



credivalores

FY 2016 Investor Presentation

March 30th, 2017

- 1 About the Company**
- 2 2016 Macro & Industry Highlights
- 3 FY 2016 Operating Results
- 4 FY 2016 Financial Results
- 5 Appendix

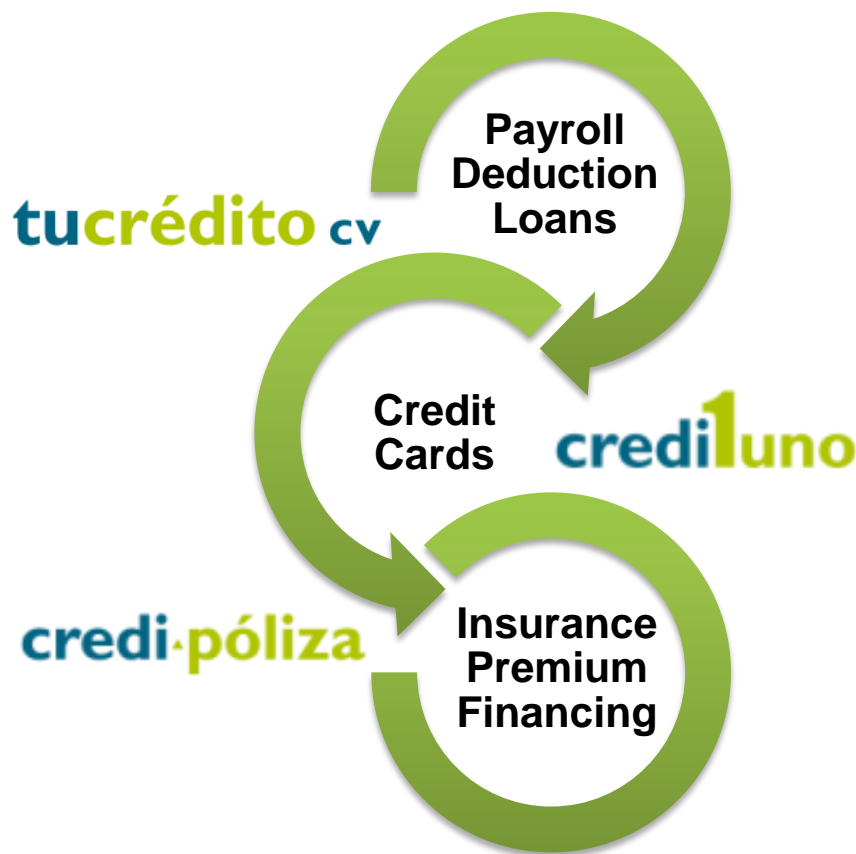
credivalores

Over **785,000 clients** ⁽¹⁾ and **COP6.2 trillion (US\$2.1 billion)**⁽²⁾ in loans disbursed in the past 14 years of operation in the Colombian financial market

1 **Diversified product portfolio** to serve the needs of a vast and growing **target market with more than 26 million potential clients**⁽³⁾

2 **Collection channels that minimize the credit risk**, operational expertise and risk policies that allow for **high portfolio quality**

3 **Extensive network of alliances and agreements** with national coverage and a robust sales force of **more than 2,300 sales representatives** to serve our clients



4 **Experienced management team** and well known **international shareholders like Gramercy and Acon**

5 **Strong loan origination standards and sound risk policies** recognized by credit agencies

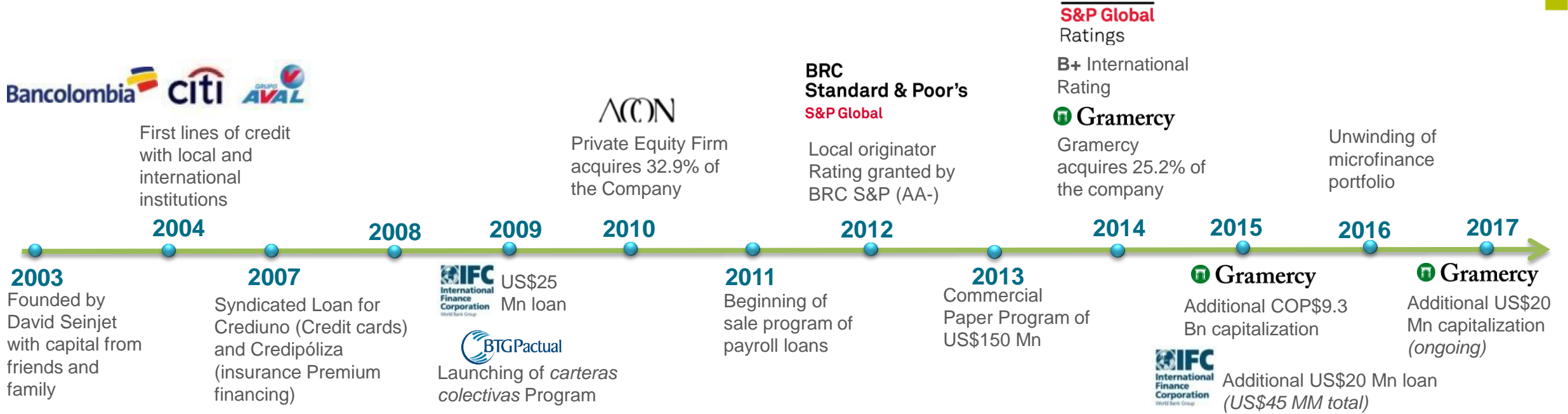
BRC
Standard & Poor's
S&P Global
Local "Ori" AA (stable)
March, 2017

S&P Global
Ratings
International "B+"
October, 2016

(1) Includes 567,219 clients with credit products and 207,000 insurance clients distributed through our network.

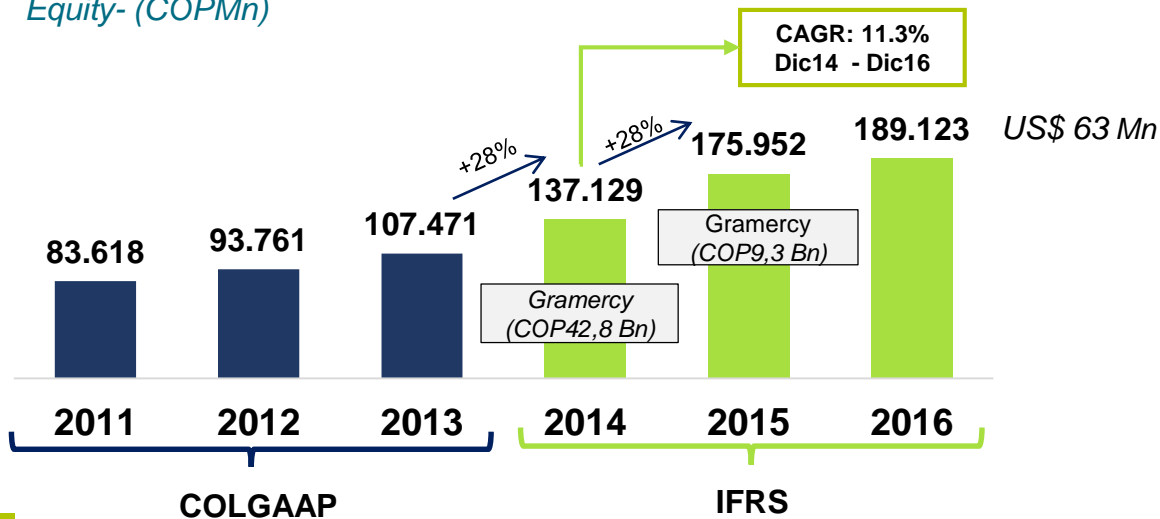
(2) Figures converted into US dollars at the rate in place on December 31st, 2016 (FX rate of \$3,000.71/ USD)

(3) Estimated number of adults in low and middle income segments of the population. Target market of 6 million potential clients of public utilities with whom the company has alliances and employees of companies with whom Credivalores has existing agreements for collection of payroll deduction loans.



