing below the level presented in 2021. According to Asobancaria, for 2023 a slowdown in the real growth of the portfolio of 2.1% is expected (consumption growing at 2.3%) due to a slowing down on the country's economic activity, lower household consumption due to high inflation, and new increase in the unemployment and interest rates in the placement of loans.

The financial's market volatility suffered during the year led to an accelerated increase in interest rates, where the need to contain inflation led the Bank of the Republic to raise reference rates from 3% to 11% during 2022. Likewise, the situation caused the capital market's activity in new local issues to be diminished.

<sup>1</sup> Colombian Department of Statistics

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The rise in funding rates is expected to continue during the first half of 2023, a situation that will limit the possibility for a large part of the population to obtain both consumer and housing loans due to the transfer of this extra cost to placement rates and lower liquidity in the financial sector, forcing financial institutions to be more selective and moderate their credit risk appetite.

The local panorama still shows a high uncertainty facing a year of economic slowdown, where the mining sector has been protagonist by the permanent declarations of the government about the non-granting of new licenses for exploration and exploitation of hydrocarbons, the gradual dismantling of the subsidy to gasoline and the possibility that the capital destined for investment is compromised and limited by the energy transformation policy of the actual government.

The increase in the minimum wage of 16% will allow the growth of the loan portfolio due to the increase in the capacity of payment / indebtedness, where the payroll will have a fundamental role in the entire financial sector due to its growth in a natural way in the lower risk portfolios of. However, 2023 increases in a possible scenario of economic recession leaves a challenging outlook for the productive sector, which will seek to compensate for the effects of the increase in minimum wage, inflation and new tax reform through optimization and efficiency in its operational processes that will allow them to overcome the difficulties that lie ahead in the short term.

Finally, we see that the financial sector will continue to be one of the sectors that will mark the growth of the country's total GDP, which is projected between 0.7% and 1% by 2023, being a strategic ally for the government in the control and collection of taxes, as well as a natural facilitator in the dispersion of resources associated with government social programs that will operate during the year aimed at vulnerable population.

**Payment of obligations with third parties: payroll, suppliers, and fiscal entities of national, district and municipal order, financial obligations.**

Credivalores, has been complying with the payment of the different obligations resulting from the operation and business in progress such as: payroll, suppliers, national, district and municipal tax obligations and financial obligations.

In several scenarios that we have consulted from other entities economic research, the normal scenario they contemplate for this year is a Foreign Exchange Rate of COP4,850 per USD1, this being the value that the company currently assumed and that was reflected in the result of its Financial Statements as of December 2022. On the other hand, the company is managing alternatives and hedging strategies through international intermediaries given that the local market does not have the capacity to close these positions or exchange rate exposures.

**Ability to continue offering business model products.**

Credivalores structured two additional collateralized lines for a payroll portfolio closing COP350.000 million: i) with Coomeva for COP50,000 million and ii) Alianza for COP300,000 million, which will start operating in the first half of 2023.

**Shareholder commitment**

During 2022, arrangements were made to add a new shareholder to the company, as well as the negotiation of all contractual terms and documentation. Once this documentation is signed, it is estimated that the shareholder is making the capitalization at the beginning of 2023.

There are important uncertainties related to events and conditions that may generate significant doubts about the ability of Credivalores to continue as an ongoing business, such as the behavior of the Exchange Rate, however, the Management and Shareholders based on the related information conclude that the ongoing business hypothesis continues to be appropriate. Therefore, Credivalores will prepare the financial statements and other reports as stipulated by regulation. Likewise, it will maintain monitoring and reporting to the market any changes that may affect its situation and may lead to a non performing situation.

Additionally, Credivalores has an authorized amount to issue bonds in dollars and available credit lines.

**NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

The financial statements of the company Credivalores Crediservicios S.A., have been prepared in accordance with the accounting and financial reporting standards accepted in Colombia, based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual framework, the conclusion rationale and the application guides authorized and issued by the International Accounting Standards Board (IASB) published in Spanish until 2018), excluding IFRS 17 on Insurance Contracts; and other legal provisions defined by government surveillance entities that may differ in some aspects from those

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established by other State control bodies), established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. They have been prepared based on historical cost.

Law 1314 of July 13, 2009 regulated the financial reporting, accounting and data security standards and principles accepted in Colombia and identified competent authorities, established the procedure for issuing the standards and determined the entities responsible for monitoring compliance. This law was regulated by means of the following decrees:

- a) 2784 of December 28, 2012
- b) 1851 of August 29, 2013
- c) 3023 of December 27, 2013
- d) 2267 of November 11, 2014

Decree 2615 dated December 17, 2014 came into effect on January 1, 2016. Decree 2615 contains the international accounting and financial reporting standards in force as of December 31, 2013 and their corresponding amendments issued by the International Accounting Standards Board IASB in force today. With this, the regulatory technical framework contained in the annex to Decree 2784 dated December 28, 2012 and Decree 3023 dated December 27, 2013 was revoked.

Credivalores reports comparative information from the immediately previous period for all values included in the current period's financial statements and includes comparative explanations, when necessary, to ensure the current period's financial statements are understandable.

The financial statements were authorized for issuance by the Board of Directors in accordance with minute 251 on February 28, 2023. They can be modified and must be approved by the Shareholders.

**NOTE 3. JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the implementation of accounting policies and reported amounts of assets and liabilities, and income and expenses.

Credivalores S.A. will disclose the nature and amounts of changes in accounting estimates that are significant and affect the current period or are expected to affect any impact in future periods. Information on the effect in future periods will not be disclosed if the estimate of the effect is not practical.

The financial statements, the significant judgments made by the administration in the application of the accounting policies of Credivalores and the main sources of estimation were the same as those applied to the financial statements for the year ended December 31, 2022.

**3.1 IFRS 9 – FINANCIAL INSTRUMENTS**

Credivalores applies IFRS 9 - Financial instruments as of January 1, 2018, according to the following models.

**3.1.1 IMPAIRMENT MODEL**

IFRS 9 – financial instruments, pose significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. In particular, the standard proposes a new approach that pursues the identification of the significant increase of the risk of credit (SIRC) in an instrument before the identification of objective evidence of impairment (OEI).

From the above, the company has advanced in the construction of quantitative and qualitative criteria to identify the significant increase in the credit risk of an instrument. Although a quantitative criterion as the main principle is used to evaluate the (SIRC), qualitative criteria have also been developed in case that it is not possible to apply the quantitative criterion or that it cannot be used for specific financial assets.

Impairment related requirements are applied to financial assets measured at amortized cost and fair value with changes in other comprehensive income (FVOCI) whose business model remains to collect (contractual cash flows) and sell.

The expected credit loss model considers the prospective nature of loss tolerances for instruments, based on expectations of future behavior.

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For the calculation of the expected loss of payroll and Credit Card products Credivalores has decided to use the Granular Amortization approach, considering the following aspects:

- Exposure and corresponding risk parameters are calculated individually for each period.
- Exposure and corresponding risk parameters are intended to be constant within each period, but may vary between periods of time.
- The calculation of the EP is individual by period.
- Calculations of PE12m and PE in life are performed by adding the individual PEs for each respective risk horizon (one-year, whole life).
- Frequency of payment fixed according to its depreciation: monthly, quarterly, semi-annual, annual, among others.
- The granular depreciation approach captures the dynamic behaviors of risk parameters at high granularity (more detailed).

**Main sources of calculation**

The central concept of impairment under the new IFRS 9 impairment model is based on a dual measurement approach that takes into consideration the current level of expected impairment of each loan, compared to initial recognition, and requires recognition of impairment over the difference between expected credit losses in 12 months, if no significant changes in risk have occurred since initial recognition; otherwise, a credit loss amount is recognized over the expected life of the financial instrument.

This model is complemented with stress analysis and scenarios with inputs that are not controlled by the Company, such as macroeconomic factors. To this end, the Company has developed a statistical model for the projection of PDs through neural networks in a univariate way.:

**1. Search for possible associations with macroeconomic variables:** From the collection of information on macroeconomic variables that were considered, we went through the Principal Components Analysis (PCA) method and the Stepwise method (STW) to find the possible associations of macroeconomic variables with each of the PD of the products, these were considered our explanatory variables.

**2. Univariate projections:** We project the PD and the macroeconomic variables associated, we do this in a univariate way through neural networks, in some macroeconomic variables we use classic methods such as ARIMA models. The argument of selection of the best model to make the projections of each series is the lowest value found with the root of the mean square error both in training and in the validation set (test), it is also important to highlight that models chosen are those where there is coherence in the projections .

The projected PD is considered as the PD of our BASE scenario, and this is precisely the target variable in multivariate scenarios. The fundamental argument for the PD to be projected in a univariate way is that by doing so we are doing it only with the information that the series keeps, that is, although we know that a series is the reflection of other variables, in principle we look for the information that only it gives us, to later observe how it is affected by macroeconomic variables.

**3. Generation of scenarios:** For Forward Looking models we must generate two scenarios in our projections of macroeconomic variables, one optimistic and one pessimistic. To achieve this, we rely on descriptive measures of each of the series, in this case the projected scenarios are given by the standard deviations that are needed to reach quartiles 25% and 75% of each of the macroeconomic series, understanding these points as critical values for both an optimistic and pessimistic scenario.

**4. Multivariate adjustment:** With the macroeconomic variables projected in the BASE scenario, a multivariate neural network is adjusted, understanding that the variables associated with each of the products are the explanatory variables and the response variable, that is, the PD is our explained variable. The best fit that is determined by the smallest root of the mean square error is our chosen neural network model. With this model and with the optimistic and pessimistic projections of the associated macroeconomic variables, we proceed to project each of the optimistic and pessimistic scenarios in a multivariate way.

**3.2 Financial Assets Business Model**

Credivalores makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The expected policies and objectives for the portfolio and the actual application of them In particular whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile,

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matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to Credivalores management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Credivalores stated objective for managing the financial assets is achieved and how cash flows are realized.

Credivalores Crediservicios S. A. seeks to maintain various sources of financing locally and internationally from the banking and capital markets.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI).

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Credivalores considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Credivalores Crediservicios S.A.S. business model is based on granting consumer loans quickly through innovative products to middle- or low-income segments that are not served by the traditional financial system.

The Company has developed a diversified platform with collection channels designed to minimize the risk of default and optimize the quality of its loan portfolio (minimize NPL), including: payroll deduction loans (discounted from payroll payments), credit card (collecting via public utilities bills), and financing for insurance policy premiums (revocable insurance where the insurer returns the portion of the premium that was not used in case of default).

The business model focuses on building alliances and agreements for origination and distribution of each one of our products, thus guaranteeing growth. The company has more than 720 agreements with employers that can issue payroll loans, exclusive agreements with public utility companies for invoicing and collecting via credit card, and alliances with third parties and insurers for the origination of the Credipoliza product. The risk management systems are similar to those implemented by other Colombian financial entities and they take characteristics of the target market into consideration. These systems have been adjusted according to the experience and knowledge acquired over more than 14 years in the market.

This business model produces a portfolio of diversified products with limited geographic concentration and by loan amount.

The entity applies meaningful judgements to determine its business model to manage financial assets and to evaluate if the financial assets comply with the conditions established in the business model so they can be classified at fair value or at amortized cost. According to the aforementioned, some financial assets have been classified in investments at fair value and others at amortized cost. According to the business model the financial assets at amortized cost can be sold only in limited circumstances, such as when there are infrequent transactions, adjustments are made to the maturity structure of its assets and liabilities, when it is necessary to finance significant capital disbursements and when there are seasonal liquidity needs.

Investments in equity instruments at fair value have been classified with adjustments through profit or loss, considering that they are strategic investments for the company and, are expected to be sold in the near future.

Financial Assets at fair value

According to its business model the Company has determined that TuCrédito payroll deduction loans will be measured at fair value when they meet the following conditions:

1. Maximum term of 90 days as of the date of origination.
2. Highest rating based on its compliance score.

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Financial Assets at amortized cost

The loan portfolio is classified at amortized cost when:

The loan portfolio is classified at amortized cost when it meets the following criteria: Credivalores Crediservicios S.A.S. business model is to hold these assets with the purpose of collecting their cash flows on specified dates, as per their contractual terms, and the contractual terms of the financial asset give rise on specified dates, to cash flows that consist of payments of principal and interest on the outstanding amount owed.

**3.3 Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

**Variable lease payments**

Some property leases contain variable payment terms that are linked to profit generated from a specific office. For individual offices, up to 100% of lease payments are based on variable payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established offices. Variable lease payments that depend on profits are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

**Lease terms**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed if a significant event or a significant change in the circumstances affecting this evaluation occurs.

**3.4 Seasonal nature of income and expenses.**

The nature of the most important operations of Credivalores Crediservicios S. A is mainly related to traditional activities that are not significantly affected by seasonal factors.

**3.5 Income tax**

The Company evaluates the recognition of liabilities due to discrepancies that may arise with the tax authorities on the basis of additional tax estimates that must be cancelled. The amounts provided for the payment of income tax are estimated by the administration based on its interpretation of current tax regulations and the possibility of payment.

Actual liabilities may differ from the amounts provisioned resulting in a negative effect on the Company's results and net position. When the final tax result of these situations is different from the amounts that were initially recorded, the differences impact the current income tax and deferred assets and liabilities in the period in which this fact is determined.

The Company evaluates the recoverability of deferred tax assets based on estimates of future tax results and the ability to generate sufficient results during periods in which such deferred taxes are deductible. Deferred tax liabilities are recorded according to estimates made of net assets that will not be tax-deductible in the future.

**NOTE 4. SUMMARY OF THE MAIN ACCOUNTING POLICIES**

The following are the significant accounting policies applied by Credivalores in the preparation of these financial statements.

**4.1 Materiality**

The economic facts are presented in accordance with their relative importance or materiality.

For disclosure purposes, a transaction, event or operation is material when, because of its amount or nature, or knowledge or lack of knowledge thereof, and considering the circumstances surrounding it, it affects the decisions that may be made or the assessments that users can carry out in regards of the accounting information.

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Upon preparing and presenting these financial statements, the materiality of the amounts recorded is determined in terms of total assets, current and non-current assets, total liabilities, current and non-current liabilities, equity or income for the year as appropriate.

As per the assessment of materiality, Management considers as material any entry, transaction or event for which the value is equal to or greater than the percentage that results from the application of the following table and any others deemed necessary because of their nature:

Item	Percentage of fair value
Asset	0.5%
Liability	0.5%
Equity	0.5%
Revenue	0.5%
Expenses	0.5%

#### 4.2.1 Functional and reporting currency

These financial statements are presented in Colombian pesos, which is the functional and reporting currency of Credivalores.

Items included in the Company's financial statements are stated in the currency of the primary economic environment in which the Company operates (Colombian pesos). All figures are stated in millions of Colombian Pesos and have been rounded to the nearest unit.

#### 4.2.2 Transactions and Balances in Foreign Currency

Foreign currency transactions are recorded at the Company's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency using the prevailing exchange rate at the reporting date of the statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies in terms of historical costs are measured using the exchange rate at the transaction date. Financial instruments measured at fair value are translated using the exchange rate from the date the fair value was determined.

As of December 31, 2022, and 2021, the (COP/USD) exchange rates certified by the Superintendence of Finance were 4.810,20 and 3.981,16 per U.S. \$1 respectively.

#### 4.3 Cash and cash equivalents

Represent the Company's high liquidity assets such as: bank account balances, remittances in transit and Time Deposits. Moreover, cash is recorded for petty-cash purposes.

Credit balances in transactions with a particular entity constitute obligations to that entity and, as such, must be reflected as a liability under bank loans and other financial obligations and/or checking account overdrafts. However, they are part of the Company's liquidity management. In the above-mentioned circumstances, such overdrafts are included as a component of cash and cash equivalents.

Investments in money market funds with positions in short term liquid assets, with maturity shorter than three months will also be classified as cash and cash equivalents. In this case, the risk of price changes is insignificant, and positions are held support short-term cash requirements rather than for investment or similar purposes.

Bank expenses and financial interests are recorded at the value reported in the corresponding bank statements. Daily financial returns are reported at the rate negotiated with the respective financial entity with adjustments made in relation to the nominal value reported in the statement at the close of each month.

#### 4.4 Financial Instruments

##### Financial instruments

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A financial instrument is a contract that results in a financial asset of one entity and a financial liability or equity instrument of another entity.

**Date of recognition of financial instruments**

Financial assets and liabilities are recognized in the financial statement when the Company becomes part of the contractual provisions of the instrument.

**4.4.1 Financial Assets**

The Company classifies its financial assets into equity instruments, trading instruments, amortized cost investment instruments, credit instruments and accounts receivable.

At the time of initial recognition, a financial instrument is measured at fair value plus any direct attributable transaction costs, which are not included if the instrument is classified at fair value through changes in profit or loss. Typically, the fair value at the initial time of recognition is the price of the transaction itself, that is, the amount to be paid or received.

Credivalores recognizes loans and accounts receivable, trading and investment securities and other assets or liabilities on their effective dates.

Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the Company measures its financial instruments at fair value or amortized cost based on the established business model and the contractual terms of the corresponding financial asset or liability.

**i. Amortized cost**

Amortized cost is the cost of acquiring a financial asset or a liability plus or minus any capital repayments, cumulative amortizations (calculated using the effective interest rate method) about any difference between the initial amount and the value repaid at maturity and minus any reduction for impairment.

**Effective rate**

The effective interest rate is a method that allows calculating the amortized cost of financial assets over the financing period.

This method consists of discounting the future value of the financial asset with the reference market rate for accounts receivable of similar characteristics (amount, term), at the date of commencement of the operation.

Additionally, interest must be recognized as a higher value of the obligation.

**ii. Fair value**

Fair value is the amount to be received should the asset be sold or the amount to be paid for transferring a liability as part of a transaction between market participants on the date on which the measurement is made. The most objective and commonplace definition of fair value is the price that would be paid in an active, deep and transparent market ("listed price" or "market price").

When such values are available CVCS determines the fair value of an instrument using the prices listed on an active market for that specific instrument. A market is considered active if listed prices are readily and regularly available and represent real transactions that are performed regularly on a stand-alone basis.

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm's length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.

The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

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Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction (See note 6).

The Company's business model includes payroll loans at fair value with changes in profit and losses, whereby the loans originated within the 90 days prior to the date of the financial statements are valued at fair value. In order to estimate the fair value of these loans, which could be sold to financial institutions at a market price, the Company evaluates the lending rate of these loans within the reference market to evaluate the rate at which other financial institutions considered as peers and comparable to the Company will be willing to invest their resources and hold the payroll loans within their balance sheet.

Considering the results from the evaluation of the rates, the Company evaluates four variables to obtain the value of the adjusted rate applicable to the transactions to sell loan portfolio, according to internal criteria:

- i) The multiplier, which compares the Company's rate to the market rate.
- ii) The value of the premium paid in these businesses, which results from discounting the future values of a loan originated at Credivalores' lending rate using the market rate.
- iii) The rate is adjusted by the transaction cost associated to the loan portfolio.
- iv) The cash flows associated to the insurance policies applicable to the loan are also valued.

The methodology followed by the Company, uses the last three months reports from the Financial Superintendence as the source of information to determine the interest rate to discount the cash flows and complete the valuation of the final selling price of the loan portfolio.

The Company has determined that the fair value of the loan portfolio registered in its financial statements is type 3, since most of the criteria is internal.

#### 4.4.2 Initial measurement of financial instruments

Financial assets and liabilities are initially measured at fair value, transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are aggregated or deducted from the fair value of them. For financial assets and liabilities measured at fair value with changes in results (FVPL), transaction costs directly attributable to the acquisition are immediately recognized in results.

Debt instruments held within a business model aimed at receiving contractual cash flows, whose cash flows are only capital and interest payments on the outstanding principal amount (SPPI), are subsequently measured at the amortized cost; debt instruments that are maintained within a business model whose objective is both to receive contractual cash flows and to sell debt instruments and which have contractual cash flows that are SPPI, are subsequently measured at fair value through another comprehensive result (FVOCI); all other debt instruments (e.g. debt instruments administered on a fair value basis, or held for sale) and capital investments are subsequently measured in FVPL.

##### 4.4.2.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit Tucredito (payroll deduction loans) is measured at fair value, given that its market niche is focused on placing "top-rated" loans.

Classification of "Tucredito" line of credit, based on the corresponding business model			
Item	Tucredito portfolio segment	Measurement	Valuation
1	Performing loans subject to sale	Fair value	Market price.
2	Best rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).

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4	Past due loans	Amortized cost	Incurred loss model based on the expected loss.
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In line with its business model the Company has decided to measure the loans comprising the "Tucredito" line of credit at fair value based on the historical trading average since its loans are not impaired (and which, from their origination, are the best-rated 0 - 90 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

Unsold lines of credit, which were initially measured at fair value but which after 90 days of origination were impaired, will later be measured based on an indexed rate, which converts the amortized cost rate into an amount equivalent to their fair value.

#### 4.4.2.2 Financial assets at amortized cost

Financial assets are classified at amortized cost only if the asset is kept within a business model whose objective is to maintain it to collect contractual cash flows and the contractual terms of the value give rise at specific dates to cash flows that are only payments of cash, capital and interest on the outstanding principal capital; Interest income is recognized using the effective interest rate method.

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period of time, is equal to the net book value in the beginning. To calculate the effective interest rate, the Company estimates the cash flows taking into account all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

The Company classifies the following financial instruments at amortized cost:

Credivalores Crediservicios S.A. Business Model					
Product	Measurement	Terms	Valuation	Features	Estimated % of Sales
Tucredito	Fair value	0-90 days as of date of disbursement	Market price	Current and best rated payroll loans	56,40%
	Amortized cost	> 91 days subsequent to date of disbursement	Equivalent indexed rate	Current and past-due payroll loan portfolio	
Credipoliza	Amortized cost	Portfolio	Equivalent indexed rate	Financing for insurance policies	7,10%
Crediuno	Amortized cost	Portfolio	Equivalent indexed rate	Credit card	36,49%

#### 4.4.3 Impairment

Under the guidelines of IFRS 9, in 2019 Credivalores adjusted its impairment model of loss incurred to expected loss, in line with said standard, which is established based on a classification of operations in three stages.:

- Stage 1-assets without significant deterioration or in normal situation.
- Stage 2-assets with a significant increase.
- Stage 3-assets with objective evidence of impairment.

The fundamental concept of the new model is based on an approach of dual measurement, depending on the Stage of the financial instrument classification: for Stage 1 damage is equal to the credit losses expected at 12 months, to stage 2 and 3 is equal to the credit losses expected lifetime. The following figure outlines the criteria of the standard.

For loss lifetime of the asset is used the same methodology of credit loss expected for a year, but instead of covering only the first year, calculated on the expected life of the contract including extension of the instrument options.

For the calculation of the expected loss of clearance and credit card products Credivalores has decided to use the depreciation Granular approach, considering the following aspects:

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- The exhibition and the corresponding risk parameters are calculated individually for each period.
- Intended that the exhibition and the corresponding risk parameters are consistent within each period but may vary between periods.
- The estimate of the EL is individual per period.
- 12 months EL and EL calculations in life, are made by adding the individual EL for each respective risk horizon (one year, lifetime).
- Fixed according to its amortization payment frequency: monthly, quarterly, semi-annual, annual, among others.
- The amortization approach granular capture the dynamic behavior of the parameters of risk in a high granularity (more detailed).

#### **4.4.4 Impairment of non-financial assets**

At each presentation date, Credivalores Crediservicios S.A.S. it reviews the carrying amounts of its property, plants and equipment and its intangible assets, in order to determine if there are indications of impairment and if there are any, the recoverable amount of the assets is estimated (whichever is greater between fair value and cost less the costs of disposal and the value of use). If the carrying amount exceeds the recoverable value, an adjustment is made so that the carrying amount decreases to the recoverable value, modifying the future depreciation charges in accordance with the remaining useful life.

#### **4.5 Equity Instruments**

Investments that do not represent control or a significant influence over the investee.

All equity instruments are measured at fair value. Equity instruments held for sale are measured at fair value through profit and loss.

##### **4.5.1 Investment in associate and affiliates**

Investments in companies in which the Company does not have control, but has significant influence are called "Investments in Associates". Investments in Associates are accounted for under the equity method.

The Company exercises significant influence over another entity if it owns, directly or indirectly, 20% or more of the voting power of the investee, unless it is clearly evidenced that such influence does not exist. They are initially recognized at cost, including costs directly related to the transaction. Subsequently to initial recognition, the consolidated financial statements include the company share of the net assets, net income or loss after income tax, and other comprehensive income of the investee, if the significant influence continues.

Investments in Associates are those in which the Company has direct or indirect control; that is, when all the following conditions are met:

- The Company has control over the entity; mainly, rights granting the Company the means of directing relevant activities that significantly affect the associate returns.
- The Company obtains or is entitled to variable returns from the interests held in the associate.
- The Company can use its power over the associate to influence the amount of income obtained by the former.

The Equity Method is an accounting method in which the investment is recorded initially at cost and then adjusted based on subsequent changes to the acquisition on the part of the investor in the net assets of the investee. Following this method Credivalores recognizes its equity in the associate through other comprehensive income and profit or loss for the period.

##### **Investments available for sale**

Available-for-sale investments are securities and, in general, any type of investment that is not classified as negotiable investments or as investments to hold until maturity, with respect to which there is a serious purpose and the legal, contractual, financial and operational capacity to hold them for at least one (1) year from the day they were classified in that category.

#### **4.6 Accounts Receivable**

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Credivalores recognizes accounts receivable such as interest, commissions other than premiums from loan portfolio purchases, insurance, and taxes.

For the initial measurement Credivalores will recognize an account receivable at fair value. Transaction costs directly attributable to the transaction will be directly recognized in the income accounts.

In the case of long-term (greater than one year) financial assets without explicit financing (contractually defined) the initially recognized value will be the future value discounted at the reference market rate for similar accounts receivable (amount, term) at the transaction date. Subsequently, long-term (greater than one year) financial assets without explicit financing (contractually defined) will be measured at amortized cost using the effective interest rate method. Short-term financial assets will not be subject to discounting.

In addition, interest must be recognized at a higher value in the account receivable.

The effective interest rate will be the rate corresponding to the market rate (where applicable) at the time the financing begins. If there is no market rate with similar characteristics the average internal lending rate will be used.

**4.6.1 Impairment of accounts receivable**

Accounts receivable other than credit portfolios are classified and impairment losses are periodically assessed in accordance with the simplified approach set out in IFRS 9.

**4.7 Leases**

**4.7.1 Assets acquired under leases**

In their initial recognition, assets acquired under leases are classified as capital or operating leases.

Lease contracts classified as capital leases appear in the statement of financial position as property, plant and equipment for the Company's own use or as investment properties, as applicable. These are initially recorded as an asset and or a liability simultaneously at the lesser of the fair value of the asset leased or the present value of the minimum lease payments. The present value of the minimum lease payments is determined using the interest rate implicit in the lease contract or, in its absence, an average interest rate used by the Company on the market. Any direct costs associated with taking the lease are added to the amount recognized as an asset.

Subsequent to the initial recognition, these are recorded in the same way as the property, plant and equipment for the Company's own use or investment properties account where they were initially recorded. The amount recorded as a liability is included in the financial liabilities account and is recorded in the same way.

Payments made under operating lease agreements are recognized in the income accounts on a straight-line basis during the term of lease. The lease incentives received are recognized as an integral component of the total lease expense over its term.

**4.8 Property and Equipment**

Property and equipment for the Company's own use include the assets, whether property or under finance lease agreements, held by the Company for its current or future use and which are expected to be used for more than one reporting period.

They are recorded in the statement of financial position at cost of acquisition plus the costs incurred in preparing these for use, less accumulated depreciation and, if applicable, estimated impairment losses resulting from comparing the net book value of each item with their corresponding recoverable amounts.

They are subsequently measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis for the estimated useful life of the asset. The annual depreciation rates for each asset category are:

Type of asset	Total useful life	Residual value	Depreciation method
Furniture	3 to 10 years	Zero	Straight line
Vehicles	Between 5 and 10 years of age	Up to 10%	Straight line
Office equipment	3 to 10 years	Zero	Straight line
Computer and communication equipment	3 to 7 years	Zero	Straight line

**Leasehold Improvements**

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Leasehold improvements are those made to rented property by means of a leasing agreement, as structured and designed to accommodate the entity's normal course of business and are recognized as property and equipment.

#### 4.9. Intangible assets

Credivalores intangible assets correspond primarily to computer software, licenses, trademarks and insurance. Intangible assets are initially measured at cost of acquisition and subsequently at cost less any depreciation accumulated over their estimated useful life or any accumulated impairment loss. The Company analyzes whether there are external or internal signs of impairment to an intangible asset; any impairment losses or subsequent reversals are recognized in the income accounts for the period.

The following table shows the residual values, useful lives and depreciation methods for each type of asset:

Type of asset	Useful life	Residual value	Depreciation method
Software	1 to 3 years	Zero	Straight line
Licenses	1 to 3 years	Zero	Straight line
Trademarks	1 to 10 years	Zero	Straight line
Exclusive contracts	1 to 15 years	Zero	Gradient according to Income Associated with contracts
Databases	30 years	Zero	Straight line

#### 4.10. Income taxes

Income tax expense includes current and deferred taxes. Tax expenses are recognized in the profit or loss, except for items recognized in "Other Comprehensive Income" OCI or directly in equity.

Deferred taxes are recognized based on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements that result in amounts that are either deductible or taxable upon determining tax profits or losses corresponding to future periods when the carrying amount of the asset is recovered or liabilities are paid or settled. However, deferred tax liabilities are not recognized if they derive from the initial recognition of goodwill; nor are deferred taxes recorded if the initial recognition of an asset or liability occurs in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is determined using enacted or substantively enacted tax rates at the reporting date.

Current income tax is calculated based on the Colombian prevailing Tax laws. Management periodically assesses positions taken in its tax returns about situations in which the applicable tax regulations are subject to interpretations and establish provisions when appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax assets are only recognized to the extent that it is probable that future taxable income is expected to be available to offset temporary differences.

Deferred tax liabilities arise from taxable temporary differences.

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 a single entity or different entities when there is an intention to offset the balances on a net basis.

Due to the enactment of Law 2155 of 2021, resulting from the estimation of the future reversal of the deferred tax as of January 1, 2022, an increase in the income tax rate from 30% to 35% was identified, as mentioned in note 22. The Company adjusted the corresponding tax-deferred balances expected to reverse beginning in 2022, using the 35% income tax rate. In line with Decree 1311 of October 20, 2021, which authorizes an alternative accounting treatment for this impact on the item of retained earnings in equity. The Company opted for this alternative and recognized COP3 billions of the tax deferred adjustments for changes in the income tax rate directly on equity against retained earnings.

With Law 2277 of December 13, 2022, a tax reform was adopted, this provision introduces some modifications in terms of income tax, however, for the general income rate it is maintained at 35% for national companies and their assimilated, permanent establishments of foreign entities and foreign legal entities with or without residence in the country obliged to file the annual tax return on the Income and complementary, taking for the year 2022 this rate for the calculation of the deferred tax.

**Comentado [NVB1]:** Se ajustó para indicar que son billones de pesos pero si no lo son por favor omitir

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#### **4.11 Financial liabilities**

A financial liability is any contractual obligation of the Company to deliver cash or another financial asset to another entity or person, to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Company or a contract that will or may be settled using the Company's own equity instruments. Financial liabilities are initially recorded at their transaction value, which, unless otherwise determined is similar to their fair value less transaction costs directly attributable to issuance. Subsequently, these financial liabilities are measured at amortized cost and their returns are recognized applying the effective interest rate method determined initially and charged to the income accounts as financial expenses.

Financial liabilities are only released from the statement of financial position when the obligations they generated or acquired are extinguished through either cancellation or renewed placement.

#### **4.12 Derivative financial instruments and hedge accounting**

Beginning January 2016, Credivalores adopted Hedge Accounting, and thus the impact in the Company's financial statements of derivatives used for hedging purposes will be aligned to their accounting treatment in derivatives items (that is, payment of principal and interest of debt in foreign currency).

Credivalores mitigates foreign exchange risk of its indebtedness in foreign currency –mostly from the Notes issued under its Euro Commercial Paper Program– using financial instruments like non-delivery and delivery forwards with local financial institutions rated "AA-" or higher.

The Company aims to hedge the next interest payment due together with the principal of the Notes until their maturity, in tranches during the four weeks following the closing of the Note. Subject to a joint decision of the treasury and international funding areas, a portion of the principal may be left unhedged, but this should be hedged in a timely manner.

##### **4.12.1 Fair-value hedge accounting**

Fair value hedging: hedging exposure to changes in the fair value of recognized assets, liabilities, or firm commitments, or of an identified portion of such assets, liabilities or firm commitments which may be attributed to a particular risk and may affect the income for the period.

The exchange difference in the right valued in USD of the derivative financial instruments, forward, cross currency swap, coupon only swap and CALL options is offset by the difference in exchange of the hedged items, these are the bonds issued and notes in USD re denominated with the TCRM (Representative Market Exchange Rate) at the end of each month.

The variation in the valuation curves is recorded as another comprehensive result (ORI) in equity until the maturity of the derivative, that is, the fair value will have two effects; one to the results and the other to the ORI. Hedging effectiveness is measured retrospectively using the hypothetical derivative method.

##### **4.12.2 Cash-flow hedge accounting**

Cash-flow hedging: hedging of exposure to changes in cash flows that: (i) are attributed to a particular risk associated with an asset or liability (such as all or some of the future interest payments of a variable-rate loan), or to a highly probable forecast transaction, and; (ii) may affect the income for the period.

The net effect of market-value changes on coupon transactions will be recorded in Other Comprehensive Income (OCI); when the forward matures it will be recorded in the income accounts on the date when the coupon hedged is paid off.

#### **4.13 Employee Benefits**

Benefits for Company employees are short-term and include elements like the following, if they are to be paid in full before twelve months after the end of the annual reporting period in which employees provide related services:

- (a) wages, salaries and social security contributions.
- (b) paid leave and paid sick leave.
- (c) non-monetary benefits to current employees (such as medical care and per diem).

The Company will not need to reclassify an employee benefit to short term if the Company's expectations about the settlement calendar change temporarily. However, if the benefit characteristics change (such as a change from non-cumulative to cumulative benefit), or if a change to the settlement calendar expectations is not temporary, then the Company must determine whether the benefit still meets the definition of short term employee benefits.

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When an employee has provided services to the Company during the accounting period the amount (not discounted) of the short-term benefits to be paid for such services will be recognized:

- (a) as a liability after deducting any amount already paid. If the amount already paid exceeds the amount not discounting benefits, the Company will recognize this excess as an asset (prepayment of an expense), inasmuch as the prepayment results in a reduction of future payments or a cash reimbursement.
- (b) as an expense.

#### **4.13.1 Short term paid leave**

The Company will recognize the expected cost of short-term employee benefits as paid leave as follows:

- a) in the case of paid leave whose rights are accumulating as the employees provide the services that increase their right to paid leave in the future.
- b) in the case of non-cumulative paid leave when the leave occurs.

Short term paid leave includes:

- (a) Vacation.
- (b) Temporary illness or disability.
- (c) Maternity or paternity leave.
- (d) Jury duty.
- (e) Other short-term leave.

#### **4.14 Provisions and contingent liabilities**

Lawsuit provisions are recognized when the Company has a current obligation (legal or assumed) derived from past events. A cash outflow is likely to be needed to settle the obligation and the amount has been estimated reliably. Restructuring provisions include lease cancellation payments and employee termination payments.

Where there are a number of similar obligations the likelihood that a cash outflow will be required is determined by considering the class of obligations as a whole. A provision is recognized even if the probability of a cash outlay with regard to any item included in the same class of obligations is immaterial.

Provisions are calculated at the present value of the disbursement expected to be needed to settle the obligation using a pre-tax discount rate that reflects current market measurements of the value of money over time and the specific risks attached to the obligation. An increase in the provision due to the passing of time is recognized as a financial expense.

##### **4.14.1 Contingent Assets**

The Company will not recognize any contingent asset.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the income is virtually certain to be realized then the related asset is not a contingent asset and should be recognized.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise the asset and the related income are recognized in the financial statements of the period when the change occurs.

##### **4.14.2 Contingent Liabilities**

The Company will not recognize any contingent liability.

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Contingent liabilities shall be continually assessed to determine if a cash outflow is likely to include future economic benefits. If it is expected that an outflow of future economic resources will be probable for an item previously dealt with as a contingent liability the corresponding provision is recognized in the financial statements of the period when the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made of said amount).

#### **4.15 Revenues**

The income recognized under IFRS 9, from ordinary activities, among which are interest, commissions, portfolio sale are the increases in economic benefits during the period, which are generated in the performance of ordinary activities and / or other income of Credivalores that increase the equity.

Revenue will be recognized:

- To the extent that the services are provided and/or risks and benefits associated with the goods sold are transferred. When the service is provided during the same period, the degree of progress must not be recorded and instead 100% of the income will be recognized in that period.
- When the generation of economic benefits associated with the activity is likely.
- When it is possible to reliably determine the value of the same.
- The value of income is normally determined, by agreement between the Company and the third party. They will be measured at the fair value of the counterparty, received or to be received, taking into account the amount of any discount, bonus or rebate that the Company may grant.

Under IFRS 15, Credivalores uses the following approach to determine the classification, recognition and measurement of income from ordinary activities:

1. Identify contracts with customers.
2. Identifies performance obligations associated with contracts.
3. Determine the transaction price.
4. Assigns the transaction price to each identified performance obligation.
5. Recognizes revenue to the extent that Credivalores satisfies performance obligations by transferring control of the goods to the customer or providing to the satisfaction of the services promised.

According to the previous Credivalores applies IFRS 9 for all income from ordinary activities.

##### **4.15.1 Revenues from interest and commissions**

###### **Interest income, portfolio sales, guarantees:**

Interest income and items assimilated to it are recognized in the accounts based on their accrual period, by application of the effective rate method.

The effective interest rate is the rate that accurately discounts estimated future cash payments or those received over the expected life of the financial instrument or a shorter period, in the net carrying value of the financial asset or financial liability. The calculation takes into account all contractual conditions of the financial instrument (for example, prepaid options) and includes incremental fees or costs that are directly attributable to the instrument and are an integral part of the IRR, but not future credit losses.

Credit card fees or deposits, including credit card exchange fees and quarterly handling fees are recognized when the performance obligations associated with the customer contract are met.

Income from collateral and portfolio sales is recognized when the stages for the recognition of operating income are met, that is, when performance obligations related to the transfer of assets are satisfied. The following tables describe the different activities that the Company develops and the commission income it generates.

