Credivalores Crediservicios S. A. S.

Financial Statements

By order of liquidity

Interim periods ended June 30, 2018 and December 31, 2017

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF FINANCIAL POSITION
BY ORDER OF LIQUIDITY
FOR THE YEARS ENDED JUNE 30, 2018 AND DECEMBER 31, 2017
(Stated in millions of Colombian pesos)

	Notes	June 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents	6	176.952	121.948
Financial Assets at fair value through profit or lost			
Equity Instruments	7	22.398	21.187
Derivatives Instruments	13	15.302	773
Loan portfolio	9	17.065	17.065
Total financial assets at fair value		**54.765**	**39.025**
Financial Assets at amortized cost			
Consumer loans		1.274.522	1.166.501
Microcredit loans		11.612	14.250
Impairment		(159.718)	(128.080)
Total Loan portfolio, net	9	**1.126.416**	**1.052.671**
Accounts receivable, net	10	272.796	183.511
Total Financial Assets at amortized cost		**1.399.212**	**1.236.182**
Investments in Associates and Affiliates	8	36.527	37.485
Current tax assets		10.129	8.191
Deferred tax assets, net	17	36.301	13.042
Property, plant and equipment, net	11	772	913
Intangible assets other than goodwill, net	12	59.700	26.047
Total assets		**1.774.358**	**1.482.834**
Liabilities and equity			
Liabilities:			
Financial Liabilities at fair value			
Derivative instruments	13	60.623	17.686
Total Financial Liabilities at fair value		**60.623**	**17.686**
Financial Liabilities At amortized cost			
Financial obligations		1.404.017	1.167.146
Total Financial Liabilities At amortized cost	14	**1.404.017**	**1.167.146**
Employee benefits provisions	15	1.130	1.154
Other provisions	16	461	302
Accounts payable		72.544	60.445
Current tax liabilities	17	2.745	1.100
Other liabilities		18.800	6.983
Total liabilities		**1.560.320**	**1.254.816**
Equity:	18		
Share capital		120.899	120.899
Reserves		5.814	5.814
Additional paid-in capital		58.442	58.442
Other Comprehensive Income (OCI)		6.021	(20.165)
Retained earnings		15.973	61.222
Earnings for the period		6.888	1.806
Total equity		**214.038**	**228.018**
Total liabilities and equity		**1.774.358**	**1.482.834**

Notes accompanying are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF INCOME
FOR THE YEARS ENDED JUNE 30, 2018 AND DECEMBER 31, 2017
(Stated in millions of Colombian pesos)

	Notes	January 1, 2018 through June 30, 2018	January 1, 2017 through June 30, 2017
		(In millions of pesos, except Net income per share)	
Interest Income and similar	19	**154.934**	**138.253**
Financial costs interest	14	(88.143)	(72.296)
Net Interest and similars		**66.791**	**65.957**
Impairment of financial assets loan portfolio	9	(14.501)	(7.651)
Impairment of other accounts receivable		-	(1.332)
Gross Financial Margin		**52.290**	**56.974**
SG&A			
Other expenses			
Employee Benefits		(9.373)	(9.324)
Expense for depreciation and amortization	11 y 12	(3.558)	(1.901)
Other	21	(33.897)	(36.109)
Total Other expenses		**(46.828)**	**(47.335)**
Net operating Income		**5.462**	**9.640**
Financial income			
Exchange rate differences		37.367	(10.877)
Financial income		379	278
Financial Income		**37.745**	**(10.600)**
Financial Cost			
Hedging instruments valuation		(35.959)	(3.470)
Financial expense		**(35.959)**	**(3.470)**
Net Financial income (expense)	22	**1.787**	**(14.069)**
Other income	20	**490**	**445**
Net Income before income tax		**7.739**	**(3.985)**
Income tax		(851)	(1.599)
Net income for the period		**6.888**	**(5.584)**
Net earnings per share		**1.705**	**(1.606)**

Notes accompanying are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30,2018 AND DECEMBER 31, 2017
(Stated in millions of Colombian pesos)

	June 30,	
	2018	**2017**
Net income for the year	**6.888**	**(5.884)**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Revaluation os Asset	**39.640**	-
Brand Valuation	36.036	-
Income tax	3.604	-
Hedging accounting:		
Unrealized gains (losses) from hedging cash flow	**(12.649)**	**1.767**
Valuation financial derivatives Forwards	8.364	2.945
Valuation financial derivatives Cross Currency Swap	(51.894)	-
Valuation financial derivatives Options	11.631	-
Income tax	19.250	(1.178)
Total other comprehensive income for the period	**26.992**	**1.767**
Total other comprehensive income	**33.880**	**(3.816)**

Notes accompanying are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2018 AND DECEMBER 31, 2017
(Stated in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Reserves	Other Comprehensive Income (OCI)	Retained earnings	Earnings for the period	Total
Balance held at December 31, 2016	**104.989**	**20.842**	**5.814**	**(3.744)**	**44.022**	**17.200**	**189.123**
Appropriation of earnings	-	-	-	-	17.200	(17.200)	-
Capitalization	15.910	37.600	-	-	-	-	53.510
Increases (decrease) other	-	-	-	1.767	-	-	1.767
Year-end net income	-	-	-	-	-	(5.584)	(5.584)
Balance held at June 30, 2017	**120.899**	**58.442**	**5.814**	**(1.977)**	**61.222**	**(5.584)**	**238.817**
Balance held at December 31, 2017	**120.899**	**58.422**	**5.814**	**(20.165)**	**61.222**	**1.806**	**228.018**
Appropriation of earnings	-	-	-	-	1.806	(1.806)	-
Increases (decrease) other	-	-	-	26.186	(47.055)	-	(20.869)
Year-end net income	-	-	-	-	-	6.888	6.888
Balance held at June 30, 2018	**120.899**	**58.442**	**5.814**	**6.021**	**15.973**	**6.888**	**214.38**

Notes accompanying are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF CASH FLOW
INTERIM PERIODS ENDED JUNE 30, 2018 AND DECEMBER 31, 2017

(Stated in millions of Colombian pesos)

	June 30,	
	2018	2017
Cash flows from operating activities		
Net income before taxes	7.739	(3.985)
Reconciliation of net income before taxes and net cash provided by (used in) operating activities:		
Depreciation of tangible assets	329	325
Amortization of intangible assets	3.225	1.576
Allowance for impairment of loans	14.740	28.089
Recovery deterioration for loan portfolio	(238)	(20.438)
Impairment accounts receivable	-	1.332
Fair value adjustments to derivative financial instruments	(21.902)	(16.359)
Equity method	805	(107)
Fair value adjustments to financial assets	-	(678)
Income tax payment	(1.547)	(4.217)
Changes in operating assets and liabilities:		
Decrease (increase) in loans	(135.301)	(22.974)
Decrease (increase) in accounts receivables	(89.285)	(53.952)
Increase (decrease) in accounts payable	12.100	112
Increase (decrease) in employee benefit	(24)	(120)
Increase (decrease) in provisions	(158)	(149)
Increase (decrease) in other liabilities	11.817	1.998
Net cash provided by (used in) operating activities	**(197.548)**	**(89.547)**
Cash flows from investing activities:		
Decrease (increase) in investments	-	1.527
Acquisition of own - use property plant and equipment	188	(46)
Additions of other intangible assets	842	(1.551)
Net cash used in investing activities	**1.030**	**(70)**
Cash flows from financing activities:		
Issuance of financial obligations	605.568	569.097
Capitalization	-	53.512
Payment of financial obligations	(354.047)	(528.444)
Net cash provided by financing activities	**251.521**	**94.163**
(Decrease) Increase in cash and cash equivalents	**55.003**	**4.546**
Cash and cash equivalents at beginning of year	121.948	122.964
Cash and cash equivalents at end of year	**176.952**	**127.510**

Notes accompanying are an integral part of the financial statements.

NOTE 1. REPORTING COMPANY

Credivalores Crediservicios S.A.S., (hereinafter “Credivalores”, the “Company” or “CVCS”), is a simplified joint stock company registered for business in Bogotá - Colombia, located at Carrera 10 No, 65-98 P 4, and a website at www.credivalores.com.co. The Company was incorporated by means of Public Deed No. 420 dated February 4, 2003 drawn up before the Notary Public No.1 of the Circuit of Cali, its term of duration is for 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, signed 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. Credivalores S.A. (the acquired company) was incorporated by means of Public Deed No. 1906 dated May 13, 2003, drawn up before the Notary Public 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. by means of the Public Deed No. 529 dated February 27, 2009 drawn up before the Notary Public No. 1 of the Circuit of Cali.

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

Its business purpose consists of granting consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its own funds and other financing arrangements 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 without being limited to recording and collecting these obligations,

c) Purchase and sell loans, credit instruments, 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 these conduct 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.

CVCS 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 Ibirico, Lomas, Magangué, Manizales, Medellín, Mocoa, Montería, Neiva, Palmira, Pasto, Pereira, Popayán, Riohacha, Sahagún, San Andrés, Santa Marta, Sincelejo, Tunja, Valledupar, Villavicencio, and Yopal.

NOTE 2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1 Compliance Statement

The Financial Statements of CVCS have been prepared in line with the Financial Reporting and Accounting Standards accepted in Colombia FRAS COL established by Law 1314 of 2009, regulated by Regulatory Decree 2420 of 2015, modified by Decree 2496 of 2015. These Financial Reporting and Accounting Standards correspond to the International Financial Reporting Standards (IFRS), officially translated and authorized by the International Accounting Standards Board (IASB) on December 31, 2012.

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

As of January 1, 2016, the regulatory framework contained in the appendix to Decree 2784 of December 28, 2012 and Decree 3023 of December 27, 2013 was repealed, and Decree 2615 of December 17, 2014 applies. Said decree contains the International Financial Reporting and Accounting Standards effective on December 31, 2013 and their corresponding amendments issued by the International Accounting Standards Board (IASB).

