

Credivalores Crediservicios S.A.S.
Financial Statements for the years ended

December 31 2014 and 2013

Statutory Auditor Report

To the General Meeting of Shareholders of
Credivalores - Crediservicios S.A.S.

March 26, 2015

I have audited the general balance sheets of Credivalores - Crediservicios S.A.S., as of December 31st, 2014, as well as the corresponding statements of income, statements of changes in the shareholders' equity, statements of changes in the financial situation and of cash flows for the year ended on such date, and the summary of the significant accounting policies provided in the Note 2, and other explanatory notes. The financial statements of Credivalores - Crediservicios S.A.S. corresponding to the year 2013 were audited by another public accountant linked to PricewaterhouseCoopers, who in a report dated on the March 28th, 2014 expressed an opinion thereon without any exception.

Management is responsible of the suitable preparation and presentation of these financial statements, in accordance with the accounting principles generally accepted in Colombia for the institutions supervised by the Superintendency of Companies. This responsibility includes designing, implementing, and maintaining the relevant internal control for these financial statements to be free from relative substantial errors due to fraud or error; selecting and applying suitable accounting policies, as well as establishing the accounting estimates that may be reasonable under the circumstances.

My responsibility consists in expressing an opinion on these financial statements on the bases of my audit. I obtained the information necessary to comply with my duties of statutory audit, and carried out my job in accordance with audit regulations generally accepted in Colombia. These regulations require that I plan and make the audit for obtaining a reasonable assurance regarding the financial statements being free from relative importance errors.

An audit of financial statements includes, among other things, the performance of some procedures addressed to obtaining audit evidence about the amounts and revelations appearing on the financial statements. The processes selected depend upon the judgment of the auditor, including the assessment of the risk of relative importance errors in the financial statements. During the assessment of such risks, the Statutory Auditor considers the entity's relevant internal control for their preparation and reasonable presentation of the financial statements, with the purpose of designing some audit procedures that are appropriate under the circumstances. An audit also includes assessing whatever is appropriate in the accounting policies used and in the accounting estimates made by the entity's administration, as well as assessing the presentation of the financial statements as a whole. I consider that the audit evidence I obtained provides a reasonable basis for grounding the opinion I express herein below.

Certification by the Company's legal representative and accountant

To the Shareholders of
Credivalores - Crediservicios S.A.S.

March 26, 2015

The undersigned Legal Representative and Accountant of the Company Credivalores Crediservicios S.A.S. herein certify that the Company's financial statements at December 31, 2014 have been faithfully taken from the books and that before making them available to you and to third parties we have verified the following representations therein contained:

1. All the assets and liabilities included in the Company's financial statements at December 31, 2014 exist, and all the transactions included in said financial statements have been made during the year ended on such date.
2. All the economic facts carried out by the Company during the year ended on the 31st day of December 2014 have been acknowledged on its financial statements.
3. The assets represent potential future economic benefits (rights), and the liabilities represent potential future economic sacrifices (obligations) obtained by or in charge of the Company as of December 31, 2014.
4. All the elements have been recognized by their suitable values, in accordance with the accounting principles generally accepted in Colombia for entities supervised by the Superintendency of Companies.
5. All the economic facts affecting the Company have been correctly classified, described and disclosed on the financial statements.

Juan Carlos Restrepo Acuña
Legal Representative

Carlos Alberto Gutiérrez Llanos
Public Accountant
Professional Card No. 46.095 - T

BALANCE SHEETS
(In millions of Colombian Pesos)

