CREDIVALORES-CREDISERVICIOS QUARTERLY RESULTS REPORT[1]

AS OF SEPTEMBER 30, 2020

Operator: Welcome to the Credivalores third quarter 2020 results conference call. My name is Hilda and I will be your operator for today's call**.**

At this time, all participants are in listen only mode. Later we will have a question and answer session. Please be aware that if you're in the web part only, you cannot interact verbally but still we can receive your questions via web.

Please note that this conference is being recorded.

I will now turn the call over to Mrs. Patricia Moreno. Mrs. Moreno, you may begin.

Patricia Moreno (Funding and Investor Relations Officer):

Good morning and thank you for joining us today in our investor conference call to present our results for the 3Q 2020.

My name is Patricia Moreno, and I am the Funding and Investor Relations Officer, and in the conference call are also Héctor Cháves our CFO and Juan Camilo Mesa, our CRO. We will have a Q&A session at the end of this presentation. You will also be able to download the presentation from our Investor Relations website.

Credivalores at-a-glance

Let me start this conference call by saying that we hope that you and your loved ones are keeping safe and healthy at home. As many of you, we are working from home so please be patient in case we have any technical difficulties with the call.

To start the presentation please join me in slide 3 for an overview of our company.

We have consolidated our competitive position as the leading non-banking financial institution in Colombia targeting mid-to low-income clients. We offer a diversified portfolio of consumer credit solutions through payroll loans, branded credit cards and insurance premium financing. The Company has a track record of over 17 years and more than 800,000 clients, having issued more than US$3.0 billion in loans.

As of September 2020, we had a managed loan portfolio of US$428 million and a broad geographic footprint in Colombia.

Credivalores' proven business model is supported by four main pillars including: 1) our unique collection channels that mitigate credit risk, 2) the robust yield of our loan portfolio given our niche market, 3) our key partnerships with employers, retailers and utility companies granting us access to more than 7.5 million potential clients, and 4) our customer segment, underserved by commercial banks.

Overview of Product Portfolio

---

[1] The following transcript should be read in conjunction with our unaudited Financial Statements as of September 30, 2020. Our Annual Financial Statements have been prepared in accordance with IFRS for non-financial entities.

Our innovative products are designed to appeal to our target market segment and mitigate repayment risk as you can see in the overview of our product portfolio.

− We manage a portfolio of US$428 million, out of which payroll loans represent 54%, credit cards represent 41% and insurance premium financing represents around 4%.

- Our product portfolio is well diversified with low concentration by loan size, geographical location and economic sector. The average term at origination of the whole loan portfolio is 71 months among all products nonetheless the average life of the portfolio is about 36 months, including prepayments. The average interest rate is about 25% (not including fees) and total yield is about 35% including fees and other commissions. Our average NPLs for the managed portfolio stood at 3.3%, below the 4.7% level we had as of December 2019.

− The payroll loan product collections are made through monthly deductions from our clients' payrolls through a contract with the employer and pension funds and an irrevocable mandate given by the borrower at subscription.

− For the credit card product, most of the collections are made by adding the monthly installment of our credit card to the client's utility bills, which they are required to pay in full, achieving a higher priority of payment over any other consumer loan.

− And finally, for the insurance premium financing product, the borrower of this product issues an irrevocable mandate to cancel coverage if installments are not paid on time.

Addressable Market and Client Demographics

Commercial banks are traditionally focused on the upper income segment of the population; however, most of Colombia's population is concentrated in the mid to low-income segment. Credivalores' strategy is based on reaching clients located in segments 1 through 3, which represent around 80% of the country's population. We also have a special emphasis on small- and mid-sized cities, in addition to rural areas where banking penetration is considerably lower. About 89% of our client base corresponds to segments 1 through 3 and 70% of the loan portfolio is originated in small and medium cities with populations between 200,000 and 2 million inhabitants.

Average access to credit in these areas is below 5% of the population, meanwhile for Colombia's main cities this figure stands at around 31%.

In the payroll loan business, our client base is mainly composed of pensioners from government funded pension funds, within segments 1 through 4 mainly men, as a reflection of the general situation of pensioners in Colombia. For our credit card business, our client base is mainly composed by employees and self-employed workers, most of them women, closer to their 40s in segments 1 through 3.

