Statutory Auditor's Report on the Financial Statements
(Free translation from the Original in Spanish)

To the Shareholders of
Credivalores Crediservicios S. A.

Opinion

I have audited the accompanying financial statements of Credivalores Crediservicios S. A., which comprise the statement of financial position as of December 31, 2023, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements, truly taken from the books of account, present fairly, in all material respects, the financial position of Credivalores Crediservicios S. A. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia.

Basis for Opinion

I conducted my audit in accordance with Auditing Standards on Financial Reporting accepted in Colombia. My responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of Credivalores Crediservicios S. A. in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements applicable to my audit of the financial statements in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

I draw attention to Note 18 to the financial statements, which states that as of December 31, 2023, the Entity recorded financial obligations amounting to COP 1,538,217 million, of which COP 805,688 million corresponded to 144 A/Reg S Notes. As discussed in Note 1 to the financial statements, as of the date of issuance of this report, as part of its plans to strengthen the capital structure and improve the Entity's liquidity, management is developing an action plan to renegotiate the debt with the bondholders and thus improve its financial position, which supports the use of the going concern principle. My opinion is not modified in respect of this matter.

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To the Shareholders of
Credivalores Crediservicios S. A.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How the Matter Was Addressed in the Audit
Provision for loan portfolio impairment losses: As described in Notes 2, 7.2 and 11 to the financial statements, the Entity's provision for loan impairment losses represent management's most significant estimate of expected credit losses on loan portfolio under International Financial Reporting Standard – IFRS 9, which consists mainly of consumer loans. As of December 31, 2023, the provision for loan impairment losses was COP 475,798 million for the total loan portfolio for COP 1,858,276 million. This provision is determined for each of the loan portfolios, using an estimate with statistical models for expected credit loss on collectively evaluated loans. The collective models include parameters for 12-month probability of default, probability of default over the life of the obligations, loss given default and exposure at default, with the inclusion of the prospective impact on the expected impact on the recoverability of the loan portfolio that includes assumptions about future macroeconomic conditions under plausible scenarios. Management applies its judgment in evaluating statistical estimates of credit losses, considering different scenarios, external factors and economic events that have occurred and may occur, but are not yet reflected in the loss factors.	My work on the provision for loan portfolio impairment losses consisted in performing substantive audit and control assessment testing, as well as evaluating audit evidence related to the formation of my opinion on the financial statements. The aforementioned procedures also included the evaluation of the relevance of the models and methodologies used to generate the statistical estimates of credit loss for the loan portfolios and the evaluation of the key inputs and the assumptions and judgements applied for the statistical estimation of credit loss. In evaluating the scenarios that management applied to estimate the credit loss, we assessed the reasonableness of the impact of external factors and economic events that have already occurred and may occur, but are not yet reflected in the credit loss estimate. I relied on staff with specialized skills to assist me in evaluating the appropriateness of the models and certain inputs to the credit loss statistical estimates. A recalculation of the impairment of the loan portfolio as of December 31, 2023, was performed on the total loan portfolio by using the expected loss model, as a result of which it was verified that the balance is reasonable.

To the Shareholders of
Credivalores Crediservicios S. A.

Key Audit Matter	How the Matter Was Addressed by the Audit
The main premises for considering the provision for loan portfolio impairment as a key audit matter are: (i) the need for a significant level of judgment by management to determine the modeling techniques used in its statistical estimates of credit loss, which in turn entails a high level of subjectivity for the auditor, (ii) the subjectivity in the evaluation of audit evidence regarding the relevance of the different evaluated scenarios, (iii) the involvement of specialized resources to support the evaluation of such audit evidence.	

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the appropriate preparation and fair presentation of the financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, matters related to the going concern principle and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Auditing Standards on Financial Reporting accepted in Colombia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

To the Shareholders of
Credivalores Crediservicios S. A.

As part of an audit in accordance with Auditing Standards on Financial Reporting accepted in Colombia, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my statutory auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

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To the Shareholders of
Credivalores Crediservicios S. A.

From the matters communicated with those charged with governance, I have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I have described these matters in my auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstance, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management is also responsible for compliance with regulatory aspects in Colombia related to accounting document management, the preparation of management reports, and the timely and appropriate payment of contributions to the Colombian Comprehensive Social Security System and **the implementation of the transparency and business ethics program**. My responsibility as Statutory Auditor for those matters is to perform review procedures to issue a conclusion on their appropriate fulfilment.

Accordingly, I conclude that:

a) The Entity's accounting records during the year ended December 31, 2023, have been kept in conformity with legal regulations and accounting technique, and transactions recorded conform to the Company's bylaws and the decisions made by the General Shareholders' Meeting and the Board of Directors.

b) The correspondence, account vouchers and minute book, and **share** register are duly kept and safeguarded.

c) There is consistency between the accompanying financial statements and the report prepared by management. Management stated in such a report that it did not hinder the free circulation of invoices issued by vendors or suppliers.

d) Information contained in self-assessment returns of contributions to the Colombian Comprehensive Social Security System, in particular that related to affiliates and their income base for calculation, has been taken from the accounting records and supports. As of December 31, 2023, the Entity is not in arrears for contributions to the Colombian Comprehensive Social Security System.

e) The Entity has implemented the transparency and business ethics program in compliance with External Circular 100-000011 of 2021 issued by the Colombian Superintendency of Companies.

(Free translation from the Original in Spanish)

To the Shareholders of
Credivalores Crediservicios S. A.

In compliance with the Statutory Auditor's responsibilities contained in Article 209 (1) and (3) of the Colombian Commercial Code, related to the assessment on whether the acts of Credivalores Crediservicios S. A.'s management conform to the Company's bylaws and the orders and instructions of the General Shareholders' Meeting and on whether there are in place appropriate internal control and custody and safekeeping measures of the Company's assets or those of third parties in its possession and on the effectiveness of controls over the financial reporting process, I issued a separate report dated March 6, 2024.

Other Matters

The Entity's financial statements for the year ended December 31, 2022, were audited by another Statutory Auditor, also a member of PwC Contadores y Auditores S. A. S., whose report dated March 10, 2023, expressed an unqualified opinion on those statements.

(Original in Spanish duly signed by:)

Claudia Yamile Ruiz Gerena
Statutory Auditor
Colombian CPA Registration No. 129913-T
Appointed by PwC Contadores y Auditores S. A. S.
March 6, 2024

Credivalores-Crediservicios S. A.
Financial Statements

For the periods ended December 31, 2023 and 2022

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF FINANCIAL POSITION
ENDED DECEMBER 31, 2023 AND 2022
(Stated in million of Colombian pesos)

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash and cash equivalents	8	59.794	273.052
Financial assets at fair value measured against profits and losses			
Fair Value Investments	9.1	*983*	988
Derivatives Instruments	17	*13.806*	98.861
Loan portfolio	12	-	381
Total financial assets at fair value		**14.789**	**100.230**
Financial Assets at amortized cost			
Consumer loans	12	*1.858.276*	*2.005.440*
Impairment	12	*(455.798)*	*(372.608)*
Total Loan portfolio, net	12	**1.402.478**	**1.632.832**
Accounts receivable, net	12	*257.284*	*320.129*
Total Financial Assets at amortized cost		**1.659.762**	**1.952.961**
Current tax assets	22	*41.476*	*32.012*
Deferred tax assets, net	22	*128.756*	*157.736*
Property and equipment, net	14	*301*	*173*
Assets for right of use	15	*9.289*	*2.021*
Intangible assets other than goodwill, net	16	*12.841*	*39.852*
Investments in Equity	9.2	*4.650*	*4.710*
Investments in Associates and Affiliates	10	*11.895*	*14.945*
Total assets		**1.943.554**	**2.577.692**
Liabilities and equity			
Liabilities:			
Financial Liabilities At amortized cost			
Financial obligations	18	1.538.217	2.534.228
Other Lease Liabilities	15	*9.349*	*2.179*
Total Financial Liabilities At amortized cost		**1.547.566**	**2.536.407**
Employee benefits provisions	19	*1.054*	*1.053*
Other provisions	20	*2.932*	*3.028*
Accounts payable	21	91.120	51.892
Current tax liabilities	22	*1.616*	*1.698*
Other liabilities	23	*25.560*	*40.057*
Total liabilities		**1.669.848**	**2.634.135**
Equity:			
Share capital	24	*225.324*	*135.194*
Share Own	24	*(12.837)*	*(12.837)*
Treasury shares	24	*12.837*	*12.837*
Reserves	24	*11.038*	*11.038*
Additional paid-in capital	24	*255.021*	*71.169*
Other Comprehensive Income (OCI)	25	*(161)*	*(49.470)*
Accumulated result for previous years		*(202.465)*	*99.995*
IFRS convergence result		*(21.910)*	*(21.910)*
Net Income for the period		*6.859*	*(302.459)*
Total equity		**273.706**	**(56.443)**
Total liabilities and equity		**1.943.554**	**2.577.692**

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

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

	Notes	December 31, 2023	December 31, 2022
Interest Income and similar	26.1	**272.861**	**286.766**
Financial costs interest	18	(420.860)	(491.269)
Exchange rate differences	18	321.672	(121.755)
Revenue from contracts and other services with customers	26.2	**65.074**	**113.128**
Net Interest		**238.747**	**(213.130)**
Impairment of financial and condonation assets loan portfolio	12	(122.924)	(83.739)
Expense on accounts receivable provisions	13	(12.988)	(11.298)
Gross Financial Margin		**102.835**	**(308.167)**
Other Expenses			
Employee Benefits		(12.922)	(14.358)
Depreciation and amortization expense	14 – 16	(6.916)	(6.222)
Depreciation right of use assets	15	(2.239)	(2.056)
Other	27	(80.002)	(88.880)
Total Other expenses		**(102.079)**	**(111.516)**
Net operating Income		**756**	**(419.683)**
Other Income	28.2	1.421	2.122
Financial income	28.1	6.985	7.566
Financial Income		**8.406**	**9.688**
Investment valuation at fair value	28.3	(3)	(9)
Financial expense		**(3)**	**(9)**
Net financial income (expense)		**8.403**	**9.678**
Net Income before income tax		**9.159**	**(410.004)**
Income tax	22	(2.300)	107.545
Net income for the period		**6.859**	**(302.459)**
Net earnings per share		**860**	**(63.211)**

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

	December 31,	
	2023	**2022**
Net income for the period	**6.859**	**(302.459)**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Shares (Note 9.2 – 10)	(3.110)	-
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	161	300
Valuation of financial derivatives Cross Currency Swaps	17.074	(40.869)
Valuation of financial derivatives Options	62.764	21.190
Income tax	(27.581)	6.782
Total other comprehensive income for the period	**49.309**	**(12.597)**
Total other comprehensive income	**56.168**	**(315.056)**

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

CREDIVALORES- CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED DECEMBER 31, 2023 AND 2022
(Stated in million of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
Balance as of 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	-	-	-	-	(12.596)	-	-	-	(12.596)
Net income for the period	-	-	-	-	-	-	-	(302.459)	(302.459)
Balance as of December 31, 2022	**135.194**	**71.169**	**(12.837)**	**23.875**	**(49.470)**	**(54.848)**	**132.932**	**(302.459)**	**(56.444)**
Appropriation of earnings	-	-	-	-	-	-	(302.459)	302.459	-
Capitalization	90.130	183.852	-	-	-				273.982
Increases (decrease) in other comprehensive income	-	-	-	-	49.309	-	-	-	49.309
Net income for the period	-	-	-	-	-	-	-	6.859	6.859
Balance as of December 31, 2023	**225.324**	**255.021**	**(12.837)**	**23.875**	**(161)**	**(54.848)**	**(169.527)**	**6.859**	**273.706**

