Credivalores Crediservicios S. A. S.
Financial Statements
By order of liquidity

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

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

	Notes	September 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents	6	133.452	121.948
Financial Assets at fair value through profit or lost			
Equity Instruments	7	19.762	21.187
Derivatives Instruments	13	17.343	773
Loan portfolio	9	17.065	17.065
Total financial assets at fair value		**54.169**	**39.025**
Financial Assets at amortized cost			
Consumer loans		1.329.923	1.166.501
Microcredit loans		6.603	14.250
Impairment		(163.614)	(128.080)
Total Loan portfolio, net	9	**1.172.913**	**1.052.671**
Accounts receivable, net	10	276.907	183.511
Total Financial Assets at amortized cost		**1.449.820**	**1.236.182**
Investments in Associates and Affiliates	8	36.642	37.485
Current tax assets		12.682	8.191
Deferred tax assets, net	17	26.249	13.042
Property, plant and equipment, net	11	675	913
Intangible assets other than goodwill, net	12	57.268	26.047
Total assets		**1.770.956**	**1.482.834**
Liabilities and equity			
Liabilities:			
Financial Liabilities at fair value			
Derivative instruments	13	36.012	17.686
Total Financial Liabilities at fair value		**36.012**	**17.686**
Financial Liabilities At amortized cost			
Financial obligations		1.437.480	1.167.146
Total Financial Liabilities At amortized cost	14	**1.437.480**	**1.167.146**
Employee benefits provisions	15	1.354	1.154
Other provisions	16	1.455	302
Accounts payable		53.619	60.445
Current tax liabilities	17	3.397	1.100
Other liabilities		26.126	6.983
Total liabilities		**1.559.441**	**1.254.816**
Equity:	18		
Share capital		123.922	120.899
Reserves		5.814	5.814
Additional paid-in capital		58.442	58.442
Other Comprehensive Income (OCI)		(1.279)	(20.165)
Retained earnings		15.973	61.222
Earnings for the period		8.642	1.806
Total equity		**211.515**	**228.018**
Total liabilities and equity		**1.770.956**	**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 SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(Stated in million Colombian pesos)

	Notes	January 1, 2018 through September 30, 2018	January 1, 2017 through September 30, 2017
		(In million of pesos, except Net income per share)	
Interest Income and similar	19	**236.422**	**213.068**
Financial costs interest	14	(134.060)	(107.840)
Net Interest and similars		**102.363**	**105.228**
Impairment of financial assets loan portfolio	9	(22.574)	(13.972)
Impairment of other accounts receivable		-	(2.330)
Gross Financial Margin		**79.788**	**88.927**
SG&A			
Other expenses			
Employee Benefits		(13.687)	(13.542)
Expense for depreciation and amortization	11 y 12	(6.159)	(2.942)
Other	21	(51.949)	(56.008)
Total Other expenses		**(71.795)**	**(72.492)**
Net operating Income		**7.994**	**16.435**
Financial income		8.274	7.655
Exchange rate differences		56	271
Financial income		398	1.032
Financial Income		**8.729**	**8.958**
Financial Cost			
Hedging instruments valuation		(7.143)	(19.843)
Financial expense		**(7.143)**	**(19.843)**
Net Financial income (expense)	22	**1.585**	**(10.885)**
Other income	20	**646**	**449**
Net Income before income tax		**10.225**	**5.999**
Income tax		(1.582)	(2.351)
Net income for the period		**8.642**	**3.647**
Net earnings per share		**2.084**	**903**

Notes accompanying are an integral part of the financial statements.

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

	September 30,	
	2018	**2017**
Net income for the year	**8.642**	**3.647**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Revaluation os Asset	**39.639**	-
Brand Valuation	36.036	-
Income tax	3.603	-
Hedging accounting:		
Unrealized gains (losses) from hedging cash flow	**(20.753)**	**(3.187)**
Valuation financial derivatives Forwards	10.283	(5.312)
Valuation financial derivatives Cross Currency Swap	(47.542)	-
Valuation financial derivatives Options	8.025	-
Income tax	(805)	-
	9.285	2.125
Total other comprehensive income for the period	**18.886**	**(3.187)**
Total other comprehensive income	**27.529**	**460**

Notes accompanying are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A. S.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(Stated in millionColombian 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	-	-	-	(3.187)	-	-	(3.187)
Year-end net income	-	-	-	-	-	3.647	3.647
Balance held at September 30, 2017	**120.899**	**58.442**	**5.814**	**(6.931)**	**61.22**	**3.647**	**243.093**
Balance held at December 31, 2017	120.899	58.442	5.814	(20.165)	61.222	1.806	228.018
Appropriation of earnings	-	-	-	-	1.806	(1.806)	-
Capitalization	3.023	-	-	-	-	-	3.023
Increases (decrease) other	-	-	-	(18.886)	(47.055)	-	(28.169)
Year-end net income	-	-	-	-	-	8.642	8.642
Balance held at September 30, 2018	**120.899**	**58.442**	**5.814**	**(1.279)**	**15.973**	**8.642**	**211.514**

Notes accompanying are an integral part of the financial statements.

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

(Stated in million Colombian pesos)

