Credivalores-Crediservicios S. A.
Financial Statements

For the periods ended December 31, 2024 and 2023

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF INCOME
PERIODS ENDED DECEMBER 31, 2024 AND 2023

(Stated in million of Colombian pesos)

	Notes	December 31, 2024	December 31, 2023
Assets			
Cash and cash equivalents	8	24.302	59.794
Financial assets at fair value measured against profits and losses			
Fair Value Investments	9.1	665	983
Derivative Instruments	17	2.401	13.806
Total financial assets at fair value		**3.066**	**14.789**
Financial Assets at amortized cost			
Consumer loans	12	1.552.915	1.858.276
Impairment	12	(546.145)	(455.798)
Total Loan portfolio, net	12	**1.006.770**	**1.402.478**
Accounts receivable, net	13	274.442	257.284
Total Financial Assets at Amortized Cost		**1.281.212**	**1.659.762**
Current tax assets	22	45.834	41.476
Deferred tax assets, net	22	292.610	128.757
Property and equipment, net	14	35	301
Right-to-use Assets	15	-	9.289
Intangible assets other than goodwill, net	16	1.051	12.841
Investments in Equity	9.2	950	4.650
Investments in Associates and Affiliates	10	-	11.895
Total assets		**1.649.060**	**1.943.554**
Liabilities and equity			
Liabilities			
Financial Liabilities At Amortized Cost			
Financial obligations	18	1.747.150	1.538.217
Other Lease Liabilities	15	-	9.349
Total Financial Liabilities At Amortized Cost		**1.747.150**	**1.547.566**
Employee benefits	19	1.729	1.054
Other provisions	20	1.567	2.932
Accounts payable	21	66.274	91.120
Current tax liabilities	22	1.108	1.616
Other liabilities	23	20.556	25.560
Total liabilities		**1.838.384**	**1.669.848**
Equity:			
Share capital	24	225.324	225.324
Share Own	24	(12.837)	(12.837)
Treasury shares	24	12.837	12.837
Reserves	24	11.038	11.038
Additional paid-in capital	24	255.021	255.021
Other Comprehensive Income (OCI)	25	(426)	(161)
Retained earnings		(195.606)	(202.465)
IFRS convergence result		(21.910)	(21.910)
Net Income for the period		(462.765)	6.859
Total equity		**(189.324)**	**273.706**
Total liabilities and equity		**1.649.060**	**1.943.554**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF INCOME
PERIODS ENDED DECEMBER 31, 2024 AND 2023

(Stated in million of Colombian pesos)

	Notes	December 31, 2024	December 31, 2023
Interest Income and similar	26.1	**126.503**	**272.861**
Financial costs interest	18	(258.211)	(420.860)
Exchange rate differences		(176.878)	321.672
Revenue from contracts and other services with customers	26.2	18.787	**65.074**
Net Interest		**(289.799)**	**238.747**
Impairment of financial and condonation assets loan portfolio	12	(196.261)	(122.924)
Expense on accounts receivable provisions	13	(50.497)	(12.988)
Gross Financial Margin		**(536.556)**	**102.835**
Other Expenses			
Employee Benefits		(13.573)	(12.922)
Depreciation and amortization expense	14 – 16	(12.957)	(6.916)
Depreciation right-of-use assets	15	(1.881)	(2.239)
Other	27	(64.509)	(80.002)
Total Other expenses		**(92.920)**	**(102.079)**
Net operating Income		**(629.476)**	**756**
Other Income	28.2	3.423	1.421
Financial income	28.1	267	6.985
Financial Income		**3.690**	**8.406**
Investment valuation at fair value		(433)	(3)
Financial expense		**(433)**	**(3)**
Net financial income (expense)		**3.257**	**8.403**
Net Income before income tax		**(626.219)**	**9.159**
Income tax	22	163.454	(2.300)
Net income for the period		**(462.765)**	**6.859**
Net earnings per share		**(58.028)**	**860**

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF OTHER COMPREHENSIVE INCOME
PERIODS ENDED DECEMBER 31, 2024 AND 2023
(Stated in million of Colombian pesos)

	December 31,	
	2024	**2023**
Net income for the period	**(462.765)**	**6.859**
Other comprehensive income		
Items that may be or are reclassified to profit or loss		
Shares	835	(3.109)
Unrealized gains (losses) from cash flow hedges:		
Valuation of financial derivatives Forwards	-	161
Valuation of financial derivatives Swaps	-	17.074
Valuation of financial derivatives Options	(1.501)	62.764
Income tax	400	(27.581)
Total other comprehensive income for the period	**(266)**	**49.309**
Total other comprehensive income	**(463.031)**	**56.168**

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

CREDIVALORES- CREDISERVICIOS S. A.
STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED DECEMBER 31, 2024 AND 2023
(Stated in million of Colombian pesos)

	Share capital	Additional paid-in capital	Treasury Shares	Reserves	Other Comprehensive Income (OCI)	IFRS convergence result	Retained earnings	Earnings for the period	Total
Balance as of December 31, 2022	**135.195**	**71.171**	**(12.837)**	**23.875**	**(49.470)**	**(21.910)**	**99.994**	**(302.459)**	**(56.441)**
Appropriation of earnings	-	-	-	-	-	-	(302.459)	302.459	-
Capitalization	90.129	183.850							273.979
Increases (decrease) in other comprehensive income	-	-	-	-	49.309	-	-	-	49.309
Net income for the period	-	-	-	-	-	-	-	6.859	6.859
Balance as of December 31, 2023	**225.324**	**255.021**	**(12.837)**	**23.875**	**(161)**	**(21.910)**	**(202.465)**	**6.859**	**273.706**
Appropriation of earnings	-	-	-	-	-	-	6.859	(6.859)	-
Increases (decrease) in other comprehensive income	-	-	-	-	(265)	-	-	-	(265)
Net income for the period	-	-	-	-	-	-	-	(462.765)	(462.765)
Balance as of December 31, 2024	**225.324**	**255.021**	**(12.837)**	**23.875**	**(426)**	**(21.910)**	**(195.606)**	**(462.765)**	**(189.324)**

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

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS
PERIODS ENDED DECEMBER 31, 2024 AND 2023
(Stated in millions of Colombian pesos)

	Notes	December 31, 2024	December 31, 2023
Cash flows from operating activities			
Profit (Loss) after income tax		(462.765)	6.859
Reconciliation of profit (Loss) after income tax:			
Depreciation of property and equipment	14	113	97
Right-of-use depreciation of assets	15	1.881	2.239
Amortization of Intangible Assets	16	12.983	28.595
Amortization of expenses paid in advance	16	3.011	2.894
Amortization of Call Options Premiums	17	9.906	44.041
Increase in Impairment for Credit Portfolio	12	103.558	104.496
Amortization of Transaction Costs Liabilities	18	30.474	52.969
Increase in write-offs	12	109.133	18.428
Impairment Accounts Receivable	13	34.066	12.988
Impairment of Equity Investments		16.430	-
Valuation of Derivative Financial Instruments		-	112.103
Proceeds from the sale of Property and Equipment		-	(53)
Portfolio valuation measured at fair value		-	381
Exchange in valuation in investments in associates	10	1	(25)
Interest accrual of financial obligations		216.855	250.571
Difference in exchange by re-expression	18	176.791	(265.521)
Increased Provisions	20	(1.365)	(96)
Income Tax and Deferred Tax	22.3	(163.454)	2.300
Cash generated by operations			
Net change in operating assets and liabilities:			
Increase in the portfolio of capital and interest loans		191.832	117.586
Product from the sale of Credit Portfolio		(8.861)	(1.615)
Increase in Accounts Receivable		(51.177)	41.254
Increase in investments in collective investment funds financial instruments		318	31
Acquisition of Intangible Assets	16	(1.192)	(1.833)
Increase in Prepaid Expenses		(3.047)	(2.633)
Increase (decrease) of other Intangible Assets		35	(13)
Increase (Decrease) of Accounts Payable		(26.436)	40.035
Employee Benefits Increase		675	1
Income tax paid		(4.866)	(10.446)
Increase in Other Liabilities	23	(5.009)	(14.497)
Net cash provided by operating activities		**179.890**	**541.136**
Net change in investment assets:			
Asset derecognition		192	53
Acquisition of property and equipment	14	(38)	(225)
Net cash provided for investment activities		**154**	**(172)**
Net change in operating activities			
Acquisition of financial obligations	18	918	301.248
Result in the maturity settlement of derivatives		-	35.450
Payment of financial obligations	18	(148.025)	(1.003.154)
Interest payment financial obligations	18	(66.578)	(255.031)
Increase by Payment Premiums Call Options		-	(48.227)
Exchange difference due to realization		89	(56.153)
Capitalization	24	-	273.980
Payment of financial leases		(1.941)	(2.337)
Net cash used for financing activities		**(215.537)**	**(754.224)**
Increase (decrease) in cash and cash equivalents		**(35.493)**	**(213.260)**
Difference in Cash Exchange and Cash Equivalents		1	2
Cash and cash equivalents at the beginning of the period		59.794	273.052
Cash and cash equivalents at the end of the period		**24.302**	**59.794**

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

NOTE 1. REPORTING COMPANY

Credivalores-Crediservicios S.A., (hereinafter “Credivalores”, the “Company” or “CVCS”), is a stock company registered for business in Bogotá - Colombia, located at Carrera. 7 No. 76-35 P 7, and a website at www.credivalores.com.co. The Company was incorporated through Public Deed No. 420 dated February 4, 2003, drawn up before the Public Notary No.1 of the Circuit of Cali. The term of duration of the Company is twenty years as of the date of the deed above.

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

This merger agreement was reported to the Colombian Superintendence of Industry and Commerce, which did not report any objections to the process above. Credivalores S.A. (the acquired company) was incorporated through Public Deed No. 1906 dated May 13, 2003, drawn up before the Public Notary No. 1 of the Circuit of Cali, and duly registered with the Chamber of Commerce of Cali on May 21, 2003, under Registry Number 3501 Book IX. Subsequently, the Company changed its name from Crediservicios S.A. to Credivalores-Crediservicios S.A.S, becoming a simplified stock corporation, by means of the Public Deed No. 529 dated February 27, 2009, drawn up before the Public Notary No. 1 of the Circuit of Cali.

Through Minutes No. 16, dated February 23, 2010, of the General Meeting of Shareholders, duly registered before the Chamber of Commerce on March 19, 2010, the Company became a simplified joint stock company with the name of Credivalores-Crediservicios S.A.S. under Registration Number 3074 of Book IX.

By public deed No. 3175 of notary No. 73 of Bogota D.C. as of June 28th, 2019, registered July 9th, 2019 under Number 02484244 Book IX, the company changed its name from CREDIVALORES - CREDISERVICIOS S. A. S. to CREDIVALORES - CREDISERVICIOS S. A. under the figure of a stock corporation.

The Company’s business purpose is to originate consumer loans, including payroll deduction loans, to private individuals or legal entities, using both its funds and other sources of funding permitted by law. In carrying out these activities, the Company may:

a) Perform risk assessments,
b) Service and manage loans or lines of credit, including but not limited to the collection and registration of these obligations,
c) Purchase and sell loans, securities, and loan portfolios,
d) Borrow funds and close transactions allowing the Company to obtain the funds required to perform its corporate purpose,
e) Act as co-signer, guarantor, surety, or collateral provider to raise funds to finance its activities that may be undertaken, structured, or implemented through trust arrangements, and

Perform any other activities that are required as part of the Company’s normal course of business, such as: (i) acquiring, encumbering, limiting the domain or disposing of fixed assets (ii) acquiring and using trade names, logos, trademarks, and other industrial property rights; (iii) investing in existing companies, or creating new ones, providing that these companies have the same or similar business activities as the Company or that should relate in any way to its corporate purpose; (iv) entering into partnerships or contracts with third parties to carry out its corporate purpose; (v) guaranteeing its own and third-party obligations.

The funds used by the Company for carrying out its business activities shall be lawfully sourced, and therefore, the Company shall be prohibited from raising money employing large-scale or regular deposits from individuals under current legislation. The Company is not under the supervision of the Colombian Superintendence of Finance (Superintendencia Financiera de Colombia) since it is not considered to be a financial institution under Colombian legislation, nor is it allowed to carry out brokerage of instruments registered with the Colombian National Registry of Securities and Issuers (RNVE).

At the time of these financial statements, Credivalores is in the city of Bogotá D.C.

The financial statements were authorized for issuance by the Board of Directors as per minute 270 on February 24, 2025. They may be modified and must be approved by the Shareholders.

1.1 Ongoing Business

Credivalores has reviewed and analyzed the regulations in Colombia that refer to ongoing business:

1. Article 218 of the Commercial Code
2. Article 457 of the Commercial Code
3. Equity impairment and risk of insolvency, established in paragraph 3 article 4 of Law 2069 of 2020 and in decree 1378 of 2021
4. Decree 854 of 2021 issued by the Ministry of Industry and Commerce
5. Law 1116 of 2006
6. Decree 2420 of 2015

The indicators established in the above standards serve as a basis for a general analysis of the dimension, risks and effects of the results of the period, however, this information must be analyzed together with the remaining indicators and the business plan to find the appropriate interpretation.

The definition of uncertainty established in decree 2101 of 2016 and the provisions of paragraph 17 of ISA 570 include the following definition "(...) Significant uncertainty exists when the magnitude of its potential impact and the likelihood of its occurrence are such that in the auditor's opinion, adequate disclosure of information about the nature and implications of the uncertainty is necessary.

The management of Credivalores S.A., as responsible for financial reporting, conducts an evaluation of the ongoing business as soon as practicable, which should lead to decisions on the processes, procedures, information, analysis and other actions that are necessary on financial, operational and legal aspects.

Decree 2101 of 2016 establishes some specific factors that individually or collectively may generate significant doubts about the presumption of going concern, Credivalores has prepared a technical memorandum regarding to the compliance of the ongoing business hypothesis, in which it evaluates the financial factors, operational factors, legal factors, and others.

In accordance with the conceptual framework of IFRS, in numeral 3.9 ongoing business hypothesis, Credivalores prepares and presents the financial statements with the understanding that it is an entity that is in operation and will continue its activity within the foreseeable future. However, due to the adverse economic and financial results that have affected the company, the shareholders decided to file a petition for admission to reorganization before the Superintendence of Companies in Colombia (Superintendencia de Sociedades de Colombia) in November 2024 and it was accepted on December 12, 2024. It was also admitted to Chapter 11 Bankruptcy Law in the United States Court.

On May 16, 2024, Credivalores – Crediservicios S.A. initiated insolvency proceedings in the United States under Chapter 11 of the Bankruptcy Code. The main objective of this plan was the restructuring of with 8.875% coupon. This plan was approved on July 2, 2024 by the Bankruptcy Court of the Southern District of New York. However, this plan has not entered into force. Nevertheless, it is now necessary to adjust the plan again. In this regard, the company has begun negotiations with bondholders with the purpose of modifying the financial scheme of the plan. These negotiations are ongoing. The plan would then be submitted for approval by the judge.

Comentado [NV1]: No está en la versión en español, lo ajusto por considerarlo más específico, no obstante si no estas de acuerdo, la sola traducción está OK

At the same time, in order to comply with its obligations at the local level, Credivalores is handling a business reorganization process under Law 1116 of 2006. The Superintendence of Companies admitted the application through Order 2024-01-945497 of December 12, 2024. Since then, the company has complied with the orders issued by the Insolvency Judge. The next stages of the process include the judge's qualification of the claims and votes, the negotiation of the reorganization agreement for 4 months, and the confirmation hearing of the agreement. On average, a reorganization process can take between 1 and 2 years from its beginning.