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

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

	Notes	December 31, 2023	December 31, 2022
Cash flows from operating activities			
Profit (Loss) after income tax		6.859	(302.459)
Reconciliation of profit (Loss) after income tax:			
Depreciation of property and equipment	14	97	240
Right-of-use depreciation of assets	15	2.239	2.056
Amortization of Intangible Assets	16	28.595	5.982
Amortization of expenses paid in advance	16	2.894	5.377
Amortización de Primas Call Opciones	17	44.041	-
Increase in Impairment for Credit Portfolio	12	104.496	75.368
Amortization of Transaction Costs Liabilities		52.969	31.875
Increase Forgiveness	12	18.428	8.371
Impairment Accounts Receivable	13	12.988	11.298
Valuation of Derivative Financial Instruments		112.103	236.116
Proceeds from the sale of Property and Equipment	14	(53)	-
Proceeds from the sale of the Loan Portfolio		(1.615)	(49.527)
Portfolio valuation measured at fair value	12	381	16.302
Exchange adjustment in investments in associates	10	(25)	(4)
Interest causation of financial obligations		250.571	271.783
Difference in exchange by reexpression		(265.519)	290.385
Income Tax and Deferred Tax		2.300	(107.545)
Cash generated by operations			
Net change in operating assets and liabilities:			
Portfolio increase in capital credits and interest		117.586	41.718
Increased Accounts Receivable		41.254	113.385
Acquisition of Intangible Assets		(1.833)	(2.225)
Increase in Prepaid Expenses		(2.633)	(4.995)
Increase (decrease) of other Intangible Assets		(13)	121
Increase (Decrease) of Accounts Payable		40.035	(27.202)
Increase employee Benefits		1	58
Impuesto sobre las ganancias pagado		(10.446)	(10.040)
Increased Provisions		(96)	2.110
Increase in Other Liabilities		(14.497)	(1.942)
Net cash provided by operating activities		**541.107**	**606.606**
Net change in investment assets:			
Increase in investments in FIC'S financial instruments		31	417
Originated by the sale of Property and Equipment		53	-
Acquisition of property and equipment		(225)	(184)
Net cash provided for investment activities		**(141)**	**233**
Net change in operating activities			
Acquisition of financial obligations		301.248	895.631
Result in the maturity settlement of derivatives		35.450	292.211
Payment of financial obligations		(1.003.154)	(1.208.090)
Interest payment financial obligations		(255.033)	(284.002)
Increase by Payment Premiums Call Options		(48.227)	(7.051)
Diferencia en cambio por realización		(56.155)	(168.668)
Capitalization		273.982	-
Payment of financial leases		(2.337)	(2.370)
Net cash used for financing activities		**(754.226)**	**(482.339)**
Increase (decrease) in cash and cash equivalents		**(213.260)**	**124.500**
Difference in Cash Exchange and Cash Equivalents		2	38
Cash and cash equivalents at the beginning of the period		273.052	148.514
Cash and cash equivalents at the end of the period		**59.794**	**273.052**

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 through Public Deed No. 4532 of December 12, 2008. The merger was unanimously approved by the General Meeting of Shareholders of both companies on July 31, 2008, whereby it was determined that Crediservicios S.A. (the surviving company), would continue to legally exist after taking over Credivalores S.A. which would cease to exist (being dissolved but not liquidated). In addition, the equity of Credivalores S.A. was merged with that of Crediservicios S.A. by 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 June 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.

At the end of the financial statements, Credivalores has agencies nationwide, as follows: Bogotá, Armenia, Barranquilla, Bucaramanga, Cali, Cartagena, Cúcuta, Florencia, Ibagué, Manizales, Medellín, Monteria, Neiva, Pereira, Riohacha, Santa Marta, Sincelejo, Tunja, Valledupar and Villavicencio.

Ongoing Business

Under the provisions of Articles 218 and 457 of the Commercial Code, such as Law 2069 of 2020 in its Article 4 paragraph 1 and Decree 854 of 2021 issued by the Ministry of Industry and Commerce, Credivalores has evaluated from the following perspectives the performance of the Company 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.

It should be noted that according to the conceptual framework of the IFRS standards, in number 3.9 going concern hypothesis, Credivalores prepares and presents the financial statements with the understanding that it is an operational entity and will continue its activity within the foreseeable future. Therefore, the entity does not intend or need to liquidate or cease its business activity.

Credivalores, with the support of an Ad Hoc Committee of Bondholders, during the first quarter of 2024 will make an exchange offer for the 144A/Reg S bonds maturing in February 2025 whose objective is to strengthen its capital structure and contribute to the long-term financial sustainability of the company. Following the company's announcement that it would use the grace period to launch the offering, Fitch downgraded the long-term international issuer risk ratings in local and foreign currencies to C, the senior international debt rating to C/RR4 and the short-term IDRs to C. It also under the national short-term and long-term ratings to C(col), as well as the issuance of ordinary bonds guaranteed by the National Guarantee Fund to CCC+(col).

During 2023, Credivalores developed different strategies to obtain the necessary liquidity for the development of the business model.

Economic overview

During 2023, the Colombian economy has faced significant challenges, evidencing a notable slowdown in several sectors, which has had an impact on results and contributions to the Gross Domestic Product (GDP). GDP growth is expected to be close to 1.2% this year, with OECD projections suggesting a figure close to 1.4% by 2024. However, some analysts expect growth below 1% in 2024, attributed to high levels of inflation in 2023, which are expected to persist above the Banco de la República's target range (3%-4%) in 2024.

The crisis is deepened by the all-time high in interest rates over the past 25 years. This situation has led to a significant slowdown in the demand for credit, both in the consumer and commercial/productive spheres. Asobancaria figures indicate that, in real terms, the consumer and commercial portfolios have experienced decreases of -10.5% and 5.3%, respectively, compared to November 2022.

Facing this situation and the need to fight inflation, the adjustment in the intervention rate was minimal in 2023, reaching a decrease of 13% in the month of December. Expectations for 2024 are more optimistic, anticipating that the intervention rate could be between 9% and 10%, according to macroeconomic projections by Bancolombia and its economic research group. However, the first months of 2024 will be crucial to assess the speed of this decline.

With rate conditions expected to improve, economic growth is expected to start recovering as the decline in the policy rate is reflected in interest rates on loans to the public. This scenario could encourage the arrival of direct investment in the country, improving performance and stimulating the growth of various economic sectors by the end of 2024.

In the case of the unemployment rate, despite the decrease recorded in the last quarter of 2023, it remains in a single digits, reaching 9% in November. However, a possible rebound is expected in early 2024 due to the marked slowdown experienced since the third quarter. The consolidation of the downward trend will depend on the productive sector resuming the path of growth and increasing productivity towards the end of next year.

Political uncertainty, combined with the aforementioned rate conditions, has been responsible for the decline in foreign direct investment as a percentage of GDP from 22% in pre-pandemic periods to approximately 18% today.

In the fiscal matter, Colombia is going through a period where initiatives to improve and increase tax collection are consolidated. However, the forecast is uncertain because the reform agenda implies an increase in public spending, while the increase in tax revenue is subject to cyclical effects associated with the growth of productive activity and the ability to supervise these activities, factors that are still uncertain in the current situation. There is a high risk of breaking the fiscal rule in the coming years, leading to an increase in public debt, the elimination of tax exemptions and possibly the need for new tax reforms to increase revenues and carry out the government's political agenda.

Given the inflationary scenario at the end of 2023, with an indicator of 9.28% in December, a 12.07% increase in the minimum wage was implemented. This measure will challenge both the public and private sectors, considering that the economic slowdown will impact performance and productivity in the first half of the year, as well as the ability to generate new jobs.

The exchange rate will continue to be a determining variable for the country's performance in 2024. Despite having narrowed the gap against the dollar with the region's economies, high volatility is anticipated until the downward dynamics of the Federal Reserve (FED) and the European Central Bank (ECB) rates prevail. This scenario will be crucial for Colombia to regain its attractiveness as an investment destination, as long as uncertainty in other aspects dissipates and remains on the expected growth path, with benchmark indicators converging towards the target ranges defined by the Central Bank.

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.

Ability to continue offering business model products.

Credivalores structured additional collateralized lines for the drawdown portfolio that allow the company to develop its operational activity during 2024.

Additionally, Credivalores has the capacity to issue bonds in dollars and make use of available credit lines.

Internal Control Qualifying Issue

During 2023, the audit committees were held in the months of September, November and December 2023.

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 accordance with 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 by means of the following decrees:

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

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

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

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

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

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

The financial statements, the significant judgments made by the administration in the application of the accounting policies of Credivalores and the main sources of estimation were the same as those applied to the financial statements for the year ended December 31, 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 that it is not possible to apply the quantitative criterion or that it cannot be used for specific financial assets.

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

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

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

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

Main sources of 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 with 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 in the validation set (test), it is also important to highlight that models chosen are those where there is coherence in the projections.

The projected PD is considered as 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.

The selected variables that determine the adjustment factor for each product are listed in the following tables:

- Variables Crediuno

Label	Variable Description
IPC_LAG3	Consumer price index to 3 lags
PIB_LAG3	Gross Domestic Product to 3 lags
PIB_TCA	Gross Domestic Product. Annual Growth Rate
TU	Maximum Rate Allowed
IPP	Producer price index
ITCR_USA	Real exchange rate index according producer price index - US bilateral
IPEXP	Exports price index, according to foreign trade
IPIMPORTO_LAG3	Imports price index, according to foreign trade
ICCP_LAG1	Heavy construction price index to 1 lag

Table 8: Selected Variables CrediUno

- Variables Tucredito

Label	Variable Description
ICCP	Heavy construction price index
IPC	Consumer price index
IPC_INF_ACT	Consumer price index. YTD Inflation
IPIMPORT_LAG3	Imports price index to 3 lags
ISE	Economic monitor index
ISE_EST	Economic monitor index, data affected by seasonal effect
ISE_EST_TC_AC	Economic monitor index, data affected by seasonal effect YTD
ITCR_USA	Real exchange rate index according producer price index - US bilateral
PIB_LAG1	Gross Domestic Product to 1 lag
PIB_TCA	Gross Domestic Product. Annual Growth Rate
TD	Unemployment rate
TRM_LAG1	Foreign exchange rate (COP/USD) to 1 lag
TU_LAG3	Maximum Rate Allowed to 3 lags
TU_VAR_LAG3	Maximum Rate Allowed Change to 3 lags

Table 9: Selected Variables Payroll (Tu Crédito)

3.2 Financial Assets Business Model

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

- The expected policies and objectives for the portfolio and the actual application of them In particular whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Credivalores management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Credivalores stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

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

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

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

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

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

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

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

Financial Assets at fair value

According to its business model the Company has determined that 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. business model is to hold these assets with the purpose of collecting their cash flows on specified dates, as per their contractual terms, and the contractual terms of the financial asset give rise on specified dates, to cash flows that consist of payments of principal and interest on the outstanding amount owed.

3.3 Leases

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

Variable lease payments

Some property leases contain variable payment terms that are linked to profit generated from a specific office. For individual offices, up to 100% of lease payments are 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 on the basis of additional tax estimates that must be cancelled. 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. SUMMARY OF THE MAIN ACCOUNTING POLICIES

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

4.1 Materiality

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

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

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

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

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

4.2.1 Functional and reporting currency

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

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

4.2.2 Transactions and Balances in Foreign Currency

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

As of December 31, 2023, and 2022, the (COP/USD) exchange rates certified by the Superintendence of Finance were 3.822,05 and 4.810,20 per U.S. $1 respectively.

4.3 Cash and cash equivalents

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

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

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

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

4.4 Financial Instruments

Financial instruments

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

Date of recognition of financial instruments

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

4.4.1 Financial Assets

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

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

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

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

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

i. Amortized cost

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

Effective rate

The effective interest rate is a method that allows calculating the amortized cost of financial assets over the financing period.

This method consists of discounting the future value of the financial asset with the reference market rate for accounts receivable of similar characteristics (amount, term), at the date of commencement of the operation.

Additionally, interest must be recognized as a higher value of the obligation.

ii. Fair value

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

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

Should no active market exist for a specific financial instrument CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm's length basis, should these exist, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.

The valuation technique chosen makes use, to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies. Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction (See note 6).

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

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

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

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

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

4.4.2 Initial measurement of financial instruments

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

Debt instruments held within a business model aimed at receiving contractual cash flows, whose cash flows are only capital and interest payments on the outstanding principal amount (SPPI), are subsequently measured at the amortized cost; debt instruments that are maintained within a business model whose objective is both to receive contractual cash flows and to sell debt instruments and which have contractual cash flows that are SPPI, are subsequently measured at fair value through another comprehensive result (FVOCI); all other debt instruments (e.g. debt instruments administered on a fair value basis, or held for sale) and capital investments are subsequently measured in FVPL.

4.4.2.1 Financial Assets at Fair Value

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

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

(Stated in million of Colombian pesos)

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 Company has established, in accordance with the business model, that the "Tu Crédito" line of credit, whose loans are not impaired, is the best rated portfolio (0 – 90 days) and that management has the possibility of selling them in the short term, based on the historical average of the negotiations.

The subsequent measurement for unsold credit lines, which were initially measured at fair value but after 90 days of origination have incurred impairment, will be through the application of an indexed rate, which converts the amortized cost rate to a fair value equivalent.