	September 30,	
	2018	**2017**
Cash flows from operating activities		
Net income before taxes	10.225	5.998
Reconciliation of net income before taxes and net cash provided by (used in) operating activities:		
Depreciation of tangible assets	487	441
Amortization of intangible assets	5.672	1.064
Allowance for impairment of loans	23.118	27.850
Recovery deterioration for loan portfolio	(544)	(270)
Impariment accounts receivable	-	2.330
Fair value adjustments to derivative financial instruments	(16.099)	19.842
Equity method	805	(27.005)
Fair value adjustments to financial assets	-	(10.696)
Adjust investments in associates instead	38	-
Income tax payment	(1.952)	(33)
Changes in operating assets and liabilities:		
Decrease (increase) in loans	(189.871)	(80.414)
Decrease (increase) in accounts receivables	(93.395)	(30.925)
Increase (decrease) in accounts payable	(6.826)	16.915
Increase (decrease) in employee benefit	200	205
Increase (decrease) in provisions	1.152	(557)
Increase (decrease) in other liabilities	19.142	11.130
Net cash provided by (used in) operating activities	**(247.848)**	**(64.124)**
Cash flows from investing activities:		
Decrease (increase) in investments	-	1.100
Acquisition of own - use property plant and equipment	249	-
Additions of other intangible assets	858	-
Net cash used in investing activities	**1.107**	**1.100**
Cash flows from financing activities:		
Issuance of financial obligations	723.227	1.440.428
Capitalization	3.022	15.911
Payment of financial obligations	(468.004)	(1.286.453)
Net cash provided by financing activities	**258.245**	**169.886**
(Decrease) Increase in cash and cash equivalents	**11.504**	**106.862**
Cash and cash equivalents at beginning of year	121.948	122.964
Cash and cash equivalents at end of year	**133.452**	**229.826**

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 Credivalores Crediservicios S.A.S. 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

At 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 at December 31, 2013 and their corresponding amendments issued by the International Accounting Standards Board (IASB).

Credivalores Crediservicios S.A.S. 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 September 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 Credivalores Crediservicios S.A.S, 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 for the valuation of financial instruments, effective for annual periods starting from 1 January 2018. Credivalores had adopted IFRS 9 criteria before this date.

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 subsequent to January 1, 2018.

The company did not restate comparative information for 2017 for the application of IFRS 9 for the valuation of 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 the retained earnings account as of January 1, 2018.

3.1.1 METHODOLOGY OF DETERIORATION

IFRS 9 – for financial instruments posed significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. In particular, the standard proposes a new approach that pursues the identification of the significant increase of the risk of credit (SIRC) in an instrument before the identification of 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 has 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 changed from incurred credit losses 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 changed its model to calculate impairment from incurred losses to expected losses (EL), 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.

The lifetime loss of an asset uses the same methodology of expected credit loss for a year, but instead of covering only the first year, the model calculates the the expected life of the contract, including extension of the instrument options.

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

- The exposition and the corresponding risk parameters are calculated individually for each period.

- The intention is that the exposition and the corresponding risk parameters remain constant within each period, but they may vary between periods.
- The estimate of the EL is individual per period.
- Calculations for 12 months EL and EL over the life of the asset, are made by adding the individual EL for each respective risk horizon (one year, lifetime).
- Frequency of payment fixed according to its amortization: monthly, quarterly, semi-annual, annual, among others.
- The granular amortization approach captures 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.

(Stated in million Colombian pesos)

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 September 30, 2018 and December 31, 2017, on a recurring basis.

	September 30, 2018	December 31, 2017
ASSETS	**Level 3**	**Level 3**
Investments in equity instruments	19.762	21.187
Hedging derivatives		
Currency forward	1.643	773
Currency options	15.700	-
Consumer		
Payroll deduction loans	17.065	17.065
Total fair value recurring assets	**54.169**	**39.025**
LIABILITIES		
Hedging derivatives		
Currency forward	36.012	17.686
Total fair value recurring liabilities	19.762	**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 porfolio’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.

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

	Valuation technique	**Significant inputs (1)**
<u>ASSETS</u>		
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

(Stated in million Colombian pesos)

	Valuation technique	Significant inputs (1)
LIABILITIES		
Derivatives held for trading		- Underlying asset price
Currency Forward		- Currency curve by Underlying asset
Debt securities Forward		- Forward Exchange rates curve of the operation's currency
	Discounted cash flow	- Implicit curves of Exchange rates forwards
		- Implicit volatilities matrixes and curves
Hedging Derivatives		
Currency Forward		- Underlying asset price
		- Currency curve by Underlying asset
		- Forward Exchange rates curve of the operation's currency
	Discounted cash flow	- 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:

	September 30, 2018		December 31, 2017	
Fair value	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.329.923	1.380.643	1.166.501	1.030.031
Microcredit	6.603	6.707	14.250	1.170
Total	**1.336.526**	**1.387.350**	**1.180.751**	**1.031.201**
Liability				
Financial obligations	1.437.480	1.522.283	1.167.146	1.246.528
Total	**1.437.480**	**1.522.283**	**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 at 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 at 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 so as 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.

(Stated in million Colombian pesos)

5.2 Credit Risk Exposure

CVCS has exposures to credit risk, consisting of the risk of incurring in a financial loss as a result 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 September 30, 2018 and December 31, 2017 as follows:

	September 30, 2018	December 31,2017
Cash and cash equivalents	133.452	121.498
Financial instruments net	54.169	39.025
Loan portfolios		
Consumer loans	1.329.923	1.166.501
Microcredit portfolio	6.603	14.250
Accounts receivable, net	276.907	183.511
Total financial assets with credit risk	**1.801.054**	**1.524.785**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	415.241	320.137
Total exposure to off-balance-sheet credit risk	**415.241**	**320.137**
Total maximum exposure to credit risk	**2.216.295**	**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 so as 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.

At September 30, 2018

Status	Tu Crédito	CrediUno	CrediPóliza	Microcrédito	Total managed portfolio	On balance sheet Portfolio
CURRENT	679.523	386.978	91.188	165	1.157.855	968.854
1-30	8.855	15.331	6.495	113	30.794	27.705
31-60	6.661	17.087	3.206	70	27.023	23.956
61-90	5.983	9.141	1.373	5	16.502	14.265
91 A 180	10.141	15.500	2.200	38	27.879	24.009
181 A 360	12.490	25.639	1.971	130	40.230	36.950
> A 360	42.911	41.705	3.525	4.405	92.546	84.097
	766.564	**511.381**	**109.958**	**4.926**	**1.392.829**	**1.179.836**

(Stated in million Colombian pesos)

At December 31, 2017

Status	Tu Crédito	CrediUno	CrediPóliza	Microcrédito	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 A 180	7.960	12.342	1.434	148	-	21.884	19.125
181 A 360	8.025	4.018	831	538	-	13.412	11.438
> A 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	September 30, 2018	December 31,2017
Bank Bogotá	Checking	1.431	2.402
Bancolombia	Checking	5.341	3.220
Bank GNB Sudameris Colombia	Checking	9	65
Red Multibanca Colpatria	Savings	105	38
Bank BBVA	Checking	961	113
Bank Occidente	Checking	58	223
Bancomeva	Checking	21	17
Bank Santander	Checking	16.793	-
Available in Free-standing Trusts		2.806	8.616
		27.525	**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

(Stated in million Colombian pesos)

				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.