CVCS 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 main accounting policies applied in preparing the financial statements as of June 30, 2018 and December 31, 2017.

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

Preparing financial statements in accordance to the IFRAS-COL requires Management to make certain estimates and assumptions that affect the amount of assets, liabilities, income and expenses reported during the period.

In the preparation of interim financial statements, the management conducted trials important in the application of accounting policies in CVCS, the main sources of uncertainty were the same as those applied to the States Financial for the years ended 31 December 2017 and 2016, with the exception of the change made by the implementation of IFRS 9 financial instruments, effective for annual periods starting from 1 January 2018. Credivalores not early adopted IFRS 9 criteria.

3.1 IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 - financial instruments in lieu of the IAS 39 - financial instruments: recognition and measurement for the annual periods after January 1, 2018.

The company not restated comparative information for 2017 of the scope of the IFRS 9 financial instruments. Therefore, comparative information for 2017 is reported according to IAS 39 and is not comparable to the information presented by 2018. The differences arising from the adoption of IFRS 9 – financial instruments have been recognized directly in earnings accumulated to 1 January 2018.

3.1.1 METHODOLOGY OF DETERIORATION

IFRS 9 – financial instruments pose significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. 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 the 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), also qualitative criteria have been developed if the quantitative criterion may not be applied or used in 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 model of credit losses changes from a model of credit losses incurred to a model of expected credit losses, which considered a prospective nature of the tolerances of loss for instruments based on the expectations of future behavior.

3.2 SUMMARY OF THE MAIN ACCOUNTING POLICIES

3.2.1 FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of an entity and a financial liability or instrument of heritage of another entity.

DATE OF RECOGNITION OF FINANCIAL INSTRUMENTS

Assets and financial liabilities are recognized in the statement of financial situation when the company becomes part of the contractual provisions of the instrument.

3.2.2 INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially measured at fair value, transaction costs that are directly attributable to the acquisition or issue of financial liabilities and financial assets are added or deducted from the fair value of the same. In the case of the financial assets and liabilities measured at fair value with changes in results (FVPL), transaction costs directly attributable to the acquisition they are immediately recognized in income.

3.2.3 FINANCIAL ASSETS AT AMORTIZED COST

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

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

The Company classifies the following financial instruments at amortized cost:

Measurement of financial assets at amortized cost			
Portfolio	Measurement	Valuation	Features
Tu Crédit	Fair value Amortized cost	Effective interest method, less deterioration.	Credit clearance

Microcredit	Amortized cost	Effective interest method, less deterioration.	Microcredit
Credipoliza	Amortized cost	Effective interest method, less deterioration.	Financing policies
Crediuno	Amortized cost	Effective interest method, less deterioration.	Credit card
TIGO	Amortized cost	Effective interest method, less deterioration.	Financing of mobile phones

3.2.4 IMPAIRMENT OF FINANCIAL ASSETS LOAN PORFOLIO

Under the guidelines of the accounting standard IFRS 9, Credivalores was changing its model of impairment loss incurred to expected loss, which is set 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 CVCS has decided to use the depreciation granular approach, considering the following aspects:

- 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 Expected Loss is individual per period.
- 12 months Expected Loss and Expected Loss calculations in life, are made by adding the individual Expected Loss 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).

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 CVCS 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 CVCS. 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

Fair value measurements on a recurring basis are those that IFRS accounting standards require or allow in the financial statement at the end of each accounting period.

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as at June 30, 2018 and December 31, 2017, on a recurring basis.

(Stated in millions of Colombian pesos)

	June 30, 2018	December 31, 2017
ASSETS	**Level 3**	**Level 3**
Investments in equity instruments	22.398	21.187
Hedging derivatives		
Currency forward	291	773
Currency options	15.008	-
Consumer		
Payroll deduction loans	17.065	17.065
Total fair value recurring assets	**54.762**	**39.025**
LIABILITIES		
Hedging derivatives		
Currency forward	10.652	17.686
Currency swaps	49.971	-
Total fair value recurring liabilities	**60.623**	**17.686**

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 closed and forecasts it to a future value with the devaluation curve through maturity date. After this the new forward market rate is compared with the agreed forward rate and the difference is stated in a present value with the IBR curve to calculate the derivative's fair value.

4.2.2 **Cross Currency Swap valuation:** These financial instruments are valued under the methodology and provided by the counterpart market value, the type of measurement contains some fair value and cash flow.

4.2.3 **Loan portfolio valuations:** Because these instruments don't 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 flow according to weighted term to maturity 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 as per described in 1)

c. Present Value determined as per described in b) represents the portfolio´s fair value

4.2.4 Equity instruments: CVCS 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.

CVCS 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.

	Valuation technique	Significant inputs (1)
ASSETS		
Trading Derivatives		
Currency Forward Debt securities Forward	Discounted cash flow	- Underlying asset price Currency curve by Underlying asset - Forward Exchange rates curve of the operation's currency - Implicit curves of Exchange rates forwards - Implicit volatilities matrixes and curves
Loan portfolio valuations		
Tucredito payroll deduction loans	Discounted cash flow	- Current Balance - Average term to maturity - Weighted Average Rate
Equity Instruments	Adjusted net asset value	- Unit value
LIABILITIES		
Derivatives held for trading		
Currency Forward Debt securities Forward	Discounted cash flow	- Underlying asset price - Currency curve by Underlying asset - Forward Exchange rates curve of the operation's currency - Implicit curves of Exchange rates forwards - Implicit volatilities matrixes and curves
Hedging Derivatives		
Currency Forward	Discounted cash flow	- Underlying asset price - Currency curve by Underlying asset - Forward Exchange rates curve of the operation's currency

(Stated in millions of Colombian pesos)

	Valuation technique	Significant inputs (1)
		- 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 carrying amount:

Fair value	June 30, 2018		December 31, 2017	
	Carrying amount	Carrying amount	Carrying amount	Fair Value Estimate
Assets				
Loan Portfolio (Gross)				
Consumer	1.274.522	1.308.198	1.166.501	1.030.031
Microcredit	11.612	11.702	14.250	1.170
Total	**1.286.134**	**1.319.900**	**1.180.751**	**1.031.201**
Liability				
Financial obligations	1.404.017	1.507.871	1.167.146	1.246.528
Total	**1.404.017**	**1.507.871**	**1.167.146**	**1.246.528**

NOTE 5. RISK MANAGEMENT

CVCS manages risk pursuant to the applicable regulations in each country and CVCS's internal policies.

Objective and general guidelines

CVCS´s objective is to maximize returns for its investors, through proper risk management. The guiding principles of risk management of CVCS 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

Financial Risk Management

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

- Credit Risk
- Market Risk
- Liquidity Risk
- Operating Risk
- Money-Laundering Risk

The interim financial statements do not include all information and disclosures on financial risk management required in the annual financial statements; these financial statements should be read alongside the CVCS annual financial statements as of December 31, 2017.

There have been no changes in the risk management department or in any risk management policy since December 31, 2016. There are no significant changes related to risk objectives, corporate structure of the risk function and risk strategies in general since the ones disclosed in the last set of financial statements as of December 31, 2017.

5.1 Credit Risk

The Company's Credit Risk Management System considers the nature of each portfolio product, adjusting its methodologies, processes and policies to these characteristics to achieve the target risk set for each product.

The credit risk management model is based on four stages:

- Identification and Measurement: for adequate risk measurement and identification CVCS uses statistical models to identify the risk factors, accurately profile its current and potential clients and determine the level of risk to which they are exposed.

- Policies and Processes: based on the characteristics of each product and the risk profile identified for each client risk management devises distinct processes and policies that adapt to each level of risk seeking to mitigate exposure to the potential risk in a precise manner.

- Control and Monitoring: this process aims to ensure compliance with the policies and processes established, as well as to monitor the progress of the portfolio risk indicators to take timely actions in response to any deviation from the expected indicators.

- Estimation of Provisions: risk management includes determination of risk coverage to allow absorption of the losses which may arise due to non-compliance with the credit obligations. Estimation of CVCS provisions are based on statistical models of expected losses for its main products. Payroll deduction loans and cards. For financing insurance policies transition matrices are used.

These processes are documented in the Credit Risk Management System Manual which also defines the target market, credit assessment criteria, collateral, collection management, organizational structure and information management.

