

Credivalores Crediservicios S. A.S.

*Financial statements for the years ended
December 31, 2013 and 2012*

CREIVALORES CREDISERVICIOS S. A.S.**BALANCE SHEETS**

(In millions of Colombian Pesos)

		<u>At December 31.</u>	
<u>Asset</u>	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Current Asset			
Available	3	1,684	6,529
Short term investments	4	31,711	42,171
Debtors			
Advances & prepayments		13	5
Revenues receivable		21,149	12,861
Related Parties	11	7,897	8,659
Customers		115,597	155,115
Tax advances & contributions		6	192
Sundry Debtors	5,3	51,085	38,032
Debtor provision		<u>(40,800)</u>	<u>(39,609)</u>
Debtors total	5	154,946	175,254
Deferred charges	2 y 8	<u>4,787</u>	<u>4,776</u>
Total current assets		<u>193,128</u>	<u>228,731</u>
Non current asset			
Long term investments	4	14,237	13,811
Intangible assets	6	160,542	100,204
Properties & equipment - Net	7	149	170
Reappraisals		277	273
Deferred	8	<u>5,369</u>	<u>2,050</u>
Asset Total		<u>373,702</u>	<u>345,240</u>
Memorandum Accounts	16		
Debit		<u>1,294,917</u>	<u>1,126,428</u>
Credit offsetting memorandum accounts		<u>974,636</u>	<u>740,262</u>
<u>Liabilities and Equity</u>			
Current liabilities			
Financial obligations			
Banks and financial corporations		2,750	3,798
Trade financing companies		1,802	1,413
Third parties		<u>4,011</u>	<u>1,768</u>
Total financial obligations	9	8,563	6,979
Accounts payable			
Costs & expenses payable		8,189	5,852
Dividends payable			307
Related parties		1,083	770
Miscellaneous		<u>32,861</u>	<u>27,911</u>
Total accounts payable	10	<u>42,133</u>	<u>34,840</u>
Taxes, liens and encumbrances	12	4,446	4,005
Labor liabilities	13	1,149	1,001
Other liabilities	14	<u>24,993</u>	<u>15,950</u>
Total current liabilities		<u>81,285</u>	<u>62,776</u>
Non-current liabilities			
Financial obligations:			
Banks & Financial Corporations		164,475	152,631
Third parties		20,175	35,777
Related parties	11	<u>296</u>	<u>296</u>
Total financial obligations	9	<u>184,946</u>	<u>188,703</u>
Total liabilities		<u>266,231</u>	<u>251,479</u>

CREDIVALORES CREDISERVICIOS S. A.S.**BALANCE SHEETS (CONTINUED)**(In millions of Colombian Pesos)

		<u>At December 31,</u>	
	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Equity			
Capital	15	73,228	73,228
Capital surplus		2	2
Reserves		2,402	1,385
Results for the period		13,706	10,178
Results from prior periods		17,856	8,696
Surplus from reappraisals		<u>277</u>	<u>273</u>
Total equity	15	<u>107,471</u>	<u>93,761</u>
Total liabilities and equity		<u>373,702</u>	<u>345,240</u>
Memorandum Accounts	16		
Credit		<u>974,636</u>	<u>740,262</u>
Debit offsetting memorandum accounts		<u>1,294,917</u>	<u>1,126,428</u>

The accompanying notes are an integral part of these financial statements

(Original in Spanish signed by:)

Pablo Ignacio Campillo Orozco
Legal Representative

Carlos Alberto Gutiérrez Llanos
Public Accountant
Professional Card No. 46095-T

Daniel Fernando Avella Guerrero
Statutory Auditor
Professional Card No. 141318-T
Appointed by PricewaterhouseCoopers Ltda.
(See attached report)

CREDIVALORES CREDISERVICIOS S. A.S.**STATEMENTS OF INCOME**
(In millions of Colombian Pesos)

		For the years ended December 31.	
	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Net operating income	17	117,793	109,438
Operating expenses:			
Financial	18	21,955	19,477
Administrative	19	8,194	8,083
Selling	20	<u>63,027</u>	<u>64,766</u>
Total operating expenses		<u>93,175</u>	<u>92,326</u>
Operating income		24,618	17,112
Non-operating income	21	3,526	3,251
Non-operating expenses	22	<u>6,070</u>	<u>4,009</u>
Income before income tax		22,074	16,354
Income tax provision	12	8,016	5,867
Deferred tax amortization		<u>352</u>	<u>309</u>
Net income for the period		<u>13,706</u>	<u>10,178</u>
Net income per share		<u>5,288.28</u>	<u>3,927.05</u>

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CREDIVALORES CREDISERVICIOS S. A.S.**STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(In millions of Colombian Pesos)

	<u>Capital</u>	Premium on the placement of shares	<u>Reserves</u>	Equity Reappraisal	Surplus from Reappraisals	Income for the period	Results from prior periods	Total equity
Balances at December 31, 2011	<u>2,592</u>	<u>70,638</u>	<u>1,385</u>	-	<u>308</u>	<u>6,621</u>	<u>2,075</u>	<u>83,618</u>
Capitalization	70,636	(70,636)	-	-	-	-	-	-
Earnings distribution	-	-	-	-	(35)	(6,621)	6,621	(35)
Income for the period	-	-	-	-	-	<u>10,178</u>	-	<u>10,178</u>
Balances at December 31, 2012	<u>73,228</u>	<u>2</u>	<u>1,385</u>	-	<u>273</u>	<u>10,178</u>	<u>8,696</u>	<u>93,761</u>
Earnings distribution	-	-	1,018	-	-	(10,178)	9,160	-
Reappraisals	-	-	-	-	4	-	-	4
Income for the period	-	-	-	-	-	<u>13,706</u>	-	<u>13,706</u>
Balances at December 31, 2013	<u>73,228</u>	<u>2</u>	<u>2,402</u>	-	<u>277</u>	<u>13,706</u>	<u>17,856</u>	<u>107,471</u>

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CREIVALORES CREDISERVICIOS S. A.S.**STATEMENT OF CHANGES IN THE FINANCIAL POSITION**

(In millions of Colombian Pesos)

	For the years ended December 31,	
	<u>2013</u>	<u>2012</u>
Sources of funds		
Operations:		
Net income for the period	13,706	10,178
Depreciation of goods for own use	336	346
Depreciation of goods under leasing	783	740
Provisions	12,720	13,373
Recoveries	(551)	(1,960)
Amortization of deferred charges	592	591
Income from intangible assets	(31,531)	(21,583)
Forward instruments reappraisal	116	1,815
Exchange difference	<u>1,447</u>	<u>(775)</u>
Working capital provided by the operations	(2,381)	2,725
Loans granted to unit companies	-	5,075
Intangible assets	<u>(42,726)</u>	<u>2,815</u>
Total sources of funds	<u>(42,726)</u>	<u>7,890</u>
Application of funds		
Purchase of properties and equipment	(1,586)	(1,182)
Decrease in long term financial obligations	(3,758)	(11,924)
Equity tax	(852)	(852)
Goodwill	-	(437)
Deferred charges	<u>(3,330)</u>	<u>-</u>
Total application of funds	<u>(9,526)</u>	<u>(14,396)</u>
Decrease / Increase in working capital	<u>(54,632)</u>	<u>(3,781)</u>
Analysis of changes in working capital:		
Current asset:		
Cash	(4,845)	(10,470)
Investments	(10,461)	10,228
Accounts receivable - Net	(20,307)	(36,736)
Deferred charges	<u>(509)</u>	<u>937</u>
Total current asset	<u>(36,123)</u>	<u>(36,041)</u>
Current liabilities:		
Financial obligations	1,584	(33,980)
Accounts payable	7,293	3,143
Taxes, liens and encumbrances	441	(277)
Labor liabilities	148	240
Other liabilities	<u>9,044</u>	<u>(21,386)</u>
Total current liabilities	<u>18,510</u>	<u>(32,260)</u>
Increase in working capital	<u>(54,632)</u>	<u>(3,781)</u>

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CREIVALORES CREDISERVICIOS S. A.S.**STATEMENTS OF CASH FLOWS**

(In millions of Colombian Pesos)

	For the years ended <u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income for the period	13,706	10,178
Adjustments to reconcile net income to net cash provided by the operations:		
Depreciation of goods for own use	336	346
Depreciation of goods under leasing	783	740
Provisions	12,720	13,373
Recoveries	(551)	(1,960)
Amortization of deferred charges	592	591
Forward instruments reappraisal	116	1,815
Exchange difference	1,447	(775)
Income from intangible assets	<u>(31,531)</u>	<u>(21,583)</u>
Changes in operating assets and liabilities		
Accounts receivable - Net	20,307	36,736
Intangible assets	(42,726)	2,815
Goodwill	-	(437)
Deferred charges	509	(937)
Accounts payable	7,293	23,143
Taxes, liens and encumbrances	441	(277)
Labor liabilities	148	240
Other liabilities	<u>9,044</u>	<u>(21,386)</u>
Cash used in operating activities	<u>(7,365)</u>	<u>42,622</u>
Cash flows from investing activities:		
Purchase of properties and equipment	(1,586)	(1,182)
Investments	10,461	(10,228)
Tax on equity	(852)	(852)
Long term deferred liabilities	(3,330)	
Loans granted to unit companies	-	<u>5,075</u>
Cash provided by (used in) investing activities	<u>4,692</u>	<u>(7,188)</u>
Cash flows from financing activities:		
Decrease in short term financial obligations	1,584	(33,979)
Increase in long term financial obligations	<u>(3,759)</u>	<u>(11,924)</u>
Cash flows provided by financing activities	<u>(2,174)</u>	<u>(45,903)</u>
Net increase (decrease) in cash	(4,846)	(10,469)
Cash at the beginning of the year	<u>6,530</u>	<u>16,999</u>
Cash at the end of the year	<u>1,683</u>	<u>6,530</u>

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CREDIVALORES CREDISERVICIOS S.A.S.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Figures in millions of Colombian Pesos, except otherwise provided)

NOTE 1. REPORTING ENTITY

CREDIVALORES CREDISERVICIOS S.A.S. is a Simplified Stock Company incorporated by means of the Public Deed No. 420 dated February 4, 2003, granted at the First Notary of the Cali Circle and its life term is twenty years as from such Deed date.

