CREDIVALORES-CREDISERVICIOS ANNUAL RESULTS REPORT[1]

AS OF DECEMBER 31, 2017

David Seinjet (CEO):

Good morning and thank you for joining us today in our 4Q and full year 2017 results investor conference call.

My name is David Seinjet, I am the founder and CEO of Credivalores, and here with me are Juan Camilo Suárez, our CFO and Patricia Moreno, our Director of International Funding and Investor Relations.

We will have a Q&A session at the end of this presentation. You will also be able to download the presentation from our new Investor Relations website.

Please join me in slide 3 to begin the presentation.

Credivalores at-a-glance

Credivalores is the leading non-bank financial institution in Colombia targeting mid- to low-income clients. We offer a diversified portfolio of consumer credit solutions with innovative collections channels through three main products: payroll loans, branded credit cards and insurance premium financing. The Company has a track record of over 14 years and more than 821,000 clients, having issued more than US$2.3 bn in loans. As of December 2017, we had a managed loan portfolio of US$437 million and a shareholders' equity of US$76 million.

Credivalores' business model is supported by 4 main pillars:

− The first pillar is our customer segment, comprised of those clients that traditional banks cannot or do not serve, more specifically mid- to low-income clients in Colombia's small and medium sized cities, where banks have a more limited presence.

− Our second pillar is our unique collection system, which depending on the product, collects payments through payroll deductions and utility bills to mitigate payment risk.

− The third pillar is the robust yield of our portfolio. Given our niche market, clients are more focused on the monthly installment amount and the highly competitive response times than on the effective interest rate charged, reducing price sensitivity.

− Finally, our fourth pillar includes our key partnerships with employers, retailers and utility companies and a proprietary sales force of more than 2,000 sales representatives. This integrated network gives us access to 7.6 million potential clients.

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.

[1] The following transcript should be read in conjunction with our Financial Statements as of June 30th, 2017. Our Annual Financial Statements have been prepared in accordance with IFRS for non-financial entities.

− We manage a portfolio of US$437 million, from which 53.6% correspond to payroll loans, 37.2% to Credit Cards and 8.5% to insurance premium financing.

- We also operate a retail insurance business through which we have contacted 365,400 homes using our alliances with public utility companies issuing 35,400 insurance policies during 2017. Moreover, we sold 45,500 insurance policies through our sales platform, becoming one of the leading distributors of micro insurance policies in the country.

− 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.

- These features allow us to have a well-diversified product portfolio with low concentration by loan size, geographical location and economic sector. The average term at origination is 50 months among all products, the average interest rate is 23.5% (not including fees) and our NLPs are lower than those of the Colombian financial system.

Please join me in slide 6 to review the main highlights of the company in 2017.

Opening Remarks

In terms of our funding, as you all know, we completed our debut transaction in the international bond market in July 2017 with the issuance of a US$250 million bond due July 2022 and in February 2018 we reopened the bond for an additional US$75 million. The proceeds of the issuance and the retap of the bond were used to prepay secured debt with local financial institutions, unsecured foreign currency debt and to serve the maturity of notes under the ECP Program. During the 4Q of 2017 we also completed an additional liability management transaction under the ECP Program. As a result, we were able to extend the average life of our total debt from 1.1 years to 3.4 years by the end of 2017.

All of our foreign currency debt is hedged to Colombian pesos through derivative instruments including non-delivery forwards, cross currency swaps and options with international financial institutions. We have implemented a new risk management policy to mitigate the effects of foreign currency and interests rate risks in our P&L.

As previously explained, since June 2016 we decided to suspend loan portfolio sales as a source of funding in order to strengthen our balance sheet position and gradually we have been able to substitute this source of income.

Regarding the credit ratings, our international issuer rating was confirmed by S&P at B+ (stable) in December 2017. We obtained our first-time international long-term foreign currency issuer rating from Fitch Ratings in July 2017. In March 2017 S&P upgraded our local rating as originator and servicer from AA- (positive) to AA (stable) and recently this rating was confirmed.

On growth and profitability, our managed and owned portfolios grew 11.2% and 12.0%, respectively compared to the 6.2% portfolio growth of the financial system. During the last two quarters of the year, we revised our pricing strategy to increase interest and fee income on our products without impacting demand for loans. As of December 2017, total revenues increased by 7.8%. However, gross financial margin and operating income decreased due to higher impairment expenses and financial costs as we will further explain in the presentation.