We will continue the presentation with the recent developments of the third quarter 2020.

Recent Developments

Regarding our growth and operational results, during the 3Q 2020 we had positive operational results. Total portfolio origination grew 61%% QoQ, specially in payroll loans. Our owned and managed portfolio grew QoQ due to the recovery in origination.

Regarding our financial results, on a QoQ basis, the interest income grew 19%, driven by higher commissions and fees. Net income totaled COP$2.3 Bn pesos, despite higher net impairment expenses and the recovery of financial costs to historical levels after the one-off effect of the Open Market Repurchases of the 2025 bond during 2Q 2020.

On the asset quality front, total NPLs ratio stood at 3.3% as of September 2020, below the average level of the financial system in Colombia. Vintages outperformed the initial expectations for 2020 since stricter underwriting policies implemented in 2019 led us to concentrate 93% of the credit card origination among prime and super prime clients. We developed new digital tools to support the collection process and a new collection model to prioritize early collections for credit cards. Forbearances granted between March and July 2020 extended to almost 32% of the total managed portfolio. However, as of September 2020 only 9.2% of the managed portfolio remained under a forbearance measure and no additional forbearances will be offered to clients this year.

We maintain a solid cash position for year end. As of September 2020, the committed credit lines available totaled $177 Bn pesos and cash at hand was $234 Bn pesos. The average life of debt is 2.9 years with an average cost in pesos of 11.4%. Almost 93% of the outstanding indebtedness of the Company is unsecured and the unencumbered assets to unsecured debt ratio stands above 141%.

As of September 2020, our solvency ratio stood at 11.5% and the leverage ratio at 5.6x. The Company complied with the covenants from the Description of the Notes of the 2022 and 2025 - dollar notes.

3Q 2020 - Main Highlights- Macro Conditions

Regarding the business environment, after the declaration of COVID-19 as a pandemic in March 2020, all macroeconomic projections for 2020 were changed.

Inflation rate reached 1.75% as of October 2020 on YoY basis and the Central Bank expects inflation to end this year between 1% and 2%, given the expected impacts of the prolonged quarantine in the Colombian economy. In line with this expectation, the Central Bank has reduced its reference interest rate by 250 bps to 1.75%, following cuts in March, April, June, July and September. The DTF rate and the overnight repo rate have also decreased consistently in line with the Central Bank's reference rate. DTF currently stands below 2%, showing a reduction of 250 basis points this year. According to the Central Bank ´s 1H report to Congress, Colombian GDP will contract between 6% and 10% in 2020. Within this range, the Central Bank recently improved the expectation to a 7.6% contraction this year. In line with the reduction in interest rates from the Central Bank, the maximum rate has declined 160 basis points during 2020 to 26.8%.

The recovery in the economic activity during the second half of the year is still uncertain, and it will depend on the evolution of the pandemic in Colombia and in the rest of the world. Nonetheless, the gradual reopening of the economy during the third quarter of the year could improve the confidence from consumers and investors for year end. We also expect a positive impact from the fiscal and monetary measures taken by the Central Bank during the 2Q of 2020.

The NPLs from the financial system in Colombia averaged 4.1% in August 2020 and NPLs from consumer loans totaled 4.4%, mainly as a result of the measures to contain loan portfolio deterioration through forbearances and grace periods. According to the Financial Superintendence, financial institutions extended forbearances to over 32% of the total gross loan portfolio during the 2Q. The solvency ratio of the financial system in August 2020 stood at 16.8%. However, the Financial Superintendence estimates aggregate losses in 2020 for the financial institutions, resulting in an average ROA of -1.7%.

Consumer loans still represent about 30% of the total loan portfolio of the financial system totaling about $155 trillion pesos. The consumer loan portfolio grew 5% year over year. According to the latest available information from the Financial Superintendence as of August 2020, payroll loans continued to represent the largest portion of the consumer loan portfolio with a 36% share. Among the consumer loan portfolio, payroll loans grew 6% and credit cards decreased almost 4% year over year.