By way of the Public Deed No. 4532 of December 12, 2008, the merger between the companies Crediservicios S.A. and Credivalores S.A. was legalized. In Shareholders' Meetings of both companies held on July 31, 2008, the aforementioned merger was unanimously approved by authorizing the merger agreement, signed by the legal representatives of both companies, which sets out the terms and conditions for the absorption of Credivalores S.A. (absorbed party) by Crediservicios S.A. (absorbing party), pursuant to which the latter will continue existing while the former party is extinguished (dissolved without liquidation) and its equity is merged with that of CREDISERVICIOS S.A. through the integration of their assets and liabilities, signed by the legal representatives of said companies.

The merger process was informed to the Industry and Trade Superintendency; this control entity did not find objections to perform the mentioned process.

The company CREDIVALORES S.A. (absorbed party), was created by way of the Public Deed No. 1906 of May 13, 2003 granted at First Notary of Cali, registered at the Cali Chamber of Commerce on May 21, 2003 under Number 3501 of Book IX. Through the Public Deed No. 529 of February 27, 2009 granted at First Notary of Cali, the Company changed its trade name from CREDISERVICIOS S. A. to CREDIVALORES CREDISERVICIOS S.A.

Pursuant to the Minutes No. 16 of the General Shareholders' Meeting held on February 23, 2010, registered at the Chamber of Commerce on March 19, 2010 under the Number 3074 of Book IX, the Company transformed from a stock company into a simplified stock company under the trade name CREDIVALORES CREDISERVICIOS S.A.S.

The Shareholders' Extraordinary Meeting held on December 26, 2012 approved the capitalization of the premium on share placement, which amount is COP 70,637,756,593.

After approval of such capitalization, authorized capital reached COP132.793.800.000, allocated in 4.700.000 shares, par value Twenty-eight thousand two hundred and fifty-four Colombian Pesos (COP28,254) each. Therefore, the subscribed and paid in capital reaches an amount of COP73,227,897,834 divided into 2,591,771 shares of a face value of COP 28,254 each.

Its corporate purpose is granting consumption credits to both individuals and corporations with either own resources and those obtained through financing mechanisms authorized by the law, featuring any type of repayment, including order of payment. For the development of such activity, the Company may: A) Perform risk analysis tasks; B) Execute credit management, which includes, but is not limited to, cashing, recording and collection of such receivables; C) Perform purchase and sale transactions on credits, securities, values and credit portfolios; D) Receive monies as mutual and enter into transactions which allow it obtaining the necessary resources to develop the corporate purpose; E) Act as co-debtor, guarantor, surety or endorser of credit obligations aimed to fund its activities, which are acquired, structured or implemented through trust funds; and F) perform all other activities required for the ordinary course of businesses, such as: (I) Acquiring, encumbering, limiting the property domain or dispose of fixed assets, (II) Acquiring and using trade names, logotypes, marks and all other industrial property rights; (III) making investments in companies, or incorporate them provided their purpose is the exploitation of similar activities to its own activities or that are somehow related to its corporate purpose; (IV) Enter into alliances or agreements with third parties in order to develop its corporate purpose. The Company is subject to the forbiddance of performing either massive or customary public fund raising, as established in the regulations currently in force.

The Company is subject to the forbiddance of performing either massive or customary public fundraising, as established in the financial and exchange regulations currently in force.

Credivalores Crediservicios S.A.S. has its main domicile in Bogotá, a Branch in Cali, and thirty-five (35) agencies, as follows: Aguachica, Armenia, Barrancabermeja, Barranquilla, Bucaramanga, Cartagena, Cartago, Ciénaga, Cúcuta, Curumaní, Florencia, Girardot, Ibagué, La Dorada, Lomas, Magangué, Manizales, Medellín, Mocoa, Montería, Neiva, Pasto, Pereira, Popayán, Riohacha, Sahagún, San Andrés, Santa Marta, Sincelejo, Tunja, Valledupar, Villavicencio, and Yopal.

During the year 2012 the Company had 1,002 employees and for the year 2013 it has 1,063 employees whose employment contracts are for indefinite terms.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting records follow the standards established in Decrees 2649 and 2650 of 1993 and other supplementary regulations, some of which are described below:

- a) Functional currency – According to legal provisions, the functional currency used by the Company for its balance sheet and income statement accounts is the Colombian Peso.
- b) Accounting period – According to the bylaws, the Company performs cut-off of its accounts, prepares and promulgates general-purpose financial statements once a year, at December 31.
- c) Accounting system – The accounting system used by the Company is the accrual basis, according to which the revenues and expenses are recorded when incurred, regardless of the fact that they have been either received or paid in cash.
- d) Cash: Cash is recorded based on the supporting documents sent by the financial entities. High liquidity resources held by the Company in Banks and other financial entities are recorded

- e) Investments – Tradable fixed-yield investments are recorded at acquisition cost and assessed through their yield accrual. Investments in shares are recorded at cost, being reappraised those in which the Company's investment is below 50%, and recorded at the equity method those in which the Company has participation over 50%. The result is recorded in reappraisals account and/or as revenues at the equity method.
- f) Accounting treatment of Receivables: The Company records its accounts receivable transactions at their current balance at the cut-off date. The Company's accounts receivable corresponds to consumption credit and microcredit, according to their amounts and the types of products held in the portfolio.

Classification and accounting recording:

The receivables held in own position are recorded in the accounts receivable caption of the balance sheet and the balances of receivables from autonomous equities and collective portfolios are recorded as memorandum accounts. Receivables are fully administered by the Company.

The Company has its credit factory, in which the credit conditions of the customers are analyzed considering criteria such as payment capacity, consultation of risk data centrals, grading in other entities. This process is performed used a risk scoring which is adjusted to the market conditions.

On a monthly basis, the Company performs an assessment of its accounts receivable under a risk model approved by the Board of Directors. Maturities are analyzed per their default aging, which is computed in terms of days between the last payment date and the cut-off date. As from 90 days maturity, accrual of interests in income is suspended. Interests continue to be recorded in memorandum accounts.

Accounts receivable provision policy

The Company determines its accounts receivable provision using a model based on the expected loss, which is computed as follows:

$$PE = PI * PDI * E$$

Where:

PE: Expected Loss, which is defined as the monetary amount that could be lost in the normal operation of the credit business.

PI: Default Likelihood, which is defined as the likelihood that a customer incurs in Default. For our specific situation, we measure default per product and we compute the accounts receivable percentage that is in default over the total accounts receivable per each product.

PDI: Loss on Actual Default, which is defined as the percentage of the assets not recovered once Default occurs, being measured per recovery of each product.

E: Asset exposure, which is defined as the amount of the balance of the credit principal at the time of computation.

For computing the total PE of Credivalores, this factor needs to be computed for each of the products of the Company, considering the following:

$$PECV = \sum PETC, PEC1, PECY, PECP$$

Where:

- PETC: Expected Loss of the product "Tú Crédito".
- PEC1: Expected Loss of the product "CrediUno".
- PECY: Expected Loss of the product "CrediYa".
- PECP Expected Loss of the product "CrediPóliza"

The Company uses own models for computing the PI, which is a linear regression model and the result defines the Company's provision.

- g) Prepaid expenses – They are mainly comprised by financial and juridical advisories, which are amortized during the term covered by their estimate. These expenses also include commissions paid as a result of the obtaining and renewal of syndicated credit quotas. They also include technical services specialized on the analyses of credit operations.
- h) Deferred charges – They comprise the disbursements incurred during the pre-operative stage for opening offices, such as legal advice, premises adaptation, advertising and acquisition of computer software, which will be amortized over a 5-year period. Advisory fees for obtaining credits, which are amortized along the term of the obtained credits. These charges also include commissions paid to utility service companies for the renewal of exclusivity agreements for the *crediuno* product. This item also includes the debit deferred tax for temporary differences for income and CREE taxes, which will be amortized during the year 2014. It also includes premiums paid on negotiation of renewals of covenants and which will be amortized during the term of such covenants.
- i) Intangible assets: Trust rights correspond to the amounts of trust properties taken from the account submission by the trust funds administering the autonomous equities of the accounts receivables that were subject to securitization and collateralized for the payment of financial obligations, as described in Note 6; include the receivables of crediya, crediuno and credipóliza recorded at present value. They also include rights on goods received in financial leasing, which are subscribed at a period of three (03) years and correspond to structured wiring, licenses, computer equipment and vehicles.
- j) Properties and equipment – They are recorded at their acquisition cost, being depreciated using the straight line method over their estimated useful lives, in accordance with the accounting principles generally accepted in Colombia. Depreciation terms used are as follows: furniture and office equipment, ten (10) years, and vehicles and computer equipment, five (05) years.
- k) Reappraisals: Reappraisals correspond to the recording of the comparison between acknowledged technical value appraisals requested every three years according to the regulations in force, and the carrying value of fixed assets. They also record the variance between the historical costs of investments regarding their intrinsic value. They are offset in the equity accounts.
- l) Financial obligations: These transactions are recorded at their current balance at the cut-off dates. On a monthly basis, balances with the various financial entities are reconciled.