5.2 Credit Risk Exposure

CVCS have exposures to credit risk, consisting of the risk of incurring in a financial loss because of the failure of the debtor to meet its payment obligations on a timely and complete manner. Exposure to credit risk of CVCS is also incurred as a result of credit activities and transactions with counterparties.The maximum exposure to credit risk of CVCS, according to IFRS 7, is reflected in the carrying value of financial assets the in the statement of financial position of CVCS as of June 30, 2018 and December 31, 2017 as follows:

(Stated in millions of Colombian pesos)

	June 30, 2018	December 31,2017
Cash and cash equivalents	176.952	121.498
Financial instruments net	54.764	39.025
Loan portfolios		
Consumer loans	1.274.522	1.166.501
Microcredit portfolio	11.612	14.250
Accounts receivable, net	272.796	183.511
Total financial assets with credit risk	**1.790.646**	**1.524.785**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	399.952	320.137
Total exposure to off-balance-sheet credit risk	**399.952**	**320.137**
Total maximum exposure to credit risk	**2.190.598**	**1.844.922**

5.3 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 so as 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 June 30, 2018

Status	Tu Crédito	CrediUno	CrediPóliza	Microfinance	Total managed portfolio	On balance sheet Portfolio
CURRENT	672.090	402.911	87.664	244	1.162.909	971.609
1-30	11.150	11.530	8.731	134	31.545	27.975
31-60	5.822	12.317	2.983	63	21.185	19.084
61-90	2.710	5.776	973	31	9.490	8.189
91 to 180	7.410	18.532	2.017	78	28.037	25.391
181 to 360	11.010	12.980	1.653	186	25.829	23.808
> 360	38.697	39.884	4.252	4.332	87.165	78.141
	748.889	**503.930**	**108.273**	**5.068**	**1.366.160**	**1.154.198**

As of December 31, 2017

Status	Tu Crédito	CrediUno	CrediPóliza	Microfinance	CrediYa	Total managed portfolio	On balance sheet Portfolio
CURRENT	628.735	386.435	91.508	470	-	1.107.148	880.783
1-30	8.414	14.691	8.951	306	-	32.362	28.510
31-60	4.638	14.487	2.637	93	-	21.855	20.180
61-90	3.885	11.406	819	86	-	16.196	15.185
91 to 180	7.960	12.342	1.434	148	-	21.884	19.125
181 to 360	8.025	4.018	831	538	-	13.412	11.438

(Stated in millions of Colombian pesos)

> 360	35.951	41.507	4.826	5.082	2.394	89.760	80.616
	697.608	**484.886**	**111.006**	**6.723**	**2.394**	**1.302.617**	**1.055.837**

5.4 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**	**June 30, 2018**	**December 31,2017**
Bank Bogotá	Checking	2.352	2.402
Bancolombia	Checking	3.112	3.220
Bank GNB Sudameris Colombia	Checking	119	65
Red Multibanca Colpatria	Savings	117	38
Bank BBVA	Checking	511	113
Bank Occidente	Checking	51	223
Bancomeva	Checking	17	17
Bank Santander	Checking	78.227	-
Available in Free-standing Trusts		3.691	8.616
		88.197	**14.694**

The following is a breakdown of creditworthiness as determined by independent credit rating agencies of all those major financial institutions in which the Bank holds cash.

Long-term debt ratings are based on the following scale:

Item	**Financial Institution**	**Long-term Rating**	**Short-term Rating**	**Description**
1	Banco BBVA	AAA	From BRC 1+ to BRC 2+	AAA is the highest rating awarded, indicating that the entity has an extremely robust capacity to safeguard its capital and limit its exposure to the risk of loss due to credit-related factors.
2	Banco de Bogotá	AAA		
3	Banco Colpatria	AAA		
4	Banco de Occidente	AAA		
5	Banco Corpbanca	AAA		
6	Bancolombia	AAA		
7	Banco Santander	AAA		
8	Gnb Sudameris	AA+		An AA rating indicates that the capacity of either the issuer or issue to meet its financial obligations is very strong. However, issuers or issues that are awarded this rating may be more vulnerable to adverse events compared to those rated in the highest category.

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 takes into account 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.

(Stated in millions of Colombian pesos)

5.5 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.).

CVCS 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 CVCS's 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 June 30, 2018 and December 31, 2017, CVCS had the following financial assets and liabilities at fair value subject to trade risk:

Financial assets and liabilities at fair value exposed to trading risk held:	**June 30, 2018**	**December 31,2017**
Equity Securities	22.398	21.187
Derivatives instruments	15.302	773
Loan Portfolio	17.065	17.065
Total	**54.764**	**39.025**
Financial liabilities	60.623	17.686
Total	**60.623**	**17.686**
Net Position	**(5.859)**	**21.339**

There are two scenarios under which CVCS is exposed to market risks:

Interest rates

CVCS's 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 CVCS 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 2018. The following methodology was devised for the analysis:

(Stated in millions of Colombian pesos)

1. Two scenarios were valuated whereby indexed rates are affected by 20 BPS (increasing and decreasing indexed rates), which affect the future flows of CVCS 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 EAR as of June 30, 2018 (4.29%).

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 June 30, 2018 as reference.

The results are set out below:

Scenarios	Interests
Effect of 20 BPS decrease in variable rate	(272.027)
Effect of 20 BPS increase in variable rate	273.173
Total Scenarios	**(856)**

Interest Rate and Exchange Rate

Rate and devaluation effect scenario (variable rate and foreign currency obligations)	Interests
Effect of revaluation and decrease, 15 BPS, variable rate	(273.171)
Effect of devaluation and increase, 15 BPS, variable rate	274.027
Total Scenarios	**856**

Exchange rate

CVCS 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

Taking into account CVCS 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 on the exchange rate in 2018. The following methodology was devised for the analysis:

1. Two scenarios were evaluated in which the exchange spot rate is adjusted by 0.60% daily volatility (forward curve projected Bloomberg´s spots prices), generating revaluation and devaluation effect on the TRM June 30, 2018.

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.

(Stated in millions of Colombian pesos)

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 EAR at June 30, 2018 (4.29%).

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 June 30, 2018.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of June 30, 2018)	601.075
Scenario 1 (Effect of revaluation)	597.323
Scenario 2 (Effect of revaluation)	604.827
Difference Scenario 1 vs. Initial Scenario	**(3.752)**
Difference Scenario 2 vs. Initial Scenario	**3.752**

5.6 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 its business model. On the other hand, the Company's capacity to build to sell positions in financial instruments (liquidity or loans) could be affected either by 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, that allow 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 flow associated to loan portfolio and liquid assets, short term financial liabilities, and off statement of financial positions in different time frames, allowing a permanent liquidity monitoring 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.

CVCS keeps at least 1.5 x its operating expenses in liquid assets statement of financial position liquidity has the following components:

- Inflows: incoming funds associated to loan portfolio, and interest income associated to liquid assets

(Stated in millions of Colombian pesos)

- Outflows: Outgoing flows related to i) operating expenses ii) new loan origination and iii) financial liabilities´ principal and interest

- Liquidity GAP: Difference between inflows and outflows according to:

  - Monthly cash flow associated to assets (liquid assets, loan portfolio)
  - Monthly projected cash flow 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 were it operates, its 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. It is calculated and monitored on a weekly basis on financial committee, considering cash flow projections for 7 and 15 days:

a) Green: liquid Assets / outflows >= 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 define any actions to be taken in order to assure the necessary coverage.

The liquidity level results at June 30, 2018 are set out below:

Item	Liquidity level June-18
7 Days	413%
15 Days	307%
30 Days	160%

(Stated in millions of Colombian pesos)

As of June 30, 2018, 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 CVCS has sufficient resources to operate normally.

Also, as is good practice, a third band is monitored, which allows for controlling of the liquidity level projected to 30 days. As of June 30, 2018, a green band scenario is recorded, indicating that CVCS 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 range of time f the Liquid Assets and LRI (Liquidity Risk Indicator) for the time slot specified at June 30, 2018 and December 31, 2017.

	June 30, 2018				
	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	24	24	-	-	-
Banco de Bogotá	3.223	3.223	-	-	-
Bancolombia S.A.	3.117	3.117	-	-	-
Banco GNB Sudameris Colombia	119	119	-	-	-
BBVA Colombia	511	511	-	-	-
Red Multibanca Colpatria S.A.	117	117	-	-	-
Banco De Occidente	51	51	-	-	-
Bancoomeva	17	17	-	-	-
Banco Santander de Colombia	78.227	78.227	-	-	-
Alianza Fiduciaria	10.107	10.107	-	-	-
Available in Free-standing Trusts	3.691	3.691	-	-	-
Fic's	17.741	-	17.741	-	-
Agrocaña	4.657	-	-	-	4.657
Asficredito	27.190	-	-	-	27.190
Valores Bancolombia	9.338	9.338	-	-	-
Fiducolombia Free-standing	68.411	68.411	-	-	-
Inverefectivas	9.337	-	-	-	9.337
Total liquid assets	**235.877**	**176.952**	**17.741**	-	41.184

	December 31, 2017				
	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	23	23	-	-	-
Banco de Bogotá	2.402	2.402	-	-	-
Bancolombia S.A.	15.266	-	-	15.266	-

(Stated in millions of Colombian pesos)

Banco GNB Sudameris Colombia	65	65	-	-	-
BBVA Colombia	113	113	-	-	-
Red Multibanca Colpatria S.A.	37	37	-	-	-
Banco De Occidente	223	223	-	-	-
Bancoomeva	17	17	-	-	-
Available in Free-standing Trusts	8.616	8.616	-	-	-
Fic's	16.530	-	16.530	-	-
Agrocaña	4.657	-	-	-	4.657
Asficredito	27.190	-	-	-	27.190
Valores Bancolombia	1.472	1.472	-	-	-
Scotiabank	25.540	-	-	25.540	-
Fiducolombia Free-standing	68.173	68.173	-	-	-
Inverefectivas	10.295	-	-	-	10.295
Total liquid assets	**180.619**	**81.141**	**16.530**	**40.806**	**42.142**

(1) Liquid assets correspond to the sum of existing assets at the close of each period, which can quickly be 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, taking into account 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 taken into account:

1) Net Liquidity/CVCS + Free-standing Trust, where Net Liquidity is the sum of available cash and investments less long-term investments.

Lower limit: 8%; cannot be below the lower limit more than three times in a year

(Stated in millions of Colombian pesos)

Exposure Limit Indicator 1 June/18	
Net Liquidity	**176.952**
Assets (CVCS + Free-standing Trust) (Portfolio)	1.286.134
Indicator 1	**13.8%**

2) Net Liquidity/Liabilities (Free-standing Trust + CVCS)

Lower limit: 10%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 June/18	
Net Liquidity	176.952
Liabilities (CVCS + Free-standing Trust)	1.404.017
Indicator 2	**12.6%**

In the six-month period ended June 30, 2018 there were no significant changes in the liquidity risk or in the manner in which CVCS manages this risk.