Based on what was mentioned in the evaluation part of the technical (internal) memorandum of the ongoing business concern hypothesis for the year 2024, the Administration considers that, although there are some situations that could lead to uncertainties about the fulfillment of the ongoing business concern hypothesis, if succeed with the projections, plans, strategies and negotiations that are being carried out so that the business continues its course, the company would be in full capacity to generate income and liquidity to develop its corporate purpose in the future, as it has done in the last 22 years.

Thus, Credivalores prepared the financial statements for the end of the 2024 period and other reports as stipulated by the regulation based on compliance with the ongoing business hypothesis.

The administration remains committed to maintain the monitoring required by the control entities in Colombia and will report to the stakeholders any change that may affect its situation and lead to a situation different from the one described. Part of the commitment is the inclusion of Credivalores in Chapter 11 of the U.S. Bankruptcy Law and in Law 1116 of 2006 insolvency law in Colombia, which demonstrates that the company is using national and international legal mechanisms to prevail the operation of the company.

Credivalores is in the process of structuring and modeling different strategies to manage assets and liabilities at the end of the admission of Law 1116 and the business strategy that is planned to be carried out from now on.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The financial statements of the company Credivalores Crediservicios S.A., have been prepared following the accounting and financial reporting standards accepted in Colombia, based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual framework, the conclusion rationale and the application guides authorized and issued by the International Accounting Standards Board (IASB) published in Spanish until 2018), excluding IFRS 17 on Insurance Contracts; and other legal provisions defined by government surveillance entities that may differ in some aspects from those established by other State control bodies), established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. They have been prepared based on historical cost.

Law 1314 of July 13, 2009, regulated the financial reporting, accounting, and data security standards and principles accepted in Colombia and identified competent authorities, established the procedure for issuing the standards, and determined the entities responsible for monitoring compliance. This law was regulated through the following decrees:

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

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

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

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

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

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

The financial statements, the significant judgments made by the administration in the application of the accounting policies of Credivalores, and the main sources of estimation were the same as those applied to the financial statements for the year ended December 31, 2024.

3.1 IFRS 9 – FINANCIAL INSTRUMENTS

Credivalores applies IFRS 9 - Financial instruments as of January 1, 2018, according to the following models.

3.1.1 IMPAIRMENT MODEL

IFRS 9 – financial instruments pose significant changes in the assessment of the impairment of financial instruments and, therefore, its associated risk. In particular, the standard proposes a new approach that pursues the identification of the significant increase of the risk of credit (SIRC) in an instrument before the identification of objective evidence of impairment (OEI).

From the above, the company has advanced in the construction of quantitative and qualitative criteria to identify the significant increase in the credit risk of an instrument. Although quantitative criterion as the main principle is used to evaluate the (SIRC), qualitative criteria have also been developed in case that it is not possible to apply the quantitative criterion or that it cannot be used for specific financial assets.

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

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

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

- Exposure and corresponding risk parameters are calculated individually for each period.
- Exposure and corresponding risk parameters are intended to be constant within each period but may vary between periods of time.
- The calculation of the Expected Loss (EL) is individual by period.
- Calculations of EL12m and EL in life are performed by adding the individual ELs for each respective risk horizon (one-year, whole life).
- Frequency of payment fixed according to its depreciation: monthly, quarterly, semi-annual, annual, among others.
- The granular depreciation approach captures the dynamic behaviors of risk parameters at high granularity (more detailed).

The parameters considered in the calculation of expected loss are as follows:

a. PD (Probability at default):
   - PD to 12 months for stage 1
   - PD lifetime for stage 2
   - PD of 100% for stage 3
   - Estimated average duration

b. LGD (Loss given default):
   - Recovery at net present value

c. EAD (Exposure at default):
   - Balances on balance sheets
   - Amortized costs
   - Unused quota in revolving credits

d. FW (Forward Looking):
   - Projection of macroeconomic variables

The backtesting methodology involves the evaluation of statistically generated models based on the delinquency behavior of the portfolio segmented by stage in differentiated time windows.

3.2 Financial Assets Business Model

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

- The policies and objectives expected for the portfolio and the actual application of them. Whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to Credivalores´ management.

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Credivalores stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

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

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

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

The business model focuses on building alliances and agreements for the origination and distribution of each one of our products, thus guaranteeing growth. The company has more than 720 agreements with employers that can issue payroll loans, exclusive agreements with public utility companies for invoicing and collecting via credit card, and alliances with third parties and insurers for the origination of the Credipoliza product. The risk management systems are similar to those implemented by other Colombian financial entities, and they take the characteristics of the target market into consideration. These systems have been adjusted according to the experience and knowledge acquired over more than 20 years in the market.

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

The entity applies significant judgments to manage financial assets and assess whether they meet the conditions set out in the business model and classify them at fair value or amortized cost. According to the business model, portfolio sales are included and negotiated individually.

Financial assets at amortized cost

The loan portfolio is classified at amortized cost when:

Credivalores, within the business model, maintains the securities whose objective is to keep them to obtain the cash flows and the contractual terms that they grant, that is, on specific dates it collects principal and interest payments on the outstanding amount owed. Its subsequent measurement is carried out using the effective interest rate method.

3.3 Leases

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

Variable lease payments

Some property leases contain variable payment terms that are linked to the profit generated from a specific office. For individual offices, up to 100% of lease payments are based on variable payment terms. Variable payment terms are used for several reasons, including minimizing the fixed costs base for newly established offices. Variable lease payments that depend on profits are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Lease terms

Leases are recognized as a right-of-use asset and a corresponding liability on the date the leased asset is available for use by the company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to gains or losses during the lease period in order to produce a constant periodic interest rate on the remaining balance of the liability. The right-of-use asset depreciates over the useful life of the asset and the lease term in a straight line.

3.4 Seasonal nature of income and expenses.

The nature of the most important operations of Credivalores Crediservicios S. A is mainly related to traditional activities that are not significantly affected by seasonal factors.

3.5 Income tax

The Company evaluates the recognition of liabilities due to discrepancies that may arise with the tax authorities on the basis of additional tax estimates that must be cancelled. The amounts provided for the payment of income tax are estimated by the administration based on its interpretation of current tax regulations and the possibility of payment.

Actual liabilities may differ from the amounts provisioned, resulting in a negative effect on the Company's results and net position. When the final tax result of these situations is different from the amounts that were initially recorded, the differences impact the current income tax and deferred assets and liabilities in the period in which this fact is determined.

The Company evaluates the recoverability of deferred tax assets based on estimates of future tax results and the ability to generate enough results during periods in which such deferred taxes are deductible. Deferred tax liabilities are recorded according to estimates made of net assets that will not be tax-deductible in the future.

NOTE 4. SUMMARY OF THE MAIN ACCOUNTING POLICIES

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

4.1 Materiality

The economic facts are presented following their relative importance or materiality.

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

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

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

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

The guidelines and criteria to establish the impairment of restructured or modified loans consist of migration to stage 3, which translates into a probability of default of 100% to minimize the loss in the event of default.

4.2 Functional and reporting currency

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

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

4.2.1 Transactions and Balances in Foreign Currency

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

As of December 31, 2024, and 2023, the (COP/USD) exchange rates certified by the Superintendence of Finance were 4.409,15 y 3.822,05 per U.S. $1, respectively.

4.3 Cash and cash equivalents

Represent the Company's high liquidity assets such as bank account balances. Moreover, cash is recorded for petty-cash purposes.

Comentado [NV2]: No esta en la versión en español

They represent the Company's assets with high levels of liquidity, such as: bank account balances. Likewise, it records the cash resources for the management of petty cash.

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

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

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

4.4 Financial Instruments

Financial instruments

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

Date of recognition of financial instruments

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

4.4.1 Financial Assets

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

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

Credivalores recognizes loans and accounts receivable, trading and investment securities, and other assets or liabilities on their effective dates.
Purchases and sales of financial assets that are regularly carried out are recognized on the transaction date or on the date on which the Company is required to purchase or sell the asset.

Subsequently, the entity measures its financial instruments at fair value or amortized cost following the established business model and the contractual characteristics of the assets, the assets that are measured at amortized cost are the loan portfolio, the assets that are measured at fair value correspond to the investments held in Trust and Fic's.

i. Amortized cost

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

Effective rate

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

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

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

ii. Fair value

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

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

If there is not an active market for a specific financial instrument, CVCS determines its fair value using valuation techniques. These valuation techniques include using recent market transactions between knowledgeable, willing parties carried out on an arm’s length basis, if they are available, as well as the fair values of other financial instruments that are substantially the same, discounted cash flows and pricing models.

The valuation technique chosen, makes use to the maximum extent possible, of information obtained directly from the market, using the least amount of data estimated by CVCS, incorporating all those factors that would normally be considered by market participants for setting the price of such financial instruments and is consistent with generally accepted pricing methodologies.

Fair value estimates obtained from financial models are adjusted to consider other factors such as uncertainty on its risk or the liquidity model. Adjustments are included when CVCS believes that another market player uses these same estimates when determining the price of a transaction (See note 6).

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

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

iv) The cash flows associated with the insurance policies applicable to the loan are also valued.

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

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

4.4.2 Initial measurement of financial instruments

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

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

4.4.2.1 Financial Assets at Fair Value

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

Classification of “Tucredito” line of credit, based on the corresponding business model			
Item	**Tucredito portfolio segment**	**Measurement**	**Valuation**
1	Performing loans subject to sale (*)	Fair value	Market price.
2	Best-rated loans with terms of less than a year (originated loans less than 90 days prior)	Amortized cost	(Indexed rate equivalent to amortized cost).
3	Performing loans with terms of more than one year (originated loans with terms of more than 90 days)	Amortized cost	(Indexed rate equivalent to amortized cost).
4	Past due loans	Amortized cost	Model of incurred loss based on the expected loss.

(*) As of December 2024, and 2023, there is no portfolio measured at fair value

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

4.4.2.2 Financial assets at amortized cost

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

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

The Company classifies the following financial instruments at amortized cost:

Product	Measurement	Terms	Valuation	Features
Tucredito	Amortized cost	> 91 days after the date of disbursement	Equivalent indexed rate	Current and past-due payroll loan portfolio
Crediuno	Amortized cost	Portfolio	Equivalent indexed rate	Credit card

4.4.3. Credit restructuring

The objective of the restructuring is to provide a definitive solution to the client's financial problems, as long as there is a willingness to pay and some stable income that allows the obligation to be met and the recovery of Credivalores to be maximized.

Restructuring is a product intended for customers who have a financial situation that prevents them from continuing to meet their obligations under the conditions initially agreed due to structural scenarios in their economic situation.

There are three ways to apply:

- The overdue installments are carried forward to the end of the credit and are activated in the last installment agreed with the customer or when 2% of the capital is left to be invoiced and the outstanding capital to be invoiced is distributed in the new agreed term.
- The different concepts of capital of the overdue installments are transferred to the end of the credit, and the total capital is distributed in the new agreed term. Items other than principal shall be charged in equal parts during the new term of the obligation without being capitalized, and the total principal shall be distributed in the new agreed term
- Items other than principal shall be charged in equal parts during the new term of the obligation without being capitalized, and the total principal shall be distributed in the new agreed term

4.4.4 Impairment

In 2019, Credivalores updated its impairment model from loss incurred to expected loss under IFRS 9, based on a three-stage classification.

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

The fundamental concept of the new model is based on an approach of dual measurement, depending on the Stage of the financial instrument classification: for Stage 1, damage is equal to the credit losses expected at 12 months, to stage 2 and 3 is equal to the credit losses expected lifetime. For the loss of the credit life of the asset, is used the same methodology of credit loss expected for a year, but instead of covering only the first year, calculated on the expected life of the contract including extension of the instrument options.

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

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

4.4.5. Write-offs and forgiveness

Forgiveness corresponds to the partial or total exoneration of items owed by the customer, which allows the normalization or cancellation of the obligation to those debtors who, due to short-term or structural economic difficulties, cannot make the payment of their obligation under the originally agreed conditions.

The forgiveness for catch-up seeks to help the customer pay the balance in arrears by forgiving interest (current and arrears), other charges, and part of the outstanding principal so that they can continue to comply with the payment of the installments in the future, given the reduction in income or temporary economic problems.

The forgiveness for total cancellation seeks to help the customer to pay the total balance of the credit through a partial or total discount of current interest, arrears, other charges, and a portion of capital, so that they can end the business relationship with the entity by canceling their debt.
Write-offs under the IFRS context, Credivalores carries out portfolio write-offs on obligations that meet the characteristics defined in the write-offs policy, for which the organization developed the methodology, which is based on the calculation of expected loss.

A delinquent credit may be subject to write-off in the following events:

- When the percentage of provisions at the individual level increases compared to the previous month and is equal to or greater than 100% in relation to the balance of the loan, including interest on the balance sheet and other concepts.

- Due to considerations of the amount and age of the obligations in arrears.

The report to operations and to the areas involved will be made one day before the closing of the portfolio, with the loans that meet the criteria to be evaluated.

Forgiveness approvals are made by the collection director

4.5 Impairment of non-financial assets

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

4.6 Equity Instruments

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

All equity instruments are measured at fair value. Equity instruments held for sale are measured at fair value with impact in profits and losses.

4.6.1 Investment in associate

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

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

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

4.7 Accounts Receivable

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

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

For accounts receivable that have agreed calculation and payment of interest, interest is recognized as a higher value of the receivable.

4.8 Impairment of accounts receivable

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

4.7 Leases

4.7.1 Assets acquired under leases

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

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

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

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

4.8 Property and Equipment

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

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

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

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

(Stated in million of Colombian pesos)

Leasehold Improvements

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

4.9. Intangible assets

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

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

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

4.10. Income Taxes

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

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

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

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

Deferred tax liabilities arise from taxable temporary differences.

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

Due to the enactment of Law 2155 of 2021, resulting from the estimation of the future reversal of the deferred tax as of January 1, 2023, an increase in the income tax rate from 30% to 35% was identified, as mentioned in note 22. The Company adjusted the corresponding tax-deferred balances expected to reverse beginning in 2024, using the 35% income tax rate.

With Law 2277 of December 13, 2023, a tax reform was adopted, this provision introduces some modifications in terms of income tax, however, for the general income rate it is maintained at 35% for national companies and their assimilated, permanent establishments of foreign entities and foreign legal entities with or without residence in the country required to file the annual tax return on the Income and complementary, taking for the year 2024 this rate for the calculation of the deferred tax.

4.11 Financial liabilities

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

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

4.12 Derivative financial instruments and hedge accounting

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

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

4.12.1 Fair-value hedge accounting

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

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

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

4.12.2 Cash-flow hedge accounting

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

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

4.13 Employee Benefits

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

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

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

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

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

(b) as an expense.

4.13.1 Short-term paid leave

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

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

Short-term paid leave includes:

(a) Vacation.
(b) Temporary illness or disability.
(c) Maternity or paternity leave.
(d) Jury duty.
(e) Other short-term leave.
(f) The Company does not have long-term benefits to employees

4.14 Provisions and contingent liabilities

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

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

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

4.14.1 Contingent Assets

The Company will not recognize any contingent asset.