- m) Labor liabilities – These liabilities correspond to the obligations held by the Company on concept of employee benefits as a result of their acquired rights, in conformity with legal regulations in force.
- n) Accounts payable and other liabilities: The Company records in accounts payable the obligations payable on concept of suppliers of goods and services pending payment, the interests accrued on financial obligations at the applicable rate for each obligation, the income tax, value added tax and industry and commerce tax withholdings, sales tax and Ica tax pending of payment and the accounts payable to autonomous equities on concept of transference of receivables.
- o) Deferred income: This caption records the income on sales of accounts receivable, which are amortized over periods of less than twelve months.
- p) Provision for income taxes – The provision for income and supplementary taxes is determined based on the higher of the net taxable income or the presumptive income, and applying to it the tax rate currently in force.
- q) Net income per share – It is determined based on the balance of the outstanding shares at each year end closing date. For years 2013 and 2012, net income per share amounted to COP 5,288.28 and COP 3,927.05, respectively.
- r) Memorandum accounts – They include goods and services received from third parties (receivables sold and administered by Credivalores Crediservicios S.A.S.); the amounts of the income tax return; the leasing installments for the purchase of equipment and software licenses pending payment which include a purchase option if they are financial leasing contracts; fully depreciated properties, plant and equipment, assets written-off and interests on matured receivables; control figures of marketing funds still to be used, and balances pending to be used by the crediuno and credipóliza customers as part of their approved transactions.
- s) Statements of cash flows – The Company prepares the statement of cash flows using the indirect method. For purposes of the presentation in the statement of cash flows, the Company classifies in the cash equivalents caption the investments with maturities of three months or less as from their initial issuance date.
- t) Foreign currency translation – Assets and liabilities in foreign currencies are translated into Colombian Pesos at the exchange rates applicable at the December cut-off (COP 1,926.83 per USD1 in 2013 and COP 1,768.23 per USD 1 in 2012). All other exchange gains and losses are included in the results for the period.
- u) Tax on Equity: The Company complied with the provisions of Law 1370 of 2009 and Decree Law 4825 of 2010 regarding the obligation to file a return and pay the corresponding tax on equity; it was (will be) recorded against the results of each period between 2011 and 2014.

NOTE 3 - CASH

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Petty cash and revolving funds	15	14
Banks	<u>1,669</u>	<u>6,515</u>
Total	<u>1,684</u>	<u>6,529</u>

There are no restrictions on the cash.

NOTE 4 - INVESTMENTS

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Investments in Collective Receivables (1)	31,711	42,171
Shares (2)	<u>14,650</u>	<u>14,225</u>
Subtotal	46,361	56,396
<u>Minus</u> - Provisions (shares)	<u>(413)</u>	<u>(413)</u>
Net	<u>45,948</u>	<u>55,983</u>

There are neither restrictions nor seizures on the investments at December 2013 and 2012.

1. The balance of short term investments at December 31, 2013 and 2012 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Investments in open collective receivables		
Fiducolombia	13,240	6,623
Fiducor	1,575	564
Alianza Fiduciaria	555	11,120
Fidupopular	60	59
Fonval	<u>3</u>	<u>3</u>
Subtotal	15,433	18,369
Bolsa y Renta collective receivables (a)	<u>16,278</u>	<u>23,803</u>
Total	<u>31,711</u>	<u>42,172</u>

- (a) The balances of investments in closed collective receivables in the company *Bolsa y Renta* of the draft unit called Z Securities for an amount of COP 16,278 MM in 2013 and COP 23,803 MM in 2012, which purpose is guaranteeing the fluctuations in the collections of accounts receivable. These investments are subordinated to the "A" securities and these resources are the guaranty to cover the aforementioned fluctuations.

2. The balance of long term investments at December 31, 2013 and 2012 correspond to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Shares		
Inverefectivas	5,524	5,069
Agrocañas S. A.	4,364	4,364
Asficor S.A.S.	3,680	3,798
Microfinanzas y Desarrollo S.A.S.	<u>1,082</u>	<u>993</u>
Subtotal	14,650	14,224
Microfinanzas & Desarrollo S.A.S. Provision	<u>(413)</u>	<u>(413)</u>
Net	<u>14,237</u>	<u>13,811</u>

Detail of investments in shares

At their intrinsic value

<u>Issuer</u>	<u>Subscribed & paid Capital</u>	<u>% Part</u>	<u>No. of shares</u>	<u>Carrying Amount</u>	<u>Intrinsic Value per Share</u>	<u>Investment Confirmed Amount</u>	<u>Reappraisal / provision</u>
Agrocañas S.A.	65.6	5.03%	3.300	\$4,363.6	1.4	4,640.8	277
Inverefectivas		25%	4.000	\$5,524.0			

Through the participation method

<u>Issuer</u>	<u>Company Subscribed & paid Capital</u>	<u>% Part</u>	<u>No. of Shares</u>	<u>Carrying Amount</u>	<u>Investment Confirmed Amount</u>	<u>Reappraisal / provision</u>
Asficor S.A.S.	2.113	100%	2.113	3,680.2	3,680.2	0
Microfinanzas	1.100	60%	660.000	1,081.9	668.9	(413)

NOTE 5 – ACCOUNTS RECEIVABLE

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Credits account receivables (1)	115,597	155,115
Related parties (see note 11)	7,897	8,659
Revenues receivable (2)	21,149	12,861
Advances and prepayments (3)	13	5
Tax advances and contributions	6	192
Miscellaneous (3)	<u>51,085</u>	<u>38,031</u>
Subtotal	195,747	214,863
<u>Less – Accounts receivable provision (4)</u>	<u>(40,800)</u>	<u>(39,609)</u>
Total	<u>154,947</u>	<u>175,254</u>

- (1) Corresponds to the balance of the loans account at December 31, 2013 and 2012, respectively, detailed as follows

<u>Product</u>	<u>2013</u>	<u>2012</u>
Orders of Payment (a)	66,161	86,652
Credipoliza	16,178	13,371
Crediuno	28,266	49,722
Crediya	<u>4,991</u>	<u>5,370</u>
Total	<u>115,597</u>	<u>155,115</u>

- (a) In 2013 it records accounts receivable endorsed to Coomeva for COP 7,429MM. The variance in the accounts receivable from orders of payment is the result that in 2012 the accounts receivable endorsed as collateral to Citibank was transferred to an autonomous equity at the Cititrust Trust Company. Such transfer was made along with the financial obligation that was recorded in the financial statements of CVCS at December 2011.
- (2) It corresponds to the accrual of interests and other concepts on the credits at December 31, 2013 and 2012, respectively, detailed as follows:

<u>Product</u>	<u>2013</u>	<u>2012</u>
Orders of payment	6,560	2,951
Credipoliza	6,070	4,969
Crediuno	8,309	4,420
Advisory commissions	92	92
Other Credipoliza accounts	<u>118</u>	<u>429</u>
Total	<u>21,149</u>	<u>12,861</u>

- (3) Details of the miscellaneous debt accounts

<u>Concept</u>	<u>2013</u>	<u>2012</u>
HSBC Trust (a)	9,096	5,655
Corficolombiana Trust (a)	-	2,905
Cititrust Trust (a)	-	1,840
Fiducolombia Trust	3,717	-
Colpatria Trust (a)	6,226	468
Collaterals on collective portfolios (b)	22,416	21,093
Third parties	6,474	3,483
Customers' life insurance	2,044	2,177
Other customers' concepts	<u>405</u>	<u>410</u>
Total	<u>50,378</u>	<u>38,031</u>

- (a) The accounts receivable from trusts arise as a result of transfers of accounts receivable from the trust funds to the Company, derived from the portfolio endorsement movements to the trusts and which are pending of refunding to the Company.

- (b) They arise from amounts pending to be received from sales of accounts receivable that are transformed into collaterals, and which correspond to Not refunded amounts in favor of the Company in the negotiations of accounts receivable sales. At the end of the operation term the operations in effect and/or cash should be refunded and will be setoff against the account receivable.
- (4) They correspond to provisions to cover possible losses on matured accounts receivable. The following chart is a summary of the movement of the account (See note 2 Literal f):

Balance at December 31, <u>2012</u>	2013 Provision <u>Expense</u>	2013 Recoveries <u>and/or writes-off</u>	Balance at December <u>31, 2013</u>
<u>39,609</u>	<u>12,720</u>	<u>11,529</u>	<u>40,800</u>

The amount of the accumulated accounts receivable provision at December 2013, for COP 40,800 million covers, in the Company's criterion, the inherent accounts receivable risks at that cut-off, including the accounts receivable of crediya, credipóliza, crediuno, credinota and orders of payment mentioned in Notes 5 – accounts receivable, 6 – intangible assets, and 16 – memorandum accounts.

