Credivalores-Crediservicios S. A.
Financial Statements

For the periods ended March 31, 2023, and December 31, 2022

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF FINANCIAL POSITION
ENDED MARCH 31, 2023, AND DECEMBER 31, 2022

(Stated in millions of Colombian pesos)

	Notes	March 31, 2023	December 31, 2022
Assets			
Cash and cash equivalents	6	127.373	273.052
Financial Assets at fair value measure profit or lost			
Equity Instruments	7	5.412	5.698
Derivatives Instruments	15	43.723	98.861
Loan portfolio	9	381	381
Total financial assets at fair value		**49.516**	**104.940**
Financial Assets at amortized cost			
Consumer loans	9	1.990.836	2.005.440
Impairment	9	(392.697)	(372.608)
Total Loan portfolio, net	9	**1.598.139**	**1.632.832**
Accounts receivable, net	10	307.677	320.129
Total Financial Assets at amortized cost		**1.905.816**	**1.952.961**
Investments in Associates and Affiliates	8	14.459	14.945
Current tax assets	20	34.490	32.012
Deferred tax assets, net	20	180.106	157.736
Property and equipment net	11	158	173
Assets for right of use	12	2.268	2.021
Intangible assets other than goodwill, net	13	39.050	39.852
Total assets		**2.353.236**	**2.577.692**
Liabilities and equity			
Liabilities:			
Financial Liabilities At amortized cost			
Financial obligations	16	2.281.310	2.534.228
Other Lease Liabilities	12	2.404	2.179
Total Financial Liabilities At amortized cost		**2.283.714**	**2.536.407**
Employee benefits provisions	17	1.005	1.053
Other provisions	18	3.257	3.028
Accounts payable	19	60.750	51.892
Current tax liabilities	20	1.849	1.698
Other liabilities	21	39.665	40.057
Total liabilities		**2.390.240**	**2.634.135**
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	245	(49.470)
Retained earnings		(202.464)	99.995
IFRS convergence result		(21.910)	(21.910)
Net loss income for the period		(30.276)	(302.459)
Total equity		**(37.004)**	**(56.443)**
Total liabilities and equity		**2.353.236**	**2.577.692**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF INCOME
PERIODS ENDED MARCH 31, 2023, AND MARCH 31, 2022
(Stated in millions of Colombian pesos)

	Notes	March 31, 2023	March 31, 2022
Interest Income and similar	24.1	**79.290**	**85.952**
Financial costs interest	16	(172.372)	(73.075)
Exchange rate differences	16	49.206	2.827
Revenue from contracts and other services with customers	24.2	**18.153**	**29.726**
Net Interest		**(25.723)**	**45.430**
Impairment of financial and condonation assets loan portfolio	9	(26.371)	(19.878)
Expense on accounts receivable provisions		(3.390)	(2.745)
Gross Financial Margin		**(55.484)**	**22.807**
Other Expenses			
Employee Benefits		(3.086)	(3.170)
Depreciation and amortization expense	11 – 13	(1.578)	(1.536)
Depreciation right of use assets	12.1	(641)	(525)
Other	26	(21.220)	(16.573)
Total Other expenses		**(26.525)**	**(21.804)**
Net operating Income		**(82.009)**	**1.003**
Other Income	25	300	260
Financial income		2.284	702
Financial Income		**2.584**	**962**
Investment valuation al fair value	27	(3)	(9)
Financial expense		**(3)**	**(9)**
Net financial income (expense)		**2.581**	**953**
Net Income before income tax		**(79.428)**	**1.956**
Income tax	20	49.152	(741)
Net income for the period		**(30.276)**	**1.215**
Net earnings per share		**(6.327)**	**254**

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF OTHER COMPREHENSIVE INCOME
PERIODS ENDED MARCH 31, 2023, AND MARCH 31, 2022
(Stated in millions of Colombian pesos)

	March 31,	
	2023	**2022**
Net income for the period	**(30.276)**	1.215
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Shares	(34)	-
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	161	(1.526)
Valuation of financial derivatives Cross Currency Swaps	17.074	(69.255)
Valuation of financial derivatives Options	59.297	51.560
Income tax	(26.782)	5.722
Total other comprehensive income for the period	49.716	(13.499)
Total other comprehensive income	19.440	(12.284)

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

CREDIVALORES- CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED MARCH 31, 2023, AND DECEMBER 31, 2022
(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 December 31, 2021	**135.194**	**71.169**	**(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	-	-	-	-	(13.499)	-	-	-	(13.499)
Net income for the period	-	-	-	-	-	-	-	1.215	1.215
Balance as of March 31, 2022	**135.194**	**71.169**	**(12.837)**	**23.875**	**(50.373)**	**(54.848)**	**132.932**	**1.215**	**246.327**
Balance as of December 31, 2022	**135.194**	**71.169**	**(12.837)**	**23.875**	**(49.470)**	**(54.848)**	**132.932**	**(302.459)**	**(56.443)**
Appropriation of earnings	-	-	-	-	-	-	(302.459)	302.459	-
Increases (decrease) in other comprehensive income	-	-	-	-	49.715	-	-	-	49.715
Net income for the period	-	-	-	-	-	-	-	(30.276)	(30.276)
Balance as of March 31, 2023	**135.194**	**71.169**	**(12.837)**	**23.875**	**245**	**(54.848)**	**(169.527)**	**(30.276)**	**(37.004)**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS
PERIODS ENDED MARCH 31, 2023, AND MARCH 31, 2022
(Stated in millions of Colombian pesos)

	Notes	March 31, 2023	March 31, 2022
Cash flows from operating activities			
(Loss) Profit after income tax		(30.276)	1.215
Reconciliation of (loss) profit after income tax:			
Depreciation of tangible assets	11	20	83
Depreciation of assets by right of use		641	525
Amortization of Intangible Assets	13	1.558	1.129
Amortization of expenses paid in advance		881	1.583
Acquisition of premiums for call options	9	(26.786)	-
Increase in Impairment for Credit Portfolio		23.708	17.240
Amortization of Transaction Costs Liabilities		12.808	7.572
Increase in forgiveness		2.662	2.638
Impairment Accounts Receivable	18	3.390	2.745
Change in investments in associates	8	486	699
Interest causation of financial obligations		71.897	54.672
Difference in Exchange Financial Instruments		65.567	(100.304)
Income tax		(49.152)	741
Cash generated by operations			
Net change in operating assets and liabilities:			
Increase (Decrease) in the portfolio of capital and interest loans		9.610	(103.760)
Decrease (Increase) in Accounts Receivable		7.773	(39.705)
Acquisition of Intangible Assets		(348)	(1.565)
Increase in prepaid expenses		(1.294)	-
Loss of intangible assets		6	15
Increase (Decrease) of Accounts Payable		8.889	(21.619)
Employee Benefits Increase		(48)	(14)
Income tax paid		(2.325)	(1.021)
Increased Provisions	18	229	4.266
Decrease (increase) in Other Liabilities		(394)	20.227
Net cash provided by operating activities		**107.454**	**(152.638)**
Net change in investment assets**:**			
Increase in investments in FIC'S financial instruments		252	88
Acquisition of property and equipment		(5)	(16)
Net cash provided for investment activities		**247**	**72**
Net change in operating activities			
Acquisition of financial obligations		154.042	190.714
Result in the maturity settlement of derivatives		23.738	118.312
Payment of financial obligations		(328.401)	(47.840)
Interest payment financial obligations		(102.096)	(98.191)
Payment of financial leases		(663)	(586)
Net cash used for financing activities		**(253.380)**	**162.409**
Increase (decrease) in cash and cash equivalents		**(145.679)**	**9.843**
Cash and cash equivalents at the beginning of the period		273.052	148.513
Cash and cash equivalents at the end of the period		**127.373**	**158.356**

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 through 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 Crediservicios S.A. and Credivalores S.A. was registered throughPublic 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 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 through 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.

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

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

The Company's business purpose is to originate consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its 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 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 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 employing large-scale or regular deposits from individuals, under 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 under Colombian legislation, nor is it allowed to carry out brokerage of instruments registered with the Colombian National Registry of Securities and Issuers (RNVE).

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

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

(Stated in millions of Colombian pesos)

Ongoing Business

Article 218 of the Commercial Code sets the causes for the dissolution of the Company:

The commercial company shall be dissolved for the following reasons:

1) The expiration of the term provided in the contract for its duration if it is not validly extended before its expiration.
2) The impossibility of developing the social enterprise, for the termination of the same, or for the extinction of the thing or things whose exploitation constitutes its object.
3) By reducing the number of associates to less than required by law for their constitution or operation, or by increasing them, exceeding the maximum limit set in the same law.
4) The declaration of bankruptcy of the company.
5) The causes are specifically and clearly stipulated in the contract.
6) By decision of the associates, adopted in accordance with the laws and the social contract.
7) By decision of the competent authority in the cases expressly provided by law,
8) For other reasons established in the laws, concerning all or some of the forms of society regulated by this Code.

Article 457 of the Commercial Code indicates the causes for the dissolution of the corporation:

The public limited company shall be dissolved:

1) For the reasons indicated in article 218.
1. Repealed by Art. 4 of Law 2069 of 2020
2) When ninety-five percent or more of the subscribed shares are owned by a single shareholder.

Likewise, Article 4 of Law 2069 of 2020 establishes:

ARTICLE 4. CAUSE OF DISSOLUTION FOR NON-COMPLIANCE WITH THE ONGOING BUSINESS HYPOTHESIS. Will be cause for the commercial company dissolution the non-compliance with the ongoing business hypothesis at the end of the year, in accordance with the provisions of current regulations.

(…)

PARAGRAPH 1. The references made in any rule relating to the cause of dissolution for losses shall be understood in reference to the present cause. The obligations established in this rule shall also be enforceable to branches of a foreign company.

Finally, the National Government through Act 854 of 2021 issued by the Ministry of Industry and Commerce indicated the financial ratios or criteria to establish patrimonial impairments and insolvency risks.

(…) however, administrators will use at least the following indicators as a baseline:

INDICATOR	**DIMENSION**	**FORMULA**
Negative equity position	Patrimonial detriment	Total Equity < 0
Consecutive losses in two closing periods or in several monthly periods according to the business model	Patrimonial detriment	(Profit for the financial year < 0) and (profit for the previous year < 0)
Net working capital on short-term debts (<0.5)	Insolvency Risk	(Commercial accounts receivable customers + current inventory -Commercial accounts payable) / Current Liabilities
EBIT / Total assets < Liabilities	Insolvency Risk	(Earnings before interest and taxes / Total Assets) < Total Liabilities

Credivalores has evaluated the following items according to the behavior in recent months:

- Economic environment.
- Payment of obligations with third parties: payroll, suppliers, and tax national, district, and municipal entities, financial liabilities.
- Financial Forecasts.
- Ability to continue offering business model products.
- Shareholders' commitment.