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Type of transaction	Description	IFRS standard
<b>Commissions</b>		
Financial consultancy fees	Credit study fees	<b>IFRS 15</b>
Insurance returns	Insurance sales commissions upon placing loans.	
Chain store commissions	Brokerage and channel (chain store) commissions.	
Collection and handling fees	Fees for collections processes through legal proceedings.	
Internal commission	Internal commission generated by intermediation channels.	
SME commission	Deferred commission on placement of loans under the Micro-Credit line	
FEE	Fee for handling the credit card, advance payments and offsetting through the channels of the Crediuno credit line.	
Brokerage fee	It is the brokerage fee charged in the contract signed with FGA.	<b>IFRS 15</b>
<b>Management fees</b>		
Crediuno	Management and handling fees for the Crediuno line.	<b>IFRS 15</b>
Payroll deduction loans	Management fees and disbursement fees for the payroll credit line.	
Credipoliza	Administration and handling fees for the Credipoliza line.	
Plus life insurance	Management fee on the Plus life insurance policy of the Crediuno line.	

#### 4.15.2 Revenues from ordinary activities

Revenue from ordinary activities shall be measured at the fair value of the consideration received or to be received, and represent amounts to be collected for goods delivered, net of discounts and returns.

The Company recognizes revenues when the amount can be measured reliably, when future economic benefits will probably flow to the Company, and when specific criteria have been met for each activity, as described below:

##### 4.15.2.1 Dividends

Credivalores recognizes dividends when the Company establishes the right to receive them.

When the right to receive them is established investments at fair value are credited to income accounts. For investments in associates, these are recognized using the equity method, deducting the investment amount.

#### 4.16 Net earnings per share

To determine net earnings per share the Company divides the net income from the period attributable to shareholders, or controlling interest, between the weighted average common and preferred shares. Diluted net

earnings per share is determined in the same way over net earnings, but the weighted average of outstanding shares is adjusted considering the potential diluting effect of stock options.

#### NOTE 5 - NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

##### 5.1. New standards, amendments and interpretations included in the accepted accounting principles in Colombia.

In accordance with what is indicated in Decree 938 of 2021, the rules issued applicable as of January 1, 2023 are listed below. The impact of these amendments and interpretations is in the process of being evaluated by the administration of Credivalores; however, they are not expected to have a significant impact on the Financial Statements.

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Modifying the Technical Annex of Financial Information for Group 1. Amend International Accounting Standards 1, 16, 37, 39 Y41, and International Financial Reporting Standards 1,3,4,7,9 and 16 of the Technical Annex to the Financial Reporting Standards for Group 1, provided for in the "Compilatory and Updated Technical Annex 1 - 2019, of the Financial Reporting Standards, Group 1" of Decree 2270 of 2019, compiled in the Single Regulatory Decree on Accounting, Financial Reporting and Information Assurance Standards, Decree 2420 of 2015, with the annex called "Technical Annex 2021, of the financial reporting standards, group 1", which is an integral part of the Decree.

IAS 1. Classifications of Liabilities as Current or Non-Current. Paragraphs 72A, 75A, 76A, 76B and 139U are incorporated; paragraph 1390 is deleted and paragraphs 69, 73, 74 and 76 are amended. The requirement to classify a liability as current is modified, by establishing that a liability is classified as current when it does not have the right at the end of the reporting period to postpone the liquidation of the liability for at least twelve months following the date of the reporting period

IFRS 9, IFRS 7 and Accounting IAS 39. Reform of the Reference Interest Rate. Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added with respect to temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 1 02A to 1 02N and 108G are incorporated, with respect to the temporary exceptions to the application of the specific requirements of IAS39 coverage accounting. Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF of IFRS 7 are incorporated.

IFRS 3. Reference to the Conceptual Framework. Modifications are made to the references to align them with the conceptual framework issued by IASB in 2018 and incorporated into Colombian legislation, in this sense the identifiable assets acquired and the liabilities assumed in a business combination, on the date of transaction, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework. Paragraphs 21 A, 21 B and 21 C are incorporated with respect to exceptions to the principle of recognition for contingent liabilities and liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset, and to clarify that the acquirer in a business combination will not recognize a contingent asset on the date of acquisition.

Reform of the reference interest rate Phase 2, IFRS 9. Paragraphs 5.4.5 to 5.49 Changes in the basis for the determination of contractual cash flows as a result of the reform of the reference interest rate (measurement of amortized cost) are added, 6.8.13 Completion of the application of the temporary exception in hedge accounting, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the reform of the reference interest rate, 7.1.10 Effective Date, and 7.2.43 to 7.2.46 Transition for Reference Interest Rate Reform Phase 2 of IFRS 9.

IAS 39: Paragraph 102M Completion of the application of the temporary exception in hedge accounting, paragraphs 1020 to 102Z3 Additional temporary exceptions arising from the reform of the reference interest rate and 108H to 1 08K are added Effective date and transition, and new headings are added. Amendment to IFRS 7: Add paragraphs 241, 24J Additional disclosure information related to the reform of the reference interest rate, 44GG and 44HH Effective date and transition, and add new headings. Amendment to IFRS 4: Add paragraphs 20R and 20S Changes in the basis for the determination of contractual cash flows as a result of the reform of the reference, and paragraphs 50 and 51 Effective date and transition, and new headings are added. Amendment to IFRS 16: Paragraphs 104 to 106 Temporary exception arising from the reform of the reference interest rate are amended, and paragraphs C20C and C20D Reform of the reference interest rate phase 2 are added

IFRIC 23 Uncertainty regarding the Treatment of Income Taxes

IFRIC 23 was issued in May 2017, this Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding the treatment of income tax. In this circumstance, an entity recognizes and measures its asset or liability for deferred or current taxes by applying the requirements of IAS 12 based on taxable profit (tax loss), tax bases, unused fiscal losses, unused tax credits and tax rates determined by applying this Interpretation.

The Company will evaluate the potential impacts of this interpretation in its financial statements, without having identified situations that may require changes in the financial statements.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Cost of Fulfilling a Contract

The purpose of this amendment was published in May 2020, specifying the costs that an entity includes in determining the "cost of performance" of a contract for the purpose of assessing whether a contract is onerous; clarifies that direct contract fulfillment costs include both the incremental costs of fulfilling a contract and an allocation of other costs that relate directly to contract compliance. Before recognizing a provision separated by an onerous contract, for an onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Reform of the benchmark interest rate

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After the financial crisis, reform and replacement of benchmark interest rates, such as LIBOR GBP and other interbank rates (IBOR), has become a priority for global regulators. There is now uncertainty about the timing and precise nature of these changes. In order to transition existing contracts and agreements that refer to LIBOR, adjustments to time differences and credit differences may be necessary to allow the two benchmark rates to be economically equivalent in the transition

Changes made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain alternatives in relation to the reform of the benchmark interest rate. Alternatives relate to hedging accounting and have the effect that reforms generally should not cause hedge accounting to end. However, any coverage ineffectiveness must continue to be recorded in the results state. Given the widespread nature of hedges involving interbank fee-based contracts (IBRs), alternatives will affect companies in all industries.

Accounting policies related to hedging accounting should be updated to reflect alternatives. Fair value disclosures may also be affected by transfers between levels of fair value hierarchy as markets become more or less liquid.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Annual improvements to IFRS Standards cycle 2018–2020

The following improvements were completed in May 2020:

- IFRS 9 Financial instruments: clarifies which commissions should be included in the 10% test for de-payments in financial liability accounts.
- IFRS 16 Leases: Amends illustrative example 13 of the standard to remove the illustration of landlord payments related to improvements in leased property, to eliminate any confusion about the treatment of lease incentives.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Conceptual Framework

The IASB has issued a revised Conceptual Framework to be used in decisions to establish rules with immediate effect. Key changes include:

- Increase the importance of management in the purpose of financial information
- Restoring prudence as a component of neutrality
- Define an entity that reports, which can be a legal entity or a part of an entity
- Review the definitions of an asset and a liability
- Eliminate the probability threshold for recognition and add guides on account de-down
- Add guides on different measurement bases
- Indicate that profit or loss is the main performance indicator and that, in principle, income and expenditure on other comprehensive income should be recycled when this improves the relevance or faithful representation of financial statements.

No changes will be made to any of the current accounting rules. However, entities that rely on the Framework to determine their accounting policies for transactions, events or conditions that are not otherwise covered by accounting rules should apply the revised Framework as of January 1, 2020. These entities should consider whether their accounting policies remain appropriate under the revised Framework.

**NOTE 6 - ESTIMATIONS OF FAIR VALUE**

The Company may employ internally developed models for financial instruments that do not have active markets. Said models are mostly based on generally standardized valuation methods and techniques. Valuation models are primarily used to assess equity instruments not listed on the stock exchange, derivatives, debt securities and other debt instruments for which markets were or have been inactive during the financial period. Some components of these models may not be observable in the market and are estimated from assumptions.

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The output of a model is always an estimate or approximate value that cannot be determined accurately, and valuation techniques used may not fully reflect all the factors relative to Credivalores positions, therefore the valuations are adjusted if necessary to include additional factors, such as country risk, liquidity risks and counterparty risks.

Fair value hierarchy has the following levels:

- Level 1 entries are unadjusted prices quoted in active markets for assets or liabilities identical to those the entity can access on the measurement date.
- Level 2 entries are entries other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 entries cannot be observed for the asset or liability.

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated with regard to the fair value measurement in its totality. Financial instruments quoted in markets considered inactive but valued in accordance with quoted market prices, quotes from price providers or alternative price sources supported by observable entries, are classified in Level 2. A fair value measurement that uses observable entries requiring significant adjustments based on unobservable entries is a Level 3 measurement. The evaluation of a particular entry's importance in measuring the fair value in its totality requires an opinion, considering specific factors of the asset or liability.

The determination of what constitutes "observable" requires a significant opinion from Credivalores. The Company considers observable data that market data that is already available, distributed or updated regularly by the price provider, is reliable and verifiable, has no property rights, and is provided by independent sources that participate actively in the reference market.

#### 6.1 Fair Value Measurement on a Recurring Basis

Level 2 input data elements include: the prices quoted for similar assets or liabilities at active markets; the quoted prices for assets or liabilities that are identical or similar in markets which are not active; input data other than quoted prices that are observable for the asset or liability and input data corroborated by the market. According to the above, Credivalores values derivative financial instruments with input data from fair value level 2.

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as of December 31, 2022 and December 31, 2021, on a recurring basis.

	December 31, 2022	December 31, 2021
ASSETS	Level 2	Level 2
Investments in equity instruments	5.698	6.115
<b>Hedging derivatives</b>		
Currency forward	5.120	8.013
Options	96.836	138.380
Cross Currency Swap	(10.146)	208.774
Prima Call	7.051	
<b>Consumer</b>		
Payroll deduction loans	381	16.683
<b>Total fair value recurring assets</b>	<b>104.940</b>	<b>377.965</b>
<b>LIABILITIES</b>		
<b>Derivative of speculation</b>		
Forward	-	316
<b>Total fair value recurring liabilities</b>	<b>-</b>	<b>316</b>

#### 6.2 Fair value determination

The methodology applicable to instruments for Credivalores is:

- 6.2.1 Forward valuation:** The derivative's fair value comes from an internal model. This model takes the exchange rate on the day after the valuation date and forecasts it to a future value using the devaluation curve through maturity date. After this the new forward market rate is compared to the agreed forward rate and the difference is expressed in present value using the IBR curve to calculate the derivative's fair value.
- 6.2.2 Swap Valuation:** the reasonable value of the derivative comes from an internal model. The valuations of the Interest Rate Swaps (IRS) and the Cross-Currency Swaps (CCS) are performed assuming a long and a short position on a

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bond; including in each case the principal of the operation. For the projection and discount of the cash flows we use current rates, to calculate the reasonable value of the derivative financial instrument.

**6.2.3 Option Valuation:** The reasonable value of the derivative comes from an internal model. The valuation of an option on its expiry date is the maximum between the premium and the difference between the exercise price and the spot price. For the projection and discount of the cash flows we use the current rates, to calculate the reasonable value of the derivative financial instrument.

**6.2.4 Loan portfolio valuations:** Because these instruments do not have an active market, the Company has developed methodologies that employ market information for certain cases of unobservable data. The methodology seeks to maximize the use of observable data to arrive at the closest approximation of an initial price for assets and liabilities without an ample market.

The Company has implemented the following methodology to determine its loan portfolio's Fair Value:

- I. Discount Rate: Determined by product considering market's appetite for such product, as well as the default risk involved
- II. The model was built based on the following factors:
  - a. Projected cash flows according to weighted average life for each product, using: Current Balance  
Average term to maturity, weighted average rate
  - b. Calculate present value of cash flows projected as per described in a) discounted at the discount rate previously described.
  - c. Present value determined as per described in b) represents the loan portfolio's fair value.

**6.2.5 Equity instruments:** Credivalores has equity investments in Agrocañas, representing less than 20% of the company equity and that in mutual funds. In general, the company is not listed on any public securities market, and therefore its fair value is determined using the adjusted net asset value method. For mutual funds fair value is determined through valuation of investment portfolios managed by the Trust, which are subject to an active securities market.

Credivalores defined Level 3 financial instruments as those not traded in an active market, the following table provides information about valuation techniques and significant unobservable inputs when measuring assets and liabilities at recurrent fair value.

ASSETS	Valuation technique	Significant inputs (1)
Equity Instruments	Adjusted net asset value	<ul style="list-style-type: none"> <li>- Current Balance</li> <li>- Average term to maturity</li> <li>- Weighted average Rate</li> <li>- Unit value</li> </ul>

**6.2.6 Derivative financial instruments**

Derivative financial instruments and hedge accounting:

A derivative is a financial instrument in which value changes respond to changes in one or more variables denominated as an "underlying" (a specific interest rate, the price of a financial instrument, a listed commodity, a foreign currency exchange rate, etc.), that has an initial net investment smaller than would be required for other instruments that have a similar response to the mentioned variable and that is settled in a future date.

Credivalores trades in financial markets, forward contracts, future contracts, swaps and options that fulfil the definition of a derivative.

Financial assets and liabilities from transactions with derivatives are generally not offset in the statement of financial position. However, when there is a legal and exercisable right to offset the recognized values and Credivalores intends to be settle them on a net basis or to realize the assets and settle the liability simultaneously, derivatives are presented as net values in the statement of financial position.

Derivative transactions are initially recognized at fair value. Subsequent changes in the fair value are recognized in profit or loss, unless the derivative instrument is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below.

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At the beginning of the hedging transaction, Credivalores formally documents the relationship existing between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedging relationship. It also documents its assessment, both initially as well as on a recurring basis, of whether the hedging relationship is highly effective in offsetting the changes in fair value or cash flows of the hedged items.

For fair value hedge of assets or liabilities and firm commitments, changes in the fair value of the derivative instrument are recognized in profit or loss, as well as any other change in the fair value of the asset, liability or firm commitment attributable to the hedge risk.

For cash flow hedge of a particular risk associated with a recognized asset or liability or a projected highly probable transaction, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. The gain or loss relating to the portion that is not effective for hedging or that does not relate to the hedged risk is immediately recognized in profit or loss.

The values accumulated in other comprehensive income are transferred to profit or loss in the same period in which the hedged item is recognized in profit or loss.

Hedging of net investments in a foreign operation is recognized similarly to cash flow hedging: the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income, and the ineffective portion of the changes in fair value of the derivative is recognized in profit or loss. The hedging instrument's gains or losses accumulated in equity will be recognized in profit or loss when the net investment in foreign operations is sold in whole or proportionally, if partially disposed of.

Credivalores defined Level 2 financial instruments as those not traded in an active market, the following table provides information about valuation techniques and significant unobservable inputs when measuring derivative assets and liabilities at recurrent fair value.

<b>ASSETS</b>	<b>Valuation technique</b>	<b>Significant inputs (1)</b>
<b>Trading Derivatives</b> Currency Forward Debt securities Forward	Discounted cash flow	<ul style="list-style-type: none"> <li>- Underlying asset price</li> <li>- Currency curve by underlying asset</li> <li>- Forward exchange rates curve of the operation's currency</li> <li>- Implicit curves of exchange rates forwards</li> <li>- Implicit volatilities matrixes and curves</li> </ul>
<b>LIABILITIES</b> <b>Derivatives held for trading</b> Currency Forward Debt securities Forward	Discounted cash flow	<ul style="list-style-type: none"> <li>- Underlying asset price</li> <li>- Currency curve by underlying asset</li> <li>- Forward exchange rates curve of the operation's currency</li> <li>- Implicit curves of exchange rates forwards</li> <li>- Implicit volatilities matrixes and curves</li> </ul>

**6.3 Determination of fair value of financial assets and liabilities recorded at amortized cost.**

Below are the Company's assets and liabilities at fair value and their book value:

<b>Fair value</b>	<b>December 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Book Value</b>	<b>Fair Value Estimate</b>	<b>Book Value</b>	<b>Fair Value Estimate</b>
<b>Assets</b>				
Loan Portfolio (Gross)				
Consumer	2.005.440	1.727.703	2.034.298	2.028.584
<b>Total</b>	<b>2.005.440</b>	<b>1.727.703</b>	<b>2.034.298</b>	<b>2.028.584</b>

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<b>Liability</b>				
Financial obligations	2.534.228	2.527.648	2.417.239	2.406.962
<b>Total</b>	<b>2.534.228</b>	<b>2.527.648</b>	<b>2.417.239</b>	<b>2.406.962</b>

The book value corresponds to the value at amortized cost. The fair value estimate does not include transaction costs.

#### 6.4 Financial Instruments

##### Financial Assets

The Company classifies its financial assets into equity instruments, trading instruments, amortized cost investment instruments, credit instruments and accounts receivable.

At the time of initial recognition a financial instrument is measured at fair value plus any direct attributable transaction costs, which are not included if the instrument is classified at fair value through changes in profit or loss. Typically, the fair value at the initial time of recognition is the price of the transaction itself, that is, the amount to be paid or received.

Credivalores recognizes loans and accounts receivable, trading and investment securities and other assets or liabilities on their effective dates.

Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the Company measures its financial instruments at fair value or amortized cost based on the established business model and the contractual terms of the corresponding financial asset or liability.

##### iii. Amortized cost

Amortized cost is the cost of acquiring a financial asset or a liability plus or minus any capital repayments, cumulative amortizations (calculated using the effective interest rate method) with regard to any difference between the initial amount and the value repaid at maturity and minus any reduction for impairment.

##### iv. Fair value

Fair value is the amount to be received should the asset be sold or the amount to be paid for transferring a liability as part of a transaction between market participants on the date on which the measurement is made. The most

objective and commonplace definition of fair value is the price that would be paid in an active, deep and transparent market ("listed price" or "market price").

When such values are available CVCS determines the fair value of an instrument using the prices listed on an active market for that specific instrument. A market is considered active if listed prices are readily and regularly available and represent real transactions that are performed regularly on a stand-alone basis.

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm's length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.

The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction.

The Company's business model includes payroll loans at fair value with changes in profit and losses, whereby the loans originated within the 90 days prior to the date of the financial statements are valued at fair value. In order to estimate the fair value of these loans, which could be sold to financial institutions at a market price, the Company evaluates the lending rate of

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these loans within the reference market to evaluate the rate at which other financial institutions considered as peers and comparable to the Company will be willing to invest their resources and hold the payroll loans within their balance sheet.

Considering the results from the evaluation of the rates, the Company evaluates four variables to obtain the value of the adjusted rate applicable to the transactions to sell loan portfolio, according to internal criteria:

- i) The multiplier, which compares the Company's rate to the market rate.
- ii) The value of the premium paid in these businesses, which results from discounting the future values of a loan originated at Credivalores' lending rate using the market rate.
- iii) The rate is adjusted by the transaction cost associated to the loan portfolio.
- iv) The cash flows associated to the insurance policies applicable to the loan are also valued.

The methodology followed by the Company, uses the last three months reports from the Financial Superintendence as the source of information to determine the interest rate to discount the cash flows and complete the valuation of the final selling price of the loan portfolio.

The Company has determined that the fair value of the loan portfolio registered in its financial statements is type 3, since most of the criteria is internal.

#### 6.4.1 Loans and receivables portfolio

The Company classifies its financial assets into the following measurement categories, based on their corresponding business model:

Classification of Financial Assets:			
Measurement	Terms	Features	Valuation
Fair value	0-90 days from origination	Current and best rated loans	Market price Tucredito
Amortized cost	0 days from origination onwards	Current and past-due portfolio	Incurred loss model (equivalent indexed rate)

##### 6.4.1.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit Tucredito (payroll deduction loans) is measured at fair value, given that its market niche is focused on placing "top-rated" loans.

Classification of "Tucredito" line of credit, based on the corresponding business model			
Item	Tucredito portfolio segment	Measurement	Valuation
1	Performing loans subject to sale	Fair value	Market price.
2	Best rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).
4	Past due loans	Amortized cost	Incurred loss model based on the expected loss.

The policy established by the Company for measuring its loan portfolio, per the business model classification, is:

In line with its business model the Company has decided to measure the loans comprising the "Tucredito" line of credit at fair value based on the historical trading average since its loans are not impaired (and which, from their origination, are the best-rated 0 - 90 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

Unsold lines of credit, which were initially measured at fair value but which after 90 days of origination were impaired, will later be measured based on an indexed rate, which converts the amortized cost rate into an amount equivalent to their fair value.

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**6.4.1.2 Financial assets at amortized cost**

Financial assets are classified at amortized cost only if the asset is kept within a business model whose objective is to maintain it to collect contractual cash flows and the contractual terms of the value give rise at specific dates to cash flows that are only payments of cash capital and interest on the outstanding principal capital; Interest income is recognized using the effective interest rate method.

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period, is equal to the net book value in the beginning.

To calculate the effective interest rate, the Company estimates the cash flows considering all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

**NOTE 7. RISK MANAGEMENT**

Credivalores manages risk pursuant to the applicable regulations in the country and Credivalores internal policies.

**Objective and general guidelines**

Credivalores objective is to maximize returns for its investors, through proper risk management. The guiding principles of risk management of Credivalores are as follows:

- a) Make risk management a part of every institutional process.
- b) Specialization in consumer product niches.
- c) Extensive use of continuously updated scoring models to ensure quality growth of consumer loans

**7.1 Governance structure**

**Board**

It is up to the Board of Directors of Credivalores Crediservicios S.A.:

1. Establish and oversee the Company's risk management structure
1. Approve the policies, processes and methodologies of granting, monitoring and recovery of the company's credits, in order to identify, measure and control the risks faced by the Company
  - Approve exposures and limits to different types of risks.
  - Point out the responsibilities and powers assigned to the positions and areas responsible for managing the different types of risk, in order to develop an environment of culture and risk control.
  - Evaluate proposals for recommendations and correctives on management processes.
  - Approve the internal control system, as well as evaluate the reports and management of the area responsible for such control.
  - Request management, when deemed necessary and for evaluation, reports on the credit portfolio.

**Risk Committee**

The responsibilities of the Risk Committee are:

- Standardize the periodic monitoring of the company's main risk indicators and anticipate risky situations that have the potential to lose the value of CVCS' assets.
- Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities.
- Proposes to the Board changes or adjustments to existing policies and methodologies to mitigate and control the level of target risk.
- The comity of risk meets monthly and is made up of members invited, within which they are:
  - President
  - Head of Risks

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- Collections Manager
- Director of Financial Planning
- Director of Analytics Models and Strategy
- Director of Operations and Technology
- Commercial Managers

The commit not only has the permanent participation of CV Managers, but experts and external specialists who advise the decisions made by this body.

**Risk Headquarters**

- Periodically present to committed risks the evolution of the different risk indicators and perform the necessary analyses for understanding and taking actions that mitigate and control the levels of risk.
- Manage and control compliance with approved policies and processes for risk management.
- Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities. Propose to the risk committee methodologies and adjustments to risk management policies
- Develop methodologies and models that allow the identification, measurement, control and monitoring of risks.

**Internal Audit**

1. Check the development of risk management in accordance with the comprehensive risk management manual
2. Report to the audit committee and issue recommendations on the findings of the risk management process

**Financial Risk Management**

The Company is exposed to the following risks related to the use of financial instruments:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operating Risk

The financial statements do not include all financial risk management information and disclosures required in the annual financial statements; these financial statements should be read in conjunction with Credivalores annual financial statements as of December 31, 2022. There have been no changes to the risk management department or any risk management policies since December 31, 2022. There are no significant changes related to risk objectives, the corporate structure of the risk function and risk strategies in general compared to what was revealed in the last set of financial statements as of December 31, 2022.

**7.2 Credit Risk**

Credit risk is the risk of financial loss faced by Credivalores Crediservicios S.A., if a client or counterparty in a financial instrument does not meet its contractual obligations and originates mainly from the receivables to customers and the Company's investment instruments. The business model of Credivalores Crediservicios S.A, in its portfolio of credits differs from the rating of its products according to the inherent risk of its portfolio. During the three and six-month period ended December 31, 2022, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to credit risk of Credivalores, according to IFRS 7, is reflected in the book value of financial assets in the statement of financial position of Credivalores as of December 31, 2022 and December 31, 2021 as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	273.052	148.514
Financial instruments net	104.559	361.282
<b>Loan portfolios</b>		
Consumer loans	2.005.440	2.034.298
Payroll loans at fair value	381	16.683
Accounts receivable, net	320.129	436.872
<b>Total financial assets with credit risk</b>	<b>2.703.561</b>	<b>2.997.649</b>
<b>Off-balance-sheet credit risk at nominal value</b>		
Unpaid approved credits	530.529	291.322
<b>Total exposure to off-balance-sheet credit risk</b>	<b>530.529</b>	<b>291.322</b>
<b>Total maximum exposure to credit risk</b>	<b>3.234.090</b>	<b>3.288.971</b>

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**Credit Risk Model: Loans**

**I. Transitions between stages**

A financial asset is classified as a low credit risk asset based on the debtor's payment habits.

The first step in the methodology consist in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

If the financial asset loses its low credit risk condition or if changes in external environment results in a review of the condition, then this probably shows a significant increase in credit risk. Consequently, the financial asset will be analyzed to determine if there is a significant increase of credit risk (stage 2) or if the asset should be classified as stage 3.

**Significant Increase in Credit Risk**

When determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, Credivalores considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on Credivalores historical experience, expert credit assessment and forward-looking information.

The following criteria is used to determine if a significant increase in credit risk has occurred:

- Comparison of the remaining lifetime probability of default (PD) at the reporting date with the lifetime PD at initial recognition of the exposure.
- Qualitative aspects such as the rebuttable presumption of the norm and restructuring agreements are also considered.
- Qualitative criteria from analysts is also considered based on expert and supportable information.

Credivalores has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk of a particular financial instrument has increased significantly since initial recognition. The framework is aligned with Credivalores internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency.

In certain instances, using its expert credit judgement and, where possible relevant historical experience, Credivalores may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, Credivalores will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 60 days past due.

Credivalores will monitor the effectiveness of the criteria used in identifying significant increases in credit risk through regular reviews to confirm that:

- The criteria are useful in identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes over 60 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and there is no unwarranted volatility in loss impairment from transfers between 12 month ECL and lifetime ECL measurements.

**II. PI – Probability of noncompliance**

**Term structure of PI**

Credit risk grades are the primary input in the determination of the term structure of PD for exposures. Credivalores collects performance and default information about its credit risk exposures analyzed by type of product and borrower, and by credit risk grade. For some portfolios, information purchased from external credit reference agencies may also be used.

Credivalores employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change because of the passage of time. This analysis includes the identification and

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calibration of the relation between changes in default rates as well as an in-depth analysis of the impact of certain other factors on the risk of default.

For stage 1 the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities for the remaining life of the credit. The probability in Stage 3 is defined as 100%.

To determine the PD the company used statistical models to analyze and select the variables significant in predicting whether clients would reach default during a known period of time that is determined by the stage of the loan. For stage 1 the PD are evaluated for the next 12 months, loans on later stages are evaluated for the remainder of the loan lifetime. To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime the model estimates the PD conditioned to not having defaulted during previous years.

Credivalores approach to incorporating forward-looking information into this assessment is discussed below.

**Forward-Looking Information**

Credivalores incorporates forward-looking information into its measurement of ECLs. Credivalores formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on forecasts provided by economic experts and considering a forecast of multiple variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents a most-likely outcome. It is aligned with information used by Credivalores for other purposes, such as strategic planning and budgeting. The other scenarios for Colombia represent more optimistic and more pessimistic outcomes. Credivalores has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios used as of December 31, 2022 include the following key indicators (among others) for Colombia for the years ending 31 December 2022 and December, 2021<sup>2</sup>:

	2022		
	Scenario A	Scenario B	Scenario C
Consumer Price Index	116,77	112,08	121,45
Consumer Price Index Full Year Variation	6,66	5,37	7,96
Import Price Index	127,83	124,01	131,66
Economic performance Index	114,85	120,24	109,46
Economic performance Index, data affected by seasonal effect	121,10	124,72	117,47
Economic performance Index, data affected by seasonal effect Full Year Variation	8,66	9,62	7,71
Real Exchange Rate Index (ITCR), according to PPI - Bilateral with the United States	173,15	162,57	183,74
Gross domestic product	243558,25	252441,24	234675,27
Gross Domestic Product Annual Growth Rate	6,46	7,43	5,48
Unemployment rate	9,81	8,13	11,50
Foreign Exchange rate (COP/USD)	4258,73	3867,18	4650,29
Usury rate	32%	31%	34%
Variation of the usury rate	3,17	2,86	3,48
Consumer Price Index	116,12	112,29	119,96
Gross domestic product	241270,98	248310,36	234231,59
Usury rate (Maximum interest rate)	33%	29%	37%
Producer Price Index	182,96	182,88	183,04
Export price index, according to foreign trade	221,01	221,12	220,90
Heavy Construction Price Index	103,47	103,44	103,50

**Credit Risk Rating**

Credivalores allocates each exposure to a credit risk grade based on a variety of data intended to be predictive of the probability of default and applying experienced credit judgment. Credivalores uses these grades with the purpose identifying significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower and product.

<sup>2</sup> Projections made internally by the planning area.

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Credivalores uses behavioral demographic and origination variables to estimate PD modeling them with a logistic regression that is periodically monitored to ensure its predictive capabilities and its stability. This monitoring for payroll loans and credit card models showed adequate predictive capabilities as well as stability regarding its inputs distributions (PSI). There was also a test run on average observed PD by rating of the last 2 years that ensure the actual events that are being predicted have not vary its behavior significantly and therefore concluding the models provide an adequate and reasonable prediction of PDs by rating.

**Loan Portfolio**

**Payroll and Credit card loans**

- Information collected internally about the behavior of customers.
- Demographic information of customers.
- Origination information of credits/customer.

**III. PDI – Loss due to non-compliance**

LGD is a measure of the potential loss if a default scenario occurs. To establish the LGD, Credivalores methodology uses historical information to measure the recoveries of loans that reach the default stage at present value. This allows Credivalores to have an adequate estimate of the losses it will incur when credits reach default stage. These calculations are done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore on its LGD.

**IV. ED – Exposure at Default**

EAD represents the amount owed from a counterparty at the time of a possible default. For stage 2 Credivalores incorporates in the analysis of the exposure at default the probability of payments and increase or decrease in exposure during the lifetime of the credit.

These probabilities are estimated using the historical information collected by the company and are grouped by type of product. The probabilities are constantly reviewed in order to accurately estimate them and calibrate them.

For payroll loans EAD will correspond to the full valuation of the assets at amortized cost. For credit cards, EAD will take into account the unused credit line when available as well the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

**V. Simplified Model**

Credivalores uses a simplified roll rate model to estimate ECL of remnants of portfolio loans that represent less than 5% of balance sheet loans and that are consistently lowering its portfolio share.

**I. Roll Rate Methodology**

A method that uses a transition matrix to obtain the customer moratorium. This helps forecast future risk from defaults in a given time. By using this matrix, the behavior is reflected in order to determine in what period of time the accounts will be taken. These statements are determined by the number of overdue payments as defined.

For this model, first of all, the portfolio divided into two bands is evaluated.:

Credit Portfolio other products:

- ✓ Portfolio less than 90 days in arrears.
- ✓ Portfolio greater than 90 days of default.

As part of this evaluation, the Company's Management has designated as a deteriorated portfolio the one with a default greater than 90 days since it is recurrent that in the company's business there are delays, but that these are regularized before 90 days for credit portfolio.

Then the monthly average of the portfolio is determined by age and the average values are weighted according to the rate of loss greater than 90 days in each case.

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To calculate the PE of the impaired portfolio, the balance of the portfolio of each tranche is multiplied by the percentage of expected loss (Migration to greater than 360) determined in the previous step

**I. ED – Exposure at default**

ED represents the amount owed from a counterparty at the time of a possible default.

For payroll loans ED will correspond to the full valuation of the assets at amortized cost. For credit cards, ED will take into account the unused credit line when available as well the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

**Credit Risk Model: Other accounts receivable**

Credivalores uses the simplified approach where Credivalores uses an impairment matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small amounts.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics like type of product purchased.

**Loss impairment**

The table below shows the loss impairment balances as of December 31, 2022:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan portfolio				
Loan consumer portfolio	33.101	17.023	322.485	372.609
Total loan portfolio	Ps. 33.101	17.023	322.485	372.609
Total loss impairment financial assets at amortized cost	Ps. 33.101	17.023	322.485	372.609
<b>Total loss impairment</b>	<b>Ps. 33.101</b>	<b>17.023</b>	<b>322.485</b>	<b>372.609</b>

The following table shows the balances of loss allowances as of December 31, 2021:

- (1) Credivalores has initially adopted IFRS 15 and IFRS 9 as of 1 January 2018. According to the chosen transition methods, comparative information is not re-established.

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Total
Loan portfolio				
Loan consumer portfolio	56.987	24.604	236.837	318.428
Total loan portfolio	Ps. 56.987	24.604	236.837	318.428
Total loss impairment financial assets at amortized cost	Ps. 56.987	24.604	236.837	318.428
<b>Total loss impairment</b>	<b>Ps. 56.987</b>	<b>24.604</b>	<b>236.837</b>	<b>318.428</b>

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss impairment balances as of December 31, 2022.

	Gross Amount Registered	Impairment Recognized
With recognized provision		
Consumer	Ps. 530.628	Ps. 322.485
Total	Ps. 530.628	Ps. 322.485

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**7.2.1 Monitoring and Control Process**

The Company has an information system in place that provides daily indicators on the loan portfolio status to allow proper monitoring and timely decision-making.

The credit approval processes are connected to an engine managed by the risk area, which allows real-time adjustments to policy parameters to take immediate action where required in loan origination.

Each month the Risk Committee meets to evaluate the development of each product portfolio, analyzing the performance of each yield and applying corrective measures to credit processes or policies where necessary.

**As of December 31, 2022**

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	659.312	629.513	26.759	1.315.585	1.206.606
1-30	11.797	45.830	20	57.646	56.690
31-60	7.505	22.421	32	29.958	29.121
61-90	4.316	16.432	11	20.759	20.732
91 - 180	10.046	24.682	13	34.741	34.684
181 - 360	15.495	36.379	251	52.124	51.802
> 360	105.962	174.624	7.732	288.319	285.903
<b>Total</b>	<b>814.433</b>	<b>949.881</b>	<b>34.818</b>	<b>1.799.132</b>	<b>1.685.538</b>

**As of December 31, 2021**

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	785.767	719.444	27.762	1.532.973	1.373.758
1-30	13.742	23.864	606	38.212	36.535
31-60	6.774	27.364	473	34.611	33.053
61-90	5.320	8.591	108	14.019	12.946
91 - 180	10.482	25.571	78	36.131	36.023
181 - 360	14.670	33.696	366	48.732	48.491
> 360	85.380	117.470	7.658	210.508	208.343
<b>Total</b>	<b>922.135</b>	<b>956.000</b>	<b>37.051</b>	<b>1.915.186</b>	<b>1.749.149</b>

The following detail is due to compliance with paragraph 5 requested by the FNG, which indicates the balance of the committed and uncommitted portfolio classified by height of arrears:

**As of December 31, 2022**

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	977.143	338.442	1.315.585
1-30	17.335	40.311	57.646
31-60	8.581	21.377	29.958
61-90	4.536	16.223	20.759
91 - 180	10.924	23.817	34.741
181 - 360	14.735	37.389	52.124
> 360	113.642	174.677	288.319
<b>Total</b>	<b>1.146.896</b>	<b>652.236</b>	<b>1.799.132</b>

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As of December 31, 2021

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	509.654	1.023.319	1.532.973
1-30	9.336	28.877	38.212
31-60	1.558	33.053	34.611
61-90	1.073	12.946	14.019
91 - 180	109	36.023	36.131
181 - 360	240	48.491	48.732
> 360	2.165	208.343	210.508
<b>Total</b>	<b>524.135</b>	<b>1.391.052</b>	<b>1.915.186</b>

**7.3 Credit worthiness**

The following is a breakdown of banks and other financial institutions that hold our savings and checking account deposits.

Entity	Type of Account	December 31, 2022	December 31, 2021
Banco de Bogotá	Savings/Checking	62	183
Bancolombia	Savings/Checking	9.151	5.794
Red Multibanca Colpatría	Savings	-	28
Banco BBVA	Checking	-	299
Banco De Occidente	Savings/Checking	94	108
Banco Santander	Checking	490	20
JP Morgan	Checking	7	790
Available in Free-standing Trusts	Savings/Checking	234.793	85.957
JP Morgan USD	Deposit	11	3.204
Banco Santander USD	Checking	479	25.137
		<b>245.087</b>	<b>121.520</b>

The following is a breakdown of creditworthiness as determined by independent credit rating agencies of all those major financial institutions in which the Company holds cash.

Long-term debt ratings are based on the following scale:

Item	Financial Institution	Short-term Rating	Rating Entity
1	Banco BBVA	AAA	Fitch Ratings
2	Banco de Bogotá	BB+	Fitch Ratings
3	Banco Colpatría	AAA Y F1+	Fitch Ratings
4	Banco de Occidente	AAA Y F1+	Fitch Ratings
5	Bancolombia	AAA Y F1+	Fitch Ratings
6	Banco Santander	AAA y de BRC 1+	BRC Investor Services S. A. SCV
7	Banco JP Morgan	AAA and F1+	Fitch Ratings

Cash and cash equivalents are held with banks and financial institutions through free-standing trust funds, which have ratings between AA- and AAA BCR + 1 from BRC Standard and Poor's.

The Company considers the credit ratings awarded to financial institutions with which it conducts treasury operations in the form of fiduciary assignments such as deposits or investments at sight which classify as cash equivalents. In order to establish a minimum margin risk exposure and ensure optimal resource management through periodic evaluations and measurements of the Company's exposure.

**7.4 Market Risk**

The Company has been able to meet its liquidity needs acquiring working capital and lines of credit from local, foreign and multilateral entities. This implies the need for follow-up when exposed to variable interest rates (financial obligations indexed to local and/or foreign variable rates such as: DTF, IBR, UVR, LIBOR, PRIME, etc.), and to exchange-rate fluctuations due to devaluation or revaluation in the local currency (USD, EUR, etc.).

