CREDIVALORES-CREDISERVICIOS QUARTERLY RESULTS REPORT[1]

AS OF SEPTEMBER 30, 2019

Operator: Welcome to the Credivalores third quarter 2019 results conference call. My name is James and I will be your operator for today's call.

At this time, all participants are in listen only mode. Later we will have a question and answer session. Please be aware that if you're in the web part only, you cannot interact verbally but still we can receive your questions via web.

Please note that this conference is being recorded.

I will now turn the call over to Miss Patricia Moreno Chief Funding and Investor Relations Officer of Credivalores. Miss Moreno, you may begin.

Patricia Moreno (CIRO):

Good morning and thank you for joining us today in our investor conference call to present our results for the 3Q 2019.

My name is Patricia Moreno, I am the Chief Funding and Investor Relations Officer, and here with me is Juan Camilo Mesa, our CRO. We will have a Q&A session at the end of this presentation. You will also be able to download the presentation from our Investor Relations website.

To start the presentation please join me in slide 3 for an overview of our company.

Credivalores at-a-glance

Credivalores is the leading non-banking financial institution in Colombia targeting mid-to low-income clients. We offer a diversified portfolio of consumer credit solutions with innovative collections channels through the following products: payroll loans, branded credit cards, insurance premium financing and retail micro insurance. The Company has a track record of over 15 years and more than 809,000 clients, having issued more than US$2.8 billion in loans.

As of September 2019, we had a managed loan portfolio of US$429 million and a broad geographic footprint with 101 branches and points of sale in retail locations and 120 customer centers across the country in alliance with telecom companies in Colombia. Our sizable exclusive sales force with more than 1,600 sales representatives, allows us to reach almost 80% of the municipalities in 34 cities in Colombia. We have consolidated a strong network for disbursements and collections through partnerships with more than 20,000 points of collection with a wide presence throughout the country.

Our shareholders' equity totaled US$90 million as of September 2019.

Credivalores' business model is supported by four pillars including our unique collection channels that mitigate credit risk, the robust yield of our loan portfolio given our niche market, our key partnerships with employers, retailers and utility companies granting us access to more than 7.6 million potential clients and our customer segment.

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[1] The following transcript should be read in conjunction with our unaudited Financial Statements as of September 30, 2019. Our Quarterly Financial Statements have been prepared in accordance with IFRS for non-financial entities.

Overview of Product Portfolio

Our innovative products are designed to appeal to our target market segment and mitigate repayment risk as you can see in the overview of our product portfolio.

− We manage a portfolio of US$429 million, out of which payroll loans represent 60%, credit cards represent about 34% and insurance premium financing represents around 5%.

- Our product portfolio is well diversified with low concentration by loan size, geographical location and economic sector. The average term at origination of the whole loan portfolio is 74 months among all products nonetheless the average life of the portfolio is about 36 months, including prepayments. The average interest rate is about 25% (not including fees) and total yield is about 36% including fees and commissions. Our average NPLs for the managed portfolio stood at 5.85%, as we will see further in the presentation.

− As we previously noted, the payroll loan product collections are made through monthly deductions from our clients' payrolls through a contract with the employer and an irrevocable mandate given by the borrower at subscription.

− For the credit card product, collections are made by adding the monthly installment of our credit card to the client's utility bills, which they are required to pay in full, achieving a higher priority of payment over any other consumer loan

− And finally, for the insurance financing product, the borrower of this product issues an irrevocable mandate to cancel coverage if installments are not paid on time.

Competitive Advantage and Target Market

- Commercial banks are traditionally focused on the upper income segment of the population; however, most of Colombia's population is concentrated in the mid- to low-income segment. Credivalores' strategy is based on reaching clients located in the segments 1 through 3, which represent around 80% of the country's population. We also have a special emphasis on small- and mid-sized cities, in addition to rural areas where banking penetration is considerably lower. About 89% of our client base corresponds to segments 1 through 3 and 70% of the loan portfolio is originated in small and medium cities with populations between 200,000 and 2 million inhabitants.

