Credivalores Crediservicios S. A.
Financial Statements

For the periods ended December 31, 2020 and 2019

CREDIVALORES CREDISERVICIOS S. A.
STATEMENT OF FINANCIAL POSITION
ENDED DECEMBER 31, 2020 AND 2019

(Stated in millions of Colombian pesos)

	Notes	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents	8	264.299	163.851
Financial Assets at fair value through profit or lost			
Equity Instruments	9	16.938	8.715
Derivatives Instruments	17	243.444	210.830
Loan portfolio	11	20.015	19.324
Total financial assets at fair value		**280.397**	**238.869**
Financial Assets at amortized cost			
Consumer loans		1.747.353	1.424.958
Microcredit loans		5.772	5.863
Impairment	11	(266.972)	(192.847)
Total Loan portfolio, net	11	**1.486.153**	**1.237.974**
Accounts receivable, net	12	428.978	386.189
Total Financial Assets at amortized cost		**1.915.131**	**1.624.163**
Investments in Associates and Affiliates	10	10.966	10.963
Current tax assets		14.858	13.542
Deferred tax assets, net		5.961	11.053
Property, plant and equipment	13	575	1.159
Assets for right of use	14	6.020	5.902
Intangible assets other than goodwill, net	15	55.452	53.892
Total assets		**2.553.659**	**2.123.394**
Liabilities and equity			
Liabilities:			
Financial Liabilities at fair value			
Derivative instruments	17	16.791	32.188
Total Financial Liabilities at fair value		**16.791**	**32.188**
Financial Liabilities At amortized cost			
Financial obligations	18	2.008.973	1.637.320
Other Lease Liabilities	18	6.429	6.258
Total Financial Liabilities At amortized cost		**2.015.402**	**1.643.578**
Employee benefits provisions	19	983	1.105
Other provisions	20	7.370	476
Accounts payable	21	153.330	100.273
Current tax liabilities	22.2	2.043	1.244
Other liabilities	23	49.568	61.833
Total liabilities		**2.245.487**	**1.840.697**
Equity:	24		
Share capital		129.638	129.638
Treasury shares	24	(12.837)	(12.837)
Reserves treasury shares	24	12.837	12.837
Reserves	24	5.814	5.814
Additional paid-in capital		64.726	64.726
Other Comprehensive Income (OCI)	25	33.980	13.727
Retained earnings		90.700	85.650
IFRS convergence result		(21.910)	(21.910)
Net Income for the period		5.224	5.052
Total equity		**308.172**	**282.697**
Total liabilities and equity		**2.553.659**	**2.123.394**

The accompanying notes are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A.
STATEMENT OF INCOME
PERIODS ENDED DECEMBER 31, 2020 AND 2019
(Stated in millions of Colombian pesos)

	Notes	**December 31, 2020**	**December 31, 2019**
Interest Income and similar	26.1	**290.980**	**275.186**
Financial costs interest	18	(194.008)	(191.824)
Revenue from contracts with customers	26.2	85.550	97.003
Net Interest		**182.522**	**180.365**
Impairment of financial assets loan portfolio	12	(101.444)	(63.321)
Expense on accounts receivable provisions		(174)	(6.495)
Gross Financial Margin		**80.904**	**110.549**
Other Expenses			
Employee Benefits		(13.839)	(15.953)
Depreciation and amortization expense	13 – 15	(5.915)	(6.774)
Depreciation right of use assets	14.1	(1.954)	(1.694)
Other	28	(68.878)	(76.871)
Total Other expenses		**(90.586)**	**(101.292)**
Net operating Income		**(9.682)**	**9.257**
Other Income	27	2.678	2.357
Financial income		3.535	478
Exchange rate differences	29	4.041	412
Financial Income		**10.254**	**3.247**
Derivative instrument valuation	29	6.971	(4.240)
Financial expense		**6.971**	**(4.240)**
Net financial income (expense)		**17.225**	**(993)**
Net Income before income tax		**7.543**	**8.264**
Income tax	22.3	(2.319)	(3.212)
Net income for the period		**5.224**	**5.052**
Net earnings per share		**1.139**	**1.101**

CREDIVALORES CREDISERVICIOS S. A.
TATEMENT OF OTHER COMPREHENSIVE INCOME
PERIODS ENDED DECEMBER 31, 2020 AND 2019
(Stated in millions of Colombian pesos)

	December 31,	
	2020	**2019**
Net income for the period	**5.224**	**5.052**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Shares	(499)	526
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	5.480	2.817
Valuation of financial derivatives Cross Currency Swaps	56.306	9.996
Valuation of financial derivatives Options	(32.214)	8.392
Income tax	(8.822)	(5.763)
Total other comprehensive income for the period	**20.251**	**15.968**
Total other comprehensive income	**25.475**	**21.020**

The accompanying notes are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED DECEMBER 31, 2020 AND 2019
(Stated in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
Balance as of January 01, 2018	**120.899**	**58.442**	**(12.837)**	**18.651**	**(20.165)**	**(21.910)**	**78.298**	**809**	**254.317**
Appropriation of earnings	-	-	-	-	-	-	7.352	(7.352)	-
Capitalization	5.716	6.284	-	-	-		-	-	12.000
Increases (decrease) in other comprehensive income	-	-	-	-	15.968		-	-	15.968
Net income for the period	-	-	-	-	-		-	5.052	5.052
Balance as of December 31, 2019	**129.638**	**64.726**	**(12.837)**	**18.651**	**13.727**	**(21.910)**	**85.650**	**5.052**	**282.697**
Appropriation of earnings	-	-	-	-	-	-	5.050	(5.050)	-
Capitalization	-	-	-	-	-	-	-	-	-
Increases (decrease) in other comprehensive income	-	-	-	-	21.180	-	-	-	21.180
Net income for the period	-	-	-	-	-	-	-	5.224	5.224
Balance as of December 31, 2020	**129.638**	**64.726**	**(12.837)**	**18.651**	**34.907**	**(21.910)**	**90.700**	**5.226**	**309.101**

The accompanying notes are an integral part of the financial statements.

CREDIVALORES CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS
PERIODS ENDED DECEMBER 31, 2020 AND 2019
(Stated in millions of Colombian pesos)

	Notes	December 31, 2020	December 31, 2019
Cash flows from operating activities			
Net income before taxes		5.224	5.052
Reconciliation of net income before taxes and net cash provided by (used in) operating activities:			
Depreciation of tangible assets	13	618	647
Depreciation of assets for rights of use		1.954	1.694
Amortization of intangible assets	15	23.349	11.652
Amortization of Call premium options	17.2	16.883	5.502
Allowance for impairment of loan portfolio	12	80.581	45.301
Impairment Accounts Receivable		174	6.495
Portfolio valuation measured at fair value	12	(691)	(987)
Fair value adjustments to financial assets	10	(3)	(597)
Income tax		(2.319)	(3.212)
Cash generated by trades			
Income tax paid		(1.928)	(1.607)
Changes in operating assets and liabilities:			
Increase (decrease) in loans		(328.760)	(140.750)
Decrease (increase) in accounts receivables		(42.962)	(62.034)
Increase (decrease) in accounts payable		53.054	4.377
Decrease (increase) in employee benefit		(122)	9
Decrease in provisions	20	6.894	133
Increase (decrease) in other liabilities		(12.265)	15.534
Net cash provided by (used in) operating activities		**(200.317)**	**(112.791)**
Cash flows from investing activities:			
Net flow of investments in financial instruments		(8.722)	11.844
Net flow of property, plant and equipment		(36)	(1.019)
Acquisition of intangible assets		(24.910)	(10.286)
Net cash used in investing activities		**(33.668)**	**539**
Cash flows from financing activities:			
Acquisition of financial obligations		1.940.403	597.156
Payment due on derivatives		(36.434)	11.584
Payment of financial obligations		(1.498.478)	(538.354)
Payment premium call options		(69.158)	-
Capitalization		-	12.000
Pay financial leases		(1.900)	(1.339)
Net cash provided by financing activities		**334.432**	**81.046**
(Decrease) Increase in cash and cash equivalents		**100.448**	**(31.206)**
Cash and cash equivalents at beginning of year		163.851	195.057
Cash and cash equivalents at end of year		**264.299**	**163.851**

The accompanying notes are an integral part of the financial statements.

NOTE 1. REPORTING COMPANY

Credivalores Crediservicios S.A., (hereinafter “Credivalores”, the “Company” or “CVCS”), is a stock company registered for business in Bogotá - Colombia, located at Carrera. 7 No. 76-35 P 7, and a website at www.credivalores.com.co. The Company was incorporated by means of Public Deed No. 420 dated February 4, 2003 drawn up before the Public Notary No.1 of the Circuit of Cali. The term of duration of the Company is twenty years as of the date of the aforementioned deed.

The merger of two companies, Crediservicios S.A. and Credivalores S.A. was registered by means of Public Deed No. 4532 of December 12, 2008.

The merger was unanimously approved by the General Meeting of Shareholders of both companies on July 31, 2008, whereby it was determined that Crediservicios S.A. (the surviving company), would continue to legally exist after taking over Credivalores S.A. which would cease to exist (being dissolved but not liquidated). In addition, the equity of Credivalores S.A. was merged with that of Crediservicios S.A. by means of acquiring the assets and assuming the liabilities of both companies, as agreed on by both company’s legal representatives,

This merger agreement was reported to the Colombian Superintendence of Industry and Commerce, which did not report any objections to the aforementioned process. Credivalores S.A. (the acquired company) was incorporated by means of Public Deed No. 1906 dated May 13, 2003, drawn up before the Public Notary No. 1 of the Circuit of Cali, and duly registered with the Chamber of Commerce of Cali on May 21, 2003, under Registry Number 3501 Book IX. Subsequently, the Company changed its name from Crediservicios S.A. to Credivalores-Crediservicios S.A.S, becoming a simplified stock corporation, by means of the Public Deed No. 529 dated February 27, 2009 drawn up before the Public Notary No. 1 of the Circuit of Cali.

By means of Minutes No. 16 dated February 23, 2010 of the General Meeting of Shareholders, duly registered before the Chamber of Commerce on March 19, 2010; the Company became a simplified joint stock company with the name of Credivalores-Crediservicios S.A.S. under Registration Number 3074 of Book IX.

By public deed No. 3175 of notary No. 73 of Bogota D.C. as of September 28th, 2019, registered July 9th, 2019 under Number 02484244 Book IX, the company changed its name from CREDIVALORES - CREDISERVICIOS S. A. S. to CREDIVALORES - CREDISERVICIOS S. A. and its social reason to Sociedad Anonima.

The Company’s business purpose is to originate consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its own funds and other sources of funding permitted by law. In carrying out these activities, the Company may:

a) Perform risk assessments,

b) Service and manage loans or lines of credit, including but not limiting the collection and registration of these obligations,

c) Purchase and sell loans, securities, and loan portfolios,

d) Borrow funds and enter into transactions allowing the Company to obtain the funds required to perform its corporate purpose,

e) Act as co-signer, guarantor, surety or collateral provider to raise funds in order to finance its activities that may be undertaken, structured or implemented through trust arrangements, and

Perform any other activities that are required as part of the Company’s normal course of business, such as: (i) acquiring, encumbering, limiting the domain or disposing of fixed assets (ii) acquiring and using trade names, logos, trademarks and other industrial property rights; (iii) investing in existing companies, or creating new ones, providing that these companies have the same or similar business activities as the Company or that should relate

(Stated in millions of Colombian pesos)

in any way to its own corporate purpose; (iv) entering into partnerships or contracts with third parties to carry out its corporate purpose; (v) guaranteeing its own and third-party obligations.

The funds used by the Company for carrying out its business activities shall be lawfully sourced and therefore the Company shall be prohibited from raising money by means of large scale or regular deposits from individuals, pursuant to current legislation. The Company is not under the supervision of the Colombian Superintendence of Finance (Superintendencia Financiera de Colombia) since it is not considered to be a financial institution in accordance with Colombian legislation, nor is

it allowed to carry out brokerage of instruments registered with the Colombian National Registry of Securities and Issuers (RNVE).

The Company is prohibited from raising money through large-scale and regular deposits from individuals, complying with the stipulations in the financial and exchange regulations.

Credivalores has the following branches nationwide: Aguachica, Armenia, Barrancabermeja, Barranquilla, Bucaramanga, Cali, Cartagena, Cartago, Ciénaga, Cúcuta, El Paso, Florencia, Girardot, Ibagué, La Dorada, La Jagua de Ibirico, Lomas, Magangué, Manizales, Medellín, Mocoa, Montería, Neiva, Palmira, Pasto, Pereira, Popayán, Riohacha, Sahagún, San Andrés, Santa Marta, Sincelejo, Tunja, Valledupar, Villavicencio, and Yopal.

In June 2019, a 12,000 million capitalization was completed. The ownership of the Company after this capitalization is as follows:

Shareholders	Ownership
Crediholding S.A.S.	34,24%
Lacrot Inversiones 2014, S.L.U	36,43%
Acon Colombia Consumer Finance Holdings, S.L.	19,90%
Acon Consumer Finance Holdings II, S.L.	4,21%
Direcciones de Negocio S.A.S.	0,01%
Treasury Shares	5,21%
Total	**100,00%**

<u>Covid-19 impacts</u>

Since the first months of 2020, Coronavirus (COVID-19) has spread around the world, leading to the closure of production and supply chains and disrupting international trade, which could lead to a global economic slowdown and adversely affect various industries. Global authorities including Colombian authorities have had to take, among other measures, the temporary closure of establishments and the quarantine of persons in various areas, implying that employees, suppliers, and customers are unable to carry out their activities for an indefinite period of time. This situation could have adverse material effects on the results of the Company's operations, financial situation and liquidity, which are being evaluated daily by the administration to take all appropriate measures to minimize the negative impacts that may arise from this situation. The impacts that have been generated by this situation have been recognized in the financial statements.

The main impacts observed on the Company's financial situation and operations are described below.

Impairment of financial instruments

Financial instruments within the scope of IFRS 9's expected credit loss model (PCE) (loans, trading accounts and other receivables, unmeasured debt instruments at fair value with changes in results, contractual assets, lease

receivables, financial guarantees and loan commitments) have been assessed considering COVID-19 impacts on the PCE.
Impacts have been generated mainly by the following two aspects:

- The PCE's own estimate that it considers to be:

  Credit risk (risk of non-compliance), which has increased in relation to debtors' businesses, has been adversely affected and which has increased THE PCE's percentages by 36.2%;

  The amount at risk (default exposure), taking into account that affected debtors have resorted to unused credit quotas for approximately $323,608, and a two (2) months increase

In addition, in considering forward-looking information (including macroeconomic information) there has been a significant increase in the credit risk considered to measure expected credit losses; and additional negative scenarios have been included to the scenarios previously had in the entity's expected credit loss model.

This led to an increase in impairment provisions of financial assets measured at the amortized cost of $80.58 3as of December 31,2020.

Fair values - Financial Instruments

Market price volatility as a result of the spread of COVID-19 affected the fair values of assets and liabilities that are measured for accounting purposes at fair value at the date of submission of financial information. However, the entity measures its principal assets and liabilities at amortized cost with hedging strategies that mitigated much of these effects.

Fair values - Non-financial assets

The fair value of properties, plant and equipment measured by revalued cost and investment properties is determined by external and independent property appraisers, who have recognized professional qualifications and recent experience in the location and category of the property being valued.

During 2020, losses in investment properties worth$517 were recognized in the statement of comprehensive income.

Measuring financial instruments - Leases

Landlords and tenants have conducted renegotiation processes of the terms of their lease agreements, a result of which landlords have granted tenants concessions of some kind in connection with lease payments. The entity has considered in the role of tenant the posting of these concessions as if they were not modifications which has involved the recognition of profits in the income statement worth$278.

Other issues

Results worth$6 were charged in connection with the depreciation of properties, plant and equipment and intangibles that are determined based on straight-line methods despite not being being used for a few months. The establishment of passive provisions was assessed as of December 31, 2020 without decisions involving the emergence of present obligations that have a high likelihood of exit of resources.

<u>Business on the move</u>

The outbreak of the COVID-19 pandemic and the measures taken by the Colombian government to mitigate the spread of the pandemic have significantly impacted the economy. These measures forced the Company to curb its activities in several locations for periods of three to six months during the year. This has negatively impacted the Company's financial performance over the run of the year, however, its liquidity situation was positive thanks to the US$300 issue, before starting pandemic.

There is still great uncertainty about how the outbreak will affect the Company's business and customer demand for its products in future periods. Therefore, management has modeled scenarios considering a period of 12 months from the date of authorization of these financial statements. The assumptions modeled are based on the estimated potential impact of COVID-19 restrictions and regulations and the responses proposed by management. The base case scenario includes the benefits of actions already taken by management to mitigate the impacts caused by COVID-19. It is assumed that there may be new business closures for additional weeks. In this base scenario, the Company is expected to continue to have sufficient leeway with the support of available funding.

The most severe downstage, which is considered prudent but plausible, would have a significant adverse impact on the Company's businesses, including its cash flows. In response, management has the ability to take the following mitigation actions to reduce costs, optimize cash flow, and preserve liquidity:

- Reduce, defer or cancel discretionary spending; And
- Freezing non-essential hires.

Based on the Company's liquidity position at the date of authorization of these financial statements, and in light of the uncertainty surrounding the future development of the outbreak, management continues to have a reasonable expectation that it will have adequate resources to continue in operation for at least the next 12 months and that the operating company's accounting base remains adequate.

These financial statements have been prepared on a running business basis and do not include any adjustment to book values and classification of reported assets, liabilities and expenses that might otherwise be required if the on-going business base were not appropriate.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1 Basis of Presentation

The financial statements as of December 31, 2020 and December 31, 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Council (IASB).

These financial statements were authorized by the Company's Management on March 31, 2021.

The Financial Statements of Credivalores have been prepared in line with the Financial Reporting and Accounting Standards accepted in Colombia FRAS - IFRS established by Law 1314 of 2009, regulated by Regulatory Decree 2420 of 2015, modified by Decree 2496 of 2015. These Financial Reporting and Accounting Standards correspond to the International Financial Reporting Standards (IFRS), officially translated and authorized by the International Accounting Standards Board (IASB) on December 31, 2016.

Law 1314 of July 13, 2009 regulated the financial reporting, accounting and data security standards and principles accepted in Colombia and identified competent authorities, established the procedure for issuing the standards and determined the entities responsible for monitoring compliance. This law was regulated by means of the following decrees:

a) 2784 of December 28, 2012
b) 1851 of August 29, 2013
c) 3023 of December 27, 2013
d) 2267 of November 11, 2014

Decree 2615 dated December 17, 2014 came into effect on January 1, 2016. Decree 2615 contains the international accounting and financial reporting standards in force as of December 31, 2013 and their corresponding amendments issued by the International Accounting Standards Board IASB in force today. With this, the regulatory technical framework contained in the annex to Decree 2784 dated December 28, 2012 and Decree 3023 dated December 27, 2013 was revoked.

Credivalores reports comparative information from the immediately previous period for all values included in the current period's financial statements and includes comparative explanations, when necessary, to ensure the current period’s financial statements are understandable.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including substantial fixed payments), minus any lease incentives receivable
- Variable lease payment based on an index or rate
- Amounts that the tenant is expected to pay under residual value guarantees
- The exercise price of a purchase option if the tenant is reasonably sure to exercise that option, and
- Payments of fines for terminating the lease, if the condition of the lease reflects that the tenant exercised that option.

Lease payments are deducted using the implied interest rate on the lease, if such rate can be determined, or the incremental indebtedness rate.

Right of Use Assets are cost-measured and include the following:

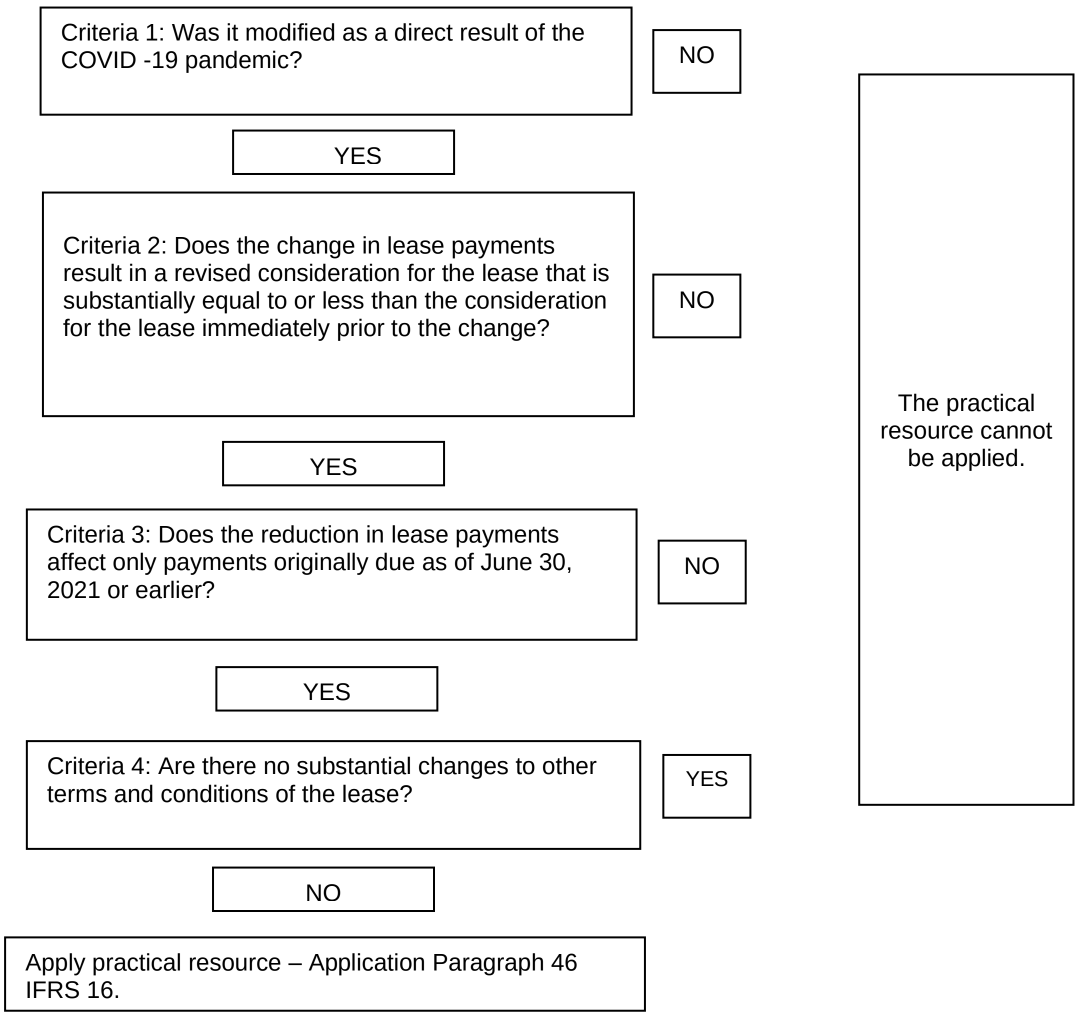
- The amount of the initial measurement of the lease liability
- Any lease payments made on or before the start date
- Any direct initial costs, and
- Restoration costs

Payments associated with short-term leases and low-value asset leases are recognized under the linear method as an expense in the income statement. Short term leases have a term of 12 months or less. Low-value assets include computer equipment and small items in office furniture.