NOTE 6 – INTANGIBLE ASSETS

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Goodwill (1)	292	437
Goods under Financial Leasing (2)	1,820	1,393
Rights in trust funds (3)	<u>158,430</u>	<u>98,374</u>
	<u>160,542</u>	<u>100,204</u>

There are neither restrictions nor seizures on the trust rights.

- (1) The goodwill corresponds to the larger amount paid in the acquisition of 60% of the outstanding shares of the company Microfinanzas & Desarrollo S.A.S. which will be amortized over a 36-month term, that corresponds to the time over which the investment is expected to be recovered.
- (2) The goods received under financial leasing correspond to leasing contracts for the financing of remodeling works at the new premises, as far as concerned with structured wiring and purchase of software licenses, as well as the acquisition of mobile units for attention of the customers.
- (3) The purpose of having trust funds is the form of leveraging the Company's placements in the various business units. The financial entities require that the funds disbursed be administered and/or guaranteed through trust companies.

The trust rights correspond to the net equity amount of the trust goods which include apportions in cash and in kind, results for the period and accumulated results, which are taken from the account submission by the trust companies administering the autonomous equities of the products crediya, credipóliza, crediuno and order of payments.

The following is a detail of the products administered by trust companies in autonomous equities and their balance at December 31, 2013 and 2012, respectively:

<u>Product</u>	<u>2013</u>	<u>2012</u>	<u>Trust Company</u>
Crediuno	36,177	35,034	Corficolombiana
Crediuno IFC	12,737	(1)	Fiducolombia
Crediuno Recaudo	261	-	Fiducolombia
Crediuno Epsa	8,970	-	Fiducolombia
Macrofinanciera	680	-	Fiducolombia
Fiducentral	19,573	-	Fiducentral
Fiducorpbanca	10,383	-	Fiducorpbanca
Orders of Payment	18,114	18,584	Fiducolombia
Orders of Payment II	4,034	1	Fiducolombia
Orders of Payment 1	4,522	1,738	HSBC Fiduciaria
Orders of Payment 2	9,770	7,266	HSBC Fiduciaria
Orders of Payment FC	1,321	7,023	Fiduciaria Colpatria
Orders of Payment	5,309	4,608	Cititrust
Credipoliza	8,954	7,333	HSBC Fiduciaria
Credipoliza 2	10,128	-	HSBC Fiduciaria
Crediya	-	5,211	Fiducolombia
Crediya	933	-	Corficolombiana
Credipóliza	<u>6,564</u>	<u>11,577</u>	Corficolombiana
Total	<u>158,430</u>	<u>98,374</u>	

NOTE 7 – PROPERTY AND EQUIPMENT

At December 31, the balance of this account included:

<u>Type</u>	<u>2013</u>	<u>2012</u>
Office equipment	1,312	999
Computer & communication equipment	196	194
Fleet and transportation equipment	<u>117</u>	<u>117</u>
Subtotal	1,625	1,310
<u>Less – Accumulated depreciation</u>	<u>(1,476)</u>	<u>(1,140)</u>
Total	<u>149</u>	<u>170</u>

There are no restrictions on the properties and equipment and all the goods have insurance policies currently effective.

The following is the movement of fixed assets during the year 2013: cost, depreciation, balance, movement and drops:

Balance at Dec. 31, <u>2012</u>	<u>Purchases</u>	<u>Depreciations</u>	<u>Drops</u>	Balance at Dec 31 <u>2013</u>
\$170	\$315	(\$336)	0	\$149

NOTE 8 – EXPENSES PAID IN ADVANCE AND DEFERRED CHARGES

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Expenses paid in advance		
Commissions and fees (1)	5,687	1,015
Insurance and sureties	-	72
Others	117	-
Rentals	<u>-</u>	<u>5</u>
Total expenses paid in advance	<u>5,804</u>	<u>1,092</u>
Deferred charges		
Legal expenses	-	600
Contributions and affiliations	41	35
Deferred income tax receivable (2)	186	352
Licenses	18	61
Others (3)	<u>4,107</u>	<u>4,686</u>
Total deferred charges	<u>4,352</u>	<u>5,734</u>
Total expenses paid in advance and deferred charges	<u>10,156</u>	<u>6,826</u>
Current portion	4,787	4,776
Long term portion	5,369	2,050

The short and long term portion is determined on the basis of the expiration date of each concept recorded as deferred, taking as a short term portion whatever is shorter than one year and as long term the balance after one year and up to its expiration.

The following is the movement of expenses paid in advance and deferred charges during the year 2013. It includes the amounts of purchases and amortizations.

Balance at Dec. 31, <u>2012</u>	<u>Purchases</u>	<u>Amortizations</u>	Balance at Dec. 31, <u>2013</u>
\$6,826	\$11,623	(\$8,293)	\$10,156

(1) The balance at December 31, 2013 and 2012 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Activar Valores	1,132	-
IFC	215	430
Fenalco	-	172
Procapital	562	-
Banca de Inversión Bancolombia(a)	1,591	-
Gómez Pinzón Zuleta Asociados	546	-
Inverlink S. A.	240	-
Sed Nove	107	-
Sed Nove S.A.S.	263	413
Paul Hastings	389	-
Abilbao S.A.S.	600	-
Spencert Stuart Andina S.A.S.	<u>42</u>	<u>-</u>
Total	<u>5,687</u>	<u>1,015</u>

- (2) It corresponds to debit deferred income tax generated by temporary differences derived from the industry and trade tax not paid at the cut off of December 2013 and 2012, respectively. This amount will be set off in the income tax return for the taxable year 2014.
- (3) The balance at December 31, 2013 and 2014 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
<u>Fees:</u>		
Acon Latan Management, LLC	-	50
Banca de Inversión Bancolombia (b)	559	493
Cleaty Gottlieb Steen & Hamilton	-	42
Ernst & Young	-	5
Gomez Pinzón Zuleta Abogados S. A.	-	18
Inverlink S. A.	-	47
Posse Herrera & Ruiz S. A.	-	86
Sed Nove S.A.S.	162	274
Vision Software S. A.	<u>-</u>	<u>21</u>
Total fees	<u>721</u>	<u>1,036</u>
 <u>Premium: (c)</u>		
Credimasivos	375	750
Empresa de Energía del Pacífico	<u>1,406</u>	<u>2,224</u>
Total premium	<u>1,781</u>	<u>2,974</u>
 <u>Commissions:</u>		
Activar Valores S.A.S. (d)	1,605	-
Electrificadora del Meta S. A.	<u>-</u>	<u>676</u>
Total commissions	<u>1,605</u>	<u>676</u>
Total	<u>4,107</u>	<u>4,686</u>

- a. It corresponds to the success commissions paid to *Banca de Inversión Bancolombia* for obtaining syndicated credit quotas for the Crediuno and Credipoliza units
- b. It corresponds to fees paid for financial advisories in credit procedures.
- c. It corresponds to the payment of a premium for the acquisition of a contract to place credits of Crediuno unit in the city of Barranquilla for the assignment of the contract to the firm Credimasivos S.A. It also includes the payment of commission for the renewal of the exclusivity agreement for seven (7) years paid to the Empresa de Energía del Pacífico S. A. EPSA S. A., for the placement of credits of Crediuno unit in the Valle del Cauca Department.
- d. It corresponds to the payment of commissions to Activar Valores S.A.S. in respect of commissions on credits placed that are amortized over their respective periods.

NOTE 9 – FINANCIAL OBLIGATIONS

The balance of the financial obligations at the cut off December 31, 2013 and 2012 corresponds to obligations acquired with bank entities in the country and an obligation abroad, financing companies, third parties, and financial leasing. The credits that must be paid during the year 2014 are considered short term obligations, and long term obligations are those which maturity occurs after 2014 as follows:

Short term	<u>2013</u>	<u>2012</u>
Local Banks		
Banco de Occidente	-	3,798
Banco Caja Social BSCS	<u>2,750</u>	<u>-</u>
Subtotal Local Banks	2,750	3,798
Financing Companies		
Financiera Dann Regional	<u>1,009</u>	<u>-</u>
Subtotal financing companies	1,009	-
Financial Leasing		
CA. Credifinanciera	17	111
Leasing Bancolombia S. A.	711	976
Banco de Bogotá	45	191
Leasing de Occidente	<u>20</u>	<u>135</u>
Subtotal Financial Leasing	793	1,413
Third Parties		
Adecaña S. A.	169	-
Comunicaciones y Negocios S. A.		1,768
Ingenio La Cabaña S. A.	<u>3,842</u>	<u>-</u>
Subtotal third parties	4,011	1,768
Total short term financial obligations	<u>8,563</u>	<u>6,979</u>
Long term		
	<u>2013</u>	<u>2012</u>
Local Banks		
Banco Agrario	15,000	-
Banco Colpatría	7,640	19,607
Banco Corpbanca	8,000	-
Banco de Bogotá	17,265	14,765
Banco de Occidente	7,789	-
Banco HSBC Colombia	-	2,000
Banco GNB Sudameris	3,933	4,000
Bancolombia	51,427	79,000
Bancoomeva	27,545	28,759
Banco Caja Social BSCS	-	4,500
Deutsche Bank (a)	<u>19,269</u>	<u>-</u>
Subtotal Local Banks	157,868	152,631
Financing Companies		
Financiera Dann Regional	989	-
Macrofinanciera	<u>4,500</u>	<u>-</u>
Subtotal business financing companies	<u>5,489</u>	<u>-</u>