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.

At September 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:	**September 30, 2018**	**December 31,2017**
Equity Securities	19.762	21.187
Derivatives instruments	17.343	773
Loan Portfolio	17.065	17.065
Total	**54.169**	**39.025**
Financial liabilities	36.012	17.686
Total	**36.012**	**17.686**
Net Position	**18.157**	**21.339**

(Stated in million Colombian pesos)

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:

1. Two scenarios were evaluated 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 at September 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 at September 30, 2018 as reference .

The results are set out below:

Scenarios	**Interests**
Effect of 20 BPS decrease in variable rate	(298.227)
Effect of 20 BPS increase in variable rate	297.333
Total Scenarios	**(893)**

Interest Rate and Exchange Rate

Rate and devaluation effect scenario (variable rate and foreign currency obligations)	**Interests**
Effect of revaluation and decrease, 20 BPS, variable rate	(298.227)
Effect of devaluation and increase, 20 BPS, variable rate	299.119
Total Scenarios	**892**

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.

(Stated in million Colombian pesos)

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 September 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.

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 September 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 at September 30, 2018.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance at September 30, 2018)	1.423.993
Scenario 1 (Effect of revaluation)	1.415.100
Scenario 2 (Effect of revaluation)	1.432.885
Difference Scenario 1 vs. Initial Scenario	**(8.893)**
Difference Scenario 2 vs. Initial Scenario	**8.893**

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

- 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%

(Stated in million Colombian pesos)

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 September 30, 2018 are set out below:

Item	Liquidity level September-18
7 Days	301%
15 Days	213%
30 Days	158%

As at September 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 at September 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 for the Liquid Assets and LRI (Liquidity Risk Indicator) for the time slot specified at September 30, 2018 and December 31, 2017.

	September 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	25	25	-	-	-
Banco de Bogotá	1.539	1.539	-	-	-
Bancolombia S.A.	5.360	5.360	-	-	-
Banco GNB Sudameris Colombia	9	9	-	-	-
BBVA Colombia	961	961	-	-	-
Red Multibanca Colpatria S.A.	105	105	-	-	-
Banco De Occidente	58	58	-	-	-
Bancoomeva	21	21	-	-	-
Banco Santander de Colombia	16.793	16.793	-	-	-
Alianza Fiduciaria	87	87	-	-	-
Available in Free-standing Trusts	2.806	2.806	-	-	-
Fic's	15.105	-	15.105	-	-
Agrocaña	4.657	-	-	-	4.657
Asficredito	27.190	-	-	-	27.190
Valores Bancolombia	17.552	17.552	-	-	-
Fiducolombia Free-standing	88.136	88.136	-	-	-
Inverefectivas	9.452	-	-	-	9.452
Total liquid assets	**189.869**	**133.451**	**15.105**	-	**41.299**

(Stated in million Colombian pesos)

	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	-
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.

(Stated in million Colombian pesos)

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

Exposure Limit Indicator 1 September/18	
Net Liquidity	**148.556**
Assets (CVCS + Free-standing Trust) (Portfolio)	1.336-526
Indicator 1	**11.1 %**

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 September/18	
Net Liquidity	148.556
Liabilities (CVCS + Free-standing Trust)	1.437.480
Indicator 2	**10.3%**

In the three-month period ended September 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

September 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	133.437	14	-	-	133.452
Equity Instruments at fair value	15.105	-	-	4.657	19.762
Investments in Associates and Affiliates	-	-	-	36.642	36.642
Financial Assets at amortized cost	62.254	314.529	384.716	868.043	1.629.541
Total assets	**210.796**	**314.543**	**384.716**	**909.342**	**1.819.396**

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	40.727	128.727	135.232	1.543.321	1.848.008
Financial Liabilities at fair value - Derivatives instruments	-	-	-	36.012	36.012
Total Liabilities	**40.727**	**128.727**	**135.232**	**1.579.332**	**1.884.019**

(Stated in million Colombian pesos)

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**

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 the CVCS to handle short-term commitments.

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

	September 30, 2018	December 31, 2017
Cash	25	24
Banks	27.539	14.694
Mutual funds and joint portfolio (6.1)	105.888	81.690
Time Deposit	-	25.540
	133.452	**121.948**

As at September 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 Trust:

	September 30, 2018	December 31, 2017
Valores Bancolombia	17.552	1.472
Bancolombia	5	12.045
Alianza Fiduciaria S1	87	-
Encargo Bogota	108	-
Sub-Total	**17.752**	**13.517**

(Stated in million Colombian pesos)

Entity	**September 30,2018**	**December 31,2017**
Servitrust GNB Sudameris S.A.	-	557
Collective Investment Funds' Participation	88.136	67.616
Sub-Total	**88.136**	**68.173**
Total 6.1	**105.888**	**81.690**

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

Manager	Sep -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:

	September 30, 2018	**December 31, 2017**
Equity instruments (a)	19.762	21.187
Derivative instruments (Note 13)	17.343	773
	37.105	**21.960**

a) Equity instruments

	September 30, 2018	**December 31, 2017**
Mutual Funds (1)	15.105	16.530
Agrocañas shares (2)	4.657	4.657
	19.762	**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

(Stated in million Colombian pesos)

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return III 2018	Annual Return 2017	At September 30, 2018	At December 31, 2017
Credicorp Capital	At sight	500,000	N/A	4.17%	5,9%	3	3
BTG Pactual I Z Class	Closed	5,000,000	2,000,000	105.07%	352,9%	5.794	6.010
BTG Pactual II Z Class	Closed	5,000,000	2,000,000	100.88%	300,5%	2.959	3.668
Collective Investment Fund	At sight	200,000	200,000	-	5,6%	75	73
Collective Investment Fund Open (Rentar)	At sight	200,000	200,000	4.29%	4,63%	9	7
Open Portfolio BTG						6.212	6.718
Credinvest Tramo IV						53	51
TOTAL						**15.105**	**16.530**

(2*) The Company owns 5.03% of the Agrocañas S.A. share capital, with 3,300 outstanding shares at September 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:

	September 30, 2018	December 31, 2017
Inverefectivas S.A	9.452	10.295
Asesorías Financieras Asficrédito	27.190	27.190
	36.642	**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 2.972,18 at September 30, 2018.

