Credivalores Crediservicios S. A.

Interim Condensed Financial Statements

For the periods ended September 30,2022 and December 31,2021

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF FINANCIAL POSITION INTERIM
ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

(Stated in millions of Colombian pesos)

	Notes	September 30, 2022	December 31, 2021
Assets			
Cash and cash equivalents	6	213.397	148.514
Financial Assets at fair value			
Equity Instruments	7	5.730	6.115
Derivatives Instruments	15	314.689	355.167
Loan portfolio	9	16.683	16.683
Total financial assets at fair value		**337.102**	**377. 965**
Financial Assets at amortized cost			
Consumer loans	9	1.988.761	2.034.298
Impairment	9	(349.588)	(318.427)
Total Loan portfolio, net	9	**1.639.173**	**1.715.871**
Accounts receivable, net	10	517.776	436.872
Total Financial Assets at amortized cost		**2.156.949**	**2.152.743**
Investments in Associates	8	14.263	12.369
Current tax assets	20	27.838	22.245
Deferred tax assets	20	68.635	43.409
Property and equipment, net	11	191	229
Assets for right of use	12	2.555	4.298
Intangible assets other than goodwill, net	13	41.362	44.111
Total assets		**2.862.292**	**2.805.883**
Liabilities and equity			
Liabilities:			
Financial Liabilities at fair value			
Derivative instruments	15	-	316
Total Financial Liabilities at fair value		**-**	**316**
Financial Liabilities At amortized cost			
Financial obligations	16	2.524.314	2.345.170
Other Lease Liabilities	12	2.824	4.770
Total Financial Liabilities At amortized cost		**2.527.138**	**2.349.940**
Employee benefits provisions	17	1.174	995
Other provisions	18	8.253	918
Accounts payable	19	76.588	151.134
Current tax liabilities	20	4.467	1.969
Other liabilities	21	65.136	42.000
Total liabilities		**2.682.756**	**2.547.272**
Equity:	22		
Share capital		135.194	135.194
Treasury shares	22	(12.837)	(12.837)
Reserves treasury shares	22	12.837	12.837
Reserves	22	11.038	11.038
Additional paid-in capital		71.169	71.169
Other Comprehensive Income (OCI)	23	(49.173)	(36.874)
Retained earnings		99.995	94.058
IFRS convergence result		(21.910)	(21.910)
Net Income for the period		(66.777)	5.936
Total equity		**179.536**	**258.611**
Total liabilities and equity		**2.862.292**	**2.805.883**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF INCOME INTERIM
PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(Stated in millions of Colombian pesos)

		For the quarter		For the nine months	
	Notes	**July 01 to September 30, 2022**	**July 01 to September 30, 2021**	**January 01 to September 30, 2022**	**January 01 to September 30, 2021**
Interest Income and similar	24.1	**69.100**	**80.176**	**248.599**	**238.715**
Financial costs interest	16	(138.562)	(56.965)	(295.497)	(171.163)
Revenue from contracts with customers	24.2	**34.718**	**30.637**	**91.209**	**85.546**
Net Interest		**(34.744)**	**53.848**	**44.311**	**153.098**
Impairment of financial assets loan portfolio	9	(25.798)	(24.112)	(54.549)	(63.302)
Expense on accounts receivable provisions		-	(1.736)	(8.072)	(10.301)
Gross Financial Margin		**(60.542)**	**28.000**	**(18.310)**	**79.495**
Other Expenses					
Employee Benefits		(3.729)	(3.466)	(10.835)	(10.329)
Depreciation and amortization expense	11 – 13	(1.552)	(1.559)	(4.649)	(4.600)
Depreciation right of use assets	12.1	(514)	(541)	(1.543)	(1.628)
Other	26	(20.459)	(20.166)	(57.042)	(58.065)
Total Other expenses		**(26.254)**	**(25.732)**	**(74.069)**	**(74.622)**
Net operating Income		**(86.796)**	**2.268**	**(92.379)**	**4.873**
Other Income	25	192	203	2.260	694
Financial income		2.460	305	4.747	742
Financial Income		**2.652**	**508**	**7.007**	**1.436**
Valuation of investments at fair value	27	-	(16)	(9)	(39)
Financial expense		**-**	**(16)**	**(9)**	**(39)**
Net financial income (expense)		**2.652**	**492**	**6.998**	**1.397**
Net Income before income tax		**(84.144)**	**2.760**	**(85.381)**	**6.270**
Income tax	20	18.125	(1.152)	18.604	(2.831)
Net income for the period		**(66.019)**	**1.608**	**(66.777)**	**3.439**
Net earnings per share		**(14.389)**	**351**	**(13.956)**	**750**

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF OTHER COMPREHENSIVE INCOME INTERIM
PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Stated in millions of Colombian pesos)

	For the quarter		For the nine months	
	July 01 to September 30, 2022	**July 01 to September 30, 2021**	**January 01 to September 30, 2022**	**January 01 to September 30, 2021**
Net income for the period	**(66.019)**	**1.608**	**(66.777)**	**3.439**
Other comprehensive income				
Items that may be or are reclassified to profit or loss				
Unrealized gains (losses) from cash flow hedges:				
Valuation of financial derivatives Forwards	(567)	207	(214)	2.787
Valuation of financial derivatives Cross Currency Swaps	4.572	(13.416)	(66.146)	(43.235)
Valuation of financial derivatives Options	1.330	(2.946)	47.438	(30.111)
Income tax	(1.867)	6.031	6.623	22.352
Total other comprehensive income for the period	**3.467**	**(10.124)**	**(12.299)**	**(48.207)**
Total other comprehensive income	**(62.552)**	**(8.516)**	**(79.076)**	**(44.768)**

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

CREDIVALORES- CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY INTERIM
PERIODS ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Stated in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
Balance as of January 01, 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)	-
Increases (decrease) in other comprehensive income	-	-	-	-	(48.207)	-	-	-	(48.207)
Deferred tax application IFRS 9 first time	-	-	-	-	-	-	2.352	-	2.352
Net income for the period	-	-	-	-	-	-	-	3.439	3.439
Balance as of September 30, 2021	**129.638**	**64.726**	**(12.837)**	**23.875**	**(14.227)**	**(54.848)**	**125.990**	**3.439**	**265.756**
Balance as of December 31, 2021	**135.194**	**71.170**	**(12.837)**	**23.875**	**(36.874)**	**(54.848)**	**126.996**	**5.936**	**258.611**
Appropriation of earnings	-	-	-	-	-	-	5.936	(5.936)	-
Increases (decrease) in other comprehensive income	-	-	-	-	(12.299)	-	-	-	(12.299)
Net income for the period	-	-	-	-	-	-	-	(66.777)	(66.777)
Balance as of September 30, 2022	**135.194**	**71.170**	**(12.837)**	**23.875**	**(49.173)**	**(54.848)**	**132.932**	**(66.777)**	**179.536**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS INTERIM
PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Stated in millions of Colombian pesos)

	Notes	September 30, 2022	September 30, 2021
Cash flows from operating activities			
Net income before taxes		(66.777)	3.439
Reconciliation of net income before taxes and net cash provided by (used in) operating activities:			
Depreciation of Property and equipment	11	212	297
Depreciation of assets for rights of use		1.543	1.628
Amortization of intangible assets	13	4.436	4.302
Amortization of expenses paid in advance		4.404	8.701
Allowance for impairment of loan portfolio	9	48.141	51.103
Amortization of Passive Transaction Costs		23.782	20.940
Increased forgiveness		6.408	12.200
Accounts receivable provision		8.072	10.301
Portfolio valuation measured at fair value	10	-	(52)
Adjustment instead in investments in associates	8	(1.894)	(1.215)
Exchange Difference Financial Instruments		39.830	9.845
Income tax		(18.604)	2.831
Cash generated by trades			
Income tax paid		(3.096)	(3.533)
Changes in operating assets and liabilities:			
Increase in loans		12.387	(195.586)
Increase in accounts receivables		(79.216)	(27.949)
Acquisition of Intangible Assets		(6.235)	(4.357)
Loss of intangible assets		145	43
Increase in accounts payable		(74.594)	(34.965)
Increase (decrease) in employee benefit		179	200
Increase in provisions	18	7.335	(1.934)
Increase (decrease) in other liabilities		23.137	3.717
Net cash provided by (used in) operating activities		**(70.405)**	**(140.042)**
Cash flows from investing activities:			
Net flow of investments in financial instruments		385	10.644
Acquisition of property and equipment		(174)	(23)
Net cash used in investing activities		**211**	**10.621**
Cash flows from financing activities:			
Acquisition of financial obligations		733.212	437.638
Payment due on derivatives		291.768	29.629
Payment of financial obligations		(888.156)	(376.105)
Pay financial leases		(1.746)	(1.553)
Net cash provided by financing activities		**135.078**	**89.609**
(Decrease) Increase in cash and cash equivalents		**64.884**	**(39.812)**
Cash and cash equivalents at beginning of year		148.513	264.300
Cash and cash equivalents at end of year		**213.397**	**224.488**

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 September 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.