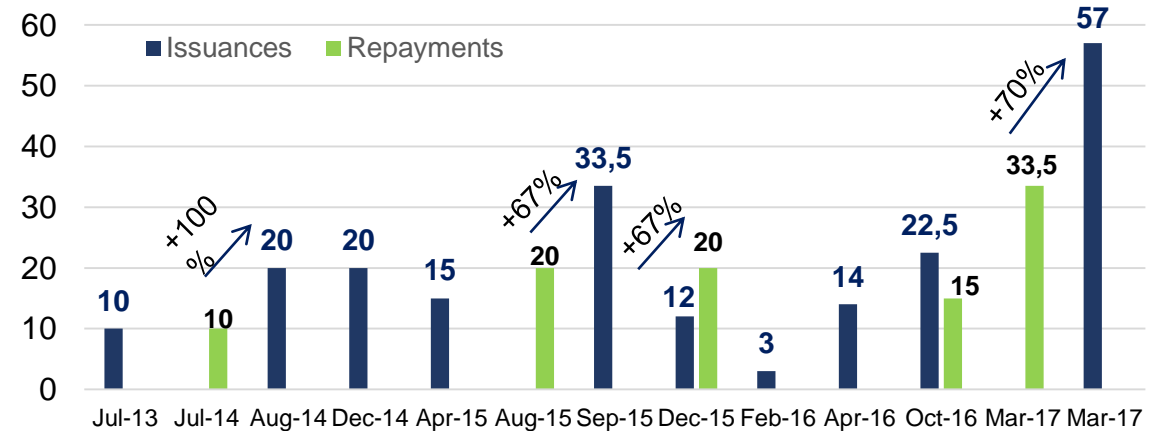
Historical Equity Evolution




Equity- (COPMn)



Capital Markets Issuances

2013- 2017 YTD (US\$ Mn)



	 Pensioners	 Credit Card	 Insurance Financing
Target Market →	Pensioners and employees from public and private companies with limited access to the financial system	Low- and middle-income individuals with limited access to the financial system	Middle-income individuals and small- and medium-size enterprises
Collection Channel →	Discount from payroll	Added charge to public utility bill	Bank branches / 800 non-bank reps
Portfolio (FY2016) →	COP633,368 Mn (USD211 Mn)	COP432,797Mn (USD144 Mn)	COP92,677 Mn (USD31 Mn)
% of Portfolio →	54%	37%	8%
Portfolio Growth (2015-2016) →	- 0.4 %	19.1%	9.7%
Average Loan Approved 2016 →	COP11 Mn US\$3,700	COP1.1 Mn US\$367	COP2.7mn USD900
Average Tenor at origination →	78 months	18 months	10 months
Average Interest Rate at origination⁽³⁾ →	26.16%	27.1%	25.3%
NPL (%)⁽⁴⁾ →	2.43% (vs. 2,31% system)	4.58% (vs. 6,34% system)	2.18%
# of clients ⁽²⁾ →	Pensioners: 41,488 Others: 32,172	435,817	50,684
Distribution →	>300 sales representatives and >700 agreements with employers	>400 sales reps, 129 point of sales (TIGO centers & retailers)	32 commercial advisors and >1,100 brokers

1) Managed Loan Portfolio. Excludes other products in process of being wound down

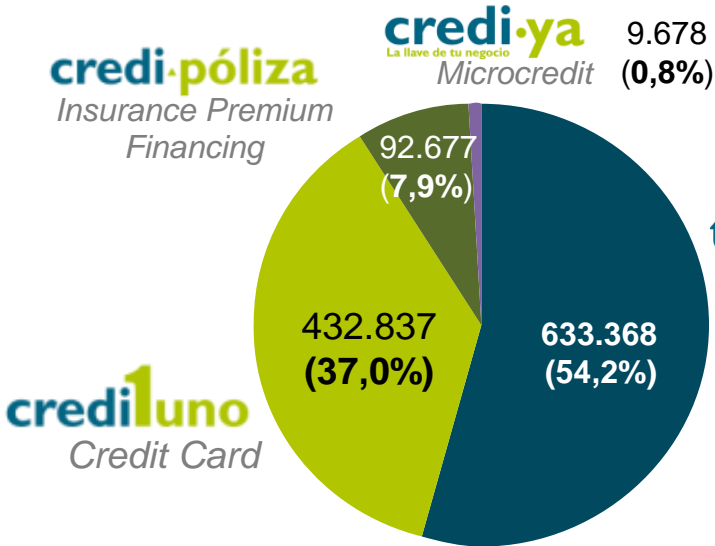
2) Clients of credit products total 567,219

3) For 2016. Origination rate excluding other fees and commissions

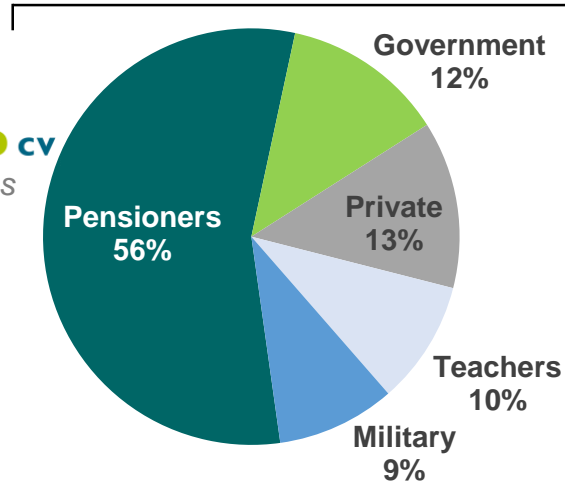
4) Loans past due over 60 days adjusted for operational nature of business. For comparative purposes, loans over 360 days (which are fully provisioned for) are not included in calculations as Credivalores does not write-off any loans

Portfolio Breakdown by Product

Managed Loan Portfolio: COP1,171bn



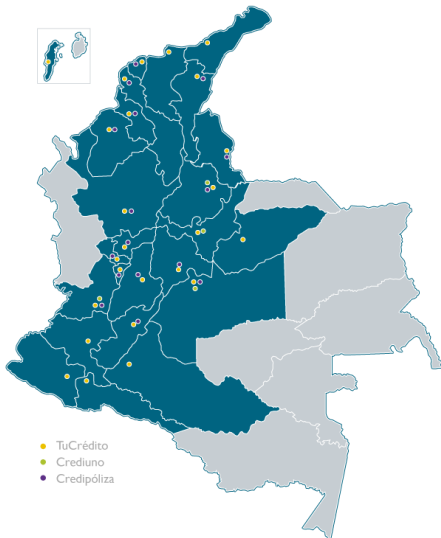
Breakdown of Tu crédito



Main Portfolio Highlights

- ✓ Top 25 clients represent 0.51% of the portfolio
- ✓ Largest client exposure stands at 0.058%
- ✓ **47% of the total portfolio is comprised of payroll loans to pensioners and public sector employees**
- ✓ **87% of the payroll loan portfolio is concentrated in government employees and pensioners** (stable cash flows and low risk profiles)
- ✓ Growth strategy focused on small and medium-sized cities, with only **24% of the portfolio in Bogota**
- ✓ Average loan (total portfolio/number of clients) stands at COP 1.8Mn (US\$600)

Distribution Coverage

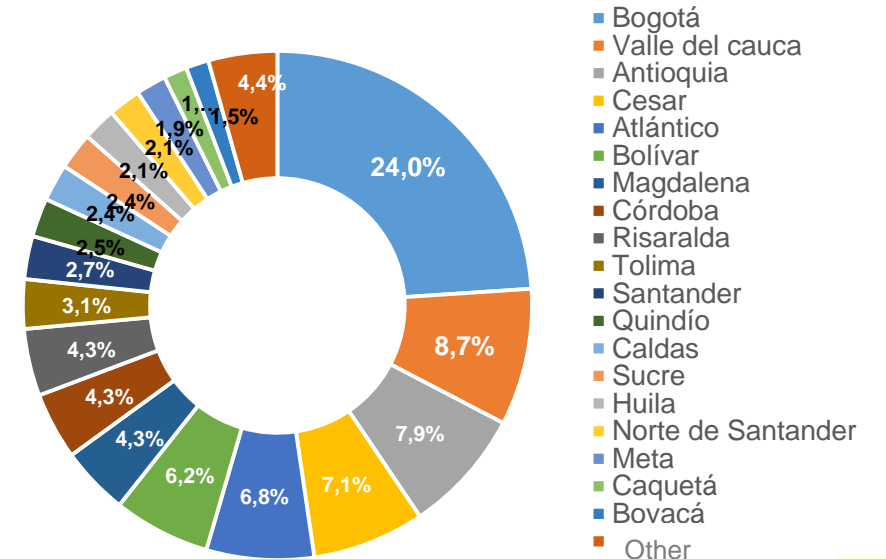


Coverage of
97.7% of the population,
99.2% of GDP



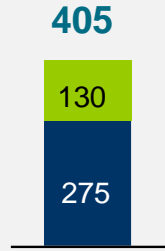


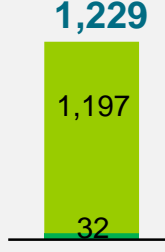

Targeting small and mid-size cities
with high growth potential

(vs. financial system that targets
state capitals and large cities)

Portfolio Breakdown by Geography



620 dedicated sales representatives from strategic alliances and 1,702 indirect sales reps

	<u>Sales Force</u>	<u>Agreements for Origination</u>	
tucrédito cv	 <p>688 375 313</p>		<ul style="list-style-type: none"> ✓ One of the largest sales forces (in the Colombian financial system) dedicated exclusively to the origination of payroll deduction loans ✓ >720 agreements with companies employing >1.2mn employees (largest agreement comprises only 35% of total, sector comparables typically >50%)
credi1uno	 <p>405 130 275</p>	 <p>Agreements for collection and origination</p> 	<ul style="list-style-type: none"> ✓ 8 exclusive agreements for invoicing and collection covering >4.4mn clients ✓ Agreements with major retailers and with TIGO centers to originate credit cards ▪ 8 million clients, 2.1 million postpaid, client potential ✓ Part of the Visa network
credi·póliza	 <p>1,229 1,197 32</p>		<ul style="list-style-type: none"> ✓ Network of insurance brokers (insurance companies' sales force) ✓ Agreements with major insurance companies in the country

Total Commercial Advisors: 2,322 External: 1,702 Dedicated sales force: 620


As of December 2016

ACON

30.34%

(US\$5.3bn Assets under Management)

- ✓ Private Equity Firm based in the US that focuses on middle-market investments in Latin America
- ✓ Other investments include:
 -  Betterware is a leading direct-to-consumer seller of home organization and houseware products in Mexico, reaches more than 1.8 million households in over 800 towns and cities on a weekly basis.
 -  Grupo Sala is a leading waste management company in Colombia, operating under three business segments
 -  AMFORA Packaging is the result of the integration of Intecplast and Pieriplast, leading suppliers of specialized rigid plastic packaging to the cosmetics and personal care industries in Colombia and Peru
- ✓ Shareholders of Credivalores since 2010.