	September 30, 2018		December 31, 2017	
	Share of ownership interest	**Book value**	**Share of ownership interest**	**Book Value**
Associates				
Inverefectivas S,A	25%	9.452	25%	10.295
		9.452		**10.295**

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

	September 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)	-
Results affection of the period	-	27.190
Adjustments for exchange differences	(38)	(183)
Year-end balance	**36.642**	**36.414**

(Stated in million 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 at September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Consumer	1.329.923	1.166.501
Microcredit	6.603	14.250
Impairment	(163.614)	(128.080)
Total financial assets at amortized cost	**1.172.913**	**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 234.313 as of September 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 behavior of the provision for the impairment of financial assets by loan portfolio is provided below for the periods ended September 30, 2018 and September 30, 2017:

	September 30,	
	2018	**2017**
Initial Balance	128.080	105.191
Adopting IFRS 9	47.055	-
Allowance of the period charged against to profit or loss	23.118	28.089
Recovered provisions	(544)	(20.438)
Write-offs	(34.095)	(111)
Closing balance	**163.614**	**112.731**

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

At September 30, 2018

Modality	Capital	Transaction costs	Interest Accrued	Commissions	Impairment	Total
Consumer loans	1.174.909	36.540	109.223	9.192	(157.366)	**1.172.498**
Microcredit	4.927	58	1.677	1	(6.248)	**415**
Total financial assets at amortized cost	**1.179.836**	**36.598**	**110.900**	**9.193**	**(163.614)**	**1.172.913**

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**

(Stated in million Colombian pesos)

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

September 30, 2018

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer	236.152	450.508	320.984	322.220	1.329.864
Microcredit	5.775	827	61	-	6.663
Total Gross Loan Portfolio	**241.927**	**451.335**	**321.044**	**322.220**	**1.336.527**

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 the capital of the loan portfolio for CVCS is as follows:

September 30, 2018

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Consumer loans	197.007	388.086	289.401	300.416	1.174.910
Microcredit	4.280	590	57	-	4.927
Total Gross Loan Portfolio	**201.287**	**388.676**	**289.458**	**300.416**	**1.179.836**

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:

	At September 30, 2018		
Modality	**Loan Capital**	**Sold**	**Total**
Consumer	1.174.909	212.995	1.387.903
Microcredit	4.927	-	4.927
Total Financial Assets at amortized cost	**1.179.836**	**212.995**	**1.392.830**

(Stated in million Colombian pesos)

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

	At September 30, 2018			At December 31, 2017		
	Consumer	**Microcredit**	**Total**	**Consumer**	**Microcredit**	**Total**
Non expired loans	968.689	165	**968.854**	880.312	470	**880.782**
Arrears but not impaired	51.478	183	**51.661**	48.292	398	**48.690**
Non-performing loans under 360	75.050	173	**75.223**	44.976	773	**45.749**
Non-performing loans over 360	79.691	4.405	**84.097**	75.534	5.082	**80.616**
	1.174.909	**4.927**	**1.179.836**	**1.049.114**	**6.723**	**1.055.837**

NOTE 10. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of September 30, 2018 and December 31, 2017 is as follows:

	September 30, 2018	December 31, 2017
Debtors (10.1)	187.167	120.131
Related economic	89.601	63.503
From Partners and Shareholders	1.825	1.825
Prepayments and Advances	566	191
Payment by client account	1.068	1.179
Employee	9	11
Allowance for doubtful accounts (10.2)	(3.329)	(3.329)
	276.907	**183.511**

10.1 The balance for other accounts receivable of $187,167 as of September 30, 2018 and $120,131 as of December 31, 2017, corresponds primarily to loan collection balances from the Free-standing Trusts pending transfer to CVCS.

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

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

(Stated in million Colombian pesos)

NOTE 11. PROPERTY AND EQUIPMENT

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

	September 30, 2018	December 31, 2017
Transport Equipment	117	117
Office equipment and Accessories	1.580	1.565
Computer equipment	1.059	1.010
Network and communication equipment	760	663
Machinery, plant and equipment in assembly	371	371
Goods received on finance lease agreements	4.966	4.878
Subtotal	**8.853**	**8.604**
Accumulated depreciation	(8.178)	(7.691)
Total	**675**	**913**

The breakdown for equipment movement is shown below:

	December 31, 2017	Purchases	September 30, 2018
Transport Equipment	117	-	117
Office equipment and Accessories	1.565	15	1.580
Electronic equipment	1.010	49	1.059
Network and communication equipment	663	97	760
Machinery, plant and equipment in assembly	371	-	371
Goods received on finance lease agreements	4.878	88	4.966
	8.604	**249**	**8.853**

	December 31, 2016	Purchases	September 30, 2017
Transport Equipment	117	-	117
Office equipment and Accessories	1.538	14	1.552
Electronic equipment	1.016	(6)	1.010
Network and communication equipment	345	133	478
Machinery, plant and equipment in assembly	49	322	371
Goods received on finance lease agreements	4.878	-	4.878
	7.943	**463**	**8.406**

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

	December 31, 2017	Depreciation	September 30, 2018
Office equipment and Accessories	1.640	122	1.762
Electronic equipment	1.047	80	1.127
Telecommunications equipment	285	129	414
Goods on Finance Lease Agreements	4.719	156	4.875
	7.691	**487**	**8.178**

(Stated in million Colombian pesos)

	December 31, 2016	Depreciation	September 30, 2017
Office equipment and Accessories	1.458	107	1.565
Electronic equipment	908	35	943
Telecommunications equipment	197	14	211
Goods on Finance Lease Agreements	4.363	285	4.648
	6.926	**441**	**7.367**

All equipment of CVCS is duly protected with current insurance policies. To protect its property and equipment, the Company had insurance policies with Beckley International Insurance Colombia and Chubb de Colombia on September 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	(2.460)	90
Balance as at September 2018	**4.966**	**(4.876)**	**90**

	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**

(Stated in million Colombian pesos)

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

	September 30, 2018	**December 31, 2017**
Less than one year	10	76
More than one year, less than five	80	83
Total	**90**	**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.

