Credivalores-Crediservicios S. A.

Financial Statements

For the periods ended December 31, 2021 and 2020

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF FINANCIAL POSITION
ENDED DECEMBER 31, 2021 AND 2020

(Stated in million of Colombian pesos)

	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	8	148.514	264.299
Financial Assets at fair value through profit or lost			
Equity Instruments	9	6.115	16.938
Derivatives Instruments	17	355.167	243.444
Loan portfolio	11	16.683	20.015
Total financial assets at fair value		**377. 965**	**280.397**
Financial Assets at amortized cost			
Consumer loans	11	2.034.298	1.747.034
Microcredit loans	11	-	5.772
Impairment	11	(318.427)	(266.972)
Total Loan portfolio, net	11	**1.715.871**	**1.485.834**
Accounts receivable, net	12	436.872	429.297
Total Financial Assets at amortized cost		**2.152.743**	**1.915.131**
Investments in Associates and Affiliates	10	12.369	10.966
Current tax assets	22	22.245	14.858
Deferred tax assets, net	22	43.409	5.961
Property, plant and equipment	13	229	575
Assets for right of use	14	4.298	6.020
Intangible assets other than goodwill, net	15	44.111	55.452
Total assets		**2.805.883**	**2.553.659**
Liabilities and equity			
Liabilities:			
Financial Liabilities at fair value			
Derivative instruments	17	316	16.791
Total Financial Liabilities at fair value		**316**	**16.791**
Financial Liabilities At amortized cost			
Financial obligations	18	2.345.170	2.008.973
Other Lease Liabilities	14	4.770	6.429
Total Financial Liabilities At amortized cost		**2.349.940**	**2.015.402**
Employee benefits provisions	19	995	983
Other provisions	20	918	7.370
Accounts payable	21	151.134	153.330
Current tax liabilities	22	1.969	2.043
Other liabilities	23	42.000	49.568
Total liabilities		**2.547.272**	**2.245.487**
Equity:	24		
Share capital		135.194	129.638
Treasury shares	24	(12.837)	(12.837)
Reserves treasury shares	24	12.837	12.837
Reserves	24	11.038	5.814
Additional paid-in capital		71.169	64.726
Other Comprehensive Income (OCI)	25	(36.874)	33.980
Retained earnings		94.058	90.700
IFRS convergence result		(21.910)	(21.910)
Net Income for the period		5.936	5.224
Total equity		**258.611**	**308.172**
Total liabilities and equity		**2.805.883**	**2.553.659**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF INCOME
PERIODS ENDED DECEMBER 31, 2021 AND 2020
(Stated in million of Colombian pesos)

	Notes	December 31, 2021	December 31, 2020
Interest Income and similar	26.1	**321.174**	**290.980**
Financial costs interest	18	(235.607)	(186.988)
Revenue from contracts with customers	26.2	**115.452**	**85.550**
Net Interest		**201.019**	**189.542**
Impairment of financial and condonation assets loan portfolio	11	(81.822)	(101.444)
Expense on accounts receivable provisions		(13.860)	(174)
Gross Financial Margin		**105.337**	**87.924**
Other Expenses			
Employee Benefits		(13.409)	(13.839)
Depreciation and amortization expense	13 – 15	(6.185)	(5.915)
Depreciation right of use assets	14.1	(2.156)	(1.954)
Other	28	(80.004)	(68.878)
Total Other expenses		**(101.754)**	**(90.586)**
Net operating Income		**3.583**	**(2.662)**
Other Income	27	940	2.678
Financial income		937	3.535
Exchange rate differences	29	844	4.093
Financial Income		**2.721**	**10.306**
Derivative instrument valuation	29	(44)	(101)
Financial expense		**(44)**	**(101)**
Net financial income (expense)		**2.677**	**10.205**
Net Income before income tax		**6.260**	**7.543**
Income tax	22	(324)	(2.319)
Net income for the period		**5.936**	**5.224**
Net earnings per share		**1.294**	**1.260**

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF OTHER COMPREHENSIVE INCOME
PERIODS ENDED DECEMBER 31, 2021 AND 2020
(Stated in million of Colombian pesos)

	December 31,	
	2021	**2020**
Net income for the period	**5.936**	**5.224**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Shares	(345)	(499)
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	3.585	5.480
Valuation of financial derivatives Cross Currency Swaps	(54.322)	56.306
Valuation of financial derivatives Options	(54.186)	(32.214)
Income tax	34.414	(8.821)
Total other comprehensive income for the period	**(70.855)**	**20.252**
Total other comprehensive income	**(64.919)**	**25.476**

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

CREDIVALORES- CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED DECEMBER 31, 2021 AND 2020
(Stated in million 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, 2019	**129.638**	**64.726**	**(12.837)**	**18.651**	**13.727**	**(54.848)**	**118.586**	**5.052**	**282.693**
Appropriation of earnings	-	-	-	-	-	-	5.052	(5.052)	-
Increases (decrease) in other comprehensive income	-	-	-	-	20.252	-	-	-	20.252
Net income for the period	-	-	-	-	-	-	-	5.224	5.224
Balance as of December 31, 2020	**129.638**	**64.726**	**(12.837)**	**18.651**	**33.980**	**(54.848)**	**123.638**	**5.224**	**308.172**
Appropriation of earnings	-	-	-	5.224	-	-	-	(5.224)	-
Capitalization	5.556	6.444							12.000
Increases (decrease) in other comprehensive income	-	-	-	-	(70.854)	-	-	-	(70.854)
Deferred tax application IFRS 9 first time	-	-	-	-	-	-	3.358	-	3.358
Net income for the period	-	-	-	-	-	-	-	5.936	5.936
Balance as of December 31, 2021	**135.194**	**71.169**	**(12.837)**	**23.875**	**(36.874)**	**(54.848)**	**126.996**	**5.936**	**258.611**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS
PERIODS ENDED DECEMBER 31, 2021 AND 2020
(Stated in million of Colombian pesos)

	Notes	December 31, 2021	December 31, 2020
Cash flows from operating activities			
Net income before taxes		5.936	5.224
Reconciliation of net income before taxes and net cash provided by (used in) operating activities:			
Depreciation of tangible assets	13	405	619
Depreciation of assets for rights of use		2.156	1.954
Amortization of intangible assets	15	5.780	3.643
Depreciation of expenses paid in advance		11.117	19.706
Amortization of Call premium options	17.2	-	16.883
Allowance for impairment of loan portfolio	11	67.500	80.581
Increased forgiveness		14.322	12.009
Impairment Accounts Receivable		-	-
Portfolio valuation measured at fair value	12	13.860	9.028
Fair value adjustments to financial assets	10	3.332	(691)
Adjustment instead in investments in associates		(1.752)	(3)
Income tax		324	(2.319)
Cash generated by trades			
Income tax paid		(7.461)	(1.928)
Changes in operating assets and liabilities:			
Increase in loans		(312.981)	(340.769)
Increase in accounts receivables		(20.312)	(51.816)
Loss of intangible assets		55	-
Increase (decrease) in accounts payable		(2.196)	53.054
Decrease (increase) in employee benefit		12	(122)
Decrease in provisions	20	(6.452)	6.894
Increase (decrease) in other liabilities		(7.568)	(12.265)
Net cash provided by (used in) operating activities		**(233.924)**	**(200.249)**
Cash flows from investing activities:			
Net flow of investments in financial instruments		10.827	(8.722)
Net flow of property, plant and equipment		(65)	(36)
Acquisition of Intangible Assets		(5.612)	(24.910)
Net cash used in investing activities		**5.150**	**(33.737)**
Cash flows from financing activities:			
Acquisition of financial obligations		1.103.266	1.940.403
Payment due on derivatives		(262.085)	(36.434)
Payment of financial obligations		(738.099)	(1.498.475)
Payment premium call options		-	(69.158)
Capitalization		12.000	-
Pay financial leases		(2.093)	(1.901)
Net cash provided by financing activities		**112.988**	**334.434**
(Decrease) Increase in cash and cash equivalents		**(115.785)**	**100.448**
Cash and cash equivalents at beginning of year		264.299	163.851
Cash and cash equivalents at end of year		**148.514**	**264.299**

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. under the figure of a stock corporation .

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 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.

(Stated in million of Colombian pesos)

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 and then in December 2021 the Company received another 12,000 million of capital injection. The ownership of the Company after these two capitalizations is as follows:

Shareholders	Ownership
Crediholding S.A.S.	34,32%
Lacrot Inversiones 2014, S.L.U	36,51%
Acon Colombia Consumer Finance Holdings, S.L.	19,94%
Acon Consumer Finance Holdings II, S.L.	4,22%
Direcciones de Negocio S.A.S.	0,0%
Treasury Shares	5,01%
Total	**100,00%**

The authorized capital of the company will be as follows:

Authorized capital	Number of Shares	Nominal value
182.793.801.894	6.469.661	28.254

Business in Progress

The outbreak of the COVID-19 pandemic and the measures adopted by the Colombian government to mitigate the spread of the pandemic in 2020 and early 2021 significantly impacted the economy. These measures forced the Company to stop these activities in various locations for a few months. This impacted the Company's financial performance especially in 2020, as well as the liquidity position at the end of that year.

There is still great uncertainty about how COVID-19 and the variants that have emerged will affect the Company's business and customer demand for its products in future periods. Therefore, management has modeled a number of different scenarios considering a period of 12 months from the date of authorization of these financial statements. The modeled assumptions are based on the estimated potential impact of COVID-19 restrictions and regulations and the administration's proposed responses. The base case scenario includes the benefits of actions already taken by the administration to mitigate the impacts caused by COVID-19. No new business closures are expected, but difficulties in international supply chains are contemplated. In this base scenario, the Company is expected to continue to have sufficient leeway with the support of available financing.