CVCS has performed an analysis of the consolidated maturities of financial assets and liabilities both derivatives and non-derivatives, showing the following remaining contractual maturities:

June 30, 2018

Assets	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Cash due from banks and Central Bank	176.952	-	-	-	176.952
Equity Instruments at fair value	17.741	-	-	4.657	22.398
Investments in Associates and Affiliates	-	-	-	36.527	36.527
Financial Assets at amortized cost	60.716	322.285	370.285	855.346	1.608.632
Total assets	**255.409**	**322.285**	**370.285**	**896.346**	**1.844.509**

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	39.850	138.511	134.590	1.526.852	1.839.803
Financial Liabilities at fair value - Derivatives instruments	-	-	-	101.965	101.965
Total Liabilities	**39.850**	**138.511**	**134.590**	**1.628.817**	**1.941.768**

December 31, 2017

Assets	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Cash due from banks and Central Bank	121.948	-	-	-	121.948
Equity Instruments at fair value	16.530	-	-	4.657	21.187
Investments in Associates and Affiliates	-	-	-	37.485	37.485
Financial Assets at amortized cost	59.055	311.091	360.922	704.224	1.435.292
Total assets	**197.534**	**311.091**	**360.922**	**746.366**	**1.615.912**

(Stated in millions of Colombian pesos)

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	44.544	125.227	284.185	1.029.811	1.483.766
Financial Liabilities at fair value - Derivatives instruments	-	-	3.366	14.320	17.686
Total Liabilities	**44.544**	**125.227**	**287.551**	**1.044.130**	**1.501.452**

(*) This disclosure includes the calculation of the 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 CVCS to handle short-term commitments.

Cash and cash equivalent balances encompass the following as of June 30, 2018 and December 31, 2017:

	June 30,2018	**December 31,2017**
Cash	24	24
Banks	88.197	14.694
Mutual funds and joint portfolio (6.1)	88.731	81.690
Time Deposit	-	25.540
	176.952	**121.948**

As of June 30, 2018, and December 31, 2017, there were no restrictions on bank accounts.

6.1 Following is a breakdown of positions in money market funds (trust rights) by CVCS and the Free-Standing Trusts:

	June 30,2018	**December 31,2017**
Valores Bancolombia	9.338	1.472
Bancolombia	5	12.045
Alianza Fiduciaria S1	10.107	-
Encargo Bogota	870	-
Sub-Total	**20.320**	**13.517**

Entity	**June 30,2018**	**December 31,2017**
Servitrust GNB Sudameris S.A.	12	557
Participación en Fic's	68.399	67.616
Sub-Total	**68.411**	**68.173**
Total 6.1	**88.731**	**81.690**

(Stated in millions of Colombian pesos)

The following is the credit rating of the fund managers of Free Standing Trusts:

Manager	June -18	Dec-17	Rating Agency
Fiduciaria Bancolombia	S1/AAA(col)	S1/AAA(col)	Fitch Ratings Colombia S.A.S CVCS
Fiduciaria GNB Sudameris Servitrusts	F-AAA	F-AAA	Value and Risk Rating S.AS CVCS (2016 - 2017) BRC Standard & Poor´s (2015)
Fiduciaria la Previsora	S1/AAA(col)	S1/AAA(col)	Fitch Ratings Colombia S.A.S CVCS
Fiduciaria Popular	FAAA/2	FAAA/2	BRC Standard & Poor´s (2017-2016-2015) - BRC Investor Services S.A.S CVCS (2014)

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.

NOTE 7. FINANCIAL INSTRUMENTS

7.1 AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance of investments measured at fair value is comprised of:

	June 30, 2018	December 31, 2017
Equity instruments (a)	22.398	21.187
Derivative instruments (Note 13)	15.302	773
	37.670	**21.960**

a) Equity instruments

	June 30, 2018	December 31, 2017
Mutual Funds (1)	17.741	16.530
Agrocañas shares (2)	4.657	4.657
	22.398	**21.187**

(1) Investments at fair value correspond to shares 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 II 2018	Annual Return 2017	At June 30, 2018	At December 31, 2017
Credicorp Capital	At sight	500,000	N/A	4.43%	5.9%	3	3
BTG Pactual I Z Class	Closed	5,000,000	2,000,000	91.9%	352.9%	8.364	6.010
BTG Pactual II Z Class	Closed	5,000,000	2,000,000	65.6%	300.5%	3.024	3.668

(Stated in millions of Colombian pesos)

Collective Investment Fund	At sight	200,000	200,000	4.1%	5.6%	76	73
Collective Investment Fund Open (Rentar)	At sight	200,000	200,000	4.08%	4.63%	10	7
Open Portfolio BTG						6.211	6.718
Credinvest Tramo IV						**53**	**51**
TOTAL						**17.741**	**16.530**

(2*) The Company owns 5.03% of the Agrocañas S.A. share capital, with 3,300 outstanding shares at June 30, 2018. These are not listed on the stock exchange and are therefore measured at cost.

NOTE 8. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	June 30, 2018	December 31, 2017
Inverefectivas S.A	9.337	10.295
Asesorías Financieras Asficrédito	27.190	27.190
	36.527	**37.485**

CVCS owns 25% the Inverefectivas S.A. share capital. This company was established under Panamanian legislation and has 1000 shares, with an intrinsic value of FIX 2.930,80 at June 30, 2018.

	June 30, 2018		December 31, 2017	
	Share of ownership interest	**Book value**	**Share of ownership interest**	**Book Value**
Associates				
Inverefectivas S,A	25%	9.337	25%	10.295
		9.337		**10.295**

The movement of investments in associates accounts is shown below for the years ended June 30, 2018 and June 30, 2017:

	June 30,	
Associate	**2018**	**2017**
Balance at the beginning of the year	**37.485**	**9.408**
Participation in the profit or loss of the period	(805)	-
Adjustments for exchange differences	(153)	107
Year-end balance	**36.527**	**9.515**

(Stated in millions of Colombian pesos)

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 CVCS as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Consumer	1.274.522	1.166.501
Microcredit	11.612	14.250
Impairment	(159.718)	(128.080)
Total financial assets at amortized cost	**1.126.416**	**1.052.671**
TuCrédito payroll deduction loans at fair value	17.065	17.065
	17.065	**17.065**

The statement of financial position includes the portfolio held at Free-standing Trusts, as collateral for financial obligations for a total of $ 228.434 as of June 30, 2018. The balance of the portfolio held at Free-Standing Trusts as of December 31, 2018 was $ 366.792. However, this portfolio was not granted as collateral for financial obligations. CVCS classifies the ´portfolio by product according to age of non-performing loans.

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the periods ended June 30, 2018 and June 30, 2017:

	June 30,	
	2018	**2017**
Initial Balance	128.080	105.191
Adopting IFRS 9	47.055	-
Allowance of the period charged against to profit or loss	14.740	28.089
Recovered provisions	(239)	(20.438)
Write-offs	(29.918)	(111)
Closing balance	**159.718**	**112.731**

Here is a breakdown of the Loans Portfolio on Balance Sheet with all components:

At June 30, 2018

Modality	Capital	Transaction costs	Interest Accrued	Commissions	Impairment	Total
Consumer loans	1.149.130	27.642	89.197	8.462	(148.549)	**1.125.883**
Microcredit	5.067	89	6.545	1	(11.170)	**533**
Total financial assets at amortized cost	**1.154.198**	**27.730**	**95.742**	**8.463**	**(159.718)**	**1.126.416**

(Stated in millions of Colombian pesos)

At December 31, 2017

Modality	Capital	Transaction costs	Interest Accrued	Commissions	Impairment	Total
Consumer loans	1.049.114	20.271	89.507	7.343	(114.948)	**1.051.287**
Microcredit	6.723	265	7.525	3	(13.132)	**1.384**
Total financial assets at amortized cost	**1.055.837**	**20.536**	**97.032**	**7.346**	**(128.080)**	**1.052.671**

The distribution of maturities of CVCS gross loans portfolio is as follows:

June 30, 2018

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer	229.605	428.554	300.764	315.508	1.274.431
Microcredit	10.670	982	51	-	11.703
Total Gross Loan Portfolio	**240.275**	**429.535**	**300.815**	**315.508**	**1.286.134**

December 31, 2017

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer	220.132	424.854	242.646	278.603	1.166.235
Microcredit	11.782	2.644	90	-	14.516
Total Gross Loan Portfolio	**231.914**	**427.498**	**242.736**	**278.603**	**1.180.751**

The distribution of maturities of CVCS capital loans portfolio is as follows:

June 30, 2018

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer loans	196.477	376.182	278.620	297.852	1.149.130
Microcredit	4.341	677	50	-	5.067
Total Gross Loan Portfolio	**200.818**	**376.858**	**278.669**	**297.852**	**1.154.198**

December 31, 2017

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer loans	189.829	373.817	225.545	259.923	1.049.114
Microcredit	4.935	1.702	86	-	6.723
Total Gross Loan Portfolio	**194.764**	**375.519**	**225.631**	**259.923**	**1.055.837**

Below is the breakdown of CVCS Managed Loan Portfolio that includes the loan portfolio on balance sheet and the portfolio that was sold but is still managed by the Company:

(Stated in millions of Colombian pesos)

	As of June 30, 2018		
Modality	**Loan Capital**	**Sold**	**Total**
Consumer	1.149.130	211.961	1.361.091
Microcredit	5.067	-	5.067
Total Financial Assets at amortized cost	**1.154.198**	**211.961**	**1.366.159**

	As of December 31, 2017		
Modality	**Loan Capital**	**Sold**	**Total**
Consumer	1.049.114	246.778	1.295.892
Microcredit	6.723	-	6.723
Total Financial Assets at amortized cost	**1.055.837**	**246.778**	**1.302.615**

Arrears but not impaired

As of June 30, 2018, and December 31, 2017, a summary of the overdue portfolio by days past due is as follows:

	As of June 30, 2018			As of December 31, 2017		
	Consumer	**Microloans**	**Total**	**Consumer**	**Microfina nce**	**Total**
Non-expired loans	971.365	244	**971.609**	880.312	470	**880.782**
Arrears but not impaired	46.862	198	**47.059**	48.292	398	**48.690**
Non-performing loans under 360	57.094	294	**57.388**	44.976	773	**45.749**
Non-performing loans over 360	73.809	4.332	**78.141**	75.534	5.082	**80.616**
	1.149.130	**5.067**	**1.154.198**	**1.049.114**	**6.723**	**1.055.837**

NOTE 10. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of June 30, 2018 and December 31, 2017 is the following:

	June 30, 2018	**December 31, 2017**
Debtors (10.1)	182.755	120.131
Related Entities	89.107	63.503
From Partners and Shareholders	1.825	1.825
Prepayments and Advances	233	191
Deposits	1.127	-
Payment by client account	1.069	1.179
Employee	9	11
Allowance for doubtful accounts (10.2)	(3.329)	(3.329)
	272.796	**183.511**

10.1 The balance for other accounts receivable of $165,851 as of June 30, 2018 and $182,755 as of December 31, 2017 correspond primarily to loan collection balances from the Free-Standing Trusts pending transfer to CVCS.