	September 30, 2018	**December 31, 2017**
Software licenses	867	449
Technology and insurance projects	1.520	1.927
Other	2.506	2.304
Trademarks Acquired (1)	52.375	21.367
	57.268	**26.047**

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

	September 30,	
	2018	**2017**
Amortization	5.672	1.576

In March, 2018 Credivalores Crediservicios conducted an assessment of the brand Crediuno and Crediuno Advances, which has focused on the origination, placement and management of consumer loans with credit card, with a successful business model supported on the brand, the know-how and knowledge of the market, along with a commercial network and support for the promotion and operation of its services (other intangibles).

Specifically, from the brand Crediuno Advances, there are direct benefits from the use of the credit card from customer to obtain advances in cash, taking into account that for each generated advance, the company receives interest and commissions for use, given their positioning and recognition in the market.

Crediuno Advances has consolidated as a brand and financial product, and currently it offers businesses for other brands for massive origination, providing funding for users of other brands, such as the business with TIGO and advances that are made to its clients and are collected via billing of the telecommunications services. It is estimated that this type of business opportunitieswill contribute to the sustained growth of the business unit.

(Stated in million Colombian pesos)

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

	September 30, 2018	December 31, 2017
ASSETS		
Hedging forward contracts (13.1)	1.643	773
Hedging Options (13.2)	15.700	-
Sub-Total	**17.343**	**773**
LIABILITY		
Hedging forward contracts (13.1)	6.495	17.686
Hedging Negotiation (13.1)	-	-
Hedging Swaps (13.3)	29.516	-
Sub-Total	**36.012**	**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.

According to the guidelines of this policy, the following is the list of derivative instruments implemented September 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	27/07/2022	9,75%	IBR+ 8,89%
Currency swap	USD 15.000.000	COP 41.746.950.000	Non Delivery	27/01/2018	27/07/2022	9,75%	IBR+ 8,89%
Currency swap	USD 100.000.000	COP 304.096.970.083	Non Delivery	27/01/2018	27/07/2022	9,75%	IBR+ 8,86%

(Stated in million Colombian pesos)

2018							
Tipo de Instrumento	**Posición de Credivalores**	**Tipo de Opción**	**Monto Cubierto en USD**	**Fecha Efectiva**	**Fecha de Vencimiento**	**Precio Strike**	**Cumplimiento**
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 fair value and cash flow valuation.

- **Fair-value hedge accounting**

Fair value

	September 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

	September 30, 2018		December 31, 2017	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	21	1.642	12	123
Total forward contracts for hedging - assets	**21**	**1.642**	**12**	**123**

	September 30, 2018		December 31, 2017	
LIABILITIES	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	48	(6.495)	273	(17.686)
Total forward contracts for hedging – liabilities	**48**	**(6.495)**	**273**	**(17.686)**

(Stated in million Colombian pesos)

13.2 DERIVATIVE FINANCIAL INSTRUMENTS OPTIONS

The activities carried out by CVCS generated significant positions in the derivatives portfolio, performing transactions for hedging purposes 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 options as derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt in the P&L.The options are measured through cash flow coverage.

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

	September 30, 2018	December 31, 2017
ASSETS		
Premium Call Spread option	18.126	-
Contracts Hedging purchase options Call	36.158	-
Sub Total	**54.283**	**-**

	September 30, 2018	December 31, 2017
LIABILITIES		
Premium Call Spread option	20.045	-
Contracts Hedging purchase options Call	18.538	-
Sub Total	**38.583**	**-**

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

(1) Options Contracts For Hedging

Derivatives with options hedge the principal amount of the reopening of the 144 A / Reg S Notes for US$75,000,000carried out on February 14, 2018. These financial instruments are valued under the methodology and market value provided by the counterparties, the type of measurement is cash flow.

The company will maintain the options until maturity, to hedge the exposure to risk in foreign currency, in line with maturity of the Notes hedged. 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

Credivalores - Crediservicios S.A.S, executed operations with derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt position in the P&L. The cross currency swaps in place hedge the exposure to the risk of exchange rate, which is measured at market (fair value hedging) value, on the initial amount issued of the 144A / Reg S Notes of US$250,000,000 and on the interest payments of the US$75,000,000 reopening, which is measured as a cash flow hedge.

(Stated in million Colombian pesos)

Derivative financial instruments through cross currency swaps and its hedge accounting is the following:

	September 30, 2018	December 31, 2017
LIABILITIES		
Hedging Contracts Cross Currency Swaps (a)	27.523	-
Hedging Contracts Coupon Only Swap (b)	1.994	-
Sub-Total	**29.516**	**-**

CVCS will keep the cross currency swaps, to hedge the exposure to foreign currency and interest rate risk until maturity, in line with the maturity of the Note hedged.

a. Contracts hedging Cross Currency Swaps

Derivatives through Cross Currency Swaps operations hedge the debt (principal and interests) of the 144 A / Reg S Notes issued on July 27, 2017 with a nominal value of US $250,000,000 and a coupon of 9.75%.