As stated in the conceptual framework, in paragraph 3.9 ongoing business hypothesis, financial statements are normally prepared under the assumption that a reporting entity is in operation and will continue its activity for the foreseeable future. Therefore, it is assumed that the entity does not intend or need to liquidate or cease its business. If such an intention or need would exist, financial statements may have to be prepared on a different basis. If so, the financial statements describe the basis used.

Economic overview

In 2022, different global and local events were presented that had important effects on economic performance. Situations such as the war between Russia and Ukraine impacted the costs of oil and its derivatives, generating cost overruns in energy generation and production globally, due to the increase in the price of raw materials. Likewise, the measures implemented by China to control COVID-19 infections, together with the high uncertainty of investors due to the electoral contests in Colombia, Brazil, and other political events in the region, triggered an accelerated escalation in the exchange rates of a large part of the emerging economies.

Additionally, the global economic reactivation generated greater inflationary pressures that had to be tackled by the different central banks through a restrictive monetary policy, where countries such as Colombia suffered significant increases in interest rates, which decreased liquid funds in the economy.

With this global outlook, the economic performance in Colombia was favorable within the region despite having one of the most devalued currencies during 2022, which on average was close to 20%. However, the economy is estimated to have grown close to 9% and the unemployment rate fell to 10.9% in December according to DANE´s[1] statistics, approaching pre-pandemic levels again.

In terms of portfolio performance, this year we witnessed the total reactivation of the economy, which allowed portfolio origination volumes to be brought to pre-pandemic levels. However, the portfolio of the banking sector grew 3.5% in real terms, mainly in consumption mode (5.4%), growing below the level presented in 2021. According to Asobancaria, for 2023 a slowdown in the real growth of the portfolio of 2.1% is expected (consumption growing at 2.3%) due to a slowing down on the country's economic activity, lower household consumption due to high inflation, and a new increase in the unemployment and interest rates in the placement of loans.

The financial´s market volatility suffered during the year led to an accelerated increase in interest rates, where the need to contain inflation led the Bank of the Republic to raise reference rates from 3% to 11% during 2022. Likewise, the situation caused the capital market´s activity in new local issues to be diminished.

The rise in funding rates is expected to continue during the first half of 2023, a situation that will limit the possibility for a large part of the population to obtain both consumer and housing loans due to the transfer of this extra cost to placement rates and lower liquidity in the financial sector, forcing financial institutions to be more selective and moderate their credit risk appetite.

The local panorama still shows a high uncertainty facing a year of economic slowdown, where the mining sector has been protagonist by the permanent declarations of the government about the non-granting of new licenses for exploration and exploitation of hydrocarbons, the gradual dismantling of the subsidy to gasoline and the possibility that the capital destined for investment is compromised and limited by the energy transformation policy of the actual government.

The increase in the minimum wage of 16% will allow the growth of the loan portfolio due to the increase in the capacity of payment / indebtedness, where the payroll will have a fundamental role in the entire financial sector due to its growth in a natural way in the lower risk portfolios of. However, 2023 increases in a possible scenario of economic recession leave a challenging outlook for the productive sector, which will seek to compensate for the effects of the increase in minimum wage, inflation, and new tax reform through optimization and efficiency in its operational processes that will allow them to overcome the difficulties that lie ahead in the short term.

Finally, we see that the financial sector will continue to be one of the sectors that will mark the growth of the country’s total GDP, which is projected between 0.7% and 1% by 2023, being a strategic ally for the government in the control and collection of taxes, as well as a natural facilitator in the dispersion of resources associated with government social programs that will operate during the year aimed at the vulnerable population.

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[1] Colombian Department of Statistics

Payment of obligations with third parties: payroll, suppliers, and fiscal entities of national, district, and municipal order, financial obligations.

Credivalores has been complying with the payment of the different obligations resulting from the operation and business in progress such as payroll, suppliers, national, district, and municipal tax obligations, and financial obligations.

In several scenarios that we have consulted from other entities' economic research, the normal scenario they contemplate for this year is a Foreign Exchange Rate of COP4,850 per USD1, this being the value that the company currently assumed and that was reflected in the result of its Financial Statements as of December 2022. On the other hand, the company is managing alternatives and hedging strategies through international intermediaries given that the local market does can´t close these positions or exchange rate exposures.

Ability to continue offering business model products.

Credivalores structured two additional collateralized lines for a payroll portfolio closing COP350,000 millions: i) with Coomeva for COP50,000 millions and ii) Alianza for COP300,000 millions, which will start operating in the first half of 2023.

Shareholder commitment

During 2022, arrangements were made to add a new shareholder to the company, as well as the negotiation of all contractual terms and documentation. Once this documentation is signed, it is estimated that the shareholder is making the capitalization at the beginning of 2023.

There are important uncertainties related to events and conditions that may generate significant doubts about the ability of Credivalores to continue as an ongoing business, such as the behavior of the Exchange Rate, however, the Management and Shareholders based on the related information conclude that the ongoing business hypothesis continues to be appropriate. Therefore, Credivalores will prepare the financial statements and other reports as stipulated by regulation. Likewise, it will maintain monitoring and reporting to the market any changes that may affect its situation and may lead to a non-performing situation.

Additionally, Credivalores has an authorized amount to issue bonds in dollars and available credit lines.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The financial statements of the company Credivalores Crediservicios S.A., have been prepared in under the accounting and financial reporting standards accepted in Colombia, based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual framework, the conclusion rationale, and the application guides authorized and issued by the International Accounting Standards Board (IASB) published in Spanish until 2018), excluding IFRS 17 on Insurance Contracts; and other legal provisions defined by government surveillance entities that may differ in some aspects from those established by other State control bodies), established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. They have been prepared based on historical cost.

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 through 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 251 on February 28, 2023. 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 March 31, 2023.

3.1 IFRS 9 – FINANCIAL INSTRUMENTS

Credivalores applies IFRS 9 - Financial instruments as of January 1, 2018, according to the following models.

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 it is not possible to apply the quantitative criterion or 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.
- 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).
- The frequency of payment is fixed according to its depreciation: monthly, quarterly, semi-annual, and annual, among others.
- The granular depreciation approach captures the dynamic behaviors of risk parameters at high granularity (more detailed).

Main sources of calculation

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 by stress analysis and scenarios with inputs that are not controlled by the Company, such as macroeconomic factors. To this end, the Company has developed a statistical model for the projection of PDs through neural networks in a univariate way.:

1. Search for possible associations with macroeconomic variables: From the collection of information on macroeconomic variables that were considered, we went through the Principal Components Analysis (PCA) method and the Stepwise method (STW) to find the possible associations of macroeconomic variables with each of the PD of the products, these were considered our explanatory variables.

2. Univariate projections: We project the PD and the macroeconomic variables associated, we do this in a univariate way through neural networks, in some macroeconomic variables we use classic methods such as ARIMA models. The argument of selection of the best model to make the projections of each series is the lowest value found with the root of the mean square error both in training and the validation set (test), it is also important to highlight that the models chosen are those where there is coherence in the projections.

The projected PD is considered the PD of our BASE scenario, and this is precisely the target variable in multivariate scenarios. The fundamental argument for the PD to be projected in a univariate way is that by doing so we are doing it only with the information that the series keeps, that is, although we know that a series is the reflection of other variables, in principle we look for the information that only it gives us, to later observe how it is affected by macroeconomic variables.

3. Generation of scenarios: For Forward-looking models, we must generate two scenarios in our projections of macroeconomic variables, one optimistic and one pessimistic. To achieve this, we rely on descriptive measures of each of the series, in this case, the projected scenarios are given by the standard deviations that are needed to reach quartiles 25% and 75% of each of the macroeconomic series, understanding these points as critical values for both an optimistic and pessimistic scenario.

4. Multivariate adjustment: With the macroeconomic variables projected in the BASE scenario, a multivariate neural network is adjusted, understanding that the variables associated with each of the products are the explanatory variables and the response variable, that is, the PD is our explained variable. The best fit that is determined by the smallest root of the mean square error is our chosen neural network model. With this model and with the optimistic and pessimistic projections of the associated macroeconomic variables, we proceed to project each of the optimistic and pessimistic scenarios in a multivariate way.

3.2 Financial Assets Business Model

Credivalores assess 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.

Credivalores Crediservicios S. A. seeks to maintain various sources of financing locally and internationally from the banking and capital markets.

The assessment of whether contractual cash flows are solely payments of principal and interest (SPPI).

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

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

The entity applies meaningful judgments 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 as 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 soon.

Financial Assets at fair value

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

1. Maximum term of 90 days as of the date of origination.
2. Highest rating based on its compliance score.

Financial Assets at amortized cost

The loan portfolio is classified at amortized cost when:

The loan portfolio is classified at amortized cost when it meets the following criteria: Credivalores Crediservicios S.A.S.'s business model is to hold these assets to collect 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 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 the profit generated from a specific office. For individual offices, up to 100% of lease payments are based on 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 evaluates the recognition of liabilities due to 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 current tax regulations and the possibility of payment.

Actual liabilities may differ from the amounts provisioned resulting in 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 income tax and deferred 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 regarding the fair value measurement in its totality. Financial instruments quoted in markets considered inactive but valued per 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 that 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.

(Stated in millions of Colombian pesos)

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as of March 31, 2023, and December 31, 2022, regularly.

	March 31, 2023	December 31, 2022
ASSETS	**Level 2**	**Level 2**
Investments in equity instruments	5.412	5.698
Hedging derivatives		
Currency forward	-	5.120
Options	17.838	96.836
Cross Currency Swap	-	(10.146)
Prima Call	25.885	7.051
Consumer		
Payroll deduction loans	381	381
Total fair value recurring assets	**49.516**	**104.940**

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 the 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 the 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 the Average term to maturity, the weighted average rate.
b. Calculate the 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 the 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 fulfill 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 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 regularly, of whether the hedging relationship is highly effective in offsetting the changes in fair value or cash flows of the hedged items.

For a 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 hedged risk.

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

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

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

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

	Valuation technique	Significant inputs (1)
ASSETS		
Trading Derivatives		
Currency Forward Debt securities Forward	Discounted cash flow	- Underlying asset price Currency curve by the underlying asset - Forward exchange rates curve of the operation's currency

(Stated in millions of Colombian pesos)

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

	March 31, 2023		December 31, 2022	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.990.836	1.667.714	2.005.440	1.727.703
Total	**1.990.836**	**1.667.714**	**2.005.440**	**1.727.703**
Liability				
Financial obligations	2.281.310	2.316.379	2.534.228	2.527.648
Total	**2.281.310**	**2.316.379**	**2.534.228**	**2.527.648**

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 directly 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) regarding 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 before 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 are considered 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 with the loan portfolio.
- **iv)** The cash flows associated with 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 are 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 day loans) and since the Company has the possibility of selling them in the short term because of their excellent rating.