	<u>2013</u>	<u>2012</u>
Financial Leasing:		
Leasing de Occidente	6	-
Leasing Bancolombia S. A.	1,009	-
Banco de Bogotá	<u>103</u>	<u>-</u>
Subtotal Financial Leasing	1,118	-
Subtotal Banks & Financing Companies	<u>164,475</u>	<u>152,631</u>
Third parties:		
Patrimonio Autónomo Fiducor	-	1,750
Fondo Abierto CXC	-	17,823
Agro El Arado S. A.	2,727	3,072
Adecaña S.A.	-	169
Cartera Colectiva Escalonada	6,800	-
Comunicaciones y Negocios S. A.	1,927	-
Finanza Inversiones S.A.S.	4,171	4,571
Ingenio La Cabaña S. A.	<u>4,550</u>	<u>8,392</u>
Subtotal Third Parties	<u>20,175</u>	<u>35,777</u>
Partners or Shareholders		
Crediholding S. A.	<u>296</u>	<u>296</u>
Subtotal partners or shareholders	<u>296</u>	<u>296</u>
Total long term financial obligations	<u>184,946</u>	<u>188,703</u>

- (a) In 2013, the Company made a memorandum operation for a private placing in the United States of America for a program amount of USD\$150M with maturities between 1 and 3 years from the date of their issuance, July 25, 2013. They will not be recorded under the USD Security Act 1933, which are only offered to persons who are NOT citizens of the United States of America.

They will not be recorded with The National Registry of Securities and Issuers (RNVE, per its Spanish acronym), and they will not be listed in the Colombia Stock Market.

From this quota, a first operation was obtained for an amount of USD\$10M and the company Procapital SBSA was appointed as the initial concessionaire of the program obligations. As Agent of the issuance and payment agent was appointed the Deutsche Bank AG, London Branch.

The credit surety of the credits with the financial entities is represented by notes in blank with letter of instructions. The expenses for interest generated by the financial obligations during 2013 and 2012 amounted to \$21,955MM and \$19,477MM, respectively.

The Company has classified in the short term some of the obligations with third parties and financial entities, on the basis of their maturity dates and the payments in respect of capital to the same debts.

NOTE 10. ACCOUNTS PAYABLE

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Equities accounts payable (3)	31,893	24,993
Others	2,729	4,380
Financial expenses (1)	4,472	2,726
Commissions	256	160
Fees (2)	1,418	810
Rentals	49	29
Transportation, freights and carriages	30	35
Utility services	236	202
Insurance	1	-
Travel expenses	67	69
Public relations	14	17
Installments payable	-	9
Dividends payable	-	307
Income withholding taxes	428	420
Withheld Sales (VAT) Tax	249	311
Industry and trade tax	35	34
Payroll withholdings and contributions	<u>256</u>	<u>338</u>
Total	<u>42,133</u>	<u>34,840</u>

- (1) It mainly relates to interests accrued payable, which will be attended and paid during the first semester of 2014.
- (2) It mainly corresponds to fees payable in respect of juridical advisory, payment order companies' fees for managing credit collections.
- (3) Payments to be made to autonomous equities or trusts for an amount of \$31,893 are included, derived from the accounting record of accounts payable transfers from the trusts to Credivalores for their replacement and collection management, as well as the accounting record by some trusts of the disbursements of credit operations guaranteed with accounts payable and which are delivered to Credivalores.

NOTE 11, TRANSACTIONS WITH SHAREHOLDERS AND RELATED PARTIES

The balance records the transactions with Shareholders who gave rise to the following balance in accounts payable and receivable. The balances at December 31 included:

	<u>2013</u>	<u>2012</u>
Accounts receivable from related parties		
Acon Consumer Finance	1,851	2,306
Microfinanzas SAS	3,192	
Agro El Arado S. A.	146	146
Aguiar Soto Hector Hugo	2,587	2,602
Crediholding S. A.	1,750	1,902
Hatcher Global	86	128
Inversiones Dana S. A.	146	146
Inversiones Ingenio La Cabaña S. A.	973	1,066
Inversiones Racines Lalinde S.A.S.	42	42
Inversiones Urapanes S. A.	146	146
Labor Financiera S. A.	161	161
Payan Berón Ana María	<u>9</u>	<u>14</u>
Subtotal	<u>11,089</u>	<u>8,659</u>
Accounts receivable from preferential portfolio		
Aguiar Soto Héctor Hugo	<u>688</u>	<u>665</u>
Subtotal	<u>688</u>	<u>665</u>
Total accounts receivable from related parties	<u>8,585</u>	<u>9,324</u>
Obligations payable		
Agro El Arado S. A.	2,727	3,072
Alimentos Derivados de la Caña Adecaña	169	169
Crediholding S. A.	296	296
Ingenio La Cabaña S. A.	<u>8,392</u>	<u>8,392</u>
Subtotal	<u>11,584</u>	<u>11,929</u>
Interest payable		
Agro El Arado S. A.	<u>1,065</u>	<u>761</u>
Subtotal	<u>1,065</u>	<u>761</u>
Other accounts payable		
Ingenio La Cabaña S. A.	14	4
Acom Latam.	<u>4</u>	<u>-</u>
Subtotal	<u>18</u>	<u>4</u>
Dividends payable		
Aguiar Soto Hector Hugo	-	15
Crediholding	-	152
Hatcher Global Inc.	-	42
Inversiones Ingenio La Cabaña S. A.	-	92
Payan Berón Ana María	<u>-</u>	<u>5</u>
Subtotal	<u>-</u>	<u>306</u>
Total accounts payable	<u>1,083</u>	<u>1,071</u>
Total accounts payable by related parties	<u>12,667</u>	<u>13,000</u>

	<u>2013</u>	<u>2012</u>
Revenues		
Financial yields		
Cooperativa de aportes y crédito Crediprogreso	<u>800</u>	<u>3,550</u>
Subtotal financial yields	<u>800</u>	<u>3,550</u>
Financial advisory fees		
Asesorías financieras de Crédito S.A.S.	370	693
Coop de Aportes y Créd Crediprogreso	-	9
Cv Credit	-	185
Microfinanzas & Desarrollo S.A.S.	103	1
Millenium promotora Inmobiliaria	-	6
Protección garantizada	116	51
Financial yields		
Miscellaneous.	<u>-</u>	<u>(89)</u>
	<u>-</u>	<u>(89)</u>
Total revenues	<u>589</u>	<u>4,406</u>
Interest Expense		
Agro El Arado S. A.	327	366
Alimentos Derivados de La Caña S. A.	19	1,120
Ingenio La Cabaña S. A.	910	997
Microfinanzas.	<u>83</u>	<u>-</u>
Total expenses	<u>1,339</u>	<u>2,483</u>

NOTE 12 TAXES, LINES AND ENCUMBRANCES

At December 31, 2013 and 2012 the taxes, liens and encumbrances included:

	<u>2013</u>	<u>2012</u>
Sales tax payable	98	-
Income tax payable	2,092	3,171
Income tax for equality - CREE	1,796	-
Industry and trade tax payable	<u>460</u>	<u>834</u>
Total	<u>4,446</u>	<u>4,005</u>

Income and complementary taxes

Tax regulations in force applicable to Credivalores Crediservicios S.A.S. provide the following:

- a) As a general rule, taxable incomes are subject to 25% and 33% income tax rate, except for the taxpayers who are subject to special rates as a result of special provisions.
- b) The basis for determining the income tax may not be lower than 3% of the company's net equity on the last day of the immediately prior taxable period.

- c) As from taxable year 2007, the integral inflationary adjustments system was eliminated for tax purposes, and the tax on occasional gains was reactivated for the companies, applicable on the total occasional gain obtained by the taxpayers during the year. The unique rate applicable on the taxable occasional gain up to taxable year 2012 is 33%. Article 109 of Law 1607 of December 2012 established the new rate for the tax on occasional gains is 10%, as from taxable year 2013.
- d) As from taxable year 2007, and for tax purposes only, the taxpayers may readjust annually the cost of the movable goods and real estate classified as fixed assets. The adjustment percentage will be the one defined through resolution by the National Tax and Customs Direction – (DIAN, per its Spanish acronym) (the Tax Authorities).
- e) Up to taxable year 2010, those taxpayers having a signed contract effective until December 31, 2012 may apply the special deduction for effective investments made in real productive fixed assets, equivalent to 30% of the amount of the investment and its use does not generate taxable income for the partners or shareholders. The taxpayers who would have acquired fixed assets as from January 1, 2007 and use the deduction above described, may only depreciate the assets using the straight line method and will not be entitled to the audit benefit, even if they meet the conditions set out in the tax regulations to be able to use that right. Regarding the deduction taken in prior years, if the good that obtained the benefit is not used anymore in the income generating activity, or is disposed of or written-off before the end of its useful life, a proportional recovery income corresponding to the remaining useful life at the time of its disposal or sale shall be recorded. Law 1607 of 2012 repealed the regulation which allowed signing juridical stability contracts, as from taxable year 2013.
- f) At December 31, 2013, the Company Credivalores Crediservicios S.A.S. has no tax loss balances or excesses of presumptive over ordinary income to be offset.
- g) For year 2013, the Law 1607 of December 2012 has reduced the income tax rate to 25% and created the income tax for equality (“CREE”, per its Spanish acronym), the rate for which for taxable years 2013, 2014 and 2015 will be 9%. As from taxable year 2016, the applicable rate for this tax will be 8%. Except for some special deductions, as well as the offsetting of losses and excesses of presumptive over ordinary income, benefits that are not applicable to the CREE, the basis for this tax will be the same that for the net income tax. Not for profit entities and the companies classified as free trade zone users are exempt from the Income tax for equality - CREE.
- h) As stated by Article 25 of Law 1607 of December 2012, as from July 1, 2013 the income taxpayers, companies and individuals, become exempt from the payment of payroll contributions for SENA (The National Training Service) and ICBF (Colombian Family Welfare Institute) corresponding to the employees that earn, considered on an individual basis, up to ten (10) minimum monthly salaries in force. Such exemption does not apply to taxpayers not subject to the Income Tax for Equality - CREE.