- **Liabilities Fair value hedge accounting**

	September 30, 2018		December 31, 2017	
LIABILITIES	**Nominal amount USD**	**Fair Value**	**Nominal amount USD**	**Fair Value**
Contracts hedging Cross Currency Swaps	250	(27.523)		-
Total	**250**	**(27.523)**		**-**

b. Contracts hedging Coupon Only Swap

Derivatives through a Coupon Only Swap operation hedge the interest payments of the reopening of the 144 A / Reg S Notes completed on February 14, 2018, with a nominal value of US $75,000,000.

- **Liabilities Cash flow hedge accounting**

	September 30, 2018		December 31, 2017	
LIABILITIES	**Nominal amount USD**	**Fair Value**	**Nominal amount USD**	**Fair Value**
Contracts hedging Coupon Only Swap	33	(1.994)		-
Total	**33**	**(1.994)**		**-**

(Stated in million Colombian pesos)

NOTE 14. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Financial obligations in free-standing trusts	234.313	56.769
Promissory notes – Local banks	76.956	104.872
Finance lease agreements	240	330
Foreign banks	222.914	304.368
Issuance of bonds 144 A/ Reg S	965.959	746.000
Transaction cost	(62.901)	(45.193)
	1.437.480	**1.167.146**

The balance of CVCS's financial obligations and of the Free-standing Trusts as of September 30, 2018 and December 31, 2017 are obligations contracted with financial entities in Colombia, in the international capital market, through finance lease agreements, third parties and shareholders. Short-term obligations are loans with a maturity shorter than October, 2019, and long-term obligations are loans that become due after October, 2019.

a) Short-term financial obligations.

Entity	September 30, 2018	Interest rate	Maturity	December 31, 2017	Interest rate	Maturity
National entity						
Banco Agrario	-			6.173	DTF + 3,4%	2018
Banco de Bogotá	6.947	IBR + 6.5%	2019	10.542	IBR + 5.6%	2018
Banco Colpatria	15.000	IBR + 4.8%	2019	10.000	IBR + 5.3%	2018
Banco De Occidente	10.000	IBR + 4.25%	2019	6.153	IBR + 3.8%	2018
Banco Corpbanca	-			3.237	DTF + 7,8%	2018
Bancolombia	26.345	DTF + 7%	2019	23.365	DTF + 6,7%	2018
Bancoomeva	3.167	DTF + 8%	2019	432	DTF + 6,7%	2018
Banco Santander	3.333	IBR + 6.5%	2019			
Total National Entity	**64.792**			**59.902**		
Foreign Entity						
International Notes (ECP Program)	-			199.928	6,6% EA	2018
Total Foreign Entity	**-**			**199.928**		
Free-standing trusts						
Free-standing trust, CrediUno IFC	-			3.518	9,91% EA	2018
Total Free-standing trusts	**-**			**3.518**		
Finance lease agreements						
Leasing Bancolombia	59	8,42% EA	2018	94	8,42% EA	2018
Total Financial Leasing	**59**			**94**		
Total Short-term obligations	**64.851**			**263.442**		

(Stated in million Colombian pesos)

CVCS had short-term financial obligations during the periods ended September 30, 2018 and December 31, 2017 totaling $64,851 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	September 30, 2018	Interest rate	Maturity	December 31, 2017	Interest rate	Maturity
National entity						
Banco de Bogotá	6.331	IBR+6,5 %	2019/20	8.441	IBR+6,5 %	
Bancolombia	-			13.194	DTF + 7,5%	2019
Bancoomeva	-			6.667	DTF + 8%	2019
Banco Santander	5.833	IBR + 6.5%	2019	16.667	IBR + 6.5%	2019
Total National Entity	**12.164**			**44.969**		
Foreign Entity						
International Notes (ECP Program)	222.914	8,25% EA	2020 y 2021	104.440	8,3% EA	2020
	222.914			**104.440**		
Free-standing trusts						
Free-standing trust, CrediUno IFC	39.999	11,91% EA	2020 y 2021	53.252	11,91% EA	2020 y 2021
Free-standing trust, syndicated TuCrédito	194.314	DTF + 5,5%	2023 y 2028			
Total Free-standing trusts	**234.313**			**53.252**		
Finance lease agreements						
Leasing Bancolombia	181	8,42% EA	2019 y 2020	236	8,42% EA	2019 y 2020
Total Financial Leasing	**181**			**236**		
Bonds						
International Bonds 144 A/Reg. S	965.959	9,75% EA	2022	746.000	9,75% EA	2022
Total International bonds	**965.959**			**746.000**		
Total long-term obligations	**1.435.530**			**948.896**		
Cost of Transaction to be Amortized IFP	(62.901)			(45.193)		
Total financial obligations	**1.437.480**			**1.167.146**		

The Company had long-term financial obligations during the periods ended September 30, 2018 and December 31 2017 totaling $1,435,530 and $948,896, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended September 30, 2018 and December 31, 2017, valued at $ 62,901 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 September 30, 2018 and December 31, 2017 is $1,437,480 and $1,167,146 respectively, which will be paid off as described above.

(Stated in million Colombian pesos)

Obligations stated in foreign currency

Entity	Nominal Value September 30, 2018		Nominal Value December 31, 2017	
ECP Program Notes (a)	75	222.914	102	304.368
International Finance Corporation (IFC)	16	39.999	20	56.796
Issuance of bonds (b)	325	965.959	250	746.000
Total	**USD**	**1.228.871**	**USD**	**1.107.164**

(a) Euro Commercial Paper Program 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 was 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 additional 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 September 30, 2018.

(b) Issuance of bonds

On July 27, 2017 Credivalores issued its inaugural senior unsecured 144A / Reg S notes (the "Notes") due July 27, 2022 for US$250,000,000 with a coupon of 9.75% and a yield of 10.0%. The Notes are payable semi-annually in arrears on January 27 and July 27 of each year, beginning on January 27, 2018. The proceeds from this issuance were used to refinance existing indebtedness, including mostly secured debt, and the remainder, if any, for general corporate purposes.

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 Superintendency 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 interest 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 interest 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.