		<u>At December 31</u>	
<u>Assets</u>	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Current Asset			
Cash	3	8,571	1,684
Short Term Investments	4	14,593	31,711
Debtors			
Advances & prepayments		33	13
Revenues receivable		29,421	21,149
Related parties	11	2,331	7,897
Customers		142,383	115,597
Tax advances and contributions		5	6
Miscellaneous debtors	5.3	82,007	51,084
Debtor provisions		<u>(55,771)</u>	<u>(40,800)</u>
Debtors total	5	<u>200,409</u>	<u>154,946</u>
Deferred charges	2 and 8	9,498	4,787
Total current assets		<u>233,071</u>	<u>193,128</u>
Noncurrent asset			
Long term investments	4	15,513	14,237
Intangible assets	6	184,165	160,542
Property, plant & equipment - net	7	202	149
Deferred	8	6,706	5,369
Reappraisals		280	277
Total noncurrent asset		<u>206,866</u>	<u>180,574</u>
Total asset		<u>439,937</u>	<u>373,702</u>
Memorandum Accounts	16		
Debit		<u>-</u>	<u>-</u>
Credit offsetting memorandum accounts		<u>-</u>	<u>-</u>
 <u>Liabilities & Equity</u>			
Current Liabilities			
Financial Obligations		-	-
Banks & financial corporations		89,906	2,750
Trade financing companies		4,767	1,802
Third parties		<u>8,459</u>	<u>4,011</u>
Total financial obligations	9	<u>103,132</u>	<u>8,563</u>
Accounts payable			
Costs & expenses payable		8,351	8,189
Related parties		38	1,083
Miscellaneous		<u>24,350</u>	<u>32,861</u>
Total accounts payable	10	<u>32,739</u>	<u>42,133</u>
Taxes, liens & encumbrances	12	2,635	4,446
Labor liabilities	13	1,345	1,149
Other liabilities	14	<u>28,503</u>	<u>24,993</u>
Total current liabilities		<u>168,354</u>	<u>81,285</u>
Non-current liabilities			
Financial obligations	-	-	-
Banks & Financial Corporations		103,655	164,475
Third parties		10,038	20,175
Related parties	11	<u>-</u>	<u>296</u>
Total financial obligations	9	<u>113,693</u>	<u>184,946</u>
Total liabilities		<u>282,047</u>	<u>266,231</u>

CREIVALORES CREDISERVICIOS S. A.S.**GENERAL BALANCE SHEETS (CONTINUATION)**(In millions of Colombian Pesos)

		Year ended in December 31	
<u>Equity</u>		<u>2014</u>	<u>2013</u>
Equity			
Capital	15	96,317	73,228
Capital surplus		20,214	2
Reserves		3,773	2,402
Results for the period		20,412	13,706
Results from previous periods		16,894	17,856
Surplus from reappraisals		<u>280</u>	<u>277</u>
Total equity	15	<u>157,890</u>	<u>107,471</u>
Total liabilities & equity		<u>439,937</u>	<u>373,702</u>
Memorandum Accounts			
Credit		<u>1,168,038</u>	<u>974,636</u>
Debit offsetting memorandum accounts		<u>1,558,185</u>	<u>1,294,917</u>

The accompanying notes are an integral part of these financial statements

(*) The undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these financial statements and that the same have been faithfully taken from the Company's accounting books.

Juan Carlos Restrepo Acuña
Legal Representative

Carlos Alberto Gutiérrez Llanos
Public Accountant
Professional Card No. 46095-T

Jenny Johana Padua Jiménez
Statutory Auditor
Professional Card No.160917-T
(See attached report)

CREDIVALORES CREDISERVICIOS S. A.S.**STATEMENT OF INCOME**
(In millions of Colombian Pesos)

		Year ended in <u>December 31</u>	
		<u>2014</u>	<u>2013</u>
Net operating income	17	154,250	117,793
Operating expenses			
Financial	18	29,149	21,955
Administrative	19	8,926	8,194
Selling	20	<u>81,883</u>	<u>63,027</u>
Total operating expenses		<u>119,958</u>	<u>93,176</u>
Operating income		34,292	24,617
Non-operating income	21	1,436	3,526
Non-operating expenses	22	<u>7,136</u>	<u>6,070</u>
Income before income tax and CREE		28,592	22,073
Income Tax and CREE 2 provision		<u>8,180</u>	<u>8,368</u>
Net income for the period		20,412	13,705
Net income per share in Current Pesos		6,441	5,288

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Appointed by Pricewaterhousecoopers Ltda
Professional Card No. 160917-T
(See attached report)

CREDIVALORES CREDISERVICIOS S. A.S.**STATEMENT OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

(In millions of Colombian Pesos)