Now, we will present our results for the third quarter of 2020.

3Q 2020 Operating Results

Our current client base represents about 6% of the total Colombian population holding at least a credit card or a consumer loan.

Our client base has remained at around 800,000 clients this year following several marketing and commercial campaigns to preserve our customer base, specially in payroll loans.

Origination increased almost 61% QoQ due to new non-traditional channels for payroll loans and credit card origination allowing us to successfully overcome the prolonged regional quarantines and restrictions in mobilization nationwide that lasted until the third quarter of the year. QoQ payroll loan and credit card origination grew 74% and 54%, respectively. The former was a result of the effect of a low base of comparison from 2019, when we decided to adopt restrictive and conservative underwriting policies for credit card origination to control NPLs. After the implementation of the digital origination platform in May 2019, the origination of credit cards recovered, especially among clients with improved creditworthiness achieving a 93% concentration among super prime and prim clients. On a YoY basis, our origination fell by 3%.

Regarding our owned portfolio, which includes the portfolio on balance and in free standing trusts, we had a 1.7% growth QoQ due to the recovery in origination of credit cards and payroll loans. YoY we experienced a 19.5% growth in the owned portfolio reaching a total of $1.4 trillion pesos, due to a recovery in the payroll loan and credit card origination funded by the cash raised in February 2020 with issuance of the US$300 million bond due 2025.

Our managed loan portfolio, which includes our owned portfolio and the payroll loan portfolio transfers, increased 1.1% QoQ totaling almost $1.65 trillion pesos, mainly due to the growth of the owned portfolio for the reasons just mentioned.

The managed portfolio grew 11% YoY, mainly due to a 36% growth in the credit cards portfolio and a reduction in the use of funding structures that require payroll loan portfolio transfers like the mutual fund with BTG Pactual.

Our results confirm our origination capabilities and the resilience of our business model, allowing us to grow above the level of consumer loans in the Colombian financial system.

If we review our managed loan portfolio by product type, as of September 2020, payroll loans represented the largest portion of the total managed portfolio with a 54% share while credit cards increased their participation to 41.5%.

Our business model results in a high degree of portfolio diversification. Our payroll loan portfolio is highly diversified, minimizing concentration across geography and clients. Our top 25 clients represent only 0.58% of the portfolio and the average single exposure represents less than 0.1% of the total portfolio.

In addition to our diversification, 87% of the payroll loan portfolio and 47% of the overall portfolio ultimately come from clients on the government's payroll, which increases the stability of their cash flows. Following our strategy of focusing on high quality profiles in payroll loans, year over year we increased our portfolio balance among pensioners by 1.3%.

Geographically, Bogota represents 24% of the portfolio and the remaining is well distributed among other regions outside of the large capital cities.

Now I pass the conference to Juan Camilo to review the results on the asset quality front.

Juan Camilo Mesa (CRO):

Regarding our asset quality, as of September 2020, our total NPLs stood at 3.3%, below the 4.4% average level of the consumer loans in the financial system. In terms of NPLs by product, payroll loans and credit cards maintain a decreasing trend with an NPL ratio of 3.3% and 3.2%, respectively. These results obey to stricter underwriting policies in place since 2019 to control further deterioration of our loan portfolio, including higher scores, reduction in total approved amounts for riskier clients, restriction in the origination of payroll loans among private companies and adjustments in the calculation of indebtedness capacity for government officials.

Another positive effect of more restrictive underwriting policies was the concentration of the origination in clients with better credit worthiness. For payroll loans this meant consistently increasing the participation of pensioners and government officials above 95%. In the case of credit cards, the digital origination platforms allowed us to reach new clients with better credit profiles resulting in a 93% participation of super prime and prime clients among total origination in this product.

NPL coverage ratio of our managed portfolio and our owned portfolio, including FGA reserves, increased to 127% and 137%, respectively. This result was due to higher net impairment expenses under IFRS 9 resulting from the recognition of a higher risk of default of the overall loan portfolio, which in turn increase the expected loss of loans.

About 52% of the consumer loan portfolio of the Colombian financial system has received forbearances with an average tenor between 3.5 and 4 months.