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Credivalores participates actively in the money, foreign exchange and capital markets, seeking to meet the needs of its clients in accordance with the policies and risk levels established. As such, it manages different financial-asset portfolios within the permitted risk levels and limits.

Market risk arises from the open positions of Credivalores investment portfolios in debt securities, derivatives and equity instruments recorded at fair value, due to adverse changes in risk factors such as interest rates and exchange rates of foreign currencies.

For analysis purposes, market risk has been broken down into price risk and/or interest and exchange-rate risk of financial obligations in the periods of capital-payment amortization, the point at which the risk materialized.

As of December 31, 2022 and December 31, 2021, Credivalores had the following financial assets and liabilities at fair value subject to trading risk:

**Financial assets and liabilities at fair value exposed to trading risk held:**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Equity Instruments	5.698	6.115
Derivatives instruments	98.861	355.167
Loan Portfolio	381	16.683
<b>Total</b>	<b>104.940</b>	<b>377.965</b>
Financial liabilities	-	(316)
<b>Total</b>	<b>-</b>	<b>(316)</b>
<b>Net Position</b>	<b>104.940</b>	<b>377.649</b>

**Methodology used to measure risk**

Market risks are quantified through value at risk standard models.

The company uses the standard model for the measurement, control and management of market risk of interest rates and exchange rates at which the entity is exposed.

There are two scenarios under which Credivalores is exposed to market risks:

**Interest rates**

Credivalores financial obligations are exposed to this risk when financing is acquired at variable indexed rates that may be subject to volatilities and may affect the Company's financial margin.

**Sensitivity Analysis**

Taking into account Credivalores exposure to changes in the reference interest rate, a sensitivity analysis of the impact on financial obligations is included given the possible effect on the variable indexed interest rates in the third quarter of 2022. The following methodology was defined for the analysis:

1. Two scenarios were evaluated whereby indexed rates are affected by 20 BPS (increasing and decreasing indexed rates), which affect the future flows of Credivalores financial obligations indexed to the variable rate. Debt repayment is implicit in these scenarios, given their contractual frequency, taking them to maturity.
2. The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.
3. The present value of the monthly interest payment was calculated, using as reference the 6-month IBR rate on an annual basis as of December 31, 2022 (12.565%).
4. Finally, the results of each scenario were compared to the base scenario, which corresponds to the projections of interest flows using the rates as of December 31, 2022 as reference .

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The results are set out below:

<b>Scenarios</b>	<b>Interests</b>
Effect of 20 BPS decrease in variable rate	1.835.128
Effect of 20 BPS increase in variable rate	1.823.399
<b>Total Scenarios</b>	<b>(11.729)</b>

**Interest Rate and Exchange Rate**

<b>Rate and devaluation effect scenario (variable rate and foreign currency obligations)</b>	<b>Interests</b>
Effect of revaluation and decrease, 15 BPS, variable rate	1.835.128
Effect of devaluation and increase, 15 BPS, variable rate	1.846.857
<b>Total Scenarios</b>	<b>11.729</b>

**Exchange rate**

Credivalores financial obligations are exposed to exchange rate risk when the present value of the liability positions presents volatilities due to the devaluation or revaluation of the funding acquired in another currency. This risk materializes at the moment when the payment corresponding to the amortization of principal and interest is made, due to trading in the currencies to be paid and recognition of the exchange rate difference.

**Sensitivity Analysis**

Considering Credivalores exposure to changes in the USD/ exchange rate, a sensitivity analysis of the impact on financial obligations is included given the possible effects of changes in the exchange rate in the third quarter of 2022. The following methodology was used for the analysis:

1. Two scenarios were evaluated in which the exchange spot rate is adjusted by 0.60% daily volatility (spots prices projected using Bloomberg's curve), generating revaluation and devaluation effect on the TRM as of December 31, 2022.
2. The amortization of principal and payment of interest on financial obligations are implicit in these scenarios, given their contractual periodicity and taking them to maturity.
3. The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.
4. The present value of the monthly interest payment was calculated, using as reference the 6-month IBR rate on an annual basis as of December 31, 2022 (12.565%).
5. Finally, we compared the results of each scenario with the base scenario, which corresponds to the projected flows for payment of capital and interest using as reference the rates as of December 31, 2022.

The results are set out below:

<b>Item</b>	<b>Total Debt</b>
Initial Scenario (Balance as of December 31st, 2022)	521.526
Scenario 1 (Effect of revaluation)	520.272
Scenario 2 (Effect of revaluation)	522.777
<b>Difference Scenario 1 vs. Initial Scenario</b>	<b>(1.253)</b>
<b>Difference Scenario 2 vs. Initial Scenario</b>	<b>1.251</b>

(1) Volatility obtained from the daily average for the previous three years, including 2021.

**7.5 Liquidity Risk**

The liquidity Risk is represented by the potential event of being unable to meet the expected outgoing cash flows on a timely and efficient manner, without affecting the normal course of business or the company's financial position. Liquidity risk is related with having insufficient liquid assets and therefore having to incur in unusual or extra funding costs.

The company funding is based on short- and medium-term bank loans as well as bonds and commercial notes issued in the international capital markets. These funds are mainly used to leverage new loan origination according to Credivalores' business model. On the other hand, the Company's capacity to create positions regarding financial instruments available for sale (liquidity or loans) could be affected either by lack of market liquidity or because of sudden changes in interest rates and asset prices.

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According to the Company's funding model the liquidity risk includes among others, the ability to get short, medium- and long-term lines of credit, to keep low liquidity assets (such as loan portfolio) and face short-term unexpected stress situations.

In order to deploy a correct asset and liability management and assure the liquidity needed to operate the business, the Company has set the following guidelines to control the liquidity risk: i) In the short-term, cash flows associated to loan portfolio and liquid assets, short-term financial liabilities, and off balance financial positions in different time frames, allowing a permanent monitoring of the liquidity gap, ii) for the long-term assets and liabilities, the Company analyses its funding sources as well as the breakdown by type of source and those that are specifically associated to specific products.

Credivalores keeps at least 1.5x its operating expenses in liquid assets. The liquidity in the statement of financial position has the following components:

- Inflows: Incoming flows associated to loan portfolio, and interest income associated to liquid assets.
- Outflows: Outgoing flows related to i) operating expenses, ii) new loan origination, and iii) principal and interest from financial liabilities.
- Liquidity GAP: Difference between inflows and outflows according to:
  - Monthly cash flows associated to assets (liquid assets, loan portfolio).
  - Monthly projected cash flows related to financial liabilities and operating expenses

The Company determines its liquidity gap based on to the above-mentioned variables, and makes permanent follow up, as well as making any necessary adjustments according to the following ranges:

- ✓ 1 to 3 months
- ✓ 3 to 6 months
- ✓ 6 to 12 months
- ✓ 12 months +

**Liquidity Risk Management**

The company identifies its exposure to liquidity risk according to the markets where it operates, and the products and services offered to its customers. For such purpose the Company has analyzed the processes associated to treasury in order to design controls and strategies to reduce the impact.

**Liquidity position**

Determine the minimum amount of liquid assets (cash and cash equivalents, short-term liquid investments), in order to avoid any lacks that may affect the capacity to the outflows. The Financial Committee calculates and monitors the liquidity position on a weekly basis, considering cash flow projections for 7 and 15 days:

- a) Green: liquid assets / outflows  $\geq$  105%
- b) Yellow: liquid assets / outflows between 100 and 104%
- c) Red: liquid assets / outflows  $<$ 100%

In case there are any yellow or green situations, the Financial Committee defines any actions to be taken in order to assure the sufficient procurement of cash to operate on a normal basis.

The liquidity level results as of December 31, 2022 are set out below:

Item	Liquidity level December, 2022
7 Days	3.248%
15 Days	1.690%
30 Days	637%

As of December 31, 2022, the liquidity level in the 7 and 15 day bands is above the upper limit defined in the Company's liquidity manual, constituting a green flag scenario and indicating that Credivalores has sufficient resources to operate normally.

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Also, as is good practice, a third band is monitored, which allows for controlling of the liquidity level projected to 30 days. As of December 31, 2022, a green band scenario is recorded, indicating that Credivalores has ample liquidity to support its needs for normal operation.

**Exposure to liquidity Risk**

The Company monitors its liquidity position in order to determine how likely a liquidity stress can happen.

The following is a breakdown by time range for the Liquid Assets and the LRI (Liquidity Risk Indicator) for December 31, 2022 and December 31, 2021.

Description	December 31, 2022				
	Subsequent Net Balances Available				
	Liquid Assets Available at the End of the Period (1)	From 1 to 7 days (2)	From 8 to 15 subsequent days (2)	From 16 to 30 subsequent days (2)	From 31 to 90 subsequent days (2)
Cash	2	2	-	-	-
Banco de Bogotá	62	62	-	-	-
Bancolombia S. A.	9.151	9.151	-	-	-
Banco De Occidente	105	105	-	-	-
Bancomeva	-	-	-	-	-
Banco Santander	490	490	-	-	-
Banco Santander Uruguay	490	490	-	-	-
Alianza Fiduciaria	5.161	5.161	-	-	-
Credifinanciera	12.021	-	-	12.021	-
Cash at Free-Standing Trusts	234.793	234.793	-	-	-
Collective Investment Funds	988	988	-	-	-
Agrocaña	4.710	-	-	-	4.710
Mutual Funds – Fiduciaria and Valores Bancolombia	6	6	-	-	-
JP Morgan	7	7	-	-	-
TIDIS	241	-	-	241	-
Fiducolombia Free-Standing Trusts	10.523	10.523	-	-	-
Inverefectivas	14.945	-	-	-	14.945
<b>Total liquid assets</b>	<b>293.695</b>	<b>261.778</b>	<b>-</b>	<b>12.262</b>	<b>19.655</b>

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Description	December 31, 2021				
	Subsequent Net Balances Available				
	Liquid Assets Available at the End of the Period (1)	From 1 to 7 days (2)	From 8 to 15 subsequent days (2)	From 16 to 30 subsequent days (2)	From 31 to 90 subsequent days (2)
Cash	2	2	-	-	-
Banco de Bogotá	183	183	-	-	-
Bancolombia S. A.	5.794	5.794	-	-	-
BBVA Colombia	299	299	-	-	-
Red Multibanca Colpatria S. A.	28	28	-	-	-
Banco De Occidente	108	108	-	-	-
Banco Santander	20	20	-	-	-
Banco Santander Uruguay	28.341	28.341	-	-	-
Alianza Fiduciaria	4.398	4.398	-	-	-
Credifinanciera	22.202	-	-	22.202	-
Cash at Free-Standing Trusts	85.984	85.984	-	-	-
Collective Investment Funds	1.406	1.406	-	-	-
Agrocaña	4.710	-	-	-	4.710
Mutual Funds – Fiduciaria and Valores	190	190	-	-	-
Bancolombia	790	790	-	-	-
JP Morgan	167	-	-	167	-
TIDIS	8	8	-	-	-
Fiducolombia Free-Standing Trusts	12.369	-	-	-	12.369
Inverefectivas	12.369	-	-	-	12.369
<b>Total liquid assets</b>	<b>166.998</b>	<b>127.551</b>	<b>-</b>	<b>22.369</b>	<b>17.079</b>

- (1) Liquid assets correspond to the sum of existing assets at the close of each period, which can be quickly converted to cash. In calculating liquid assets, all the listed investments, without exception, are computed at their fair exchange value on the date of the valuation (fair value).
- (2) The balance corresponds to the residual value of the Company's liquid assets on days after closing the specific period. This balance is calculated as the difference between liquid assets and liquidity requirements. In turn, the liquidity requirement is the difference between the contractual revenue flows and contractual and non-contractual outflows in accordance with the Liquidity Risk Indicator (LRI) methodology.

**Measurement of exposure to liquidity risk**

Measuring the likelihood of the Company running out of liquid resources for its normal operation under normal market conditions requires the use of the tools described above: balance sheet liquidity, liquidity gap, and cash flow projection, to thereby quantify the degree of stress that the company's cash flow can bear to fulfill its normal operations without having to acquire additional resources.

**Limit of liquidity risk exposure**

Maximum exposure to liquidity risk is identified as the average time taken by the Company to carry out the liquidity financial operations (Guaranteed Loans, Portfolio Sales, Working Capital Loans, etc.) and generate the cash available for new loan origination.

The maximum exposure to liquidity risk is calculated weekly by the financial committee, considering projections for bands of 7 days, and 15 to 30 days.

In addition, to analyze the short- and medium-term liquidity requirements, the following indicators are considered:

- 1) Net Liquidity/Credivalores + Free-standing Trust, where Net Liquidity is the sum of available cash and investments less long-term investments.

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**Lower limit: 5%;** cannot be below the lower limit more than three times in a year

<b>Exposure Limit Indicator 1 Dec-22</b>	
Net Liquidity	273,052
Assets (Credivalores + Free-standing Trust) (Portfolio)	1,632,832
<b>Indicator 1</b>	<b>16,7%</b>

2) Net Liquidity/Liabilities (Free-standing Trust + Credivalores)

**Lower limit: 5%;** cannot be below the lower limit more than three times in a year

<b>Exposure Limit Indicator 1 Dec-22</b>	
Net Liquidity	273,052
Liabilities (Credivalores + Free-standing Trust)	2,359,861
<b>Indicator 2</b>	<b>11,6%</b>

In the three-month period ended December 31, 2022, there were no significant changes in liquidity risk or in the way CVCS manages this risk. However, the second indicator is less than 5%, because CV will use all the cash to disburse and grow the portfolio. We expect it to increase above 5% in the first quarter.

Credivalores has performed an analysis of the consolidated maturities of financial assets and liabilities both derivatives and non-derivatives, showing the following remaining contractual maturities.

**December 31, 2022**

<b>Assets</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Cash due from banks and equivalents	273.052	-	-	-	273.052
Equity Instruments at fair value	988	-	-	4.710	5.698
Investments in Associates and Affiliates	-	-	-	14.945	14.945
Financial Assets at amortized cost (*)	78.674	395.468	479.663	1.396.714	2.350.519
<b>Total assets</b>	<b>352.714</b>	<b>395.468</b>	<b>479.663</b>	<b>1.416.369</b>	<b>2.644.214</b>
<b>Liabilities</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Financial Liabilities at amortized cost (*)	52.301	381.775	341.562	2.356.437	3.132.075
<b>Total Liabilities</b>	<b>52.301</b>	<b>381.775</b>	<b>341.562</b>	<b>2.356.437</b>	<b>3.132.075</b>

(\*) This disclosure includes the calculation of projected interest.

**December 31, 2021**

<b>Assets</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Cash due from banks and equivalents	148.514	-	-	-	148.514
Equity Instruments at fair value	1.405	-	-	4.710	6.115
Investments in Associates and Affiliates	-	-	-	12.369	12.369
Financial Assets at amortized cost (*)	81.731	410.091	495.635	1.386.610	2.374.066
<b>Total assets</b>	<b>231.650</b>	<b>410.091</b>	<b>495.635</b>	<b>1.403.689</b>	<b>2.541.065</b>

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Liabilities	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Financial Liabilities at amortized cost (*)	34.584	221.166	996.751	1.464.172	2.716.673
Financial Liabilities at fair value Derivatives instruments	-	-	133	183	316
<b>Total Liabilities</b>	<b>34.584</b>	<b>221.166</b>	<b>996.884</b>	<b>1.464.355</b>	<b>2.716.989</b>

(\*) This disclosure includes the calculation of projected interest.

**NOTE 8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash balances and demand deposits with original maturities of 90 days or less from the date of acquisition, which are subject to an insignificant risk of changes to their fair value and that are used by the Credivalores to handle short-term commitments.

Cash and cash equivalent balances encompass the following as of December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Cash	2	2
Banks	245.087	121.520
Mutual funds (8.1)	15.701	4.623
Term Deposit (8.2)	12.021	22.202
TIDIS	241	167
	<b>273.052</b>	<b>148.514</b>

As of December 31, 2022, and December 31, 2021, there were no restrictions on bank accounts.

**8.1 Following is a breakdown of positions in money market funds (trust rights) by Credivalores and the Free-Standing Trust:**

	December 31, 2022	December 31, 2021
Fiduciaria Bancolombia – Renta Liquidez	6	190
Alianza Fiduciaria – Collective Investment Fund	5.161	4.399
Fiduciaria Bancolombia - Progression	-	27
Fiduciaria Banco de occidente	11	-
<b>Sub-Total</b>	<b>5.178</b>	<b>4.616</b>

The average profitability with cut to December 2022 is 16.07% and for 2021 it was 4.35%.

The following is the credit rating of the fund managers of Free Standing Trusts:

Manager	Dec-21	Dec-20	Rating Agency
Fiduciaria Bancolombia	AAA	AAA	Fitch Ratings
Fiduciaria la Previsora	AAA	AAA	BRC Investor Services S. A. SCV
Fiduciaria la Occidente	AAA	AAA	BRC Investor Services S. A. SCV

Cash equivalents correspond to mutual and money market funds where the Company and the Free-Standing Trust have a direct ownership of shares and rights. These funds invest in short term paper and offer a slightly higher yield than a savings account and are classified as cash equivalents since the company can withdraw and deposit funds at any time, as funds are at sight.

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**8.2 Certificates of Deposit (CDs)**

As of December 31, 2022, Credivalores had Certificates of Full Deposit at Banco Santander, as detailed below:

Institution	Initial Date	Maturity Date	Term (months)	Nominal value	Annual effective interest rate	Nominal rate	Total Balance
Santander Bank	23/08/2022	23/02/2023	6	6.500	14.61%	13.71%	6.517
Santander Bank	23/08/2022	23/02/2023	6	5.500	14.61%	13.71%	5.504
<b>Total</b>				<b>12.000</b>			<b>12.021</b>

The long-term rating for Santander Bank is AAA.

**NOTE 9. FINANCIAL INSTRUMENTS**

The balance of investments measured at fair value is comprised of:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Collective Investment Funds (9.1)	988	1.405
Equity instruments (9.2)	4.710	4.710
	<b>5.698</b>	<b>6.115</b>

**9.1 At fair value with changes in results**

Investments at fair value correspond to equity participations in money market funds that offer easy access to resources at low risk, held in trusts which are rated from AA- to AAA by local rating agencies BRC Standard and Poor's and/or Fitch Ratings Colombia

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return 2022	Annual Return 2021	As of December 31, 2022	As of December 31, 2021
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	40,5056%	71.255%	903	1.085
BTG Pactual II Z Class	Closed	5.000.000	2.000.000	0,00000%	32.995%	-	244
Fiduciaria Popular	At sight	200.000	200.000	14,039%	3.158%	21	16
Open Portfolio BTG	Open	-	-	16,1680%	3.158%	64	60
<b>TOTAL</b>						<b>988</b>	<b>1.405</b>

**9.2 Equity instruments**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Agrocaña Shares	4.710	4.710
	<b>4.710</b>	<b>4.710</b>

The Company owns 5.03% of Agrocañas S.A. share capital, with 3,300 outstanding shares as of December 31, 2022. These are not listed on the stock exchange and are therefore measured at fair value with changes to equity.

**NOTE 10. INVESTMENTS IN ASSOCIATES**

The detail of the investments in associates is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Inverefectivas S.A (a)	14.945	12.369
	<b>14.945</b>	<b>12.369</b>

- (a) Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated in accordance with the legislation of Panama, and has 4,000 shares issued, of which Credivalores owns 1,000 shares with an intrinsic value of FIX 3. 106,97 expressed using the TRM of 4.810,20 as of January 01, 2023.

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	December 31, 2022		December 31, 2021	
	Share of ownership interest	Book value	Share of ownership interest	Book Value
<b>Associates</b>				
Inverefectivas S.A.	25%	14.945	25%	12.369
		<u>14.945</u>		<u>12.369</u>

The movement of investments in the associates account is shown below for the nine months ended December 31, 2022 and December 31, 2021:

	December 31	
	2022	2021
<b>Associate</b>		
Balance at the beginning of the period	12.369	10.966
Adjustments for exchange rate differences	2.377	1.573
Adjustment for valuation method of participation	199	(170)
<b>Period-end balance</b>	<u>14.945</u>	<u>12.369</u>

**NOTE 11. LOAN PORTFOLIO, NET**

Financial assets at amortized cost on the statement of financial position are classified as consumer portfolio and microcredit. Following is a description of the portfolio of Credivalores as of December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Consumer	2.005.440	2.034.298
Impairment	(372.608)	(318.427)
<b>Total financial assets at amortized cost</b>	<u>1.632.832</u>	<u>1.715.871</u>
TuCredito payroll deduction loans at fair value	381	16.683
<b>Total financial assets at fair value</b>	<u>381</u>	<u>16.683</u>
<b>Total loan portfolio, net</b>	<u>1.633.213</u>	<u>1.732.554</u>

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 1.053.196 as of December 31, 2022 and 358.097 as of December 31, 2021. Credivalores classified portfolio by product in accordance with the days of default.

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the nine months ended December 31, 2022 and December 31, 2021.

	December 31,	
	2022	2021
<b>Initial Balance</b>	318.427	266.972
Impairment of the period charged against to profit or loss	75.368	67.500
Write-offs	(21.187)	(16.045)
<b>Closing balance</b>	<u>372.608</u>	<u>318.427</u>

Expenditure on provisions and write-offs of loan portfolio

	December 31, 2022	December 31, 2021
Expenditure for the provisions period	75.369	67.500
Forgiveness	8.370	14.322
<b>Total</b>	<u>83.739</u>	<u>81.822</u>

Below we present a breakdown of the loan portfolio in the balance sheet with all components:

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**As of December 31, 2022**

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.685.538	100.528	205.775	13.599	(372.608)	<b>1.632.832</b>
<b>Total financial assets at amortized cost</b>	<b>1.685.538</b>	<b>100.528</b>	<b>205.775</b>	<b>13.599</b>	<b>(372.608)</b>	<b>1.632.832</b>

**At December 31, 2021**

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.749.149	129.621	145.298	10.230	(318.427)	<b>1.715.871</b>
<b>Total financial assets at amortized cost</b>	<b>1.749.149</b>	<b>129.621</b>	<b>145.298</b>	<b>10.230</b>	<b>(318.427)</b>	<b>1.715.871</b>

The distribution of maturities of Credivalores gross loan portfolio is the following:

**December 31, 2022**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	262.821	674.343	326.079	742.197	2.005.440
<b>Total Gross Loan Portfolio</b>	<b>262.821</b>	<b>674.343</b>	<b>326.079</b>	<b>742.197</b>	<b>2.005.440</b>

**December 31, 2021**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	290.753	704.337	245.326	793.882	2.034.298
<b>Total Gross Loan Portfolio</b>	<b>290.753</b>	<b>704.337</b>	<b>245.326</b>	<b>793.882</b>	<b>2.034.298</b>

The distribution of maturities of Credivalores principal only loan portfolio is the following:

**December 31, 2022**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	206.685	571.451	289.703	617.699	1.685.538
<b>Total Principal Only Loan Portfolio</b>	<b>206.685</b>	<b>571.451</b>	<b>289.703</b>	<b>617.699</b>	<b>1.685.538</b>

**December 31, 2021**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	223.620	612.807	219.836	692.886	1.749.149
<b>Total Principal Only Loan Portfolio</b>	<b>223.620</b>	<b>612.807</b>	<b>219.836</b>	<b>692.886</b>	<b>1.749.149</b>

Below is the breakdown of Credivalores managed loan portfolio, which includes the loan portfolio on balance and the portfolio sold but still managed by the Company:

Type	As of December 31, 2022		
	Principal Loan	Sold	Total
Consumer	1.685.538	113.594	1.799.132
<b>Total Financial Assets at amortized cost</b>	<b>1.685.538</b>	<b>113.594</b>	<b>1.799.132</b>

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Type	As of December 31, 2022		
	Principal Loan	Sold	Total
Consumer	1.749.149	166.038	1.915.187
<b>Total Financial Assets at amortized cost</b>	<b>1.749.149</b>	<b>166.038</b>	<b>1.915.187</b>

**Overdue but not impaired**

As of December 31, 2022 and December 31, 2021, a summary of the overdue portfolio by days past due is as follows:

	Consumer	Total	Consumer	Total
Performing loans	1.206.606	1.206.606	1.373.758	1.373.758
Overdue but not impaired	85.811	85.811	69.589	69.589
Non-performing loans under 360 days	107.218	107.218	97.461	97.461
Non-performing loans over 360 days	285.903	285.903	208.341	208.341
	<b>1.685.538</b>	<b>1.685.538</b>	<b>1.749.149</b>	<b>1.749.149</b>

**NOTE 12. ACCOUNTS RECEIVABLE, NET**

The detailed information of accounts receivables as of December 31, 2022 and December 31, 2021 is as follows:

	December 31, 2022	December 31, 2021
Debtors (12.1)	168.909	250.244
Economically Related Parties (12.2)	43.662	92.121
Asfiredito	78.156	81.455
Payments on behalf of clients (12.3)	22.559	15.794
Deposits	9.445	-
Prepayments and Advances	1	977
Others accounts receivable	3.793	1.815
Shareholders	1.815	2.373
Employees	-	3
Impairments for doubtful accounts	(8.211)	(7.910)
	<b>320.129</b>	<b>436.872</b>

**12.1** The balance of the debtors account that as of December 31, 2022 amounts to 168.909 and as of December 31, 2021 amounts to 250.244, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts and utilities and claims of guarantees to FGA.

**12.2** The following is the detail with economically related parties:

	December 31, 2022	December 31, 2021
Banco Credifinanciera	-	1
Finanza inversiones S.A.S	-	44.156
Ingenio la cabaña S.A.	2.000	-
Inversiones Mad capital S.A.S	9.736	8.894
Activar Valores S.A.S	15.777	22.321
Brestol S.A.S	16.149	16.749
	<b>43.662</b>	<b>92.121</b>

The effective interest rates on interest-generating receivables were as follows:

	December 31, 2022	December 31, 2021
Loans	DTF + 9.41% and IBR + 8%	DTF + 9.41%

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12.3 The following is a breakdown of payments by client account:

	December 31, 2022	December 31, 2021
Life Insurance Payroll deduction loans	9.928	9.936
Crediuno Insurance	5.976	5.075
Tigo Insurance	374	186
Credipoliza Insurance	582	597
SG Portfolio Insurance	5.699	-
	<b>22.559</b>	<b>15.794</b>

12.4 The movement in the provision for impairment of other accounts receivable is provided below:

	December 31, 2022	December 31, 2021
<b>Balance at start of period</b>	(7.910)	(14.629)
Deterioration (1)	(11.298)	(13.860)
Write-off	10.997	20.579
<b>Balance at end of period</b>	<b>(8.211)</b>	<b>(7.910)</b>

(1) The impairment analysis of other receivables is performed annually as of December 31 of each year.

**12.4.1. Detail Impairment**

As of December 31, 2022, the amount of the impairment provision for accounts receivable amounts to \$8.211. Changes in the impairment provision of accounts receivable are described in the following table:

Third Party	Impairment	%
Asfiredito	7.587	9.7%
Staggered Collective Portfolio	624	1%
<b>Total</b>	<b>8.211</b>	

Increases in impairment provision of receivables have been included in the "other expenses" line of the income analysis. Amounts charged to the provision account are usually written off when there is no expectation of receiving additional cash.

The Company does not maintain any guarantee as collection insurance.

**NOTE 13. PROPERTY AND EQUIPMENT**

The Company's property, plant and equipment as of December 31, 2022 and December 31, 2021, respectively, are as follows:

	December 31, 2022	December 31, 2021
Transportation equipment	117	117
Office equipment and accessories	1.771	1.614
Computer equipment	388	393
Network and communication equipment	1.761	1.990
Assets in financial lease	4.354	4.384
<b>Subtotal</b>	<b>8.391</b>	<b>8.498</b>
Accumulated depreciation	(8.218)	(8.269)
<b>Total</b>	<b>173</b>	<b>229</b>

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The breakdown for equipment movement is shown below:

	December 31, 2021	Purchases	Write-offs	December 31, 2022
Transportation equipment	117	-	-	117
Office equipment and accessories	1.614	157	-	1.771
Electronic equipment	393	3	(8)	388
Network and communication equipment	1.990	24	(253)	1.761
Assets in financial lease	4.384	-	(30)	4.354
	<b>8.498</b>	<b>184</b>	<b>(291)</b>	<b>8.391</b>

  

	December 31, 2020	Purchases	Write-offs	December 31, 2021
Transportation Equipment	117	-	-	117
Office equipment and accessories	1.781	28	(195)	1.614
Electronic equipment	399	31	(37)	393
Network and communication equipment	2.204	6	(220)	1.990
Machinery, plant and equipment in assembly	49	-	(49)	-
Assets in financial lease	4.865	-	(481)	4.384
	<b>9.415</b>	<b>65</b>	<b>(982)</b>	<b>8.498</b>

The following is the depreciation movement as of December 31, 2022 and December 31, 2021, respectively:

	December 31, 2021	Depreciation	Write-offs	December 31, 2022
Transport equipment	117	-	-	117
Office equipment and accessories	1.578	65	-	1.643
Electronic equipment	1.374	163	(258)	1.279
Telecommunications equipment	816	12	(2)	826
Assets in financial lease	4.384	-	(31)	4.353
	<b>8.269</b>	<b>240</b>	<b>(291)</b>	<b>8.218</b>

  

	December 31, 2020	Depreciation	Write-offs	December 31, 2021
Transport equipment	117	-	-	117
Office equipment and accessories	1.720	54	(196)	1.578
Electronic equipment	1.227	299	(152)	1.374
Telecommunications equipment	912	52	(148)	816
Assets in financial lease	4.865	-	(481)	4.384
	<b>8.841</b>	<b>405</b>	<b>(977)</b>	<b>8.269</b>

All equipment of Credivalores is duly protected with current insurance policies. To protect its property and equipment, the Company took out insurance policies with Beckley International Insurance Colombia and Chubb de Colombia as of December 31, 2022 and December 31, 2021, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

Property and equipment include the values of furniture, computer equipment and improvements to rented property, which are used in the Company's normal course of business.

The Company's own property and equipment as listed above, are not in any way encumbered neither have they been delivered as collateral to guarantee any kind of obligation. The Company has also taken out insurance policies to protect these assets.

**NOTE 14. PROPERTIES BY RIGHT OF USE**

Below is the plant and equipment properties that the Company has as of December 31, 2022 and December 31, 2021, respectively:

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	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>		
Properties, Plant and Equipment (Right of Use)	2.021	4.298
Deferred tax asset	55	166
<b>Liabilities</b>		
Other financial liabilities - lease of use		
Currents	(934)	(2.044)
Non-current	(1.245)	(2.726)
<b>Net</b>	<u><b>(103)</b></u>	<u><b>(306)</b></u>

Properties and equipment include rights to use leases, in which the Company is the tenant, whose values are shown below:

	<u>Rights of use Premises and Offices</u>	<u>Total</u>
<b>As of December 31, 2020</b>		
Cost	9.296	9.296
Accumulated Depreciation	(3.276)	(3.276)
Net cost	<u><b>6.020</b></u>	<u><b>6.020</b></u>
<b>As of December 31, 2021</b>		
Balance at the beginning of the year	6.020	6.020
Additions	434	434
Retreats	-	-
Transfers	-	-
Depreciation charge	(2.156)	(2.156)
Balance at the end of the year	<u><b>4.298</b></u>	<u><b>4.298</b></u>
<b>As of December 31, 2021</b>		
Cost	9.696	9.696
Accumulated Depreciation	(5.398)	(5.398)
Net cost	<u><b>4.298</b></u>	<u><b>4.298</b></u>
<b>As of December 31, 2022</b>		
Balance at the beginning of the year	4.298	4.298
Additions	-	-
Retreats	(221)	(221)
Transfers	-	-
Depreciation charge	(2.056)	(2.056)
Balance at the end of the year	<u><b>2.021</b></u>	<u><b>2.021</b></u>
<b>As of December 31, 2022</b>		
Cost	9.251	9.251
Accumulated Depreciation	(7.229)	(7.229)
Net cost	<u><b>2.021</b></u>	<u><b>2.021</b></u>

The maturities of financial leases range from 3 to 5 years.

In relation to the rights of use recorded in the property, plant and equipment accounts, financial leasing liabilities have been recorded which are included in other financial liabilities and which as of December 31, 2022, have the following balances:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Lease liabilities</b>		
<b>As December 31, 2021</b>	<u><b>4.770</b></u>	<u><b>6.429</b></u>
Additions	-	434
Payments	(2.370)	(2.093)
Withdraws	(221)	-
<b>As December 31, 2022*</b>	<u><b>2.179</b></u>	<u><b>4.770</b></u>

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- The net variation for 2021 corresponds to 566.

**14.1 Statement of Results**

	<b>December 31, 2022</b>
Depreciation fee - usage asset	2.056
Interest expense on lease liabilities	221
Variable lease expenses	858
	<b>3.135</b>

Total cash outings for leases as of December 31, 2022 were 3.491

**Variable Leases**

Credivalores determined variable leases, based on the landlord's preponderance in the disposal and use of the asset, in this classification are the points of sale located in the chain warehouses.

**NOTE 15. INTANGIBLE ASSETS**

Below we present the company's other intangible assets as of December 31, 2022 and December 31, 2021, respectively:

**December 31, 2022**

	<b>Initial Balance</b>	<b>Additions</b>	<b>Amortization</b>	<b>Closing Balance</b>
Software Licenses	1.334	2.225	2.118	1.441
Acquired Trademarks	9.520	-	2.380	7.140
Database	18.166	-	757	17.409
Contracts	13.781	-	727	13.054
Other	866	4.995	5.377	484
<b>Total</b>	<b>43.667</b>	<b>7.220</b>	<b>11.359</b>	<b>39.528</b>

**December 31, 2021**

	<b>Initial Balance</b>	<b>Additions</b>	<b>Amortization</b>	<b>Closing Balance</b>
Software Licenses	1.261	2.098	2.025	1.334
Acquired Trademarks	11.900	-	2.380	9.520
Database	18.923	-	757	18.166
Contracts	14.399	-	618	13.781
Other	8.469	3.514	11.117	866
<b>Total</b>	<b>54.952</b>	<b>5.612</b>	<b>16.897</b>	<b>43.667</b>

Disputed rights, the variation corresponds to the collection of the portfolio included in this item:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Disputed rights	324	444
<b>Total</b>	<b>324</b>	<b>444</b>

The movement of amortization expenses for the period was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Depreciation of brands	2.380	2.380
Amortization of exclusivity contracts, databases and licenses	3.602	3.400
<b>Subtotal</b>	<b>5.982</b>	<b>5.780</b>
Consultancies, free-standing trusts commissions, contributions	1.277	1.443

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Investors	3.307	1.825
Fees	375	1.347
Insurance	418	6.502
<b>Total</b>	<b>5.377</b>	<b>11.117</b>

Based on the end of 2018 and 10-year projections adjusted to the performance of the business unit up to that date, the intangibles were prepared in the evaluation and valuation of intangibles through the construction of discounted cash flow projections.

By obtaining the value of the discounted projections, the flow was evaluated in an aggregate manner, and then the tangible assets on the balance sheet were deducted from the total business value, to identify the residual value against the estimated market value of the business. The difference that was obtained in the values, according to the economic and accounting literature, gave rise to the residual value of the intangibles. It was concluded that the updated projections for the base year 2022 remain within the range initially estimated in 2018 of the Base Scenario, considering results obtained at the end of 2018 to 2021 and the future commercial expectations of placement and collection, and in accordance with the dynamics of growth, margin contribution and efficiency in expenses.

Therefore, the conclusion of the Appraiser should not generate an adjustment in the initially estimated valuation, nor should an adjustment for impairment in the registered value of CREDIUNO's intangibles be included, since it is evident that the estimated results in 2018 remained in the lower range of projection even with the effects of the pandemic, and it is expected that by meeting the economic reactivation due to the cash needs of customers in the short and medium term, it would bring rewards in terms of projected profits of the operation within the estimated and initially projected range, considering the new growth curves and efficiency in commission income along with the reduction in expenses, thus preserving the operating margins initially estimated for valuation.

**NOTE 16. CREDIT QUALITY OF FINANCIAL ASSETS**

The credit quality of financial assets that have not yet expired and have also not suffered impairment losses is assessed on the basis of ratings given by external bodies or if they do not exist on the basis of internal categorizations defined on the basis of counterpart characteristics:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash and cash equivalents</b>		
AAA	245.087	121.492
AA	-	28
<b>Total cash and cash equivalents</b>	<b>245.087</b>	<b>121.520</b>

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Equity instruments (shares)</b>		
Fair value financial assets through the other comprehensive results		
Financial sector	5.698	6.115
<b>Total equity instruments</b>	<b>5.698</b>	<b>6.115</b>

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Debt instruments</b>		
Financial assets at fair value through the statement of return		
AAA	12.021	22.202
<b>Total debt instruments</b>	<b>12.021</b>	<b>22.202</b>

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**NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING**

Movements for hedge accounting and investments in derivatives are provided below:

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
Prima Call	7.051	-
Hedge forward contracts (17.1)	5.120	8.013
Hedge Options (17.2)	(10.146)	138.380
Hedge Swaps (17.3)	96.836	208.774
<b>Total</b>	<b>98.861</b>	<b>355.167</b>
<b>LIABILITY</b>		
Forward speculation	-	316
<b>Total</b>	<b>-</b>	<b>316</b>

Credivalores holds derivative financial instruments to hedge foreign currency risk exposure.

**Hedging Operations**

Credivalores activities are exposed to financial risks including liquidity risk, foreign currency risk and interest rate risks. Therefore, the administration and the Board of Directors have approved and implemented a financial risk management policy to mitigate the negative effects of financial market uncertainty and volatility on the company's financial performance. The financial risk management policy establishes the use of a wide variety of financial derivatives to cover the risks inherent in exchange rate fluctuations and the interest rate of financial obligations in currencies other than Colombian Pesos.