	<u>Capital</u>	Premium on the placement of shares	<u>Reserves</u>	Surplus from reappraisals	Income For the Period	Results from prior periods	Total equity
Balances at December 31 2012	<u>73,228</u>	<u>2</u>	<u>1,385</u>	<u>273</u>	<u>10,178</u>	<u>8,696</u>	<u>93,762</u>
Earnings distribution	-	-	1,018	-	(10,177)	9,160	-
Revaluations	-	-	-	4	-	-	4
Income for the period	-	-	-	-	<u>13,705</u>	-	<u>13,705</u>
Balances at December 31, 2013	<u>73,228</u>	<u>2</u>	<u>2,402</u>	<u>277</u>	<u>13,706</u>	<u>17,856</u>	<u>107,471</u>
Capitalization	23,089	20,212	-	-	-	(461)	42,840
Shares repurchase	-	-	-	-	-	(12,836)	(12,836)
Earnings distribution	-	-	1,371	-	(13,706)	12,335	-
Revaluations	-	-	-	3	-	-	3
Net Income for the period	-	-	-	-	<u>20,412</u>	-	<u>20,412</u>
Balances at December 31, 2014	<u>96,317</u>	<u>20,214</u>	<u>3,773</u>	<u>280</u>	<u>20,412</u>	<u>16,895</u>	<u>157,890</u>

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(See attached report)

CREIVALORES CREDISERVICIOS S.A.S.**STATEMENT OF CHANGES IN THE FINANCIAL POSITION**

(In millions of Colombian Pesos)

	Year ended in <u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Sources of funds		
Operations:		
Net income for the period	20,412	13,706
Depreciation of goods for own use	395	336
Depreciation of goods under leasing	866	783
Provisions	23,010	12,720
Recoveries	(127)	(551)
Amortization of deferred charges	449	592
Income from intangible assets	(39,107)	(31,531)
Forward instruments Valuation	279	116
Exchange Rate Difference	<u>9,588</u>	<u>1,447</u>
Working capital provided by the operations	15,766	(2,381)
Decrease of long term financial obligations	-	-
Related parties	-	-
Capitalization	42,841	-
Loans granted to unit companies	-	-
Intangibles	<u>(31,431)</u>	<u>(42,726)</u>
Total sources of funds	<u>11,409</u>	<u>(42,726)</u>
Application of funds		
Purchase of property and equipments	(861)	(1,586)
Decrease in long term financial obligations	(71,253)	(3,758)
Equity tax	(852)	(852)
Goodwill	-	-
Deferred charges	<u>(1,336)</u>	<u>(3,330)</u>
Decrease / Increase of Intangibles	-	-
Total application of funds	<u>(74,302)</u>	<u>(9,526)</u>
Decrease in working capital	<u>(47,126)</u>	<u>(54,632)</u>
Analysis of changes in working capital:		
Current assets:	-	-
Cash	6,887	(4,845)
Investments	(17,118)	(10,461)
Accounts receivable – Net	45,462	(20,307)
Deferred charges	<u>4,711</u>	<u>(509)</u>
Total current assets	<u>39,942</u>	<u>(36,123)</u>
Current liabilities:		
Financial obligations	94,569	1,584
Accounts payable	(9,394)	7,293
Taxes, liens & encumbrances	(1,811)	441
Labor liabilities	196	148
Other liabilities	<u>3,509</u>	<u>9,044</u>
Total current liabilities	<u>87,069</u>	<u>18,510</u>
Decrease in working capital	<u>(47,126)</u>	<u>(54,632)</u>

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(See attached report)

CREIVALORES CREDISERVICIOS S.A.S.**STATEMENTS OF CASH FLOWS**

(In millions of Colombian Pesos)

	Year ended in <u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income for the period	20,412	13,706
Adjustments to reconcile net income to net cash provided by the operations:		
Depreciation of goods for own use	395	336
Depreciation of goods under leasing	866	783
Provisions	23,010	12,720
Recoveries	(127)	(551)
Amortization of deferred charges	449	592
Forward instruments valuation	279	116
Exchange rate difference	9,588	1,447
Income from intangible assets	<u>(39,107)</u>	<u>(31,531)</u>
Changes in operating assets and liabilities		
Accounts receivable - Net	(45,462)	20,307
Intangible assets	(31,431)	(42,726)
Deferred charges	(4,711)	509
Accounts payable	(9,394)	7,293
Taxes, liens and encumbrances	(1,811)	441
Labor liabilities	196	148
Other liabilities	<u>3,509</u>	<u>9,044</u>
Cash used in operating activities	<u>(73,338)</u>	<u>(7,365)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(861)	(1,586)
Investments	17,118	10,461
Tax on equity	(852)	(852)
Long term deferred liabilities	<u>(1,336)</u>	<u>(3,330)</u>
Cash provided by (used in) investment activities	<u>14,069</u>	<u>4,692</u>
Cash flows from financing activities:		
Increase / Decrease in short term financial obligations	94,569	1,584
Decrease / Increase in long term financial obligations	(71,253)	(3,759)
Capitalization	<u>42,841</u>	<u>-</u>
Cash flows provided by financing activities	<u>66,157</u>	<u>(2,174)</u>
Net increase (decrease) in cash	6,887	<u>(4,846)</u>
Cash:		
Cash at the beginning of the year	<u>1,683</u>	<u>6,529</u>
Cash at the end of the year	<u>8,571</u>	<u>1,683</u>