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

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

4.14.2 Contingent Liabilities

The Company will not recognize any contingent liability.

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

4.15 Revenues

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

Revenue will be recognized:

- To the extent that the services are provided and/or risks and benefits associated with the goods sold are transferred. When the service is provided during the same period, the degree of progress must not be recorded, and instead 100% of the income will be recognized in that period.
- When the generation of economic benefits associated with the activity is likely.
- When it is possible to reliably determine the value of the same.
- The value of income is normally determined by agreement between the Company and the third party. They will be measured at the fair value of the counterparty, received or to be received, considering the amount of any discount, bonus, or rebate that the Company may grant.

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

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

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

4.15.1 Revenues from interest and commissions

Interest income, portfolio sales, guarantees:

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

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

Credit card fees or deposits, including credit card exchange fees and quarterly handling fees are recognized when the performance obligations associated with the customer contract are met.

Income from collateral and portfolio sales is recognized when the stages for the recognition of operating income are met, that is, when performance obligations related to the transfer of assets are satisfied. The following tables describe the different activities that the Company develops and the commission income it generates.

Type of transaction	Description	IFRS standard
	Commissions	
Financial consultancy fees	Credit study fees	**IFRS 15**
Insurance returns	Insurance sales commissions upon placing loans.	
Collection and handling fees	Fees for collections processes through legal proceedings.	
FEE	Fee for handling the credit card, advance payments and offsetting through the channels of the Crediuno credit line.	

(Stated in million of Colombian pesos)

Brokerage fee	It is the brokerage fee charged in the contract signed with FGA.	**IFRS 15**
Management fees		
Crediuno	Management and handling fees for the Crediuno line.	**IFRS 15**
Payroll deduction loans	Management fees and disbursement fees for the payroll credit line.	
Plus life insurance	Management fee on the Plus life insurance policy of the Crediuno line.	

4.15.2 Revenues from ordinary activities

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

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

4.16 Net earnings per share

To determine net earnings per share the Company divides the net income from the period attributable to shareholders, or controlling interest, between the weighted average common and preferred shares. Diluted net earnings per share are determined in the same way as net earnings, but the weighted average of outstanding shares is adjusted considering the potential diluting effect of stock options.

NOTE 5 - NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

New regulations issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accounting framework accepted in Colombia

IAS 7 and IFRS 7 Supplier Financing Agreements

These amendments require disclosures to improve the transparency of supplier financing arrangements and their effects on a company's liabilities, cash flows and liquidity risk exposure. The disclosure requirements are the IASB's response to investor concerns that some companies' supplier financing agreements are not sufficiently visible, making it difficult for investors to be scrutinized.

The modification will be evaluated and the information to be disclosed will be that agreed with the creditors and suppliers, who are incorporated in the admission process to Law 1116 of 2006.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.

On May 30, 2024, the IASB issued specific amendments to IFRS 9 and IFRS 7 to answer recent questions that developed in practice and include new requirements not only for financial institutions but also for corporate entities.

The requirements incorporated in the amendments to IFRS 9 and IFRS 7 will be reviewed, with the financial instruments held by Credivalores at the end of the financial statements, the pertinent disclosures will be made.

IFRS 18 Presentation and Disclosure in Financial Statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. While IFRS 18 will not affect the recognition or measurement of items in the financial statements, its reporting and disclosure impacts are expected to be widespread, particularly those related to the statement of financial performance and the provision of management-defined performance measures within the financial statements.

(Stated in million of Colombian pesos)

NOTE 6 - ESTIMATIONS OF FAIR VALUE

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

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

Fair value hierarchy has the following levels:

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

The fair value hierarchy in which the fair value measurement is fully classified is determined from the lowest level entry that is significant for fully measuring the fair value. For that, an entry's importance is evaluated regarding the fair value measurement in its totality.

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

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

6.1 Fair Value Measurement on a Recurring Basis

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

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

The following table analyzes assets and liabilities (by class) within the fair value hierarchy, measured at fair value as of December 31, 2024 and December 31, 2023, on a regular basis.

	December 31, 2024	December 31, 2023
ASSETS	**Level 3**	**Level 3**
Fair Value Investments	665	983
ASSETS	**Level 2**	**Level 2**
Derivative Trading Instruments		
Hedging derivatives		
Options	1.068	2.568
Prima Call	1.333	11.238
Total fair value assets	**3.066**	**14.789**

Credivalores holds derivative financial instruments to hedge risk exposure in foreign currency.

6.2 Fair value determination

The methodology applicable to assets for Credivalores is:

6.2.1. Equity instruments

Credivalores has equity investments in two companies, they are not listed on a public stock market and, therefore, the carrying amount is recorded by the equity interest.

Credivalores defines these level 3 financial instruments as those that are not listed on an active market, do not have observable variables in an active market, as well as an asset that is neither identical nor similar.

6.2.2. Derivative financial instruments

Derivative financial instruments and hedge accounting:

A derivative is a financial instrument in which changes in value respond to changes in one or more variables called "underlying" (a specific interest rate, the price of a financial instrument, a quoted product, a foreign currency exchange rate, etc.), which has a lower initial net investment than would be required for other instruments that have a similar response to the aforementioned variable and which is settled in a Future Date.

Credivalores operates in financial markets, forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

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

Derivative transactions are recognized at fair value. Subsequent changes in fair value are recognized as profit or loss, unless the derivative instrument is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below:

At the beginning of the hedging transaction, Credivalores formally documents the relationship between the hedging instrument and the hedged item, including the objective and risk management strategy to carry out the hedging relationship. It also documents its assessment, both initially and regularly, of whether the hedging relationship is highly effective in offsetting changes in the fair value or cash flows of the hedged items.

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

For cash flow coverage of a particular risk associated with a recognized asset or liability or a projected highly probable transaction, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. Gain or loss related to the part that is not effective for hedging or that does not relate to the hedged risk is immediately recognized in gains or losses.

Accumulated values in other comprehensive income are transferred to profit or loss in the same period in which the hedged position is recognized as profit or loss.

Hedging of net investments in a foreign operation is recognized similarly to cash flow hedging: the actual portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income, and the ineffective portion of changes in the value of the derivative is recognized in gains or losses. Accumulated gains or losses on the capital of the hedging instrument shall be recognized as gains or losses when the net investment in foreign transactions is sold in whole or proportionately, if partially eliminated.

Credivalores defines level 2 financial instruments as those that are not listed on an active market.

(Stated in million of Colombian pesos)

6.2.3. Investments in trusts

Credivalores keeps resources available to obtain profitability.

6.3. Determination of assets and liabilities at amortized cost

The methodology applicable to assets for Credivalores is:

6.3.1. Financial assets

Financial assets are classified at amortized cost only if the asset is held within a business model whose objective is to hold it to collect contractual cash flows, and the contractual terms of the value give rise to specific dates to cash flows that are only principal payments and interest on the outstanding principal; Interest income is recognized using the effective interest rate method.
The effective interest method is a method used to calculate the amortized cost of a fixed asset and allocate the interest income or costs during the relevant period. The effective interest rate is the discount rate at which the present value of estimated future cash payments or those received over the expected life of the financial instrument, or, as applicable, over a shorter period, is equal to the net book value at the beginning.

To calculate the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, including transaction costs and premiums granted minus commissions and discounts.

6.3.2. Financial liabilities

The financial liabilities that Credivalores measures at amortized cost correspond to its own financial obligations and in through trusts in local currency COP and in foreign currency USD.

Financial liabilities are classified at amortized cost only if the liability is held within a financing business model and the contractual terms of the value give rise to specific dates to cash flows that are only principal payments and interest on the outstanding principal capital; Interest expense is recognized using the effective interest rate method.

To calculate the effective interest rate, the Company estimates cash flows considering all contractual terms of the liabilities financial instrument, including transaction costs and premiums paid minus commissions and fees paid necessary for obtaining the source of funding.

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

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

	December 31, 2024		December 31, 2023	
Fair value	**Book Value**	**Fair Value Estimate**	**Book Value**	**Fair Value Estimate**
Assets				
Loan Portfolio (Gross)				
Consumer	1.552.915	1.138.257	1.858.276	1.493.769
Total	**1.552.915**	**1.138.257**	**1.858.276**	**1.493.769**
Liability				
Financial obligations	1.747.151	1.770.433	1.538.217	1.571.077
Total	**1.747.151**	**1.770.433**	**1.538.217**	**1.571.077**

The book value corresponds to the value at amortized cost. The fair value estimate does not include transaction costs.

NOTE 7. RISK MANAGEMENT

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

Objective and general guidelines

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

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

The evaluation of the significant increase in risk considers qualitative and quantitative criteria to determine that a contract at the time of observation has increased with respect to its origination. these criteria are:

► Contracts that are more than 30 days in arrears.
► Contracts with migration to rating 5.
► Contracts that, in the Company's opinion, have significantly increased their risk.

The company's definition of default is consistent with the presumption that default will not occur before a financial asset is 90 days in default under IFRS 9.

Restructured loans are assigned a 100% probability of default as a measure to mitigate the risks associated with their recovery, this allows to conservatively reflect the uncertainty for future payment compliance.

7.1 Governance structure

Board

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

1. Establish and oversee the Company's risk management structure
1. Approve the policies, processes and methodologies of granting, monitoring and recovery of the company's credits, to identify, measure, and controlling the risks faced by the Company
- Approve exposures and limits to different types of risks.
- Point out the responsibilities and powers assigned to the positions and areas responsible for managing the different types of risk to develop an environment of culture and risk control.
- Evaluate proposals for recommendations and correctives on management processes.
- Approve the internal control system, as well as evaluate the reports and management of the area responsible for such control.
- Request management, when deemed necessary and for evaluation, reports on the credit portfolio.

Risk Committee

The responsibilities of the Risk Committee are:

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

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

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

(Stated in million of Colombian pesos)

Chief of Risks

- Periodically presents to risk committee the evolution of the different risk indicators and performs the necessary analyses for understanding and taking actions that mitigate and control the levels of risk.
- Manages and controls compliance with approved policies and processes for risk management.
- Regularly reviews risk management policies and systems to reflect changes in market conditions and CVCS´ activities.Proposes to the risk committee methodologies and adjustments to risk management policies
- Develops methodologies and models that allow the identification, measurement, control, and monitoring of risks.

Internal Audit

1. Checks the development of risk management following the comprehensive risk management manual
2. Reports to the audit committee and issues recommendations on the findings of the risk management process

Financial Risk Management

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

- Credit Risk
- Market Risk
- Liquidity Risk
- Operating Risk

There have been no changes to the risk management department or any risk management policies since December 31, 2024. There are no significant changes related to risk objectives, the corporate structure of the risk function, and risk strategies in general compared to what was revealed in the last set of financial statements as of December 31, 2024.

7.2 Credit Risk

Credit risk is the risk of financial loss faced by Credivalores Crediservicios S.A. if a client or counterparty in a financial instrument does not meet its contractual obligations and originates mainly from the receivables to customers and the Company's investment instruments. The business model of Credivalores Crediservicios S.A, in its portfolio of credits, differs from the rating of its products according to the inherent risk of its portfolio. During the three and six-month period ending December 31, 2024, there were no significant changes in policies and how Credivalores handles credit risk.

The maximum exposure to credit risk of Credivalores, according to IFRS 7, is reflected in the book value of financial assets in the statement of financial position of Credivalores as of December 31, 2024, and December 31, 2023, as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	24.302	59.794
Financial instruments net	3.066	14.789
Loan portfolios		
Consumer loans	1.552.915	1.858.276
Accounts receivable, net	274.442	257.284
Total financial assets with credit risk	**1.854.725**	**2.190.143**
Off-balance-sheet credit risk at nominal value		
Unpaid approved credits	1.060.885	957.060
Total exposure to off-balance-sheet credit risk	**1.060.885**	**957.060**
Total maximum exposure to credit risk	**2.915.610**	**3.147.203**

The assignment of the portfolio is carried out from the Cobranzas SAC platform daily the system validates the default of the clients and in accordance with the conditions of management of the portfolio it assigns it to the defined allies all the collection management of Credivalores is outsourced to specialized agencies and lawyers.

The authorized channels for customers to make payments are Efecty bank counter collection and PSE.

Clients who have advanced delinquent ages are offered negotiations where a fraction of their total debt is discounted, with the aim of maximizing collection and recovering the portfolio.

(Stated in million of Colombian pesos)

Credivalores is currently not exposed to counterparty risk with the payables, since the credits granted by the entity are aimed at natural persons who are employees or pensioners of the payables with which it has an agreement, it is not a credit disbursed directly to the paymaster's office. However, within credit risk management, the aim is to guarantee the stability of the client's income, which is why the concentration of portfolio placement is given in pensioners' and public paymasters' pays. Specifically, in 2024, the placement was concentrated in pensioners' payables, thus minimizing the customer's credit risk since their income is for life.

The data on the distribution of the portfolio by economic sector and the top of payments are shared, with respect to the quota, it is worth mentioning that the payment does not have an approved quota, since the credit is granted to the customer according to their discount and payment capacity, below, the participation by economic sector and payment is detailed:

Economic Sector Payable	Participation
Pensioners	48%
Private	15%
Policía y min. defensa	14%
Education	12%
Public	11%
Total general	**100%**

Payability	Participation
Colpensiones	19,76%
Policía nacional	4,34%
Consorcio Fopep	4,32%
Md ejercito soldados	4,08%
Drummond ltda	3,81%
Md ejercito	3,76%
Casur pensionados	3,34%
Fiduprevisora s.a.	3,13%
Cremil	3,05%
Porvenir pensionados	1,92%
Ci prodeco s.a. Calenturitas	1,78%
Sec edu mpal uribia	1,60%
Compañía seguros de vida alfa rentas vit	1,45%
Banco caja social	1,13%
Sec edu dptal cordoba	1,07%
12 pagadurías con participación entre el 0,50% y 0,99%	8,41%
1033 pagadurías con participación entre el 0,01% y 0,49%	33,05%
Total Payables	**100%**

Among the agreements is BAN100 with 2 credits and Ingenio la cabaña with 330 credits. These entities are considered related parties.

Credit risk model:

I. Transitions between stages

A financial asset is classified as a low credit risk asset based on the debtor's payment habits.
The first step in the methodology consists in evaluating a significant increase in credit risk by comparing the current status against a previous status of stage recognition of the loan.

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

Significant Increase in Credit Risk

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

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

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

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

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

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

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

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

II. PI – Probability of noncompliance

Term structure of PI

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

Credivalores employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over time. This analysis includes the identification and calibration of the relation between changes in default rates as well as an in-depth analysis of the impact of certain other factors on the risk of default.

For stage 1, the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities for the remaining life of the credit. The probability in Stage 3 is defined as 100%.

To determine the PD, the company used statistical models to analyze and select the variables significant in predicting whether clients would reach default during a known period that is determined by the stage of the loan. For stage 1, the PD is evaluated for the next 12 months; loans on later stages are evaluated for the remainder of the loan lifetime. To estimate lifetime probability, Credivalores calculates the 12-month PD, and for each successive year for the loan lifetime, the model estimates the PD conditioned to not having defaulted during previous years.

