

# credivalores

Credivalores - Crediservicios S.A.S.

## Investor presentation

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## 2Q 2017 Results

September 13, 2017



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# Agenda

**1** **Company Overview**

**2** **Opening Remarks**

**3** **2Q 2017 and 1H 2017 Results**

**4** **Closing Remarks**

**5** **Appendix**

# Credivalores at-a-glance

## Largest non-bank lender in Colombia



## Business Model

### Key partners & proprietary sales force

- Direct access to clients
- Partnerships with employers, utility companies, insurance companies and retailers



### High yield products

- Superior margins and limited price sensitivity, given innovative approach to clients



### Target underserved customers

- **Mid to low income population** not served by traditional banks in **small and intermediate cities**



### Effective collection systems

- Collection through **payroll and utility bills** mitigates collection risk



# Credivalores History

14 years of track record



First lines of credit with local and intl. institutions

2003

2004

2008

2009

2010

2012

2013

2014

2015

2017



Consolidation of alliances with 7 public utility companies

BRC  
Standard & Poor's  
S&P Global

Initial local loan originator rating: AA-



US\$25mm loan from IFC



ACON acquires 32.9% stake

Euro Commercial Paper Program of US\$150 mm is put in place



Gramercy acquires a 25.2% stake

S&P Global  
Ratings  
B+ International Rating



Follow on for COP\$9,3 mm



IFC loan raised to US\$45 mm



Migration to Visa network for the credit card



B+ International Rating

BRC  
Standard & Poor's  
S&P Global

Local loan originator  
Rating upgrade: AA



Capitalization for US\$18.6 mm



Inaugural 144 A / Reg S Bond (5NC3) for US\$250 mm



Credivalores and Crediservicios merged into Credivalores-Crediservicios S.A.S.

# Overview of Product Portfolio

(as of June 30, 2017)

**tu crédito cv**  
Payroll loan

**crediluno**  
Credit Card

**credi-póliza**  
Insurance Financing

<b>Managed portfolio</b> <sup>(1)</sup> <i>Thousand Million COP</i>	<b>\$624</b> US\$206 mm	<b>\$452</b> US\$149 mm	<b>\$90</b> US\$30 mm
<b>% of managed portfolio</b> <sup>(2)</sup>	53.1%	38.4%	7.6%
<b>Average loan size</b> <i>Million COP</i>	<b>\$11.6</b> US\$3,818	<b>\$1.1</b> US\$362	<b>\$3.0</b> US\$987
<b>Average term at origination</b>	74 months	18 months	10 months
<b>Number of clients</b> <sup>(3)</sup>	70,010	511,926	49,726
<b>Average rate charged</b> <sup>(4)</sup>	24.8%	27.4%	20.5%
<b>NPLs (%)</b> <sup>(5)</sup>	3.0%	5.0%	1.9%
<b>Distribution/ collection partners</b>	720 employers with > 3.2 million employees	8 agreements with utilities companies, retailers and telecom companies with > 4.4 million clients	Local and international insurance companies and brokers
<b>Source of payment / guarantee</b>	Irrevocable authorization from employee to employer to deduct monthly loan installments from paycheck and wire them to CV	Monthly charges added to borrowers' utility bill, which is required to be paid in full	Irrevocable mandate to cancel coverage if unpaid installments. Insurance company reimburses CV for unused portion of policy

Source: Company filings.

(1) Figures converted at a June 30, 2017 FX rate of \$3,038.26 COP/USD

(2) The remaining 0.6% of managed portfolio consists of \$9.953 mm in microfinance loans.

(3) Number of clients includes only credit products

(4) Not including fees and commissions

(5) Includes NPLs between 60 and 360 days, as a percentage of total managed loan portfolio excluding NPL>360, as reported in financial statements as of June 2017 on note 5.1. NPL calculation considers principal only.

# Agenda

**1** Company Overview

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**2** Opening Remarks

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**3** 2Q 2017 and 1H 2017 Results

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**4** Closing Remarks

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**5** Appendix

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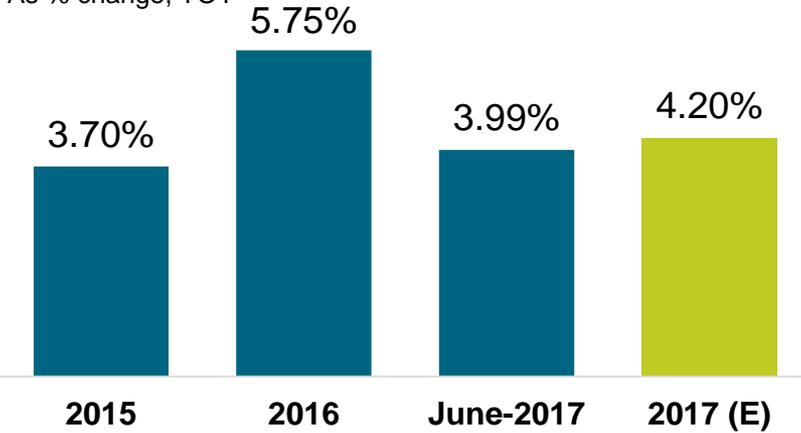
# Opening Remarks

<b>Funding</b>	<ul style="list-style-type: none"><li>▪ Successful <b>debut transaction in the international bond market in July 2017:</b> <i>9.75% US\$250 mm bond due July 2022 (5NC3)</i></li><li>▪ <b>US\$92 mm issuance of notes</b> under ECP Program in March and May 2017 after a US\$33.5 mm maturity of short term notes under ECP Program in March</li><li>▪ <b>US\$20 mm equity convertible loan</b> from shareholder due in January 2018</li><li>▪ Suspension of portfolio sales as source of funding to strengthen balance sheet position</li></ul>
<b>Rating Agencies</b>	<ul style="list-style-type: none"><li>▪ Local origination and servicer <b>rating upgraded by S&amp;P</b> from AA- to AA (stable)</li><li>▪ Intl. long-term foreign currency <b>issuer rating confirmed by S&amp;P at B+</b> (stable)</li><li>▪ <b>First time</b> intl. long-term foreign currency <b>issuer rating from Fitch at B+</b> (stable)</li></ul>
<b>Capitalization</b>	<ul style="list-style-type: none"><li>▪ <b>US\$18.6 mm of equity convertible loan</b> from shareholder converted into equity → <b>+ 23.8%</b> in shareholders' equity to <b>COP\$238,8 mm (US\$79 mm)</b></li><li>▪ Improvement in <b>equity to assets ratio from 13.4% to 16.7%</b> as of June, 2017</li></ul>
<b>Market Leadership</b>	<ul style="list-style-type: none"><li>▪ <b>Leading non-banking financial institution in Colombia</b></li><li>▪ <b>Leading originator of credit cards</b> in Colombia as of June, 2017</li><li>▪ <b>Improvement in operating results (1Q 2017 vs. 2Q 2017):</b><ul style="list-style-type: none"><li>✓ <b>+ 47.4%</b> in <b>loan origination</b></li><li>✓ <b>+ 3.6%</b> in <b>owned portfolio</b> and <b>5.2%</b> growth in <b>managed portfolio</b></li><li>✓ <b>+ 7.7%</b> in <b>operating income</b>, including interests, commissions and fees</li></ul></li></ul>

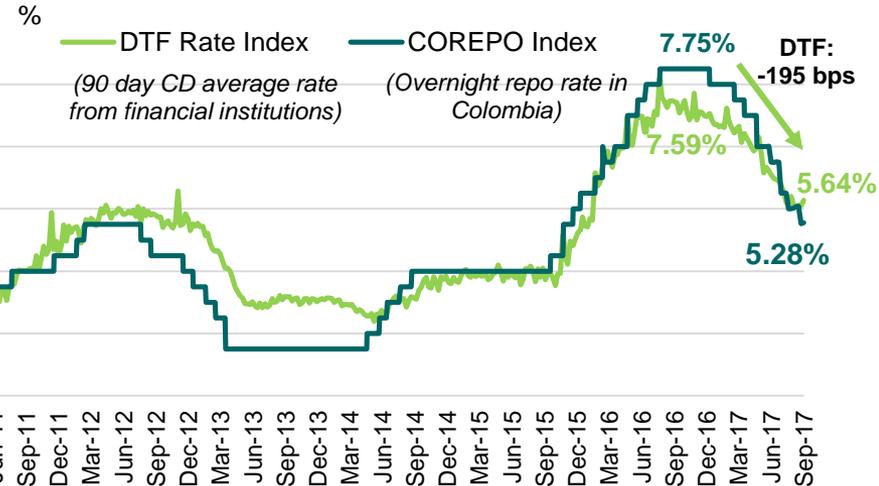
# 1H 2017 Main Highlights - Macro Conditions

## Inflation (1)

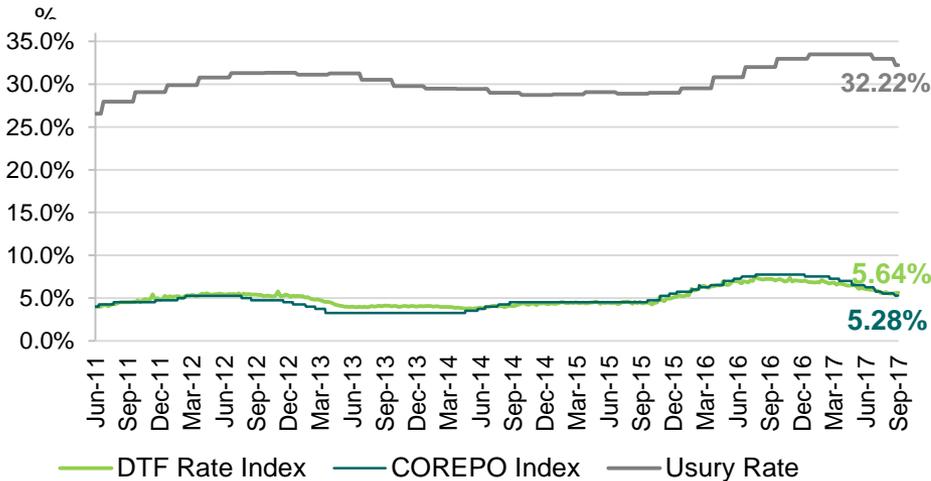
As % change, YOY



## Interest Rates (1)



## Usury Rate vs. Interest rates (3)



	2017 (E)	2018 (E)
DTF	5,50%	4,89%

- Changes in calculation period of usury rate (4), starting on September 1<sup>st</sup>, 2017 from quarterly to monthly basis
- The calculation formula remained unchanged: 1.5 x the average lending interest rate (5)
- On average, interest rates from credit cards and consumer loans are below usury rate

Source:

(1) Central Bank and Latin Consensus (August, 2017).

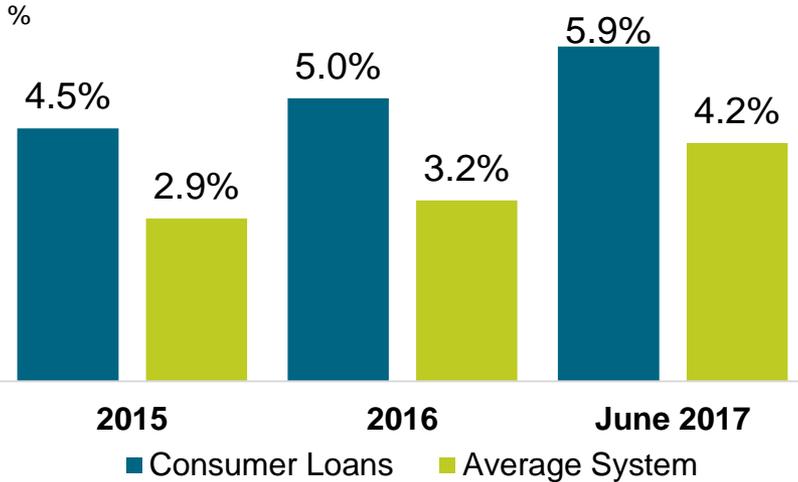
(3) Colombian Superintendence of Finance and Central Bank.

(4) Cap rate applicable to all loans in Colombia, calculated by the Superintendence of Finance.