The more severe downside scenario, which is considered prudent but plausible, would have an adverse impact on the Company's business, 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.:

1. Reduce, defer or cancel discretionary spending; and
- Freeze non-essential hiring.

Based on the Company's liquidity position as of the date of authorization of these financial statements, and in light of the uncertainty surrounding the future development of COVID-19 and its variants, management continues to have a reasonable expectation of adequate resources to continue in operation for at least the next 12 months and that the accounting base of the operating company remains adequate. .

These financial statements have been prepared on a going concern basis and do not include any adjustments to carrying values and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern is not appropriate.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The financial statements as of December 31, 2021 and December 31, 2020 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.

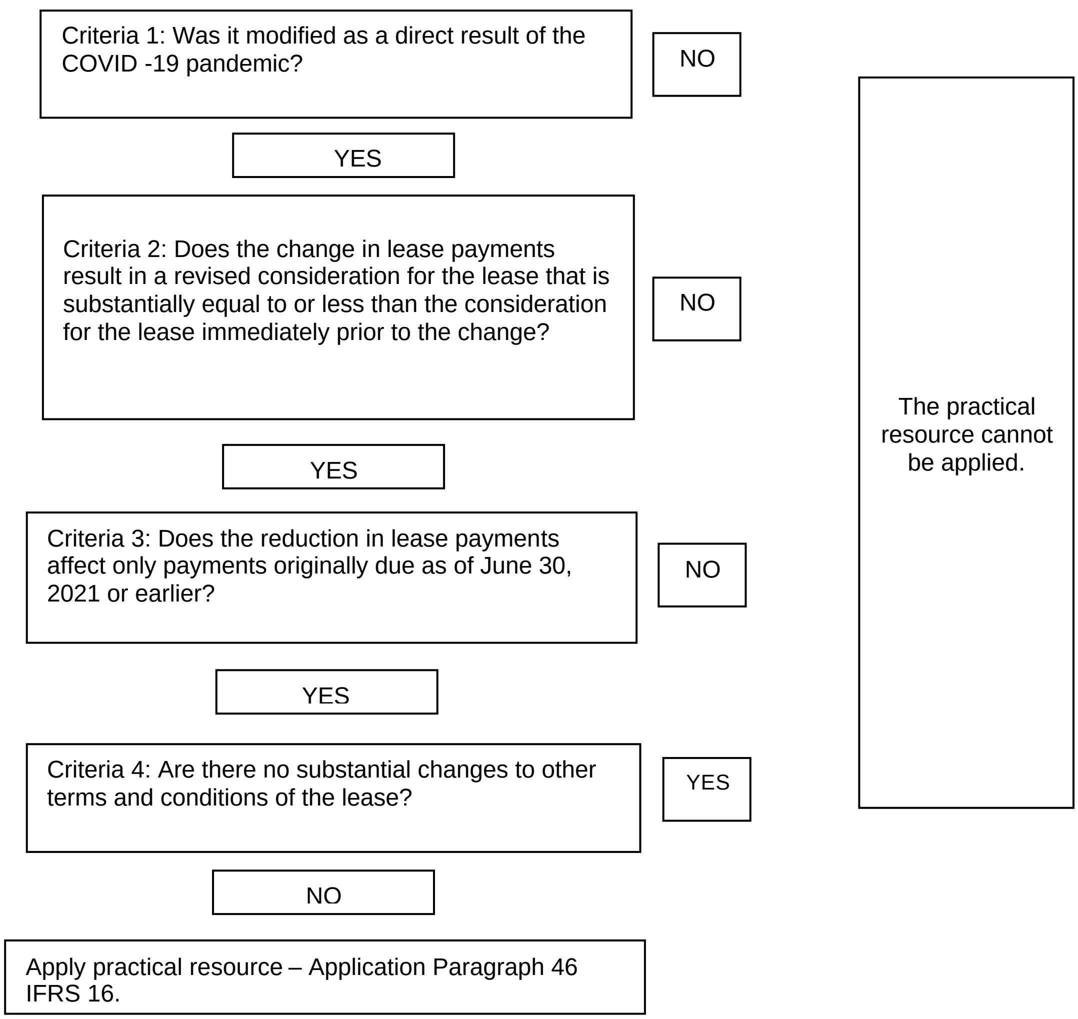
Credivalores reports comparative information from the immediately previous period for all values included in the current period's financial statements and includes comparative explanations, when necessary, to ensure the current period's financial statements are understandable.

The financial statements were authorized for issuance by the Board of Directors in accordance with minute 234 on February 28, 2022. They can be modified and must be approved by the Shareholders.

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:



Measurement of financial instruments - Leases

The lessors and lessees have conducted processes to renegotiate the terms of their lease agreements, the result of which landlords have granted tenants concessions of some kind in connection with lease payments. The entity has considered in the role of lessee the accounting of these concessions as if they were not modifications which has implied the recognition of profits in the income statement worth $278 for the year 2020.

The impact from the effects of the COVID -19 pandemic and the application of the practical resource are presented as of December 31, 2021:

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

2.3 COVID – 19 Impact

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.

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.

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 estimation were the same as those applied to the financial statements for the year ended December 31, 2020.

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.

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.

Financial Assets at fair value

According to its business model the Company has determined that TuCredito 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.

Financial Assets at amortized cost (*)

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, 2021, and 2019, the (COP/USD) exchange rates certified by the Superintendence of Finance were 3.981,16 and 3.432,50 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

The income recognized under IFRS 9, from ordinary activities, among which are interest, commissions, portfolio sale are the increases in economic benefits during the period, which are generated in the performance of ordinary activities and / or other income of Credivalores that increase the equity.

Revenue will be recognized:

- To the extent that the services are provided and/or risks and benefits associated with the goods sold are transferred. When the service is provided during the same period, the degree of progress must not be recorded and instead 100% of the income will be recognized in that period.
- When the generation of economic benefits associated with the activity is likely.
- When it is possible to reliably determine the value of the same.
- The value of income is normally determined, by agreement between the Company and the third party. They will be measured at the fair value of the counterparty, received or to be received, taking into account the amount of any discount, bonus or rebate that the Company may grant.

Under IFRS 15, Credivalores uses the following approach to determine the classification, recognition and measurement of income from ordinary activities:

1. Identify contracts with customers.
2. Identifies performance obligations associated with contracts.
3. Determine the transaction price.
4. Assigns the transaction price to each identified performance obligation.
5. Recognizes revenue to the extent that Credivalores satisfies performance obligations by transferring control of the goods to the customer or providing to the satisfaction of the services promised.

According to the previous Credivalores applies IFRS 9 for all income from ordinary activities.

4.15.1 Revenues from interest and commissions

Interest income, portfolio sales, guarantees:

Interest income and items assimilated to it are recognized in the accounts on the basis of their accrual period, by application of the effective rate method.

The effective interest rate is the rate that accurately discounts estimated future cash payments or those received over the expected life of the financial instrument or a shorter period, in the net carrying value of the financial asset or financial liability. The calculation takes into account all contractual conditions of the financial instrument (e.g.

prepaid options) and includes incremental fees or costs that are directly attributable to the instrument and are an integral part of the IRR, but not future credit losses.

Credit card fees or deposits, including credit card exchange fees and quarterly handling fees are recognized when the performance obligations associated with the customer contract are met..

Income from collateral and portfolio sales is recognized when the stages for the recognition of operating income are met, i.e. when performance obligations related to the transfer of assets are met.

The following tables describe the different activities that the Company develops and the commission revenue it generates:

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.	

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

In accordance with what is indicated in Decree 938 of 2021, the rules issued applicable as of January 1, 2023 are listed below. The impact of these amendments and interpretations is in the process of being evaluated by the administration of Credivalores; however, they are not expected to have a significant impact on the Financial Statements.

Modling of the Technical Annex of Financial Information for Group 1. Amend International Accounting Standards 1, 16, 37, 39 Y41, and International Financial Reporting Standards 1,3,4,7,9 and 16 of the Technical Annex to the Financial Reporting Standards for Group 1, provided for in the "Compilatory and Updated Technical Annex 1 - 2019, of the Financial Reporting Standards, Group 1" of Decree 2270 of 2019, compiled in the Single Regulatory Decree on Accounting, Financial Reporting and Information Assurance Standards, Decree 2420 of 2015, with the annex called "Technical Annex 2021, of the financial reporting standards, group 1", which is an integral part of the Decree.

IAS 1. Classifications of Liabilities as Current or Non-Current. Paragraphs 72A, 75A, 76A, 768 and 139U are incorporated; paragraph 1390 is deleted and paragraphs 69, 73, 74 and 76 are amended. The requirement to classify a liability as current is modified, by establishing that a liability is classified as current when it does not have the right at the end of the reporting period to postpone the liquidation of the liability for at least twelve months following the date of the reporting period

IFRS 9, IFRS 7 and Accounting IAS 39. Reform of the Reference Interest Rate. Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added with respect to temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 1 02A to 1 02N and 108G are incorporated, with respect to the temporary exceptions to the application of the specific requirements of IAS39 coverage accounting. Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF of IFRS 7 are incorporated.

IFRS 3. Reference to the Conceptual Framework. Modifications are made to the references to align them with the conceptual framework issued by IASB in 2018 and incorporated into Colombian legislation, in this sense the identifiable assets acquired and the liabilities assumed in a business combination, on the date of transaction, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework. Paragraphs 21 A, 21 B and 21 C are incorporated with respect to exceptions to the principle of recognition for contingent liabilities and liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset, and to clarify that the acquirer in a business combination will not recognize a contingent asset on the date of acquisition.

Reform of the reference interest rate Phase 2, IFRS 9. Paragraphs 5.4.5 to 5.49 Changes in the basis for the determination of contractual cash flows as a result of the reform of the reference interest rate (measurement of amortized cost) are added, 6.8.13 Completion of the application of the temporary exception in hedge accounting, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the reform of the reference interest rate, 7.1.10 Effective Date, and 7.2.43 to 7.2.46 Transition for Reference Interest Rate Reform Phase 2 of IFRS 9.

