

credivalores

Credivalores - Crediservicios S.A.S.

ANNUAL MANAGEMENT
REPORT 2.015



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Report from the chief executive officer.

credivalores

Dear Shareholders:

2015 was a year of significant achievements with regard to the ongoing growth of Credivalores and its standing as one of the leading consumer credit institutions attending the middle to low income segments of the Colombian population. The Company surpassed the one billion peso mark with its managed portfolio, amply exceeding the volume of loans placed during previous years amounting to COP 821.119 billion and with the newly-formed alliances and partnerships and offering new line extensions, we were able to end the year with a portfolio worth COP 867.425 million, as recorded under IFRS, representing a year-on-year growth of 35% and going well above the average obtained by the entire financial system. *(Including banks, financial corporations and cooperatives).*



Fieles a nuestro modelo de negocio, impulsamos el desarrollo de soluciones innovadoras para nuestros clientes a través de productos con canales de recaudo que mitigan el riesgo. Durante el 2015, lanzamos la primera tarjeta Visa dirigida a estratos medio y bajos.

True to our business model, we made important advances with innovative solutions for our clients in the form of products with their own collection structures so as to be able to mitigate risk. In 2015, we launched our very first Visa card amongst the middle and low-income segments of the Colombian population. Previously, our Crediuno card functioned as a closed-end credit card as part of a network made up of our own retail and business partners. Now, our clients can make purchases at any establishment in Colombia that is affiliated to the Visa network. We also began operations through our new alliance with TIGO, a mobile phone operator, with which we have gained a nation-wide coverage through more than 80 of the TIGO service centers.



We continued to extend our geographic presence, in keeping with our primary focus, targeting small and medium-sized towns and cities. We are now present in 54 towns and cities through our own network of more than 90 offices and service points, plus more than 80 TIGO service centers through this newly formed alliance, thus ensuring a coverage spanning 99% of the entire country.

We have continued to boost the efforts of our sales personnel through a variety of structuring and training initiatives which has raised our productivity levels; our current sales structure is divided up into seven geographical regions, and has 37 area sections dedicated exclusively to placing loans. We continue to form alliances for each of our product, thus leveraging the efforts of our sales staff and in this way we are able to continue to reach out to markets with extensive credit requirements.



In addition to the above, we invested heavily in technology, as part of our drive to continue enhancing our productivity and efficiency levels.

On the other hand, we also beefed up the Company's organizational structure by reinforcing our business intelligence and risk management functions, thereby seeking to establish distinct competitive advantages in critical lending fundamentals versus other market players. These investments and capabilities shall be key factors going forward in terms of growing our business on a sustainable basis and controlling our risk exposure.

The Company also increased its equity by means of a capitalization carried out in March of last year. As far as financing is concerned, local financial institutions provided us with their support in the form of the largest syndicated loan we have obtained to date worth COP 270,000 million.

Also, we signed an agreement with IFC, a member of the World Bank, for a new tranche of loans, thus reaching a total of USD 45.0 million in credit facilities obtained with said agency. We also expanded our sources of funding by placing two issues of bonds on the international debt market.

Furthermore, we strengthened our corporate governance with the appointment of new independent members to our Board of Directors. It is worthwhile noting that in 2015, Credivalores' credit ratings were ratified on both a local and international level, which was particularly gratifying given the uncertainty prevailing on the emerging markets and the fact that several well-known issuers were given either a negative outlook or placed under review. Also, our local credit rating as a loan originator carried a positive outlook.

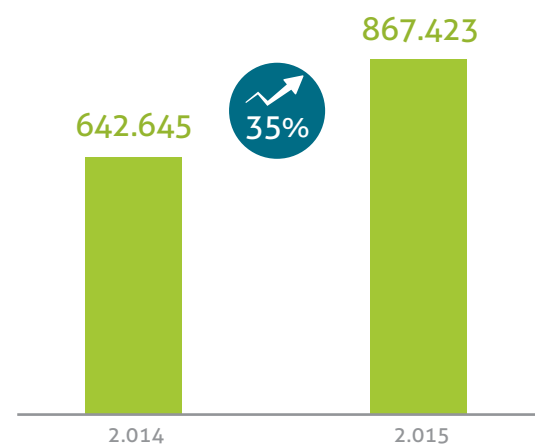
To conclude, we hope that all our efforts and the investments made last year shall allow us to better address the challenges and opportunities that lie ahead, thanks to a tried and tested business model, a strong sales force, a robust distribution network, the sound strategic alliances formed and a dedicated senior management team. We would like to extend our gratitude to our clients, investors, employees and strategic partners for their ongoing support.