The following is the detail of the reconciliation between the income before taxes and the taxable income for the years ended on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Income before the income tax provision	22,074	16,354
<u>Add</u> – Taxes and other non deductible expenses	790	1,078
Non deductible tax on equity	852	852
Non deductible expense for the tax on financial movements	1,336	1,745
Non taxable revenues (Forward instrument reappraisal)	-	(1,880)
Non deductible expenses	654	1,816
Increase in non deductible provisions	30	27
Loss from application of equity method	118	-
Indemnity for consequential damage	-	(163)
Income from application of equity method	<u>(120)</u>	<u>(54)</u>
Total items increasing net taxable income	<u>25,734</u>	<u>3,421</u>
<u>Less</u> – Use of provisions		
Payment of taxes during the year	1,153	930
Net income	<u>24,581</u>	<u>18,845</u>
Presumptive income	<u>2,887</u>	<u>2,545</u>
Taxable net income	<u>24,581</u>	<u>18,845</u>
Income tax rate	<u>25%</u>	33%
Provision for current income tax before tax discounts	<u>6,145</u>	<u>6,219</u>
Provision for current income tax (1)	6,145	6,219
Tax rate	<u>25%</u>	<u>33%</u>
Total provision for income tax (1) + (2)	<u>6,145</u>	<u>6,219</u>

The following is the detail of the reconciliation between the income before the income tax for equality - CREE and the taxable income for the CREE for the year ended on December 31, 2013:

	<u>2013</u>
Income before the income tax provision	22,074
<u>Add</u> – Taxes and other non-deductible expenses -	1,047
Non-deductible tax on equity	852
Non-deductible expense for the tax on financial movements	1,336
Non-deductible expenses	654
Increase in non-deductible provisions	30
Loss from application of equity method	118
Income from application of equity method	(120)
Donations	<u>112</u>
Total items increasing net taxable income	<u>1,935</u>
<u>Less</u> – Use of provisions	
Payment of taxes during the year	1,153
Net income	<u>22,856</u>
Presumptive income	<u>2,887</u>
Taxable net income	<u>22,856</u>
Tax rate	<u>9%</u>
Provision for current income tax before tax discounts	<u>2,057</u>
Provision for current income tax (1)	2,057
Tax rate	25%
Revenues from occasional gains	-
Costs and expenses from occasional gains	-
Non-taxable and exempt occasional gains	-
Taxable occasional gains	-
Tax rate	25%
Provision for tax on occasional gains (2)	<u>-</u>
Total provision for income and occasional gains tax (1) + (2)	<u>2,057</u>

The charge for income tax includes:

<u>Concept</u>	<u>2013</u>	<u>2012</u>
Provision for Current income and occasional gain tax	6,009	5,868
Deferred tax amortization	<u>352</u>	<u>308</u>
Provision for income and remittance taxes	<u>6,361</u>	<u>6,176</u>

The charge for the Income Tax for Equality – CREE includes:

<u>Concept</u>	<u>2013</u>	<u>2012</u>
Provision for Income Tax for Equality	<u>2,008</u>	<u>-</u>
Provision for income tax	<u>2,008</u>	<u>-</u>

The balance payable of income tax at December 31, 2013 and 2012 and of the Income Tax for Equality (CREE) was determined as follows:

	<u>2013</u>	<u>2012</u>
Provision for current income and occasional gain tax	6,145	6,219
<u>Less</u> – Withholding tax receivable	2,493	2,010
2013 tax advance	<u>1,560</u>	<u>1,038</u>
Income tax liability	<u>2,092</u>	<u>3,171</u>
	<u>2013</u>	<u>2012</u>
Provision for current income tax for equality	2,057	-
<u>Less</u> - Withholding tax receivable	16	-
2013 self-withholdings	<u>245</u>	<u>-</u>
Income tax liability	<u>1,796</u>	<u>-</u>

Reconciliation between the income for accounting and tax purposes

The following is the reconciliation between the income for accounting and tax purposes for the years ended on December 31:

	<u>2013</u>	<u>2012</u>
Income for accounting purposes	107,471	93,770
<u>Add or (less)</u> -		
Items increasing (decreasing) income for tax purposes:		
Provisions	413	-
Reappraisals	(277)	(273)
Liabilities not requested for tax deduction	576	834
Goodwill pending amortization	-	413
Provisions not requested for application	30	28
Deferred tax	-	(352)
Reappraisal of investments	<u>-</u>	<u>1,815</u>
Total equity for tax purposes	<u>108,213</u>	<u>96,235</u>

Tax on Equity

By means of the Law 1370 of 2009, the tax on equity for year 2011 was created in charge of income taxpayers. Consequently, those taxpayers having a net equity exceeding COP5,000 million shall pay at a tax rate of 4,8%, while taxpayers with net equity between COP3,000 million and COP5,000 million shall pay at a tax rate of 2,4%.

By means of the Emergency Decree No. 4825 of December 2010, a new range of taxpayers obliged to pay this tax was included, establishing a 1% rate for tax payers with net equity between COP 1,000 million and COP2,000 million, and 1,4% for taxpayers with net equity between COP2,000 million and COP3,000 million.

On the other hand, the mentioned Decree established 25% surtax on this tax, which is only applicable to taxpayers of the tax on equity established by Law 1370 of 2009.

The Company made the computation at January 1, 2011, and the resulting tax amounted to COP\$3,408,450,000, which will be paid in eight (8) equal installments for COP\$426,056,000 each during the years 2011 through 2014.

It is important to note that the Superintendency of Companies, by way of the Communication No 115-043207 dated September 6, 2007, issued a concept regarding the authorization of the Company's top body to use the equity reappraisal account. The control entity pointed out: "Clarification is important on the fact that the reappraisal of equity may indeed be affected, in addition to the cases already foreseen by the accounting standards, by the accounting of the tax on equity, a decision that requires the approval of the entity's top body, which shall approve whether tax on equity is to be applied either to the reappraisal of equity or directly to income".

Pursuant to Decree 514 of 2010, Article 78 of the Ruling Decree 2649 of 1993 was added with the following paragraph:

"Transitory Paragraph". Taxpayers may account for, on an annual basis, the amount of the installments of the tax on equity referred to in Law 1370 of 2009, payable in the related period, against the equity reappraisal account.

Once the equity reappraisal account shows no balance or it is not enough to account for the tax on equity, the taxpayers may accrue annually in the income statement accounts the amount of the installments payable in the related period.

The Company recorded the tax to equity with charge to the total balance in the reappraisal account of equity and the difference will be charged to the income account in each year this payment is made.

The Company recorded during the year 2013 the two third installments of the tax to equity for an amount of COP\$852.1 MM, equivalent to 25% of total tax with charge to income. At December 31, 2013 these two installments had been paid.

However, despite that no amount is recorded in the accounting on concept of the liability for the tax on equity, at December 31, 2013 the Company has an obligation with the State equivalent to 25% of the amount of the tax, which is duly recorded in memorandum accounts and shall be paid even in case the Company is liquidated.

NOTE 13, LABOR OBLIGATIONS

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Payroll payable	10	6
Consolidated severance payments	586	520
Interest on consolidated severance payments	67	57
Extra-legal employee benefits - bonuses	2	4
Consolidated vacation	<u>484</u>	<u>414</u>
Total labor obligations	<u>1,149</u>	<u>1,001</u>

NOTE 14, OTHER LIABILITIES

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Revenues received for third parties (1)	22,967	12,235
Accrued liabilities and provisions (2)	30	41
Revenues received in advance (3)	<u>1,996</u>	<u>3,674</u>
Total	<u>24,993</u>	<u>15,950</u>

(1) The balances at December 31 are:

<u>Concept</u>	<u>2013</u>	<u>2012</u>
Amounts received for third parties		
Asficrodito S.A.S. (a)	656	-
Insurance (b)	941	636
Collective portfolios and equities (c)	13,390	9,945
Collections pending application Tucredito (d)	687	411
Collections pending application Credipoliza (d)	453	1,241
Projects (e)	96	-
Equity accounts (f)	6,744	-
Prepaid Medicine	<u>-</u>	<u>2</u>
Total	<u>22,967</u>	<u>12,235</u>

(a) In the year 2013, it corresponds to collections in respect of commissions. In 2012, the Company offset the account receivable and account payable with the Company Asficrodito S.A.S.

(b) Collection payable to Insurance and Brokerage Companies for COP\$941MM.