 Gramercy

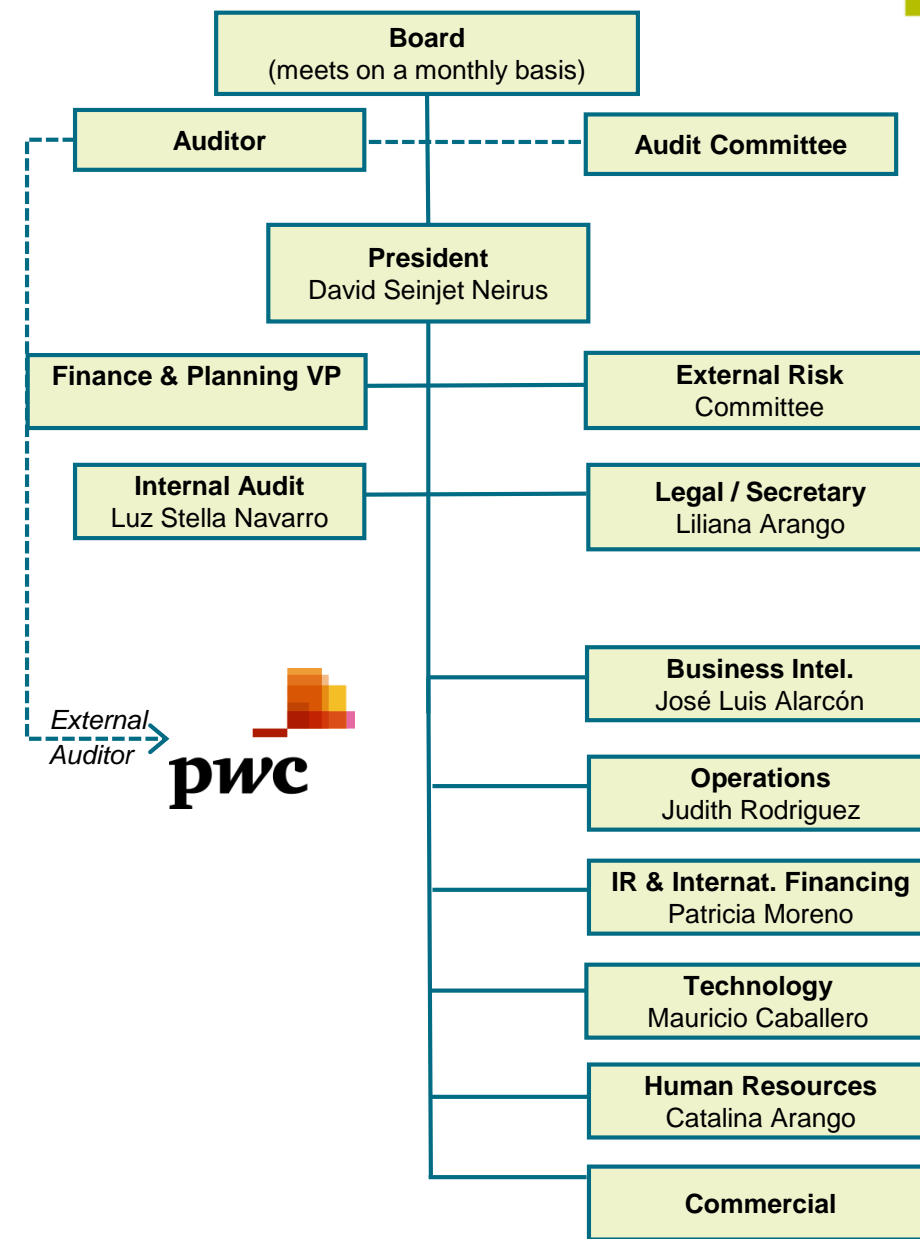
26.57%

(US\$6.0bn Assets under Management)

- ✓ Asset manager based in Greenwich, CT that is focused on investments in emerging markets
- ✓ The fund's strategies include, high yield and performing credit, equity, private equity and special situation investments
- ✓ Shareholders of Credivalores since 2014.

Crediholdings
43.09%

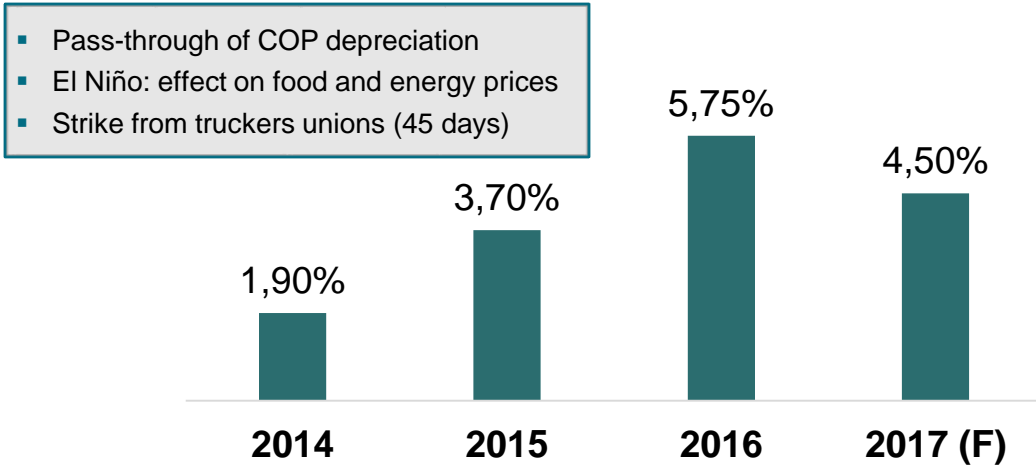
- ✓ Founders (Seinjet family)
- ✓ The Seinjet family has been in the sugar business since 1994 through Ingenio La Cabaña with 25,000 hectares.
- ✓ Mr Seinjet was awarded the Medal of Agriculture Merit in 1982 and the Asocaña Medal of Merit in 1993



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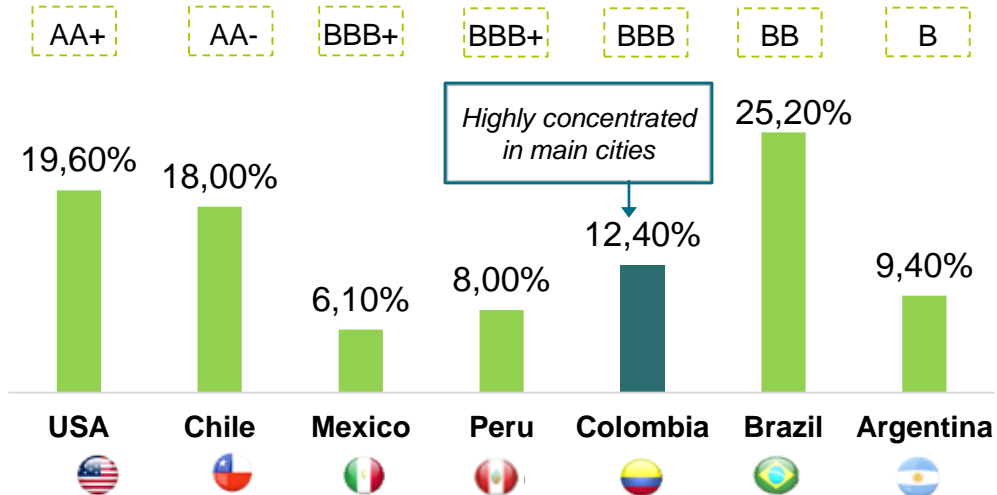
Inflation, CPI