- Average access to credit in these areas is below 5% of the population, meanwhile for Colombia's main cities this figure stands at around 26%. As these regions continue to develop, we will be the primary beneficiary thanks to our existing relationships, unique business model and strong market share.

- We differentiate from traditional banks in the following ways:

- On the commercial point of view, branch networks represent still the largest channel for commercial activity for banks, as opposed to our model, which approaches customers on-site through our proprietary sales teams.

- On the product stance, traditional banks focus on a broad portfolio and cross-selling strategies, while our portfolio is exclusively composed of three specialized credit products tailor-made for our target market.

- On the market segment approach, our customization starts with the understanding of risk and the uniqueness of our target population and their financial needs.
- In terms of processes, we are focused on providing agile and simple products that suit our clients, while commercial banks have more complex internal processes.

We will continue the presentation with the recent developments of the third quarter of 2019.

Recent Developments

Regarding our growth and profitability, in the 3Q 2019 we had overall positive operational and financial results in line with expectations. Our total portfolio origination grew 11.3% year over year, especially in payroll loans with a 49% growth in this product year over year. Total NPLs stood at 5.85%, down from 7.3% in March 2019. This improvement was due to the effectiveness of the measures implemented during the 3Q of last year and the 1Q of 2019, including the digitalization of a large number of our processes and the launching of new digital platforms for our sales force. terms of our financial results, on a year over year basis, the net interest income increased 11% and our gross financial margin grew 6.6%, still impacted by larger net impairment expenses due to IFRS 9 adoption in 2018. Although YoY, our operating income increased 18.8%, our net income decreased 64%.

We completed a legal corporate transformation to become a joint stock company under Colombian law. This transformation granted us access to the domestic capital market allowing the company to registry bonds and securities before the National Registry of Securities and Issuers from the Financial Superintendence. Also, during the 3Q 2019 we used the local secured syndicated loan and payroll loan portfolio transfers to BTG's mutual fund to fund our payroll loan origination. As of September 2019 we maintained $274 billion in committed credit lines with financial institutions and 21% of these lines were available to use in the next 12 months. The average life of our debt stood at 2.4 years and 100% of our foreign currency debt was hedged to Colombian pesos.

Our equity to assets ratio stood at 14.3% after the COP$12 Bn capitalization from all shareholders completed during the 2Q 2019. The leverage ratio stood at 4.5x As of September 2019, the Company was in compliance with the covenants from all of its financial obligations.

Finally, the credit card origination recovered by almost 40% between the 2Q and 3Q of the year due to the new digital underwriting platform launched in May 2019. As stated in past conference calls, we implemented several measures to improve the quality of our loan portfolio, specially in the credit card business, including technological improvements in the origination and collections processes, more conservative underwriting policies and new agreements with utility companies. In this front, we signed a new agreement with Empresa de Energía de Pereira, which will grant us access to more than 200,000 new clients. This year we have added more than 560,000 clients to our potential client base for the credit card reaching more than 3.2 million. Our payroll loan origination continued to grow strong increasing by 31% QoQ,consolidating our leading position in this market.

3Q 2019- Main Highlights- Macro Conditions

Regarding the business environment in Colombia, inflation remains within the target of the Central Bank at 3.86% as of October 2019. Analysts expect inflation to end 2019 at 3.7%. The easing cycle of the Central Bank started in December 2016 and extended until May 2018. Since then, the reference interest rate of the Central Bank has remained unchanged at 4.25%. The DTF rate , which is the 90 day CDs average rate, and the overnight repo rate have also decreased consistently since

August 2016 but they both have stabilized since the second half of 2018. Economic growth expectations from the Central Bank were revised to 3.0% from 3.5%, below the government's expectation of a 3.6% GDP growth. However, on November 14, 2019 the National Department of Statistics revealed that the GDP growth from the 3Q 2019 was 3.3%, above market consensus. This growth was driven mainly by commerce, government and defense and financial activities, which grew at 5.9%, 4.3% and 8.2% YoY, respectively. With the inflation rate at 3.86%, the Central Bank might consider additional interest rate increases to control inflation expectations in 2020.