2.2 Changes in accounting policies

LEASINGS- IFRS 16

In accordance with the provisions of the standard, the leases shall apply paragraph 46, whereas the modifications of the contracts, are contemplated by IFRS 16 so that the company assesses the practical solution. For the application of this:



The impact from the effects of the COVID -19 pandemic and the application of the practical resource are presented as of December 31, 2020:

- Adjustment by valuation: 383
- Depreciation adjustment: 191
- Adjustment by financial cost: (54)

NOTE 3. JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the implementation of accounting policies and reported amounts of assets and liabilities, and income and expenses.

Credivalores S.A. will disclose the nature and amounts of changes in accounting estimates that are significant and affect the current period or are expected to affect any impact in future periods. Information on the effect in future periods will not be disclosed if the estimate of the effect is not practical.

The financial statements, the significant judgments made by the administration in the application of the accounting policies of Credivalores and the main sources of uncertainty estimation were the same as those applied to the financial statements for the year ended December 31, 2019.

3.1 IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 - financial instruments in lieu of the IAS 39 - financial instruments: recognition and measurement for the annual periods subsequent to January 1, 2018.

The company did not restate comparative information for 2017 for those financial instruments under the scope of IFRS 9. Therefore, comparative information for 2017 is reported according to IAS 39 and is not comparable to the information presented for 2018. The differences arising from the adoption of IFRS 9 – financial instruments have been recognized directly in earnings accumulated to 1 January 2018.

3.1.1 IMPAIRMENT MODEL

IFRS 9 – financial instruments, pose significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. In particular, the standard proposes a new approach that pursues the identification of the significant increase of the risk of credit (SIRC) in an instrument before the identification of objective evidence of impairment (OEI).

From the above, the company has advanced in the construction of quantitative and qualitative criteria to identify the significant increase in the credit risk of an instrument. Although a quantitative criterion as the main principle is used to evaluate the (SIRC), qualitative criteria have also been developed in case that it is not possible to apply the quantitative criterion or that it cannot be used for specific financial assets.

Impairment related requirements are applied to financial assets measured at amortized cost and fair value with changes in other comprehensive income (FVOCI) whose business model remains to collect (contractual cash flows) and sell.

The expected credit loss model considers the prospective nature of loss tolerances for instruments, based on expectations of future behavior.

For the calculation of the expected loss of payroll and Credit Card products Credivalores has decided to use the Granular Amortization approach, considering the following aspects:

- Exposure and corresponding risk parameters are calculated individually for each period.
- Exposure and corresponding risk parameters are intended to be constant within each period, but may vary between periods of time.
- The calculation of the EP is individual by period.
- Calculations of PE12m and PE in life are performed by adding the individual PEs for each respective risk horizon (one-year, whole life).
- Frequency of payment fixed according to its depreciation: monthly, quarterly, semi-annual, annual, among others.
- The granular depreciation approach captures the dynamic behaviors of risk parameters at high granularity (more detailed).

Main sources of uncertainty

The central concept of impairment under the new IFRS 9 impairment model is based on a dual measurement approach that takes into consideration the current level of expected impairment of each loan, compared to initial recognition, and requires recognition of impairment over the difference between expected credit losses in 12 months, if no significant changes in risk have occurred since initial recognition; otherwise, a credit loss amount is recognized over the expected life of the financial instrument.

This model is complemented with stress analysis and scenarios with variables that are not controlled by the Company, such as macroeconomic factors. To this end, the Company has developed a non-lineal statistical model (log–log model) that associates the level of overdue payments of the loan portfolio of Credivalores products with a set of available macroeconomic variables. The model indicates that the macroeconomic variables most closely correlated with performance of the Credivalores portfolio are the unemployment rate, the maximum allowable interest rate, the change in the CPI and the change in GDP.

The resulting model enables us to incorporate forecasts on the expected future behavior of these macroeconomic variables in order to calculate expected loan portfolio losses. Such effect has been quantified and included in the provisions recorded by the Company. It also enables performing sensitivity analysis on the performance of these variables, in face of uncertainty, on the performance of our portfolio. This information is presented below:

Sensitivity analysis under two assumed scenarios:

- Pessimistic scenario: All the macroeconomic variables that are correlated with the portfolio move in a negative direction by one standard deviation.
- Optimistic scenario: All the macroeconomic variables that are correlated with the portfolio move in a positive direction by one standard deviation.

3.2 Financial Assets Business Model

Credivalores makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The expected policies and objectives for the portfolio and the actual application of them In particular whether management's strategy focuses on earning contractual interest revenue, maintaining a particular

  interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to Credivalores management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Credivalores stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI).
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Credivalores considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Credivalores Crediservicios S.A.S. business model is based on granting consumer loans quickly through innovative products to middle- or low-income segments that are not served by the traditional financial system.

The Company has developed a diversified platform with collection channels designed to minimize the risk of default and optimize the quality of its loan portfolio (minimize NPL), including: payroll deduction loans (discounted from payroll payments), credit card (collecting via public utilities bills), and financing for insurance policy premiums (revocable insurance where the insurer returns the portion of the premium that was not used in case of default).

The business model focuses on building alliances and agreements for origination and distribution of each one of our products, thus guaranteeing growth. The company has more than 720 agreements with employers that can issue payroll loans, exclusive agreements with public utility companies for invoicing and collecting via credit card, and alliances with third parties and insurers for the origination of the Credipoliza product.
The risk management systems are similar to those implemented by other Colombian financial entities and they take characteristics of the target market into consideration. These systems have been adjusted according to the experience and knowledge acquired over more than 14 years in the market.

Credivalores Crediservicios S.A.S. seeks to maintain various sources of funding on the local and international level from banking and capital markets.

This business model produces a portfolio of diversified products with limited geographic concentration and by loan amount.

The entity applies meaningful judgements to determine its business model to manage financial assets and to evaluate if the financial assets comply with the conditions established in the business model so they can be classified at fair value or at amortized cost. According to the aforementioned, some financial assets have been classified in investments at fair value and others at amortized cost. According to the business model the financial assets at amortized cost can be sold only in limited circumstances, such as when there are infrequent transactions, adjustments are made to the maturity structure of its assets and liabilities, when it is necessary to finance significant capital disbursements and when there are seasonal liquidity needs.

Investments in equity instruments at fair value have been classified with adjustments through profit or loss, considering that they are strategic investments for the company and, are expected to be sold in the near future.

<u>Financial Assets at fair value</u>

According to its business model the Company has determined that Tu credito payroll deduction loans will be measured at fair value when they meet the following conditions:

1. Maximum term of 90 days as of the date of origination.

2. Highest rating based on its compliance score.

<u>Financial Assets at amortized cost (*)</u>

The loan portfolio is classified at amortized cost when it meets the following criteria: Credivalores Crediservicios S.A.S. business model is to hold these assets with the purpose of collecting their cash flows on specified dates, as per their contractual terms, and the contractual terms of the financial asset give rise on specified dates, to cash flows that consist of payments of principal and interest on the outstanding amount owed.

3.3 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments

Some property leases contain variable payment terms that are linked to profit generated from a specific office. For individual offices, up to 100% of lease payments are on the basis of variable payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established offices. Variable lease payments that depend on profits are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed if a significant event or a significant change in the circumstances affecting this evaluation occurs.

3.4 Seasonal nature of income and expenses.

The nature of the most important operations of Credivalores Crediservicios S. A is mainly related to traditional activities that are not significantly affected by seasonal factors.

NOTE 4. SUMMARY OF THE MAIN ACCOUNTING POLICIES

The following are the significant accounting policies applied by Credivalores in the preparation of these financial statements.

4.1 Materiality

The economic facts are presented in accordance with their relative importance or materiality.

For disclosure purposes, a transaction, event or operation is material when, because of its amount or nature, or knowledge or lack of knowledge thereof, and considering the circumstances surrounding it, it affects the decisions that may be made or the assessments that users can carry out in regards of the accounting information.

Upon preparing and presenting these financial statements, the materiality of the amounts recorded is determined in terms of total assets, current and non-current assets, total liabilities, current and non-current liabilities, equity or income for the year as appropriate.

As per the assessment of materiality, Management considers as material any entry, transaction or event for which the value is equal to or greater than the percentage that results from the application of the following table and any others deemed necessary because of their nature:

Item	Percentage of fair value
Asset	0.5%
Liability	0.5%
Equity	0.5%
Revenue	0.5%
Expenses	0.5%

4.2.1 Functional and reporting currency

These financial statements are presented in Colombian pesos, which is the functional and reporting currency of Credivalores.

Items included in the Company's financial statements are stated in the currency of the primary economic environment in which the Company operates (Colombian pesos). All figures are stated in millions of Colombian Pesos and have been rounded to the nearest unit.

4.2.2 Transactions and Balances in Foreign Currency

Foreign currency transactions are recorded at the Company's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency using the prevailing exchange rate at the reporting date of the statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies in terms of historical costs are measured using the exchange rate at the transaction date. Financial instruments measured at fair value are translated using the exchange rate from the date the fair value was determined.

As of December 31, 2020, and 2019, the (COP/USD) exchange rates certified by the Superintendence of Finance were 3,432.50 and 3,277.14 per U.S. $1 respectively.

4.3 Cash and cash equivalents

Represent the Company's high liquidity assets such as: bank account balances, remittances in transit and Time Deposits. Moreover, cash is recorded for petty-cash purposes.

Credit balances in transactions with a particular entity constitute obligations to that entity and, as such, must be reflected as a liability under bank loans and other financial obligations and/or checking account overdrafts. However, they are part of the Company's liquidity management. In the above-mentioned circumstances, such overdrafts are included as a component of cash and cash equivalents.

Investments in money market funds with positions in short term liquid assets, with maturity shorter than three months will also be classified as cash and cash equivalents. In this case, the risk of price changes is insignificant and positions are held support short-term cash requirements rather than for investment or similar purposes.

Bank expenses and financial interests are recorded at the value reported in the corresponding bank statements. Daily financial returns are reported at the rate negotiated with the respective financial entity with adjustments made in relation to the nominal value reported in the statement at the close of each month.

4.4 Financial Instruments

Financial instruments

A financial instrument is a contract that results in a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition of financial instruments

Financial assets and liabilities are recognized in the financial statement when the Company becomes part of the contractual provisions of the instrument.

4.4.1 Financial Assets

The Company classifies its financial assets into equity instruments, trading instruments, amortized cost investment instruments, credit instruments and accounts receivable.

At the time of initial recognition, a financial instrument is measured at fair value plus any direct attributable transaction costs, which are not included if the instrument is classified at fair value through changes in profit or loss. Typically, the fair value at the initial time of recognition is the price of the transaction itself, that is, the amount to be paid or received.

Credivalores recognizes loans and accounts receivable, trading and investment securities and other assets or liabilities on their effective dates.

Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the Company measures its financial instruments at fair value or amortized cost based on the established business model and the contractual terms of the corresponding financial asset or liability.

i. Amortized cost

Amortized cost is the cost of acquiring a financial asset or a liability plus or minus any capital repayments, cumulative amortizations (calculated using the effective interest rate method) with regard to any difference between the initial amount and the value repaid at maturity and minus any reduction for impairment.

ii. Fair value

Fair value is the amount to be received should the asset be sold or the amount to be paid for transferring a liability as part of a transaction between market participants on the date on which the measurement is made. The most objective and commonplace definition of fair value is the price that would be paid in an active, deep and transparent market (“listed price” or “market price”).

When such values are available CVCS determines the fair value of an instrument using the prices listed on an active market for that specific instrument. A market is considered active if listed prices are readily and regularly available and represent real transactions that are performed regularly on a stand-alone basis.

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm’s length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.
The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction (See note 6).

The Company´s business model includes payroll loans at fair value with changes in profit and losses, whereby the loans originated within the 90 days prior to the date of the financial statements are valued at fair value. In order to estimate the fair value of these loans, which could be sold to financial institutions at a market price, the Company evaluates the lending rate of these loans within the reference market to evaluate the rate at which other financial institutions considered as peers and comparable to the Company will be willing to invest their resources and hold the payroll loans within their balance sheet.

Considering the results from the evaluation of the rates, the Company evaluates four variables to obtain the value of the adjusted rate applicable to the transactions to sell loan portfolio, according to internal criteria:

- **i)** The multiplier, which compares the Company's rate to the market rate.
- **ii)** The value of the premium paid in these businesses, which results from discounting the future values of a loan originated at Credivalores' lending rate using the market rate.
- **iii)** The rate is adjusted by the transaction cost associated to the loan portfolio.
- **iv)** The cash flows associated to the insurance policies applicable to the loan are also valued.

The methodology followed by the Company, uses the last three months reports from the Financial Superintendence as the source of information to determine the interest rate to discount the cash flows and complete the valuation of the final selling price of the loan portfolio.

The Company has determined that the fair value of the loan portfolio registered in its financial statements is type 3, since most of the criteria is internal.

4.4.2 Initial measurement of financial instruments

Financial assets and liabilities are initially measured at fair value, transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are aggregated or deducted from the fair value of them. For financial assets and liabilities measured at fair value with changes in results (FVPL), transaction costs directly attributable to the acquisition are immediately recognized in results.

Debt instruments held within a business model aimed at receiving contractual cash flows, whose cash flows are only capital and interest payments on the outstanding principal amount (SPPI), are subsequently measured at the amortized cost; debt instruments that are maintained within a business model whose objective is both to receive

contractual cash flows and to sell debt instruments and which have contractual cash flows that are SPPI, are subsequently measured at fair value through another comprehensive result (FVOCI); all other debt instruments (e.g. debt instruments administered on a fair value basis, or held for sale) and capital investments are subsequently measured in FVPL.

4.4.2.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit Tucredito (payroll deduction loans) is measured at fair value, given that its market niche is focused on placing "top-rated" loans.

Classification of "Tucredito" line of credit, based on the corresponding business model			
Item	**Tucredito portfolio segment**	**Measurement**	**Valuation**
1	Performing loans subject to sale	Fair value	Market price.
2	Best rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).

4	Past due loans	Amortized cost	Incurred loss model based on the expected loss.

The policy established by the Company for measuring its loan portfolio, per the business model classification, is:

In line with its business model the Company has decided to measure the loans comprising the "Tucredito" line of credit at fair value based on the historical trading average since its loans are not impaired (and which, from their origination, are the best-rated 0 - 90 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

Unsold lines of credit, which were initially measured at fair value but which after 90 days of origination were impaired, will later be measured based on an indexed rate, which converts the amortized cost rate into an amount equivalent to their fair value.

4.4.2.2 Financial assets at amortized cost

Financial assets are classified at amortized cost only if the asset is kept within a business model whose objective is to maintain it to collect contractual cash flows and the contractual terms of the value give rise at specific dates to cash flows that are only payments of cash. capital and interest on the outstanding principal capital; Interest income is recognized using the effective interest rate method.

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period of time, is equal to the net book value in the beginning. To calculate the effective interest rate, the Company estimates the cash flows taking into account all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

The Company classifies the following financial instruments at amortized cost:

Credivalores Crediservicios S.A. business model					
Product	**Measurement**	**Terms**	**Valuation**	**Features**	**Estimated % of Sales**
Tucredito	Fair value	0-90 days as of date of disbursement	Market price	Current and best rated payroll loans	56,40%
	Amortized cost	> 91 days subsequent to date of disbursement	Equivalent indexed rate	Current and past-due payroll loan portfolio	
Credipoliza	Amortized cost	Portfolio	Equivalent indexed rate	Financing for insurance policies	7,10%
Crediuno	Amortized cost	Portfolio	Equivalent indexed rate	Credit card	36,49%

4.4.3 Impairment

Under the guidelines of the accounting standard IFRS 9, Credivalores was changing its model of impairment loss incurred to expected loss, which is set based on a classification of operations in three stages:

- Stage 1-assets without significant deterioration or in normal situation.
- Stage 2-assets with a significant increase.

- Stage 3-assets with objective evidence of impairment.

The fundamental concept of the new model is based on an approach of dual measurement, depending on the Stage of the financial instrument classification: for Stage 1 damage is equal to the credit losses expected at 12 months, to stage 2 and 3 is equal to the credit losses expected lifetime. The following figure outlines the criteria of the standard.

For loss lifetime of the asset is used the same methodology of credit loss expected for a year, but instead of covering only the first year, calculated on the expected life of the contract including extension of the instrument options.

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

- The exhibition and the corresponding risk parameters are calculated individually for each period.
- Intended that the exhibition and the corresponding risk parameters are consistent within each period but may vary between periods.
- The estimate of the EL is individual per period.
- 12 months EL and EL calculations in life, are made by adding the individual EL for each respective risk horizon (one year, lifetime).
- Fixed according to its amortization payment frequency: monthly, quarterly, semi-annual, annual, among others.
- The amortization approach granular capture the dynamic behavior of the parameters of risk in a high granularity (more detailed).

4.4.4 Impairment of non-financial assets

At each presentation date, Credivalores Crediservicios S.A.S. it reviews the carrying amounts of its property, plants and equipment and its intangible assets, in order to determine if there are indications of impairment and if there are any, the recoverable amount of the assets is estimated (whichever is greater between fair value and cost less the costs of disposal and the value of use). If the carrying amount exceeds the recoverable value, an adjustment is made so that the carrying amount decreases to the recoverable value, modifying the future depreciation charges in accordance with the remaining useful life

4.5 Equity Instruments

Investments that do not represent control or a significant influence over the investee.

All equity instruments are measured at fair value. Equity instruments held for sale are measured at fair value through profit and loss.

4.5.1 Investment in associate and affiliates

Investments in companies in which the Company does not have control, but has significant influence are called “Investments in Associates”. Investments in Associates are accounted for under the equity method.

The Company exercises significant influence over another entity if it owns, directly or indirectly, 20% or more of the voting power of the investee, unless it is clearly evidenced that such influence does not exist. They are initially recognized at cost, including costs directly related to the transaction. Subsequently to initial recognition, the consolidated financial statements include the company share of the net assets, net income or loss after income tax, and other comprehensive income of the investee, as long as the significant influence continues.

Investments in Associates are those in which the Company has direct or indirect control; that is, when all of the following conditions are met:

- The Company has control over the entity; mainly, rights granting the Company the means of directing relevant activities that significantly affect the associate returns.
- The Company obtains or is entitled to variable returns from the interests held in the associate.
- The Company can use its power over the associate to influence the amount of income obtained by the former.

The Equity Method is an accounting method in which the investment is recorded initially at cost and then adjusted based on subsequent changes to the acquisition on the part of the investor in the net assets of the investee. Following this method Credivalores recognizes its equity in the associate through other comprehensive income and profit or loss for the period.

4.6 Accounts Receivable

Credivalores recognizes accounts receivable such as interest, commissions other than premiums from loan portfolio purchases, insurance and taxes.

For the initial measurement Credivalores will recognize an account receivable at fair value. Transaction costs directly attributable to the transaction will be directly recognized in the income accounts.

In the case of long-term (greater than one year) financial assets without explicit financing (contractually defined) the initially recognized value will be the future value discounted at the reference market rate for similar accounts receivable (amount, term) at the transaction date. Subsequently, long-term (greater than one year) financial assets without explicit financing (contractually defined) will be measured at amortized cost using the effective interest rate method. Short-term financial assets will not be subject to discounting.

In addition, interest must be recognized at a higher value in the account receivable.
The effective interest rate will be the rate corresponding to the market rate (where applicable) at the time the financing begins. If there is no market rate with similar characteristics the average internal lending rate will be used.

4.7 Leases

4.7.1 Assets acquired under leases

In their initial recognition, assets acquired under leases are classified as capital or operating leases.

Lease contracts classified as capital leases appear in the statement of financial position as property, plant and equipment for the Company's own use or as investment properties, as applicable. These are initially recorded as an asset and or a liability simultaneously at the lesser of the fair value of the asset leased or the present value of the minimum lease payments. The present value of the minimum lease payments is determined using the interest rate implicit in the lease contract or, in its absence, an average interest rate used by the Company on the market. Any direct costs associated with taking the lease are added to the amount recognized as an asset.

Subsequent to the initial recognition, these are recorded in the same way as the property, plant and equipment for the Company's own use or investment properties account where they were initially recorded. The amount recorded as a liability is included in the financial liabilities account and is recorded in the same way.

Payments made under operating lease agreements are recognized in the income accounts on a straight-line basis during the term of lease. The lease incentives received are recognized as an integral component of the total lease expense over its term.

4.8 Property and Equipment

Property, plant and equipment for the Company's own use include the assets, whether property or under finance lease agreements, held by the Company for its current or future use and which are expected to be used for more than one reporting period.

They are recorded in the statement of financial position at cost of acquisition plus the costs incurred in preparing these for use, less accumulated depreciation and, if applicable, estimated impairment losses resulting from comparing the net book value of each item with their corresponding recoverable amounts.

They are subsequently measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis for the estimated useful life of the asset. The annual depreciation rates for each asset category are:

Type of asset	Total useful life	Residual value	Depreciation method
Furniture	3 to 10 years	Zero	Straight line
Vehicles	Between 5 and 10 years of age	Up to 10%	Straight line
Office equipment	3 to 10 years	Zero	Straight line
Computer and communication equipment	3 to 7 years	Zero	Straight line

Leasehold Improvements

Leasehold improvements are those made to rented property by means of a leasing agreement, as structured and designed to accommodate the entity's normal course of business and are recognized as property and equipment.

4.9. Intangible assets

Credivalores intangible assets correspond primarily to computer software, licenses, trademarks and insurance. Intangible assets are initially measured at cost of acquisition and subsequently at cost less any depreciation accumulated over their estimated useful life or any accumulated impairment loss. The Company analyzes whether there are external or internal signs of impairment to an intangible asset; any impairment losses or subsequent reversals are recognized in the income accounts for the period.

The following table shows the residual values, useful lives and depreciation methods for each type of asset:

Type of asset	Useful life	Residual value	Depreciation method
Software	1 to 3 years	Zero	Straight line
Licenses	1 to 3 years	Zero	Straight line
Trademarks	1 to 10 years	Zero	Straight line
Exclusive contracts	1 to 15 years	Zero	Gradient according to Income Associated with contracts
Databases	30 years	Zero	Straight line

4.10. Income taxes

Income tax expense includes current and deferred taxes. Tax expenses are recognized in the profit or loss, except for items recognized in “Other Comprehensive Income” OCI or directly in equity.