% change YoY

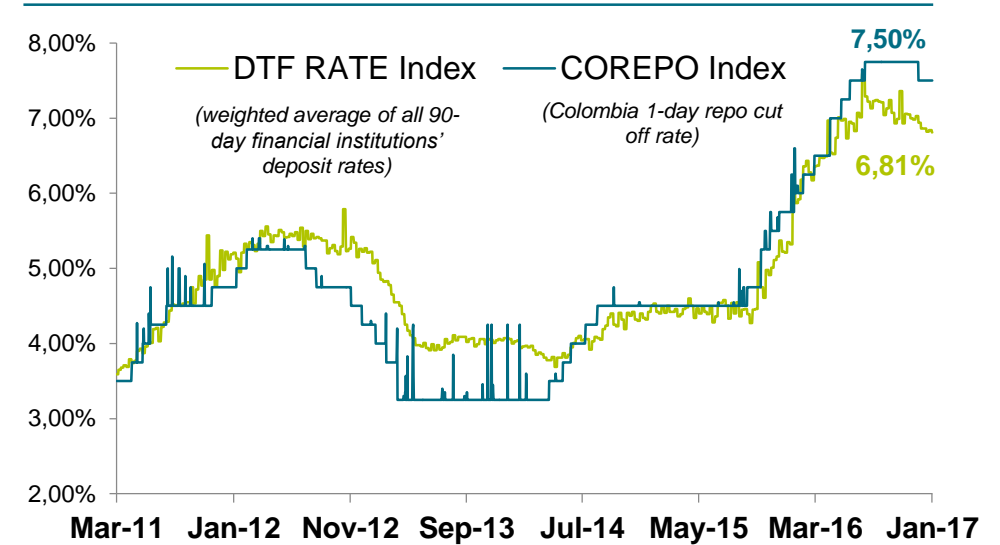


Consumer Loans / GDP

2015

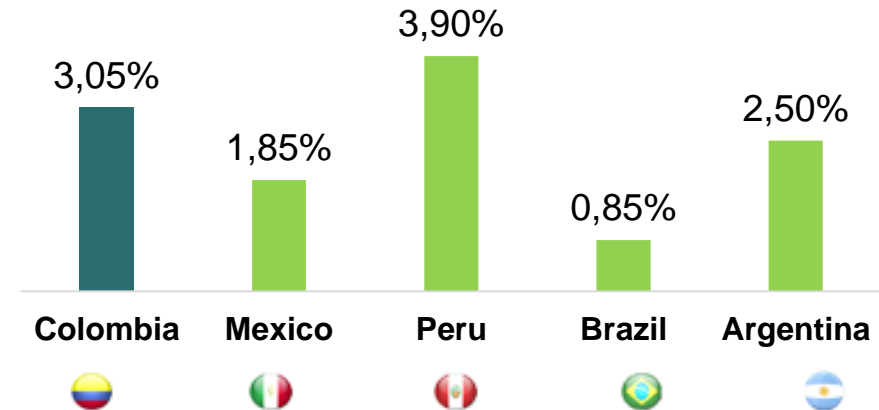


Interest Rates⁽¹⁾



GDP Growth Projections *LatAm Comparison*

Average 2017 – 2018, Source: IMF



Source: IMF, Bloomberg, World Bank, Banco Nacional de Colombia, Banco Central de Reserva del Peru, Euronomitor

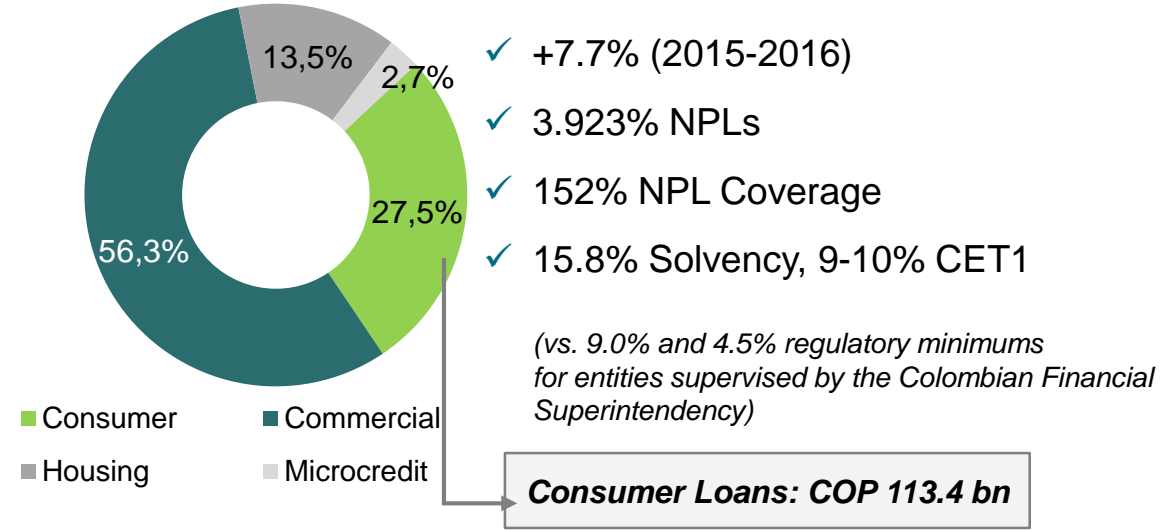
Source: IMF, Banco Central de Colombia, Moody's, Bloomberg

1) DTF Rate is the 90-Day rate benchmark interest rate in Colombia

2) COREPO refers to the overnight interest rate at which depository institutions in Colombia can lend to one another; set by the Central Bank of Colombia