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CREDIVALORES CREDISERVICIOS S.A.S.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

(Figures in millions of Colombian Pesos, except otherwise provided)

NOTE 1- REPORTING ENTITY

CREDIVALORES CREDISERVICIOS S.A.S. is a Simplified Stock Company incorporated by means of the Public Deed No. 420 dated February 4, 2003, granted at the First Notary of the Cali Circle and its life term is twenty years as from such Deed date.

By way of the Public Deed No. 4532 of December 12, 2008, the merger between the companies Crediservicios S.A. and Credivalores S.A. was legalized. In meetings of the Shareholders of both companies held on July 31, 2008, the aforementioned merger was unanimously approved by authorizing the merger agreement, signed by the legal representatives of both companies, which sets out the terms and conditions for the absorption of Credivalores S.A. (absorbed party) by Crediservicios S.A. (absorbing party), pursuant to which the latter will continue to exist while the former party is extinguished (dissolved without liquidation) and its equity is merged with that of CREDISERVICIOS S.A. through the integration of their assets and liabilities, signed by the legal representatives of said companies.

The merger process was informed to the Industry and Trade Superintendency; this control entity did not find objections to perform the mentioned process.

The company CREDIVALORES S.A. (absorbed party), was created by way of the Public Deed No. 1906 of May 13, 2003 granted at First Notary of Cali, registered at the Cali Chamber of Commerce on May 21, 2003 under Number 3501 of Book IX. Through the Public Deed No. 529 of February 27, 2009 granted at First Notary of Cali, the Company changed its trade name from CREDISERVICIOS S. A. to CREDIVALORES CREDISERVICIOS S.A.

Pursuant to a Minute No. 16 of the General Shareholders' Meeting held on February 23, 2010, registered at the Chamber of Commerce on March 19, 2010 under the Number 2074 of Book IX, the Company transformed from a stock company into a simplified stock company under the trade name CREDIVALORES CREDISERVICIOS S.A.S.

The Shareholders' Extraordinary Meeting held on December 26, 2012 approved the capitalization of the premium on share placement, which amount is COP 70,637,756,593.

After approval of such capitalization, authorized capital reached COP132.793.800.000, allocated in 4.700.000 shares, par value Twenty-eight thousand two hundred and fifty-four Colombian Pesos (COP28,254) each. Therefore, the subscribed and paid in capital reaches an amount of COP73,227,897,834 divided into 2,591,771 shares of a face value of COP 28,254 each.

According to a Minute from the General Meeting of Shareholders, in the month of May 2014, an issuance and placement of 800,887 Class B preferred shares were approved, of those in Company's reserve for a face value total amount of COP 42.840.832.358.

Its corporate purpose is granting consumption credits to both individuals and corporations with either own resources and those obtained through financing mechanisms authorized by the law, featuring any type of repayment, including order of payment. For the development of such activity, the Company may: A) Perform risk analysis tasks; B) Execute credit management, which includes, but is not limited to, cashing, recording and collection of such receivables; C) Perform purchase and sale transactions on credits, securities, values and credit portfolios; D) Receive monies as mutual and enter into transactions which allow it obtaining the necessary resources to develop the corporate purpose; E) Act as co-debtor, guarantor, surety or endorser of credit obligations aimed to fund its activities, which are acquired, structured or implemented through trust funds; and F) perform all other activities required for the ordinary course of businesses, such as: (I) Acquiring, encumbering, limiting the property domain or dispose of fixed assets, (II) Acquiring and using trade names, logotypes, marks and all other industrial property rights; (III) making investments in companies, or incorporate them provided their purpose is the exploitation of similar activities to its own activities or that are somehow related to its corporate purpose; (IV) Enter into alliances or agreements with third parties in order to develop its corporate purpose. The Company is subject to the forbiddance of performing either massive or customary public fund raising, as established in the regulations currently in force.

The Company is subject to the forbiddance of performing either massive or customary public fundraising, as established in the financial and exchange regulations currently in force.