Credivalores has developed a hedging policy against financial risks to mitigate the effects that these risks may have on the income statement. In development of this policy, the main objective to minimize the effects of the exchange rate on the liabilities in foreign currency that the company currently has. To achieve this objective CVCS has contracted different types of derivatives such as: Exchange Rate Forward, Cross Currency Swap, Cupon Only Swap and Options. The Management constantly monitors the results of this strategy and its effectiveness to adopt timely actions and corrective measures in favor of results. Effectiveness is measured retrospectively using the hypothetical derivative method. Equally, the methodologies for valuation at market prices have been adopted in accordance with the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

In accordance with the guidelines of this policy, the following is the list of derivative instruments implemented and in force as of September 2022 to hedge foreign currency risks and interest rate risks of financial obligations denominated in foreign currency (Notes due 2025 and credits):

**Cross Currency Swaps**

Theoretical Hedging				Annual Interest Rate			
Credivalores pays	Credivalores receives USD	Credivalores pays COP	Delivery	Effective Date	Maturity Date	Credivalores receivers	Credivalores pays
Coupon Only Swap	100.000.000	341.600.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 8,54%
Coupon Only Swap	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 3,32%
Coupon Only Swap	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 4,995%
Coupon Only Swap	40.000.000	160.660.000.000	Non-Delivery	1/06/2022	31/05/2025	9.5% + SOFR	IBR + 4.56%
Coupon Only Swap	29.388.476	135.993.995.022	Non-Delivery	7/07/2022	31/05/2025	9.5% + SOFR	IBR + 3.9%
Coupon Only Swap	18.325.152	78.706.527.453	Non-Delivery	18/07/2022	31/05/2025	9.5% + SOFR	IBR + 3.69%

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Type of instrument	Position of Credivalores	Type of Option	Amount covered in USD	Effective date	Due date	Strike Price COP	Compliance
Call Option	Seller	European	50.000.000	7-feb-25	7-feb-25	4.000,00	Non-Delivery
Call Option	Buyer	European	50.000.000	7-feb-25	7-feb-25	3.415,00	Non-Delivery
Call Option	Seller	European	100.000.000	7-feb-25	7-feb-25	4.000,00	Non-Delivery
Call Option	Buyer	European	100.000.000	7-feb-25	7-feb-25	3.415,00	Non-Delivery
Call Option	Seller	European	18.000.000	7-feb-25	7-feb-25	4.000,00	Non-Delivery
Call Option	Buyer	European	18.000.000	7-feb-25	7-feb-25	3.415,00	Non-Delivery
Call Option	Seller	European	3.333.333	11-jul-24	11-jul-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	11-jul-24	11-jul-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-ago-24	13-ago-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-ago-24	13-ago-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	12-sep-24	12-sep-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	12-sep-24	12-sep-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	10-oct-24	10-oct-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	10-oct-24	10-oct-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-nov-24	13-nov-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-nov-24	13-nov-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	12-dic-24	12-dic-24	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	12-dic-24	12-dic-24	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-ene-25	13-ene-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-ene-25	13-ene-25	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-feb-25	13-feb-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-feb-25	13-feb-25	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-mar-25	13-mar-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-mar-25	13-mar-25	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	11-abr-25	11-abr-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	11-abr-25	11-abr-25	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	13-may-25	13-may-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	13-may-25	13-may-25	4.016,50	Non-Delivery
Call Option	Seller	European	3.333.333	12-jun-25	12-jun-25	4.516,50	Non-Delivery
Call Option	Buyer	European	3.333.333	12-jun-25	12-jun-25	4.016,50	Non-Delivery
Call Option	Seller	European	2.449.040	11-jul-24	11-jul-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	11-jul-24	11-jul-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-ago-24	13-ago-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-ago-24	13-ago-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-sep-24	12-sep-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-sep-24	12-sep-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	10-oct-24	10-oct-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	10-oct-24	10-oct-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-nov-24	13-nov-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-nov-24	13-nov-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-dic-24	12-dic-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-dic-24	12-dic-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-ene-25	13-ene-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-ene-25	13-ene-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-feb-25	13-feb-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-feb-25	13-feb-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-mar-25	13-mar-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-mar-25	13-mar-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	11-abr-25	11-abr-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	11-abr-25	11-abr-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-may-25	13-may-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-may-25	13-may-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-jun-25	12-jun-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-jun-25	12-jun-25	4.627,46	Non-Delivery
Call Option	Seller	European	1.527.096	11-jul-24	11-jul-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	11-jul-24	11-jul-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-ago-24	13-ago-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-ago-24	13-ago-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-sep-24	12-sep-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-sep-24	12-sep-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	10-oct-24	10-oct-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	10-oct-24	10-oct-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-nov-24	13-nov-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-nov-24	13-nov-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-dic-24	12-dic-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-dic-24	12-dic-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-ene-25	13-ene-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-ene-25	13-ene-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-feb-25	13-feb-25	4.795,00	Non-Delivery

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Call Option	Buyer	European	1.527.096	13-feb-25	13-feb-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-mar-25	13-mar-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-mar-25	13-mar-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	11-abr-25	11-abr-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	11-abr-25	11-abr-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-may-25	13-may-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-may-25	13-may-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-jun-25	12-jun-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-jun-25	12-jun-25	4.295,00	Non-Delivery

**17.1 Forward Contracts for Hedging**

The portfolio of derivative transactions presents assets valued according to the policy implemented and the fair value and cash flow valuation.

• **Fair-value hedge accounting**

ASSETS	Fair value			
	December 31, 2022		December 31, 2021	
	Nominal Amount USD	Fair Value	Nominal Amount USD	Fair Value
<b>Forward Contracts for Hedging</b>				
Purchase of foreign currency	7	5.120	59	8.013
<b>Total forward contracts for hedging – assets</b>	<b>7</b>	<b>5.120</b>	<b>59</b>	<b>8.013</b>

*Stated in USD expressed in million*

**17.2 Derivate Financial Instruments Options**

The activities carried out by Credivalores generated significant positions in the derivatives portfolio, performing transactions for hedging purposes where the underlying assets are exchange rates and interest rates. Options are contracts between two parties, one of them has the right but not the obligation, to carry out an operation of purchase or sale according to previously agreed terms.

The company closed operations with options as derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt in the P&L. The options are measured through cash flow coverage.

Detail of derivative with options financial instruments and their accounting is as follows:

ASSETS	Fair value			
	December 31, 2022		December 31, 2021	
	Nominal Amount USD	Fair Value	Nominal Amount USD	Fair Value
Call spread premium option	23	96.836	35	138.380
<b>Total forward contracts for hedging – assets</b>	<b>23</b>	<b>96.836</b>	<b>35</b>	<b>138.380</b>

**Options Contracts for Hedging**

Transactions in derivative instruments with options cover the debt position (equity only) of the disbursements of the PA Credivalores O'Connor and Gramercy credit for an aggregate face value of US 87,713,627.

These financial instruments are valued under the methodology and market value provided by the counterparties, the type of measurement is cash flow.

The Company will maintain derivative financial instruments, to cover the foreign currency risk exposure until maturity, which corresponds to the expiration of the Notes that are being covered by this instrument. The objective and strategy of the administration is to analyze and evaluate the appropriate method for the valuation of financial instruments, depending on the type of operation and negotiation carried out.

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**17.3 Derivate Financial Instruments Cross Currency Swap**

Credivalores, executed operations with derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt position in the P&L. The cross-currency swaps in place hedge the exposure to the risk of exchange rate, which is measured at market (fair value hedging) value, which is measured as a cash flow hedge.

Derivative financial instruments through cross currency swaps and its hedge accounting is the following:

ASSETS	Fair value			
	December 31, 2022		December 31, 2021	
	Nominal Amount USD	Fair Value	Nominal Amount USD	Fair Value
Hedging Contracts Cross Currency Swaps (a)	-	-	48	191.802
Hedging Contracts Coupon Only Swap (b)	(2)	(10.146)	4	16.972
<b>Total forward contracts for hedging – assets</b>	<b>(2)</b>	<b>(10.146)</b>	<b>52</b>	<b>208.774</b>

**a. Cross currency swap hedging contracts**

In 2022, coverage with CCS was cancelled.

**b. Coupon only swaps hedging contracts**

The derivative trading through a coupon only swaps cover interest payments on Notes 144 A/Reg S due 2025 issued on February 7, 2020, with a coupon of 8.875% for an original face value of US\$200,000,000. With respect to Notes 144 A / Reg S maturing in 2025 and coupon of 8.875%, in June 2020 the number of coupons covered at maturity with coupon only swaps was adjusted after completing a repurchase operation in the secondary market of these Notes for US\$2,000,000 principal.

In addition, coupon only swaps cover interest until maturity of PA Credivalores UBS O'Connor and Gramercy credit disbursements with a nominal value of US 87,713,627.

The balance of the account registers negative balance because the valuation of this derivative financial instrument is showing a loss at the end of 2022.

**NOTE 18. FINANCIAL OBLIGATIONS**

Below, we present the balances of financial obligations as of December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021
144 A / Reg S Bonds	1.289.134	1.720.458
ECP Program Notes	192.408	298.587
Ordinary Local Bonds- FNG Partial Guarantee	95.940	52.900
Financial obligations in autonomous assets	901.280	252.296
Promissory notes national banks	48.919	82.721
Transaction costs	(53.924)	(61.792)
	<b>2.473.757</b>	<b>2.345.170</b>

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting at court December 31, 2022 and December 31, 2021, correspond to obligations incurred with financial institutions in the country and obligations in the foreign capital market and financial leasing. Short-term credit obligations are cancelled between December 2022 and 2021 and credits that have a maturity after December 2022, respectively, are considered long-term:

**a) Short-term financial obligations.**

Entity	December 31, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Banco de Bogotá	5.512	IBR+4.15%	2023	271	IBR+1.25%	2022
Banco de Occidente	10.309	IBR+2.86%	2022-2023	10.271	IBR+2.5%	2022
Bancolombia	6.831	IBR+9.79%	2023	9.995	IBR+7.95%	2022
JP Morgan Colombia	-			36.500	10%EA	2022

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Coltefinanciera	1.065	14.68%EA	2023	-		
<b>Total National Entities</b>	<b>23.717</b>			<b>57.037</b>		
ECP Program Notes	192.408	10.63%NA	2023	199.058	8,5%EA	2022
<b>Total ECP Program Notes</b>	<b>192.408</b>			<b>199.058</b>		

Entity	December 31, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
9.75% Bonds due July 2022 (144 A/Reg. S Bonds)	-			379.464	9.75%EA	2022
Reopening of 9.75% Bonds due July 2022 (144 A/Reg. S)	-			274.043	9.75%EA	2022
<b>Total International Bonds</b>	<b>-</b>			<b>653.507</b>		

Entity	December 31, 2022	Maturity	Expiration	December 31, 2021	Interest rate	Maturity
Free-standing Trust Crediluno IFC	6.956	DTF + 5.5%	2023	-		
<b>Total Free-standing Trusts</b>	<b>6.956</b>			<b>-</b>		

<b>Total short-term obligations</b>	<b>223.081</b>			<b>909.602</b>		
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Credivalores has short-term financial obligations, during the periods ended December 31, 2022 and December 31, 2021 for a value of 223,081 and 909,602, respectively. The measurement of liabilities financial instruments of financial obligations are valued at low amortized cost as established by IFRS 9.

**b) Long-term obligations**

The Company had long-term financial obligations during the periods ended December 31, 2022 and December 31 2020 totaling 2.304.567 and 1.497.360, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended December 31, 2022 and December 31, 2021, valued at 53.924 and 61.792, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ended December 31, 2022 and December 31, 2021 is 2.473.724 and 2.345.170 respectively, which will be paid off as described above.

Entity	December 31, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Banco de Bogotá	-			5.210	IBR+5.5%	2023
Bancolombia	26.267	IBR+10.50%	2024	20.475	IBR+7.65%	2023
<b>Total National Entity</b>	<b>26.267</b>			<b>25.685</b>		
ECP Program Notes	-			99.529	8,75%EA	2023
<b>Total ECP Program Notes</b>	<b>-</b>			<b>99.529</b>		

Entity	December 31, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	253.004	IBR + 5.5%	2024al2027	252.296	DTF- IBR+5.5%	2023 to 2025
Free-standing Trust Syndicated Loan Payroll	169.939	IBR+8%	2027	-		
Free-standing Trust UBS O'Connor	421.920	SOFR+9,5%	2025	-		
Free-standing Trust Systemgroup	48.363	15% EA	2025	-		
<b>Total Trusts</b>	<b>893.226</b>			<b>252.296</b>		

Entity	December 31, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	1.289.134	8,875% NS	2025	1.066.951	8,875% EA	2025
Domestic Bonds Guaranteed by the FNG	95.940	9,1% NS	2024	52.900	9,1%EA	2024

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<b>Total Bonds</b>	<b>1.385.074</b>			<b>1.119.851</b>		
<b>Total long-term obligations</b>	<b>2.304.566</b>			<b>1.497.361</b>		
Transaction costs	(53.924)			(61.793)		
<b>Total financial obligations</b>	<b>2.473.724</b>			<b>2.345.170</b>		

- The item for rights of use for the periods ended December 30, 2022 and December 31, 2021 correspond to 2,179 and 4,770 respectively

On August 26, 2021, CV issued the first tranche of its inaugural domestic bond issuance of ordinary bonds with a partial guarantee from the FNG in the Colombian debt capital market.

The total amount of the issuance, authorized by the Financial Superintendence of Colombia in September 2021, is \$160,000 million pesos and in August 2021 the Company placed the first tranche of bonds for an amount of \$52,900 billion pesos with a 3-year term and a 9.10% coupon.

The placement of the first tranche had an over-demand of 1.51 for the amount initially offered, which was 35,000 million pesos. Subsequently, on September 23, 2022, Credivalores placed the second tranche of the issuance of ordinary bonds with partial guarantee of the FNG for an amount of 43,040 million pesos maintaining the same maturity date and coupon of the issuance of the first lot. Therefore, at the end of September 2022, the total balance of ordinary bonds with partial guarantee of the FNG issued by Credivalores was 95,940 million.

The issuance of ordinary bonds of Credivalores has an irrevocable partial guarantee from the FNG that covers 70% of the principal and interest and was rated 'AA (col)' by Fitch Ratings Colombia.

The resources from the placement of the first and second tranches of Credivalores ordinary bond issuance allowed the company to support the growth of its operation in Colombia by financing the disbursements of the payroll and credit card loans.

For the last quarter of 2022, the company constituted a trust with Systemgroup for 48,363 million for the maintenance of its operation and in turn to meet the expiration of the October 2022 note.

On January 31, 2022, Credivalores closed a credit line committed to Citibank Colombia for an amount of 290,000 million pesos, which was structured through a trust without recourse to Credivalores. This line is backed by a payroll portfolio, with an initial revolving period of 24 months and subsequent amortization of the capital depending on the portfolio, to achieve a half-life of the facility of around 5.6 years. At the end of December 2022, 169,939,000 million pesos of the total committed amount of this facility had been disbursed.

The resources of this loan were used to finance the growth of the portfolio and to meet the maturity of the bonds in dollars with a coupon of 9.75% in July 2022.

**Obligations stated in foreign currency.**

Entity	Nominal Value as of December 31, 2022		Nominal as of Value December 31, 2021	
ECP Program Notes (a)	75	192.408	75	298.587
144 A/ Reg S Bonds (b)	268	1.289.134	432	1.720.458
<b>Total</b>	<b>USD 343</b>	<b>COP 1.481.542</b>	<b>USD 507</b>	<b>COP 2.019.045</b>

- Interests

Listed below:

	December 31, 2022	December 31, 2021
Bank interests	199	1.382
Bank Interests Free-standing Trust	2.114	722
Foreign currency interest foreign currency interest	4.513	3.253
Bonus coupon	45.327	65.104
Coupon ordinary bonds issued locally	2.952	1.608
Interest banks another Free-standing Trust	559	-
Foreign currency interest Free-standing Trust	4.839	-
	<b>60.502</b>	<b>72.069</b>

**(a) Euro Commercial Paper Program Notes**

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The Euro Commercial Paper Program (ECP Program) has a US\$150,000,000 maximum outstanding amount.

In April 2021 CV issued a new note under the ECP Program due October 28, 2022 for an amount of US\$50,000,000 and a coupon of 8.50% with quarterly interest payments. In that same month, a US\$40,000,000 note with a coupon of 8.25% issued in April 2018 matured. In September 2021 CV issued a new US\$25,000,000 note with a maturity in March 2023 and a coupon of 8.75%. In that same month, a US\$20,000,000 note issued in June 2020 with a coupon of 8.50% matured. The resources of the last issue made in October 2022 were allocated to the growth of the company's loan portfolio and general uses.

As a result of amortization principal and issuance of new notes under the ECP Program, the total outstanding balance as of December 31, 2022, is US\$40,000,000.

**(b) Notas 144A / Reg S**

On July 27, 2017, Credivalores issued its inaugural senior unsecured 144A / Reg S notes (the "Notes") due July 27, 2022 for US\$250,000,000 with a coupon of 9.75% and a yield of 10.0%. The Notes are payable semi-annually in arrears on January 27 and July 27 of each year, beginning on January 27, 2018. The proceeds from this issuance were used to refinance existing indebtedness, including mostly secured debt, and the remainder, if any, for general corporate purposes.

In addition, on February 14th, 2018, Credivalores reopened these Notes for an additional amount of US\$75,000,000, bringing the total issued to US\$325,000,000, taking into account the original issue. The Notes were reopened with a yield of 8.625% and a price of 104.079%. The proceeds of the reopening were used to refinance existing uncollateralized debt and the surpluses were used for the company's general purposes.

Subsequently, on January 17, 2020, CVCS launched a Tender Offer and a Consent Solicitation for all or a portion of the principal of the 144A/Reg S Notes due July 2022 and coupon of 9.75%. The repurchase offer would be contingent on the condition of a new bond issue in the international market that would allow obtaining the resources to carry out the repurchase and the request for the elimination of covenants would materialize if more than 51% of the principal of the current Notes were repurchased. The repurchase offer was launched at a price of US\$1,055 per US\$1,000 of principal of these Notes applicable during the Early Tender Time extending through January 31, 2020 and at a price of US\$1,005 per US\$1,000 principal of the Notes applicable in the final maturity period of the repurchase offer which ran through February 14, 2020. During the early participation period, US\$154,035,000 of the principal of the Notes maturing in 2022 was repurchased and then in the final maturity period, an additional US\$650,000 of the principal of these notes was received. The principal repurchases of the Notes maturing 2022 in the repurchase offer corresponded to 47.6% of the US\$325,000,000 current as of December 31, 2019.

Once the early repurchase period concluded, CVCS decided to conduct a new issuance of ordinary notes under the 144A/Reg S format in the international capital market with a maturity date on February 7th, 2025, for an amount of US\$300,000,000 with a coupon of 8.875% and yield of 9%. The new Notes pay interest due semi-annually on February 7 and August 7 of each year, beginning August 7, 2020. The proceeds from this issue were used to repurchase the Notes under the repurchase offer referred to above, to refinance existing debt under the ECP Program and the surplus to company's general-purpose. Once the fulfillment of this debt management operation was carried out on February 7, 2020, the new current principal of the Notes with a coupon of 9.75% and maturity in 2022 is US\$164,150,000.

After the repurchase operations in the secondary market carried out in 2020 and 2022, the amount of outstanding principal of the Notes with a coupon of 9.75% and maturity in 2022 was US\$155,952,000, which was paid in full on July 27, 2022 to investors along with the corresponding interest.

Below are the payments of the coupons of the issuance of 144A/Reg S notes with coupon 9.75% and 8.875% and maturity in 2022 and 2025 since its issuance:

Principal	Coupon	First Coupon Payment – 27/01/2018	Second Coupon	Third Coupon Payment - 27/01/2019	Fourth Coupon Payment - 27/07/2019	Fifth Coupon Payment - 27/01/2020
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			Payment - 27/07/2018				
250.000.000	9,75%	12.187.500	12.187.500	12.187.500	12.187.500	12.187.500	
75.000.000	9,75%	-	3.656.250	3.656.250	3.656.250	3.656.250	
Total in USD		12.187.500	15.843.750	15.843.750	15.843.750	15.843.750	
FX Rate		2.805,40	2.882,84	3.160,52	3.213,09	3.353,76	
Total in Million Pesos		34.190.812.500	45.674.996.250	50.074.488.750	50.907.394.688	53.136.135.000	
Principal	Coupon	Sixth Coupon Payment - 27/07/2020	Seven Coupon Payment - 27/01/2021	Eight Coupon Payment - 27/07/2021	Ninth Coupon Payment - 27/01/2022		
95.315.000	9,75%	4.646.606	4.646.606	4.646.606	4.646.606		
75.000.000	9,75%	3.656.250	-	-	-		
68.835.000	9,75%	-	3.355.706	3.355.706	3.355.706		
Total in USD		8.302.856	8.002.313	8.002.313	8.002.213		
FX Rate		3.660,15	3.591,48	3.904,17	3.947,83		
Total in Million Pesos		30.389.698.303	28.740.147.093	31.242.390.345	31.591.376.548		
Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 27/02/2022		
268.000.000	8,875%	11.892.500	11.892.500	11.892.500	11.892.500		
Total in USD		11.892.500	11.892.500	11.892.500	11.892.500		
FX Rate		3.775,95	3.543,28	3.949,33	3.962,68		
Total in Million Pesos		44.905.485.375	42.138.457.400	46.967.407.025	47.126.171.900		

In accordance with the "Description of the notes" due in 2025 and "Offering memorandum", the Company may redeem the Notes, in whole or in part, at any time from February 7, 2023, at the redemption prices stipulated in the Offering Memorandum, plus any additional amounts due and accrued and unpaid interest, until the redemption date. It is also possible to redeem notes before February 7, 2023, in whole or in part, at a price equal to 100% of their principal amount plus a make-all premium, in addition to any additional amounts then due plus accrued and unpaid interests, until the redemption date.

In addition, at any time through February 7, 2023, CVCS may redeem up to 35% of the Notes using proceeds from stock sales or equity offerings at a redemption price of 108.875% of its principal amount, plus any additional amounts then due plus accrued and unpaid interest, until the redemption date. In addition, in the event of certain changes in the tax treatment of withholding tax in Colombia in connection with interest payments on the Notes, CVCS may redeem them, in full, but not in part, at a price of 100% of their principal amount, in addition to any additional amounts then due plus accrued and unpaid interest, until the redemption date. In the event of a change of control in the entity, unless the Company has elected to redeem the Notes, each holder thereof shall have the right to demand that the entity repurchase all or any part of such holder's Notes at 101% of the total principal amount of the repurchased Notes, in addition to any amounts then due plus accrued and unpaid interest, up to the date of repurchase.

Notes due 2025 will be forward-looking and unsecured obligations and (i) will have the same priority in terms of right to payment as all other existing and future debt obligations of the Company (subject to certain obligations whereby they are given preferential treatment under Colombia's insolvency laws); (ii) have a higher payment priority than the Company's existing and future subordinated debt obligations, if any; (iii) be subordinated, as to the right to payment, to all existing and future unsecured debt obligations of the Company, to the extent of the value of the assets securing such indebtedness, including any debts, liabilities and Equity; and (iv) be structurally subordinate to all existing and future payment obligations and commercial accounts payable of any of our non-guarantor subsidiaries. The notes shall not be entitled to any redemption funds.

The principal and coupons of the Notes maturing in February 2025 were hedged to pesos using cross currency swaps and call spreads at maturity of the instrument.

During April and May 2020, Credivalores carried out repurchase operations of Notes 144 A / Reg S maturing in 2025 and coupon of 8.875% in the secondary market through a broker for a total amount of US\$2,000,000 of principal. The entire amount repurchased from these Notes in April and May was cancelled at the end of September 2020. As a result, as of December 31, 2022, the new current number of Notes 144 A/Reg S due in 2025 and coupon of 8.875% is US\$268,000,000.

**Covenants**

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The Notes 144A/Reg S due 2025 prospect contains certain restrictive covenants, which among other things, limit our ability to (i) take additional debt, (ii) make dividend payments, redeem capital and make certain investments, (iii) transfer and sell assets, (iv) enter into any type of agreement that could limit the ability of subsidiaries to pay dividends or make capital distributions, (v) create collateral or pledge assets, (vi) consolidate, merge or sell assets and (vii) transact with affiliates. The "Indenture" contract governing the Notes contains traditional default events.

At the end of December 2022, there was an incompliance in the financial covenants related to Notes 144 A / Reg S maturing in 2025, however, they are expected to be corrected during the first half of 2023.

**(a) Free-standing Trust Credivalores O'Connor y Gramercy**

On May 13, 2022, Credivalores signed a new credit line committed for US\$100 million with two international funds (O'Connor UBS and Gramercy), structured through a trust, which will be backed by the credit card product portfolio as credit collateral. The line has a term of 36 months with an availability period of 12 months from its signature and amortization of capital from month 24 from signature, to achieve an average life of the facility of around 2.54 years. Each of the disbursements of this credit will be covered in Colombian pesos through operations with derivative financial instruments at maturity. At the end of December 2022, US\$87,713,627 million of this facility had been disbursed, which were covered in Colombian pesos through derivative financial instruments.

All the resources obtained through this loan will be used to meet the maturity of the bonds in dollars with a coupon of 9.75% in July 2022.

• **IFP Financial Cost**

The funds received from loans acquired from financial institutions are used for portfolio origination and to handle various lines of working capital, which helps to maintain a degree of liquidity for the Company. The loans are represented by promissory notes wherein both parties establish the payment conditions, including maximum amount, amount, interest rate and duration. The financial cost of financial obligations for the periods ended December 31, 2022, and December 31, 2021:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Free-standing trusts	82.431	20.318
Local banks	8.901	5.387
Finance Leasing	27.048	23.443
Foreign currency obligation	189.681	(1.432)
Financial cost Derivatives	144.315	157.554
Issuance of bonds	6.670	1.608
Amortization Transaction costs	31.875	28.307
Interest for liabilities for lease and finance lease agreements	348	574
<b>Total</b>	<b>491.269</b>	<b>235.759</b>

  

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Difference instead	121.755	(996)
<b>Total</b>	<b>121.755</b>	<b>(996)</b>

The financial obligations and Free-standing Trusts of Credivalores that are recognized in local and foreign currencies will be recognized at the beginning of the transaction at their amortized value, net of costs incurred in the transaction which are attributable at the time of issuance. The difference between funds received (net of transaction costs) and the redemption value is recognized in the Income Statement for the corresponding period, using the effective interest method.

**NOTE 19. EMPLOYEE BENEFITS**

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Under Colombian labor law and based on labor conventions employees are entitled to short-term benefits such as: wages, holidays, statutory bonuses, severance payment, and interest on severance pay.

Below is a breakdown of employee benefit payments as of December 31, 2022, and December 31, 2021:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest on severance pay	40	42
Severance pays	354	367
Holidays	659	586

The current component of employee benefits must be paid within the twelve months following the reporting period.

The company within its compensation policies has no post-employment benefits.

**NOTE 20. OTHER PROVISIONS**

Credivalores provisions as of December 31, 2022, and December 31, 2021, respectively are provided below.

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Litigations subject to executive proceedings	801	705
Other provisions (a)	2.227	213
	<b>3.028</b>	<b>918</b>

a) The third-party balance of other provisions is detailed below:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Axesnet S. A. S.	-	29
Sertisoft S. A. S.	-	12
Bancolombia	-	1
Emergia customer care colombia S. A. S.	-	171
Rangel Chema Clemencia del Carmen	1	-
Colombiana de comercio S. A.	2	-
Pwc contadores y auditores	32	-
Recuperadora y normalizadora integral	106	-
Experian colombia sa	146	-
Econtact col S. A. S.	192	-
Americas business process services S. A.	260	-
Atento colombia S. A.	276	-
Activar valores S. A. S.	1.213	-
	<b>2.227</b>	<b>213</b>

The movement of legal and other provisions are provided below for the periods ended December 31, 2022, and December 31, 2021:

	<b>Legal provisions</b>	<b>Other provisions</b>	<b>Total Provisions</b>
<b>Balance held on December 31, 2021</b>	<b>705</b>	<b>213</b>	<b>918</b>
Increase in provisions during the period	96	2.013	2.109
Utilization	-	-	-
<b>Balance held on December 31, 2022</b>	<b>801</b>	<b>2.226</b>	<b>3.027</b>

  

	<b>Legal provisions</b>	<b>Other provisions</b>	<b>Total provisions</b>
<b>Balance held as of December 31, 2020</b>	<b>199</b>	<b>7.171</b>	<b>7.370</b>
Recovered provisions	506	(6.957)	(6.452)
<b>Balance held as of December 31, 2021</b>	<b>705</b>	<b>213</b>	<b>918</b>
Recovered provisions	96	2.013	2.109

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<b>Balance held as of December 31, 2022</b>	<b>801</b>	<b>2.226</b>	<b>3.027</b>
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Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of December 31, 2022, in an amount of 801 and 2021, 705 it is not possible to determine a disbursement schedule for these provisions due to the diversity of processes in different instances. However, Credivalores does not expect significant changes to the amount provisions because of the outflows applicable to each proceeding. The expected time of resolution is uncertain since each proceeding is taking place in different instances.

**NOTE 21. ACCOUNTS PAYABLE**

Below, we detail the balance of accounts payable has Credivalores December 31, 2022, and December 31, 2021, respectively:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Leases	3	2
Suppliers	25	23
Commission and fees	523	5.204
Withholdings and labor contributions	1.013	1.282
Other accounts payable (21.2)	32.946	27.612
Costs and expenses payable (21.1)	17.350	44.943
	<b>51.860</b>	<b>79.065</b>

**21.1 Costs and expenses payable**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Services	177	2.153
Others (21.1.1)	17.173	42.787
Financial expenses	-	3
	<b>17.350</b>	<b>44.943</b>

**21.1.1 Other**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Technical service providers	11.135	7.763
Call option premiums	3.050	34.941
Fiduciary services	2.980	83
Representation and public relations expenses	8	-
	<b>17.173</b>	<b>42.787</b>

**21.2 Other accounts payable**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Third party administrative payments	-	49
MC Pending collection to apply	9	-
Visa C1 disbursement agreement	17	-
Crediuno Disbursements	46	158
Against Visa vrol positions	116	4
Different	122	232
TIGO Withdrawal	1.440	1.184
Account payable free-standing trusts	1.596	2.263
Credipoliza Withdrawals	1.644	1.979
Payroll Loan Disbursement CDS	2.223	4.584
Crediuno Refunds	2.855	2.378
Collection in favor of third parties	9.408	4.932
Payroll Loan CDS Refund	13.470	9.849
	<b>32.946</b>	<b>27.612</b>

**NOTE 22. CURRENT AND DEFERRED TAX LIABILITIES**

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**22.1 Components of current tax asset:**

Current tax assets for the years ended December 31, 2022, and December 31, 2021 is as follows:

	December 31, 2022	December 31, 2021
Income tax advance	32.000	22.224
Industry and Commerce Tax	12	21
<b>Total current tax assets</b>	<b>32.012</b>	<b>22.245</b>

**22.2 Components of current tax liabilities**

Current tax liabilities for the years ended December 31, 2022, and December 31, 2021 is as follows:

	December 31, 2022	December 31, 2021
Industry and Commerce Tax	1.322	1.812
VAT	376	157
	<b>1.698</b>	<b>1.969</b>

**22.3 Components of income tax expense**

Income tax expense for the years ended December 31, 2022, and December 31, 2021 is as follows:

	December 31, 2022	December 31, 2021
Income Tax	-	-
<b>Subtotal - taxes from the current period</b>	<b>-</b>	<b>-</b>
Net deferred tax from the period	<b>(107.545)</b>	<b>324</b>

In accordance with the IAS 12, current and deferred taxes are recognized as income or expense in the income statement, except to the extent that they arise from a transaction or event recognized outside profit or loss in other comprehensive income (OCI), in equity. Therefore, in the periods ended December 31, 2022, and December 31, 2021, other comprehensive income was recognized in equity.

**22.4 Reconciliation of the nominal income tax rate and the effective tax rate in Colombia:**

The tax provisions in force in Colombia for income and ancillary taxes applicable in 2022 and 2021, respectively, among others, are as follows:

- With the Social Investment Law, enacted on September 14, law 2155 of 2021; which establish the income tax was increased by 35% beginning on 2022. In this way, the gradual reduction of the tariff, which is contemplated in art. 240 of the Tax Statute.
- The income tax rate for the year 2021 was 31%, law 2010 of 2019.
- Excess presumptive income can be offset in the following 5 fiscal periods and tax losses may be offset with ordinary net income obtained in the following 12 fiscal periods.
- In accordance with article 188 of the National Tax Statute, as of fiscal year 2021, the percentage of presumptive income is zero (0%) of the liquid assets of the last day of the immediately preceding taxable year.
- As of the fiscal year 2022, 100% of the industry and commerce tax and notices and boards cannot be taken as a tax discount on income tax, that is, it continues to apply the discount of 50% of the industry and commerce tax actually paid.
- With Law 2277 of December 13, 2022, a tax reform was adopted, this provision introduces some modifications in terms of income tax, however, for the general income rate it is maintained at 35% for national companies and their assimilated, permanent establishments of foreign entities and foreign legal entities with or without residence in the country obliged to file the annual tax return on the Rent and complementary.

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- A minimum tax is established for residents in Colombia, setting an additional tax in case the adjusted income tax with some adjustments is less than 15% of the accounting profit before taxes with certain adjustments. Thus, taxpayers must: - Determine the clear tax account of the Colombian taxpayer, or the group's clear tax account in case it is part of a business group.
- Determine the clear profit of the Colombian taxpayer or group as a part of a business group, and, -Determine the adjusted tax rate of Colombian taxpayer or group as a part of a business group. If the effective rate (Deputy/purified profit tax) is less than 15%, the tax to be added by the taxpayer or group must be calculated in case it is part of a business group.
- Continues as a deductible 100% of taxes, fees and contributions actually paid in the taxable year, which are causally related to the generation of income (except income tax); 50% of the tax on financial movements (GMF) will be deductible, regardless of whether or not it has a causal relationship with the income-generating activity.

The Company performed the conciliation of the effective rate in accordance with IAS 12, the following is the detail between the total Company's income tax expense calculated at the current tax rates and the tax expense (income) recorded in the results of the period for the year 2022 with a rate of 26% and for 2021 of 5%, as detailed below:

	2022	2021
Earnings (loss) before tax	(410.004)	6.261
<b>Income Tax rate</b>	<b>35%</b>	<b>31%</b>
Income Tax	(143.501)	1.941
<b>More (less) tax impact on:</b>		
Non-deductible expense	7.471	5.269
Exchange rate differences	28.462	(6.907)
Non-deductible tax	3	10
Presumptive interest	20	11
<b>Total income tax provisions charged to income</b>	<b>(107.545)</b>	<b>324</b>
<b>Effective rate</b>	<b>26%</b>	<b>5%</b>

**22.5 Deferred Tax**

Differences between the book value of assets and liabilities and their tax bases result in temporary differences in deferred, calculated and recorded taxes in the periods ended December 31, 2022, and December 31, 2021, based on the tax rates in force for the years in which such temporary differences will be reversed.

In the determination of the calculation will be made with the rate of 35% of income tax and complementary, according to the measurement of expenses for deferred tax, taking into account Decree 1311 of 2021 the difference in the equity is recognized the value of the deferred tax derived from the change of the rate corresponding to 5%, only this effect for the taxable year 2021.

	December 31,	
	2022	2021
Assets deferred taxes	162.450	53.324
Liabilities deferred taxes	(4.714)	(9.915)
<b>Deferred taxes assets (liabilities), net</b>	<b>157.736</b>	<b>43.409</b>

The net movement of deferred taxes during the period is as follows:

	December 31,	
	2022	2021
Balances as of January 1	43.409	5.961
Charge (credit) to the statement of results	107.544	(324)
Charge (credit) to the other comprehensive results	6.783	34.413
Position (credit) to utilities the accumulated surplus	-	3.359
<b>Balance as of December 31</b>	<b>157.736</b>	<b>43.409</b>

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The movements of deferred taxes assets and liabilities during the period, without regard to the compensation of balances referred to the same tax authority, have been as follows:

	Portfolio Provision	IFRS 9 Adoption	IFRS 16 Adoption	Depreciation Fixed Assets	Provision Expenses	Valuation of Financial Instruments	Financial Instruments	Tax Loss	Total
<b>Deferred taxes assets</b>									
Balance as of January 1, 2021	13.839	14.117	127	245	33	-	-	-	28.361
Charge (credit) to income statement	(1.561)	-	15	(58)	30	-	95	1.409	(70)
Charge (credit) to other comprehensive results	-	-	-	-	-	20.318	-	-	20.318
Charge (credit) to utilities or accumulated surpluses	2.047	2.352	24	31	11	-	16	234	4.715
<b>Balance as of December 31, 2021</b>	<b>14.325</b>	<b>16.469</b>	<b>166</b>	<b>218</b>	<b>74</b>	<b>20.318</b>	<b>111</b>	<b>1.643</b>	<b>53.324</b>
Charge (credit) to income statement	(9.884)	-	(111)	(83)	138	-	(111)	112.394	102.343
Charge (credit) to other comprehensive results	-	-	-	-	-	6.783	-	-	6.783
Charge (credit) to utilities or accumulated surpluses	-	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2022</b>	<b>4.441</b>	<b>16.469</b>	<b>55</b>	<b>135</b>	<b>212</b>	<b>27.101</b>	<b>-</b>	<b>114.037</b>	<b>162.450</b>
	<b>Valuation of Financial Instruments</b>	<b>Intangibles</b>	<b>Impairment Financial Instruments</b>	<b>Shares</b>	<b>Available in Foreign Currency</b>	<b>Total</b>			
<b>Deferred taxes liabilities</b>									
Balance as of January 1, 2021	14.062	1.859	6.205	274	-	22.400			
Charge (credit) to income statement	-	750	(1.199)	175	529	255			
Charge (credit) to other comprehensive results	(14.062)	-	-	(34)	-	(14.096)			
Charge (credit) to utilities or accumulated surpluses	-	435	833	-	88	1.356			
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>3.044</b>	<b>5.839</b>	<b>415</b>	<b>617</b>	<b>9.915</b>			
Charge (credit) to income statement	-	837	(5.706)	259	(591)	(5.202)			
Charge (credit) to other comprehensive results	-	-	-	-	-	-			
Charge (credit) to utilities or accumulated surpluses	-	-	-	-	-	-			
<b>Balance as of December 31, 2022</b>	<b>-</b>	<b>3.881</b>	<b>133</b>	<b>674</b>	<b>26</b>	<b>4.714</b>			



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Deferred tax assets outstanding assets are recognized to the extent that the corresponding tax benefit is likely to be made through future tax benefits. The Company has recognized all deferred tax assets and liabilities.

**22.6 Effect of current and deferred taxes in each component of other comprehensive income in equity:**

The effects of current and deferred taxes in each component of other comprehensive income in equity are as follows:

	December 2022			December 2021		
	Amount before tax	Deferred tax income (expense)	Net	Amount before tax	Deferred tax income (expense)	Net
<b>Items that may be subsequently reclassified to income</b>						
Effect of changes in fair value on the valuation of derivative financial instruments	(19.379)	6.782	(12.597)	(104.924)	34.380	(70.544)
Shares	-	-	-	(344)	34	(310)
	<b>(19.379)</b>	<b>6.782</b>	<b>(12.597)</b>	<b>(105.268)</b>	<b>34.414</b>	<b>(70.854)</b>

**22.7 Tax uncertainties**

Income tax and supplementary returns that are open for review by the Tax Authorities are as follows:

Period	Declaration	Date presentation	Amount	Observations
2019	Rent		No oversight by the DIAN.	
2020	Rent		No oversight by the DIAN .	
2021	Rent		No oversight by the DIAN .	

Of the above statements, the Tax Authority has not initiated review processes for the taxable years 2019, 2020 and 2021.

No comments and/or adjustments are expected from the process of reviewing income tax and supplementary returns by the tax authorities.