4.4.2.2 Financial assets at amortized cost

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

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

The Company classifies the following financial instruments at amortized cost:

Credivalores Crediservicios S.A. Business Model					
Product	**Measurement**	**Terms**	**Valuation**	**Features**	**Estimated % of Sales**
Tucredito	Fair value	0-90 days as of date of disbursement	Market price	Current and best rated payroll loans	25%
	Amortized cost	> 91 days subsequent to date of disbursement	Equivalent indexed rate	Current and past-due payroll loan portfolio	
Crediuno	Amortized cost	Portfolio	Equivalent indexed rate	Credit card	75%

4.4.3 Impairment

Under the guidelines of IFRS 9, in 2019 Credivalores adjusted its impairment model of loss incurred to expected loss, in line with said standard, which is established based on a classification of operations in three stages.:

- Stage 1-assets without significant deterioration or in normal situation.
- Stage 2-assets with a significant increase.
- Stage 3-assets with objective evidence of impairment.

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

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

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

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

4.5 Impairment of non-financial assets

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

4.6 Equity Instruments

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

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

4.6.1 Investment in associate

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

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

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

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

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

4.7 Accounts Receivable

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

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

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

In addition, interest must be recognized at a higher value in the account receivable.

The effective interest rate will be the rate corresponding to the market rate (where applicable) at the time the financing begins. If there is no market rate with similar characteristics the average internal lending rate will be used.

4.8 Impairment of accounts receivable

Accounts receivable other than credit portfolios are classified and impairment losses are periodically assessed in accordance with the simplified approach set out in IFRS 9.

4.7 Leases

4.7.1 Assets acquired under leases

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

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

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

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

4.8 Property and Equipment

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

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

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

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

Leasehold Improvements

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

(Stated in million of Colombian pesos)

4.9. Intangible assets

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

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

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

4.10. Income taxes

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

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

Current income tax is calculated based on the Colombian prevailing Tax laws. Management periodically assesses positions taken in its tax returns about situations in which the applicable tax regulations are subject to interpretations and establish provisions when appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax assets are only recognized to the extent that it is probable that future taxable income is expected to be available to offset temporary differences.

Deferred tax liabilities arise from taxable temporary differences.

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

Due to the enactment of Law 2155 of 2021, resulting from the estimation of the future reversal of the deferred tax as of January 1, 2022, an increase in the income tax rate from 30% to 35% was identified, as mentioned in note 22. The Company adjusted the corresponding tax-deferred balances expected to reverse beginning in 2024, using the 35% income tax rate.

With Law 2277 of December 13, 2022, a tax reform was adopted, this provision introduces some modifications in terms of income tax, however, for the general income rate it is maintained at 35% for national companies and their assimilated, permanent establishments of foreign entities and foreign legal entities with or without residence in the country obliged to file the annual tax return on the Income and complementary, taking for the year 2022 this rate for the calculation of the deferred tax.

4.11 Financial liabilities

A financial liability is any contractual obligation of the Company to deliver cash or another financial asset to another entity or person, to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Company or a contract that will or may be settled using the Company’s own equity instruments. Financial liabilities are initially recorded at their transaction value, which, unless otherwise determined is similar to their fair value less transaction costs directly attributable to issuance. Subsequently, these financial liabilities are measured at amortized cost and their returns are recognized applying the effective interest rate method determined initially and charged to the income accounts as financial expenses.

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

4.12 Derivative financial instruments and hedge accounting

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

Credivalores mitigates the foreign exchange risk of foreign currency indebtedness (mainly the Notes placed internationally under its Euro Commercial Paper program and the bonds issued under 144A/Reg S) uses financial instruments such as forwards in delivery and non-delivery mode, cross currency swap, coupon only swap, CALL financial options for purchase and sale, with local and foreign financial institutions rated AA- or higher.

4.12.1 Fair-value hedge accounting

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

The exchange difference in the right valued in USD of the derivative financial instruments, forward, cross currency swap, coupon only swap and CALL options is offset by the difference in exchange of the hedged items, these are the bonds issued and notes in USD re denominated with the TCRM (Representative Market Exchange Rate) at the end of each month.

The variation in the valuation curves is recorded as another comprehensive result (ORI) in equity until the maturity of the derivative, that is, the fair value will have two effects; one to the results and the other to the ORI. Hedging effectiveness is measured retrospectively using the hypothetical derivative method.

4.12.2 Cash-flow hedge accounting

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

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

4.13 Employee Benefits

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

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

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

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

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

4.13.1 Short term paid leave

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

a) in the case of paid leave whose rights are accumulating as the employees provide the services that increase their right to paid leave in the future.
b) in the case of non-cumulative paid leave when the leave occurs.

Short term paid leave includes:

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

4.14 Provisions and contingent liabilities

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

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

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

4.14.1 Contingent Assets

The Company will not recognize any contingent asset.

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

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

4.14.2 Contingent Liabilities

The Company will not recognize any contingent liability.

Contingent liabilities shall be continually assessed to determine if a cash outflow is likely to include future economic benefits. If it is expected that an outflow of future economic resources will be probable for an item previously dealt with as a contingent liability the corresponding provision is recognized in the financial statements of the period when the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made of said amount).

4.15 Revenues

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

Revenue will be recognized:

- To the extent that the services are provided and/or risks and benefits associated with the goods sold are transferred. When the service is provided during the same period, the degree of progress must not be recorded and instead 100% of the income will be recognized in that period.
- When the generation of economic benefits associated with the activity is likely.

- When it is possible to reliably determine the value of the same.
- The value of income is normally determined, by agreement between the Company and the third party. They will be measured at the fair value of the counterparty, received or to be received, taking into account the amount of any discount, bonus or rebate that the Company may grant.

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

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

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

4.15.1 Revenues from interest and commissions

Interest income, portfolio sales, guarantees:

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

The effective interest rate is the rate that accurately discounts estimated future cash payments or those received over the expected life of the financial instrument or a shorter period, in the net carrying value of the financial asset or financial liability. The calculation takes into account all contractual conditions of the financial instrument (for example, prepaid options) and includes incremental fees or costs that are directly attributable to the instrument and are an integral part of the IRR, but not future credit losses.

Credit card fees or deposits, including credit card exchange fees and quarterly handling fees are recognized when the performance obligations associated with the customer contract are met.
Income from collateral and portfolio sales is recognized when the stages for the recognition of operating income are met, that is, when performance obligations related to the transfer of assets are satisfied. The following tables describe the different activities that the Company develops and the commission income it generates.

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

(Stated in million of Colombian pesos)

Credipoliza	Administration and handling fees for the Credipoliza line.	
Plus life insurance	Management fee on the Plus life insurance policy of the Crediuno line.	

4.15.2 Revenues from ordinary activities

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

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

4.15.2.1 Dividends

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

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

4.16 Net earnings per share

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

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

NOTE 5 - NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

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

DECREE 1611 OF 2022

Decree 1611 of 2022 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia by mainly incorporating amendments to the standards that had already been compiled by Decrees 938 of 2021, 2270 of 2019 and 1432 of 2020, which considered the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2019.

Accounting Policy Disclosure: Amendments to IAS 1 and IFRS 2 Practice Document

The IASB amended IAS 1 to require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that it is not necessary to disclose information on intangible accounting policies. If it is revealed, you should not hide important accounting information.

To support this amendment, the IASB also amended IFRS Practice Paper 2 Making Judgments on Materiality to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates: Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates apply prospectively to future transactions and other future events, but changes in accounting policies generally apply retrospectively to past transactions and other past events, as well as to the current period.

Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognize deferred taxes on transactions that, at the time of initial recognition, result in equal amounts of taxable and deductible temporary differences. They will generally apply to transactions such as lessee leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should apply to transactions occurring after the beginning of the first comparative period submitted. In addition, entities should recognize deferred tax assets (to the extent likely to be usable) and deferred tax liabilities at the beginning of the first comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- liabilities for decommissioning, restoration and similar, and the corresponding amounts recognized as part of the cost of the respective assets.

The cumulative effect of the recognition of these adjustments is recognized in retained earnings or another component of equity, as applicable.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions, and several approaches were considered acceptable. Some entities may have already accounted for such transactions in accordance with the new requirements. These entities will not be affected by the amendments.

Amendment to IAS 16 Leases – COVID 19 Considerations

The amendment includes retroactive application for rent reductions related to Covid-19, recognizing the initial cumulative effect as an adjustment to the initial balance of retained earnings.

Note: If, because of the analysis carried out by the Company's management, it does not identify a material impact from the application of the above amendments, the Company may choose to leave only the following paragraph in section 3.2:

Certain amendments to the accounting and financial reporting standards have been published, which are not mandatory for the financial statements as of December 31, 2023, and have not been adopted in advance by the Company. These amendments are not expected to have a material impact on the entity in these financial statements and in foreseeable future transactions.

NOTE 6 - ESTIMATIONS OF FAIR VALUE

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

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

Fair value hierarchy has the following levels:

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

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated with regard to the fair value measurement in its totality. Financial instruments quoted in markets considered inactive but valued in accordance with quoted market prices, quotes from price providers or alternative price sources supported by observable entries, are classified in Level 2. A fair value measurement that uses observable entries requiring significant adjustments based on unobservable entries is a Level 3 measurement. The evaluation of a particular entry's importance in measuring the fair value in its totality requires an opinion, considering specific factors of the asset or liability.

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

6.1 Fair Value Measurement on a Recurring Basis

(Stated in million of Colombian pesos)

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

For fair value measurements classified in Level 3 of the fair value hierarchy, an entity shall provide quantitative information on the significant non-observable input data used in the fair value measurement.

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

	December 31, 2023	December 31, 2022
ASSETS	**Level 3**	**Level 3**
Fair Value Investments	983	988
ASSETS	**Level 2**	**Level 2**
Derivative Trading Instruments		
Hedging derivatives		
Currency forward	-	5.120
Options	2.568	96.836
Cross Currency Swap	-	(10.146)
Prima Call	11.238	7.051
Consumer		
Payroll deduction loans	-	381
Total fair value assets	**14.789**	**100.230**

6.2 Fair value determination

The methodology applicable to instruments for Credivalores is:

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

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

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

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

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

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

a. Projected cash flows according to weighted average life for each product, using: Current Balance Average term to maturity, weighted average rate
b. Calculate present value of cash flows projected as per described in a) discounted at the discount rate previously described.
c. Present value determined as per described in b) represents the loan portfolio´s fair value.

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

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

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

6.2.6 Derivative financial instruments

Derivative financial instruments and hedge accounting:

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

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

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

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

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

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

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

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

(Stated in million of Colombian pesos)

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

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

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

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

	December 31, 2023		December 31, 2022	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.858.276	1.493.769	2.005.440	1.727.703
Total	**1.858.276**	**1.493.769**	**2.005.440**	**1.727.703**
Liability				
Financial obligations	1.538.217	1.535.755	2.534.228	2.527.648
Total	**1.538.217**	**1.535.755**	**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.

6.4 Financial Instruments

Financial Assets

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

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

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

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

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

iii. Amortized cost

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

iv. Fair value

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

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

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

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

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

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

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

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

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

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

6.4.1 Loans and receivables portfolio

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

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

6.4.1.1 Financial Assets at Fair Value

Credivalores Crediservicios S. A. S., in line with its business model, classifies its products according to the risk inherent in its portfolio. In general, its line of credit 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.

6.4.1.2 Financial assets at amortized cost

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

The effective interest method is a method used to calculate the amortized cost of an asset and allocate the income or cost in interest during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as appropriate, in a shorter period, is equal to the net book value in the beginning.

To calculate the effective interest rate, the Company estimates the cash flows considering all the contractual terms of the financial instrument, including the transaction costs and the premiums granted minus the commissions and discounts, but without considering the future credit losses.

NOTE 7. RISK MANAGEMENT

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

Objective and general guidelines

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

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

7.1 Governance structure

Board

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

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

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

Risk Committee

The responsibilities of the Risk Committee are:

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

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

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

Risk Headquarters

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

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

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

Internal Audit

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

Financial Risk Management

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

- Credit Risk
- Market Risk

(Stated in million of Colombian pesos)

- Liquidity Risk
- Operating Risk

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

7.2 Credit Risk

Credit risk is the risk of financial loss faced by Credivalores Crediservicios S.A., if a client or counterparty in a financial instrument does not meet its contractual obligations and originates mainly from the receivables to customers and the Company's investment instruments. The business model of Credivalores Crediservicios S.A, in its portfolio of credits differs from the rating of its products according to the inherent risk of its portfolio. During the three and six-month period ended December 31, 2023, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to credit risk of Credivalores, according to IFRS 7, is reflected in the book value of financial assets in the statement of financial position of Credivalores as of December 31, 2023 and December 31, 2022 as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	59.794	273.052
Financial instruments net	19.440	104.559
Loan portfolios		
Consumer loans	1.858.276	2.005.440
Payroll loans at fair value	-	381
Accounts receivable, net	257.284	320.129
Total financial assets with credit risk	**2.194.794**	**2.703.561**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	957.060	530.529
Total exposure to off-balance-sheet credit risk	**957.060**	**530.529**
Total maximum exposure to credit risk	**3.151.854**	**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 consist in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

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

Significant Increase in Credit Risk

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

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

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

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

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

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

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

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

II. PI – Probability of noncompliance

Term structure of PI

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

Credivalores employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change 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 of time that is determined by the stage of the loan. For stage 1 the PD are evaluated for the next 12 months, loans on later stages are evaluated for the remainder of the loan lifetime. To estimate lifetime probability Credivalores calculates the 12-month PD and for each successive year for the loan lifetime the model estimates the PD conditioned to not having defaulted during previous years.