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

(Stated in million of Colombian pesos)

Forward-Looking Information

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

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

The economic scenarios used as of December 31, 2024, include the following key indicators (among others) for Colombia for the year ending 31 December 2024:

	2024		
	Scenario A	**Scenario B**	**Scenario C**
Consumer Price Index	186,78	166,13	207,43
Consumer Price Index Full Year Variation	3,04	2,25	3,83
Import Price Index	113,92	112,66	115,17
Economic performance Index	121,24	121,94	120,55
Economic performance Index, data affected by seasonal effect	119,08	119,69	118,47
Economic performance Index, data affected by seasonal effect Full Year Variation	2,48	2,67	2,28
Real Exchange Rate Index (ITCR), according to PPI - Bilateral with the United States	169,92	167,05	172,79
Gross domestic product	237522,42	240379,61	234665,24
Gross Domestic Product Annual Growth Rate	1,77	1,95	1,60
Unemployment rate	9,96	9,90	10,02
Foreign Exchange rate (COP/USD)	$ 4.257,98	$ 4.209,60	$ 4.306,35
Usury rate	37,2%	36,9%	37,5%
Variation of the usury rate	-1,49	-1,42	-1,56
Consumer Price Index	176,30	155,66	155,66
Gross domestic product	235953,95	238811,14	238811,14
Usury rate (Maximum interest rate)	37%	36%	36%
Producer Price Index	174,84	174,17	174,17
Export price index, according to foreign trade	175,55	176,82	176,82
Heavy Construction Price Index	100,65	97,68	97,68

Credit Risk Rating

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

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

Loan Portfolio

Payroll and Credit Card Loans

- Information collected internally about the behavior of customers.
- Demographic information of customers.
- Origination information of credits/customer.

III. PDI – Loss due to non-compliance

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

IV. ED – Exposure at Default

EAD represents the amount owed from a counterparty at the time of a possible default. For stage 2, Credivalores incorporates in the analysis of the exposure at default the probability of payments and increase or decrease in exposure during the lifetime of the credit.
These probabilities are estimated using the historical information collected by the company and are grouped by type of product. The probabilities are constantly reviewed in order to accurately estimate them and calibrate them.

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

V. Simplified Model

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

I. Roll Rate Methodology

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

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

Credit Portfolio other products:

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

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

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

I. ED – Exposure at default

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

(Stated in million of Colombian pesos)

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

Credit Risk Model: Other accounts receivable

Credivalores uses the simplified approach that lies in the non-measurement of the significant increase in risk, a point that marks the change of the measurement from 12 months to the entire life of the asset, making it easier to apply to determine the value of the impairment.

Credivalores applies the concepts in the following table to determine individual impairment:

Are the items that make up the balance receivable more than one year old?	Yes	Not
Has the debt been paid in the last year?	Yes	Not
Does the entity show signs of illiquidity?	Yes	Not
Does the company's management intends to liquidate the company?	Yes	Not
Has the entity sufficient operational and economic capacity to continue operating?	Yes	Not
Are there indications that the third party has no intention of paying the debt?	Yes	Not
Age of the items that make up the balance	Measurement in months	

7.2.1 Monitoring and Control Process

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

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

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

Below are the capital balances by default level:

As of December 31, 2024

Status	**Tu Crédito**	**CrediUno**	**CrediPóliza**	**Total managed portfolio**	**On balance sheet Portfolio**
CURRENT	301.507	257.051	26.039	584.597	517.638
1-30	13.493	26.832	19	40.344	39.734
31-60	7.793	2.205	91	10.089	9.508
61-90	6.361	4.706	10	11.077	10.593
91 – 180	9.952	9.849	71	19.872	18.749
181 – 360	15.444	84.316	212	99.972	98.663
> 360	150.793	316.568	7.514	474.875	474.487
Total	**505.343**	**701.527**	**33.956**	**1.240.826**	**1.169.372**

(Stated in million of Colombian pesos)

As of December 31, 2023

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

The following detail is due to compliance with paragraph 5 requested by the FNG, which indicates the balance of the committed and uncommitted portfolio classified by the height of arrears:

As of December 31, 2024

Status	Encumbered Loan Portfolio	Unencumbered Loan Portfolio	Total
CURRENT	296.169	288.428	584.597
1-30	7.153	33.191	40.344
31-60	1.805	8.284	10.089
61-90	4.112	6.965	11.077
91 - 180	8.545	11.327	19.872
181 - 360	77.216	22.756	99.972
> 360	320.825	154.050	474.875
Total	**715.825**	**525.001**	**1.240.826**

As of December 31, 2023

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

7.3 Credit worthiness

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

Entity	Type of Account	December 31, 2024	December 31, 2023
Banco de Bogotá	Savings/Checking	1.521	2
Bancolombia	Savings/Checking	230	6.050
Banco De Occidente	Savings/Checking	8	11
Banco Santander USD	Checking	34	36
Free Standing-Trust	Savings/Checking	19.973	49.316
		21.766	**55.415**

The following is a breakdown of creditworthiness as determined by independent credit rating agencies of all those major financial institutions in which the Company holds cash.

(Stated in million of Colombian pesos)

Long-term debt ratings are based on the following scale:

Item	Financial Institution	Short-term Rating	Rating Entity
1	Banco de Bogotá	AAA y BRC 1+	BRC Ratings – S&P Global S.A. SCV
2	Scotiabank Colpatria	AAA Y F1+	Fitch Ratings
3	Banco de Occidente	AAA Y F1+	Fitch Ratings
4	Bancolombia	AAA Y F1+	Fitch Ratings
5	Banco Santander	AAA Y F1+	Fitch Ratings

Cash and cash equivalents are held with banks and financial institutions through free-standing trust funds, which have ratings between AA- and AAA BCR + 1 from BRC Standard and Poor's.

The Company considers the credit ratings awarded to financial institutions with which it conducts treasury operations in the form of fiduciary assignments such as deposits or investments at sight which classify as cash equivalents. In order to establish a minimum margin risk exposure and ensure optimal resource management through periodic evaluations and measurements of the Company's exposure.

7.4 Market Risk

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

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

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

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

As of December 31, 2024 and December 31, 2023, Credivalores had the following financial assets and liabilities at fair value subject to trading risk:

Financial assets and liabilities at fair value exposed to trading risk held:	**December 31, 2024**	**December 31, 2023**
Equity Instruments	665	983
Derivatives instruments	2.401	13.806
Total	**3.066**	**14.789**
Net Position	**3.066**	**14.789**

7.5 Liquidity Risk

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

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

(Stated in million of Colombian pesos)

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

Exposure to liquidity risk

The following table is the details of the liquid assets available as of December 31, 2024 and December 31, 2023:

Description	December 31, 2024	December 31, 2023
Cash	-	2
Banco de Bogotá	1.521	2
Bancolombia S,A,	230	6.050
Banco de Occidente	8	11
Banco Santander Uruguay	34	36
Alianza Fiduciaria	2.312	17
Free Standing-trust	19.973	50.205
Mutual Fund	665	983
Fiduciaria Bancolombia	224	3.471
Total Liquid Assets	**24.967**	**60.777**

(*) This note includes cash and cash equivalents and fair value investments.

7.6 Operational Risk

Credivalores, adhering to the best practices of the financial system, has an Operational Risk Management System (SARO) to guarantee the achievement of its strategic objectives.

The SARO is framed in proactive management and aimed at minimizing losses due to the materialization of this risk and its management is aligned with good practices. The SARO is made up of 4 elements that enable the identification, measurement, control, and monitoring in a systematic, organized, and comprehensive way and are reflected in the SARO Manual.

During 2024, the operational risk matrices were updated in accordance with their value chain. These were formalized through a report that is sent to the person responsible for the process as well as the corresponding risk and control matrix. Similarly, periodic monitoring was carried out on the mitigation actions defined by the process leaders according to the residual risk levels obtained after the update. Training, training and communication deployments were carried out. The inherent and residual profile of the Entity has been updated.

In terms of risk events, those incidents reported and recorded in the event database were managed on a permanent basis, as reports are received through the tool defined for this purpose and the riesgooperacional@credivalores.com mailbox, established as a communication channel within the entity for any management carried out or supported by SARO. This event report contributes to the perception and risk assessment of the entity's processes and allows an adjustment on the level of control according to the root cause that is determined for each event.

It was possible to promote an Operational Risk Culture within the organization, which made it possible to strengthen the processes of identification and prevention of events. The SARO is framed in proactive management and aimed at minimizing losses due to the materialization of this risk and its management is aligned with good practices.

7.7 Financial risk management and hedge accounting

7.7.1 Risk Management Strategy

The Company actively manages its exposure to foreign exchange risk arising from its foreign currency financial obligations. Currently, it maintains a strategy of hedging cash flows through call spreads, which aims to protect against variations in the exchange rate of the United States dollar (USD).

7.7.2 Description of cash flow hedging

- **Instrument Type:** Financial Options (call spreads).
- **Hedged Risk:** Foreign exchange risk arising from a financial obligation denominated in U.S. dollars (USD).

(Stated in million of Colombian pesos)

- **Amount Covered:** USD 23,444,238.
- **Derivative Instrument Maturity Date:** June 2025.
- **Managed risk:** Variations in the exchange rate that may impact future payments associated with the financial obligation.

7.7.3 Assessing the effectiveness of coverage

The Company assesses the effectiveness of the hedge using a hypothetical derivative-based approach, which allows the value of the hedging instrument to be compared with the performance of a theoretical position equivalent to the hedged obligation.

- **Evaluation Method:** Hypothetical Derivative (Hypothetical Derivative Method).
- **Evaluation frequency:** Annual.
- **Efficiency indicator:** Evaluation of the economic relationship between the covered obligation and the derivative instrument, considering sensitivity to changes in the exchange rate.

7.7.4 Residual risk and ineffectiveness of coverage

Since the hedge is structured by a call spread, the Company recognizes that there is a residual risk arising from the spread between the options purchased and the options sold. This strategy limits the maximum profit in the face of a significant appreciation of the USD but maintains adequate protection against the depreciation of the local currency within the hedged range.

7.7.5 Accounting impact on equity and results

- Changes in the fair value of the effective component of the hedge are recognized in equity, under the heading "Other comprehensive income" (OCI), and are recognized in the income statement as the hedged obligation is carried out in accordance with the nature of the instrument, since for the particular instrument, once its liquidation has been executed, if it does not meet the corresponding requirements, no effect materializes due to its very structure and legal nature.

Inefficiencies in coverage, if any, are directly recognized in the income statement

NOTE 8. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalent balances encompass the following as of December 31, 2024, and December 31, 2023:

	December 31, 2024	December 31, 2023
Cash	-	2
Banks	21.766	55.415
Trusts (8.1)	2.536	4.377
	24.302	**59.794**

As of December 31, 2024 and December 31, 2023, there are no restrictions on any of the own accounts and trusts.

As of December 2024, there are 4 reconciliation items with a net value of $4, and as of December 2023 there are 17 reconciliation items with a net value of $5.

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

(Stated in million of Colombian pesos)

	December 31, 2024	**December 31, 2023**
Alianza Fiduciaria – Own	2.312	17
Collective Investment Funds	224	4.360
Total	**2.536**	**4.377**

Collective investment funds are in trusts, below is the detail with cut-off as of December 31, 2024, and December 31, 2023.

Entity	**December 31, 2024**	**December 31, 2023**
Investment PA Coomeva	19	889
PA Investment Collector - 2374	10	9
Syndicated PA Investment - 8273	-	3.446
PA Investment Collector - 4581	195	16
Total	**224**	**4.360**

8.2 The following is the breakdown of owned bank accounts:

	December 31, 2024	**December 31, 2023**
Own bank accounts	1.793	6.099
Bank Accounts in PA (Trusts) (1)	19.973	49.316
Total	**21.766**	**55.415**

(1) Below is the detail of bank accounts in PA (Trusts):

	December 31, 2024	**December 31, 2023**
PA Coomeva – 108217	320	256
PA Systemgroup – 15746	53	27
PA Systemgroup -15747	713	66
PA Sindicado – 8273	559	5.123
PA UBS O'Connor Gramercy – 15209	2.015	4.876
PA Libranza – 14604	38	4.996
PA Recaudador – 2374	14.409	27.666
PA Recaudador – 4581	1.860	6.305
PA Administrador – UBS O'Connor Gramercy 15260	6	1
Total	**19.973**	**49.316**

The average profitability with cut to December 2024 is 18.12%, and for 2023, it was 30.42%.

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

Manager	**Dec-24**	**Dec-23**	**Rating Agency**
Fiduciaria Bancolombia	AAA Y F1+	AAA Y F1+	Fitch Ratings
Fiduciaria la Previsora	AAA	AAA	BRC Investor Services S. A. SCV

Cash equivalents correspond to mutual and money market funds where the Company and the Free-Standing Trust have direct ownership of shares and rights. These funds invest in short-term paper, offer a slightly higher yield than saving accounts, and are classified as cash equivalents since the company can withdraw and deposit funds at any time, as funds are at sight.

NOTE 9. FINANCIAL INSTRUMENTS

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

(Stated in million of Colombian pesos)

	December 31, 2024	December 31, 2023
Collective Investment Funds (9.1)	665	983
Equity Instruments (9.2)	950	4.650
	1.615	**5.633**

9.1 At fair value with changes in results

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

Issuer	Type of Fund	Minimum Investment	Minimum Balance	Annual Return 2024	Annual Return 2023	As of December 31, 2024	As of December 31, 2023
BTG Pactual I Clase Z	Closed	5.000	2.000	-1,59352%	40,506%	637	955
Collective Investment Fund	Closed	200	200	7,11800%	14,039%	23	24
Credicorp Capital	At sight	-	-	6,990%	-	5	4
TOTAL						**665**	**983**

9.2 Equity instruments

	December 31, 2024	December 31, 2023
Agrocaña Shares	950	4.650
	950	**4.650**

The Company holds a 5.03% stake in the share capital of Agrocañas S.A., with 3,300 shares outstanding as of December 31, 2024. These are not listed on the stock exchange and are therefore measured at cost, the variations are recorded with changes in Equity. No sales are expected in the next 12 months.

During 2024, lower equity value is identified according to the financial information published at the end of 2023 and is recorded as impairment.

NOTE 10. INVESTMENTS IN ASSOCIATES

The detail of the investments in associates is as follows:

	December 31, 2024	December 31, 2023
Inverefectivas S.A (a)	13.018	11.895
Impairment (b)	(13.018)	-
	-	**11.895**

- **(a)** Credivalores holds a 25% ownership in Inverefectivas S.A. This Company was incorporated in accordance with the legislation of Panama and has 4,000 shares issued, of which Credivalores owns 1,000 shares with an intrinsic value of FIX 3.106,97, expressed using the TRM of 4.409,15 as of January 01, 2025, according to last certification received on March 31, 2024.
- **(b)** As of December 31, it is known that the company Inverefectivas is in the process of liquidation, therefore, the impairment of 100% of the investment is registered

The movement of investments in the associates account is shown below for the nine months ending December 31, 2024, and December 31, 2023:

(Stated in million of Colombian pesos)

	December 31	
Associate	**2024**	**2023**
Balance at the beginning of the period	**11.896**	**14.945**
Adjustments for exchange differences with changes in the ORI	1.751	(3.074)
Adjustment for valuation method of participation	(629)	25
Impairment	(13.018)	-
Period-end balance	**-**	**11.896**

NOTE 11. CREDIT QUALITY OF FINANCIAL ASSETS

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

	December 31, 2024	**December 31, 2023**
Cash and cash equivalents		
AAA	21.766	55.412
AA	-	3
Total Cash and Cash Equivalents	**21.766**	**55.415**

	December 31, 2024	**December 31, 2023**
Equity instruments (shares)		
Financial assets at fair value through other comprehensive income		
Financial sector	950	4.650
Total equity instruments	**950**	**4.650**

NOTE 12. LOAN PORTFOLIO, NET

Financial assets at amortized cost on the statement of financial position are classified as consumer portfolio and microcredit. Following is a description of the portfolio of Credivalores as of December 31, 2024, and December 31, 2023:

	December 31, 2024	**December 31, 2023**
Consumer	1.552.915	1.858.276
Impairment	(546.145)	(455.798)
Total financial assets at amortized cost	**1.006.770**	**1.402.478**
Total loan portfolio, net	**1.006.770**	**1.402.478**

The Financial Position Statement includes a net portfolio held in Free-standing trusts totaling 644.372 as of December 31, 2024, and 829.365 as of December 31, 2023. Credivalores classified portfolio by product in accordance with the days of default.