(c) Collections in favor of collective portfolios, equities and own collections pending of reintegration to their different owners. These amounts were already reintegrated in the month of January 2014 directly by the Bancolombia Trust Company, which is in charge of administering the collections and directly drawing them to each beneficiary.

(d) Collections pending of application to orders of payment for COP \$687MM, insurance collections pending of application for COP \$453MM.

- (e) It corresponds to moneys received from Bancoldex for developing technological improvement projects with funds from the entity.
 - (f) It corresponds to moneys received during the performance of the equity account agreement with the Autonomous Equity Acoinvst and Bancolombia Trust Company pending of being executed on cut off date. This agreement expiration date is the first term 2014.
- (2) At December 31, 2013 it corresponds to a provision for the expenses of personnel of Crediuno Unit for an amount of COP \$30MM.

At December 31, 2012 it corresponds to the provision of points of the Crediuno Unit in the credit card for an amount of COP \$27,5MM; and to the payment of contributions to voluntary pension funds. The Company did not take these expenses into account for the computation of income tax, which gives rise to a permanent difference in the computation of the tax provision.

- (3) It corresponds to income on the sale of receivables in the order of payment unit. Its amortization will be made during the average term of this portfolio.

NOTE 15 - EQUITY

Capital

Authorized capital is represented by 4,700,000 shares, par value COP28.254 each. At December 31, 2012, 2,591.771 shares were subscribed and paid, for a total subscribed ad paid capital for COP \$73,227,897,834 Million.

Capital Surplus

Capital surplus is represented by the additional paid-in capital recorded in September 2005. The shareholders strengthened the Company's equity by capitalizing COP2.600MM, out of which COP600MM were recorded as partnership capital while the remaining COP2.000MM were recorded as additional paid-in capital. Also, in the absorbed Company Credivalores S.A. the shareholders approved in July 2004 a capitalization for COP157MM. 1.000 shares, par value COP1.000 each, were placed with and additional paid-in capital for COP156MM.

On December 30, 2004, the shareholders approved a capitalization for COP1.500MM. 1.000 shares, par value COP1.000 each, were placed with and additional paid-in capital for COP1.499MM.

On December 31, 2009, the shareholders approved a capitalization for COP20,000MM. 431,937 shares, par value COP1.000 each, were placed with and additional paid-in capital for COP19,568MM.

On February 22, 2010, the shareholders approved a capitalization for COP28.993MM. 625.383 shares, par value COP1.000 each, were placed with and additional paid-in capital for COP28.368MM.

On February 25, 2011, the shareholders approved a capitalization for COP19,479MM. 432.451 shares, par value COP1,000 each, were placed with and additional paid-in capital for COP19,047MM.

On December 26, 2012, the shareholders approved a capitalization for COP70,636.1MM of the amount recorded as additional paid-in capital. The par value of outstanding shares was increased, being after that 2,591,771 shares, par value COP28,254 each.

Reserves

In the years 2009 to 2013, the Company has recorded its legal reserve pursuant to the regulation in effect, equivalent to 10% of accumulated income.

Equity Reappraisal

Equity reappraisal reflects the effect on the equity of the currency's loss of acquisition power. The balance of this account may only be distributed as earnings upon liquidation of the Company or when its amount is capitalized in conformity with legal regulations. In the year 2011 the total balance of this account was offset against the tax on equity, leaving this balance in zero.

Income for the period

In the year 2013, the result for the period was COP 13,706MM. In the year 2012, the result for the period was COP \$10,178MM.

Surplus from reappraisals

The Company made investments in the company Agrocañas S. A. for COP\$4,364M; the balance at December 2013 is updated based on the intrinsic value of the share and a reappraisal for COP \$277M was generated.

NOTE 16. MEMORANDUM ACCOUNTS

At December 31 the balance in this account included:

	<u>2013</u>	<u>2012</u>
Debit accounts:		
Market funds	346	9
Collaterals in favor on receivables	6,440	-
Goods and values given in custody (5)	798,575	668,480
Goods and values given as collateral	-	8,951
Miscellaneous	-	<u>157</u>
Subtotal	<u>805,361</u>	<u>677,588</u>
Debit tax accounts: (1)		
Net tax equity	108,214	96,226
Gross tax equity	373,838	345,028
Non deductible taxes	1,409	1,001
Non taxable revenues	(121)	(2,098)
Non deductible tax on financial movements	1,336	1,745
Non deductible expenses	<u>959</u>	<u>2,153</u>
Subtotal	<u>485,635</u>	<u>444,055</u>
Goods received upon financial leasing (2)	789	791
Fully depreciated property, plant and equipment	2,246	1,370
Written-off accounts receivable (3)	886	929
Interest on matured accounts receivable	-	<u>1,695</u>
Subtotal	<u>3,921</u>	<u>4,785</u>
Total debit accounts	1,294,917	1,126,428

Credit accounts		
Contingent liabilities		
Equity accounts	9,006	-
Taxable net income	24,581	18,845
Tax to equity	852	1,704
Credit card points	494	494
Approved and not yet disbursed credits	256,724	197,916
Goods and values received from third parties (4)	<u>682,979</u>	<u>521,303</u>
Total credit accounts	<u>974,636</u>	<u>740,262</u>

- (1) At December 31, 2013 and 2012 they correspond to the control figures of the income and complementary tax returns for the taxable years 2013 and 2012.
- (2) At December 31, 2013 and 2012, the installments pending of payment for the goods received under financial leasing, which specifically correspond to computers and printers and software use licenses were recorded.
- (3) In 2013 and 2012, it corresponds to the amount authorized by the Board of Directors to be written-off against the accounts receivable provisions. The Company will continue performing the collection work, aiming to recover those written-off amounts.
- (4) At December 2013 and 2012, the balance of this account corresponds to credit order-of-payment accounts receivable sold to several third parties and administered by Credivalores Crediservicios S.A.S. It also includes the accounts receivable from the products credipóliza, crediuno and crediya that belong to the autonomous equities.
- (5) At December 2013 and 2012 the balance in this account corresponds to the amount of Company's receivables represented by notes that are under custody.

NOTE 17, NET OPERATING REVENUES

At December 31, the balance in this account included:

	<u>2013</u>	<u>2012</u>
Interests on loans to customers (1)	25,064	20,791
Commissions (2)	8,873	9,105
Discount operations (3)	33,333	42,500
Management fees (4)	18,992	10,385
Related activities (5)	<u>31,531</u>	<u>26,657</u>
Total	<u>117,793</u>	<u>109,438</u>

- (1) The balance at December 31, 2013 and 2012 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Financial yields	183	289
Crediya discount amortization	521	281
Crediuno own funds' interests	5,940	2,129
Credipóliza own funds' interests	1,526	1,712
Tucredito own funds' interests	<u>16,894</u>	<u>16,380</u>
Net	<u>25,064</u>	<u>20,791</u>

(2) The balance at December 31, 2013 and 2012 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Financial advisory	250	1,446
Advisory on shared expenses	514	962
Insurance return	4,179	3,709
Chain stores' commissions	1,754	1,514
Orders of payment collection commissions and expenses	<u>2,176</u>	<u>1,474</u>
Net	<u>8,873</u>	<u>9,105</u>

(3) It corresponds to the recording of income from the sale of order to pay accounts payable during 2013 for COP\$33,333MM and 2012 for COP\$42,500MM.

(4) The balance at December 31, 2013 and 2012 corresponds to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Crediuno administration & management fees	17,382	9,096
Credipoliza administration & management fees	<u>1,610</u>	<u>1,289</u>
Net	<u>18,992</u>	<u>10,385</u>

(5) It corresponds to the income in the autonomous equities that are in charge of TucrédiCo, Crediya, Credipóliza and Crediuno units, which are recorded in the financial statements of the autonomous equities issued by the trust companies.

The following is a detail of the income of the autonomous equities for years 2013 and 2012, as follows:

<u>Equity</u>	<u>Trust Company</u>	<u>2013</u>	<u>2012</u>
PA Crediya 2	Fiducorficolombiana	-	(9)
PA Crediya 3	Fiducorficolombiana	-	28
PA Crediya	Fiducorficolombiana	9	-
PA Crediya	Fidualianza	-	(18)
PA ILC	Fiducolombia	302	4,003
PA Cititrust	Citibank	3,946	3,933
PA HSBC Credilibranzas	HSBC Fiduciaria	364	641
PA HSBC Libranzas 2	HSBC Fiduciaria	622	841
PA FC Fiducolpatria	Fiducolpatria	981	1,339
PA Credipoliza	Fiducorficolombiana	2,308	2,751
PA HSBC Credimapfre	HSBC Fiduciaria	1,418	2,350
PA HSBC Credimapfre 2	HSBC Fiduciaria	430	-
PA Crediservicios II	Fiducolombia	238	-
PA Crediservicios	Fiducolombia	(608)	(348)
PA Crediuno Epsa	Fiducolombia	1,672	-
PA Crediuno Recaudo	Fiducolombia	(146)	-
PA Crediuno IFC	Fiducolombia	7,554	(2)
PA Macrofinanciera	Fiducolombia	29	-
PA Fiducentral	Fiducentral	98	-
PA Fiducorpbanca	Fiducorpbanca	(356)	-
PA Crediuno	Fiducorficolombiana	<u>12,670</u>	<u>11,148</u>
Total		<u>31,531</u>	<u>26,657</u>