IAS 39: Paragraph 102M Completion of the application of the temporary exception in hedge accounting, paragraphs 1020 to 102Z3 Additional temporary exceptions arising from the reform of the reference interest rate and 108H to 1 08K are added Effective date and transition, and new headings are added. Amendment to IFRS 7: Add paragraphs 241, 24J Additional disclosure information related to the reform of the reference interest rate, 44GG and 44HH Effective date and transition, and add new headings, Amendment to IFRS 4: Add paragraphs 20R and 20S Changes in the basis for the determination of contractual cash flows as a result of the reform of the reference, and paragraphs 50 and 51 Effective date and transition, and new headings are added. Amendment to IFRS 16: Paragraphs 104 to 106 Temporary exception arising from the reform of the reference interest rate are amended, and paragraphs C20C and C20D Reform of the reference interest rate phase 2 are added

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 an 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:

(Stated in million of Colombian pesos)

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

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

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

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

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

The determination of what constitutes “observable” requires a significant opinion from 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, 2021 and December 31, 2020, on a recurring basis.

	December 31, 2021	**December 31, 2020**
ASSETS	**Level 2**	**Level 2**
Investments in equity instruments	6.115	16.938
Hedging derivatives		
Currency forward	8.013	7.108
Options	138.380	87.470
Cross Currency Swap	208.774	148.866
Consumer		
Payroll deduction loans	16.683	20.015
Total fair value recurring assets	**377.965**	**280.397**
LIABILITIES		
Hedging derivatives		
Forward	-	16.791
Derivative of speculation		
Forward	316	-
Total fair value recurring liabilities	**316**	**16.791**

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

(Stated in million of Colombian pesos)

	Valuation technique	Significant inputs (1)
		- 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 - 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, 2021		December 31, 2020	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	2.034.298	2.028.584	1.747.034	1.795.341
Microcredit	-	-	5.772	5.964
Total	**2.034.298**	**2.028.584**	**1.752.806**	**1.801.305**
Liability				
Financial obligations	2.349.940	2.406.962	2.015.402	2.092.655
Total	**2.349.940**	**2.406.962**	**2.015.402**	**2.092.655**

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, 2020. There have been no changes to the risk management department or any risk management policies since December 31, 2020. 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, 2020.

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.

(Stated in million of Colombian pesos)

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, 2021, 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, 2021 and December 31, 2020 as follows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	148.514	264.299
Financial instruments net	361.282	260.382
Loan portfolios		
Consumer loans	2.034.298	1.747.353
Microcredit portfolio	-	5.772
Payroll loans at fair value	16.683	20.015
Accounts receivable, net	436.872	428.978
Total financial assets with credit risk	**2.997.649**	**2.726.799**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	291.322	385.960
Total exposure to off-balance-sheet credit risk	**291.322**	**385.960**
Total maximum exposure to credit risk	**3.288.971**	**3.112.759**

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. PI – Probability of noncompliance

Term structure of PI

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

(Stated in million 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, 2021 include the following key indicators (among others) for Colombia for the years ending 31 December 2020 and December, 2019[1]:

	2021-2020		
	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.

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.

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. PDI – Loss due to non-compliance

[1] Projections made internally by the planning area.

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. These calculations are done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore on its LGD.

IV. ED – 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. Roll Rate Methodology

A method that uses a transition matrix to obtain the customer moratorium. This helps forecast future risk from defaults in a given time. By using this matrix, the behavior is reflected in order to determine in what period of time the accounts will be taken. These statements are determined by the number of overdue payments as defined.

For this model, first of all, the portfolio divided into two bands is evaluated.:

Credit Portfolio other products:

- ✓ Portfolio less than 90 days in arrears.
- ✓ Portfolio greater than 90 days of default.

As part of this evaluation, the Company's Management has designated as a deteriorated portfolio the one with a default greater than 90 days since it is recurrent that in the company's business there are delays, but that these are regularized before 90 days for credit portfolio.

Then the monthly average of the portfolio is determined by age and the average values are weighted according to the rate of loss greater than 90 days in each case.

To calculate the PE of the impaired portfolio, the balance of the portfolio of each tranche is multiplied by the percentage of expected loss (Migration to greater than 360) determined in the previous step

I. ED – Exposure at default

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

(Stated in million of Colombian pesos)

For payroll loans ED will correspond to the full valuation of the assets at amortized cost. For credit cards, ED 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.

Loss impairment

The table below shows the loss impairment balances as of December 31, 2021:

		Stage 1	Stage 2	Stage 3	
Loan portfolio		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan consumer portfolio		56.987	24.604	236.837	318.428
Total loan portfolio	Ps.	**56.987**	**24.604**	**236.837**	**318.428**
Total loss impairment financial assets at amortized cost	Ps.	56.987	24.604	236.837	318.428
Total loss impairment	**Ps.**	**56.987**	**24.604**	**236.837**	**318.428**

		Stage 1	Stage 2	Stage 3	
Loan portfolio		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Total
Loan consumer portfolio		56.459	15.323	189.353	261.135
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, 2021.

(Stated in million of Colombian pesos)

	Gross Amount Registered		Impairment Recognized	
With recognized provision				
Consummer	Ps.	398.095	Ps.	236.837
Total	Ps.	**398.095**	Ps.	**236.837**

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.

As of December 31, 2021

Delinquency	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	785.767	719.444	27.762	1.532.973	1.373.758
1-30	13.742	23.864	606	38.212	36.535
31-60	6.774	27.364	473	34.611	33.053
61-90	5.320	8.591	108	14.019	12.946
91 - 180	10.482	25.571	78	36.131	36.023
181 - 360	14.670	33.696	366	48.732	48.491
> 360	85.380	117.470	7.658	210.508	208.343
Total	**922.135**	**956.000**	**37.051**	**1.915.186**	**1.749.149**

As of December 31, 2020

Delinquency	Tu Crédito	CrediUno	CrediPóliza	Microcredit	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
Total	**937.824**	**577.384**	**69.679**	**4.266**	**1.589.152**	**1.251.844**

The following detail is due to compliance with numeral e) clause 5) of the guarantee agreement signed between Credivalores and the Fondo Nacional de Garantías ("FNG" in Spanish) inMay 2021, which indicates the balance of the encumbered and unencumbered loan portfolio classified by loan portfolio delinquency range

As of December 31, 2021

Loan Delinquency Range	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
Current	509.654	1.023.319	1.532.973
1-30	9.336	28.877	38.212
31-60	1.558	33.053	34.611

(Stated in million of Colombian pesos)

61-90	1.073	12.946	14.019
91 - 180	109	36.023	36.131
181 - 360	240	48.491	48.732
> 360	2.165	208.343	210.508
Total	**524.135**	**1.391.052**	**1.915.186**

As of December 31, 2020

Loan Delinquency Range	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
Current	496.100	929.180	1.425.280
1-30	2.922	47.427	50.348
31-60	1.631	25.489	27.120
61-90	330	29.285	29.616
91 - 180	290	26.547	26.837
181 - 360	565	16.120	16.685
> - 360	11.670	151.116	162.786
Total	**513.508**	**1.225.164**	**1.738.672**

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, 2021	December 31, 2020
Banco de Bogotá	Savings/Checking	183	1.211
Bancolombia	Savings/Checking	5.794	8.660
Red Multibanca Colpatria	Savings	28	104
Banco BBVA	Checking	299	211
Banco De Occidente	Savings/Checking	108	138
Banco Santander	Checking	20	-
JP Morgan	Checking	790	-
Available in Free-standing Trusts	Savings/Checking	85.957	6.032
JP Morgan USD	Deposit	3.204	2.771
Banco Santander USD	Checking	25.137	384
		121.520	**19.511**

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	Rating Entity
1	Banco BBVA	AAA	AAA(col) y F1+(col)	Fitch Ratings
2	Banco de Bogotá	AAA	AAA y BRC 1+	BRC Investor Services S,A, SCV
3	Banco Colpatria	AA	AAA y BRC 1+	BRC Investor Services S,A, SCV
4	Banco de Occidente	AAA	AAA y de BRC 1+	BRC Investor Services S,A, SCV
6	Bancolombia	AAA	AAA y de BRC 1+	BRC Investor Services S,A, SCV

(Stated in million of Colombian pesos)

7	Banco Santander	AAA	AAA y de BRC 1+	BRC Investor Services S,A, SCV
8	GNB Sudameris	AA+	AA+	BRC Investor Services S,A, SCV

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:

Financial assets and liabilities at fair value exposed to trading risk held:	**December 31, 2021**	**December 31, 2020**
Equity Instruments	6.115	16.938
Derivatives instruments	355.167	243.444
Loan Portfolio	16.683	20.015
Total	**377.965**	**280.397**
Financial liabilities	(316)	(16.791)
Total	**(316)**	**(16.791)**
Net Position	**377.649**	**263.606**

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.

(Stated in million of Colombian pesos)

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, 2021 (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, 2021 as reference .

The results are set out below:

Scenarios	Interests
Effect of 20 BPS decrease in variable rate	(319.184)
Effect of 20 BPS increase in variable rate	318.288
Total Scenarios	**(894)**

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	(319.184)
Effect of devaluation and increase, 15 BPS, variable rate	320.078
Total Scenarios	**894**

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 2021. The following methodology was used for the analysis:

(Stated in million of Colombian pesos)

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, 2021.

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, 2021 (4.186%).

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, 2021.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of December 31st, 2021)	2.190.629
Scenario 1 (Effect of revaluation)	2.177.175
Scenario 2 (Effect of revaluation)	2.204.084
Difference Scenario 1 vs. Initial Scenario	**(13.455)**
Difference Scenario 2 vs. Initial Scenario	**13.455**

(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.