In our case, after the declaration of the COVID-19 as a pandemic in March 2020, we decided to offer forbearance measures to our clients across all three products on a case-by-case basis, following the guidelines of the regulation for financial institutions in Colombia.

For our payroll loan business, we granted forbearance measures between March and July 2020 to loans totaling $84 Bn pesos, but as of September 2020 only $42 Bn pesos of loans had a forbearance measure in place, representing 4.7% of the payroll loan managed portfolio. The measures granted to clients and employers, affected by the current crisis, included grace periods by demand and change in the loan conditions such as, extension of tenors to reduce the discounted amount from the payroll or from the pension and lower interest rates. In the credit card business, we extended forbearances to loans for $435 Bn pesos, but as of September 2020 only $107 Bn pesos had outstanding forbearance measures, representing less than 16% of the credit card managed portfolio. The measures implemented for the credit card business included grace periods for 2 months, extendable for 2 additional months for current and less than 30 days past due clients, restructuring of loans for clients past due more than 30 days, minimum payment alternatives for current and less than 30 days past due clients, and no collection charges or default interest rates charges for clients less than 5 days past due.

As of September 2020, only 9.2% of the total managed loan portfolio had a forbearance measure in place. We will not offer additional forbearance measures to our clients for the rest of the year.

Patricia Moreno:

Digital Transformation

Between 2017 and 2018 we started a digital innovation of our business model. We started by upgrading our core systems and by optimizing processes to set up several initiatives for digital innovation in our customer acquisition process.

In 2019 we launched client-focus digitalization initiatives to improve agility in our origination process through our sales force. We equipped them with tablets to facilitate the profiling of our clients in retailers and points of sale. In this way, we obtained instant feasibility confirmation and we were able to collect data from our client with georeferencing and automatic validations of information. We also implemented digital and facial biometrics for identity validation on site. As a result, we improved the response time to our clients delivering the credit card on site within 12 minutes. We also developed alliances with Huawei and Samsung to remotely intervene the cell phones sold under the TIGO agreement to improve collection an we launched new self-service channels for customer service.

Following our digital transformation path, in 2020 we focused on the digitalization of our commercial channels. First, we developed several digital tools for our sales force, including apps to complete telephone sales and payroll loan origination from remote locations without a physical contact with the client, a web-based solution for payroll loan and credit card origination and a virtual call center. Second, for our clients we developed digital tools to facilitate their access to our products, including a web-responsive platform for payroll loans and credit card origination, an API integration with pension funds to originate payroll loans, and finally an improved website for client service.

In addition, during the 3Q of the year we also launched an app for merchants and commercial allies so their clients could apply for a credit card at their points of sale with very positive results under the pilot program.

Our digital transformation roadmap for 2021-2023 includes a client-based approach that will incorporate new technologies, open innovation, integration of our operations systems and data analytics within a culture of innovation.

We had to adapt our origination channels to the restrictions imposed to mobility and presence in retailers. We adapted the origination of our products to non-traditional channels, such as telephone sales, the use of digital platforms by our sales force, self-service digital platforms and telemarketing, which do not require the physical presence of our sales force. Total origination through non-traditional channels has grown since September 2019, currently representing 21% of total origination.

Through the development of new commercial channels and digitalization of our processes, we have been able to reduce the response times to our clients from the application to the disbursement of the loan. In payroll loans we reduced our time to disbursement by 36 hours, in credit cards by 23.75 hours and in insurance premium financing by 96 hours. Self-service channels for client service, which include the IVR, chatbot, app, virtual zone of website, SMS and kiosks, now represent 64% of the total monthly requests we receive, reducing the waiting time for our clients, enhancing the general customer experience of them and allowing us to reduce the operating costs of call centers and client service staff.

Consequently, our efficiency ratio has improved from 66.8% in 2017 to 47% as of September 2020.

3Q 2020 Financial Results- Income Statement

With regards to our financial results, we start by presenting our income statement.

Our interest income, which includes interests, commissions and fees, increased 19% quarter over quarter mainly due to a recovery in origination, which surged administration fees and interests from the credit card business. Year over year interest income decreased 2.3%, mainly as a result of lower interest income from the insurance premium financing and the payroll loan businesses, lower financial returns from the mutual fund with BTG Pactual and lower fees from collections on past due accounts.