We maintained a strong equity position after the US$18.6 mm capitalization. This allowed us to stabilize our leverage and solvency ratios in 2017 and to meet the financial covenants in 2017.

FY 2017- Main Highlights- Macro Conditions

Regarding the business environment in Colombia, inflation ended the year at 4.09%, close to the target of the Central Bank. Interest rates have been decreasing since December 2016 when the Central Bank adopted an easing cycle considering lower economic growth expectations for the country in 2017, as a result of the impact of oil prices in the fiscal accounts. DTF, which is the short-term interest rate at which 36% of our portfolio is indexed to, has decreased 259 basis points since August 2016.

The reduction in interest rates from the Central Bank has not been reflected completely in the interest rates from the financial system, resulting in social and political discomfort from many sectors. Thus, in August 2017, the government announced changes in the calculation period of the usury rate from a quarterly to a monthly basis starting on September 1st, 2017. Although the calculation formula remained unchanged at 1.5 times the average lending interest rate from banks, the usury rate has decreased 225 basis points since the adoption of this measure. However, we have not had a similar adjustment in the average interest rate of our portfolio, since we maintain an important gap compared to the usury rate.

Recently, government officials and representatives from the banking sector have expressed publicly the need to deregulate the maximum interest rate for consumer loans among the low and middle-income part of the population to increase the access to financial services. However, no specific regulatory measures have been announced.

The financial system in Colombia has witnessed an increase in the NPLs because of the slowdown in the economy. As of December 2017, the average systems' NPLs stood at 4.2% and NPLs from consumer loans increased to 5,8%. The system as a whole remained well capitalized showing a solvency index of 16.6%, above the 9% minimum regulatory.

Out of the total loan portfolio of the financial system as of December, about 29% were consumer loans totaling US$42 billion. The consumer loan portfolio grew 9.7% 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 10.0% and 7.9% year over year, respectively.

Now, please join me in slide 10 to review our fourth quarter and full year results.

4Q and FY 2017 Operating Results

Our client base increased 3.9% between the third and the fourth quarter of the year and grew 4.6% between 2016 and 2017.

The loan portfolio origination decreased slightly between the third and fourth quarter of 2017, as a result of lower origination in payroll loans due to the normal seasonal cycle of the product resulting from the end of year vacation period of public entities. Loan portfolio origination totaled $776 billion pesos in 2017 showing a 9.7% decrease compared to 2016. During the last quarter of 2017 we were able to partially recover the 17.3% decrease in loan portfolio originations we had as of September. The main reason for this decrease in new loans was the restriction on liquidity during the last quarter of 2016 and the first quarter of 2017 due to the suspension of portfolio sales, affecting the average loan origination by around 30%.

Regarding our owned portfolio, which includes the portfolio on balance and in free standing trusts, we had a 6.9% growth quarter over quarter and a 12.0% growth year over year reaching a total of $1.1 trillion pesos. As you know, we decided to suspend sales of our payroll loans portfolio since June 2016. As a consequence, the payroll loan portfolio within the owned portfolio increased 5.1% quarter over quarter.

Following this same explanation, our managed loan portfolio, which includes our owned portfolio and the portfolio sales, increased 6.5% quarter over quarter totaling $1.3 trillion pesos in 2017. This increase in the managed portfolio is explained mainly by the increase in credit cards and insurance financing between the third and fourth quarter of 2017. The growth in the owned portfolio resulted in the 11.2% increase in the total managed portfolio year over year.

If we review our managed loan portfolio by product type as of the end of the year, the payroll loan business maintained its share of the total managed loan portfolio between the third and the fourth quarter of the year at 53,6%. The insurance financing business increased its share of the managed loan portfolio in the same period from 7.5% to 8.5%. The credit card business maintained its share of the total portfolio at 37.2%.

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 0.7% of the portfolio and the average single exposure represents only 0.11% of the total portfolio.

In addition to our diversification, 84% of the payroll loan portfolio and 45% of the overall portfolio ultimately come from clients on the government’s payroll, which increases the stability of their cash flows.