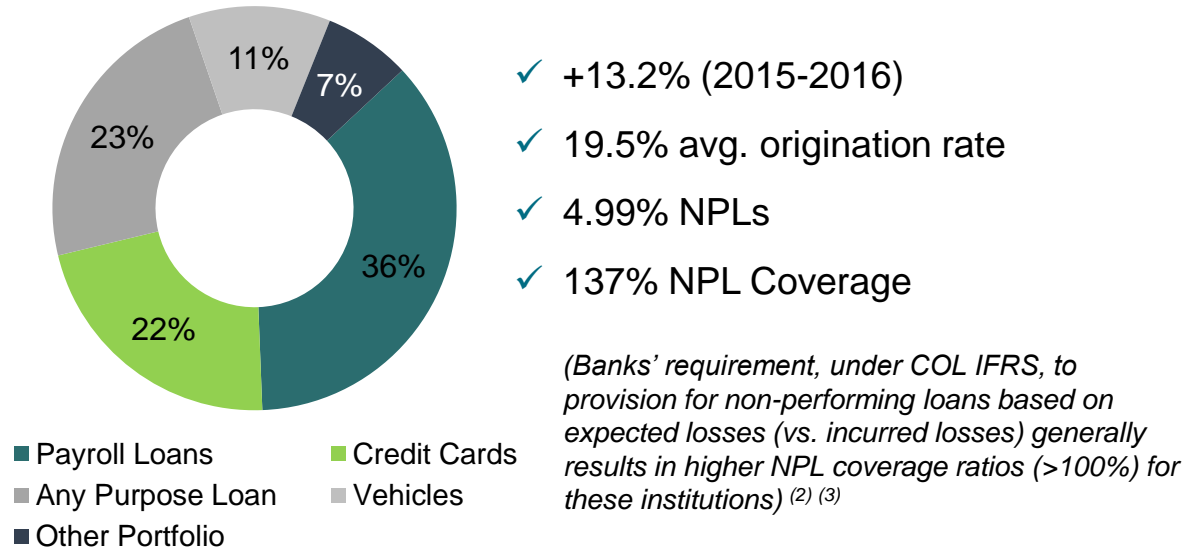
Financial System, Breakdown by Segment

COP 412,2 bn, data as of Dec/2016

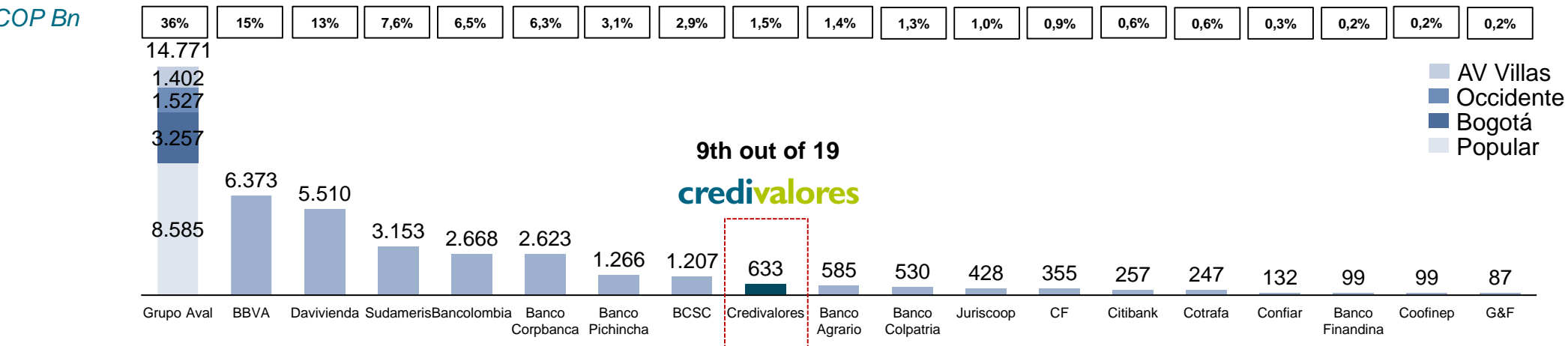


Consumer Loans, Breakdown by Product

Total outstanding loan portfolio: COP113.4bn, as of Dec/16



Payroll Loans Portfolio Balance



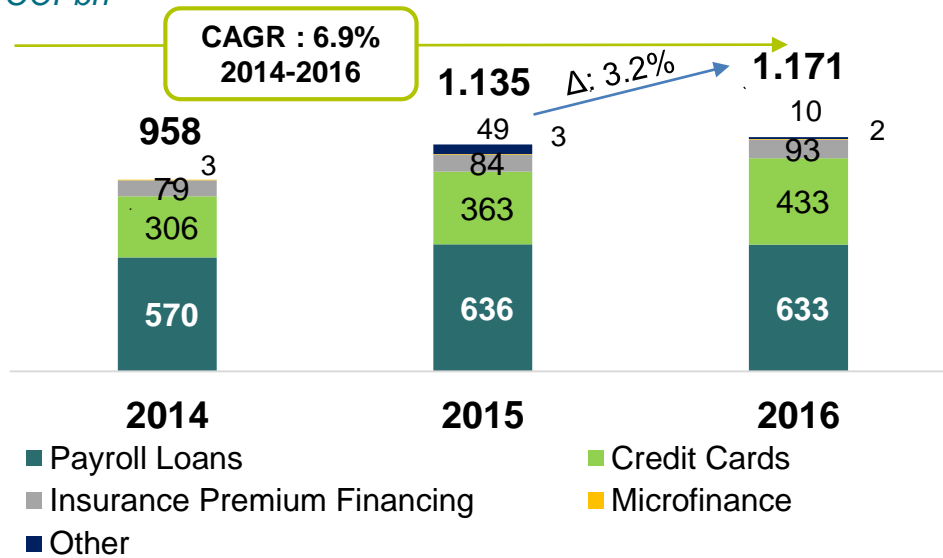
1) Tiers 1, 2, and 3 represent the lowest socio-economic classes and are composed of beneficiaries of subsidies in public services; Tiers 4 and 5 represent the top socio-economic classes and pay overages (contributions) over their value of public services; Tier 4 does not receive subsidies in the form of public services. 2) Banks are required to follow IFRS as adopted by the Financial Superintendency ("COL IFRS, with some important differences vs. international IFRS). Credivalores, conversely, is required to follow IFRS, as adopted in Colombia (and therefore, among others, to provision for incurred losses, vs. expected losses). 3) Note US banks generally provision for less than 100% of NPLs. Source: Inverlink; World Bank; Superintendencia Financiera, Banco de la Republica, Asobancaria, Credivalores

	 Colombia BBB	 Mexico BBB+	 Brazil BB
Country Rating →			
Level of Regulation →	High Laws #1527 of 2012 (Payroll Loans Law) Maximum Interest Rate (usury rate)	Low	Medium
Main Clients →	Government sector, Private corporations and pensioners	Government sector and pensioners	Government sector and pensioners
Origination →	Per regulation, free access to all employers without the need of intermediaries or unions	Unions are relevant for the loan origination process	Through third parties (distributors)
Operating Costs →	Lower (no need for distributors or intermediaries)	Higher (distributors are required to reach the unions)	Commission is paid to distributors
Maximum Tenor Offered →	96 months	60 months	96 months
Interest Rates →	Controlled for everyone	Unrestricted	Controlled for pensioners
Limit to client's Indebtedness →	Yes	No	Yes
Players →	Banks, cooperatives, non bank originators	Government agencies, banks and non bank originators	Financial institutions, pension funds and insurance companies

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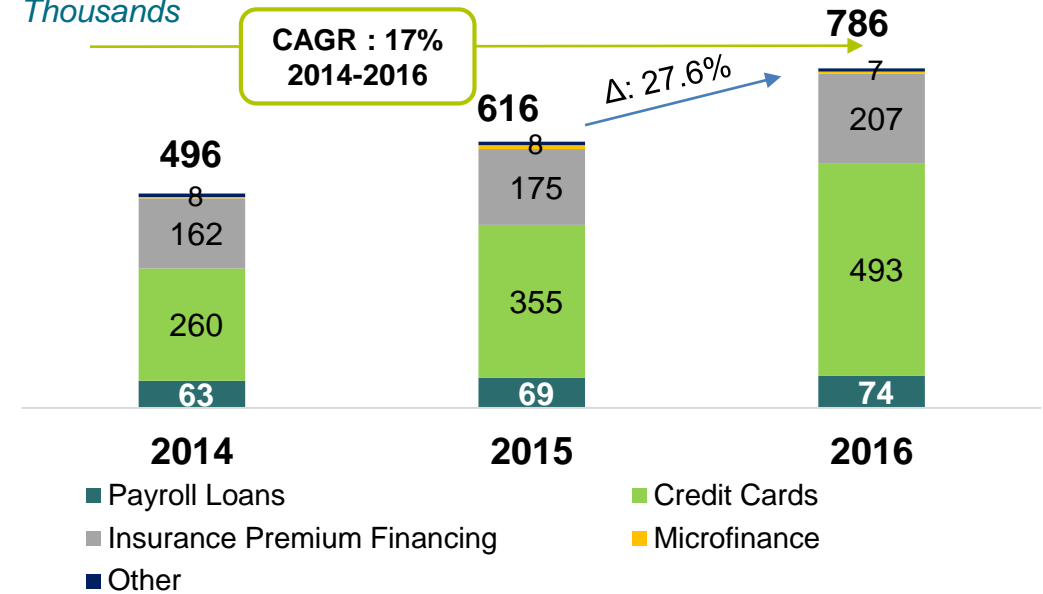
Originated Loan Portfolio⁽¹⁾