Below are the trusts as of December 31, 2024, and 2023:

	December 31, 2024	**December 31, 2023**
PA Sindicado – 8273	144.188	203.603
PA Systemgroup	294.634	177.382
PA UBS O'Connor Gramercy 15209	205.550	303.520
PA Libranza – 14604 (a)	-	144.860
Total	**644.372**	**829.365**

a. PA Libranza 14604 was settled at the end of July 2024.

The portfolio delivered in administration to the trusts is a guarantee of the financial liabilities granted in each PA and this is available to Credivalores to the extent that the liability is cancelled.

(Stated in million of Colombian pesos)

During 2024, portfolio sales were made for $172.278, and during 2023, they amounted to $157.089, respectively:

	December 31, 2024	December 31, 2023
BAN100	172.278	139.193
BTG Fondo Crédito	-	2.998
Banco Agrario de Colombia SA	-	1.622
BTG Fondo Credivalores I	-	62
BTG Activos Alternativos	-	13.214
Total	**172.278**	**157.089**

Below is the breakdown of profit and loss from portfolio sale:

1. Utility

	December 31, 2024	December 31, 2023
BAN100	19.218	6.568
Total	**19.218**	**6.568**

2. Loss

	December 31, 2024	December 31, 2023
BAN100	10.409	460
BTG Fondo Crédito	-	64
Banco Agrario de Colombia SA	-	2
BTG Fondo Credivalores I	-	595
BTG Activos Alternativos	-	2
Total	**10.409**	**1.123**

The movement of the provision for the impairment of financial assets by loan portfolio is provided below for the period ending December 31, 2024, and December 31, 2023.

	December 31,	
	2024	**2023**
Initial Balance	455.798	372.608
Impairment of the period charged against profit or loss	103.558	104.496
Write-offs	(13.211)	(21.306)
Closing balance	**546.145**	**455.798**

Expenditure on provisions and write-offs of loan portfolio

	December 31, 2024	December 31, 2023
Expenditure for the provisions period	103.558	104.496
Forgiveness	109.133	18.428
Total	**212.691**	**122.924**

Below, we present a breakdown of the loan portfolio in the balance sheet with all components:
As of December 31, 2024

Type	Principal	Transaction costs	Accrued Interest	Commissions	Impairment	Total
Consumer loans	1.169.374	40.109	332.382	11.050	(546.145)	**1.006.770**
Total financial assets at amortized cost	**1.169.374**	**40.109**	**332.382**	**11.050**	**(546.145)**	**1.006.770**

(Stated in million of Colombian pesos)

As of December 31, 2023

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

The distribution of maturities of Credivalores gross loan portfolio is the following:

As of December 31, 2024

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	244.374	700.003	210.271	398.267	1.552.915
Total Gross Loan Portfolio	**244.374**	**700.003**	**210.271**	**398.267**	**1.552.915**

As of December 31, 2023

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

The distribution of maturities of Credivalores principal loan portfolio is the following:

As of December 31, 2024

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Consumer	177.206	547.687	162.697	281.782	1.169.372
Total Principal Only Loan Portfolio	**177.206**	**547.687**	**162.697**	**281.782**	**1.169.372**

As of December 31, 2023

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

Below is the breakdown of Credivalores managed loan portfolio, which includes the loan portfolio on balance and the portfolio sold but still managed by the Company:

	As of December 31, 2024		
Type	**Principal Loan**	**Sold**	**Total**
Consumer	1.169.372	71.454	1.240.826
Total Financial Assets at amortized cost	**1.169.372**	**71.454**	**1.240.826**

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

Overdue but not impaired

As of December 31, 2024, and December 31, 2023, a summary of the overdue portfolio by days past due is as follows:

(Stated in million of Colombian pesos)

	December 31, 2024	December 31, 2023
Performing loans	517.638	912.996
Overdue but not impaired	49.242	72.738
Non-performing loans under 360 days	128.005	171.137
Non-performing loans over 360 days	474.487	327.671
	1.169.372	**1.484.542**

NOTE 13. ACCOUNTS RECEIVABLE, NET

The detailed information of accounts receivables as of December 31, 2024, and December 31, 2023, is as follows:

	December 31, 2024	December 31, 2023
Debtors (13.1)	44.626	98.075
Business Relations (13.2)	126.356	32.967
Asficredito (13.6)	59.041	75.967
Payments on behalf of customers (13.3)	32.515	26.238
Other accounts receivable (13.4)	35.505	30.623
To partners and shareholders	1.815	1.815
Provision for accounts receivable (13.5)	(25.416)	(8.401)
	274.442	**257.284**

13.1 The balance of the debtors account as of December 31, 2024 amounts to $44.626 and as of December 31, 2023 amounts to $98.075, mainly corresponds to outstanding portfolio collection balances from the free-standing trusts and utilities and claims of guarantees to FGA and administrative collection management expenses:

	December 31, 2024	December 31, 2023
ESP	20	167
Financial Advisory Fees	56	10
FGA – BTG – Otros(a)	16.571	50.787
Own (b)	22.522	32.122
Free Standing-Trust (c)	5.457	14.989
	44.626	**98.075**

(a) This account mainly contains collateral balance per portfolio in BTG, worth $16,291 as of December 31, 2024, and $14,282 as of December 31, 2023.
(b) This item contains the balance of sales of portfolio receivable, collection of own portfolios pending receipt and concept of collection cost to be collected by customers in arrears.
(c) Below is the detail of the assets:

	December 31, 2024	December 31, 2023
PA Sindicado – 8273	3.943	6.662
PA UBS O'Connor Gramercy – 15209	799	3.876
PA Libranza – 14604	-	4.313
PA Systemgroup	715	138
	5.457	**14.989**

13.2 The following is the detail with economically related parties:

	December 31, 2024	December 31, 2023
Ingenio la cabaña S. A. (a)	2.681	2.410
Finanza Inversiones SAS (b)	112.298	19.825
Inversiones Mad capital SAS (c)	11.377	10.732
	126.356	**32.967**

(Stated in million of Colombian pesos)

(a) Corresponds to loan plus interest accrued
(b) It consists of loans
(c) Corresponds to loans plus interest accrued

For the year 2023, the balance of Finanza Inversiones S.A. is offset with the account payable for $90,229, At the end of 2024, the balance is transferred to accounts receivable, and the balance is reflected in the asset.

In June 2024, Ingenio la Cabaña reported that it was admitted to the business reorganization process before the Superintendencia de Sociedades.

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

	As of December 31,	
	2024	**2023**
Finanza Inversiones	DTF + 9.41%	DTF + 9.41%
Ingenio la Cabaña	IBR + 8%	IBR + 8%
Mad Capital	DTF + 5%	DTF + 5%

(*) Finanza Inversiones was invoiced until August 2024, and Ingenio La Cabaña and Mad Capital were invoiced until September 2024

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

	December 31, 2024	**December 31, 2023**
Life Insurance Bills	14.242	12.248
Insurance CrediUno	7.481	7.117
Insurance Tigo	42	205
Insurance Credipoliza	577	579
Insurance Payroll SG	10.173	6.089
	32.515	**26.238**

The insurance policies listed above are contracted with BNP Paribas Cardif, correspond to compulsory insurance and cover life risk and total and permanent disability of debtors.

As of December 31, 2024, there was an account payable with Cardif for $2,917 and as of December 31, 2023, $8,202, for net premiums.

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

	31 de diciembre 2024	**31 de diciembre 2023**
To third parties	33.982	30.380
Embargoes (a)	1.513	223
Advances to Employees	10	20
	35.505	**30.623**

(a) This corresponds to the embargo made by Vision Software for 2024

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

	December 31, 2024	**December 31, 2023**
Balance at start of period	8.401	8.211
Deterioration (1)	34.066	12.988
Write-off	(17.051)	(12.798)
Balance at end of period	**25.416**	**8.401**

(Stated in million of Colombian pesos)

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

13.5.1. Detail Impairment

As of December 31, 2024, and December 31, 2023, the amount of the provision for impairment on accounts receivable amounts to $25,416 and $8,401, respectively. Changes in the provision for impairment of accounts receivable are described in the following table:

	2024	%	2023	%
Asficredito SA	7.872	13%	7.587	10,0%
Brestol	8.511	100%	-	-
Crediholding SAS	847	47%	-	-
Ingenio la cabaña SA	1.359	32%	-	-
Inversiones Mad capital	6.827	60%	-	-
Tiered collective portfolio	-		814	2,3%
	25.416		**8.401**	

Increases in impairment provision of receivables have been included in the "other expenses" line of the income analysis. Amounts charged to the provision account are usually written off when there is no expectation of receiving additional cash.

The Company does not maintain any guarantee as collection insurance.

13.6. Balances originated in the development of the business collaboration contract, in which Asficredito provides the service of sales forces of the Credivalores product.

NOTE 14. PROPERTY AND EQUIPMENT, NET

The Company's property, plant, and equipment as of December 31, 2024, and December 31, 2023, respectively, are as follows:

	December 31, 2024	December 31, 2023
Transportation equipment	59	279
Office equipment and accessories	250	1.806
Computer equipment	350	388
Network and communication equipment	1.609	1.785
Assets in financial lease	50	4.354
Subtotal	**2.318**	**8.612**
Accumulated depreciation	(2.283)	(8.311)
Total	**35**	**301**

The breakdown for equipment movement is shown below:

	December 31, 2023	Purchases	Reclassification	Write-off	December 31, 2024
Transport Equipment	279	-	151	(371)	59
Office Equipment & Accessories	1.806	12	391	(1.959)	250
Electronic equipment	388	-	-	(38)	350
Networking and communication equipment	1.785	26	(4)	(198)	1.609
Assets in financial lease	4.354	-	(538)	(3.766)	50
	8.612	**38**	**-**	**(6.332)**	**2.318**

(Stated in million of Colombian pesos)

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

The following is the depreciation movement as of December 31, 2024, and December 31, 2023, respectively:

	December 31, 2023	Depreciation	Reclasification	Write-offs	December 31, 2024
Transport Equipment	121	32	151	(246)	58
Office Equipment & Accessories	1.698	53	387	(1.894)	244
Electronic equipment	1.292	8	-	(165)	1.135
Networking and communication equipment	846	17	-	(67)	796
Assets in financial lease	4.354	-	(538)	(3.766)	50
	8.311	**110**	**-**	**(6.138)**	**2.283**

	December 31, 2022	Depreciation	Write-offs	December 31, 2023
Transport equipment	117	4	-	121
Office equipment and accessories	1.643	60	(5)	1.698
Electronic equipment	1.279	13	-	1.292
Telecommunications equipment	826	20	-	846
Assets in financial lease	4.354	-	-	4.354
	8.219	97	(5)	**8.311**

All equipment of Credivalores is duly protected with current insurance policies. To protect its property and equipment, the Company took out insurance policies with Beckley International Insurance Colombia and Chubb de Colombia as of December 31, 2024 and December 31, 2023, which cover the risks of theft, fire, lightning strikes, explosions, earthquakes, strikes, revolts, etc.

Property and equipment include the values of furniture, computer equipment and improvements to rented property, which are used in the Company's normal course of business.

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

NOTE 15. PROPERTIES BY RIGHT OF USE

Below is the plant and equipment properties that the Company has as of December 31,2024 and December 31, 2023, respectively:

	December 31, 2024	December 31, 2023
Assets		
Properties, Plant and Equipment (Right of Use)	-	9.289
Deferred tax asset	-	21
Liabilities		
Other financial liabilities - lease of use		
Non-current	-	(9.349)
Net	**-**	**(39)**

Properties and equipment include rights to use leases, in which the Company is the tenant, whose values are shown below:

(Stated in million of Colombian pesos)

	Rights of use Premises and Offices 2023	Rights of use Premises and Offices 2022
As of December 31		
Cost	9.753	9.251
Accumulated Depreciation	(464)	(7.230)
Net cost	**9.289**	**2.021**

	2024	2023
As of December 31		
Balance at the beginning of the year	9.289	2.021
Additions	2.330	9.507
Retreats	(9.738)	-
Depreciation charge	(1.881)	(2.239)
Balance at the end of the year	-	**9.289**

	2024	2023
As of December 31		
Cost	-	9.753
Accumulated Depreciation	-	(464)
Net cost	**-**	**9.289**

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

The leases that were part of the IFRS 16 measurement were canceled and terminated in the last half of 2024, which is part of the business strategy adopted by management going forward. From 2025, Credivalores will only have a lease for the main headquarters.

In relation to the rights of use recorded in the property, plant and equipment accounts, financial leasing liabilities have been recorded which are included in other financial liabilities and which as of December 31, 2024, have the following balances:

Lease liabilities	**December 31, 2024**	**December 31, 2023**
Opening Balances	**9.349**	**2.179**
Additions	2.330	9.507
Payments	(1.941)	(2.337)
Withdraws	(9.738)	-
Ending Balances	**-**	**9.349**

15.1Statement of Results

	December 31, 2024	**December 31, 2023**
Depreciation fee - usage asset	1.881	2.239
Interest expense on lease liabilities	338	395
Variable lease expenses	175	631
	2.394	**3.265**

Total cash outings for leases as of December 31, 2024, were $ 2.431 and for 2023, they were $3.370.

Variable Leases

Credivalores determined variable leases, based on the landlord's preponderance in the disposal and use of the asset, in this classification are the points of sale located in the chain warehouses.

NOTE 16. INTANGIBLE ASSETS, NET

Below we present the company's other intangible assets as of December 31, 2024 and December 31, 2023, respectively:

(Stated in million of Colombian pesos)

December 31, 2024

	Initial Balance	Additions	Amortization	Closing Balance
Software Licenses	1.074	1.192	1.776	490
Acquired Trademarks	4.760	-	4.760	-
Database	6.447	-	6.447	-
Other (Fees and Insurance)	223	3.048	3.010	261
Total	**12.504**	**4.240**	**15.993**	**751**

December 31, 2023

	Initial Balance	Additions	Amortization	Closing Balance
Software Licenses	1.441	1.832	2.199	1.074
Acquired Trademarks	7.140	-	2.380	4.760
Database	17.409	-	10.962	6.447
Contracts	13.054	-	13.054	-
Other (Fees and Insurance)	484	2.633	2.894	223
Total	**39.528**	**4.465**	**31.489**	**12.504**

In the second half of 2023, the sale of the Crediuno credit card business unit was carried out, which had related to the intangible databases and exclusivity contracts, decommissioned in 2024, due to the perfection of the same in the second half of 2024.