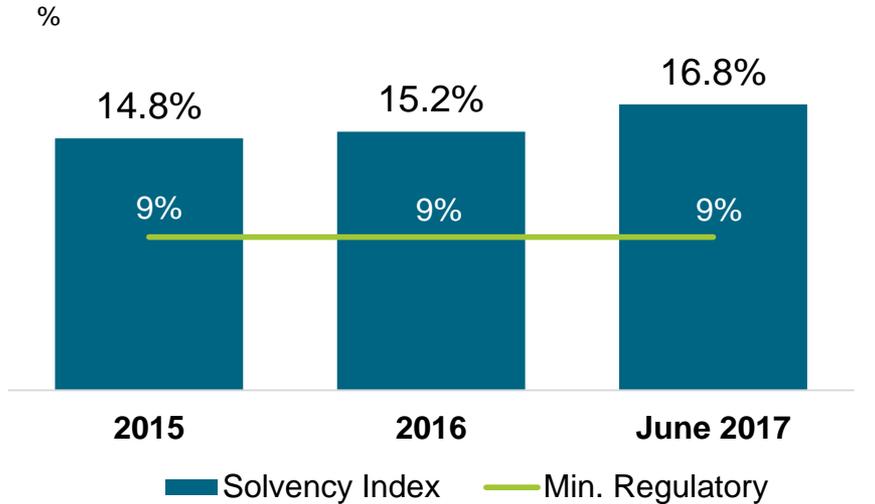
(5) Average interest rate paid by the borrowers and certified by the Superintendence of Finance based on the interest rates from microloans, consumer loans, small amount consumer loans. Those transactions not reflecting market conditions are excluded from the calculation.

# 1H 2017 Main Highlights - Macro Conditions

## NPLs Financial System (1)

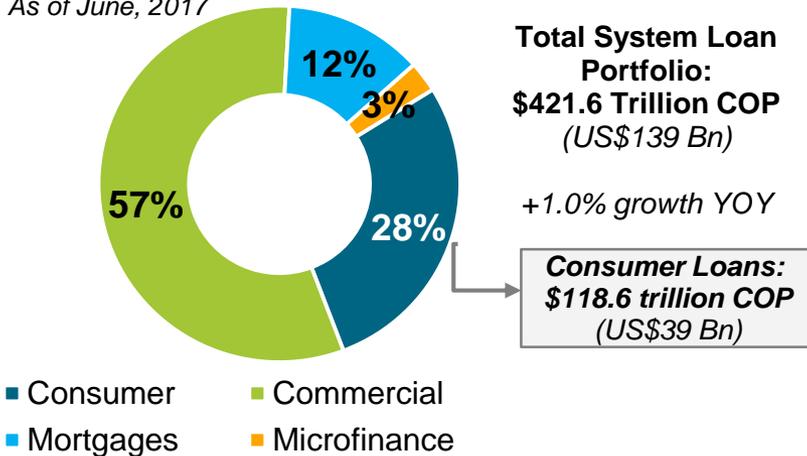


## Solvency Index Financial System (2)



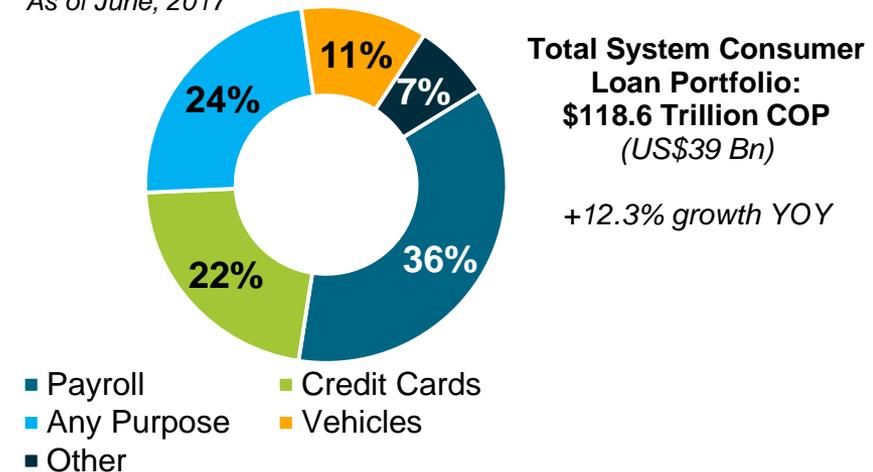
## Financial System Loans Portfolio by Type (3)

As of June, 2017



## Consumer Loans Portfolio by Type (3)

As of June, 2017



# Agenda

1 Company Overview

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2 Opening Remarks

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**3 2Q 2017 and 1H 2017 Results**

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4 Closing Remarks

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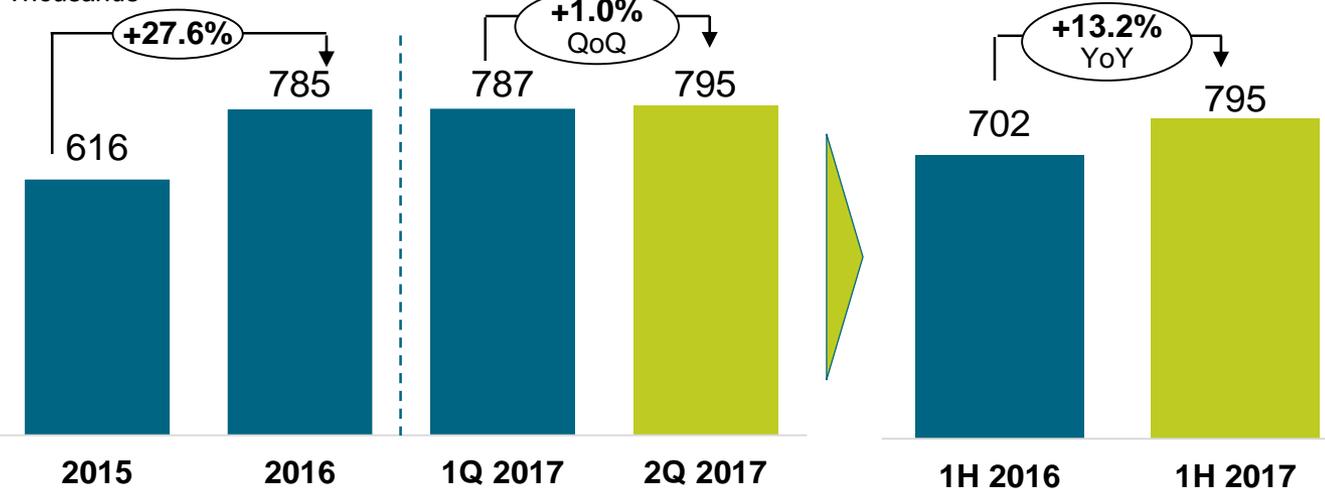
5 Appendix

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# 2Q 2017 and 1H 2017 Operating Results

## Number of Clients (1)

Thousands



QoQ client results due to:

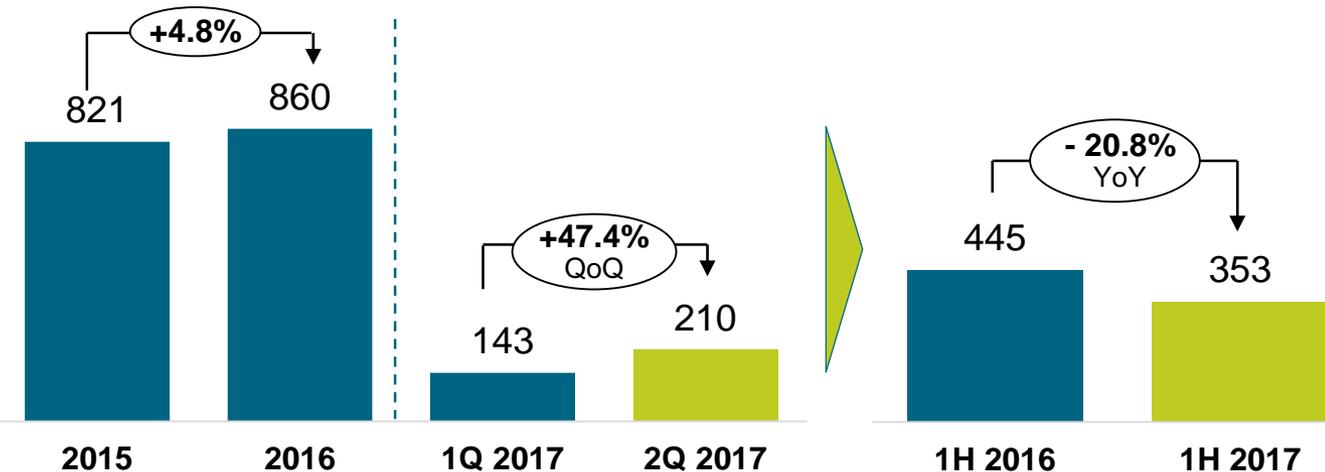
- +3.3% in payroll loans
- +36.1% in credit cards
- +0.8% in insurance financing

+13.2% (YoY)

due to increase in number of clients of credit card and insurance financing

## Loan Portfolio Origination (2)

Thousand Million COP



QoQ origination results due to:

- +230.3% in payroll loans
- +120.8% in credit cards
- +95.4% in insurance financing

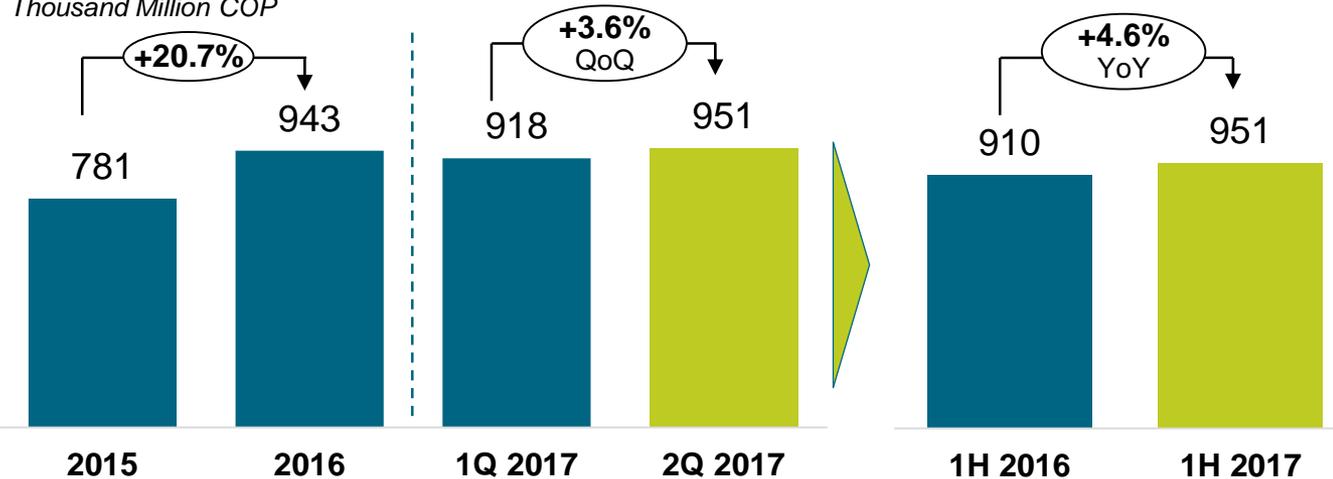
-20.8% (YoY)

due to seasonality and lower liquidity during 1Q 2017

# 2Q 2017 and 1H 2017 Operating Results

## Owned Loan Portfolio (1)

Thousand Million COP



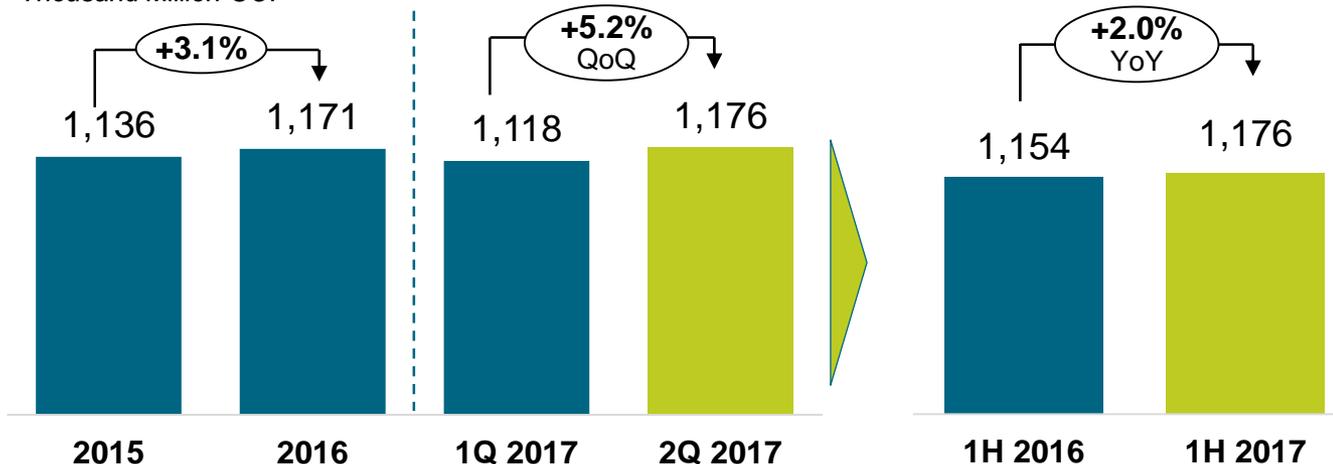
QoQ owned portfolio results due to:

+ 4.7% in payroll loans  
 +3.9% in credit cards  
 -0.7% in insurance financing

+ 4.6% (YoY)  
 due to suspension of portfolio sales

## Managed Loan Portfolio (2)

Thousand Million COP



QoQ managed portfolio results due to:

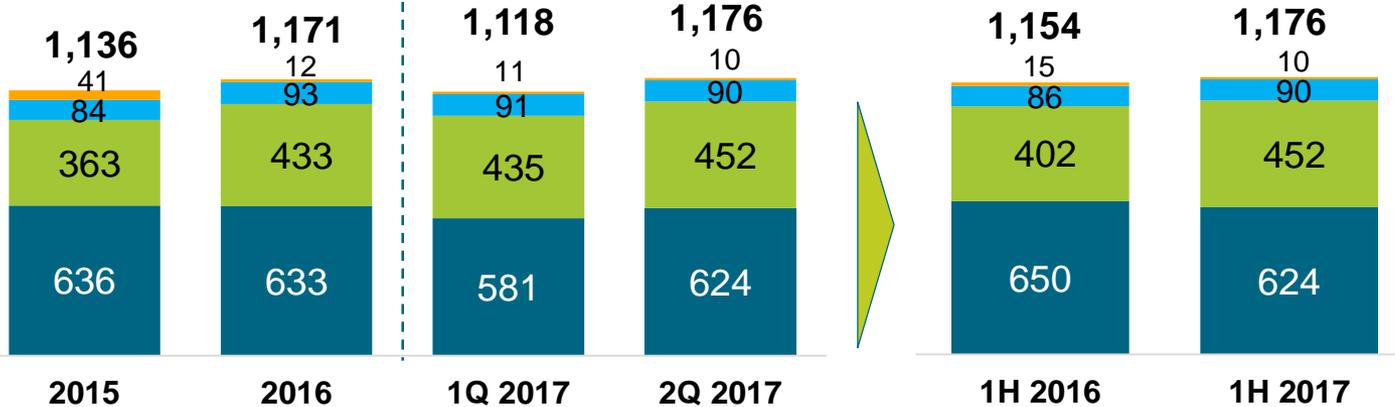
+ 7.4% in payroll loans  
 +3.9% in credit cards  
 -0.7% in insurance financing

+ 2.0% (YoY)  
 due to growth in owned loan portfolio

# 2Q 2017 and 1H 2017 Operating Results

## Managed Loan Portfolio by Product

Thousand Million COP

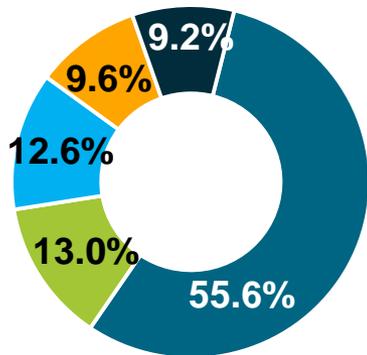


Increase in participation of credit cards from 35% to 38% (YoY)

■ Payroll Loans ■ Credit Card ■ Insurance Financing ■ Other

## Payroll Loans Breakdown

As of June 2017



**Top 25 clients**



**0.5%**  
of portfolio

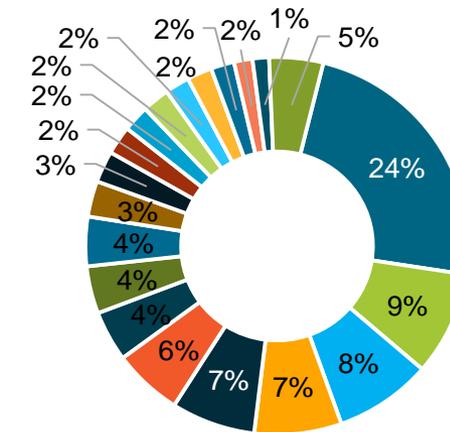
**0.06%**  
single client exposure

**87.0%**  
among retirees and government employees <sup>(1)</sup>

■ Retirees ■ Private Cos. ■ Government  
■ Teachers ■ Military

## Payroll Loan Portfolio Breakdown by Geography

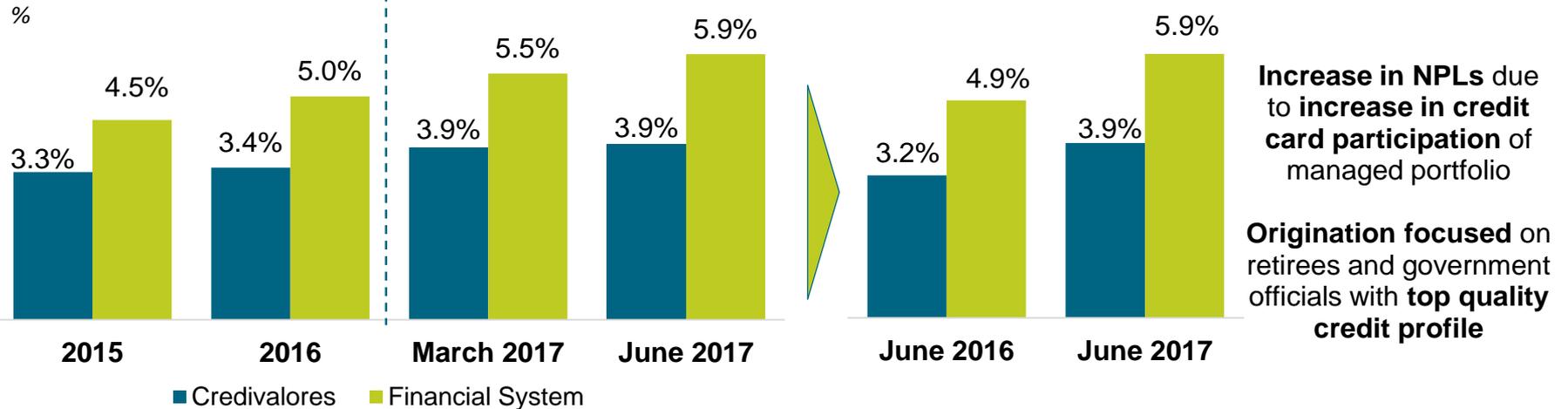
As of June 2017



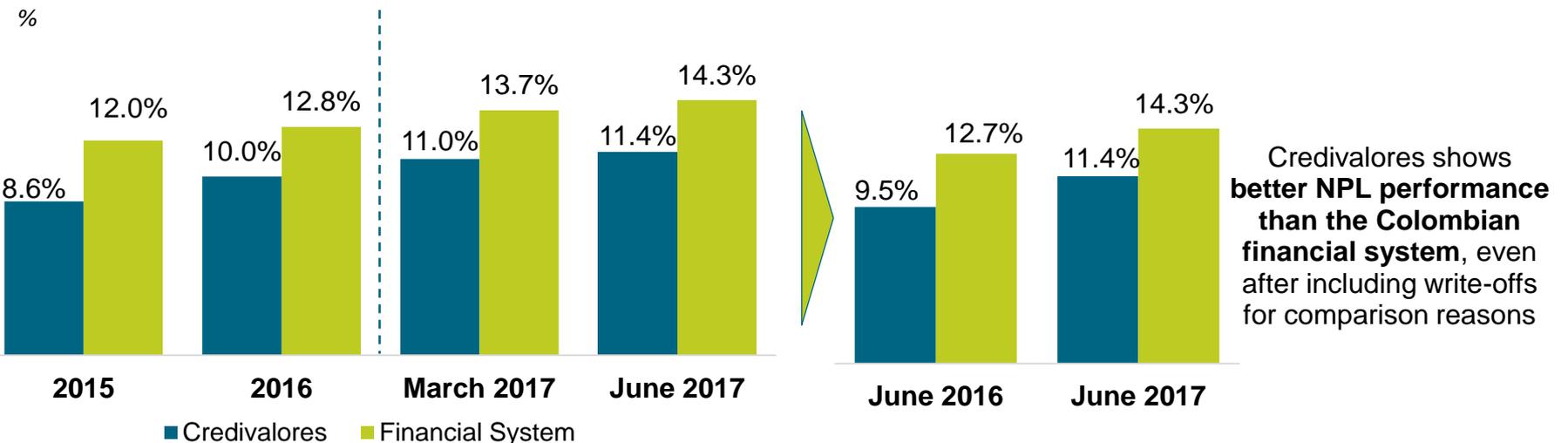
■ Bogota ■ Valle del cauca  
■ Antioquia ■ Cesar  
■ Atlántico ■ Bolívar  
■ Magdalena ■ Córdoba  
■ Risaralda ■ Tolima  
■ Santander ■ Quindío  
■ Caldas ■ Sucre  
■ Huila ■ Norte de Santander  
■ Meta ■ Caquetá  
■ Boyacá ■ Other