COPbn



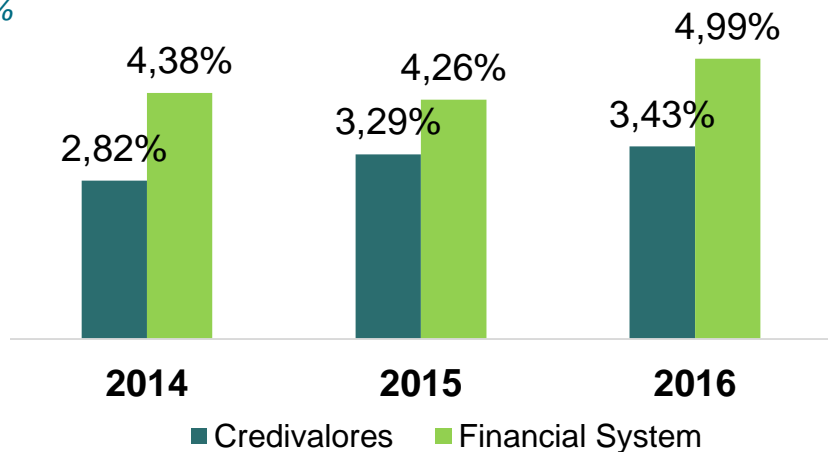
Clients per product

Thousands



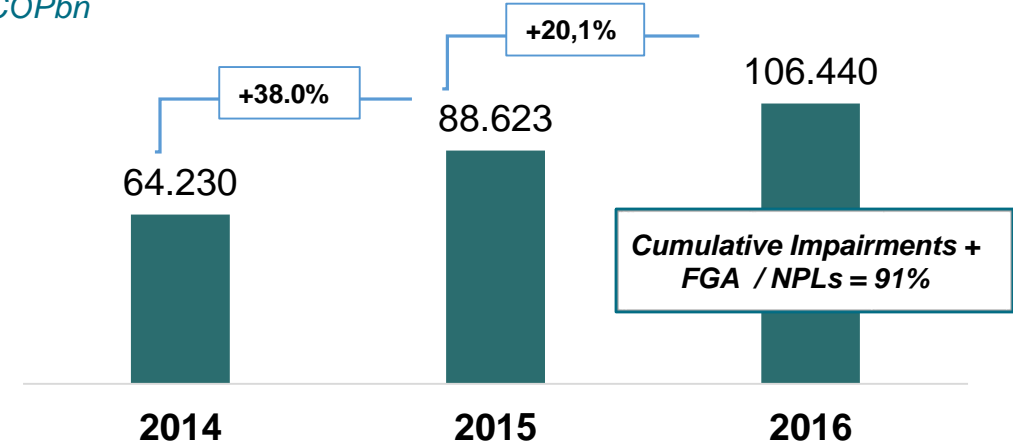
Non-performing Loans ⁽¹⁾⁽²⁾

%



Provisions ⁽¹⁾⁽²⁾

COPbn



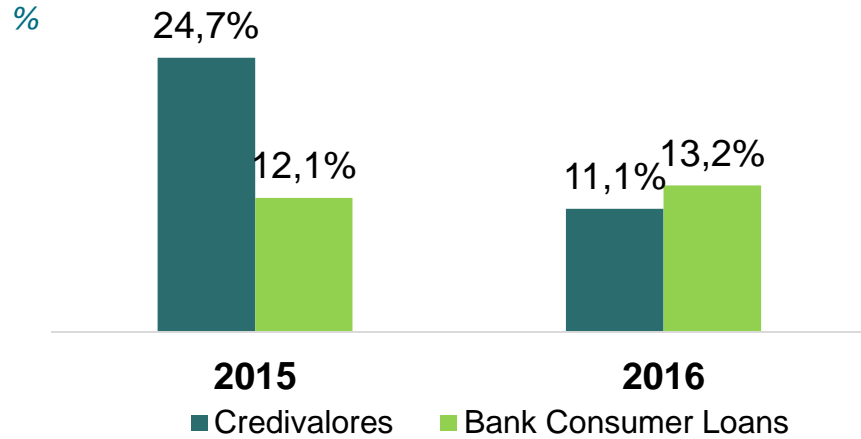
1) Managed Loan Portfolio; YoY Growth for 2014, 2015 and 2016; Source: Superintendencia Financiera

2) Past due loans for Credivalores include loans past due for over 60 days adjusted for operational nature of the business. For comparative purposes, loans due for over 360 days are not considered in the calculation, given that Credivalores does not write off loans. These loans (>360 days), which CV continues to seek repayment on, are 100% provisioned for though. Financial system data as at December, 2016

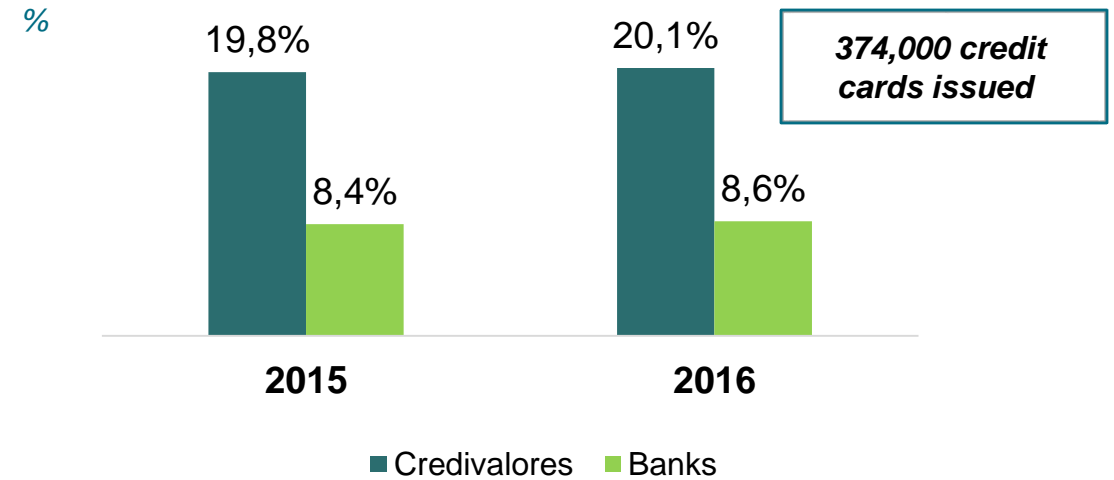
3) Coverage includes (i) cumulative impairments and (ii) Reserves under the Fondo de Garantia de Antioquia (FGA).

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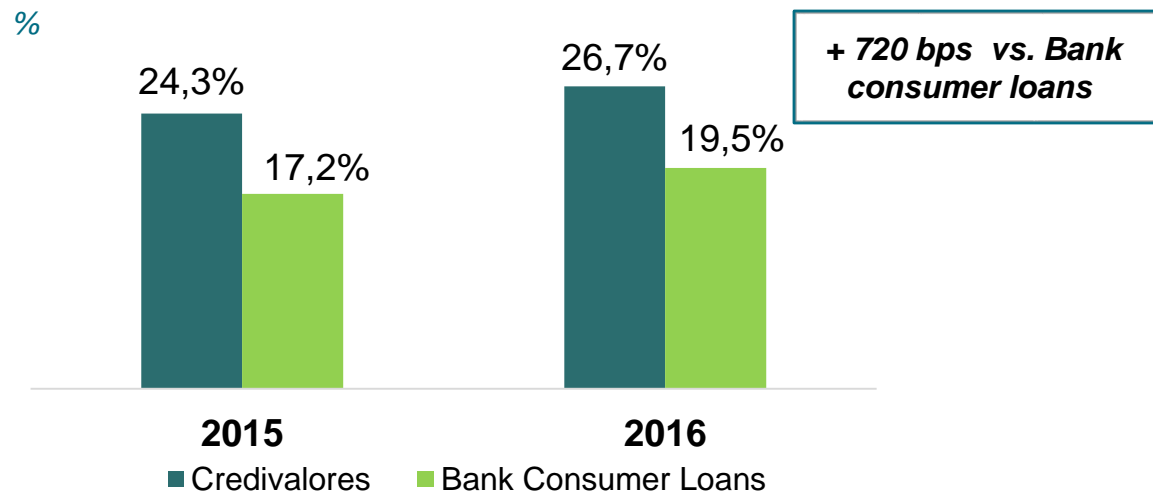
Managed Loan Portfolio Growth (1)



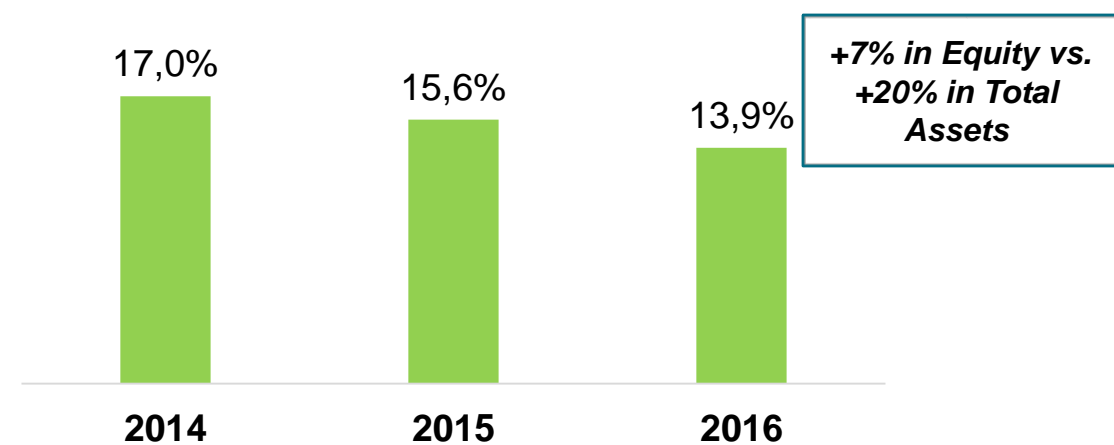
Number of Credit Cards Growth



Average Origination Rate(1)

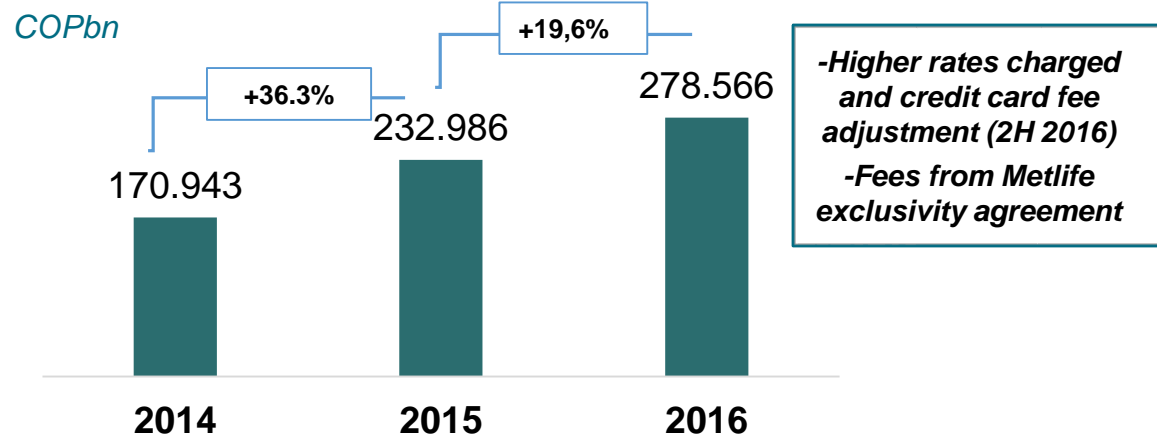


Solvency Ratio (Equity/ Total Assets)