As of December 31, 2024, the balances of acquired brands for $2,578 million and database for $3,492 million were canceled and recorded in the company's income statements, because the CrediUno credit card business unit is not now part of Credivalores' business plan.

Disputed rights, the variation corresponds to the collection of the portfolio included in this item:

	December 31, 2024	December 31, 2023
Disputed rights	300	337
Total	**300**	**337**

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

	December 31, 2024	December 31, 2023
Brand amortization	4.760	2.380
Amortization of exclusivity contracts, databases and licenses	8.223	26.215
Subtotal	**12.983**	**28.595**
Consultancies, PA's commissions, contributions	2.726	175
Investors	-	1.988
Fees	-	119
Insurance	284	612
Total	**3.010**	**2.894**

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The breakdown of the financial instruments derived from investment and hedge accounting is as follows:

	December 31, 2024	December 31, 2023
ASSETS		
Prima Call	1.333	11.238
Hedge Options (17.1)	1.068	2.568
Total	**2.401**	**13.806**

Credivalores holds derivative financial instruments to hedge risk exposure in foreign currency.

(Stated in million of Colombian pesos)

Hedging operations

Credivalores activities are exposed to financial risks including liquidity risk, foreign currency risk and interest rate risks. Therefore, the administration and the Board of Directors have approved and implemented a financial risk management policy to mitigate the negative effects of financial market uncertainty and volatility on the company's financial performance. The financial risk management policy establishes the use of a wide variety of financial derivatives to cover the risks inherent in exchange rate fluctuations and the interest rate of financial obligations in currencies other than Colombian Pesos.

Credivalores has developed a hedging policy against financial risks to mitigate the effects that these risks may have on the income statement. In development of this policy, the main objective is to minimize the effects of the exchange rate on the liabilities in foreign currency that the company currently has. To achieve this objective CVCS has contracted different types of derivatives such as: Exchange Rate Forward, Cross Currency Swap, Cupon Only Swap and Options. The Management constantly monitors the results of this strategy and its effectiveness to adopt timely actions and corrective measures in favor of results. Effectiveness is measured retrospectively using the hypothetical derivative method. Equally, the methodologies for valuation at market prices have been adopted in accordance with the practices used by the Colombian financial system and international practices, with sources of information from price providers accepted by national regulators.

In accordance with the guidelines of said policy, the following is the list of derivative instruments implemented and in force as of December 2024 to cover foreign currency risks and interest rate risks of financial obligations denominated in foreign currency, these apply to financial obligations in USD contracted through the UBS GRAMERCY autonomous equity

Operaciones de Cobertura Vigentes

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

17.1 Derivate Financial Instruments Options

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

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

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

	Fair value			
	December 31, 2024		December 31, 2023	
ASSETS	Nominal Amount USD	Fair Value	Nominal Amount USD	Fair Value
Call spread premium option	0.2	1.068	1	2.568
Total forward contracts for hedging – assets	**0.2**	1.068	**1**	**2.568**

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

(Stated in million of Colombian pesos)

These financial instruments are valued under the methodology and market value provided by the counterparties; the type of measurement is cash flow.

The Company will maintain the derivative financial instruments to cover the risk exposure in foreign currency until maturity, which corresponds to the maturity of the loans with UBS OCONNOR that are being hedged with this instrument that, as of December 31, 2024, have an aggregate nominal value of US 23,444,238. The objective and strategy of management is to analyze and evaluate the appropriate method for the valuation of financial instruments, according to the type of operation and negotiation that is carried out.

Given the particular nature of derivatives with financial options and their economic substance, it is important to emphasize that the effectiveness of these operations lies in the fulfillment of their purpose. For this purpose, the rights that the instrument confers on its holder during its validity are manifested since it can only be exercised until the maturity date. Therefore, inefficiency cannot be considered in this type of hedge before its settlement, at which time its effect on P&L is reflected in the event of being favorable, otherwise, its effect on P&L is null. During its term, the valuation of the instrument incorporates the probability that, at maturity, a favorable or unfavorable position will be determined.

The hedging movements for the year 2023-2024 are detailed below:

	December 31, 2024	Liquidation	P&L	OCI	December 31, 2023	Liquidation	P&L	OCI	December 31, 2022
ASSETS									
Prima Call	1.333	-	9.905	-	11.238	(25.654)	21.467	-	7.051
Forward Coverage	-	-	-	-	-	3.368	1.752	-	5.120
Hedging Swaps	-	-	-	-	-	(9.736)	16.664	(17.074)	(10.146)
Coverage Options	1.068	-	-	1.500	2.568	78.835	78.476	(63.043)	96.836
Total Assets	**2.401**				**13.806**				**98.861**

NOTE 18. FINANCIAL OBLIGATIONS

Below, we present the balances of financial obligations:

	December 31, 2024	December 31, 2023
Notes 144 A / Reg S (1)	929.449	805.688
Notes ECP Program (1)	143.316	124.233
Financial obligations in Free Standing-Trust(2)	225.114	412.652
National bank promissory notes	16.705	23.730
Local Ordinary Bonds - FNG Partial Guarantee	95.940	95.940
Loans to other entities	174.123	146.049
(-) Accounts receivable compensation	-	(90.229)
Financial Obligations Principal Subtotals	1.584.647	**1.518.063**
(-) Transaction costs	(23.282)	(32.860)
Subtotal net transaction costs	**1.561.365**	**1.485.203**
(+) Interest Accrued Payable	185.785	53.014
Balance of financial obligations, net	**1.747.150**	**1.538.217**

The balances of the financial obligations of Credivalores and the Trusts of which it is the settlor as of December 31, 2024 and December 31, 2023, correspond to obligations contracted with financial institutions in the country and obligations in the foreign capital market. Short-term obligations are considered credits that must be repaid between the period December 2024 and December 2025 and credits that have a maturity after December 2025, respectively, are considered long-term.

The most representative variations were generated by (1) Increase generated by variation in TRM, (2) Decrease generated by payments of obligations.

Credivalores, in use of the 30-day grace period granted by this obligation, did not make the payment on the maturity date of coupon 8 on February 07, 2024, during this grace period, the Company advanced negotiations with an Ad Hoc committee of bondholders hand in hand with financial and legal advisors in the United States to launch an exchange offer and vote on a Restructuring Plan of the obligation, this launch had an opening date of March 7, 2024 and a closing date of April 3, 2024, the restructuring agreement was filed for approval in a New York court on May 16, 2024. On July 2, 2024, the New York Judge approved the restructuring of the bonds; however, on August 30, 2024, Credivalores filed a request with the Superintendence of Companies to take advantage of a business reorganization plan, thus suspending the process of issuing the new notes and closing the transaction. This request was rejected, a situation that led to a new request for admission to the cut-off of October 31, sent on November 22 and was accepted by the Superintendence of Companies on December 12, 2024.

(Stated in million of Colombian pesos)

Short-term financial obligations

Credivalores has short-term financial obligations during the periods ending December 31, 2024, and December 31, 2023, for a value of $ 1.353.950 and $ 178.684, respectively. The measurement of liabilities financial instruments of financial obligations is valued at low amortized cost as established by IFRS 9.

Entity	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee
	December 31, 2024					December 31, 2023				
Own financial obligations										
Banco de Bogotá	1.400	IBR+7,75%	72	COP	No	3.850	IBR+7,75%	30	COP	No
Banco de Occidente	8.753	IBR+5,00%	446	COP	No	8.860	IBR+5%	93	COP	No
Banco de Occidente	-	-	-	-	No	278	IBR+8%	3	COP	No
Bancolombia	4.542	IBR+11,75%	266	COP	No	4.544	IBR+11,75%	5	COP	No
Bancolombia	1.234	IBR+7,95%	59	COP	No	1.238	IBR+7,95%	1	COP	No
Bancolombia	776	IBR+11,8%	46	COP	No	4.960	IBR+11,8%	7	COP	No
Finanza Inversiones (USD) (a)	167.308	SOFR+20,26%	58.537	USD	No	140.142	SOFR+10,26%	16.002	USD	No
Finanza Inversiones (USD) (a)	6.815	20%	2.019	USD	No	5.907	20%	1.690	USD	No
144 A/Reg. S bonds coupon 8.875% due 2025 (d)	929.449	8,875%	110.671	USD	No	-	-	-	USD	No
FNG Partial Guaranteed Local Ordinary Bonds (e)	95.940	9,10%	4.259	COP	No	95.940	9,10%	2.972	COP	No
Subtotal	**1.216.217**		**176.375**			**265.719**		**20.803**		

Entity	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee
	December 31, 2024					December 31, 2023				
Free Standing-Trust										
PA Sindicado - 8273	46.732	IBR+5,50%	122	COP	Si	13.970	IBR+5,50%	88	COP	Si
PA UBS O'Connor Gramercy 15209	63.112	SOFR+11,50%	1.686	USD	Si	-	-	-	USD	Si
PA Systemgroup - 15746	27.889	23,83%	501	COP	Si	-	-	-	COP	Si
Subtotal	**137.733**		**2.309**			**13.970**		**88**		
Total Short-Term Obligations	**1.353.950**		**178.684**			**279.689**		**20.891**		

Long-term obligations

The Company had long-term financial obligations during the periods ending December 31, 2024, and December 31, 2023, totaling $ 230.697 and $ 1.328.603, respectively. Associated costs incurred in the acquisition of loans are classified as transaction costs pending IFP amortization for the periods ending December 31, 2024, and December 31, 2023, valued at 23,282 and 32.860, respectively. The measurement of financial liability instruments for financial obligations is valued at amortized cost, as per IFRS 9.

The total balance of financial obligations for the periods ending December 31, 2024 and December 31, 2023 is $11.561.365 and $1.485.203 respectively, which will be paid off as described above.

(Stated in million of Colombian pesos)

Entity	Capital Balance	Interest Rate	Interest Balance	Currency	Guarantee	Capital Balance	Interest Rate	Interest Balance	Currency	Guarantee
	December 31, 2024					December 31, 2023				
Own financial obligations										
International Notes (ECP Program) (b)	143.046	10,00%	6.794	USD	No	123.999	10,00%	380	USD	No
International Notes (ECP Program) (b)	270	12,50%	16	USD	No	234	12,50%	0	USD	No
144 A/Reg. S notes of 8.875% due 2025 (d)	-	-	-	-	-	805.688	8,875%	28.403	USD	No
Subtotal	**143.316**		**6.810**			**929.921**		**28.783**		

Entity	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee	Capital Balance	Interest Rate	Interest Balance	Coin	Guarantee
	31 de diciembre de 2024					31 de diciembre de 2023				
Free Standing-Trust										
PA Sindicado - 8273	87.381	IBR+5,50%	291	COP	Si	158.712	IBR+5,50%	1.041	COP	Si
PA Libranza - 14604 (c)	-	-	-	-	-	111.247	IBR+8,00%	372	COP	Si
PA UBS O'Connor Gramercy 15209	-	-	-	-	-	93.269	SOFR+11,50%	1.391	USD	Si
PA Systemgroup - 15746	-	-	-	-	-	35.454	19,71%	536	COP	Si
Subtotal	**87.381**		**291**			**398.682**		**3.340**		
Total Long-Term Obligations	**230.697**		**7.101**			**1.328.603**		**32.123**		
Transaction Cost of Amortizing IFP	(23.282)		-			(32.860)		-		
Accounts Receivable Finance Investments	-					(90.229)				
Total Financial Obligations	**1.561.365**		**185.785**			**1.485.203**		**53.014**		
Total Financial Obligations	**1.747.150**					**1.538.217**				

Financial obligations in trusts that are guaranteed are detailed in Note 10 Net loan portfolio.

The item for rights-of-use for the periods ending December 31, 2024, and December 31, 2023, correspond to 0 and 9.349 respectively (see note 15).

Obligations stated in foreign currency

	December Fair Value 2024		December Fair Value 2023	
Entity	**Nominal Value USD**	**Fair value COP**	**Nominal Value USD**	**Fair value COP**
Finanza Inversiones (a)	39	174.123	38	146.049
Notes ECP programa (b)	32	143.316	32	124.233
144 A / Reg S Bonds (c)	211	929.449	211	805.688
Suma	**282**	**1.246.888**	**281**	**1.075.970**

(a) Finanza Inversiones

The loans of this item were disbursed between August 2022 and March 2023, maturing in February 2025.

For the year 2023, the balance of Finanza Inversiones S.A. had compensation from the account payable for $90,229, at the end of 2024 the compensation was undone, and the receivable value is reflected in the asset.

(b) ECP Program Notes

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

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

In December a new note maturing on December 20, 2028 was issued in the value of US 32,443,137, coupon of 10% with quarterly payments, annual principal payments of 25% from the second year onwards.

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

(c) 144 A/Reg. S notes coupon 8.875% due 2025

February and August 2024 coupons were accrued but not paid, and included in the balances of the detail of the composition of the financial obligations of this note.

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

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

Principal	Coupon	First Coupon Payment - 07/08/2020	Second Coupon Payment - 07/02/2021	Third Coupon Payment - 07/08/2021	Fourth Coupon Payment - 07/02/2022	Fifth Coupon Payment - 07/08/2022
268.000.000	8,875%	11.892.500	11.892.500	11.892.500	11.892.500	11.892.500
	Total in USD	**11.892.500**	**11.892.500**	**11.892.500**	**11.892.500**	**11.892.500**
	FX Rate	3.775,95	3.543,28	3.949,33	3.962,68	4.337,28
	Total in Million Pesos	**44.905.485.375**	**42.138.457.400**	**46.967.407.025**	**47.126.171.900**	**51.581.102.400**

Principal	Coupon	Sixth Coupon Payment - 07/02/2023
268.000.000	8,875%	11.892.500
	Total in USD	**11.892.500**
	FX Rate	4.669,74
	Total in Million Pesos	**55.534.882.950**

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

During the months of April and May 2020, Credivalores carried out repurchase operations of Notes 144 A / Reg S maturing in 2025 and coupon of 8.875% in the secondary market through a broker for a total amount of US$32,000,000 of principal. The entire amount repurchased from these Notes in April and May was cancelled at the end of September 2020. As a result, as of December 31, 2022, the new outstanding amount of the 144 A / Reg S Notes due 2025 and coupon of 8.875% is US$268,000,000. The outstanding amount of interest payable at the close of these financial statements amounts to $115,255 million.

In May 2023, Credivalores decreased the principal value of the bonds by US$57,200,000, in accordance with the capitalization process, mentioned in note 24, as a result, as of December 31, 2024, the new outstanding amount of Notes 144 A/Reg S due 2025 and coupon of 8.875% is US$210,800,000.

Credivalores successfully advanced negotiations with an Ad Hoc committee of bondholders with financial and legal advisors in the United States, A Restructuring Plan was agreed upon and presented and approved before the Bankruptcy Court of the District of New York. This Plan implied a 25% reduction of the obligations, as well as a new term and interest rate for the fulfillment of the obligation. However, for the Plan to enter into force, the payment of administration expenses for the fees of the financial and legal advisors of the United States must be made beforehand, which, as of the date of preparation of this report, has not occurred.

(Stated in million of Colombian pesos)

Own obligations in Colombian local currency

(d) Fondo Nacional de Garantías:

On August 26, 2021, CVCS placed the first batch of its first issuance of ordinary bonds with partial guarantee from the National Guarantee Fund (hereinafter the "FNG") in the Second Market of the Colombian capital market. The total amount of the issuance, authorized by the Financial Superintendence of Colombia in September 2021, is 160,000 million pesos and in August 2021 the Company placed the first batch of the issuance for an amount of 52,900 billion pesos with a term of 3 years with a coupon rate of 9.10%.