**Performing deferred taxes assets**

In future periods, it is expected to continue generating taxable net income against which to recover the values recognized as deferred taxes assets. Estimation of future fiscal results is based primarily on tax projections.

**22.8 Annual Statement of Assets Held Abroad**

Law 1739 of 2014 created an annual declaration of assets held abroad to be submitted by all those paying Income and Ancillary Taxes who are **obliged** to pay tax on (i) their global income; (ii) their equity held both at home and abroad; and (iii) assets held abroad.

The information required in order to identify the taxpayer as stipulated by the corresponding tax regulations is as follows:

- ✓ Discrimination of assets held by the Company abroad on January 1, the value of which shall exceed 3,580 TVA (Tax Value Units), the value of the taxpayer's equity, the jurisdiction in which the assets are located and the nature and type of asset.
- ✓ Discrimination of assets held by the Company abroad at January 1, the value of which shall not exceed 3,580 TVA (Tax Value Units) in order to declare these in their aggregate along with the jurisdiction in which the assets are located and the nature and type of asset.

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**NOTE 23. OTHER LIABILITIES**

Below the detail of other liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit card guarantee	-	912
Commission commercial force	7	16
Checks pending collection	18	754
Collection to be applied SG	103	-
Collections of managed loan portfolios	5.963	6.973
Collections pending application	13.251	18.243
Values received for third parties (23.1)	20.715	15.102
	<u><b>40.057</b></u>	<u><b>42.000</b></u>

**23.1 Values received for third parties**

Below the detail of other Values received for third parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Retailers collections	-	22
Voluntary and mandatory insurance collections	499	2.584
FGA guarantees' collections	3.327	12.496
Free-standing trusts collections	16.889	-
	<u><b>20.715</b></u>	<u><b>15.102</b></u>

**NOTE 24. EQUITY**

**Capital**

Credivalores objective is to safeguard its capacity to continue as a business enterprise and maintain a financial structure that optimizes the cost of capital and maximizes returns for shareholders. The Company's capital structure encompasses and includes the subscribed capital, retained earnings and reserves.

Capital management objectives are met by managing the portfolio as authorized by law and maintaining a consistent pace of generating profits from its structural revenue (portfolio interests and returns on investments) which results in institutional strengthening and provides the Company an opportunity to maintain its dividend distribution policy among its shareholders.

For the reporting periods, Credivalores indeed complied with the required minimum capital in the relation of solvency required by legal provisions and mandatory investments.

**Authorized, and Paid in Capital**

As of December 31, 2022, and December 31, 2021 Credivalores authorized and paid in capital is **135.194** represented in **4.784.954** shares, each of a nominal value of 28.254; respectively.

**Credivalores-Crediservicios S.A.**

Shareholder	December 31, 2022	%	December 31, 2021	%
	Number of shares		Number of shares	
Acon Consumer Finance Holdings S de RL	954.197	19.94%	954.197	19.94%
Crediholding S.A.S.	1.642.120	34.32%	1.642.120	34.32%
Lacrot Inversiones 2014 SLU	1.747.109	36.51%	1.747.109	36.51%
Acon Consumer Finance Holdings II S L	201.887	4.22%	201.887	4.22%
Direcciones de Negocio S.A.S.	1	0.00%	1	0.00%
Treasury shares	239.640	5.01%	239.640	5.01%
<b>Total</b>	<u><b>4.784.954</b></u>	<b>100%</b>	<u><b>4.784.954</b></u>	<b>100%</b>

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	December 31, 2022	December 31, 2021
Number of authorized shares	6.469.661	6.469.661
Subscribed and paid shares	4.784.954	4.784.954
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	135.194	135.194
Paid-in capital	71.170	71.170
<b>Total capital plus premium</b>	<b>206.364</b>	<b>206.364</b>

According to minutes 64 held on December 13, 2021, capitalization is made by 196,654 shares for a total value of \$61,021 per share, of which \$28,254 corresponds to the nominal value and \$32,767 to the premium in placement of shares.

The following is a breakdown of the basic earnings per share:

	December 31, 2022	December 31, 2021
Ordinary shares (a)	2.278.169	2.278.169
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
<b>Total earnings per share</b>	<b>(63.211)</b>	<b>1.241</b>

(a) The value of the shares as of December 31, 2022, and December 2020 correspond to the total number of outstanding shares held by Credivalores, 4.784.954.

As per the Company's bylaws, both common and preferred stock have the same decision power and rights, and the preference of those shares is given by its hierarchy in the payment of dividends when declared by the Assembly and by the preferred right in the reimbursement in case of liquidation.

**December 31, 2022**

Name of Entity	Share capital				Treasury Shares	Common Shares	Total	%
	Preference shares A	Preference shares B	Preference shares C					
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	-	77.079	954.197	19.94%
Crediholding S.A.S	-	-	-	-	-	1.571.073	1.642.120	34.32%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	-	184.736	1.747.109	36.51%
Treasury Shares	-	-	-	239.640	-	-	239.640	5.01%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	-	8.986	201.887	4.22%
Direcciones de Negocio S.A.S.	-	-	-	-	-	1	1	0.00%
<b>Total</b>	<b>835.834</b>	<b>1.107.832</b>	<b>563.119</b>	<b>239.640</b>	<b>1.841.875</b>	<b>4.784.954</b>	<b>100.00%</b>	

**December 31, 2021**

Name of Entity	Share capital				Treasury Shares	Common Shares	Total	%
	Preference shares A	Preference shares B	Preference shares C					
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	-	77.079	954.197	19.94%
Crediholding S.A.S	-	-	-	-	-	1.571.073	1.642.120	34.32%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	-	184.736	1.747.109	36.51%
Treasury Shares	-	-	-	239.640	-	-	239.640	5.01%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	-	8.986	201.887	4.22%
Direcciones de Negocio S.A.S.	-	-	-	-	-	1	1	0.00%
<b>Total</b>	<b>835.834</b>	<b>1.107.832</b>	<b>563.119</b>	<b>239.640</b>	<b>1.841.875</b>	<b>4.784.954</b>	<b>100.00%</b>	

**Treasury shares**

	December 31, 2022	December 31, 2021
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)

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<b>Total</b>	<u>-</u>	<u>-</u>
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The CVCS General Shareholders' Meeting on April 2 of 2014, decided to establish a special reserve in the amount of 12,837 for the reacquisition of 239,640 shares. This reserve is in accordance with Articles 396 and 417 of the Commercial Code.

**Reserves**

Equity reserves as of December 31, 2022, and December 31, 2021 were comprised of the following:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Legal reserve	11.017	11.017
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves	21	21
<b>Total Reserves</b>	<b>23.875</b>	<b>23.875</b>

**Legal reserve**

The Company is obliged to appropriate as a legal reserve 10% of its annual net profits, until the balance of the reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable prior to the liquidation of the Company but may be used to absorb or reduce losses. Appropriations made more than the 50% are freely available by the general assembly.

In accordance with the decision taken at the general assembly, held on April 20, 2021, it was decreed that the profits of the year 2020 will be used to increase the reserve by \$5,224.

**Other reservations**

The other appropriate reserves directly from the accumulated profits can be considered as reserves of free availability by the General Meeting of Shareholders.

**NOTE 25. OTHER COMPREHENSIVE INCOME (OCI)**

We present the detail below:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Tax</b>	<u>27.004</u>	<u>20.223</u>
Income tax OCI	<b>27.004</b>	<b>20.223</b>
<b>Other comprehensive income</b>	<u>(76.475)</u>	<u>(57.097)</u>
Shares	955	955
<b>Financial instruments</b>	<u>(77.430)</u>	<u>(58.052)</u>
Financial instruments Forward	(161)	(461)
Financial instruments Cross Currency Swap	-	18.902
Financial instruments Options	(60.195)	(81.386)
Financial instruments Coupon Only swap	(17.074)	4.893
<b>Total</b>	<b>(49.471)</b>	<b>(36.874)</b>

**NOTE 26. REVENUE**

Below, is a detail of revenue for the three and nine-months ended December 31, 2022, and 2021:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Interests	286.838	321.286
Interest expense	(72)	(112)
<b>Subtotal Interests (26.1)</b>	<b>286.766</b>	<b>321.174</b>
Revenue from customer contracts (26.2)	113.128	115.452
	<b>399.894</b>	<b>436.626</b>

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**26.1 Interest**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
CrediUno interest	74.894	107.929
CrediPóliza interest	24	1.576
TuCrédito loan interest	26.407	43.709
Tigo loan interest	6.446	10.803
SG Free-standing Trusts loan interest	343	-
TuCrédito transaction costs	(39.715)	(21.926)
CrediPóliza transaction costs	(4)	(83)
CrediUno transaction costs	(13.794)	(12.096)
Fair value TuCrédito	(16.302)	(3.332)
Sub-total Consumer loans	<b>38.299</b>	<b>126.580</b>
CrediPóliza late payment interest	153	355
TuCrédito late payment interest	1.307	1.293
SG Free-standing Trusts late payment interest	139	-
<b>Consumer loan defaults</b>	<b>1.599</b>	<b>1.648</b>
Joint operation interest	1.386	-
<b>Subtotal Joint operation interest</b>	<b>1.386</b>	<b>-</b>
Financial returns	4.432	3.691
BTG Pactual Financial returns	9.831	22.993
Current interests, Free-standing Trust	124.501	53.002
Income from FGA Alliance	14.520	33.170
Other income, Free-standing Trust	5.044	360
Current interests left off-balance	61.232	21.732
Premium for portfolio sale	25.922	57.998
Sub-total Other	<b>245.482</b>	<b>192.946</b>
<b>Total Interests</b>	<b>286.766</b>	<b>321.174</b>

**26.2 Revenue from customer contracts**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Department store income and credit card channels income	-	2
Internal commission	195	377
Returned commission	287	286
Administration fee - life insurance plus	1.889	2.048
Shared financial consultancy fees	2.381	1.667
Financial Consultancy – Returns from Debtor life insurance	4.236	4.122
Brokerage Commission	8.208	7.813
Financial Consultancy- Returns Voluntary insurance policies	11.523	1.497
Collection fees	18.995	14.289
Administration fee – credit card	65.414	83.351
	<b>113.128</b>	<b>115.452</b>

**NOTE 27. OTHER INCOME**

At the end of each period, movements corresponded to:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Recoveries from Loan portfolio	1.461	649
Recoveries from previous exercises	593	223
Sickness Leave	54	10
Other	13	23
Tax refund	1	5
Other income recoveries	-	19
Refund insurance	-	11
	<b>2.122</b>	<b>940</b>

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**NOTE 28. OTHER EXPENSES**

At the end of each period, movements corresponded to:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fees	27.524	27.223
Tax	16.919	12.194
Electronic data processing	9.884	10.149
Commissions	7.978	3.269
Technical assistance	4.049	4.990
Yields Invertors	4.018	3.158
Public services	3.959	3.645
Leases	2.840	2.424
Other	2.483	3.529
Transport	2.279	2.159
Publicity and advertising	1.918	1.215
Janitorial and Security services	904	839
Fines, penalties and awards	815	659
Insurance	763	1.466
Check risk central	552	803
Office supplies	495	402
maintenance and repairs	480	1.148
Travel expenses	434	180
Cost of representation	271	112
Legal expense	158	241
Temporary Services	82	161
Adaptation and installation	70	17
Publicity and advertising	4	6
Donations	-	15
	<u>88.880</u>	<u>80.004</u>

**NOTE 29. NET FINANCIAL INCOME**

Below is the detail of financial (net) costs, for the periods for three and nine months ended December 31, 2022, and 2021:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial performances (29.1)	7.566	937
Financial income (29.2)	2.122	940
<b>Total Financial Income</b>	<u>9.688</u>	<u>1.877</u>
Forwards valuation (29.3)	(9)	(44)
<b>Total Financial Expense</b>	<u>(9)</u>	<u>(44)</u>
<b>Net Financial Income (expense)</b>	<u>9.679</u>	<u>1.833</u>

29.1 Corresponds to the returns generated by investments in financial institutions in which Credivalores has invested its resources.

29.2 Mainly corresponds to recovery of expenses of previous years and recovery of punished portfolio.

29.3 Corresponds to the valuation of fixed-rate investments at fair value.

**NOTE 30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**a. Commitments**

**Credit commitments**

During ordinary business, Credivalores provides loan portfolio as guarantees to its funding sources, in which it irrevocably agrees to pay them in the event the client is unable to meet its obligations, with the same credit risk for loan portfolios.

Loan extension commitments represent unused portions of authorizations to extend credits as loans. With regard to the credit risk on commitments to extend lines of credit, Credivalores is potentially exposed to losses in an amount equal to the total

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unused commitments, if the unused amount were to be withdrawn in its totality; However, the amount of the loss is less than the total amount of the unused commitments because the majority of loan extension commitments are contingent once the client can maintain specific credit rating standards. Credivalores monitors the maturity dates of those credit limit commitments because long-term commitments have a higher credit risk than short-term commitments.

The following is a breakdown of unused lines of credit commitments and guarantees on December 31, 2022 and December 31, 2021:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unpaid approved credits	<u>530.529</u>	<u>291.322</u>

**NOTE 31. RELATED PARTIES**

The Company's Board of Directors and Senior Management, in their role as governing bodies, are fully aware of the responsibility related to managing the various risks to which the Company is exposed; likewise, they are fully aware of the Company's processes and business structure so as to be able to provide support and adequate monitoring and follow-up.

The Company's related parties are as follows:

1. Shareholders with interests, a controlling stake or a joint stake of the Company, or significant influence over Credivalores.
2. Members of the Board of Directors: Members of the Board of Directors (principals and alternates, along with their related parts).
3. Key management personnel include the Company CEO and other C-level Officers, who are those who participate in the planning, direction and control of the Company.
4. Affiliates: Companies in which Credivalores has significant influence, which is generally considered to be a share between 30% and 50% of their capital.

The most representative balances as of December 31, 2022, and December 31, 2021 with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	<u>Members of the Board of Directors (a) December 2022</u>		<u>Members of the Board of Directors (a) December 2021</u>	
Accounts payable	112		39	
Operating expenses	206		202	

  

	<u>December 2022</u>		<u>December 2021</u>	
	<u>Accounts receivable</u>	<u>Accounts Payable</u>	<u>Accounts receivable</u>	<u>Accounts Payable</u>
<b>Shareholders</b>				
Lacrot Inversiones 2014 S.L.U.	-	57	-	57
Crediholding S. A. S.	1.815	-	1.815	-
<b>Accounts Receivable and Other Transactions</b>				
Ingenio la Cabaña S. A.	2.393	-	-	-
Inversiones Mad Capital S. A.	9.736	-	9.001	-
Finanza Inversiones S. A. S.	-	2.325	71.890	-
Banco Credifinanciera	497	6.825	11.436	6.942
Asficrodito	70.569	-	73.546	-
<b>Stock Investments</b>				
Agrocañas	4.710	-	4.710	-
Inverefectivas S.	14.945	-	14.945	-
<b>Total</b>	<u>104.665</u>	<u>9.208</u>	<u>187.343</u>	<u>6.999</u>

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED DECEMBER 31, 2022 AND 2021**  
(Stated in million of Colombian pesos)

Compensation received by key management personnel is comprised of the following:

Item	December 31,	
	2022	2021
Salaries	3.798	3.507
Short-term employee benefits	344	222
<b>Total</b>	<b>4.142</b>	<b>3.729</b>

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of December 31, 2022:

**Directors**

No.	Director	Alternate
1	Jose Miguel Knoell Ferrada	Cristiano Mathias Boccia
2	Maria Patricia Moreno Moyano	Liliana Arango Salazar
3	Vacant	Marcelo Jimenez
4	Rony Doron Seinjet	Vacant
5	Vacant	Vacant
6	Gustavo Adrián Ferraro	Carlos Manuel Ramon
7	Juan Camilo Ocampo	Vacant

**Legal Representatives**

No.	Representative
Manager	Eliana Andrea Erazo Restrepo
Alternate	Liliana Arango Salazar

**32. SUBJECT MATTER THAT QUALIFIES INTERNAL CONTROL**

In accordance with the company's statutes, the audit committee must be held quarterly and due to the resignation of two (2) members of this, it was not carried out in the last quarter of the year of 2022.

The administration will constantly maintain offers to interest parties to reduce times in case of unexpected resignations and to fill the vacancies in less time.

**33. SUBSEQUENT EVENTS**

At the date of approval of the report, there are no known economic situations or events that may affect the figures and information presented here.

**Credivalores-Crediservicios S. A.**  
*Financial Statements*

*For the periods ended September 30, 2023, and December 31, 2022*

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF FINANCIAL POSITION**  
**ENDED SEPTEMBER 30, 2023, AND DECEMBER 31, 2022**

(Stated in millions of Colombian pesos)

	Notes	September 30, 2023	December 31, 2022
<b>Assets</b>			
Cash and cash equivalents	6	95.629	273.052
Financial Assets at fair value measure profit or loss			
Equity Instruments	7	5.205	5.698
Derivatives Instruments	15	18.641	98.861
Loan portfolio	9	-	381
<b>Total financial assets at fair value</b>		<b>23.846</b>	<b>104.940</b>
<b>Financial Assets at amortized cost</b>			
Consumer loans	9	1.926.824	2.005.440
Impairment	9	(432.092)	(372.608)
<b>Total Loan portfolio, net</b>	9	<b>1.494.732</b>	<b>1.632.832</b>
Accounts receivable, net	10	281.052	320.129
<b>Total Financial Assets at amortized cost</b>		<b>1.775.784</b>	<b>1.952.961</b>
Investments in Associates and Affiliates	8	12.616	14.945
Current tax assets	20	37.972	32.012
Deferred tax assets, net	20	127.795	157.736
Property and equipment net	11	153	173
Assets for right of use	12	1.232	2.021
Intangible assets other than goodwill, net	13	36.828	39.852
<b>Total assets</b>		<b>2.111.855</b>	<b>2.577.692</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Financial Liabilities At amortized cost			
Financial obligations	16	1.674.823	2.534.228
Other Lease Liabilities	12	1.468	2.179
<b>Total Financial Liabilities At amortized cost</b>		<b>1.676.291</b>	<b>2.536.407</b>
Employee benefits provisions	17	1.159	1.053
Other provisions	18	2.483	3.028
Accounts payable	19	122.636	51.892
Current tax liabilities	20	1.554	1.698
Other liabilities	21	33.150	40.057
<b>Total liabilities</b>		<b>1.837.273</b>	<b>2.634.135</b>
<b>Equity:</b>	22		
Share capital		225.323	135.194
Treasury shares	22	(12.837)	(12.837)
Reserves treasury shares	22	12.837	12.837
Reserves	22	11.038	11.038
Additional paid-in capital		255.020	71.169
Other Comprehensive Income (OCI)	23	1.743	(49.470)
Retained earnings		(202.464)	99.995
IFRS convergence result		(21.910)	(21.910)
Net loss income for the period		5.832	(302.459)
<b>Total equity</b>		<b>274.582</b>	<b>(56.443)</b>
<b>Total liabilities and equity</b>		<b>2.111.855</b>	<b>2.577.692</b>

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

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF INCOME**  
**PERIODS ENDED SEPTEMBER 30, 2023, AND SEPTEMBER 30, 2022**

(Stated in millions of Colombian pesos)

	Notes	For the quarter:		For the period of nine months:	
		July 01, 2023 to September 30, 2023	July 01, 2022 to September 30, 2022	January 01, 2023 to September 30, 2023	January 01, 2022 to September 30, 2022
Interest Income and similar	24.1	66.552	69.100	216.793	248.599
Financial costs interest	16	(71.619)	(98.445)	(348.279)	(256.907)
Exchange rate differences	16	43.878	(40.117)	245.363	(38.590)
Revenue from contracts and other services with customers	24.2	14.304	34.718	53.860	91.209
<b>Net Interest</b>		<b>53.115</b>	<b>(34.744)</b>	<b>167.737</b>	<b>44.311</b>
Impairment of financial and condonation assets loan portfolio	9	(28.284)	(23.203)	(81.703)	(54.549)
Expense on accounts receivable provisions	10.4.1	(3.182)	(2.595)	(9.788)	(8.072)
<b>Gross Financial Margin</b>		<b>21.649</b>	<b>(60.542)</b>	<b>76.246</b>	<b>(18.310)</b>
<b>Other Expenses</b>					
Employee Benefits		(2.765)	(3.729)	(9.707)	(10.835)
Depreciation and amortization expense	11 – 13	(1.544)	(1.552)	(4.685)	(4.649)
Depreciation right of use assets	12.1	(981)	(514)	(2.048)	(1.543)
Other	26	(17.849)	(20.459)	(59.850)	(57.042)
<b>Total Other expenses</b>		<b>(23.139)</b>	<b>(26.254)</b>	<b>(76.290)</b>	<b>(74.069)</b>
<b>Net operating Income</b>		<b>(1.490)</b>	<b>(86.796)</b>	<b>(44)</b>	<b>(92.379)</b>
Other Income	25	541	192	1.302	2.260
Financial income		1.816	2.460	6.134	4.747
<b>Financial Income</b>		<b>2.357</b>	<b>2.652</b>	<b>7.436</b>	<b>7.007</b>
Investment valuation at fair value	27	-	-	(3)	(9)
<b>Financial expense</b>		<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(9)</b>
<b>Net financial income (expense)</b>		<b>2.357</b>	<b>2.652</b>	<b>7.433</b>	<b>6.998</b>
<b>Net Income before income tax</b>		<b>867</b>	<b>(84.144)</b>	<b>7.389</b>	<b>(85.381)</b>
Income tax	20	(112)	18.125	(1.557)	18.604
<b>Net income for the period</b>		<b>755</b>	<b>(66.019)</b>	<b>5.832</b>	<b>(66.777)</b>
Net earnings per share		<b>107</b>	<b>(14.389)</b>	<b>842</b>	<b>(13.956)</b>

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**PERIODS ENDED SEPTEMBER 30, 2023, AND SEPTEMBER 30, 2022**  
**(Stated in millions of Colombian pesos)**

	<b>For the quarter ended September 30</b>		<b>For the period ending September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Net income for the period</b>	755	(66.019)	5.832	(66.777)
<b>Other comprehensive income</b>				
<b>Items that may be or are reclassified to profit or loss</b>				
Shares	(2.354)	-	(2.388)	-
Unrealized gains (losses) from cash flow hedges:				
Valuation of financial derivatives Forwards	-	(567)	161	(214)
Valuation of financial derivatives Cross Currency Swaps	-	4.572	17.074	(66.146)
Valuation of financial derivatives Options	(1.296)	1.330	64.751	47.438
Income tax	760	(1.867)	(28.384)	6.623
<b>Total other comprehensive income for the period</b>	<b>(2.889)</b>	<b>3.467</b>	<b>51.214</b>	<b>(12.299)</b>
<b>Total other comprehensive income</b>	<b>(2.134)</b>	<b>(62.552)</b>	<b>57.046</b>	<b>(79.076)</b>

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

**CREDIVALORES- CREDISERVICIOS S. A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**PERIODS ENDED SEPTEMBER 30, 2023, AND DECEMBER 31, 2022**  
(Stated in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
<b>Balance as of December 31, 2021</b>	<b>135.194</b>	<b>71.169</b>	<b>(12.837)</b>	<b>23.875</b>	<b>(36.874)</b>	<b>(54.848)</b>	<b>126.996</b>	<b>5.936</b>	<b>258.611</b>
Appropriation of earnings	-	-	-	-	-	-	5.936	(5.936)	-
Increases (decrease) in other comprehensive income	-	-	-	-	(12.299)	-	-	-	(12.299)
Net income for the period	-	-	-	-	-	-	-	(66.777)	(66.777)
<b>Balance as of September 30, 2022</b>	<b>135.194</b>	<b>71.169</b>	<b>(12.837)</b>	<b>23.875</b>	<b>(49.173)</b>	<b>(54.848)</b>	<b>132.932</b>	<b>(66.777)</b>	<b>179.536</b>
<b>Balance as of December 31, 2022</b>	<b>135.194</b>	<b>71.169</b>	<b>(12.837)</b>	<b>23.875</b>	<b>(49.470)</b>	<b>(54.848)</b>	<b>132.932</b>	<b>(302.459)</b>	<b>(56.444)</b>
Appropriation of earnings	-	-	-	-	-	-	(302.459)	302.459	-
Capitalization	90.129	183.850	-	-	-	-	-	-	273.979
Increases (decrease) in other comprehensive income	-	-	-	-	51.214	-	-	-	51.214
Net income for the period	-	-	-	-	-	-	-	<b>5.832</b>	<b>5.832</b>
<b>Balance as of September 30, 2023</b>	<b>225.323</b>	<b>255.019</b>	<b>(12.837)</b>	<b>23.875</b>	<b>1.744</b>	<b>(54.848)</b>	<b>(169.527)</b>	<b>5.832</b>	<b>274.582</b>

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

**CREDIVALORES -CREDISERVICIOS S. A.**  
**STATEMENT OF CASH FLOWS**  
**PERIODS ENDED SEPTEMBER 30, 2023, AND SEPTEMBER 30, 2022**

(Stated in millions of Colombian pesos)

	Notes	September 30, 2023	September 30, 2022
<b>Cash flows from operating activities</b>			
(Loss) Profit after income tax		5.832	(66.777)
<b>Reconciliation of (loss) profit after income tax:</b>			
Depreciation of tangible assets	11	65	212
Depreciation of assets by right of use		2.048	1.543
Amortization of Intangible Assets	13	4.620	4.447
Amortization of expenses paid in advance		2.688	4.403
Call Premium Amortization		41.188	-
Increase in Impairment for Credit Portfolio		75.058	48.141
Amortization of Transaction Costs Liabilities	29	40.582	23.782
Increase in forgiveness		6.645	6.408
Impairment Accounts Receivable		9.788	8.072
Valuation of Derivative Financial Instruments		107.347	-
Portfolio valuation measured at fair value		381	-
Exchange adjustment in investments in associates	8	(25)	(1.894)
Interest causation of financial obligations		197.030	196.635
Exchange Difference Financial Instruments		244.067	39.830
Income tax		1.557	(18.604)
<b>Cash generated by operations</b>			
<b>Net change in operating assets and liabilities:</b>			
Increase in the portfolio of capital and interest loans		57.973	12.387
Increase in Accounts Receivable		27.651	(79.216)
Acquisition of Intangible Assets		(1.607)	(1.927)
Increase in prepaid expenses		(2.632)	(4.319)
Loss of intangible assets		(40)	146
Increase (Decrease) of Accounts Payable		70.775	(29.294)
Employee Benefits Increase		106	179
Income tax paid		(6.103)	(3.096)
Increased Provisions	18	(545)	7.335
Increase in Other Liabilities		(6.905)	23.139
<b>Net cash provided by operating activities</b>		<b>389.410</b>	<b>171.532</b>
<b>Net change in investment assets:</b>			
Increase in investments in FIC'S financial instruments		459	385
Acquisition of property and equipment		(45)	(174)
<b>Net cash provided for investment activities</b>		<b>(414)</b>	<b>211</b>
<b>Net change in operating activities</b>			
Acquisition of financial obligations		173.145	733.212
Derivatives maturity payment		35.450	291.768
Payment of financial obligations		(774.338)	(888.158)
Interest payment financial obligations		(225.287)	241.935
Premium payment option Call		(48.227)	-
Capitalization		273.980	-
Payment of financial leases		(1.970)	(1.746)
<b>Net cash used for financing activities</b>		<b>(567.247)</b>	<b>(106.859)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(177.423)</b>	<b>64.884</b>
Cash and cash equivalents at the beginning of the period		273.052	148.513
<b>Cash and cash equivalents at the end of the period</b>		<b>95.629</b>	<b>213.397</b>

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

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED SEPTEMBER 30, 2023, AND DECEMBER 31, 2022**  
(Stated in millions of Colombian pesos)

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**NOTE 1. REPORTING COMPANY**

Credivalores-Crediservicios S.A., (hereinafter “Credivalores”, the “Company” or “CVCS”), is a stock company registered for business in Bogotá - Colombia, located at Carrera. 7 No. 76-35 P 7, and a website at [www.credivalores.com.co](http://www.credivalores.com.co). The Company was incorporated through Public Deed No. 420 dated February 4, 2003, drawn up before the Public Notary No.1 of the Circuit of Cali. The term of duration of the Company is twenty years as of the date of the aforementioned deed.

The merger of Crediservicios S.A. and Credivalores S.A. was registered through Public Deed No. 4532 of December 12, 2008. The merger was unanimously approved by the General Meeting of Shareholders of both companies on July 31, 2008, whereby it was determined that Crediservicios S.A. (the surviving company), would continue to legally exist after taking over Credivalores S.A. which would cease to exist (being dissolved but not liquidated). In addition, the equity of Credivalores S.A. was merged with that of Crediservicios S.A. by acquiring the assets and assuming the liabilities of both companies, as agreed on by both company’s legal representatives.

This merger agreement was reported to the Colombian Superintendence of Industry and Commerce, which did not report any objections to the aforementioned process. Credivalores S.A. (the acquired company) was incorporated through Public Deed No. 1906 dated May 13, 2003, drawn up before the Public Notary No. 1 of the Circuit of Cali, and duly registered with the Chamber of Commerce of Cali on May 21, 2003, under Registry Number 3501 Book IX. Subsequently, the Company changed its name from Crediservicios S.A. to Credivalores-Crediservicios S.A.S, becoming a simplified stock corporation, by means of the Public Deed No. 529 dated February 27, 2009, drawn up before the Public Notary No. 1 of the Circuit of Cali.

Through Minutes No. 16 dated February 23, 2010, of the General Meeting of Shareholders, duly registered before the Chamber of Commerce on March 19, 2010; the Company became a simplified joint stock company with the name of Credivalores-Crediservicios S.A.S. under Registration Number 3074 of Book IX.

By public deed No. 3175 of notary No. 73 of Bogotá D.C. as of June 28th, 2019, registered July 9th, 2019 under Number 02484244 Book IX, the company changed its name from CREDIVALORES - CREDISERVICIOS S. A. S. to CREDIVALORES - CREDISERVICIOS S. A. under the figure of a stock corporation.

The Company’s business purpose is to originate consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its funds and other sources of funding permitted by law. In carrying out these activities, the Company may:

- a) Perform risk assessments,
- b) Service and manage loans or lines of credit, including but not limiting the collection and registration of these obligations,
- c) Purchase and sell loans, securities, and loan portfolios,
- d) Borrow funds and enter into transactions allowing the Company to obtain the funds required to perform its corporate purpose,
- e) Act as co-signer, guarantor, surety, or collateral provider to raise funds to finance its activities that may be undertaken, structured, or implemented through trust arrangements, and

Perform any other activities that are required as part of the Company’s normal course of business, such as: (i) acquiring, encumbering, limiting the domain or disposing of fixed assets (ii) acquiring and using trade names, logos, trademarks, and other industrial property rights; (iii) investing in existing companies, or creating new ones, providing that these companies have the same or similar business activities as the Company or that should relate in any way to its corporate purpose; (iv) entering into partnerships or contracts with third parties to carry out its corporate purpose; (v) guaranteeing its own and third-party obligations.

The funds used by the Company for carrying out its business activities shall be lawfully sourced and therefore the Company shall be prohibited from raising money employing large-scale or regular deposits from individuals, under current legislation. The Company is not under the supervision of the Colombian Superintendence of Finance (Superintendencia Financiera de Colombia) since it is not considered to be a financial institution under Colombian legislation, nor is it allowed to carry out brokerage of instruments registered with the Colombian National Registry of Securities and Issuers (RNVE).

The Company is prohibited from raising money through large-scale and regular deposits from individuals, complying with the stipulations in the financial and exchange regulations.

At the end of September 30, 2023, Credivalores has agencies nationwide, as follows: Bogotá, Armenia, Barranquilla, Bucaramanga, Cali, Cartagena, Cúcuta, Florencia, Ibagué, Manizales, Medellín, Montería, Neiva, Pereira, Riohacha, Santa Marta, Sincelejo, Tunja, Valledupar and Villavicencio.

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED SEPTEMBER 30, 2023, AND DECEMBER 31, 2022**  
(Stated in millions of Colombian pesos)

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**Ongoing Business**

Under the provisions of Articles 218 and 457 of the Commercial Code, such as Law 2069 of 2020 in its Article 4 paragraph 1 and Decree 854 of 2021 issued by the Ministry of Industry and Commerce, Credivalores has evaluated from the following perspectives the performance of the Company in recent months:

- Economic environment.
- Payment of obligations with third parties: payroll, suppliers, and tax national, district, and municipal entities, financial liabilities.
- Financial Forecasts.
- Ability to continue offering business model products.

As stated in the conceptual framework, in paragraph 3.9 ongoing business hypothesis, financial statements are normally prepared under the assumption that a reporting entity is in operation and will continue its activity for the foreseeable future. Therefore, it is assumed that the entity does not intend or need to liquidate or cease its business. If such an intention or need would exist, financial statements may have to be prepared on a different basis. If so, the financial statements describe the basis used.

**Economic overview**

2023 began with a marked expectation of a global economic slowdown, where signs of recession, accompanied by persistent inflation were perceived. However, during the first half of 2023 we have seen how the inflationary cycle at the global level has subsided because of the actions implemented by the different Central Banks and economic growth has been higher than expected. So far this year, different adverse situations have been avoided, such as the failures of some banks in the USA and Europe, together with the measures adopted by central banks to deal with inflation, a situation that has had a significant impact on the purchasing power and consumption of households. To date, it could be considered that the global economy has overcome the worst possible circumstances expected for this year but without a doubt, 2023 will be a year of economic slowdown.

In line with this behavior, the Bank of the Republic has been emphatic about the need to control inflation, systematically increasing the intervention rate to 13.5%. As in other latitudes, inflation has begun to ease while the dynamics of economic growth and household consumption slowdown, which is leading us to a new equally challenging situation for the remainder of 2023 and expectations for 2024. Likewise, within the new estimates for the end of 2023, inflation is expected to close at levels close to 11.5%, an event that will allow the Bank of the Republic to start with the de-escalation of the intervention rate, at lower levels than initially expected, but with expectations that at the end of December it will approach 11.5%.

Colombia PIB growth expectations have also been reconsidered, understanding that the growth-generating sectors will be represented by public spending and service activities, where the slowdown will make its mark on the labor market and will require greater support from public finances to weigh the effect on the most vulnerable population. Likewise, the impact associated with the increase in fuel prices and the possible effects of the El Niño phenomenon will mean that inflation is not controlled at the speed previously expected, situations that may cause inflation presented in some areas to persist and remain for the remainder of 2023 and 2024.

Additionally, the measures adopted by the FED and in general the global context will determine the exchange rate levels that Colombia will reach, to the extent that the Colombian peso continues to revalue against the dollar will allow the external debt to decrease and the government can allocate more resources for the social agenda defined in the national development plan.

**Payment of obligations with third parties: payroll, suppliers, and fiscal entities of national, district, and municipal order, financial obligations.**

Credivalores has been complying with the payment of the different obligations resulting from the operation and business in progress such as payroll, suppliers, national, district, and municipal tax obligations, and financial obligations.

On the other hand, the company has agreed hedges for a part of its obligations in foreign currency and is managing alternatives and strategies through international intermediaries since the local market does not have the capacity to close these positions or exchange rate exposures.

**CREDIVALORES- CREDISERVICIOS S. A.**  
**DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**ENDED SEPTEMBER 30, 2023, AND DECEMBER 31, 2022**  
(Stated in millions of Colombian pesos)

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**Ability to continue offering business model products.**

Credivalores structured additional collateralized lines for the payroll portfolio that allow the company to develop its operational activity in the remainder of 2023.

Additionally, Credivalores has an authorized amount to issue bonds in dollars and available credit lines.

**NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

The financial statements of the company Credivalores Crediservicios S.A., have been prepared in under the accounting and financial reporting standards accepted in Colombia, based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual framework, the conclusion rationale, and the application guides authorized and issued by the International Accounting Standards Board (IASB) published in Spanish until 2018), excluding IFRS 17 on Insurance Contracts; and other legal provisions defined by government surveillance entities that may differ in some aspects from those established by other State control bodies), established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. They have been prepared based on historical cost.

Law 1314 of July 13, 2009, regulated the financial reporting, accounting, and data security standards and principles accepted in Colombia and identified competent authorities, established the procedure for issuing the standards, and determined the entities responsible for monitoring compliance. This law was regulated through the following decrees:

- a) 2784 of December 28, 2012
- b) 1851 of August 29, 2013
- c) 3023 of December 27, 2013
- d) 2267 of November 11, 2014

Decree 2615 dated December 17, 2014, came into effect on January 1, 2016. Decree 2615 contains the international accounting and financial reporting standards in force as of December 31, 2013, and their corresponding amendments issued by the International Accounting Standards Board IASB in force today. With this, the regulatory technical framework contained in the annex to Decree 2784 dated December 28, 2012, and Decree 3023 dated December 27, 2013, was revoked.

Credivalores reports comparative information from the immediately previous period for all values included in the current period's financial statements and includes comparative explanations, when necessary, to ensure the current period's financial statements are understandable.

**NOTE 3. JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES**

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the implementation of accounting policies and reported amounts of assets and liabilities, and income and expenses.

Credivalores S.A. will disclose the nature and amounts of changes in accounting estimates that are significant and affect the current period or are expected to affect any impact in future periods. Information on the effect in future periods will not be disclosed if the estimate of the effect is not practical.

The financial statements, the significant judgments made by the administration in the application of the accounting policies of Credivalores, and the main sources of estimation were the same as those applied to the financial statements for the year ended September 30, 2023.

**3.1 IFRS 9 – FINANCIAL INSTRUMENTS**

Credivalores applies IFRS 9 - Financial instruments as of January 1, 2018, according to the following models.

**3.1.1 IMPAIRMENT MODEL**

IFRS 9 – financial instruments, pose significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. In particular, the standard proposes a new approach that pursues the identification of the significant increase of the risk of credit (SIRC) in an instrument before the identification of objective evidence of impairment (OEI).

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From the above, the company has advanced in the construction of quantitative and qualitative criteria to identify the significant increase in the credit risk of an instrument. Although a quantitative criterion as the main principle is used to evaluate the (SIRC), qualitative criteria have also been developed in case it is not possible to apply the quantitative criterion or it cannot be used for specific financial assets.

Impairment-related requirements are applied to financial assets measured at amortized cost and fair value with changes in other comprehensive income (FVOCI) whose business model remains to collect (contractual cash flows) and sell.

The expected credit loss model considers the prospective nature of loss tolerances for instruments, based on expectations of future behavior.

For the calculation of the expected loss of payroll and Credit Card products, Credivalores has decided to use the Granular Amortization approach, considering the following aspects:

- Exposure and corresponding risk parameters are calculated individually for each period.
- Exposure and corresponding risk parameters are intended to be constant within each period but may vary between periods.
- The calculation of the EP is individual by period.
- Calculations of PE12m and PE in life are performed by adding the individual PEs for each respective risk horizon (one-year, whole life).
- The frequency of payment is fixed according to its depreciation: monthly, quarterly, semi-annual, and annual, among others.
- The granular depreciation approach captures the dynamic behaviors of risk parameters at high granularity (more detailed).