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).

(Stated in millions of Colombian pesos)

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

<u>Business in Progress</u>

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 interim Financial Statements as of September 30,2022 and December 31,2021 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 238 on September 01, 2022. They can be modified and must be approved by the Shareholders.

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, 2021.

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 after 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 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 like 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. seeks to maintain various sources of funding on the local and international level from banking and capital markets.

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

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

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

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

According to its business model the Company has determined that 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.

<u>Financial Assets at amortized cost</u>

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

3.3 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest

on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments

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

Lease terms

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

3.4 Seasonal nature of income and expenses.

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

3.5 Income tax

The Company is subject to Colombian tax regulations The Company evaluates the recognition of liabilities for discrepancies that may arise with the tax authorities based on additional tax estimates that must be canceled. The amounts provided for the payment of income tax are estimated by the administration based on its interpretation of the current tax regulations and the possibility of payment.

Actual liabilities may differ from the amounts provisioned, having a negative effect on the Company's results and net position. When the final tax result of these situations is different from the amounts that were initially recorded, the differences impact the current and deferred income tax assets and liabilities in the period in which this fact is determined.

The Company evaluates the recoverability of deferred tax assets based on estimates of future tax results and the ability to generate sufficient results during periods in which such deferred taxes are deductible. Deferred tax liabilities are recorded according to estimates made of net assets that will not be tax-deductible in the future.

NOTE 4 - ESTIMATIONS OF FAIR VALUE

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

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

Fair value hierarchy has the following levels:

- Level 1 entries are unadjusted prices quoted in active markets for assets or liabilities identical to those the entity can access on the measurement date.
- Level 2 entries are entries other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 entries cannot be observed for the asset or liability.

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated about 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.

4.1 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 September 30,2022 and December 31, 2021, on a recurring basis.

(Stated in millions of Colombian pesos)

	September 30, 2022	December 31, 2021
ASSETS	**Level 2**	**Level 2**
Investments in equity instruments	5.730	6.115
Hedging derivatives		
Currency forward	26.240	8.013
Options	208.345	138.380
Cross Currency Swap	80.104	208.774
Consumer		
Payroll deduction loans	16.683	16.683
Total fair value recurring assets	**337.102**	**377.965**
LIABILITIES		
Hedging derivatives		
Forward	-	316
Total fair value recurring liabilities	**-**	**316**

4.2 Fair value determination

The methodology applicable to instruments for Credivalores is:

4.2.1 **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.

4.2.2 **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.

4.2.3 **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.

4.2.4 **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.

4.2.5 **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

4.2.6 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.

(Stated in millions of Colombian pesos)

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

4.3 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:

	September 30, 2022		**December 31, 2021**	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.988.761	1.381.368	2.034.298	2.028.584
Total	**1.988.761**	**1.381.368**	**2.034.298**	**2.028.584**
Liability				
Financial obligations	2.524.314	2.574.487	2.349.940	2.406.962
Total	**2.524.314**	**2.574.487**	**2.349.940**	**2.406.962**

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

4.4 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.

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) about 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.

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. 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.

4.4.1 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)

4.4.1.1 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 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 days 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.

4.4.1.2 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 5. 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

5.1 Governance structure

Board

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

- Establish and oversee the Company's risk management structure
- 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

(Stated in millions of Colombian pesos)

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, 2021. There have been no changes to the risk management department or any risk management policies since December 31, 2021. 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, 2021.

5.2 Credit Risk

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

The business model of Credivalores Crediservicios S.A, in its portfolio of credits differs from the rating of its products according to the inherent risk of its portfolio.
During the three and nine-month period ended September 30, 2022, 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 September 30, 2022 and December 31, 2021 as follows:

	September 30, 2022	**December 31, 2021**
Cash and cash equivalents	213.397	148.514
Financial instruments net	320.419	361.282
Loan portfolios		
Consumer loans	1.988.761	2.034.298
Payroll loans at fair value	16.683	16.683
Accounts receivable, net	517.776	436.872
Total financial assets with credit risk	**3.057.036**	**2.997.649**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	260.624	291.322
Total exposure to off-balance-sheet credit risk	**260.624**	**291.322**
Total maximum exposure to credit risk	**3.317.660**	**3.288.971**

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.

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.

(Stated in millions of Colombian pesos)

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 September 30, 2022 include the following key indicators (among others) for Colombia for the years ending September 30, 2022 and December 31, 2021[1]:

	2022-2021		
	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

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 consider the unused credit line when available as well the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

[1] Projections made internally by the planning area.

(Stated in millions of Colombian pesos)

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, 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.

For payroll loans ED will correspond to the full valuation of the assets at amortized cost. For credit cards, ED will consider 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 September 30, 2022:

		Stage 1	Stage 2	Stage 3	
Loan portfolio		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan consumer portfolio		56.111	27.839	275.662	359.612
Total loan portfolio	Ps.	**56.111**	**27.839**	**275.662**	**359.612**
Total loss impairment financial assets at amortized cost	Ps.	56.111	27.839	275.662	359.612
Total loss impairment	**Ps.**	**56.111**	**27.839**	**275.662**	**359.612**

(Stated in millions of Colombian pesos)

The following table shows the balances of loss allowances as of December 31, 2021:

Loan portfolio		Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL not credit-impaired	Total
Loan consumer portfolio		57.377	17.112	275.098	349.587
Total loan portfolio	Ps.	**57.377**	**17.112**	**275.098**	**349.587**
Total loss impairment financial assets at amortized cost	Ps.	57.377	17.112	275.098	349.587
Total loss impairment	**Ps.**	**57.377**	**17.112**	**275.098**	**349.587**

(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 September 30, 2022.

		Gross Amount Registered		Impairment Recognized
With recognized provision				
Consummer	Ps.	457.897	Ps.	275.098
Total	Ps.	**457.897**	Ps.	**275.098**

5.2.1 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 September 30, 2022

Age of Delinquency	Tu Credito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	667.263	645.937	26.870	1.340.070	1.222.999
1-30	8.347	52.660	21	61.028	60.167
31-60	5.568	30.260	15	35.843	35.301
61-90	5.020	14.845	7	19.872	19.476
91 - 180	6.663	21.450	56	28.169	27.496
181 - 360	20.823	36.568	634	58.025	57.518
> 360	97.510	160.999	7.431	265.940	263.758
Total	**811.194**	**962.719**	**35.034**	**1.808.947**	**1.686.715**

As of December 31, 2021

Age of Delinquency	Tu Credito	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**

(Stated in millions of Colombian pesos)

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), which indicates the balance of the encumbered and unencumbered loan portfolio classified by loan portfolio height of arrears.

As of September 30, 2022

Loan Delinquency Range	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
Current	966.958	373.113	1.340.071
1-30	26.134	34.893	61.027
31-60	16.685	19.158	35.843
61-90	5.631	14.242	19.873
91 - 180	1.611	26.558	28.169
181 - 360	614	57.412	58.026
> 360	2.182	263.757	265.939
Total	**1.019.815**	**789.133**	**1.808.948**

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
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**

5.3 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	September 30, 2022	December 31, 2021
Banco de Bogotá	Savings/Checking	46	183
Bancolombia	Savings/Checking	2.285	5.794
Red Multibanca Colpatria	Savings	101	28
Banco BBVA	Checking	188	299
Banco de Occidente	Savings/Checking	517	108
Banco Santander	Checking	507	20
JP Morgan	Checking	7	790
Available in Free-standing Trusts	Savings/Checking	181.397	85.957
JP Morgan USD	Deposit	13	3.204
Banco Santander USD	Checking	551	25.137
		185.612	**121.520**

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	Short-term Rating	Rating Entity
1	Banco BBVA	AAA	Fitch Ratings
2	Banco de Bogotá	AAA y BRC 1+	BRC Investor Services S,A, SCV
3	Banco Colpatria	AAA y BRC 1+	BRC Investor Services S,A, SCV
4	Banco de Occidente	AAA y de BRC 1+	BRC Investor Services S,A, SCV
5	Bancolombia	AAA y de BRC 1+	BRC Investor Services S,A, SCV
6	Banco Santander	AAA y de BRC 1+	BRC Investor Services S,A, SCV
7	Banco JP Morgan	AAA y F1+	Fitch Ratings

(Stated in millions of Colombian pesos)

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.

5.4 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' 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 September 30, 2022 and December 31, 2021, 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:	**September 30, 2022**	**December 31, 2021**
Equity Instruments	5.730	6.115
Derivatives instruments assets	314.689	355.167
Loan Portfolio	16.683	16.683
Total	**337.102**	**377.965**
Derivatives instruments liabilities	-	(316)
Total	**-**	**(316)**
Net Position	**337.102**	**377.649**

Methodology used to measure risk

Market risks are quantified through value at risk standard models.

