

Investor presentation
2Q 2020 Results
August 13, 2020

credivalores
Credivalores - Crediservicios S.A.

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1 **Company Overview**

2 Recent Developments

3 2Q 2020 Results

4 Closing Remarks

5 Covid-19 Action Plan

6 Appendix

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Largest non-bank financial institution in Colombia for consumer lending to mid-to-low income population not served by traditional banks in small and intermediate cities



Robust origination capabilities. Proven expertise in the financial sector in Colombia having disbursed over US\$3.0 billion in the past 16 years of operations.



Considerable portfolio size of US\$435 million.



Broad geographic footprint. 73 branches and POS in retail locations; 130 customer centers in alliance with national telecom companies.

Sizable exclusive sales force and new digital platforms.



More than 460 sales representatives and 1,008 external advisors and new digital platforms for loan origination.



Strong Capitalization. US\$85 million equity.



Proven business model based on 4 pillars:

- ✓ Unique **collection channels** that mitigate credit risk
- ✓ **Robust yield** of loan portfolio given niche market,
- ✓ **Key partnerships** with employers, retailers and utility companies, access to 7.5 million potential clients
- ✓ **Customer segment** underserved by commercial banks

Overview of Product Portfolio

(as of June 30, 2020)

tucrédito cv
Payroll loans

credi**1**uno
Credit Cards

credi**·**póliza
Insurance Financing

Managed portfolio ⁽¹⁾ <i>Thousand Million COP</i>	\$904 US\$241 mm	\$659 US\$175 mm	\$68 US\$18 mm
% of managed portfolio ⁽²⁾	55.3%	40.3%	4.2%
Average loan size <i>Million COP</i>	\$16,7 US\$4,433	\$2.7 US\$726	\$5.2 US\$1,396
Average term at origination	118 months	18 months	9 months
Number of clients ⁽³⁾	73,610	587,954	30,733
Average rate charged ⁽⁴⁾	22.7%	27.1%	27.6%
Average rate +Fees	28.9%	44.7%	31.7%
NPLs (%) ⁽⁵⁾	3.42%	4.86%	3.19%
Distribution/ collection partners	613 employers with > 3.2 million employees	7 agreements with utilities companies, retailers and telecom companies with > 4.3 million clients	Local and international insurance companies and brokers
Source of payment / guarantee	Irrevocable authorization from employee to employer to deduct monthly loan installments from paycheck and wire them to CV	Monthly charges added to borrowers' utility bill, which is required to be paid in full	Irrevocable mandate to cancel coverage if unpaid installments. Insurance company reimburses CV for unused portion of policy

Source: Company filings.

(1) Figures converted at an FX rate of \$3,758.91 COP/USD as of June 30, 2020

(2) The remaining 0.3% of managed portfolio consists of \$4,236 mm in microfinance loans, a product that is being unwind since 2016.

(3) Number of clients includes only credit products

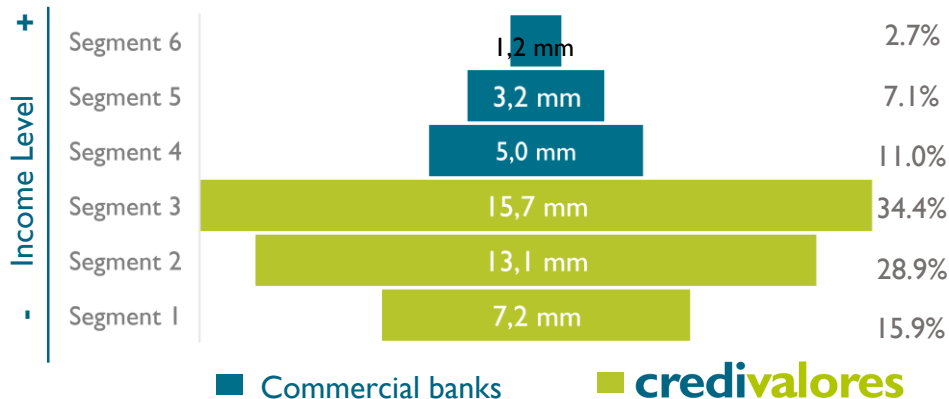
(4) Not including fees and commissions

(5) Includes NPLs between 60 and 360 days, as a percentage of total managed loan portfolio excluding NPL>360, as reported in financial statements as of June 2020 on note 5.1.1 NPL calculation considers principal only.

Addressable Market and Client Demographics

Potential client base = 79.2% of Colombia's population

Total population as of November 2018: 45.5 million

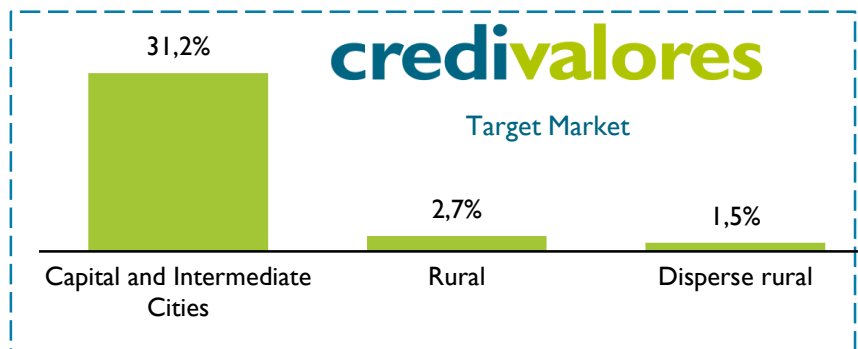


Focus on less penetrated small and intermediate cities

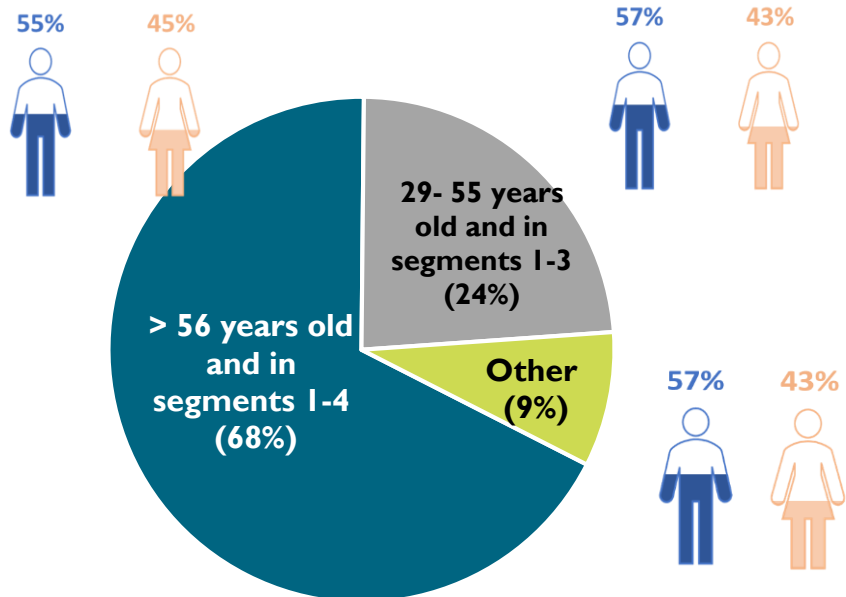
Population with access to credit, % of total inhabitants (Dec. 2018)

14 mm people (40.5% of total population) had a credit product outstanding

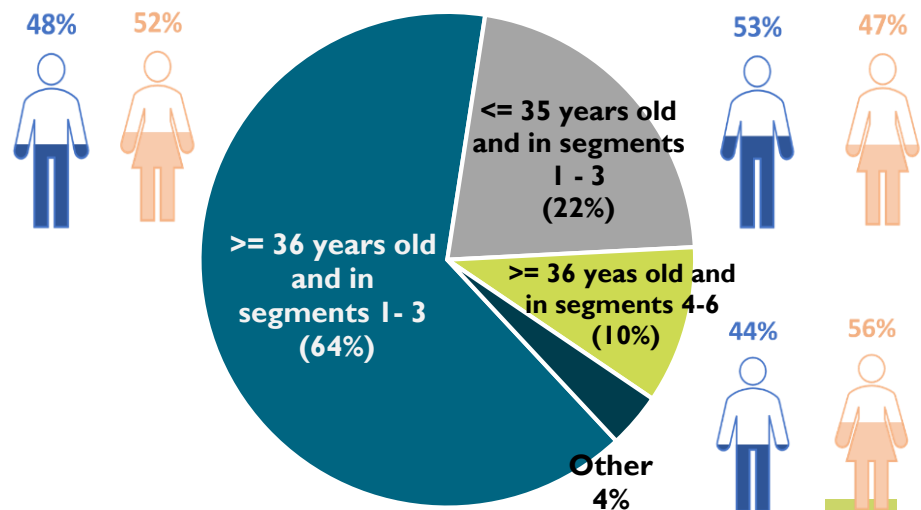
- 8.9 mm had at least one credit card
- 6.8 mm had at least one consumer loan



Payroll Loans



Credit Cards



1 Company Overview

2 **Recent Developments**

3 2Q 2020 Results

4 Closing Remarks

5 Covid-19 Action Plan

6 Appendix

Recent Developments (2Q 2020)

Growth and Profitability

- **Positive operational and financial results YoY:**
- **-2.2% (YoY) in total portfolio origination** (+48% YoY in credit cards)
- **+19.4% (YoY) growth in owned portfolio and +12.4% (YoY) growth in managed portfolio**
- **+5.5% (YoY) growth in Net Interest Income**, driven by lower financial costs
- **-17.3% (YoY) in Gross Financial Margin**, due to an increase in loan impairment expenses
- **+316% (YoY) in Net Income**, due to the impact of liability management operations during 2Q 2020

Improvements in Funding Profile and Strong Cash Position as of June-2020

- **Successful new US\$300 MM 8.875% note due 2025 issued in feb-2020** achieving:
 - ✓ Reduction of average weighted financial cost of debt (-147 bps) between Dec-19 and June-20
 - ✓ Extension of average life of debt from 2.2 years to 3.1 years between Dec-19 and June-20
- **ECP Program Notes:** US\$35 MM amortization (May-2020) and new US\$20 MM due Sept-2021
- **Open Market Repurchases (OMRs) of 8.875% Notes due 2025:** US\$32 MM of principal repurchased and cancelled in 2Q 2020. New outstanding principal of US\$268 MM
- **Solid cash position** to fund loan origination and 2H revolving debt maturities: **committed credit lines available for COP\$163 Bn (US\$43 MM) ⁽¹⁾ and cash at hand for US\$79 MM.**
- **Foreign currency debt fully hedged** with NDFs, currency swaps and options.

Rating Agencies

- **'B' long-term FC issuer credit rating affirmed by S&P and Outlook revised to negative from stable** (May 12, 2020): weaker economic prospects due to COVID-19 pandemic could weaken RAC ratio and profitability and increase delinquencies levels in credit cards.
- **'B+' long-term FC issuer default rating placed on Rating Watch Negative** (May 13, 2020) by **Fitch Ratings:** short-term risks for the credit card business under deteriorating operating environment could affect asset quality and profitability and impact leverage metrics.

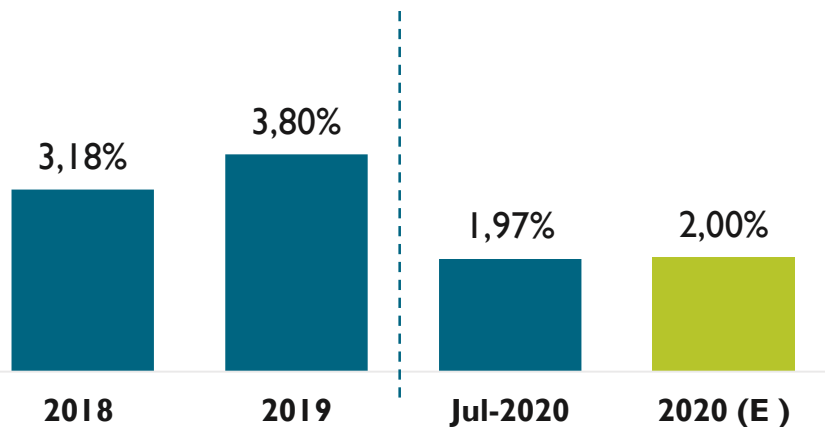
Improved Balance Sheet Position

- **Solvency ratio (Equity/ Assets) at 12.2%.**
- **Leverage ratio (Debt/ Equity) at 5.2x.**
- **Covenant compliance as of June 2020**, according to the Description of the Notes.

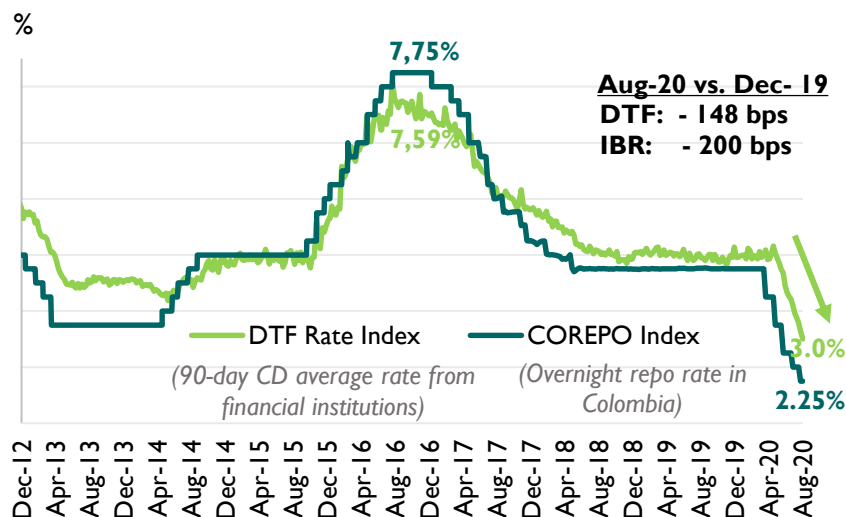
2Q 2020 Main Highlights - Macro Conditions