(Stated in million of Colombian pesos)

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.

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, 2021 are set out below:

Item	Liquidity level December, 2020
7 Days	456%
15 Days	223%
30 Days	124%

As of December 31, 2021, 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.

(Stated in million of Colombian pesos)

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, 2021, 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, 2021 and December 31, 2020.

	December 31, 2021				
	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	2	2	-	-	-
Banco de Bogotá	183	183	-	-	-
Bancolombia S. A.	5.794	5.794	-	-	-
BBVA Colombia	299	299	-	-	-
Red Multibanca Colpatria S. A.	28	28	-	-	-
Banco De Occidente	108	108	-	-	-
Banco Santander	20	20	-	-	-
Banco Santander Uruguay	28.341	28.341	-	-	-
Alianza Fiduciaria	4.398	4.398		-	-
Credifinanciera	22.202	-	-	22.202	-
Cash at Free-Standing Trusts	85.984	85.984	-	-	-
Collective Investment Funds	1.406	1.406	-	-	-
Agrocaña	4.710	-	-	-	4.710
Mutual Funds – Fiduciaria and Valores Bancolombia	190	190	-	-	-
JP Morgan	790	790			
TIDIS	167	-		167	-
Fiducolombia Free-Standing Trusts	8	8	-	-	-
Inverefectivas	12.369	-	-	-	12.369
Total liquid assets	**166.998**	**127.551**	**-**	**22.369**	**17.079**

(Stated in million of Colombian pesos)

Description	December 31, 2020				
	Subsequent Net Balances Available				
	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	-	-	-
BBVA Colombia	211	211	-	-	-
Red Multibanca Colpatria S.A.	104	104	-	-	-
Banco De Occidente	138	138	-	-	-
Bancoomeva	72	72	-	-	-
Banco Santander	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	-	-	-	4.705
Valores Bancolombia	3.533	3.533	-	-	-
Scotiabank	124	-	-	124	-
Fiducolombia Free-standing	111.454	111.454	-	-	-
Inverefectivas	10.966	-	-	-	10.966
Total liquid assets	**292.203**	**243.844**	**-**	**32.689**	**15.671**

(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.

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:

(Stated in million of Colombian pesos)

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

Lower limit: 5%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 Dec-21	
Net Liquidity	148.514
Assets (Credivalores + Free-standing Trust) (Portfolio)	1.715.871
Indicator 1	**8.7%**

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

Lower limit: 5%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 Dec-21	
Net Liquidity	148.514
Liabilities (Credivalores + Free-standing Trust)	1.990.319
Indicator 2	**7.5%**

In the three-month period ended December 31, 2021 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, 2021

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	148.514	-	-	-	148.514
Equity Instruments at fair value	1.405	-	-	4.710	6.115
Investments in Associates and Affiliates	-	-	-	12.369	12.369
Financial Assets at amortized cost (*)	81.731	410.090	495.635	1.386.610	2.374.066
Total assets	**231.650**	**410.090**	**495.635**	**1.403.689**	**2.541.650**

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 (*)	34.584	221.166	996.751	1.464.172	2.716.673
Financial Liabilities at fair value Derivatives instruments	-	-	133	183	316
Total Liabilities	**34.584**	**221.166**	**996.884**	**1.464.355**	**2.716.989**

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

(Stated in million of Colombian pesos)

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	264.299	-	-	-	264.299
Equity Instruments at fair value	12.234	-	-	4.704	16.938
Investments in Associates and Affiliates	-			10.966	10.966
Financial Assets at amortized cost (*)	68.717	345.265	418.373	1.242.029	2.074.384
Total assets	**345.250**	**345.265**	**418.373**	**1.257.699**	**2.366.587**

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.

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, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Cash	2	18
Banks	121.520	19.511
Mutual funds (8.1)	4.623	212.082
Term Deposit (8.2)	22.202	32.564
TIDIS	167	124
	148.514	**264.299**

As of December 31, 2021, and December 31, 2020, there were no restrictions on bank accounts.

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

	December 31, 2021	December 31, 2020
Fiduciaria Bancolombia – Renta Liquidez	190	3.526
Alianza Fiduciaria – Collective Investment Fund	4.399	95.956
Fiduciaria Bancolombia - Credinvest	-	1.119
Fiduciaria Bancolombia - Progression	27	20
Securitization	-	7
Fiduciaria Bancolombia – Collective Investment Fund	-	111.454
Sub-Total	**4.616**	**212.082**

(Stated in million of Colombian pesos)

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

Manager	Dec-21	Dec-20	Rating Agency
Fiduciaria Bancolombia	AAA/F1 +(col)	S1/AAA(col)	Fitch Ratings Colombia S. A. S.
Fiduciaria la Previsora	AAA	S1/AAA(col)	Fitch Ratings Colombia S. A. S. CVCS

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 Certificates of Deposit (CDs)

As of December 31, 2021, Credivalores had Certificates of Full Deposit at Banco Santander and Banco Credifinanciera, as detailed below:

Institution	Initial Date	Maturity Date	Term (months)	Nominal value	Annual effective interest rate	Nominal rate	Total Balance
Santander Bank	22/08/2019	22/08/2021	24	6.500	2.75%	2.72%	6.563
Santander Bank	23/08/2019	23/08/2021	24	5.500	2.75%	2.72%	5.553
Credifinanciera Bank	08/09/2021	11/01/2022	4	10.000	2.80%	2.76%	10.086
Total				**22.000**			**22.202**

The long-term rating for Banco Santander is AAA.

NOTE 9. FINANCIAL INSTRUMENTS

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

	December 31, 2021	December 31, 2020
Collective Investment Funds (9.1)	1.405	12.234
Equity instruments (9.2)	4.710	4.704
	6.115	**16.938**

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 2021	As of December 31, 2021	As of December 31, 2020
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	71.255%	0.5%	1.085	1.519
BTG Pactual II Z Class	Closed	5.000.000	2.000.000	32.995%	0.5%	244	561
Fiduciaria Popular	At sight	200.000	200.000	3.158%	5.839%	16	17
Open Portfolio BTG	Abierto	-	-	3.158%	0.750%	60	10.137
TOTAL						**1.405**	**12.234**

(Stated in million of Colombian pesos)

9.2 Equity instruments

	December 31, 2021	December 31, 2020
Agrocaña Shares	4.710	4.704
	4.710	**4.704**

The Company owns 5.03% of Agrocañas S.A. share capital, with 3,300 outstanding shares as of December 31, 2021. 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, 2021	December 31, 2020
Inverefectivas S.A (a)	12.369	10.966
	12.369	**10.966**

(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. 106,97 expressed using the TRM of 3.981,16 as of January 01, 2021.

	December 31, 2021		December 31, 2020	
	Share of ownership interest	**Book value**	**Share of ownership interest**	**Book Value**
Associates				
Inverefectivas S.A.	25%	12.369	25%	10.966
		12.369		**10.966**

The movement of investments in the associates account is shown below for the nine months ended December 31, 2021 and December 31, 2020:

	December 31	
Associate	**2021**	**2020**
Balance at the beginning of the period	**10.966**	**10.963**
Adjustments for exchange rate differences	1.573	445
Adjustment for valuation method of participation	(170)	(442)
Period-end balance	**12.369**	**10.966**

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, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Consumer	2.034.298	1.747.353
Microcredit	-	5.772
Impairment	(318.427)	(266.972)
Total financial assets at amortized cost	**1.715.871**	**1.486.153**
TuCrédito payroll deduction loans at fair value	16.683	20.015

(Stated in million of Colombian pesos)

	16.683	**20.015**
Total loan portfolio, net	**1.732.554**	**1.506.168**

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 358.097 as of December 31, 2021 and 293.707 as of December 31, 2020. 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, 2021 and December 31, 2020.

	December 31,	
	2021	**2020**
Initial Balance	266.972	192.847
Impairment of the period charged against to profit or loss	67.500	80.582
Write-offs	(16.045)	(6.457)
Closing balance	**318.427**	**266.972**

Expenditure on provisions and write-offs of loan portfolio

	December 31, 2021	**December 31, 2020**
Expenditure for the provisions period	67.500	80.582
Forgiveness	14.322	12.008
Total	**81.822**	**92.590**

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

As of December 31, 2021

Type	**Principal**	**Transaction costs**	**Accrued Interest**	**Commissions**	**Impairment**	**Total**
Consumer loans	1.749.149	129.621	145.298	10.230	(318.427)	**1.715.871**
Total financial assets at amortized cost	**1.749.149**	**129.621**	**145.298**	**10.230**	**(318.427)**	**1.715.871**

At December 31, 2020

Type	**Principal**	**Transaction costs**	**Accrued Interest**	**Commissions**	**Impairment**	**Total**
Consumer loans	1.514.693	108.675	115.850	7.751	(261.135)	**1.485.834**
Microcredit	4.178	-	1.594	65	(5.837)	**-**
Total financial assets at amortized cost	**1.518.871**	**108.675**	**117.444**	**7.816**	**(266.972)**	**1.485.834**

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

December 31, 2021

	Up to 1 year	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Consumer	290.753	704.337	245.326	793.882	2.034.298
Total Gross Loan Portfolio	**290.753**	**704.337**	**245.326**	**793.882**	**2.034.298**

(Stated in million of Colombian pesos)

December 31, 2020

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	303.375	579.171	218.030	646.458	1.747.034
Microcredit	5.764	8	-	-	5.772
Total Gross Loan Portfolio	**309.139**	**579.179**	**218.030**	**646.458**	**1.752.806**

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

December 31, 2021

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	223.620	612.807	219.836	692.886	1.749.149
Total Principal Only Loan Portfolio	**223.620**	**612.807**	**219.836**	**692.886**	**1.749.149**

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**

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, 2021		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.749.149	166.037	1.915.187
Total Financial Assets at amortized cost	**1.749.149**	**166.037**	**1.915.187**