The placement of the first lot had an overdemand of 1.51 for the amount initially offered, which was 35,000 million pesos. Subsequently, on September 23, 2022, Credivalores placed the second batch of the FNG's issuance of ordinary bonds with partial guarantee for an amount of 43,040 million pesos, maintaining the same maturity date and coupon of the issuance of the first batch. Therefore, at the end of September 2022, the total balance of ordinary bonds with partial guarantee of the FNG issued by Credivalores was 95,940 million.

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

Last August 2024, Credivalores defaulted on payment to holders of bonds issued in Colombia worth $95,940 million. 70% of this value was paid to the holders by the National Guarantee Fund, which will be subrogated in the position of the holders. This liability has not been paid because the company is limited by the restrictions of Article 17 of Law 1116 of 2006, which prohibits the payment of liabilities subject to the reorganization process, which do not correspond to the ordinary course of business and do not have such resources. Consequently, this liability will be subject to the terms set in the insolvency process. The remaining 30% of capital plus overdue interest are pending payment at the end of these financial statements, no further progress has been made by the FNG board of directors on this issue.

Obligations in autonomous patrimonies (PA) in Colombian local currency

(e) PA Credivalores Libranzas:

On January 31, 2022, Credivalores closed a credit line committed to Citibank Colombia for an amount of 290,000 million pesos, which was structured through an autonomous equity without recourse to Credivalores. This facility is backed by a portfolio of drafts, with an initial revolving period of 24 months and subsequent amortization of the capital depending on the portfolio, to achieve an average life of the facility of around 5.6 years. At the end of December 2023, it has a capital balance of $ 111,247. In July 2024, the financial liabilities were liquidated, and the portfolio item of this equity, at the time of writing this report, the trust is in the process of liquidation.

(f) PA Sindicado – Fiduciaria Bancolombia:

In the trust, the lending creditors are financial institutions and submit to the courts the following capital balance:

	December 31, 2024	December 31, 2023
Banco de Bogotá	11.686	14.969
Banco de Occidente	24.172	31.432
Banco Santander	13.460	17.408
Bancolombia	84.795	108.873
Total	**134.113**	**172.682**

(g) PA UBS O'Connor Gramercy – Fiduciaria Bancolombia

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

(Stated in million of Colombian pesos)

	Nominal Value A december, 2024		Nominal Value A december, 2023	
Entidad	**Nominal Value USD**	**Fair value COP**	**Nominal Value USD**	**Fair Value COP**
UBS O'Connor Gramercy	14	63.112	24	93.269
Total	**14**	**63.112**	**24**	**93.269**

Covenants

As of December 31, 2024, Credivalores presents current covenants on the obligations it maintains with the Syndicated PA, BTG, PA UBS O'Connor Gramercy, and the international bond. The status of the ratios to be measured is as follows:

- **PA Syndicated and BTG:** All the indicators of this facility calculated concerning the company's equity are in an Unfulfilled status as of December 31, 2024, since the aforementioned item closed in negative results. In these facilities, the only indicator met at the cut-off was the ratio of provisions to the non-performing portfolio for the Syndicated PA, which yielded a result of 90%, being in line with the minimum limit required in this ratio.

- **PA UBS O'Connor Gramercy:** all indicators of this facility are in an Unfulfilled status as of December 31, 2024, due to difficulties in accessing funding sources and the negative equity with which the company closed in the aforementioned period

- **International Bond:** The financial indicators calculated for this facility are in an Unfulfilled status as of December 31, 2024 due to different movements in the company's assets and the negative equity with which the company closed in the aforementioned period, this consequently means that the company cannot take on new debt until the indicators are corrected. unless the indebtedness is framed within activities of the ordinary course of business. Notwithstanding the foregoing, the Company has not taken on new debt, and, on the contrary, its financial liabilities have been reduced.

At the end of December 31, 2024, because of the admission process of Law 1116 on restructuring and chapter 11, covenants are not measured.

- **IFP Financial Cost**

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

The financial cost of financial obligations for the periods ended December 31, 2024, and December 31, 2023:

	December 31, 2024	**December 31, 2023**
Interest Obligations in PA (a)	52.290	108.900
Interest Own obligations	77.344	48.932
Financial Cost Derivatives	9.905	116.864
Interest on bonds in USD Foreign Issuance	82.269	84.242
Interest on bonds in USD Local Issuance	5.591	8.558
Amortization transaction costs	30.474	52.970
Interest on lease liabilities	338	394
Total	**258.211**	**420.860**

(a) In accordance with the nature of each trust and in accordance with its conditions, the corresponding presentation is made for each type and its respective currency of origination:

(Stated in million of Colombian pesos)

	December 31, 2024		December 31, 2023	
Free Standing-Trust	**Costo financiero**	**Coin**	**Costo financiero**	**Coin**
PA Sindicado – 8273	24.290	COP	37.919	COP
PA Libranza – 14604	11.725	COP	38.537	COP
PA UBS O'Connor Gramercy – 15209	6.799	USD	6.726	USD
PA Systemgroup – 15746	9.476	COP	25.718	COP
	52.290		**108.900**	

The transaction cost movement for the years ended December 31, 2024, and 2023 is detailed below:

	TC International Bonds and Notes	TC Local Bonds	TC Free Standing-Trust	CT Other Loans	Total
Balance Begins 2022	40.162	5.842	21.377	-	67.381
(+) High	8.568	1.040	-	8.841	18.449
(-) Low	-	-	-	-	-
(-) Amortizations	(31.279)	(3.122)	(14.635)	(3.934)	(52.970)
Balance Beings 2023	**17.451**	**3.760**	**6.742**	**4.907**	**32.860**
(+) High	20.896	-	-	-	20.896
(-) Low	-	-	-	-	-
(-) Amortizations	(16.023)	(3.760)	(6.096)	(4.595)	(30.474)
Balance Final 2024	**22.324**	**-**	**646**	**312**	**23.282**

Difference in change

The exchange difference generated for the years ended December 31, 2024, given the contraction of the Colombian peso against the dollar, influenced by factors such as the policy of the reserve in its increase in rates to control inflation in the United States, the volatility in oil prices; the portfolio of assets and liabilities in foreign currency registered a difference in exchange against to a greater extent due to the effect of the Bond in USD and the financial obligations acquired through finance investments whose value amounts to 248M and its effect on difference in exchange reached 146MM of the total 176 MM, due to the fact that at the end of 2024 the TRM was $4,409.15 and at the end of 2023 it was $3,822.05.

As of December 31, 2023, given the appreciation of the Colombian peso against the dollar, influenced by factors such as the global weakening of the dollar and the increase in oil prices, the portfolio of assets and liabilities in foreign currency registered a favorable exchange difference to a greater extent due to the effect of the USD Bond and the financial obligations acquired through finance investments whose value amounts to 248M and its effect on difference on the other hand, it reached 257MM of the total 321 MM, due to the fact that at the end of 2023 the TRM was $3,822.05 and at the end of 2022 it was $4,810.20.

NOTE 19. EMPLOYEE BENEFITS

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

Below is a breakdown of employee benefit payments as of December 31, 2024, and December 31, 2023:

	December 31,	
	2024	**2023**
Severance interest	37	43
Retirement bonuses payable	1.014	1
Layoffs	310	370
Holiday	368	640
Total	**1.729**	**1.054**

The current component of employee benefits must be paid within the twelve months following the reporting period.

The company, within its compensation policies, has no post-employment benefits.

(Stated in million of Colombian pesos)

NOTE 20. OTHER PROVISIONS

Credivalores provisions as of December 31, 2024, and December 31, 2023, respectively are provided below.

	December 31, 2024	December 31, 2023
Litigations subject to executive proceedings (a)	835	835
Other provisions (b)	732	2.097
	1.567	**2.932**

Contingencies with probability of occurrence:

	December 31, 2024	December 31, 2023
Labor processes	14	400
Actions for Nullity and Restoration of Rights (SIC Proceedings)	821	435
Total	**835**	**835**

a) The provisions correspond mainly to labor, civil, and administrative proceedings filed by third parties against Credivalores on which contingencies as of December 31, 2024, for $835 and 2023 for $835 were recognized and were not increased according to the probability of occurrence for the period ended December 31, 2024. For these provisions, it is not possible to determine a disbursement schedule due to the diversity of processes in different instances. However, Credivalores does not expect significant changes in the amounts provisioned because of the payments that will be made on each of the processes. The expected resolution time is uncertain because each process is in a different instance.

b) The balance of other provisions for third parties is as follows:

	December 31, 2024	December 31, 2023
D.F King New York.	-	10
Muñoz AYA S. A. S.	37	47
Fiduciaria Bancolombia	-	393
Pwc Contadores y Auditores	695	-
Experian Colombia sa	-	434
Activar Valores S. A. S.	-	1.213
	732	**2.097**

NOTE 21. ACCOUNTS PAYABLE

Below, we detail the balance of accounts payable has Credivalores December 31, 2024, and December 31, 2023, respectively:

	December 31, 2024	December 31, 2023
Leases	233	32
Suppliers	46	10
Commission and fees (21.1)	5.597	5.610
Withholdings and labor contributions	1.680	719
Other accounts payable (21.3)	24.821	72.987
Costs and expenses payable (21.2)	33.897	11.762
	66.274	**91.120**

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

21.2 Costs and expenses payable

	December 31, 2024	December 31, 2023
Technical Service Providers	15.924	4.660
Contract assignments	213	-
Invoices in foreign currency	11.435	3.450
Collection Services	3.894	175
Fiduciary Services	1.753	3.455
Maintenance	672	7

(Stated in million of Colombian pesos)

Representation and PR expenses	6	15
	33.897	**11.762**

21.3 Other accounts payable

	December 31, 2024	December 31, 2023
Disbursements	-	784
Refunds	449	10.149
Collection in favor of third parties (1)	9.863	10.259
VISA C1 disbursement agreement (2)	2.100	18.707
Different (3)	12.409	33.088
	24.821	**72.987**

(1) Corresponds to the collection of the portfolio administered to third parties that are pending payment at the cut-off.
(2) Includes the account payable to Ban100 for VISA compensation for movement of uses of the Crediuno credit card, the decrease corresponds to the amount paid in July 2024.
(3) The balance of this item corresponds to accounts payable to third parties, mainly to the portfolio sale contract with Ban100 in 2023 cancelled in 2024.

NOTE 22. CURRENT AND DEFERRED TAX LIABILITIES

22.1 Components of current tax asset:

Current tax assets for the years ended December 31, 2024, and December 31, 2023 is as follows:

	December 31, 2024	December 31, 2023
Income tax advance	45.807	41.466
Industry and Commerce Tax	27	10
Total current tax assets	**45.834**	**41.476**

22.2 Components of current tax liabilities

Current tax liabilities for the years ended December 31, 2024, and December 31, 2023 is as follows:

	December 31,	
	2024	2023
Income Tax	901	901
Industry and Commerce Tax	207	559
Sales Tax	-	156
	1.108	**1.616**

22.3 Components of income tax expense

Income tax expense for the years ended December 31, 2024, and December 31, 2023 is as follows:

	December 31,	
	2024	2023
Income Tax	-	901
Deferred Tax	(163.454)	1.399
	(163.454)	**2.300**

Credivalores does not present Current Income Tax expenses because there is a tax loss.

Under the IAS 12, current and deferred taxes are recognized as income or expense in the income statement, except to the extent that they arise from a transaction or event recognized outside profit or loss in other comprehensive income (OCI), in equity. Therefore, in the periods ending December 31, 2024, and 2023, other comprehensive income was recognized in equity.

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

(Stated in million of Colombian pesos)

The tax provisions in force in Colombia concerning income and complementary taxes applicable during the years 2024 and 2023 establish, among other things, the following:

- Income tax and complementary taxes are regulated through the changes established in Law 2277 of 2022 - Tax Reform for Equality and Social Justice.
- Tax income is taxed at a general rate of 35% for domestic companies and their equivalents, permanent establishments of foreign entities and foreign legal entities with or without residence in the country required to file the annual income tax return and complementary taxes.
- A minimum tax is established for residents in Colombia; an additional tax is set in the event that the income tax adjusted with some adjustments is less than 15% of the accounting profit before taxes with certain adjustments. That being the case, taxpayers will have to:
  - Determine the cleared tax of the Colombian taxpayer, or the cleared tax of the group in case it becomes part of a business group.
  - Determine the adjusted profit of the Colombian taxpayer or the group in the event that it becomes part of a business group, and,
  - Determine the adjusted tax rate of the Colombian taxpayer or the group in the event that it becomes part of a business group. If the effective rate (Income Tax/Adjusted Profit) is less than 15%, the tax to be added by the taxpayer or the group must be calculated in the event that it becomes part of a business group.
- Under article 188 of the National Tax Statute, as of the taxable year 2021, the percentage of presumptive income is zero (0%) of the net assets of the last day of the immediately preceding taxable year.
- Also, the tax rate on occasional profits is modified from 10% to 15%.
- As of the 2023 taxable year, the industry and commerce tax and notices and boards are eliminated as a tax discount on income tax; This can only be taken as a deduction.
- Excess presumptive income may be offset in the following 5 taxable periods, and tax losses may be offset against ordinary net income obtained in the following 12 taxable periods.

The Company performed the reconciliation of the effective rate under IAS 12, the following is the detail between the total income tax expense of the Company calculated at the current tax rates and the tax expense (income) effectively recorded in the results of the period for the year 2024 with a rate of 26% and for 2023 of 25%, as detailed below:

	2024	**2023**
Earnings (loss) before tax	(626.218)	9.159
Income Tax rate	35%	**35%**
Income Tax	(219.176)	3.206
More (less) tax impact on:		
Non-deductible expense	58.216	6.986
Exchange rate differences	(2.577)	(8.892)
Non-deductible tax	3	12
Presumptive interest	80	87
Occasional gain from sale of intangible assets	-	901
Total income tax provisions charged to income	**(163.454)**	**2.300**
Effective rate	**26%**	**25%**

22.5 Deferred Tax

Under IAS 12 Income Tax, differences between the carrying amount of assets and liabilities and their tax bases give rise to temporary differences that generate deferred taxes, calculated and recorded in the periods ended December 31, 2024, and December 31, 2023, based on the tax rates in effect for the years in which such temporary differences will be reversed.

The determination of the calculation will be made at the rate of 35% of income tax and complementary taxes, according to the measurement of deferred tax expenses, for the taxable year 2024.

	December 31,	
	2024	**2023**
Assets deferred taxes	349.292	239.063
Liabilities deferred taxes	(56.682)	(110.306)
Deferred taxes assets (liabilities), net	**292.610**	**128.757**

(Stated in million of Colombian pesos)

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

	December 31,	
	2024	**2023**
Balances as of January 1	**128.757**	**157.736**
Charge (credit) to the statement of results	163.453	(1.399)
Charge (credit) to the other comprehensive results	400	(27.580)
Balance as of December 31	**292.610**	**128.757**

Assets Tax-deferred realization

According to the results of the evaluation of the solvency, profitability, utility and liquidity indicators, Credivalores is able to continue operating and prepare the financial statements under the hypothesis of going concern in compliance with current regulations, consequently, for future periods it is projected to generate taxable net income against which the securities recognized as deferred tax assets can be recovered.