Yours sincerely,
DAVID SEINJET NEIRUS

Key figures.*

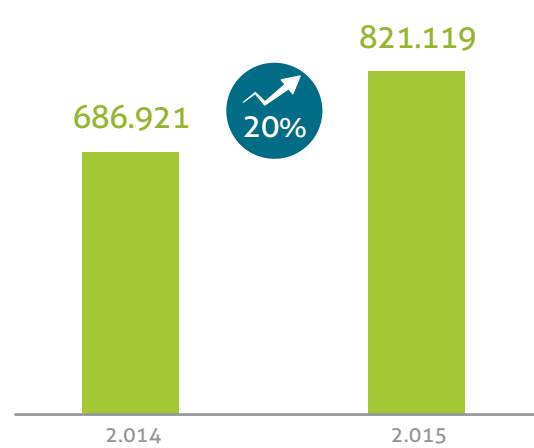
LOAN PORTFOLIO

IN COP MILLION



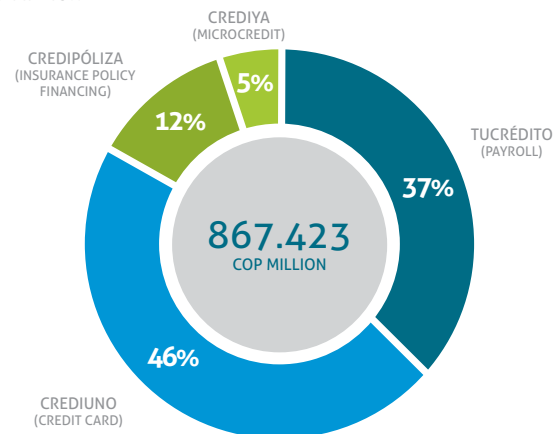
DISBURSEMENTS

IN COP MILLION



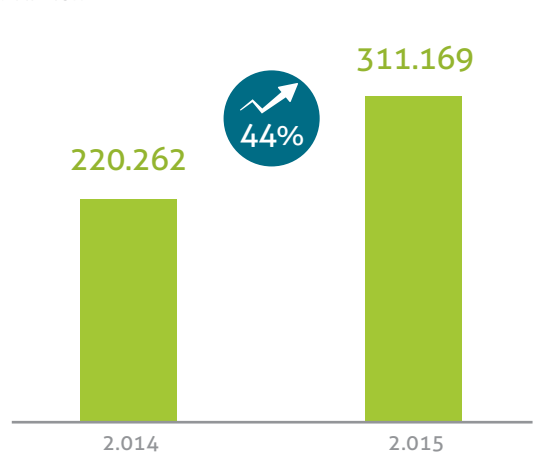
BREAKDOWN PER PRODUCT

IN COP MILLION



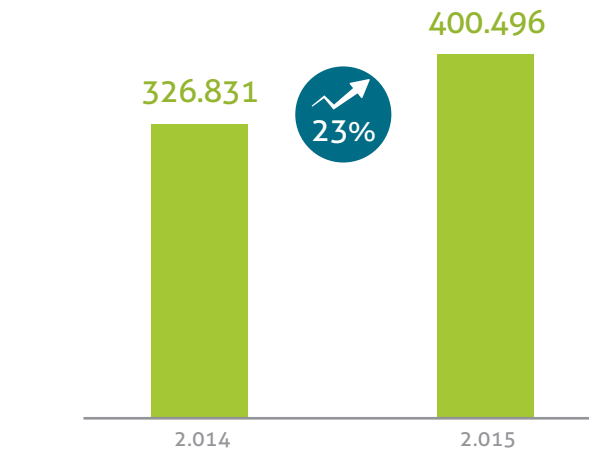
TUCRÉDITO

IN COP MILLION



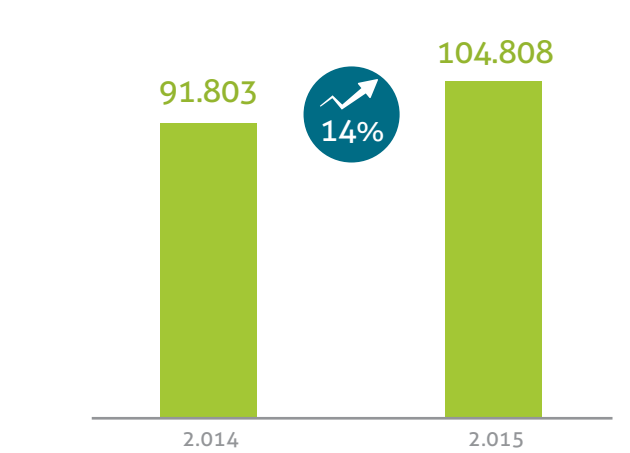
CREDIUNO

IN COP MILLION



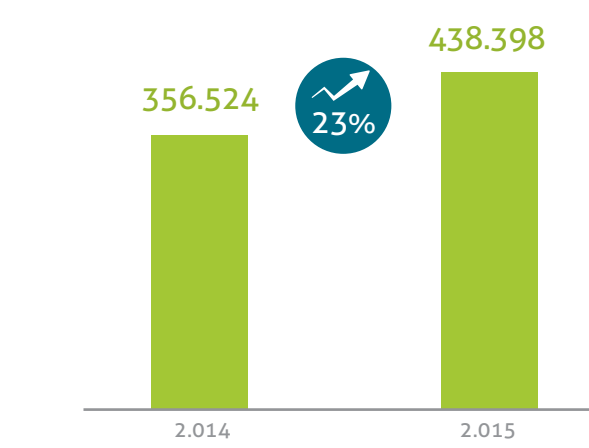
CREDIPÓLIZA

IN COP MILLION



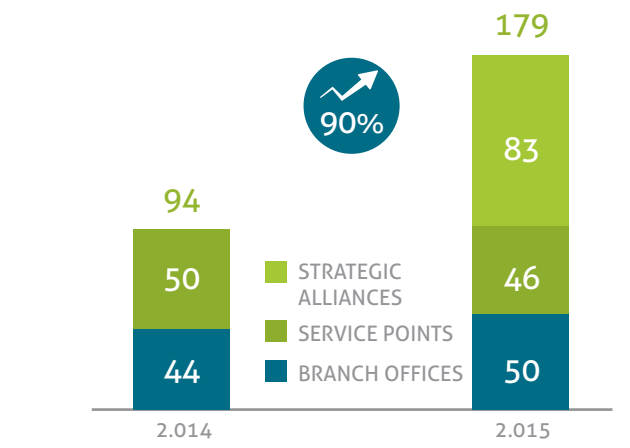
CLIENT BASE

IN COP MILLION



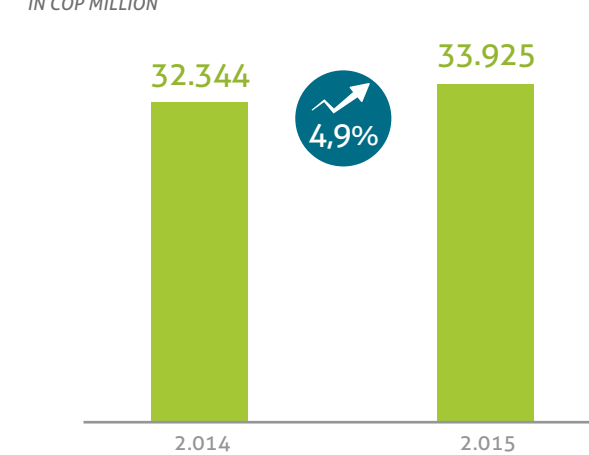
BRANCH OFFICES AND SERVICE POINTS

IN COP MILLION



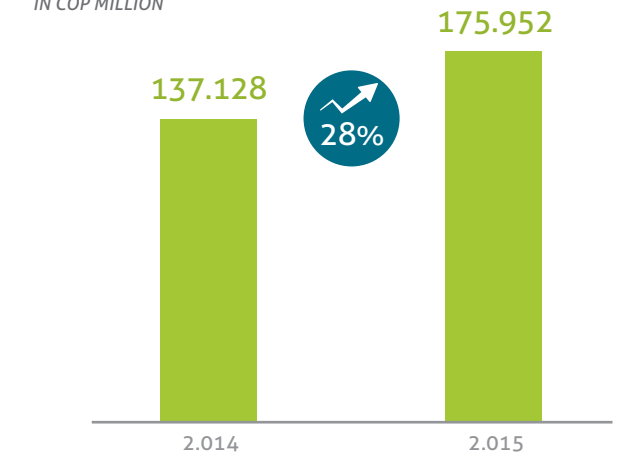
NET INCOME

IN COP MILLION



SHAREHOLDERS' EQUITY

IN COP MILLION



* Portfolio valuation according to NIIF (IFRS) methodology. Data varies with respect to the outstanding balance of the total managed portfolio.



Recent events.

Ratification of our international rating and a positive outlook for our local rating.

Standard and Poor's maintained Credivalores' international rating at "B / B +" for which it upheld a stable outlook. This ratings agency highlighted, among other factors, our adequate levels of risk-adjusted capitalization, the standing gained with the range of diversified products we have managed to develop, our market position in Colombia, growing and stable flows of operating income, a portfolio free from concentrations in terms of clients, segments and geographical presence, as well as appropriate loan origination and placement standards.

It was particularly gratifying that Credivalores' rating and outlook remained stable, when on February 17, 2016, Colombia's sovereign rating as well the ratings of various Colombian financial institutions were revised downwards. Standard and Poor's went on to mention that it was maintaining our rating unchanged given the high proportion of payroll loans with regard to our total loan portfolio as well as our sound financial position.

From the local standpoint, BRC Standard and Poor's issued a positive outlook for our local rating of "AA-". This outlook means that our rating can either be raised or maintained at its current level over the next two years.

Additional capitalization.

In March 2015, our shareholders provided another COP 9,300 million in the form of additional capital in order to ensure the Company's continued growth.

In March 2015, our shareholders provided For the reporting period of 2015, assets rose by 28.3% from COP 137,128 million to COP 175,952 million.

Appointing independent members to the board of directors.

Credivalores, as part of its efforts to strengthen its corporate governance, invited Lorena Cardenas, former CFO and a current member of the Board of Directors of Crédito Real, to serve on our Board of Directors as an independent member.

Lorena shall complement the efforts of our current Board with an experience spanning 20 years in the financial sector and an 8 year track record working in companies specializing in payroll and consumer loans in Mexico.

Growth in lending while maintaining a high loan quality.

In 2015, the loan portfolio posted in our financial statements under IFRS reached a total of COP 867,424 million showing a 35.0% year-on-year growth which went far beyond the average obtained by consumer lending within Colombia's entire financial system. It is important to note that the total managed portfolio, based on the valuation methodology required by the Colombian Superintendency of Finance, reached COP 1.14 billion, for a year-on-year growth 18%, which was 1.5 times higher than the growth recorded by the entire system.

Placements for the year amounted to

COP 821,000 million which was 24.5% higher than for the previous year. This growth in both placements and the overall loan portfolio was made possible while maintaining better loan quality indicators that those corresponding to consumer lending in the entire financial system.

Syndicated loan for the tucredito line of credit.

Last year, a syndicated loan was obtained with 6 local financial institutions in the amount of COP 270,000 million which was used to cover the obligations incurred with multiple self-standing trusts set up for the TuCredito line as well as for extending existing credit limits.

This line of credit now offers more favorable conditions with regard to both terms and rates. The former were extended to 3 years of revolving availability, and 5 years of amortization, and the latter were reduced by 20%.

Credit facilities with IFC have been extended to usd 45.0m with a new syndicated loan.

In May 2015, a new loan taken out with IFC, a member of the World Bank, for US COP 20.0 million, completed a total of USD 45.0 million in credit facilities with this Corporation. The corresponding term is for 5 years, and does not entail any exchange rate risk for Credivalores, since this is directly covered by the IFC.

The first loan for USD 25.0 million, still outstanding, was granted in 2012. The fact that these credit facilities were extended, shows how much backing and support has been given by this multilateral organization to Credivalores' and its efforts to ensure a greater degree of financial inclusion to Colombia.

Our international financing program.

In 2015 the notes placed abroad as part of our commercial paper program were duly paid upon maturity in the amount of USD 40.0 million and additional notes were issued for a total of COP 60.5 million. This program, representing a maximum amount of USD 150.0 million, allows for notes to be issued for a maximum term of 3 years. International financing is an important building block in the Company's ability to diversify its sources of funding. With regard to the notes issued by Credivalores (CREDVA) most of our existing investors either renewed or increased their exposure to the Company and agreed to extend their terms beyond those granted the previous year.

Debt hedging program.

As of March 2015, given the volatility affecting the value of emerging market currencies, the Company entered into hedging arrangements for its foreign currency debt. Consequently, in 2015, certain forward contracts were executed to be settled on the date of maturity for each operation, thus covering 90% of the Company's dollar-denominated debt.



Economic activity.

a. The global economy.

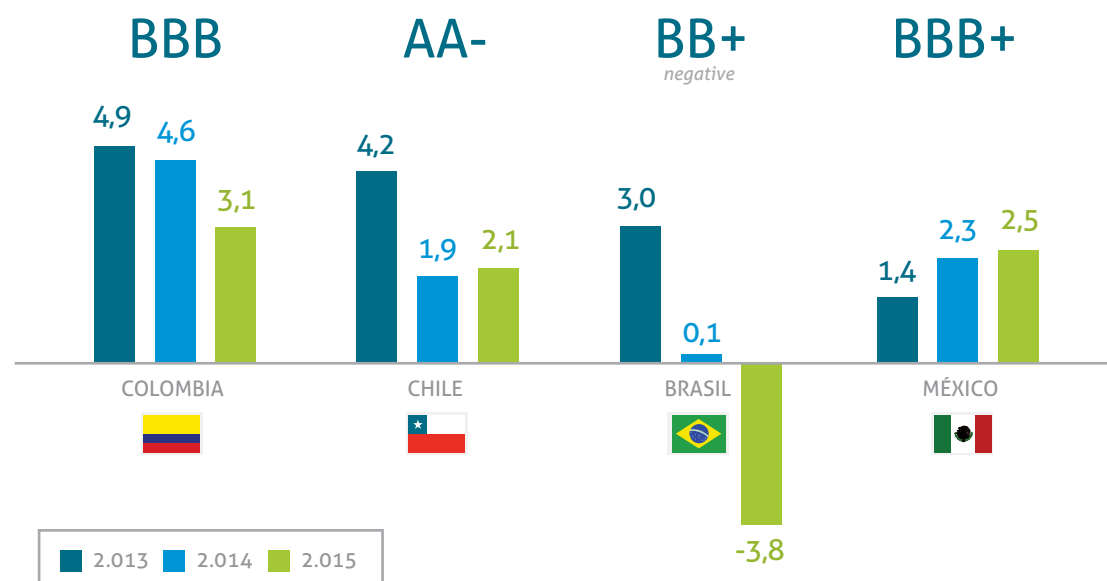
In 2015, the global economy was affected by a great deal of uncertainty and volatility triggered by falling oil and commodity prices, the slowdown with the Chinese economy and expectations of rising interest rates in the United States.

All these factors had a negative effect on the emerging economies. For 2015, the IMF estimated a GDP growth of 4% for this group of countries whereas for 2016, it revised its growth expectations downwards from 4.5% to 4.3%, based on declining prices of raw

materials, a more moderate growth of the Chinese economy and bottlenecks in the productive sectors of some of these nations.