Deferred taxes are recognized based on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements that result in amounts that are either deductible or taxable upon determining tax profits or losses corresponding to future periods when the carrying amount of the asset is recovered or liabilities are paid or settled. However, deferred tax liabilities are not recognized if they derive from the initial recognition of goodwill; nor are deferred taxes recorded if the initial recognition of an asset or liability occurs in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is determined using enacted or substantively enacted tax rates at the reporting date.

Current income tax is calculated on the basis of the Colombian prevailing Tax laws. Management periodically assesses positions taken in its tax returns with regard to situations in which the applicable tax regulations are subject to interpretations and establish provisions when appropriate on the basis of amounts expected to be paid to the tax authorities.
Deferred tax assets are only recognized to the extent that it is probable that future taxable income is expected to be available to offset temporary differences.

Deferred tax liabilities arise from taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legal right to offset current deferred taxes against current tax liabilities, and when deferred tax assets and liabilities are related to taxes levied by the same tax authority on a single entity or different entities when there is an intention to offset the balances on a net basis.

4.11 Financial liabilities

A financial liability is any contractual obligation of the Company to deliver cash or another financial asset to another entity or person, to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Company or a contract that will or may be settled using the Company's own equity instruments. Financial liabilities

are initially recorded at their transaction value, which, unless otherwise determined is similar to their fair value less transaction costs directly attributable to issuance. Subsequently, these financial liabilities are measured at amortized cost and their returns are recognized applying the effective interest rate method determined initially and charged to the income accounts as financial expenses.

Financial liabilities are only released from the statement of financial position when the obligations they generated or acquired are extinguished through either cancellation or renewed placement.

4.12 Derivative financial instruments and hedge accounting

Beginning January 2016, Credivalores adopted Hedge Accounting, and thus the impact in the Company's financial statements of derivatives used for hedging purposes will be aligned to their accounting treatment in derivatives items (that is, payment of principal and interest of debt in foreign currency).

Credivalores mitigates foreign exchange risk of its indebtedness in foreign currency –mostly from the Notes issued under its Euro Commercial Paper Program– using financial instruments like non-delivery and delivery forwards with local financial institutions rated "AA-" or higher.

The Company aims to hedge the next interest payment due together with the principal of the Notes until their maturity, in tranches during the four weeks following the closing of the Note. Subject to a joint decision of the treasury and international funding areas, a portion of the principal may be left unhedged, but this should be hedged in a timely manner.

4.12.1 Fair-value hedge accounting

Fair value hedging: hedging exposure to changes in the fair value of recognized assets, liabilities, or firm commitments, or of an identified portion of such assets, liabilities or firm commitments which may be attributed to a particular risk and may affect the income for the period.

Changes in the forward contract debt due to exchange-rate differences are offset by changes in the forward contract price associated with the change in the market rate (TRM). The forward points will be recorded in Other Comprehensive Income (OCI) until the maturity date. That is, the fair value will have an effect on both income accounts and on OCI.

4.12.2 Cash-flow hedge accounting

Cash-flow hedging: hedging of exposure to changes in cash flows that: (i) are attributed to a particular risk associated with an asset or liability (such as all or some of the future interest payments of a variable-rate loan), or to a highly probable forecast transaction, and; (ii) may affect the income for the period.

The net effect of market-value changes on coupon transactions will be recorded in Other Comprehensive Income (OCI); when the forward matures it will be recorded in the income accounts on the date when the coupon hedged is paid off.

4.13 Employee Benefits

Benefits for Company employees are short-term and include elements like the following, if they are to be paid in full before twelve months after the end of the annual reporting period in which employees provide related services:

(a) wages, salaries and social security contributions.
(b) paid leave and paid sick leave;
(c) non-monetary benefits to current employees (such as medical care and per diem).

The Company will not need to reclassify an employee benefit to short term if the Company's expectations about the settlement calendar change temporarily. However, if the benefit characteristics change (such as a change from non-cumulative to cumulative benefit), or if a change to the settlement calendar expectations is not temporary, then the Company must determine whether the benefit still meets the definition of short term employee benefits.

When an employee has provided services to the Company during the accounting period the amount (not discounted) of the short-term benefits to be paid for such services will be recognized:

(a) as a liability after deducting any amount already paid. If the amount already paid exceeds the amount not discounting benefits, the Company will recognize this excess as an asset (prepayment of an expense), inasmuch as the prepayment results in a reduction of future payments or a cash reimbursement.
(b) as an expense.

4.13.1 Short term paid leave

The Company will recognize the expected cost of short-term employee benefits as paid leave as follows:

a) in the case of paid leave whose rights are accumulating as the employees provide the services that increase their right to paid leave in the future.

b) in the case of non-cumulative paid leave when the leave occurs.

Short term paid leave includes:

(a) Vacation.
(b) Temporary illness or disability.
(c) Maternity or paternity leave.
(d) Jury duty.
(e) Other short-term leave.

4.14 Provisions and contingent liabilities

Lawsuit provisions are recognized when the Company has a current obligation (legal or assumed) derived from past events. A cash outflow is likely to be needed to settle the obligation and the amount has been estimated reliably. Restructuring provisions include lease cancellation payments and employee termination payments.

Where there are a number of similar obligations the likelihood that a cash outflow will be required is determined by considering the class of obligations as a whole. A provision is recognized even if the probability of a cash outlay with regard to any item included in the same class of obligations is immaterial.

Provisions are calculated at the present value of the disbursement expected to be needed to settle the obligation using a pre-tax discount rate that reflects current market measurements of the value of money over time and the specific risks attached to the obligation. An increase in the provision due to the passing of time is recognized as a financial expense.

4.14.1 Contingent Assets

The Company will not recognize any contingent asset. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the income is virtually certain to be realized then the related asset is not a contingent asset and should be recognized.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise the asset and the related income are recognized in the financial statements of the period when the change occurs.

4.14.2 Contingent Liabilities

The Company will not recognize any contingent liability. Contingent liabilities shall be continually assessed to determine if a cash outflow is likely to include future economic benefits. If it is expected that an outflow of future economic resources will be probable for an item previously dealt with as a contingent liability the corresponding provision is recognized in the financial statements of the period when the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made of said amount).

4.15 Revenues

4.15.1 Revenues from interest and commissions

Revenues from ordinary activities are increases in economic benefits during a period that are generated through performance of ordinary activities and/or other revenues of Credivalores that increase equity.

Revenues are recognized:

- When services have been provided and/or when the risks and benefits associated with the sold goods have been transferred. When the service is provided within the same reporting period, it is not necessary to record the level of progress, and instead 100% of the revenues are recorded in the same period.
- When it is probable that economic benefits associated with the activity will be received.
- When it is possible to reliably establish their amount.
- The value of revenues is normally determined by means of an agreement between the Company and a third party. They are measured at the fair value of the consideration received or receivable, taking into account any discount, bonus or rebate provided by the Company.

Revenue from contracts with customers (other than interest income) policy applicable from January 1, 2018 IFRS 15 establishes a comprehensive framework to determine how much and when income is recognized, it replaced IAS 18, IAS 11 and other policies related to its interpretations, IFRIC 13, IFRIC 18 and SIC 31

- **Contract assets**

A contract asset is Credivalores right to consideration in exchange for goods or services that Credivalores has transferred to a customer when that right is conditional on something other than the passage of time (for example, invoicing or delivery of other elements of the contracts).

Contract costs eligible for capitalization as incremental costs of obtaining a contract are recognized as a contract asset. Contract costs are capitalized when are incurred if Credivalores expects to recover those costs. Contract contracts are amortized on a systematic basis that is consistent with the transfer to the customer of the services when the related revenues are recognized. Contract costs capitalized are impaired if the customer is retired or if the asset's carrying amount exceeds projected discounted cash flows relating to the contract.

- **Contract liabilities**

Contract liabilities comprise Credivalores obligation to transfer goods or services to a customer for which Credivalores has received consideration from the end customer or the amount is due. Additionally, it includes deferred income relating to goods or services that will be delivered in the future, which are charged to a customer in advance but not yet due.

As set forth in IFRS 15, Credivalores uses the following approach to establish the classification, recognition and measurement of revenues from ordinary activities:

1. Identify the contracts with customers.
2. Identify the performance obligations associated with the contracts.
3. Establish the transaction price.
4. Assign the transaction price to each performance obligation identified.
5. Recognize revenues when Credivalores satisfies the performance obligations by means of transfer to the client of control over the goods and the services or the supply to satisfaction of the promised services.

Credivalores satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) Credivalores performance does not create an asset with an alternate use to Credivalores, and Credivalores has as an enforceable right to payment for performance completed to date.

b) Credivalores performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c) The customer simultaneously receives and realizes the benefits provided by Credivalores.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When Credivalores satisfies a performance obligation by delivering the promised goods or services it creates a contract asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Credivalores recognizes revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

The following tables show the different activities that the Company carries out:

Type of transaction	Description	IFRS standard
Commissions		
Financial consultancy fees	Credit study fees	IFRS 15
Insurance returns	Insurance sales commissions upon placing loans.	
Chain store commissions	Brokerage and channel (chain store) commissions.	
Collection and handling fees	Fees for collections processes through legal proceedings.	
Internal commission	Internal commission generated by intermediation channels.	
SME commission	Deferred commission on placement of loans under the Micro-Credit line	
FEE	Fee for handling the credit card, advance payments and offsetting through the channels of the Crediuno credit line.	
Brokerage fee	It is the brokerage fee charged in the contract signed with FGA.	IFRS 15
Management fees		
Crediuno	Management and handling fees for the Crediuno line.	IFRS 15
Payroll deduction loans	Management fees and disbursement fees for the Payroll credit line.	
Credipoliza	Administration and handling fees for the Credipoliza line.	
Plus life insurance	Management fee on the Plus life insurance policy of the Crediuno line.	

Credivalores often enter into contracts that cover a number of different services. Such contracts might contain components within, and components outside, the scope of IFRS 15. Therefore, Credivalores only applies the guidance in IFRS 15 where it has contracts that are all or partly outside the scope of IFRS 9.

Main revenue streams earned by the Company from contracts with customers are the following:

- *Credit cards: Interchange fees, Annual-quarterly-monthly fees*

There are contracts that create enforceable rights and obligations between Credivalores and the cardholders or merchants under which the Credivalores will provide services, sometimes in exchange for annual and other fees. The following are some of the services that might exist in a contract with a cardholder:

- Payment processing service;
- Insurance where Credivalores is not the insurer;
- Fraud protection; and
- Processing of certain transactions, such as purchases in a foreign currency and cash withdrawals.

The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. The allocation of the transaction price to each of the separate performance obligations will not necessarily be required where there is more than one performance obligation, but the performance obligations are all satisfied at the same time or evenly over the period.

Performance obligations are fulfilled over time, taking into account that customers receive benefits as time goes on. Because the entity's efforts or resources are expended evenly throughout the performance period, income is recognized on a linear basis during the period defined under the credit card conditions. The costs of plastic or security elements are capitalized as contract signing costs.

- **Commissions:**

Credivalores receive insurance commissions for introducing new clients to third party insurers, where the Credivalores does not underwrite the insurance policy itself. These commissions are usually paid periodically (for example, monthly) to Credivalores based on the volume of new policies (and/or renewal of existing policies) originating from clients introduced by the Credivalores. The transaction price might include an element of consideration that is variable or contingent on the outcome of future events, such as policy cancellations, which is estimated and included in the transaction price based on the most likely amount and it is included in the transaction price only when it is highly probable that the resolution of the uncertainty will not result in a significant reversal of revenue.

Performance obligations are fulfilled over time, taking into account that customers (insurers) receive benefits as time goes on. Where the commission calculation is made on a monthly basis or in a lower period, the total amount of the commission is recognized in the results when its determination is made. If the settlement of commissions is defined in periods higher than a monthly basis, the expected income to recognize revenues is estimated as time goes on.

Loan commitment fees are within the scope of IFRS 15 where it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not measured at FVTPL. Loan syndication fees received by a Credivalores that arranges a loan and retains no part of the loan package for itself (or retains a part at the same Effective Interest Rate “EIR” for comparable risk as other participants) are within the scope of IFRS 15.

Income from performance obligations to provide such services, which are met at a point in time, are recognized when the particular event defined in the contracts occurs (e.g., approval of the syndicated loan). The obligations met over time are recognized during the period of the commitment; if they are received in advance, they are deferred for their periodic amortization; or if they are received upon expiration, they are estimated periodically.

4.15.2 Revenues from ordinary activities

Revenue from ordinary activities shall be measured at the fair value of the consideration received or to be received, and represent amounts to be collected for goods delivered, net of discounts and returns.

The Company recognizes revenues when the amount can be measured reliably, when future economic benefits will probably flow to the Company, and when specific criteria have been met for each activity, as described below:

4.15.2.1 Dividends

Credivalores recognizes dividends when the Company establishes the right to receive them.

When the right to receive them is established investments at fair value are credited to income accounts. For investments in associates, these are recognized using the equity method, deducting the investment amount.

4.16 Net earnings per share

To determine net earnings per share the Company divides the net income from the period attributable to shareholders, or controlling interest, between the weighted average common and preferred shares. Diluted net

earnings per share is determined in the same way over net earnings, but the weighted average of outstanding shares is adjusted considering the potential diluting effect of stock options.

NOTE 5 - NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

5.1. New standards, amendments and interpretations included in the accepted accounting principles in Colombia

IFRIC 23 Uncertainty regarding the Treatment of Income Taxes

IFRIC 23 was issued in May 2017, this Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding the treatment of income tax. In this circumstance, an entity recognizes and measures its asset or liability for deferred or current taxes by applying the requirements of IAS 12 based on taxable profit (tax loss), tax bases, unused fiscal losses, unused tax credits and tax rates determined by applying this Interpretation.

The Company will evaluate the potential impacts of this interpretation in its financial statements, without having identified situations that may require changes in the financial statements.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Cost of Fulfilling a Contract

The purpose of this amendment was published in May 2020, specifying the costs that an entity includes in determining the "cost of performance" of a contract for the purpose of assessing whether a contract is onerous; clarifies that direct contract fulfillment costs include both the incremental costs of fulfilling a contract and an allocation of other costs that relate directly to contract compliance. Before recognizing a provision separated by a onerous contract, for a onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Reform of the benchmark interest rate

After the financial crisis, reform and replacement of benchmark interest rates, such as LIBOR GBP and other interbank rates (IBOR), has become a priority for global regulators. There is now uncertainty about the timing and precise nature of these changes. In order to transition existing contracts and agreements that refer to LIBOR, adjustments to time differences and credit differences may be necessary to allow the two benchmark rates to be economically equivalent in the transition

Changes made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain alternatives in relation to the reform of the benchmark interest rate. Alternatives relate to hedging accounting and have the effect that reforms generally should not cause hedge accounting to end. However, any coverage ineffability must continue to be recorded in the results state. Given the widespread nature of hedges involving interbank fee-based contracts (IBRs), alternatives will affect companies in all industries.

Accounting policies related to hedging accounting should be updated to reflect alternatives. Fair value disclosures may also be affected by transfers between levels of fair value hierarchy as markets become more or less liquid.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Annual improvements to IFRS Standards cycle 2018–2020

The following improvements were completed in May 2020:

- IFRS 9 Financial instruments: clarifies which commissions should be included in the 10% test for de-payments in financial liability accounts.

- IFRS 16 Leases: Amends illustrative example 13 of the standard to remove the illustration of landlord payments related to improvements in leased property, to eliminate any confusion about the treatment of lease incentives.

The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Conceptual Framework

The IASB has issued a revised Conceptual Framework to be used in decisions to establish rules with immediate effect. Key changes include:

- Increase the importance of management in the purpose of financial information
- Restoring prudence as a component of neutrality
- Define an entity that reports, which can be a legal entity or a part of an entity
- Review the definitions of an asset and a liability
- Eliminate the probability threshold for recognition and add guides on account de-down
- Add guides on different measurement bases
- Indicate that profit or loss is the main performance indicator and that, in principle, income and expenditure on other comprehensive income should be recycled when this improves the relevance or faithful representation of financial statements.

No changes will be made to any of the current accounting rules. However, entities that rely on the Framework to determine their accounting policies for transactions, events or conditions that are not otherwise covered by accounting rules should apply the revised Framework as of January 1, 2020. These entities should consider whether their accounting policies remain appropriate under the revised Framework.

NOTE 6 - ESTIMATIONS OF FAIR VALUE

The Company may employ internally developed models for financial instruments that do not have active markets. Said models are mostly based on generally standardized valuation methods and techniques. Valuation models are primarily used to assess equity instruments not listed on the stock exchange, derivatives, debt securities and other debt instruments for which markets were or have been inactive during the financial period. Some components of these models may not be observable in the market and are estimated from assumptions.

The output of a model is always an estimate or approximate value that cannot be determined accurately, and valuation techniques used may not fully reflect all the factors relative to Credivalores positions, therefore the valuations are adjusted if necessary to include additional factors, such as country risk, liquidity risks and counterparty risks.

Fair value hierarchy has the following levels:

- Level 1 entries are unadjusted prices quoted in active markets for assets or liabilities identical to those the entity can access on the measurement date.

- Level 2 entries are entries other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 entries cannot be observed for the asset or liability.

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated with regard to the fair value measurement in its totality. Financial instruments quoted in markets considered inactive but valued in accordance with quoted market prices, quotes from price providers or alternative price sources supported by observable entries, are classified in Level 2.

(Stated in millions of Colombian pesos)

A fair value measurement that uses observable entries requiring significant adjustments based on unobservable entries is a Level 3 measurement. The evaluation of a particular entry's importance in measuring the fair value in its totality requires an opinion, considering specific factors of the asset or liability.

The determination of what constitutes "observable" requires a significant opinion from Credivalores. The Company considers observable data that market data that is already available, distributed or updated regularly by the price provider, is reliable and verifiable, has no property rights, and is provided by independent sources that participate actively in the reference market.

6.1 Fair Value Measurement on a Recurring Basis

Level 2 input data elements include: the prices quoted for similar assets or liabilities at active markets; the quoted prices for assets or liabilities that are identical or similar in markets which are not active; input data other than quoted prices that are observable for the asset or liability and input data corroborated by the market. According to the above, Credivalores values derivative financial instruments with input data from fair value level 2.

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as of December 31, 2020 and December 31, 2019, on a recurring basis.

	December 31, 2020	**December 31, 2019**
ASSETS	**Level 2**	**Level 2**
Investments in equity instruments	16.938	8.715
Hedging derivatives		
Currency forward	7.108	10.771
Options	87.470	85.426
Cross Currency Swap	148.866	114.633
Consumer		
Payroll deduction loans	20.015	19.324
Total fair value recurring assets	**280.397**	**238.869**
LIABILITIES		
Hedging derivatives		
Forward	16.791	103
Options	-	32.085
Total fair value recurring liabilities	**16.791**	**32.188**

6.2 Fair value determination

The methodology applicable to instruments for Credivalores is:

6.2.1 **Forward valuation:** The derivative's fair value comes from an internal model. This model takes the exchange rate on the day after the valuation date and forecasts it to a future value using the devaluation curve through maturity date. After this the new forward market rate is compared to the agreed forward rate and the difference is expressed in present value using the IBR curve to calculate the derivative's fair value.

6.2.2 **Swap Valuation:** the reasonable value of the derivative comes from an internal model. The valuations of the Interest Rate Swaps (IRS) and the Cross-Currency Swaps (CCS) are performed assuming a long and a short position on a bond; including in each case the principal of the operation. For the projection and discount of the cash flows we use current rates, to calculate the reasonable value of the derivative financial instrument.

6.2.3 **Option Valuation:** The reasonable value of the derivative comes from an internal model. The valuation of an option on its expiry date is the maximum between the premium and the difference between the exercise price and the spot price. For the projection and discount of the cash flows we use the current rates, to calculate the reasonable value of the derivative financial instrument.

6.2.4 Loan portfolio valuations: Because these instruments do not have an active market, the Company has developed methodologies that employ market information for certain cases of unobservable data. The methodology seeks to maximize the use of observable data to arrive at the closest approximation of an initial price for assets and liabilities without an ample market.

The Company has implemented the following methodology to determine its loan portfolio´s Fair Value:

I. Discount Rate: Determined by product considering market´s appetite for such product, as well as the default risk involved
II. The model was built based on the following factors:

a. Projected cash flows according to weighted average life for each product, using: Current Balance Average term to maturity, weighted average Rate

b. Calculate present value of cash flows projected as per described in a) discounted at the discount rate previously described.

c. Present value determined as per described in b) represents the loan portfolio´s fair value.

6.2.5 Equity instruments: Credivalores has equity investments in Agrocañas, representing less than 20% of the company equity and that in mutual funds. In general, the company is not listed on any public securities market, and therefore its fair value is determined using the adjusted net asset value method. For mutual funds fair value is determined through valuation of investment portfolios managed by the Trust, which are subject to an active securities market.

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

	Valuation technique	**Significant inputs (1)**
ASSETS		
Equity Instruments	Adjusted net asset value	- Current Balance - Average term to maturity - Weighted average Rate - Unit value

6.2.6 Derivative financial instruments

Derivative financial instruments and hedge accounting:

A derivative is a financial instrument in which value changes respond to changes in one or more variables denominated as an “underlying” (a specific interest rate, the price of a financial instrument, a listed commodity, a foreign currency exchange rate, etc.), that has an initial net investment smaller than would be required for other instruments that have a similar response to the mentioned variable and that is settled in a future date.

Credivalores trades in financial markets, forward contracts, future contracts, swaps and options that fulfil the definition of a derivative.

Financial assets and liabilities from transactions with derivatives are generally not offset in the statement of financial position. However, when there is a legal and exercisable right to offset the recognized values and Credivalores intends to be settle them on a net basis or to realize the assets and settle the liability simultaneously, derivatives are presented as net values in the statement of financial position.

Derivative transactions are initially recognized at fair value. Subsequent changes in the fair value are recognized in profit or loss, unless the derivative instrument is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below.
At the beginning of the hedging transaction, Credivalores formally documents the relationship existing between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedging relationship. It also documents its assessment, both initially as well as on a recurring basis, of whether the hedging relationship is highly effective in offsetting the changes in fair value or cash flows of the hedged items.

For fair value hedge of assets or liabilities and firm commitments, changes in the fair value of the derivative instrument are recognized in profit or loss, as well as any other change in the fair value of the asset, liability or firm commitment attributable to the hedge risk.

For cash flow hedge of a particular risk associated with a recognized asset or liability or a projected highly probable transaction, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. The gain or loss relating to the portion that is not effective for hedging or that does not relate to the hedged risk is immediately recognized in profit or loss.

The values accumulated in other comprehensive income are transferred to profit or loss in the same period in which the hedged item is recognized in profit or loss.

Hedging of net investments in a foreign operation is recognized similarly to cash flow hedging: the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income, and the ineffective portion of the changes in fair value of the derivative is recognized in profit or loss. The hedging instrument's gains or losses accumulated in equity will be recognized in profit or loss when the net investment in foreign operations is sold in whole or proportionally, if partially disposed of.