# 2Q 2017 and 1H 2017 Operating Results

## NPLs Consumer Loans (1)

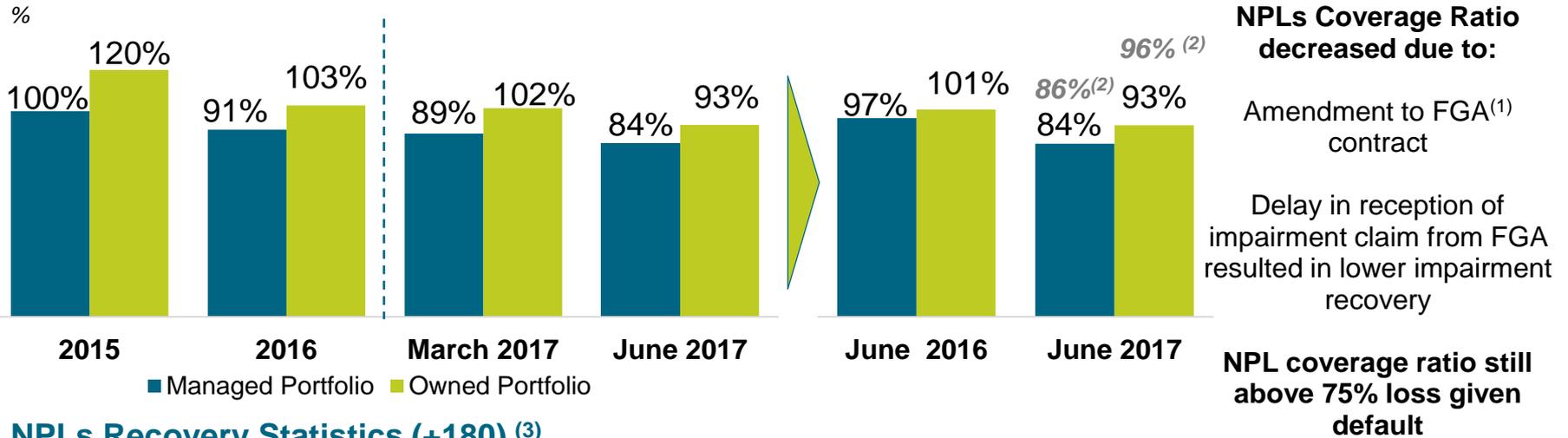


## NPLs Consumer Loans (Including Write-Offs) (2)

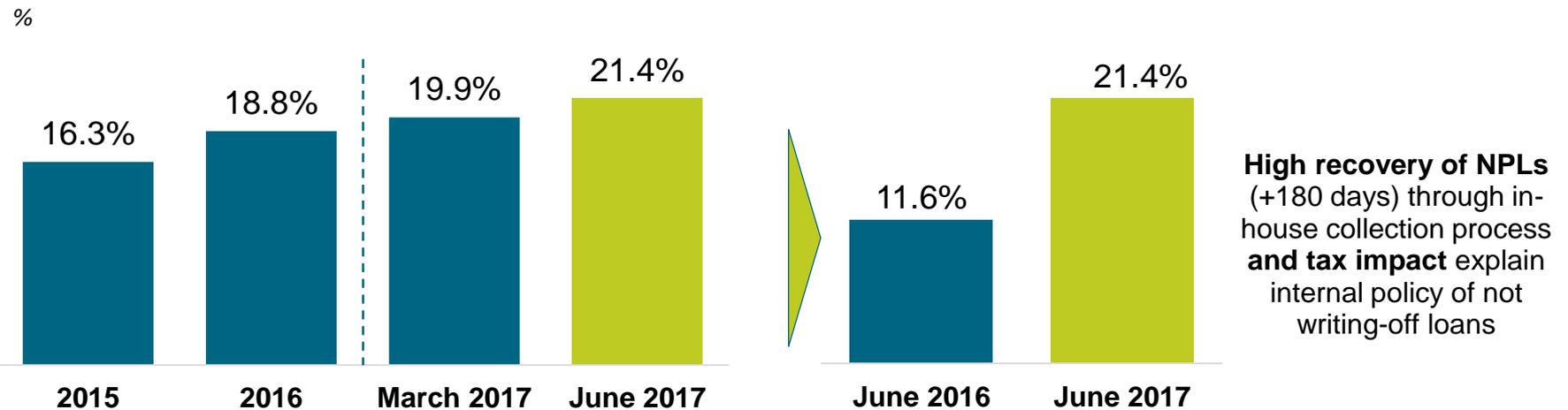


# 2Q 2017 and 1H 2017 Operating Results

## NPLs Coverage Ratio (+60) <sup>(1)</sup>



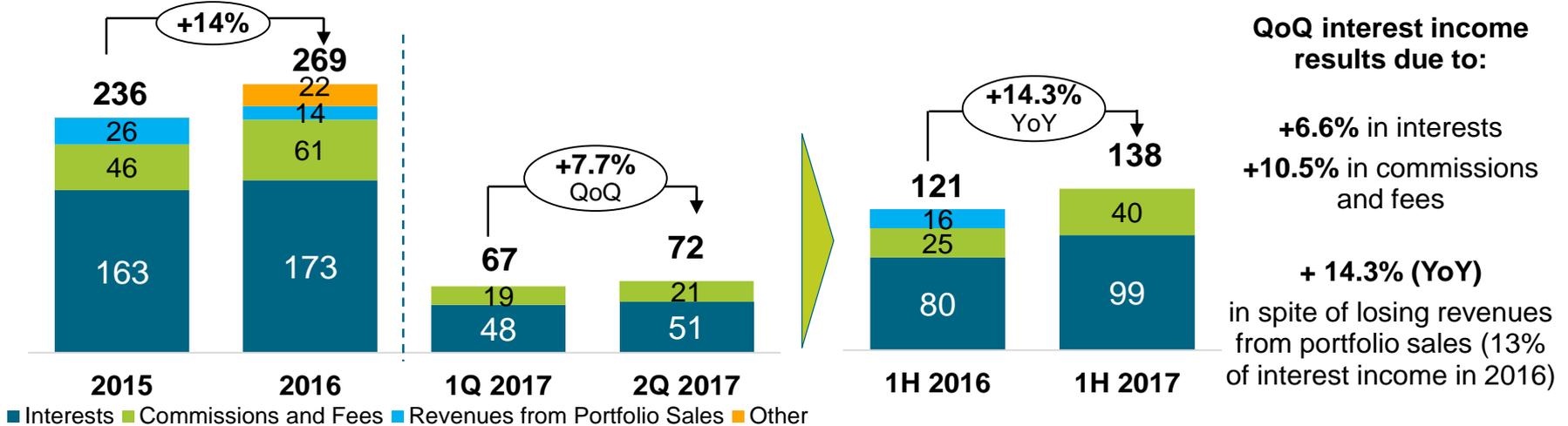
## NPLs Recovery Statistics (+180) <sup>(3)</sup>



# 2Q 2017 and 1H 2017 Financial Results- Income Statement

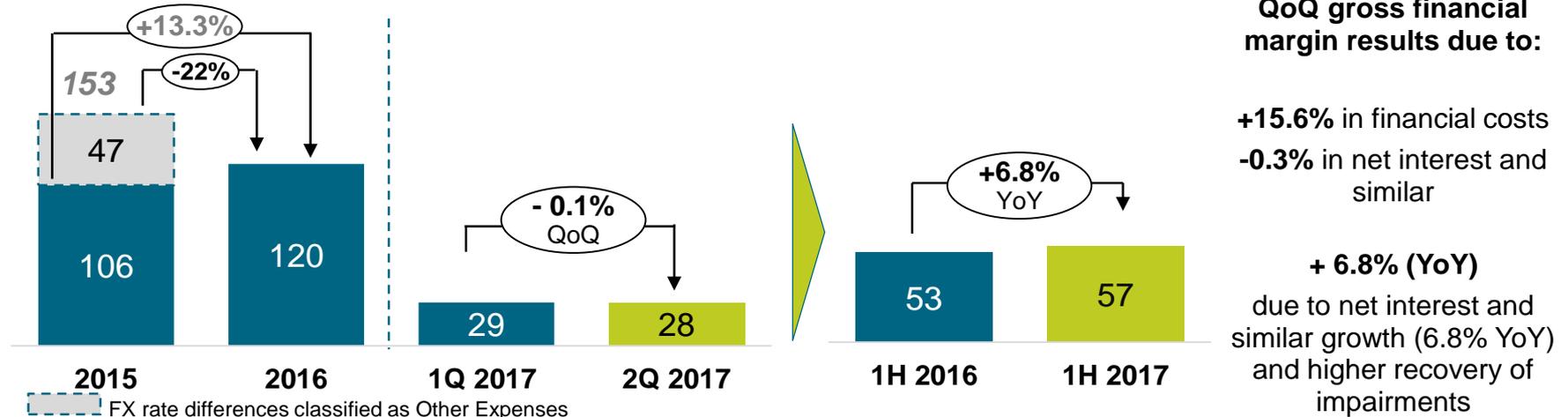
## Interest Income (1)

Thousand Million COP



## Gross Financial Margin (2)

Thousand Million COP



Source:

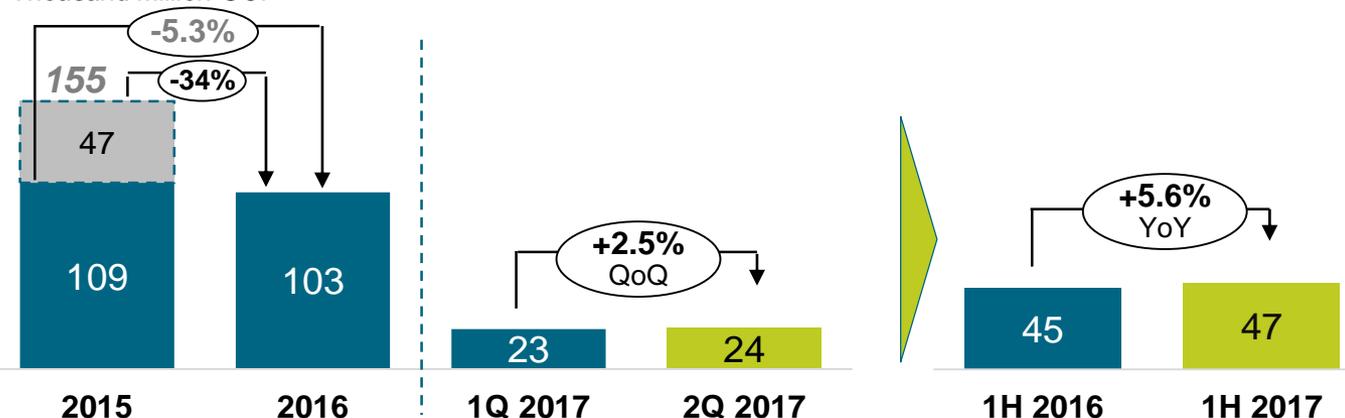
(1) As stated in the P&L of the Financial Statements as of June 30, 2017.

(2) As stated in the Offering Memorandum of the 144 A / Reg S 9.75% Bond due July, 2022 (page 56) during 2015 \$47,390 million pesos of FX rate differences were classified as other expenses and not as financial cost due to adjustments related to IFRS adoption in 2015.

# 2Q 2017 and 1H 2017 Financial Results- Income Statement

## Other Expenses (1) (2)

Thousand Million COP



FX rate differences classified as Other Expenses

**QoQ other expenses results due to:**

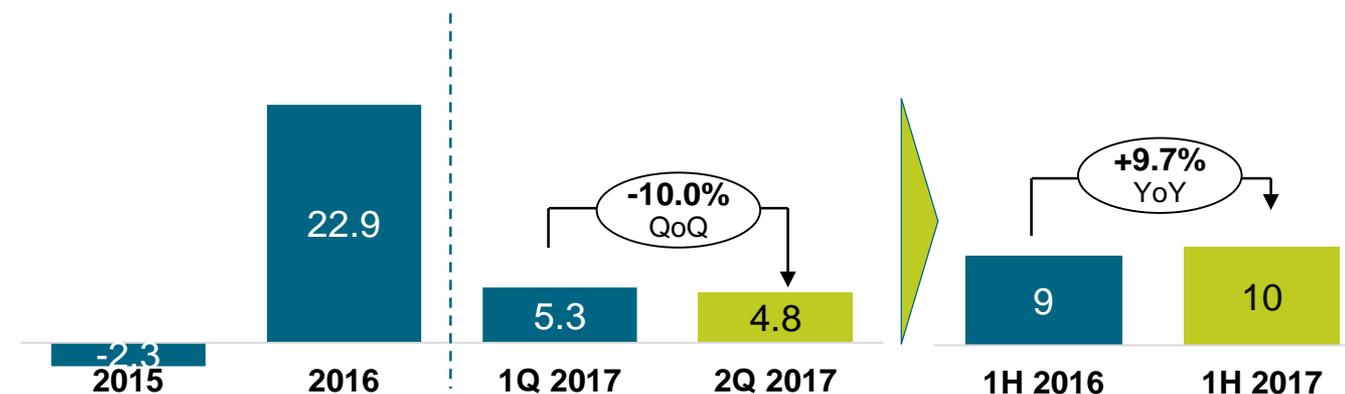
- + 6.2% in employee benefits
- + 6.4% in depreciation and amortization

**+ 5.6% (YoY)**

in line with CPI in Colombia due to operational expenses control and initiatives to improve operational efficiency