#### **Main sources of calculation**

The central concept of impairment under the new IFRS 9 impairment model is based on a dual measurement approach that takes into consideration the current level of expected impairment of each loan, compared to initial recognition, and requires recognition of impairment over the difference between expected credit losses in 12 months if no significant changes in risk have occurred since initial recognition; otherwise, a credit loss amount is recognized over the expected life of the financial instrument.

This model is complemented by stress analysis and scenarios with inputs that are not controlled by the Company, such as macroeconomic factors. To this end, the Company has developed a statistical model for the projection of PDs through neural networks in a univariate way.:

**1. Search for possible associations with macroeconomic variables:** From the collection of information on macroeconomic variables that were considered, we went through the Principal Components Analysis (PCA) method and the Stepwise method (STW) to find the possible associations of macroeconomic variables with each of the PD of the products, these were considered our explanatory variables.

**2. Univariate projections:** We project the PD and the macroeconomic variables associated, we do this in a univariate way through neural networks, in some macroeconomic variables we use classic methods such as ARIMA models. The argument of selection of the best model to make the projections of each series is the lowest value found with the root of the mean square error both in training and the validation set (test), it is also important to highlight that the models chosen are those where there is coherence in the projections.

The projected PD is considered the PD of our BASE scenario, and this is precisely the target variable in multivariate scenarios. The fundamental argument for the PD to be projected in a univariate way is that by doing so we are doing it only with the information that the series keeps, that is, although we know that a series is the reflection of other variables, in principle we look for the information that only it gives us, to later observe how it is affected by macroeconomic variables.

**3. Generation of scenarios:** For Forward-looking models, we must generate two scenarios in our projections of macroeconomic variables, one optimistic and one pessimistic. To achieve this, we rely on descriptive measures of each of the series, in this case, the projected scenarios are given by the standard deviations that are needed to reach quartiles 25% and 75% of each of the macroeconomic series, understanding these points as critical values for both an optimistic and pessimistic scenario.

**4. Multivariate adjustment:** With the macroeconomic variables projected in the BASE scenario, a multivariate neural network is adjusted, understanding that the variables associated with each of the products are the explanatory variables and the response variable, that is, the PD is our explained variable. The best fit that is determined by the smallest root of the mean square error is our chosen neural network model. With this model and with the optimistic and pessimistic projections of the

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associated macroeconomic variables, we proceed to project each of the optimistic and pessimistic scenarios in a multivariate way.

The selected variables that determine the adjustment factor for each product are listed in the following tables:

- Variables Crediuno

Label	Variable Description
IPC_LAG3	Consumer price index to 3 lags
PIB_LAG3	Gross Domestic Product to 3 lags
PIB_TCA	Gross Domestic Product. Annual Growth Rate
TU	Maximum Rate Allowed
IPP	Producer price index
ITCR_USA	Real exchange rate index according producer price index - US bilateral
IPEXP	Exports price index, according to foreign trade
IPIMPORTO_LAG3	Imports price index, according to foreign trade
ICCP_LAG1	Heavy construction price index to 1 lag

Table 8: Selected Variables CrediUno

- Variables Tucredito

Label	Variable Description
ICCP	Heavy construction price index
IPC	Consumer price index
IPC_INF_ACT	Consumer price index. YTD Inflation
IPIMPORT_LAG3	Imports price index to 3 lags
ISE	Economic monitor index
ISE_EST	Economic monitor index, data affected by seasonal effect
ISE_EST_TC_AC	Economic monitor index, data affected by seasonal effect YTD
ITCR_USA	Real exchange rate index according producer price index - US bilateral
PIB_LAG1	Gross Domestic Product to 1 lag
PIB_TCA	Gross Domestic Product. Annual Growth Rate
TD	Unemployment rate
TRM_LAG1	Foreign exchange rate (COP/USD) to 1 lag
TU_LAG3	Maximum Rate Allowed to 3 lags
TU_VAR_LAG3	Maximum Rate Allowed Change to 3 lags

Table 9: Selected Variables Payroll (Tu Crédito)

### 3.2 Financial Assets Business Model

Credivalores assess the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The expected policies and objectives for the portfolio and the actual application of them. In particular whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Credivalores management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Credivalores stated objective for managing the financial assets is achieved and how cash flows are realized.

Credivalores Crediservicios S. A. seeks to maintain various sources of financing locally and internationally from the banking and capital markets.

The assessment of whether contractual cash flows are solely payments of principal and interest (SPPI).

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For this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Credivalores considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Credivalores Crediservicios S.A.S.'s business model is based on granting consumer loans quickly through innovative products to middle- or low-income segments that are not served by the traditional financial system.

The Company has developed a diversified platform with collection channels designed to minimize the risk of default and optimize the quality of its loan portfolio (minimize NPL), including payroll deduction loans (discounted from payroll payments), credit cards (collecting via public utility bills), and financing for insurance policy premiums (revocable insurance where the insurer returns the portion of the premium that was not used in case of default).

The business model focuses on building alliances and agreements for the origination and distribution of each one of our products, thus guaranteeing growth. The company has more than 720 agreements with employers that can issue payroll loans, exclusive agreements with public utility companies for invoicing and collecting via credit card, and alliances with third parties and insurers for the origination. The risk management systems are similar to those implemented by other Colombian financial entities and consider characteristics of the target market. These systems have been adjusted according to the experience and knowledge acquired over more than 14 years in the market.

This business model produces a portfolio of diversified products with limited geographic concentration and by loan amount.

The entity applies meaningful judgments to determine its business model to manage financial assets and to evaluate if the financial assets comply with the conditions established in the business model so they can be classified at fair value or at amortized cost. According to the aforementioned, some financial assets have been classified as investments at fair value and others at amortized cost. According to the business model, the financial assets at amortized cost can be sold only in limited circumstances, such as when there are infrequent transactions, adjustments are made to the maturity structure of its assets and liabilities, when it is necessary to finance significant capital disbursements and when there are seasonal liquidity needs.

Investments in equity instruments at fair value have been classified with adjustments through profit or loss, considering that they are strategic investments for the company and, are expected to be sold soon.

#### Financial Assets at fair value

According to its business model, the Company has determined that TuCrédito payroll deduction loans will be measured at fair value when they meet the following conditions:

1. Maximum term of 90 days as of the date of origination.
2. Highest rating based on its compliance score.

#### Financial Assets at amortized cost

The loan portfolio is classified at amortized cost when:

The loan portfolio is classified at amortized cost when it meets the following criteria: Credivalores Crediservicios S.A.S.'s business model is to hold these assets to collect their cash flows on specified dates, as per their contractual terms, and the contractual terms of the financial asset give rise on specified dates, to cash flows that consist of payments of principal and interest on the outstanding amount owed.

### **3.3 Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### **Variable lease payments**

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Some property leases contain variable payment terms that are linked to the profit generated from a specific office. For individual offices, up to 100% of lease payments are based on variable payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established offices. Variable lease payments that depend on profits are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

**Lease terms**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed if a significant event or a significant change in the circumstances affecting this evaluation occurs.

**3.4 Seasonal nature of income and expenses.**

The nature of the most important operations of Credivalores Crediservicios S. A is mainly related to traditional activities that are not significantly affected by seasonal factors.

**3.5 Income tax**

The Company evaluates the recognition of liabilities due to discrepancies that may arise with the tax authorities based on additional tax estimates that must be canceled. The amounts provided for the payment of income tax are estimated by the administration based on its interpretation of current tax regulations and the possibility of payment.

Actual liabilities may differ from the amounts provisioned resulting in a negative effect on the Company's results and net position. When the final tax result of these situations is different from the amounts that were initially recorded, the differences impact the current income tax and deferred assets and liabilities in the period in which this fact is determined.

The Company evaluates the recoverability of deferred tax assets based on estimates of future tax results and the ability to generate sufficient results during periods in which such deferred taxes are deductible. Deferred tax liabilities are recorded according to estimates made of net assets that will not be tax-deductible in the future.

**NOTE 4 - ESTIMATIONS OF FAIR VALUE**

The Company may employ internally developed models for financial instruments that do not have active markets. Said models are mostly based on generally standardized valuation methods and techniques. Valuation models are primarily used to assess equity instruments not listed on the stock exchange, derivatives, debt securities, and other debt instruments for which markets were or have been inactive during the financial period. Some components of these models may not be observable in the market and are estimated from assumptions.

The output of a model is always an estimate or approximate value that cannot be determined accurately, and valuation techniques used may not fully reflect all the factors relative to Credivalores positions, therefore the valuations are adjusted if necessary to include additional factors, such as country risk, liquidity risks, and counterparty risks.

Fair value hierarchy has the following levels:

- Level 1 entries are unadjusted prices quoted in active markets for assets or liabilities identical to those the entity can access on the measurement date.
- Level 2 entries are entries other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 entries cannot be observed for the asset or liability.

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated regarding the fair value measurement in its totality. Financial instruments quoted in markets considered inactive but valued per quoted market prices, quotes from price providers, or alternative price sources supported by observable entries, are classified in Level 2. A fair value measurement that uses observable entries requiring significant adjustments based on unobservable entries is a Level 3 measurement. The evaluation of a particular entry's importance in measuring the fair value in its totality requires an opinion, considering specific factors of the asset or liability.

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The determination of what constitutes “observable” requires a significant opinion from Credivalores. The Company considers observable data that market data that is already available, distributed, or updated regularly by the price provider, is reliable and verifiable, has no property rights, and is provided by independent sources that participate actively in the reference market.

**4.1 Fair Value Measurement on a Recurring Basis**

Level 2 input data elements include the prices quoted for similar assets or liabilities at active markets; the quoted prices for assets or liabilities that are identical or similar in markets that are not active; input data other than quoted prices that are observable for the asset or liability and input data corroborated by the market. According to the above, Credivalores values derivative financial instruments with input data from fair value level 2.

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as of September 30, 2023, and December 31, 2022, regularly.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>Level 2</b>	<b>Level 2</b>
<b>ASSETS</b>		
Investments in equity instruments	5.205	5.698
<b>Hedging derivatives</b>		
Currency forward	-	5.120
Options	18.641	103.887
Cross Currency Swap	-	(10.146)
<b>Consumer</b>		
Payroll deduction loans	-	381
<b>Total fair value recurring assets</b>	<b>23.846</b>	<b>104.940</b>

**4.2 Fair value determination**

The methodology applicable to instruments for Credivalores is:

- 4.2.1 Forward valuation:** The derivative’s fair value comes from an internal model. This model takes the exchange rate on the day after the valuation date and forecasts it to a future value using the devaluation curve through the maturity date. After this the new forward market rate is compared to the agreed forward rate and the difference is expressed in present value using the IBR curve to calculate the derivative’s fair value.
- 4.2.2 Swap Valuation:** the reasonable value of the derivative comes from an internal model. The valuations of the Interest Rate Swaps (IRS) and the Cross-Currency Swaps (CCS) are performed assuming a long and a short position on a bond; including in each case the principal of the operation. For the projection and discount of the cash flows, we use current rates, to calculate the reasonable value of the derivative financial instrument.
- 4.2.3 Option Valuation:** The reasonable value of the derivative comes from an internal model. The valuation of an option on its expiry date is the maximum between the premium and the difference between the exercise price and the spot price. For the projection and discount of the cash flows, we use the current rates, to calculate the reasonable value of the derivative financial instrument.
- 4.2.4 Loan portfolio valuations:** Because these instruments do not have an active market, the Company has developed methodologies that employ market information for certain cases of unobservable data. The methodology seeks to maximize the use of observable data to arrive at the closest approximation of an initial price for assets and liabilities without an ample market.

The Company has implemented the following methodology to determine its loan portfolio’s Fair Value:

- I. Discount Rate: Determined by product considering the market’s appetite for such product, as well as the default risk involved.
- II. The model was built based on the following factors:
  - a. Projected cash flows according to weighted average life for each product, using: Current Balance the Average term to maturity, the weighted average rate.
  - b. Calculate the present value of cash flows projected as per described in a) discounted at the discount rate previously described.
  - c. Present value determined as per described in b) represents the loan portfolio’s fair value.

**4.2.5 Equity instruments:** Credivalores has equity investments in Agrocañas, representing less than 20% of the company equity and that in mutual funds. In general, the company is not listed on any public securities market, and therefore its fair value is determined using the adjusted net asset value method. For mutual funds fair value is determined through the valuation of investment portfolios managed by the Trust, which are subject to an active securities market.

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Credivalores defined Level 3 financial instruments as those not traded in an active market, the following table provides information about valuation techniques and significant unobservable inputs when measuring assets and liabilities at recurrent fair value.

ASSETS	Valuation technique	Significant inputs (1)
	Adjusted net asset value	<ul style="list-style-type: none"> <li>- Current Balance</li> <li>- Average term to maturity</li> <li>- Weighted average Rate</li> <li>- Unit value</li> </ul>
Equity Instruments		

#### 4.2.6 Derivative financial instruments

Derivative financial instruments and hedge accounting:

A derivative is a financial instrument in which value changes respond to changes in one or more variables denominated as an “underlying” (a specific interest rate, the price of a financial instrument, a listed commodity, a foreign currency exchange rate, etc.), that has an initial net investment smaller than would be required for other instruments that have a similar response to the mentioned variable and that is settled in a future date.

Credivalores trades in financial markets, forward contracts, future contracts, swaps, and options that fulfill the definition of a derivative.

Financial assets and liabilities from transactions with derivatives are generally not offset in the statement of financial position. However, when there is a legal and exercisable right to offset the recognized values and Credivalores intends to settle them on a net basis or to realize the assets and settle the liability simultaneously, derivatives are presented as net values in the statement of financial position.

Derivative transactions are initially recognized at fair value. Subsequent changes in the fair value are recognized in profit or loss, unless the derivative instrument is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below.

At the beginning of the hedging transaction, Credivalores formally documents the relationship existing between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedging relationship. It also documents its assessment, both initially as well as regularly, of whether the hedging relationship is highly effective in offsetting the changes in fair value or cash flows of the hedged items.

For a fair value hedge of assets or liabilities and firm commitments, changes in the fair value of the derivative instrument are recognized in profit or loss, as well as any other change in the fair value of the asset, liability, or firm commitment attributable to the hedged risk.

For a cash flow hedge of a particular risk associated with a recognized asset or liability or a projected highly probable transaction, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. The gain or loss relating to the portion that is not effective for hedging or that does not relate to the hedged risk is immediately recognized in profit or loss.

The values accumulated in other comprehensive income are transferred to profit or loss in the same period in which the hedged item is recognized in profit or loss.

Hedging of net investments in a foreign operation is recognized similarly to cash flow hedging: the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income, and the ineffective portion of the changes in fair value of the derivative is recognized in profit or loss. The hedging instrument's gains or losses accumulated in equity will be recognized in profit or loss when the net investment in foreign operations is sold in whole or proportionally if partially disposed of.

Credivalores defined Level 2 financial instruments as those not traded in an active market, the following table provides information about valuation techniques and significant unobservable inputs when measuring derivative assets and liabilities at recurrent fair value.

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	Valuation technique	Significant inputs (1)
<b>ASSETS</b>		
<b>Trading Derivatives</b>		
Currency Forward		- Underlying asset price
Debt securities Forward		- Currency curve by the underlying asset
	Discounted cash flow	- Forward exchange rates curve of the operation's currency
		- Implicit curves of exchange rates forwards
		- Implicit volatilities matrixes and curves
<b>LIABILITIES</b>		
<b>Derivatives held for trading</b>		
Currency Forward		- Underlying asset price
Debt securities Forward		- Currency curve by the underlying asset
	Discounted cash flow	- Forward exchange rates curve of the operation's currency
		- Implicit curves of exchange rates forwards
		- Implicit volatilities matrixes and curves

**4.3 Determination of fair value of financial assets and liabilities recorded at amortized cost.**

Below are the Company's assets and liabilities at fair value and their book value:

	September 30, 2023		December 31, 2022	
Fair value	Book Value	Fair Value Estimate	Book Value	Fair Value Estimate
<b>Assets</b>				
Loan Portfolio (Gross)				
Consumer	1.926.824	1.870.150	2.005.440	1.727.703
<b>Total</b>	<b>1.926.824</b>	<b>1.870.150</b>	<b>2.005.440</b>	<b>1.727.703</b>
<b>Liability</b>				
Financial obligations	1.674.823	1.700.111	2.534.228	2.527.648
<b>Total</b>	<b>1.674.823</b>	<b>1.700.111</b>	<b>2.534.228</b>	<b>2.527.648</b>

The book value corresponds to the value at amortized cost. The fair value estimate does not include transaction costs.

**4.4 Financial Instruments**

**Financial Assets**

The Company classifies its financial assets into equity instruments, trading instruments, amortized cost investment instruments, credit instruments, and accounts receivable.

At the time of initial recognition, a financial instrument is measured at fair value plus any directly attributable transaction costs, which are not included if the instrument is classified at fair value through changes in profit or loss. Typically, the fair value at the initial time of recognition is the price of the transaction itself, that is, the amount to be paid or received.

Credivalores recognizes loans and accounts receivable, trading and investment securities, and other assets or liabilities on their effective dates.

Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the Company measures its financial instruments at fair value or amortized cost based on the established business model and the contractual terms of the corresponding financial asset or liability.

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**i. Amortized cost**

Amortized cost is the cost of acquiring a financial asset or a liability plus or minus any capital repayments, cumulative amortizations (calculated using the effective interest rate method) regarding any difference between the initial amount and the value repaid at maturity and minus any reduction for impairment.

**ii. Fair value**

Fair value is the amount to be received should the asset be sold or the amount to be paid for transferring a liability as part of a transaction between market participants on the date on which the measurement is made. The most objective and commonplace definition of fair value is the price that would be paid in an active, deep, and transparent market ("listed price" or "market price").

When such values are available CVCS determines the fair value of an instrument using the prices listed on an active market for that specific instrument. A market is considered active if listed prices are readily and regularly available and represent real transactions that are performed regularly on a stand-alone basis.

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm's length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows, and pricing models.

The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction.

The Company's business model includes payroll loans at fair value with changes in profit and losses, whereby the loans originated within the 90 days before the date of the financial statements are valued at fair value. To estimate the fair value of these loans, which could be sold to financial institutions at a market price, the Company evaluates the lending rate of these loans within the reference market to evaluate the rate at which other financial institutions are considered peers and comparable to the Company will be willing to invest their resources and hold the payroll loans within their balance sheet.

Considering the results from the evaluation of the rates, the Company evaluates four variables to obtain the value of the adjusted rate applicable to the transactions to sell loan portfolio, according to internal criteria:

- i) The multiplier, which compares the Company's rate to the market rate.
- ii) The value of the premium paid in these businesses, which results from discounting the future values of a loan originated at Credivalores' lending rate using the market rate.
- iii) The rate is adjusted by the transaction cost associated with the loan portfolio.
- iv) The cash flows associated with the insurance policies applicable to the loan are also valued.

The methodology followed by the Company uses the last three months' reports from the Financial Superintendence as the source of information to determine the interest rate to discount the cash flows and complete the valuation of the final selling price of the loan portfolio.

The Company has determined that the fair value of the loan portfolio registered in its financial statements is type 3 since most of the criteria are internal.

**4.4.1 Loans and receivables portfolio**

The Company classifies its financial assets into the following measurement categories, based on their corresponding business model:

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Classification of Financial Assets:			
Measurement	Terms	Features	Valuation
Fair value	0-90 days from origination	Current and best-rated loans	Market price Tucredito
Amortized cost	0 days from origination onwards	Current and past-due portfolio	Incurred loss model (equivalent indexed rate)

#### 4.4.1.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit Tucredito (payroll deduction loans) is measured at fair value, given that its market niche is focused on placing “top-rated” loans.

Classification of “Tucredito” line of credit, based on the corresponding business model			
Item	Tucredito portfolio segment	Measurement	Valuation
1	Performing loans subject to sale	Fair value	Market price.
2	Best-rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).
4	Past due loans	Amortized cost	Incurred loss model based on the expected loss.

The policy established by the Company for measuring its loan portfolio, per the business model classification, is:

In line with its business model the Company has decided to measure the loans comprising the “Tucredito” line of credit at fair value based on the historical trading average since its loans are not impaired (and which, from their origination, are the best-rated 0 - 90 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

Unsold lines of credit, which were initially measured at fair value but which after 90 days of origination were impaired, will later be measured based on an indexed rate, which converts the amortized cost rate into an amount equivalent to their fair value.

#### 4.4.1.2 Financial Assets at amortized cost

Financial assets are classified at amortized cost only if the asset is kept within a business model whose objective is to maintain it to collect contractual cash flows and the contractual terms of the value give rise at specific dates to cash flows that are only payments of cash capital and interest on the outstanding principal capital; Interest income is recognized using the effective interest rate method.

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period, is equal to the net book value in the beginning.

To calculate the effective interest rate, the Company estimates the cash flows considering all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

### NOTE 5. RISK MANAGEMENT

Credivalores manages risk under the applicable regulations in the country and Credivalores’ internal policies.

#### Objective and general guidelines

Credivalores’ objective is to maximize returns for its investors, through proper risk management. The guiding principles of risk management of Credivalores are as follows:

- Make risk management a part of every institutional process.
- Specialization in consumer product niches.
- Extensive use of continuously updated scoring models to ensure quality growth of consumer loans.

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## **5.1 Governance structure**

### **Board**

It is up to the Board of Directors of Credivalores Crediservicios S.A.:

- Establish and oversee the Company's risk management structure.
- Approve the policies, processes, and methodologies of granting, monitoring, and recovery of the company's credits, to identify, measure and control the risks faced by the Company.
- Approve exposures and limits to different types of risks.
- Point out the responsibilities and powers assigned to the positions and areas responsible for managing the different types of risk, to develop an environment of culture and risk control.
- Evaluate proposals for recommendations and correctives on management processes.
- Approve the internal control system, as well as evaluate the reports and management of the area responsible for such control.
- Request management, when deemed necessary, and for evaluation, reports on the credit portfolio.

### **Risk Committee**

The responsibilities of the Risk Committee are:

- Standardize the periodic monitoring of the company's main risk indicators and anticipate risky situations that have the potential to lose the value of CVCS' assets.
- Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities.
- Proposes to the Board changes or adjustments to existing policies and methodologies to mitigate and control the level of target risk.
- The comity of risk meets monthly and is made up of members invited, within which they are:
  - President
  - Head of Risks
  - Collections Manager
  - Director of Financial Planning
  - Director of Analytics Models and Strategy
  - Director of Operations and Technology
  - Commercial Managers

The committee not only has the permanent participation of CV Managers, but experts and external specialists who advise the decisions made by this body.

### **Risk Headquarters**

- Periodically present to committed risks the evolution of the different risk indicators and perform the necessary analyses for understanding and taking actions that mitigate and control the levels of risk.
  - Manage and control compliance with approved policies and processes for risk management.
  - Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities.
- Propose to the risk committee methodologies and adjustments to risk management policies.
- Develop methodologies and models that allow the identification, measurement, control, and monitoring of risks.

### **Internal Audit**

1. Check the development of risk management under the comprehensive risk management manual
2. Report to the audit committee and issue recommendations on the findings of the risk management process

### **Financial Risk Management**

The Company is exposed to the following risks related to the use of financial instruments:

- Credit Risk

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- Market Risk
- Liquidity Risk
- Operating Risk

The financial statements do not include all financial risk management information and disclosures required in the annual financial statements; these financial statements should be read in conjunction with Credivalores annual financial statements as of September 30, 2023. There have been no changes to the risk management department or any risk management policies since September 30, 2023. There are no significant changes related to risk objectives, the corporate structure of the risk function, and risk strategies in general compared to what was revealed in the last set of financial statements as of September 30, 2023.

## 5.2 Credit Risk

Credit risk is the risk of financial loss faced by Credivalores Crediservicios S.A. if a client or counterparty in a financial instrument does not meet its contractual obligations and originates mainly from the receivables to customers and the Company's investment instruments. The business model of Credivalores Crediservicios S.A. in its portfolio of credits, differs from the rating of its products according to the inherent risk of its portfolio. During the three and nine-month period that ended September 30, 2023, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to the credit risk of Credivalores, according to IFRS 7, is reflected in the book value of financial assets in the statement of financial position of Credivalores as of September 30, 2023, and December 31, 2022, as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	95.629	273.052
Financial instruments, net	23.846	104.559
<b>Loan portfolios</b>		
Consumer loans	1.926.824	2.005.440
Payroll loans at fair value	-	381
Accounts receivable, net	281.052	320.129
<b>Total financial assets with credit risk</b>	<b>2.327.351</b>	<b>2.703.561</b>
<b>Off-balance-sheet credit risk at nominal value</b>		
Unpaid approved credits	774.053	530.529
<b>Total exposure to off-balance-sheet credit risk</b>	<b>774.053</b>	<b>530.529</b>
<b>Total maximum exposure to credit risk</b>	<b>3.101.404</b>	<b>3.234.090</b>

### Credit Risk Model: Loans

#### I. Transitions between stages

A financial asset is classified as a low credit risk asset based on the debtor's payment habits.

The first step in the methodology consists in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

If the financial asset loses its low credit risk condition or if changes in the external environment result in a review of the condition, then this probably shows a significant increase in credit risk. Consequently, the financial asset will be analyzed to determine if there is a significant increase in credit risk (stage 2) or if the asset should be classified as stage 3.

### Significant Increase in Credit Risk

When determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, Credivalores considers reasonable, and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on Credivalores historical experience, expert credit assessment, and forward-looking information.

The following criteria are used to determine if a significant increase in credit risk has occurred:

- Comparison of the remaining lifetime probability of default (PD) at the reporting date with the lifetime PD at initial recognition of the exposure.
- Qualitative aspects such as the rebuttable presumption of the norm and restructuring agreements are also considered.
- Qualitative criteria from analysts are also considered based on expert and supportable information.

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Credivalores has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk of a particular financial instrument has increased significantly since initial recognition. The framework is aligned with Credivalores' internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency.

In certain instances, using its expert credit judgment and, where possible relevant historical experience, Credivalores may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, Credivalores will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 60 days past due.

Credivalores will monitor the effectiveness of the criteria used in identifying significant increases in credit risk through regular reviews to confirm that:

- The criteria are useful in identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes over 60 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired, and there is no unwarranted volatility in loss impairment from transfers between 12-month ECL and lifetime ECL measurements.

## **II. PI – Probability of noncompliance**

### **Term structure of PI**

Credit risk grades are the primary input in the determination of the term structure of PD for exposures. Credivalores collects performance and default information about its credit risk exposures analyzed by type of product and borrower and by credit risk grade. For some portfolios, information purchased from external credit reference agencies may also be used.

Credivalores employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change because of the passage of time. This analysis includes the identification and calibration of the relation between changes in default rates as well as an in-depth analysis of the impact of certain other factors on the risk of default.

For stage 1 the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities for the remaining life of the credit. The probability in Stage 3 is defined as 100%.

To determine the PD the company used statistical models to analyze and select the variables significant in predicting whether clients would reach default during a known period that is determined by the stage of the loan. For stage 1 the PD is evaluated for the next 12 months, loans in later stages are evaluated for the remainder of the loan lifetime. To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime, the model estimates the PD conditioned to not having defaulted during previous years.

Credivalores approach to incorporating forward-looking information into this assessment is discussed below.

### **Forward-Looking Information**

Credivalores incorporates forward-looking information into its measurement of ECLs. Credivalores formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on forecasts provided by economic experts and considering a forecast of multiple variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents the most-likely outcome. It is aligned with information used by Credivalores for other purposes, such as strategic planning and budgeting. The other scenarios for Colombia represent more optimistic and more pessimistic outcomes. Credivalores has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

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The economic scenarios used as of September 30, 2023, include the following key indicators (among others) for Colombia for the periods ending on September 30, 2023 and December 31, 2022:

	2023		
	Scenario A	Scenario B	Scenario C
Consumer Price Index	120,64	115,96	125,33
Consumer Price Index Full-Year Variation	6,75	5,46	8,05
Import Price Index	129,59	125,76	133,41
Economic performance Index	111,06	116,45	105,66
Economic performance Index, data affected by seasonal effect	120,84	124,46	117,22
Economic performance Index, data affected by seasonal effect Full Year Variation	5,25	6,21	4,29
Real Exchange Rate Index (ITCR), according to PPI - Bilateral with the United States	179,28	168,70	189,87
Gross domestic product*	COP279.479,81	COP288.362,79	COP270.596,82
Gross Domestic Product Annual Growth Rate	-0,24	0,73	-1,22
Unemployment rate	9,63	7,94	11,31
Foreign Exchange rate (COP/USD)	4.488,82	4.097,26	4.880,38
Usury rate	31%	29%	33%
Variation of the usury rate	0,87	0,56	1,18
Consumer Price Index	120,01	116,17	123,84
Gross domestic product*	COP268.958,06	COP275.997,44	COP261.918,67
Usury rate (Maximum interest rate)	31%	27%	35%
Producer Price Index	185,92	185,84	186,00
Export price index, according to foreign trade	192,66	192,77	192,55
Heavy Construction Price Index	106,53	106,49	106,56

- Values expressed in millions of pesos

### Credit Risk Rating

Credivalores allocates each exposure to a credit risk grade based on a variety of data intended to be predictive of the probability of default and applying experienced credit judgment. Credivalores uses these grades to identify significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower and product.

Each exposure is assigned to a degree of credit risk at initial recognition based on available information about the borrower. Exposures are subject to continuous monitoring, which can result in an exposure being transferred to a different degree of credit risk.

Credivalores uses behavioral demographic and origination variables to estimate PD modeling them with a logistic regression that is periodically monitored to ensure its predictive capabilities and its stability. This monitoring for payroll loans and credit card models showed adequate predictive capabilities as well as stability regarding its inputs distributions (PSI). There was also a test run on average observed PD by rating of the last 2 years that ensure the actual events that are being predicted have not varied its behavior significantly and therefore concluding the models provide an adequate and reasonable prediction of DDs by rating.

### Loan Portfolio

#### Payroll and Credit card loans

- Information collected internally about the behavior of customers.
- Demographic information of customers.
- Origination information of credits/customer.

### III. PDI – Loss due to non-compliance

LGD is a measure of the potential loss if a default scenario occurs. To establish the LGD, the Credivalores methodology uses historical information to measure the recoveries of loans that reach the default stage at present value. This allows Credivalores to have an adequate estimate of the losses it will incur when credits reach the default stage. These calculations are done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore its LGD.

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**IV. ED – Exposure at Default**

EAD represents the amount owed from a counterparty at the time of a possible default. For stage 2 Credivalores incorporates in the analysis of the exposure at default the probability of payments and increase or decrease in exposure during the lifetime of the credit.

These probabilities are estimated using the historical information collected by the company and are grouped by type of product. The probabilities are constantly reviewed to accurately estimate them and calibrate them.

For payroll loans, EAD will correspond to the full valuation of the assets at amortized cost. For credit cards, EAD will take into account the unused credit line when available as well as the expected amortization, which allows Credivalores to have a reliable estimate of the credit exposition at default.

**V. Simplified Model**

Credivalores uses a simplified roll rate model to estimate the ECL of remnants of portfolio loans that represent less than 5% of balance sheet loans and that are consistently lowering their portfolio share.

**I. Roll Rate Methodology**

A method that uses a transition matrix to obtain the customer moratorium. This helps forecast future risk from defaults in a given time. By using this matrix, the behavior is reflected to determine in what period the accounts will be taken. These statements are determined by the number of overdue payments as defined.

For this model, first of all, the portfolio divided into two bands is evaluated.:

Credit Portfolio other products:

- ✓ Portfolio less than 90 days in arrears.
- ✓ Portfolio greater than 90 days of default.

As part of this evaluation, the Company's Management has designated as a deteriorated portfolio the one with a default greater than 90 days since it is recurrent that in the company's business, there are delays, but these are regularized before 90 days for credit portfolio.

Then the monthly average of the portfolio is determined by age and the average values are weighted according to the rate of loss greater than 90 days in each case.

To calculate the PE of the impaired portfolio, the balance of the portfolio of each tranche is multiplied by the percentage of expected loss (Migration to greater than 360) determined in the previous step.

**I. ED – Exposure at default**

ED represents the amount owed from a counterparty at the time of a possible default.

For payroll loans, ED will correspond to the full valuation of the assets at amortized cost. For credit cards, ED will take into account the unused credit line when available as well as the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

**Credit Risk Model: Other accounts receivable**

Credivalores uses the simplified approach where Credivalores uses an impairment matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small amounts.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics like the type of product purchased.

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**Loss impairment**

The table below shows the loss impairment balances as of September 30, 2023:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month ECL</b>	<b>Lifetime ECL not credit-impaired</b>	<b>Lifetime ECL credit-impaired</b>	<b>Total</b>
Loan portfolio				
Loan consumer portfolio	31.055	15.477	385.560	432.092
Total loan portfolio	Ps. 31.055	15.477	385.560	432.092
Total loss impairment financial assets at amortized cost	Ps. 31.055	15.477	385.560	432.092
<b>Total loss impairment</b>	<b>Ps. 31.055</b>	<b>15.477</b>	<b>385.560</b>	<b>432.092</b>

The following table shows the balances of loss allowances as of December 31, 2022:

- (1) Credivalores has initially adopted IFRS 15 and IFRS 9 as of 1 January 2018. According to the chosen transition methods, comparative information is not re-established.

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month ECL</b>	<b>Lifetime ECL not credit-impaired</b>	<b>Lifetime ECL not credit-impaired</b>	<b>Total</b>
Loan portfolio				
Loan consumer portfolio	33.101	17.023	322.484	372.608
Total loan portfolio	Ps. 33.101	17.023	322.484	372.608
Total loss impairment financial assets at amortized cost	Ps. 33.101	17.023	322.484	372.608
<b>Total loss impairment</b>	<b>Ps. 33.101</b>	<b>17.023</b>	<b>322.484</b>	<b>372.608</b>

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss impairment balances as of September 30, 2023.

	<b>Gross Amount Registered</b>	<b>Impairment Recognized</b>
With recognized provision		
Consumer	Ps. 633.363	Ps. 385.560
Total	Ps. 633.363	Ps. 385.560

**5.2.1 Monitoring and Control Process**

The Company has an information system in place that provides daily indicators of the loan portfolio status to allow proper monitoring and timely decision-making.

The credit approval processes are connected to an engine managed by the risk area, which allows real-time adjustments to policy parameters to take immediate action where required in loan origination.

Each month the Risk Committee meets to evaluate the development of each product portfolio, analyzing the performance of each yield and applying corrective measures to credit processes or policies where necessary.

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**As of September 30, 2023**

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	559.450	511.576	26.575	1.097.601	1.007.254
1-30	8.878	42.650	39	51.567	51.071
31-60	4.056	13.152	12	17.220	16.943
61-90	3.293	29.548	8	32.849	32.750
91 - 180	8.223	53.736	5	61.964	61.857
181 - 360	20.284	57.820	114	78.218	78.088
> 360	121.221	190.072	7.624	318.917	316.256
<b>Total</b>	<b>725.405</b>	<b>898.554</b>	<b>34.377</b>	<b>1.658.336</b>	<b>1.564.220</b>

**As of December 31, 2022**

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	659.312	629.513	26.759	1.315.585	1.206.606
1-30	11.797	45.830	20	57.646	56.690
31-60	7.505	22.421	32	29.958	29.121
61-90	4.316	16.432	11	20.759	20.732
91 - 180	10.046	24.682	13	34.741	34.684
181 - 360	15.495	36.379	251	52.124	51.802
> 360	105.962	174.624	7.732	288.319	285.903
<b>Total</b>	<b>814.433</b>	<b>949.881</b>	<b>34.818</b>	<b>1.799.132</b>	<b>1.685.538</b>

The following detail is due to compliance with paragraph 5 requested by the FNG, which indicates the balance of the committed and uncommitted portfolio classified by the height of arrears:

**As of September 30, 2023**

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	718.017	379.584	1.097.601
1-30	14.745	36.822	51.567
31-60	9.617	7.603	17.220
61-90	23.676	9.173	32.849
91 - 180	39.911	22.053	61.964
181 - 360	52.378	25.840	78.218
> 360	124.212	194.705	318.917
<b>Total</b>	<b>982.556</b>	<b>675.780</b>	<b>1.658.336</b>

**As of December 31, 2022**

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	977.143	338.442	1.315.585
1-30	17.335	40.311	57.646
31-60	8.581	21.377	29.958
61-90	4.536	16.223	20.759
91 - 180	10.924	23.817	34.741
181 - 360	14.735	37.389	52.124
> 360	113.642	174.677	288.319
<b>Total</b>	<b>1.146.896</b>	<b>652.236</b>	<b>1.799.132</b>

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### 5.3 Creditworthiness

The following is a breakdown of banks and other financial institutions that hold our savings and checking account deposits.

Entity	Type of Account	September 30, 2023	December 31, 2022
Banco de Bogotá	Savings/Checking	36	62
Bancolombia	Savings/Checking	8.989	9.151
Banco BBVA	Checking	-	-
Banco De Occidente	Savings/Checking	128	94
JP Morgan	Checking	7	7
Banco Santander	Checking	270	490
Disponible Patrimonios Autónomos	Savings/Checking	65.960	234.793
JP Morgan	Deposit	2	11
Banco Santander	Checking	43	479
		<b>75.435</b>	<b>245.087</b>

The following is a breakdown of creditworthiness as determined by independent credit rating agencies of all those major financial institutions in which the Company holds cash.

Long-term debt ratings are based on the following scale:

Item	Financial Institution	Short-term Rating	Rating Entity
1	Banco BBVA	AAA	Fitch Ratings
2	Banco de Bogotá	BB+	Fitch Ratings
3	Banco Colpatría	AAA Y F1+	Fitch Ratings
4	Banco de Occidente	AAA Y F1+	Fitch Ratings
5	Bancolombia	AAA Y F1+	Fitch Ratings
6	Banco Santander	AAA Y F1+	Fitch Ratings
7	Banco JP Morgan	AAA Y F1+	Fitch Ratings

Cash and cash equivalents are held with banks and financial institutions through free-standing trust funds, which have ratings between AA- and AAA BCR + 1 from BRC Standard and Poor's.

The Company considers the credit ratings awarded to financial institutions with which it conducts treasury operations in the form of fiduciary assignments such as deposits or investments at sight which classify as cash equivalents. To establish a minimum margin risk exposure and ensure optimal resource management through periodic evaluations and measurements of the Company's exposure.

### 5.4 Market Risk

The Company has been able to meet its liquidity needs acquiring working capital and lines of credit from local, foreign and multilateral entities. This implies the need for follow-up when exposed to variable interest rates (financial obligations indexed to local and/or foreign variable rates such as: DTF, IBR, UVR, LIBOR, PRIME, etc.), and to exchange-rate fluctuations due to devaluation or revaluation in the local currency (USD, EUR, etc.).