Credivalores defined Level 2 financial instruments as those not traded in an active market, the following table provides information about valuation techniques and significant unobservable inputs when measuring derivative assets and liabilities at recurrent fair value.

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

(Stated in millions of Colombian pesos)

	Valuation technique	Significant inputs (1)
		- Forward exchange rates curve of the operation's currency - Implicit curves of exchange rates forwards - Implicit volatilities matrixes and curves

6.3 Determination of fair value of financial assets and liabilities recorded at amortized cost.

Below are the Company's assets and liabilities at fair value and their book value:

	December 31, 2020		December 31, 2019	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.747.353	1.795.341	1.424.958	1.433.358
Microcredit	5.772	5.964	5.863	6.053
Total	**1.753.125**	**1.801.305**	**1.430.821**	**1.439.411**
Liability				
Financial obligations	2.015.402	2.092.655	1.643.578	1.689.025
Total	**2.015.402**	**2.092.655**	**1.643.578**	**1.689.025**

The book value corresponds to the value at amortized cost. The fair value estimate does not include transaction costs.

6.4 Financial Instruments

Financial Assets

The Company classifies its financial assets into equity instruments, trading instruments, amortized cost investment instruments, credit instruments and accounts receivable.

At the time of initial recognition a financial instrument is measured at fair value plus any direct attributable transaction costs, which are not included if the instrument is classified at fair value through changes in profit or loss. Typically, the fair value at the initial time of recognition is the price of the transaction itself, that is, the amount to be paid or received.

Credivalores recognizes loans and accounts receivable, trading and investment securities and other assets or liabilities on their effective dates.

Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the Company measures its financial instruments at fair value or amortized cost based on the established business model and the contractual terms of the corresponding financial asset or liability.

iii. Amortized cost

Amortized cost is the cost of acquiring a financial asset or a liability plus or minus any capital repayments, cumulative amortizations (calculated using the effective interest rate method) with regard to any difference between the initial amount and the value repaid at maturity and minus any reduction for impairment.

iv. Fair value

Fair value is the amount to be received should the asset be sold or the amount to be paid for transferring a liability as part of a transaction between market participants on the date on which the measurement is made. The most

objective and commonplace definition of fair value is the price that would be paid in an active, deep and transparent market ("listed price" or "market price").

When such values are available CVCS determines the fair value of an instrument using the prices listed on an active market for that specific instrument. A market is considered active if listed prices are readily and regularly available and represent real transactions that are performed regularly on a stand-alone basis.

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm's length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.
The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction.

The Company´s business model includes payroll loans at fair value with changes in profit and losses, whereby the loans originated within the 90 days prior to the date of the financial statements are valued at fair value. In order to estimate the fair value of these loans, which could be sold to financial institutions at a market price, the Company evaluates the lending rate of these loans within the reference market to evaluate the rate at which other financial institutions considered as peers and comparable to the Company will be willing to invest their resources and hold the payroll loans within their balance sheet.

Considering the results from the evaluation of the rates, the Company evaluates four variables to obtain the value of the adjusted rate applicable to the transactions to sell loan portfolio, according to internal criteria:

- **i)** The multiplier, which compares the Company's rate to the market rate.
- **ii)** The value of the premium paid in these businesses, which results from discounting the future values of a loan originated at Credivalores' lending rate using the market rate.
- **iii)** The rate is adjusted by the transaction cost associated to the loan portfolio.
- **iv)** The cash flows associated to the insurance policies applicable to the loan are also valued.

The methodology followed by the Company, uses the last three months reports from the Financial Superintendence as the source of information to determine the interest rate to discount the cash flows and complete the valuation of the final selling price of the loan portfolio.

The Company has determined that the fair value of the loan portfolio registered in its financial statements is type 3, since most of the criteria is internal.

6.4.1 Loans and receivables portfolio

The Company classifies its financial assets into the following measurement categories, based on their corresponding business model:

Classification of Financial Assets:			
Measurement	**Terms**	**Features**	**Valuation**
Fair value	0-90 days from origination	Current and best rated loans	Market price Tucredito
Amortized cost	0 days from origination onwards	Current and past-due portfolio	Incurred loss model (equivalent indexed rate)

6.4.1.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit Tu credito (payroll deduction loans) is measured at fair value, given that its market niche is focused on placing “top-rated” loans.

Classification of “Tu credito” line of credit, based on the corresponding business model			
Item	**Tu credito portfolio segment**	**Measurement**	**Valuation**
1	Performing loans subject to sale	Fair value	Market price.
2	Best rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).
4	Past due loans	Amortized cost	Incurred loss model based on the expected loss.

The policy established by the Company for measuring its loan portfolio, per the business model classification, is:

In line with its business model the Company has decided to measure the loans comprising the “Tu credito” line of credit at fair value based on the historical trading average since its loans are not impaired (and which, from their origination, are the best-rated 0 - 90 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

Unsold lines of credit, which were initially measured at fair value but which after 90 days of origination were impaired, will later be measured based on an indexed rate, which converts the amortized cost rate into an amount equivalent to their fair value.

6.4.1.2 Financial assets at amortized cost

Financial assets are classified at amortized cost only if the asset is kept within a business model whose objective is to maintain it to collect contractual cash flows and the contractual terms of the value give rise at specific dates to cash flows that are only payments of cash capital and interest on the outstanding principal capital; Interest income is recognized using the effective interest rate method.

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period, is equal to the net book value in the beginning. To calculate the effective interest rate, the Company estimates the cash flows considering all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

NOTE 7. RISK MANAGEMENT

Credivalores manages risk pursuant to the applicable regulations in the country and Credivalores internal policies.

Objective and general guidelines

Credivalores objective is to maximize returns for its investors, through proper risk management. The guiding principles of risk management of Credivalores are as follows:

a) Make risk management a part of every institutional process.
b) Specialization in consumer product niches.
c) Extensive use of continuously updated scoring models to ensure quality growth of consumer loans

7.1 Governance structure

Board

It is up to the Board of Directors of Credivalores Crediservicios S.A.:

1. Establish and oversee the Company's risk management structure
1. Approve the policies, processes and methodologies of granting, monitoring and recovery of the company's credits, in order to identify, measure and control the risks faced by the Company

- Approve exposures and limits to different types of risks.
- Point out the responsibilities and powers assigned to the positions and areas responsible for managing the different types of risk, in order to develop an environment of culture and risk control.
- Evaluate proposals for recommendations and correctives on management processes.
- Approve the internal control system, as well as evaluate the reports and management of the area responsible for such control.
- Request management, when deemed necessary and for evaluation, reports on the credit portfolio.

Risk Committee

The responsibilities of the Risk Committee are:

- Standardize the periodic monitoring of the company's main risk indicators and anticipate risky situations that have the potential to lose the value of CVCS' assets.
- Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities.
- Proposes to the Board changes or adjustments to existing policies and methodologies to mitigate and control the level of target risk.
- The comity of risk meets monthly and is made up of members invited, within which they are:

- President
- Head of Risks
- Collections Manager
- Director of Financial Planning
- Director of Analytics Models and Strategy
- Director of Operations and Technology
- Commercial Managers

The commit not only has the permanent participation of CV Managers, but experts and external specialists who advise the decisions made by this body.

Risk Headquarters

- Periodically present to committed risks the evolution of the different risk indicators and perform the necessary analyses for understanding and taking actions that mitigate and control the levels of risk.
- Manage and control compliance with approved policies and processes for risk management.
- Regularly review risk management policies and systems to reflect changes in market conditions and CVCS activities.

Propose to the risk committee methodologies and adjustments to risk management policies

- Develop methodologies and models that allow the identification, measurement, control and monitoring of risks.

Internal Audit

1. Check the development of risk management in accordance with the comprehensive risk management manual
2. Report to the audit committee and issue recommendations on the findings of the risk management process

Financial Risk Management

The Company is exposed to the following risks related to the use of financial instruments:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operating Risk

The financial statements do not include all financial risk management information and disclosures required in the annual financial statements; these financial statements should be read in conjunction with Credivalores annual financial statements as of December 31, 2019. There have been no changes to the risk management department or any risk management policies since December 31, 2019. There are no significant changes related to risk objectives, the corporate structure of the risk function and risk strategies in general compared to what was revealed in the last set of financial statements as of December 31, 2019.

7.2 Credit Risk

Credit risk is the risk of financial loss faced by Credivalores Crediservicios S.A., if a client or counterparty in a financial instrument does not meet its contractual obligations and originates mainly from the receivables to customers and the Company's investment instruments.

The business model of Credivalores Crediservicios S.A, in its portfolio of credits differs from the rating of its products according to the inherent risk of its portfolio.

During the three and six-month period ended December 31, 2020, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to credit risk of Credivalores, according to IFRS 7, is reflected in the book value of financial assets in the statement of financial position of Credivalores as of December 31, 2020 and December 31, 2019 as follows:

(Stated in millions of Colombian pesos)

	December 31, 2020	December 31, 2019
Cash and cash equivalents	264.299	163.851
Financial instruments net	260.382	219.545
Loan portfolios		
Consumer loans	1.747.353	1.424.958
Microcredit portfolio	5.772	5.863
Payroll loans at fair value	20.015	19.324
Accounts receivable, net	428.978	386.189
Total financial assets with credit risk	**2.726.799**	**2.219.730**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	385.960	495.551
Total exposure to off-balance-sheet credit risk	**385.960**	**495.551**
Total maximum exposure to credit risk	**3.112.759**	**2.715.281**

Credit Risk Model: Loans

I. Transitions between stages

A financial asset is classified as a low credit risk asset based on the debtor's payment habits.

The first step in the methodology consist in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

If the financial asset loses its low credit risk condition or if changes in external environment results in a review of the condition, then this probably shows a significant increase in credit risk. Consequently, the financial asset will be analyzed to determine if there is a significant increase of credit risk (stage 2) or if the asset should be classified as stage 3.

Significant Increase in Credit Risk

When determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, Credivalores considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on Credivalores historical experience, expert credit assessment and forward-looking information.

The following criteria is used to determine if a significant increase in credit risk has occurred:

- Comparison of the remaining lifetime probability of default (PD) at the reporting date with the lifetime PD at initial recognition of the exposure.
- Qualitative aspects such as the rebuttable presumption of the norm and restructuring agreements are also considered.
- Qualitative criteria from analysts is also considered based on expert and supportable information.

Credivalores has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk of a particular financial instrument has increased significantly since initial recognition. The framework is aligned with Credivalores internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency.

In certain instances, using its expert credit judgement and, where possible relevant historical experience, Credivalores may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, Credivalores will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 60 days past due.

Credivalores will monitor the effectiveness of the criteria used in identifying significant increases in credit risk through regular reviews to confirm that:

- The criteria are useful in identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes over 60 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and there is no unwarranted volatility in loss impairment from transfers between 12 month ECL and lifetime ECL measurements.
-

II. PD – Probability of Default

Term structure of PD

Credit risk grades are the primary input in the determination of the term structure of PD for exposures. Credivalores collects performance and default information about its credit risk exposures analyzed by type of product and borrower, and by credit risk grade. For some portfolios, information purchased from external credit reference agencies may also be used.

Credivalores employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of the relation between changes in default rates as well as an in-depth analysis of the impact of certain other factors on the risk of default.

For stage 1 the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities for the remaining life of the credit. The probability in Stage 3 is defined as 100%.

To determine the PD the company used statistical models to analyze and select the variables significant in predicting whether clients would reach default during a known period of time that is determined by the stage of the loan. For stage 1 the PD are evaluated for the next 12 months, loans on later stages are evaluated for the remainder of the loan lifetime.
To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime the model estimates the PD conditioned to not having defaulted during previous years.

Credivalores uses behavioral demographic and origination variables to estimate PD modeling them with a logistic regression that is periodically monitored to ensure its predictive capabilities and its stability. This monitoring for payroll loans and credit card models showed adequate predictive capabilities as well as stability regarding its inputs distributions (PSI). There was also a test run on average observed PD by rating of the last 2 years that ensure the actual events that are being predicted have not vary its behavior significantly and therefore concluding the models provide an adequate and reasonable prediction of PDs by rating.

Credivalores approach to incorporating forward-looking information into this assessment is discussed below.

(Stated in millions of Colombian pesos)

Forward-Looking Information

Credivalores incorporates forward-looking information into its measurement of ECLs. Credivalores formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on forecasts provided by economic experts and considering a forecast of multiple variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents a most-likely outcome. It is aligned with information used by Credivalores for other purposes, such as strategic planning and budgeting. The other scenarios for Colombia represent more optimistic and more pessimistic outcomes.

Credivalores has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios used as of December 31, 2020 include the following key indicators (among others) for Colombia for the years ending 31 December 2020 and December, 2019[1]:

	2019-2020		
	Scenario A	**Scenario B**	**Scenario C**
Usury rate	28,0%	27,7%	27,1%
Economic Tracking Indicator	112,83	110,70	108,57
CPI Variation	40%	39%	38%

Credit Risk Rating

Credivalores allocates each exposure to a credit risk grade based on a variety of data intended to be predictive of the probability of default and applying experienced credit judgment. Credivalores uses these grades with the purpose identifying significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower and product.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Loan Portfolio

Payroll and Credit card loans
- Information collected internally about the behavior of customers.
- Demographic information of customers.
- Origination information of credits/customer.

III. LGD – Loss Given Default

LGD is a measure of the potential loss if a default scenario occurs. To establish the LGD, Credivalores methodology uses historical information to measure the recoveries of loans that reach the default stage at present

[1] Projections made internally by the planning area.

value. This allows Credivalores to have an adequate estimate of the losses it will incur when credits reach default stage. These calculations is done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore on its LGD.

IV. EAD – Exposure at Default

EAD represents the amount owed from a counterparty at the time of a possible default. For stage 2 Credivalores incorporates in the analysis of the exposure at default the probability of payments and increase or decrease in exposure during the lifetime of the credit.

These probabilities are estimated using the historical information collected by the company and are grouped by type of product. The probabilities are constantly reviewed in order to accurately estimate them and calibrate them.

For payroll loans EAD will correspond to the full valuation of the assets at amortized cost. For credit cards, EAD will take into account the unused credit line when available as well the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

V. Simplified Model

Credivalores uses a simplified roll rate model to estimate ECL of remnants of portfolio loans that represent less than 5% of balance sheet loans and that are consistently lowering its portfolio share.

I. Transition between stages

A financial asset is classified as a low credit risk asset based on the debtors payment habits.

The first step in the methodology consist in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

If the financial asset loses its low credit risk condition or if changes in external environment results in a review of the condition, then this probably shows a significant increase in credit risk. Consequently, the financial asset will be analyzed to determine if there is a significant increase of credit risk (stage 2) or if the asset should be classified as stage 3.

II. PD – Probability of default

To determine the PD the company used statistical models to analyze and select the variables significant in predicting whether clients would reach default during a known period of time that is determined by the stage of the loan. For stage 1 the PD are evaluated for the next 12 months, loans on later stages are evaluated for the remainder of the loan lifetime.
To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime the model estimates the PD conditioned to not having defaulted during previous years.

Credivalores uses behavioral demographic and origination variables to estimate PD modeling them with a logistic regression that is periodically monitored to ensure its predictive capabilities and its stability. This monitoring for payroll loans and credit card models showed adequate predictive capabilities as well as stability regarding its inputs distributions (PSI). There was also a test run on average observed PD by rating of the last 2 years that ensure the actual events that are being predicted have not vary its behavior significantly and therefore concluding the models provide an adequate and reasonable prediction of PDs by rating.

PD depends of the external credit rating of the issuance, issuer or counterparty. Credit rating information is published by international credit rating corporations, such as Standard & Poor's, Moody's and Fitch Ratings, or national credit rating corporations, such as Fitch Ratings Colombia S.A. or BRC. In any case, international ratings have priority over national ratings.

Credit ratings from S&P have priority over other rating corporations. If the issuance, issuer or counterparty is not rated by S&P, credit ratings from Moody's or Fitch Ratings can be used but they must be translated to the S&P rating scale. The order of priority in credit rating corporations is as follows: S&P in first place, Moody's in second place and Fitch Ratings in the third one.

The reason for choosing this hierarchy is to avoid discretion at the time of assigning a rating. National credit rating corporations can be used only if international credit ratings are not available, and the translation condition to the S&P rating scale must be followed as well.

For financial assets classified as stage 1, PD correspond to the probability of default for the next 12 months established in accordance to "Cumulative Default Rates by Rating Modifiers" for both sovereign and corporate issuers, expressed at an annual basis. In order to avoid an empty value of impairment as a consequence of a PD equal to zero, methodology allows PD increase from 0% to 0.01%. If the remaining life of the assets is less than 12 months, the resulting PD will correspond to the weighted 12 months-PD with the remaining life of the financial asset.

For financial assets classified as stage 2, lifetime PD must be used and computed using the "Cumulative Default Rates by Rating Modifiers" for both sovereign and corporate issuers, expressed at an annual basis and according to the term of each flow.

For financial assets classified as stage 3, lifetime PD will equal 100% for any issuance, issuer or counterparty.

Forward-Looking Information

Credivalores incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. This information will directly affect the PD and the stage classification.

III. LGD – Loss given default

LGD is a measure of the potential loss if a default scenario occurs. To establish the LGD, Credivalores methodology uses historical information to measure the recoveries of loans that reach the default stage at present value. This allows Credivalores to have an adequate estimate of the losses it will incur when credits reach default stage. This calculation is done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore on its LGD.

IV. EAD – Exposure at default

EAD represents the amount owed from a counterparty at the time of a possible default.

For payroll loans EAD will correspond to the full valuation of the assets at amortized cost. For credit cards, EAD will take into account the unused credit line when available as well the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

Credit Risk Model: Other accounts receivable

Credivalores uses the simplified approach where Credivalores uses an impairment matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small amounts.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics like type of product purchased.

(Stated in millions of Colombian pesos)

Loss impairment

The table below shows the loss impairment balances as of December 31, 2020:

		Stage 1	Stage 2	Stage 3	
		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan portfolio					
Loan consumer portfolio		56,459	15,323	189,353	261,135
Loan microcredit portfolio		-	-	5,837	5,837
Total loan portfolio	Ps.	56,459	15,323	195,190	266,972
Total loss impairment financial assets at amortized cost	Ps.	56,459	15,323	195,190	266,972
Total loss impairment	**Ps.**	**56,459**	**15,323**	**195,190**	**266,972**

(1) Credivalores has initially adopted IFRS 15 and IFRS 9 as of January 1, 2018. According to the transition methods chosen, comparative information is not restated. See Note 2.

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss impairment balances as of December 31, 2020.

	December 31, 2020			
	Gross Amount Registered		Impairment Recognized	
With recognized provision				
Consummer	Ps.	312,015	Ps.	189,353
Microcredit		5,837		5,837
Total	Ps.	**317,852**	Ps.	**195,190**

7.2.1 Monitoring and Control Process

The Company has an information system in place that provides daily indicators on the loan portfolio status to allow proper monitoring and timely decision-making.

The credit approval processes are connected to an engine managed by the risk area, which allows real-time adjustments to policy parameters to take immediate action where required in loan origination.

Each month the Risk Committee meets to evaluate the development of each product portfolio, analyzing the performance of each yield and applying corrective measures to credit processes or policies where necessary.

(Stated in millions of Colombian pesos)

As of December 31, 2020

Status	Tu Crédito	CrediUno	CrediPóliza	Microcredito	Total managed portfolio	On balance sheet Portfolio
CURRENT	807.326	572.052	49.344	-	1.428.721	1.224.357
1-30	7.145	34.922	4.843	-	46.910	45.289
31-60	8.399	17.518	1.204	-	27.120	25.989
61-90	4.032	25.397	187	-	29.616	29.423
91 - 180	13.341	12.957	539	-	26.837	26.578
181 - 360	9.806	6.369	496	13	16.685	16.120
> 360	74.888	76.510	7.223	4.163	162.785	151.115
Totals	**924.937**	**745.725**	**63.836**	**4.176**	**1.738.674**	**1.518.871**

As of December 31, 2019

Status	Tu Crédito	CrediUno	CrediPóliza	Microcredito	Total managed portfolio	On balance sheet Portfolio
CURRENT	844.030	470.313	54.888	28	1.369.260	1.050.198
1-30	13.443	12.238	5.376	13	31.070	28.737
31-60	4.389	9.601	1.071	10	15.070	13.608
61-90	5.747	8.302	343	4	14.397	12.906
91 - 180	12.002	14.629	999	20	27.649	25.939
181- 360	9.640	15.996	2.173	15	27.823	26.697
> 360	48.573	46.305	4.829	4.176	103.883	93.759
Totals	**937.824**	**577.384**	**69.679**	**4.266**	**1.589.152**	**1.251.844**

7.3 Credit worthiness

The following is a breakdown of banks and other financial institutions that hold our savings and checking account deposits.

Entity	Type of Account	December 31, 2020	December 31, 2019
Banco de Bogotá	Checking	1.211	517
Bancolombia	Checking	8.660	12.182
Red Multibanca Colpatria	Savings	104	87
Banco BBVA	Checking	211	303
Banco De Occidente	Checking	138	102
Bancomeva	Checking	-	8
Banco Santander	Checking	384	30.614
Available in Free-standing Trusts	Savings/Checking	6.032	9.689
JP Morgan	Deposit	2.771	458
		19.511	**53.960**

The following is a breakdown of creditworthiness as determined by independent credit rating agencies of all those major financial institutions in which the Company holds cash.

Long-term debt ratings are based on the following scale:

Item	Financial Institution	Long-term Rating	Short-term Rating	Description
1	Banco BBVA	AAA	AAA (col) y F1+(col)	AAA is the highest rating awarded, indicating that the entity has an extremely
2	Banco de Bogotá	AAA	AAA	
3	Banco Colpatria	AA	AAA y AA+	

4	Banco de Occidente	AAA	AAA y de BRC 1+	robust capacity to safeguard its capital and limit its exposure to the risk of loss due to credit-related factors.
5	Banco Corpbanca	AAA		
6	Bancolombia	AAA	AAA y de BRC 1+	
7	Banco Santander	AAA	AAA y de BRC 1+	
8	GNB Sudameris	AA+	AA+	An AA rating indicates that the capacity of either the issuer or issue to meet its financial obligations is very strong. However, issuers or issues that are awarded this rating may be more vulnerable to adverse events compared to those rated in the highest category.

Cash and cash equivalents are held with banks and financial institutions through free-standing trust funds, which have ratings between AA- and AAA BCR + 1 from BRC Standard and Poor's.

The Company considers the credit ratings awarded to financial institutions with which it conducts treasury operations in the form of fiduciary assignments such as deposits or investments at sight which classify as cash equivalents. In order to establish a minimum margin risk exposure and ensure optimal resource management through periodic evaluations and measurements of the Company’s exposure.