Geographically, Bogota represents only 24% 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.

Regarding our NPL levels we have been able to manage a trajectory of rapid growth of loan portfolio with an 18% growth rate (CAGR) over the last 5 years, while still maintaining low rates of non-performing loans compared to the industry average. Our low NPL levels result from our enhanced proprietary underwriting standards and credit review systems.

Our NPLs, calculated between 60 and 360 days, increased between September and December 2017 from 3.9% to 4.2%, due to the general slowdown of Colombian economy, which affected the performance of our credit card business, especially in the second half of 2017. Our origination standards for payroll loans remained focused on top credit profiles among government employees. These credit policies and the extension of the duration of our funding sources, allowed us to extend the duration of payroll loans to 78 months and to increase the average loan size by 1.5%.

Our NPLs remain still below the Colombian financial system, even after including write-offs of loans greater than 360 days from commercial banks, in order to make the index comparable to Credivalores' figures, as we maintain a policy of not writing-off loans. As you see in the presentation, as of December 2017 Credivalores had NPLs of 10.8%, which compares well to the 14.2% of the industry average when including write-offs.

NPL coverage ratio, which has been traditionally around 90% of our managed portfolio and more than 100% of our own portfolio, improved between September and December 2017 to 92% for the managed portfolio and 102% for the owned portfolio, including FGA reserves. This was due to additional impairment expense due to adjustments in the model and internal policy to maintain coverage ratio of managed portfolio above 91%.

Our NPLs coverage ratio remains above our calculation of loss given default, which stands at 75% for the NPLs over 60 days.

Our recovery rates for loans with over 180 days overdue as of December 2017 was 19,6%, reflecting our effective recovery processes, which also explain our policy of not writing-off loans.

4Q 2017 and FY 2017 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, grew 2.6% between the third and fourth quarter of the year, mainly as a result of a 13.3% growth in commissions and fees, and an 8.9% decrease in interests. Year over year, interest income increased 7.8% due to higher average portfolio balance, offsetting revenues from portfolio sales and other items, which represented 13% of interest income in 2016. If we adjust the year over year growth to exclude revenue from portfolio sales and other items, our interest income would have grown by 24.1% between 2016 and 2017. With these results, we were able to fully offset the negative impact from not having revenue from portfolio sales during 2017.

The gross financial margin fell 17.5% between the third and fourth quarter of 2017 due to the increase in financial costs associated with the issuance of the international bond in July 2017 and to higher impairment expenses. Impairment expenses increased by 67.5% between the third and fourth quarter of 2017 due to adjustments in the provisions model and requirements to maintain the coverage ratio of the managed portfolio above 91%. By year end, gross financial margin decreased by 4.0% due to higher financial costs and impairment expenses that offset the slight increase in interest income.

The selling, general and administrative expenses, which are referred to as other expenses in our income statement, increased 10.5% between the third and fourth quarter of 2017 due to an increase in legal, insurance and tax related expenses, higher depreciation and amortization expenses and higher employee benefits. In 2017 other expenses totaled $100 billion pesos, 2,5% less than in 2016 as a result of the annual cost saving program implemented to improve operational efficiency and control expenses.

With regards to the operating income, we had a large decrease quarter over quarter as a result of the fall of gross financial margin and the increase in other expenses in the fourth quarter. Operating income decreased 30.2% year over year due to lower gross financial margin which was negatively impacted by higher net impairments and the absence of other income from brands and partners' agreements such as the ones reported in 2016. Now moving to the non-operating results in the income statement, during the third quarter of 2017, non-recurring items, which include foreign currency rate differences arising from the hedging position on debt and the valuation of forwards totaled $3 billion pesos resulting in $11 billion pesos of non-operating expenses as of the first nine months of 2017. Out of this result, only $1 billion pesos had an actual cash impact resulting from financial income from our cash balances and the accrual impact came from $8 billion from positive FX rate differences and $20 billion from forward valuations.