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

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

Interest rates

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

Sensitivity Analysis

Considering 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:

(Stated in millions of Colombian pesos)

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 September 30, 2022 (11.349%).

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 September 30, 2022 as reference.

The results are set out below:

Scenarios	Interests
Effect of 20 BPS decrease in variable rate	538.257
Effect of 20 BPS increase in variable rate	538.257
Total Scenarios	**-**

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	538.257
Effect of devaluation and increase, 15 BPS, variable rate	538.257
Total Scenarios	**-**

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:

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 September 30, 2022.
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 September 30, 2022 (11.349%).
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 September 30, 2022.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of September 30st, 2022)	1.926.442
Scenario 1 (Effect of revaluation)	1.914.250
Scenario 2 (Effect of revaluation)	1.938.633
Difference Scenario 1 vs. Initial Scenario	**(12.191)**
Difference Scenario 2 vs. Initial Scenario	**12.191**

(1) Volatility obtained from the daily average for the previous three years, including the year 2021.

5.5 Liquidity Risk

The liquidity Risk is represented by the potential event of being unable to meet the expected outgoing cash flows on a timely and efficient manner, without affecting the normal course of business or the company´s financial position. Liquidity risk is related with having insufficient liquid assets and therefore having to incur in unusual or extra funding costs.

The company funding is based on short- and medium-term bank loans as well as bonds and commercial notes issued in the international capital markets. These funds are mainly used to leverage new loan origination according to Credivalores' business model. On the other hand, the Company's capacity to create positions regarding financial instruments available for sale (liquidity or loans) could be affected either by lack of market liquidity or because of sudden changes in interest rates and asset prices.

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

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

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

- Inflows: Incoming flows associated to loan portfolio, and interest income associated to liquid assets.
- Outflows: Outgoing flows related to i) operating expenses, ii) new loan origination, and iii) ´ principal and interest from financial liabilities.
- Liquidity GAP: Difference between inflows and outflows according to:

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

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

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

Liquidity Risk Management

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

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 September 30, 2022, are set out below:

(Stated in millions of Colombian pesos)

Item	Liquidity level September, 2022
7 Days	1.452%
15 Days	779%
30 Days	161%

As of September 30, 2022, the liquidity level in the 7 and 15 day bands is above the upper limit defined in the Company's liquidity manual, constituting a green flag scenario and indicating that Credivalores has sufficient resources to operate normally.

Also, as is good practice, a third band is monitored, which allows for controlling of the liquidity level projected to 30 days. As of September 30, 2022, 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 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 September 30, 2022 and December 31, 2021.

	September 30, 2022				
	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	46	46	-	-	-
Bancolombia S. A.	2.285	2.285	-	-	-
BBVA Colombia	188	188	-	-	-
Red Multibanca Colpatria S. A.	101	101	-	-	-
Banco de Occidente	528	528	-	-	-
Banco Santander Colombia	507	507	-	-	-
Banco Santander Uruguay	565	565	-	-	-
Alianza Fiduciaria	80	80	-	-	-
Credifinanciera	12.033	-	-	12.033	-
Cash at Free-Standing Trusts	181.397	181.397	-	-	-
Mutual Funds – Fiduciaria and	1.020	1.020	-	-	-
Agrocañas	4.710	-	-	-	4.710
Valores Bancolombia	21	21	-	-	-
JP Morgan	7	7	-	-	-
TIDIS	36	-	-	36	-
Fiducolombia Free-Standing Trusts	15.603	15.603	-	-	-
Inverefectivas	14.263	-	-	-	14.263
Total liquid assets	**233.390**	**202.349**	**-**	**12.069**	**18.972**

	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	-	-	-

(Stated in millions of Colombian pesos)

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	-	-	-
Agrocañas	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**

(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:

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 Sept-22	
Net Liquidity	213,397
Assets (Credivalores + Free-standing Trust) (Portfolio)	1,639,173
Indicator 1	**13,0%**

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 Sept-22	
Net Liquidity	213,397
Liabilities (Credivalores + Free-standing Trust)	2,209,625
Indicator 2	**9,7%**

(Stated in millions of Colombian pesos)

In the nine-months period ended September 30, 2022 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.

September 30, 2022

Assets	Less than one month	From one to nine months	From nine to twelve months	More than one year	Total
Cash due from banks and equivalents	213.398	-	-	-	213.398
Equity Instruments at fair value	1.020	-	-	4.710	5.730
Investments in Associates and Affiliates	-	-	-	14.263	14.263
Financial Assets at amortized cost (*)	84.290	422.663	510.232	1.292.245	2.309.430
Total assets	**298.707**	**422.663**	**510.232**	**1.311.218**	**2.542.820**

Liabilities	Less than one month	From one to nine months	From nine to twelve months	More than one year	Total
Financial Liabilities at amortized cost (*)	273.259	354.532	249.346	2.786.446	3.663.583
Total Liabilities	**273.259**	**354.532**	**249.346**	**2.786.446**	**3.663.583**

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

December 31, 2021

Assets	Less than one month	From one to nine months	From nine 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 nine months	From nine 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.

NOTE 6. 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 September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Cash	2	2
Banks	185.612	121.520
Mutual funds (6.1)	15.714	4.623
Term Deposit (6.2)	12.033	22.202
TIDIS	36	167
	213.397	**148.514**

(Stated in millions of Colombian pesos)

As of September 30, 2022, and December 31, 2021, there were no restrictions on bank accounts.

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

	September 30, 2022	December 31, 2021
Fiduciaria Bancolombia – Renta Liquidez	21	190
Alianza Fiduciaria – Collective Investment Fund	80	4.399
Fiduciaria Bancolombia - Progression	-	27
Fiduciaria de Occidente	10	-
Sub-Total	**111**	**4.616**
Fiduciaria Bancolombia	15.603	7
Total	**15.714**	**4.623**

The average profitability with cut to September 2022 is 7.19% and for December 2021 it was 3.57%.

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

Manager	Sept-22	Dec-21	Rating Agency
Fiduciaria Bancolombia	AAA	S3/AAA f(col)	BRC Investor Services S.A. SCV
Fiduciaria la Previsora	AAA	AAA+(col)	Value and Risk Rating S.A. SCV
Fiduciaria de Occidente	AAA		BRC Investor Services S.A. SCV

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.

6.2 Certificates of Deposit (CDs)

As of September 30, 2022, 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	23/02/2022	23/02/2023	6	6.500	IBR 1M + 3,30 %	5,84%	6.513
Santander Bank	23/02/2022	23/02/2023	6	5.500	IBR 1M + 3,30 %	5,84%	5.511
Total				**12.000**			**12.024**

The long-term rating for Santander Bank is AAA.

NOTE 7. FINANCIAL INSTRUMENTS

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

	September 30, 2022	December 31, 2021
Collective Investment Funds (7.1)	1.020	1.405
Equity instruments (7.2)	4.710	4.710
	5.730	**6.115**

7.1 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

(Stated in millions of Colombian pesos)

Issuer	Type of Fund	Minimum Investment	Minimum Balance	September Return 2022	As of September 30, 2022	As of December 31, 2021
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	-49.32711%EA	939	1.084
BTG Pactual II Z Class	Closed	5.000.000	2.000.000	0.00%EA	0	244
Fiduciaria Popular	At sight	200.000	200.000	11.005%EA	19	17
Open Portfolio BTG	Open	-	-	10.90331%EA	62	60
TOTAL					**1.020**	**1.405**

7.2 Equity instruments

	September 30, 2022	December 31, 2021
Agrocañas Shares	4.710	4.710
	4.710	**4.710**

The Company owns 5.03% of Agrocañas S.A. share capital, with 3,300 outstanding shares as of September 30, 2022. These are not listed on the stock exchange and are therefore measured at fair value with changes to equity.

NOTE 8. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	September 30, 2022	December 31, 2021
Inverefectivas S.A (a)	14.263	12.369
	14.263	**12.369**

(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 4.590,54 as of October 01, 2022.

	September 30, 2022		December 31, 2021	
	Share of ownership interest	Book value	Share of ownership interest	Book Value
Associates				
Inverefectivas S.A.	25%	14.263	25%	12.369
		14.263		**12.369**

The movement of investments in the associates account is shown below ended September 30,2022 and December 31, 2021:

Associate	September 30, 2022	December 31, 2021
Balance at the beginning of the period	**12.369**	**10.966**
Adjustments for exchange rate differences	1.894	1.573
Adjustment for valuation method of participation	-	(170)
Period-end balance	**14.263**	**12.369**

NOTE 9. 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 September 30,2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Consumer	1.988.761	2.034.298
Impairment	(349.588)	(318.427)
Total financial assets at amortized cost	**1.639.173**	**1.715.871**
TuCredito payroll deduction loans at fair value	16.683	16.683
Total financial assets at fair value	**16.683**	**16.683**
Total loan portfolio, net	**1.655.856**	**1.732.554**

(Stated in millions of Colombian pesos)

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling $897.582 as of September 30, 2022 and $358.097 as of December 31, 2021. 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 period ended September 30, 2022 and December 31, 2021.