The gross financial margin decreased quarter over quarter, mainly due to the recovery of financial costs to historical levels in line with higher debt balances, after the one-off effect of the Open Market Repurchases of the 2025 bond during the 2Q, which was registered as lower financial costs in the P&L. Thus, financial costs increased more than 195% QoQ.

Year over year, gross financial margin declined 34% mainly due to a 57% rise in net impairment expenses resulting from the recognition under IFRS 9 of a higher risk of default of the overall loan portfolio.

2019 Financial Results- Balance Sheet

With regards to our financial results, we start by presenting our income statement.

Our interest income, which includes interests, commissions and fees, increased 19% quarter over quarter mainly due to a recovery in origination, which surged administration fees and interests from the credit card business. Year over year interest income decreased 2.3%, mainly as a result of lower interest income from the insurance premium financing and the payroll loan businesses, lower financial returns from the mutual fund with BTG Pactual and lower fees from collections on past due accounts.

The gross financial margin decreased quarter over quarter, mainly due to the recovery of financial costs to historical levels in line with higher debt balances, after the one-off effect of the Open Market Repurchases of the 2025 bond during the 2Q, which was registered as lower financial costs in the P&L. Thus, financial costs increased more than 195% QoQ.

Year over year, gross financial margin declined 34% mainly due to a 57% rise in net impairment expenses resulting from the recognition under IFRS 9 of a higher risk of default of the overall loan portfolio.

The selling, general and administrative expenses, which are referred to as other expenses in our income statement, decreased almost 10 % quarter over quarter due to a resize of staff and expenses related to operations according to the new expected originations under the COVID-19 scenario.

SG&A decreased 14% on a yearly basis due to the optimization of fees and savings in contracts for technical support and temporary services.

With regards to the net operating income, we exhibited a net loss on a quarterly and yearly basis resulting from the recovery of financial costs to the historical levels and from higher net impairment expenses.

As of September 2020, 100% of our foreign currency debt was hedged to pesos through short-term forwards, cross currency swaps and options.

Regarding the non-operating results in the income statement, the impact of non-recurring items during the third quarter of the year, was a financial income of $4.8 Bn pesos. Year over year, the result was a net financial income of $12.6 Bn pesos, mainly due to two events: i) first, the net result between the income received from unwinding hedging transactions with positive mark-to-market to Credivalores, after cancelling the 2025 bonds repurchased under OMRs, and the compensation costs related to non-delivery forwards used to hedge the FX risk on the ECP Program Notes, and ii) second, the financial returns on excess cash.

If we eliminate the impact of non-recurring items from our income statement, we would have experienced a $5 Bn pesos loss before taxes, mainly due to lower gross financial margin and an operating loss.

When considering all the impacts from non-operating items, our net income before taxes totaled $3.8 Bn pesos as of September 2020. The net income for the first nine months of the year was $2.3 Bn pesos.

With regards to our balance sheet, we present the main financial ratios as of September 2020.

Our shareholders' equity increased to $302 Bn pesos, showing a 6.7% growth compared to December 2019. This was mainly a result of a large increase in the OCI account resulting from the valuation of derivative instruments.

Our leverage ratio of debt to equity stood at 5.6 times, above the December 2019 figure. This was a result of the 7% growth in our shareholders' equity and a 15% increase in the financial debt net of the FX impact, after the issuance of the 2025 notes, the amortization and issuance of notes under the ECP Program and the repurchase and cancellation of a portion of the 2025 notes under Open Market Repurchases.

Our solvency ratio, calculated as equity to assets, stood at 11.5% and the risk-adjusted capital adequacy ratio, in which the cash and cash equivalents from the Balance Sheet are not taken into consideration, stood at 12.7%. Lastly, the capitalization ratio, measured as the total shareholders' equity divided by net loan portfolio, totaled 26.1% remaining above the 13.5% level required by the covenant of the Notes due 2022 and 2025.