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

Forward-Looking Information

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

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

(Stated in million of Colombian pesos)

The economic scenarios used as of December 31, 2023 include the following key indicators (among others) for Colombia for the years ending 31 December 2023 and December, 2022[1]:

	2023		
	Scenario A	**Scenario B**	**Scenario C**
Consumer Price Index	186,78	166,13	207,43
Consumer Price Index Full Year Variation	3,04	2,25	3,83
Import Price Index	113,92	112,66	115,17
Economic performance Index	121,24	121,94	120,55
Economic performance Index, data affected by seasonal effect	119,08	119,69	118,47
Economic performance Index, data affected by seasonal effect Full Year Variation	2,48	2,67	2,28
Real Exchange Rate Index (ITCR), according to PPI - Bilateral with the United States	169,92	167,05	172,79
Gross domestic product	$ 237.522	$ 240.379	$ 234.665
Gross Domestic Product Annual Growth Rate	1,77	1,95	1,60
Unemployment rate	9,96	9,90	10,02
Foreign Exchange rate (COP/USD)	$ 4.257,98	$ 4.209,60	$ 4.306,35
Usury rate	37,2%	36,9%	37,5%
Variation of the usury rate	-1,49	-1,42	-1,56
Consumer Price Index	176,30	155,66	155,66
Gross domestic product	$ 235.953	$ 238.811	$ 238.811
Usury rate (Maximum interest rate)	37%	36%	36%
Producer Price Index	174,84	174,17	174,17
Export price index, according to foreign trade	175,55	176,82	176,82
Heavy Construction Price Index	100,65	97,68	97,68

Credit Risk Rating

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

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

Loan Portfolio

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

III. PDI – Loss due to non-compliance

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

IV. ED – Exposure at Default

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

[1] Projections made internally by the planning area.

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

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

V. Simplified Model

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

I. Roll Rate Methodology

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

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

Credit Portfolio other products:

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

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

Then the monthly average of the portfolio is determined by age and the average values are weighted according to the rate of loss greater than 90 days in each case.
To calculate the PE of the impaired portfolio, the balance of the portfolio of each tranche is multiplied by the percentage of expected loss (Migration to greater than 360) determined in the previous step

I. ED – Exposure at default

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

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

Credit Risk Model: Other accounts receivable

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

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

(Stated in million of Colombian pesos)

Loss impairment

The table below shows the loss impairment balances as of December 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		37.143	12.768	405.887	455.798
Total loan portfolio	Ps.	**37.143**	**12.768**	**405.887**	**455.798**
Total loss impairment financial assets at amortized cost	Ps.	37.143	12.768	405.887	455.798
Total loss impairment	**Ps.**	**37.143**	**12.768**	**405.887**	**455.798**

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	322.485	372.609
Total loan portfolio	Ps.	**33.101**	**17.023**	**322.485**	**372.609**
Total loss impairment financial assets at amortized cost	Ps.	33.101	17.023	322.485	372.609
Total loss impairment	**Ps.**	**33.101**	**17.023**	**322.485**	**372.609**

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

	Gross Amount Registered		Impairment Recognized	
With recognized provision				
Consummer	Ps.	672.134	Ps.	405.887
Total	Ps.	**672.134**	Ps.	**405.887**

7.2.1 Monitoring and Control Process

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

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

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

Below are the capital balances by default level:

(Stated in million of Colombian pesos)

As of December 31, 2023

Status	Tu Crédito	CrediUno	CrediPóliza	Total managed portfolio	On balance sheet Portfolio
CURRENT	544.481	428.248	26.550	999.279	912.996
1-30	7.322	43.137	20	50.479	50.026
31-60	4.895	18.006	23	22.924	22.712
61-90	3.177	18.810	7	21.994	21.908
91 - 180	7.283	40.394	12	47.689	47.243
181 - 360	15.831	86.219	90	102.140	101.986
> 360	129.067	193.718	7.582	330.367	327.671
Total	**712.056**	**828.532**	**34.284**	**1.574.872**	**1.484.542**

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 height of arrears:

As of December 31, 2023

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	630.429	368.850	999.279
1-30	15.375	35.104	50.479
31-60	17.625	5.299	22.924
61-90	14.370	7.624	21.994
91 - 180	30.698	16.991	47.689
181 - 360	71.028	31.112	102.140
> 360	140.169	190.198	330.367
Total	**919.694**	**655.178**	**1.574.872**

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 million of Colombian pesos)

7.3 Credit worthiness

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

Entity	Type of Account	December 31, 2023	December 31, 2022
Banco de Bogotá	Savings/Checking	2	62
Bancolombia	Savings/Checking	6.050	9.151
Banco De Occidente	Savings/Checking	11	94
Banco Santander	Checking	-	490
JP Morgan	Checking	-	7
Available in Free-standing Trusts	Savings/Checking	49.316	234.793
JP Morgan USD	Deposit	-	11
Banco Santander USD	Checking	36	479
		55.415	**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	BBB- 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+	Fitch Ratings
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. In order to establish a minimum margin risk exposure and ensure optimal resource management through periodic evaluations and measurements of the Company's exposure.

7.4 Market Risk

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

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

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

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

As of December 31, 2023 and December 31, 2022, Credivalores had the following financial assets and liabilities at fair value subject to trading risk:

(Stated in million of Colombian pesos)

Financial assets and liabilities at fair value exposed to trading risk held:	**December 31, 2023**	**December 31, 2022**
Equity Instruments	983	988
Derivatives instruments	13.806	98.861
Loan Portfolio	-	381
Total	**14.789**	**100.230**
Net Position	**14.789**	**100.230**

Methodology used to measure risk

Market risks are quantified through value at risk standard models.

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

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

Interest rates

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

Sensitivity Analysis

Taking into account Credivalores exposure to changes in the reference interest rate, a sensitivity analysis of the impact on financial obligations is included given the possible effect on the variable indexed interest rates in the third quarter of 2023. The following methodology was defined for the analysis:

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

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

3. The present value of the monthly interest payment was calculated, using as reference the 6-month IBR rate on an annual basis as of December 31, 2023 (12.199%).

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

The results are set out below:

Scenarios	**Interests**
Effect of 20 BPS decrease in variable rate	1.065.960
Effect of 20 BPS increase in variable rate	1.058.997
Total Scenarios	**(6.963)**

Interest Rate and Exchange Rate

Rate and devaluation effect scenario (variable rate and foreign currency obligations)	**Interests**
Effect of revaluation and decrease, 20 BPS, variable rate	1.058.997
Effect of devaluation and increase, 20 BPS, variable rate	1.072.923
Total Scenarios	**6.963**

(Stated in million of Colombian pesos)

Exchange rate

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

Sensitivity Analysis

Considering Credivalores exposure to changes in the USD/ exchange rate, a sensitivity analysis of the impact on financial obligations is included given the possible effects of changes in the exchange rate in the third quarter of 2023. The following methodology was used for the analysis:

1. Two scenarios were evaluated in which the exchange spot rate is adjusted by 0.60% daily volatility (spots prices projected using Bloomberg's curve), generating revaluation and devaluation effect on the TRM as of December 31, 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 reference the 6-month IBR rate on an annual basis as of December 31, 2023 (12.199%).
5. Finally, we compared the results of each scenario with the base scenario, which corresponds to the projected flows for payment of capital and interest using as reference the rates as of December 31, 2023.

The results are set out below:

Item	Total Debt
Initial Scenario (Balance as of December 31st, 2023)	345.042
Scenario 1 (Effect of revaluation)	344.170
Scenario 2 (Effect of revaluation)	345.912
Difference Scenario 1 vs. Initial Scenario	(872)
Difference Scenario 2 vs. Initial Scenario	870

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

7.5 Liquidity Risk

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

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

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

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

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

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

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

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

(Stated in million of Colombian pesos)

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

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

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

Liquidity Risk Management

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

Liquidity position

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

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

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

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

Item	Liquidity level December, 2023
7 Days	658%
15 Days	394%
30 Days	229%

As of December 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 of the liquidity level projected to 30 days. As of December 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 in order to determine how likely a liquidity stress can happen.

The following is a breakdown by time range for the Liquid Assets and the LRI (Liquidity Risk Indicator) for December 31, 2023 and December 31, 2022.

(Stated in million of Colombian pesos)

	December 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	2	2	-	-	-
Bancolombia S. A.	6.050	6.050	-	-	-
Banco De Occidente	11	11	-	-	-
Banco Santander Uruguay	36	36	-	-	-
Alianza Fiduciaria	17	17		-	-
Cash at Free-Standing Trusts	50.205	50.205	-	-	-
Mutual Funds	984	984	-	-	-
Agrocaña	4.650	-			4.650
Fiducolombia Free-Standing Trusts	3.471	3.471	-	-	-
Inverefectivas	11.894	-	-	-	11.894
Total liquid assets	**77.322**	**60.778**	**-**	**-**	**16.544**

	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 in accordance with the Liquidity Risk Indicator (LRI) methodology.

Measurement of exposure to liquidity risk

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

(Stated in million 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: 3%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 1 Dec-23	
Net Liquidity	59,794
Assets (Credivalores + Free-standing Trust) (Portfolio)	1,402,477
Indicator 1	4,3%

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

Lower limit: 3%; cannot be below the lower limit more than three times in a year

Exposure Limit Indicator 2 Dec-23	
Net Liquidity	59.794
Liabilities (Credivalores + Free-standing Trust)	1.524.411
Indicator 2	**3,9%**

In the twelve-month period ended December 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 3%, because CV will use all the cash to disburse and grow the portfolio. We expect it to increase above 3% 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.

December 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	59.794	-	-	-	59.794
Equity Instruments at fair value	983	-	-	4.650	5.633
Investments in Associates and Affiliates	-	-	-	11.895	11.895
Financial Assets at amortized cost (*)	74.791	380.306	471.742	1.222.744	2.149.583
Total assets	**135.568**	**380.306**	**471.742**	**1.239.289**	**2.226.905**

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 (*)	177.995	186.499	316.483	1.244.039	1.925.016
Total Liabilities	**177.995**	**186.499**	**316.483**	**1.244.039**	**1.925.016**

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

(Stated in million 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 8. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalent balances encompass the following as of December 31, 2023 and December 31, 2022:

	December 31, 2023	**December 31, 2022**
Cash	2	2
Banks	55.415	245.087
Mutual funds (8.1)	4.377	15.701
Term Deposit (8.2)	-	12.021
TIDIS	-	241
	59.794	**273.052**

As of December 31, 2023, and December 31, 2022, there were no restrictions on bank accounts.

As of December 2023, there are 16 reconciliation items with a net value of $5, as of December 2022 there are 30 reconciliation items with a net value of $0.7.

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

	December 31, 2023	**December 31, 2022**
Fiduciaria Bancolombia – Renta Liquidez	-	6
Alianza Fiduciaria – Collective Investment Fund	17	5.161
Fiduciaria Banco de occidente	-	11
Collective Investment Funds (1)	4.360	10.523
Total	**4.377**	**15.701**

The average profitability with cut to December 2023 is 30.42% and for 2022 it was 16.07%.

(1). These collective investment funds are held in trusts

(Stated in million of Colombian pesos)

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

Manager	Dec-23	Dec-22	Rating Agency
Fiduciaria Bancolombia	AAA	AAA	Fitch Ratings
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 a direct ownership of shares and rights. These funds invest in short term paper and offer a slightly higher yield than a savings account and are classified as cash equivalents since the company can withdraw and deposit funds at any time, as funds are at sight.

8.2 Certificates of Deposit (CDs)

As of December 31, 2023, Credivalores did not have Certificates of Deposit (CDT).

As of December 31, 2022, 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	Nominal rate	Total Balance
Santander Bank	23/08/2022	23/02/2023	6	6.500	14.61%	13.71%	6.517
Santander Bank	23/08/2022	23/02/2023	6	5.500	14.61%	13.71%	5.504
Total				**12.000**			**12.021**

The long-term rating for Santander Bank is AAA.