Credivalores Crediservicios S.A.S. has its main domicile in Bogotá, and thirty-five (35) agencies, as follows: Aguachica, Armenia, Barrancabermeja, Barranquilla, Bucaramanga, Cali, Cartagena, Cartago, Ciénaga, Cúcuta, Curumaní, El Paso, Florencia, Girardot, Ibagué, La Dorada, Lomas, Magangué, Manizales, Medellín, Mocoa, Montería, Neiva, Pasto, Pereira, Popayán, Riohacha, Sahagún, San Andrés, Santa Marta, Sincelejo, Tunja, Valledupar, Villavicencio, and Yopal.

During the year 2014 the Company had 430 employees and for the year 2013 it had 1,068 employees, whose employment contracts are for indefinite terms.

At December 31, 2014, the Company had 430 employees, of which 260 are located in Bogotá, 35 in Cali, 15 in Villavicencio, 11 in Valledupar, 14 in Bucaramanga, 3 in Montería, 12 in Barranquilla, 4 in Tunja, 2 in Armenia, 3 in Cúcuta, 5 in Santa Marta, and 66 in other medium-sized cities.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting records follow the standards established in Decrees 2649 and 2650 of 1993 and other supplementary regulations, some of which are described below:

- a) Functional currency – According to legal provisions, the functional currency used by the Company for its balance sheet and income statement accounts is the Colombian Peso.
- b) Accounting period – According to the bylaws, the Company performs cut-off of its accounts, prepares and promulgates general-purpose financial statements once a year, at December 31.
- c) Accounting system – The accounting system used by the Company is the accrual basis, according to which the revenues and expenses are recorded when incurred, regardless of the fact that they have been either received or paid in cash.
- d) Cash: Cash is recorded based on the supporting documents sent by the financial institutions. High liquidity resources held by the Company in Banks and other financial entities are recorded.
- e) Investments – Tradable fixed-income investments are recorded at acquisition cost and assessed through their yield accrual. Investments in shares are recorded at cost, being reappraised those in which the Company's investment is below 50%, and recorded at the equity method those in which

the Company has participation over 50%. The result is recorded in the reappraisals account and/or as revenues at the equity method.

- f) Accounting treatment of account receivable Portfolio: The Company records its accounts receivable transactions at their current balance at the cut-off date. The Company's accounts receivable portfolio corresponds to consumer loans, according to their amounts and the types of products held in the portfolio.

Classification and accounting recording:

The receivables held in own position are recorded in the accounts receivable caption of the balance sheet and the balances of receivables from trusts and collective investment portfolios are recorded as memorandum accounts. Receivables are fully administered by the Company.

The Company has its credit factory, in which the credit conditions of the customers are analyzed considering criteria such as payment capacity, consultation of risk data centrals, grading in other entities. This process is performed using a risk scoring which is adjusted to the market conditions.

On a monthly basis, the Company performs an assessment of its accounts receivable under a risk model approved by the Board of Directors. Maturities are analyzed per their default aging, which is computed in terms of days between the last payment date and the cut-off date. As from 90 days maturity, accrual of interests in income is suspended. Interests continue to be recorded in memorandum accounts.

Accounts receivable provision policy

The Company determines its accounts receivable provision using a model based on the expected loss, which is computed as follows:

$$PE = PI * PDI * E$$

Where:

PE: Expected Loss, which is defined as the monetary amount that could be lost in the normal operation of the credit business.

PI: Default Likelihood, which is defined as the likelihood that a customer incurs in Default. For our specific situation, we measure default per product and we compute the accounts receivable percentage that is in default over the total accounts receivable per each product.

PDI: Loss on Actual Default, which is defined as the percentage of the assets not recovered once the Default occurs, being measured per the recovery of each product.

E: Asset exposure, which is defined as the amount of the balance of the credit principal at the time of computation.

For computing the total PE of Credivalores, this factor needs to be computed for each of the products of the Company, considering the following:

$$PECV = \sum PETC, PEC1, PECY, PECP$$

Where:

PETC: Expected Loss of the product "Tú Crédito".

PEC1: Expected Loss of the product "CrediUno".
PECY: Expected Loss of the product "CrediYa".
PECP Expected Loss of the product "CrediPóliza"

The Company uses own models for computing the PI, which is a linear regression model and the result defines the Company's provision.