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

4.4.1.2 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 under 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, 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, 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 committee 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

(Stated in millions of Colombian pesos)

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

Financial Risk Management

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

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

The financial statements do not include all financial risk management information and disclosures required in the annual financial statements; these financial statements should be read in conjunction with Credivalores annual financial statements as of March 31, 2023. There have been no changes to the risk management department or any risk management policies since March 31, 2023. 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 March 31, 2023.

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 six-month period that ended March 31, 2023, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to the 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 March 31, 2023, and December 31, 2022, as follows:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	127.373	273.052
Financial instruments, net	49.135	104.559
Loan portfolios		
Consumer loans	1.990.836	2.005.440
Payroll loans at fair value	381	381
Accounts receivable, net	307.677	320.129
Total financial assets with credit risk	**2.475.402**	**2.703.561**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	678.182	530.529
Total exposure to off-balance-sheet credit risk	**678.182**	**530.529**
Total maximum exposure to credit risk	**3.153.584**	**3.234.090**

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 consists 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 the external environment result 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 in 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 are 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 are 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 judgment 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 because 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 that is determined by the stage of the loan. For stage 1 the PD is evaluated for the next 12 months, loans in later stages are evaluated for the remainder of the loan lifetime. To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime, the model estimates the PD conditioned to not having defaulted during previous years.

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

(Stated in millions of Colombian pesos)

Forward-Looking Information

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

The base case represents the most-likely outcome. It is aligned with information used by Credivalores for other purposes, such as strategic planning and budgeting. The other scenarios for Colombia represent more optimistic and more pessimistic outcomes. Credivalores has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

The economic scenarios used as of March 31, 2023, include the following key indicators (among others) for Colombia for the years ending 31 March 2023:

	2023		
	Scenario A	**Scenario B**	**Scenario C**
Consumer Price Index	120,64	115,96	125,33
Consumer Price Index Full-Year Variation	6,75	5,46	8,05
Import Price Index	129,59	125,76	133,41
Economic performance Index	111,06	116,45	105,66
Economic performance Index, data affected by seasonal effect	120,84	124,46	117,22
Economic performance Index, data affected by seasonal effect Full Year Variation	5,25	6,21	4,29
Real Exchange Rate Index (ITCR), according to PPI - Bilateral with the United States	179,28	168,70	189,87
Gross domestic product	279479,81	288362,79	270596,82
Gross Domestic Product Annual Growth Rate	-0,24	0,73	-1,22
Unemployment rate	9,63	7,94	11,31
Foreign Exchange rate (COP/USD)	4488,82	4097,26	4880,38
Usury rate	31%	29%	33%
Variation of the usury rate	0,87	0,56	1,18
Consumer Price Index	120,01	116,17	123,84
Gross domestic product	268958,06	275997,44	261918,67
Usury rate (Maximum interest rate)	31%	27%	35%
Producer Price Index	185,92	185,84	186,00
Export price index, according to foreign trade	192,66	192,77	192,55
Heavy Construction Price Index	106,53	106,49	106,56

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 to identify significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower and product.

Each exposure is assigned to a degree of credit risk at initial recognition based on available information about the borrower. Exposures are subject to continuous monitoring, which can result in an exposure being transferred to a different degree of credit risk.

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 varied its behavior significantly and therefore concluding the models provide an adequate and reasonable prediction of DDs 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, the 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 the default stage. These calculations are done separately for payroll loans and credit cards to better reflect the fundamental differences in this product and therefore 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 to accurately estimate them and calibrate them.

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

V. Simplified Model

Credivalores uses a simplified roll rate model to estimate the ECL of remnants of portfolio loans that represent less than 5% of balance sheet loans and that are consistently lowering their 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 to determine in what period the accounts will be taken. These statements are determined by the number of overdue payments as defined.

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

Credit Portfolio other products:

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

As part of this evaluation, the Company's Management has designated as a deteriorated portfolio the one with a default greater than 90 days since it is recurrent that in the company's business, there are delays, but 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 take into account the unused credit line when available as well as the expected amortization, which allows to have a reliable estimate of the credit exposition at default.

(Stated in millions of Colombian pesos)

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 the type of product purchased.

Loss impairment

The table below shows the loss impairment balances as of March 31, 2023:

Loan portfolio		Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loan consumer portfolio		31.869	22.256	338.572	392.697
Total loan portfolio	Ps.	**31.869**	**22.256**	**338.572**	**392.697**
Total loss impairment financial assets at amortized cost	Ps.	31.869	22.256	338.572	392.697
Total loss impairment	**Ps.**	**31.869**	**22.256**	**338.572**	**392.697**

The following table shows the balances of loss allowances as of December 31, 2022:

(1) Credivalores has initially adopted IFRS 15 and IFRS 9 as of 1 January 2018. According to the chosen transition methods, comparative information is not re-established.

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		33.101	17.023	322.484	372.608
Total loan portfolio	Ps.	**33.101**	**17.023**	**322.484**	**372.608**
Total loss impairment financial assets at amortized cost	Ps.	33.101	17.023	322.484	372.608
Total loss impairment	**Ps.**	**33.101**	**17.023**	**322.484**	**372.608**

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss impairment balances as of March 31, 2023.

	Gross Amount Registered		Impairment Recognized	
With recognized provision				
Consumer	Ps.	555.976	Ps.	338.572
Total	Ps.	**555.976**	Ps.	**338.572**

5.2.1 Monitoring and Control Process

The Company has an information system in place that provides daily indicators of 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.

(Stated in millions of Colombian pesos)

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 March 31, 2023

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	627.150	570.079	26.694	1.223.923	1.124.038
1-30	8.253	45.490	45	53.788	53.057
31-60	3.577	24.622	7	28.206	27.912
61-90	4.669	31.482	6	36.157	35.923
91 - 180	13.057	34.692	37	47.786	47.607
181 - 360	14.549	36.745	136	51.430	51.260
> 360	112.679	191.315	7.719	311.713	309.132
Total	**783.934**	**934.425**	**34.644**	**1.753.003**	**1.648.929**

As of December 31, 2022

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	659.312	629.513	26.759	1.315.585	1.206.606
1-30	11.797	45.830	20	57.646	56.690
31-60	7.505	22.421	32	29.958	29.121
61-90	4.316	16.432	11	20.759	20.732
91 - 180	10.046	24.682	13	34.741	34.684
181 - 360	15.495	36.379	251	52.124	51.802
> 360	105.962	174.624	7.732	288.319	285.903
Total	**814.433**	**949.881**	**34.818**	**1.799.132**	**1.685.538**

The following detail is due to compliance with paragraph 5 requested by the FNG, which indicates the balance of the committed and uncommitted portfolio classified by the height of arrears:

As of March 31, 2023

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	891.446	332.477	1.223.923
1-30	18.067	35.721	53.788
31-60	12.386	15.820	28.206
61-90	20.584	15.572	36.156
91 - 180	16.632	31.154	47.786
181 - 360	1.829	49.602	51.431
> 360	125.264	186.449	311.713
Total	**1.086.208**	**666.795**	**1.753.003**

As of December 31, 2022

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	977.143	338.442	1.315.585
1-30	17.335	40.311	57.646
31-60	8.581	21.377	29.958
61-90	4.536	16.223	20.759
91 - 180	10.924	23.817	34.741
181 - 360	14.735	37.389	52.124
> 360	113.642	174.677	288.319
Total	**1.146.896**	**652.236**	**1.799.132**

(Stated in millions of Colombian pesos)

5.3 Creditworthiness

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

Entity	Type of Account	March 31, 2023	December 31, 2022
Banco de Bogotá	Savings/Checking	8	62
Bancolombia	Savings/Checking	1.675	9.151
Banco BBVA	Checking	1	-
Banco De Occidente	Savings/Checking	95	94
Banco Santander	Checking	7	490
JP Morgan	Checking	316	7
Available in Free-standing Trusts	Savings/Checking	92.794	234.793
JP Morgan USD	Deposit	8	11
Banco Santander USD	Checking	534	479
		95.438	**245.087**

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	BB+	Fitch Ratings
3	Banco Colpatria	AAA Y F1+	Fitch Ratings
4	Banco de Occidente	AAA Y F1+	Fitch Ratings
5	Bancolombia	AAA Y F1+	Fitch Ratings
6	Banco Santander	AAA Y F1+	BRC Investor Services S. A. SCV
7	Banco JP Morgan	AAA Y F1+	Fitch Ratings

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. 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.

(Stated in millions of Colombian pesos)

As of March 31, 2023 and December 31, 2022, 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:	**March 31, 2023**	**December 31, 2022**
Equity Instruments	5.412	5.698
Derivatives instruments	43.723	98.861
Loan Portfolio	381	381
Total	**49.516**	**104.940**
Financial liabilities	-	-
Total	**-**	**-**
Net Position	**49.516**	**104.940**

The 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 are subject to volatilities and may affect the Company's financial margin.

Sensitivity Analysis

Taking into account Credivalores exposure to changes in the reference interest rate, a sensitivity analysis of the impact on financial obligations is included given the possible effect on the variable indexed interest rates in the third quarter of 2022. The following methodology was defined for the analysis:

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

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

3. The present value of the monthly interest payment was calculated, using as a reference the 6-month IBR rate on an annual basis as of March 31, 2023 (12.933%).

4. Finally, each scenario's results were compared to the base scenario, which corresponds to the projections of interest flows using the rates as of March 31, 2023, as reference.

The results are set out below:

Scenarios	**Interests**
Effect of 20 BPS decrease in variable rate	1.612.967
Effect of 20 BPS increase in variable rate	1.602.568
Total Scenarios	**(10.399)**

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	1.612.967
Effect of devaluation and increase, 15 BPS, variable rate	1.623.366
Total Scenarios	**10.399**

(Stated in millions of Colombian pesos)

Exchange rate

Credivalores' financial obligations are exposed to exchange rate risk when the present value of the liability positions present 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 2022. 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 (spot prices projected using Bloomberg's curve), generating a revaluation and devaluation effect on the TRM as of March 31, 2023.
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 a reference the 6-month IBR rate on an annual basis as of March 31, 2023 (12.933%).
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 March 31, 2023.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of March 31st, 2023)	436.712
Scenario 1 (Effect of revaluation)	435.732
Scenario 2 (Effect of revaluation)	437.691
Difference Scenario 1 vs. Initial Scenario	**(980)**
Difference Scenario 2 vs. Initial Scenario	**979**

(1) Volatility obtained from the daily average for the previous three years, including 2023.

5.5 Liquidity Risk

The liquidity Risk is represented by the potential event of being unable to meet the expected outgoing cash flows in a timely and efficient manner, without affecting the normal course of business or the company´s financial position. Liquidity risk is related to having insufficient liquid assets and therefore having to incur 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 a 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 to face short-term unexpected stress situations.

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 with loan portfolio and liquid assets, short-term financial liabilities, and off-balance financial positions in different time frames, allowing 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 with 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 with loan portfolio, and interest income associated with liquid assets.