NOTE 9. FINANCIAL INSTRUMENTS

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

	December 31, 2023	December 31, 2022
Collective Investment Funds (9.1)	983	988
Equity instruments (9.2)	4.650	4.710
	5.633	**5.698**

9.1 At fair value with changes in results

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

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return 2023	Annual Return 2022	As of December 31, 2023	As of December 31, 2022
BTG Pactual I Clase Z	Closed	5.000.000	2.000.000	39.144%	40,506%	955	903
Collective Investment Fund	Closed	200.000	200.000	14,855%	14,039%	24	17
Credicorp Capital	At sight	-	-	-	-	4	4
Cartera abierta BTG	Open	-	-	0,000%	16,168%	-	64
TOTAL						**983**	**988**

9.2 Equity instruments

(Stated in million of Colombian pesos)

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

The Company holds a 5.03% stake in the share capital of Agrocañas S.A., with 3,300 shares outstanding as of December 31, 2023. These are not listed on the stock exchange and are therefore measured at cost, the variations are recorded with changes in Equity. No sales are expected in the next 12 months.

NOTE 10. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	December 31, 2023	December 31, 2022
Inverefectivas S.A (a)	11.895	14.945
	11.895	**14.945**

(a) Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated in accordance with the legislation of Panama, and has 4,000 shares issued, of which Credivalores owns 1,000 shares with an intrinsic value of FIX 3.106,97 expressed using the TRM of 3.822,05 as of January 01, 2024.

	December 31, 2023		December 31, 2022	
	Share of ownership interest	Book value	Share of ownership interest	Book Value
Associates				
Inverefectivas S.A.	25%	11.895	25%	14.945
		11.895		**14.945**

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

	December 31	
Associate	**2023**	**2022**
Balance at the beginning of the period	**14.945**	**12.369**
Adjustments for exchange rate differences	-	2.377
Adjustments for exchange differences with changes in the ORI	(3.075)	-
Adjustment for valuation method of participation	25	199
Period-end balance	**11.895**	**14.945**

NOTE 11. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that have not yet matured and that have not suffered impairment losses is assessed on the basis of the ratings granted by external bodies or, if they do not exist, on the basis of internal categorizations defined based on the characteristics of the counterparties:

	December 31, 2023	December 31, 2022
Cash and cash equivalents		
AAA	55.412	244.999
AA	3	88
Total Cash and Cash Equivalents	**55.415**	**245.087**

	December 31, 2023	December 31, 2022
Equity instruments (shares)		
Financial assets at fair value through other comprehensive income		
Financial sector	4.650	4.710
Total equity instruments	**4.650**	**4.710**

(Stated in million of Colombian pesos)

	December 31, 2023	December 31, 2022
Debt Instruments		
AAA	-	12.021
Total debt instruments	**-**	**12.021**

NOTE 12. LOAN PORTFOLIO, NET

Financial assets at amortized cost on the statement of financial position are classified as consumer portfolio and microcredit. Following is a description of the portfolio of Credivalores as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Consumer	1.858.276	2.005.440
Impairment	(455.798)	(372.608)
Total financial assets at amortized cost	**1.402.478**	**1.632.832**
TuCredito payroll deduction loans at fair value	-	381
Total financial assets at fair value	**-**	**381**
Total loan portfolio, net	**1.402.478**	**1.633.213**

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 829.365 as of December 31, 2023 and 1.053.196 as of December 31, 2022. Credivalores classified portfolio by product in accordance with the days of default.

During 2023, portfolio sales were made for $157,089 and during 2022 they amounted to $242,824.

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

	December 31,	
	2023	2022
Initial Balance	372.608	318.427
Impairment of the period charged against to profit or loss	104.496	75.368
Write-offs	(21.306)	(21.187)
Closing balance	**455.798**	**372.608**

Expenditure on provisions and write-offs of loan portfolio

	December 31, 2023	December 31, 2022
Expenditure for the provisions period	104.496	75.369
Forgiveness	18.428	8.370
Total	**122.924**	**83.739**

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

As of December 31, 2023

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.484.542	75.984	258.586	39.164	(455.798)	1.402.478
Total financial assets at amortized cost	**1.484.542**	**75.984**	**258.586**	**39.164**	**(455.798)**	**1.402.478**

(Stated in million of Colombian pesos)

At 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:

December 31, 2023

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	271.669	633.461	332.176	738.875	1.858.276
Total Gross Loan Portfolio	**271.669**	**633.461**	**332.176**	**738.875**	**1.858.276**

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:

December 31, 2023

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	184.465	511.467	279.163	509.447	1.484.542
Total Principal Only Loan Portfolio	**184.465**	**511.467**	**279.163**	**509.447**	**1.484.542**

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 December 31, 2023		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.484.542	90.330	1.574.872
Total Financial Assets at amortized cost	**1.484.542**	**90.330**	**1.574.872**

	As of December 31, 2023		
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 December 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	912.996	912.996	1.206.606	1.206.606
Overdue but not impaired	72.738	72.738	85.811	85.811

(Stated in million of Colombian pesos)

Non-performing loans under 360 days	171.137	171.137	107.218	107.218
Non-performing loans over 360 days	327.671	327.671	285.903	285.903
	1.484.542	**1.484.542**	**1.685.538**	**1.685.538**

NOTE 13. ACCOUNTS RECEIVABLE, NET

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

	December 31, 2023	December 31, 2022
Debtors (13.1)	98.075	168.909
Economically Related Parties (13.2)	32.967	43.662
Asficredito (13.6)	75.967	78.156
Payments on behalf of clients (13.3)	26.238	22.559
Deposits	-	9.445
Prepayments and Advances	-	1
Others accounts receivable (13.4)	30.623	3.793
Shareholders	1.815	1.815
Impairments for doubtful accounts (13.5)	(8.401)	(8.211)
	257.284	**320.129**

13.1 The balance of the debtors account as of December 31, 2023 amounts to $98.075 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 and administrative collection management expenses

13.2 The following is the detail with economically related parties:

	December 31, 2023	December 31, 2022
Finanza inversiones S. A. S.	19.825	-
Ingenio la cabaña S. A.	2.410	2.000
Inversiones Mad capital S. A. S.	10.732	9.736
Activar Valores S. A. S.	-	15.777
Brestol S. A. S.	-	16.149
	32.967	**43.662**

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

	December 31,	
	2023	**2022**
Finanza Inversiones	DTF + 9.41%	DTF + 9.41%
Ingenio la Cabaña	IBR + 8%	IBR + 8%
Mad Capital	DTF + 5%	DTF + 5%

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

	December 31, 2023	December 31, 2022
Life Insurance Payroll deduction loans	12.248	9.928
Crediuno Insurance	7.117	5.976
Tigo Insurance	205	374
Credipoliza Insurance	579	582
SG Portfolio Insurance	6.089	5.699
	26.238	**22.559**

(Stated in million of Colombian pesos)

13.4 The following is the detail of the other accounts receivable account

	31 de diciembre 2023	31 de diciembre 2022
Advances to Suppliers	-	2.114
To third parties	30.380	14
Embargoes	223	1.654
Advances to Employees	20	11
	30.623	**3.793**

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

	December 31, 2023	December 31, 2022
Balance at start of period	(8.211)	(7.910)
Deterioration (1)	(12.988)	(11.298)
Write-off	12.798	10.997
Balance at end of period	**(8.401)**	**(8.211)**

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

13.6 Balances arising from the development of the business collaboration agreement

13.4.1. Detail Impairment

As of December 31, 2023, the amount of the impairment provision for accounts receivable amounts to $8.401. Changes in the impairment provision of accounts receivable are described in the following table:

Third Party	Impairment	%
Asficredito	7.587	10,0%
Staggered Collective Portfolio	814	2.3%
Total	**8.401**	

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 14. PROPERTY AND EQUIPMENT, NET

The Company's property, plant and equipment as of December 31, 2023 and December 31, 2022, respectively, are as follows:

	December 31, 2023	December 31, 2022
Transportation equipment	279	117
Office equipment and accessories	1.806	1.771
Computer equipment	388	388
Network and communication equipment	1.785	1.761
Assets in financial lease	4.354	4.354
Subtotal	**8.612**	**8.391**
Accumulated depreciation	(8.311)	(8.218)
Total	**301**	**173**

(Stated in million of Colombian pesos)

The breakdown for equipment movement is shown below:

	December 31, 2022	Purchases	Write-offs	December 31, 2023
Transportation equipment	117	162	-	279
Office equipment and accessories	1.771	40	(5)	1.806
Electronic equipment	388	-	-	388
Network and communication equipment	1.761	24	-	1.785
Assets in financial lease	4.354	-	-	4.354
	8.391	**226**	**(5)**	**8.612**

	December 31, 2021	Purchases	Write-offs	December 31, 2022
Transportation Equipment	117	-	-	117
Office equipment and accessories	1.614	157	-	1.771
Electronic equipment	393	3	(8)	388
Network and communication equipment	1.990	24	(253)	1.761
Assets in financial lease	4.384	-	(30)	4.354
	8.498	**184**	**(291)**	**8.391**

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

	December 31, 2022	Depreciation	Write-offs	December 31, 2023
Transport equipment	117	4	-	121
Office equipment and accessories	1.643	60	(5)	1.698
Electronic equipment	1.279	13	-	1.292
Telecommunications equipment	826	20	-	846
Assets in financial lease	4.353	-	-	4.353
	8.218	97	(5)	**8.310**

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

(Stated in million of Colombian pesos)

NOTE 15. PROPERTIES BY RIGHT OF USE

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

	December 31, 2023	December 31, 2022
Assets		
Properties, Plant and Equipment (Right of Use)	9.289	2.021
Deferred tax asset	21	55
Liabilities		
Other financial liabilities - lease of use		
Currents	-	(934)
Non-current	(9.349)	(1.245)
Net	**(39)**	**(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	Rights of use Premises and Offices
	2022	**2021**
As of December 31		
Cost	9.251	9.696
Accumulated Depreciation	(7.230)	(5.398)
Net cost	**2.021**	**4.298**
	2023	**2022**
As of December 31		
Balance at the beginning of the year	2.021	4.298
Additions	9.507	-
Retreats	-	(221)
Transfers	-	-
Depreciation charge	(2.239)	(2.056)
Balance at the end of the year	**9.289**	**2.021**
	2023	**2022**
As of December 31		
Cost	9.753	9.251
Accumulated Depreciation	(464)	(7.230)
Net cost	**9.289**	**2.021**

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

In relation to the rights of use recorded in the property, plant and equipment accounts, financial leasing liabilities have been recorded which are included in other financial liabilities and which as of December 31, 2023, have the following balances:

Lease liabilities	December 31, 2023	December 31, 2022
Opening Balances	**2.179**	**4.770**
Additions	9.507	-
Payments	(2.337)	(2.370)
Withdraws	-	(221)
Ending Balances	**9.349**	**2.179**

(Stated in million of Colombian pesos)

15.1Statement of Results

	December 31, 2023	December 31, 2022
Depreciation fee - usage asset	2.239	2.056
Interest expense on lease liabilities	395	221
Variable lease expenses	631	858
	3.265	**3.135**

Total cash outings for leases as of December 31, 2023 were $ 3.370 and for 2022 they were $3,491.

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 16. INTANGIBLE ASSETS, NET

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

December 31, 2023

	Initial Balance	Additions	Amortization	Closing Balance
Software Licenses	1.441	1.833	2.199	1.074
Acquired Trademarks	7.140	-	2.380	4.760
Database	17.409	-	10.962	6.446
Contracts	13.054	-	13.054	-
Other	484	2.633	2.894	224
Total	**39.528**	**4.466**	**31.489**	**12.504**

In 2023, a database sale operation was carried out for $10,000 and for exclusivity contracts $11,777.

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:

	December 31, 2023	December 31, 2022
Disputed rights	337	324
Total	**337**	**324**

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

	December 31, 2023	December 31, 2022
Depreciation of brands	2.380	2.380
Amortization of exclusivity contracts, databases and licenses	26.215	3.602
Subtotal	**28.595**	**5.982**

(Stated in million of Colombian pesos)

Consultancies, free-standing trusts commissions, contributions	175	1.277
Investors	1.988	3.307
Fees	119	375
Insurance	612	418
Total	**2.894**	**5.377**

Brands, Databases and Exclusivity Contracts

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 in accordance with the dynamics of growth, margin contribution and efficiency in expenses.