- g) Prepaid expenses – Mainly comprised by financial and legal advisories, which are amortized during the term covered by their estimate. These expenses also include commissions paid as a result of the obtaining and renewal of syndicated loan quotas. Also includes technical services specialized on credit analyses.
- h) Deferred charges – Comprised of disbursements incurred during the pre-operative stage in the opening of offices, such as legal advice, premises adaptation, advertising and acquisition of computer software, which will be amortized over a 5-year period. Advisory fees for obtaining credit facilities, which are amortized along the term of the loans granted. These charges also include commissions paid to utility service companies for the renewal of exclusivity agreements for the *crediuno* product. This item also includes the debit deferred tax for temporary differences for income and CREE taxes, which will be amortized during the year 2014. It also includes premiums paid on the negotiation of renewals of agreements which will be amortized during the term of such agreements. It includes commissions paid for the placement of credit to Activar Valores S.A.S. which are amortized along the term of the operations.
- i) Intangible assets: Trust rights correspond to the value of goods held in trust taken from the account submission by the trustees administering the trusts of the loan portfolios that were subject to securitization and collateralized for the payment of financial obligations, as described in Note 6; include the receivables of crediya, crediuno and credipóliza recorded at present value. Includes rights on goods received in financial leasing, which are subscribed at a period of three (3) years and correspond to structured wiring, licenses, computer equipment and vehicles.
- j) Property and equipment – Property and equipment are recorded at their acquisition cost, being depreciated using the straight line method over their estimated useful lives, in accordance with the accounting principles generally accepted in Colombia. Depreciation terms used are as follows: furniture and office equipment, ten (10) years, and vehicles and computer equipment, five (05) years.
- k) Reappraisals: Reappraisals correspond to the recording of the comparison between acknowledged technical value appraisals requested every three years according to the regulations in force, and the carrying value of fixed assets. Reappraisals also record the variance between the historical costs of investments regarding their intrinsic value. Reappraisals are offset in the equity accounts.
- l) Financial obligations: The Company records its financial obligations at their current balance at the cut-off dates. On a monthly basis, outstanding balances with the various financial entities are reconciled.
- m) Labor liabilities – These liabilities correspond to the obligations held by the Company on concept of employee benefits as a result of their acquired rights, in conformity with legal regulations in force.
- n) Accounts payable and other liabilities: The Company records in accounts payable the obligations payable on concept of suppliers of goods and services pending payment, the accrued interests on financial obligations at the applicable rate for each obligation, the income tax, value added tax and industry and commerce tax withholdings, sales tax and Ica tax pending of payment and the accounts payable to trusts on concept of transference of receivables.

- o) Deferred income: This caption records the income on sales of accounts receivable, which are amortized over periods of less than twelve months.
- p) Income received for third parties: This concept records the outstanding balances pending of reintegration to their different owners due to portfolio collections. It also records the collected amounts pending of being transferred in respect of life, personal accident insurance, and commissions in favor of other entities. It also includes the amounts of guaranties collected and pending to be transferred to a trust entered into with the *Fondo de Garantías de Antioquia*, which is administered by *Fiduciaria Central S.A.*
- q) Provision for income taxes and CREE – The provision for income and supplementary taxes and CREE is determined based on the higher of the net taxable income or the presumptive income, and applying to it the tax rate currently in force.
- r) Net income per share – It is determined based on the balance of the outstanding shares at each year end closing date. For years 2014 and 2013, net income per share amounted to COP 6,441 and COP 5,288, respectively.
- s) Memorandum accounts – Comprised of goods and services received from third parties (loan portfolio sold and administered by Credivalores Crediservicios S.A.S.); the amounts of the income tax return; the leasing installments for the purchase of equipment and software licenses pending payment which include a purchase option if they are financial leasing contracts; fully depreciated properties, plant and equipment, assets written-off and interests on matured receivables; control figures of marketing funds still to be used, and balances pending to be used by the *crediuno* and *credipóliza* customers as part of their approved transactions.
- t) Statements of cash flows – The Company prepares the statement of cash flows using the indirect method. For purposes of the presentation in the statement of cash flows, the Company classifies in the cash equivalents caption the investments with maturities of three months or less as from their initial issuance date.
- u) Foreign currency translation – Assets and liabilities in foreign currency are translated into Colombian Pesos at the exchange rates applicable at the December cut-off (COP 2,392.46 per USD1 in 2014 and COP 1,968.23 per USD1 in 2013). All other exchange rate gains and losses are included in the results for the period.
- v) Tax on Equity: The Company complied with the provisions of Law 1370 of 2009 and Decree Law 4825 of 2010 regarding the obligation to file a return and pay the corresponding tax on equity; it was recorded against the results of each period between 2011 and 2014.