	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**

Overdue but not impaired

As of December 31, 2021 and December 31, 2020, a summary of the overdue portfolio by days past due is as follows:

(Stated in million of Colombian pesos)

	Consumer	Total	Consumer	Microcredit	Total
Performing loans	1.373.758	1.373.758	1.224.357	-	1.224.357
Overdue but not impaired	69.589	69.589	71.278	-	71.278
Non-performing loans under 360 days	97.461	97.461	72.107	14	72.121
Non-performing loans over 360 days	208.341	208.341	146.951	4.164	151.115
	1.749.149	**1.749.149**	**1.514.693**	**4.178**	**1.518.871**

NOTE 12. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
Debtors (12.1)	247.160	240.893
Economically Related Parties (12.2)	92.121	100.725
Asficredito	81.455	82.755
Payments on behalf of clients (12.3)	15.794	13.214
Prepayments and Advances	977	3.071
Shareholders	1.815	1.815
Others accounts receivable	2.373	1.451
Employees	3	2
Impairments for doubtful accounts (12.4)	(7.910)	(14.629)
	433.788	**429.297**

12.1 The balance of the debtors account that as of December 31, 2021 amounts to 247.160 and as of December 31, 2020 amounts to 240.893, 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, 2021	December 31, 2020
Inversiones Dana S.A.	-	73
Mad Capital S.A.	-	221
Banco Credifinanciera	1	-
Agro el Arado S.A.	-	146
Ingenio la cabaña S.A.	-	2.000
Agrointegrales del Cauca	-	8.600
Inversiones Mad capital S.A.S	8.894	8.601
Brestol S.A.S	16.749	18.771
Activar Valores S.A.S	22.321	31.737
Finanza inversiones S.A.S	44.156	30.576
	92.121	**100.725**

(Stated in million of Colombian pesos)

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

	December 31, 2021	December 31, 2020
Loans	DTF + 9.41%	DTF + 9.41%

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

	December 31, 2021	December 31, 2020
Life Insurance Payroll deduction loans	9.936	9.182
Crediuno Insurance	5.075	3.387
Tigo Insurance	186	184
Credipoliza Insurance	597	461
	15.794	**13.214**

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

	December 31, 2021	December 31, 2020
Balance at start of period	(14.629)	(14.791)
Deterioration (1)	(13.860)	(9.028)
Punishment	20.579	9.190
Balance at end of period	**(7.910)**	**(14.629)**

(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, 2021:

Third Party	Impairment	%
Asficredito	7.910	9.4%
Total	**7.910**	

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, 2021 and December 31, 2020, respectively, are as follows:

	December 31, 2021	December 31, 2020
Transportation equipment	117	117
Office equipment and accessories	1.614	1.782
Computer equipment	393	399

(Stated in million of Colombian pesos)

Network and communication equipment	1.990	2.205
Machinery, plant and equipment in assembly	-	49
Goods received on finance lease agreements	4.384	4.865
Subtotal	**8.498**	**9.417**
Accumulated depreciation	(8.269)	(8.842)
Total	**229**	**575**

The breakdown for equipment movement is shown below:

	December 31, 2020	**Purchases**	**Write-offs**	**December 31, 2021**
Transportation equipment	117	-	-	117
Office equipment and accessories	1.782	28	(195)	1.614
Electronic equipment	399	31	(37)	393
Network and communication equipment	2.205	6	(220)	1.990
Machinery, plant and equipment in assembly	49	-	(49)	-
Goods received on finance lease agreements	4.865		(481)	4.384
	9.417	**65**	**(982)**	**8.498**

	December 31, 2019	**Purchases**	**Write-offs**	**December 31, 2020**
Transportation Equipment	117	-	-	117
Office equipment and accessories	1.861	6	(85)	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	**37**	**(280)**	**9.417**

The following is the depreciation movement as of December 31, 2021 and December 31, 2020, respectively:

	December 31, 2020	**Depreciation**	**LowsWrite-offs**	**December 31, 2021**
Transport equipment	117	-	-	117
Office equipment and accessories	1.721	54	(196)	1.578
Electronic equipment	1.227	299	(152)	1.374
Telecommunications equipment	912	52	(148)	816
Assets in financial lease	4.865		(481)	4.384
	8.842	**405**	**(977)**	**8.269**

	December 31, 2019	**Depreciation**	**Write-offs**	**December 31, 2020**
Transport equipment	117	-	-	117
Office equipment and accessories	1.755	50	(84)	1.721
Electronic equipment	945	291	(9)	1.227
Telecommunications equipment	727	270	(85)	912
Assets in financial lease	4.957	9	(101)	4.865
	8.501	**620**	**(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, 2021 and December 31, 2020, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

(Stated in million of Colombian pesos)

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, 2021 and December 31, 2020, respectively:

	December 31, 2021	December 31, 2020
Assets		
Properties, Plant and Equipment (Right of Use)	4.298	6.020
Deferred tax asset	166	127
Liabilities		
Other financial liabilities - lease of use		
Currents	(2.044)	(2.143)
Non-current	(2.726)	(4.286)
Net	**(306)**	**(282)**

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		
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**
As of December 31, 2021		
Balance at the beginning of the year	6.020	6.020
Additions	434	434
Retreats	-	-
Transfers	-	-
Depreciation charge	(2.156)	(2.156)
Balance at the end of the year	4.298	4.298

As of December 31, 2021

(Stated in million of Colombian pesos)

Cost	9.296	9.296
Accumulated Depreciation	(5.938)	(5.938)
Net cost	**4.298**	**4.298**

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, 2021 have the following balances:

Lease liabilities	**December 31, 2021**	**December 31, 2020**
As December 31, 2020	**6.429**	**6.258**
Additions	434	3.958
Payments	(2.093)	(1.900)
Withdraws	-	(1.887)
As December 31, 2021*	**4.770**	**6.429**

- The net variation for 2021 corresponds to 566.

14.1 Statement of Results

	December 31, 2021
Depreciation fee - usage asset	2.156
Interest expense on lease liabilities	477
Variable lease expenses	719
	3.352

Total cash outings for leases as of December 31, 2021 were 3.783

Incorporation of Assets

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

THIRD PART	**RECOGNIZED ASSET**	**RECOGNIZED LIABILITIES**
BUENDIA DE BORRERO ANGELA MARIA	24	26
WALTER VELASCO S.A.S.	33	35
INMOBILIARIA E INVERSIONES DE LA SABANA S.A.	24	27
CABAL VILLEGAS & CIA S EN C	24	26
MELO RODRIGUEZ MARCO LUIS	24	26
OTERO FORBES NEIL ANTONIO	54	60
ROSALBA VASQUEZ	56	55
RANGEL CHEMA CLEMENCIA DEL CARMEN	53	58
DIAZ SOLARTE YOLANDA	13	14
VELEZ ZULETA CLARA AMELIA	35	39
IZQUIERDO DE PAVA LEONOR	22	23
FLOREZ MOLINA LIBRADA MARIA	25	28
PARQUEADERO ASOMEJIAS LTDA	17	19
ROJAS & ROJAS INMOBILIARIA CIA LTDA	17	20
FLOREZ MOLINA LIBRADA MARIA	12	-
TOTAL	**433**	**456**

(Stated in million of Colombian pesos)

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.

Health Emergency Impact - COVID 19

During the 2021 period, no discounts have been made on leases recognized under IFRS 16, nor have modifications been made to the contracts in addition to what emerged in 2020.

NOTE 15. INTANGIBLE ASSETS

Below we present the company's other intangible assets as of December 31, 2021 and December 31, 2020, respectively:

December 31, 2021

	Initial Balance	Additions	Amortization	Closing Balance
Software Licenses	1.261	2.101	2.029	1.333
Acquired Trademarks	11.900	-	2.380	9.520
Database	18.923	-	757	18.166
Contracts	14.399	-	618	13.781
Other	8.469	3.515	11.117	867
Total	**54.952**	**5.616**	**16.901**	**43.667**

December 31, 2020

	Initial Balance	Additions	Amortization	Closing Balance
Software Licenses	1.011	1.974	1.724	1.261
Acquired trademarks	14.280	-	2.380	11.900
Database	19.679	-	757	18.922
Contracts	14.905	-	506	14.399
Others	2.522	9.675	9.855	2.342
Total	**53.321**	**17.566**	**15.935**	**54.952**

The movement of amortization expenses for the period was as follows:

	December 31, 2021	December 31, 2020
Depreciation of brands	2.380	2.380
Amortization of exclusivity contracts, databases and licenses	3.400	2.917
Subtotal	**5.780**	**5.297**
Consultancies, free-standing trusts commissions, contributions	1.443	1.529
Investors	1.825	2.366
Fees	1.347	1.471
Insurance	6.502	713
Total	**11.117**	**6.079**

Based on the end of 2018 and 10-year projections adjusted to the performance of the business unit up to that date, the intangibles were prepared in the evaluation and valuation of intangibles through the construction of discounted cash flow projections.

(Stated in million of Colombian pesos)

By obtaining the value of the discounted projections, the flow was evaluated in an aggregate manner, and then the tangible assets on the balance sheet were deducted from the total business value, to identify the residual value against the estimated market value of the business. The difference that was obtained in the values, according to the economic and accounting literature, gave rise to the residual value of the intangibles.

It was concluded that the updated projections for the base year 2021 remain within the range initially estimated in 2018 of the Base Scenario, considering results obtained at the end of 2018 to 2021 and the future commercial expectations of placement and collection, and in accordance with the dynamics of growth, margin contribution and efficiency in expenses.