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

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

	December 31, 2023	December 31, 2022
ASSETS		
Prima Call	11.238	7.051
Hedge forward contracts (17.1)	-	5.120
Hedge Options (17.2)	-	(10.146)
Hedge Swaps (17.3)	2.568	96.836
Total	**13.806**	**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 development of this policy, the main objective 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 in accordance with the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

In accordance with the guidelines of this policy, the following is the list of derivative instruments implemented and in force as of december 2023 to hedge foreign currency risks and interest rate risks of financial obligations denominated in foreign currency (Notes due 2025 and credits):

Operaciones de Cobertura Vigentes

Type of instrument	Position of Credivalores	Type of Option	Amount covered in USD	Effective date	Strike Price COP	Compliance
Call Option	Seller	European	3.907.373	11/07/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	11/07/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/08/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/08/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	12/09/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	12/09/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	10/10/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	10/10/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/11/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/11/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	12/12/2024	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	12/12/2024	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/01/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/01/2025	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/02/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/02/2025	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/03/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/03/2025	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	11/04/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	11/04/2025	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	13/05/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	13/05/2025	5.085	Non-Delivery
Call Option	Seller	European	3.907.373	12/06/2025	4.585	Non-Delivery
Call Option	Buyer	European	3.907.373	12/06/2025	5.085	Non-Delivery

17.1 Forward Contracts for Hedging

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

- **Fair-value hedge accounting**

	Fair value			
	December 31, 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

17.2 Derivate Financial Instruments Options

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

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

(Stated in million of Colombian pesos)

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

	Fair value			
	December 31, 2023		December 31, 2022	
ASSETS	**Nominal Amount USD**	**Fair Value**	**Nominal Amount USD**	**Fair Value**
Call spread premium option	1	2.568	23	96.836
Total forward contracts for hedging – assets	**1**	**2.568**	**23**	**96.836**

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

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 46.888.476.

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.

In accordance with the guidelines of said policy, the following is the list of derivative instruments implemented and in force as of December 2023 to hedge foreign currency risks and interest rate risks of financial obligations denominated in foreign currency:

17.3 Derivate Financial Instruments Cross Currency Swap

Credivalores closed operations with financial derivative instruments to manage and mitigate fluctuations in the fair value of the debt position in the profit and loss statement. The portion of cross-currency swaps that hedges exchange rate risk is measured at market value (Fair Value Hedge) and the portion that hedges interest rate risk is measured as cash flow hedge. In the second half of 2022 and the first quarter of 2023, Credivalores carried out Unwind with these operations.

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

	Fair value			
	December 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 cancelled.

b. **Coupon only swaps hedging contracts**

The coupon-only swaps that cover interest until the maturity of the disbursements of the PA Credivalores UBS O'Connor and Gramercy credit, were cancelled in February and March 2023 through a UNWIND, a type of operation used to close open positions of derivative financial instruments.

(Stated in million of Colombian pesos)

NOTE 18. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations:

	December 31, 2023	December 31, 2022
144 A / Reg S Bonds	805.688	1.289.134
ECP Program Notes	124.233	192.408
Financial obligations in Free-standing Trust	412.652	901.248
Promissory notes national banks	97.242	48.919
Local Ordinary Bonds - FNG Partial Guarantee	95.940	95.940
Transaction Costs	(32.860)	(53.924)
	1.502.895	**2.473.725**

The balances of the financial obligations of Credivalores and the Autonomous Assets of which it is the settlor at the cut-off of December 31, 2023 and December 31, 2022, correspond to obligations contracted with financial institutions in the country and obligations in the foreign capital market. Short-term obligations are loans that must be paid between December 2023 and December 2024 and long-term loans that mature after December 2024, respectively:

a) Short-term financial obligations.

Entity	December 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Banco de Bogotá	3.850	IBR+7,75%	2024	5.210	IBR+5,8%	2023
Banco de Bogotá				302	IBR+2,5%	2023
Banco de Occidente	8.860	IBR+5%	2024	10.000	IBR+3,72%	2023
Banco de Occidente	278	IBR+8%	2024	309	IBR+2%	2023
Bancolombia	4.544	IBR+11,75%	2024	6.831	IBR+7,65%	2023
Bancolombia	1.238	IBR+7,95%	2024			
Bancolombia	4.960	IBR+11,8%	2024			
Coltefinanciera	-		-	1.065	14,68% EA	2023
Finanza Inversiones	67.605	SOFR+10,21%	2024			
Finanza Inversiones	5.907	20%	2024			
Total National Entities	**97.242**			**23.717**		
ECP Program Notes	-	-	-	120.255	8,75% NA	2023
ECP Program Notes	-	-	-	72.153	12,5% NA	2023
Total ECP Program Notes	-			**192.408**		

Entity	December 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
FNG Partial Guaranteed Local Ordinary Bonds	95.940	9,10%	2024	-	-	-
Total Bond Issuance	**95.940**			-		

Entity	December 31, 2023	Maturity	Expiration	December 31, 2022	Interest rate	Maturity
PA Sindicado	13.970	IBR+5,50%	2024	6.956	DTF+5,5%	2023
Total Free-standing Trusts	**13.970**			**6.956**		

Total short-term obligations	**207.152**			**223.081**		

Credivalores has short-term financial obligations, during the periods ended December 31, 2023 and December 31, 2022 for a value of 207.152 and 223,081, respectively. The measurement of liabilities financial instruments of financial obligations is valued at low amortized cost as established by IFRS 9.

(Stated in million of Colombian pesos)

b) Long-term obligations

The Company had long-term financial obligations during the periods ended December 31, 2023 and December 31, 2022 totaling 1.328.603 and 2.304.568, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ended December 31, 2023 and December 31, 2022, valued at 32.860 and 53.924, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ended December 31, 2023 and December 31, 2022 is 1.502.895 and 2.473.725 respectively, which will be paid off as described above.

Entity	December 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Bancolombia	-			9.446	IBR+11,75%	2024
Bancolombia	-			6.375	IBR+7,905%	2024
Bancolombia	-			10.446	IBR+11,8%	2024
Total National Entity	-			**26.267**		
ECP Program Notes	123.999	10,00%	2028	-	-	-
ECP Program Notes	234	12,50%	2028	-	-	-
Total ECP Program Notes	**124.233**			-		

Entity	December 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
Free-standing Trust Syndicated Loan TuCrédito	158.712	IBR+5,50%	2025-2027	253.004	IBR + 5,5%	2024al2027
Free-standing Trust Syndicated Loan Payroll	111.247	IBR+8,00%	2026-2027	169.939	IBR+8%	2027
Free-standing Trust UBS O'Connor	93.269	SOFR+11,50 %	2025	421.920	SOFR+9,5%	2025
Free-standing Trust Systemgroup	35.454	19,71%	2025	48.363	15% EA	2025
Total Trusts	**398.682**			**893.226**		

Entity	December 31, 2023	Interest rate	Maturity	December 31, 2022	Interest rate	Maturity
8.875% Bonds due February 2025 (144 A/Reg. S Bonds)	805.688	8,875%	2025	1.289.135	8,875% NS	2025
Domestic Bonds Guaranteed by the FNG	-	-		95.940	9,1% NS	2024
Total Bonds	**805.688**	-		**1.385.075**		
Total long-term obligations	**1.328.603**			**2.304.568**		
Transaction costs	(32.860)			(53.924)		
Total financial obligations	**1.502.895**			**2.473.725**		

- The item for rights of use for the periods ended December 31, 2023 and December 31, 2022 correspond to 9.349 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 million pesos and in August 2021 the Company placed the first tranche of bonds for an amount of $52,900 billion pesos with a 3-year term an 9.10% coupon.

The placement of the first tranch 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 tranch of the issuance of ordinary bonds with partial guarantee of the FNG for an amount of 43,040 million pesos maintaining the same maturity date and coupon of the issuance of the first lot. Therefore, at the end of September 2022, the total balance of ordinary bonds with partial guarantee of the FNG issued by Credivalores was 95.940 million.

As of December 31, 2023, Credivalores' ordinary bond issuance has an irrevocable partial guarantee from the FNG covering 70% of the principal and interest and was rated 'AA (col)' by Fitch Ratings Colombia in May 2023. The proceeds from the placement of the first and second lots of Credivalores' ordinary bond issuance allowed the bank to support the growth of its operation in Colombia by financing the disbursements of drawdown and credit card loans.

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, at the end of December 2023 it has a principal balance of $111,247.

Obligations stated in foreign currency

Entity	Nominal Value as of December 31, 2023		Nominal as of Value December 31, 2022	
ECP Program Notes (a)	32	124.233	75	192.408
144 A/ Reg S Bonds (b)	211	805.688	268	1.289.135
Total	**USD 243**	**COP 929.921**	**USD 343**	**COP 1.481.543**

- Interests

Listed below:

	December 31, 2023	December 31, 2022
Bank interests	139	199
Bank Interests Free-standing Trust	1.500	2.114
Foreign currency interest foreign currency interest	380	4.513
Bonus coupon	28.403	45.327
Coupon ordinary bonds issued locally	2.972	2.952
Interest banks another Free-standing Trust	536	559
Foreign currency interest Free-standing Trust	1.392	4.839
	35.322	**60.503**

(a) Euro Commercial Paper Program Notes

The Euro Commercial Paper Program ("ECP Program") has a quota of up to US$150,000,000.

Of the notes that were cancelled in December 2023, a balance of USD 61,200, coupon of 12.5%, remained due on December 20, 2028.

A new note maturing on December 20, 2028, was issued in December 2023, for an amount of US 32,443,137, 10% coupon with quarterly payments, annual principal payments of 25% starting in the second year.

The resources of this line of financing are used to pay existing debts.

(b) Notas 144A / Reg S

CVCS decided to make an issue of ordinary Notes under the 144A / Reg S format in the international capital market with a maturity date of February 7, 2025, for an amount of US300,000,000 with a coupon of 8.875% and a yield of 9%. These Notes pay interest due semi-annually on February 7 and August 7 of each year, beginning August 7, 2020.

Below are the payments of the coupons of the issuance of 144A/Reg S notes with coupons 8.875% and maturity in 2025 since its issuance:

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 07/02/2022	Fifth Coupon Payment - 07/08/2022
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**

Principal	Coupon	Seventh Coupon Payment - 07/08/2023
210.800.000	8,875%	9.354.250
	Total in USD	**9.354.250**
	FX Rate	4.144,79
	Total in Million Pesos	**38.771.401.858**

In accordance with 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.

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 full, 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 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.

In May 2023 Credivalores received and cancelled bonds in the amount of US57,200,000, as a result, as of december 31 2023, the new outstanding amount of the 144 A/Reg S Notes due 2025 and coupon of 8.875% is US210,800,000.

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 2023, the Company did not take on additional debt as a result of the financial ratios that must be measured to indicate whether or not the Company may incur additional debt.

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

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

(Stated in million of Colombian pesos)

	Nominal Value as of December 31 de 2023		**Nominal Value as of December 31 de 2022**	
Entidad	**Nominal value USD**	**Fair value COP**	**Nominal value USD**	**Fair value COP**
UBS OConnor Gramercy	24	93.269	88	421.920
Suma	**24**	**93.269**	**88**	**421.920**

- **IFP Financial Cost**

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

The financial cost of financial obligations for the periods ended December 31, 2023, and December 31, 2022:

	December 31, 2023	**December 31, 2022**
Free-standing trusts	108.900	82.425
Local banks	8.058	8.905
Foreign currency obligation	40.874	26.466
Financial cost Derivatives	116.864	188.761
Issuance of foreign bonds	84.242	145.818
Issuance of local bonds	8.558	6.670
Amortization Transaction costs	52.969	31.875
Interest for liabilities for lease and finance lease agreements	395	349
Total	**420.860**	**491.269**

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.

The financial cost is made up of the interest incurred during the period at the individually agreed rates, the derivative financial cost line includes the valuation of the derivatives and does not include the difference in exchange.

NOTE 19. EMPLOYEE BENEFITS

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

Below is a breakdown of employee benefit payments as of December 31, 2023, and December 31, 2022:

	December 31,	
	2023	**2022**
Interest on severance pay	43	40
Salary	-	-
Severance pays	370	354
Holidays	641	659
Total	1.054	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 million of Colombian pesos)

NOTE 20. OTHER PROVISIONS

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

	December 31, 2023	December 31, 2022
Litigations subject to executive proceedings	835	801
Other provisions (a)	2.097	2.227
	2.932	**3.028**

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

	December 31, 2023	December 31, 2022
D.F King New York.	10	-
Muñoz AYA S. A. S.	47	-
Fiduciaria Bancolombia	393	-
Rangel Chema Clemencia del Carmen	-	1
Colombiana de Comercio S. A.	-	2
Pwc Contadores y Auditores	-	32
Recuperadora y Normalizadora Integral	-	106
Experian Colombia sa	434	146
Econtact col S. A. S.	-	192
Americas Business Process Services S. A.	-	260
Atento Colombia S. A.	-	275
Activar Valores S. A. S.	1.213	1.213
	2.097	**2.227**

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

	Legal provisions	Other provisions	Total Provisions
Balance held on December 31, 2022	**801**	**2.227**	**3.028**
Increase in provisions during the period	-	(130)	**(130)**
Utilization	34	**-**	**34**
Balance held on December 31, 2023	**835**	**2.097**	**2.932**

	Legal provisions	Other provisions	Total provisions
Balance held as of December 31, 2021	**705**	**213**	**918**
Recovered provisions	96	2.014	2.110
Balance held as of December 31, 2022	**801**	**2.227**	**3.028**
Recovered provisions	34	(130)	(96)
Balance held as of December 31, 2023	**835**	**2.097**	**2.932**

Provisions correspond mainly to labor, civil and administrative processes filed by third parties against Credivalores, on which provisions were recognized as of December 31, 2023, in an amount of 835 and 2022, 801 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.