(Stated in millions of Colombian pesos)

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

The Company determines its liquidity gap based on 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 with treasury 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), to avoid any lacks that may affect the capacity of the outflows. The Financial Committee calculates and monitors the liquidity position every week, 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 to assure the sufficient procurement of cash to operate on a normal basis.

The liquidity level results as of March 31, 2023, are set out below:

Item	Liquidity level March 2023
7 Days	854%
15 Days	340%
30 Days	184%

As of March 31, 2023, 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 the liquidity level projected to 30 days. As of March 31, 2023, 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 March 31, 2023, and December 31, 2022.

(Stated in millions of Colombian pesos)

	March 31, 2023				
	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	8	8	-	-	-
Bancolombia S. A.	1.675	1.675	-	-	-
BBVA Colombia	1	1		-	-
Banco de Occidente	106	106		-	-
Banco Santander	316	316	-	-	-
Banco Santander Uruguay	542	542	-	-	-
Alianza Fiduciaria	8.072	8.072		-	-
BanCien	12.164	-	-	12.164	-
Cash at Free-Standing Trusts	92.921	92.921	-	-	-
Collective Investment Funds	762	762	-	-	-
Agrocaña	4.650	-	-	-	4.650
JP Morgan	7	7		-	-
Fiducolombia Free-Standing Trusts	11.559	11.559	-	-	-
Inverefectivas	14.459	-	-	-	14.459
Total liquid assets	**147.244**	**115.971**	**-**	**12.164**	**19.109**

	December 31, 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	62	62	-	-	-
Bancolombia S. A.	9.151	9.151	-	-	-
Banco De Occidente	105	105	-	-	-
Bancomeva	-	-		-	-
Banco Santander	490	490	-	-	-
Banco Santander Uruguay	490	490	-	-	-
Alianza Fiduciaria	5.161	5.161		-	-
Credifinanciera	12.021	-	-	12.021	-
Cash at Free-Standing Trusts	234.793	234.793	-	-	-
Collective Investment Funds	988	988	-	-	-
Agrocaña	4.710	-	-	-	4.710
Mutual Funds – Fiduciaria and Valores					
Bancolombia	6	6	-	-	-
JP Morgan	7	7		-	-
TIDIS	241	-		241	-
Fiducolombia Free-Standing Trusts	10.523	10.523	-	-	-
Inverefectivas	14.945	-	-	-	14.945
Total liquid assets	**293.695**	**261.778**	**-**	**12.262**	**19.655**

(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 under the Liquidity Risk Indicator (LRI) methodology.

Measurement of exposure to liquidity risk

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

(Stated in millions of Colombian pesos)

Limit of liquidity risk exposure

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

The maximum exposure to liquidity risk is calculated weekly by the financial committee, considering 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 considered:

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 Mar-23	
Net Liquidity	127,373
Assets (Credivalores + Free-standing Trust) (Portfolio)	1,598,139
Indicator 1	**8,0%**

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 Mar-23	
Net Liquidity	127,373
Liabilities (Credivalores + Free-standing Trust)	2,253,723
Indicator 2	**5,7%**

In the three-month period ending March 31, 2023, there were no significant changes in liquidity risk or in the way CVCS manages this risk. However, the second indicator is less than 5%, because CV will use all the cash to disburse and grow the portfolio. We expect it to increase above 5% in the first quarter.

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.

March 31, 2023

Assets	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Cash due from banks and equivalents	127.373	-	-	-	127.373
Equity Instruments at fair value	762	-	-	4.650	5.412
Investments in Associates and Affiliates	-	-	-	14.459	14.459
Financial Assets at amortized cost (*)	81.888	411.578	499.133	1.345.881	2.338.480
Total assets	**210.023**	**411.578**	**499.133**	**1.364.990**	**2.485.724**

Liabilities	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Financial Liabilities at amortized cost (*)	53.625	263.782	431.765	2.175.241	2.924.413
Total Liabilities	**53.625**	**263.782**	**431.765**	**2.175.241**	**2.924.413**

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

(Stated in millions of Colombian pesos)

December 31, 2022

Assets	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Cash due from banks and equivalents	273.052	-	-	-	273.052
Equity Instruments at fair value	988	-	-	4.710	5.698
Investments in Associates and Affiliates	-	-	-	14.945	14.945
Financial Assets at amortized cost (*)	78.674	395.468	479.663	1.396.714	2.350.519
Total assets	**352.714**	**395.468**	**479.663**	**1.416.369**	**2.644.214**

Liabilities	**Less than one month**	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Financial Liabilities at amortized cost (*)	52.301	381.775	341.562	2.356.437	3.132.075
Total Liabilities	**52.301**	**381.775**	**341.562**	**2.356.437**	**3.132.075**

(*) 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 March 31, 2023, and December 31, 2022:

	March 31, 2023	**December 31, 2022**
Cash	2	2
Banks	95.437	245.087
Mutual funds (6.1)	19.770	15.701
Term Deposit (6.2)	12.164	12.021
TIDIS	-	241
	127.373	**273.052**

As of March 31, 2023, and December 31, 2022, 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:

	March 31, 2023	**December 31, 2022**
Fiduciaria Bancolombia – Renta Liquidez	-	6
Alianza Fiduciaria – Collective Investment Fund	8.072	5.161
Fiduciaria Banco de occidente	11	11
Sub-Total	**8.083**	**5.178**

The average profitability ending March 31, 2023, is 31.49% and for December 31, 2022, it was 16.07%.

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

Manager	**Mar-23**	**Dec-22**	**Rating Agency**
Fiduciaria Bancolombia	AAA Y F1+	AAA	Fitch Ratings

(Stated in millions of Colombian pesos)

Fiduciaria la Previsora	AAA	AAA	BRC Investor Services S. A. SCV
Fiduciaria la Occidente	AAA	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 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 March 31, 2023, Credivalores had Certificates of Full Deposit at Banco Santander, as detailed below:

Institution	Initial Date	Maturity Date	Term (months)	Nominal value	Annual effective interest rate	Total Balance
Santander Bank	23/02/2023	23/08/2023	6	6.500	14.15%	6.589
Santander Bank	23/02/2023	23/08/2023	6	5.500	14.15%	5.575
Total				**12.000**		**12.164**

The long-term rating for Santander Bank is AAA.

NOTE 7. FINANCIAL INSTRUMENTS

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

	March 31, 2023	December 31, 2022
Collective Investment Funds (7.1)	762	988
Equity instruments (7.2)	4.650	4.710
	5.412	**5.698**

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

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return March 2023	Annual Return 2022	As of March 31, 2023	As of December 31, 2022
BTG Pactual I Z Class	Closed	5.000.000	2.000.000	-61,22128%	40,5056%	671	903
Investment Fund	At sight	200.000	200.000	22,079%	14,039%	23	21
Open Portfolio BTG	Open	-	-	24,47829%	16,1680%	68	64
TOTAL						**762**	**988**

7.2 Equity instruments

	March 31, 2023	December 31, 2022
Agrocaña Shares	4.650	4.710
	4.650	**4.710**

The Company owns 5.03% of Agrocañas S.A.'s share capital, with 3,300 outstanding shares as of March 31, 2023. These are not listed on the stock exchange and are therefore measured at fair value with changes to equity.

(Stated in millions of Colombian pesos)

NOTE 8. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	March 31, 2023	December 31, 2022
Inverefectivas S.A (a)	14.459	14.945
	14.459	**14.945**

(a) Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated under 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 4.646,08 as of April 01, 2023.

	March 31, 2023		December 31, 2022	
	Share of ownership interest	**Book value**	**Share of ownership interest**	**Book Value**
Associates				
Inverefectivas S.A.	25%	14.459	25%	14.945
		14.459		**14.945**

The movement of investments in the associates' account is shown below for the nine months ended March 31, 2023, and December 31, 2022:

Associate	**March 31, 2023**	**December 31, 2022**
Balance at the beginning of the period	**14.945**	**12.369**
Adjustments for exchange rate differences	(511)	2.377
Adjustment for valuation method of participation	25	199
Period-end balance	**14.459**	**14.945**

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 March 31, 2023, and December 31, 2022:

	March 31, 2023	December 31, 2022
Consumer	1.990.836	2.005.440
Impairment	(392.697)	(372.608)
Total financial assets at amortized cost	**1.598.139**	**1.632.832**
TuCredito payroll deduction loans at fair value	381	381
Total financial assets at fair value	**381**	**381**
Total loan portfolio, net	**1.598.520**	**1.633.213**

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 1.001.865 as of March 31, 2023, and 1.053.196 as of December 31, 2022. Credivalores classified portfolio by-products by the days of default.

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the nine months ended March 31, 2023, and December 31, 2022.

	March 31, 2023	March 31, 2022
Initial Balance	372.608	318.427
Impairment of the period charged against profit or loss	23.708	17.240
Write-offs	(3.619)	(3.988)
Closing balance	**392.697**	**331.679**

Expenditure on provisions and write-offs of the loan portfolio

(Stated in millions of Colombian pesos)

	March 31, 2023	March 31, 2022
Expenditure for the provisions period	23.708	17.240
Forgiveness	2.663	2.638
Total	**26.371**	**19.878**

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

As of March 31, 2023

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.648.937	94.943	232.448	14.508	(392.697)	**1.598.139**
Total financial assets at amortized cost	**1.648.937**	**94.943**	**232.448**	**14.508**	**(392.697)**	**1.598.139**

As of December 31, 2022

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.685.538	100.528	205.775	13.599	(372.608)	**1.632.832**
Total financial assets at amortized cost	**1.685.538**	**100.528**	**205.775**	**13.599**	**(372.608)**	**1.632.832**

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

March 31, 2023

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	146.265	675.887	356.965	811.719	1.990.836
Total Gross Loan Portfolio	**146.265**	**675.887**	**356.965**	**811.719**	**1.990.836**

December 31, 2022

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	262.821	674.343	326.079	742.197	2.005.440
Total Gross Loan Portfolio	**262.821**	**674.343**	**326.079**	**742.197**	**2.005.440**

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

March 31, 2023

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	195.923	566.229	310.907	676.131	1.749.190
Total Principal-Only Loan Portfolio	**195.923**	**566.229**	**310.907**	**676.131**	**1.749.190**

December 31, 2022

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	206.685	571.451	289.703	617.699	1.685.538
Total Principal-Only Loan Portfolio	**206.685**	**571.451**	**289.703**	**617.699**	**1.685.538**

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 March 31, 2023		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.648.931	104.072	1.753.003
Total Financial Assets at amortized cost	**1.648.931**	**104.072**	**1.753.003**

(Stated in millions of Colombian pesos)

	As of December 31, 2022		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.685.538	113.594	1.799.132
Total Financial Assets at amortized cost	**1.685.538**	**113.594**	**1.799.132**

Overdue but not impaired

As of March 31, 2023, and December 31, 2022, a summary of the overdue portfolio by days past due is as follows:

	Consumer	Total	Consumer	Total
Performing loans	1.124.038	1.124.038	1.206.606	1.206.606
Overdue but not impaired	80.970	80.970	85.811	85.811
Non-performing loans under 360 days	134.791	134.791	107.218	107.218
Non-performing loans over 360 days	309.132	309.132	285.903	285.903
	1.648.931	**1.648.931**	**1.685.538**	**1.685.538**

NOTE 10. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of March 31, 2023, and December 31, 2022, is as follows:

	March 31, 2023	December 31, 2022
Debtors (12.1)	158.652	168.909
Economically Related Parties (12.2)	48.877	43.662
Asficredito	78.806	78.156
Payments on behalf of clients (12.3)	24.039	22.559
Deposits	-	9.445
Prepayments and Advances	1	1
Others accounts receivable	3.898	3.793
Shareholders	1.815	1.815
Employees	1	-
Impairments for doubtful accounts	(8.412)	(8.211)
	307.677	**320.129**

10.1 The balance of the debtors account that as of March 31, 2023 amounts to 158.652 and as of December 31, 2022 amounts to 168.909, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts and utilities and claims of guarantees to FGA.