	September 30, 2022	September 30, 2021
Initial Balance	318.427	266.972
Impairment of the period charged against to profit or loss	48.141	51.103
Write-offs	(16.980)	(13.221)
Closing balance	**349.588**	**304.854**

Expenditure on provisions and write-offs of loan portfolio

	September 30, 2022	September 30, 2021
Expenditure for the provisions period	48.141	51.103
Forgiveness	6.408	12.200
Total	**54.549**	**63.303**

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

As of September 30, 2022

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.686.715	119.081	176.246	6.718	(349.587)	**1.639.173**
Total financial assets at amortized cost	**1.686.715**	**119.081**	**176.246**	**6.718**	**(349.587)**	**1.639.173**

At 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**

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

September 30, 2022

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	283.603	725.594	254.825	724.739	1.988.761
Total Gross Loan Portfolio	**283.603**	**725.594**	**254.825**	**724.739**	**1.988.761**

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**

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

(Stated in millions of Colombian pesos)

September 30, 2022

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	220.017	626.439	226.231	614.028	1.686.715
Total Principal Only Loan Portfolio	**220.017**	**626.439**	**226.231**	**614.028**	**1.686.715**

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**

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 September 30, 2022		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.686.715	122.232	1.808.947
Total Financial Assets at amortized cost	**1.686.715**	**122.232**	**1.808.947**

	As of December 31, 2021		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.749.149	166.038	1.915.187
Total Financial Assets at amortized cost	**1.749.149**	**166.038**	**1.915.187**

Overdue but not impaired

As of September 30, 2022 and December 31, 2021, a summary of the overdue portfolio by days past due is as follows:

	September 30, 2022		December 31. 2021	
	Consumer	**Total**	**Consumer**	**Total**
Performing loans	1.222.999	1.222.999	1.373.758	1.373.758
Overdue but not impaired	95.468	95.468	69.589	69.589
Non-performing loans under 360 days	104.490	104.490	97.461	97.461
Non-performing loans over 360 days	263.758	263.758	208.341	208.341
	1.686.715	**1.686.715**	**1.749.149**	**1.749.149**

NOTE 10. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of September 30, 2022 and December 31, 2021 is as follows:

	September 30, 2022	December 31, 2021
Debtors (10.1)	288.605	250.243
Economically Related Parties (10.2)	110.651	92.121
Asficredito	89.978	81.455
Payments on behalf of clients (10.3)	19.727	15.794
Deposits	9.014	-
Prepayments and Advances	4.604	977
Others accounts receivable	3.065	2.373
Shareholders	1.815	1.815
Employees	-	3
Impairments for doubtful accounts (10.4)	(9.683)	(7.909)
	517.776	**436.872**

10.1 The balance of the debtors account that as of September 30, 2022 amounts to $288.605 and as of December 31, 2021 amounts to $250.244, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts and utilities and claims of guarantees to FGA.

(Stated in millions of Colombian pesos)

10.2 The following is the detail with economically related parties:

	September 30, 2022	December 31, 2021
Banco Credifinanciera	1	1
Asesorias financieras	6	-
Ingenio la Cabaña S.A.	2.000	-
Inversiones Mad capital S.A.S	9.353	8.894
Brestol S.A.S	16.283	16.749
Activar Valores S.A.S	22.321	22.321
Finanza Inversiones S.A.S	60.687	44.156
	110.651	**92.121**

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

	September 30,	
	2022	2021
Loans	DTF + 9.41%	DTF + 9.41%

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

	September 30, 2022	December 31, 2021
Life Insurance Payroll deduction loans	11.473	9.936
Crediuno Insurance	7.278	5.075
Tigo Insurance	393	186
Credipoliza Insurance	583	597
	19.727	**15.794**

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

	September 30, 2022	December 31, 2021
Balance at start of period	(7.910)	(14.629)
Deterioration (1)	(8.072)	(13.860)
Write-off	6.299	20.579
Balance at end of period	**(9.683)**	**(7.910)**

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

10.4.1. Detail Impairment

As of September 30, 2022, the amount of the impairment provision for accounts receivable amounts to $7,910. Changes in the impairment provision of accounts receivable are described in the following table:

Third Party	Impairment	%
Asficredito	7.909	9.4%
Collective Portfolio	1.774	1.6%
Total	**9.683**	

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 11. PROPERTY AND EQUIPMENT

The Company's property, plant and equipment as of September 30, 2022 and December 31, 2021, respectively, are as follows:

(Stated in millions of Colombian pesos)

	September 30, 2022	**December 31, 2021**
Transportation equipment	117	117
Office equipment and accessories	1.767	1.614
Computer equipment	388	393
Network and communication equipment	1.756	1.990
Assets in financial lease	4.354	4.384
Subtotal	**8.382**	**8.498**
Accumulated depreciation	(8.191)	(8.269)
Total	**191**	**229**

The breakdown for equipment movement is shown below:

	December 31, 2021	**Purchases**	**Write-offs**	**September 30, 2022**
Transportation equipment	117	-	-	117
Office equipment and accessories	1.614	153	-	1.767
Electronic equipment	393	-	(5)	388
Network and communication equipment	1.990	21	(255)	1.756
Assets in financial lease	4.384	-	(30)	4.354
	8.498	**174**	**(290)**	**8.382**

	December 31, 2020	**Purchases**	**Write-offs**	**September 30, 2021**	**Purchases**	**Write-offs**	**December 31, 2021**
Transportation equipment	117	-	-	117	-	-	117
Office equipment and accessories	1.781	13	(46)	1.748	19	(153)	1.614
Electronic equipment	399	-	(2)	397	21	(25)	393
Network and communication equipment	2.254	10	(148)	2.116	1	(127)	1.990
Assets in financial lease	4.865	-	(6)	4.859	-	(475)	4.384
	9.417	**23**	**(202)**	**9.237**	**44**	**(780)**	**8.498**

The following is the depreciation movement as of September 30, 2022 and December 31, 2021, respectively:

	December 31, 2021	**Depreciation**	**Lows Write-offs**	**September 30, 2022**
Transport equipment	117	-	-	117
Office equipment and accessories	1.578	47	-	1.625
Electronic equipment	1.374	155	(256)	1.273
Telecommunications equipment	816	10	(4)	822
Assets in financial lease	4.384	-	(30)	4.354
	8.269	**212**	**(290)**	**8.191**

	December 31, 2020	**Depreciation**	**Write-offs**	**September 30, 2021**
Transport equipment	117	-	-	117
Office equipment and accessories	1.721	53	(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	**404**	**(977)**	**8.269**

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 September 30, 2022 and December 31, 2021, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

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

(Stated in millions of Colombian pesos)

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 12. PROPERTIES BY RIGHT OF USE

Below is the plant and equipment properties that the Company has as of September 30, 2022 and December 31, 2021, respectively:

	September 30, 2022	December 31, 2021
Assets		
Properties, Plant and Equipment (Right of Use)	2.555	4.298
Deferred tax asset	94	166
Liabilities		
Other financial liabilities - lease of use		
Currents	(1.210)	(2.044)
Non-current	(1.614)	(2.726)
Net	**(175)**	**(306)**

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, 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		
Cost	9.296	9.296
Accumulated Depreciation	(3.276)	(3.276)
Net cost	6.020	6.020
As of September 30, 2022		
Balance at the beginning of the year	4.298	4.298
Additions	-	-
Retreats	(200)	(200)
Transfers	-	-
Depreciation charge	(1.543)	(1.543)
Balance at the end of the year	2.555	2.555
As of September 30, 2022		
Cost	9.153	9.153
Accumulated Depreciation	(6.598)	(6.598)
Net cost	**2.555**	**2.555**

(Stated in millions of Colombian pesos)

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 September 30, 2022 and December 31, 2021 have the following balances:

Lease liabilities	**September 30, 2022**	**December 31, 2021**
As December 31, 2021	**4.770**	**6.429**
Additions	-	434
Payments	(1.746)	(2.093)
Withdraws	(200)	-
As September 30, 2022*	**2.824**	**4.770**

- The net variation for the year corresponds to $1.946.

14.1Statement of Results

	September 30, 2022
Depreciation fee - usage asset	1.543
Interest expense on lease liabilities	278
Variable lease expenses	209
	2.030

Total cash outings for leases as of September 30, 2022 were $2.633

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 2022 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 2021.