NOTE 21. ACCOUNTS PAYABLE

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

	December 31, 2023	December 31, 2022

Leases	32	3
Suppliers	10	25
Commission and fees (21.1)	5.610	523
Withholdings and labor contributions	719	1.013
Costs and expenses payable (21.2)	11.762	17.382
Other accounts payable (21.3)	72.987	32.946
	91.120	**51.892**

21.1 Corresponds to invoices caused by suppliers for commissions and fees.

21.2 Costs and expenses payable

	December 31, 2023	**December 31, 2022**
Technical Service Providers	4.660	11.266
Fiduciary Services	3.455	2.980
Maintenance	6	-
Representation and public representation expenses	16	8
Call Options Premiums	-	3.050
Collection Services	175	78
Foreign Currency Invoices	3.450	-
	11.762	**17.382**

21.2 Other accounts payable

	December 31, 2023	**December 31, 2022**
Third-Party Administrative Payments	-	-
MC Collection pending application	2	9
VISA C1 Disbursement Agreement	18.699	17
Crediuno Disbursements	17	46
Counter Visa vrol charges	9	116
Different	33.086	124
TIGO Refund	-	1.440
Account Payable PA	-	1.596
Credipoliza Reimbursements	-	1.644
CDS Drawdown Disbursement	767	2.223
Crediuno Withdrawals	3.622	2.855
Collection in favor of third parties	10.257	9.408
CDS Drawdown Reimbursement	6.528	13.468
	72.987	**32.946**

NOTE 22. CURRENT AND DEFERRED TAX LIABILITIES

22.1 Components of current tax asset:

Current tax assets for the years ended December 31, 2023, and December 31, 2022 is as follows:

	December 31, 2023	**December 31, 2022**
Income tax advance	41.466	32.000
Industry and Commerce Tax	10	12
Total current tax assets	**41.476**	**32.012**

22.2 Components of current tax liabilities

Current tax liabilities for the years ended December 31, 2023, and December 31, 2022 is as follows:

	December 31,	
	2023	**2022**

(Stated in million of Colombian pesos)

Income Tax	901	-
Industry and Commerce Tax	559	1.322
Sales Tax	156	376
	1.616	**1.698**

22.3 Components of income tax expense

Income tax expense for the years ended December 31, 2023, and December 31, 2022 is as follows:

	December 31,	
	2023	**2022**
Income Tax	901	-
Deferred Tax	1.399	(107.545)
	2.300	**(107.545)**

Credivalores does not present expenses for Current Income Tax due to the fact that there is a tax loss and presents an occasional gain which gives us a balance of $901.

In accordance with the IAS 12, current and deferred taxes are recognized as income or expense in the income statement, except to the extent that they arise from a transaction or event recognized outside profit or loss in other comprehensive income (OCI), in equity. Therefore, in the periods ended December 31, 2023, and December 31, 2022, other comprehensive income was recognized in equity.

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

The tax provisions in force in Colombia in relation to income and complementary taxes applicable during the years 2023 and 2022 establish, among other things, the following:

- Income tax and complementary taxes are regulated, through the changes established in Law 2277 of 2022 - Tax Reform for Equality and Social Justice.

- Tax income is taxed at a general rate of 35% for domestic companies and their equivalents, permanent establishments of foreign entities and foreign legal entities with or without residence in the country required to file the annual income tax return and complementary taxes.

- A minimum tax is established for residents in Colombia, an additional tax is set in the event that the income tax adjusted with some adjustments is less than 15% of the accounting profit before taxes with certain adjustments. That being the case, taxpayers will have to:

  - Determine the purified tax of the Colombian taxpayer, or the purified tax of the group in case it becomes part of a business group.
  - Determine the adjusted profit of the Colombian taxpayer or the group in the event that it becomes part of a business group, and,
  - Determine the adjusted tax rate of the Colombian taxpayer or the group in the event that it becomes part of a business group. If the effective rate (Income Tax/Adjusted Profit) is less than 15%, the tax to be added by the taxpayer or the group must be calculated in the event that it becomes part of a business group.

- In accordance with article 188 of the National Tax Statute, as of taxable year 2021, the percentage of presumptive income is zero (0%) of the net assets of the last day of the immediately preceding taxable year.

- Also, the tax rate on occasional profits is modified from 10% to 15%.

- As of the 2023 taxable year, the industry and commerce tax and notices and boards are eliminated as a tax discount on income tax; This can only be taken as a deduction.

- Excess presumptive income may be offset in the following 5 taxable periods and tax losses may be offset against ordinary net income obtained in the following 12 taxable periods.

The Company performed the reconciliation of the effective rate in accordance with IAS 12, the following is the detail between the total income tax expense of the Company calculated at the current tax rates and the tax expense (income) effectively recorded in the results of the period for the year 2023 with a rate of 25% and for 2022 of 26%, as detailed below:

(Stated in million of Colombian pesos)

	2023	2022
Earnings (loss) before tax	9.159	(410.004)
Income Tax rate	**35%**	**35%**
Income Tax	3.206	(143.501)
More (less) tax impact on:		
Non-deductible expense	6.986	7.471
Exchange rate differences	(8.892)	28.462
Non-deductible tax	12	3
Presumptive interest	87	20
Occasional gain from sale of intangible assets	901	-
Total income tax provisions charged to income	**2.300**	**(107.545)**
Effective rate	**25%**	**26%**

22.5 Deferred Tax

In accordance with IAS 12 Income Tax, differences between the carrying amount of assets and liabilities and their tax bases give rise to temporary differences that generate deferred taxes, calculated and recorded in the periods ended December 31, 2023 and December 31, 2022, based on the tax rates in effect for the years in which such temporary differences will be reversed.

In the determination of the calculation, it will be made at the rate of 35% of income tax and complementary taxes, according to the measurement of deferred tax expenses, for the taxable year 2023.

	December 31,	
	2023	**2022**
Assets deferred taxes	239.063	162.450
Liabilities deferred taxes	(110.307)	(4.714)
Deferred taxes assets (liabilities), net	**128.756**	**157.736**

Credivalores estimates that the net asset deferred tax calculated for the year 2023 is recoverable, to the extent that the entity does not intend to liquidate or cease its commercial activity, based on the provisions of the conceptual framework of the IFRS standards, in numeral 3.9 going concern hypothesis, under the understanding that it is an entity that is in operation and will continue its activity within the foreseeable future

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

	December 31,	
	2023	**2022**
Balances as of January 1	**157.736**	**43.409**
Charge (credit) to the statement of results	(1.399)	107.544
Charge (credit) to the other comprehensive results	(27.581)	6.783
Balance as of December 31	**128.756**	**157.736**

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

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

	Portfolio Provision	IFRS 9 Adoption	Adoption of IFRS 16	Depreciation of Fixed Assets	Provision of Expenses	Valuation of Financial Instruments	Financial Instruments	Tax Loss	Available in foreign currency	Shares	Total
Active Deferred Tax											
Balance as of January 1, 2022	14.325	16.469	166	218	74	20.318	111	1.643	-	-	53.324
Charge (credit) to income statement	(9.884)	-	(111)	(83)	138	-	(111)	112.394	-	-	102.343
Charge (credit) to other comprehensive income	-	-	-	-	-	6.783	-	-	-	-	6.783
Balance as of December 31, 2022	**4.441**	**16.469**	**55**	**135**	**212**	**27.101**	**-**	**114.037**	**-**	**-**	**162.450**
Charge (credit) to income statement	(4.145)	-	(34)	(82)	(192)	-	-	107.843	1	-	103.391
Charge (credit) to other comprehensive income	-	-	-	-	-	(27.101)	-	-	-	323	(26.778)
Balance as of December 31, 2023	**296**	**16.469**	**21**	**53**	**20**	**-**	**-**	**221.880**	**1**	**323**	**239.063**

	Valuation of Financial Instruments	Intangible	Impairment of Financial Instruments	Shares	Available in foreign currency	Foreign Currency Liabilities	Total
Deferred Tax Liabilities							
Balance as of January 1, 2022	-	3.044	5.839	415	617	-	9.916
Charge (credit) to income statement		837	(5.706)	258	(591)	-	(5.202)
Balance as of December 31, 2022	**-**	**3.881**	**133**	**673**	**26**	**-**	**4.714**
Charge (credit) to income statement	-	(1.624)	(133)	(172)	(26)	106.745	104.790
Charge (credit) to other comprehensive income	899	-	-	(96)	-	-	803
Balance as of December 31, 2023	**899**	**2.257**	**-**	**405**	**-**	**106.745**	**110.307**

(Stated in million of Colombian pesos)

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

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

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

	December 2023			December 2022		
	Amount before tax	Deferred tax income (expense)	Net	Amount before tax	Deferred tax income (expense)	Net
Items that may be subsequently reclassified to income						
Effect of changes in fair value on the valuation of derivative financial instruments	(79.999)	27.101	(52.898)	(19.379)	6.782	(12.597)
Shares	3.109	480	3.589	-	-	-
	(76.890)	**27.581**	**(49.309)**	**(19.379)**	**6.782**	**(12.597)**

22.7 Tax uncertainties

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

Period	Declaration	Presentation Date	Remarks
2020	Rent	September 29, 2021	No oversight by the DIAN.
2021	Rent	April 12, 2022	No oversight by the DIAN.
2022	Rent	April 13, 2023	No oversight by the DIAN.

Of the above statements, the Tax Authority has not initiated review processes for the taxable years 2020, 2021 and 2022.

From the process of reviewing income tax returns and supplementary tax returns, comments and/or adjustments are not expected from the Tax Authorities that imply a higher payment of taxes.

Performing deferred taxes assets

In future periods, it is expected to continue generating taxable net income against which to recover the values recognized as deferred taxes assets. Estimation of future fiscal results is based primarily on tax projections.

22.8 Annual Statement of Assets Held Abroad

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

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

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

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

(Stated in million of Colombian pesos)

NOTE 23. OTHER LIABILITIES

Below the detail of other liabilities:

	December 31, 2023	December 31, 2022
Sales Force Commission	11	7
Outstanding Checks	181	18
Retreaded by applying SG	-	103
Collections from managed portfolios	5.775	5.963
Unretched (23.1)	10.209	13.251
Values received for third parties (23.2)	9.384	20.715
Total Other liabilities	**25.560**	**40.057**

23.1 Unretched

In this line, the collection received in the bank accounts, pending to be applied to the portfolio products, such as Libranza, Credit Card, Credipoliza, Tigo.

23.2 Values received for third parties

Below the detail of other Values received for third parties

	December 31, 2023	December 31, 2022
Voluntary and mandatory insurance collections	859	499
FGA guarantees' collections	2.778	3.327
Free-standing trusts collections (23.2.1)	5.747	16.889
	9.384	**20.715**

23.2.1. Collection of portfolio of autonomous assets

It corresponds to the collection of the portfolio of the products delivered in administration to the autonomous assets with which Credivalores has an administration contract, paid to the bank accounts pending application to the credits.

NOTE 24. EQUITY

Capital

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

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

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

Authorized, and Paid in Capital

The subscribed and paid-up capital of Credivalores as of December 31, 2023 and December 31, 2022 is 225,323 and 135,194, represented by 7,974,923 and 4,784,954 shares, each with a par value of 28,254; respectively.

(Stated in million of Colombian pesos)

Credivalores-Crediservicios S.A.