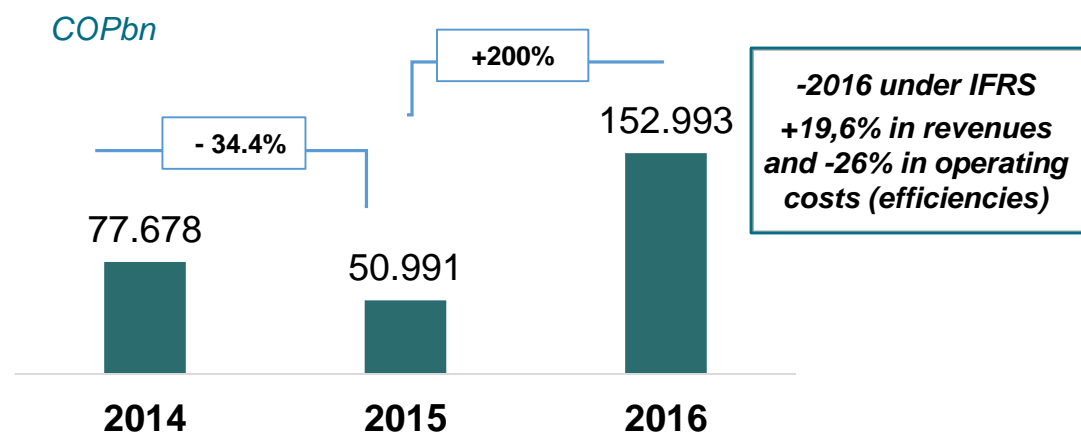


1) Credivalores' portfolio in 2015 does not include payroll loans sales to Credifinanciera

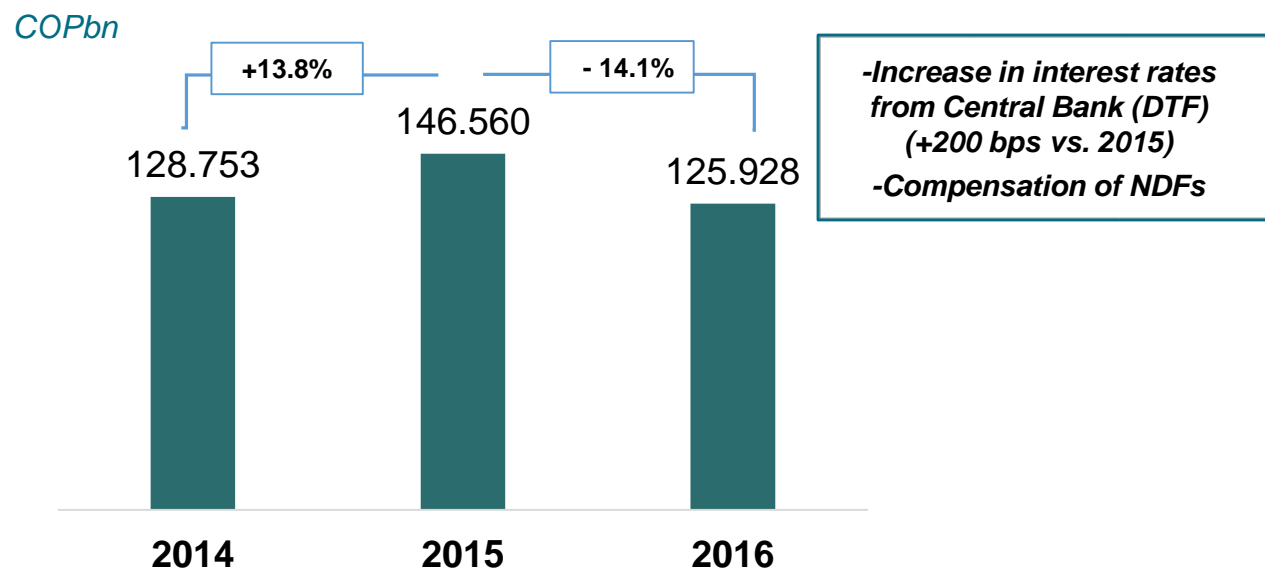
Operating Revenues⁽¹⁾



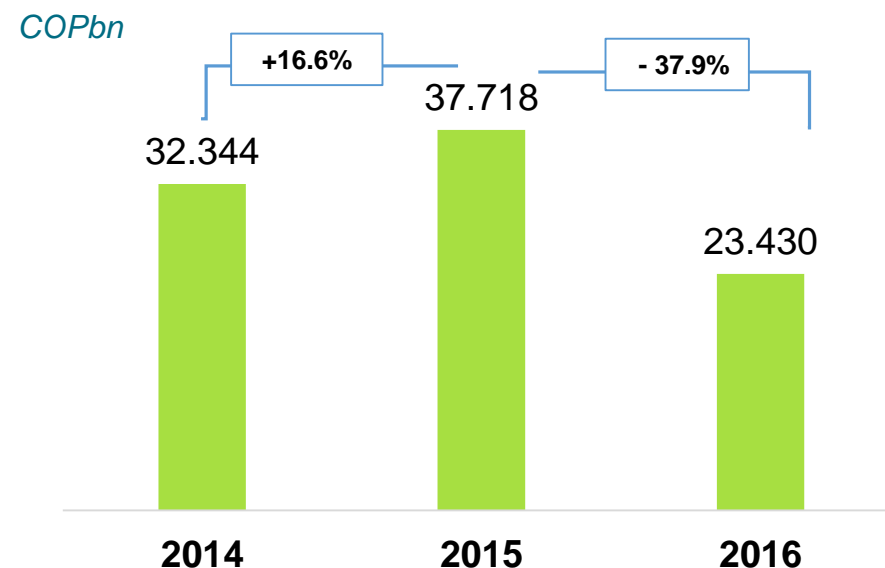
Operating Income



Gross Financial Margin⁽²⁾



Net Income



1) Including fees, charges and other revenues

2) Pro-forma calculation including trusts: Gross Financial Margin= interest revenue + other operating revenues – financial expenditure

Originator Credit Rating Upgraded to “Ori” AA (stable)

CREDIVALORES – CREDISERVICIOS S.A.S. Originador

BRC
Standard & Poor’s
S&P Global

REVISIÓN PERIÓDICA		
ORIGINADOR		'ori AA'
Cifras en millones de pesos colombianos (COP) al 31 de diciembre de 2016		Historia de la calificación:
Activos:	COP1.359.012	Revisión periódica Abr./16: 'ori AA-' PP
Pasivo:	COP1.169.891	Revisión periódica Abr./15: 'ori AA-' PP
Patrimonio	COP189.123	Calificación inicial May./12: 'ori AA-'
Utilidad neta:	COP17.200	

Comité Técnico: 16 de marzo de 2017
Acta número: 1112

Contactos:
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Andrés Marthá Martínez
andres.martha@spglobal.com

“The ori AA rating indicates that the Company has very strong capabilities to originate and manage the assets being rated. The organizational, financial and operational structures, together with risk management practices and quality controls in place assure and allow the origination and administration processes to be applied with very high standards.”

- ✓ **Capabilities to maintain a suitable control of non-performing loans (“NPLs”)** amid an adverse macroeconomic context.
- ✓ **Strategy to improve the risk profile of the portfolio**, through an increase in the participation of pensioners in payroll loans.
- ✓ **Strength of the loan origination and subscription standards**, in line with financial institutions, and the **diversification of the portfolio** by geography

- ✓ **Increase in provision coverage of past due loans during the past five years**
- ✓ **Progress in implementation of technological tools** and appropriate practices of portfolio administration.
- ✓ **Capital strengthening** through retained earnings and the capitalization from its shareholders.

US\$ 57 Mn Issuance (1,5 years) under ECP Program

✓ On **March 22nd, 2017**, Credivalores successfully completed a **US\$57 million Reg S deal under its Euro Commercial Paper (“ECP”) Program** with a September, 2018 maturity

✓ The deal was priced in **two tranches both with a 1.5 year tenor**: a **US\$45 million** series at a coupon of 8.25% and a **US\$12 million** series at a coupon of 3.25%.

✓ The use of proceeds is the refinancing of outstanding debt and general corporate purposes.

✓ The Company profited from the **positive market conditions** in the international capital markets:

-A more stable macroeconomic scenario in Colombia backed by a the recent revision of the sovereign outlook from negative to stable by Fitch Ratings

-The recent upgrade of Credivalores’ local origination and servicer rating (ori) upgrade from ‘AA-’ (positive) to ‘AA’ (stable) by BRC Investor Services S.A. SCV, Standard & Poor’s.