NOTE 13. INTANGIBLE ASSETS

Below we present the company's other intangible assets as of September 30, 2022 and December 31, 2021, respectively:

September 30, 2022

	Initial Balance	**Additions**	**Amortization**	**Closing Balance**
Software Licenses	1.333	1.928	1.546	1.715
Acquired Trademarks	9.520	-	1.785	7.735
Database	18.166	-	568	17.598
Contracts	13.781	-	539	13.242
Other	867	4.307	4.403	771
Total	**43.667**	**6.235**	**8.841**	**41.061**

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**

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

(Stated in millions of Colombian pesos)

	September 30, 2022	December 31, 2021
Depreciation of brands	1.785	2.380
Amortization of exclusivity contracts, databases and licenses	2.653	3.400
Subtotal	**4.438**	**5.780**
Consultancies, free-standing trusts commissions, contributions	1.147	1.443
Investors	2.637	1.825
Fees	290	1.347
Insurance	329	6.502
Total	**4.403**	**11.117**

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.

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 2022 remain within the range initially estimated in 2018 of the Base Scenario, considering results obtained at the end of 2018 to 2022 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 14. 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:

	September 30,	
	2022	**2021**
Cash and cash equivalents		
AAA	185.511	196.952
AA	101	1
Total cash and cash equivalents	**185.612**	**196.953**

	September 30,	
	2022	**2021**
Equity instruments (shares)		
Fair value financial assets through the other comprehensive results		
Financial sector	5.730	6.294
Total equity instruments	**5.730**	**6.294**

	September 30,	
	2022	**2021**
Debt instruments		
Financial assets at fair value through the statement of return		
AAA	12.033	22.049
Total debt instruments	**12.033**	**22.049**

(Stated in millions of Colombian pesos)

NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

	September 30, 2022	December 31, 2021
ASSETS		
Hedge forward contracts (15.1)	26.240	8.013
Hedge Options (15.2)	208.345	138.380
Hedge Swaps (15.3)	80.104	208.774
Total	**314.689**	**355.167**
LIABILITY		
Forward Coverage (15.1)	-	**316**
Total	**-**	**316**

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 has developed a hedging policy against financial risks to mitigate the effects that these risks may have on the income statement. In development of this policy, the main objective is to minimize the effects of the exchange rate on the financing in foreign currency that the company currently has. To achieve this objective CVCS has contracted different types of derivatives such as: Exchange Rate Forward, Cross Currency Swap, Cupon Only Swap and Options. The Management constantly monitors the results of this strategy and its effectiveness to adopt timely actions and corrective measures in favor of results.

Equally, the methodologies for valuation at market prices have been adopted in accordance with the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

In accordance with the guidelines of this policy, the following is the list of derivative instruments implemented and outstanding as of September 2022 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	100.000.000	341.600.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 8,54%
Coupon	68.000.000	232.288.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 5,10%
Principal and Coupon	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 3,32%
Coupon	50.000.000	170.750.000.000	Non-Delivery	7/02/2020	7/02/2025	8,88%	IBR+ 4,995%
Coupon	40.000.000	160.660.000.000	Non-Delivery	1/06/2022	31/05/2025	9.5% + SOFR	IBR + 4.56%
Coupon	29.388.476	135.993.995.022	Non-Delivery	7/07/2022	31/05/2025	9.5% + SOFR	IBR + 3.9%
Coupon	18.325.152	78.706.527.453	Non-Delivery	18/07/2022	31/05/2025	9.5% + SOFR	IBR + 3.69%

Current Hedging Operations

Type of Instrument	Credivalores' Position	Type of Option	Hedged amount USD	Effective Date	Maturity Date	Strike price COP	Delivery
Call Option	**Seller**	**European**	**US$100.000.000**	**27-mar-20**	**7-feb-25**	**COP $ 4.800,00**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$168.000.000**	**27-mar-20**	**7-feb-25**	**COP $ 4.000,00**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$168.000.000**	**27-mar-20**	**7-feb-25**	**COP $ 4.500,00**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$ 18.000.000**	**7-feb-20**	**7-feb-25**	**COP $ 3.415,00**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$ 18.000.000**	**7-feb-20**	**7-feb-25**	**COP $ 4.000,00**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$100.000.000**	**7-feb-20**	**7-feb-25**	**COP $ 3.415,00**	**Non-Delivery**

(Stated in millions of Colombian pesos)

Call Option	Seller	European	US$100.000.000	7-feb-20	7-feb-25	COP $ 4.000,00	Non-Delivery
Call Option	Buyer	European	US$ 50.000.000	7-feb-20	7-feb-25	COP $ 3.415,00	Non-Delivery
Call Option	Seller	European	US$ 50.000.000	7-feb-20	7-feb-25	COP $ 4.000,00	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	11-jul-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	11-jul-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-ago-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-ago-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	12-sep-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	12-sep-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	10-oct-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	10-oct-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-nov-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-nov-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	12-dic-24	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	12-dic-24	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-ene-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-ene-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-feb-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-feb-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-mar-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-mar-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	11-abr-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	11-abr-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	13-may-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	13-may-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 3.333.333,33	10-jun-22	12-jun-25	COP $ 4.016,50	Non-Delivery
Call Option	Seller	European	US$ 3.333.333,33	10-jun-22	12-jun-25	COP $ 4.516,50	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	11-jul-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	11-jul-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-ago-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-ago-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	12-sep-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	12-sep-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	10-oct-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	10-oct-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-nov-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-nov-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	12-dic-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	12-dic-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-ene-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-ene-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-feb-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-feb-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-mar-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-mar-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	11-abr-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	11-abr-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	13-may-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	13-may-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 2.449.039.63	11-jul-22	12-jun-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 2.449.039.63	11-jul-22	12-jun-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	11-jul-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	11-jul-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	13-ago-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	13-ago-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	12-sep-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	12-sep-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	10-oct-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	10-oct-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	13-nov-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	13-nov-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	12-dic-24	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	12-dic-24	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	13-ene-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	13-ene-25	COP $ 5.127,46	Non-Delivery
Call Option	Buyer	European	US$ 1.527.095.99	19-jul-22	13-feb-25	COP $ 4.627,46	Non-Delivery
Call Option	Seller	European	US$ 1.527.095.99	19-jul-22	13-feb-25	COP $ 5.127,46	Non-Delivery

(Stated in millions of Colombian pesos)

Call Option	**Buyer**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**13-mar-25**	**COP $ 4.627,46**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**13-mar-25**	**COP $ 5.127,46**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**11-abr-25**	**COP $ 4.627,46**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**11-abr-25**	**COP $ 5.127,46**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**13-may-25**	**COP $ 4.627,46**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**13-may-25**	**COP $ 5.127,46**	**Non-Delivery**
Call Option	**Buyer**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**12-jun-25**	**COP $ 4.627,46**	**Non-Delivery**
Call Option	**Seller**	**European**	**US$ 1.527.095.99**	**19-jul-22**	**12-jun-25**	**COP $ 5.127,46**	**Non-Delivery**

15.1 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			
	September 30, 2022		**December 31, 2021**	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	6	26.240	59	8.013
Total forward contracts for hedging – assets	**6**	**26.240**	**59**	**8.013**

Stated in USD expressed in million

15.2 Derivate Financial Instruments Options

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

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

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

	Fair value			
	September 30, 2022		**December 31, 2021**	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	45	208.345	35	138.380
Total forward contracts for hedging – assets	**45**	**208.345**	**35**	**138.380**

The derivative financial instrument is maintained, to hedge the risk exposure in foreign currency until maturity.

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. Likewise, they hedge the principal of the first disbursement of the under the credit card portfolio backed term-loan structured through an SPV with O'Connor and Gramercy, which is referred to as PA Credivalores O'Connor and Gramercy credit for an attached nominal value of US$ 87.713.627.

These financial instruments are valued under the methodology and market value provided by the counterparties, the type of measurement is cash flow.

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

(Stated in millions of Colombian pesos)

15.3 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 are the following:

	Fair value			
	September 30, 2022		December 31, 2021	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Hedging Contracts Cross Currency Swaps (a)	24	108.871	48	191.802
Hedging Contracts Coupon Only Swap (b)	(6)	(28.766)	4	16.972
Total forward contracts for hedging – assets	**17**	**80.104**	**52**	**208.774**

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

a. Cross currency swap hedging contracts

Trading derivative instruments through cross currency swaps covers the debt (capital and interest) position of Notes 144 A/Reg S issued on February 7,2020 due in 2025 for a face value of US$100,000,000 with a coupon rate of 8,875%.

b. Coupon only swaps hedging contracts

The coupon only swaps are used to hedge interest payments from the reopening of the 144 A / Reg S Notes due 2025 issued on February 7, 2020 with an original face value of US $ 200,000,000 with a coupon of 8.875%. With respect The 144 A / Reg S Notes due 2025 with a coupon of 8.875%, In June, 2020 the amount of coupons covered at maturity with coupon only swaps was adjusted after completing a repurchase operation in the secondary market of these Notes for US$32,000,000 of principal.