## Net Operating Income

Thousand Million COP



**QoQ net operating income due to:**

- 0.1% in gross financial margin
- + 2.5% in other expenses

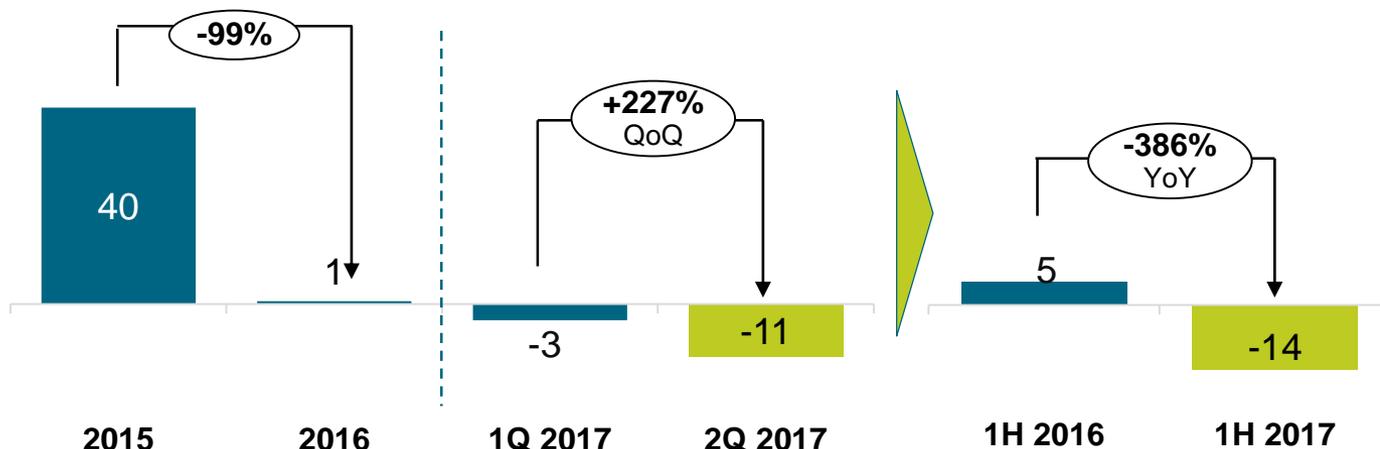
**+9.7% (YoY)**

due to gross financial margin increase and lower expenses related to sales force

# 2Q 2017 and 1H 2017 Financial Results- Income Statement

## Net Financial Income / Expenses (Non-Operating) <sup>(1)</sup>

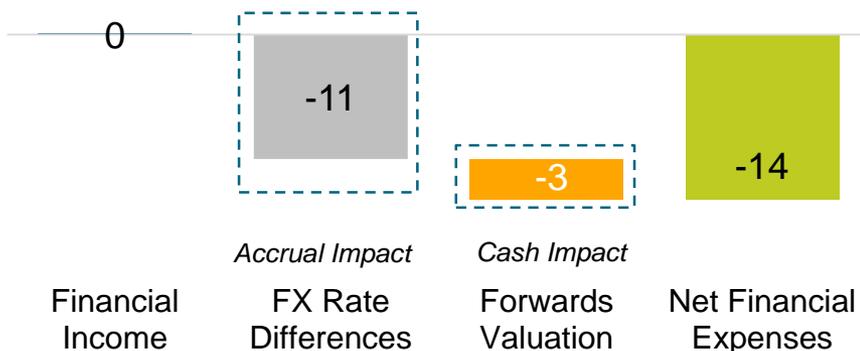
Thousand Million COP



**Non-recurring items <sup>(2)</sup> resulted in an increase in non-operating financial expenses in 2017**

## Net Financial Income / Expenses (Non-Operating) 1H 2017 <sup>(1)</sup>

Thousand Million COP



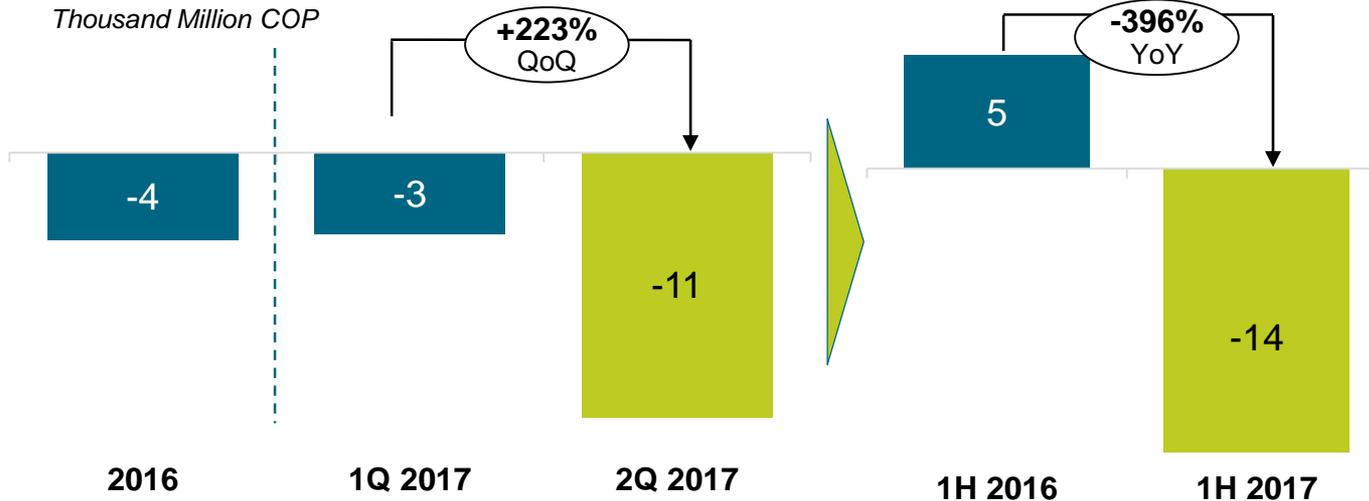
**37% (US\$63 mm) of FX debt unhedged as of June, 2017 due to:**

- **Recent issuances of notes under ECP Program in March and May and a second equity convertible loan from a shareholder**
- **Difficulties to complete hedging program as a result of volatility of currency during 2Q 2017**

# 2Q 2017 and 1H 2017 Financial Results- Income Statement

## Non-Recurring Items

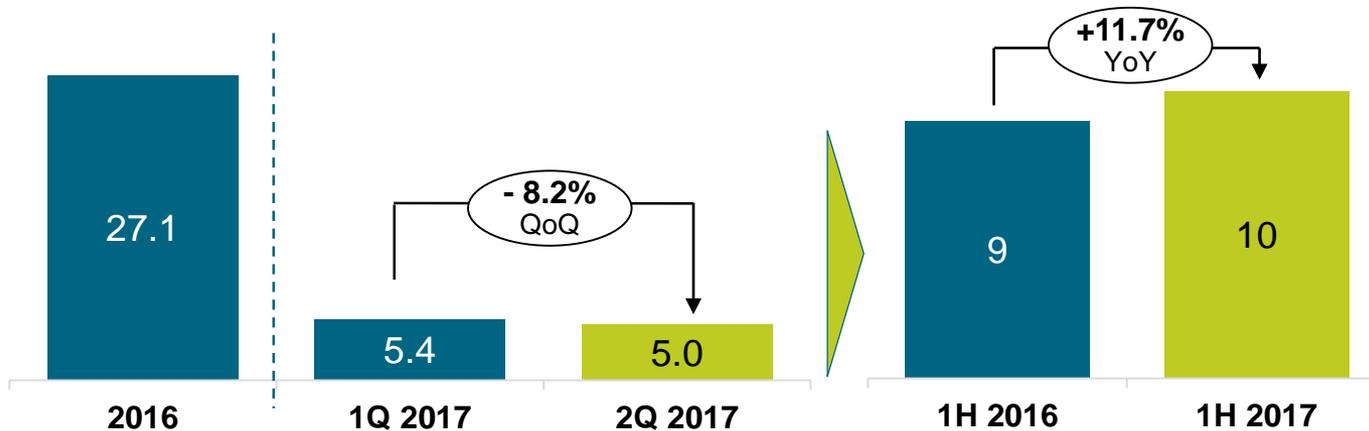
Thousand Million COP



As of August 30, 2017  
100% of foreign currency debt was hedged to COP, including the 9.75% US\$250 mm bond due 2022

## Net Income Before Taxes and Non-Recurring Items

Thousand Million COP



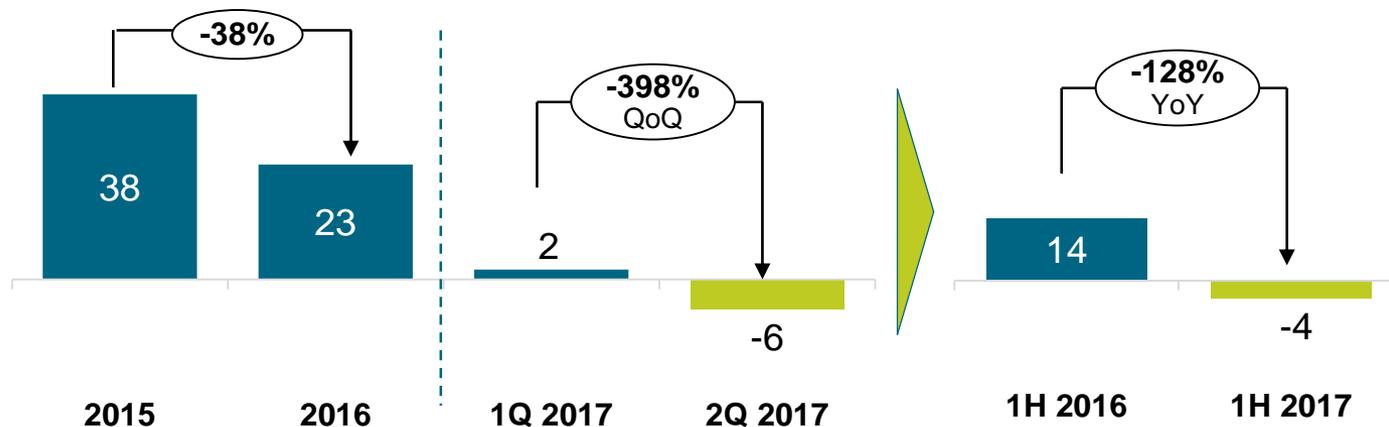
+ 11.7% (YoY) in net income before taxes and non-recurring items:

Eliminating FX rate differences and forward valuation

# 2Q 2017 and 1H 2017 Financial Results- Income Statement

## Net Income Before Taxes

Thousand Million COP



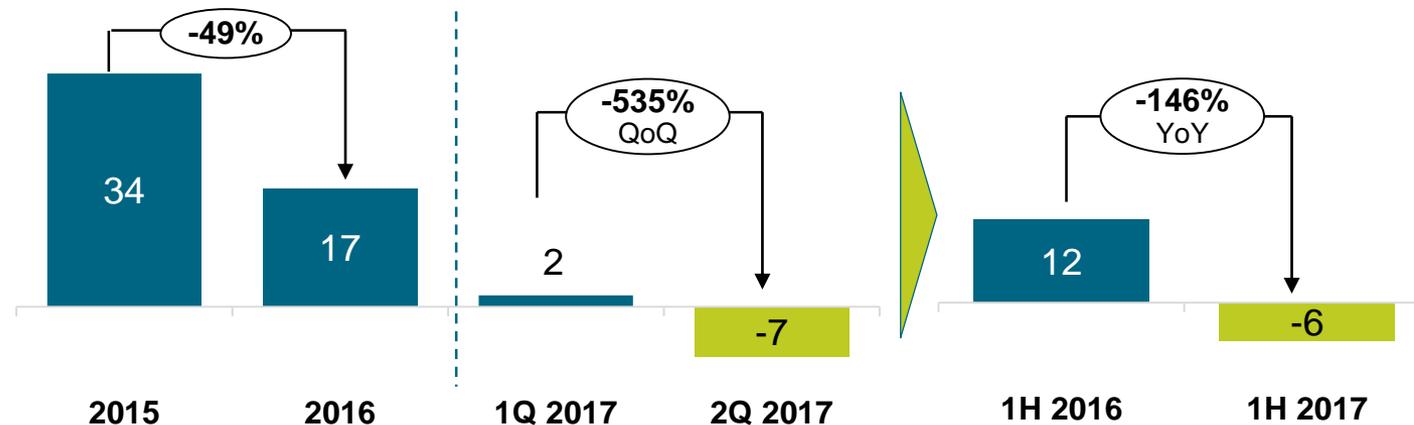
**QoQ net income before taxes:**

- 10.0% in operational income  
**+227%** in non-operating net financial expenses

**- 128% (YoY)**  
 in spite of a 9.7% increase in operational income, the effect of FX rate differences resulted in an accumulated loss