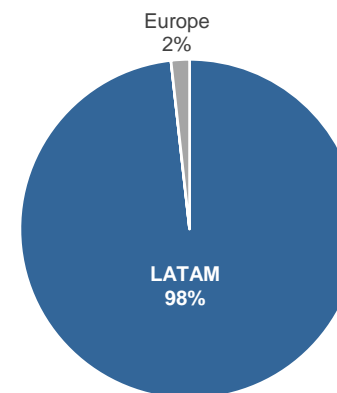
Tranches	Principal (MMUS\$)	Issue Date	Maturity Date	Tenor (years)	Coupon	Price
IX Tranche	\$ 45	22-mar-17	22-sep-18	1,5	8,25%	100%
X Tranche	\$ 12	22-mar-17	22-sep-18	1,5	3,25%	93%
Total Amount	\$ 57		Weighted Average Coupon		7,2%	

Total amount outstanding under ECP program: US\$108,5 Mn

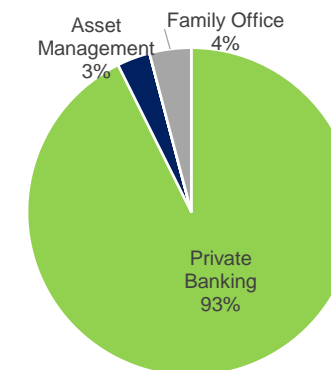
✓ The notes were placed among Credivalores’s traditional investors, mainly **private bankers, family offices and asset managers from Latin America and Switzerland**, who have proven to be a **very stable investor base** since the launching of the ECP Program in 2012, consistently maintaining and increasing the size of their orders in Credivalores’ order books.

Investor Distribution

By geography



By investor type



To obtain more information, please contact investor_relations@credivalores.com or visit our Investor Relations Website at www.credivalores.com

Contact:
Credivalores - Bogota, Colombia.

María Patricia Moreno
Phone: (571) 3137500
E-mail: mmoreno@credivalores.com
investor_relations@credivalores.com

Web: www.credivalores.com

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Loan Origination

Credivalores Practices

- ✓ Self-origination of payroll loans.
- ✓ No loan purchases from third parties.
- ✓ 100% of sales force under exclusive contract.
- ✓ 490 sales reps under contract, with base salary plus performance-based bonus.

Risk Management

- ✓ 100% of credit applications analyzed and approved by our credit factory.
- ✓ Risk Management Systems in place and audited:
- ✓ Operational risk (SARO).
- ✓ Market Liquidity risk (SARLM).
- ✓ Credit risk (SARC).
- ✓ Anti Money Laundering (SARLAFT).
- ✓ Local and International ratings by S&P:
- ✓ Loan Originator (Colombia): Ori AA
- ✓ Issuer (International): B+
- ✓ Processes and manuals certified by ICONTEC (ISO 9001 v. 2008).

Other Players' Practices

- ✗ Loan purchases to third party originators, mostly informal cooperatives.
- ✗ Sales representatives under brokerage agreements.
- ✗ External sales force with 100% of their income from commissions based on performance.
- ✗ Loans approved by the same cooperative that originates them without controls of their policies and procedures.
- ✗ No formal risk management systems.
- ✗ No standard procedures.
- ✗ No certified manuals and processes.
- ✗ Not rated by independent rating agencies.



Credivalores Practices

Financial Structure

- ✓ Strong financial structure with equity of over COP\$170.000 million that allows to absorb managed and controlled risks.
- ✓ 100% of funding from institutional and capital markets.
- ✓ Issuer rating by Standard & Poors:
- ✓ B+ (International)
- ✓ Funding from multilateral agencies: (IFC)
- ✓ No funding from sales of promissory notes to individuals

Corporate Structure

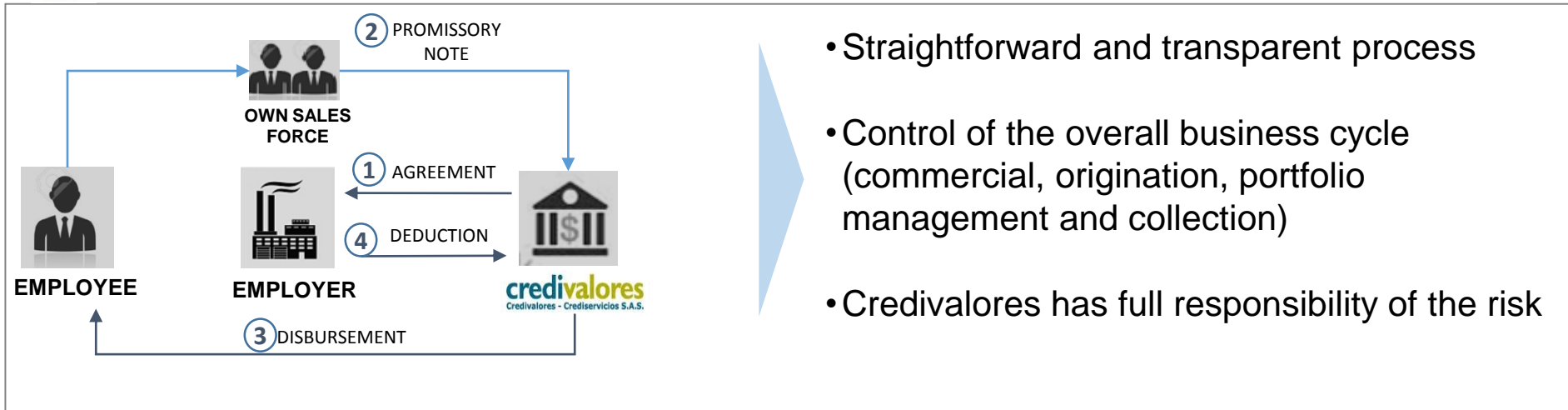
- ✓ 14 years of track record in the financial system.
- ✓ Over COP\$6.2 trillion in loans disbursed and more than 567,211 active clients with credit products.
- ✓ International shareholders with robust balance sheet and experience.
- ✓ Seasoned management team that oversees the whole business cycle.
- ✓ Commercial strategy focused on payroll loan origination, that fosters having 100% control of the business cycle



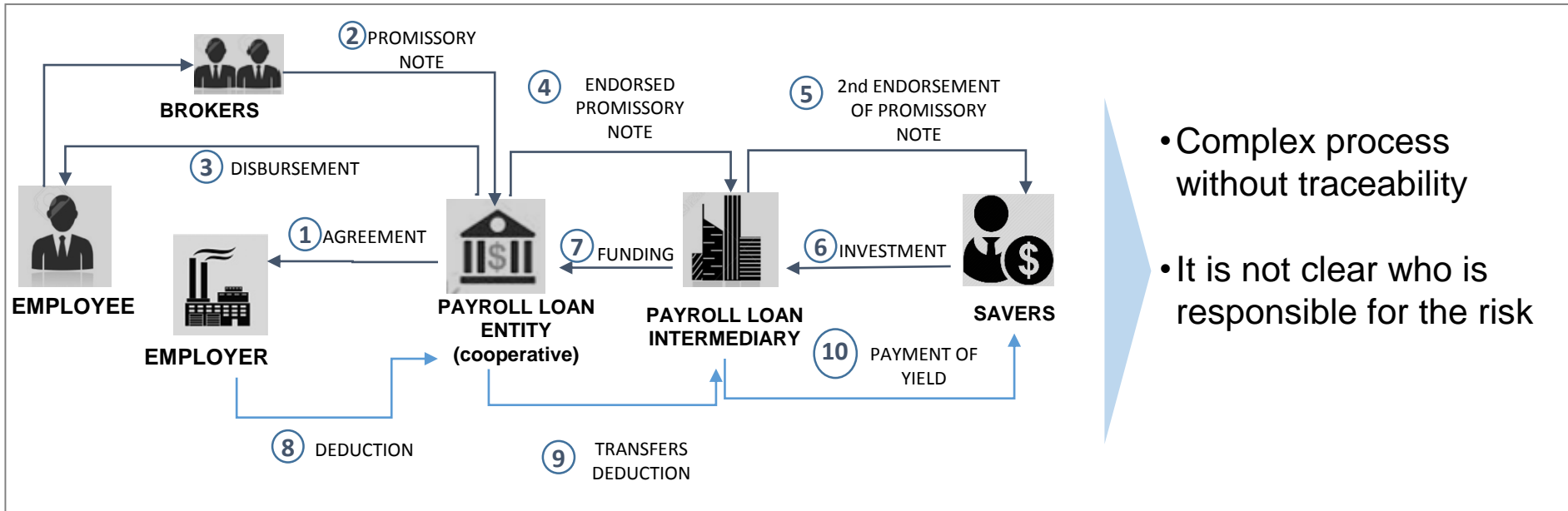
Other Players' Practices

- ✗ Weak balance sheet, and risky financial structures due to low capitalization levels.
- ✗ Lack of own liquidity to support gaps from operational flows.
- ✗ Funding from individual/retail investors used for leveraging growth.
- ✗ Transfers risk to the retail investors who fund their operations.
- ✗ Lack of track record.
- ✗ Local shareholders with limited balance sheet and support.
- ✗ Inexperienced management team with fragmented responsibilities.
- ✗ Commercial strategy focused on collecting funds from retail investors
- ✗ Business model based on intermediation and brokerage without control of the full business cycle.

✓ Credivalores Practices



⚠ Other Players' Practices



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