Since September 2017, the calculation period of the usury rate changed from a quarterly to a monthly basis. Although the calculation formula remained unchanged at 1.5 times the average lending interest rate from banks, the usury rate has declined almost 460 basis points since the adoption of this measure.

The financial system in Colombia witnessed an increase in the NPLs in 2017 as a result of the slowdown in the economy and specific impacts on the commercial loan portfolio. During 2018 NPLs in the financial system recovered although as of September 2019, the average systems' NPLs stood at 4.40% and NPLs from consumer loans decreased to 5.0%. The financial system remains well capitalized showing a solvency index of 15.7%, above the 9% minimum regulatory.

Out of the total loan portfolio of the financial system, as of September 2019, 30% were consumer loans totaling about US$43 billion dollars. The consumer loan portfolio grew 14% year over year and payroll loans continued to represent the largest portion of this portfolio with a 36% share. Among the consumer loan portfolio, payroll loans and credit cards grew 9.9% and 9.1% year over year, respectively.

Now, we will present our results for the third quarter of 2019.

3Q 2019 Operating Results

Our current client base represents about 6% of the total Colombian population holding at least a credit card or a consumer loan.

Our client base increased on a quarterly and yearly basis, as a result of the recovery of credit card origination due to technological improvements and new digital platforms launched in May 2019 for our sales force. However, on a yearly basis we have not been able to offset the decline in origination in insurance financing and credit cards.

Our disbursements increased 27.6% quarter over quarter, as a result of the increase in the origination of payroll loans and credit cards to offset the decline in the origination in insurance financing due to management decisions to operate only with certain insurance companies to control operational risks. Year over year, origination grew 11.3%, mainly as result of the 49% growth in disbursements in payroll loans, specially among pensioners. Year over year, we have increased the share of pensioners of the total balance of payroll loans from 53% to 59%. The decline in origination in credit cards and insurance financing is due to self imposed restrictive and conservative underwriting policies to better control NPLs.

Regarding our owned portfolio, which includes the portfolio on balance and in free standing trusts, we had a 1.6% growth between the second and third quarter of 2019 due to the increase in origination of credit cards and payroll loans. Year over year we experienced a 0.4% decline in the owned portfolio reaching a total of about $1.17 trillion pesos, due to a fall in the balance of the credit card and insurance financing portfolio.

Our managed loan portfolio, which includes our owned portfolio and the payroll loan portfolio sales, increased 2.4% quarter over quarter totaling $1.49 trillion pesos, mainly due to payroll loans portfolio sales.

The managed portfolio grew 7.0% year over year, due to an 18% growth in payroll loans. Our results confirm our origination capabilities and the strong demand for loans in our market segment in line with the growth of consumer loans in the Colombian financial system.

If we review our managed loan portfolio by product type, as of September 2019, payroll loans increased their participation to more than 60%, while credit cards and insurance financing decreased their share.

Our business model results in a high degree of portfolio diversification, minimizing concentration risk. Our payroll loan portfolio is highly diversified, minimizing concentration across geography and clients. Our top 25 clients represent only 0.56% of the portfolio and the average single exposure represents less than 0.10% of the total portfolio.

In addition to our diversification, 86% of the payroll loan portfolio and 53% of the overall portfolio ultimately come from clients on the government's payroll, which increases the stability of their cash flows. Following our strategy of focusing on high quality profiles in payroll loans, year over year we increased our portfolio balance among pensioners by 35%.

Geographically, Bogota represents only 29% of the portfolio and the remaining is well distributed among other regions and cities, as opposed to a 50% share that Bogota, the capital of Colombia, represents within the loan portfolio of traditional banks.

Now Juan Camilo will present the NPLs behavior for the 3Q 2019.