In addition, the coupon only swaps also hedge the interest payments to maturity of the first disbursement under the PA Credivalores O'Connor and Gramercy for a nominal value of US $ 87.713.627.

NOTE 16. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations as of September 30, 2022 and December 31, 2021

	September 30, 2022	**December 31, 2021**
144 A / Reg S Bonds	1.230.265	1.720.458
ECP Program Notes	344.291	298.587
Ordinary Local Bonds- FNG Partial Guarantee	95.940	52.900
Financial obligations under Free-Standing Trusts or Special Purpose Vehicles (SPVs)	855.617	252.296
Working Capital Loans with Local Financial Institutions	44.649	82.721
Joint operations	3.727	-
Transaction costs	(50.175)	(61.792)
	2.524.313	**2.345.170**

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting at court September 30, 2022 and December 31, 2021, 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 cancelled between December 2021 and September 2022 and credits that have a maturity after September 2022, respectively, are considered long-term:

(Stated in millions of Colombian pesos)

a) Short-term financial obligations.

Entity	September 30, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Banco de Bogotá	5.964	IBR+5.06%	2023	271	IBR+1.25%	2022
Banco de Occidente	10.772	IBR+3,60%	2022al2023	10.271	IBR+2.5%	2022
Bancolombia	20.243	IBR+2.85%	2023	9.995	IBR+7.95%	2022
JP Morgan Colombia	-	-	2022	36.500	10%EA	2022
Coltefinanciera	3.726	14.68% EA	2023			
Total National Entities	**40.705**			**57.037**		
ECP Program Notes	344.291	8.5% NA	2023	199.058	8,5%EA	2022
Total ECP Program Notes	**344.291**			**199.058**		

Entity	September 30, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
9.75% Bonds due July 2022 (144 A/Reg. S Bonds)	-	9.75%NA	2022	379.464	9.75%EA	2022
Reopening of 9.75% Bonds due July 2022 (144 A/Reg. S)	-	9.75%NA	2022	274.043	9.75%EA	2022
Total International Bonds	**-**			**653.507**		

Entity	September 30, 2022	Maturity	Expiration	December 31, 2021	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	12.097	DTF + 5.5%	2023	-		
Total Free-standing Trusts	**12.097**			**-**		

Total short-term obligations	**397.093**			**909.602**		

Credivalores has short-term financial obligations, during the periods ended September 30, 2022 and December 31, 2021 for a value of $397.093 and $909.602, respectively. The measurement of passive financial instruments of financial obligations, are valued under amortized cost as stable IFRS 9.

b) Long-term obligations

The Company had long-term financial obligations during the periods ended September 30, 2022 and December 31 2020 totaling 1.804.738 and 1.497.360, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended September 30, 2022 and December 31, 2021, valued at 69.746 and 61.792, 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 September 30, 2022 and December 31, 2021 is 2.525.595 and 2.345.170 respectively, which will be paid off as described above.

Entity	September 30, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Banco de Bogotá	-			5.210	IBR+5.5%	2023
Bancolombia	7.670	IBR+7.96%	2024	20.475	IBR+7.65%	2023
Total National Entity	**7.670**			**25.685**		
ECP Program Notes	-			99.529	8,75%EA	2023
Total ECP Program Notes	**-**			**99.529**		

Entity	September 30, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	270.928	DTF + 5.5%	2023al2027	252.296	DTF-IBR+5.5%	2023 to 2025
Free-standing Trust payroll Credivalores	169.939	IBR+8%	2027	-		
Free-standing Trust Credivalores UBS O'Connor y Gramercy	402.653	SOFR+9,5%	2025	-	-	-
Total PA	**843.520**			**252.296**		

(Stated in millions of Colombian pesos)

Entity	September 30, 2022	Interest rate	Maturity	December 31, 2021	Interest rate	Maturity
8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	1.230.265	8,875% EA	2025	1.066.951	8,875% EA	2025
Domestic Bonds Guaranteed by the FNG	95.940	12.05% EA	2024	52.900	9,1%EA	2024
Total Bonds	**1.326.205**			**1.119.851**		

Total long-term obligations	**2.177.395**			**1.497.361**		
Transaction costs	**(50.175)**			(61.793)		
Total financial obligations	**2.524.313**			**2.345.170**		

- The item for rights of use for the periods ended September 30, 2022 and December 31, 2021 correspond to 2,824 and 4,770 respectively.

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 September 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 placement of the first lot had an over-demand of 1.51 for the amount initially offered, which was $ 35,000 million pesos. Subsequently, on September 23, 2022, Credivalores placed the second batch of the issuance of ordinary bonds with partial guarantee of the FNG for an amount of $43,040 million pesos maintaining the same maturity date and coupon of the issuance of the first lot. Therefore, at the end of September 2022, the total balance of ordinary bonds with partial guarantee of the FNG issued by Credivalores was $95,940 million.

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 and second tranche of the bonds issuances 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.

On January 31, 2022, Credivalores closed a credit line committed to Citibank Colombia for an amount of $290,000 million pesos, which was structured through an autonomous patrimony without recourse to Credivalores. This line is backed by a payroll portfolio, with an initial revolving period of 24 months and subsequent amortization of the capital depending on the portfolio, to achieve an average life of the facility of around 5.6 years. At the end of September 2022, $169,939,000 million pesos of the total committed amount of this facility had been disbursed.

The resources of this loan will be used to finance the growth of the portfolio and to meet the maturity of the bonds in dollars with a coupon of 9.75% in July 2022.

Obligations stated in foreign currency

Entity	Nominal Value as of September 31, 2022		Nominal as of Value December 31, 2021	
ECP Program Notes (a)	75	344.291	75	298.587
144 A/ Reg S Bonds (b)	268	1.230.265	432	1.720.458
Total	**USD343**	**COP1.574.556**	**USD507**	**COP2.019.045**

(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 an amount 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 September 2023 and a coupon of 8.75%. In that same month, a US$20,000,000 note issued in September 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.

(Stated in millions of Colombian pesos)

As a result of amortization principal and issuance of new notes under the ECP Program, the total outstanding balance as of September 30, 2022 is US$75,000,000.

(b) Issuance of bonds

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

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.

Afterward, 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 notes 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 on due 2022 and then during the late tender period an additional US$650,000 were tendered and repurchased. The principal amount repurchased on the Notes due 2022 Notes accounted for 47.6% of the US$325,000,000 outstanding as of the end of December 31, 2019.

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.

After the repurchase operations in the secondary market carried out in 2020 and 2022, the amount of outstanding principal of the Notes with a coupon of 9.75% and maturity in 2022 was US$155,952,000, which was paid in full on July 27, 2022 to the investors together with the corresponding interest.

Below are the payments of the overdue coupons of the issuance of Notes 144A / Reg S with coupon 9.75% and 8.875% and maturing in 2022 and 2025 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	3.353,76
	Total in Pesos	**34.191.812.500**	**45.674.996.250**	**50.074.488.750**	**50.907.394.688**	**53.136.135.000**

Principal	Coupon	Nineth Coupon Payment - 27/07/2020	Seven Coupon Payment - 27/01/2021	Eighth Coupon Payment- 27/07/2021	Nineth Coupon Payment - 27/01/2022
95.315.000	9,75%	4.646.606	4.646.606	4.646.606	4.646.606
75.000.000	9,75%	3.656.250	-	-	-
68.835.000	9,75%	-	3.355.706	3.355.706	3.355.706
	Total in USD	**8.302.856**	**8.002.313**	**8.002.313**	**8.002.213**
	FX Rate	3.660,15	3.591,48	3.904,17	3.947,83
	Total in Pesos	**30.389.698.303**	**28.740.145.298**	**31.242.388.393**	**31.591.769.357**

(Stated in millions of Colombian pesos)

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 07/02/2022
268.000.000	8,875%	11.892.500	11.892.500	11.892.500	11.892.500
	Total in USD	**11.892.500**	**11.892.500**	**11.892.500**	**11.892.500**
	FX Rate	3.775,95	3.543,28	3.949,33	3.962,68
	Total in Pesos	**44.905.485.375**	**42.138.457.400**	**46.967.407.025**	**47.126.171.900**

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

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

The principal and coupons of 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 June 30th, 2020. Consequently, as of September 30, 2022 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 due 2025 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.

At the end of September 30, 2022 CVCS complied with the covenants related to Notes 144 A / Reg S due in 2025.

(c) Free-standing Trust Credivalores UBS O'Connor y Gramercy

On May 13, 2022, Credivalores signed a new committed term-loan for US$100 million with two international funds (O'Connor UBS and Gramercy), structured through an SPV, which will be backed by the portfolio of the credit card product as collateral for the credit. The line has a term of 36 months with an availability period of 12 months from its closing and amortization of principal starting on the 24th month after closing, to achieve an average life of the facility of around 2.54 years. Each of the disbursements of this loan will be hedged to Colombian pesos through financial derivative instruments to maturity. At the end of September 2022, US$87.713.627 of this facility were disbursed, and were hedged to Colombian pesos through financial derivative instruments.