The estimates of the fiscal results of the following periods are based on the projection of financial operations, the business plan that mainly consists of debt restructuring, capitalization by shareholders, and resumption of portfolio placement. This plan began in 2024 with the acceptance of the New York court in chapter 11 and in Law 1116 on restructuring in Colombia. with these positive changes, it is expected to be carried out and allow the recovery of the deferred tax assets.

The business plan is being structured by the management of Credivalores, which will be developed during the year in order to obtain positive results.

CREDIVALORES -CREDISERVICIOS S. A.
STATEMENT OF CASH FLOWS
PERIODS ENDED DECEMBER 31, 2024 AND 2023

(Stated in millions of Colombian pesos)

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

	Portfolio Provision	IFRS 9 Adoption	Adoption of IFRS 16	Depreciation of Fixed Assets	Provision of Expenses	Valuation of Financial Instruments	Tax Loss	Available in foreign currency	Shares	Total
Deferred Tax Assets										
Balance as of January 1, 2023	4.441	16.469	55	135	212	27.101	114.037	-	-	162.450
Charge (credit) to income statement	(4.145)	-	(34)	(82)	(192)	-	107.843	1	-	103.391
Charge (credit) to other comprehensive income	-	-	-	-	-	(27.101)	-	-	323	(26.778)
Balance as of December 31, 2023	**296**	**16.469**	**21**	**53**	**20**	**-**	**221.880**	**1**	**323**	**239.063**
Charge (credit) to income statement	(296)	-	(21)	14	(20)	-	110.678	(1)	-	110.678
Charge (credit) to other comprehensive income	-	-	-	-	-	-	-	-	(125)	(125)
Balance as of December 31, 2024	-	**16.469**	-	67	-	-	332.558	-	198	349.292

	Valuation of Financial Instruments	Portfolio Provision	Intangible	Impairment of Financial Instruments	Shares	Available in foreign currency	Foreign Currency Liabilities	Total
Deferred Tax Liabilities								
Balance as of January 1, 2023	-	-	3.881	133	673	26	-	4.713
Charge (credit) to income statement		-	(1.624)	(133)	(172)	(26)	106.745	104.790
Charge (credit) to other comprehensive income	899	-	-	-	(96)	-	-	803
Balance as of December 31, 2023	899	-	2.257	-	405	-	106.745	110.306
Charge (credit) to income statement	-	16.252	(2.257)	-	263	(1)	(67.356)	(53.099)
Charge (credit) to other comprehensive income	(525)	-	-	-	-	-	-	(525)
Balance as of December 31, 2024	374	16.252	-	-	668	(1)	39.389	56.682

(Stated in millions of Colombian pesos)

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

22.6 Tax uncertainties

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

Period	Declaration	Remarks
2021	Rent	No oversight by the DIAN.
2022	Rent	No oversight by the DIAN.
2023	Rent	No oversight by the DIAN.

Of the above statements, the Tax Authority has not initiated review processes for the taxable years 2021, 2022, and 2023.

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

Performing deferred tax assets

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

22.7 Annual Statement of Assets Held Abroad

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

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

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

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

NOTE 23. OTHER LIABILITIES

Below the detail of other liabilities:

	December 31, 2024	December 31, 2023
Sales Force Commission	-	11
Outstanding Checks	-	181
Collections from managed portfolios	4.898	9.117
Collection for applying Libranza, Crediuno, Credipoliza, Tigo (23.1)	8.086	6.866
Values received for third parties (23.2)	7.572	9.385
Total Other liabilities	**20.556**	**25.560**

23.1 Collection for applying

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

(Stated in million of Colombian pesos)

23.2 Values received for third parties

Below the detail of other Values received for third parties

	December 31, 2024	December 31, 2023
Values received in favor of third parties (23.2.1)	6.514	3.637
Free-standing trusts collections (23.2.2)	1.058	5.748
	7.572	**9.385**

23.2.1. Insurance collection pending to be transferred to the Cardif insurer

23.2.2 Collection of portfolio of autonomous assets

It corresponds to the collection of the portfolio of the products delivered in administration to the trust with which Credivalores has an administration contract, paid to the bank accounts pending application to the loans. The decrease in the balance of the account for the 2024 cut-off compared to 2023 is a consequence of the decrease in portfolio placement during 2024.

NOTE 24. EQUITY

Capital

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

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

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

Authorized, and Paid in Capital

The subscribed and paid-up capital of Credivalores as of December 31, 2024, and December 31, 2023, is 225,324, represented by 7,974,923 shares, each with a par value of 28,254, respectively.

Credivalores-Crediservicios S.A.

Shareholder	December 31, 2024 Number of shares	%	December 31, 2023 Number of shares	%
Acon Consumer Finance Holdings S de RL	954.197	11.96%	954.197	11.96%
Crediholding S.A.S.	1.642.121	20.59%	1.642.121	20.59%
Lacrot Inversiones 2014 SLU	3.342.093	41.91%	3.342.093	41.91%
Acon Consumer Finance Holdings II S L	201.887	2.53%	201.887	2.53%
Davalia gestión de Activos S.L	1.594.985	20.00%	1.594.985	20.00%
Treasury shares	239.640	3.01%	239.640	3.01%
Total	**7.974.923**	**100%**	**7.974.923**	**100%**

The number of shares authorized, issued and outstanding as of December 31, 2024 and December 31, 2023, is as follows:

(Stated in million of Colombian pesos)

	December 31, 2024	December 31, 2023
Number of authorized shares	7.974.923	7.974.923
Subscribed and paid shares	7.974.923	7.974.923
Nominal value	28.254	28.254
Subscribed and paid capital (nominal value)	225.324	225.324
Paid-in capital	255.021	255.021
Total capital plus premium	**480.345**	**480.345**

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

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

	December 31, 2024	December 31, 2023
Ordinary shares	2.278.169	2.278.169
Preferred shares	5.696.754	5.696.754
Repurchased treasury shares	239.640	239.640
Total earnings per share	**(58.028)**	**860**

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

December 31, 2024

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

December 31, 2023

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

Treasury shares

	December 31, 2024	December 31, 2023
Treasury Shares Reserve	12.837	12.837
(Treasury Shares)	(12.837)	(12.837)
Total	**-**	**-**

(Stated in million of Colombian pesos)

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

Reserves

Equity reserves as of December 31, 2024, and December 31, 2023 were comprised of the following:

	December 31, 2024	**December 31, 2023**
Legal reserve (1)	11.017	11.017
Reserve to repurchased treasury shares	12.837	12.837
Occasional reserves	21	21
Total Reserves	**23.875**	**23.875**

Legal reserve

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

Other reservations

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

NOTE 25. OTHER COMPREHENSIVE INCOME (OCI)

We present the detail below:

	December 31, 2024	**December 31, 2023**
Financial instruments measured at fair value	**(1.319)**	**(2.154)**
Shares	(1.319)	(2.154)
Financial instruments	**1.067**	**2.569**
Financial instruments Options	1.067	2.569
Tax	**(176)**	**(576)**
Income tax OCI	(176)	(576)
Total	**(426)**	**(161)**

NOTE 26. REVENUE

Below, is a detail of revenue for the periods ending December 31, 2024, and 2023:

	December 31, 2024	**December 31, 2023**
Interests	126.503	272.861
Subtotal Interests (26.1)	**126.503**	**272.861**
Revenue from customer contracts (26.2)	18.787	65.074
	145.290	**337.935**

(Stated in million of Colombian pesos)

26.1 Interest

	December 31, 2024	December 31, 2023
CrediUno interest (26.1.1)	11.849	19.065
CrediPoliza interest	1	1
TuCrédito loan interest (26.1.1)	7.015	14.722
Tigo loan interest	530	2.784
SG Free-standing Trusts loan interest	8.034	3.424
TuCrédito transaction costs	(26.955)	(17.499)
CrediPoliza transaction costs	-	(1)
CrediUno transaction costs	(10.159)	(14.092)
Fair value TuCredito	-	(381)
Sub-total Consumer loans	**(9.685)**	**8.023**
CrediUno late payment interest	328	
CrediPoliza late payment interest	70	65
TuCrédito late payment interest	972	1.096
SG Free-standing Trusts late payment interest	674	730
Consumer loan defaults	**2.044**	**1.891**
Joint operation interest	-	18
Subtotal Joint operation interest	**-**	**18**
Financial returns	3.548	5.766
BTG Pactual Financial returns	115	268
Current interests, Free-standing Trust (26.1.1)	59.288	157.864
Other income, Free-standing Trust	2.804	9.678
Current interests left off-balance	59.527	87.738
Premium for portfolio sale (26.1.2)	8.862	1.613
Other	**134.144**	**262.929**
Total Interests	**126.503**	**272.861**

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

26.1.2 This line corresponds to the recording of the net result of portfolio sales to third parties. For 2024, it shows a decrease, due to the fact that the portfolio under administration has been handed over to the trusts.

26.2 Revenue from customer contracts

	December 31, 2024	December 31, 2023
Returned fee	1	34
Certification	-	64
Administration Fee – Plus Life Insurance	9	1.102
Shared Financial Consultancy	93	7.963
Financial Consultancy - voluntary insurance	188	1.081
Internal fee	301	1.386
Administration fee – credit card (26.2.1)	3.616	30.357
Financial Consultancy – Debtor Life Insurance	3.765	7.567
Collection fees (26.2.2)	10.814	15.520
	18.787	**65.074**

26.2.1 The variation of this item corresponds mainly to Crediuno handling fee and advance commission, which decreased in 2024, compared to 2023 due to the decrease in placement and portfolio sales made in the first half of 2024.

26.2.2 Corresponds to collection management fees for delinquent portfolio

NOTE 27. OTHER EXPENSES

At the end of each period, movements corresponded to:

(Stated in million of Colombian pesos)

	December 31, 2024	December 31, 2023
Fees (25.1)	30.016	19.226
Tax	11.809	17.110
Other (25.2)	5.643	12.317
Electronic data processing	5.609	7.524
Technical assistance	3.706	4.651
Commissions	3.310	7.358
Public services	2.015	4.115
Transport	1.710	2.563
Insurance	1.224	921
Fines, penalties and awards	912	2.668
Cleaning and Security services	392	849
maintenance and repairs	291	589
Publicity and advertising	236	470
Office supplies	211	369
Travel expenses	173	169
Cost of representation	165	87
Adaptation and installation	63	35
Legal expense	37	1.371
Credit Risk Report	36	839
Investors yield	15	3.997
Publicity and advertising	5	5
Temporary Services	3	2
Leases (1)	(3.072)	(7.233)
	64.509	**80.002**

(1) The negative variation corresponds to the application of IFRS 16 of right-of-use assets. See note 15

27.1 Fees

	December 31, 2024	December 31, 2023
Legal advice	9.922	10.912
Tax audit and external audit	866	924
Fees and commissions	1.297	5.402
Board of Directors	101	28
Financial advice	17.830	1.960
	30.016	**19.226**

27.2 Other

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

27.3 Fines and penalties

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

NOTE 28. NET FINANCIAL INCOME

Below are the details of financial (net) costs for the periods ending December 31, 2024, and 2023:

	December 31, 2024	December 31, 2023
Financial performances (28.1)	267	6.985
Financial income (28.2)	3.423	1.421
Total Financial Income	**3.690**	**8.406**

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

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

(Stated in million of Colombian pesos)

	2024	2023
Disabilities due to illness	41	33
Other	45	149
Tax refund	-	6
Other recoveries	3	-
Profit on sale of assets	140	53
Recovery from previous exercises	2.644	699
Profit on sale of assets	550	481
	3.423	**1.421**

NOTE 29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a. Nets

Credit commitments

During ordinary business, Credivalores provides loan portfolio as guarantees to its funding sources, in which it irrevocably agrees to pay them in the event the client is unable to meet its obligations, with the same credit risk for loan portfolios.
Loan extension commitments represent unused portions of authorizations to extend credits as loans. With regard to the credit risk on commitments to extend lines of credit, Credivalores is potentially exposed to losses in an amount equal to the total unused commitments, if the unused amount were to be withdrawn in its totality; However, the amount of the loss is less than the total amount of the unused commitments because the majority of loan extension commitments are contingent once the client can maintain specific credit rating standards. Credivalores monitors the maturity dates of those credit limit commitments because long-term commitments have a higher credit risk than short-term commitments.

The following is the detail of the guarantees and credit commitments in credit lines not used at the cut-off

	December 31, 2024	December 31, 2023
Unpaid approved credits	**1.060.885**	**957.060**

The following are the contingencies with a probability of remote occurrence:

	December 31, 2024	December 31, 2023
Civil proceedings	993	44
Total	**993**	**44**

NOTE 30. RELATED PARTIES

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

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

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

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

The most representative balances as of December 31, 2024, and December 31, 2023 with related parties are included in the following charts, with headings for definitions of the related parties recorded in the previous sections.

(Stated in million of Colombian pesos)

	Members of the Board of Directors (a) December 2024	Members of the Board of Directors (a) December 2023
Accounts payable	-	112
Operating expenses	104	206

	December 2024		December 2023	
	Accounts receivable	Accounts Payable	Accounts receivable	Accounts Payable
Shareholders				
Crediholding S. A. S.	1.815	-	1.815	-
Accounts Receivable and Other Transactions				
Ingenio la Cabaña S. A. (b)	4.296	-	3.411	-
Inversiones Mad Capital S. A.	11.377	-	10.732	-
Finanza Inversiones S. A. S. (a)	112.298	243.178	20.555	73.512
Ban100	53	4.555	321	57.862
Asficrédito	59.041	-	75.967	-
Stock Investments				
Agrocañas	950	-	4.650	-
Inverefectivas S.	-	-	11.896	-
Total	**189.830**	**247.733**	**129.347**	**131.374**

(a) As of December 2023, an amount of $163,741 was disclosed in the accounts payable category, the value after offsetting the account receivable is $73,512. Read this note with note 18 on financial obligations - *Own obligations expressed in foreign currency*.

(b) Ingenio la Cabaña reported in the course of 2024 that it requested admission to the reorganization process, Law 1116.

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

	December 31,	
Item	**2024**	**2023**
Salaries	2.762	1.747
Short-term employee benefits	852	458
Total	**3.614**	**2.205**

a. Members of the Board of Directors (principals and alternates, along with their related parts) as of December 31, 2024:

Senior Board Members

No.	Name
1	Vacant
2	Vacant
3	Juan Esteban Restrepo Betancur
4	Fredy Adolfo Gutierrez Millán
5	Camilo Alberto Pabón Robayo
6	Joan Sebastian Zambrano Vesga
7	Juan José Sotelo Enríquez

The members of the board of directors were appointed on January 30, 2025 and were registered with the Chamber of Commerce on February 4, 2025.

(Stated in million of Colombian pesos)

Legal Representatives

No.	Representative
Manager	German Alonso Lozano
Alternate	Vacant

The legal representative was appointed on February 7, 2025 and was registered with the Chamber of Commerce on February 12, 2025.

NOTE 31. SUBSEQUENT EVENTS

Credivalores is in the process of business reorganization under Law 1116 of 2006. The Superintendence of Companies admitted the application through Order 2024-01-945497 of December 12, 2024. Since then, the company has complied with the orders issued by the Insolvency Judge. The next stages of the process include the judge's qualification of the claims and votes, the negotiation of the reorganization agreement for 4 months, and the confirmation hearing of the agreement. On average, a reorganization process can take between 1 and 2 years from its inception.