Credivalores participates actively in the money, foreign exchange and capital markets, seeking to meet the needs of its clients in accordance with the policies and risk levels established. As such, it manages different financial-asset portfolios within the permitted risk levels and limits.

Market risk arises from the open positions of Credivalores investment portfolios in debt securities, derivatives and equity instruments recorded at fair value, due to adverse changes in risk factors such as interest rates and exchange rates of foreign currencies.

For analysis purposes, market risk has been broken down into price risk and/or interest and exchange-rate risk of financial obligations in the periods of capital-payment amortization, the point at which the risk materialized.

As of September 30, 2023 and December 31, 2022, Credivalores had the following financial assets and liabilities at fair value subject to trading risk:

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**Financial assets and liabilities at fair value exposed to trading risk held:**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Equity Instruments	5.205	5.698
Derivatives instruments	4.555	98.861
Loan Portfolio	14.086	381
<b>Total</b>	<b>23.846</b>	<b>104.940</b>

**The methodology used to measure risk**

Market risks are quantified through value-at-risk standard models.

The company uses the standard model for the measurement, control, and management of market risk of interest rates and exchange rates at which the entity is exposed.

There are two scenarios under which Credivalores is exposed to market risks:

**Interest rates**

Credivalores financial obligations are exposed to this risk when financing is acquired at variable indexed rates that are subject to volatilities and may affect the Company's financial margin.

**Sensitivity Analysis**

Taking into account Credivalores exposure to changes in the reference interest rate, a sensitivity analysis of the impact on financial obligations is included given the possible effect on the variable indexed interest rates in the third quarter of 2022. The following methodology was defined for the analysis:

1. Two scenarios were evaluated whereby indexed rates are affected by 20 BPS (increasing and decreasing indexed rates), which affect the future flows of Credivalores financial obligations indexed to the variable rate. Debt repayment is implicit in these scenarios, given their contractual frequency, taking them to maturity.
2. The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.
3. The present value of the monthly interest payment was calculated, using as a reference the 6-month IBR rate on an annual basis as of September 30, 2023 (12.751%).
4. Finally, each scenario's results were compared to the base scenario, which corresponds to the projections of interest flows using the rates as of September 30, 2023, as reference.

The results are set out below:

<b>Scenarios</b>	<b>Interests</b>
Effect of 20 BPS decrease in variable rate	1.338.946
Effect of 20 BPS increase in variable rate	1.330.247
<b>Total Scenarios</b>	<b>(8.699)</b>

**Interest Rate and Exchange Rate**

<b>Rate and devaluation effect scenario (variable rate and foreign currency obligations)</b>	<b>Interests</b>
Effect of revaluation and decrease, 15 BPS, variable rate	1.338.946
Effect of devaluation and increase, 15 BPS, variable rate	1.347.645
<b>Total Scenarios</b>	<b>8.699</b>

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### Exchange rate

Credivalores' financial obligations are exposed to exchange rate risk when the present value of the liability positions present volatilities due to the devaluation or revaluation of the funding acquired in another currency. This risk materializes at the moment when the payment corresponding to the amortization of principal and interest is made, due to trading in the currencies to be paid and recognition of the exchange rate difference.

### Sensitivity Analysis

Considering Credivalores exposure to changes in the USD/ exchange rate, a sensitivity analysis of the impact on financial obligations is included given the possible effects of changes in the exchange rate in the period of 2023. The following methodology was used for the analysis:

- Two scenarios were evaluated in which the exchange spot rate is adjusted by 0.60% daily volatility (spot prices projected using Bloomberg's curve), generating a revaluation and devaluation effect on the TRM as of September 30, 2023.
- The amortization of principal and payment of interest on financial obligations are implicit in these scenarios, given their contractual periodicity and taking them to maturity.
- The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.
  - The present value of the monthly interest payment was calculated, using as a reference the 6-month IBR rate on an annual basis as of September 30, 2023 (12.751%).
- Finally, we compared the results of each scenario with the base scenario, which corresponds to the projected flows for payment of capital and interest using as reference the rates as of September 30, 2023.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of September 30st, 2023)	374.818
Scenario 1 (Effect of revaluation)	373.836
Scenario 2 (Effect of revaluation)	375.798
<b>Difference Scenario 1 vs. Initial Scenario</b>	<b>(982)</b>
<b>Difference Scenario 2 vs. Initial Scenario</b>	<b>980</b>

(1) Volatility obtained from the daily average for the previous three years, including 2023.

### 5.5 Liquidity Risk

The liquidity Risk is represented by the potential event of being unable to meet the expected outgoing cash flows in a timely and efficient manner, without affecting the normal course of business or the company's financial position. Liquidity risk is related to having insufficient liquid assets and therefore having to incur unusual or extra funding costs.

The company funding is based on short- and medium-term bank loans as well as bonds and commercial notes issued in the international capital markets. These funds are mainly used to leverage new loan origination according to Credivalores' business model. On the other hand, the Company's capacity to create positions regarding financial instruments available for sale (liquidity or loans) could be affected either by a lack of market liquidity or because of sudden changes in interest rates and asset prices.

According to the Company's funding model the liquidity risk includes among others, the ability to get short, medium- and long-term lines of credit, to keep low liquidity assets (such as loan portfolio), and to face short-term unexpected stress situations.

To deploy a correct asset and liability management and assure the liquidity needed to operate the business, the Company has set the following guidelines to control the liquidity risk: i) In the short-term, cash flows associated with loan portfolio and liquid assets, short-term financial liabilities, and off-balance financial positions in different time frames, allowing permanent monitoring of the liquidity gap, ii) for the long-term assets and liabilities, the Company analyses its funding sources as well as the breakdown by type of source and those that are specifically associated with specific products.

Credivalores keeps at least 1.5x its operating expenses in liquid assets. The liquidity in the statement of financial position has the following components:

- Inflows: Incoming flows associated with loan portfolio, and interest income associated with liquid assets.
- Outflows: Outgoing flows related to i) operating expenses, ii) new loan origination, and iii) principal and interest from financial liabilities.
- Liquidity GAP: Difference between inflows and outflows according to:

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- Monthly cash flows associated with assets (liquid assets, loan portfolio).
- Monthly projected cash flows related to financial liabilities and operating expenses

The Company determines its liquidity gap based on the above-mentioned variables and makes permanent follow up, as well as making any necessary adjustments according to the following ranges:

- ✓ 1 to 3 months
- ✓ 3 to 6 months
- ✓ 6 to 12 months
- ✓ 12 months +

### **Liquidity Risk Management**

The company identifies its exposure to liquidity risk according to the markets where it operates, and the products and services offered to its customers. For such purpose, the Company has analyzed the processes associated with treasury to design controls and strategies to reduce the impact.

### **Liquidity position**

Determine the minimum amount of liquid assets (cash and cash equivalents, short-term liquid investments), to avoid any lacks that may affect the capacity of the outflows. The Financial Committee calculates and monitors the liquidity position every week, considering cash flow projections for 7 and 15 days:

- a) Green: liquid assets / outflows  $\geq$  105%
- b) Yellow: liquid assets / outflows between 100 and 104%
- c) Red: liquid assets / outflows  $<$ 100%

In case there are any yellow or green situations, the Financial Committee defines any actions to be taken to assure the sufficient procurement of cash to operate on a normal basis.

The liquidity level results as of September 30, 2023, are set out below:

<b>Item</b>	<b>Liquidity level September 2023</b>
7 Days	766%
15 Days	397%
30 Days	205%

As of September 30, 2023, the liquidity level in the 7 and 15 days bands is above the upper limit defined in the Company's liquidity manual, constituting a green flag scenario and indicating that Credivalores has sufficient resources to operate normally.

Also, as is good practice, a third band is monitored, which allows for controlling the liquidity level projected to 30 days. As of September 30, 2023, a green band scenario is recorded, indicating that Credivalores has ample liquidity to support its needs for normal operation.

### **Exposure to liquidity Risk**

The Company monitors its liquidity position to determine how likely a liquidity stress can happen.

The following is a breakdown by time range for the Liquid Assets and the LRI (Liquidity Risk Indicator) for September 30, 2023, and December 31, 2022.

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September 30, 2023					
Subsequent Net Balances Available					
Description	Liquid Assets Available at the End of the Period (1)	From 1 to 7 days (2)	From 8 to 15 subsequent days (2)	From 16 to 30 subsequent days (2)	From 31 to 90 subsequent days (2)
Cash	2	2	-	-	-
Banco de Bogotá	36	36	-	-	-
Bancolombia S. A.	8.989	8.989	-	-	-
Banco de Occidente	128	128	-	-	-
Banco Santander	270	270	-	-	-
Banco Santander Uruguay	45	45	-	-	-
Alianza Fiduciaria	4.520	4.520	-	-	-
BanCien	12.157	-	-	12.157	-
Cash at Free-Standing Trusts	66.224	66.224	-	-	-
Collective Investment Funds	555	555	-	-	-
Agrocaña	4.650	-	-	-	4.650
JP Morgan	7	7	-	-	-
Fiducolombia Free-Standing Trusts	3.251	3.251	-	-	-
Inverefectivas	12.616	-	-	-	12.616
<b>Total liquid assets</b>	<b>113.450</b>	<b>84.027</b>	<b>-</b>	<b>12.157</b>	<b>17.266</b>

  

December 31, 2022					
Subsequent Net Balances Available					
Description	Liquid Assets Available at the End of the Period (1)	From 1 to 7 days (2)	From 8 to 15 subsequent days (2)	From 16 to 30 subsequent days (2)	From 31 to 90 subsequent days (2)
Cash	2	2	-	-	-
Banco de Bogotá	62	62	-	-	-
Bancolombia S. A.	9.151	9.151	-	-	-
Banco De Occidente	105	105	-	-	-
Bancomeva	-	-	-	-	-
Banco Santander	490	490	-	-	-
Banco Santander Uruguay	490	490	-	-	-
Alianza Fiduciaria	5.161	5.161	-	-	-
Credifinanciera	12.021	-	-	12.021	-
Cash at Free-Standing Trusts	234.793	234.793	-	-	-
Collective Investment Funds	988	988	-	-	-
Agrocaña	4.710	-	-	-	4.710
Mutual Funds – Fiduciaria and Valores Bancolombia	6	6	-	-	-
JP Morgan	7	7	-	-	-
TIDIS	241	-	-	241	-
Fiducolombia Free-Standing Trusts	10.523	10.523	-	-	-
Inverefectivas	14.945	-	-	-	14.945
<b>Total liquid assets</b>	<b>293.695</b>	<b>261.778</b>	<b>-</b>	<b>12.262</b>	<b>19.655</b>

- (1) Liquid assets correspond to the sum of existing assets at the close of each period, which can be quickly converted to cash. In calculating liquid assets, all the listed investments, without exception, are computed at their fair exchange value on the date of the valuation (fair value).
- (2) The balance corresponds to the residual value of the Company's liquid assets on days after closing the specific period. This balance is calculated as the difference between liquid assets and liquidity requirements. In turn, the liquidity requirement is the difference between the contractual revenue flows and contractual and non-contractual outflows under the Liquidity Risk Indicator (LRI) methodology.

**Measurement of exposure to liquidity risk**

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Measuring the likelihood of the Company running out of liquid resources for its normal operation under normal market conditions requires the use of the tools described above: balance sheet liquidity, liquidity gap, and cash flow projection, to thereby quantify the degree of stress that the company's cash flow can bear to fulfill its normal operations without having to acquire additional resources.

**Limit of liquidity risk exposure**

Maximum exposure to liquidity risk is identified as the average time taken by the Company to carry out the liquidity financial operations (Guaranteed Loans, Portfolio Sales, Working Capital Loans, etc.) and generate the cash available for new loan origination.

The maximum exposure to liquidity risk is calculated weekly by the financial committee, considering projections for bands of 7 days, and 15 to 30 days.

In addition, to analyze the short- and medium-term liquidity requirements, the following indicators are considered:

- 1) Net Liquidity/Credivalores + Free-standing Trust, where Net Liquidity is the sum of available cash and investments less long-term investments.

**Lower limit: 5%;** cannot be below the lower limit more than three times in a year.

<b>Exposure Limit Indicator 1 Sept-23</b>	
Net Liquidity	95,629
Assets (Credivalores + Free-standing Trust) (Portfolio)	1,494,732
<b>Indicator 1</b>	<b>6,4%</b>

- 2) Net Liquidity/Liabilities (Free-standing Trust + Credivalores)

**Lower limit: 5%;** cannot be below the lower limit more than three times in a year.

<b>Exposure Limit Indicator 1 Sept-23</b>	
Net Liquidity	95,629
Liabilities (Credivalores + Free-standing Trust)	1,656,215
<b>Indicator 2</b>	<b>5,8%</b>

In the three-month period ending September 30, 2023, there were no significant changes in liquidity risk or in the way CVCS manages this risk. However, the second indicator is less than 5%, because CV will use all the cash to disburse and grow the portfolio. We expect it to increase above 5% in the first quarter.

Credivalores has performed an analysis of the consolidated maturities of financial assets and liabilities both derivatives and non-derivatives, showing the following remaining contractual maturities.

**September 30, 2023**

<b>Assets</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Cash due from banks and equivalents	95.630	-	-	-	95.630
Equity Instruments at fair value	555	-	-	4.650	5.205
Investments in Associates and Affiliates	-	-	-	12.616	12.616
Financial Assets at amortized cost (*)	81.729	416.688	519.647	1.213.285	2.231.349
<b>Total assets</b>	<b>177.914</b>	<b>416.688</b>	<b>519.647</b>	<b>1.230.551</b>	<b>2.344.800</b>
<b>Liabilities</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>

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Financial Liabilities at amortized cost (*)	<u>111.566</u>	<u>375.496</u>	<u>261.091</u>	<u>1.213.371</u>	<u>1.961.524</u>
<b>Total Liabilities</b>	<u>111.566</u>	<u>375.496</u>	<u>261.091</u>	<u>1.213.371</u>	<u>1.961.524</u>

(\*) This disclosure includes the calculation of projected interest.

**December 31, 2022**

<b>Assets</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Cash due from banks and equivalents	273.052	-	-	-	273.052
Equity Instruments at fair value	988	-	-	4.710	5.698
Investments in Associates and Affiliates	-	-	-	14.945	14.945
Financial Assets at amortized cost (*)	78.674	395.468	479.663	1.396.714	2.350.519
<b>Total assets</b>	<u>352.714</u>	<u>395.468</u>	<u>479.663</u>	<u>1.416.369</u>	<u>2.644.214</u>

  

<b>Liabilities</b>	<b>Less than one month</b>	<b>From one to six months</b>	<b>From six to twelve months</b>	<b>More than one year</b>	<b>Total</b>
Financial Liabilities at amortized cost (*)	52.301	381.775	341.562	2.356.437	3.132.075
<b>Total Liabilities</b>	<u>52.301</u>	<u>381.775</u>	<u>341.562</u>	<u>2.356.437</u>	<u>3.132.075</u>

(\*) This disclosure includes the calculation of projected interest.

**NOTE 6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash balances and demand deposits with original maturities of 90 days or less from the date of acquisition, which are subject to an insignificant risk of changes to their fair value and that are used by the Credivalores to handle short-term commitments.

Cash and cash equivalent balances encompass the following as of September 30, 2023, and December 31, 2022:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Cash	2	2
Banks	75.435	245.087
Mutual funds (6.1)	8.035	15.701
Term Deposit (6.2)	12.157	12.021
TIDIS	-	241
	<u>95.629</u>	<u>273.052</u>

The difference, on the other hand, due to the restatement of bank accounts in foreign currency as of September 30, 2023 and 2022, is \$1,296 and \$1,240, respectively.

As of September 30, 2023, and December 31, 2022, there were no restrictions on bank accounts.

**6.1 Following is a breakdown of positions in money market funds (trust rights) by Credivalores and the Free-Standing Trust:**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Fiduciaria Bancolombia – Renta Liquidez	-	6
Alianza Fiduciaria – Collective Investment Fund	4.520	5.161
Fiduciaria Banco de occidente	-	11
<b>Sub-Total</b>	<u>4.520</u>	<u>5.178</u>

The average profitability ending September 30, 2023, is 25.26% and for December 31, 2022, it was 16.07%.

The following is the credit rating of the fund managers of Free Standing Trusts:

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Manager	Sept-23	Dec-22	Rating Agency
Fiduciaria Bancolombia	AAA Y F1+	AAA	Fitch Ratings
Fiduciaria la Previsora	AAA	AAA	BRC Investor Services S. A. SCV
Fiduciaria la Occidente	AAA	AAA	BRC Investor Services S. A. SCV

Cash equivalents correspond to mutual and money market funds where the Company and the Free-Standing Trust have direct ownership of shares and rights. These funds invest in short-term paper and offer a slightly higher yield than a savings account and are classified as cash equivalents since the company can withdraw and deposit funds at any time, as funds are at sight.

## 6.2 Certificates of Deposit (CDs)

As of September 30, 2023, Credivalores had Certificates of Full Deposit at Banco Santander, as detailed below:

Institution	Initial Date	Maturity Date	Term (months)	Nominal value	Annual effective interest rate	Total Balance
Santander Bank	23/08/2023	23/11/2023	3	6.500	12.80%	6.585
Santander Bank	23/08/2023	23/11/2023	3	5.500	12.80%	5.572
<b>Total</b>				<b>12.000</b>		<b>12.157</b>

The long-term rating for Santander Bank is AAA.

## NOTE 7. FINANCIAL INSTRUMENTS

The balance of investments measured at fair value is comprised of:

	September 30, 2023	December 31, 2022
Collective Investment Funds (7.1)	555	988
Equity instruments (7.2)	4.650	4.710
	<b>5.205</b>	<b>5.698</b>

### 7.1 At fair value with changes in results

Investments at fair value correspond to equity participations in money market funds that offer easy access to resources at low risk, held in trusts which are rated from AA- to AAA by local rating agencies BRC Standard and Poor's and/or Fitch Ratings Colombia

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return September 2023	Annual Return 2022	As of September 30, 2023	As of December 31, 2022
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	- 90,49007%	40,5056%	528	903
BTG Pactual II Z Class	Closed	5.000.000	2.000.000	0,00000%	-	-	-
Investment Fund	At sight	200.000	200.000	0,00000%	14,039%	22	21
Credicorp Capital	Collective portfolio	-	-	-	-	5	-
Open Portfolio BTG	Open	-	-	0,00000%	16,1680%	-	64
<b>TOTAL</b>						<b>555</b>	<b>988</b>

### 7.2 Equity instruments

	September 30, 2023	December 31, 2022
Agrocaña Shares	4.650	4.710
	<b>4.650</b>	<b>4.710</b>

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The Company owns 5.03% of Agrocañas S.A.'s share capital, with 3,300 outstanding shares as of September 30, 2023. These are not listed on the stock exchange and are therefore measured at fair value with changes to equity.

**NOTE 8. INVESTMENTS IN ASSOCIATES**

The detail of the investments in associates is as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Inverefectivas S.A (a)	12.616	14.945
	<b>12.616</b>	<b>14.945</b>

- (a) Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated under the legislation of Panama and has 4,000 shares issued, of which Credivalores owns 1,000 shares with an intrinsic value of FIX 3.106,97 expressed using the TRM of 4.053,76 as of October 01, 2023.

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Share of ownership interest</b>	<b>Book value</b>	<b>Share of ownership interest</b>	<b>Book Value</b>
<b>Associates</b>				
Inverefectivas S.A.	25%	12.616	25%	14.945
		<b>12.616</b>		<b>14.945</b>

The movement of investments in the associates' account is shown below for period ended September 30, 2023, and December 31, 2022:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Associate</b>		
<b>Balance at the beginning of the period</b>	<b>14.945</b>	<b>12.369</b>
Adjustments for exchange rate differences	(2.354)	2.377
Adjustment for valuation method of participation	25	199
<b>Period-end balance</b>	<b>12.616</b>	<b>14.945</b>

**NOTE 9. LOAN PORTFOLIO, NET**

Financial assets at amortized cost on the statement of financial position are classified as consumer portfolio and microcredit. Following is a description of the portfolio of Credivalores as of September 30, 2023, and December 31, 2022:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Consumer	1.926.824	2.005.440
Impairment	(432.092)	(372.608)
<b>Total financial assets at amortized cost</b>	<b>1.494.732</b>	<b>1.632.832</b>
 TuCredito payroll deduction loans at fair value	 -	 381
<b>Total financial assets at fair value</b>	<b>-</b>	<b>381</b>
<b>Total loan portfolio, net</b>	<b>1.494.732</b>	<b>1.633.213</b>

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 907.970 as of September 30, 2023, and 1.053.196 as of December 31, 2022. Credivalores classified portfolio by-products by the days of default.

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the period ended September 30, 2023, and December 31, 2022.

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	September 30, 2023	September 30, 2022
<b>Initial Balance</b>	372.608	318.427
Impairment of the period charged against profit or loss	75.058	48.141
Write-offs	(15.574)	(16.980)
<b>Closing balance</b>	<b>432.092</b>	<b>349.588</b>

Expenditure on provisions and write-offs of the loan portfolio

	September 30, 2023	September 30, 2022
Expenditure for the provisions period	75.058	48.141
Forgiveness	6.645	6.408
<b>Total</b>	<b>81.703</b>	<b>54.549</b>

Below we present a breakdown of the loan portfolio in the balance sheet with all components:

**As of September 30, 2023**

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.564.220	81.716	267.073	13.814	(432.091)	1.494.732
<b>Total financial assets at amortized cost</b>	<b>1.564.220</b>	<b>81.716</b>	<b>267.073</b>	<b>13.814</b>	<b>(432.091)</b>	<b>1.494.732</b>

**As of December 31, 2022**

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.685.538	100.528	205.775	13.599	(372.608)	1.632.832
<b>Total financial assets at amortized cost</b>	<b>1.685.538</b>	<b>100.528</b>	<b>205.775</b>	<b>13.599</b>	<b>(372.608)</b>	<b>1.632.832</b>

The distribution of maturities of Credivalores gross loan portfolio is the following:

**September 30, 2023**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	161.906	682.361	314.276	768.281	1.926.824
<b>Total Gross Loan Portfolio</b>	<b>161.906</b>	<b>682.361</b>	<b>314.276</b>	<b>768.281</b>	<b>1.926.824</b>

**December 31, 2022**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	262.821	674.343	326.079	742.197	2.005.440
<b>Total Gross Loan Portfolio</b>	<b>262.821</b>	<b>674.343</b>	<b>326.079</b>	<b>742.197</b>	<b>2.005.440</b>

The distribution of maturities of Credivalores principal only loan portfolio is the following:

**September 30, 2023**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	107.223	567.430	263.109	626.458	1.564.220
<b>Total Principal-Only Loan Portfolio</b>	<b>107.223</b>	<b>567.430</b>	<b>263.109</b>	<b>626.458</b>	<b>1.564.220</b>

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**December 31, 2022**

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	206.685	571.451	289.703	617.699	1.685.538
<b>Total Principal-Only Loan Portfolio</b>	<b>206.685</b>	<b>571.451</b>	<b>289.703</b>	<b>617.699</b>	<b>1.685.538</b>

Below is the breakdown of Credivalores managed loan portfolio, which includes the loan portfolio on balance and the portfolio sold but still managed by the Company:

Type	As of September 30, 2023		
	Principal Loan	Sold	Total
Consumer	1.564.220	94.116	1.658.336
<b>Total Financial Assets at amortized cost</b>	<b>1.564.220</b>	<b>94.116</b>	<b>1.658.336</b>

  

Type	As of December 31, 2022		
	Principal Loan	Sold	Total
Consumer	1.685.538	113.594	1.799.132
<b>Total Financial Assets at amortized cost</b>	<b>1.685.538</b>	<b>113.594</b>	<b>1.799.132</b>

**Overdue but not impaired**

As of September 30, 2023, and December 31, 2022, a summary of the overdue portfolio by days past due is as follows:

	Consumer	Total	Consumer	Total
Performing loans	1.007.254	1.007.254	1.206.606	1.206.606
Overdue but not impaired	68.014	68.014	85.811	85.811
Non-performing loans under 360 days	172.696	172.696	107.218	107.218
Non-performing loans over 360 days	316.256	316.256	285.903	285.903
	<b>1.564.220</b>	<b>1.564.220</b>	<b>1.685.538</b>	<b>1.685.538</b>

**NOTE 10. ACCOUNTS RECEIVABLE, NET**

The detailed information of accounts receivables as of September 30, 2023, and December 31, 2022, is as follows:

	September 30, 2023	December 31, 2022
Debtors (10.1)	136.351	168.909
Economically Related Parties (10.2)	18.601	43.662
Asfiredito	74.593	78.156
Payments on behalf of clients (10.3)	25.043	22.559
Deposits	-	9.445
Prepayments and Advances	-	1
Others accounts receivable	33.050	3.793
Shareholders	1.815	1.815
Impairments for doubtful accounts (10.4)	(8.401)	(8.211)
	<b>281.052</b>	<b>320.129</b>

**10.1** The balance of the debtors account that as of September 30, 2023 amounts to 136.351 and as of December 31, 2022 amounts to 168.909, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts and utilities and claims of guarantees to FGA.

**10.2** The following is the detail with economically related parties:

	September 30, 2023	December 31, 2022
Activar Valores S.A.S	-	15.777
Ban100 S.A	1	-
Ingenio la cabaña S.A.	2.313	2.000
Finanza inversiones S.A.S	5.801	-
Inversiones Mad capital S.A.S	10.486	9.736
Brestol S.A.S	-	16.149

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<b>18.601</b>	<b>43.662</b>
---------------	---------------

The effective interest rates on interest-generating receivables were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Finanza Inversión	DTF + 9.41%	DTF + 9.41%
Mad Capital	DTF + 5.00%	DTF + 5.00%
Ingenio la cabaña S.A.	IBR + 8.00%	-

**10.3** The following is a breakdown of payments by client account:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Life Insurance Payroll deduction loans	11.682	9.928
Crediuno Insurance	6.522	5.976
Tigo Insurance	258	374
Credipoliza Insurance	580	582
SG Portfolio Insurance	6.001	5.699
	<b>25.043</b>	<b>22.559</b>

**10.4** The movement in the provision for impairment of other accounts receivable is provided below:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Balance at the beginning of the period</b>	(8.211)	(7.910)
Deterioration (1)	(9.788)	(11.298)
Write-off	9.598	10.997
<b>Balance at the end of the period</b>	<b>(8.401)</b>	<b>(8.211)</b>

(1) The impairment analysis of other receivables is performed annually as of December 31 of each year.

**10.4.1. Detail Impairment**

As of September 30, 2023, the amount of the impairment provision for accounts receivable amounts to \$8.401. Changes in the impairment provision of accounts receivable are described in the following table:

<b>Third-Party</b>	<b>Impairment</b>	<b>%</b>
Asfiredito	7.587	10.2%
Staggered Collective Portfolio	814	1.4%
<b>Total</b>	<b>8.401</b>	

Increases in impairment provision of receivables have been included in the "other expenses" line of the income analysis. Amounts charged to the provision account are usually written off when there is no expectation of receiving additional cash.

The Company does not maintain any guarantee as collection insurance.

**NOTE 11. PROPERTY AND EQUIPMENT**

The Company's property, plant, and equipment as of September 30, 2023, and December 31, 2022, respectively, are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Transportation equipment	117	117
Office equipment and accessories	1.788	1.771
Computer equipment	388	388
Network and communication equipment	1.784	1.761
Assets in financial lease	4.355	4.354

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<b>Subtotal</b>	<b>8.432</b>	<b>8.391</b>
Accumulated depreciation	(8.279)	(8.218)
<b>Total</b>	<b>153</b>	<b>173</b>

The breakdown for equipment movement is shown below:

	<b>December 31, 2022</b>	<b>Purchases</b>	<b>Write-offs</b>	<b>September 30, 2023</b>
Transportation equipment	117	-	-	117
Office equipment and accessories	1.771	22	(5)	1.788
Electronic equipment	388	-	-	388
Network and communication equipment	1.761	23	-	1.784
Assets in financial lease	4.354	-	-	4.355
	<b>8.391</b>	<b>45</b>	<b>(5)</b>	<b>8.432</b>

  

	<b>December 31, 2021</b>	<b>Purchases</b>	<b>Write-offs</b>	<b>September 30, 2022</b>	<b>Purchases</b>	<b>Write-offs</b>	<b>December 31, 2022</b>
Transportation Equipment	117	-	-	117	-	-	117
Office equipment and accessories	1.614	153	-	1.767	4	-	1.771
Electronic equipment	393	-	(5)	388	-	-	388
Network and communication equipment	1.990	21	(255)	1.756	-	(5)	1.761
Assets in financial lease	4.384	-	(30)	4.355	-	-	4.355
	<b>8.498</b>	<b>174</b>	<b>(290)</b>	<b>8.382</b>	<b>4</b>	<b>(5)</b>	<b>8.391</b>

The following is the depreciation movement as of September 30, 2023, and December 31, 2022, respectively:

	<b>December 31, 2022</b>	<b>Depreciation</b>	<b>Write-offs</b>	<b>September 30, 2023</b>
Transport equipment	117	-	-	117
Office equipment and accessories	1.643	44	(5)	1.682
Electronic equipment	1.279	10	-	1.289
Telecommunications equipment	826	11	-	837
Assets in financial lease	4.353	-	-	4.353
	<b>8.218</b>	<b>65</b>	<b>(5)</b>	<b>8.279</b>

  

	<b>December 31, 2021</b>	<b>Depreciation</b>	<b>Write-offs</b>	<b>December 31, 2022</b>
Transport equipment	117	-	-	117
Office equipment and accessories	1.578	65	-	1.643
Electronic equipment	1.374	163	(258)	1.279
Telecommunications equipment	816	12	(2)	826
Assets in financial lease	4.384	-	(31)	4.353
	<b>8.269</b>	<b>240</b>	<b>(291)</b>	<b>8.218</b>

All equipment of Credivalores is duly protected with current insurance policies. To protect its property and equipment, the Company took out insurance policies with Beckley International Insurance Colombia and Chubb de Colombia as of September 30, 2023, and December 31, 2022, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

Property and equipment include the values of furniture, computer equipment, and improvements to rented property, which are used in the Company's normal course of business.

The Company's property and equipment as listed above, are not in any way encumbered nor have they been delivered as collateral to guarantee any kind of obligation. The Company has also taken out insurance policies to protect these assets.

**NOTE 12. PROPERTIES BY RIGHT OF USE**

Below are the plant and equipment properties that the Company has as of September 30, 2023, and December 31, 2022, respectively:

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	September 30, 2023	December 31, 2022
<b>Assets</b>		
Properties, Plant, and Equipment (Right of Use)	1.232	2.021
Deferred tax asset	83	55
<b>Liabilities</b>		
Other financial liabilities - lease of use		
Currents	(604)	(934)
Non-current	(806)	(1.245)
<b>Net</b>	<b>(95)</b>	<b>(103)</b>

Properties and equipment include rights to use leases, in which the Company is the tenant, whose values are shown below:

	September 30, 2023	December 31, 2022
<b>As of December 31, 2021</b>		
Cost	9.696	9.296
Accumulated Depreciation	(5.398)	(3.276)
Net cost	<b>4.298</b>	<b>6.020</b>
<b>As of December 31, 2022</b>		
Balance at the beginning of the year	4.298	6.020
Additions		434
Retreats	(221)	-
Depreciation charge	(2.056)	(2.156)
Balance at the end of the year	<b>2.021</b>	<b>4.298</b>
<b>As of December 31, 2022</b>		
Cost	9.251	9.696
Accumulated Depreciation	(7.230)	(5.398)
Net cost	<b>2.021</b>	<b>4.298</b>
<b>As of September 30, 2023</b>		
Balance at the beginning of the year	2.021	4.298
Additions	1.965	-
Retreats	(707)	(221)
Depreciation charge	(2.048)	(2.056)
Balance at the end of the year	<b>1.231</b>	<b>2.021</b>
<b>As of September 30, 2023</b>		
Cost	9.518	9.251
Accumulated Depreciation	(8.287)	(7.230)
Net cost	<b>1.231</b>	<b>2.021</b>

The maturities of financial leases range from 3 to 5 years.

Concerning the rights of use recorded in the property, plant, and equipment accounts, financial leasing liabilities have been recorded which are included in other financial liabilities and which as of September 30, 2023, have the following balances:

	September 30, 2023	December 31, 2022
<b>Lease liabilities</b>		
<b>As of December 31, 2022</b>	<b>2.179</b>	<b>4.770</b>
Additions	1.965	-
Payments	(1.969)	(2.370)
Withdraws	(707)	(221)

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As of September 30, 2023\*

1.468

2.179

- The net variation for the year corresponds to 711.

**a. Statement of Results**

	<b>September 30, 2023</b>
Depreciation fee - usage asset	2.048
Interest expense on lease liabilities	711
Variable lease expenses	612
	<b>3.371</b>

Total cash outings for leases as of September 30, 2023, were 2.695.

**Variable Leases**

Credivalores determined variable leases, based on the landlord's preponderance in the disposal and use of the asset, in this classification are the points of sale located in the chain warehouses.

**NOTE 13. INTANGIBLE ASSETS**

Below we present the company's other intangible assets as of September 30, 2023 and December 31, 2022, respectively:

**September 30, 2023**

	<b>Initial Balance</b>	<b>Additions</b>	<b>Amortization</b>	<b>Closing Balance</b>
Software Licenses	1.441	1.607	1.707	1.341
Acquired Trademarks	7.140	-	1.785	5.355
Database	17.409	-	568	16.841
Contracts	13.054	-	560	12.494
Other	484	2.632	2.688	428
<b>Total</b>	<b>39.528</b>	<b>4.239</b>	<b>7.308</b>	<b>36.459</b>

**December 31, 2022**

	<b>Initial Balance</b>	<b>Additions</b>	<b>Amortization</b>	<b>Closing Balance</b>
Software Licenses	1.334	2.225	2.118	1.441
Acquired Trademarks	9.520	-	2.380	7.140
Database	18.166	-	757	17.409
Contracts	13.781	-	727	13.054
Other	866	4.995	5.377	484
<b>Total</b>	<b>43.667</b>	<b>7.220</b>	<b>11.359</b>	<b>39.528</b>

Disputed rights, the variation corresponds to the collection of the portfolio included in this item:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Disputed rights	365	324
<b>Total</b>	<b>365</b>	<b>324</b>

The movement of amortization expenses for the period was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Depreciation of brands	1.785	2.380
Amortization of exclusivity contracts, databases, and licenses	2.729	3.602
<b>Subtotal</b>	<b>4.514</b>	<b>5.982</b>
Consultancies, free-standing trusts commissions, contributions	131	1.277
Investors	1.988	3.307
Fees	118	375
Insurance	557	418

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<b>Total</b>	<b>2.794</b>	<b>5.377</b>
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Based on the end of 2018 and 10-year projections adjusted to the performance of the business unit up to that date, the intangibles were prepared in the evaluation and valuation of intangibles through the construction of discounted cash flow projections.

By obtaining the value of the discounted projections, the flow was evaluated in an aggregate manner, and then the tangible assets on the balance sheet were deducted from the total business value, to identify the residual value against the estimated market value of the business. The difference that was obtained in the values, according to the economic and accounting literature, gave rise to the residual value of the intangibles. It was concluded that the updated projections for the base year 2022 remain within the range initially estimated in 2018 of the Base Scenario, considering results obtained at the end of 2018 to 2021 and the future commercial expectations of placement and collection, and following the dynamics of growth, margin contribution and efficiency in expenses.

Therefore, the conclusion of the Appraiser should not generate an adjustment in the initially estimated valuation, nor should an adjustment for impairment in the registered value of CREDIUNO's intangibles be included, since it is evident that the estimated results in 2018 remained in the lower range of projection even with the effects of the pandemic, and it is expected that by meeting the economic reactivation due to the cash needs of customers in the short and medium term, it would bring rewards in terms of projected profits of the operation within the estimated and initially projected range, considering the new growth curves and efficiency in commission income along with the reduction in expenses, thus preserving the operating margins initially estimated for valuation.

**NOTE 14. CREDIT QUALITY OF FINANCIAL ASSETS**

The credit quality of financial assets that have not yet expired and have also not suffered impairment losses is assessed based on ratings given by external bodies or if they do not exist based on internal categorizations defined based on counterpart characteristics:

	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash and cash equivalents</b>		
AAA	75.432	185.604
AA	3	8
<b>Total cash and cash equivalents</b>	<b>75.435</b>	<b>185.612</b>
	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Equity instruments (shares)</b>		
Fair value financial assets through the other comprehensive results		
Financial sector	5.205	5.730
<b>Total equity instruments</b>	<b>5.205</b>	<b>5.730</b>
	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Debt instruments</b>		
Financial assets at fair value through the statement of return		
AAA	12.157	12.033
<b>Total debt instruments</b>	<b>12.157</b>	<b>12.033</b>

**NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		

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Prima Call	14.086	7.051
Hedge forward contracts (15.1)	-	5.120
Hedge Swaps (15.2)	-	(10.146)
Hedge Options (15.3)	4.555	96.836
<b>Total</b>	<b>18.641</b>	<b>98.861</b>

Movements for hedge accounting and investments in derivatives are provided below:

Credivalores holds derivative financial instruments to hedge foreign currency risk exposure.

**Hedging Operations**

Credivalores activities are exposed to financial risks including liquidity risk, foreign currency risk, and interest rate risks. Therefore, the administration and the Board of Directors have approved and implemented a financial risk management policy to mitigate the negative effects of financial market uncertainty and volatility on the company's financial performance. The financial risk management policy establishes the use of a wide variety of financial derivatives to cover the risks inherent in exchange rate fluctuations and the interest rate of financial obligations in currencies other than Colombian Pesos.

Credivalores has developed a hedging policy against financial risks to mitigate the effects that these risks may have on the income statement. In the development of this policy, the main objective is to minimize the effects of the exchange rate on the liabilities in foreign currency that the company currently has. To achieve this objective CVCS has contracted different types of derivatives such as Exchange Rate Forward, Cross Currency Swap, Cupon Only Swap, and Options. The Management constantly monitors the results of this strategy and its effectiveness to adopt timely actions and corrective measures in favor of results. Effectiveness is measured retrospectively using the hypothetical derivative method. Equally, the methodologies for valuation at market prices have been adopted following the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

**15.1 Forward Contracts for Hedging**

The portfolio of derivative transactions presents assets valued according to the policy implemented and the fair value and cash flow valuation.