(Stated in millions of Colombian pesos)

10.2 The movement in the provision for impairment of other accounts receivable is provided below:

	June 30,	
	2018	**2017**
Balance at the beginning of period	(3.329)	-
Provision charged to income accounts	-	(333)
Balance at end of period	**(3.329)**	**(333)**

NOTE 11. PROPERTY AND EQUIPMENT

The Company's property, plant and equipment as of June 30, 2018 and December 31, 2017, respectively, are as follows:

	June 30, 2018	**December 31, 2017**
Transport Equipment	117	117
Office equipment and Accessories	1.572	1.565
Computer equipment	1.031	1.010
Network and communication equipment	734	663
Machinery, plant and equipment in assembly	372	371
Goods received on finance lease agreements	4.966	4.878
Subtotal	**8.792**	**8.604**
Accumulated depreciation	(8.020)	(7.691)
Total	**772**	**913**

The breakdown for equipment movement is shown below:

	December 31, 2017	**Purchases**	**June 30, 2018**
Transport Equipment	117	-	117
Office equipment and Accessories	1.565	7	1.572
Electronic equipment	1.010	21	1.031
Network and communication equipment	663	71	734
Machinery, plant and equipment in assembly	371	1	372
Goods received on finance lease agreements	4.878	88	4.966
	8.604	**188**	**8.792**

	December 31, 2016	**Purchases**	**June 30, 2017**
Transport Equipment	117	-	117
Office equipment and Accessories	1.298	11	1.549
Electronic equipment	845	-	1.016
Network and communication equipment	158	35	380
Machinery, plant and equipment in assembly	49	-	49
Goods received on finance lease agreements	4.878	-	4.878
	7.345	**47**	**7.990**

(Stated in millions of Colombian pesos)

The following is the depreciation movement for June 30, 2018 and December 31, 2017, respectively:

	December 31, 2017	Depreciation	June 30, 2018
Office equipment and Accessories	1.640	85	1.725
Electronic equipment	1.047	50	1.097
Telecommunications equipment	285	81	366
Goods on Finance Lease Agreements	4.719	113	4.832
	7.691	**329**	**8.020**
	December 31, 2016	**Depreciation**	**June 30, 2017**
Office equipment and Accessories	1.458	77	1.535
Electronic equipment	908	17	925
Telecommunications equipment	197	34	231
Goods on Finance Lease Agreements	4.363	198	4.561
	6.926	**325**	**7.251**

All equipment of CVCS 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 at June 30, 2018 and December 31, 2017, 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.

Finance Lease Agreements:

Assets under finance lease agreements were acquired with Leasing Bancolombia S.A. A total of 8 lease agreements are in effect with the Colombian institutions named above.

Correspond to rights to goods received as part of finance lease agreements, which are entered into for period of three (3) years and correspond to structured cabling, licenses, computer equipment and vehicles.

	Cost	Accumulated depreciation	Carrying amount
Computing equipment	2.416	(2.416)	-
Vehicles	2.550	(2.416)	113
Balance as at June 2018	**4.966**	**(4.832)**	**113**

(Stated in millions of Colombian pesos)

	Cost	Accumulated depreciation	Carrying amount
Computing equipment	2.416	(2.416)	-
Vehicles	2.462	(2.303)	159
Balance as at December 2017	**4.878**	**(4.719)**	**159**

The following is a summary of the minimum payments due in the coming years for finance lease assets at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Less than one year	33	76
More than one year, less than five	80	83
Total	**113**	**159**

NOTE 12. OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by CVCS and have a definite useful life are measured at cost less their accumulated amortization and accumulated impairment losses.

	June 30, 2018	December 31, 2017
Software licenses	558	449
Technology and insurance projects	1.683	1.927
Other	2.903	2.304
Trademarks Acquired (1)	54.556	21.367
	59.700	**26.047**

(1) The amortization expenses for the quarter was as follows:

	June 30,	
	2018	**2017**
Amortization	3.225	1.576

As of June 30, 2018, CVCS conducted assessment of the brand Crediuno and Crediuno advances origination, placement and management of consumer loans with credit card, which has been developing its successful business model-oriented and supported in addition to the brand in the know-how and knowledge of market, along with a commercial network and support for the promotion and operation of its services (other intangibles).

Specifically, from the brand Crediuno advances obtained direct benefits from the use of the credit card customer to obtain advances in cash, considering that for each generated advance, the company receives interest and Commission for use, given their positioning and recognition in the market.

Crediuno progress has been consolidated as brand and financial product, and currently offers schemes of business for other brands where can become massive placement, providing funding for users of other brands, such as the business with TIGO and advances that are made to their users and are collected via turnover of telecommunications services. It is estimated that this type of schemes will contribute to the sustained growth of the business unit

(Stated in millions of Colombian pesos)

Positioning and brand promotion, any socio-economic segment-oriented allows its eventual licensing and construction of a top-of-mind which can be exploited by the owner or third parties wishing to develop related businesses. Intangible assets related above, have no restrictions on the ownership of the right.

On the category of intangible assets, according to the assessment, we identified no signs of deterioration that result to the recognition of an expense.

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Movements for hedge accounting and investments in derivatives are provided below:

	June 30, 2018	December 31, 2017
ASSETS		
Hedging forward contracts (13.1)	292	773
Hedging Options (13.2)	15.010	-
Sub-Total	**15.302**	**773**
LIABILITY		
Hedging forward contracts (13.1)	10.292	17.686
Hedging Negotiation (13.1)	360	-
Hedging Swaps (13.3)	49.971	-
Sub-Total	**60.623**	**17.686**

Operations of Hedging

Credivalores activities are exposed to financial risks including: liquidity risk, foreign currency risk and interest rate risk. Therefore, the Administration and the Board of Directors have approved and applied a policy of financial risk management to mitigate the negative effects of the uncertainty and the volatility of the financial markets in the financial results of the company. The financial risk management policy sets out the use of a wide variety of financial derivatives to cover the risks inherent in fluctuations in the exchange rate and the interest rate of the financial obligations in currency other than weights Colombians in the financial statements of the company.

CVCS used a Cross Currency Swap on the principal and interest payments of notes with a coupon of 9.75% issued in July 2017 for an amount of US$ 250.000.000, and a Coupon Only Swap and a Call Spread, which corresponds to a combination of positions on options to cover payments of interest and principal of the reopening of the notes by US$ 75.000.000 held in February 2018. The options are derivative contracts through which the buyer acquires the right to buy or sell an underlying asset at a price established, on a date and specific periods strike or a financial asset. Under the option contract, buyer pays the premium for acquiring a right to exercise the option and the seller receives the premium, acquiring an obligation with the buyer of the option.

(Stated in millions of Colombian pesos)

According to the guidelines of this policy, the following is the list of derivative instruments implemented June 2018 to cover foreign exchange risks and the risks of interest rate of the outstanding notes expiring in July 2022:

	2018						
	Theoretical Hedging			**Annual Interest Rate**			
Type of instrument	**Credivalores Receives**	**Credivalores Pay**	**Liquidation**	**Start date**	**Expiration date**	**Credivalores Receives**	**Credivalores Pay**
Currency swap	USD 135.000.000	COP 375.722.550.000	Non-Delivery	27/01/2018	27/072020	9,75%	IBR+ 8,89%
Currency swap	USD 15.000.000	COP 41.746.950.000	Non - Delivery	27/01/2018	27/07/2020	9,75%	IBR+ 8,89%
Currency swap	USD 100.000.000	COP 304.096.970.083	Non - Delivery	27/01/2018	27/07/2020	9,75%	IBR+ 8,89%

2018							
Type of Instrument	**Credivalores' Position**	**Type of Operation**	**Amount in USD Hedged**	**Effective Date**	**Maturity Date**	**Strike Price**	**Settlement**
Call option	Buyer	European	US$ 37.500.000	22-Mar-18	25-Jul-22	COP$ 2.849,01	Non-Delivery
Call option	Buyer	European	US$ 37.500.000	22-Mar-18	25-Jul-22	COP$ 2.849,01	Non-Delivery
Call option	Seller	European	US$ 37.500.000	22-Mar-18	25-Jul-22	COP$ 3.500,00	Non-Delivery
Call option	Seller	European	US$ 37.500.000	22-Mar-18	25-Jul-22	COP$ 3.500,00	Non-Delivery

13.1 Forward Contracts for Hedging

The portfolio of derivative transactions presents assets valued according to the policy implemented and the type of fair value measurement and cash flow.