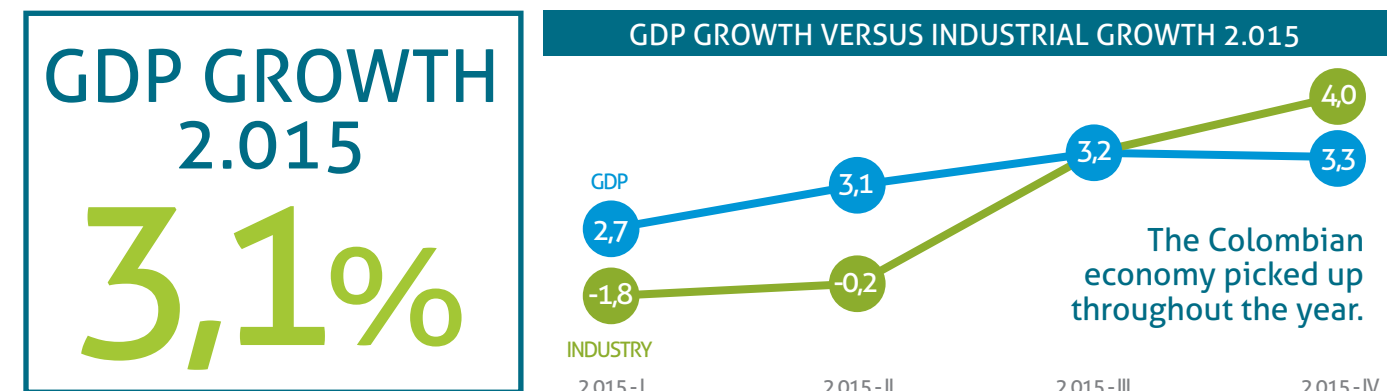
In the case of Latin America as a whole, this multilateral organization is estimating a reduction of 0.3% in its overall GDP, mainly due Brazil's shrinking economy.

HISTORIC GDP GROWTH
% growth / S&P rating



b. The Colombian economy.

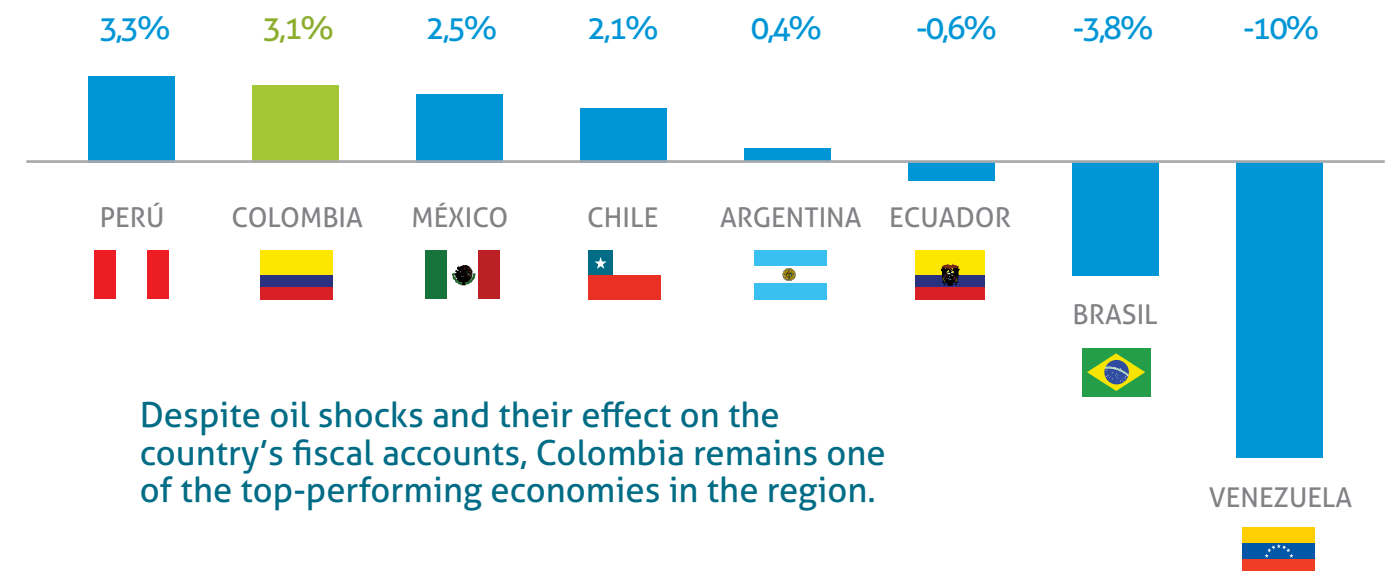
In 2015, the Colombian economy slowed, going from growths of 4.9% and 4.6% for 2013 and 2014 respectively to just 3.1% for 2015. Nevertheless, this is still higher than the 2.9% growth initially expected by analysts, and Colombia remains one of the strongest economies in the region, given a high level of growth recorded in the fourth quarter.



Overall, the Colombian economy was affected by declining commodity prices, especially oil which fell by 30% for the year, from USD 53.27 per barrel at the end of 2014 to USD 37.04, as well as by the depreciation of the Colombian peso, which went from a COP 2,392.46 per US dollar at the end of 2014 to COP3, 149.47 at year-end 2015, having depreciated by 32%.

However, despite the oil shocks and their effect on the country's fiscal accounts, Colombia remains one of the top-performing economies in the region.

GDP GROWTH FOR LATIN AMERICA 2.015



Despite oil shocks and their effect on the country's fiscal accounts, Colombia remains one of the top-performing economies in the region.

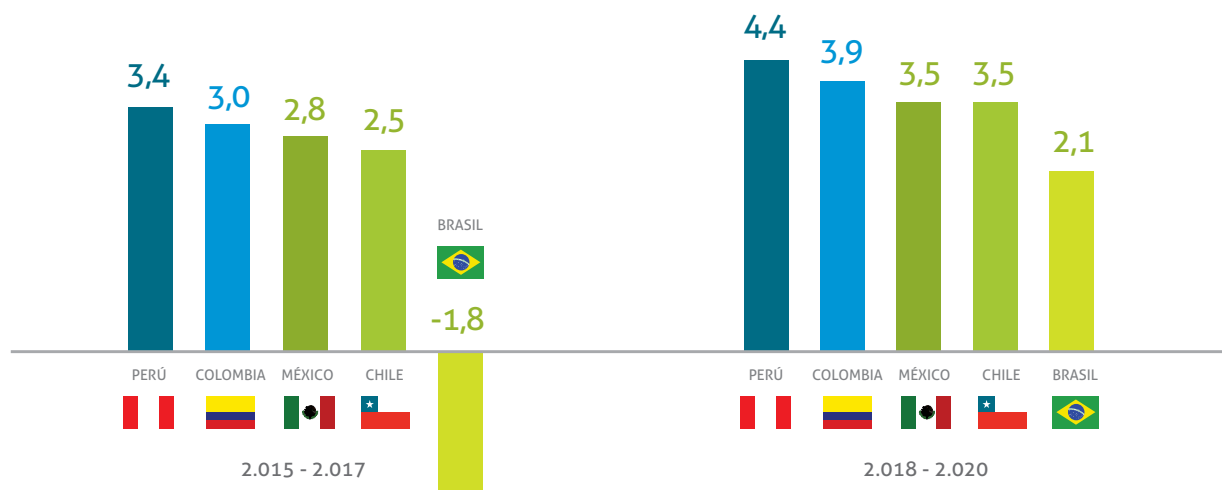


Economic activity.

For 2016, analysts expect Colombia’s economic performance to remain among the highest in the region, thanks to the 4G highway infrastructure plan, the start-up of the Cartagena oil refinery and the momentum gained by sectors other than the hydrocarbons, where growth has hitherto lagged behind the rest of the economy.

POSITIVE GDP GROWTH FORECASTS
average % growth for 2015 to 2017

Source: Latin focus Consensus January 2016



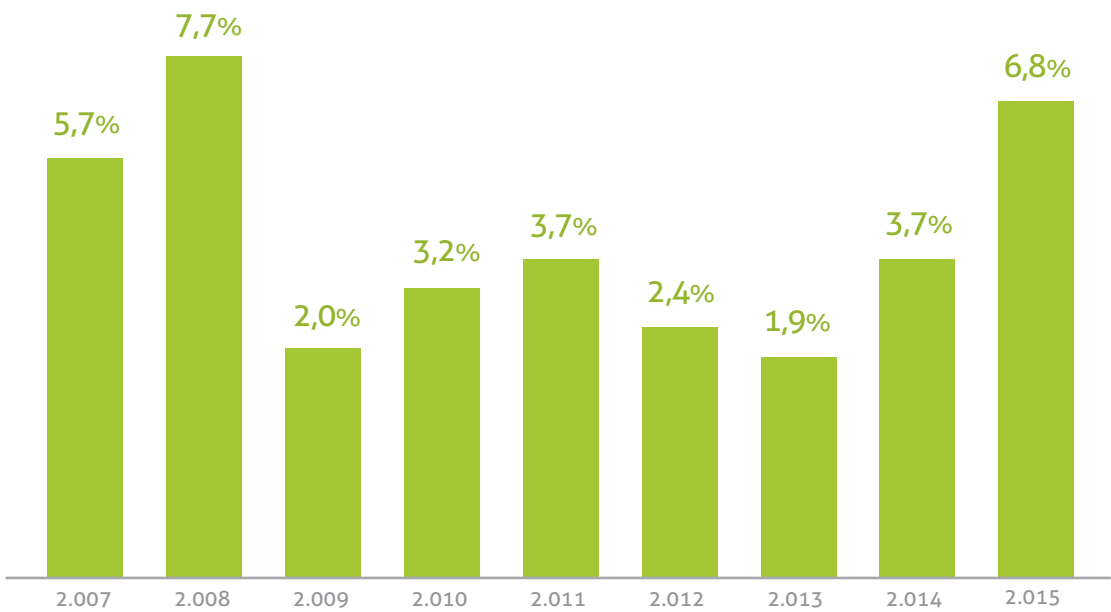
c. Inflation.

The depreciation of the Colombian peso, the resurgence of the El Niño weather phenomenon and unanchored expectations, gave rise to upward price pressure with inflation reaching 6.8% on a monthly basis in December 2015, the highest it has been since January 2009. To counteract this effect, Colombia’s Central Bank raised the benchmark interest rate from 4.50% to 5.75%.