10.2 The following is the detail with economically related parties:

	March 31, 2023	December 31, 2022
Finanza inversiones S.A.S	4.970	-
Ingenio la cabaña S.A.	2.000	2.000
Inversiones Mad capital S.A.S	9.990	9.736
Activar Valores S.A.S	15.777	15.777
Brestol S.A.S	16.140	16.149
	48.877	**43.662**

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

	March 31, 2023	December 31, 2022
Loans	DTF + 9.41% and IBR + 8%	DTF + 9.41% and IBR + 8%

(Stated in millions of Colombian pesos)

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

	March 31, 2023	December 31, 2022
Life Insurance Payroll deduction loans	10.656	9.928
Crediuno Insurance	6.610	5.976
Tigo Insurance	375	374
Credipoliza Insurance	581	582
SG Portfolio Insurance	5.817	5.699
	24.039	**22.559**

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

	March 31, 2023	December 31, 2022
Balance at the beginning of the period	(8.211)	(7.910)
Deterioration (1)	(3.390)	(11.298)
Write-off	3.189	10.997
Balance at the end of the period	**(8.412)**	**(8.211)**

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

10.4.1. Detail Impairment

As of March 31, 2023, the amount of the impairment provision for accounts receivable amounts to $8.412. Changes in the impairment provision of accounts receivable are described in the following table:

Third-Party	Impairment	%
Asficredito	7.587	9.7%
Staggered Collective Portfolio	825	1.3%
Total	**8.412**	

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 March 31, 2023, and December 31, 2022, respectively, are as follows:

	March 31, 2023	December 31, 2022
Transportation equipment	117	117
Office equipment and accessories	1.770	1.771
Computer equipment	388	388
Network and communication equipment	1.763	1.761
Assets in financial lease	4.354	4.354
Subtotal	**8.392**	**8.391**
Accumulated depreciation	(8.234)	(8.218)
Total	**158**	**173**

(Stated in millions of Colombian pesos)

The breakdown for equipment movement is shown below:

	December 31, 2022	Purchases	Write-offs	March 31, 2023
Transportation equipment	117	-	-	117
Office equipment and accessories	1.771	3	(4)	1.770
Electronic equipment	388	-	-	388
Network and communication equipment	1.761	2	-	1.763
Assets in financial lease	4.354	-	-	4.354
	8.391	**5**	**(4)**	**8.392**

	December 31, 2021	Purchases	Write-offs	March 31, 2022	Purchases	Write-offs	December 31, 2022
Transportation Equipment	117	-	-	117	-	-	117
Office equipment and accessories	1.614	14	-	1.628	143	-	1.771
Electronic equipment	393	-	(1)	392	3	(7)	388
Network and communication equipment	1.990	3	(49)	1.944	21	(204)	1.761
Assets in financial lease	4.384	-	(6)	4.378	-	(24)	4.354
	8.498	**17**	**(56)**	**8.459**	**167**	**(235)**	**8.391**

The following is the depreciation movement as of March 31, 2023, and December 31, 2022, respectively:

	December 31, 2022	Depreciation	Write-offs	March 31, 2023
Transport equipment	117	-	-	117
Office equipment and accessories	1.643	14	(4)	1.653
Electronic equipment	1.279	4	-	1.283
Telecommunications equipment	826	2	-	828
Assets in financial lease	4.353	-	-	4.353
	8.218	**20**	**(4)**	**8.234**

	December 31, 2021	Depreciation	Write-offs	December 31, 2022
Transport equipment	117	-	-	117
Office equipment and accessories	1.578	65	-	1.643
Electronic equipment	1.374	163	(258)	1.279
Telecommunications equipment	816	12	(2)	826
Assets in financial lease	4.384	-	(31)	4.353
	8.269	**240**	**(291)**	**8.218**

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 March 31, 2023, and December 31, 2022, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

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

The Company's property and equipment as listed above, are not in any way encumbered nor have they been delivered as collateral to guarantee any kind of obligation. The Company has also taken out insurance policies to protect these assets.

(Stated in millions of Colombian pesos)

NOTE 12. PROPERTIES BY RIGHT OF USE

Below are the plant and equipment properties that the Company has as of March 31, 2023, and December 31, 2022, respectively:

	March 31, 2023	December 31, 2022
Assets		
Properties, Plant, and Equipment (Right of Use)	2.268	2.021
Deferred tax asset	48	55
Liabilities		
Other financial liabilities - lease of use		
Currents	(1.030)	(934)
Non-current	(1.374)	(1.245)
Net	**(88)**	**(103)**

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, 2021		
Cost	9.696	9.696
Accumulated Depreciation	(5.398)	(5.398)
Net cost	**4.298**	**4.298**
As of December 31, 2022		
Balance at the beginning of the year	4.298	4.298
Additions	-	-
Retreats	(221)	(221)
Transfers	-	-
Depreciation charge	(2.056)	(2.056)
Balance at the end of the year	**2.021**	**2.021**
As of December 31, 2022		
Cost	9.251	9.251
Accumulated Depreciation	(7.229)	(7.229)
Net cost	**2.021**	**2.021**
As of March 31, 2023		
Balance at the beginning of the year	2.021	2.021
Additions	888	888
Retreats	-	-
Transfers	-	-
Depreciation charge	(641)	(641)
Balance at the end of the year	**2.268**	**2.268**
As of March 31, 2023		
Cost	10.138	10.138
Accumulated Depreciation	(7.870)	(7.870)
Net cost	**2.268**	**2.268**

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

Concerning 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 March 31, 2023, have the following balances:

(Stated in millions of Colombian pesos)

Lease liabilities	**March 31, 2023**	**December 31, 2022**
As of December 31, 2022	**2.179**	**4.770**
Additions	888	-
Payments	(663)	(2.370)
Withdraws	-	(221)
As of March 31, 2023*	**2.404**	**2.179**

- The net variation for 2021 corresponds to 566.

a. Statement of Results

	March 31, 2023
Depreciation fee - usage asset	641
Interest expense on lease liabilities	225
Variable lease expenses	212
	1.078

Total cash outings for leases as of March 31, 2023, were 919.

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.

NOTE 13. INTANGIBLE ASSETS

Below we present the company's other intangible assets as of March 31, 2023 and December 31, 2022, respectively:

March 31, 2023

	Initial Balance	**Additions**	**Amortization**	**Closing Balance**
Software Licenses	1.441	348	587	1.202
Acquired Trademarks	7.140	-	595	6.545
Database	17.409	-	189	17.219
Contracts	13.054	-	187	12.868
Other	484	1.294	881	897
Total	**39.528**	**1.642**	**2.439**	**38.731**

December 31, 2022

	Initial Balance	**Additions**	**Amortization**	**Closing Balance**
Software Licenses	1.334	2.225	2.118	1.441
Acquired Trademarks	9.520	-	2.380	7.140
Database	18.166	-	757	17.409
Contracts	13.781	-	727	13.054
Other	866	4.995	5.377	484
Total	**43.667**	**7.220**	**11.359**	**39.528**

Disputed rights, the variation corresponds to the collection of the portfolio included in this item:

	March 31, 2023	**December 31, 2022**
Disputed rights	317	324
Total	**317**	**324**

(Stated in millions of Colombian pesos)

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

	March 31, 2023	December 31, 2022
Depreciation of brands	595	2.380
Amortization of exclusivity contracts, databases, and licenses	963	3.602
Subtotal	**1.558**	**5.982**
Consultancies, free-standing trusts commissions, contributions	44	1.277
Investors	649	3.307
Fees	71	375
Insurance	117	418
Total	**881**	**5.377**

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 2021 and the future commercial expectations of placement and collection, and following 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 based on ratings given by external bodies or if they do not exist based on internal categorizations defined based on counterpart characteristics:

	March 31,	
	2023	2022
Cash and cash equivalents		
AAA	95.437	59.219
AA	-	23
Total cash and cash equivalents	**95.437**	**59.242**

	March 31,	
	2023	2022
Equity instruments (shares)		
Fair value financial assets through the other comprehensive results		
Financial sector	5.412	6.027
Total equity instruments	**5.412**	**6.027**

	March 31,	
	2023	2022
Debt instruments		
Financial assets at fair value through the statement of return		
AAA	12.164	22.114
Total debt instruments	**12.164**	**22.114**

(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:

	March 31, 2023	December 31, 2022
ASSETS		
Prima Call	25.885	7.051
Hedge forward contracts (15.1)	-	5.120
Hedge Swaps (15.2)	-	(10.146)
Hedge Opciones (15.3)	17.838	96.836
Total	**43.723**	**98.861**

Credivalores holds derivative financial instruments to hedge foreign currency risk exposure.

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.