Inflation ⁽¹⁾

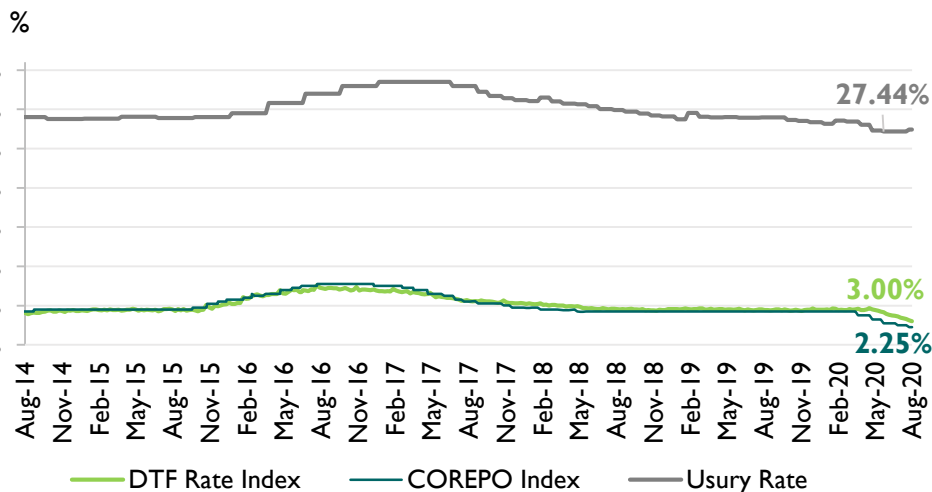
As % change, YOY



Interest Rates ⁽¹⁾



Usury Rate vs. Interest rates ⁽³⁾



	2019	2020 (E)
DTF	4,54% ⁽¹⁾	2,8% ⁽²⁾
GDP Growth	3,3% ⁽¹⁾	- 6.0% to -10% ⁽²⁾

- **Expansionary monetary policy** from Central Bank to boost economy affected by COVID-19 pandemic:
 - ✓ Reference rate has **declined 200 bps** to 2.25%
 - ✓ IQ 2020 GDP growth of 1% (YoY) and **expectation of a contraction in 2020 between 6% and 10%**
 - ✓ **Inflation rate in 2020 expected between 1% and 2%**
- **Usury rate ⁽³⁾ calculated on a monthly basis, has declined 93 bps since December 2019.**

(1) Central Bank- Banco de la República website www.banrep.gov.co

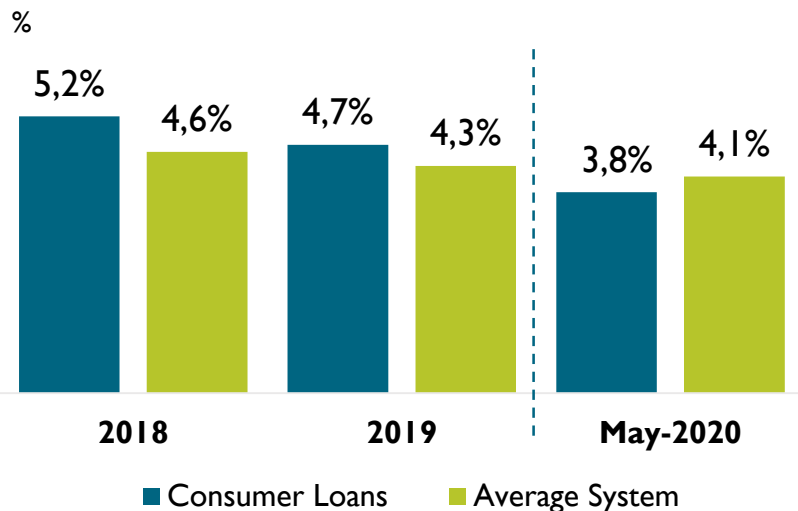
(2) IH 2020 Report to Congress from Central Bank. August 3, 2020 Colombian Superintendence of Finance.

(3) Cap rate applicable to all loans in Colombia, calculated by the Superintendence of Finance calculated as 1.5x the average lending interest rate.

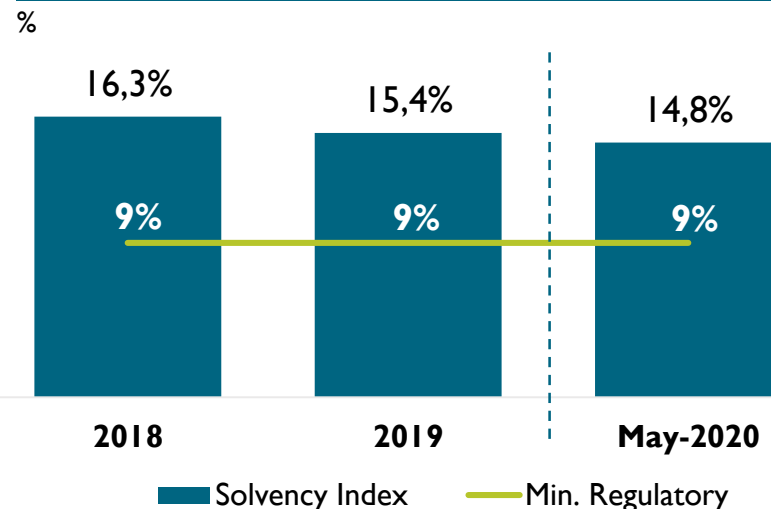
Average interest rate paid by the borrowers and certified by the Superintendence of Finance based on the interest rates from microloans, consumer loans, small amount consumer loans. Those transactions not reflecting market conditions are excluded from the calculation.

2Q 2020 Main Highlights - Macro Conditions

NPLs Financial System (1)

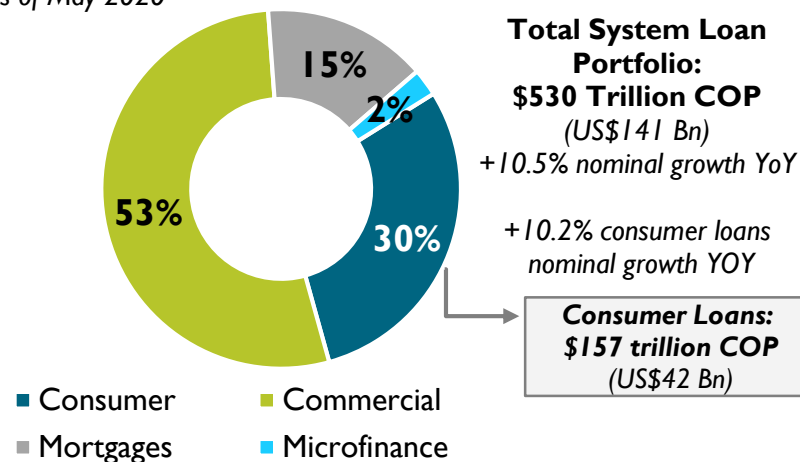


Solvency Ratio Financial System (2)



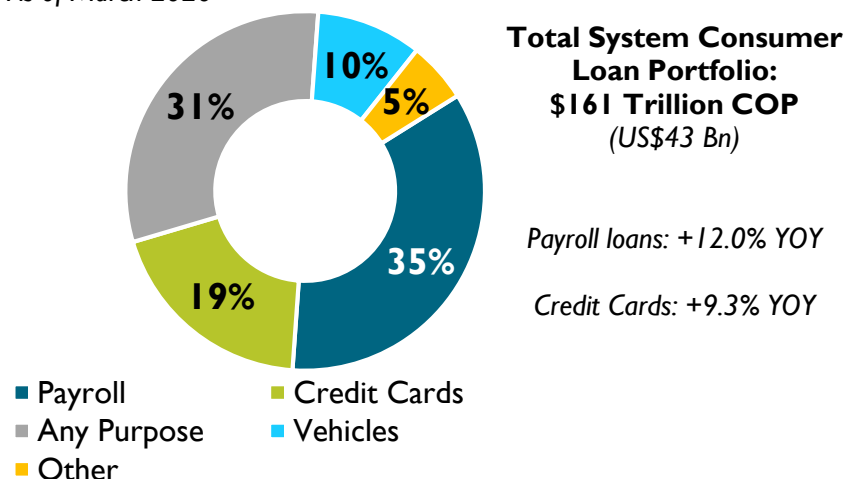
Financial System Loans Portfolio by Type (3)

As of May 2020



Consumer Loans Portfolio by Type (3)

As of March 2020



Source:

(1) Colombian Superintendence of Finance. Including write-offs.

(2) Colombian Superintendence of Finance. Calculated as equity over weighted average assets.

(3) Colombian Superintendence of Finance. Latest available report on consumer loans portfolio by type.

1 Company Overview

2 Recent Developments

3 2Q 2020 Results

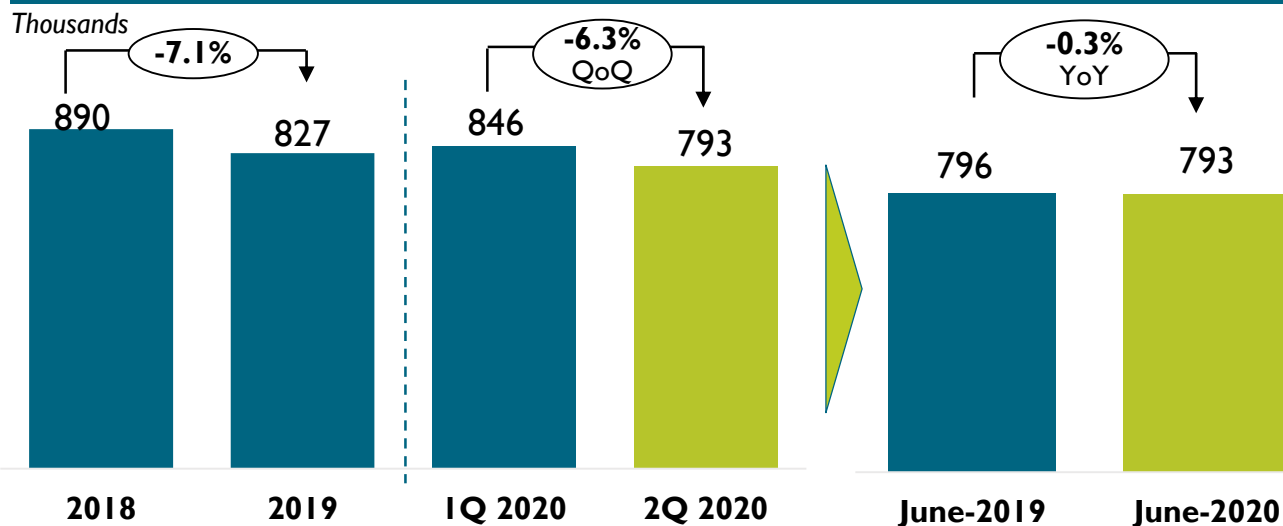
4 Closing Remarks

5 Covid-19 Action Plan

6 Appendix

2Q 2020 Operating Results

Number of Clients ⁽¹⁾



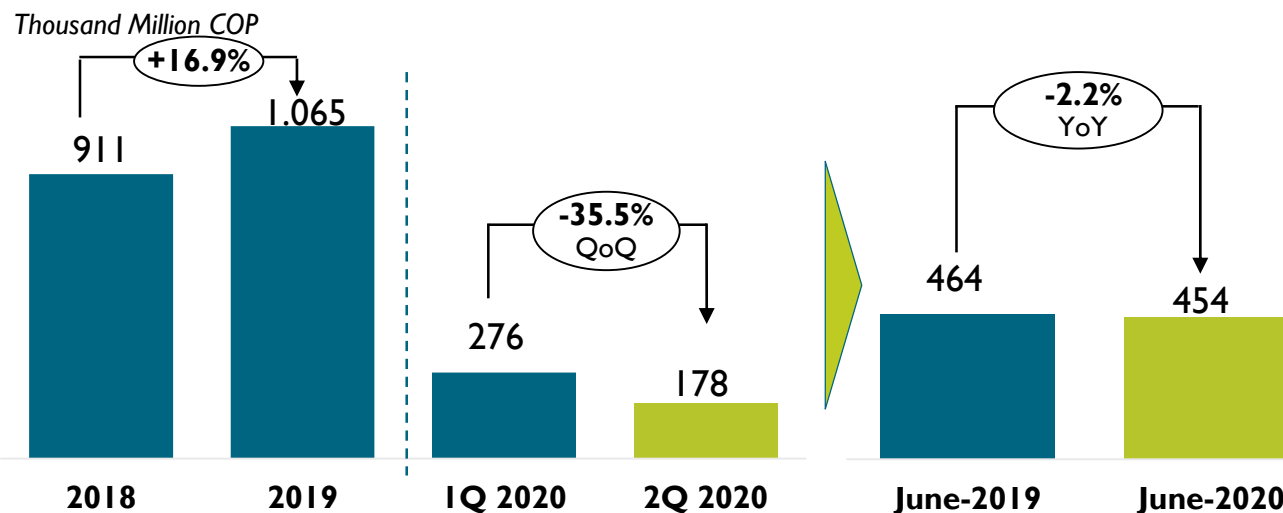
QoQ client results due to:

- 0.8% in payroll loans
- 7.9% in credit cards
- 1.7% in insurance financing

-0.3% (YoY)

due to a decline in clients in insurance financing (-16%) and payroll loans (-3.4%)

Loan Portfolio Origination ⁽²⁾



QoQ disbursements results due to:

- 30.8% in payroll loans
- 46.9% in credit cards
- 7.2% in insurance financing

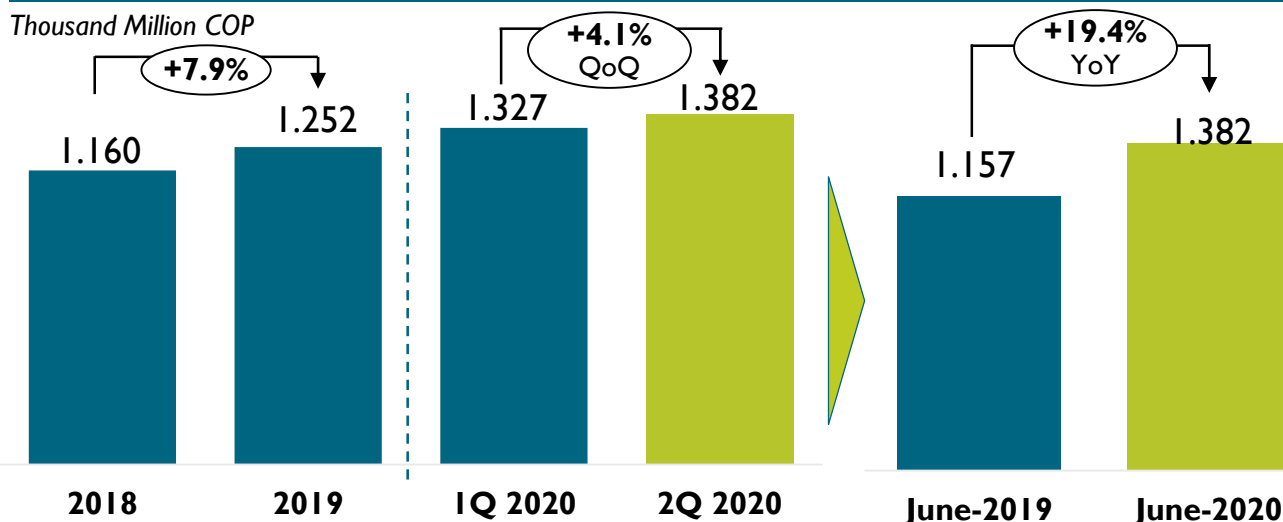
-2.2% (YoY)

due to regional quarantines and restrictions in mobilization

2Q 2020 Operating Results

Owned Loan Portfolio (1)