NOTE 18 – OPERATING FINANCIAL EXPENSES

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Interests	<u>21,955</u>	<u>19,477</u>

NOTE 19 – OPERATING ADMINISTRATION EXPENSES

At December 31 the balance in this account included:

	<u>2013</u>	<u>2012</u>
Personnel expenses (1)	7,777	6,229
Contributions and affiliations	59	47
Temporary services	24	1,101
Legal expenses	3	4
Adaptations and installations	-	49
Travel expenses	-	24
Depreciations	304	486
Miscellaneous	<u>27</u>	<u>143</u>
Total	<u>8,194</u>	<u>8,083</u>

(1) Personnel expenses show the following detail:

	<u>2013</u>	<u>2012</u>
Salaries	3,224	2,762
Integral salary	1,774	1,262
Other concepts	<u>2,779</u>	<u>2,205</u>
Total	<u>7,777</u>	<u>6,229</u>

NOTE 20 – OPERATING SELLING EXPENSES

At December 31 the balance in this account included:

	<u>2013</u>	<u>2012</u>
Fees (1)	17,201	15,766
Services (2)	12,449	17,179
Provisions (3)	12,720	13,373
Personnel expenses (4)	10,020	9,836
Taxes (5)	2,931	2,640
Amortizations	592	591
Travel expenses	916	911
Rentals	2,579	2,343
Adaptations and installations	312	335
Insurance	282	189
Legal expenses	708	76
Maintenance and repairs	22	7
Depreciations	815	599
Contributions and affiliations	23	6
Loss from the application of the equity method	118	-
Miscellaneous	<u>1,339</u>	<u>915</u>
Total	<u>63,027</u>	<u>64,766</u>

- (1) At December 2013 and 2012 it includes fees paid in respect of financial, juridical, tax advisories, statutory auditor and commissions paid to business advisors.
- (2) At December 2013 and 2012 it includes payments in respect of temporary services, publicity expenses, technical advisory, transportation, custody services, transportation and gathering of documents.
- (3) The Company makes its accounts receivable provision on the basis of a risk model based on the expected loss. Own models are used for calculating the failure probability, which is the lineal regression model and its result defines the provision to be recorded by the Company.
- (4) The personnel expenses present the following detail:

	<u>2013</u>	<u>2012</u>
Integral salary	1,008	1,498
Salaries	3,691	2,868
Benefits or bonuses	1,065	1,029
Other Concepts	<u>4,256</u>	<u>4,441</u>
Total	<u>10,020</u>	<u>9,836</u>

- (5) In 2013 and 2012, it is the computation of the Industry and Commerce tax (ICA) to be paid in the various cities where the Company has offices (Domicile, branches and agencies). The tax is computed and paid based on the municipal agreements of each city. The article of Law 1430 of 2010 introduced a change in the taxable basis for declaring the ICA (Industry and Commerce Tax) and sets forth the obligation to compute the tax by clearing the accounting basis with the gross revenues received in the autonomous equities. This considerably affects the ICA payment budgets and reconciliation between the accounting and tax revenues from ICA and Sales (VAT) tax, and income. It also includes in 2013 an amount of COP 852MM and in 2012, the amount of COP 852MM on concept of tax on equity.

NOTE 21 – NON-OPERATING REVENUES

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Financial (1)	1,338	1,050
Equity method	121	54
Services	-	1
Recoveries (2)	551	1,960
Indemnifications	-	163
Miscellaneous (3)	<u>1,516</u>	<u>23</u>
Total	<u>3,526</u>	<u>3,251</u>

- (1) It includes the Exchange difference in the computation of interests on financial obligations in foreign currency.
- (2) It includes other recoveries amounting to COP 466MM, which include written-off accounts receivable at the time of collection.
- (3) It includes the recording of revenues in respect of higher amounts paid by the customers in the liquidations of the operations.

NOTE 22 – NON OPERATING EXPENSES

At December 31, the balance of this account included:

	<u>2013</u>	<u>2012</u>
Banking expenses (1)	2,126	1,355
Miscellaneous expenses (2)	<u>3,944</u>	<u>2,654</u>
Total	<u>6,070</u>	<u>4,009</u>

- (1) The balance at December 31, 2013 and 2012 corresponded to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Banking expenses	22	29
Commissions	<u>2,104</u>	<u>1,326</u>
Total	<u>2,126</u>	<u>1,355</u>

(2) The balance at December 31, 2013 and 2012 corresponded to:

<u>Name</u>	<u>2013</u>	<u>2012</u>
Amortized premium (a)	818	276
Loss on the sale & withdrawal of goods	11	-
Especial expenses	246	-
Penalties, sanctions and litigations	14	-
Donations	112	51
Non-deductible expenses	72	-
Tax on financial transactions	<u>2,671</u>	<u>2,327</u>
Total	<u>3,944</u>	<u>2,654</u>

(a) It corresponds to the amortization of the premium paid to the company Credimasivos for the assignment of an exclusivity agreement regarding the placement of credits in the city of Barranquilla in the product Crediuno within a covenant with the company Triple A.

NOTE 23 – RISK MANAGEMENT DISCLOSURE

Complying with the commitments acquired with the statutory auditors, in April 2010 the risk area was created, which manages the risks of the Company as follows:

Risk management

At Credivalores Crediservicios S.A.S., we perform an Integral Risk Management based on the recommendations from the Basel Committee, the Colombian regulations and the policies defined by the Risk Area of Credivalores.

The Integral Risk Management involves their identification, assessment, monitoring and control, and it is focused on ensuring the strict compliance with the policies, procedures and provisions of the Board of Directors and the Risk Committee, which be issued aiming to the development of a risk culture inside the Company.

The purpose of the risk area of Credivalores Crediservicios S.A.S., is optimizing the financial performance of the Company, thus allowing the organization to keep an optimal equilibrium between its Growth, Profitability and Efficiency objectives.

The management of corporate risks helps the entity to treat on an effective manner with the related uncertainty, risks and opportunities, in order to improve the capability of Credivalores Crediservicios S.A.S. to generate value.

In 2012, Credivalores Crediservicios S.A.S. implemented the systems SARC and SARLAFT, which comprise, among other aspects the following:

- **System for Credit Risk Administration “SARC”** (per its acronym in Spanish)

This system comprises policies and procedures through which the credit risk is assessed, assumed, rated, controlled and covered, not only since the hedging standpoint through a system of provisions, but also through the management of the process for granting, follow-up and control, and recovery of the accounts receivable.

The function of the credit risk management implies an analysis of the risk payment breaching, through which the probability that the credit subject fails to comply with its obligation with the Company is estimated, as well as the analysis where the potential loss in case of an actual breach occurs.

In the Integral Risk Management, the risk area is in charge of ensuring compliance with the risk-related provisions and policies as reviewed and authorized by the Committee, in order that, whenever an excess in the exposure limits occur, its occurrence be informed, as well as taking the related measures to perform the necessary adjustments and implement the corrective actions according to the event occurred.

- **System for Administration of the Risk of Money Laundering and Terrorism Financing “SARLAFT”** (per its acronym in Spanish)

The risk of money laundering and terrorism financing is the possibility of loss or damage that a company may suffer due to its tendency to be used, either directly or through its operations, as an instrument for money laundering and/or channeling of resources towards the execution of terrorist activities, or whenever hiding of assets which are the product o any such activities is intended.

This system comprises the stages of identification, measurement or assessment, control and monitoring through the implementation of policies, procedures, documentation, organizational structure, event logging, tools, promulgation of information and training.

Regarding SARLAFT, training sessions have been given; we have a manual, as well as policies and procedures for knowledge of the customer.

- **System for Administration of the Operational Risk “SARO”**

This system allows the risk area to detect any failure or weakness, either present or future, in the operational activities that may hinder the achievement of strategic, operating and/or financial objectives of Credivalores Crediservicios S.A.S., or that may generate potential losses.

In performing the administration of the operational risk, an identification and documentation of internal processes was initially performed, through expert judgment, which allowed summarizing in 14 operating risk matrixes the controls and indexes that would allow generating early alerts and risk-mitigating controls, which permits reducing possible losses in case one or more of those risks become actual.

Subsequently, each of those documented processes identified those events or activities that are defined as generating operational risk, through the collection of data about risk events in each of the monitored processes, thus determining the frequency of occurrence of each event and, the consequence or impact of the event within the objectives; this analysis allows the risk area to know the priorities for treatment among the events.

Once the events are identified, along with their risk level (frequency + impact), a cause-effect analysis of the event is performed and a corrective and preventive action plan is identified, with the basic purpose that, upon a new analysis of the event, it provides a result in which the risk level is reduced or eliminated.

The result is observed in the fact that the Company now has a system for administration of the credit risk which includes an organizational structure regarding credit risk, as well as policies and procedures defined according to the best practices on the administration of the processes. Also, the Company has models for estimation of the expected loss and the entity is working on the technology support it shall have in order to improve the administration of the database related to the model and customer information capture (data warehouse).

NOTE 24 – OTHER MATTERS OF INTEREST

At March 28, 2014, there is no awareness about any significant event that may affect the Company's results, nor lawful processes against it or other loss contingencies requiring additional disclosure in the notes to the financial statements.

The Company is not aware of events subsequent to the period's closing date, which affect the structure, the financial position and the continuity of the going business at that date, which have not recognized in the financial statements.