(Stated in million Colombian pesos)

(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 September 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 September 30,2018 and December 31, 2017:

	September 30, 2018	**September 30, 2017**
Free-standing trusts	13.267	47.981
Local banks	7.113	11.746
Finance lease agreements	33	46
Foreign currency obligation	14.068	28.570
Third parties	-	700
Shareholders	-	4.171
Issuance of bonds	85.116	-
Amortization Transaction costs	14.463	14.626
Total	**134.060**	**107.840**

The financial obligations and Free-standing Trusts of Credivalores Crediservicios S.A.S. 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.

(Stated in million Colombian pesos)

Below is a breakdown of employee benefit payments as at September 30, 2018 and December 31, 2017:

	September 30, 2018	**December 31, 2017**
Short-term benefits (a)	1.354	1.154
	1.354	**1.154**

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

	September 30, 2018	**December 31, 2017**
Salaries	30	1
Severance pay	333	465
Interest on severance pay	29	54
Holidays	699	634
Bonus	121	-
Pension funds	142	-
	1.354	**1.154**

The current benefits to employees are required to be paid within 12 months after the reporting period.

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

NOTE 16. OTHER PROVISIONS

CVCS's provisions as of September 30, 2018 and December 31, 2017 are provided below:

	September 30, 2018	**December 31, 2017**
Litigations subject to executive proceedings	84	84
Other provisions	1.371	218
	1.455	**302**

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

	Legal provisions	**Other provisions**	**Total provisions**
Balance held at December 31, 2017	**84**	218	302
Increase in provisions during the period	**-**	1.153	1.153
Balance held at September 30, 2018	**84**	1.371	**1.455**

	Legal provisions	**Other provisions**	**Total provisions**
Balance held at December 31, 2016	**84**	**937**	**1.021**
Recovered provisions	-	(557)	(557)
Balance held at September 30, 2017	**84**	**380**	**464**

(Stated in million Colombian pesos)

The provisions correspond primarily to labor, civil and administrative proceedings filed by third parties against CVCS, on which provisions of $84 were recognized as of 30 September 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 for 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 September 30, 2018 and December 31, 2017 is as follows:

	September 30, 2018	December 31, 2017
Tax income	1.901	-
Tax on industry and Commerce	1.227	1.100
Sales tax	269	-
	3.397	**1.100**

17.2 Components of income tax expense

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

	September 30, 2018	September 30, 2017
Income Tax	1.901	2.006
Net deferred tax from the period	(318)	345
Total	**1.582**	**2.351**

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 September 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 total effective tax rate excluding the deferred tax. For the quarters ended September 30, 2018 it was 15%, and 39%, for September 30, 2017 as detailed below:

	September 30, 2018	September 30, 2017
Earnings (loss) before tax	10.225	5.998
Income Tax rate	37%	40%
Income Tax	**3.783**	**2.399**
More (less) tax impact on:		
Non-deductible expense	941	634
Valuations of financial instruments	(13.684)	(1.365)
Utilizations- Provisions	5	-

(Stated in million Colombian pesos)

Wealth tax	210	-
Fines and sanctions	-	154
Donations	103	139
Assumed interest	(7)	-
Fixed assets settings	31	45
Loan adjustments and financial obligations	-	345
Excess of presumptive income	10.518	-
Differences deferred Tax	(318)	-
Total income tax provisions charged to income	**1.582**	**2.351**
Effective rate	**15%**	**39%**

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 September 30, 2018 and September 30, 2017, based on the tax rates in force for the years in which said temporary differences are to be reversed.

Year ended September 30, 2018

	Balance held at December 31, 2017	Income (Expense) in income statement	Unrealized income (expense) in OCI	Balance as at September 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	-	479	-	479
Derivative Financial Instruments	-	-	27.600	27.600
Subtotal	**13.042**	(10.038)	27.600	30.604
Deferred tax liability				
Valuations of financial instruments	-	-	752	752
Goodwill	-	-	3.603	3.603
Subtotal	**-**	-	4.355	4.355
Net Total	**13.042**	(10.038)	**23.245**	**26.249**

Year ended September 30, 2017

	Balance held at December 31, 2016	Income (Expense) in income statement	Unrealized income (expense) in OCI	Reclassification	Balance as at September 30, 2017
Deferred tax assets					
Deferred charges	91	(91)	-	-	-
Difference between accounting and tax bases - prepaid expenses	10,536	(10,536)	-	-	-
Difference between accounting and tax bases - loans	509	6,868	-	-	7,377
Impairment to financial assets	1,520	(111)	-	-	1,409
Industry and commerce tax	42	(42)	-	-	-
Forward contracts	11,633	2.290	(9,018)	-	4,905
Miscellaneous	147	166	-	1,948	2,261
Subtotal	**24,478**	**(1,456)**	**(9,018)**	**1,948**	**15.952**

(Stated in million Colombian pesos)

Deferred tax liability					
Valuations of financial instruments	3,671	-	(3,671)	-	-
Goodwill	16	(16)	-	-	-
Impairment to financial assets	6,809	(6,809)	-	-	-
Subtotal	**10,496**	**(6,825)**	**(3,671)**	**-**	**-**
Net Total	**13,982**	**5,369**	**(5,347)**	**1,948**	**15,952**

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:

	September 30, 2018			**September 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	**(29.233)**	**27.600**	**1.633**	**(13.371)**	**5.348**	**(8.023)**
Effect valuation of brands	**36.036**	**3.604**	**39.640**	**-**	**-**	**-**
	6.803	**31.204**	**38.007**	**(13.371)**	**5.348**	**(8.023)**

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.

(Stated in million Colombian pesos)

Authorized, and Paid in Capital

CVCS's subscribed and paid capital as of September 30, 2018 was represented by 4,385,998, and as of December 31, 2017 it was represented by 4,279,022 shares, each at a nominal price of $28,254.

Credivalores Crediservicios S.A.S.