Juan Camilo Mesa (CRO):

Between June 2018 and March 2019 our NPL levels for the credit card business increased affecting the performance of our overall portfolio. However, since June 2019 we have seen a decrease in NPLs in the total portfolio, mainly driven by an improvement in the quality of the credit card portfolio. As of September 2019 our NPLs stood at 5.85%, above the average NPLs for consumer lending in the financial system. However, when comparing our NPLs to similar risk profile loans, such as the small amount consumer loans, we remain below the industry average. During the first half of 2019 we explained that the conservative and restrictive underwriting policies adopted in October 2018 and February 2019 to control further deterioration of our credit card business, had resulted in an increase of the NPLs of this product given the decrease in the origination and in the portfolio balance. While we maintained the underwriting policies, we were able to reduce the NPL levels in payroll loans and credit cards during the 3Q 2019, remaining below the average consumer lending companies, which operate in products and market segments similar to those of Credivalores. After including write-offs of loans greater than 360 days, Credivalores reached NPLs of 15.3%, below the 20.6% of the average NPLs of consumer lending companies.

NPL coverage ratio of our managed portfolio and our owned portfolio, improved between June and September 2019. NPL coverage ratio stood at 89% for the managed portfolio and 95% for the owned portfolio, including FGA reserves. After the adoption of IFRS 9 in March 2018 the coverage ratio increased considerably, but then as the expected losses of the credit card business materialized, the coverage ratio returned to the previous levels in this product, which accounts for 33% of the total portfolio.

In 2018 we saw strong signs of deterioration in the credit risk of our credit card business and thus we adopted the following measures:

-Restrictive and more conservative underwriting policies in the credit card business, resulting in a lower growth of the portfolio of this product compared to the market.

-Migration to direct billing under certain agreements with utility companies, such as AMB.

-Strengthening of the collections and risk areas under the supervision of Juan Camilo Mesa, our new CRO.

-Development of new scoring models for new origination and for loan portfolio management to improve our pricing strategy according to different risk profiles.

-New agreements with utility companies including Electrohuila and EnerPereira granting us access to more than 560,000 new clients for our credit card origination. This agreement could potentially increase our total client base in the credit card business by 21% reaching a total of more than 3.2 million potential clients among the agreements in place.

-The implementation of a new digital underwriting platform for the credit card business to significantly reduce the response time in the origination process. We also have implemented agreements with Huawei and Samsung to pre-install an app in the cell phones we finance under the TIGO agreement.

-Finally, we have also included NPL targets per product in the variable wage of regional and zonal managers of our sales force.

Redesign and Digitalization of the Origination Process for Credit Cards

In the past year we have worked on initiatives for digital innovation in our business model. We started by redesigning and digitalizing our origination processes to achieve higher efficiency and agility for our clients. We prioritized the digital origination process for the credit card business through our commercial channels. We equipped our sales force with tablets to facilitate the profiling of our clients in retailers and points of sale. In this way, we obtained instant feasibility confirmation and we were able to collect data from our client with georeferencing and automatic validations of information. We also implemented digital and facial biometrics for identity validation on site. One of the features that facilitated the digital transformation of our origination was the fact that Credivalores is the largest issuer of dematerialized promissory notes in Colombia within the corporate sector, as recently recognized by the Colombian Stock Exchange.

In May 2019, we launched a 100% digital origination platform for our credit card business. After four months of full implementation the results of this development are very promising: 109% increase in the number of clients approved showing already better performance on payment habits, 45% increase in productivity of our sales teams, 47% decrease in the response time to our clients delivering the credit card on site within 12 minutes and 37% decrease in origination costs. The digitalization of processes allowed us to have a large increase in the number of consultations to the loan underwriting process from sales representatives, which currently reach almost 60,000 per month.

We expect to recover the origination and balance of the credit card portfolio with the digital origination strategy during the second half of the year, while maintaining conservative underwriting policies in place.