7.4 Market Risk

The Company has been able to meet its liquidity needs acquiring working capital and lines of credit from local, foreign and multilateral entities This implies the need for follow-up when exposed to variable interest rates (financial obligations indexed to local and/or foreign variable rates such as: DTF, IBR, UVR, LIBOR, PRIME, etc.), and to exchange-rate fluctuations due to devaluation or revaluation in the local currency (USD, EUR, etc.).

Credivalores participates actively in the money, foreign exchange and capital markets, seeking to meet the needs of its clients in accordance with the policies and risk levels established. As such, it manages different financial-asset portfolios within the permitted risk levels and limits.

Market risk arises from the open positions of Credivalores’s investment portfolios in debt securities, derivatives and equity instruments recorded at fair value, due to adverse changes in risk factors such as interest rates and exchange rates of foreign currencies.

For analysis purposes, market risk has been broken down into price risk and/or interest and exchange-rate risk of financial obligations in the periods of capital-payment amortization, the point at which the risk materialized.

As of December 31, 2020 and December 31, 2019, Credivalores had the following financial assets and liabilities at fair value subject to trading risk:

(Stated in millions of Colombian pesos)

Financial assets and liabilities at fair value exposed to trading risk held:	**December 31, 2020**	**December 31, 2019**
Equity Instruments	16.938	8.715
Derivatives instruments	243.444	210.830
Loan Portfolio	20.015	19.324
Total	**280.397**	**238.869**
Financial liabilities	(16.791)	(32.188)
Total	**(16.791)**	**(32.188)**
Net Position	**263.606**	**206.681**

Methodology used to measure risk

Market risks are quantified through value at risk standard models.

The company uses the standard model for the measurement, control and management of market risk of interest rates and exchange rates at which the entity is exposed.

There are two scenarios under which Credivalores is exposed to market risks:

Interest rates

Credivalores financial obligations are exposed to this risk when financing is acquired at variable indexed rates that may be subject to volatilities and may affect the Company's financial margin.

Sensitivity Analysis

Taking into account Credivalores exposure to changes in the reference interest rate, a sensitivity analysis of the impact on financial obligations is included given the possible effect on the variable indexed interest rates in the third quarter of 2019. The following methodology was defined for the analysis:

1. Two scenarios were evaluated whereby indexed rates are affected by 20 BPS (increasing and decreasing indexed rates), which affect the future flows of Credivalores financial obligations indexed to the variable rate. Debt repayment is implicit in these scenarios, given their contractual frequency, taking them to maturity.

2. The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.

3. The present value of the monthly interest payment was calculated, using as reference the 6-month IBR rate on an annual basis as of December 31, 2020 (1.711%).

4. Finally, the results of each scenario were compared to the base scenario, which corresponds to the projections of interest flows using the rates as of December 31, 2020 as reference .

The results are set out below:

Scenarios	**Interests**
Effect of 20 BPS decrease in variable rate	(356.522)
Effect of 20 BPS increase in variable rate	355.888
Total Scenarios	**(634)**

(Stated in millions of Colombian pesos)

Interest Rate and Exchange Rate

Rate and devaluation effect scenario (variable rate and foreign currency obligations)	Interests
Effect of revaluation and decrease, 15 BPS, variable rate	(356.522)
Effect of devaluation and increase, 15 BPS, variable rate	357.155
Total Scenarios	**633**

Exchange rate

Credivalores financial obligations are exposed to exchange rate risk when the present value of the liability positions presents volatilities due to the devaluation or revaluation of the funding acquired in another currency. This risk materializes at the moment when the payment corresponding to the amortization of principal and interest is made, due to trading in the currencies to be paid and recognition of the exchange rate difference.

Sensitivity Analysis

Considering Credivalores exposure to changes in the USD/ exchange rate, a sensitivity analysis of the impact on financial obligations is included given the possible effects of changes in the exchange rate in the third quarter of 2019. The following methodology was used for the analysis:

1. Two scenarios were evaluated in which the exchange spot rate is adjusted by 0.60% daily volatility (spots prices projected using Bloomberg's curve), generating revaluation and devaluation effect on the TRM as of December 31, 2020.

2. The amortization of principal and payment of interest on financial obligations are implicit in these scenarios, given their contractual periodicity and taking them to maturity.

3. The flows corresponding to interest payment (accrual) were evaluated using equivalent rates.

4. The present value of the monthly interest payment was calculated, using as reference the 6-month IBR rate on an annual basis as of December 31, 2020 (1.711%).

5. Finally, we compared the results of each scenario with the base scenario, which corresponds to the projected flows for payment of capital and interest using as reference the rates as of December 31, 2020.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of December 31st, 2020)	1.213.142
Scenario 1 (Effect of revaluation)	1.205.650
Scenario 2 (Effect of revaluation)	1.220.635
Difference Scenario 1 vs. Initial Scenario	**(7.493)**
Difference Scenario 2 vs. Initial Scenario	**7.493**

(1) Volatility obtained from the daily average for the previous three years, including the first nine months of 2020.

7.5 Liquidity Risk

The liquidity Risk is represented by the potential event of being unable to meet the expected outgoing cash flows on a timely and efficient manner, without affecting the normal course of business or the

company´s financial position. Liquidity risk is related with having insufficient liquid assets and therefore having to incur in unusual or extra funding costs.

The company funding is based on short- and medium-term bank loans as well as bonds and commercial notes issued in the international capital markets. These funds are mainly used to leverage new loan origination according to Credivalores' business model. On the other hand, the Company's capacity to create

positions regarding financial instruments available for sale (liquidity or loans) could be affected either by lack of market liquidity or because of sudden changes in interest rates and asset prices

According to the Company´s funding model the liquidity risk includes among others, the ability to get short, medium- and long-term lines of credit, to keep low liquidity assets (such as loan portfolio) and face short-term unexpected stress situations.

In order to deploy a correct asset and liability management and assure the liquidity needed to operate the business, the Company has set the following guidelines to control the liquidity risk: i) In the short -term, cash flows associated to loan portfolio and liquid assets, short -term financial liabilities, and off balance financial positions in different time frames, allowing a permanent monitoring of the liquidity gap, ii) for the long-term assets and liabilities, the Company analyses its funding sources as well as the breakdown by type of source and those that are specifically associated to specific products.

Credivalores keeps at least 1.5x its operating expenses in liquid assets. The liquidity in the statement of financial position has the following components:

- Inflows: Incoming flows associated to loan portfolio, and interest income associated to liquid assets.

- Outflows: Outgoing flows related to i) operating expenses, ii) new loan origination, and iii) ´ principal and interest from financial liabilities.

- Liquidity GAP: Difference between inflows and outflows according to:

    - Monthly cash flows associated to assets (liquid assets, loan portfolio).
    - Monthly projected cash flows related to financial liabilities and operating expenses

The Company determines its liquidity gap based on to the above-mentioned variables, and makes permanent follow up, as well as making any necessary adjustments according to the following ranges:

- ✓ 1 to 3 months
- ✓ 3 to 6 months
- ✓ 6 to 12 months
- ✓ 12 months +

Liquidity Risk Management

The company identifies its exposure to liquidity risk according to the markets where it operates, and the products and services offered to its customers. For such purpose the Company has analyzed the processes associated to treasury in order to design controls and strategies to reduce the impact.

(Stated in millions of Colombian pesos)

Liquidity position

Determine the minimum amount of liquid assets (cash and cash equivalents, short-term liquid investments), in order to avoid any lacks that may affect the capacity to the outflows. The Financial Committee calculates and monitors the liquidity position on a weekly basis, considering cash flow projections for 7 and 15 days:

a) Green: liquid assets / outflows >= 105%
b) Yellow: liquid assets / outflows between 100 and 104%
c) Red: liquid assets / outflows <100%

In case there are any yellow or green situations, the Financial Committee defines any actions to be taken in order to assure the sufficient procurement of cash to operate on a normal basis.

The liquidity level results as of December 31, 2020 are set out below:

Item	Liquidity level December, 2020
7 Days	1.154%
15 Days	585%
30 Days	259%

As of December 31, 2020, the liquidity level in the 7 and 15 day bands is above the upper limit defined in the Company's liquidity manual, constituting a green flag scenario and indicating that Credivalores has sufficient resources to operate normally.

Also, as is good practice, a third band is monitored, which allows for controlling of the liquidity level projected to 30 days. As of December 31, 2020, a green band scenario is recorded, indicating that Credivalores has ample liquidity to support its needs for normal operation.

Exposure to liquidity Risk

The Company monitors its liquidity position in order to determine how likely a liquidity stress can happen.

The following is a breakdown by time range for the Liquid Assets and the LRI (Liquidity Risk Indicator) for December 31, 2020 and December 31, 2019.

	December 31, 2020				
	Subsequent Net Balances Available				
Description	Liquid Assets Available at the End of the Period (1)	From 1 to 7 days (2)	From 8 to 15 subsequent days (2)	From 16 to 30 subsequent days (2)	From 31 to 90 subsequent days (2)
Cash	18	18	-	-	-
Banco de Bogotá	1.211	1.211	-	-	-
Bancolombia S. A.	8.660	8.660	-	-	-
Banco GNB Sudameris Colombia	-	-	-	-	-
BBVA Colombia	211	211	-	-	-
Red Multibanca Colpatria S. A.	104	104	-	-	-
Banco De Occidente	138	138	-	-	-
Bancoomeva	-	-	-	-	-

Banco Santander	72	72	-	-	-
Banco Santander Uruguay	3.082	3.082	-	-	-
Alianza Fiduciaria	95.956	95.956			
Credifinanciera	32.564	-	-	32.564	-
Cash at Free-Standing Trusts	7.171	7.171	-	-	-
Collective Investment Funds	12.232	12.232	-	-	-
Agrocaña	4.705	-	-	-	4.075
Asficredito	-	-		-	-
Mutual Funds – Fiduciaria and Valores Bancolombia	3.534	3.534	-	-	-
Scotiabank	-	-		-	-
TIDIS	124	-		124	-
Fiducolombia Free-Standing Trusts	111.455	111.455	-	-	-
Inverefectivas	10.966	-	-	-	10.966
Total liquid assets	**292.203**	**243.844**	**-**	**32.688**	**15.671**

	December 31, 2019				
	Subsequent Net Balances Available				
Description	**Liquid Assets Available at the End of the Period (1)**	**From 1 to 7 days (2)**	**From 8 to 15 subsequent days (2)**	**From 16 to 30 subsequent days (2)**	**From 31 to 90 subsequent days (2)**
Cash	18	18	-	-	-
Banco de Bogotá	517	517	-	-	-
Bancolombia S.A.	13.657	13.657	-	-	-
Banco GNB Sudameris Colombia	-	-	-	-	-
BBVA Colombia	303	303	-	-	-
Red Multibanca Colpatria S.A.	87	87	-	-	-
Banco De Occidente	102	102	-	-	-
Bancoomeva	9	9	-	-	-
Banco Santander	75	75	-	-	-
Alianza Fiduciaria	30.997	30.997	-	-	-
Credifinanciera	8.546	8.546			
Cash at Free-standing Trusts	12.066	-	-	12.066	-
Collective Investment Funds	10.832	10.832	-	-	-
Agrocaña	4.028	4.028	-	-	-
Valores Bancolombia	4.686	-	-	-	4.686
Scotiabank	1.837	1.837	-	-	-
Fiducolombia Free-standing	84.807	84.807	-	-	-
Inverefectivas	10.963	-	-	-	10.963
Total liquid assets	**183.530**	**155.815**	**-**	**12.066**	**15.649**

(1) Liquid assets correspond to the sum of existing assets at the close of each period, which can be quickly converted to cash. In calculating liquid assets, all the listed investments, without exception, are computed at their fair exchange value on the date of the valuation (fair value).

(2) The balance corresponds to the residual value of the Company's liquid assets on days after closing the specific period. This balance is calculated as the difference between liquid assets and liquidity requirements. In turn, the liquidity requirement is the difference between the contractual revenue flows and contractual and non-contractual outflows in accordance with the Liquidity Risk Indicator (LRI) methodology.

Measurement of exposure to liquidity risk

Measuring the likelihood of the Company running out of liquid resources for its normal operation under normal market conditions requires the use of the tools described above: balance sheet liquidity, liquidity gap, and cash flow projection, to thereby quantify the degree of stress that the company's cash flow can bear to fulfill its normal operations without having to acquire additional resources.

(Stated in millions of Colombian pesos)

Limit of liquidity risk exposure

Maximum exposure to liquidity risk is identified as the average time taken by the Company to carry out the liquidity financial operations (Guaranteed Loans, Portfolio Sales, Working Capital Loans, etc.) and generate the cash available for new loan origination.

The maximum exposure to liquidity risk is calculated weekly by the financial committee, taking into account projections for bands of 7 days, and 15 to 30 days.

In addition, to analyze the short- and medium-term liquidity requirements, the following indicators are taken into account:

1) Net Liquidity/Credivalores + Free-standing Trust, where Net Liquidity is the sum of available cash and investments less long-term investments.

Lower limit: 8%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 Dec-20	
Net Liquidity	264.299
Assets (Credivalores + Free-standing Trust) (Portfolio)	1.753.125
Indicator 1	**15,1%**

2) Net Liquidity/Liabilities (Free-standing Trust + Credivalores)

Lower limit: 10%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 Dec-20	
Net Liquidity	264.299
Liabilities (Credivalores + Free-standing Trust)	1.785.363
Indicator 2	**14,8%**

In the three-month period ended December 31, 2020 there were no significant changes in the liquidity risk or in the manner in which Credivalores manages this risk.

Credivalores has performed an analysis of the consolidated maturities of financial assets and liabilities both derivatives and non-derivatives, showing the following remaining contractual maturities.

December 31, 2020

Assets	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Cash due from banks and equivalents	259.594	-	-	-	259.594
Equity Instruments at fair value	16.938	-	-	4.705	21.643
Investments in Associates and Affiliates	-	-	-	10.966	10.963
Financial Assets at amortized cost (*)	68.717	345.265	418.373	1.242.029	2.074.384
Total assets	**345.249**	**345.265**	**418.373**	**1.257.700**	**2.366.587**

(Stated in millions of Colombian pesos)

Liabilities	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Financial Liabilities at amortized cost (*)	37.336	374.928	257.189	1.884.033	2.553.486
Financial Liabilities at fair value Derivatives instruments	-	1.821	662	14.308	16.791
Total Liabilities	**37.336**	**376.749**	**257.851**	**1.898.341**	**2.570.277**

(*) This disclosure includes the calculation of projected interest.

December 31, 2019

Assets	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Cash due from banks and equivalents	163.851	-	-	-	163.851
Equity Instruments at fair value	4.028	-	-	4.686	8.714
Investments in Associates and Affiliates	-	-	-	10.963	10.366
Financial Assets at amortized cost (*)	60.434	301.163	356.477	1.068.680	1.786.754
Total assets	**228.313**	**301.163**	**356.477**	**1.084.329**	**1.970.282**

Liabilities	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Financial Liabilities At amortized cost (*)	33.013	278.940	165.414	1.532.572	2.009.939
Financial Liabilities at fair value - Derivatives instruments	-	2.715	-	29.473	32.188
Total Liabilities	**33.013**	**281.655**	**165.414**	**1.562.045**	**2.042.127**

(*) This disclosure includes the calculation of projected interest.

NOTE 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash balances and demand deposits with original maturities of 90 days or less from the date of acquisition, which are subject to an insignificant risk of changes to their fair value and that are used by the Credivalores to handle short-term commitments.

Cash and cash equivalent balances encompass the following as of December 31, 2020 and December 31, 2019:

	December 31, 2020	**December 31, 2019**
Cash	18	18
Banks	19.511	53.960
Mutual funds (8.1)	212.082	97.807
Term Deposit (8.2)	32.688	12.066
	264.299	**163.851**

As of December 31, 2020, and December 31, 2019, there were no restrictions on bank accounts.

(Stated in millions of Colombian pesos)

8.1 Following is a breakdown of positions in money market funds (trust rights) by Credivalores and the Free-Standing Trust:

	December 31, 2020	December 31, 2019
Fiduciaria Bancolombia – Renta Liquidez	3.526	1.837
Alianza Fiduciaria - FIC	95.956	8.546
Fiduciaria Bancolombia - Credinvest	1.119	1.119
Fiduciaria Bancolombia - Factoring	-	15.207
Fiduciaria Bancolombia - Economic rights	-	14
Fiduciaria Bancolombia - Progression	20	9
Ownership	7	-
Sub-Total	**100.628**	**26.732**

Entity	December 31, 2020	December 31, 2019
Fiduciaria Bancolombia - Collective Investment Funds Participation	111.454	71.075
Sub-Total	111.454	**71.075**
Collective investment funds	**212.082**	**97.807**

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

Manager	Dec-20	Dec-19	Rating Agency
Fiduciaria Bancolombia	AAA/F1 +(col)	S1/AAA(col)	Fitch Ratings Colombia S. A. S.
Fiduciaria GNB Sudameris_Servitrusts	F-AAA	F-AAA	Value and Risk Rating S.AS Credivalores (2016 - 2017) BRC Standard & Poor´s (2015)
Fiduciaria la Previsora	AAA	S1/AAA(col)	Fitch Ratings Colombia S. A. S. CVCS
Fiduciaria Popular	AAA	FAAA/2	Value and Risk Rating S.A. Sociedad Calificadora de Valores

Cash equivalents correspond to mutual and money market funds where the Company and the Free Standing Trust have a direct ownership of shares and rights. These funds invest in short term paper and offer a slightly higher yield than a savings account, and are classified as cash equivalents since the company can withdraw and deposit funds at any time, as funds are at sight.

8.2 CDT deposit certificates

As of December 31, 2020, Credivalores had Certificates of Full Deposit (CDT) at Banco Santander and Banco Credifinanciera. Which are detailed below:

Number ID	Date	Payment date	Term	Nominal value	Annual effective interest rate	Nominal rate	Total Balance Dec, 2020
Credifinanciera Bank	13/04/2020	13/01/2021	6	10.149	5,35%	5,22%	10.350
Credifinanciera Bank	7/04/2020	04/02/2021	6	10.000	4,89%	4,78%	10.149
Santander Bank	22/08/2019	22/08/2021	24	6.500	5,30%	5,18%	6.536
Santander Bank	23/08/2019	23/08/2021	24	5.500	5,30%	5,18%	5.529
Total				**32.149**			**32.564**

(Stated in millions of Colombian pesos)

NOTE 9. FINANCIAL INSTRUMENTS

The balance of investments measured at fair value is comprised of:

	December 31, 2020	December 31, 2019
Equity instruments (9.1)	12.234	4.028
Shares instruments (9.2)	4.704	4.686
	16.938	**8.715**

9.1 At fair value with changes in results

Investments at fair value correspond to equity participations in money market funds that offer easy access to resources at low risk, held in trusts which are rated from AA- to AAA by local rating agencies BRC Standard and Poor's and/or Fitch Ratings Colombia

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return 2020	Annual Return 2019	As of December 31, 2020	As of December 31, 2019
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	0,500%	58.21%	1.519	1.792
BTG Pactual II Z Class	Closed	5.000.000	2.000.000	0.500%	96.81%	561	763
Fiduciaria Popular	At sight	200.000	200.000	0.750%	3.98%	17	649
Open Portfolio BTG	Abierto	-	-	1.80%	5.01%	10.137	824
TOTAL						**12.234**	**4.028**

9.2 Equity instruments

	December 31, 2020	December 31, 2019
Agrocaña Shares	4.704	4.686
	4.704	**4.686**

The Company owns 5.03% of Agrocañas S.A. share capital, with 3,300 outstanding shares as of December 31, 2020. These are not listed on the stock exchange and are therefore measured at fair value with changes to equity.

NOTE 10. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	December 31, 2020	December 31, 2019
Inverefectivas S.A (a)	10.966	10.963
	10.966	**10.963**

(a) Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated in accordance with the legislation of Panama, and has 4,000 shares issued, of which Credivalores owns 1,000 shares with an intrinsic value of FIX 3.345,21 expressed using the TRM of 3.277,14 as of January 01, 2021.

(Stated in millions of Colombian pesos)

	December 31, 2020		December 31, 2019	
	Share of ownership interest	**Book value**	**Share of ownership interest**	**Book Value**
Associates				
Inverefectivas S.A.	25%	10.966	25%	10.963
		10.966		**10.963**

The movement of investments in the associates account is shown below for the nine months ended December 31, 2020 and December 31, 2019:

	December 31	
Associate	**2020**	**2019**
Balance at the beginning of the period	**10.963**	**10.366**
Adjustments for exchange rate differences	3	597
Period-end balance	**10.966**	**10.963**

NOTE 11. LOAN PORTFOLIO, NET

Financial assets at amortized cost on the statement of financial position are classified as consumer portfolio and microcredit. Following is a description of the portfolio of Credivalores as of December 31, 2020 and December 31, 2019:

	December 31, 2020	**December 31, 2019**
Consumer	1.747.353	1.424.958
Microcredit	5.772	5.863
Impairment	(266.972)	(192.847)
Total financial assets at amortized cost	**1.486.153**	**1.237.974**
TuCrédito payroll deduction loans at fair value	20.015	19.324
	20.015	**19.324**
Total loan portfolio, net	**1.506.168**	**1.257.298**

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 293.707 as of December 31, 2020 and 251.165 as of December 31, 2019. Credivalores classified portfolio by product in accordance with the days of default.

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the nine months ended December 31, 2020 and December 31, 2019.