- **Fair-value hedge accounting**

Fair value

	June 30, 2018		December 31, 2017	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	-	-	61	650
Total forward contracts for hedging - assets	**-**	**-**	**61**	**650**

- **Cash-flow hedge accounting**

Cash flow

	June 30, 2018		December 31, 2017	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	-	-	12	123
Total forward contracts for hedging - assets	**-**	**-**	**12**	**123**

(Stated in millions of Colombian pesos)

	June 30, 2018		December 31, 2017	
LIABILITIES	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	77	(10.292)	273	(17.686)
Total forward contracts for hedging – liabilities	**77**	**(10.292)**	**273**	**(17.686)**

- **Fair-value Hedging Negotiation**

	June 30, 2018		December 31, 2017	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	14	292	-	-
Total forward contracts for hedging - assets	**14**	**292**	**-**	**-**

	June 30, 2018		December 31, 2017	
LIABILITIES	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	3	(360)	-	-
Total forward contracts for hedging – liabilities	**3**	**(360)**	**-**	**-**

13.2 DERIVATIVE FINANCIAL INSTRUMENTS OPTIONS

The activities carried out by CVCS generated significant positions in the derivatives portfolio, performing transactions for purposes of coverage where the underlying 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 derivative financial instruments of options to manage and mitigate the fluctuations in the fair value of the debt position in the State's income. These derivatives are measured through cash flow coverage.

Detail of derivative with options financial instruments and their accounting is as follows:

	June 30, 2018	December 31, 2017
ASSETS		
Premium Call Spread (Options)	36.103	-
Hedging Contracts Purchase of Call Options	20.249	-
Sub Total	**56.352**	**-**

(Stated in millions of Colombian pesos)

	June 30, 2018	December 31, 2017
LIABILITIES		
Premium Call Spread (Options)	18.854	-
Hedging Contracts Purchase of Call Options	22.488	-
Sub Total	**41.342**	**-**

Is the derivative financial instrument to cover exposure to risk in foreign currency until maturity.

(1) Options Contracts for Hedging

Derivatives with options operations cover the debt position (capital only) of the reopened portion of the notes 144 A / Reg S issued a rating 75.000.000 $ in February 14, 2018. These financial instruments are valued under the methodology and provided by the counterpart market value, the type of measurement is cash flow.

The company will maintain derivative financial instruments, to cover exposure to risk in foreign currency until maturity, which is corresponding to the maturity of the notes that are being covered with 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 performed.

13.3 DERIVATIVE FINANCIAL INSTRUMENTS CROSS CURRENCY SWAP

CVCS, executed transactions with derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt position in the State's income. The portion of the cross-currency swaps which covers the risk of exchange rate is measured at market (fair value coverage) value and the portion that covers the interest rate risk is measured as a cash flow hedge.

Derivative financial instruments through cross currency swaps and its hedge accounting is as follows:

	June 30, 2018	December 31, 2017
LIABILITIES		
Contracts hedging Cross-Currency Swaps (a)	44.110	-
Contracts hedging Coupon-Only Swap (b)	5.861	-
Sub-Total	**49.971**	**-**

CVCS will keep the cross-currency swaps, to cover exposure to risk in foreign exchange and interest rate to maturity, which corresponds to the maturity of the notes that are being covered with this instrument.

a. Contracts hedging Cross Currency Swaps

Derivatives through Cross Currency Swaps operations cover the position of debt (principal and interest) of the notes 144 A / Reg S issued on July 27, 2018 with a nominal value of US $250.000.000 and a coupon of 9.75%.

(Stated in millions of Colombian pesos)

- **Liabilities Fair value hedge accounting**

	June 30, 2018		December 31, 2017	
LIABILITIES	**Nominal amount USD**	**Fair Value**	**Nominal amount USD**	**Fair Value**
Contracts hedging Cross-Currency Swaps	250	(44.110)		-
Total	**250**	**(44.110)**		**-**

b. Contracts hedging Coupon Only Swap

Derivatives through a Coupon Only Swap operation covers payments of interests of the reopening of the notes 144 A / Reg S issued on February 14, 2018, with a nominal value of US $75.000.000.

- **Liabilities Cash flow hedge accounting**

	June 30, 2018		December 31, 2017	
LIABILITIES	**Nominal amount USD**	**Fair Value**	**Nominal amount USD**	**Fair Value**
Contracts hedging Coupon Only Swap	33	(5.861)		-
Total	**33**	**(5.861)**		**-**

NOTE 14. FINANCIAL OBLIGATIONS

Below, the balances of financial obligations to the court are detailed June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Financial obligations in free standing trusts	222.387	56.769
Promissory notes – Local banks	68.536	104.872
Finance lease agreements	295	330
Foreign banks	219.810	304.368
Issuance of bonds 144 A/ Reg S	952.510	746.000
Transaction cost	(59.522)	(45.193)
	1.404.017	**1.167.146**

The balance of CVCS financial obligations and of the Free-Standing Trusts as of June 30, 2018 and December 31, 2017 corresponds to obligations contracted with financial entities in Colombia and obligations in international capital markets and finance lease agreements.

Short-term obligations are loans that must be paid in April 2018, and long-term obligations are loans that are due after January 2019.

(Stated in millions of Colombian pesos)

a) Short-term financial obligations.

Entity	June 30, 2018	Interest rate	Maturity	December 31, 2017	Interest rate	Maturity
National entity						
Banco Agrario	-			6.173	DTF + 3,4%	2018
Banco de Bogotá	-			10.542	IBR + 5.6%	2018
Banco Colpatria	-			10.000	IBR + 5.3%	2018
Banco De Occidente	5.575	IBR + 3.7%	2019	6.153	IBR + 3.8%	2018
Banco Corpbanca	1.079	DTF + 7,8%	2018	3.237	DTF + 7,8%	2018
Bancolombia	19.401	DTF + 6,7%	2018	23.365	DTF + 6,7%	2018
Bancoomeva	4.333	DTF + 7,0%	2018	432	DTF + 6,7%	2018
Banco Santander	4.583					
Total National Entity	**34.971**			**59.902**		
Foreign Entity						
International Notes (ECP Program)	-			199.928	6,6% EA	2018
Total Foreign Entity	**-**			**199.928**		
Free-standing trusts						
Free-Standing Trusts, CrediUno IFC	-			3.518	9,91% EA	2018
Total Free-standing trusts	**-**			**3.518**		
Finance lease agreements						
Leasing Bancolombia	23	8,42% EA	2018	94	8,42% EA	2018
Total Financial Leasing	**23**			**94**		
Total Short-term obligations	**34.994**			**263.442**		

CVCS had short-term financial obligations during the periods ended June 30, 2018 and December 31, 2017 totaling 34.994 and 263.442, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

b) Long-term obligations

Long-term obligations

Entity	June 30, 2018	Interest rate	Maturity	December 31, 2017	Interest rate	Maturity
National entity						
Banco de Bogotá	17.454	IBR+6,5 %	2019/20	8.441	IBR+6,5 %	
Bancolombia	9.028	DTF + 7,5%	2019	13.194	DTF + 7,5%	2019
Bancoomeva	-	DTF + 8%	2019	6.667	DTF + 8%	2019
Banco Santander	7.083	IBR + 6.5%	2019	16.667	IBR + 6.5%	2019
Total National Entity	**33.565**			**44.969**		
Foreign Entity						
International Notes (ECP Program)	219.810	8,3% EA	2020	104.440	8,3% EA	2020
	219.810			**104.440**		

(Stated in millions of Colombian pesos)

Free-standing trusts						
Free-standing trust, CrediUno IFC	44.416	11,91% EA	2020 y 2021	53.252	11,91% EA	2020 y 2021
Free-standing trust, syndicated TuCrédito	177.971	DTF + 5,5%	2023 y 2028			
Total Free-standing trusts	**222.387**			**53.252**		
Finance lease agreements						
Leasing Bancolombia	272	8,42% EA	2019 y 2020	236	8,42% EA	2019 y 2020
Total Financial Leasing	**272**			**236**		
Bonds						
International Bonds						
144 A/Reg. S	952.510	9,75% EA	2022	746.000	9,75% EA	2022
Total International bonds	**952.510**			**746.000**		
Total long-term obligations	**1.428.544**			**948.896**		
Cost of Transaction to be Amortized IFP	(59.522)			(45.193)		
Total financial obligations	**1.404.017**			**1.167.146**		

The Company had long-term financial obligations during the periods ended June 30, 2018 and December 31, 2017 totaling 1.428.544 and 948.896, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended June 30, 2018 and December 31, 2017, valued at 59.522 and 45,193, 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 June 30, 2018 and December 31, 2017 is 1.404.017 and 1.167.146 respectively, which will be paid off as described above.

Obligations stated in foreign currency

Entity	**Nominal Value June 30, 2018**		**Nominal Value December 31, 2017**	
International Capital Markets Notes (a)	75	219.810	102	304.368
International Finance Corporation (IFC)	16	44.416	20	56.796
Issuance of bonds (b)	325	952.510	250	746.000
Total	**USD**	**1.216.736**	**USD**	**1.107.164**

(a) Optional Redemption of Notes

Pursuant to Item 8 of the Pricing Term Sheet dated March 17, 2017, in connection with Tranche X issued under our US$150,000,000 Euro Commercial Paper Program ("ECP Program"), Credivalores decided to exercise the right of optional redemption at par of US$55,000,000 of principal of these notes on March 22, 2018 using the proceeds of the reopening of the 9.75% Notes due July 2022. As a result of this optional redemption, the total balance under the ECP Program as of June 30, 2018 is US 47,000,000.

Later, on April 19, 2018 CVCS issued a new note under the ECP Program for US$40,000,000 due on April 19, 2021 with a coupon rate of 8.25%.

In addition, CVCS decided to exercise the right of optional redemption at par of US$12,000,000 outstanding of Tranche X on June 22, 2018 using resources from the reopening of the 9.75% Notes due July 2022.