Now moving to the non-operating results in the income statement, during the fourth quarter of 2017, non-recurring items, which include foreign currency rate differences arising from the hedging position on debt and the valuation of forwards totaled $2 billion pesos resulting in $13 billion pesos of non-operating expenses in 2017. Out of this result, only $1.5 billion pesos had an actual cash impact resulting from financial income from our cash balances and the accrual impact came from $7.9 billion of negative FX rate differences and $6.5 billion from forward valuations. Forward valuation includes the accumulated impact of the compensation of forwards every time the underlying obligation matures or is prepaid, which was the case for the notes under the ECP Program in 2017.

As of the end of 2017, 100% of our foreign currency debt was hedged to pesos either through natural hedge with US dollar deposits or through short-term forwards to hedge the monetization of proceeds. In January 2018, we executed a cross currency swap to Colombian pesos on the principal and interests of the US$250 million issuance with international counterparties. The hedge extends until 2022 and it was structured to allow Credivalores to actively manage the gap of its assets and liabilities during this period paying a floating rate in pesos indexed to the IBR overnight.

If we eliminate the impact of non-recurring items from our income statement, our net income before taxes, would have reached $17 billion pesos as of December 2017.

When considering all the impacts from non-operating items, our net income before taxes exhibited a loss of $3 billion pesos in the fourth quarter of the year, which resulted in an accumulated profit of $3 billion pesos in 2017.

During the fourth quarter of the year we had a net loss of $2 billion pesos resulting in an accumulated net income of $2 billion in 2017.

FY 2017 Financial Results- Balance Sheet

With regards to our balance sheet, we present the main financial ratios for the year end.

Our shareholders' equity increased 20.6% between December 2016 and December 2017, totaling $228 billion pesos, after accounting for the US$18.6 million capitalization of April 2017.

Our leverage ratio of debt to equity remained at 5.1 times. Our solvency ratio, calculated as equity to assets, also remained stable at 15.4%.

Lastly, the capitalization ratio measured as the total shareholders' equity divided by net loan portfolio, which is defined as the owned loan portfolio less impairments of financial assets and the FGA reserve, totaled 25% in 2017, above the 13.5% level required by the covenant of the 144 A / Reg S bond issuance.

With regards to the evolution of the composition of our capitalization, between September and December 2017, total capitalization decreased 5.7%, due to prepayment of financial obligations and the decrease in shareholders' equity resulting from the effects of hedging instruments in the comprehensive income account.

Our ratio of unencumbered assets to unsecured debt, calculated accordingly to the Description of the Notes of the offering memorandum of the bond, stood at 119.5%, above the minimum 110%, required by the covenant.

Our average funding cost increased to 14.12% above the September 2017 levels due to the change in funding sources from peso to US dollar denominated debt. This resulted in an increase in the average spread over the DTF rate after considering the cost of hedging the FX risk. The change in funding sources was driven by the decision to extend the average life of debt and substitute cash inefficient and inflexible sources like the free-standing trusts with local banks. The pricing strategy of our loan portfolio had been adjusted accordingly since June 2017 in anticipation of higher costs of funding.

FY 2017 Debt Profile

The price of the144 A / Reg S bond issued last year has performed well for investors increasing up to 106% in the beginning of 2018.

The proceeds of the bond issuance were applied to prepay secured local debt with financial institutions mainly through free standing trusts and unsecured debt under our ECP Program. As of December 31, 2017, we had prepaid $677 billion pesos or about US$231 million mainly of secured local debt, unsecured debt and to serve the maturity of US$36.5 million notes under the ECP Program in October 2017.

Below, we present the debt maturity profile before and after the bond issuance in July 2017. This transaction allowed us to extend the average life of our debt from 1.14 years to 3.4 years, in line with the average duration of our portfolio. As of the end of 2017, all secured debt with local banks was prepaid, except for the IFC facility, which we will maintain until maturity in 2021. In addition, in the last quarter of 2017 we completed another liability management transaction which allowed us to retire a US$25 million note issued under the ECP Program with amortizations in July and October 2018 and March 2019 and substitute this note with a US$35 million note due May 2020. With these transactions we continued to improve the debt profile of Credivalores moving towards long-term unsecured sources of funding and a diversified investor base to support our growth.

FY 2017 Financial Obligations

Finally, we present the status of our financial obligations as of December of 2017.

Total financial obligations increased 10.9% to $1.21 trillion pesos between December 2016 and December 2017. However, there was a 5.7% decrease between September and December 2017, as a result of the prepayments of debt carried out in the second half of the year.