In September 2019 we also launched a 100% digital platform for the renewal process of payroll loans under a self-service model for mobile devices under certain agreements with pension funds, which represent about 60% of the total renewals per month. This new commercial channel is based on a push strategy, in which we send text messages and e-mail notification with a personalized offer to our current payroll loan clients under certain pension funds agreements. The messages contain a link to a to a site where the client can visualize the terms and conditions of the offer without any additional documentation required. If terms and conditions are acceptable, the client goes through the authentication process to validate identity and the loan will be automatically renewed and disbursed. During the transition to a full self-service channel, the sales force will also use this channel to renew current loans reducing the response time to clients by about 30%.

We expect to have a decrease the origination costs and retain more clients, as this new channel will allow us to present new offers to our current clients who have additional indebtedness capacity.

Now Patricia will present our financial results for the 3Q 2019.

Patricia Moreno:

3Q 2019 Financial Results- Income Statement

With regards to our financial results, we start by presenting our income statement.

Our interest income, which includes interests, commissions and fees, increased 3.3% between the second and third quarter of this year, mainly as a result of an increase in interest income from longer dated payroll loans, guarantees and write-offs and portfolio sales. Additionally, we experienced a decline in commissions and fees due to a lower credit card portfolio, resulting from self-imposed measures in the origination to better control NPLs. Income from interest rates and fees and commissions in the credit card is considerably higher than the income from payroll loans, thus the impact in our interest income in the quarter. The digitalization of processes allowed us to have a large increase in the number of consultations to our underwriting system from sales representatives, reaching almost 60,000 per month in the credit card business, which resulted in the recovery of the origination and balance of the credit card portfolio during the third quarter of the year. Year over year interest income grew 14.3%.

The gross financial margin grew 13.3% quarter over quarter, mainly due to higher interests and fees, due to a larger debt balance, and a decrease in net impairment expenses. The decline in net impairment expenses during the 3Q 2019 reflect the improvement in the quality of the recently originated credit cards, as confirmed by our vintage analysis. Year over year, gross financial margin grew 6.6%, due to a 21% increase in net interest income offset by an increase in net impairment expenses resulting from IFRS 9 adoption, which uses the expected loss model to calculate the expense in provisions for the portfolio. We are already experiencing the stabilization of net impairment expenses resulting from the measures adopted to improve the NPLs of our overall portfolio.

The selling, general and administrative expenses, which are referred to as other expenses in our income statement, increased 4.6% quarter over quarter due to an increase in employee benefits and expenses related to legal, insurance and technical assistance. Year over year, SG&A increased 5.7% mainly as a result of higher depreciation and amortization expenses, resulting from larger intangible assets recognized in December 2018 from the acquisition of the Crediuno business in 2016.

With regards to the operating income, quarter over quarter we experienced a 50% increase due to a large increase in the gross financial margin and higher income from recovery of losses from past exercises. In addition, operating income increased 18.8% year over year, due to a larger interest income from guarantees, write-offs and payroll loan portfolio sales.

Now moving to the non-operating results in the income statement, the net impact of non-recurring items, which include foreign currency rate differences, financial income or expenses and costs of transaction, totaled $0.7 billion pesos in the third quarter and $4.8 billion pesos in the first nine months of the year. Transactions costs related to the origination of the loan portfolio are deferred over the average maturity of the loan. However, when we use portfolio sales under certain financing structures, the amortization of those transaction costs related to the portfolio sold must be recognized immediately. During the second and third quarter of 2019, higher transaction costs from payroll loan portfolio sold under these financing structures, registered as higher non-financial expenses for financial instruments, increased the non-recurring items net impact in the P&L.

As of the end of the 3Q 2019, 100% of our foreign currency debt was hedged to pesos through short-term forwards, cross currency swaps and options. Although, our net income before taxes and non-recurring items during the 3Q 2019 was less affected by the volatility of the FX in our financial obligations, the non-operating financial expenses increased due to higher amortization expenses from transaction costs related to loan portfolio transfers. If we eliminate the impact of non-recurring items from our income statement, the net income before taxes would have reached $12 billion pesos as of September 2019.