Credivalores has developed a hedging policy against financial risks to mitigate the effects that these risks may have on the income statement. In the development of this policy, the main objective is to minimize the effects of the exchange rate on the liabilities 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. Effectiveness is measured retrospectively using the hypothetical derivative method. Equally, the methodologies for valuation at market prices have been adopted following the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

Under the guidelines of this policy, the following is the list of derivative instruments implemented and in force as of September 2022 to hedge foreign currency risks and interest rate risks of financial obligations denominated in foreign currency (Notes due 2025 and credits):

Current Hedging Operations

Type of instrument	Position of Credivalores	Type of Option	Amount covered in USD	Effective date	Due date	Strike Price COP	Compliance
Call Option	Seller	European	2.449.040	11-jul-24	11-jul-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	11-jul-24	11-jul-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-ago-24	13-ago-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-ago-24	13-ago-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-sep-24	12-sep-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-sep-24	12-sep-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	10-oct-24	10-oct-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	10-oct-24	10-oct-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-nov-24	13-nov-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-nov-24	13-nov-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-dec-24	12-dec-24	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-dec-24	12-dec-24	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-jan-25	13-jan-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-jan-25	13-jan-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-feb-25	13-feb-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-feb-25	13-feb-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-mar-25	13-mar-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	13-mar-25	13-mar-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	11-apr-25	11-apr-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	11-apr-25	11-apr-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	13-may-25	13-may-25	5.127,46	Non-Delivery

(Stated in millions of Colombian pesos)

Call Option	Buyer	European	2.449.040	13-may-25	13-may-25	4.627,46	Non-Delivery
Call Option	Seller	European	2.449.040	12-jun-25	12-jun-25	5.127,46	Non-Delivery
Call Option	Buyer	European	2.449.040	12-jun-25	12-jun-25	4.627,46	Non-Delivery
Call Option	Seller	European	1.527.096	11-jul-24	11-jul-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	11-jul-24	11-jul-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-ago-24	13-ago-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-ago-24	13-ago-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-sep-24	12-sep-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-sep-24	12-sep-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	10-oct-24	10-oct-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	10-oct-24	10-oct-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-nov-24	13-nov-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-nov-24	13-nov-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-dec-24	12-dec-24	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-dec-24	12-dec-24	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-jan-25	13-jan-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-jan-25	13-jan-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-feb-25	13-feb-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-feb-25	13-feb-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-mar-25	13-mar-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-mar-25	13-mar-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	11-apr-25	11-apr-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	11-apr-25	11-apr-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	13-may-25	13-may-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	13-may-25	13-may-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.527.096	12-jun-25	12-jun-25	4.795,00	Non-Delivery
Call Option	Buyer	European	1.527.096	12-jun-25	12-jun-25	4.295,00	Non-Delivery
Call Option	Seller	European	1.458.333	11-jul-24	11-jul-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	11-jul-24	11-jul-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-ago-24	13-ago-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-ago-24	13-ago-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	12-sep-24	12-sep-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	12-sep-24	12-sep-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	10-oct-24	10-oct-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	10-oct-24	10-oct-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-nov-24	13-nov-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-nov-24	13-nov-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	12-dec-24	12-dec-24	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	12-dec-24	12-dec-24	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-jan-25	13-jan-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-jan-25	13-jan-25	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-feb-25	13-feb-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-feb-25	13-feb-25	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-mar-25	13-mar-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-mar-25	13-mar-25	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	11-apr-25	11-apr-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	11-apr-25	11-apr-25	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	13-may-25	13-may-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	13-may-25	13-may-25	4.016,50	Non-Delivery
Call Option	Seller	European	1.458.333	12-jun-25	12-jun-25	4.516,50	Non-Delivery
Call Option	Buyer	European	1.458.333	12-jun-25	12-jun-25	4.016,50	Non-Delivery
Call Option	Buyer	European	898.499	17-apr-23	17-apr-23	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	15-may-23	15-may-23	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-jun-23	15-jun-23	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	17-jul-23	17-jul-23	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-ago-23	15-ago-23	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-sep-23	15-sep-23	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	17-oct-23	17-oct-23	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-nov-23	15-nov-23	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	15-dec-23	15-dec-23	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	16-jan-24	16-jan-24	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-feb-24	15-feb-24	4.778,00	Non-Delivery
Call Option	Buyer	European	840.531	15-mar-24	15-mar-24	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	15-apr-24	15-apr-24	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	15-may-24	15-may-24	4.778,00	Non-Delivery
Call Option	Buyer	European	898.499	17-jun-24	17-jun-24	4.778,00	Non-Delivery
Call Option	Buyer	European	869.515	15-jul-24	15-jul-24	4.778,00	Non-Delivery
Call Option	Buyer	European	823.624	15-ago-24	15-ago-24	4.778,00	Non-Delivery
Call Option	Buyer	European	748.749	16-sep-24	16-sep-24	4.778,00	Non-Delivery
Call Option	Buyer	European	652.136	15-oct-24	15-oct-24	4.778,00	Non-Delivery
Call Option	Buyer	European	598.999	15-nov-24	15-nov-24	4.778,00	Non-Delivery

(Stated in millions of Colombian pesos)

Call Option	Buyer	European	507.217	16-dec-24	16-dec-24	4.778,00	Non-Delivery
Call Option	Buyer	European	449.249	15-jan-25	15-jan-25	4.778,00	Non-Delivery
Call Option	Buyer	European	374.375	18-feb-25	18-feb-25	4.778,00	Non-Delivery
Call Option	Buyer	European	270.516	17-mar-25	17-mar-25	4.778,00	Non-Delivery
Call Option	Buyer	European	224.625	15-apr-25	15-apr-25	4.778,00	Non-Delivery
Call Option	Buyer	European	144.919	15-may-25	15-may-25	4.778,00	Non-Delivery
Call Option	Buyer	European	74.875	16-jun-25	16-jun-25	4.778,00	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			
	March 31, 2023		**December 31, 2022**	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Forward Contracts for Hedging				
Purchase of foreign currency	-	-	7	5.120
Total forward contracts for hedging – assets	**-**	**-**	**7**	**5.120**

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.

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

	Fair value			
	March 31, 2023		**December 31, 2022**	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	4	17.838	20	96.836
Total forward contracts for hedging – assets	**4**	**17.838**	**20**	**96.836**

Options Contracts for Hedging

Transactions in derivative instruments with options cover the debt position (equity only) of the disbursements of the PA Credivalores O'Connor and Gramercy credit for an aggregate face value of US 65.213.627.

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.

15.3 Derivate Financial Instruments Cross Currency Swap

(Stated in millions of Colombian pesos)

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 the 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 their hedge accounting are the following:

	Fair value			
	March 31, 2023		December 31, 2022	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Hedging Contracts Coupon Only Swap (b)	-	-	(2)	(10.146)
Total forward contracts for hedging – assets	**-**	**-**	**(2)**	**(10.146)**

a. Cross-currency swap hedging contracts.

In 2022, coverage with CCS was canceled.

b. Coupon-only swaps hedging contracts.

The coupon-only swaps that cover interest until the maturity of the disbursements of the PA Credivalores loan UBS O'Connor and Gramercy were canceled in February and March 2023 by the realization of an UNWIND.

NOTE 16. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations as of March 31, 2023 and December 31, 2022

	March 31, 2023	**December 31, 2022**
144 A / Reg S Bonds	1.245.149	1.289.134
ECP Program Notes	146.873	192.408
Ordinary Local Bonds- FNG Partial Guarantee	95.940	95.940
Financial obligations in autonomous assets	695.958	901.280
Promissory notes national banks	132.459	48.919
Transaction costs	(59.792)	(53.924)
	2.256.587	**2.473.757**

The balances of Credivalores' financial obligations and the Autonomous Assets of which he is trusting ending March 31, 2023, and December 31, 2022, correspond to obligations incurred with financial institutions in the country and obligations in the foreign capital market and financial leasing. Short-term credit obligations were canceled between December 2022 and March 2023 and credits that have a maturity after December 2023, respectively:

a) Short-term financial obligations.

Entity	March 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Banco de Bogotá	5.210	IBR+5.80%	2023	5.512	IBR+4.15%	2023
Banco de Occidente	11.531	IBR+5.86%	2023	10.309	IBR+2.86%	2022-2023
Bancolombia	3.419	IBR+7.65%	2023	6.831	IBR+9.79%	2023
Coltefinanciera	-	14.68% EA	2023	1.065	14.68%EA	2023
Finanza Inversión	89.925	SORF+10%	2023	-		
Total National Entities	**110.085**			**23.717**		
ECP Program Notes	146.873	12.75% EA	2023	192.408	10.63%NA	2023
Total ECP Program Notes	**146.873**			**192.408**		

Entity	March 31, 2023	Maturity	Expiration	December 31, 2022	Interest rate	Maturity
Free-standing Trust Crediuno IFC	2.866	DTF + 5.5%	2023	6.956	DTF + 5.5%	2023
TotalFree-standing Trusts	**2.866**			**6.956**		

Total short-term obligations	**259.824**			**223.081**		

(Stated in millions of Colombian pesos)

Credivalores has short-term financial obligations, during the periods ended March 31, 2023, and December 31, 2022 for a value of 259.824 and 223.081, respectively. The measurement of liabilities financial instruments of financial obligations is valued at low amortized cost as established by IFRS 9.

b) Long-term obligations

The Company had long-term financial obligations during the periods ended March 31, 2023, and December 31, 2022, totaling 2.056.555 and 2.304.567, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended March 31, 2023, and December 31, 2022, valued at 59.792 and 53.924, respectively. The measurement of financial liability instruments for financial obligations are valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ended March 31, 2023, and December 31, 2022 is 2.256.587 and 2.473.724 respectively, which will be paid off as described above.

Entity	March 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Banco de Bogotá	-			-		
Bancolombia	22.374	IBR+10.50%	2024	26.267	IBR+10.50%	2024
Total National Entity	**22.374**			**26.267**		
ECP Program Notes	-			-		
Total ECP Program Notes	**-**			**-**		

Entity	March 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	232.148	IBR + 5.5%	2024al2027	253.004	IBR + 5.5%	2024al2027
Free-standing Trust Syndicated Loan Payroll	122.777	IBR+8%	2026-2027	169.939	IBR+8%	2027
Free-standing Trust UBS O'Connor	294.292	SOFR+9,5%	2025	421.920	SOFR+9,5%	2025
Free-standing Trust Systemgroup	43.875	15% EA	2025	48.363	15% EA	2025
Total Trusts	**693.092**			**893.226**		

Entity	March 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	1.245.149	8,875% EA	2025	1.289.134	8,875% NS	2025
Domestic Bonds Guaranteed by the FNG	95.940	9,10% EA	2024	95.940	9,1% NS	2024
Total Bonds	**1.341.089**			**1.385.074**		
Total long-term obligations	**2.056.555**			**2.304.566**		
Transaction costs	(59.792)			(53.924)		
Total financial obligations	**2.256.587**			**2.473.724**		

- The item for rights of use for the periods ended December 30, 2022 and December 31, 2022 correspond to 2,404 and 2,179 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 millions 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 of 9.10% coupon.

The placement of the first tranche 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 tranche of the issuance of ordinary bonds with a 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 a partial guarantee of the FNG issued by Credivalores was 95.940 million pesos.

(Stated in millions of Colombian pesos)

The issuance of ordinary bonds of Credivalores has an irrevocable partial guarantee from the FNG that covers 70% of the principal and interest and was rated 'AA (col)' by Fitch Ratings Colombia.

The resources from the placement of the first and second tranches of Credivalores ordinary bond issuance allowed the company to support the growth of its operation in Colombia by financing the disbursements of the payroll and credit card loans.

For the last quarter of 2022, the company constituted a trust with Systemgroup for 48,363 million for the maintenance of its operation and in turn to meet the expiration of the October 2022 note.

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 a trust 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 a half-life of the facility of around 5.6 years. At the end of December 2022, 169,939,000 million pesos of the total committed amount of this facility had been disbursed.

The resources of this loan were 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 are stated in foreign currency.