Between December 2019 and September 2020, total capitalization, including the FX impact on debt, increased 28% to $2.5 trillion pesos, mainly due to the impact of the issuance of the US$300 million notes due 2025. Our ratio of unencumbered assets to unsecured debt, stood at 141.5%, above the minimum 110%, required by the covenant.

Our average funding cost, including transactions costs and fees, stood at 11.4%, more than 140 basis points below the levels of December 2019. Our cost of funding remains low due to lower reference interest rates from the Central Bank, which are quickly reflected in the IBR rate at which 77% of our debt is indexed to, and to the positive impact from liability management transactions carried out during the 1H 2020.

Debt Profile- September 2020

In terms of our funding sources and debt profile as of September 2020, 77% corresponded to the notes due 2022 and 2025, 13% to the notes under the ECP Program, 7% to the secured domestic sources and 3% to the unsecured domestic sources. We have sufficient sources of funding to serve our needs for the rest of the year including: a local syndicated loan for payroll loan origination, a financing structure through a mutual fund with BTG Pactual, working capital lines with local financial institutions, overdraft lines and the issuance of Reg S Notes under our ECP Program. These sources and the cash at hand we maintain, add up to $1.7 trillion pesos, and as of September 2020 we had $956 Bn pesos available under these lines. About $331 Bn pesos of the total approved lines are committed credit lines with financial institutions and as of September 2020 we had $177 Bn pesos available to use.

Below, we present the debt maturity profile as of December 2019 and September 2020. Average life of our debt stood at 2.9 years in September 2020. The average life of our domestic debt is 1.8 years, as most of these credit lines are revolving and short-term, and the average life of our external debt is 3.0 years. The secured debt amortizations include an IFC facility, with about $4.7 Bn pesos outstanding, and a local syndicated loan for payroll loans, which is revolving for the following 18 months.

Current total financial obligations also reflect a new US$20 MM ECP Program note due September 2021 and the repurchase of US$32 million of principal of the notes due 2025, resulting in a new outstanding amount of US$268 million.

Financial Obligations- September 2020

Finally, we present the status of our financial obligations as of September 2020.

Total financial obligations, net of the FX impact, increased 15% to $1.69 trillion pesos between December 2019 and September 2020, mainly as a result of the US$300 million issuance of the 2025 notes, the amortization and new issuance of notes under the ECP Program and the Open Market Repurchases of the notes due 2025. By the end of the 3Q, 93% of our total debt was unsecured and only 7% was secured. By currency as of the same date, 90% of our debt was denominated in US dollars and 10% in pesos, with 100% of our debt hedged to pesos. By term, 15% of maturities were due in less than 12 months and 85% were due in the long-term as a result of the strategy to extend the average life of debt.

Now, please join me in the Closing Remarks section.

Closing Remarks

With regards to our closing remarks, as seen throughout the presentation, NPLs as of September 2020 were impacted by more restrictive underwriting policies implemented in 2019, from digital origination and new digital tools for the collection process. The resilience of our business model allowed us to significantly improve the NPLs in the credit card business, through digital platforms for origination, resulting in reduced costs and improved efficiency and quality of the loan portfolio. Under IFRS 9 we are currently increasing the net impairment expenses to recognize a higher risk of default of the overall loan portfolio affecting our net results during 2020.

The US$300 million bond issuance and the sources of funding available, allowed us to have a relative strong liquidity position to meet our 2020 debt amortizations and to fund the operation during these challenging times. In addition, we are developing new funding sources for 2021 including: secured loans backed by payroll loan portfolio, domestic bonds and loans from multilateral agencies. We have approvals in place to issue a securitization of payroll loans for up to $150 Bn pesos in the local capital market once market conditions change. The average life of our debt remains at 2.9 years to match the average life of loan portfolio.

Finally, we have adapted our origination capabilities to new non-traditional commercial channels under the COVID-19. Currently, origination through non-traditional channels accounts for 21% of total origination. We launched a web-responsive self-service digital platform for payroll loans and credit cards and an API integration for payroll loan origination with the top 20 agreements in place. In addition, we also launched an app for merchants and commercial allies for point-of-sale origination of credit cards with very positive results under the pilot program.