When considering all the impacts from non-operating items, our net income before taxes exhibited a profit of $6.2 billion pesos as of September 2019. Our net income reached $3.6 billion pesos, and was largely affected by higher net impairment expenses in the operating income resulting from the IFRS 9 adoption and an impact from non-recurring items related to the amortization of transaction costs from loan portfolio sales. The net result of the third quarter of the year was within our expectations and our budget. We had foreseen a decrease in the net interest income resulting from a decline in interests income and fees and commissions related to a lower portfolio balance in the credit card business. Since this product has a shorter average maturity than the payroll loans, a decline in origination in the credit card quickly leads to a lower portfolio balance. We also had anticipated an increase in the net impairment expenses during 2019, due to the measures adopted to improve the quality of the recent origination of the credit cards.

9M 2019 Financial Results- Balance Sheet

With regards to our balance sheet, we present the main financial ratios as of September 2019.

Our shareholders' equity increased to $314 billion pesos, showing a 25.9% growth compared to December 2018. This was mainly a result of the increase in retained earnings from the accumulation of the net income of 2018, $ 12 billion pesos capitalization from all shareholders to support growth and the derivative instruments valuation in the OCI account.

Our leverage ratio of debt to equity stood at 4.5 times, declining from the December 2018 figure. This was a result of the 25.9% growth in our shareholders' equity and a slight decrease in the financial debt net of the FX impact. Our solvency ratio, calculated as equity to assets, increased to 14.3% and the risk-adjusted capital adequacy ratio, in which the cash and cash equivalents from the Balance Sheet are not taken into consideration, stood at 15.4%. Lastly, the capitalization ratio, measured as the total shareholders' equity divided by net loan portfolio, totaled 32% as of September 2019 remaining above the 13.5% level required by the covenant of the 144 A / Reg S bond issuance.

Between December 2018 and September 2019, total capitalization, including the FX impact on debt, increased 9.7% to $2.0 trillion pesos, mainly due to the impact of the capitalization in the shareholders' equity. Our ratio of unencumbered assets to unsecured debt, calculated accordingly to the Description of the Notes of the Offering Memorandum, stood at 151.3%, above the minimum 110%, required by the covenant.

Our average funding cost remained at 12.6% during the first nine months of 2019. Our cost of funding remains controlled due to a higher participation of the domestic debt of the total mix of financial obligations with lower financial costs. Also, the reference interest rates of the Central Bank and the average DTF from financial institutions have stabilized during 2019 benefiting our financial cost, since about 78% of our debt is indexed to these floating rates.

Debt Profile- September 2019

The bid price of our 144A / Reg S bond recovered during this year in line with the prices of bonds issued by other non-banking financial institutions in the region, especially in the last two months.

In terms of our financial obligations by source as of September 2019, the 144A /Reg S notes represented 65% of our total financial obligations, the outstanding notes under the ECP Program represented 15%, the secured domestic sources represented 13.4% and the unsecured domestic sources represented 6.7%.

Below, we present the debt maturity profile as of December 2018 and September 2019. Average life of our debt stood at 2.4 years as of September 2019. The average life of our domestic debt is 1.8 years, as most of these credit lines are revolving and short-term, and the average life of our international debt is 2.5 years. The secured debt amortizations correspond to the IFC facility, which has about $22 billion pesos outstanding and to the local syndicated loan for payroll loans, which is revolving for the following three years. As of September 2019, we face amortizations of $65 billion pesos this year from local revolving loan facilities with financial institutions. We have signed committed credit lines with financial institutions for $273.8 billion pesos, and as of September 2019 we had $57 billion pesos available to use in the next 12 months for growth and debt amortizations.

Financial Obligations - September 2019

Finally, we present the status of our financial obligations as of September 2019.