## Net Income for the Period

Thousand Million COP

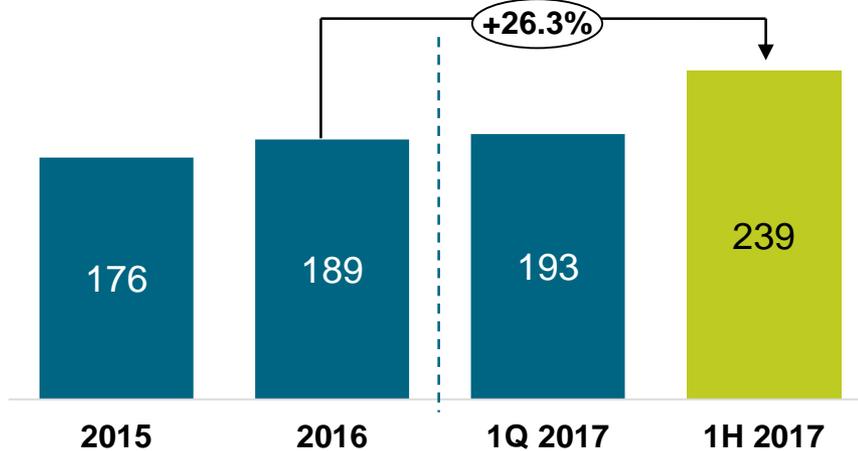


**- 146% (YoY)**  
 as a result of non-operating items, mainly the effect of FX rate differences

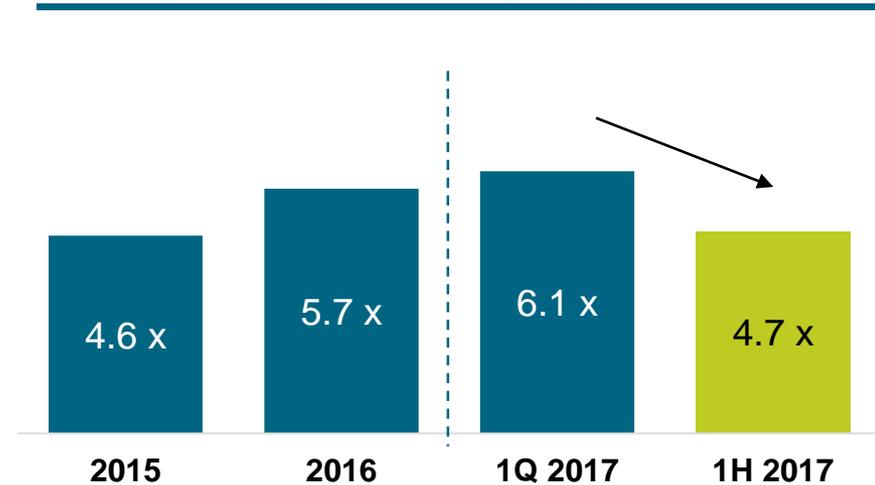
# 1H 2017 Financial Results- Balance Sheet

## Shareholders' Equity Evolution

Thousand Million COP

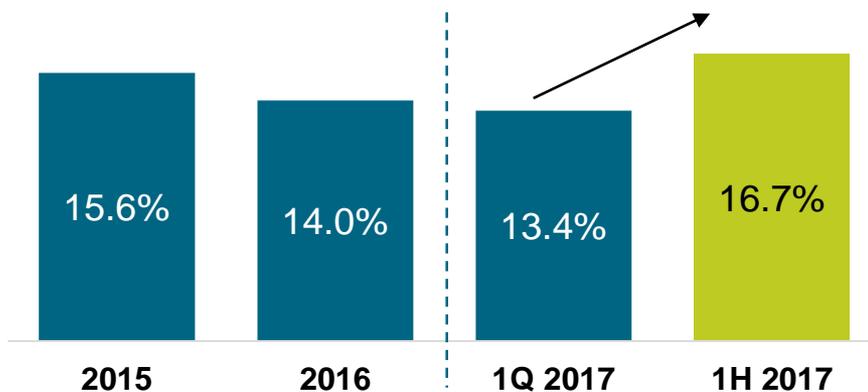


## Leverage Ratio (Debt <sup>(1)</sup> /Equity)



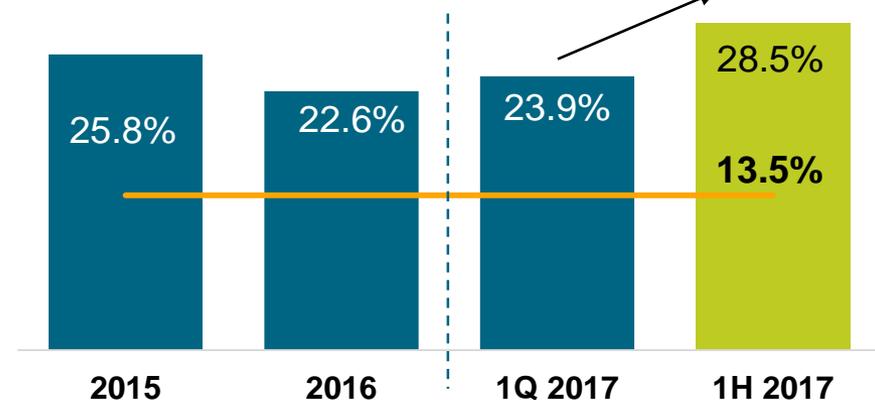
## Solvency Ratio (Equity/ Assets)

%



## Capitalization Ratio <sup>(2)</sup>

%



— Covenant from 144A / Reg S Bond

Source:

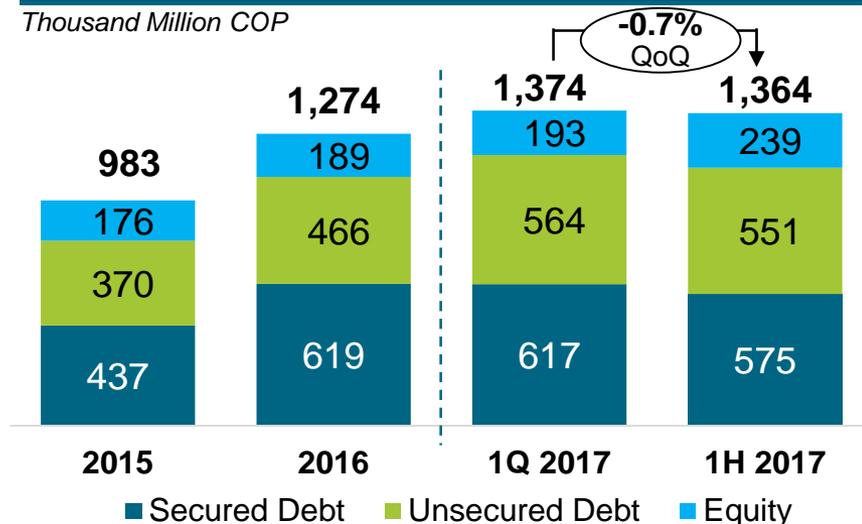
(1) Calculated based on Financial Obligations net of transaction costs.

(2) Calculated as total shareholders' equity divided by net loan portfolio (defined as owned loan portfolio less impairment of financial assets and FGA reserve) (as defined under "Description of the Notes of the Offering Memorandum").

# 1H 2017 Financial Results- Balance Sheet

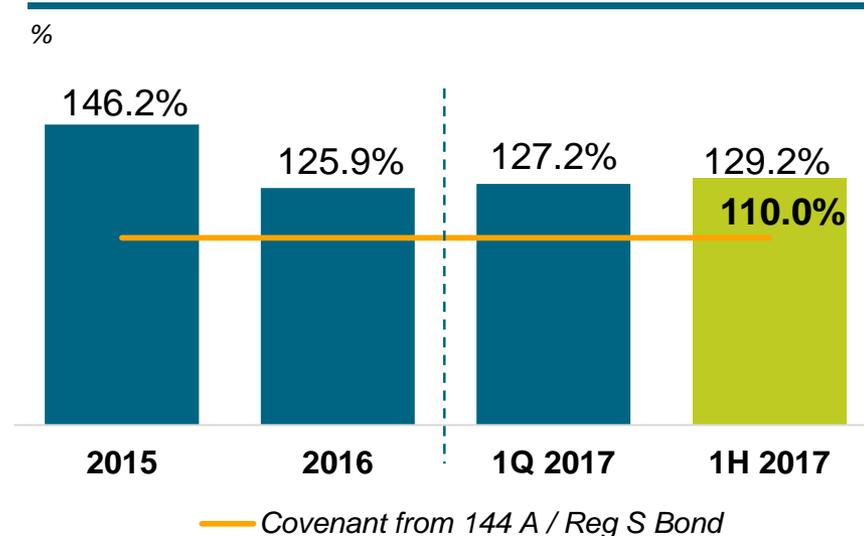
## Capitalization Evolution

Thousand Million COP



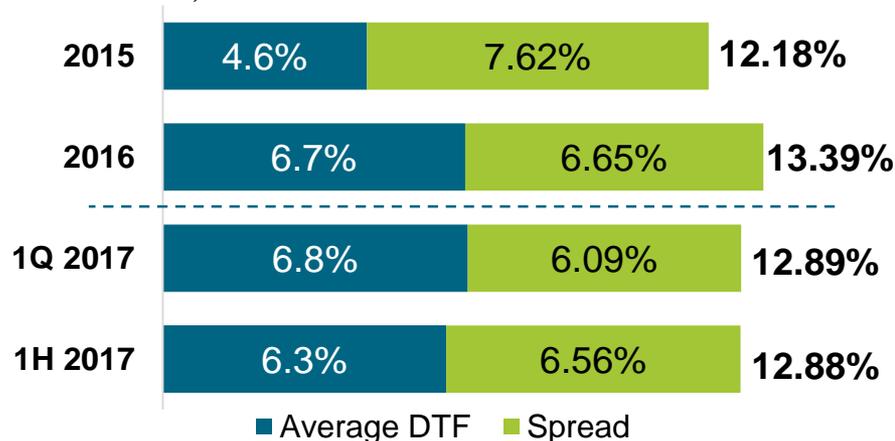
## Unencumbered Assets / Unsecured Debt <sup>(1)</sup>

%



## Average Funding Cost <sup>(2)</sup> (%)

As of June 30, 2017



**Funding costs in line with 1Q 2017 levels**  
following downward trend in local interest rates

**Average spread over DTF rate increased** due to higher participation of USD denominated debt with an average rate of 9.0% (in USD), resulting in higher funding costs when expressed in COP

Source:

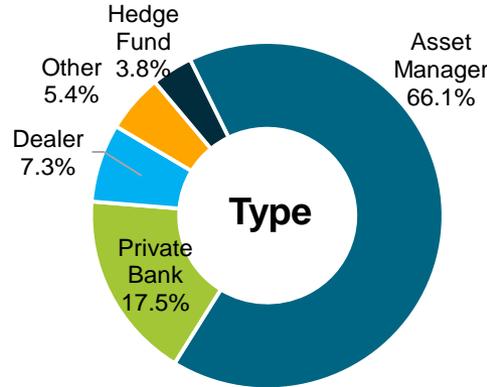
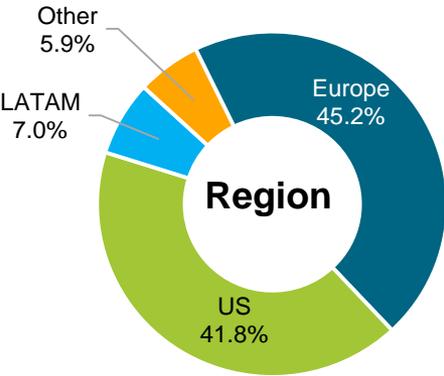
- (1) Unencumbered Assets defined as Total Assets less intangible assets, net deferred tax assets and any other assets securing other indebtedness.  
(2) Not including transaction costs and fees.

# 1H 2017 Debt Profile

## 144 A / Reg S Bond Issuance

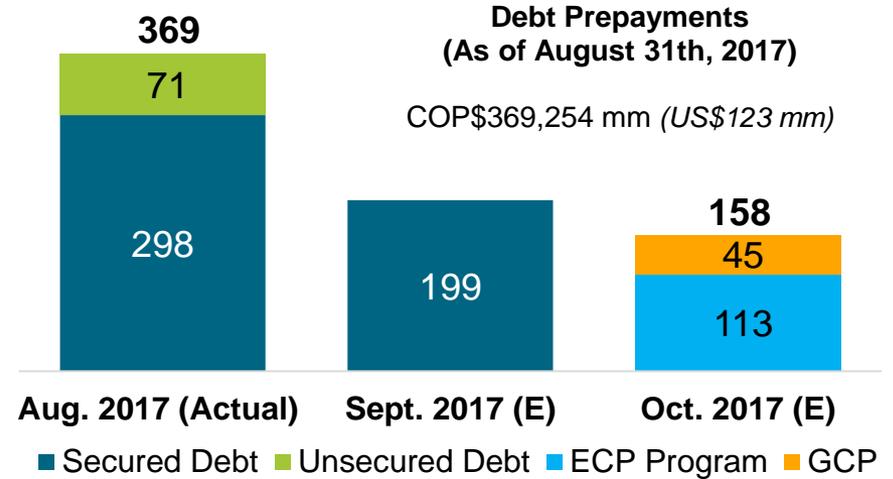
**July 20th, 2017:** debut transaction in international bond markets  
 9.75% US\$250 mm bond due July, 2022 (5NC3)