Thousand Million COP



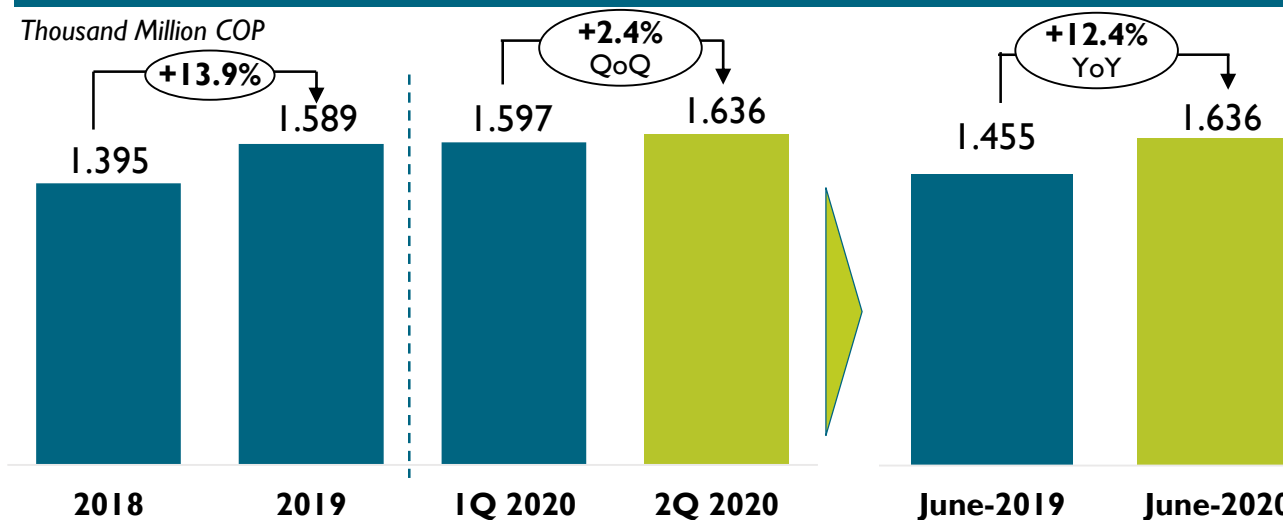
QoQ owned portfolio results due to:

- +2.2%** in payroll loans
- +6.7%** in credit cards
- 1.4%** in insurance financing

+19.4% (YoY)
due to portfolio growth in payroll loans (+11%) and credit cards (36%) to offset decline in insurance financing

Managed Loan Portfolio (2)

Thousand Million COP



QoQ managed portfolio results due to:

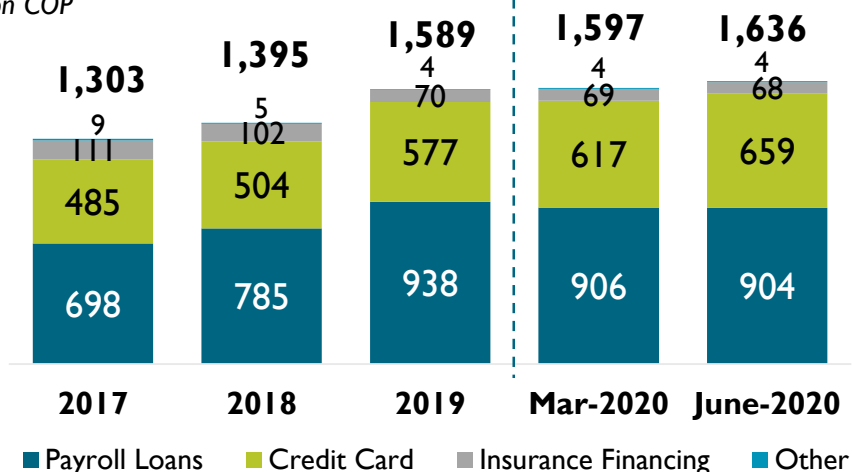
- 0.2%** in payroll loans
- +6.7%** in credit cards
- 1.4%** in insurance financing

+12.4% (YoY)
due to portfolio growth in payroll loans (+2%) and credit cards (+36%)

2Q 2020 Operating Results

Managed Loan Portfolio by Product

Thousand Million COP

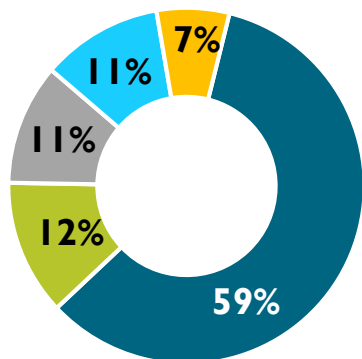


Payroll loans represent the largest portion of the total portfolio

As of June 2020 payroll loans represented (55.3%), credit cards (40.3%) and insurance premium financing (4.2%) of the total managed portfolio.

Payroll Loans Breakdown

As of June 2020



Top 25 clients **0.57%** of portfolio

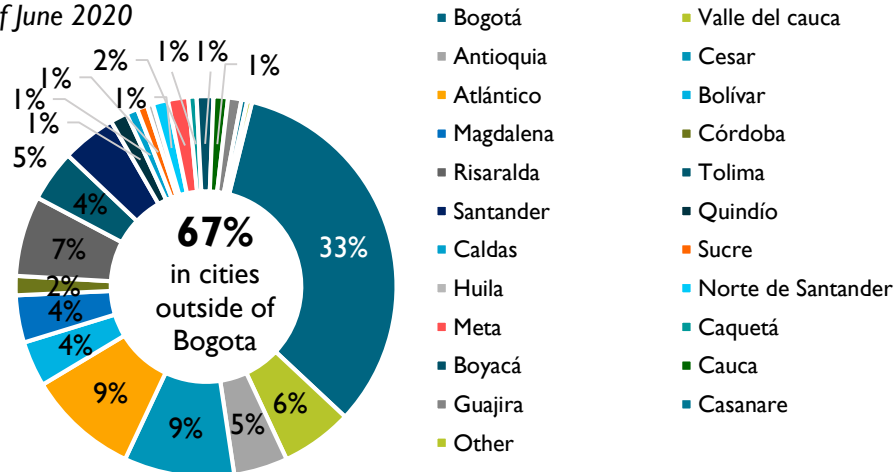
0.087% single client exposure

88% among retirees and government employees (1)

- Retirees
- Private Cos.
- Government
- Teachers
- Military

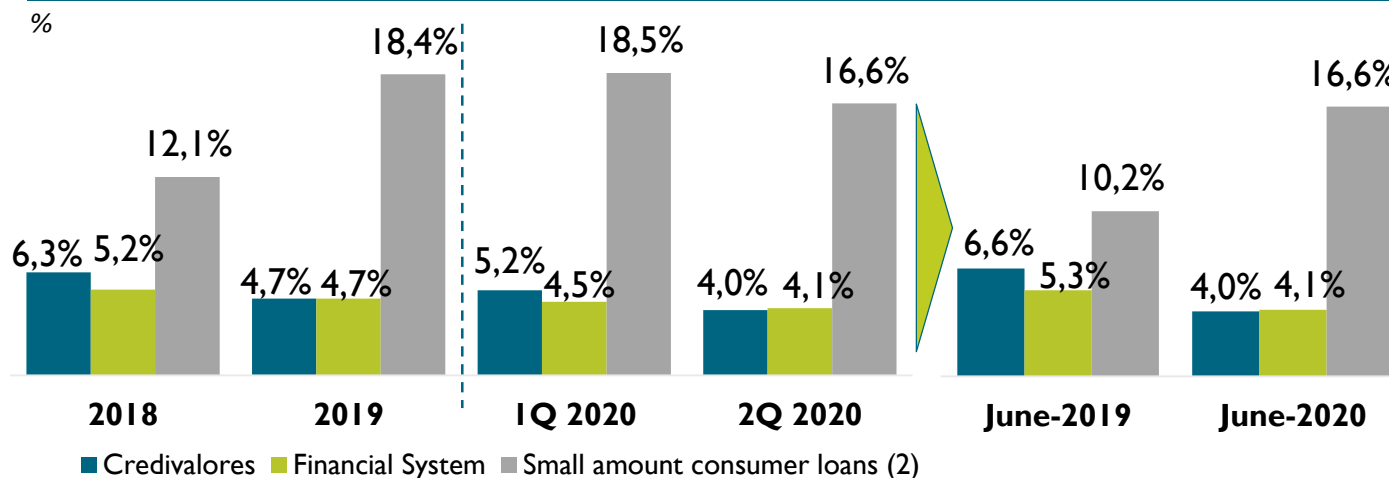
Payroll Loan Portfolio Breakdown by Geography

As of June 2020



2Q 2020 Operating Results

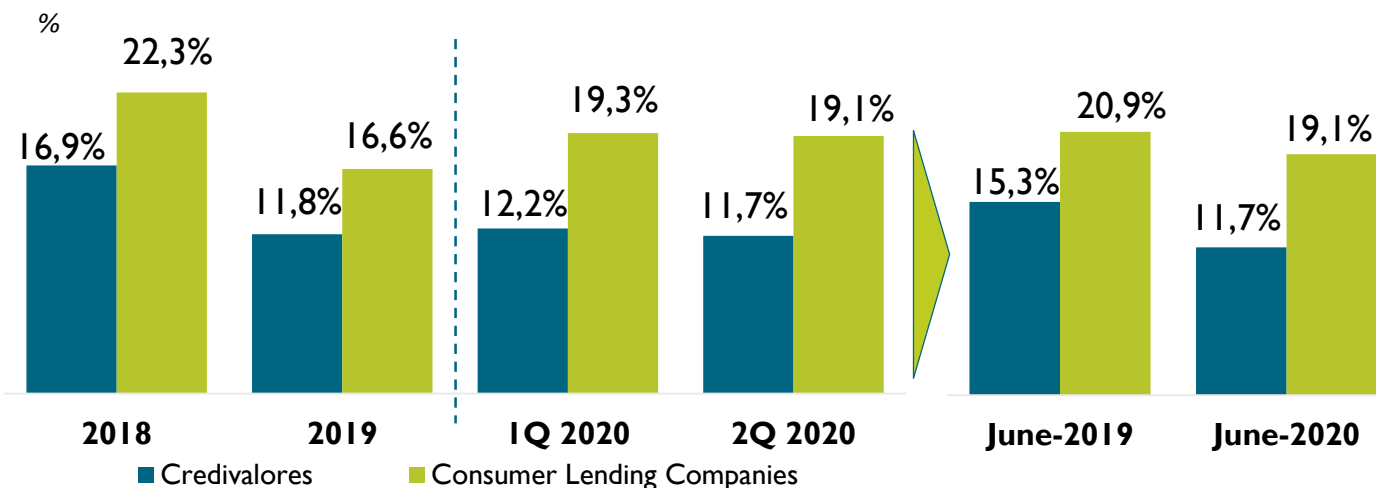
NPLs Consumer Loans (1)



NPLs reflect the impact of **forbearance measures** implemented in March 2020 amid the COVID-19 pandemic.

Forbearance measures applied to **30% of managed loan portfolio**, including grace periods and change in loan conditions

NPLs Consumer Loans (Including Write-Offs) (3)



Credivalores' NPLs, including write-offs, remain **below** the **average NPLs** of **consumer lending companies** operating in similar products and market segments

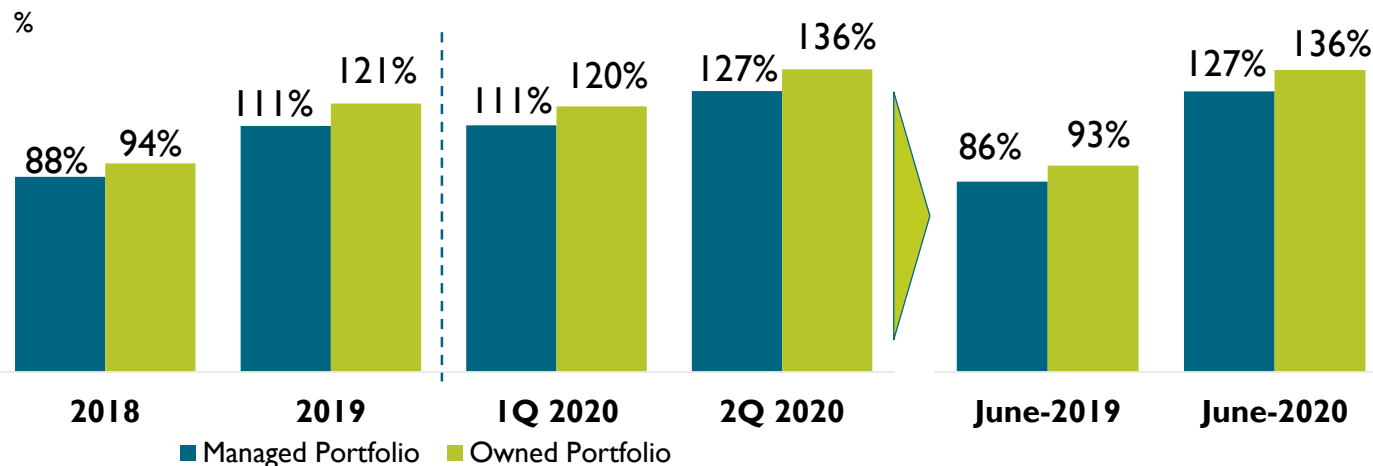
(1) Includes NPLs between 60 and 360 days, as a percentage of total managed loan portfolio excluding NPL>360, as reported in financial statements as of June 30, 2020 on note 5.1.1 NPL calculation considers principal only.

(2) Consumer loans of small amounts are defined by the Financial Superintendence as those consumer loans for up to 2 minimum wages (today about US\$478) and a maximum tenor of 36 months (information available as of March 31, 2020).

(3) Data from Consumer Lending Companies. Given Credivalores' past policy of not writing off loans, we calculate the equivalent ratio of the financial system for comparative basis. The Company adopted IFRS 9 in 2018 and as a consequence the Company started to write-off past due loans.