	December 31,	
	2020	**2019**
Initial Balance	192.847	163.413
Impairment of the period charged against to profit or loss	80.582	45.299
Write-offs	(6.457)	(15.865)
Closing balance	**266.972**	**192.847**

Below we present a breakdown of the loan portfolio in the balance sheet with all components:

(Stated in millions of Colombian pesos)

As of December 31, 2020

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.514.693	108.675	115.850	8.070	(261.136)	**1.486.152**
Microcredit	4.178	-	1.594	65	(5.836)	**1**
Total financial assets at amortized cost	**1.518.871**	**108.675**	**117.444**	**8.135**	**(266.972)**	**1.486.153**

At December 31, 2019

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.247.579	78.331	91.021	7.960	(186.909)	**1.237.982**
Microcredit	4.266	2	1.597	65	(5.938)	**(8)**
Total financial assets at amortized cost	**1.251.845**	**78.333**	**92.618**	**8.025**	**(192.847)**	**1.237.974**

The distribution of maturities of Credivalores gross loan portfolio is the following:

December 31, 2020

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	254.992	579.171	218.030	646.458	1.698.651
Microcredit	5.829	8	-	-	5.837
Total Gross Loan Portfolio	**260.821**	**579.179**	**218.030**	**646.458**	**1.704.488**

December 31, 2019

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	240.207	421.879	240.925	521.947	1.424.958
Microcredit	5.827	36	-	-	5.863
Total Gross Loan Portfolio	**246.034**	**421.915**	**240.925**	**521.947**	**1.430.821**

The distribution of maturities of Credivalores principal only loan portfolio is the following:

December 31, 2020

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	212.410	513.280	197.302	591.701	1.514.693
Microcredit	4.171	7	-	-	4.178
Total Principal Only Loan Portfolio	**216.581**	**513.287**	**197.302**	**591.701**	**1.518.871**

December 31, 2019

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	201.546	360.115	210.334	210.334	1.247.579

(Stated in millions of Colombian pesos)

Microcredit	4.231	35	-	-	4.266
Total Principal Only Loan Portfolio	**205.777**	**360.150**	**210.334**	**210.334**	**1.251.845**

Below is the breakdown of Credivalores managed loan portfolio, which includes the loan portfolio on balance and the portfolio sold but still managed by the Company:

	As of December 31, 2020		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.514.693	219.802	1.734.495
Microcredit	4.178	-	4.178
Total Financial Assets at amortized cost	**1.518.871**	**219.802**	**1.738.673**

	As of December 31, 2019		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.247.579	337.309	1.584.888
Microcredit	4.266	-	4.266
Total Financial Assets at amortized cost	**1.251.845**	**337.309**	**1.589.154**

Overdue but not impaired

As of December 31, 2020 and December 31, 2019, a summary of the overdue portfolio by days past due is as follows:

	As of December 31, 2020			**As of December 31, 2019**		
	Consumer	**Microcredit**	**Total**	**Consumer**	**Microcredit**	**Total**
Performing loans	1.224.357	-	1.224.357	1.050.170	28	1.050.198
Overdue but not impaired	71.278	-	71.278	42.322	23	42.345
Non-performing loans under 360 days	72.107	14	72.121	65.503	39	65.542
Non-performing loans over 360 days	146.951	4.164	151.115	89.584	4.176	93.760
	1.514.693	**4.178**	**1.518.871**	**1.247.579**	**4.266**	**1.251.845**

NOTE 12. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2019	**December 31, 2018**
Debtors (12.1)	240.574	250.145
Asficredito	82.755	70.513
Economically Related Parties (12.2)	100.725	66.650
Shareholders	1.815	1.815
Prepayments and Advances	3.071	968
Payments on behalf of clients (12.3)	13.214	9.411
Employees	2	51
Others accounts receivable	1.451	1.427
Impairments for doubtful accounts (12.4)	(14.629)	(14.791)

(Stated in millions of Colombian pesos)

	428.978	**386.189**

12.1 The balance of the debtors account that as of December 31, 2020 amounts to 240.574 and as of December 31, 2019 amounts to 250.145, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts to Credivalores.

12.2 The following is the detail with economically related parties:

	December 31, 2020	**December 31, 2019**
Asficor S.A.S	-	243
Inversiones Dana S.A.	73	146
Agro el arado S. A	146	147
Mad Capital S.A.	221	221
Ingenio la Cabaña S.A.	2.000	-
Agroindustriales del Cauca	8.600	8.600
Inversiones Mad capital S.A.S	8.601	8.122
Brestol S.A.S	18.771	21.462
Finanza inversiones S.A.S	30.575	27.709
Activar Valores S.A.S	31.738	-
	100.725	**66.650**

The effective interest rates on interest-generating receivables were as follows

	December 31,	
	2020	**2019**
Loans	DTF + 9.41%	DTF + 9.41%

12.3 The following is a breakdown of payments by client account:

	December 31, 2020	**December 31, 2019**
Life Insurance Payroll deduction loans	9.182	6.643
Crediuno Insurance	3.387	2.335
Tigo Insurance	184	152
Credipoliza Insurance	461	281
	13.214	**9.411**

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

	December 31, 2020	**December 31, 2019**
Balance at start of period	(14.454)	(8.295)
Provision charged to income statement (1)	(175)	(6.496)
Balance at end of period	**(14.629)**	**(14.791)**

(1) The impairment analysis of other receivables is performed annually as of December 31 of each year.

12.4.1. Detail Impairment

Below is a breakdown of the provisioned items applying the simplified approach under IFRS 9 as of December 31, 2020:

(Stated in millions of Colombian pesos)

Third Party	Impairment	%
Mad Capital S.A.	221	100,0%
Agrointegrales del Cauca	8.600	100,0%
Asficredito	5.808	7,02%
Total	**14.629**	

Gross amount of accounts receivable	**334.891**	**2.831**	**337.722**
Impairment provision			
Balance as of January 1, 2019	(6.612)	(2.831)	(9.443)
Movements from the statement of results		(6.496)	(6.496)
Transfers between states	(6.496)	6.496	-
New accounts receivable	52.829		52.829
	374.612	**-**	**374.612**
Movements with no effect on the state of results			
Transfers between states	1.148	-	1.148
Balance as of December 31, 2019	**375.759**	**-**	**375.759**
Gross amount of accounts receivable	**381.223**	**9.327**	**390.550**
Impairment provision balance 2019	**(5.464)**	**(9.327)**	**(14.791)**
Movements from the statement of results		(101)	(101)
Transfers between states	(101)	101	-
New accounts receivable	36.771		36.771
	412.429	**-**	**412.429**
Movements with no effect on the state of results			
Transfers between states	263	-	263
Balance as of December 31, 2020	**412.692**	**-**	**412.692**

Increases in impairment provision of receivables have been included in the "other expenses" line of the income analysis. Amounts charged to the provision account are usually written off when there is no expectation of receiving additional cash.

The Company does not maintain any guarantee as collection insurance.

NOTE 13. PROPERTY AND EQUIPMENT

The Company's property, plant and equipment as of December 31, 2020 and December 31, 2019, respectively, are as follows:

	December 31, 2020	December 31, 2019
Transportation equipment	117	117
Office equipment and accessories	1.782	1.861
Computer equipment	399	405
Network and communication equipment	2.205	2.262
Machinery, plant and equipment in assembly	49	49
Goods received on finance lease agreements	4.865	4.966
Subtotal	**9.417**	**9.660**
Accumulated depreciation	(8.842)	(8.501)
Total	**575**	**1.159**

(Stated in millions of Colombian pesos)

The breakdown for equipment movement is shown below:

	December 31, 2019	Additions	Lows	December 31, 2020
Transportation equipment	117	-	-	117
Office equipment and accessories	1.861	5	(84)	1.782
Electronic equipment	405	3	(9)	399
Network and communication equipment	2.262	28	(85)	2.205
Machinery, plant and equipment in assembly	49	-	-	49
Goods received on finance lease agreements	4.966	-	(101)	4.865
	9.660	**36**	**(279)**	**9.417**

	December 31, 2018	Purchases	Adjustment (*)	December 31, 2019
Transportation Equipment	117	-	-	117
Office equipment and accessories	1.740	123	(2)	1.861
Electronic equipment	316	91	(2)	405
Network and communication equipment	1.679	804	(221)	2.262
Machinery, plant and equipment in assembly	49	-	-	49
Goods received on finance lease agreements	4.966	-	-	4.966
	8.867	**1.018**	**(225)**	**9.660**

(*) The adjustments correspond to the unification of useful life of assets according to the established policy.
The following is the depreciation movement as of December 31, 2020 and December 31, 2019, respectively:

	December 31, 2019	Depreciación	Bajas	December 31, 2020
Transport equipment	117	-	-	117
Office equipment and accessories	1.755	50	(84)	1.721
Electronic equipment	945	289	(9)	1.227
Telecommunications equipment	727	270	(85)	912
Assets in financial lease	4.957	9	(101)	4.865
	8.501	**618**	**(279)**	**8.842**

All equipment of Credivalores is duly protected with current insurance policies. To protect its property and equipment, the Company took out insurance policies with Beckley International Insurance Colombia and Chubb de Colombia as of December 31, 2020 and December 31, 2019, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

Property and equipment include the values of furniture, computer equipment and improvements to rented property, which are used in the Company's normal course of business.

The Company's own property and equipment as listed above, are not in any way encumbered neither have they been delivered as collateral to guarantee any kind of obligation. The Company has also taken out insurance policies to protect these assets.

NOTE 14. PROPERTIES BY RIGHT OF USE

Below is the plant and equipment properties that the Company has as of December 31, 2020 and December 31, 2019, respectively:

(Stated in millions of Colombian pesos)

	December 31, 2020	December 31, 2019
Assets		
Properties, Plant and Equipment (Right of Use)	6.020	5.902
Deferred tax asset	-	114
Liabilities		
Other financial liabilities - lease of use		
Currents	(2.143)	(757)
Non-current	(4.286)	(5.501)
Net	**(409)**	**(242)**

Properties and equipment include rights to use leases, in which the Company is the tenant, whose values are shown below:

	Rights of use Premises and Offices	Total
As of December 31, 2019		
Balance at the beginning of the year	-	-
Additions	7.597	7.597
Retreats	-	-
Transfers	-	-
Depreciation charge	(1.694)	(1.694)
Balance at the end of the year	5.903	5.903
As of December 31, 2019		
Cost	7.597	7.597
Accumulated Depreciation	(1.694)	(1.694)
Net cost	5.903	5.903
As of December 31, 2020		
Balance at the beginning of the year	5.903	5.903
Additions	3.958	3.958
Retreats	(1.887)	(1.887)
Transfers	-	-
Depreciation charge	(1.954)	(1.954)
Balance at the end of the year	6.020	6.020
As of December 31, 2020		
Cost	9.296	9.296
Accumulated Depreciation	(3.276)	(3.276)
Net cost	**6.020**	**6.020**

The maturities of financial leases range from 3 to 5 years.

In relation to the rights of use recorded in the property, plant and equipment accounts, financial leasing liabilities have been recorded which are included in other financial liabilities and which as of December 31, 2020 have the following balances:

Lease liabilities	December 31, 2020	December 31, 2019
As December 31	**6.258**	**-**
Currents	3.958	7.597
Pay	(1.900)	(1.339)
Non-current	(1.887)	-
As December 31*	**6.429**	**6.258**

(Stated in millions of Colombian pesos)

- The net variation for 2020 corresponds to 171.

14.1 Statement of Results

	December 31, 2020
Depreciation fee - usage asset	1.954
Interest expense on lease liabilities	660
Short-term lease expenses	10
Low-value lease expenses	177
Variable lease expenses	697
	3.498

Total cash outings for leases as of December 31, 2020 were 4.465

Incorporation of Assets

According to paragraph 53(f) below, the incorporation of assets for rights of use is detailed:

- Contract with Fiduciaria Corficolombiana S.A with NIT 800.140.887, with monthly lease fee 92 million per month including VAT.

Variable Leases

Credivalores determined variable leases, based on the landlord's preponderance in the disposal and use of the asset, in this classification are the points of sale located in the chain warehouses.

Low Value Assets

The company considers as low-value assets leases whose underlying assets have a value equal to or less than 0.5% of the value of the Company's Property, Plant and Equipment excluding assets that are under lease.

By 2020 the calculation of materiality on assets is carried out with the following information:

- The total value of fixed assets 4,550 multiplied by 0.5%, the materiality for the year 2020 is 23.

According to the analysis carried out on each of the contracts the low value applies to 20 leases of premises and offices.

Health Emergency Impact - COVID 19

In accordance with regulatory decree 1432 of November 5, 2020, amending IFRS 16 contained in the technical and compilation annex in 2019, of the Single Regulatory Decree on Financial Reporting and Information Assurance Standards, Decree 2420 of 2015, Leases: Reductions in Rent related to COVID 19, where:

1. The technical annex covered by Article 1 above, which is an integral part of the decree, shall apply to general purpose financial statements, where voluntary application is allowed in a comprehensive and advance manner for financial statements covering periods initiated from 1 January 2020.

According to the above, COVID-19-related rent reductions apply to tenants:

"C20A: A tenant will apply COVID-19-related rent reductions (see paragraph C1A) retroactively, recognizing the cumulative effect of the initial application of that modification as an adjustment to the initial balance of accumulated earnings (or other component of equity, as appropriate) at the beginning of the annual period reported in the tenant to apply the modification for the first time."

Credivalores in 2020 had 64 leases of which 38 are recognized under IFRS 16; with the impact of COVID -19, the company was forced to close the following offices:

The Health Emergency presented in Credivalores below details the offices where discounts were presented:

CITY	DIRECTION	LEASE VALUE	OBSERVATION
BOGOTÁ	CL 28 No. 13 - 22 LC 32	9	Property Delivery on August 30
BOGOTÁ	CL 44 No. 59 - 52	6	Property Delivery on May 30
BOGOTÁ	CRA14 # 27A - 30	0	Property Delivery on April 30
MEDELLIN	CR 49 No. 52-17 LC 107	3	Property Delivery on May 30
BARRANQUILLA	CL 45 No.39 - 63 LC 8	2	Property Delivery on July
CARTAGENA	SHOPING CENTER CL71 #29-236	7	Property Delivery on July 15
CIENAGA	CALLE 8A No.10B-21 LC 2	1	Property Delivery on May 30
SANTA MARTA	CARRERA 3 No. 17 - 27 LC 6	2	Property Delivery on July 30
MEDELLIN	COOPENESSA	3	Property Delivery on May 30
TOTAL		**33**	

Figures in millions of pesos

The following contracts submitted amendments to the lease fee through OTHER – YES:

NAME	SIGNING DATE	CITY
MORA MORALES JOSE SANTOS	18/05/2020	VILLAVICENCIO
PATERNINA VILLAREAL ROGER AUGUTO	2/04/2020	SINCELEJO
INMOBILIARIA ESTTEBAN RIOS LIMITADA	9/06/2020	BUCARAMANGA
INMOBILIARIA TONCHALA LIMITADA	30/06/2020	CUCUTA
ARQUITECTURA & DISEÑOS SIN LIMITES S.A.S	5/06/2020	MONTARIA
GOMEZ GOMEZ RICARDO LEON	5/06/2020	CARTAGENA
INMOBILIARIA INGENIERIA ARANA &CIA	30/04/2020	BARRANQUILLA
VIVE DE LUJO VALLEDUPAR SAS	1/05/2020	VALLEDUPAR
CUERVO GOMEZ DANIEL GUSTAVO	27/05/2020	NEIVA

NOTE 15. OTHER INTANGIBLE ASSETS

Below is the company's other intangible assets as of December 31, 2020 and December 31, 2019, respectively:

	MARKS	DATABASES	CONTRACTS	LICENSES	PROJECTS	OTHER	TOTAL
As of January 1, 2019							
Cost	23.800	22.707	16.044	1.992	3.021	7.387	74.951
Accumulated depreciation	(7.135)	(2.271)	(733)	(660)	(983)	(3.135)	(14.917)
Net cost	**16.665**	**20.436**	**15.311**	**1.332**	**2.038**	**4.252**	**60.034**
Year ended December 31, 2019							
Balance at the beginning of the year	16.665	20.436	15.311	1.332	2.038	4.252	60.034
Additions	-	-	-	3.276	1.563	8.230	13.070
Retreats	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Depreciation fee	(2.385)	(760)	(406)	(3.596)	(2.678)	(9.594)	(19.419)

(Stated in millions of Colombian pesos)

Balance at the end of the year	**14.280**	**19.676**	**14.905**	**1.011**	**924**	**2.888**	**53.685**
As of December 31, 2019							
Cost	23.800	22.707	16.044	5.268	4.584	15.617	88.021
Depreciation fee	(9.520)	(3.031)	(1.139)	(4.257)	(3.661)	(12.729)	(34.336)
Net cost	**14.280**	**19.676**	**14.905**	**1.011**	**924**	**2.888**	**53.685**
Year ended December 31, 2020							
Balance at the beginning of the year	**14.280**	**19.676**	**14.905**	**1.011**	**924**	**2.888**	**53.685**
Additions	**-**	-	-	1.974	5.917	17.088	24.979
Retreats	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Depreciation fee	(2.380)	(757)	(506)	(1.723)	(713)	(17.633)	(23.712)
Balance at the end of the year	**11.900**	**18.919**	**14.399**	**1.261**	**6.127**	**2.344**	**54.951**
As of December 31, 2020							
Cost	23.800	22.707	16.044	7.242	10.501	32.706	113.000
Depreciation fee	(11.900)	(3.788)	(1.645)	(5.980)	(4.374)	(30.362)	(58.048)
Net cost	**11.900**	**18.919**	**14.399**	**1.261**	**6.127**	**2.344**	**54.951**
Litigation rights	**-**	**-**	**-**	**-**	**-**	**501**	**501**
Total	**-**	**-**	**-**	**-**	**-**	**2.845**	**55.452**

NOTE 16. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that have not yet expired and have also not suffered impairment losses is assessed on the basis of ratings given by external bodies or if they do not exist on the basis of internal categorizations defined on the basis of counterpart characteristics:

	December 31,	
	2020	**2019**
Cash and cash equivalents		
AAA	19.407	53.873
AA	104	87
Total cash and cash equivalents	**19.511**	**53.960**

	December 31,	
	2020	**2019**
Equity instruments (shares)		
Fair value financial assets through the other comprehensive results		
Financial sector	16.938	8.715
Total equity instruments	**16.938**	**8.715**

	December 31,	
	2020	**2019**
Debt instruments		
Financial assets at fair value through the statement of return		
AAA	12.065	12.066
A	20.499	-
Total debt instruments	**32.564**	**12.066**

(Stated in millions of Colombian pesos)

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

	December 31, 2020	December 31, 2019
ASSETS		
Hedge forward contracts (17.1)	7.108	10.771
Hedge Options (17.2)	87.470	68.543
Hedge Swaps (17.3)	148.866	114.633
Sub-Total	**243.444**	**193.947**
Call Premium	-	16.883
Total	**243.444**	**210.830**
LIABILITY		
Forward Coverage (17.1)	16.791	
Hedge Negotiation (17.1)	-	32.188
Sub-Total	**16.791**	**32.188**

Credivalores maintains the derivative financial instrument to cover exposure to risk in foreign currency.

Hedging Operations

Credivalores activities are exposed to financial risks including liquidity risk, foreign currency risk and interest rate risks. Therefore, the administration and the Board of Directors have approved and implemented a financial risk management policy to mitigate the negative effects of financial market uncertainty and volatility on the company's financial performance. The financial risk management policy establishes the use of a wide variety of financial derivatives to cover the risks inherent in exchange rate fluctuations and the interest rate of financial obligations in currencies other than Colombian Pesos in the company's financial statements.

Credivalores used a Cross Currency Swap on principal and interest payments from the 9.75% Coupon Notes issued in July 2017 maturing in 2022 in the amount of $250,000,000 and a Coupon Only Swap and a Call Spread, which corresponds to a combination of options positions, to cover interest payments and the principal of the reopening of the Notes for US$75,000,000 held in February 2018. Subsequently, the Company executed several hedging operations to hedge the FX risk on the 8.875% Notes issued on February 7, 2020 and due in 2025, including a Cross Currency Swap on the principal and interests at maturity on US$100,000,000, a coupon only swap for US$200,000,000 to hedge interest payments at maturity and a call spread on the principal for US$200,000,000. Options are derivatives contracts through which the buyer acquires the right to buy or sell a financial asset or an underlying asset at a set strike price, at a specific date and periods. Under the option contract, the buyer pays the premium by acquiring a right to exercise the option and the seller receives the premium, acquiring an obligation to the buyer of the option.

In accordance with the guidelines of this policy, the following is the list of derivative instruments implemented and outstanding as of September 2020 to hedge the foreign currency and interest rate risks on the Notes maturing in 2022 and 2025:

Cross Currency Swaps

Theoretical Hedging				Annual Interest Rate			
Credivalores pays	Credivalores receives USD	Credivalores pays COP	Delivery	Effective Date	Maturity Date	Credivalores receivers	Credivalores pays
Principal and Coupon	95.315.000	265.274.035.950	Non-Delivery	27/01/2018	27/07/2022	9,75%	IBR+ 8,89%
Coupon	75.000.000	213.675.750.000	Non-Delivery	27/01/2018	27/07/2022	9,75%	IBR+ 5,12%

Principal and Coupon	100.000.000	341.600.000.000	Non-Delivery	7/02/2020	7/02/2025	8,875%	IBR+ 8,54%
Coupon	68.000.000	232.288.000.000	Non-Delivery	7/02/2020	7/02/2025	8,875%	IBR+ 5,10%
Coupon	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,875%	IBR+ 5,15%
Coupon	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,875%	IBR+ 4,995%

Type of Instrument	Credivalores' Position	Type of Option	Hedged amount USD	Effective Date	Maturity Date	Strike Price COP	Delivery
Call Option	Buyer	European	37.500.000	22-mar-18	25-jul-22	$ 2.849,01	Non - Delivery
Call Option	Buyer	European	37.500.000	22-mar-18	25-jul-22	$ 2.849,01	Non - Delivery
Call Option	Seller	European	37.500.000	22-mar-18	25-jul-22	$ 3.500,01	Non - Delivery
Call Option	Seller	European	37.500.000	22-mar-18	25-jul-22	$ 3.500,01	Non - Delivery
Call Option	Buyer	European	75.000.000	13-sep-19	25-jul-22	$ 3.500,00	Non - Delivery
Call Option	Seller	European	75.000.000	13-sep-19	25-jul-22	$ 3.750,00	Non - Delivery
Call Option	Buyer	European	75.000.000	31-mar-20	25-jul-22	$ 3.750,00	Non - Delivery
Call Option	Seller	European	75.000.000	31-mar-20	25-jul-22	$ 4.300,0	Non - Delivery
Call Option	Buyer	European	18.000.000	7-feb-20	7-feb-25	$ 3.415,000	Non - Delivery
Call Option	Seller	European	18.000.000	7-feb-20	7-feb-25	$ 4.000,00	Non - Delivery
Call Option	Buyer	European	50.000.000	7-feb-20	7-feb-25	$ 3.415,000	Non - Delivery
Call Option	Seller	European	50.000.000	7-feb-20	7-feb-25	$ 4.000,00	Non - Delivery
Call Option	Buyer	European	100.000.000	7-feb-20	7-feb-25	$ 3.415,000	Non - Delivery
Call Option	Seller	European	100.000.000	7-feb-20	7-feb-25	$ 4.000,00	Non - Delivery
Call Option	Buyer	European	168.000.000	27-mar-20	7-feb-25	$ 4.000,00	Non - Delivery
Call Option	Seller	European	168.000.000	27-mar-20	7-feb-25	$ 4.500,00	Non - Delivery

17.1 Forward Contracts for Hedging

The portfolio of derivative transactions presents assets valued according to the policy implemented and the fair value and cash flow valuation.

- **Fair-value hedge accounting**

	Fair value			
	December 31, 2020		December 31, 2019	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	21	7.108	75	10.771
Total forward contracts for hedging – assets	**21**	**7.108**	**75**	**10.771**

Stated in USD expressed in millions

(Stated in millions of Colombian pesos)

	December 31, 2020		December 31, 2019	
Liabilities	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward coverage contracts				
Buying foreign currency	47	16.791	6	103
Total forward derivatives of passive hedging	**47**	**16.791**	**6**	**103**

17.2 Derivate Financial Instruments Options

The activities carried out by Credivalores generated significant positions in the derivatives portfolio, performing transactions for hedging purposes where the underlying assets are exchange rates and interest rates. Options are contracts between two parties, one of them has the right but not the obligation, to carry out an operation of purchase or sale according to previously agreed terms.