(Stated in millions of Colombian pesos)

The proceeds from this loan will be used to serve the debt maturity of the 9.75% dollar bonds in July 2022.

- **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 September 30, 2022 and September 30, 2021:

	September 30, 2022	September 30, 2021
Free-standing trusts	48.827	15.006
Local banks	7.139	3.408
Foreign currency obligation	18.893	17.134
Financial cost Derivatives	77.173	(3.167)
Issuance of bonds	114.924	116.944
Issuance of local bonds	4.482	443
Amortization Transaction costs	23.782	20.940
Interest for liabilities for lease and finance lease agreements	278	455
Total	**295.497**	**171.163**

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 17. 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 September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Interest on severance pay	22	42
Pension funds	112	-
Salaries	51	-
Legal premium	99	-
Severance pays	258	367
Holidays	632	586
	1.174	**995**

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 18. OTHER PROVISIONS

Credivalores provisions as of September 30, 2022 and December 31, 2021, respectively are provided below.

	September 30, 2022	December 31, 2021
Litigations subject to executive proceedings	705	705
Other provisions	7.548	213
	8.253	**918**

The movement of legal and other provisions are provided below for the periods ended September 30, 2022 and December 31, 2021:

(Stated in millions of Colombian pesos)

	Legal provisions	Other provisions	Total provisions
Balance held at December 31, 2021	**705**	**213**	**918**
Increase in provisions during the period	-	7.335	7.335
Balance held at September 30, 2022	**705**	**7.548**	**8.253**

	Legal provisions	Other provisions	Total provisions
Balance held as of December 31, 2020	**199**	**7.171**	**7.370**
Recovered provisions	506	(6.958)	(6.452)
Balance held as of December 31, 2021	**705**	**213**	**918**
Recovered provisions	-	7.335	7.335
Balance held as of September 30, 2022	**705**	**7.548**	**8.253**

The provisions correspond mainly to labor, civil and administrative proceedings brought by third parties against Credivalores on which provisions were recognized as of December 31, 2021 by 705 and were not increased according to the probability of occurrence for the period ended September 30, 2022. For these provisions it is not possible to determine a disbursement schedule 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 19. ACCOUNTS PAYABLE

Below, we detail the balance of accounts payable has Credivalores September 30, 2022 and December 31, 2021, respectively:

	September 30, 2022	December 31, 2021
Leases	5	2
Suppliers	26	23
Commission and fees	845	5.204
Withholdings and labor contributions	727	1.282
Other accounts payable (19.2)	24.937	27.614
Costs and expenses payable (19.1)	50.049	117.009
	76.589	**151.134**

19.1 Costs and expenses payable

	September 30, 2022	December 31, 2021
Services	193	2.153
Others (19.1.1)	23.036	42.787
Financial expenses (19.1.2)	26.820	72.069
	50.049	**117.009**

19.1.1 Other

	September 30, 2022	December 31, 2021
Technical service providers	12.011	7.766
Call option premiums	10.733	34.940
Fiduciary services	269	83
Contract Assignments	13	-
Finance lease agreements	7	-
Representation and public relations expenses	2	-
	23.036	**42.790**

(Stated in millions of Colombian pesos)

19.1.2 Financial Expenses

	September 30, 2022	December 31, 2021
Bank interests	515	1.382
Bank interest free standing trusts	5.764	722
Foreign currency interests	3.802	3.253
Coupon bonuses	15.935	65.104
Coupon ordinary bonds local issue	804	1.608
	26.820	**72.069**

19.2 Other accounts payable

	September 30, 2022	December 31, 2021
Tigo rejections	(3)	-
Crediuno rejections	(1)	-
Account payable free standing trusts	-	2.263
MC Pending collection to apply	7	-
Crediuno Disbursements	10	158
Payroll Loan Disbursement CDS	11	4.584
Transient	12	-
Third party administrative payments	136	49
Different	158	232
Against Visa vrol positions	178	4
TIGO Withdrawal	1.265	1.184
Credipoliza Withdrawals	2.035	1.979
Crediuno Refunds	2.761	2.378
Collection in favor of third parties	10.695	4.932
Payroll Loan CDS Refund	7.673	9.852
	24.937	**27.614**

NOTE 20. CURRENT AND DEFERRED TAX LIABILITIES

The expense for current and deferred income tax will be recognized in each of the interim accounting periods, on the best estimate of the tax rate expected for the annual accounting period.

For the end of the third quarter ended September 30, 2022, Credivalores does not register current income tax expenditure, since accounting and tax losses are presented for this period and in accordance with article 188 of the National Tax Statute, as of taxable year 2021 the percentage of presumptive income is zero (0%) of the liquid equity of the last day of the immediately preceding taxable year. Additionally, it recognized a tax revenue generated mainly by the update of the deferred tax asset on the tax loss. When calculating the effective tax rate for the cut-off periods of September 30, 2022 and September 30, 2021, it was 22% and 45% respectively.

NOTE 21. OTHER LIABILITIES

Below the detail of other liabilities:

	September 30, 2022	December 31, 2021
Commission commercial force	-	16
Credit card guarantee	23	912
Checks pending collection	11	754
Collections of managed loan portfolios	12.128	6.973
Portfolio collection in participation	2.281	-
Values received for third parties (21.1)	33.486	15.102
Collections pending application	17.207	18.243
Total	**65.136**	**42.000**

21.1 Values received for third parties

Below the detail of other Values received for third parties

	September 30, 2022	December 31, 2021
Retailers collections	-	22
Voluntary and mandatory insurance collections	284	2.584

(Stated in millions of Colombian pesos)

FGA guarantees' collections	13.276	12.496
Free-standing trusts collections	19.926	-
Total Values received for third parties	**33.486**	**15.102**

NOTE 22. 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 September 30, 2022 and December 31, 2021 Credivalores authorized and paid in capital is $**135.194** represented in **4.784.954** shares, each of a nominal value of 28.254; respectively.

Credivalores-Crediservicios S.A.

Shareholder	September 30, 2022 Number of shares	%	December 31, 2021 Number of shares	%
Acon Consumer Finance Holdings S de RL	954.197	19.94%	954.197	19.94%
Crediholding S.A.S.	1.642.120	34.32%	1.642.120	34.32%
Lacrot Inversiones 2014 SLU	1.747.109	36.51%	1.747.109	36.51%
Acon Consumer Finance Holdings II S L	201.887	4.22%	201.887	4.22%
Direcciones de Negocio S.A.S.	1	0.00%	1	0.00%
Treasury shares	239.640	5.01%	239.640	5.01%
Total	**4.784.954**	**100%**	**4.784.954**	**100%**

The number of shares authorized, issued and outstanding as of 31 September 2022 and 31 December 2021, is as follows:

	September 30, 2022	December 31, 2021
Number of authorized shares	6.469.661	6.469.661
Subscribed and paid shares	4.784.954	4.784.954
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	135.194	135.194
Paid-in capital	71.170	71.170
Total capital plus premium	**206.364**	**206.364**

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:

	September 30, 2022	September 30, 2021
Ordinary shares (a)	2.278.169	2.081.515
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**(13.956)**	**750**

(Stated in millions of Colombian pesos)

(a) The value of the shares as of September 30, 2022 and September 2021 correspond to the total number of outstanding shares held by Credivalores,4.784.954 and 4.784.954.

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.

September 30, 2022

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	-	-	-	118.363	954.197	19.94%
Crediholding S.A.S	-	-	-	-	1.642.120	1.642.120	34.32%
Lacrot Inversiones 2014 S.L.U.	-	923.665	563.119	-	260.325	1.747.109	36.51%
Treasury Shares	-	-	-	239.640	-	239.640	5.01%
Acon Consumer Finance Holdings II, S.L.	-	184.167	-	-	17.720	201.887	4.22%
Direcciones de Negocio S.A.S.					1	1	0.00%
Total	**835.834**	**1.107.832**	**563.119**	**239.640**	**2.038.529**	**4.784.954**	**100.00%**

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%**

Treasury shares

	September 30, 2022	**December 31, 2021**
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
Total	**-**	**-**

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

Reserves

Equity reserves as of September 30, 2022 and December 31, 2021 were comprised of the following:

	September 30, 2022	**December 31, 2021**
Legal reserve	11.017	11.017
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves	21	21
Total Reserves	**23.875**	**23.875**

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 more than the 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.