Therefore, the conclusion of the Appraiser should not generate an adjustment in the initially estimated valuation, nor should an adjustment for impairment in the registered value of CREDIUNO's intangibles be included, since it is evident that the estimated results in 2018 remained in the lower range of projection even with the effects of the pandemic, and it is expected that by meeting the economic reactivation due to the cash needs of customers in the short and medium term, it would bring rewards in terms of projected profits of the operation within the estimated and initially projected range, considering the new growth curves and efficiency in commission income along with the reduction in expenses, thus preserving the operating margins initially estimated for valuation.

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,	
	2021	**2020**
Cash and cash equivalents		
AAA	121.492	19.407
AA	28	104
Total cash and cash equivalents	**121.520**	**19.511**

	December 31,	
	2021	**2020**
Equity instruments (shares)		
Fair value financial assets through the other comprehensive results		
Financial sector	6.111	16.938
Total equity instruments	**6.111**	**16.938**

	December 31,	
	2021	**2020**
Debt instruments		
Financial assets at fair value through the statement of return		
AAA	22.202	32.564
Total debt instruments	**22.202**	**32.564**

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

	December 31, 2021	December 31, 2020

ASSETS		
Hedge forward contracts (17.1)	7.108	7.108
Hedge Options (17.2)	87.470	87.470
Hedge Swaps (17.3)	148.866	148.866
Total	**243.444**	**243.444**
LIABILITY		
Forward Coverage (17.1)	-	16.791
Forward speculation (17.1)	316	-
Total	**316**	**16.791**

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

ASSETS	**December 31, 2021**		**December 31, 2020**	
	Nominal Amount USD	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	59	8.013	21	7.108
Total forward contracts for hedging – assets	**59**	**8.013**	**21**	**7.108**

Stated in USD expressed in million

	December 31, 2021		**December 31, 2020**	
Liabilities	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward coverage contracts				
Buying foreign currency	-	-	47	16.791
Total forward derivatives of passive hedging	**-**	**-**	**47**	**16.791**

17.2 Derivate Financial Instruments Options

(Stated in million of Colombian pesos)

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, 2021		December 31, 2020	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	35	138.380	243	87.470
Total forward contracts for hedging – assets	**35**	**138.380**	**243**	**87.470**

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 2025 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.

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, 2021		December 31, 2020	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Hedging Contracts Cross Currency Swaps (a)	48	191.802	195	92.808
Hedging Contracts Coupon Only Swap (b)	4	16.972	243	56.058
Total forward contracts for hedging – assets	**52**	**208.774**	**438**	**148.866**

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**

(Stated in million of Colombian pesos)

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 hedges 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 and US$6,165,000 principal.

NOTE 18. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations as of December 31, 2021 and December 31, 2020

	December 31, 2021	December 31, 2020
144 A / Reg S Bonds	1.720.458	1.483.355
ECP Program Notes	298.587	257.438
Ordinary Local Bonds- FNG Partial Guarantee	52.900	-
Financial obligations in autonomous assets	252.296	294.674
Promissory notes national banks	82.721	50.760
Transaction costs	(61.792)	(77.254)
	2.345.170	**2.008.973**

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting at court December 31, 2021 and December 31, 2020, 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, 2021	Interest rate	Maturity	December 31, 2020	Interest rate	Maturity
Banco de Bogotá	271	IBR+1.25%	2022	1.969	IBR+4.3%	2021
Banco de Occidente	10.271	IBR+2.5%	2022	10.000	IBR+3.72%	2021
Bancolombia	9.995	IBR+7.95%	2022	10.000	IBR+7.9%	2021
Banco Santander	-			2.875	IBR+6%	2021
JP Morgan Colombia	36.500	10%EA	2022	-		
Total National Entities	**57.037**			**24.844**		
ECP Program Notes	199.058	8,5%EA	2022	257.438	8.4%EA	2021
Total ECP Program Notes	**199.058**			**257.438**		

Entity	December 31, 2021	Interest rate	Maturity	December 31, 2020	Interest rate	Maturity
9.75% Bonds due July 2022 (144 A/Reg. S Bonds)	379.464	9.75%EA	2022	-		

(Stated in million of Colombian pesos)

Reopening of 9.75% Bonds due July 2022 (144 A/Reg. S)	274.043	9.75%EA	2022	-		
Total International Bonds	**653.507**			**-**		

Entity	December 31, 2021	Maturity	Expiration	December 31, 2020	Interest rate	Maturity
Free-standing Trust Crediuno IFC	-			2.329	12.4%EA	2021
Total Free-standing Trusts	**-**			**2.329**		

Total short-term obligations	**909.602**			**284.611**		

Credivalores has short-term financial obligations, during the periods ended December 31, 2021 and December 31, 2020 for a value of $909,602 and $284,611, respectively. The measurement of passive financial instruments of financial obligations, are valued under amortized cost as stable IFRS 9. On August 26, 2021, Credivalores signed a short-term credit agreement with Banco JP Morgan Colombia S.A. for an amount of $36.5 billion pesos with maturity in February 2022. Under the signed contract Credivalores undertakes to deliver as collateral the rights, ownership and interest corresponding to the general intangible assets related to the fair market price that is determined for the settlement of the current hedging operations with JP Morgan Chase Bank N.A. under the *ISDA Master Agreement* signed between the two parties on December 13, 2017 (Mark-to-Market) in the same amount of the afore mentioned credit.

b) Long-term obligations

The Company had long-term financial obligations during the periods ended December 31, 2021 and December 31 2020 totaling 1.497.360 and 1.801.615, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended December 31, 2021 and December 31, 2020, valued at 61.792 and 77.253, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ended December 31, 2021 and December 31, 2020 is 2.345.170 and 2.008.973 respectively, which will be paid off as described above.

Entity	December 31, 2021	Interest rate	Maturity	December 31, 2020	Interest rate	Maturity
Banco de Bogotá	5.210	IBR+5.5%	2023	5.148	IBR+6.3%	2022
Bancolombia	20.475	IBR+7.65%	2023	20.768	IBR+7.7%	2022
Total National Entity	**25.685**			**25.915**		
ECP Program Notes	99.529	8,75%EA	2023			
Total ECP Program Notes	**99.529**			**-**		
Total National Entities and ECP Program Notes	99.529	8,75%EA	2023			

Entity	December 31, 2021	Interest rate	Maturity	December 31, 2020	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	252.296	DTF-IBR+5.5%	2023 to 2025	292.345	IBR+5.5%	2023 to 2025
Total Free-Standing Trusts	**252.296**			**292.345**		

Entity	December 31, 2021	Interest rate	Maturity	December 31, 2020	Interest rate	Maturity
9.75% Bonds due July 2022 (144 A/Reg. S Bonds)				306.007	9.75%EA	2022
Reopening of 9.75% Bonds due July 2022 (				257.438	9.75%EA	2022

(Stated in million of Colombian pesos)

8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	1.066.951	8,875% EA	2025	919.910	8,875%EA	2025
Domestic Bonds Guaranteed by the FNG	52.900	9,1%EA	2024			
Total Bonds	**1.119.851**			**1.483.355**		
Total long-term obligations	**1.497.361**			**1.801.615**		
Transaction costs	(61.793)			(77.253)		
Total financial obligations	**2.345.170**			**2.008.973**		

On August 26, 2021, CV issued the first tranche of its inaugural domestic bond issuance of ordinary bonds with a partial guarantee from the FNG in the Colombian debt capital market.

The total amount of the issuance, authorized by the Financial Superintendence of Colombia in June 2021, is $160,000 million pesos and in August 2021 the Company placed the first tranche of bonds for an amount of $52,900 billion pesos with a 3-year term and a 9.10% coupon.

The transaction was 1.51x oversubscribed since the Company offered COP$35 billion to the market. The domestic bond issuance has a partial irrevocable guarantee from the FNG for 70% on the principal and interests of the bonds and was rated ´AA (col)´ by Fitch Ratings Colombia.

The proceeds of the first tranche of the bond issuance will support the growth of Credivalores' operation in Colombia providing payroll and consumer loans to the low and middle-income part of the population using digital channels.

Obligations stated in foreign currency

Entity	Nominal Value as of December 31, 2021		Nominal as of Value December 31, 2020	
ECP Program Notes (a)	75	298.587	75	257.438
International Finance Corporation (IFC)	-	-	1	2.329
144 A/ Reg S Bonds (b)	432	1.720.458	438	1.483.355
Total	**USD 507**	**COP 2.019.045**	**USD 514**	**COP 1.743.122**

(a) Euro Commercial Paper Program Notes

The Euro Commercial Paper Program (ECP Program) has a US$150,000,000 maximum outstanding amount.

In April 2021 CV issued a new note under the ECP Program due October 28, 2022 for anamount of US$50,000,000 and a coupon of 8.50% with quarterly interest payments. In that same month, a US$40,000,000 note with a coupon of 8.25% issued in April 2018 matured. In September 2021 CV issued a new US$25,000,000 note with a maturity in March 2023 and a coupon of 8.75%. In that same month, a US$20,000,000 note issued in June 2020 with a coupon of 8.50% matured. The resources of the September issuance were used to finance the loan portfolio growth and for general corporate uses.

As a result of amortization principal and issuance of new notes under the ECP Program, the total outstanding balance as of December 31, 2021 is US$75,000,000.

(b) Issuance of bonds

(Stated in million of Colombian pesos)

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 Million 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	Seven Coupon Payment - 27/01/2021
250.000.000	9,75%	4.646.606	4.646.606
75.000.000	9,75%	3.656.250	
68.835.000	9,75%		3.355.706
	Total in USD	**8.302.856**	**8.002.313**
	FX Rate	3.660,15	3.904,17
	Total in Million Pesos	**30.389.698.303**	**31.242.390.345**

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021
280.000.000	8,875%	11.892.500	11.892.500	11.892.500
	Total in USD	**11.892.500**	**11.892.500**	**11.892.500**
	FX Rate	3.775,95	3.543,28	3.949,33
	Total in Million Pesos	**44.905.485.375**	**42.138.457.400**	**46.967.407.025**

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$164.150.000.