For this year, inflation is expected to end up at 4.2% by year-end followed by 3.2% for year-end 2017, due to weather patterns, continuing depreciation and the increased cost of imported raw materials. Prices are expected to go down as weather conditions become less adverse and the aforementioned factors ease up.

INFLATION

Inflation Source: DANE (Colombian Statistics Bureau)



d. Unemployment.

At year-end, the total nationwide unemployment figure dipped to 8.6%, its lowest level during the last 15 years, which was 10 bp less than for 2014, although urban employment stood at 9.8%, which was 50 bp higher than for 2014.

The overall participation rate continued on an uptrend, reaching 65.1% as well as the employment rate which came to 59.5%.



Actividad económica.

The decline with the nation-wide unemployment rate was due to 506,000 new jobs being created, bringing the total number of employed to 22.7 million people. The sectors that recorded the higher employment rates were: retail, hotels and restaurants ; community, social and personal services as well as agriculture, cattle-raising, forestry and fishing.

Towards a **New economy**
with other new sectors coming to the fore.



These are the sectors of our New Economy that are leading growth in 2.015.
*% growth versus prior year.

This shows that despite the loss of jobs in the oil sector, new jobs were created by other sectors of the economy, since now the country is showing a greater reliance on other sectors for growth.



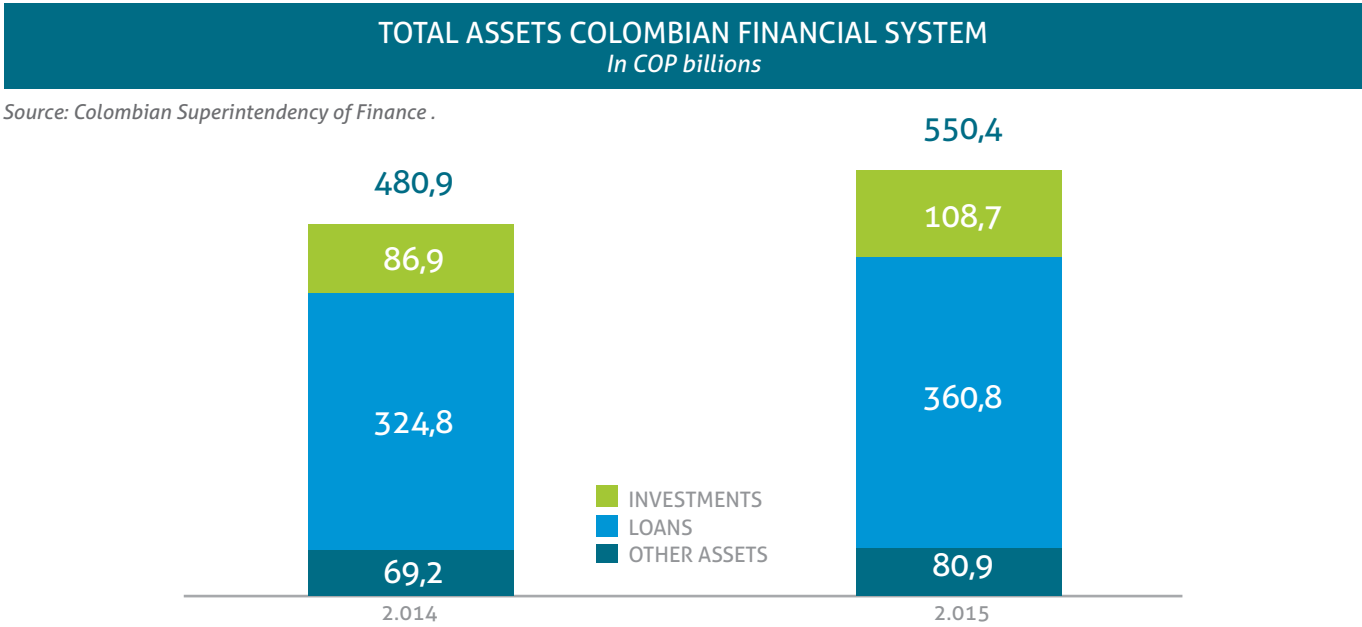


Colombian financial system.

2015 was the first year in which companies were obliged to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS). The purpose of this new requirement was to migrate from the Colombian accounting standards (COLGAAP) so as to align our reporting with international best practices in terms of preparing and presenting financial information.

a. Assets.

At year-end 2015, the assets held by credit institutions-banks, financial corporations, finance companies and financial cooperatives reached COP 550.38 billion, 65% of which corresponded to loans, 19% to investments and transactions with derivatives and the remaining 7.1% cash. In short, and irrespective of the changeover to IFRS along with other specific adjustments, the assets held by credit institutions at year-end 2015 were 14.5% higher than those reported during 2014.

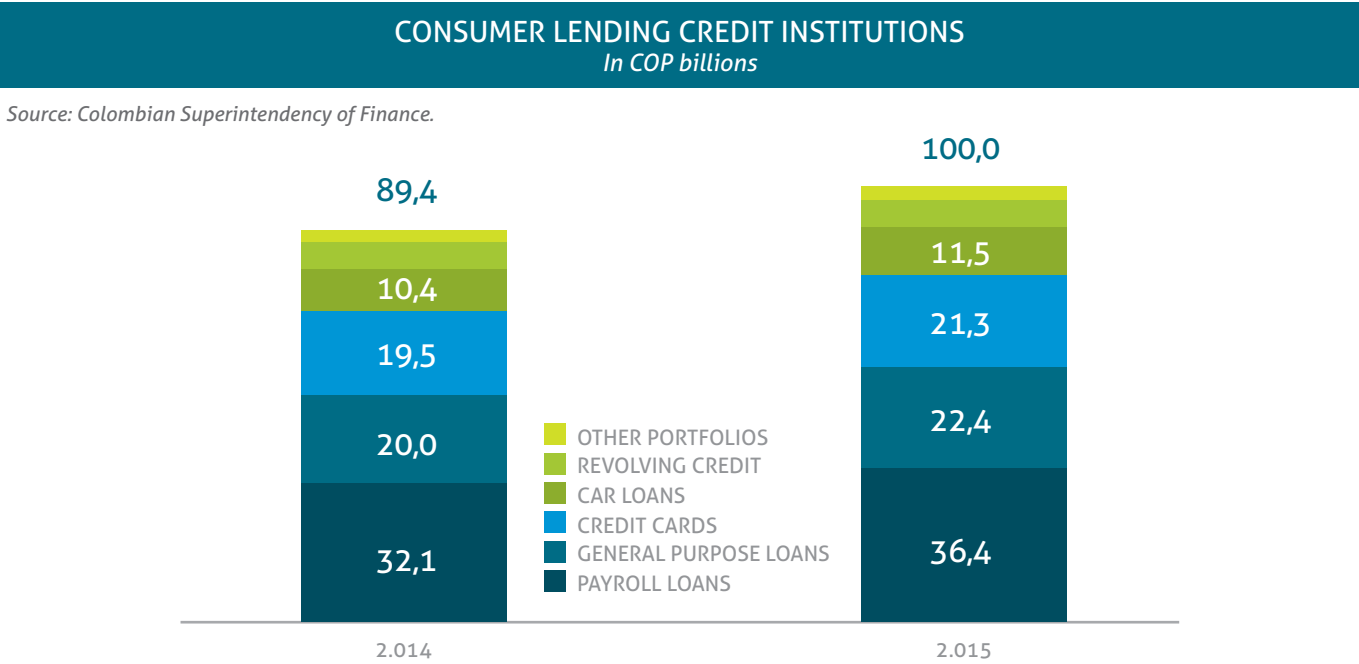


b. Loan portfolio.

Credit institutions recorded a real growth of 8.76% in their loan portfolios at year-end 2015, compared to 11.05% for 2014. Upon eliminating the effects of IFRS, the actual organic growth recorded for our loan portfolio came to 7.58%.

In 2015, the consumer loan portfolio for the entire system (banks, financial corporations and the solidarity sector (cooperatives) recorded a lower growth rate compared to 2014, reaching a total of COP 99.9 billion at year-end, for a nominal decline of 11.8%.

Payroll loans increased their share of the consumer loan category, from 35.9% to 36.4% and continue to represent the lion´s share of this category, followed by general purpose loans, credit cards, car loans, revolving credit and others. Between 2014 and 2015, payroll loans rose by 13.5% , while credit card billings grew by 8%.





Colombian financial system.

c. Loan portfolio quality.

The growth in the system's lending portfolio system was accompanied by appropriate levels of loan quality with past-due loans representing 2.91% of the total portfolio. Past due loan coverage came to 154%, based on the value of the provisions set up compared to past-due loans. Both indicators show marginal improvements compared to year-end 2014.

In the case of consumer loans, the quality indicator reached 4.5%, which was similar to the 4.4% obtained in 2014. In the particular case of payroll loans, this indicator rose from 1.9% to 2.1%, while credit cards came to 5.6%. It is worthwhile noting that the indicator of past due loans on the part of credit card clients earning less than 2 minimum wages is similar to that of Credivalores' target market, that is to say 7.4% at year-end 2015.

d. Shareholders' equity and net income.

The solvency indicator in the case of credit institutions remained above the regulatory minimum at 15.4% (versus a minimum of 9%) and 10.9% (versus a minimum of 4.5%).

In 2015, credit institutions recorded a total net income of COP 10,67 billion, with banks representing COP 9.64 billion of this figures, followed by financial corporations with COP 566.8 billion, financing companies with COP 419.6 billion and financial cooperatives COP 43.2 billion.





Market share.

While it is difficult to estimate the size of the market, the share pertaining to Credivalores as a percentage of the entire financial system that reports to the Colombian Superintendency of Finance was duly analyzed.

With regard to the payroll lending market, the loans disbursed by Credivalores compared to those of the entire financial system, based on data from the Colombian Superintendency of Finance, came to 1.9%, which places us in 12th place out of a total of 28 market participants.