### Investors



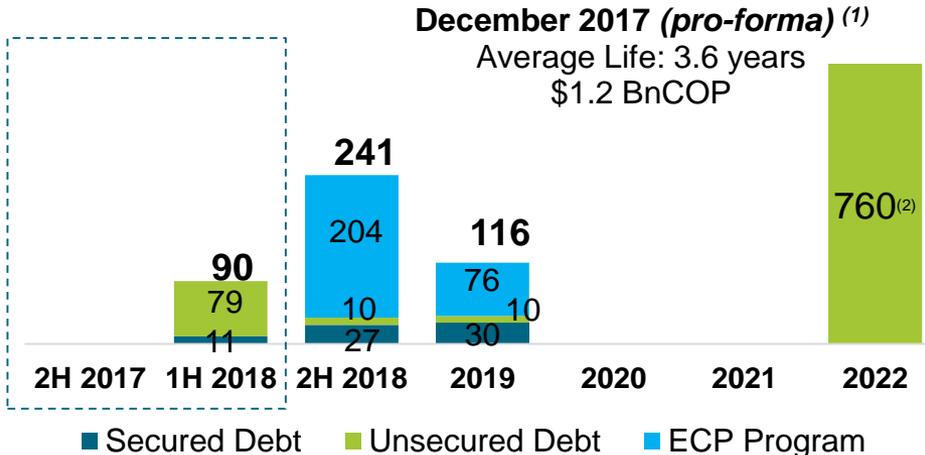
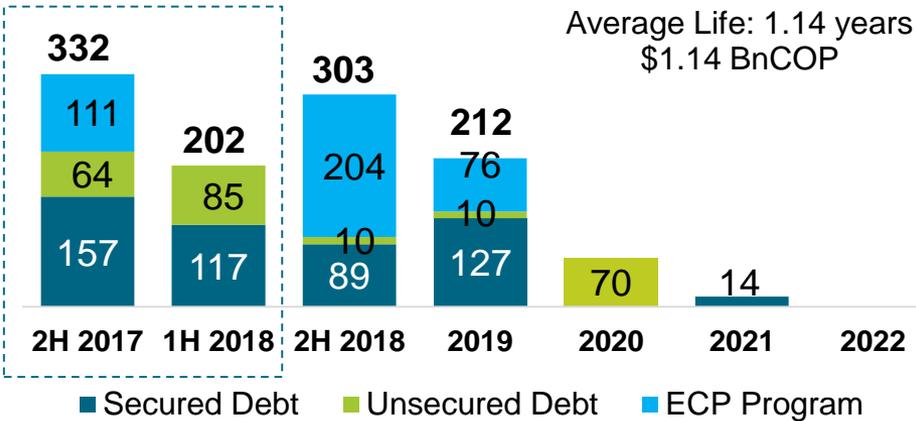
## Use of Proceeds and Prepayment of Debt

Thousand Million COP



## Debt Maturity Profile (Before and after bond issuance)

Thousand Million COP

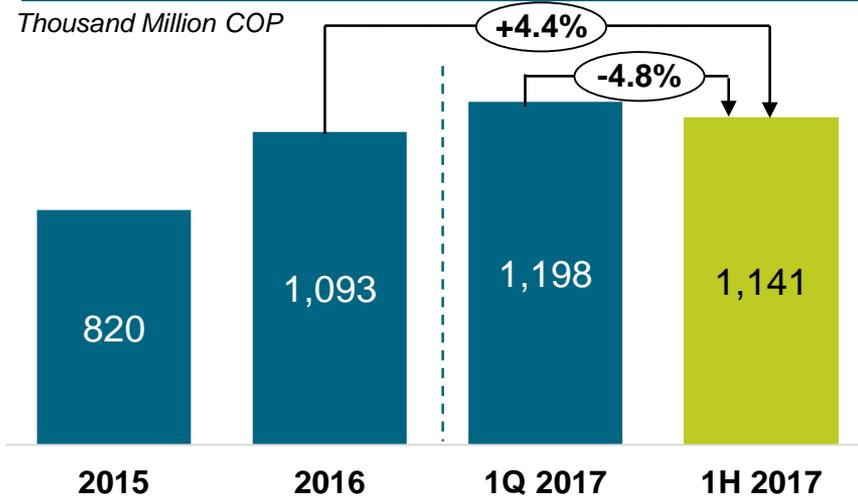


(1) Assuming completion of prepayment of existing debt as stated in the use of proceeds above.  
 (2) US dollar bond converted into pesos at a June 30, 2017 FX rate of \$3,038.26 COP/USD.

# 1H 2017 Financial Obligations

## Financial Obligations <sup>(1)</sup>

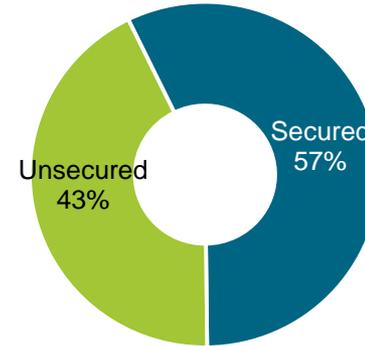
Thousand Million COP



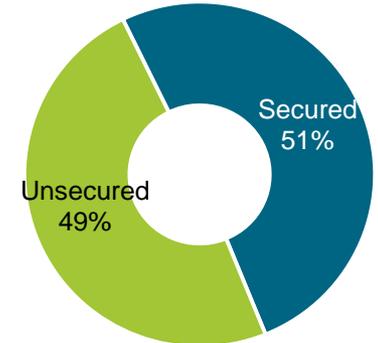
## By Type

%

December, 2016



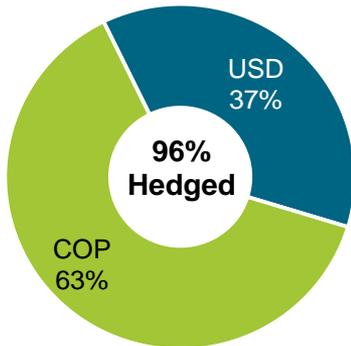
June, 2017



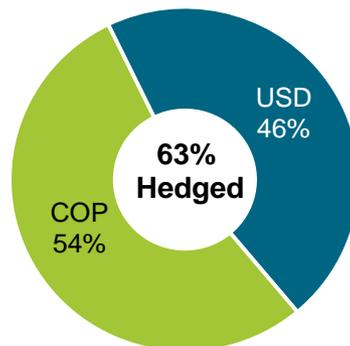
## By Currency

%

December, 2016



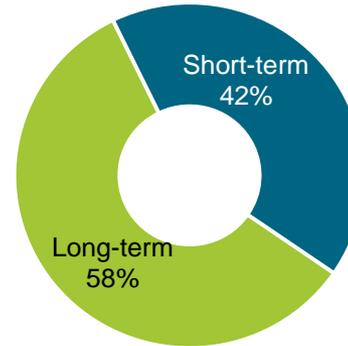
June, 2017



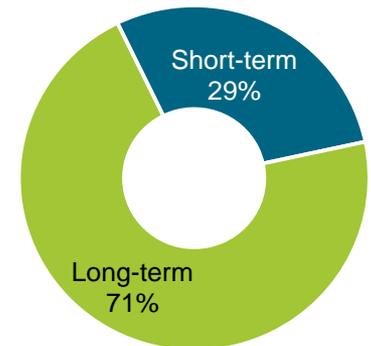
## By Term

%

December, 2016



June, 2017



# Agenda

1 Company Overview

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2 Opening Remarks

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3 2Q 2017 and 1H 2017 Results

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4 **Closing Remarks**

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5 Appendix

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# Closing Remarks

<b>Funding Sources</b>	<ul style="list-style-type: none"><li>▪ <b>Substitution of secured local funding for unsecured external debt</b> through issuances under the ECP Program during 1H 2017</li><li>▪ <b>Extension of average life of debt</b> from 1.14 years to 3.6 years and release of cash trapped in free-standing trusts</li><li>▪ Positive impact from successful bond issuance allowed <b>improvement of terms and conditions of unsecured facilities</b> with local banks</li></ul>
<b>Risk Management</b>	<ul style="list-style-type: none"><li>▪ Implementation of a dynamic <b>strategy to hedge and monitor FX risk</b></li><li>▪ Enhancements in <b>policies to mitigate volatility in P&amp;L</b> due to FX risk</li><li>▪ Selection of final hedge structure subject to interest rate GAP analysis, margin call requirements, rating agencies considerations and cost</li></ul>
<b>Capitalization</b>	<ul style="list-style-type: none"><li>▪ <b>Strong equity position</b> to support expected growth in 2017 after recent capitalization</li><li>▪ Improvement in leverage (4.7x) and solvency ratios (16.7%)</li><li>▪ Covenant compliance as of June 2017 according to Description of the Notes</li></ul>
<b>Growth and Profitability</b>	<ul style="list-style-type: none"><li>▪ Portfolio growth within expectations for 2017, amid challenging environment</li><li>▪ 2017 and 2018 will be transitional years to recover previous profitability levels as revenues from portfolio sales will gradually be substituted by interest income from on balance portfolio</li></ul>

# IR Contact Information



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**Credivalores Investor Relations Website**

<https://credivalores.com.co/en/investors>

# Agenda

**1** Company Overview

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**2** Opening Remarks

---

**3** 2Q 2017 and 1H 2017 Results

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**4** Closing Remarks

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**5** Appendix

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# Target Market

## Traditional banks



<b>Commercial</b>	<ul style="list-style-type: none"> <li>High dependence on branch network</li> </ul>	<ul style="list-style-type: none"> <li>Exclusively trained and developed sales force</li> <li>Customer approached on site</li> </ul>
<b>Product</b>	<ul style="list-style-type: none"> <li>Multiproduct portfolios / cross selling</li> </ul>	<ul style="list-style-type: none"> <li>Specialized and customized products</li> </ul>
<b>Market segment</b>	<ul style="list-style-type: none"> <li>Mid and high income segments</li> <li>-High average loan size</li> <li>-Standard credit analysis</li> <li>-Limited presence in small and mid-size cities</li> </ul>	<ul style="list-style-type: none"> <li>Low and mid income segments</li> <li>-Small average loan size</li> <li>-Credit scoring according to product nature and clients' risk profile</li> <li>-Small and mid-size cities</li> </ul>
<b>Processes</b>	<ul style="list-style-type: none"> <li>Complex internal process and slow response times</li> <li>Additional documents required for analysis</li> </ul>	<ul style="list-style-type: none"> <li>Agile processes and response time</li> <li>Complimentary information from alliances</li> </ul>

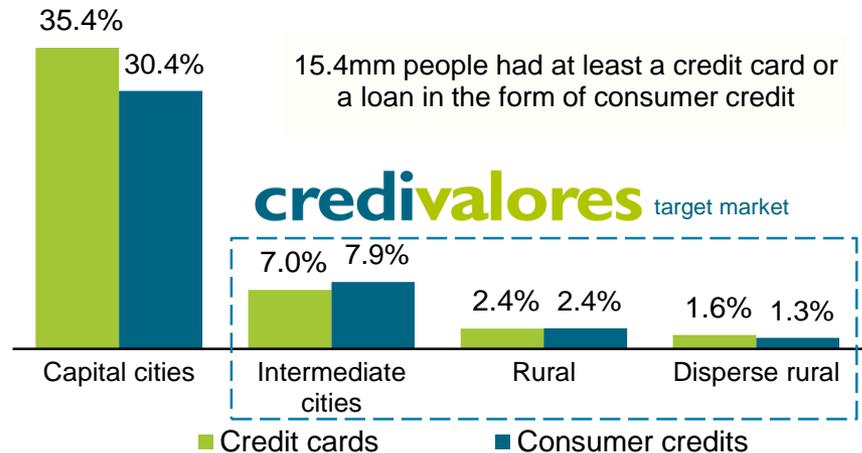
## Potential client base = 74.6% of Colombia's population

Total population as of December 2016: 48.8 million



## Focus on less penetrated small and intermediate cities

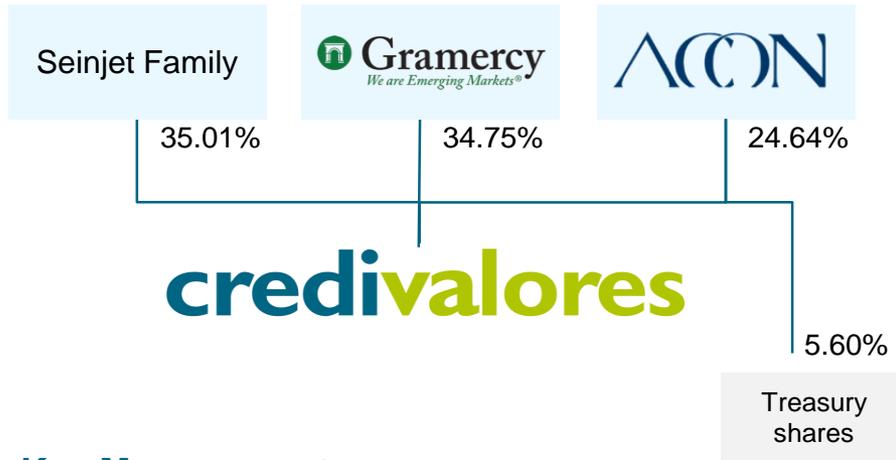
Population with access to credit, % of inhabitants (Dec. 2015)