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.

(Stated in million of Colombian pesos)

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.

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 covenants and conditions of the Indenture were reflected in the documentation of Notes 144 A / Reg S due in 2025 for US $300,000,000, which at the end of December 2021 had a current amount of US $268,000,000.

During the year 2020 and as of December 31, 2021 CVCS complied with the covenants related to Notes 144 A / Reg S due in 2022 and 2025. In view of the fact that the credit indexed to pesos with the IFC was fully amortized in January 2021, the covenants stated above were not in force at the end of December 2021.

- **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, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Free-standing trusts	20.318	17.484
Local banks	5.387	7.025

(Stated in million of Colombian pesos)

Finance Leasing	23.443	24.766
Foreign currency obligation	(1.585)	17.351
Financial cost Derivatives	157.554	87.403
Issuance of bonds	1.608	-
Amortization Transaction costs	28.307	32.299
Interest for liabilities for lease and finance lease agreements	575	660
Total	**235.607**	**186.988**

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.

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, 2021 and December 31, 2020:

	December 31,	
	2021	**2020**
Interest on severance pay	42	48
Severance pay	367	407
Holidays	586	528
	995	**983**

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 20. OTHER PROVISIONS

Credivalores provisions as of December 31, 2021 and December 31, 2020, respectively are provided below.

	December 31, 2021	**December 31, 2020**
Litigations subject to executive proceedings	705	199
Other provisions	213	7.171
	918	**7.370**

The movement of legal and other provisions are provided below for the periods ended December 31, 2021 and December 31, 2020:

	Legal provisions	**Other provisions**	**Total provisions**
Balance held at December 31, 2020	**199**	**7.171**	**7.370**
Increase in provisions during the period	-		
Utilization		(6.452)	(6.452)
Balance held at December 31, 2021	**199**	**719**	**918**

(Stated in million of Colombian pesos)

	Legal provisions	Other provisions	Total provisions
Balance held as of December 31, 2019	**226**	**250**	**476**
Recovered provisions	(27)	6.921	6.894
Balance held as of December 31, 2020	**199**	**7.171**	**7.370**
Recovered provisions	-	(6.452)	(6.452)
Balance held as of December 31, 2021	**199**	**719**	**918**

Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of December 31, 2021 in an amount of 705 and 2020, 199 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, 2021 and December 31, 2020, respectively:

	December 31, 2021	December 31, 2020
Leases	2	4
Suppliers	23	32
Withholdings and labor contributions	5.204	5.623
Commissions and fees	1.282	1.813
Other accounts payable (21.2)	27.614	28.408
Costs and expenses payable (21.1)	117.009	117.450
	151.134	**153.330**

21.1 Costs and expenses payable

	December 31, 2021	December 31, 2020
Services	2.153	1.708
Others	42.787	55.890
Financial expenses	72.069	59.850
	117.009	**117.448**

21.1.1 Other

	December 31, 2021	December 31, 2020
Technical Service Providers	7.763	3.696
Fiduciary services	83	102
Financial leasing	-	1
Call Options Premiums	34.940	52.093
	42.787	**55.892**

21.1.2 Financial Expenses

(Stated in million of Colombian pesos)

	December 31, 2021	December 31, 2020
Bank interests	1.382	183
Bank interests – Free-standing Trusts	722	756
Foreign currency interests	3.253	2.846
Coupon bonuses	65.104	56.064
Coupon ordinary bonds local issue	1.608	-
	72.069	**59.850**

21.2 Other accounts payable

	December 31, 2021	December 31, 2020
Disbursements Credipoliza	-	3.817
Tigo Disbursements	-	112
Tucrédito Portfolio	-	143
CXP Book Buybacks	-	72
Visa C1 disbursement agreement	-	379
Against Visa vrol positions	4	-
Third party administrative payments	49	69
Crediuno Disbursements	158	-
Different	234	121
TIGO Withdrawal	1.184	1.083
Credipoliza Withdrawals	1.979	1.645
Account payable PA	2.263	2.177
Crediuno Withdrawals	2.378	1.741
Payroll Loan Disbursement CDS	4.584	8.116
Collection in favor of third parties	4.932	3.217
Payroll Loan CDS Refund	9.849	5.715
	27.614	**28.408**

NOTE 22. CURRENT AND DEFERRED TAX LIABILITIES

22.1 Components of current tax asset:

Current tax assets for the years ended December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
Income tax advance	22.224	14.841
VAT withheld	-	1
Industry and Commerce Tax	21	16
Total current tax assets	**22.245**	**14.858**

22.2 Components of current tax liabilities

Current tax liabilities for the years ended December 31, 2021 and December 31, 2020 is as follows:

	December 31,	
	2021	2020

Industry and Commerce Tax	1.812	1.725
VAT	157	318
	1.969	**2.043**

22.3 Components of income tax expense

Income tax expense for the years ended December 31, 2021 and December 31, 2020 is as follows:

	December 31,	
	2021	**2020**
Income Tax	-	6.049
Subtotal - taxes from the current period	**-**	**6.049**
Net deferred tax from the period	324	(3.730)
Total	**324**	**2.319**

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, 2021 and December 31, 2020, 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:

- The income tax rate for the year 2021 is 31%, law 2010 of 2019.
- With the Social Investment Law, promulgated on September 14, Law 2155 of 2021; through which the income tax was increased from 2022 by 35%. In this way, the gradual reduction of the tariff, which contemplates article 240 of the Tax Statute, would disappear.
- According to article 188 of the National Tax Statute, from taxable year 2021 the percentage of presumptive income is zero (0%) of the liquid assets of the last day of the immediately preceding taxable year. Starting on 2022, the total payment of the industry and commerce tax and the publicity tax will not be discounted from the income tax. This means, that only 50% of the actual industry and commerce tax will be discounted from the income tax. For the year 2020 this tax has the treatment of a deduction in the income tax.

The Company reconciled the total effective rate without deferred tax, which was 5% for 2020 and 31% for 2020, as detailed below:

	2021	**2020**
Earnings (loss) before tax	6.261	7.544
Income Tax rate	**31%**	**32%**
Income Tax	1.941	2.414
More (less) tax impact on:		
Non-deductible expense	5.269	1.040
Exchange rate differences	(6.907)	(1.163)
Non-deductible tax	10	3
Presumptive interest	11	26
Total income tax provisions charged to income	**324**	**2.320**
Effective rate	**5%**	**31%**

22.5 Deferred Tax

(Stated in million of Colombian pesos)

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, 2021 and December 31, 2020, based on the tax rates in force for the years in which such temporary differences will be reversed.

In the determination of the calculation will be made with the rate of 35% of income tax and complementary, according to the measurement of expenses for deferred tax, taking into account Decree 1311 of 2021 the difference in the equity is recognized the value of the deferred tax derived from the change of the rate corresponding to 5%.

	December 31,	
	2021	**2020**
Assets deferred taxes	53.324	28.361
Liabilities deferred taxes	(9.915)	(22.400)
Deferred taxes assets (passive), net	**43.409**	**5.961**

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

	December 31,	
	2021	**2020**
Balances as of January 1	**5.961**	**11.053**
Charge (credit) to the statement of results	(324)	3.730
Charge (credit) to the other comprehensive results	34.414	(8.822)
Position (credit) to utilities the accumulated surplus	3.358	
Balance as of December 31	**43.409**	**5.961**

During the year 2021, as a result of the increase in the income tax rate from 30% to 35%, approved on September 14, 2021 and with effect from January 1, 2022, the Company adjusted the corresponding deferred tax balances. Deferred taxes that are expected to revert from 2022 onwards have been calculated using the 35% income tax rate. In line with Decree 1311 of October 20, 2021, the Company chose to recognize $3.358 billion of deferred tax adjustments for changes in the income tax rate directly on the estate against retained profits. Additionally, the Company recognized $34,414 in the other comprehensive results. of deferred tax adjustments related to items that had previously been recognized outside of the results of the period.

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:

	Portfolio Provision	Adoption of IFRS 9	Adoption of IFRS 16	Active depreciation Fixed Assets	Provision Expenses	Valuation of financial instruments	Financial instruments	Expenses paid in advance	Total
Active deferred taxes									
Balance as of January 1, 2020	9.307	14.117	114	237	-	-	-	-	23.775
Charge (credit) to the income statement	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**
Charge (credit) to the income statement	(1.561)		15	(58)	30		95	1.409	(70)
Charge (credit) to the other comprehensive results	-	-	-	-	-	20.318			20.318
Position (credit) to utilities the accumulated surplus	2.047	2.352	24	31	11	-	16	234	4.715
Balance as of December 31, 2021	**14.325**	**16.469**	**166**	**218**	**74**	**20.318**	**111**	**1.643**	**53.324**

(Stated in million of Colombian pesos)

	Valuation Financial Instruments	Intangibles	Impairment Financial Instruments	Shares	Available in foreign currency	Total
Liabilities deferred taxes						
Balance as of January 1, 2020	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**
Charge (credit) to the statement of results		750	(1.199)	175	529	255
Charge (credit) to the statement of other results	(14.062)	-	-	(34)	-	(14.096)
Charge (credit) to the other comprehensive results	-	435	833	-	88	1.356
Balance as of December 31, 2021	**-**	**3.044**	**5.839**	**415**	**617**	**9.915**

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:

	December 2021			**December 2020**		
	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	(104.923)	34.380	(70.545)	29.572	(8.871)	20.700
Shares	(345)	34	(310)	(499)	50	(449)
	(105.268)	**34.414**	**(70.855)**	**29.073**	**(8.821)**	**20.251**

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**
2018	Rent			Balance in Favor offset by income statement taxable year 2018.
2019	Rent			Balance in Favor offset by income statement taxable year 2019.
2020	Rent			No DIAN audit.