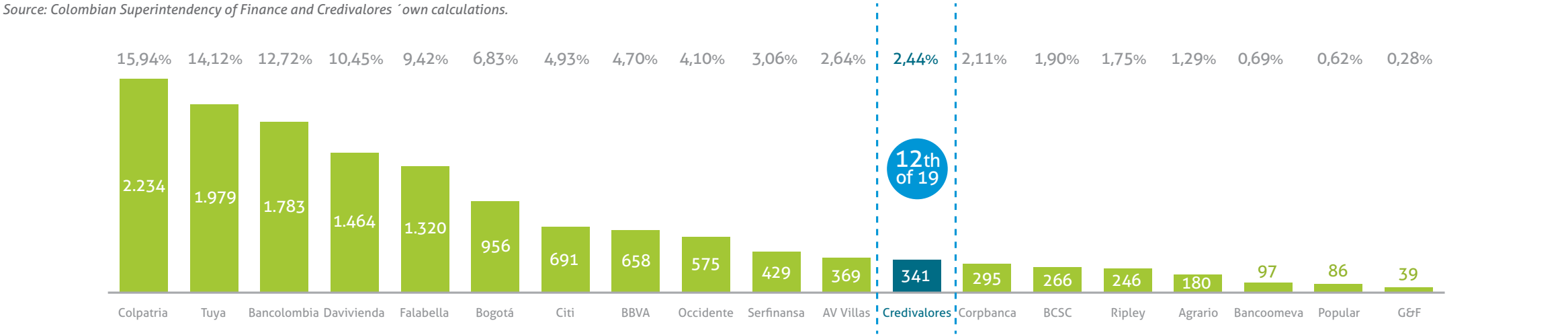
As for the credit card market, Credivalores is ranked in 12th place out of a total of 19 traditional financial institutions coming under the oversight of the Colombian Superintendency of Finance.

As for the average number of new cards placed on a monthly basis, Credivalores is the seventh largest issuer of new cards, compared to the rest of the regulated financial system.

LEADING CREDIT CARD LENDERS VERSUS TOTAL CREDIT CARDS OUTSTANDING 2.015

Number of credit cards (in thousands)

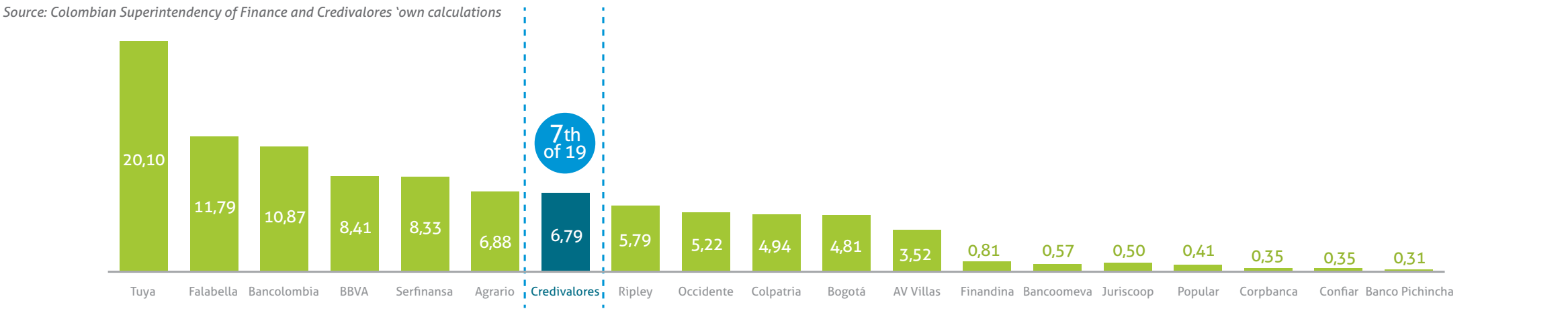
Source: Colombian Superintendency of Finance and Credivalores 'own calculations.



LEADING CREDIT CARD LENDERS VERSUS NEW CREDIT CARDS ISSUED 2.015

Number of credit cards (in thousands)

Source: Colombian Superintendency of Finance and Credivalores 'own calculations





First-time adoption of the International financial reporting standards.

Credivalores Crediservicios S.A.S., hereinafter Credivalores or the Company, as a member of Group No. 1 adopting International Financial Reporting Standards (IFRS /NIIF) and in compliance with current legislation, began to apply these new reporting standards as of from January 1, 2014, based on which its first financial statements under IFRS were drawn up at year-end 2015.

In Colombia, the IFRS were first introduced by Congress in 2009 with Law No. 1314 regulating the country´s generally accepted Accounting and Financial Reporting Principles and Standards and the Information Assurance Standards (IAS).

This law was subsequently regulated by means of Decree 2784 issued in 2012 for entities pertaining to Group No. 1 of first-time adopters and based on that stipulated in Decree 2784 issued in 2012, as amended by Decree 3024 issued in 2013, a new requirement was introduced governing the mandatory preparation of an opening statement of financial position at January 1, 2014 under these new standards. Consequently the transition to the new IFRS took place in 2014 , with the previous

COLGAAP and the new IFRS being simultaneously applied.

In the light of the above, the first financial statements drawn up under the new standards were those corresponding to the year 2015, which required a comparison with the transition information as well as the opening statement at the beginning of 2014.

In 2015, the Colombian authorities issued a series of provisions governing the application of IFRS in Colombia. For its part, the Colombian Superintendency of Corporations, through External Circular No. 115 of 2015, stipulated the deadlines for entities classified in Group 1 to present their financial statements under the new regulatory framework.

The following is a list of the transition effects on Credivalores’ separate financial statements, on the date on which the Opening Statement of Financial Position was drawn up.

ITEM	COLGAAP YEAR-END 2013	ADJUSTMENTS / RECLASSIFICATIONS	IFRS JAN 1 2014
ASSETS	373.701	338.300	712.002
LIABILITIES	266.231	360.210	626.440
EQUITY	107.471	-21.910*	85.561
NET INCOME	13.706	-	-

* Effects of First-Time Adoption.

Credivalores, is considered to belong to the real sector with regard to maintaining its accounting records under IFRS and as such is obliged to uphold certain guidelines for assessing the value of its assets and financial liabilities, including its loan portfolio, other than those required for financial institutions, who continue using the guidelines issued by the Colombian Superintendency of Finance.

The main concepts that give rise to differences between applying COLGAAP and IFRS are as follows:

- Loan portfolio valuations: the Tucredito payroll loan portfolio which is sold at a premium within a period of 90 days after the date of its origination is recorded at fair value; while the loan portfolios of all the other products are valued at amortized cost (including the transaction costs incurred in originating these loans); and the other portion of the Tucredito portfolio is valued at amortized cost. This methodology varies from that used by financial institutions, which continue to value their portfolios according to the guidelines stipulated by the Colombian Superintendency of Finance.
- Liabilities include the Company’s financial obligations as well as self-standing trusts in which Credivalores serves as settlor and guarantor. These are measured at amortized cost, including transaction costs incurred to set up these financial obligations (that is to say investment banks, legal fees, etc.).
- Provisions: these are set up using the incurred loss method. Please refer to Note 7c of the Financial Statements.

The following are the transition effects on the separate statements submitted for 2014:

ITEM	COLGAAP YEAR-END 2014	ADJUSTMENTS / RECLASSIFICATIONS	IFRS YEAR-END 2014
ASSETS	439.936	368.610	808.547
LIABILITIES	282.046	389.371	671.418
EQUITY	157.889	-20.761	137.128
NET INCOME	20.412	11.931	32.344



Financial information.

The following is a summary of the main figures contained in Credivalores separate financial statements. Said statements were prepared and presented in accordance with International Financial Reporting Standards (IFRS) and are stated in Colombian Pesos.

a. Assets.

Total assets amounted to COP 1,129,463 million, showing a 39.7% increase compared to year-end 2014 (\$ 808.547millones).

These assets mainly correspond to the Company's loan portfolio which amounted to COP 867.424,9 million. The value of Company's loan portfolio, broken down per product, is shown as follows:

GROSS LOAN PORTFOLIO (IN COP MILLIONS)				
PRODUCT	VALUATION METHOD	2.014	2.015	VARIACIÓN
tucrédito cv	Fair Value + Amortized Cost	220.261	318.168	44.5%
crediluno	Amortized Cost	326.830	400.496	22.5%
credi·póliza	Amortized Cost	91.806	104.408	14.2%
credi·ya <small>La llave de tu negocio</small>	Amortized Cost	-	41.042	-
OTHERS	Amortized Cost	3.479	2.908	-22.4%
TOTAL		642.645	867.424	35.0%

The value of the Company's loan portfolio under IFRS includes its own loans as well as those belonging to the self-standing trusts in which Credivalores acts as settlor. It is to be noted that the total loan portfolio excludes the portion that is sold on, which continues to be managed by Credivalores. As explained in section 3.4 of Note 3 of the Financial Statements, the portfolios belonging to our Crediuno, Credipoliza, Crediya and other products (currently being run-off) are recorded at amortized cost. The Tucredito portfolio is recorded at both amortized cost and fair value.

Provisions remained stable at COP 85.943 million, having totaled COP 86.932 million the previous year.

b. Liabilities.

Total liabilities amounted to COP 953,511 million, having risen by 42.0% or COP 28,093 million compared to year-end 2014. This increase was mainly due to the new obligations incurred to extend the Company's portfolio and enhance the cash flows from its normal course of business.

22.1% of the Company's total financial obligations corresponded to foreign currency notes and another 53.0% to debt held in self-standing funds . At year-end 2015, 90% of the total principal of the Company's foreign currency denominated debt was hedged through non-delivery forwards.

The Company continued to diversify its sources of funding throughout the year having placed commercial paper on the international capital markets for a total of USD 60.5 million as well as obtaining new lines of credit such as the syndicated loan for a total of COP 270,0 thousand million and a new tranche of credit worth USD 20.0 million from the IFC, a member of the World Bank.

c. Shareholders' equity.

Shareholders' equity at year-end 2015 amounted to COP 175.952 million, for a year-on-year increase of 28.3%.

This increase reflects a capitalization conducted in March 2015 in the amount of COP 9.300 million.



Financial information.

d. Net income.