• **Fair-value hedge accounting**

ASSETS	Fair value			
	September 30, 2023		December 31, 2022	
	Nominal Amount USD	Fair Value COP	Nominal Amount USD	Fair Value COP
<b>Forward Contracts for Hedging</b>				
Purchase of foreign currency	-	-	7	5.120
<b>Total forward contracts for hedging – assets</b>	-	-	7	5.120

*Stated in USD expressed in million*

**15.2 Derivate Financial Instruments Options**

The activities carried out by Credivalores generated significant positions in the derivatives portfolio, performing transactions for hedging purposes where the underlying assets are exchange rates and interest rates. Options are contracts between two parties, one of them has the right but not the obligation, to carry out an operation of purchase or sale according to previously agreed terms.

The company closed operations with options as derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt in the P&L. The options are measured through cash flow coverage.

The detail of derivative with options financial instruments and their accounting is as follows:

ASSETS	Fair value			
	September 30, 2023		December 31, 2022	
	Nominal Amount USD	Fair Value COP	Nominal Amount USD	Fair Value COP
Call spread premium option	1	4.555	20	96.836
<b>Total forward contracts for hedging – assets</b>	<b>1</b>	<b>4.555</b>	<b>20</b>	<b>96.836</b>

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**Options Contracts for Hedging**

Transactions in derivative instruments with options cover the debt position of the disbursements of the PA Credivalores O'Connor and Gramercy credit for an aggregate face value of US 46.888.476.

These financial instruments are valued under the methodology and market value provided by the counterparties, the type of measurement is cash flow.

The Company will hold derivative financial instruments to hedge foreign currency risk exposure to maturity, which corresponds to the maturity of the loans with UBS OCONNOR that are being hedged under this instrument. The objective and strategy of the administration is to analyze and evaluate the appropriate method for the valuation of financial instruments, according to the type of operation and negotiation that is carried out.

By the guidelines of that policy, the following is the list of derivative instruments implemented and in force as of September 2023 to hedge foreign currency risks and interest rate risks of financial obligations denominated in foreign currency:

Type of instrument	Credivalores Position	Type of Option	Amount Covered in USD	Effective date	Expiration date	Strike Price COP	Compliance
Call Option	Seller	European	3.907.372,96	15/07/2024	11/07/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/07/2024	11/07/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/08/2024	13/08/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/08/2024	13/08/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	16/09/2024	12/09/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	16/09/2024	12/09/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/10/2024	10/10/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/10/2024	10/10/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/11/2024	13/11/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/11/2024	13/11/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	16/12/2024	12/12/2024	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	16/12/2024	12/12/2024	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/01/2025	13/01/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/01/2025	13/01/2025	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	18/02/2025	13/02/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	18/02/2025	13/02/2025	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	17/03/2025	13/03/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	17/03/2025	13/03/2025	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/04/2025	11/04/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/04/2025	11/04/2025	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	15/05/2025	13/05/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	15/05/2025	13/05/2025	\$5.085	Non-Delivery
Call Option	Seller	European	3.907.373,00	16/06/2025	12/06/2025	\$4.585	Non-Delivery
Call Option	Buyer	European	3.907.373,00	16/06/2025	12/06/2025	\$5.085	Non-Delivery

**15.3 Derivate Financial Instruments Cross Currency Swap**

Credivalores closed operations with financial derivative instruments to manage and mitigate fluctuations in the fair value of the debt position in the profit and loss statement. The portion of cross-currency swaps that hedges exchange rate risk is measured at market value (Fair Value Hedge) and the portion that hedges interest rate risk is measured as cash flow hedge. In the second half of 2022 and the first quarter of 2023, Credivalores carried out Unwind with these operations.

Derivative financial instruments through cross-currency swaps and their hedge accounting are the following:

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ASSETS	Fair value			
	September 30, 2023		December 31, 2022	
	Nominal Amount USD	Fair Value COP	Nominal Amount USD	Fair Value COP
Hedging Contracts Coupon Only Swap (b)	-	-	(2)	(10.146)
<b>Total forward contracts for hedging – assets</b>	-	-	(2)	(10.146)

**a. Coupon-only swaps hedging contracts.**

The coupon-only swaps that cover interest until the maturity of the disbursements of the PA Credivalores loan UBS O'Connor and Gramercy were canceled in February and March 2023 by the realization of an UNWIND.

**NOTE 16. FINANCIAL OBLIGATIONS**

Below, we present the balances of financial obligations as of September 30, 2023 and December 31, 2022

	September 30, 2023	December 31, 2022
144 A / Reg S Bonds	854.533	1.289.134
ECP Program Notes	128.148	192.408
Ordinary Local Bonds- FNG Partial Guarantee	95.940	95.940
Financial obligations in autonomous assets	516.564	901.280
Promissory notes national banks	104.926	48.919
Transaction costs	(43.143)	(53.924)
	<b>1.656.968</b>	<b>2.473.757</b>

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting ending September 30, 2023, and December 31, 2022, correspond to obligations incurred with financial institutions in the country and obligations in the foreign capital market and financial leasing. Short-term credit obligations were canceled between December 2022 and September 2023 and credits that have a maturity after December 2023, respectively:

**a) Short-term financial obligations.**

Entity	September 30, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Banco de Bogotá	4.676	IBR+5.8%	2023	5.512	IBR+4.15%	2023
Banco de Occidente	9.556	IBR+8,00%	2023-2024	10.309	IBR+2.86%	2022-2023
Bancolombia	2.522	IBR+7.95%	2024	6.831	IBR+9.79%	2023
Coltefinanciera	-	-		1.065	14.68%EA	2023
Finanza Inversión	69.756	SORF+10%	2023	-		
Finanza Inversión	6.265	20% E.A.	2023	-		
Fiduciaria Coomeva S.A.	3.232	18,5% E.A.	2023	-		
<b>Total National Entities</b>	<b>96.007</b>			<b>23.717</b>		
ECP Program Notes	128.148	13.00% E.A.	2023-2024	192.408	10.63%NA	2023
<b>Total ECP Program Notes</b>	<b>128.148</b>			<b>192.408</b>		

Entity	September 30, 2023	Maturity	Expiration	December 31, 2022	Interest rate	Maturity
Free-standing Trust Crediuno IFC	-			6.956	DTF + 5.5%	2023
Free-standing Trust Crediuno IFC	14.026	IBR+5,5%	2023 al 2024	-		
<b>Total Free-standing Trusts</b>	<b>14.026</b>			<b>6.956</b>		
<b>Bond Issuance</b>						
FNG Partial Guaranteed Local Ordinary Bonds	95.940	9,10% EA	2024			
<b>Total Bond Issuance</b>	<b>95.940</b>					
<b>Total short-term obligations</b>	<b>334.121</b>			<b>223.081</b>		

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Credivalores has short-term financial obligations, during the periods ended September 30, 2023, and December 31, 2022 for a value of 334.121 and 223.081, respectively. The measurement of liabilities financial instruments of financial obligations is valued at low amortized cost as established by IFRS 9.

**b) Long-term obligations**

The Company had long-term financial obligations during the periods ended September 30, 2023, and December 31, 2022, totaling 1.581.707 and 2.304.567, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended September 30, 2023, and December 31, 2022, valued at 43.143 and 53.924, respectively. The measurement of financial liability instruments for financial obligations are valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ended September 30, 2023, and December 31, 2022 is 1.656.968 and 2.473.724 respectively, will be cancelled in accordance with the agreed conditions.

Entity	September 30, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Bancolombia	12.151	IBR+11.80%	2024	26.267	IBR+10.50%	2024
<b>Total National Entity</b>	<b>12.151</b>			<b>26.267</b>		

Entity	September 30, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	176.315	IBR + 5.5%	2024 al 2027	253.004	IBR + 5.5%	2024al2027
Free-standing Trust Syndicated Loan Payroll	114.847	IBR+8%	2026-2027	169.939	IBR+8%	2027
Free-standing Trust UBS O'Connor	170.234	SOFR+9,5%	2025	421.920	SOFR+9,5%	2025
Free-standing Trust Systemgroup	37.910	18,14% EA	2025	48.363	15% EA	2025
<b>Total Trusts</b>	<b>499.306</b>			<b>893.226</b>		

Entity	September 30, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	854.533	8,875% NS	2025	1.289.134	8,875% NS	2025
Domestic Bonds Guaranteed by the FNG	-			95.940	9,1% NS	2024
<b>Total Bonds</b>	<b>854.533</b>			<b>1.385.074</b>		
<b>Total long-term obligations</b>	<b>1.365.990</b>			<b>2.304.566</b>		
Transaction costs	(43.143)			(53.924)		
<b>Total financial obligations</b>	<b>1.656.968</b>			<b>2.473.724</b>		

- The item for rights of use for the periods ended December 30, 2022 and December 31, 2022 correspond to 1.468 and 2.179 respectively.

On August 26, 2021, CV issued the first tranche of its inaugural domestic bond issuance of ordinary bonds with a partial guarantee from the FNG in the Colombian debt capital market.

The total amount of the issuance, authorized by the Financial Superintendence of Colombia in September 2021, is \$160,000 millions pesos, and in August 2021 the Company placed the first tranche of bonds for an amount of \$52,900 billion pesos with a 3-year term of 9.10% coupon.

Subsequently, on September 23, 2022, Credivalores placed the second batch of the issuance of ordinary bonds with a partial guarantee of the FNG for an amount of 43,040 million pesos maintaining the same maturity date and coupon of the issuance of the first lot. Therefore, at the end of September 2023, the total balance of ordinary bonds with a partial guarantee of the FNG issued by Credivalores was 95,940 million.

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The issuance of ordinary bonds of Credivalores has an irrevocable partial guarantee from the FNG that covers 70% of the capital and interest and was rated 'A(col)' by Fitch Ratings Colombia in May 2023.

**Obligations are stated in foreign currency.**

Entity	Nominal Value as of September 30, 2023		Nominal as of Value December 31, 2022	
ECP Program Notes (a)	32	128.148	40	192.408
144 A/ Reg S Bonds (b)	211	854.533	268	1.289.134
<b>Total</b>	<b>USD 243</b>	<b>COP 982.681</b>	<b>USD 308</b>	<b>COP 1.481.542</b>

- Interests

Listed below:

	September 30, 2023	December 31, 2022
Bank interests	130	199
Bank Interests Free-standing Trust	1.485	2.114
Foreign currency interest foreign currency interest	1.921	4.513
Bonus coupon	10.955	45.327
Coupon ordinary bonds issued locally	819	2.952
Interest banks another Free-standing Trust	513	559
Foreign currency interest Free-standing Trust	2.032	4.839
	<b>17.855</b>	<b>60.503</b>

**(a) Euro Commercial Paper Program Notes**

The Euro Commercial Paper Program (ECP Program) has a US\$150,000,000 maximum outstanding amount.

In March 2023, a new note was issued under the ECP Program maturing on March 14, 2024, for an amount of US\$16,612,232 and a 13% coupon with quarterly payments.

The resources of this line of financing are destined for the growth of the loan portfolio and to general uses of the company.

**(b) Notas 144A / Reg S**

CVCS decided to make an issue of ordinary Notes under the 144A / Reg S format in the international capital market with a maturity date of February 7, 2025, for an amount of US\$300,000,000 with a coupon of 8.875% and a yield of 9%. These Notes pay interest due semi-annually on February 7 and August 7 of each year, beginning August 7, 2020. The proceeds of this issuance were used to repurchase the Notes under the repurchase offer of a previous issue, to refinance existing debt under the ECP Program, and to the company's general-purpose surplus.

Below are the payments of the coupons of the issuance of 144A/Reg S notes with coupons 8.875% and maturity in 2025 since its issuance:

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 27/02/2022	Fifth Coupon Payment - 27/08/2022
268.000.000	8,875%	11.892.500	11.892.500	11.892.500	11.892.500	11.892.500
	<b>Total in USD</b>	<b>11.892.500</b>	<b>11.892.500</b>	<b>11.892.500</b>	<b>11.892.500</b>	<b>11.892.500</b>
	<b>FX Rate</b>	3.775,95	3.543,28	3.949,33	3.962,68	4.337,28
	<b>Total in Million Pesos</b>	<b>44.905.485.375</b>	<b>42.138.457.400</b>	<b>46.967.407.025</b>	<b>47.126.171.900</b>	<b>51.581.102.400</b>

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Principal	Coupon	Sixth Coupon Payment - 07/02/2023
268.000.000	8,875%	11.892.500
	<b>Total in USD</b>	<b>11.892.500</b>
	<b>FX Rate</b>	4.669,74
	<b>Total in Million Pesos</b>	<b>55.534.882.950</b>

Principal	Coupon	Seventh Coupon Payment - 07/08/2023
210.800.000	8,875%	9.354.250
	<b>Total in USD</b>	<b>9.354.250</b>
	<b>FX Rate</b>	4.144,79
	<b>Total in Million Pesos</b>	<b>38.771.401.858</b>

Under the "Description of the notes" due in 2025 and "Offering memorandum", the Company may redeem the Notes, in whole or in part, at any time from February 7, 2023, at the redemption prices stipulated in the Offering Memorandum, plus any additional amounts due and accrued and unpaid interest, until the redemption date. It is also possible to redeem notes before February 7, 2023, in whole or in part, at a price equal to 100% of their principal amount plus a make-all premium, in addition to any additional amounts then due plus accrued and unpaid interests, until the redemption date.

In addition, at any time through February 7, 2023, CVCS may redeem up to 35% of the Notes using proceeds from stock sales or equity offerings at a redemption price of 108.875% of its principal amount, plus any additional amounts then due plus accrued and unpaid interest, until the redemption date. In addition, in the event of certain changes in the tax treatment of withholding tax in Colombia in connection with interest payments on the Notes, CVCS may redeem them, in whole, but not in part, at a price of 100% of their principal amount, in addition to any additional amounts then due plus accrued and unpaid interest, until the redemption date. In the event of a change of control in the entity, unless the Company has elected to redeem the Notes, each holder thereof shall have the right to demand that the entity repurchase all or any part of such holder's Notes at 101% of the total principal amount of the repurchased Notes, in addition to any amounts then due plus accrued and unpaid interest, up to the date of repurchase.

Notes due 2025 will be forward-looking and unsecured obligations and (i) will have the same priority in terms of the right to payment as all other existing and future debt obligations of the Company (subject to certain obligations whereby they are given preferential treatment under Colombia's insolvency laws); (ii) have a higher payment priority than the Company's existing and future subordinated debt obligations, if any; (iii) be subordinated, as to the right to payment, to all existing and future unsecured debt obligations of the Company, to the extent of the value of the assets securing such indebtedness, including any debts, liabilities, and Equity; and (iv) be structurally subordinate to all existing and future payment obligations and commercial accounts payable of any of our non-guarantor subsidiaries. The notes shall not be entitled to any redemption funds.

During April and May 2020, Credivalores carried out repurchase operations of Notes 144 A / Reg S maturing in 2025 and a coupon of 8.875% in the secondary market through a broker for a total amount of US\$32,000,000 of principal. The entire amount repurchased from these Notes in April and May was canceled at the end of September 2020. Likewise, in May 2023 Credivalores received and canceled notes worth US\$57,200,000, as a result, as of September 30, 2023, the new current amount of Notes 144 A / Reg S maturing in 2025 and coupon of 8.875% is US\$210,800,000.

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**Covenants**

The Notes 144A/Reg S due 2025 prospect contains certain restrictive covenants, which among other things, limit our ability to (i) take additional debt, (ii) make dividend payments, redeem capital, and make certain investments, (iii) transfer and sell assets, (iv) enter into any type of agreement that could limit the ability of subsidiaries to pay dividends or make capital distributions, (v) create collateral or pledge assets, (vi) consolidate, merge or sell assets and (vii) transact with affiliates. The "Indenture" contract governing the Notes contains traditional default events.

At the end of September 2023, the Company did not take on additional debt because of the financial ratios that must be measured to indicate whether or not the Company may incur additional debt.

• **IFP Financial Cost**

The funds received from loans acquired from financial institutions are used for portfolio origination and to handle various lines of working capital, which helps to maintain a degree of liquidity for the Company. The loans are represented by promissory notes wherein both parties establish the payment conditions, including maximum amount, amount, interest rate, and duration.

The financial cost includes the value of the difference in exchange for restatement during the periods ended September 30, 2023 and 2022:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Free-standing trusts	86.807	48.824
Local banks	6.493	7.143
Foreign currency obligation	30.535	19.763
Financial cost Derivatives	(134.876)	74.798
Issuance of bonds	66.793	116.426
Issuance of Local Bonds FNG Guarantee	6.406	4.482
Amortization Transaction costs	40.582	23.782
Interest for liabilities for lease and finance lease agreements	176	279
<b>Total</b>	<b>102.916</b>	<b>295.497</b>

Exchange rate differences included:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Difference instead	245.363	(38.590)
<b>Total</b>	<b>245.363</b>	<b>(38.590)</b>

The financial obligations and Free-standing Trusts of Credivalores that are recognized in local and foreign currencies will be recognized at the beginning of the transaction at their amortized value, net of costs incurred in the transaction which are attributable at the time of issuance. The difference between funds received (net of transaction costs) and the redemption value is recognized in the Income Statement for the corresponding period, using the effective interest method.

**NOTE 17. EMPLOYEE BENEFITS**

Under Colombian labor law and based on labor conventions employees are entitled to short-term benefits such as wages, holidays, statutory bonuses, severance payment, and interest on severance pay.

Below is a breakdown of employee benefit payments as of September 30, 2023, and December 31, 2022:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Interest on severance pay	24	40
Pension funds	98	-
Salaries	56	-
legal premium	95	-
Severance pay	273	354
Holidays	613	659
<b>Total</b>	<b>1.159</b>	<b>1.053</b>

The current component of employee benefits must be paid within the twelve months following the reporting period.

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The company within its compensation policies has no post-employment benefits.

**NOTE 18. OTHER PROVISIONS**

Credivalores provisions as of September 30, 2023, and December 31, 2022, respectively are provided below.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Litigations subject to executive proceedings	1.040	801
Other provisions (a)	1.443	2.227
	<b>2.483</b>	<b>3.028</b>

a) The third-party balance of other provisions is detailed below:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Villamizar Mario	6	-
Inversiones Roa	5	-
Amautas	2	-
Econtact col S. A. S.	-	192
Experian colombia sa	217	146
Activar valores S. A. S.	1.213	1.213
Rangel Chema Clemencia del Carmen	-	1
Colombiana de comercio S. A.	-	2
Pwc contadores y auditores	-	32
Recuperadora y normalizadora integral de	-	106
Americas business process services S. A.	-	260
Atento colombia S. A.	-	275
Villamizar Mario	<b>1.443</b>	<b>2.227</b>

The movement of legal and other provisions are provided below for the periods ended September 30, 2023, and December 31, 2022:

	<b>Legal provisions</b>	<b>Other provisions</b>	<b>Total Provisions</b>
<b>Balance held on December 31, 2022</b>	<b>801</b>	<b>2.226</b>	<b>3.027</b>
Increase in provisions during the period	238	1.170	1.408
Utilization	-	(1.952)	(1.952)
<b>Balance held on September 30, 2023</b>	<b>1.039</b>	<b>1.444</b>	<b>2.483</b>
	<b>Legal provisions</b>	<b>Other provisions</b>	<b>Total provisions</b>
<b>Balance held as of December 31, 2021</b>	<b>705</b>	<b>213</b>	<b>918</b>
Recovered provisions	96	2.013	2.109
<b>Balance held as of December 31, 2022</b>	<b>801</b>	<b>2.226</b>	<b>3.027</b>
Recovered provisions	238	(782)	(545)
<b>Balance held as of September 30, 2023</b>	<b>1.039</b>	<b>1.444</b>	<b>2.483</b>

Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of September 30, 2023, in an amount of 1.039 and 2022, 801 it is not possible to determine a disbursement schedule for these provisions due to the diversity of processes in different instances. However, Credivalores does not expect significant changes to the amount provisions because of the outflows applicable to each proceeding. The expected time of resolution is uncertain since each proceeding is taking place in different instances.

**NOTE 19. ACCOUNTS PAYABLE**

Below, we detail the balance of accounts payable that Credivalores has on September 30, 2023, and December 31, 2022, respectively:

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	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Leases	340	3
Suppliers	42	25
Commission and fees	7.602	523
Withholdings and labor contributions	594	1.013
Other accounts payable (19.2)	103.130	32.946
Costs and expenses payable (19.1)	10.928	17.351
	<b>122.636</b>	<b>51.860</b>

**19.1 Costs and expenses payable**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Services	9.538	178
Others (19.1.1)	1.390	17.173
	<b>10.928</b>	<b>17.351</b>

**19.1.1 Other**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Call option premiums	-	3.050
Representation and public relations expenses	2	8
Maintenance	58	-
Fiduciary services	287	2.980
Technical service providers	1.043	11.136
	<b>1.390</b>	<b>17.174</b>

**19.2 Other accounts payable**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Payroll Loan Disbursement CDS	1	2.223
Account payable free standing trusts	-	1.596
MC Pending collection to apply	20	9
Crediuno Disbursements	27	46
Against Visa vrol positions	18	116
Different	45.932	122
Accounts payable Book Buybacks	946	-
TIGO Withdrawal	-	1.440
Credipoliza Withdrawals	1.696	1.644
Crediuno Refunds	3.357	2.855
Collection in favor of third parties	13.852	9.408
Payroll Loan CDS Refund	14.602	13.470
Visa C1 disbursement agreement	22.675	17
	<b>103.130</b>	<b>32.946</b>

**NOTE 20. CURRENT AND DEFERRED TAX LIABILITIES**

Current and deferred income tax expenses shall be recognized in each interim accounting period on the best estimate of the tax rate expected for the annual accounting period.

For the second quarter ended September 30, 2023, Credivalores did not record an expense for current income tax, since tax losses from previous years are presented and in accordance with article 188 of the National Tax Statute, as of taxable year 2021 the percentage of presumptive income is zero (0%) of the net assets of the last day of the immediately preceding taxable year. When calculating the effective tax rate for the cut-off periods between September 30, 2023 and September 30, 2022, it was 21% and 22% respectively, presenting a decrease of 1% mainly due to non-deductible expenses.

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**NOTE 21. OTHER LIABILITIES**

Below is the detail of other liabilities:

	September 30, 2023	December 31, 2022
Commission commercial force	-	7
Checks pending collection	9	18
Collection to be applied SG	464	103
Portfolio collection in participation	6.842	-
Collections of managed loan portfolios	3.534	5.963
Collections pending application	7.677	13.252
Values received for third parties (21.1)	14.624	20.714
	<b>33.150</b>	<b>40.057</b>

**21.1 Values received for third parties**

Below is the detail of other Values received from third parties

	September 30, 2023	December 31, 2022
Voluntary and mandatory insurance collections	298	499
FGA's guarantees collections	1.987	3.327
Free-standing trusts collections	12.339	16.888
	<b>14.624</b>	<b>20.715</b>

**NOTE 22. EQUITY**

**Capital**

Credivalores' objective is to safeguard its capacity to continue as a business enterprise and maintain a financial structure that optimizes the cost of capital and maximizes returns for shareholders. The Company's capital structure encompasses and includes the subscribed capital, retained earnings, and reserves.

Capital management objectives are met by managing the portfolio as authorized by law and maintaining a consistent pace of generating profits from its structural revenue (portfolio interests and returns on investments) which results in institutional strengthening and provides the Company an opportunity to maintain its dividend distribution policy among its shareholders.

As of June 30, 2023, the company carried out a capitalization process of COP\$273,980 million (US\$58.6 million) that allows the Entity's equity for the reported period to increase by COP\$333,160, thus registering positive equity of COP\$276,716 million at the end of the semester.

**Authorized, and Paid in Capital**

As of September 30, 2023, and December 31, 2022 Credivalores authorized and paid in capital is **225.323** and **135.194** represented in **7.974.923** and **4.784.954** shares, each of a nominal value of 28.254; respectively.

<b>Credivalores-Crediservicios S.A.</b>				
<b>Shareholder</b>	<b>September 30, 2023</b>	<b>%</b>	<b>December 31, 2022</b>	<b>%</b>
	<b>Number of shares</b>		<b>Number of shares</b>	
Acon Consumer Finance Holdings S de RL	954.197	11.96%	954.197	19.94%
Crediholding S.A.S.	1.642.121	20.59%	1.642.120	34.32%
Lacrot Inversiones 2014 SLU	3.342.093	41.91%	1.747.109	36.51%
Acon Consumer Finance Holdings II S L	201.887	2.53%	201.887	4.22%
Direcciones de Negocio S.A.S.	-	0.00%	1	0.00%
Davalía gestión de Activos S.L	1.594.985	20.00%	-	-
Treasury shares	239.640	3.01%	239.640	5.01%
<b>Total</b>	<b>7.974.923</b>	<b>100%</b>	<b>4.784.954</b>	<b>100%</b>

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	September 30, 2023	December 31, 2022
Number of authorized shares	7.974.923	6.469.661
Subscribed and paid shares	7.974.923	4.784.954
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	225.323	135.194
Paid-in capital	255.020	71.170
<b>Total capital plus premium</b>	<b>480.343</b>	<b>206.364</b>

According to minutes 71 held on May 24, 2023, capitalization is made by 273.980 shares for a total value of \$85.888 per share, of which \$28,254 corresponds to the nominal value and \$57.634 to the premium in the placement of shares.

The following is a breakdown of the basic earnings per share:

	September 30, 2023	December 31, 2022
Ordinary shares (a)	2.278.169	2.278.169
Preferred shares (a)	5.696.754	2.506.785
Repurchased treasury shares	239.640	239.640
<b>Total earnings per share</b>	<b>842</b>	<b>(63.211)</b>

(a) The value of the shares as of September 30, 2023, and 2022 correspond to the total number of outstanding shares held by Credivalores, 7.974.923 and 4.784.954.

As per the Company's bylaws, both common and preferred stock have the same decision power and rights, and the preference of those shares is given by its hierarchy in the payment of dividends when declared by the Assembly and by the preferred right in the reimbursement in case of liquidation.

**September 30, 2023**

Share capital								
Name of Entity	Preference shares A	Preference shares B	Preference shares C	Preference shares D	Treasury Shares	Common Shares	Total	%
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	-	118.363	954.197	11,96%
Crediholding S.A.S	-	-	-	-	-	1.642.121	1.642.121	20,59%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	1.594.984	-	260.325	3.342.093	41,91%
Treasury Shares	-	-	-	-	239.640	-	239.640	3,01%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	-	17.720	201.887	2,53%
Davalia Gestión de Activos S.L	-	-	-	1.594.985	-	-	1.594.985	20,00%
<b>Total</b>	<b>835.834</b>	<b>1.107.832</b>	<b>563.119</b>	<b>3.189.969</b>	<b>239.640</b>	<b>2.038.529</b>	<b>7.974.923</b>	<b>100,00%</b>

**December 31, 2022**

Share capital								
Name of Entity	Preference shares A	Preference shares B	Preference shares C	Treasury Shares	Common Shares	Total	%	
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	118.363	954.197	19.94%	
Crediholding S.A.S	-	-	-	-	1.642.120	1.642.120	34.32%	
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	260.325	1.747.109	36.51%	
Treasury Shares	-	-	-	239.640	-	239.640	5.01%	
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	17.720	201.887	4.22%	
Direcciones de Negocio S.A.S.	-	-	-	-	1	1	0.00%	
<b>Total</b>	<b>835.834</b>	<b>1.107.832</b>	<b>563.119</b>	<b>239.640</b>	<b>2.038.529</b>	<b>4.784.954</b>	<b>100.00%</b>	

**Treasury shares**

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	September 30, 2023	December 31, 2022
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
<b>Total</b>	<b>-</b>	<b>-</b>

The CVCS General Shareholders' Meeting on July 2 of 2014, decided to establish a special reserve in the amount of 12,837 for the reacquisition of 239,640 shares. This reserve is under Articles 396 and 417 of the Commercial Code.

**Reserves**

Equity reserves as of September 30, 2023, and December 31, 2022 were comprised of the following:

	September 30, 2023	December 31, 2022
Legal reserve	11.017	11.017
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves	21	21
<b>Total Reserves</b>	<b>23.875</b>	<b>23.875</b>

**Legal reserve**

The Company is obliged to appropriate as a legal reserve 10% of its annual net profits until the balance of the reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable before the liquidation of the Company but may be used to absorb or reduce losses. Appropriations made by more than 50% are freely available by the general assembly.

**Other reservations**

The other appropriate reserves directly from the accumulated profits can be considered as reserves of free availability by the General Meeting of Shareholders.

**NOTE 23. OTHER COMPREHENSIVE INCOME (OCI)**

We present the detail below:

	September 30, 2023	December 31, 2022
<b>Tax</b>	<b>(1.379)</b>	<b>27.004</b>
Income tax OCI	(1.379)	27.004
<b>Other comprehensive income</b>	<b>3.123</b>	<b>(76.475)</b>
Shares	(1.432)	955
<b>Financial instruments</b>	<b>4.555</b>	<b>(77.430)</b>
Financial instruments Forward	-	(161)
Financial instruments Options	4.555	(60.195)
Financial instruments Coupon Only swap	-	(17.074)
<b>Total</b>	<b>1.744</b>	<b>(49.471)</b>

**NOTE 24. REVENUE**

Below, is a detail of revenue for the three and nine-months ended September 30, 2023, and 2022:

	For the quarter ended at September 30		For the period ended at September 30	
	2023	2022	2023	2022
Interests	66.552	69.129	216.793	248.662
Interest expense	-	(29)	-	(63)
<b>Subtotal Interests (24.1)</b>	<b>66.552</b>	<b>69.100</b>	<b>216.793</b>	<b>248.599</b>

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Revenue from customer contracts (24.2)	14.304	34.718	53.860	91.209
	<b>80.856</b>	<b>103.818</b>	<b>270.653</b>	<b>339.808</b>

**24.1 Interest**

	For the quarter ended at September 30		For the period ended at September 30	
	2023	2022	2023	2022
CrediUno interest	4.736	7.603	14.625	69.025
CrediPóliza interest	0	2	1	23
TuCrédito loan interest	2.978	4.360	11.957	23.355
Tigo loan interest	515	1.410	2.410	5.437
SG Free-standing Trusts loan interest	825	-	2.670	-
TuCrédito transaction costs	(5.481)	(11.830)	(14.212)	(19.318)
CrediPóliza transaction costs	-	(1)	(1)	(4)
CrediUno transaction costs	(4.167)	(3.104)	(10.663)	(10.136)
Fair value TuCrédito	-	-	(381)	-
<b>Sub-total Consumer loans</b>	<b>(596)</b>	<b>(1.560)</b>	<b>6.406</b>	<b>68.382</b>
CrediPóliza late payment interest	14	32	53	118
TuCrédito late payment interest	216	293	739	1.073
SG Free-standing Trusts late payment interest	180	-	567	-
<b>Consumer loan defaults</b>	<b>410</b>	<b>325</b>	<b>1.359</b>	<b>1.191</b>
Joint operation interest	-	355	18	1.187
<b>Subtotal Joint operation interest</b>	<b>-</b>	<b>355</b>	<b>18</b>	<b>1.187</b>
Financial returns	1.469	1.157	4.332	2.882
BTG Pactual Financial returns	(3.069)	566	(4.138)	6.212
Current interests, Free-standing Trust	40.312	43.144	128.578	79.667
Income from FGA Alliance	266	421	1.559	14.171
Other income, Free-standing Trust	1.782	1.988	7.865	2.062
Current interests left off-balance	22.550	17.785	64.248	41.994
Premium for portfolio sale	3.428	4.919	6.566	30.851
Other	<b>66.738</b>	<b>69.980</b>	<b>209.010</b>	<b>177.839</b>
<b>Total Interests</b>	<b>66.552</b>	<b>69.100</b>	<b>216.793</b>	<b>248.599</b>

**24.2 Revenue from customer contracts**

	For the quarter ended at September 30		For the period ended at September 30	
	2023	2022	2023	2022
Internal commission	4	5	25	187
Returned commission	9	74	62	239
Administration fee - life insurance plus	245	481	900	1.498
Shared financial consultancy fees	329	667	1.196	1.826
Financial Consultancy – Returns from Debtor life insurance	250	1.034	929	3.619
Brokerage Commission	1.864	2.043	5.925	6.308
Financial Consultancy - Returns Voluntary insurance policies	686	10.373	7.028	11.186
Collection fees	4.239	5.678	11.490	13.824
Administration fee – credit card	6.678	14.363	26.305	52.522
	<b>14.304</b>	<b>34.718</b>	<b>53.860</b>	<b>91.209</b>

**NOTE 25. OTHER INCOME**

At the end of each period, movements corresponded to:

	For the quarter ended at September 30		For the period ended at September 30	
	2023	2022	2023	2022
Recoveries from Loan portfolio	146	168	335	1.601
Recoveries from previous exercises	157	-	715	593
Sickness Leave	26	20	29	52
Other	159	4	164	13
Profit on sale of assets	53	-	53	-

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Tax refund	-	-	6	1
<b>Total</b>	<b>541</b>	<b>192</b>	<b>1.302</b>	<b>2.260</b>

**NOTE 26. OTHER EXPENSES**

At the end of each period, movements corresponded to:

	For the quarter ended at September 30		For the period ended at September 30	
	2023	2022	2023	2022
Fees	5.000	6.680	14.820	17.535
Tax	4.209	3.285	12.207	9.597
Commissions	1.206	1.823	6.201	3.513
Technical assistance	462	876	4.181	2.552
Electronic data processing	1.947	2.393	4.980	7.456
Yields Invertors	1.004	1.004	3.013	3.013
Public services	892	1.086	2.788	2.938
Transport	426	723	2.124	1.820
Leases	630	773	2.094	2.058
Legal expense	3	17	1.365	125
Other	770	627	1.725	1.872
Check risk central	159	53	744	364
Janitorial and Security services	190	231	688	680
Fines, penalties and awards	333	2	817	25
Insurance	192	182	671	641
Publicity and advertising	100	342	393	1.527
maintenance and repairs	210	102	484	335
Office supplies	91	112	312	390
Travel expenses	30	63	144	241
Cost of representation	(25)	70	65	221
Adaptation and installation	18	9	27	54
Publicity and advertising	-	-	5	5
Temporary Services	-	7	2	80
<b>Total</b>	<b>17.849</b>	<b>20.459</b>	<b>59.850</b>	<b>57.042</b>

**NOTE 27. NET FINANCIAL INCOME**

Below is the detail of financial (net) costs, for the periods ended September 30, 2023, and 2022:

	September 30, 2023	September 30, 2022
Financial performances (27.1)	6.134	4.747
Financial income (27.2)	1.302	2.260
<b>Total Financial Income</b>	<b>7.436</b>	<b>7.007</b>
Forwards valuation (27.3)	(3)	(9)
<b>Total Financial Expense</b>	<b>(3)</b>	<b>(9)</b>
<b>Net Financial Income (expense)</b>	<b>7.433</b>	<b>6.998</b>

27.1 Corresponds to the returns generated by investments in financial institutions in which Credivalores has invested its resources.

27.2 Mainly corresponds to the recovery of expenses of previous years and the recovery of provisioned portfolio.

27.3 Corresponds to the valuation of fixed-rate investments at fair value.

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**NOTE 28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**a. Commitments**

**Credit commitments**

During ordinary business, Credivalores provides loan portfolio as guarantees to its funding sources, in which it irrevocably agrees to pay them in the event the client is unable to meet its obligations, with the same credit risk for loan portfolios.

Loan extension commitments represent unused portions of authorizations to extend credits as loans. Concerning the credit risk on commitments to extend lines of credit, Credivalores is potentially exposed to losses in an amount equal to the total unused commitments, if the unused amount were to be withdrawn in its totality; However, the amount of the loss is less than the total amount of the unused commitments because the majority of loan extension commitments are contingent once the client can maintain specific credit rating standards. Credivalores monitors the maturity dates of those credit limit commitments because long-term commitments have a higher credit risk than short-term commitments.

The following is a breakdown of unused lines of credit commitments and guarantees on September 30, 2023, and December 31, 2022:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Unpaid approved credits	<u>774.053</u>	<u>530.529</u>

**NOTE 29. RELATED PARTIES**

The Company's Board of Directors and Senior Management, in their role as governing bodies, are fully aware of the responsibility related to managing the various risks to which the Company is exposed; likewise, they are fully aware of the Company's processes and business structure to be able to provide support and adequate monitoring and follow-up.

The Company's related parties are as follows:

1. Shareholders with interests, a controlling stake or a joint stake of the Company, or significant influence over Credivalores.
2. Members of the Board of Directors: Members of the Board of Directors (principals and alternates, along with their related parts).
3. Key management personnel includes the Company's CEO and other C-level Officers, who are those who participate in the planning, direction, and control of the Company.
4. Affiliates: Companies in which Credivalores has significant influence, which is generally considered to be a share between 30% and 50% of their capital.

The most representative balances as of September 30, 2023, and December 31, 2022, with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	<u>Members of the Board of Directors (a) September 2023</u>		<u>Members of the Board of Directors (a) December 2022</u>	
Accounts payable		120		112
Operating expenses		160		206

  

	<u>September 2023</u>		<u>December 2022</u>	
	<u>Accounts receivable</u>	<u>Accounts Payable</u>	<u>Accounts receivable</u>	<u>Accounts Payable</u>
<b>Shareholders</b>				
Lacrot Inversiones 2014 S.L.U.	-	-	-	57
Crediholding S. A. S.	1.815	-	1.815	-
<b>Accounts Receivable and Other Transactions</b>				
Ingenio la Cabaña S. A.	3.219	-	2.393	-
Inversiones Mad Capital S. A.	10.486	-	9.736	-
Finanza Inversiones S. A. S.	6.531	76.021	-	2.325
Banco Credifinanciera	187	72.251	497	6.825
Asficrédito	67.005	-	70.569	-

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**Stock Investments**

Agrocañas	4.650	-	4.710	-
Inverefectivas S.	12.616	-	14.945	-
<b>Total</b>	<b>106.509</b>	<b>148.272</b>	<b>104.665</b>	<b>9.207</b>

The Compensation received by key management personnel is comprised of the following:

Item	September 30,	
	2023	2022
Salaries	2.810	2.791
Short-term Employee benefits	47	70
<b>Total</b>	<b>2.857</b>	<b>2.861</b>

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of September 30, 2023:

**Directors**

No.	Director	Alternate
1	Jose Miguel Knoell Ferrada	Vacante
2	Vacante	Vacante
3	Gustavo Adrián Ferraro	Vacante
4	Luis Maria Blaquier	Maite Alba De Gandiga
5	Juan Manuel Trujillo	Vacante
6	Carlos Eduardo Meza	Vacante
7	Jose Miguel Knoell Ferrada	Vacante

**Legal Representatives**

No.	Representative
Manager	Jaime Francisco Buritica Leal
Alternate	Liliana Arango Salazar

**NOTE 30. SUBSEQUENT EVENTS**

As of the date of issuance of the current Financial Statements, there have been no situations or events that date after the closing of the financial statements that could affect the figures or information included in the disclosures.

**NOTE 31. CLARIFYING NOTE**

In the statement of cash flows as of September 2022, some figures were reclassified compared to those of September 2023 to improve the presentation and provide greater clarity to users of the financial statements.