Entity	Nominal Value as of March 31, 2023		Nominal as of Value December 31, 2022	
ECP Program Notes (a)	32	146.873	40	192.408
144 A/ Reg S Bonds (b)	268	1.245.149	268	1.289.134
Total	**USD 300**	**COP 1.392.022**	**USD 308**	**COP 1.481.542**

- Interests

Listed below:

	March 31, 2023	December 31, 2022
Bank interests	209	199
Bank Interests Free-standing Trust	1.925	2.114
Foreign currency interest foreign currency interest	2.192	4.513
Bonus coupon	15.655	45.327
Coupon ordinary bonds issued locally	790	2.952
Interest banks another Free-standing Trust	507	559
Foreign currency interest Free-standing Trust	3.447	4.839
	24.725	**60.503**

(a) Euro Commercial Paper Program Notes

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

In October 2022, a new note was issued under the ECP Program maturing on October 19, 2023, for an amount of US$15,000,000 and a coupon of 12.50% with quarterly payments. In March 2023, a new note was issued under the ECP Program maturing on March 14, 2024, for an amount of US$16,612,232 and a 13% coupon with quarterly payments.

The resources of this line of financing are destined for the growth of the loan portfolio and to general uses of the company.

(b) Notas 144A / Reg S

On January 17, 2020, CVCS launched a Tender Offer and a Consent Solicitation for all or a portion of the principal of the 144A/Reg S Notes due July 2022 and a coupon of 9.75%. The repurchase offer would be contingent on the condition of a new bond issue in the international market that would allow obtaining the resources to carry out the repurchase and the request for the elimination of covenants would materialize if more than 51% of the principal of the current Notes were repurchased. The repurchase offer was launched at a price of US$1,055 per US$1,000 of the principal of these Notes applicable during the Early Tender Time extending through January 31, 2020, and at a price of US$1,005 per US$1,000 principal of the Notes applicable in the final maturity period of the repurchase offer which ran through February 14, 2020. During the early participation period, US$154,035,000 of the principal of the Notes maturing in 2022 was repurchased and then in the final maturity period, an additional US$650,000 of the principal of these notes was received. The principal repurchases of the Notes maturing 2022 in the repurchase offer corresponded to 47.6% of the US325,000,000 current as of December 31, 2019.

(Stated in millions of Colombian pesos)

Once the early repurchase period concluded, CVCS decided to conduct a new issuance of ordinary notes under the 144A/Reg S format in the international capital market with a maturity date of February 7th, 2025, for an amount of US300,000,000 with a coupon of 8.875% and yield of 9%. The new Notes pay interest due semi-annually on February 7 and August 7 of each year, beginning August 7, 2020. The proceeds from this issue were used to repurchase the Notes under the repurchase offer referred to above, to refinance existing debt under the ECP Program, and the surplus to the company's general purpose. Once the fulfillment of this debt management operation was carried out on February 7, 2020, the new current principal of the Notes with a coupon of 9.75% and maturity in 2022 is US164,150,000.

Below are the payments of the coupons of the issuance of 144A/Reg S notes with coupons 9.75% and 8.875% and maturity 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	Fifth 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 Million Pesos	**34.190.812.500**	**45.674.996.250**	**50.074.488.750**	**50.907.394.688**	**53.136.135.000**

Principal	Coupon	Sixth Coupon Payment - 27/07/2020	Seven Coupon Payment - 27/01/2021	Eight Coupon Payment – 27/07/2021	Nineth Coupon Payment – 27/01/2022	Tenth Coupon Payment – 27/07/2022
95.315.000	9,75%	4.646.606	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	3.355.706
	Total in USD	**8.302.856**	**8.002.313**	**8.002.313**	**8.002.213**	**8.002.213**
	FX Rate	3.660,15	3.591,48	3.904,17	3.947,83	4.461,63
	Total in Million Pesos	**30.389.698.303**	**28.740.147.093**	**31.242.390.345**	**31.591.376.548**	**33.920.255.936**

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 27/02/2022	Fifth Coupon Payment - 27/08/2022
268.000.000	8,875%	11.892.500	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**	**11.892.500**
	FX Rate	3.775,95	3.543,28	3.949,33	3.962,68	4.337,28
	Total in Million Pesos	**44.905.485.375**	**42.138.457.400**	**46.967.407.025**	**47.126.171.900**	**51.581.102.400**

Principal	Coupon	Sixth Coupon Payment - 07/02/2023
268.000.000	8,875%	11.892.500
	Total in USD	**11.892.500**
	FX Rate	4.669,74
	Total in Million Pesos	**55.534.882.950**

Under the "Description of the notes" due in 2025 and "Offering memorandum", 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 due and accrued and unpaid interest, until the redemption date. It is also possible to redeem notes before February 7, 2023, in whole or in part, at a price equal to 100% of their principal amount plus a make-all premium, in addition to any additional amounts then due plus accrued and unpaid interests, until the redemption date.

(Stated in millions of Colombian pesos)

In addition, at any time through February 7, 2023, CVCS may redeem up to 35% of the Notes using proceeds from stock sales or equity offerings at a redemption price of 108.875% of its principal amount, plus any additional amounts then due plus accrued and unpaid interest, until the redemption date. In addition, in the event of certain changes in the tax treatment of withholding tax in Colombia in connection with interest payments on the Notes, CVCS may redeem them, in whole, but not in part, at a price of 100% of their principal amount, in addition to any additional amounts then due plus accrued and unpaid interest,until the redemption date. In the event of a change of control in the entity, unless the Company has elected to redeem the Notes, each holder thereof shall have the right to demand that the entity repurchase all or any part of such holder's Notes at 101% of the total principal amount of the repurchased Notes, in addition to any amounts then due plus accrued and unpaid interest, up to the date of repurchase.

Notes due 2025 will be forward-looking and unsecured obligations and (i) will have the same priority in terms of the right to payment as all other existing and future debt obligations of the Company (subject to certain obligations whereby they are given preferential treatment under Colombia's insolvency laws); (ii) have a higher payment priority than the Company's existing and future subordinated debt obligations, if any; (iii) be subordinated, as to the right to payment, to all existing and future unsecured debt obligations of the Company, to the extent of the value of the assets securing such indebtedness, including any debts, liabilities, and Equity; and (iv) be structurally subordinate to all existing and future payment obligations and commercial accounts payable of any of our non-guarantor subsidiaries. The notes shall not be entitled to any redemption funds.

During April and May 2020, Credivalores carried out repurchase operations of Notes 144 A / Reg S maturing in 2025 and a coupon of 8.875% in the secondary market through a broker for a total amount of US32,000,000 of principal. The entire amount repurchased from these Notes in April and May was canceled at the end of September 2020. As a result, as of March 31, 2023, the new current number of Notes 144 A/Reg S due in 2025 and coupon of 8.875% is US$268,000,000.

Covenants

The Notes 144A/Reg S due 2025 prospect contains certain restrictive covenants, which among other things, limit our ability to (i) take additional debt, (ii) make dividend payments, redeem capital, and make certain investments, (iii) transfer and sell assets, (iv) enter into 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) consolidate, merge or sell assets and (vii) transact with affiliates. The "Indenture" contract governing the Notes contains traditional default events.

At the end of December 2022, the company could not take additional debt as a result of the financial ratios that have to be measured to indicate if the Company may or not incur indebtedness, however, the ratios are expected to be normalized during the first half of 2023.

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

On May 13, 2022, Credivalores signed a new credit line committed for US$100 million with two international funds (O'Connor UBS and Gramercy), structured through a trust, which will be backed by the credit card product portfolio as credit collateral. The line has a term of 36 months with an availability period of 12 months from its signature and amortization of capital from month 24 from signature, to achieve an average life of the facility of around 2.54 years. Each of the disbursements of this credit will be covered in Colombian pesos through operations with derivative financial instruments at maturity. At the end of December 2022, US$87,713,627 million of this facility had been disbursed, which was covered in Colombian pesos through derivative financial instruments.

All the resources obtained through this loan will be used to meet the maturity of the bonds in dollars with a coupon of 9.75% 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 March 31, 2023, and 2022:

	March 31, 2023	March 31, 2022
Free-standing trusts	33.484	7.569
Local banks	2.416	2.148
Foreign currency obligation	7.994	6.248
Financial cost Derivatives	38.393	7.894

(Stated in millions of Colombian pesos)

Issuance of bonds	25.863	37.518
Issuance of Local Bonds FNG Guarantee	2.142	1.190
Amortization Transaction costs	12.808	7.572
Interest for liabilities for lease and finance lease agreements	63	107
Total	**123.163**	**70.247**

	March 31, 2023	**March 31, 2022**
Difference instead	49.206	2.827
Total	**49.206**	**2.827**

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 March 31, 2023, and December 31, 2022:

	March 31, 2023	**December 31, 2022**
Interest on severance pay	3	40
Pension funds	109	-
Salaries	71	-
legal premium	97	-
Severance pay	97	354
Holidays	628	659
Total	**1.005**	**1.053**

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.

(Stated in millions of Colombian pesos)

NOTE 18. OTHER PROVISIONS

Credivalores provisions as of March 31, 2023, and December 31, 2022, respectively are provided below.

	March 31, 2023	December 31, 2022
Litigations subject to executive proceedings	801	801
Other provisions (a)	2.456	2.227
	3.257	**3.028**

a) The third-party balance of other provisions is detailed below:

	March 31, 2023	December 31, 2022
GNP grupo nacional SAS	2	-
Samsung Colombia sa	5	-
SQDM SAS	16	-
Six degrees it S.A.S.	20	-
Grupo Millennium SAS	35	-
Foco estratégico S.A.S	40	-
SuperSociedades	84	-
Econtact col S. A. S.	192	192
Experian colombia sa	249	146
Credivalores S.A.	600	-
Activar valores S. A. S.	1.213	1.213
Rangel Chema Clemencia del Carmen	-	1
Colombiana de comercio S. A.	-	2
Pwc contadores y auditores	-	32
Recuperadora y normalizadora integral de	-	106
Americas business process services S. A.	-	260
Atento colombia S. A.	-	275
	2.456	**2.227**

The movement of legal and other provisions are provided below for the periods ended March 31, 2023, and December 31, 2022:

	Legal provisions	Other provisions	Total Provisions
Balance held on December 31, 2022	**801**	**2.226**	**3.027**
Increase in provisions during the period	-	230	230
Utilization	-	-	-
Balance held on March 31, 2023	**801**	**2.456**	**3.257**

	Legal provisions	Other provisions	Total provisions
Balance held as of December 31, 2021	**705**	**213**	**918**
Recovered provisions	96	2.013	2.109
Balance held as of December 31, 2022	**801**	**2.226**	**3.027**
Recovered provisions	-	230	230
Balance held as of March 31, 2023	**801**	**2.456**	**3.257**

Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of March 31, 2023, in an amount of 801 and 2022, 705 it is not possible to determine a disbursement schedule for these provisions due to the diversity of processes in different instances. However, Credivalores does not expect significant changes to the amount provisions because of the outflows applicable to each proceeding. The expected time of resolution is uncertain since each proceeding is taking place in different instances.