Total financial obligations, net of the FX impact, decreased 0.5% to $1.42 trillion pesos between December 2018 and September 2019. As of September 2019, 87% of our total debt was unsecured and 13% was secured, represented by the IFC facility and a peso denominated syndicated loan with local financial institutions. By currency as of the same date, 81% of our debt was denominated in US dollars and 19% in pesos, with 100% of our debt hedged to pesos. By term, 12% of maturities were due in less than 12 months and 88% were due in the long-term as a result of the strategy to extend the average life of debt.

Now, please join me in the Closing Remarks section to conclude our presentation.

Closing Remarks

As we explained in our previous conference call and as you have seen during this presentation, we are focusing our efforts in the deployment of several initiatives of digital innovation in our business model. The recent upgrades of our core systems and the creation of our innovation department, allowed us to set up several initiatives for digital innovation in our customer acquisition process. During the 2Q 2019 we implemented a 100% digital origination process for our credit card business and during the 3Q 2019 we launched a 100% digital origination platform for the renewal process of payroll loans under a self-service model for mobile devices.

In terms of customer service, we are working on an omnichannel approach to our clients by developing a web-app platform that will support consultations, transactions, marketing and value - added alternatives for our clients. In this line, we are developing chat bots in social media to attend our clients' requests.

In the medium-term, we have identified several opportunities to partner with Fintechs and other digital companies to increase our origination capabilities and develop a digital ecosystem. We acknowledge the increasing importance of digital marketplaces to develop new channels for our products, as well as the value of reaching new alliances with small and medium merchants to finance their products, specially through our credit card.

Finally, we see the alliances with Fintechs as opportunities to speed up our learning curve and adopt best practices as well as a way to optimize the R&D process in a rapid changing industry and to get access to state of the art solutions for our clients.

With regards to our closing remarks, as seen throughout the presentation the adoption of IFRS 9 increased our net impairment expense, specially under a period of deterioration of the asset quality. However, the performance of our NPLs during the 3Q 2019 improved, changing the trend from previous quarters while maintaining conservative and restrictive underwriting policies. This increase in origination was achieved through digital innovation platforms that resulted in reduced origination costs and improved efficiency and quality of the loan portfolio during 2019.

In terms of our funding sources, we have $274 billion pesos of committed credit lines with financial institutions to meet this year's debt amortizations and to fund portfolio growth and we are structuring new sources of funding in the fixed income local capital market, including a securitization of payroll loans for up to $150 billion pesos, which is expected to price within the next three months. We estimate that the average life of our debt will remain above 2.5 years by the end of 2019 to mitigate refinancing risks.

We see a more stable macro economic environment in Colombia for 2019, with higher expectation for GDP growth and controlled inflation, in spite of the recent political and social turmoil. In fact, just two weeks ago we were surprised by the GDP growth figure of 3.3% during the 3Q of this year, led mainly by private spending fueled by consumer lending.

Moreover, we have two new agreements with utility companies: Electrohuila and EnerPereira, which will increase our potential client base by 21% for the credit card business. During this year, we have also expanded our geographical presence with our sales force in new regions with lower penetration from the traditional financial institutions. Our payroll loan portfolio increased its participation within the overall portfolio to 60%, mainly among pensioners.

Finally, during 2019 we developed new commercial channels increasing their share of the total origination. As of October 2019 telephones sales represent 10% of total origination, showing a 39% reduction in the cost per million, our 9 mobile units represent 16% of total origination and we are also using them to originate credit cards in rural and disperse areas, and finally our digital site for payroll loans renewals represents today 1%. We expect these channels to represent 35% of loan originations in 2020 achieving a 10% reduction in costs per million.

This concludes our presentation for today. We will now open the call for a Q&A session.

Q&A Session

Operator: Thank you. We will now begin the question and answer session.

First, we will go with the audio questions and then we will read the questions coming from the web.

If you have a question, please press * and then 1 on your touchtone phone.

If you wish to be removed from the queue, please press the # key.

So no questions over the phone.