2Q 2020 Operating Results

NPLs Coverage Ratio (+60) ⁽¹⁾



NPLs Coverage Ratio increased due to:

Higher net impairment expenses under IFRS 9 resulting from the recognition of higher risk of default arising from forbearance measures granted

Summary of Forbearance Measures as of June 30, 2020

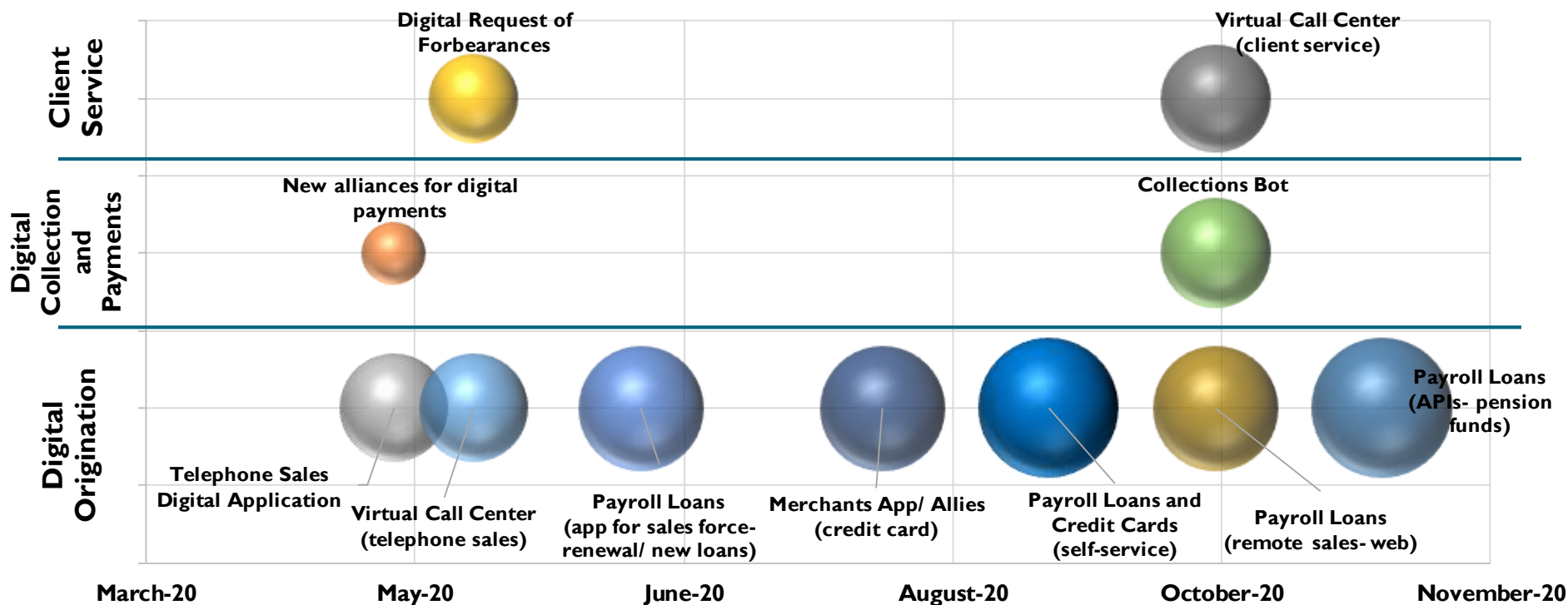
Thousand Million COP

	Payroll loans	Credit Cards	Insurance Financing
# of loans	5,055	206,430	636
Loan Principal <i>Thousand Million COP</i>	\$75.3 <i>US\$20 mm</i>	\$418.6 <i>US\$111 mm</i>	\$3.6 <i>US\$1 mm</i>
% of Managed Portfolio by Product	8.3%	63.5%	5.3%
Average Tenor of Forbearance	2 months	2 months	2 months
Description of Measures	Grace period by demand (client and employer), lower rate, extended tenors, lower installment	Grace period by demand (2 months + 2), lower rate, extended tenors, lower installment, no collection charges	Grace period by demand (up to 2 months), subject to the extension of the policy by the insurance company

(1) Calculated as reserves (including impairments and FGA reserves) over NPLs of managed / owned loan portfolio. FGA (Fondo Nacional de Garantías de Antioquia) is an entity that acts as guarantor for loans of our clients. The cost of the guaranty is paid by the respective client. The amounts paid are held by a mercantile trust fund and are considered a reserve that we have established to protect our portfolio in case of deterioration of the loans granted.

Digital Transformation

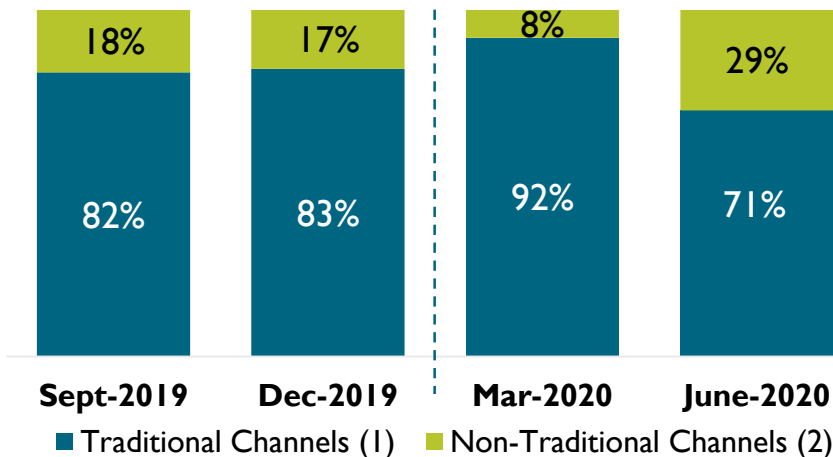
Pipeline of Digital Transformation Projects



Digital Transformation

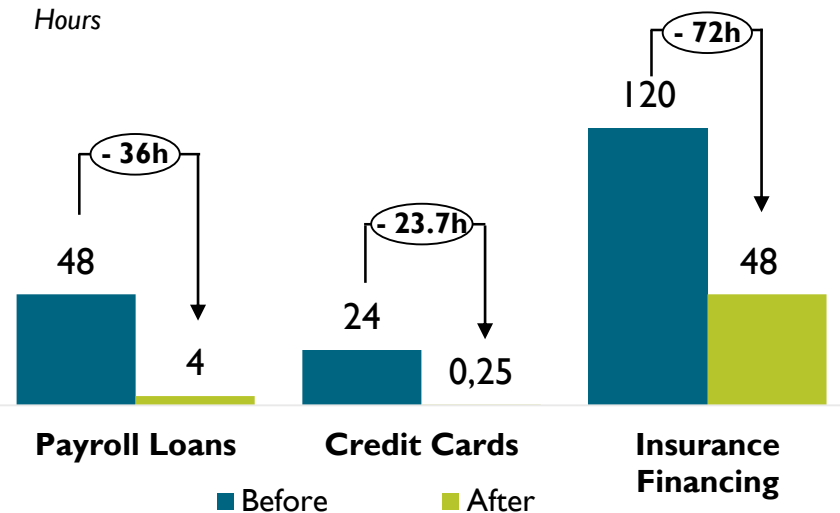
Origination Channels Evolution

% of Total Origination



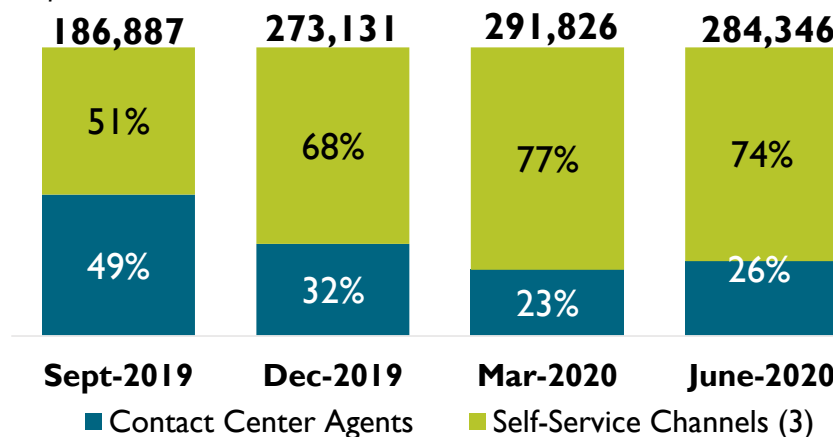
Time to Disbursement- Digital Channels

Hours



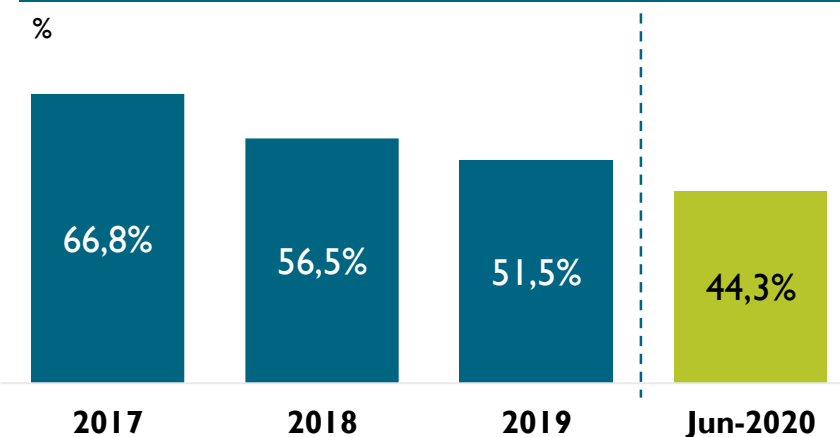
Client Service Channels Evolution

% of Total Consultations



Efficiency (4)

%



Source: Company.

(1) Traditional channels include internal and external sales forces with physical contact with the client.

(2) Non-traditional channels include telephone sales, digital platforms through sales force or self-service and telemarketing.

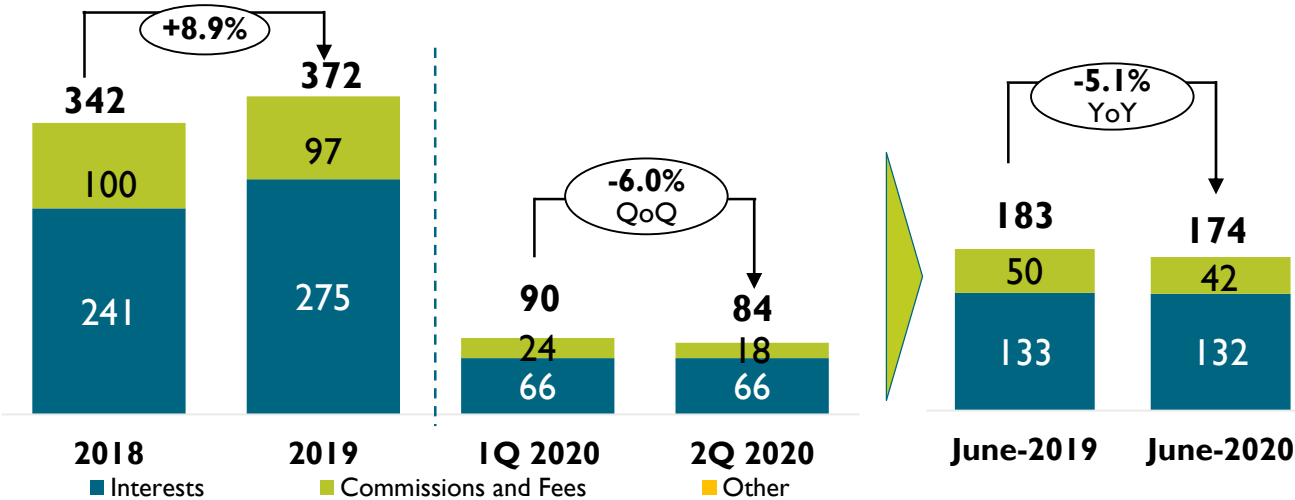
(3) Self-service channels include IVR, chatbot, App, virtual zone in the website, CrediSMS and kiosks.

(4) Employee benefits and other expenses (fees and commissions to sales force, insurances, etc.) divided by the net interest and similar.

2Q 2020 Financial Results- Income Statement

Interest Income ⁽¹⁾

Thousand Million COP



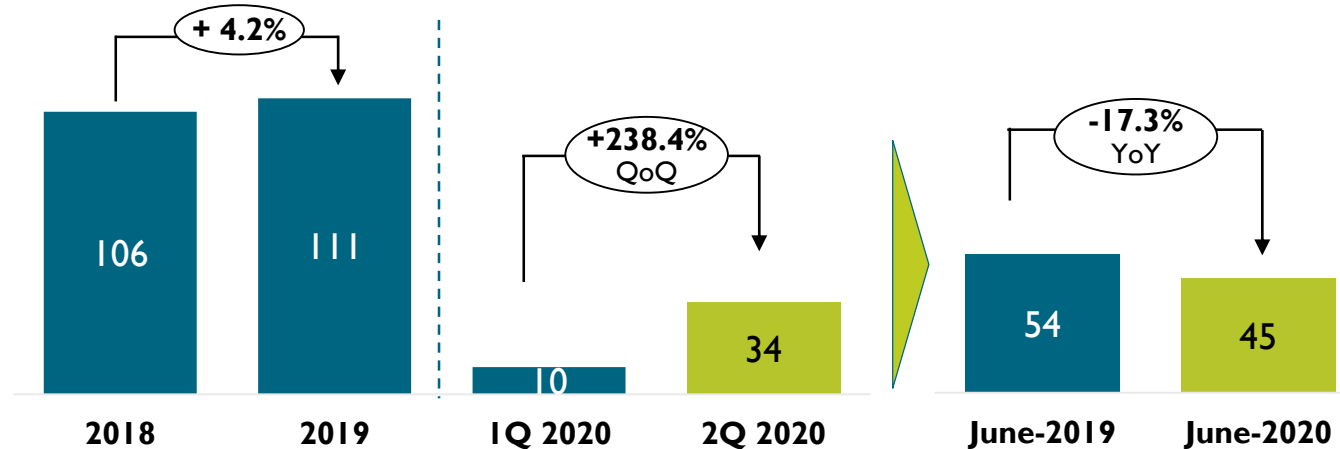
QoQ interest income results due to:

+0.3% in interests
-23.8% in commissions and fees

- 5.1% (YoY)
 due to a 16% decrease in commissions and fees

Gross Financial Margin

Thousand Million COP



QoQ gross financial margin results due to:

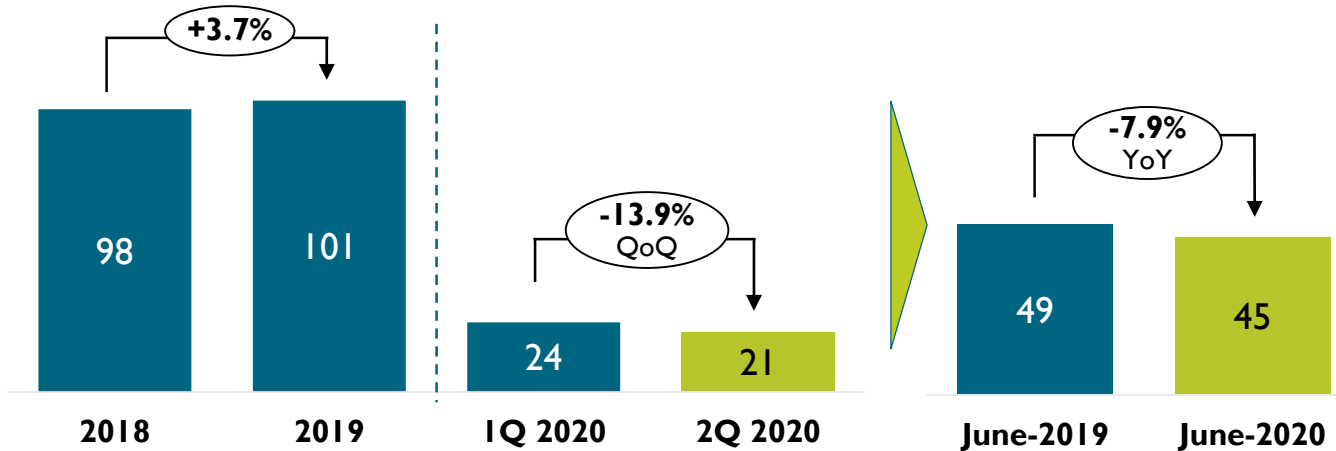
-6.0% in interests and fees
-63.6% in financial cost
+36.9% in net impairments

- 17.3 (YoY)
 due to lower financial costs (-15%) and higher net impairment expenses (+40%)

2Q 2020 Financial Results- Income Statement

SG&A- Other Expenses ⁽¹⁾

Thousand Million COP



QoQ other expenses results due to:

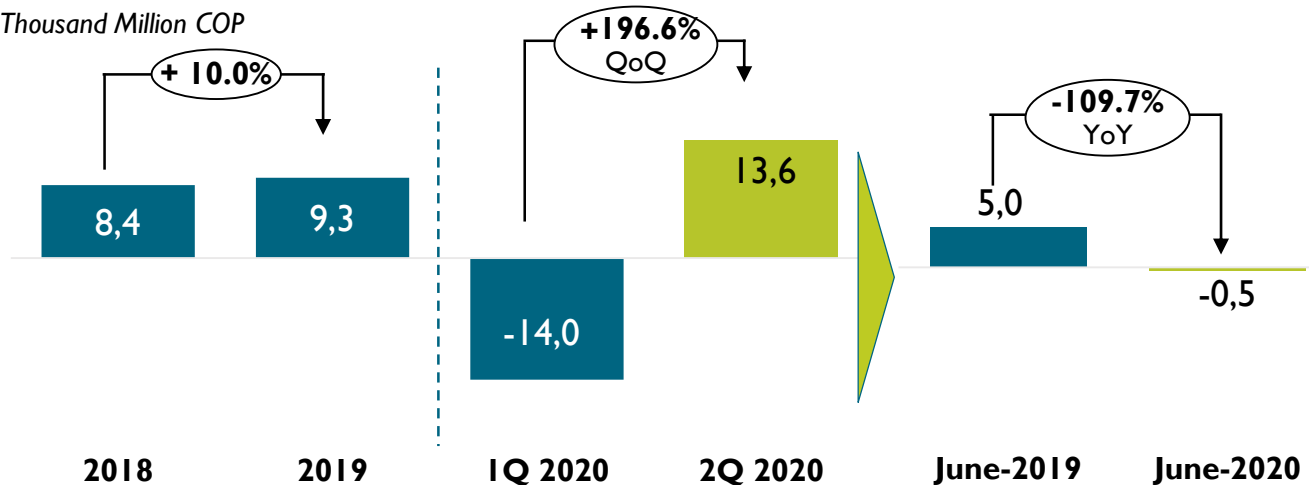
- 28% in employees' benefits
- 3.2% in depreciation and amortization expenses
- 11.8% in fees, insurance and temporary services

-7.9% (YoY)

due to optimization in contracts for technical support, temporary services and fees

Net Operating Income

Thousand Million COP



QoQ operating income due to:

Improvement in gross financial margin, due to lower financial costs, and **reduction of other expenses**

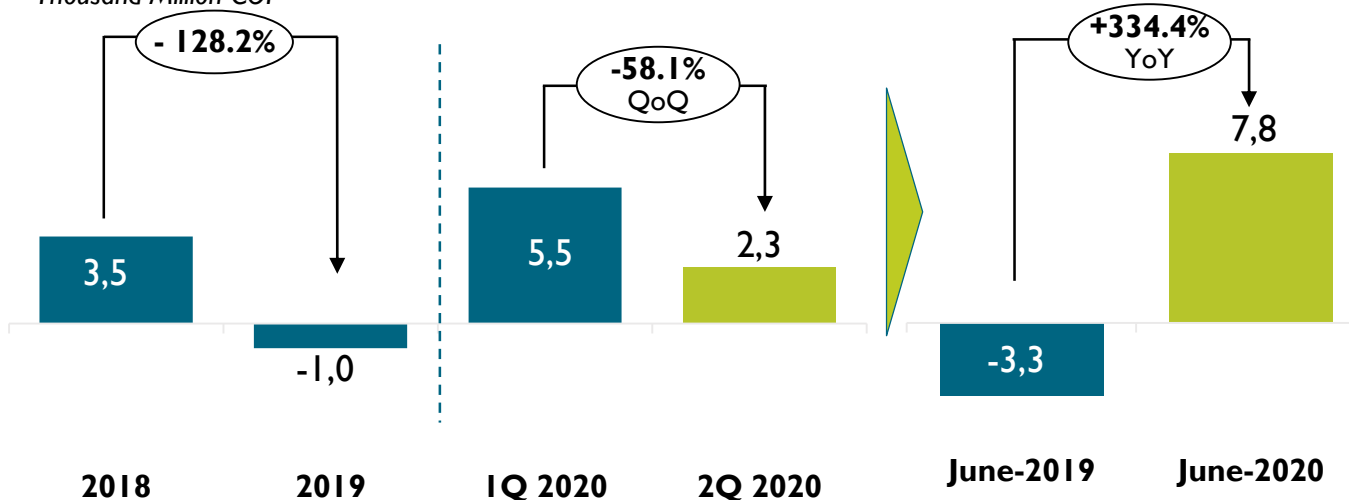
-109.7% (YoY)

due to higher net impairments that affected the YoY gross financial margin

2Q 2020 Financial Results- Income Statement

Net Financial Income / Expenses (Non-Operating) ⁽¹⁾

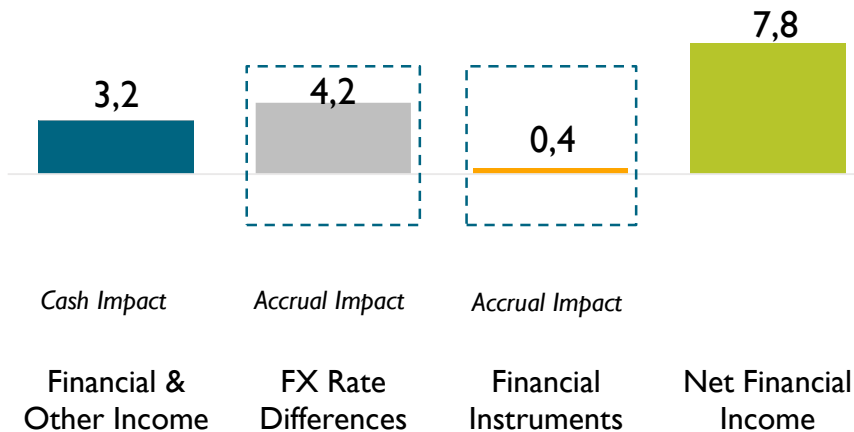
Thousand Million COP



100% of principal of foreign currency debt hedged to COP, including the 9.75% USD\$170 million bond due 2022 and the 8.875% USD\$300 million bond due 2025

Net Financial Income / Expenses (Non-Operating) 2Q 2020 ⁽²⁾

Thousand Million COP



- Net financial income resulted from:**
- Net result of positive MTM of hedging transactions unwound** after cancelling the **bonds repurchased under OMRs** and **compensation costs** related to **NDFs** used to hedge the FX risk on the ECP Program Notes.
 - Financial returns** on excess cash

Source:

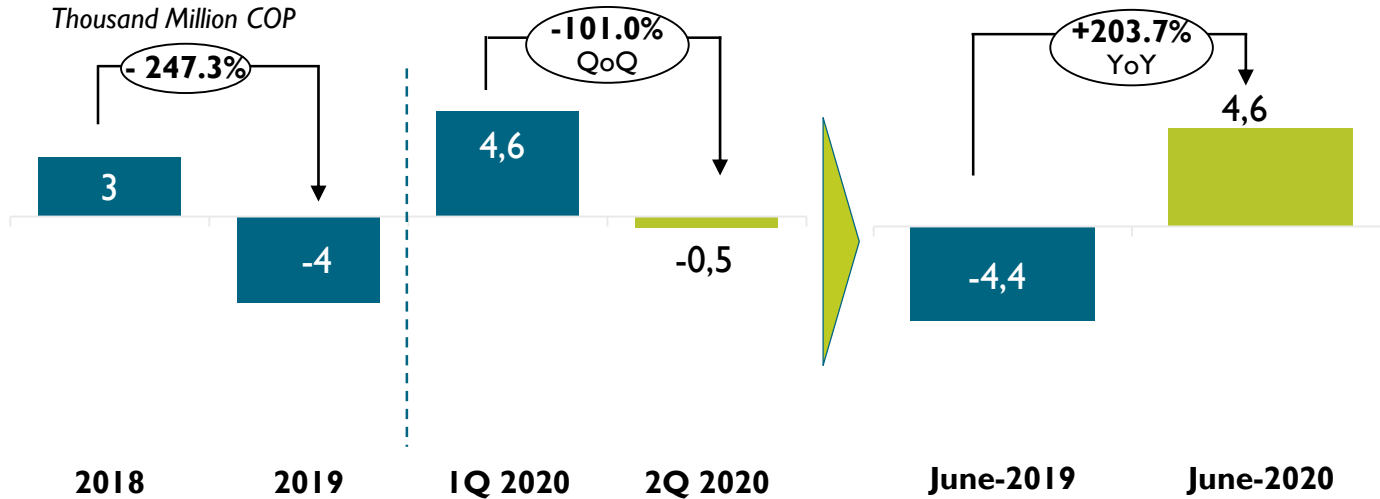
(1) Includes FX rate differences (income or expenses) arising from the hedging position on foreign currency debt and forward valuations (expenses/ income).

(2) FX rate differences (income or expenses) arising from the hedging position on foreign currency debt and forward valuations (expenses/ income).

2Q 2020 Financial Results- Income Statement

Non-Recurring Items

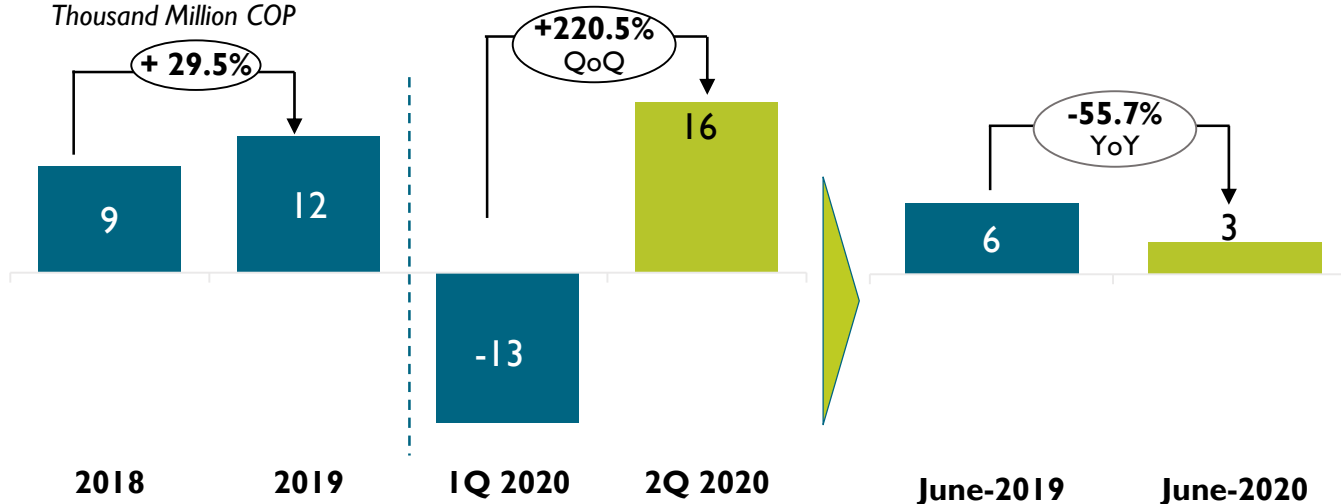
Thousand Million COP



Positive impact of non-recurring items from unwind of hedging transactions and financial income from excess cash

Net Income Before Taxes and Non-Recurring Items

Thousand Million COP

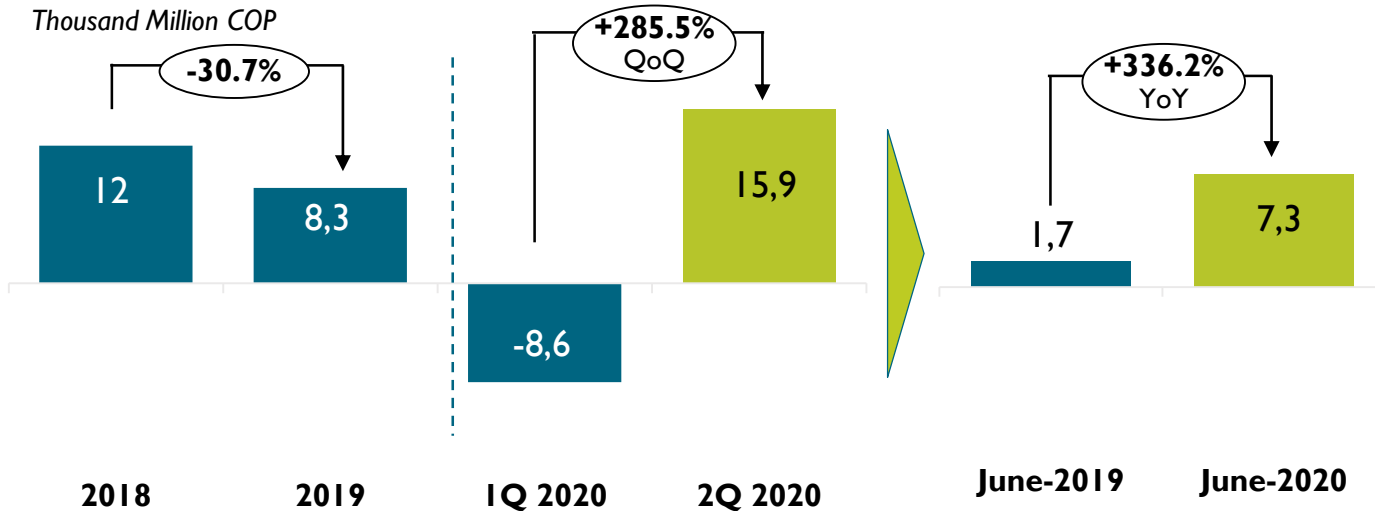


Net income before taxes and non-recurring items affected by lower gross financial margin and operating income