(Stated in millions of Colombian pesos)

NOTE 19. ACCOUNTS PAYABLE

Below, we detail the balance of accounts payable that Credivalores has on March 31, 2023, and December 31, 2022, respectively:

	March 31, 2023	December 31, 2022
Leases	279	3
Suppliers	20	25
Commission and fees	3.157	523
Withholdings and labor contributions	843	1.013
Other accounts payable (19.2)	47.172	32.946
Costs and expenses payable (19.1)	9.279	17.350
	60.750	**51.860**

19.1 Costs and expenses payable

	March 31, 2023	December 31, 2022
Services	5.425	177
Others (19.1.1)	3.854	17.173
	9.279	**17.350**

19.1.1 Other

	March 31, 2023	December 31, 2022
Call option premiums	-	3.050
Representation and public relations expenses	2	8
Maintenance	16	-
Fiduciary services	212	2.980
Technical service providers	3.624	11.136
	3.854	**17.174**

19.2 Other accounts payable

	March 31, 2023	December 31, 2022
Payroll Loan Disbursement CDS	(2)	2.223
Account payable free-standing trusts	-	1.596
MC Pending collection to apply	15	9
Crediuno Disbursements	20	46
Against Visa vrol positions	83	116
Different	178	122
Accounts payable Book Buybacks	869	-
TIGO Withdrawal	1.275	1.440
Credipoliza Withdrawals	1.655	1.644
Crediuno Refunds	2.841	2.855
Collection in favor of third parties	11.696	9.408
Payroll Loan CDS Refund	13.834	13.470
Visa C1 disbursement agreement	14.708	17
	47.172	**32.946**

NOTE 20. CURRENT AND DEFERRED TAX LIABILITIES

Current and deferred income tax expenses shall be recognized in each interim accounting period on the best estimate of the tax rate expected for the annual accounting period.

For the end of the third quarter ended March 31, 2023, Credivalores did not record current income tax expense, since accounting and tax losses are presented for this period, and under the article 188 of the National Tax Statute, as the taxable year 2021 the percentage of presumptive income is zero (0%) of the net worth of the last day of the immediately preceding taxable year. Additionally, it recognized tax income generated primarily by updating the deferred tax asset on tax loss. When calculating the effective tax rate for the cut-off periods of March 31, 2023 and March 31, 2022, it was 51% and 38% respectively.

(Stated in millions of Colombian pesos)

NOTE 21. OTHER LIABILITIES

Below is the detail of other liabilities:

	March 31, 2023	December 31, 2022
Commission commercial force	-	7
Checks pending collection	1	18
Collection to be applied SG	1.266	103
Portfolio collection in participation	2.281	-
Collections of managed loan portfolios	4.806	5.963
Collections pending application	10.844	13.252
Values received for third parties (21.1)	20.467	20.714
	39.665	**40.057**

21.1 Values received for third parties

Below is the detail of other Values received from third parties

	March 31, 2023	December 31, 2022
Retailers collections	8	-
Voluntary and mandatory insurance collections	237	499
FGA's guarantees collections	3.307	3.327
Free-standing trusts collections	16.915	16.888
	20.467	**20.715**

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 relation to solvency required by legal provisions and mandatory investments.

Authorized, and Paid in Capital

As of March 31, 2023, and December 31, 2022 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	March 31, 2023 Number of shares	%	December 31, 2022 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%**

(Stated in millions of Colombian pesos)

	March 31, 2023	**December 31, 2022**
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 the placement of shares.

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

	March 31, 2023	**December 31, 2022**
Ordinary shares (a)	2.278.169	2.278.169
Preferred shares (a)	2.506.785	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**(6.327)**	**(63.211)**

(a) The value of the shares as of March 31, 2023, and 2022 correspond to the total number of outstanding shares held by Credivalores, 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.

March 31, 2023

	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, 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%**

(Stated in millions of Colombian pesos)

Treasury shares

	March 31, 2023	December 31, 2022
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
Total	**-**	**-**

The CVCS General Shareholders' Meeting on July 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 under Articles 396 and 417 of the Commercial Code.

Reserves

Equity reserves as of March 31, 2023, and December 31, 2022 were comprised of the following:

	March 31, 2023	December 31, 2022
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 before the liquidation of the Company but may be used to absorb or reduce losses. Appropriations made by more than 50% are freely available by the general assembly.

Other reservations

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

NOTE 23. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	March 31, 2023	December 31, 2022
Tax	223	27.004
Income tax OCI	**223**	**27.004**
Other comprehensive income	**22**	**(76.475)**
Shares	921	955
Financial instruments	**(899)**	**(77.430)**
Financial instruments Forward	-	(161)
Financial instruments Options	(899)	(60.195)
Financial instruments Coupon Only swap	-	(17.074)
Total	**245**	**(49.471)**

NOTE 24. REVENUE

Below, is a detail of revenue for the three and nine-months ended March 31, 2023, and 2022:

	March 31, 2023	December 31, 2022
Interests	79.290	85.971
Interest expense	-	(19)
Subtotal Interests (24.1)	**79.290**	**85.952**
Revenue from customer contracts (24.2)	**18.153**	29.726
	97.443	**115.678**

(Stated in millions of Colombian pesos)

24.1 Interest

	March 31, 2023	March 31, 2022
CrediUno interest	5.043	31.800
CrediPoliza interest	1	16
TuCrédito loan interest	4.679	9.390
Tigo loan interest	1.049	2.272
SG Free-standing Trusts loan interest	963	-
TuCrédito transaction costs	(4.434)	(1.367)
CrediPoliza transaction costs	(1)	(1)
CrediUno transaction costs	(3.281)	(3.562)
Sub-total Consumer loans	**4.019**	**38.548**
CrediPoliza late payment interest	21	51
TuCrédito late payment interest	259	343
SG Free-standing Trusts late payment interest	182	-
Consumer loan defaults	**462**	**394**
Joint operation interest	18	122
Subtotal Joint operation interest	**18**	**122**
Financial returns	1.459	977
BTG Pactual Financial returns	(220)	3.200
Current interests, Free-standing Trust	44.577	16.059
Income from FGA Alliance	355	8.141
Other income, Free-standing Trust	5.100	47
Current interests left off-balance	21.335	9.584
Premium for portfolio sale	2.185	8.879
Other	**74.791**	**46.888**
Total Interests	**79.290**	**85.952**

24.2 Revenue from customer contracts

	March 31, 2023	March 31, 2022
Internal commission	8	100
Returned commission	31	87
Administration fee - life insurance plus	340	505
Shared financial consultancy fees	471	551
Financial Consultancy –Returns from Debtor life insurance	346	1.341
Brokerage Commission	1.930	2.129
Financial Consultancy-Returns Voluntary insurance policies	334	349
Collection fees	3.718	3.795
Administration fee – credit card	10.975	20.869
	18.153	**29.726**

NOTE 25. OTHER INCOME

At the end of each period, movements corresponded to:

	March 31, 2023	March 31, 2022
Recoveries from Loan portfolio	93	254
Recoveries from previous exercises	194	-
Sickness Leave	2	2
Other	5	3
Tax refund	6	1
Total	**300**	**260**

(Stated in millions of Colombian pesos)

NOTE 26. OTHER EXPENSES

At the end of each period, movements corresponded to:

	March 31, 2023	March 31, 2022
Fees	4.952	4.639
Tax	3.562	3.267
Technical assistance	3.287	669
Commissions	2.037	825
Electronic data processing	1.855	2.248
Yields Invertors	1.004	1.010
Public services	970	913
Transport	888	495
Leases	714	590
Other	511	183
Check risk central	376	152
Insurance	295	323
Janitorial and security services	260	208
maintenance and repairs	146	82
Publicity and advertising	118	561
Office supplies	87	132
Travel expenses	70	73
Fines, penalties and awards	35	13
Cost of representation	23	105
Legal expense	19	23
Publicity and advertising	5	4
Adaptation and installation	4	19
Temporary Services	2	39
Total	**21.220**	**16.573**

NOTE 27. NET FINANCIAL INCOME

Below is the detail of financial (net) costs, for the periods ended March 31, 2023, and 2022:

	March 31, 2023	March 31, 2022
Financial performances (27.1)	2.284	702
Financial income (27.2)	300	260
Total Financial Income	**2.584**	**962**
Forwards valuation (27.3)	(3)	(9)
Total Financial Expense	(3)	(9)
Net Financial Income (expense)	**2.581**	**953**

27.1 Corresponds to the returns generated by investments in financial institutions in which Credivalores has invested its resources.
27.2 Mainly corresponds to the recovery of expenses of previous years and the recovery of provisioned portfolio.
27.3 Corresponds to the valuation of fixed-rate investments at fair value.

NOTE 28. 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. Concernig the credit risk on commitments to extend lines of credit, Credivalores is potentially exposed to losses in an amount equal to the total unused commitments, if the unused amount were to be withdrawn in its totality; However, the amount of the loss is less than the total amount of the unused commitments because the majority of loan extension commitments are contingent once the client can maintain specific credit rating standards. Credivalores monitors the maturity dates of those credit limit commitments because long-term commitments have a higher credit risk than short-term commitments.

(Stated in millions of Colombian pesos)

The following is a breakdown of unused lines of credit commitments and guarantees on March 31, 2023, and December 31, 2022:

	March 31, 2023	December 31, 2022
Unpaid approved credits	**678.182**	**530.529**

NOTE 29. 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's 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 30% and 50% of their capital.

The most representative balances as of March 31, 2023, and December 31, 2022, with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

	Members of the Board of Directors (a) March 2023	Members of the Board of Directors (a) December 2022
Accounts payable	37	112
Operating expenses	53	206

	March 2023		December 2022	
	Accounts receivable	Accounts Payable	Accounts receivable	Accounts Payable
Shareholders				
Lacrot Inversiones 2014 S.L.U.	-	-	-	57
Crediholding S. A. S.	1.815	-	1.815	-
Accounts Receivable and Other Transactions				
Ingenio la Cabaña S. A.	2.576	-	2.393	-
Inversiones Mad Capital S. A.	9.991	-	9.736	-
Finanza Inversiones S. A. S.	4.970	-	-	2.325
Banco Credifinanciera	114	19.109	497	6.825
Asficrédito	71.218	-	70.569	-
Stock Investments				
Agrocañas	4.650	-	4.710	-
Inverefectivas S.	14.459	-	14.945	-
Total	**109.793**	**19.109**	**104.665**	**9.207**

(Stated in millions of Colombian pesos)

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

	March 31,	
Item	**2023**	**2022**
Salaries	1.006	901
Short-term Employee benefits	23	28
Total	**1.029**	**929**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of March 31, 2023:

Directors

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

30. SUBSEQUENT EVENTS

On May 26, 2023, regarding the capitalization of the Company, for USD 58 million with the issuance of 3,189,969 shares , it was necessary to increase the authorized capital to COP $ 225,323 million.The process initiated in the last quarter of 2022.