# Shareholders Structure

## Simplified ownership structure

(as of June 30, 2017)



## Key Management

**David Seinjet**  
CEO

- Founder and President of Credivalores
- Chairman of Board of Directors at Grupo la Cabaña
- Over 20 years of experience

**Jose Luis Alarcon**  
Chief Business Intelligence

- Over 10 years of experience in the banking sector
- Worked previously at UNIBANCO and MF Advisors

**Juan Camilo Suarez**  
CFO

- Over 23 years of experience in the financial industry
- Former CFO of Fiducoldex and Fiduciaria Central

## Key Shareholders

**Crediholdings (Seinjet family)**  
35.01%

- ✓ Founding family
- ✓ Involved in the sugar business since 1944 (Ingenio La Cabaña)

**Gramercy**  
(US\$5.8bn AUM)  
34.75%

- ✓ Asset manager focused on investments in emerging markets
- ✓ High yield and performing credit, equity, private equity and special situation investments
- ✓ Shareholders of Credivalores since 2014 through its private equity investments arm

**ACON**  
(US\$5.3bn AUM)  
24.64%

- ✓ Private equity Firm focused on middle-market investments in Latam, including:



Home organization and houseware products



Waste Disposal



Rigid plastic packaging for cosmetics and personal care

- ✓ Shareholders of Credivalores since 2010

# Income statement (Rearranged for Analysis)

Million COP	As of June 30,			As of December 31		
	2017 (Million US\$ ) <sup>(1)</sup>	2017 (Million COP)	2016 (Million COP)	2016 (Million US\$) <sup>(1)</sup>	2016 (Million COP)	2015 (Million COP)
<b>Income Statement Data:</b>						
Interest income and similar <sup>(2)</sup>	45.5	138,253	120,919	88.5	269,013	235,503
Financial costs (interest)	(23.8)	(72,296)	(59,172)	(41.5)	(126,222)	(56,116) <sup>(3)</sup>
<b>Net interest and similars</b>	<b>21.7</b>	<b>65,957</b>	<b>61,748</b>	<b>47.0</b>	<b>142,791</b>	<b>179,387</b>
Impairment of financial assets loan portfolio	(9.2)	(28,089)	(9,433)	(7.7)	(23,261)	(27,603)
Loan portfolio impairment recoveries	6.7	20,438	1,018	0.2	558	1,574
Impairment of other accounts receivable	(0.4)	(1,332)	–	–	–	–
<b>Gross Financial Margin</b>	<b>18.8</b>	<b>56,974</b>	<b>53,333</b>	<b>39.5</b>	<b>120,088</b>	<b>153,358</b>
<b>Other income</b>	<b>0.1</b>	<b>445</b>	<b>673</b>	<b>1.9</b>	<b>5,638</b>	<b>353</b>
SG&A						
Employee benefits	(3.1)	(9,324)	(10,867)	(6.6)	(20,005)	(34,838)
Expense for depreciation and amortization	(0.6)	(1,901)	(1,861)	(1.3)	(3,824)	(1,609)
Other	(11.9)	(36,109)	(32,087)	(26.0)	(79,041)	(119,519)
<b>Total Other Expenses</b>	<b>(15.6)</b>	<b>(47,335)</b>	<b>(44,816)</b>	<b>(33.9)</b>	<b>(102,870)</b>	<b>(155,966)</b>
<b>Operating Income</b>	<b>3.3</b>	<b>10,084</b>	<b>9,190</b>	<b>7.5</b>	<b>22,856</b>	<b>(2,255)</b>
Financial income						
Exchange Rate Differences	–	–	7,245	3.6	10,980	–
Forward Valuation	–	–	–	–	–	42,903
Financial income	0.1	278	85	0.1	4,209	(70)
<b>Total financial income</b>	<b>0.1</b>	<b>278</b>	<b>7,330</b>	<b>5.0</b>	<b>15,189</b>	<b>42,833</b>
Financial Cost						
Exchange Rate Differences	(3.6)	(10,877)	(2,402)	–	–	(2,860)
Forward Valuation	(1.1)	(3,470)	–	4.8	(14,615)	–
<b>Total financial costs</b>	<b>(4.7)</b>	<b>(14,347)</b>	<b>(2,402)</b>	<b>4.8</b>	<b>(14,615)</b>	<b>(2,860)</b>
<b>Net Financial Costs</b>	<b>(4.6)</b>	<b>(14,069)</b>	<b>4,928</b>	<b>0.2</b>	<b>574</b>	<b>39,973</b>
<b>Net income before income tax</b>	<b>1.3</b>	<b>(3,985)</b>	<b>14,119</b>	<b>7.7</b>	<b>23,430</b>	<b>37,718</b>
Income tax	(0.5)	(1,599)	(1,943)	(2.1)	(6,230)	(3,793)
<b>Net income for the period</b>	<b>(1.8)</b>	<b>(5,584)</b>	<b>12,176</b>	<b>5.7</b>	<b>17,200</b>	<b>33,925</b>

# Income statement

Million COP	As of June 30,			As of December 31		
	2017 (Million US\$) <sup>(1)</sup>	2017 (Million COP)	2016 (Million COP)	2016 (Million US\$) <sup>(1)</sup>	2016 (Million COP)	2015 (Million COP)
<b>Income Statement Data:</b>						
Interest income and similar <sup>(2)</sup>	45.5	138,253	120,919	88.5	269,013	235,503
Financial costs (interest)	(23.8)	(72,296)	(59,172)	(41.5)	(126,222)	(56,116) <sup>(3)</sup>
<b>Net interest and similars</b>	<b>21.7</b>	<b>65,957</b>	<b>61,748</b>	<b>47.0</b>	<b>142,791</b>	<b>179,387</b>
Impairment of financial assets loan portfolio	(2.5)	(7,651)	(9,270)	(7.5)	(22,703)	(26,029)
Impairment of other accounts receivable	(0.4)	(1,332)	–	–	–	–
<b>Gross Financial Margin</b>	<b>18.8</b>	<b>56,974</b>	<b>52,478</b>	<b>39.5</b>	<b>120,088</b>	<b>153,358</b>
SG&A						
Employee benefits	(3.1)	(9,324)	(10,867)	(6.6)	(20,005)	(34,838)
Expense for depreciation and amortization	(0.6)	(1,901)	(1,861)	(1.3)	(3,824)	(1,609)
Other	(11.9)	(36,109)	(32,087)	(26.0)	(79,041)	(119,519)
<b>Total other expenses</b>	<b>(15.6)</b>	<b>(47,335)</b>	<b>(44,816)</b>	<b>(33.9)</b>	<b>(102,870)</b>	<b>(155,966)</b>
<b>Net Operating Income</b>	<b>3.2</b>	<b>9,639</b>	<b>7,662</b>	<b>5.7</b>	<b>17,218</b>	<b>(2,608)</b>
<b>Net Financial Income/ Cost</b> <sup>(4)</sup>	<b>(1.1)</b>	<b>(14,069)</b>	<b>4,928</b>	<b>0.2</b>	<b>574</b>	<b>39,972</b>
<b>Other income</b>	<b>0.1</b>	<b>445</b>	<b>1,528</b>	<b>1.9</b>	<b>5,638</b>	<b>353</b>
<b>Net income before income tax</b>	<b>1.3</b>	<b>(3,985)</b>	<b>14,119</b>	<b>7.7</b>	<b>23,430</b>	<b>37,718</b>
Income tax	(0.5)	(1,599)	(1,943)	(2.1)	(6,230)	(3,793)
<b>Net income for the period</b>	<b>(1.8)</b>	<b>(5,584)</b>	<b>12,176</b>	<b>5.7</b>	<b>17,200</b>	<b>33,925</b>

# Balance sheet

Million COP	As of June 30,		As of December 31		
	2017 (US\$ Million) <sup>(1)</sup>	2017 (Million COP)	2016 (US\$ Million) <sup>(1)</sup>	2016 (Million COP)	2015 (Million COP)
<b>Balance Sheet Data</b>					
Cash and cash equivalents	42.0	127,510	40.5	122,964	110,078
<b>Total financial assets</b>	<b>10.4</b>	<b>31,673</b>	<b>8.6</b>	<b>26,155</b>	<b>49,295</b>
<b>Total loan portfolio, net</b>	<b>319.0</b>	<b>969,196</b>	<b>314.0</b>	<b>953,874</b>	<b>774,486</b>
Consumer loans	351.7	1,068,528	343.7	1,044,230	819,497
Microcredit loans	4.4	13,400	4.9	14,835	40,933
Impairment	(37.1)	(112,730)	(34.6)	(105,191)	(85,944)
<b>Accounts receivable, net</b>	<b>79.7</b>	<b>242,102</b>	<b>62.4</b>	<b>189,482</b>	<b>126,618</b>
<b>Total financial assets at amortized cost</b>	<b>398.7</b>	<b>1,211,298</b>	<b>376.3</b>	<b>1,143,356</b>	<b>901,104</b>
Investments in associates and affiliates	3.1	9,515	3.1	9,408	31,240
Current tax assets	1.2	3,597	0.9	2,799	13
Deferred tax assets, net	4.2	12,907	4.6	13,982	5,764
Property and equipment, net	0.2	738	0.3	1,017	1,462
Intangible assets other than goodwill, net	9.5	28,811	9.5	28,836	26,904
<b>Total assets</b>	<b>469.4</b>	<b>1,426,049</b>	<b>443.8</b>	<b>1,348,517</b>	<b>1,125,860</b>
<b>Derivative instruments</b>	<b>1.3</b>	<b>4,020</b>	<b>5.6</b>	<b>16,958</b>	<b>–</b>
<b>Financial obligations</b>	<b>370.5</b>	<b>1,125,628</b>	<b>357.1</b>	<b>1,084,974</b>	<b>806,886</b>
Employee benefits	0.4	1,078	0.4	1,198	1,459
Other provisions	0.3	872	0.3	1,021	1,975
Accounts payable	15.7	47,745	15.7	47,633	83,746
Current tax liabilities	0.9	2,785	1.5	4,503	3,368
Other liabilities	1.7	5,104	1.0	3,107	52,475
<b>Total liabilities</b>	<b>390.8</b>	<b>1,187,232</b>	<b>381.6</b>	<b>1,159,394</b>	<b>949,909</b>
<b>Shareholders equity</b>	<b>78.6</b>	<b>238,817</b>	<b>62.2</b>	<b>189,123</b>	<b>175,951</b>
<b>Total liabilities and equity</b>	<b>469.4</b>	<b>1,426,049</b>	<b>443.8</b>	<b>1,348,517</b>	<b>1,125,860</b>

# 9.75% US\$250 million Bond due July, 2022

<b>Issuer</b>	<b>Credivalores- Crediservicios S.A.S.</b>
<b>Ranking</b>	Senior Unsecured
<b>Credit Rating</b>	B+ (S&P) / B+ (Fitch)
<b>Format</b>	144 A / Regulation S
<b>Principal</b>	US\$250 million
<b>Structure / Maturity</b>	5NC3 / July 27, 2022
<b>Coupon</b>	9.75% (30/360) / Semi-annual
<b>Yield / Price</b>	10% / 99.035
<b>Optional Redemption</b>	Make Whole T + 50bps prior to July 27, 2020 \$104.875 on and after July 27, 2020 \$102.438 on and after July 27, 2021
<b>Use of Proceeds</b>	Refinancing of existing indebtedness (including mostly secured debt) and general corporate purposes
<b>Minimum Denomination</b>	US\$200,000 x US\$1,000
<b>Settlement Date</b>	July 27, 2017
<b>Listing</b>	Singapore Stock Exchange
<b>Governing Law</b>	New York
<b>Joint Bookrunners</b>	Credit Suisse and BCP Securities
<b>Paying agent and Trustee</b>	The Bank of New York
<b>ISIN</b>	144 A US22555LAA44 Reg S USP32086AL73
<b>CUSIP</b>	144A 22555L AA4 Reg S P32086 AL7

# credivalores