As discussed in our previous conference calls this year, we include additional details on our action plan to cope with the COVID-19 effects in 2020 in the following section. This concludes our presentation for today. We now open the conference call for a Q&A session.

Q&A Session

Operator: We will now begin the question and answer session. First, we'll go to the audio questions and then we'll read and answer questions coming from the web.

If you have a question, please press star (*) then one (1) on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key (#). If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press (*) and then one (1) on your touchtone phone.

We have a question from Jamie Nicholson, from Credit Suisse.

Jamie Nicholson:

Hi. Thanks so much for the call. I have a couple questions. My first one relates to the comments you are making about the loans that were under forbearance and how those amounts have dropped in September versus higher levels in June and July and I am wondering if the loans under forbearance have declined because the customers have caught up or have you written off some of those loans and then, related to that and your comments about not continuing forbearance, do you have any forecast about what you think your NPLs will be like in the fourth quarter? Are they deteriorating or do you think they are stabilizing at these levels? Thanks.

Juan Camilo Mesa: So regarding the question about the write-offs and the forbearances, the drop in active forbearances is due mainly, I would say, around a 90%, to clients starting to pay their credits. And regarding the second question, we see the NPLs for the fourth quarter increasing and we still maintain our projection of around 6 to 6.5% by year's end.

Jamie Nicholson: Ok. Thanks. And then I have another question relating to your sources of liquidity. You showed some approved sources of liquidity, the 1,669 on page 25 and then some new ones in your closing comments. Are the ones that you show on the closing remarks page, the development of new funding sources, are these in addition to the sources that you showed that are approved? And what kind of timing do you expect from some of this, for example loans from multilateral agencies? Are those underway and do you have any timeframe or when do you expect to get those proceeds? Thanks.

Patricia Moreno: Sure. The only additional source that we mentioned in the closing remarks that is already included in the ones that we show on page 25 on the approved and available sources of funding is the 150 billion COP of the payroll loan securitization, which is already approved by the financial regulator in Colombia, the Financial Superintendence, and it's in place with all the documentation, it's just waiting for the right time for market conditions. And the other sources that we mentioned in the closing remarks, I mean, the domestic bond issuance, and the additional loans backed by payroll loans and loans with multilateral agencies, all of those are not included. In terms of the timing for each one of those, we are already working on the domestic bond issuance with a guarantee from the National Fund of Guarantees. This is something that we also mentioned in the past conference call. It will be a bond issuance for up to 150 billion COP with a tenure between three and five years. We are still on that decision. And this is a process that is new under a new program that the National Fund of Guarantees has launched this year to help the companies that have had some sort of impact from the COVID-19 crisis. We expect this transaction to be completely structured by the end of this year. I mean, in terms of documentation, approvals, rating agencies, etc., and so that the first possible month to issue this transaction will be January 2021.

Actually, we need these resources for the first quarter of 2021, not really for this year.

And on new loans backed by payroll loans, this is something also that we started to work by June of this year, probably. We are in good track, I would say, in terms of advances for this loan. Our intention is also to complete the structuring of this facility by the end of this year to be able to have the ability to disburse this loan starting next year, whenever it will be necessary.

Jamie Nicholson: Great. Thanks so much. Thanks for the color and for taking my questions.

Operator: Once again, for any questions please press star (*) one (1).

Mrs. Moreno, we show no questions by phone. Do you have any web questions?

Patricia Moreno: Yes, we do have questions here. Let me just read some of them.

We have a question from Andrew. He is asking us if we can discuss the debt obligations that are maturing in 2021.

As we showed on slide 25, we have a 340 billion COP amortization in total for 2021. Most of those amortizations are under the ECP program. We have 75 million USD maturing under the ECP program next year between April, June and September and usually how these maturities work, how this program works, is that once, given the investor base of this program, which is basically private banking and family offices, usually we are able to review or to issue again after we've paid off the notes so we are calculating that about 40 to 50% of this maturity will be issued again next year and for the rest of the maturities, as we mentioned before, we have sources that come from committed credit lines, like the syndicated loan with local financial institutions that we have in place, we have cash available, cash coming from originations that this year have recovered during the third quarter but still below the expectations that we had initially for this year and with some other modifications that we are doing in the originations for our budget for 2021, we expect to free up cash and be able to use that for the maturities that we have coming under the ECP program.