These optional redemptions and the new issuance of notes under the ECP Program, resulted in new a balance of this Program of US$75,000,000 as of June 30, 2018.

(b) Issuance of bonds

On July 27, 2017 CVCS 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.

According to the "Description of the Notes" of the Offering Memorandum, the Company may redeem the Notes, in whole or in part, at any time on or after July 27, 2020, at the applicable redemption prices set forth in the Offering Memorandum, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. Prior to July 27, 2020, we may also redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a "make-whole" premium, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. In addition, at any time on or prior to July 27, 2020, Credivalores may redeem up to 35% of the Notes using the proceeds of certain equity offerings at a redemption price equal to 109.750% of their principal amount, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. In addition, in the event of certain changes in the Colombian withholding tax treatment relating to payments of interest on the Notes, Credivalores may redeem the Notes, in whole but not in part, at 100% of their principal amount, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. If a change in control occurs with respect to us, unless the Company has exercised the option to redeem the Notes, each holder of the Notes will have the right to require us to repurchase all or any part of that holder's Notes at 101% of the aggregate principal amount of Notes repurchased, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of repurchase.

The Notes will be senior unsecured general obligations and will (i) rank equally in right of payment with all of the Company's other existing and future senior indebtedness (subject to certain obligations for which preferential treatment is given under Colombian insolvency laws); (ii) rank senior in right of payment to the Company's existing and future subordinated indebtedness, if any; (iii) be effectively subordinated in right of payment to all of the Company's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including all indebtedness and other liabilities of any free-standing trusts (patrimonies autonomous); and (iv) be structurally subordinated to all existing and future indebtedness and trade payables of any of our subsidiaries that are not guarantors. The notes will not be entitled to any sinking fund.

No public market currently exists for the Notes. The Notes have been listed an are quoted on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Notes have not been and will not be registered with the Colombian National Registry of Securities and Issuers (Registro Nacional de Valores y Emisores, or "RNVE"), maintained by the Colombian Superintendence of Finance (Superintendencia Financiera de Colombia, or "SFC") and therefore may not be publicly offered in the Republic of Colombia ("Colombia"). The Notes will not be listed on the Colombian Stock Exchange (Bolsa de Valores de Colombia). The Notes may be offered to persons in Colombia in a private placement. The offering was not subject to review or authorization by the SFC.

Furthermore, on February 14, 2018 Credivalores reopened these Notes for an additional amount of US$75,000,000, taking the total issued amount to US$325,000,000. The Notes were issued at a yield of 8.625% and a price of 104.079%. The proceeds from this issuance will be used to refinance existing unsecured indebtedness, and the remainder, if any, for general corporate purposes.

c) 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 risk management policy to mitigate the negative effects of uncertainty and volatility of financial markets in the financial results of the Company. The Risk Management Policy establishes the use of a wide variety of financial derivatives to hedge the risks inherent to fluctuations in the exchange rate and the interest rate of financial obligations in a currency other than Colombian Pesos in the financial statements of the Company.

The company used a Cross Currency Swap on the principal and interests payments of the original US$250 million 9.75% bond issued in July 2017 and a coupon only swap and a call spread, a combination of call options, to hedge the interests payments and the principal of the US$75 million 9.75% bond reopening of February 2018. The call options are derivative contracts through which the buyer acquires a right to buy or sell a financial asset or underlying asset at a stablished strike price, on a specific date and period. Under the contract of the option, the buyer pays the premium acquiring a right to exercise the option and the seller receives the premium, acquiring an obligation with the buyer of the option.

(d) Convenants

The Offering Memorandum of the 144A / Reg S Notes contains certain restrictive covenants, which among other things, limit our ability to (i) incur in additional debt, (ii) make dividend payments, redeem capital and make certain investments, (iii) transfer and sell assets, (iv) sign any type of agreement which could limit the ability of the subsidiaries to pay dividends or make capital distributions, (v) create guarantees or pledge assets, (vi) consolidate, merge or sell assets, and (vii) engage in transactions with affiliates. The Indenture which rules the Notes contains certain customary events of default.

In addition, in December 2012 the Company signed a peso indexed loan with the IFC for an amount of US$25,000,000, which was then amended in May 2015 to increase the amount up to US$45,000,000. This facility includes certain covenants, such as: risk weighted solvency ratio, a ratio of equity to assets, a ratio of exposition to a specific economic group, a ratio of exposition to related parties, a ratio of fixed assets to equity, a ratio of aggregate foreign currency exposition, a ratio of aggregate interest rate risk and a liquidity risk ratio.

During 2017 and as of June 30, 2018 met all covenants previously explained.

- **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 limit, amount, interest rate and duration. The financial cost of financial obligations for periods ended June 30,2018 and December 31, 2017:

(Stated in millions of Colombian pesos)

	June 30, 2018	June 30, 2017
Free-standing trusts	7.359	36.886
Local banks	5.007	8.508
Finance lease agreements	19	70
Foreign currency obligation	10.885	14.416
Third parties	-	547
Shareholders	-	3.551
Issuance of bonds	50.053	-
Amortization Transaction costs	14.820	8.371
Total	**88.143**	**72.296**

The financial obligations and Free-standing Trusts of CVCS that are recognized in local and foreign currencies will be recognized at the start of operation 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 15. 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 at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Short-term benefits (a)	1.130	1.154
	1.130	**1.154**

a. The breakdown of employee benefit payments at June 30, 2018 and December 31, 2017 is as follows:

	June 30, 2018	June 30, 2017
Salaries	30	1
Severance pay	240	465
Interest on severance pay	14	54
Holidays	683	634
Pension funds	163	-
	1.130	**1.154**

The benefits to employees in his current part are required to cancel maximum within 12 months after the reporting period.

The company within its compensation policies does not have long-term benefits.

(Stated in millions of Colombian pesos)

NOTE 16. OTHER PROVISIONS

CVCS's provisions at June 30, 2018 and December 31, 2017, respectively are provided below.

	June 30, 2018	December 31, 2017
Litigations subject to executive proceedings	84	84
Other provisions	377	218
	461	**302**

The movement of legal and other provisions are provided below for the periods ended June 30, 2018 and June 30, 2017:

	Legal provisions	Other provisions	Total provisions
Balance held at December 31, 2017	**84**	218	302
Increase in provisions during the period	**-**	159	**159**
Balance held at June 30, 2018	**84**	377	**461**

	Legal provisions	Other provisions	Total provisions
Balance held at December 31, 2016	**84**	**937**	**1.021**
Recovered provisions	-	(149)	(149)
Balance held at June 30, 2017	**84**	**788**	**872**

The provisions correspond primarily to labor, civil and administrative proceedings filed by third parties against CVCS, on which provisions of 84 were recognized at 30 June 2018. It is not possible to determine a disbursement schedule for these proceedings due to their distribution across different instances.

However, CVCS does not expect significant changes to the amounts provided as a consequence of the outflows applicable to each proceeding. The expected time of resolution is uncertain since each proceeding is taking place in different instances.

NOTE 17. CURRENT AND DEFERRED TAX LIABILITIES

17.1 Components of current tax liabilities

Current tax liabilities for the years ended June 30, 2018 and December 31, 2017 is as follows:

	June 30, 2018	December 31, 2017
Tax income	1.256	-
Tax on industry and Commerce	1.179	1.100
Sales tax	310	-
	2.745	**1.100**

(Stated in millions of Colombian pesos)

17.2 Components of income tax expense

Income tax expense for the years ended June 30, 2018 and June 30, 2017 is as follows:

	June 30, 2018	June 30, 2017
Income Tax	1.256	1.322
Net deferred tax from the period	(406)	277
Total	**851**	**1.599**

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 June 30, 2018 and December 31, 2017, other comprehensive income was recognized in equity.

17.3 Reconciliation of the nominal income tax rate and the effective tax rate in Colombia:

The company made the reconciliation of the effective rate total deferred tax for the quarter to June 30, 2018 was 4%, and 40%, from June 30, 2017 as detailed below:

	June 30, 2018	June 30, 2017
Earnings (loss) before tax	5.678	(3.985)
Income Tax rate	37%	40%
Income Tax	**2.101**	**(1.594)**
More (less) tax impact on:		
Non-deductible expense	3	1.703
Valuations of financial instruments	(8.334)	103
Utilizations- Provisions	2	-
Wealth tax	-	78
Fines and sanctions	659	138
Donations	(7)	-
Assumed interest	18	45
Fixed assets settings	(406)	-
Loan adjustments and financial obligations	-	277
Excess of presumptive income	-	849
Differences deferred Tax	6.732	-
Total income tax provisions charged to income	**851**	**1.599**
Effective rate	**15%**	**(40%)**

17.4 Deferred Tax

Differences between the carrying amount of assets and liabilities and the tax bases thereof give rise to temporary differences that generate deferred taxes, calculated and recorded in the periods ended June 30, 2018 and June 30, 2017, based on the tax rates in force for the years in which said temporary differences are to be reversed.