Shareholder	September 30, 2018 Number of shares	%	December 31, 2017 Number of shares	%
Acon Consumer Finance Holdings S de RL	870.987	34.15%	870.444	20,34%
Crediholding S,A,S,	1.497.987	34.15%	1.497.987	35,01%
Lacrot Inversiones 2014 S,L,U	1.593.760	36.34%	1.486.784	34,75%
Acon Consumer Finance Holdings II S, L	184.167	4.20%	184.167	4,30%
Treasury shares	239.640	5.46%	239.640	5,60%
Total	4.385.998	100%	**4.279.022**	**100%**

	September 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)	123.922	120.899
Paid-in capital	58.442	58.442
Total capital plus premium	**182.364**	**179.341**

Reserves

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

	September 30, 2018	September 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:

	September 30, 2018	December 31, 2017
Ordinary shares (a)	1.639.573	1.532.597
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**2.084**	**(1.382)**

(Stated in million Colombian pesos)

(a) The value of the shares at September 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 at the moment declared by the Assembly and by the preferred right in the reimbursement in case of liquidation.

Year ended September 30, 2018

Share capital later stock buyback							
Name Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	34.610	870.444	19.85%
Crediholding S.A.S	-	-	-	-	1.497.987	1.497.987	34.15%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	1.497.987	1.593.760	36.34%
Treasury Shares	-	-	-	239.640	-	239.640	5.46%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	-	184.167	4.20%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**1.639.573**	**4.385.998**	**100%**

Year ended September 30, 2017

Share capital later stock buyback							
Name Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	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%
Treasury Shares	-	-	-	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%**

NOTE 19. REVENUE

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

	September 30,2018	**September 30,2017**
Interests (19.1)	163.083	152.552
Commissions and fees (19.2)	73.339	60.517
	236.422	**213.068**

19.1 Interest

	September 30,	
	2018	**2017**
CrediUno interest	51.336	13.824
CrediPoliza interest	12.337	2.055
TuCrédito interest	38.049	16.113
Tigo interest	7.339	-
TuCrédito transaction costs	(4.152)	(9.899)
CrediPoliza transaction costs	(314)	(729)
CrediUno transaction costs	(5.321)	(9.097)
TuCrédito fair value	-	10.698
Sub-total Consumer loans	**99.274**	**22.965**

(Stated in million Colombian pesos)

Microcredit interest	172	824
Microcredit loans transaction costs	(207)	(399)
Sub-total Microcredit	**(35)**	**425**
CrediUno late payment interest	347	459
CrediPoliza late payment interest	510	436
TuCrédito late payment interest	267	274
Tigo payment interest	64	-
Consumer loan defaults	**1.188**	**1.168**
CrediYa late payment interest	127	155
Microcredit loan defaults	**127**	**155**
Financial returns	2.875	3.955
BTG Pactual Financial returns	12.953	8.371
Current interests, Free-standing Trust	38.088	101.251
Other income, Free-standing Trust	1.970	4.362
Market operations	5.395	9.900
Current interests left off-balance	1.248	-
Other	**62.529**	**127.839**
Total Interests	**163.083**	**152.552**

19.2 Commissions and fees

	September 30	
	2018	**2017**
Administration fee – credit card	47.539	40.308
Collection fees	9.790	8.266
Administration fee - life insurance plus	4.171	3.958
Shared financial advisor	3.611	-
Financial advisory debtor life insurance	2.804	3.921
Financial advisory voluntary insurance policies	2.114	2.303
Commission of intermediation activities	2.006	258
Internal Commission	1.032	882
Commission returned	242	486
Income stores chain and channel credit cards	16	42
Microcredit SME's loan fees	12	87
Other financial consultancy	2	5
	73.339	**60.516**

NOTE 20. OTHER INCOME

At the end of each period, movements corresponded to:	September 30,	
	2018	**2017**
Collection charges TuCrédito	314	279
Reimbursed claims Aval FGA	112	70
Certifications	172	22
Refund insurance	16	-
Disability by disease	13	39
Vendor Discount	5	5
Others	14	33
	646	**448**

(Stated in million Colombian pesos)

NOTE 21. OTHER EXPENSES

	September 30	
	2018	**2017**
Fees	17.075	13.459
Legal expense	7.425	13.636
Technical Assistance	7.161	7.815
Leases	3.068	2.873
Public services	2.746	2.435
Commissions	2.433	2.919
Consultations to Risk Bureaus	2.180	-
Temporary services	1.584	2.157
Publicity and advertising	1.290	2.670
Transportation	949	1.049
Travel expenses	909	774
Yields Invertors	880	385
Insurance	548	470
Maintenance	655	806
Concierge and security services	437	398
Tools and stationery	624	655
Adaptation and installation	312	132
Sanctions, fines and fraud	280	347
Legal expenses	135	261
Cost of representation	265	656
Electronic data processing	92	-
Donations	73	9
Publications and subscriptions	11	12
Other	817	2.090
	51.949	**56.008**

NOTE 22. NET FINANCIAL INCOME

	September 30,	
	2018	**2017**
Exchange rate differences	8.274	7.655
Recoveries previous exercises	56	271
Financial income	398	1.032
Total Financial Income	**8.729**	**8.958**
Hedging instruments valuation	(7.143)	(19.843)
Total Financial Expense	**(7.143)**	**(19.843)**
Net Financial Income (expense)	**1.585**	**(10.885)**

(Stated in million Colombian pesos)

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 September 30, 2018 and December 31, 2017:

	September 30,2018	**December 31,2017**
Unpaid approved credits	415.241	320.137

Contingent assets

At the end of September 30 2018, the Company has a Guarantee with the Fondo de Garantías de Antioqua – FGA-, which has a value of $3,420 in accordance with the agreement's policies.

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.

(Stated in million Colombian pesos)

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 September 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.

	September 2018		December 2017	
	Shareholders	**Members of the Board of Directors (a)**	**Shareholders**	**Members of the Board of Directors (a)**
Accounts receivable	1.824	3	1.824	-
Accounts payable	-	70	-	58
Operating expenses	-	166	5.089	280

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

	September 30,	
Item	**2018**	**2017**
Salaries	3.968	3.818
Short-term employee benefits	622	548
Total	**4.590**	**4.366**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of September 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 Ferrado	Carlos Manuel Ramón
7	Lawrence Robert Rauch	No appointment

Legal Representatives

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