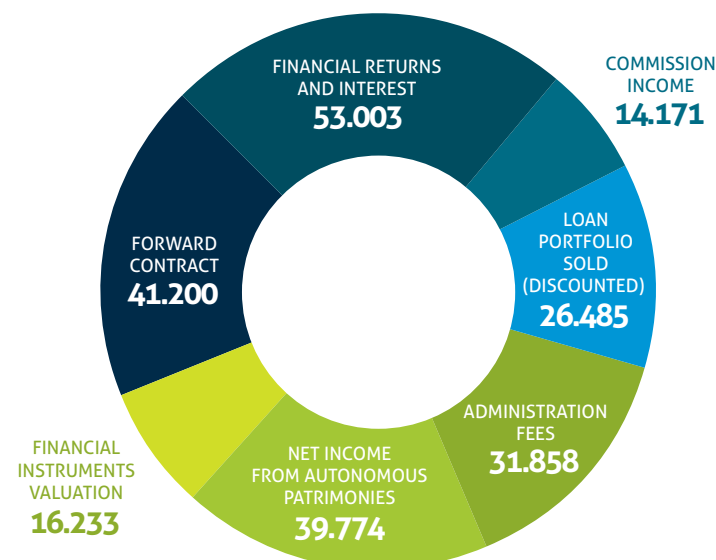
At year-end 2015, Credivalores recorded a net income of COP 33,925 million for an increase of 4.9% compared to year-end 2014.

Operating earnings grew by 31.4% compared to year-end 2014, reaching COP 222.726 million, mainly driven by the growth in interest income as well as higher financial returns on higher loan placements as well as our new microcredit product (+ 51.6%), while forward contracts and financial instruments amounted to COP 41,200 million and COP 16,233 million respectively, and income from management fees, including credit card handling fees (+ 15.8%).

Administrative expenses remained relatively stable, rising by 4.7% to COP 9.062 million.

OPERATING EARNINGS

IN COP MILLIONS



Other expenses were reported worth COP 104,890 million, having risen by 29.9% compared to year-end 2014. This latter expenditure included certain one-time non-recurring costs such as those incurred with structuring and carrying out the new TIGO project as well as other mid- and long-term financing arrangements.

As a result, operating earnings rose by 34.0% going from COP 77,678 million to COP 104,112 million on a year-to-year basis.

Financial costs came to COP 72,790 million, for a year-on-year increase of COP 34,967 million. This growth was mainly due to foreign exchange rate differences and the appraised value of a forward contract, which altogether represented an increase of COP 43,128 million compared to year-end 2014. The financial costs in terms of interest expense rose by 31.7%, from COP 18,097 million to COP 23,831 million.

Earnings before taxes rose from COP 44,760 million to COP 37.718 million on a year-to-year basis and net income went from COP 32,344 million to COP 33,925 million, for an increase of 4.9%.



Prospective outlook for the company and its subsidiaries.

This year Credivalores has continued to enhance its operating performance, while ensuring the quality of its loan portfolio. While economic activity in Colombia is expected to slow, which would reduce the growth of consumer loans, Credivalores boasts an extensive target market which has been overlooked up until now; this together with an extraordinary sales force and a level of penetration thanks to existing agreements shall allow us to continue placing loans at a similar rate to those recorded over the past couple of years.

We shall continue to focus on low-risk products, mainly payroll loans for government employees and retirees, who are less vulnerable to a slowdown in the economy. We shall also be developing line extensions to our existing products and strengthening our sales network and intermediaries so as to be able to drive the growth of all of our products.

We hope that the results of our latest investments in technology and our risk management function, that began in 2015 and shall continue in 2016, shall continue to enhance our productivity, efficiency and risk controls.

Given the Company's funding and liquidity structure, we shall have no difficulty with the working capital or cash flows necessary for ensuring the growth projected for our loan portfolio.

On an internal level, there is no indication of any legal or operating restrictions that could affect the Company.

Transactions with shareholders and senior management.

All transactions performed by Credivalores Crediservicios S.A.S. with its shareholders and senior management have been duly disclosed in Note 36.1 titled "Transactions with Related Parties" accompanying our separate financial statements.

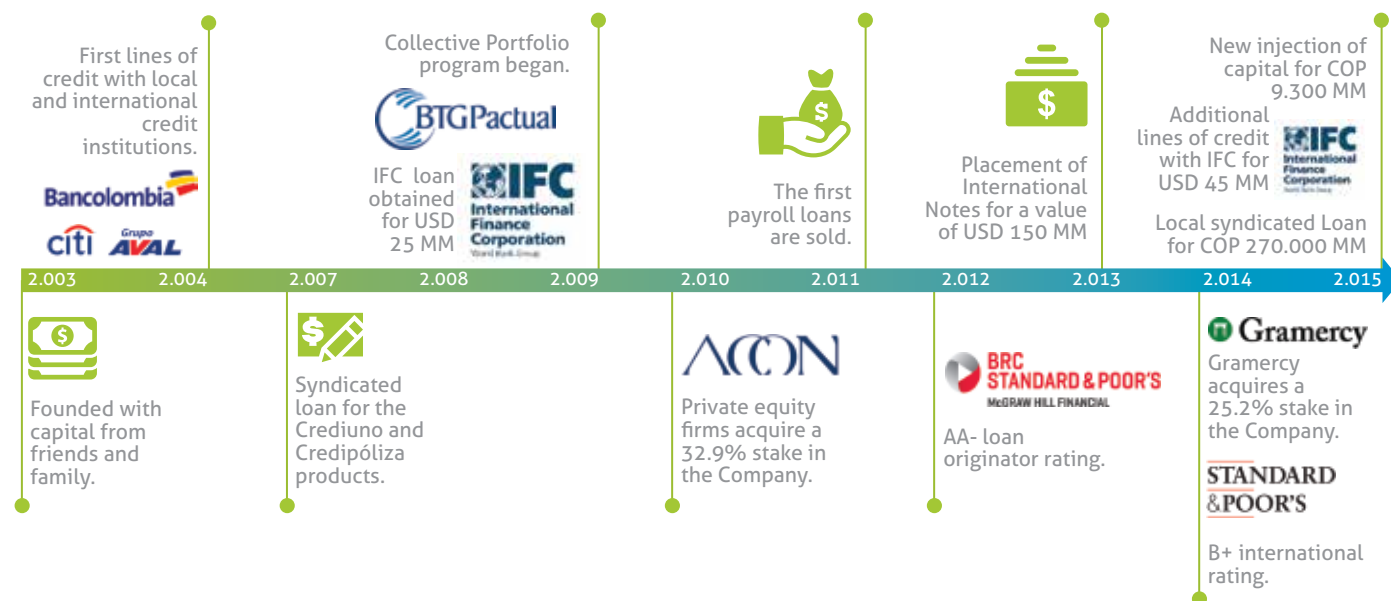




a. About Credivalores.

Credivalores is a leading, non-banking credit institution offering credit products with innovative collection structures for the middle to low income segments of the Colombian population, which have hitherto been overlooked by the Colombian financial system.

Since it first came into being 12 years ago, Credivalores has disbursed loans worth more than COP 5.1 billion.



The Company has developed a unique portfolio of products designed to meet the needs of its large and ever-growing target market, whose strength lies in their collection channels thus mitigating the inherent risk of non-payment, which together with the risk policies upheld by the Company have contributed to maintain a high loan quality:

tucrédito cv

General purpose, payroll-deducted loans for employees and retirees.

credi1uno

Credit cards paid via public utility invoices.

credi·póliza

Financing for insurance policy with monthly repayments.

credi·ya
La llave de tu negocio

Credit for entrepreneurs and owners of small formal/informal businesses.

The Company also has an extensive network of strategic partnerships and alliances providing it with nationwide coverage along with a sales personnel numbering more than 2,500 (both directly employed and outsourced staff) who are able to attend the majority of the Colombian population.

The experience that the Company's senior management brings to the table is backed by a sound equity position and international shareholders such as Gramercy and ACON.

The company is presently the only non-banking private credit institution, which as an originator obtained an "ori AA- (positive outlook)" rating from Standard and Poor's BRC and as an issuer obtained an international "B +" rating also from Standard and Poor's.



Credivalores.

b. Mission.

To offer affordable solutions.

c. Vision.

To attain our growth targets with our loyal client base, excellent products and friendly staff.





d. Vaues.

- Team work.
- A passion to serve our clients.
- Commitment.
- Innovation.
- Trust.
- Diligence.



e. Strategy.

Our corporate strategy is based on:

-  Offering flexible solutions to an extensive and ever-growing target market consisting of the mid-to low income brackets which have so far been neglected by the Colombian financial system.
-  Strategic alliances and partnerships: We have entered into 780 agreements with regard to placing our payroll loans, exclusive agreements with 8 public utility companies for billing and collecting our own credit card, as well as alliances with insurance companies and agents for our Credipoliza product (financing for insurance policies).
-  Distribution network: at year-end 2015 we had one of the largest sales forces in the country dedicated exclusively to payroll loans as well as and partnerships with insurance brokers and the TIGO mobile phone operator which has extended our distribution platform to more than 2,500 sales personnel.
-  Products with unique features designed to mitigate the risk of non-payment on the part of our clients: we have products whose collection channels cannot be modified by the borrower, thus minimizing the risk of nonpayment. We are also developing extensions for these lines of products in order to meet the needs of our clients.





Credivalores.

We are focusing on our strategy from the following five standpoints: Finance, Client / Market, Efficiency, Innovation, Strategic Capital as well as Sustainability.

We are targeting specific objectives in each of these areas in order to ensure compliance with our strategic planning.