Also, the development of new sources for 2021 as I just mentioned as the domestic bond issuance and additional loans that we can have backed by payroll loans. That will give us also cash that we'll free up and the rest of the cash that we are expecting for originations and we can use that to pay out the maturities. Those are the largest maturities we have next year. The rest are maturities under the secure sources and unsecure sources that are revolving so we can still use those facilities again to disburse additional sources next year.

We have an additional question here from Maria Cruz. There are actually three questions. "I would like to understand more details on the provision expenses for this quarter. What percentage of the total amount was distributed to forward-looking provisions?" That's question number one.

Probably we can answer each question.

Juan Camilo Mesa: Ok. Then I will answer that question, Patricia. All of our provision expenses are forward looking because IFRS 9 is an expected loss model so by the time credit default, we already have the provision in place.

Patricia Moreno: Question number two is, "You mentioned that 9.2% of the total clients are still under forbearance measures. As of today, how are these clients doing? What do you expect? When do these measures end?"

Juan Camilo Mesa: These measures end between last month and this month and we expect around 75% of those clients to resume their payments and the other 25% probably will need another restructure of the credits or some other intervention so they can eventually pay their debt.

Patricia Moreno: And then the last question is regarding funding. "How do you expect to fund your operations next year?" I guess we just kind of answered that with the past question that we received.

And there's a question from Frank regarding if we did buy back any bonds during the third quarter this year. The answer is no. We did not complete any market purchases during this quarter.

Regarding the forbearance measures, there is another question from Alejandro Isaza. "How these forbearance programs work? What do you expect for the remaining 9.2% and how they behave in October and November?"

Juan Camilo Mesa: So I already answered what we expect. I will add that these forbearances, there are two kinds: people that keep paying interests and fees and those that stop all kinds of payments. Most of our forbearances stop all kinds of payments. However, we try to incentivize that with this constant stop that people pay at least interests, as it is important to keep them engaged with the credit.

Patricia Moreno: And there is another question from Alejandro Isaza. "Do the impairments include some of the portfolio under forbearance measures?"

Juan Camilo Mesa: I would guess no. No. I'm pretty sure no.

Patricia Moreno: But this is the expected loss model so even if you have a loan that is current, you have enough information about the loan and the possibility…

Juan Camilo Mesa: Yeah so the provision model takes into account the forbearances for the provisions. Sorry. I understand that if there were past due clients with forbearances, in the NPL, it wouldn't be reflected. But the provision model does take the higher risk of the client that is under a forbearance.

Patricia Moreno: Exactly. And actually that's why our provisions have increased so high this year. It's an increase year over year of about 57% in terms of the net impairment expenses with a 3.3% NPLs ratio, so still deterioration of the loan portfolio is still not revealing the NPLs ratio. However, our IFRS 9 impairment model already required us to apply the corresponding expenses in terms of impairments for that expectation of a higher deterioration of the loan compared to last year.

And there is a question from Steven. "Do you have an apples to apples comparison of what this quarter's NPL would be, not for forbearance?"

Juan Camilo Mesa: No. We actually don't have it. It's pretty hard because if there were no forbearances, we are pretty sure that some of the people that eventually applied and were granted some of those forbearances, would have paid their credit so we don't have an estimate.

Patricia Moreno: Ok. And a last question from Andrew. "In light of the planned secured financing in 2021, what proportion of your debt is likely to stay secured versus unsecured going forward?" As we mentioned in the call, and it's been a funding strategy for the company since 2016, currently 93% of our debt is unsecured. With the new sources of funding for 2021, we expect that the secured portion will increase to probably a maximum 10 or 11% of the total financial obligations. It's not our intention to convert or to change completely this mix that we have today, first, because we recognize the value of having investors under our 144A / Reg-S bonds internationally, and second because it's also a directive from the Board of Directors and from the shareholders to maintain this mix in our debt.

We have no further questions on the website. Thank you so much for joining us today.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. We thank you for participating. You may now disconnect.