2Q 2020 Financial Results- Income Statement

Net Income Before Taxes

Thousand Million COP



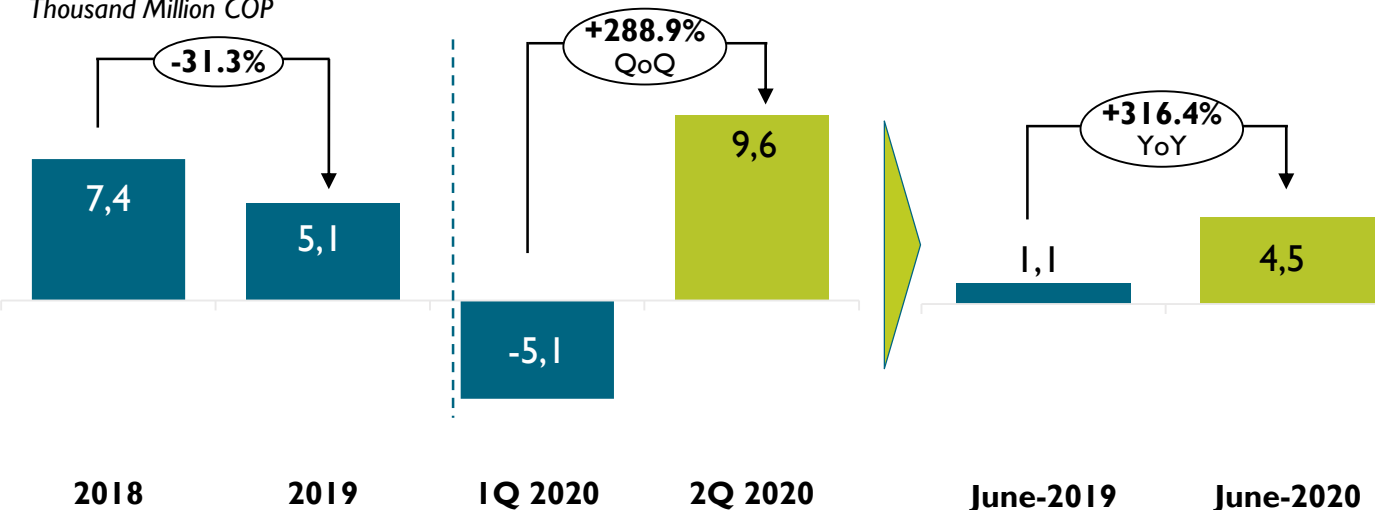
QoQ net income before taxes due to:

Higher net operating income due to improved gross financial market and lower expenses

+336.2% (YoY)
due to lower financial costs from liability management transactions

Net Income for the Period

Thousand Million COP

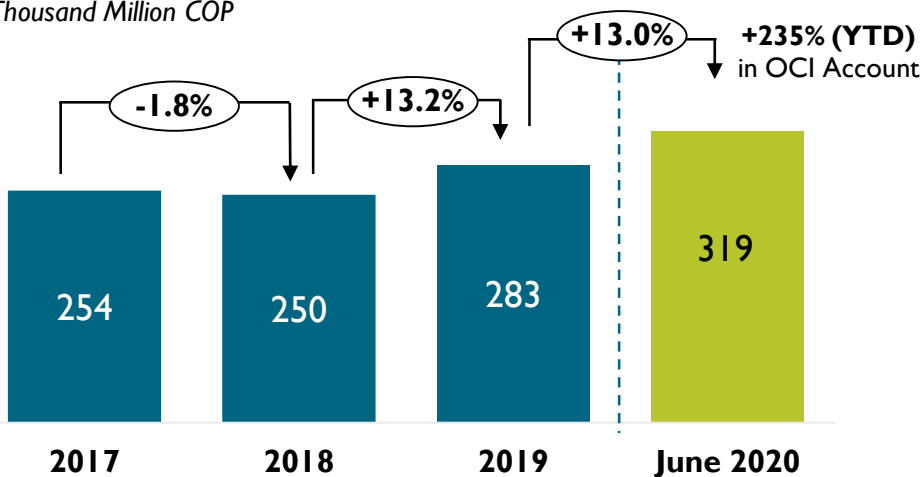


+ 316.4% (YoY)
due to lower financial costs from liability management transactions

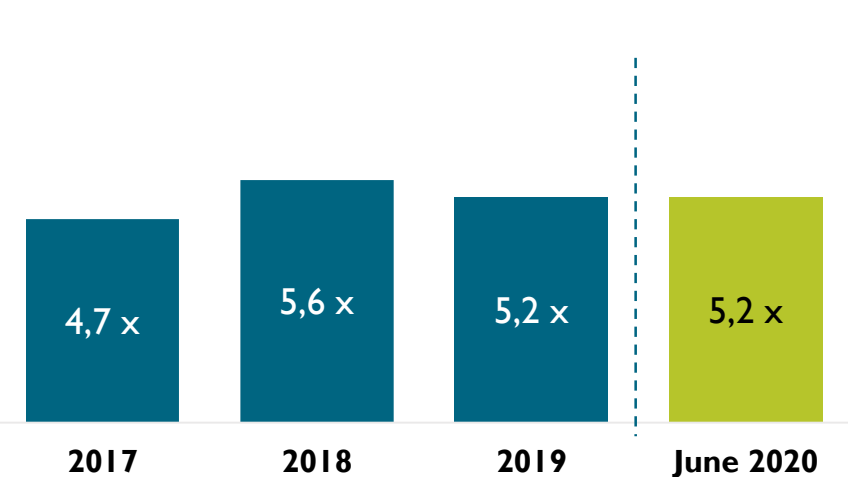
June 2020 Financial Results- Balance Sheet

Shareholders' Equity Evolution

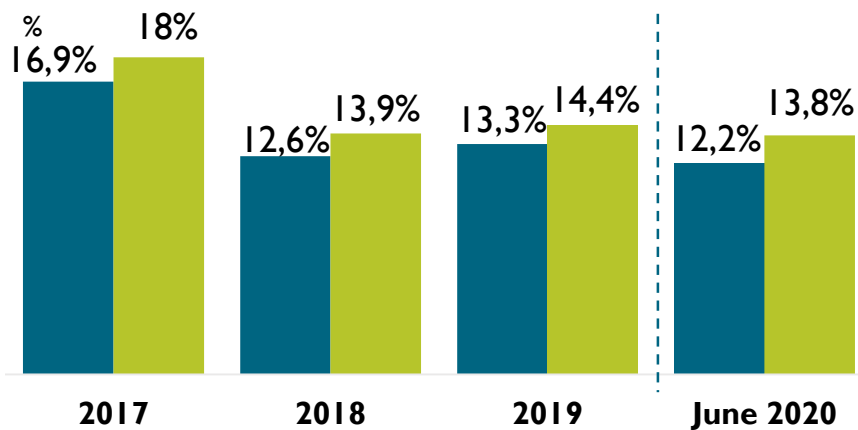
Thousand Million COP



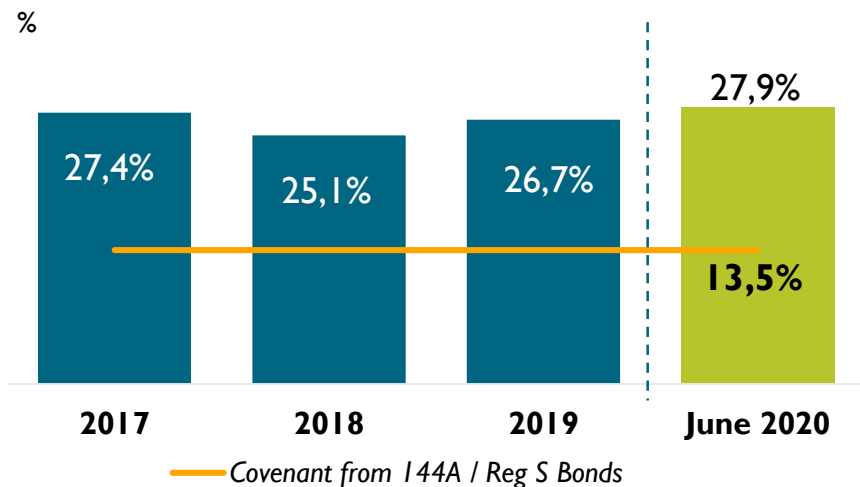
Leverage Ratio (Debt ⁽¹⁾ /Equity)



Solvency Ratio (Equity/ Assets)



Capitalization Ratio ⁽²⁾

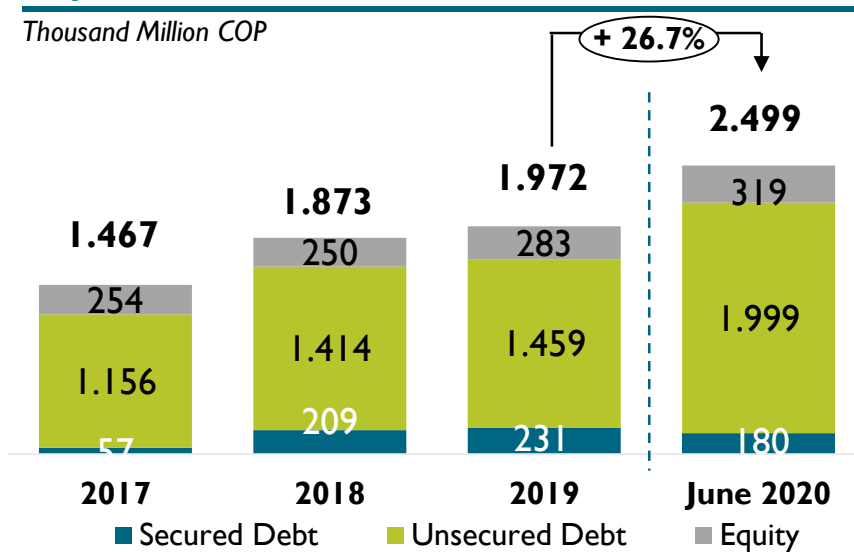


■ Equity/Assets ■ Equity/(Assets- Cash and Cash Equivalents)

2Q 2020 Financial Results- Balance Sheet

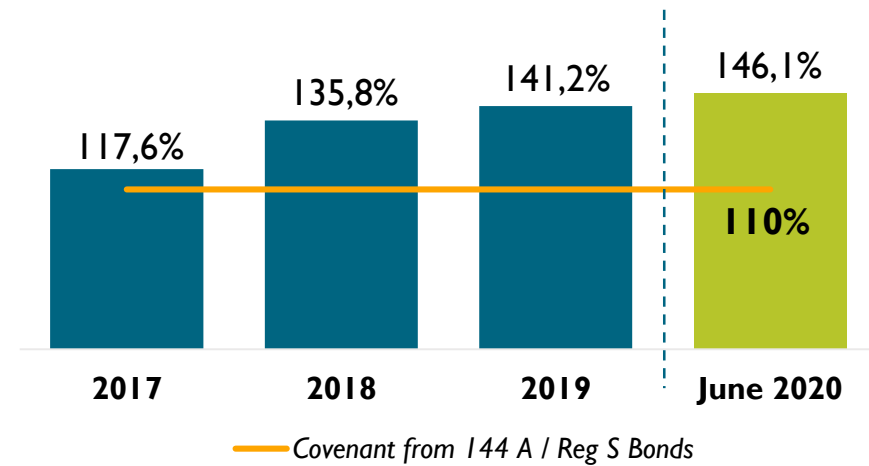
Capitalization Evolution (1)

Thousand Million COP



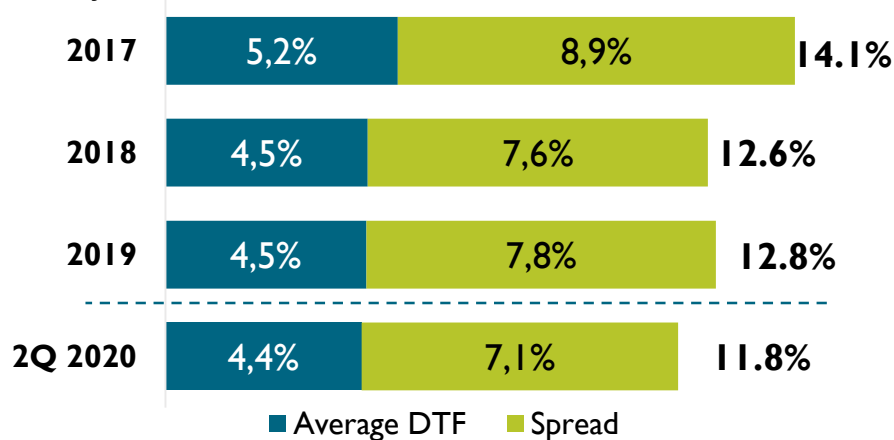
Unencumbered Assets / Unsecured Debt (2)

%



Average Funding Cost (3) (%)

As of June 2020



Lower funding cost due to:

- ✓ Lower reference interest rate from the Central Bank, lowering the IBR rate.
- ✓ Lower cost of hedging through cross currency swaps indexed to IBR on our 144A / Reg S Bonds, which account for 76% of our total debt.

Source:

(1) Including the FX impact on secured and unsecured financial debt denominated in USD and expressed in COP.

(2) Unencumbered Assets defined as Total Assets less intangible assets, net deferred tax assets and any other assets securing other indebtedness.

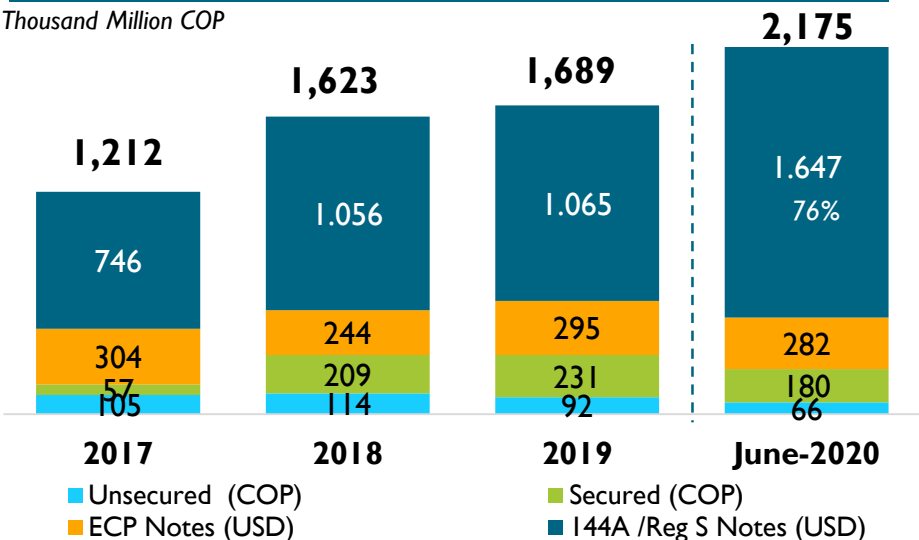
Unsecured Indebtedness, means any Indebtedness other than Secured Indebtedness, including Net Obligations under Hedging Obligations. 24

(3) Including transaction costs and fees.