Patricia Moreno: We have a couple of questions on the web. If you want me, I can follow up on that.

There's a question from Sebastian Arango, from BTG Pactual. "Given the change in the legal structure from simplified joint stock company to joint stock company, are you planning to make an issuance for next year? Could you give us more details about the plans in the local market?"

As we mentioned, we are finishing the structuring of a securitization for payroll loans. It would be the first securitization from a financial-like institution. The two previous were securitizations from Compensar and Colsubsidio, which are entities that are basically dedicated to the benefit for employees and who also provide payroll loans for them, but in very small amounts.

What we are planning is a securitization that would be registered before the National Registry of Securities and Issuers of the Financial Superintendence. The securitization will be for up to $150 billion pesos. It started as a reverse enquiry from an investor in Colombia and what we're seeing is that each time more and more investors are requiring high-yield assets that are different from what they can find locally. We already obtained the rating on the securitization but it's not public yet. We will of course communicate the rating once it becomes public by the rating agency.

We rated this securitization with Fitch Ratings and this is the start of many other issuances that we plan to do in the local market. As we mentioned before, the first step was to become a "Sociedad Anónima" in Colombia, a joint- stock company, to be able to register bonds and securities before the National Registry of the Financial Superintendence.

We just started discussions with investors, mainly institutional investors, in terms of rates so we hope that for the first quarter or for the full year 2019 conference call, which we plan to have by February next year, we will have all the results regarding this issuance. So, yes, this is the first one, and we hope to continue being a more frequent issuer in this market.

There's another question from Ignacio Campo, from Baffin Advisors. "Have you been running your FX hedging with the Colombian peso depreciation?"

About 65% of our financial obligations are made up by the international bond that we have, with an outstanding amount of USD 325 million. As we have explained, about USD 250 million of this bond is hedged through full cross-currency swap, in which we have no additional risk because of further depreciation of the peso. We closed these cross-currency swaps two years ago in January 2018 so we are fully hedged on the USD 250 million. On the USD 75 million of the reopening of the bond, what we did was to close a coupon only swap until maturity to hedge the interest payments, and then we also did a call spread for the principal of those USD 75 million. What we did recently, given the depreciation of the peso in this last quarter, was to increase the range of the hedge up to COP 3,750 per dollar. We had it before at COP 3,500, which was one the levels that we originally passed for the first time in the history of the peso against dollar so we feel that this new level would give us enough space to be hedged against further depreciation.

On the other USD 75 million that we have outstanding from the ECP notes that are due next year and in 2021, what we have done in the past is to hedge those noes with non-delivery forwards. The forwards are up to the maturity of the notes, so have not had to roll over these forwards. We executed those forwards when the forward points were very low. Actually, the depreciation of the peso was very low so currently we have a positive mark-to-market on basically all of our hedging position today.

There is another question from Maria Cruz, from Seminario regarding further capitalization going forward. So far, we do not expect further capitalization from our shareholders. The current level of our shareholders' equity and the solvency ratio and the equity to assets ratio allow us to be okay for a while. We believe that current solvency ratios are good enough for the growth that we expect to have in 2020.

There's a question from Jorge Acevedo, from BTG Pactual. "How has the prepayment ratio been behaving and how is this affecting business strategy?"

Juan Camilo Mesa: So far, the prepayment ratio has been stable. However, as a company we've been doing different initiatives with digital channels and proactive strategies to try to lower this ratio.

As I told you earlier, we had a new digital channel for renewal that is a self-service channel and we'll lower the cost and time that we had for payroll originations.

With this digital platform for renewals, we expect to reduce the prepayment. We expect to retain our clients also in an industry that is very competitive right now, and we expect to be able to offer our clients a better proposition, more personalized, more tailor-made to their needs so that we can reduce the pre-payment rates.

Ok operator. That's all for now. We have no further questions on the web.

Operator: Very good. We have no questions over the phone either.

Patricia Moreno: We can conclude the presentation for now. Thank you.

Operator: Thank you ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.