Shareholder	**December 31, 2023 Number of shares**	**%**	**December 31, 2022 Number of shares**	**%**
Acon Consumer Finance Holdings S de RL	954.197	11.96%	954.197	19.94%
Crediholding S.A.S.	1.642.120	20.59%	1.642.120	34.32%
Lacrot Inversiones 2014 SLU	3.342.093	41.91%	1.747.109	36.51%
Acon Consumer Finance Holdings II S L	201.887	2.53%	201.887	4.22%
Direcciones de Negocio S.A.S.	-	0.00%	1	0.00%
Davalia gestión de Activos S.L	1.594.985	20.00%	-	-
Treasury shares	239.640	3.01%	239.640	5.01%
Total	**7.974.923**	**100%**	**4.784.954**	**100%**

El número de acciones autorizadas, emitidas y en circulación al 31 de diciembre de 2023 y 31 de diciembre de 2022, es el siguiente:

	December 31, 2023	**December 31, 2022**
Number of authorized shares	7.974.923	6.469.661
Subscribed and paid shares	7.974.923	4.784.954
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	225.324	135.194
Paid-in capital	255.021	71.169
Total capital plus premium	**480.345**	**206.363**

According to minutes 71 held on May 24, 2023, $ 273,980 are capitalized for a total value of 85,888 per share, of which $28,254 corresponds to the par value and $57,634 to the premium in share placement.

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

	December 31, 2023	**December 31, 2022**
Ordinary shares	2.278.169	2.278.169
Preferred shares	5.696.754	2.506.785
Repurchased treasury shares	239.640	239.640
Total earnings per share	**860**	**(63.211)**

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

December 31, 2023

	Share capital						
Name of Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Crediholding S. A. S.	1.642.121					1.642.121	20,59%
Lacrot Inversiones 2014 S.L.U.	260.325		923.665	563.119	1.594.984	3.342.093	41,91%
Acon Colombia Consumer Finance Holdings, s.l.	118.363	835.834				954.197	11,96%
Acon Consumer Finance Holdings II, S.L.	17.720		184.167			201.887	2,53%
Davalia Gestión de Activos SL	-				1.594.985	1.594.985	20,00%
Acciones Propias Readquiridas	239.640					239.640	3,01%
Total	**2.278.169**	**835.834**	**1.107.832**	**563.119**	**3.189.969**	**7.974.923**	**100%**

(Stated in million of Colombian pesos)

December 31, 2022

	Share capital						
Name of Entity	**Preference shares A**	**Preference shares B**	**Preference shares C**	**Treasury Shares**	**Common Shares**	**Total**	**%**
Crediholding S. A. S.	1.642.120					1.642.120	34,32%
Lacrot Inversiones 2014 S.L.U.	260.325		923.665	563.119		1.747.109	36,51%
Acon Colombia Consumer Finance Holdings, s.l.	118.363	835.834				954.197	19,94%
Acon Consumer Finance Holdings II, S.L.	17.720		184.167			201.887	4,22%
Direcciones de negocio S. A. S.	1					1	0%
Acciones Propias Readquiridas	239.640					239.640	5,01%
Total	**2.278.169**	**835.834**	**1.107.832**	**563.119**	**-**	**4.784.954**	**100%**

Treasury shares

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

Reserves

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

	December 31, 2023	**December 31, 2022**
Legal reserve (1)	11.017	11.017
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves	21	21
Total Reserves	**23.875**	**23.875**

Legal reserve

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

Other reservations

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

NOTE 25. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	December 31, 2023	**December 31, 2022**
Financial instruments measured at fair value	**(2.155)**	**955**
Shares	(2.155)	955
Financial instruments	**2.568**	**(77.431)**
Financial instruments Forward	-	(161)
Financial instruments Coupon Only swap	-	(17.074)

(Stated in million of Colombian pesos)

Financial instruments Options	2.568	(60.196)
Tax	**(576)**	**27.005**
Income tax OCI	(576)	27.005
Total	**(163)**	**(49.471)**

NOTE 26. REVENUE

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

	December 31, 2023	December 31, 2022
Interests	272.861	286.838
Interest expense	-	(72)
Subtotal Interests (26.1)	**272.861**	**286.766**
Revenue from customer contracts (26.2)	65.074	113.128
	337.935	**399.894**

26.1 Interest

	December 31, 2023	December 31, 2022
CrediUno interest (26.1.1)	19.065	74.894
CrediPoliza interest	1	24
TuCrédito loan interest (26.1.1)	14.722	26.407
Tigo loan interest	2.784	6.446
SG Free-standing Trusts loan interest	3.424	343
TuCrédito transaction costs	(17.499)	(39.715)
CrediPoliza transaction costs	(1)	(4)
CrediUno transaction costs	(14.092)	(13.794)
Fair value TuCredito	(381)	(16.302)
Sub-total Consumer loans	**8.023**	**38.299**
CrediPoliza late payment interest	65	153
TuCrédito late payment interest	1.096	1.307
SG Free-standing Trusts late payment interest	730	139
Consumer loan defaults	**1.891**	**1.599**
Joint operation interest	18	1.386
Subtotal Joint operation interest	**18**	**1.386**
Financial returns	5.766	4.432
BTG Pactual Financial returns	268	9.831
Current interests, Free-standing Trust (26.1.1)	157.864	124.501
Income from FGA Alliance	-	14.520
Other income, Free-standing Trust	9.680	5.044
Current interests left off-balance	87.738	61.232
Premium for portfolio sale (26.1.2)	1.613	25.922
Other	**262.929**	**245.482**
Total Interests	**272.861**	**286.766**

26.1.1 The variations shown in these accounts correspond to the credits managed by the trusts, which at the product level show a decrease, however, in the Current Interest PA account it denotes the increase in causation. In Q4, the interest associated with Crediuno portfolio decreased due to the sale of the portfolio of this product.

26.1.2 This line corresponds to the recording of the net result of portfolio sales to third parties. For 2023 it shows a decrease, due to the fact that the portfolio under administration has been handed over to the autonomous assets.

(Stated in million of Colombian pesos)

26.2 Revenue from customer contracts

	December 31, 2023	December 31, 2022
Department store income and credit card channels income	-	-
Internal commission	34	195
Returned commission	64	287
Administration fee - life insurance plus	1.081	1.889
Shared financial consultancy fees	1.386	2.381
Financial Consultancy – Returns from Debtor life insurance	1.102	4.236
Brokerage Commission	7.567	8.208
Financial Consultancy- Returns Voluntary insurance policies	7.963	11.523
Collection fees	15.520	18.995
Administration fee – credit card	30.357	65.414
	65.074	**113.128**

26.2.1 The variation of this item corresponds mainly to the Crediuno management fee and the advance commission, which decreased in 2023 compared to 2022 due to the decrease in placement.

NOTE 27. OTHER EXPENSES

At the end of each period, movements corresponded to:

	December 31, 2023	December 31, 2022
Fees (27.1)	19.228	27.522
Tax	17.110	16.919
Electronic data processing	7.524	9.884
Commissions	7.358	7.978
Technical assistance	4.651	4.049
Yields Invertors	3.997	4.018
Public services	4.115	3.959
Leases	2.255	2.840
Other (27.2)	2.827	2.485
Transport	2.563	2.279
Fines, penalties and awards (27.3)	2.668	815
Legal expense	1.371	158
Check risk central	839	552
Janitorial and Secutiry services	849	904
Insurance	921	763
maintenance and repairs	589	480
Publicity and advertising	470	1.918
Office supplies	369	495
Travel expenses	169	434
Cost of representation	87	271
Adaptation and installation	35	70
Publicity and advertising	5	5
Temporary Services	2	82
	80.002	**88.880**

27.1 Fees

	December 31, 2023	December 31, 2022
Board	28	-
Auditor	924	821
Legal Advice	10.912	13.002
Finance advice	1.961	1.424
Fees and commissions	5.403	12.275
	19.228	**27.522**

(Stated in million of Colombian pesos)

27.2 Other

This line contains expenses for affiliations and contributions, building administration, petty expenses, among others.

27.3 Fines and penalties

Corresponds to fines and penalties against Credivalores, materialized in seizures or as provisions for legal contingencies.

NOTE 28. NET FINANCIAL INCOME

Below is the detail of financial (net) costs, for the periods for three and nine months ended December 31, 2023, and 2022:

	December 31, 2023	December 31, 2022
Financial performances (28.1)	6.985	7.566
Financial income (28.2)	1.421	2.122
Total Financial Income	**8.406**	**9.688**
Forwards valuation (28.3)	(3)	(9)
Total Financial Expense	(3)	(9)
Net Financial Income (expense)	**8.403**	**9.678**

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

28.2 Mainly corresponds to recovery of expenses of previous years and recovery of punished portfolio.

	2023	2022
Portfolio recovery	481	1.461
Recovery from previous years	699	593
Disability due to illness	33	54
Others	149	13
Tax Discount	6	1
Profit on sale of assets	53	-
	1.421	**2.122**

28.3 Corresponds to the valuation of fixed-rate investments at fair value.

NOTE 29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a. **Nets**

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

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

	December 31, 2023	December 31, 2022
Unpaid approved credits	**957.060**	**530.529**

(Stated in million of Colombian pesos)

NOTE 30. RELATED PARTIES

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

The Company's related parties are as follows:

1. Shareholders with participation, control or joint control over the company, or who have significant influence over Credivalores.

2. Members of the Board of Directors: The principal and alternate members of the Board of Directors, together with their related parties, key management personnel: includes the Company President and Vice Presidents; who are the people who participate in the planning, direction and control of the entity.

3. Associated Companies: Companies in which Credivalores has significant influence, which is generally considered when it owns a stake between 30% and 50% of its capital.

The most representative balances as of December 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) December 2023	Members of the Board of Directors (a) December 2022
Accounts payable	-	112
Operating expenses	-	206

	December 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.	3.411	-	2.393	-
Inversiones Mad Capital S. A.	10.733	-	9.736	-
Finanza Inversiones S. A. S.	20.555	163.741	-	98.529
Ban100	321	57.862	497	6.825
Asficrédito	75.967	-	78.156	-
Stock Investments				
Agrocañas	4.650	-	4.710	-
Inverefectivas S.	11.895	-	14.945	-
Total	**121.029**	**57.862**	**104.665**	**9.207**

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

	December 31,	
Item	**2023**	**2022**
Salaries	1.747	3.798
Short-term employee benefits	458	344
Total	**2.205**	**4.142**

(Stated in million of Colombian pesos)

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

Directors

No.	Director	Alternate
1	Jose Miguel Knoell Ferrada	Vacant
2	Rony Doron Seinjet	Vacant
3	Gustavo Adrián Ferraro	Vacant
4	Luis Maria Blaquier	Maite de Alba de Gandiaga
5	Juan Manuel Trujillo	Vacant
6	Carlos Eduardo Meza	Vacant
7	Vacant	Vacant

Legal Representatives

No.	Representative
Manager	Jaime Francisco Buritica
Alternate	Liliana Arango Salazar

NOTE 31. ACLARATION NOTE

The 2022 cash flow statement presented in this comparative document with the year 2023, presents variations with respect to the one presented in the financial statement for the year 2022 compared to the year 2021, due to the fact that some items are reclassified in order to be consistent with the presentation for the year 2023, according to the following table:

Reconciliation of profit (loss) after income taxes:	Figures presented in Comparative 2023 - 2022	Figures presented in Comparative 2022 - 2021	Variation	Note
Condonations	8.371	8.370	1	1
Valuation of Derivative Financial Instruments	236.116	0	236.116	1
Proceeds from the sale of Property and Equipment	0	0	0	1
Proceeds from the sale of the Loan Portfolio	-49.527	0	-49.527	1
Adjustment on the other hand in investments in associates	-4	-2.576	2.572	1
Restatement and Realization of Financial Instruments	0	360.623	-360.623	1
Difference in exchange by re expression	290.385	0	290.385	1
Net change in operating assets and liabilities:				
Portfolio increase in capital credits and interests	41.718	-7.808	49.526	1
Increased Accounts Receivable	113.385	112.554	831	1
Acquisition of Intangible Assets	-2.225	-2.226	1	1
Increase in Prepaid Expenses	-4.995	-12.046	7.051	2
Net change in financing activities				
Payment of interest and financial obligations	-284.002	-283.350	-652	1
Increase by Payment Premiums Call Options	-7.051	0	-7.051	2
Difference in exchange by realization	-168.668	0	-168.668	1
Difference in Cash Exchange and Cash Equivalents	38	0	38	1
Total Reclassifications	**173.541**	**173.541**	**0**	

(1). Reclassifications Caused by Discrimination of Difference in Exchange.
(2). Reclassification by presentation in the payment of the call options premium.

(Stated in million of Colombian pesos)

Statement of Financial Position	Figures presented in Comparative 2023 - 2022	Figures presented in Comparative 2022 - 2021	Variation	Note
Fair Value Investments	988	0	988	3
Equity Investments	4.710	5.698	-988	3
Total Reclassifications	**5.698**	**5.698**	**0**	

(3). Investments are disaggregated by the form of subsequent measurement.