Debt Profile- June 2020

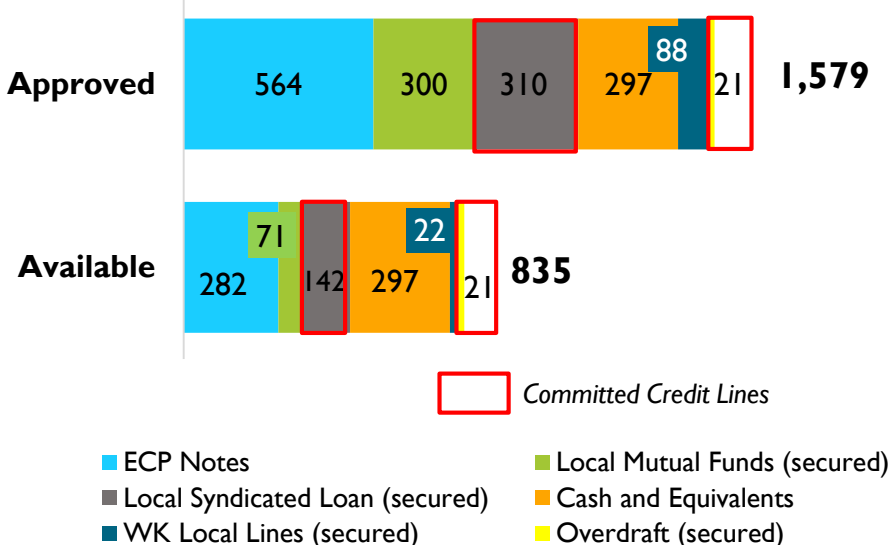
Financial Obligations by Source (Principal) ⁽¹⁾

Thousand Million COP



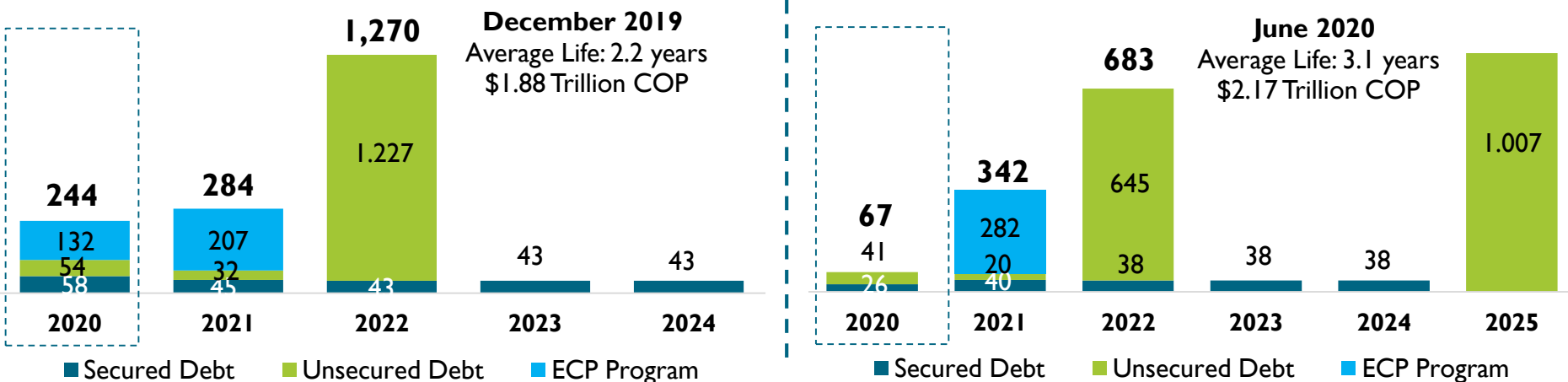
Sources of Funding for 2020- As of June 2020

Thousand Million COP



Debt Maturity Profile ⁽²⁾

Thousand Million COP



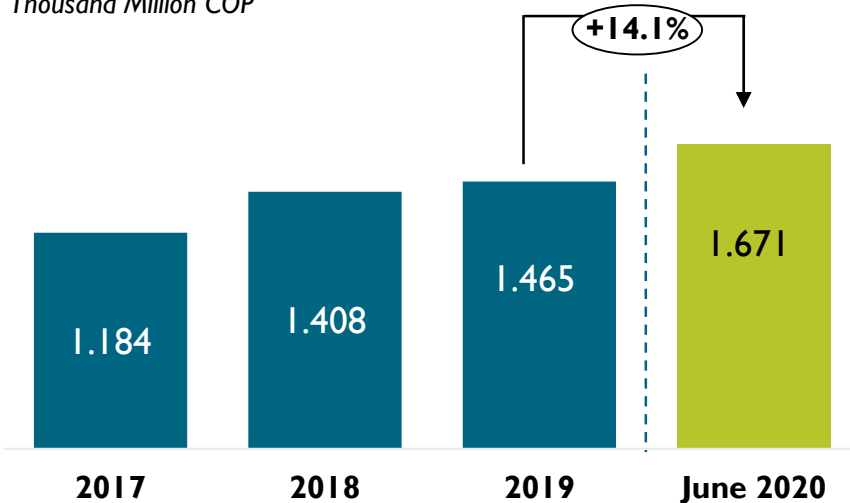
(1)Gross of transactions costs and Net Obligations under Hedging Obligations, which reflect the FX impact on financial debt. USD denominated debt converted to COP using the FX rate at the end of each period.

(2) For comparison reasons, USD denominated debt was converted to COP\$ using the FX rate of \$3,758.91 COP/USD applicable as of June 30, 2020, in line with the FX rate used in the Financial Statements as of June 30, 2020 for the same purpose.

Financial Obligations- June 2020

Net Financial Obligations ⁽¹⁾

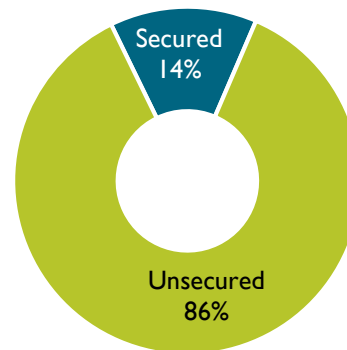
Thousand Million COP



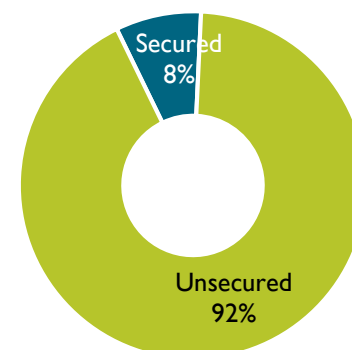
By Type

%

December 2019



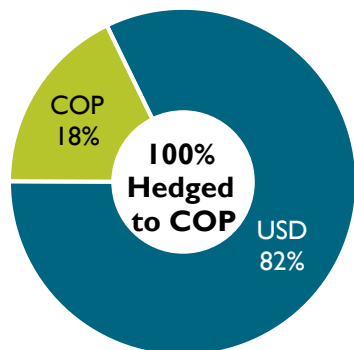
June 2020



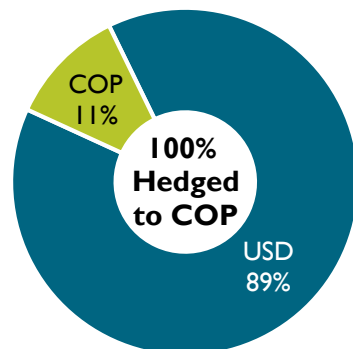
By Currency

%

December 2019



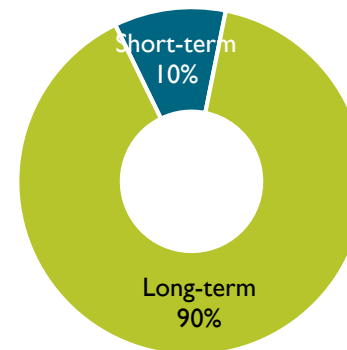
June 2020



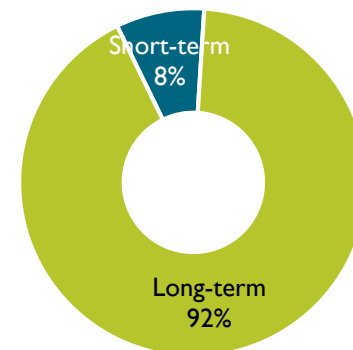
By Term

%

December 2019



June 2020



Source:

(1) Net of transaction costs and Net Obligations under Hedging Obligations.

1 Company Overview

2 Recent Developments

3 2Q 2020 Results

4 Closing Remarks

5 Covid-19 Action Plan

6 Appendix

Closing Remarks

Risk Management, Asset Quality and Financial Results

- **NPLs impacted by forbearance measures**, more restrictive and conservative underwriting policies and digital origination and collection processes.
- **Increase in net impairment expenses** due to the recognition under IFRS 9 of a higher risk of default of the overall loan portfolio arising from forbearance measures granted.
- **100% of foreign currency debt** hedged to pesos.
- **+289 (QoQ) in net income** mainly due to lower **financial costs and higher net impairment** expenses that increased gross financial margin and **lower SG&A expenses**.

Strong Liquidity Position and Funding Sources

- **Strong liquidity position and funding sources available** to meet **2020 debt amortizations and to fund the operation**.
- **Development of new funding sources for 2021**: secured loans backed by payroll loan portfolio for up to COP\$250 Bn (US\$67 MM), domestic bonds for up to COP\$160 Bn (US\$43 MM) and loans from multilateral agencies for up to COP\$225 Bn (US\$60 MM).
- **Approval** in place to issue a **securitization** of payroll loans for up to **\$150 Bn COP (US\$37 MM) in the local capital market**.
- **Average life of debt remains above 3.0 years** to mitigate refinancing risks.

Development of new origination channels

- **29% of origination for payroll loan and insurance premium financing** is currently completed through **non-traditional channels**.
- **Credit card and payroll loan origination** through **self-service digital platform** scheduled to be launched in **August 2020**.
- **Commercial force** has been able to **meet the 2020 revised budget for loan portfolio balance and loan origination** under national quarantine conditions due to **non-traditional channels**.

- 1 Company Overview
- 2 Recent Developments
- 3 2Q 2020 Results
- 4 Closing Remarks
- 5 Covid-19 Action Plan**
- 6 Appendix

COVID-19 Action Plan

Our People



- **Sales force:** gradual reopening of branches to public with minimum occupancy.
- **Administrative staff:** 100% of staff at home office. Gradual comeback to the offices with protocols to guarantee business continuity and the well-being of our employees.
- **Close follow up to KPIs:** effective monitoring of collaborative tools and team meetings to measure and control critical operating KPIs.

Our Operation



- **Infrastructure:** quick deployment of the business continuity plan for remote accesses, VPNs, software licenses, hardware, telephone lines, and new health protocols.
- **Product origination:** adoption and development of non-traditional channels of origination and implementation of digital transformation pipeline for 2020.
- **Commercial strategy:** focus on pensioners and government officials for payroll loan origination and incentives to activate and use credit cards with no balance.

Our Loan Portfolio



- **Conservative underwriting policies:** higher scores required, reduction in approved amounts, restriction in payroll loan origination in private companies and changes in calculation of indebtedness capacity for government officials.
- **Collections:** strengthening of collections unit with new staff specialized in the early and late stages of collections, development and improvement of new in-house collections models.

Our Financial Stability



- **Strong cash balance and liquidity position:** committed credit lines available for COP\$163 Bn (US\$43 MM) and cash at hand for US\$79 MM.
- **Sources of funding for 2021:** structuring of secured loans for up to COP\$250 Bn (US\$67 MM) and unsecured local sources for COP\$385 Bn (US\$103 MM).
- **FX rate risks:** principal and interest on USD fully hedged until maturity.
- **GAP analysis and collections:** positive financing GAP between collections and operation expenses, debt maturities and interest payments for up to 3 to 4 years (2023).
- **2020 forecast assumptions:** 1) increase in net impairment expenses between 40%-50% compared to 2019, 2) positive impact of lower financial costs, 3) savings in SG&A expenses already captured during 1H 2020, 4) recovery of commissions and fees during 2H 2020.