(Stated in million of Colombian pesos)

Of the above statements, the Tax Authority has not initiated review processes for the taxable years 2018, 2019 and 2020.

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, 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, 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:

	December 31, 2021	December 31, 2020
Collections pending application	16	-
Values received for third parties (23.1)	912	171
Bond premium at issuance	754	1.210
Collection of managed loan portfolios	6.973	7.201
Checks pending collection	15.102	18.382
Credit card guarantee	18.243	22.604
Total	**42.000**	**49.568**

23.1 Values received for third parties

Below the detail of other Values received for third parties

	December 31, 2021	December 31, 2020
Retailers collections	22	21

(Stated in million of Colombian pesos)

Free-standing trusts collections	-	1.628
Voluntary and mandatory insurance collections	2.584	3.026
FGA guarantees' collections (a)	12.496	13.707
Total Values received for third parties	**15.102**	**18.382**

(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, 2021 and December 31, 2020 Credivalores authorized and paid in capital is **135.194** and **129.638** represented in **4.784.954** and **4.588.300** shares, each of a nominal value of 28.254; respectively.

Credivalores-Crediservicios S.A.

Shareholder	December 31, 2021 Number of shares	%	December 31, 2020 Number of shares	%
Acon Consumer Finance Holdings S de RL	954.197	19.94%	912.913	19.89%
Crediholding S.A.S.	1.642.120	34.32%	1.571.073	34.24%
Lacrot Inversiones 2014 SLU	1.747.109	36.51%	1.671.520	36.43%
Acon Consumer Finance Holdings II S L	201.887	4.22%	193.153	4.21%
Direcciones de Negocio S.A.S.	1	0.00%	1	0.00%
Treasury shares	239.640	5.01%	239.640	5.22%
Total	**4.784.954**	**100%**	**4.588.300**	**100%**

	December 31, 2021	December 31, 2020
Number of authorized shares	6.469.661	4.700.000
Subscribed and paid shares	4.784.954	4.588.300
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	135.194	129.638
Paid-in capital	71.170	64.727
Total capital plus premium	**206.364**	**194.365**

(Stated in million of Colombian pesos)

According to minutes 64 held on December 13, 2021, capitalization is made by 196,654 shares for a total value of $61,021 per share, of which $28,254 corresponds to the nominal value and $32,767 to the premium in placement of shares.

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

	December 31, 2021	December 31, 2020
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	**1.294**	**1.260**

(a) The value of the shares as of December 31, 2021 and December 2020 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, 2021

	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	954.197	19.94%
Crediholding S.A.S	-	-	-	-	1.571.073	1.642.120	34.32%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	184.736	1.747.109	36.51%
Treasury Shares	-	-	-	239.640	-	239.640	5.01%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	8.986	201.887	4.22%
Direcciones de Negocio S.A.S.					1	1	0.00%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**1.841.875**	**4.784.954**	**100.00%**

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%**

Treasury shares

	December 31, 2021	December 31, 2020
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
Total	**-**	**-**

(Stated in million of Colombian pesos)

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, 2021 and December 31, 2020 were comprised of the following:

	December 31, 2021	December 31, 2020
Legal reserve	11.017	5.793
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves:	21	21
Total Reserves	**23.875**	**18.651**

Legal reserve

The Company is obliged to appropriate as a legal reserve 10% of its annual net profits, until the balance of the reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable prior to the liquidation of the Company, but may be used to absorb or reduce losses. Appropriations made in excess of the aforementioned 50% are freely available by the general assembly.

In accordance with the decision taken at the general assembly, held on April 20, 2021, it was decreed that the profits of the year 2020 will be used to increase the reserve by $5,224.

Other reservations

The other appropriate reserves directly from the accumulated profits can be considered as reserves of free availability by the General Meeting of Shareholders.

NOTE 25. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	December 31, 2021	December 31, 2020
Tax	20.223	(14.191)
Income tax OCI	**20.223**	**(14.191)**
Other comprehensive income	**(57.097)**	**48.171**
Shares	955	1.300
Financial instruments	**(58.052)**	**46.871**
Financial instruments Forward	(461)	(4.046)
Financial instruments Cross Currency Swap	18.902	30.523
Financial instruments Options	(81.386)	(27.200)
Financial instruments Coupon Only swap	4.893	47.594
Total	**(36.874)**	**33.980**

NOTE 26. REVENUE

Below, is a detail of revenue for the three and nine-months ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Interests	321.286	291.203
Interest expense	(112)	(223)
Subtotal Interests (26.1)	**321.174**	**290.980**

(Stated in million of Colombian pesos)

Revenue from customer contracts (26.2)	115.452	85.550
	436.626	**376.530**

26.1 Interest

	December 31, 2021	December 31, 2020
CrediUno interest	107.929	71.546
CrediPóliza interest	1.576	6.161
TuCrédito interest	43.709	52.948
Tigo interest	10.803	12.744
TuCrédito transaction costs	(21.926)	(15.964)
CrediPóliza transaction costs	(83)	(304)
CrediUno transaction costs	(12.096)	(8.895)
TuCrédito fair value	(3.332)	691
Sub-total Consumer loans	**126.580**	**118.927**
Microcredit interest	-	12
Microcredit loans transaction costs	-	(2)
Sub-total Microcredit	**-**	**10**
Factoring	-	35
Subtotal Factoring	**-**	**35**
CrediPóliza late payment interest	355	581
TuCrédito late payment interest	1.293	653
Consumer loan defaults	**1.648**	**1.234**
Financial returns	3.691	4.026
BTG Pactual financial returns	22.993	30.428
Current interests, Free-standing Trust	53.002	48.957
Income from FGA Alliance	33.170	23.713
Other income, Free-standing Trust	360	1.411
Write – off	21.732	24.642
Other loan interest	57.998	37.597
Other	**192.946**	**170.774**
Total Interests	**321.174**	**290.980**

26.2 Revenue from customer contracts

	December 31, 2021	December 31, 2020
Administration fee – credit card	83.351	59.190
Collection fees	14.289	9.766
Brokerage Commission	7.813	6.402
Financial Consultancy – Returns from Debtor life insurance	4.122	3.517
Financial Consultancy- Returns Voluntary insurance policies	2.048	2.823
Shared financial consultancy fees	1.497	1.909
Internal commission	1.667	1.330
Certifications	377	394
Returned commission	286	217
Department store income and credit card channels income	2	4
	115.452	**85.552**

NOTE 27. OTHER INCOME

(Stated in million of Colombian pesos)

At the end of each period, movements corresponded to:

	December 31, 2021	December 31, 2020
Other	649	1.961
Recovery of portfolio written-off	223	537
Recoveries from previous exercises	23	67
Sickness Leave	19	48
Reimbursement of expenses from previous years	11	43
Refund insurance	10	17
Tax refund	5	5
Other income recoveries	-	-
	940	**2.678**

NOTE 28. OTHER EXPENSES

At the end of each period, movements corresponded to:

	December 31, 2021	December 31, 2020
Fees	27.223	19.680
Taxes	12.194	11.157
Temporary Services	10.149	9.195
Operating leases	4.990	3.943
Technical assistance	3.645	3.815
Electronic data processing	3.530	3.430
Commissions	3.269	2.991
Publicity and advertising	3.158	2.751
Transport	2.424	2.565
Public services	2.159	1.998
Returns to investors	1.466	1.537
Consultation with Credit Bureau	1.215	1.303
Cost of representation	1.148	961
Travel expenses	839	910
Remodeling of facilities	803	832
Publications and subscriptions	659	485
Office supplies	402	451
Concierge and security services	241	324
Fines, penalties and awards	180	196
Maintenance	161	126
Insurance	111	120
Legal expense	17	89
Donations	15	12
Other	6	7
	80.004	**68.878**

NOTE 29. NET FINANCIAL INCOME

Below is the detail of financial (net) costs, for the periods for three and nine months ended December 31, 2021 and 2020:

	December 31,	December 31,

	2021	2020
Financial performances	937	3.535
Financial income	940	2.678
Exchange rate differences	844	4.093
Total Financial Income	**2.721**	**10.306**
Forwards valuation	(44)	(101)
Total Financial Expense	(44)	(101)
Net Financial Income (expense)	**2.677**	**10.205**

29.1 Corresponds to the returns generated by investments in financial institutions in which Credivalores has invested its resources.

29.2 Mainly corresponds to recovery of expenses of previous years and recovery of punished portfolio

29.3 Corresponds to the change in the exchange rate of derivative financial instruments, and of balance sheet accounts in dollars per realization.

29.4 Corresponds to the net result generated by the settlement of derivative financial instruments resulting from the prepayment of part of the Bond

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.

The following is a breakdown of unused lines of credit commitments and guarantees at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Unpaid approved credits	**291.322**	**385.960**

NOTE 31. RELATED PARTIES

(Stated in million of Colombian pesos)

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, 2021 and December 31, 2020 with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	December 31, 2021		**December 31, 2020**	
	Shareholders	**Members of the Board of Directors (a)**	**Shareholders**	**Members of the Board of Directors (a)**
Accounts receivable	1.815	-	1.815	-
Accounts payable	-	39	-	93
Operating expenses	-	202	-	286

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

Item	**December 31, 2021**	**2020**
Salaries	3.507	1.549
Short-term employee benefits	222	670
Total	**3.729**	**2.219**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of December 31, 2021:

Directors

No.	**Director**	**Alternate**
1	Jose Miguel Knoell Ferrada	Cristiano Mathias Boccia
2	Maria Patricia Moreno Moyano	Liliana Arango Salazar
3	Lorena Margarita Cardenas Costas	Vacant
4	Rony Doron Seinjet	Marcelo Jimenez
5	Oscar Forero	Vacant
6	Gustavo Adrián Ferraro	Carlos Manuel Ramon
7	Juan Camilo Ocampo	Vacante

Legal Representatives

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