(Stated in millions of Colombian pesos)

Other reserves

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

NOTE 23. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	September 30, 2021	December 31, 2021
Tax	26.845	20.223
Income tax OCI	**26.845**	**20.223**
Other comprehensive income	**(76.018)**	**(57.097)**
Shares	955	955
Financial instruments	**(76.973)**	**(58.052)**
Financial instruments Forward	(675)	(461)
Financial instruments Cross Currency Swap	(5.873)	18.902
Financial instruments Options	(33.948)	(81.386)
Financial instruments Coupon Only swap	(36.477)	4.893
Total	**(49.173)**	**(36.874)**

NOTE 24. REVENUE

Below, is a detail of revenue for the three and period ended September 30, 2022 and 2021:

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Interests	69.129	80.203	248.662	238.806
Interest expense	(29)	(27)	(63)	(92)
Subtotal Interests (24.1)	**69.100**	**80.176**	**248.599**	**238.714**
Revenue from customer contracts (24.2)	34.718	30.637	91.209	85.546
	103.818	**110.813**	**339.808**	**324.260**

24.1 Interest

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
CrediUno interest	7.603	28.466	69.025	77.952
CrediPóliza interest	2	159	23	1.518
TuCrédito interest	4.360	8.563	23.355	28.719
Tigo interest	1.410	3.297	5.437	8.886
TuCrédito transaction costs	(11.830)	(13.101)	(19.318)	(16.056)
CrediPóliza transaction costs	(1)	(11)	(4)	(80)
CrediUno transaction costs	(3.104)	(3.160)	(10.136)	(8.704)
TuCrédito fair value	-	(323)	-	52
Sub-total Consumer loans	**(1.559)**	**23.891**	**68.382**	**92.287**
Microcredit interest	32	45	118	322
Microcredit loans transaction costs	293	325	1.073	899
Sub-total Microcredit	**325**	**370**	**1.191**	**1.221**
Joint operation interest	355	-	1.187	-
Subtotal joint operation	**355**	**-**	**1.187**	**-**
Financial returns	1.157	745	2.882	2.612
BTG Pactual financial returns	566	5.775	6.212	18.792
Current interests, Free-standing Trust	43.144	13.164	79.667	40.037
Income from FGA Alliance	421	9.613	14.171	21.749
Other income, Free-standing Trust	1.988	131	2.062	235
Write – off	17.785	5.228	41.994	15.487
Other loan interest	4.919	21.261	30.851	46.293

(Stated in millions of Colombian pesos)

Other	**69.979**	**55.915**	**177.839**	**145.206**
Total Interests	**69.100**	**80.176**	**248.599**	**238.714**

24.2 Revenue from customer contracts

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Administration fee – credit card	14.363	22.605	52.522	62.160
Collection fees	5.678	3.461	13.824	10.419
Brokerage Commission	2.043	2.049	6.308	5.652
Financial Consultancy – Returns from Debtor life insurance	1.034	1.044	3.619	2.899
Shared financial consultancy fees	667	433	1.826	1.159
Administration fee - life insurance plus	481	460	1.498	1.530
Financial Consultancy-Returns Voluntary insurance policies	10.373	413	11.186	1.251
Internal commission	5	102	187	264
Returned commission	74	69	239	211
Department store income and credit card channels income	-	-	-	1
	34.718	**30.637**	**91.209**	**85.546**

NOTE 25. OTHER EXPENSES

At the end of each period, movements corresponded to:

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Fees	6.680	6.835	17.535	20.477
Tax	3.285	3.329	9.597	8.873
Electronic data processing	2.393	2.434	7.456	6.945
Yields Invertors	1.004	754	3.013	1.842
Public services	1.086	837	2.938	2.641
Commissions	1.823	902	3.513	2.331
Technical assistance	876	1.178	2.552	3.387
Leases	773	595	2.058	1.809
Other	627	1.194	1.872	3.462
Publicity and advertising	342	363	1.527	852
Transport	723	425	1.820	1.592
Insurance	182	199	641	1.148
Janitorial and security services	231	209	680	640
Check risk central	53	158	364	638
Office supplies	112	112	390	321
maintenance and repairs	102	485	335	599
Travel expenses	63	57	241	141
Cost of representation	70	21	221	79
Legal expense	17	15	125	46
Temporary Services	7	37	80	86
Adaptation and installation	9	10	54	13
Fines, penalties and awards	2	15	25	125
Publicity and advertising	-	-	5	5
Donations	-	3	-	13
	20.459	**20.166**	**57.042**	**58.065**

(Stated in millions of Colombian pesos)

NOTE 26. NET FINANCIAL INCOME

Below is the detail of financial (net) costs, for the periods ended September 30, 2022 and 2021:

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Financial performances (26.1)	2.460	305	4.747	742
Financial income (26.2)	192	203	2.260	694
Total Financial Income	**2.652**	**508**	**7.007**	**1.436**
Exchange rate differences (26.3)	-	(16)	(9)	(39)
Total Financial Expense	-	(16)	(9)	(39)
Net Financial Income (expense)	**2.652**	**492**	**6.998**	**1.397**

26.1 It corresponds to the returns generated by investments in financial institutions in which Credivalores has invested its resources.

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

26.3 Corresponds to the change in the exchange rate in the realization of assets and liabilities in foreign currency, other than derivative financial instruments.

26.2 Other income

Below is the breakdown of other income for the quarter ended September 30, 2022 and 2021:

	For the quarter ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Recoveries from Loan portfolio	168	194	1.602	434
Recoveries from previous exercises	-	-	593	221
Sickness Leave	20	0	52	8
Other	4	7	12	15
Tax refund	-	0	1	5
Refund insurance	-	1	-	11
	192	**203**	**2.260**	**694**

NOTE 27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a. Commitments

Credit commitments

During 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. About 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 September 30, 2022 and December 31, 2021:

(Stated in millions of Colombian pesos)

	September 30, 2022	December 31, 2021
Unpaid approved credits	**260.624**	**291.322**

b. Fondo de Garantias de Antioquia

At the end of the quarter ended on September 30, 2022, there are guarantees pending payment by the FGA to Credivalores for 9,223.

NOTE 28. RELATED PARTIES

The Company's Board of Directors and Senior Management, in their role as governing bodies, are fully aware of the responsibility related to managing the various risks to which the Company is exposed; likewise, they are fully aware of the Company’s processes and business structure 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 September 30, 2022 and December 31, 2021 with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	September 30, 2022		December 31, 2021	
	Shareholders	Members of the Board of Directors (a)	Shareholders	Members of the Board of Directors (a)
Accounts receivable	1.815	-	1.815	-
Accounts payable	-	106	-	39
Operating expenses	-	154	-	202

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

Item	September 30, 2022	2021
Salaries	2.791	2.649
Short-term employee benefits	70	171
Total	**2.861**	**2.820**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of September 30, 2022:

<u>Directors</u>

No.	Director	Alternate
1	Jose Miguel Knoell Ferrada	Cristiano Mathias Boccia
2	Maria Patricia Moreno Moyano	Liliana Arango Salazar
3	Vacant	Marcelo Jimenez
4	Rony Doron Seinjet	Vacant
5	Oscar Forero	Vacant

(Stated in millions of Colombian pesos)

6	Gustavo Adrián Ferraro	Carlos Manuel Ramon
7	Juan Camilo Ocampo	Vacant

Legal Representatives

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

29. SUBSEQUENT EVENTS

Credivalores successfully achieved one of the main objectives for this year, which was to have the resources needed to serve the amortization of bonds due in July 2022 ahead of time and to secured new credit lines to maintain the company's operation. However, given the scenario as challenging as the one that has been developing so far in 2022, we believe the growth dynamics may be significantly diminished, a situation that will affect the generation of income (interest and commissions) during the year and will have to be mitigated with greater efficiencies in operating expenses.

On the other hand, Credivalores was able to timely meet the last debt maturity of US$50 million corresponding to the notes issued under the Reg S format of its Commercial Paper Program ("Euro Commercial Paper Program") in the international capital market with a coupon of 8.50% on October 28, 2022. The resources to meet this obligation for US$50 million included sources such as: i) a debt management operation through an exchange carried out between September 30 and October 14, 2022, to cancel early the notes with a coupon of 8.50% maturing on October 28, 2022 and exchange them for new notes with a term of one year, (ii) a claim from shareholders and, (iii) the company's own resources.

As a result of the exchange concluded on October 14, 2022, Credivalores successfully issued a new note under the Reg S format of the Commercial Paper Program for an amount of US$15 million, with a coupon of 12.50% and maturity on October 19, 2023. In total, the debt management operation allowed to refinance 27.4% of the current amount of the notes with a coupon of 8.50% and maturity in October 2022 and obtain new resources for US $ 1,046,400. The ECP Program has a share up to US$150 million with issuance terms of up to 3 years. This is the eighteenth issuance of notes under the ECP Program which reaches a total of US$432 million issued since 2014. After the issuance of this note for US$15 million and the maturity of the note for US$50 million, the new current amount of the program was US$40 million at the end of October 2022.

The shareholder's loan was for a value of US$20 million with a 12-month term and a dollar rate of SOFR+10%.