	Pre-COVID 19	Post-COVID 19 Base Scenario ⁽¹⁾
Managed Loan Portfolio Growth vs. 2019	+22% to 26% <i>About COP\$1.9 trillion</i>	+12 to 18% <i>About COP\$1.8 trillion</i>
Loan Origination Growth vs. 2019	+27% to 32% <i>About COP\$1.4 trillion</i>	+ 5% to 6% <i>About CO4\$1.1 trillion</i>
NPLs	5.3% - 5.5%	6.5% - 7.0%
Operating Income vs. 2019	+ 20% to 25%	-32% to -15%
Efficiency Ratio	46% - 44%	50% - 53%
Equity / Assets	~14.5%	~ 13.0%
Capitalization Ratio	~26%	~ 26%

1 Company Overview

2 Recent Developments

3 2Q 2020 Results

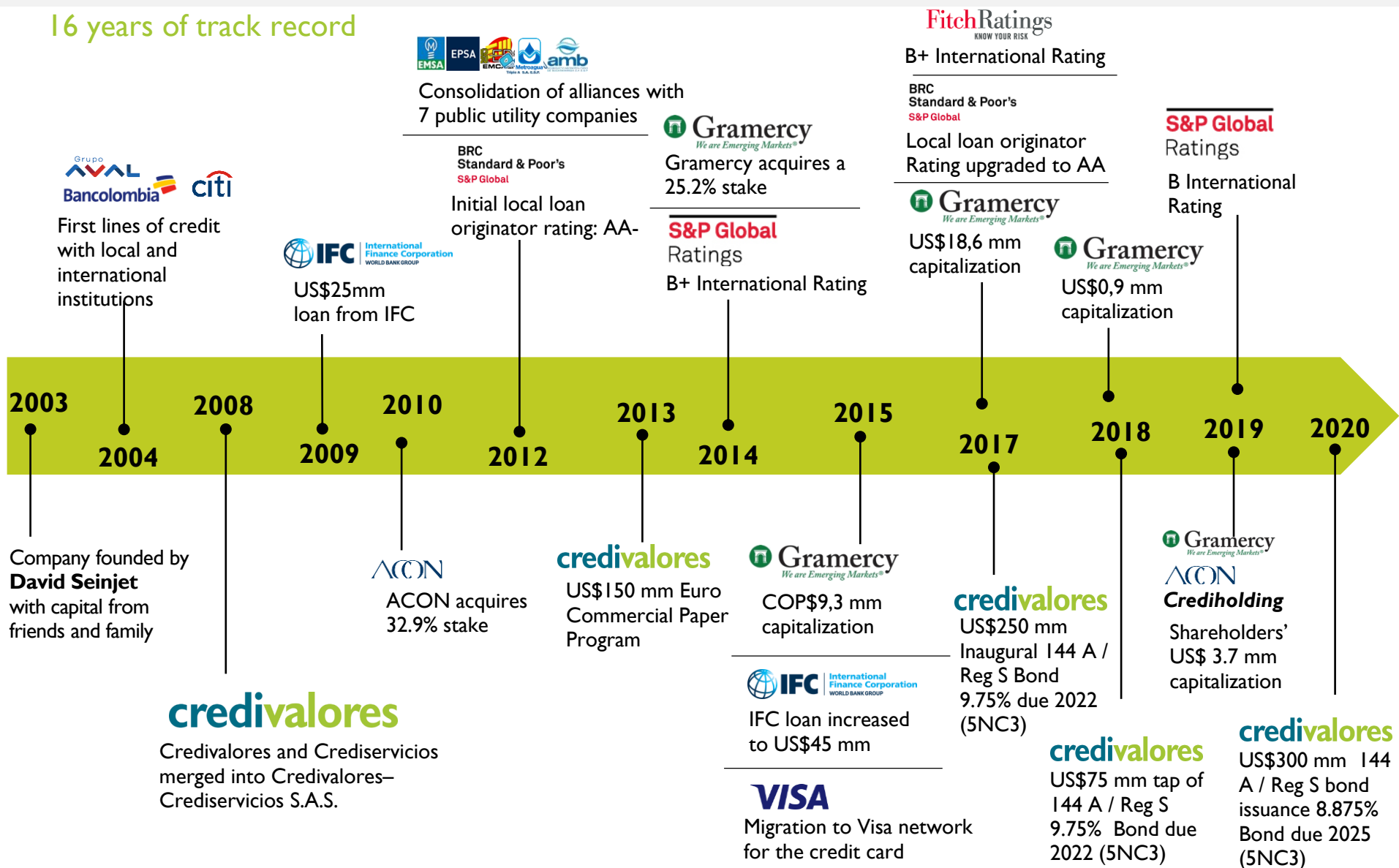
4 Closing Remarks

5 Covid-19 Action Plan

6 Appendix

Credivalores History

16 years of track record

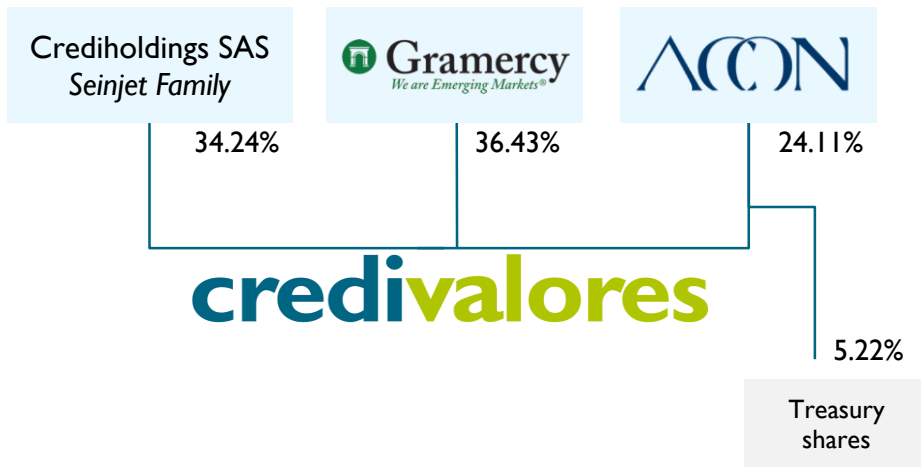


Source: Company.

Shareholders' Structure

Simplified ownership structure

(as of June 30, 2020)



Key Shareholders

<p>Crediholdings (Seinjet family) 34.15%</p>	<ul style="list-style-type: none"> ✓ Founding family ✓ Involved in the sugar business since 1944 (Ingenio La Cabaña)
<p>Gramercy (US\$5.8bn AUM) 36.36%</p>	<ul style="list-style-type: none"> ✓ Asset manager focused on investments in emerging markets ✓ High yield and performing credit, equity, private equity and special situation investments ✓ Shareholders of Credivalores since 2014 through its private equity investments arm
<p>ACON (US\$5.3bn AUM) 24.04%</p>	<ul style="list-style-type: none"> ✓ Private equity Firm focused on middle-market investments in Latam, including: <ul style="list-style-type: none"> BetterWare® Mexico: Home organization and houseware products GRUPO SALA Colombia: Waste Management AMFORAPACKAGING Colombia and Peru: Rigid plastic packaging for cosmetics and personal care ✓ Shareholders of Credivalores since 2010

Highly Experienced Management Team

Principal Officers

David Seinjet *Chief Executive Officer*

- Founder and President of Credivalores
- Chairman at Grupo la Cabaña
- Bachelor of Business Administration from Bentley College and EMBA from Universidad ICESI. More than 20 years of experience in managing and providing strategic direction to companies in the real state and financial sectors.

Hector Chaves *Chief Financial Officer*

- Economist from Universidad Externado and Finance Specialist from Universidad de los Andes with more than 20 years of experience in the banking and financial sector in Colombia as CFO and CRO, leader of strategic committee and Board member.
- He previously worked at senior positions at BCSC, Helm Bank and Bogota Stock Exchange

Juan Guillermo Barrera *Chief Commercial and Business Development Officer*

- Bachelor of Business Administration from Universidad EAFIT, Economist Specialist from Universidad de los Andes and Executive MBA from IE with more than 22 years of experience in the financial, treasury, capital markets, private banking and corporate sectors.
- He previously worked in senior positions at Grupo Bancolombia, Valores Bancolombia, Capicol and Puntos Colombia.

Patricia Moreno *Chief Funding and Investor Relations Officer*


- Bachelor in Finance and International Relations from Universidad Externado, Capital Markets Specialist from Universidad Sabana and Executive MBA from Universidad de los Andes with more than 15 years of experience in debt capital markets and corporate finance in the corporate and financial sectors.
- She previously worked as Head of Funding and Investor Relations at Codensa and Emgesa (Enel Group Companies), Fixed Income Manager at Citibank and Deputy Director of External Funding at the Ministry of Finance and Public Credit.

Principal Officers

Juan Camilo Mesa *Chief Risk Officer*

- Engineer from Escuela de Ingeniería de Antioquia, Economist Specialist from Universidad de los Andes and Master of Science in Risk Management from NYU with more than 10 years experience developing and executing credit, market and operational risk models.
- He previously worked as Head of Credit Risk and CRO at Tuya S.A., a leading credit card business in Colombia focused in low and middle income population.

Stable Regulatory Framework for Payroll Lending

	 Colombia	 Mexico	 Brazil
Country rating	<ul style="list-style-type: none"> ■ BBB- / BBB / Baa2 	<ul style="list-style-type: none"> ■ BBB+ / BBB+/ A3 	<ul style="list-style-type: none"> ■ BB- / BB- / Ba2
Level of regulation	<ul style="list-style-type: none"> ■ High ■ Law No.1527 of 2012 (Payroll Loans Law) ■ Max. interest rate (usury rate) 	<ul style="list-style-type: none"> ■ Low 	<ul style="list-style-type: none"> ■ Medium
Main clients	<ul style="list-style-type: none"> ■ Government sector, Private corporations and pensioners 	<ul style="list-style-type: none"> ■ Government sector and pensioners 	<ul style="list-style-type: none"> ■ Government sector and pensioners
Origination	<ul style="list-style-type: none"> ■ Per regulation, free access to all employers without the need of intermediaries or unions 	<ul style="list-style-type: none"> ■ Unions are relevant for the loan origination process 	<ul style="list-style-type: none"> ■ Through third parties (distributors)
Operating costs	<ul style="list-style-type: none"> ■ Lower (no need for distributors or intermediaries) 	<ul style="list-style-type: none"> ■ Higher (distributors are required to reach the unions) 	<ul style="list-style-type: none"> ■ Commission is paid to distributors
Maximum tenor offered	<ul style="list-style-type: none"> ■ 140 months 	<ul style="list-style-type: none"> ■ 60 months 	<ul style="list-style-type: none"> ■ 96 months
Interest rates	<ul style="list-style-type: none"> ■ Controlled for everyone 	<ul style="list-style-type: none"> ■ Unrestricted 	<ul style="list-style-type: none"> ■ Controlled for pensioners
Limit to client's indebtedness	<ul style="list-style-type: none"> ■ Yes, maximum 50% of the client's net wage 	<ul style="list-style-type: none"> ■ No 	<ul style="list-style-type: none"> ■ Yes
Players	<ul style="list-style-type: none"> ■ Banks, cooperatives and non-bank originators 	<ul style="list-style-type: none"> ■ Government agencies, banks and non bank originators 	<ul style="list-style-type: none"> ■ Financial institutions, pension funds and insurance companies

Income statement

	2Q2020			2Q2020			YTD'2020		
	Million Pesos	IQ2020	2Q2020	(%) Var.	(in US million dollars) ⁽¹⁾	YTD' 2019	YTD' 2020	(%) Var.	(in US million dollars) ⁽¹⁾
Interest income and similar	89,543	84,129	-6.0%	22.4	182,918	173,672	-5.1%	46.2	
Interests	65,918	66,137	0.3%	17.6	133,159	132,055	-0.8%	35.1	
Commissions and fees	23,625	17,992	-23.8%	4.8	49,759	41,617	-16.4%	11.1	
Financial costs interests	(59,023)	(21,508)	-63.6%	(5.7)	(94,671)	(80,531)	-14.9%	(21.4)	
Net Interest Income	30,520	62,621	105.2%	16.7	88,247	93,141	5.5%	24.8	
Impairment of financial assets loan portfolio	(20,279)	(27,765)	36.9%	(7.4)	(34,336)	(48,044)	39.9%	(12.8)	
Impairment of other accounts receivable	(73)	(445)	509.6%	(0.1)	-	(518)		(0.1)	
Gross Financial Margin	10,168	34,411	238.4%	9.2	53,911	44,579	-17.3%	11.9	
SG&A								-	
Employee's Benefits	(4,160)	(2,994)	-28.0%	(0.8)	(8,083)	(7,154)	-11.5%	(1.9)	
Depreciation and amortization expenses	(1,504)	(1,456)	-3.2%	(0.4)	(3,399)	(2,960)	-12.9%	(0.8)	
Depreciation of right of use assets	(428)	(428)	0.0%	(0.1)	-	(856)		(0.2)	
Other	(18,117)	(15,976)	-11.8%	(4.3)	(37,430)	(34,093)	-8.9%	(9.1)	
Total Other Expenses	(24,209)	(20,854)	-13.9%	(5.5)	(48,912)	(45,063)	-7.9%	(12.0)	
Net Operating Income	(14,041)	13,557	-196.6%	3.6	4,999	(484)	-109.7%	(0.1)	
Other Income	433	167	-61.4%	0.0	932	600	-35.6%	0.2	
Financial Income	411	2,181	430.7%	0.6	180	2,592	1340.0%	0.7	
Exchange rate differences	3,570	678	-81.0%	0.2	206	4,248	1962.1%	1.1	
Financial Income	4,414	3,026	-31.4%	0.8	1,318	7,440	464.5%	2.0	
Derivative instrument valuation	1,077	(726)	-167.4%	(0.2)	(4,642)	351	-107.6%	0.1	
Financial Expenses	1,077	(726)	-167.4%	(0.2)	(4,642)	351	-107.6%	0.1	
Net Financial Income (expense)	5,491	2,300	-58.1%	0.6	(3,324)	7,791	-334.4%	2.1	
Net income before income tax	(8,550)	15,857	-285.5%	4.2	1,675	7,307	336.2%	1.9	
Income Tax	3,449	(6,221)	-280.4%	(1.7)	(586)	(2,772)	373.0%	(0.7)	
Net income for the period	(5,101)	9,636	-288.9%	2.6	1,089	4,535	316.4%	1.2	

Balance Sheet

	December 31, 2019	June 30, 2020	(%) Var.	June 30, 2020 (in US million dollars) ⁽¹⁾
Assets				
Cash and cash equivalents	163,851	297,191	81.4%	79.1
Financial assets at fair value	238,869	448,642	87.8%	119.4
Equity instruments	8,715	8,167	-6.3%	2.2
Derivative instruments	210,830	421,151	99.8%	112.0
Loan Portfolio	19,324	19,324	0.0%	5.1
Financial assets at amortized cost	1,430,821	1,578,881	10.3%	420.0
Consumer loans	1,424,958	1,573,044	10.4%	418.5
Microcredit loans	5,863	5,837	-0.4%	1.6
Impairment	(192,847)	(230,485)	19.5%	(61.3)
Total loan portfolio (net)	1,237,974	1,348,396	8.9%	358.7
Accounts receivable (net)	386,189	437,456	13.3%	116.4
Total financial assets at amortized cost	1,624,163	1,785,852	10.0%	475.1
Investments in associates and affiliates	10,963	12,566	14.6%	3.3
Current tax assets	13,542	15,928	17.6%	4.2
Deferred tax assets, net	11,053	1,215	-89.0%	0.3
Property, plant and equipment, net	1,159	838	-27.7%	0.2
Assets for right of use	5,902	5,047	-14.5%	1.3
Intangible assets other than goodwill, net	53,892	51,786	-3.9%	13.8
Total Assets	2,123,394	2,619,065	23.3%	696.8
Liabilities and Equity				
Liabilities				
Derivative Instruments	32,188	-	-100.0%	-
Financial liabilities at fair value	32,188	-	-100.0%	-
Financial Obligations	1,637,320	2,086,883	27.5%	555.2
Other Lease Liabilities	6,258	5,618	-10.2%	1.5
Financial liabilities at amortized cost	1,643,578	2,092,501	27.3%	556.7
Employee benefits' provisions	1,105	913	-17.4%	0.2
Other provisions	476	788	65.5%	0.2
Accounts payable	100,273	153,345	52.9%	40.8
Current tax liabilities	1,244	8,886	614.3%	2.4
Other liabilities	61,833	43,156	-30.2%	11.5
Total liabilities	1,840,697	2,299,589	24.9%	611.8
Equity				
Total equity	282,697	319,476	13.0%	85.0
Total liabilities and equity	2,123,394	2,619,065	23.3%	696.8

credivalores



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Credivalores Investor Relations Website



<https://credivalores.com.co/InvestorRelations>