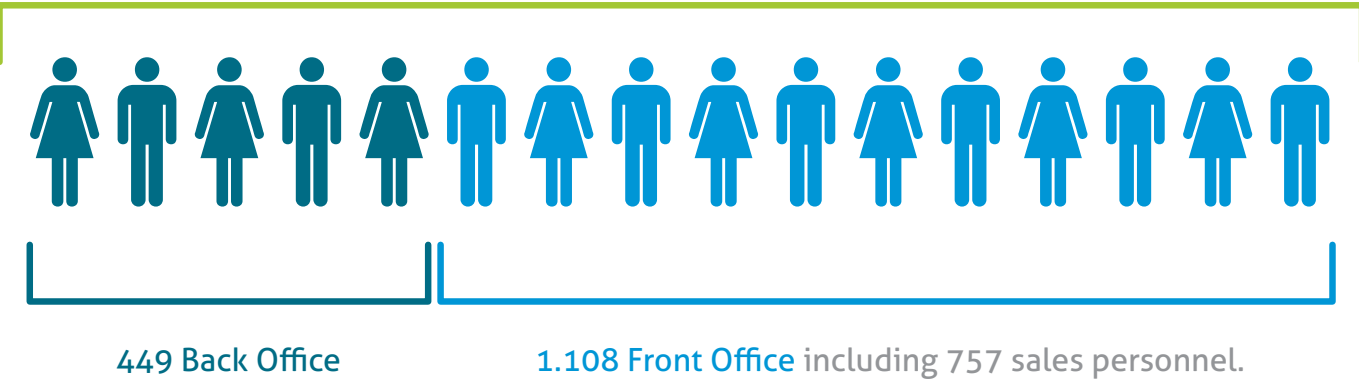
	OBJECTIVES	PROJECTS
FINANCE	3	10
CLIENT MARKET	3	10
EFFICIENCY	3	11
INNOVATION	4	14
STRATEGIC CAPITAL	1	4
SUSTAINABILITY	1	3
TOTAL	15	52

Our Strategic Planning Committee met regularly in 2015, following up on the progress made with each of the projects contained in the different strategic objectives and the major strategies and projects to be implemented over the next two years were identified to ensure the Company's ongoing growth and development.

f. Employees.

At year-end 2015 we had a total of 1,557 employees (both our own directly employed staff as well as outsourced personnel), 449 of whom work in the back office and 1,108 in the front office, including 757 sales personnel.

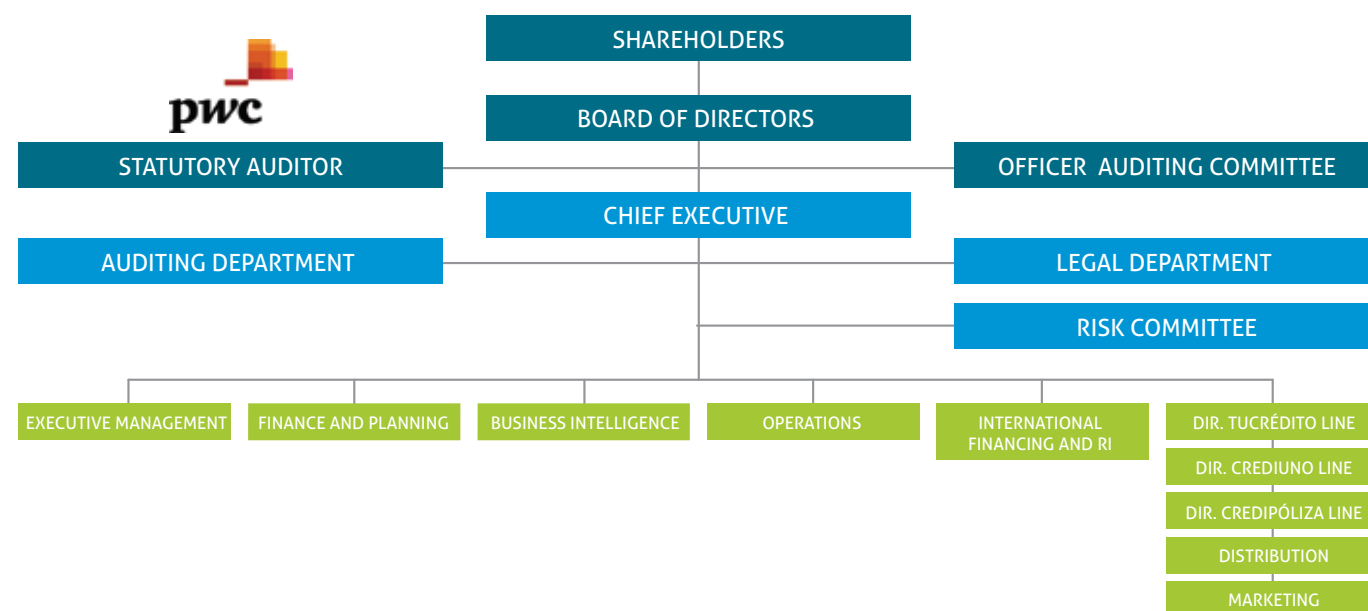
1557 employees at year-end 2015.





g. Corporate structure.

Our corporate structure has been tailored to our business needs. We have 6 executive committees (CEO, risk, audit, financial, commercial, operations and technology) and a senior management team with more than 13 years of experience in the financial sector on average.

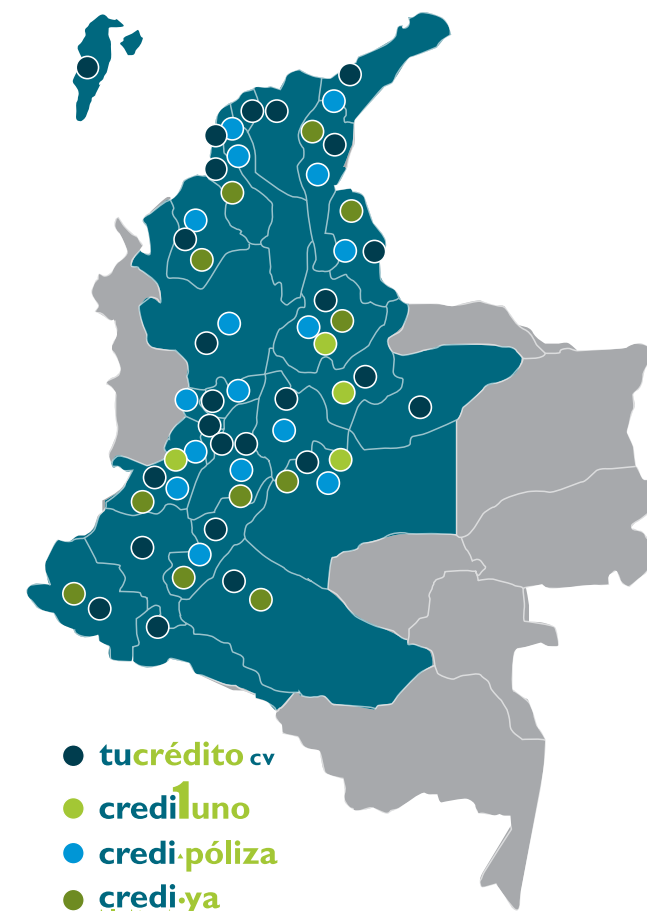


h. Geographic presence.

In 2015, we expanded our geographic presence to include 54 new towns and cities. True to our strategy, we are focusing on attending small and medium-sized cities showing high growth potential, unlike the majority of the companies that make up the Colombian traditional financial system.

We have 50 offices which are complemented by 11 mobile points of service which travel the length and breadth of Colombia to all those places where we have no "bricks-and-mortar" presence.

Additionally we have 46 service points in major retail establishments in the country for issuing credit cards and we offer financing for mobile phone purchases in more than 80 TIGO service centers nationwide.



Branch Offices:

We have 50 branch offices located in the main towns and cities in the country through which we attend our clients' needs.



Service Points:

45 service points located at major retail establishments.



85 TIGO Service Centers:

As part of our alliance with TIGO (Millicom).

Mobile Points of Service:

Attending the more remote parts of the country where we have no "bricks and mortar" presence.



Presence in Departments where 97.7% of the population are located along with 99.2% of GDP.

Presence and origination focusing on small towns and cities offering a high growth potential as a result of the financial system's exclusive focus on the major cities.



i. Business model.

Our business model is based on providing swift lending arrangements to the low and middle income segments of the Colombian population that have been overlooked by the traditional financial system.

We have a diversified platform of four products each with their own specific collection structures to minimize the risk of non-payment and maintain high quality levels for each portfolio. These are payroll loans, credit cards (collected through public utility bills) insurance policy financing arrangements (revocable insurance where the insurer returns the unused portion of the premium in the event of default) and our micro-credit loans.

The alliances and partnerships formed to originating and distributing each of our products has provided us with substantial strength. Consequently we have entered into more than 780 agreements with employers with regard to our payroll loans, exclusive agreements with 8 public utility companies for billing and collecting our credit card, as well as several alliances with insurance companies and brokers for our Credipoliza product for financing policies.

Our risk management systems are similar to those of financial institution that attend our target market, which have been fine tuned based on the experience and knowledge gained with a track record of more than 12 years.

We also have various sources of financing, on both a local and international level as well as with banks and the capital markets.

In this way, we have built up a diversified product-based portfolio, with limited concentrations in terms of geographical presence and the amounts of credit issued.

j. Our products.