The company closed operations with options as derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt in the P&L. The options are measured through cash flow coverage.

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

	Fair value			
	December 31, 2020		December 31, 2019	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	243	87.470	75	68.543
Total forward contracts for hedging – assets	**243**	**87.470**	**75**	**68.543**

	Fair value			
	December 31, 2020		December 31, 2019	
LIABILITIES	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	-	-	75	32.188
Total forward contracts for hedging – Liabilities	**-**	**-**	**75**	**32.188**

Options Contracts for Hedging

Trading derivative instruments with options covers the debt (capital only) position of the 144 A/Reg S ratio with a coupon of 9.75% and 8.875% with maturity in 2022 and 20 25 and issued on February 14, 2018 and February 07, 2020 for a face value of US$ 75,000,000 and US$ 168,000,000. These financial instruments are valued under the methodology and market value provided by counterparties, the type of measurement is cash flow.

The Company will maintain derivative financial instruments, to cover the foreign currency risk exposure until maturity, which corresponds to the expiration of the Notes that are being covered by this instrument. The objective and strategy of the administration is to analyze and evaluate the appropriate method for the valuation of financial instruments, depending on the type of operation and negotiation carried out.

(Stated in millions of Colombian pesos)

Call Premium

The premium Call option is the payment to lock the right to the option contract at the beginning of the operation with the counterparties Nomura and JP Morgan. Premium Calls have the same expiration dates as bond flows and the amortization is registered in the company's results at the end of each period.

Below call premium movement:

	December 31, 2020	December 31, 2019
Balance at start of period	16.883	17.886
Agreed Premium	-	4.499
Call premium amortization	(16.883)	(5.502)
Total	**-**	**16.883**

17.3 Derivate Financial Instruments Cross Currency Swap

Credivalores, executed operations with derivative financial instruments to manage and mitigate the fluctuations in the fair value of the debt position in the P&L. The cross currency swaps in place hedge the exposure to the risk of exchange rate, which is measured at market (fair value hedging) value, which is measured as a cash flow hedge.

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

	Fair value			
	December 31, 2020		**December 31, 2019**	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Hedging Contracts Cross Currency Swaps (a)	195	92.808	250	103.071
Hedging Contracts Coupon Only Swap (b)	243	56.058	75	11.562
Total forward contracts for hedging – assets	**438**	**148.866**	**325**	**114.633**

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

a. Cross currency swap hedging contracts

Trading derivative instruments through cross currency swaps covers the debt (capital and interest) position of Notes 144 A/Reg S issued on July 27, 2018 due in 2022 for a face value of US$ 250,000,000 with a coupon rate of 9.75% and Notes 144 A/Reg S issued on February 7, 2020 due in 2025 for a face value of US$100,000,000 with a coupon rate of 8,875%. With respect to Notes 144 A/Reg S due in 2022 and coupon of 9.75%, in February 2020 the amount of principal and coupons covered at maturity with coupon only swaps was adjusted after a repurchase transaction ("Tender Offer") of these Notes was completed for US$154,685,000 principal.

b. Coupon only swaps hedging contracts

The derivatives transaction through a coupon only swaps covers interest payments from the reopening of Notes 144 A/ Reg S due in 2022 made on February 14, 2018 with coupon of 9.75% for a face value US$75.000,000 and Notes 144 A /Reg S due in 2025 made on February 7, 2020 with coupon of 8,875% for a face value of US$200,000,000. With respect to Notes 144 A/Reg S due in 2025 and coupon of 8.875%, in June 2020 the amount of coupons covered at maturity with coupon only swaps was adjusted after a repurchase trade on the secondary market of these Notes was completed for US$32,000,000 principal.

NOTE 18. FINANCIAL OBLIGATIONS

(Stated in millions of Colombian pesos)

Below, we present the balances of financial obligations as of December 31, 2020 and December 31, 2019

	December 31, 2020	**December 31, 2019**
Issuance of bonds	1.483.355	1.065.071
Foreign banks	257.438	294.943
Financial obligations in free standing trusts	294.674	230.678
Promissory notes – Local banks	50.760	92.278
Finance lease agreements	-	12
Other financial obligations	-	6
Transaction cost	6.429	6.258
Other Lease Liabilities	(77.254)	(45.668)
	2.015.402	**1.643.578**

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting at court December 31, 2020 and December 31, 2019, correspond to obligations incurred with financial institutions in the country and obligations in the foreign capital market and financial leasing. Short-term credit obligations are considered to be cancelled between December 2020 and 2021 and credits that have a maturity after January 2022, respectively, are considered long-term:

a) Short-term financial obligations.

Entity	**December 31, 2020**	**Interest rate**	**Expiration**	**December 31, 2019**	**Interest rate**	**Expiration**
Banco de Bogotá	1.969	IBR + 4.3%	2021	2.938	IBR + 5.3%	2020
Banco Colpatria	-			25.417	9.8% EA	2020
Banco de Occidente	10.000	IBR + 3.7%	2021	9.950	IBR + 4.3%	2020
Bancolombia	10.000	IBR + 7.9%	2021	16.125	DTF + 7.4%	2020
Banco Santander	2.875	IBR + 6%	2021	-		
Total National Entity	**24.844**			**54.430**		
Notas Internacionales (Programa ECP)	257.438	8.4% EA	2021	114.700	8.3% EA	2020
Total Foreign Entity	**257.438**			**114.700**		
Total Own obligations	**282.282**			**169.130**		

Entity	**December 31, 2020**	**Interest rate**	**Expiration**	**December 31, 2019**	**Interest rate**	**Expiration**
Leasing Bancolombia	-			12	8.4% EA	2020
Total Leasing Financial	**-**			**12**		
Overdraft	-			6		
Total Overdraft	**-**			**6**		
Total Leasing y Overdraft	**-**			**18**		

Entity	**December 31, 2020**	**Interest rate**	**Expiration**	**December 31, 2019**	**Interest rate**	**Expiration**
PA Crediuno IFC	2.329	12.4% EA	2021	6.222	11.11% EA	2020
Total PA	**2.329**			**6.222**		

Entidad	**December 31, 2020**	**Interest rate**	**Expiration**	**December 31, 2019**	**Interest rate**	**Expiration**
Leases	2.143	10.6% EA	2021	**757**	10.6% EA	2020
Total Leases	**2.143**			**757**		

(Stated in millions of Colombian pesos)

Total short-term obligations	**286.754**			**176.127**		

Credivalores had short-term financial obligations during the periods ended December 31, 2020 and December 31, 2019 totaling 286.754 and 176.127, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

b) Long-term obligations

The Company had long-term financial obligations during the periods ended December 31, 2020 and December 31 2018 totaling 1.827.063 and 1.513.119, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended December 31, 2020 and December 31, 2019, valued at 77.253 and 45.668, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per NIIF 9.

The total balance of financial obligations for the periods ended December 31, 2020 and December 31, 2019 is 2.036.564 and 1.643.577 respectively, which will be paid off as described above.

Entity	December 31, 2020	Interest rate	Expiration	December 31, 2019	Interest rate	Expiration
Banco de Bogotá	5.148	IBR+6.3 %	2022	9.391	IBR+6.3 %	2021
Bancolombia	20.767	IBR + 7.7%	2022	18.682	IBR + 6.9%	2021 y 2022
Banco Santander	-			9.775	IBR + 6%	2021
Total National Entity	**25.915**			**37.848**		
Notas Internacionales (Programa ECP)	-			180.243	8.4% EA	2021
Total Foreign Entity	**-**			**180.243**		
Total National and Foreign Entity	**25.915**			**218.091**		

Entity	December 31, 2020	Interest rate	Expiration	December 31, 2019	Interest rate	Expiration
PA CrediUno IFC	-			11.646	12.2% EA	2021
PA TuCrédito Sindicado	292.345	DTF - IBR + 5.5%	2023 y 2025	212.810	DTF + 5.5%	2023 y 2024
Total PA	**292.345**			**224.456**		

Entity	December 31, 2020	Interest rate	Expiration	December 31, 2019	Interest rate	Expiration
Other leases liabilities	4.286	10.06% EA	2023	5.501	10.06% EA	2023
Total Leasing y other leases	**4.286**			**5.501**		

Entity	December 31, 2020	Interest rate	Expiration	December 31, 2019	Interest rate	Expiration
Notas internacionales 144 A/Reg. S	327.168	9,75% EA	2022	819.285	9,75% EA	2022
Notas internacionales 144 A/Reg. S Retap	257.438	9.75% EA	2022	245.786	9,75% EA	2022
Notas 144 A/Reg. S con 8.875% con vencimiento en 2025	919.910	8.875% EA	2025	-		
Total international bonds issued	**1.504.516**			**1.065.071**		
Total obligaciones a largo plazo	**1.827.066**			**1.513.876**		
Costo de Transacción por Amortizar IFP	(77.253)			(45.668)		
Total financial obligations	**2.036.563**			**1.643.578**		
Total Fair Value financial obligations	**2.113.816**			**1.689.245**		

(Stated in millions of Colombian pesos)

Obligations stated in foreign currency

Entity	Nominal Value as of December 31, 2019		Nominal as of Value December 31, 2018	
ECP Program Notes (a)	75	257.438	90	294.943
International Finance Corporation (IFC)	1	2.329	6	17.868
Issuance of bonds 144 A/ Reg S (b)	438	1.483.355	325	1.065.071
Total	**USD 514**	**COP 1.743.122**	**USD 421**	**COP 1.377.882**

(a) Euro Commercial Paper Program Notes

Pursuant to Item 8 of the Pricing Term Sheet dated March 17, 2017, in connection with Tranche X issued under our US$150,000,000 Euro Commercial Paper Program ("ECP Program"), Credivalores decided to exercise the right of optional redemption at par of US$55,000,000 of principal of these notes on March 22, 2018 using the proceeds of the reopening of the 9.75% Notes due July 2022.

Later, on April 19, 2018 Credivalores issued a new note under the ECP Program for US$40,000,000 due on April 19, 2021 with a coupon rate of 8.25%.

In addition, Credivalores decided to exercise the right of optional redemption at par of US$12,000,000 outstanding of Tranche X on September 22, 2018 using additional resources from the reopening of the 9.75% Notes due July 2022.

In December 2019, CVCS issued a new note under the ECP Program due June 13, 2021 for $15,000,000 and a 8.50% coupon with quarterly payments. The resources of this issue will be dedicated to the growth of the credit portfolio and general uses of the company.

In June 2020, CVCS issued a new note under the ECP Program due September 5, 2021 for $20,000,000 and a 8.50% coupon with quarterly payments. The resources of this issue will be dedicated to the growth of the credit portfolio and general uses of the company.

As a result of early redemptions, capital maturities and new issues under the ECP Program, the total balance under the ECP Program as of December 31, 2020 is US$75,000,000.

(b) Issuance of bonds

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

According to the "Description of the Notes" of the Offering Memorandum, the Company may redeem the Notes, in whole or in part, at any time on or after July 27, 2020, at the applicable redemption prices set forth in the Offering Memorandum, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. Prior to July 27, 2020, we may also redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a "make-whole" premium, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. In addition, at any time on or prior to July 27, 2020, Credivalores may redeem up to 35% of the Notes using the proceeds of certain equity offerings at a redemption price equal to 109.750% of their principal amount, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. In addition, in the event of certain changes in the

Colombian withholding tax treatment relating to payments of interest on the Notes, Credivalores may redeem the Notes, in whole but not in part, at 100% of their principal amount, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of redemption. If a change in control occurs with respect to us, unless the Company has exercised the option to redeem the Notes, each holder of the Notes will have the right to require us to repurchase all or any part of that holder's Notes at 101% of the aggregate principal amount of Notes repurchased, plus any additional amounts then due and accrued and unpaid interest to, but excluding, the date of repurchase.

The Notes will be senior unsecured general obligations and will (i) rank equally in right of payment with all of the Company's other existing and future senior indebtedness (subject to certain obligations for which preferential treatment is given under Colombian insolvency laws); (ii) rank senior in right of payment to the Company's existing and future subordinated indebtedness, if any; (iii) be effectively subordinated in right of payment to all of the Company's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including all indebtedness and other liabilities of any free-standing trusts (patrimonies autonomous); and (iv) be structurally subordinated to all existing and future indebtedness and trade payables of any of our subsidiaries that are not guarantors. The notes will not be entitled to any sinking fund.

No public market currently exists for the Notes. The Notes have been registered in Singapore Exchange Securities Trading Limited (the "SGX-ST").
The Notes were not and will not be registered in the Colombian National Register of Securities and Issuers (or the "RNVE"), therefore, they will not be offered to the public in the Republic of Colombia ("Colombia"). Notes will not be listed on the Colombian Stock Exchange. The Notes may be offered to persons in Colombia through private placement. The offer is not subject to review or authorization by the Financial Superintendency of Colombia.

In addition, on February 14, 2018 Credivalores reopened these Notes for an additional amount of US$75,000,000, bringing the total issued to US$ 325,000,000, taking into account the original issue. The Notes were reopened with a yield of 8.625% and a price of 104.079%. Reopening resources were used to refinance existing non-collateralized indebtedness and surpluses were used for the company's general purposes.

Following we present past coupons payments of the 144A / Reg S notes, since its issuance:

Principal	Coupon	First Coupon Payment – 27/01/2018	Second Coupon Payment - 27/07/2018	Third Coupon Payment - 27/01/2019	Fourth Coupon Payment - 27/07/2019	Fiveth Coupon Payment - 27/01/2020
250.000.000	9,75%	12.187.500	12.187.500	12.187.500	12.187.500	12.187.500
75.000.000	9,75%		3.656.250	3.656.250	3.656.250	3.656.250
	Total in USD	**12.187.500**	**15.843.750**	**15.843.750**	**15.843.750**	**15.843.750**
	FX Rate	2.805,40	2.882,84	3.160,52	3.213,09	3.213,09
	Total in Millions Pesos	**34.190.812.500**	**45.674.996.250**	**50.074.488.750**	**50.907.394.688**	**50.907.394.688**

Principal	Coupon	Sixth Coupon Payment - 27/07/2020
250.000.000	9,75%	4.646.606
75.000.000	9,75%	3.656.250
	Total in USD	**8.302.856**
	FX Rate	3.660,15
	Total in Millions Pesos	**30.389.699.303**

Principal	Coupon	First Coupon Payment - 07/08/2020
280.000.000	8,875%	11.892.500
	Total in USD	**11.892.500**

FX Rate	3.775,95
Total in Millions Pesos	**44.905.485.375**

On January 17, 2020, CVCS launched a repurchase offer (Tender Offer) and a request to remove covenants ("Consent Solicitation") for all or a portion of the principal of the 9.75% 144A / Reg S Notes due in July 2022. The repurchase offer was contingent on the fulfilment of the condition of a new issuance of bonds in the international capital market. The elimination of covenants would materialize if more than 51% of the principal of the outstanding Notes were tendered. The repurchase offer was launched with an initial price of $1,055 for every $1,000 principal of the 9.75% Notes due 2022 applicable during the early period of participation ("Early Tender Time") that ran until January 31, 2020 and then the price would fall to $1,005 for every $1,000 principal of the Notes during the late tender period that lasted until February 14, 2020. During the early tender period a total of US$154,035,000 of

principal were tendered and repurchased and then during the late tender period an additional US$650,000 were tendered and repurchased. The principal amount repurchased on the 9.75% Notes due 2022 Notes accounted for 47.6% of the US$325,000,000 outstanding as of the end of September 30, 2019. Therefore, the covenants applicable under the Description of the Notes ("Description of the Notes") of the Offering Memorandum of the 9.75% Notes due 2022 remain in effect without modification.

Once the early tender period concluded, CVCS launched a new 144A / Reg S Note in the international capital market for a total amount of US$300,000,000, a coupon of 8.875% and yield of 9% and a final maturity on February 7th, 2025. The 8.875% Notes pay interests on a semiannual basis on February 7 and August 7 of each year, starting August 7, 2020. The use of proceeds from this issuance was to repurchase the 9.75% Notes due 2022 tendered under the repurchase offer referred to above, to refinance existing debt under the ECP Program and for general corporate purposes. Once this liability management transaction was completed on February 7, 2020, the new outstanding principal of the 9.75% Notes due 2022 is US$170,315,000.

In accordance with the "Description of the Notes" of the Offering Memorandum of the 8.875% Notes due 2025, the Company may redeem the Notes, in whole or in part, at any time from February 7, 2023, at the redemption prices stipulated in the Offering Memorandum, plus any additional amounts then owed and interest accrued and unpaid, until the date of redemption. It is also possible to redeem the notes before February 7, 2023, in whole or in part, at a price equal to 100% of your capital amount plus a make-whole premium, in addition to any additional amount then owed plus accrued and unpaid interest, up to the date of redemption. In addition, at any time until February 7, 2023, CVCS may redeem up to 35% of the Notes using resources from stock sales or equity offers at a redemption price of 108.875% of its capital amount, plus any additional amount then owed plus accrued and unpaid interest, up to the date of redemption. Moreover, in the event of certain changes in the tax treatment of withholding tax in Colombia in relation to interest payments on the Notes, CVCS may redeem them, in full, but not in part, at a price of 100% of their capital amount, in addition to any additional amount then owed plus interest accrued and unpaid, until the date of redemption. In the event of a change of control in the entity, unless the Company has chosen to redeem the Notes, each holder of the Notes will have the right to require that the Company purchase all or a portion (in minimum principal amounts of US$200,000 and integral multiples of US$1,000 in excess thereof) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon and any Additional Amounts, if any, to, but excluding, the date of purchase.

The Notes due in 2025 will be future and unsecured obligations and (i) will have the same priority as to the right of payment as all other existing and future debt obligations of the Company (subject to certain obligations under which they are given preferential treatment in accordance with Colombia's insolvency laws); (ii) shall have a higher payment priority than the Company's existing and future subordinated debt obligations, if any; (iii) shall be subject, as regards the right of payment, to all existing and future indebtedness obligations, without guarantee, of the Company, to the extent of the value of the assets guaranteeing such indebtedness, including any debt, liabilities and autonomous assets; and (iv) shall be structurally subordinate to all existing and future payment obligations and to the commercial payable accounts of any of our non-guarantor subsidiaries. Notes shall not be entitled to any depreciation fund.

(Stated in millions of Colombian pesos)

The principal and coupons of the 8.875% Notes due in February 2025 were hedged by using cross currency swaps and call spreads at maturity.

During April and May 2020, Credivalores engaged in Open Market Repurchases (”OMR”)of the 8.875% Notes due 2025 through a broker. The total principal amount of the 8.875% Notes due 2025 repurchased through OMRs reached US$32,000,000 and the Notes repurchased were cancelled on September 30th, 2020. Consequently, as of September 30, 2020 the new outstanding amount of the 8.875% Notes due 2025 was US$268.000.000.

Covenants

The package leaflet for Notes 144A / Reg S contains certain restrictive covenants, which within other things, limit our ability to (i) incur additional debt, (ii) make dividend payments, redeem capital and make some investments, (iii) transfer and sell assets, (iv) sign any type of agreement that could limit the ability of subsidiaries to pay dividends or make capital distributions, (v) create collateral or pledge assets, (vi) conduct consolidation, merger or sale of assets, and (vii) transact with affiliates. The "Indenture" contract governing the Notes contains traditional default events.

These same Indenture covenants and conditions were reflected in the documentation in Notes 144 A/Reg S due in 2025 for US$300,000,000.

Additionally, in December 2012 the company signed a peso indexed credit with the IFC amounting to US$25,000,000, which was amended in May 2015 to increase the amount to US$45,000,000. This facility includes several covenants within which the most relevant are: a risk-weighted solvency ratio (not less than 12%) for 2019 of 14% and 13.5% by December 2020, an equity ratio (not less than 12%) for 2019 of 13% and 12.07% by December 2020, an economic group exposure ratio (not more than 7%) for 2019 of 0.3% and 0.3% by December 2020, a ratio of exposure to related parties (no more than 12%) for 2019 of 0.64% and 0.59% by December 2020, fixed assets on equity (no more than 35%) for 2019 of 0.41% and 0.19% by December 2020, an aggregate exchange rate risk ratio (not more than 25%) by 2019 of 3.70% and 3.73% by December 2020, an aggregate interest rate risk ratio (not less than -10% and not more than 10%) 2019 of -1.50% and -1.84% by December 2020 and a liquidity ratio (not less than 8%) 8.99% for 2019 and 11.87% by December 2020.

During 2019 and as of December 31, 2020 Credivalores complied with the covenants set forth above.

- **IFP Financial Cost**

The funds received from loans acquired from financial institutions are used for portfolio origination and to handle various lines of working capital, which helps to maintain a degree of liquidity for the Company. The loans are represented by promissory notes wherein both parties establish the payment conditions, including maximum amount, amount, interest rate and duration. The financial cost of financial obligations for the periods ended December 31, 2020 and December 31, 2019:

	December 31, 2020	**December 31, 2019**
Free-standing trusts	17.477	21.115
Local banks	7.025	11.194
Finance Leasing	-	17
Foreign currency obligation	24.766	20.557
Financial cost Derivatives	19.230	21.114
Issuance of bonds	92.544	101.607
Amortization Transaction costs	32.299	15.5707
Interest for liabilities for lease and finance lease agreements	660	650
Total	**194.001**	**191.824**

The financial obligations and Free-standing Trusts of Credivalores that are recognized in local and foreign currencies will be recognized at the beginning of the transaction at their amortized value, net of costs incurred in the transaction which are attributable at the time of issuance. The difference between funds received (net of transaction costs) and the redemption value is recognized in the Income Statement for the corresponding period, using the effective interest method.

(Stated in millions of Colombian pesos)

NOTE 19. EMPLOYEE BENEFITS

Under Colombian labor law and based on labor conventions employees are entitled to short-term benefits such as: wages, holidays, statutory bonuses, severance payment, and interest on severance pay.

Below is a breakdown of employee benefit payments as of December 31, 2020 and December 31, 2019:

	December 31,	
	2020	**2019**
Interest on severance pay	48	51
Severance pay	407	451
Holidays	528	603
	983	**1.105**

The current component of employee benefits must be paid within the twelve months following the reporting period.

The company within its compensation policies has no post-employment benefits.

NOTE 120. OTHER PROVISIONS

Credivalores provisions at December 31, 2020 and December 31, 2019, respectively are provided below.