As of the end of 2017, 95% of the total debt was unsecured and only 5% was secured, represented only by the IFC facility. By currency as of the same date, 91% of our debt was denominated in US dollars and 9% in pesos, with 100% of the total debt hedged to pesos. By term, 22% of maturities were due in less than 12 months and 78% were due in the long-term.

Closing Remarks

With regards to our closing remarks and 2018 expectations, I would like to mention that in terms of our funding sources we have developed several initiatives to further diversify our investor base through new sources of funding in the local market, with multilateral entities and in the international capital markets. We believe these new sources will allow us to maintain the average life of debt above 3 years to mitigate the financing risk.

On the risk management side, the new dynamic risk management strategy implemented in 2017 will allow us to maintain a dynamic hedge on our foreign currency rate and interest rate exposure, while maintaining a minimum impact in our P&L. However, in 2018, we foresee certain other risks arising from the IFRS 9 adoption, which could have a negative impact on our financial statements, including higher impairment expenses and changes in the shareholders´ equity due to derivatives valuations.

Our strong balance sheet position, consolidated funding structure and leading market position will support the expected managed portfolio growth between 1.7x ad 2.0x the financial system in 2018. During 2018, our management team will be dedicated to improving pricing strategy to maintain net interest margin after accounting for higher cost of funding.

Along with portfolio growth, we expect to improve efficiency ratios between 57% and 58% implementing new adjustments in our cost structure, especially in our administrative expenses. With these strategies we expect to increase profitability by 2020 and recover ROE and ROA levels of 2015 of 18% and 3%, respectively.

Finally, we continue to strengthen our management team with the recent recruitment of Zulma Villar, as Executive Vice-president. Zulma has more than 28 years of experience in the finance industry and in development of client management programs for retail and SMEs. Previously, she served as Marketing VP at Experian, one the Credit Bureau in Colombia, VP of Products and Marketing at Corpbanca and VP of Innovation and Marketing at BBVA.

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 those questions coming from the web.

If you have a question, please press * and 1 on your touchtone phone. If you wish to be removed from the queue, please press the # sign. If you’re using a speaker phone, you may need to pick up the handset first, before pressing the numbers. Once again, if you have a question please press * and 1 on your touchtone phone.

We have no audio questions at this time.

The first question comes from Mariana Villalba, from NN Investment Partners.

Mariana Villalba: Hi. Good morning. Thanks for taking my question. Do you already have any estimate of the impact of the implementation of IFRS 9 in your provisions? Because according to what you said, the impairments already had a significant impact on the gross financial margin in the last quarter. Do you have any sense on that? How are you seeing NPLs for 2018?

David Seinjet: Thanks. Regarding IFRS 9 implementation, we decided to hire Ernst & Young as our advisor for this process.

It is a long process, so we're working with them. They started the sensitive analysis according to IFRS rules.

We have not received yet the final report. We do expect some adjustments in impairment expenses. These are not going to be cash expenses, just basically a change in the balance sheet.

We don't have an exact amount yet of the adjustments.

Regarding NPL levels, the coverage ratio that you mentioned earlier, yes, we did increase voluntarily the amount of impairment expenses in Q4, basically to recover the coverage ratio that we had in the past.

We had a slight increase in NPL levels in the credit card business. Some was due to operational issues and the other one just for credit risk to increase risk due to higher or slower economic growth in the country.

Regarding expected NPL levels for 2018, we think and we're working hard to go back to the 4% levels that we had in 2017.

That's what the management is committed to work with.

Mariana Villalba: Ok. Thank you.

Operator: Once again, if you have a question please press * and 1 on your touchtone phone.

David Seinjet: We received another question regarding IFRS 9.

We plan in the next call to add a more detailed analysis on the impact on the balance sheet in the implementation of IFRS 9.

Probably we're going to be presenting that information in the next investors call.

>>Yes. Probably at the end of April or the beginning of May.

David Seinjet: End of May, probably, beginning of May.

Operator: We have no further questions in audio.

>>Operator, if we don't have any other question, we can conclude this conference call now.

Operator: Thank you, ladies and gentlemen. This concludes today's conference.

Thank you for participating. You may now disconnect.