Credivalores aims to continue expanding its portfolio while maintaining high quality indicators. For this purpose it has developed the following four products:

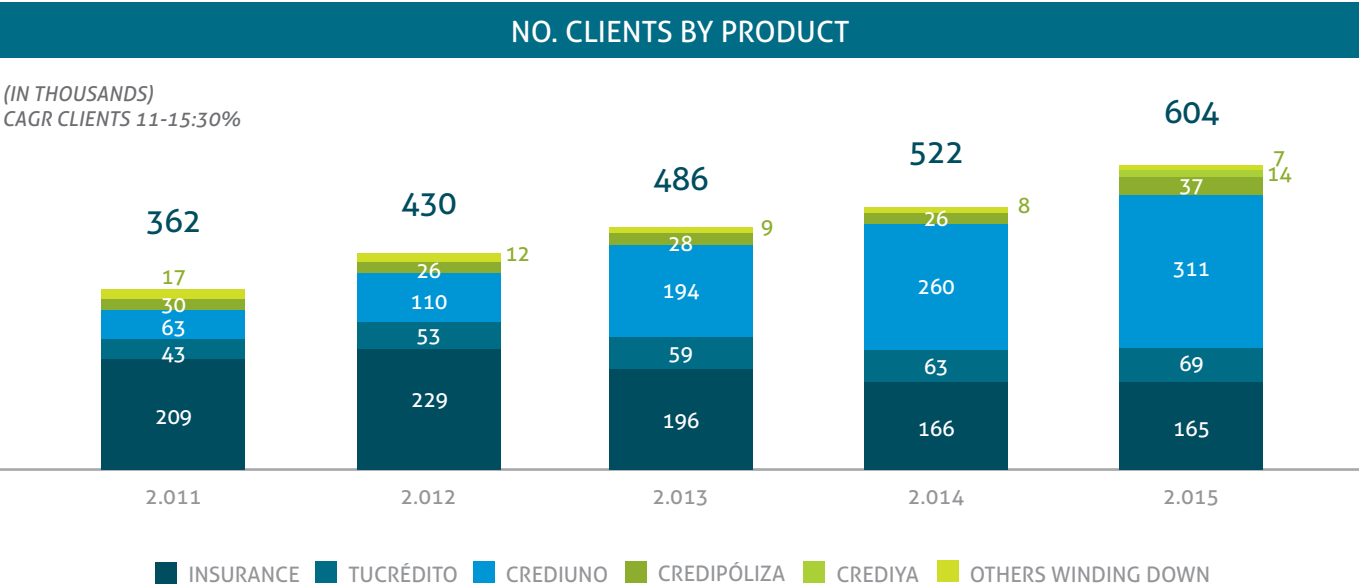
	tucrédito cv	crediluno	credi·póliza	credi·ya
Description:	General purpose, payroll-deducted loans for employees and retirees.	Credit cards paid via public utility invoices.	Financing for insurance policy with monthly repayments.	Credit for entrepreneurs and owners of small formal/informal businesses.
Target Market:	Employees and retirees with limited access to the country's financial system.	Mid-to-low income segments of the population with limited access to the country's financial system.	Middle class and SMEs.	Small business owners and micro-entrepreneurs with limited access to the country's financial system.
Related agreements:	Own sales force exclusively dedicated to payroll loans only and a network of experienced distributors +750 current agreements with +2.5 million employees and retirees.	Own sales force + 8 exclusive partners dedicated to the invoicing and collecting functions for more than 3.400.00 clients. Open-ended credit card through agreement with Visa. Agreements with large retail outlets for originating cards as well as the TIGO service centers.	Network of insurance brokers (belonging to the insurance companies) Agreements with the country's main insurance companies.	Sales network with personnel experienced in microcredit loans.
Average lending volume:	COP 10.6 million USD 3.400	COP 1.6 million – USD 500	COP 2.9 million USD 961	COP 4.3 million USD 1.377
Average term :*	73 months	24 months	10 months	29 months
Collection structure:	Direct payroll deductions.	Through public utility bills.	Banking network with more than 800 banking correspondents.	Nationwide POS network.
Distribution mechanism:	+420 own sale personnel and +780 current agreements.	185 staff at large retail outlet level and TIGO service centers.	29 own sales staff and more than 1.000 brokers.	+ Door- to- door sales persons.

* Average term for loans placed in 2015.



k. Clients.

At year-end, 2015, Credivalores had a total of 438,398 clients with regard to its lending business and 165,417 clients with regard to the insurance products offered through the network obtained through our alliance with Protección Garantizada.



l. Risk management.

Detailed information on our credit, operating , AML, liquidity and market risk management systems can be found in the Risk Disclosure Note to the Separate Financial Statements.

Credit risk management system.

Credivalores has designed a credit risk management and control system especially tailored to the products it offers and the particular characteristics of the markets in which it operates, this based on their own risk

profiles and market segmentation, thus ensuring the quality of our portfolios . This system allows us to identify, measure, monitor and control expected losses.

The manual pertaining to our Credit Risk Management System contains the policies and procedures defining the criteria applied by Credivalores and the way in which it evaluates, rates, controls, covers and makes assumptions with regard to its exposure to this risk in keeping with that stipulated in Chapter II of External Circular 100 of 1995 issued by the Colombian Superintendency of Finance .

Operating risk management system.

Credivalores Crediservicios S.A.S., having adopted best business practices, has implemented its own Operating Risk Management System, the importance of this function in achieving its strategic objectives.

Operating Risk Management System is based on proactively managing and minimizing losses due to this type of risk and as such is in keeping with all applicable international standards (Basel II and AS / NS4360) as well as the local standards ISO 31000, NTC 5254 and Chapter XXIII of the CBCF as issued by the Colombian Superintendency of Finance.

The Operating Risk Management System enables this type of risk to be handled in a systematic, organized and comprehensive manner upon being properly identified, measured, controlled and monitored by the following means: policies, procedures, documentation, organizational structure, technological platform, operating risk event logging, governing bodies, technological platform, information and training.

In 2015, two implementation cycles were carried out with regard to the operating risk management system and the corresponding procedures established, which has allowed us to close all those gaps that were previously identified by external control agents.

Additionally, we designed and implemented an annual training plan for all the Company’s staff so as to extend greater awareness and strengthen our internal risk management culture.

ML/FT Risk management and self-monitoring system.

Credivalores Crediservicios S.A.S., having adopted best business practices, has implemented its own Management and Self-Monitoring System regarding the risk of money laundering and the financing of terrorism, being well aware of the threat this constitutes to the stability of the financial system and the integrity of the global markets.

Credivalores has focused its handling of this type of risk on introducing preventive measures to control this type of wrongdoing, ensuring that all its staff, clients, partners, shareholders and suppliers are not involved in any activity that could give rise to such risk.

The corresponding policies and guidelines contain a series of measures aimed at identifying, quantifying, controlling and monitoring this type of risk in accordance with international standards as well as their local counterparts introduced by Regulation 100-00005 dated 2014 issued by the Colombian Superintendency of Companies.

In 2015 we updated our Sentinel 7.0 tool that automatically updates the blacklists used (OFAC, UN and others), and triggers alerts when matches are detected with the daily lists and monthly sweeps. Likewise, a training program was carried out on all levels of the company through our e-learning platform and reports were provided to both the Board of Directors and the oversight authorities.

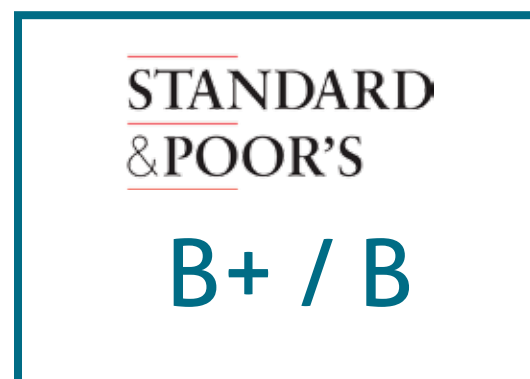


Credivalores.

m. Ratings.

he Company, in its capacity as loan originator, has received regular ratings since May 2012 being the only private credit institution in Colombia to do so.

The Company, in its capacity as issuer, has also obtained an international rating, being one of the few issuers of Colombian "high-yield" debt securities.



Compliance with intellectual property and copyright legislation.

Pursuant to that provided by Article 47 of Law 222 of 1995, as amended by Law 603 dated 27 July 2000, governing intellectual property and copyright, the Company registered its CREDIVALORES-CREDISERVICIOS S.A.S. trade name as well as its logo.

In compliance with Article 1 of Law 603 dated July 27, 2000, I hereby declare to our shareholders as well as to the authorities that all those products governed by intellectual property rights are being used in a lawful fashion, that is to say, in compliance with all corresponding rules and regulations and with due authorization, and in the specific case of software used for accounting, administrative, operating, payroll and other purposes, with legally obtained licenses, as stipulated by current legislation, upholding all intellectual property laws and ethical business practices and preventing tax evasion





Credivalores.

n. Corporate social responsibility.

football and volleyball school at the children's home run by the Nueva Granada Foundation.

The company Credivalores Crediservicios S.A.S. as part of its efforts to create well-being and prosperity in various sectors of the country, sponsors a football and volleyball school at the children's home run by the Nueva Granada Foundation, benefiting a total of 132 children of different ages. Thanks to the efforts on the part of Credivalores and its employees, these school facilities now have:

- 3 coaches.
- Training equipment and uniforms.
- Registration fees and transport equipment for the various sporting events attended.

Donations made by our employees are directly matched by the Company, that is to say,

Each peso donated by
our employees is matched with
another peso donated
by Credivalores



The "Healing with Bottle Tops" project.

The Sanar Foundation is a Colombian non-profit organization, which for last 30 years has helped children from 0 to 18 years of age who are suffering from cancer, as well as their families.

It provides assistance to nearly 500 children suffering from cancer in Bogotá, 60% of whom have been able to combat this disease and live a normal life.

Credivalores supports this Foundation by collecting plastic bottle-tops at all our branches nationwide.

An aid package is given for every 10 kilos of plastic delivered to the Foundation. This includes:

- Medicine.
- Treatment.
- Psychological and Logistic Assistance for the patient and family members





Credivalores.

o. Additional information.

In compliance with Decree 1406 of 1999, specifically that laid out in Articles 11 and 12 we hereby declare that the Company has fulfilled its obligations with the self-assessment and payment of contributions into the Social Security System during the reporting period in question.

- The information provided in the Social Security forms is correct and the payments thus made have been accurately determined based on the contribution bases given.
- The information regarding those enrolled in the Social Security System is accurate and the Company has promptly paid the corresponding payments within the terms allowed for such.
- There are no accounting irregularities with regard to contributions paid into the Social Security System, especially those concerning the bases and payment of such.

We also hereby declare that the Company has complied with all that stipulated in Article 87 of Law 1676 of 2013, since it has not prevented the free movement of invoices issued by its suppliers by retaining these or any other means.

It is also expressly stated that the information stipulated in Section 3 of Article 446 of the Code of Commerce, together with all corresponding attachments, has been made available at the Company Secretary's Office and forms an integral part of this report.

Based on that stipulated by Law 222 of 1995, a copy of this management report was issued to the Company's Statutory Auditing Firm in order to be able to issue an opinion on its consistency with the financial statements. Similarly, after due review this report, as well as the balance sheet and other documents, as required by law, were made available to our shareholders within the term allowed for such.

ELIANA ANDREA ERAZO RESTREPO





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ANNUAL MANAGEMENT
REPORT 2.015