(Stated in millions of Colombian pesos)

Year ended June 30, 2018

	Balance held at December 31, 2017	Income (Expense) in income statement	Unrealized income (expense) in OCI	Balance as at June 30, 2018
Deferred tax assets				
Industry and commerce tax	2.525	-	-	2.525
Difference between accounting and tax bases - loans	4.100	(4.100)	-	-
Impairment to financial assets	6.417	(6.417)	-	-
Property, plant and equipment	-	406	-	406
Derivative Financial Instruments	-	10.517	27.209	37.726
Subtotal	**13.042**	**406**	**27.209**	**40.657**
Deferred tax liability				
Valuations of financial instruments	-	-	(752)	(752)
Goodwill	-	-	(3.603)	(3.603)
Subtotal	**-**	-	**(4.355)**	**(4.355)**
Net Total	**13.042**	**406**	**22.854**	**36.301**

Year ended June 30, 2017

	Balance held as of December 31, 2016	Income (Expense) in income statement	Unrealized income (expense) in OCI	Balance held as of June 30, 2017
Deferred tax assets				
Deferred charges	91	(91)	-	-
prepaid expenses	10.536	118	-	10.654
Difference between accounting and tax bases - loans	509	1.054	-	1.563
Impairment to financial assets	1.520	(69)	-	1.451
Deferred income	42	(42)	-	-
Forward contracts	11.633	(7.100)	-	4.633
Miscellaneous	147	9.520	-	9.566
Subtotal	**24.478**	**3.563**	**-**	**27.867**
	Balance held as of December 31, 2016	**Income (Expense) in income statement**	**Unrealized income (expense) in OCI**	**Balance held as of June 30, 2017**
Deferred tax liabilities				
Valuations of financial instruments	3.671	1.179	1.178	6.028
Goodwill	16	(16)	-	-
Impairment to financial assets	6.809	2.123	-	8.932
Subtotal	**10.496**	3.286	**1.178**	14.960
Net	**13.982**	**(451)**	**1.178**	**12.907**

The income tax expense represents the sum of current tax payable and deferred tax.

17.5 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:

(Stated in millions of Colombian pesos)

	June 30, 2018			June 30, 2017		
	Amount before tax	Deferred tax income (expense)	Net	Amount before tax	Deferred tax income (expense)	Net
Items that may be subsequently reclassified to income						
Effect of changes in fair value on the valuation of derivative financial instruments	**(31.898)**	**19.250**	**(12.619)**	**2.945**	**(1.178)**	**1.767**
Effect valuation of brands	**36.036**	**3.604**	**39.640**	**-**	**-**	**-**
	4.138	**22.854**	**26.992**	**2.945**	**(1.178)**	**1.767**

NOTE 18. EQUITY

Capital

CVCS objective is to safeguard its capacity to continue as a business enterprise and maintain a financial structure that optimizes the cost of capital and maximize 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, CVCS indeed complied with the required minimum capital in the relation of solvency required by legal provisions and mandatory investments.

Authorized, and Paid in Capital

CVCS's subscribed and paid capital as at June 30, 2018 and December 31, 2017 was represented by 4.279.022 shares each year, each at a nominal price of 28.254.

Credivalores Crediservicios S.A.S.

Shareholder	June 30, 2018 Number of shares	%	December 31, 2017 Number of shares	%
Acon Consumer Finance Holdings S de RL	870.444	20,34%	870.444	20,34%
Crediholding S,A,S,	1.497.987	35,01%	1.497.987	35,01%
Lacrot Inversiones 2014 S,L,U	1.486.784	34,75%	1.486.784	34,75%
Acon Consumer Finance Holdings II S, L	184.167	4,30%	184.167	4,30%
Treasury shares	239.640	5,60%	239.640	5,60%
Total	**4.279.022**	**100%**	**4.279.022**	**100%**

(Stated in millions of Colombian pesos)

	June 30, 2018	December 31, 2017
Number of authorized shares	4.700.000	4.700.000
Subscribed and paid shares	4.279.022	4.279.022
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	120.899	120.899
Paid-in capital	58.442	58.442
Total capital plus premium	**179.341**	**179.341**

Reserves

Of the accounts that comprised the equity reserves as of June 30, 2018 and December 31, 2017 were constituted of the following:

	June 30, 2018	June 30, 2017
Legal reserve (1)	5.793	5.793
Occasional reserves:	21	21
Total Reserves	**5.814**	**5.814**

NET EARNINGS PER SHARE

The following is a breakdown of the basic earnings per share:

	June 30, 2018	December 31, 2017
Ordinary shares (a)	1.532.597	1.532.597
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**1.327**	**(1.382)**

(a) The value of the shares at June 30, 2018 and December 31, 2017 correspond to the total number of outstanding shares held by CVCS.

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.

Year ended June 30, 2018

Share capital later stock buyback							
Entity Name	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	34.610	870.444	20,34%
Crediholding S.A.S	-	-	-	-	1.497.987	1.497.987	35,01%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	-	1.486.784	34,75%
Acciones propias en cartera	-	-	-	239.640	-	239.640	5,60%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	-	184.167	4,30%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**1.532.597**	**4.279.022**	**100%**

(Stated in millions of Colombian pesos)

NOTE 19. REVENUE

Below is a detail of the revenue for the years ended as of June 30, 2018 and 2017:

	June 30,2018	June 30,2017
Interests (19.1)	105.974	98.678
Commissions and fees (19.2)	48.960	39.575
	154.934	**138.252**

19.1 Interest

	June 30,	
	2018	**2017**
CrediUno interest	34.661	8.334
CrediPoliza interest	8.144	1.488
TuCrédito interest	23.721	10.480
Tigo interest	3.826	-
TuCrédito transaction costs	(2.320)	(5.165)
CrediPoliza transaction costs	(231)	(526)
CrediUno transaction costs	(6.062)	(5.909)
TuCrédito fair value	-	680
Sub-total Consumer loans	**61.739**	**9.382**
Microcredit interest	130	687
Microcredit loans transaction costs	(176)	(297)
Sub-total Microcredit	**(46)**	**390**
CrediUno late payment interest	213	304
CrediPoliza late payment interest	332	283
TuCrédito late payment interest	191	182
Consumer loan defaults	**736**	**769**
CrediYa late payment interest	99	99
Microcredit loan defaults	**99**	**99**
Financial returns	2.003	2.267
BTG Pactual Financial returns	10.299	4.907
Current interests, Free-standing Trust	25.489	69.117
Other income, Free-standing Trust	1.314	3.426
Market operations	3.592	8.322
Current interests left off-balance	749	-
Other	**43.446**	**88.038**
Total Interests	**105.974**	**98.678**

19.2 Commissions and fees

	June 30	
	2018	**2017**
Administration fee – credit card	31.263	26.346
Collection fees	6.425	5.386
Administration fee - life insurance plus	2.781	2.633
Shared financial advisor	2.437	-
Financial advisory debtor life insurance	1.914	2.544
Financial advisory voluntary insurance policies	1.492	1.620
Commission of intermediation activities	1.455	16

(Stated in millions of Colombian pesos)

Internal Commission	664	569
Commission returned	147	358
Income stores chain and channel credit cards	11	31
Microcredit SME's loan fees	10	69
Other financial consultancy	1	3
	48.960	**39.574**

NOTE 20. OTHER INCOME

At the end of each period, movements corresponded to:	June 30,	
	2018	**2017**
Collection charges TuCrédito	240	171
Reimbursed claims Aval FGA	112	23
Certifications	109	-
Refund insurance	10	-
Disability by disease	7	34
Vendor Discount	5	7
Recoveries	-	184
Others	7	26
	490	**445**

NOTE 21. OTHER EXPENSES

	June 30	
	2018	**2017**
Fees	11.170	9.706
Legal expenses	5.263	8.427
Technical Assistance	4.584	5.252
Leases	2.017	1.967
Public services	1.918	1.579
Commissions	1.813	1.667
Risk Bureaus’ Consultations	1.320	-
Temporary services	903	1.404
Publicity and advertising	832	1.537
Transport	595	731
Travel expenses	533	283
Insurance	422	295
Maintenance	362	528
Concierge and security services	356	330
Tools and stationery	322	492
Adaptation and installation	271	81
Yields Invertors	266	-
Sanctions, fines and fraud	225	345
Legal expenses	112	251
Cost of representation	89	550
Donations	73	5
Publications and subscriptions	6	3
Other	445	676
	33.897	**36.109**

(Stated in millions of Colombian pesos)

NOTE 22. NET FINANCIAL INCOME	**June 30,**	
	2017	**2016**
Exchange rate differences	37.367	(10.877)
Financial income	379	278
Total Financial Income	**37.745**	**(10.600)**
Hedging instruments valuation	(35.959)	(3.470)
Total Financial Expense	**(35.959)**	**(3.470)**
Net Financial Income (expense)	**1.787**	**(14.069)**

NOTE 23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a. Commitments

Credit commitments

In the course of ordinary business, CVCS 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, CVCS 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. CVCS 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 at June 30, 2018 and December 31, 2017:

	June 30,2018	**December 31,2017**
Unpaid approved credits	399.952	320.137

Contingent assets

As of the end of June 30, 2018, the Company has a Guarantee with the Fondo de Garantías de Antioqua – FGA-, which has a value of $5.034 in accordance with the agreement's policies.

(Stated in millions of Colombian pesos)

NOTE 26. 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 CVCS.

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 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 CVCS has significant influence, which is generally considered to be a share of between 20 and 50% of their capital.

The most representative balances as at June 30, 2018 and December 31, 2017 with related parties are including in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	June 2018		**December 2017**	
	Shareholders	**Members of the Board of Directors (a)**	**Shareholders**	**Members of the Board of Directors (a)**
Accounts receivable	1.824	-	1.824	-
Accounts payable	-	34	-	58
Operating expenses	-	128	5.089	280

Compensation received by Key Management Personnel is comprised of the following:

	June 30,	
Item	**2018**	**2017**
Salaries	2.713	2.154
Short-term employee benefits	461	223
Total	**3.173**	**2.377**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of June 30, 2018.

Directors

No.	Director	Alternate
1	José Miguel Knoell Ferrada	Mathias Boccia Cristiano
2	Juan Carlos Restrepo Acuña	No appointment

3	Lorena Margarita Cárdenas Costas	No appointment
4	Rony Doron Seinjet	No appointment
5	Caicedo Pachon Maria Marcela	No appointment
6	Adrián Gustavo Ferraro	Carlos Manuel Ramón
7	Lawrence Robert Rauch	No appointment

Legal Representatives

No.	Representative
Manager	Eliana Andrea Erazo Restrepo
Alternate	Liliana Arango Salazar