	December 31, 2020	**December 31, 2019**
Litigations subject to executive proceedings	199	226
Other provisions	7.171	250
	7.370	**476**

The movement of legal and other provisions are provided below for the periods ended December 31, 2020 and December 31, 2019:

	Legal provisions	**Other provisions**	**Total provisions**
Balance held at December 31, 2019	**226**	**250**	**476**
Increase in provisions during the period	(27)	6.921	6.894
Balance held at December 31, 2020	**199**	**(*) 7.171**	**7.370**

	Legal provisions	**Other provisions**	**Total provisions**
Balance held at December 31, 2018	**108**	**235**	**343**
Recovered provisions	118	15	133
Balance held at December 31, 2019	**226**	**250**	**476**
Recovered provisions	(27)	6.921	6.894
Balance held at December 31, 2020	**199**	**7.171**	**7.370**

(Stated in millions of Colombian pesos)

(*) As of December 31, 2020, other provisions are made up of the following:

	December 31, 2020	December 31, 2019
Fees	199	87
Others	7.171	3.832
	7.370	**3.919**

Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of December 31, 2019 in an amount of 64 it is not possible to determine a disbursement schedule for these provisions due to the diversity of processes in different instances.

However, Credivalores does not expect significant changes to the amounts provisions as a consequence of the outflows applicable to each proceeding. The expected time of resolution is uncertain since each proceeding is taking place in different instances.

NOTE 21. ACCOUNTS PAYABLE

Below, we detail the balance of accounts payable has Credivalores December 31, 2020 and December 31, 2019, respectively:

	December 31, 2020	December 31, 2019
Leases	4	5
Suppliers	32	95
Withholdings and labor contributions	1.813	733
Commissions and fees	5.623	3.998
Other accounts payable (21.2)	28.410	19.771
Costs and expenses payable (21.1)	117.448	75.671
	153.330	**100.273**

21.1 Costs and expenses payable

	December 31, 2020	December 31, 2019
Services	1.708	6.407
Others	55.890	19.272
Financial expenses	59.850	49.992
	117.448	**75.671**

21.2 Other accounts payable

	December 31, 2020	December 31, 2019
Third-party administrative payments	69	-
CXP Pound Portfolio Buybacks	72	-
Tigo disbursements	112	-
Different	121	62
Wallet your credit	143	143
VISA C1 disbursements convention	379	1.722
TIGO withdrawal	1.083	843
Credipoliza withdrawals	1.645	1.256
Crediuno withdrawals	1.741	937
Account payable (trusts)	2.177	1.840
Third Parties	3.217	2.806

(Stated in millions of Colombian pesos)

Credipoliza disbursements	3.817	3.940
Payroll loans CDs	5.715	1.989
Payroll Loans CDs disbursement	8.119	4.233
	28.410	**19.770**

NOTE 22. CURRENT AND DEFERRED TAX LIABILITIES

22.1 Components of current tax asset:

Current tax assets for the years ended December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2020	December 31, 2019
Income tax advance	14.841	13.537
Sales tax withheld	1	-
Advance other taxes	16	5
Total current tax assets	**14.858**	**13.542**

22.2 Components of current tax liabilities

Current tax liabilities for the years ended December 31, 2020 and December 31, 2019 is as follows:

	December 31,	
	2020	**2019**
Tax on industry and Commerce	1.725	1.189
Sales tax	318	55
	2.043	**1.244**

22.3 Components of income tax expense

Income tax expense for the years ended December 31, 2020 and December 31, 2019 is as follows:

	December 31,	
	2020	**2019**
Income Tax	6.049	5.596
Subtotal - taxes from the current period	**6.049**	**5.596**
Net deferred tax from the period	(3.730)	(2.384)
Total	**2.319**	**3.212**

In accordance with the IAS 12, current and deferred taxes are recognized as income or expense in the income statement, except to the extent that they arise from a transaction or event recognized outside profit or loss in other

comprehensive income (OCI), in equity. Therefore, in the periods ended December 31, 2020 and December 31, 2019, other comprehensive income was recognized in equity.

22.4 Reconciliation of the nominal income tax rate and the effective tax rate in Colombia:

The tax provisions in force in Colombia for income and ancillary taxes applicable in 2020 and 2019, respectively, among others, are as follows:

(Stated in millions of Colombian pesos)

- The income tax rate for 2020 is 32%.
- With the Economic Growth Act 2010 of 2019, the income tax rate for the years 2020, 2021, 2022 and following is 32%, 31% and 30%, respectively.

- Economic Growth Act 2010 of 2019 reduces presumptive income to 0.5% of liquid assets on the last day of the taxable year immediately before 2020, and to 0% from 2021 and following.
- The Economic Growth Act 2010 of 2019 maintains the possibility of taking as a tax discount on income tax 50% of the industry tax and trade notices and boards actually paid in the taxable year or period, which from 2022 will be 100%. By 2020 this tax has the treatment of deduction in income tax.
- The occasional gain tax is taxed at the 10% rate.
- Excess presumptive income may be offset in the following 5 taxable periods.

The Company reconciled the total effective rate without deferred tax, which was 31% for 2020 and 31% for 2019, as detailed below:

	2020	**2019**
Earnings (loss) before tax	7.544	8.264
Income Tax rate	**32%**	33%
Income Tax	2.414	**2.727**
More (less) tax impact on:		
Non-deductible expense	1.040	777
Exchange rate differences	(1.163)	(323)
Non-deductible tax	3	4
Presumptive interest	26	27
Total income tax provisions charged to income	**2.320**	**3.212**
Effective rate	**31%**	**39%**

22.5 Deferred Tax

Differences between the book value of assets and liabilities and their tax bases result in temporary differences in deferred, calculated and recorded taxes in the periods ended December 31, 2020 and December 31, 2019, based on the tax rates in force for the years in which such temporary differences will be reversed.

	December 31,	
	2020	**2019**
Assets deferred taxes	28.361	23.775
Liabilities deferred taxes	(22.400)	(12.722)
Deferred taxes assets (passive), net	**5.961**	**11.053**

The net movement of deferred taxes during the period is as follows:

	December 31,	
	2020	**2019**
Balances as of January 1	**11.053**	**14.432**
Charge (credit) to the statement of results	3.730	2.384
Charge (credit) to the other comprehensive results	(8.822)	(5.763)
Balance as of December 31	**5.961**	**11.053**

The movements of deferred taxes active and passive during the period, without regard to the compensation of balances referred to the same tax authority, have been as follows:

(Stated in millions of Colombian pesos)

	Expenses paid in advance	Portfolio Provision	IFRS Adoption 9	IFRS Adoption 16	Depreciation Fixed Assets	Provision of Expenses	Total
Assets deferred taxes							
Balance as of January 1, 2019	1.988	4.582	14.117	-	218	-	20.905
Charge (credit) to the statement of results	- 1.988	4.725		114	19		2.870
Charge (credit) to the other comprehensive results	-	-	-	-	-	-	-
Balance as of December 31, 2019	-	9.307	14.117	114	237	-	23.775
Charge (credit) to the statement of results	-	4.532		13	8	33	4.586
Charge (credit) to the other comprehensive results	-	-					-
Balance as of December 31, 2020	**-**	**13.839**	**14.117**	**127**	**245**	**33**	**28.361**

	Valuation Financial Instruments	Intangibles	Impairment Financial Instruments	Shares	Total
Liabilities deferred taxes					
Balance as of January 1, 2019	**-**	**-**	**6.052**	**421**	**6.473**
Charge (credit) to the statement of results	-	1.075	132	(721)	486
Charge (credit) to the other comprehensive results	5.190	-	-	573	5.763
Balance as of December 31, 2019	**5.190**	**1.075**	**6.184**	**273**	**12.722**
Charge (credit) to the statement of results	-	784	21	51	856
Charge (credit) to the other comprehensive results	8.872	-	-	(50)	8.822
Balance as of December 31, 2020	**14.062**	**1.859**	**6.205**	**274**	**22.400**

Deferred tax assets outstanding assets are recognized to the extent that the corresponding tax benefit is likely to be made through future tax benefits. The Company has recognized all deferred tax assets and liabilities.

22.6 Effect of current and deferred taxes in each component of other comprehensive income in equity:

The effects of current and deferred taxes in each component of other comprehensive income in equity are as follows:

(Stated in millions of Colombian pesos)

	December 2020			**December 2019**		
	Amount before tax	**Deferred tax income (expense)**	**Net**	**Amount before tax**	**Deferred tax income (expense)**	**Net**
Items that may be subsequently reclassified to income						
Effect of changes in fair value on the valuation of derivative financial instruments	29.572	(8.872)	20.700	21.206	(5.190)	16.016
Shares	(499)	50	(449)	525	(573)	(48)
	29.073	**(8.822)**	**20.251**	**21.731**	**(5.763)**	**15.968**

22.7 Tax uncertainties

Income tax and supplementary returns that are open for review by the Tax Authorities are as follows:

Period	**Declaration**	**Date presentation**	**Amount**	**Observations**
2017	Rent			Balance in Favor offset by income statement taxable year 2018.
2018	Rent			Balance in Favor offset by income statement taxable year 2019.
2019	Rent			No DIAN audit.

Of the above statements, the Tax Authority has not initiated review processes for the taxable years 2017, 2018 and 2019.

No comments and/or adjustments are expected from the process of reviewing income tax and supplementary returns by the tax authorities.

22.8 Annual Statement of Assets Held Abroad

Law 1739 of 2014 created an annual declaration of assets held abroad to be submitted by all those paying Income and Ancillary Taxes who are **obliged** to pay tax on (i) their global income; (ii) their equity held both at home and abroad; and (iii) assets held abroad.

The information required in order to identify the taxpayer as stipulated by the corresponding tax regulations is as follows:

✓ Discrimination of assets held by the Company abroad at January 1, 2019, the value of which shall exceed 3,580 TVA (Tax Value Units), the value of the taxpayer's equity, the jurisdiction in which the assets are located and the nature and type of asset.

✓ Discrimination of assets held by the Company abroad at January 1, 2019, the value of which shall not exceed 3,580 TVA (Tax Value Units) in order to declare these in their aggregate along with the jurisdiction in which the assets are located and the nature and type of asset.

NOTE 23. OTHER LIABILITIES

Below the detail of other liabilities:

(Stated in millions of Colombian pesos)

	December 31, 2020	December 31, 2019
Collections pending application	-	5.141
Values received for third parties (23.1)	171	119
Bond premium at issuance	1.210	416
Collection of managed loan portfolios	7.201	8.252
Checks pending collection	18.382	19.620
Credit card guarantee	22.604	28.285
Total	**49.568**	**61.833**

23.1 Values received for third parties

Below the detail of other Values received for third parties

	December 31, 2020	December 31, 2019
Retailers collections	21	19
Free-standing trusts collections	1.628	2.172
Voluntary and mandatory insurance collections	3.026	1.388
FGA guarantees' collections (a)	13.707	16.041
Total Values received for third parties	**18.382**	**19.620**

(a) This value corresponds to the security claim pending payment to the FGA and to compensate with claims.

NOTE 24. EQUITY

Capital

Credivalores objective is to safeguard its capacity to continue as a business enterprise and maintain a financial structure that optimizes the cost of capital and maximizes returns for shareholders. The Company's capital structure encompasses and includes the subscribed capital, retained earnings and reserves.

Capital management objectives are met by managing the portfolio as authorized by law and maintaining a consistent pace of generating profits from its structural revenue (portfolio interests and returns on investments) which results in institutional strengthening and provides the Company an opportunity to maintain its dividend distribution policy among its shareholders.

For the reporting periods, Credivalores indeed complied with the required minimum capital in the relation of solvency required by legal provisions and mandatory investments.

Authorized, and Paid in Capital

As of December 31, 2020 and December 31, 2019 Credivalores authorized and paid in capital is **129.638** and **123.992** represented in **4.588.300** and **4.385.998** shares, each of a nominal value of 28.254; respectively.

(Stated in millions of Colombian pesos)

Credivalores Crediservicios S.A.

Shareholder	December 31, 2020 Number of shares	%	December 31, 2019 Number of shares	%
Acon Consumer Finance Holdings S de RL	912.913	19.89%	912.913	19.89%
Crediholding S.A.S.	1.571.073	34.24%	1.571.073	34.24%
Lacrot Inversiones 2014 SLU	1.671.520	36.43%	1.671.520	36.43%
Acon Consumer Finance Holdings II S L	193.153	4.21%	193.153	4.21%
Direcciones de Negocio S.A.S.	1	0.00%	1	0.00%
Treasury shares	239.640	5.22%	239.640	5.22%
Total	**4.588.300**	**100%**	**4.588.300**	**100%**

	December 31, 2020	December 31, 2019
Number of authorized shares	4.700.000	4.700.000
Subscribed and paid shares	4.588.300	4.588.300
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	129.638	129.638
Paid-in capital	64.727	64.727
Total capital plus premium	**194.365**	**194.365**

The following is a breakdown of the basic earnings per share:

	December 31, 2020	December 31, 2019
Ordinary shares (a)	2.081.515	1.532.597
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**1.139**	**1.101**

(a) The value of the shares as of December 31, 2020 and December 2019 correspond to the total number of outstanding shares held by Credivalores, 4.588.300.

As per the Company´s bylaws, both common and preferred stock have the same decision power and rights, and the preference of those shares is given by its hierarchy in the payment of dividends when declared by the Assembly and by the preferred right in the reimbursement in case of liquidation.

December 31, 2020

Share capital							
Name of Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	77.079	912.913	19.90%
Crediholding S.A.S	-	-	-	-	1.571.073	1.571.073	34.24%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	184.736	1.671.520	36.43%
Treasury Shares	-	-	-	239.640	-	239.640	5.22%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	8.986	193.153	4.21%
Direcciones de Negocio S.A.S.					1	1	0.00%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**1.841.875**	**4.588.300**	**100.00%**

December 31, 2019

(Stated in millions of Colombian pesos)

Share capital							
Name of Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Acon Consumer Finance Holdings S de R.L.	835.834	-	-	-	77.079	912.913	19.90%
Crediholding S.A.S	-	-	-	-	1.571.073	1.571.073	34.24%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	184.736	1.671.520	36.43%
Treasury Shares	-	-	-	239.640	-	239.640	5.22%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	8,986	193.153	4.21%
Direcciones de Negocio S.A.S.					1	1	0.00%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**1.841.875**	**4.588.300**	**100.00%**

Treasury shares

	December 31, 2020	**December 31, 2019**
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
Total	**-**	**-**

The CVCS General Shareholders' Meeting on April 2 of 2014, decided to establish a special reserve in the amount of 12,837 for the reacquisition of 239,640 shares. This reserve is in accordance with Articles 396 and 417 of the Commercial Code.

Reserves

Equity reserves as of December 31, 2020 and December 31, 2019 were comprised of the following:

	December 31, 2020	**December 31, 2019**
Legal reserve	5.793	5.793
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves:	21	21
Total Reserves	**18.651**	**18.651**

NOTE 25. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	December 31, 2020	**December 31, 2019**
Tax	(14.191)	(5.370)
Income tax OCI	**(14.191)**	**(5.370)**
Other comprehensive income	**48.171**	**19.096**
Shares	1.300	1.798
Financial instruments	**46.871**	**17.298**
Financial instruments Forward	(4.046)	(9.526)
Financial instruments Cross Currency Swap	30.523	11.971
Financial instruments Options	(27.200)	5.013
Financial instruments Coupon Only swap	47.594	9.840
Total	**33.980**	**13.726**

(Stated in millions of Colombian pesos)

NOTE 26. REVENUE

Below, is a detail of revenue for the three and nine-months ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Interests	291.203	275.415
Interest expense	(223)	(229)
Subtotal Interests (26.1)	**290.980**	**275.186**
Revenue from customer contracts (26.2)	85.550	97.003
	376.530	**372.189**

26.1 Interest

	December 31, 2020	December 31, 2019
CrediUno interest	71.546	48.898
CrediPóliza interest	6.161	10.417
TuCrédito interest	52.948	53.962
Tigo interest	12.744	9.571
TuCrédito transaction costs	(15.964)	(8.574)
CrediPóliza transaction costs	(304)	(324)
CrediUno transaction costs	(8.895)	(5.818)
TuCrédito fair value	691	987
Sub-total Consumer loans	**118.927**	**109.119**
Microcredit interest	12	58
Microcredit loans transaction costs	(2)	(35)
Sub-total Microcredit	**10**	**23**
Factoring	35	278
Subtotal Factoring	**35**	**278**
CrediUno late payment interest	-	849
CrediPóliza late payment interest	581	669
TuCrédito late payment interest	653	480
Tigo late payment interest	-	345
Consumer loan defaults	**1.234**	**2.343**
CrediYa late payment interest	-	92
Microcredit loan defaults	**-**	**92**
Financial returns	4.026	5.071
BTG Pactual financial returns	30.428	43.971
Current interests, Free-standing Trust	48.957	46.039
Income from FGA Alliance	23.713	20.640
Other income, Free-standing Trust	1.411	3.435
Write – off	24.642	18.168
Other loan interest	37.597	26.008
Other	**170.774**	**163.332**
Total Interests	**290.980**	**275.186**

26.2 Revenue from customer contracts

	December 31, 2020	December 31, 2019
Administration fee – credit card	59.190	56.221
Collection fees	9.766	15.497
Brokerage Commission	6.402	6.738

(Stated in millions of Colombian pesos)

Financial Consultancy – Returns from Debtor life insurance	3.517	3.965
Financial Consultancy- Returns Voluntary insurance policies	2.823	3.142
Shared financial consultancy fees	1.909	2.365
Internal commission	1.330	1.464
Certifications	394	676
Returned commission	215	446
Department store income and credit card channels income	4	8
Administration fee - life insurance plus	-	6.480
Microcredit SME's loan fees	-	1
	85.550	**97.003**

NOTE 27. OTHER INCOME

At the end of each period, movements corresponded to:

	December 31, 2020	**December 31, 2019**
Other	1.961	697
Recovery of portfolio written-off	537	705
Recoveries from previous exercises	67	632
Sickness Leave	48	161
Reimbursement of expenses from previous years	43	6
Refund insurance	17	19
Tax refund	5	5
Other income recoveries	-	132
	2.678	**2.357**

NOTE 28. OTHER EXPENSES

At the end of each period, movements corresponded to:

	December 31, 2020	**December 31, 2019**
Fees	19.680	25.350
Taxes	11.157	9.654
Temporary Services	9.195	3.754
Operating leases	3.943	4.464
Technical assistance	3.815	8.640
Electronic data processing	3.430	2.168
Commissions	2.991	2.677
Publicity and advertising	2.751	2.499
Transport	2.565	2.000
Public services	1.998	4.537
Returns to investors	1.537	1.590
Consultation with Credit Bureau	1.303	2.235
Cost of representation	961	1.604
Travel expenses	910	820
Remodeling of facilities	832	727
Publications and subscriptions	485	514

(Stated in millions of Colombian pesos)

Office supplies	451	802
Concierge and security services	324	880
Fines, penalties and awards	196	565
Maintenance	126	453
Insurance	120	590
Legal expense	89	295
Donations	12	32
Other	7	22
	68.878	**76.872**

NOTE 29. NET FINANCIAL INCOME

Below is the detail of financial (net) costs, for the periods for three and nine months ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Financial performances	3.535	478
Financial income	2.678	2.357
Exchange rate differences	4.041	412
Total Financial Income	**10.254**	**3.247**
Forwards valuation	6.971	(4.240)
Total Financial Expense	**6.971**	**(4.240)**
Net Financial Income (expense)	**17.225**	**(993)**

29.1 During the first months of 2020 due to the issuance of the 8.875% Bonds due 2025, there was a high liquidity balance that was invested in financial institutions to obtain a return.

29.2 It mainly corresponds to charges for the Bizagi platform administration of $1,753, and portfolio recovery written off $537.

29.3 Corresponds to the change in the exchange rate of derivative financial instruments and re-expression of balance sheet accounts in USD, such as bank accounts, investments and accounts payable.

29.4 Corresponds to the net result generated by the liquidation of derivative financial instruments as a result of repurchases of the 8.875% Bonds due 2025.

NOTE 30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a. Commitments

Credit commitments

In the course of ordinary business, Credivalores provides loan portfolio as guarantees to its funding sources, in which it irrevocably agrees to pay them in the event the client is unable to meet its obligations, with the same credit risk for loan portfolios.

Loan extension commitments represent unused portions of authorizations to extend credits as loans. With regard to the credit risk on commitments to extend lines of credit, Credivalores is potentially exposed to losses in an amount equal to the total unused commitments, if the unused amount were to be withdrawn in its totality; However, the amount of the loss is less than the total amount of the unused commitments because the majority of loan extension commitments are contingent once the client can maintain specific credit rating standards. Credivalores monitors the maturity dates of those credit limit commitments because long-term commitments have a higher credit risk than short-term commitments.

(Stated in millions of Colombian pesos)

The following is a breakdown of unused lines of credit commitments and guarantees at December 31, 2020 and December 31, 2019:

	December 31, 2020	**December 31, 2018**
Unpaid approved credits	**385.960**	**495.551**

NOTE 31. RELATED PARTIES

The Company's Board of Directors and Senior Management, in their role as governing bodies, are fully aware of the responsibility related to managing the various risks to which the Company is exposed; likewise, they are fully aware of the Company's processes and business structure so as to be able to provide support and adequate monitoring and follow-up.

The Company's related parties are as follows:

1. Shareholders with interests, a controlling stake or a joint stake of the Company, or significant influence over Credivalores.

2. Members of the Board of Directors: Members of the Board of Directors (principals and alternates, along with their related parts).

3. Key management personnel includes the Company CEO and other C-level Officers, who are those who participate in the planning, direction and control of the Company.

4. Affiliates: Companies in which Credivalores has significant influence, which is generally considered to be a share between 20% and 50% of their capital.

The most representative balances as of December 31, 2020 and December 31, 2019 with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	December 31, 2020		**December 31, 2019**	
	Shareholders	**Members of the Board of Directors (a)**	**Shareholders**	**Members of the Board of Directors (a)**
Accounts receivable	1.815	-	1.815	-
Accounts payable	-	93	-	78
Operating expenses	-	286	-	186

Compensation received by key management personnel is comprised of the following:

	December 31,	
Item	**2020**	**2019**
Salaries	2.977	3.870
Short-term employee benefits	947	957
Total	**3.924**	**4.827**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of December 31, 2020:

Directors

No.	Director	Alternate
1	José Miguel Knoell Ferrada	Mathias Boccia Cristiano
2	Juan Carlos Restrepo Acuña	Liliana Arango Salazar
3	Lorena Margarita Cárdenas Costas	Diana Esperanza Montero
4	Rony Doron Seinjet	Andrea Cañón Rincon
5	Maria Marcela Caicedo Pachón	Vacant
6	Adrián Gustavo Ferrado	Carlos Manuel Ramón
7	Juan Camilo Ocampo Lalinde	Maria Patricia Moreno

Legal Representatives

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

NOTE 32. SUBSECUENT EVENTS

There are no subsequent facts that occurred after December 31, 2020 and after the filing of these financial statements that could significantly affect the Company's results and assets.

The financial statements were approved by the shareholder’s general assembly on March 31, 2021.