NOTE 3 - CASH

At December 31 this account's balance included:

	<u>2014</u>	<u>2013</u>
Petty cash and revolving funds	17	15
Banks	8,554	1,669
Total	<u>8,571</u>	<u>1,684</u>

There are no restrictions, or embargoes on the cash.

NOTE 4 - INVESTMENTS

At December 31 this account balance included:

	<u>2014</u>	<u>2013</u>
Investments in collective investment portfolio (1)	10,976	31,711
Term deposit certificates (2)	3,617	-
Shares (3)	<u>15,926</u>	<u>14,650</u>
Subtotal	<u>30,519</u>	<u>46,361</u>
<u>Minus</u> - Provisions (shares)	<u>(413)</u>	<u>(413)</u>
Net	<u>30,106</u>	<u>45,948</u>

There are neither restrictions nor seizures on the investments at December 2014 and 2013.

(1) The balance of short term investments at December 31, 2014 and 2013 corresponds to:

	<u>2014</u>	<u>2013</u>
Investments in open collective investment portfolios		
Fiducolombia	229	13,240
Fiducor	243	1,575
BTGPactual fondo cerrado	10,356	-
Alianza Fiduciaria	83	555
Fidupopular	62	60
Fonval	<u>3</u>	<u>3</u>
Subtotal	<u>10,976</u>	<u>15,433</u>
Bolsa y Renta collective investment portfolios (a)	<u>-</u>	<u>16,278</u>
Total	<u>10,976</u>	<u>31,711</u>

- (a) The balances of investments in closed collective investment portfolios in the company *Bolsa y Renta* of the draft unit called Z Securities for an amount of COP 16,278 MM in 2013, which purpose is guaranteeing the fluctuations in the collections of accounts receivable. These investments are subordinated to the "A" securities and these resources are the guaranty to cover the aforementioned fluctuations.
- (2) The balance of investments in TDC correspond to 24 Certificates with a face value of COP 150 M each, with maturities between 1 and 3 years in the company Credifinanciera CF, an entity supervised by the Financial Superintendency of Colombia; for a total amount of COP 3,617 M; and it also includes the accrued interest on the TDCs.
- (3) The balance of long term investments at December 31, 2014 and 2013 corresponds to:

	<u>2014</u>	<u>2013</u>
Shares		
Inverefectivas	6,859	5,524
Agrocañas S. A.	4,364	4,364
Asficor S.A.S.	3,575	3,680
Microfinanzas & Desarrollo S.A.S.	<u>1,128</u>	<u>1,082</u>
Subtotal	15,926	14,650
Microfinanzas & Desarrollo S.A.S. Provision	<u>(413)</u>	<u>(413)</u>
Net	<u>15,513</u>	<u>14,237</u>

Detail of investments in shares

At their intrinsic value

<u>Issuer</u>	<u>Subscribed & paid Capital</u>	<u>% Part</u>	<u>No. of shares</u>	<u>Carrying Amount</u>	<u>Intrinsic Value per Share</u>	<u>Investment Confirmed Amount</u>	<u>Reappraisal / provision</u>
Agrocañas S. A.	65,6	5.03%	3,300	\$4,363	1.4	4,643	280
Inverefactivas		25%	4,000	\$6,859			

Through the participation method

<u>Issuer</u>	<u>Subscribed & paid Capital</u>	<u>% Part</u>	<u>No. of shares</u>	<u>Carrying Amount</u>	<u>Investment Confirmed Amount</u>	<u>Reappraisal / provision</u>
Asficor S.A.S.	2.113	100.00%	2.113	3,575	3,575	
Microfinanzas	1.100	61.82%	680.000	1,128	715	(413)

NOTE 5 – ACCOUNTS RECEIVABLE

At December 31 this account balance included:

	<u>2014</u>	<u>2013</u>
Account receivables portfolio (1)	142,383	115,597
Related parties (see note 11)	2,331	7,897
Revenues receivable (2)	29,421	21,149
Advances and prepayments	33	13
Tax advances and contributions	5	6
Miscellaneous (3)	<u>82,007</u>	<u>51,085</u>
Subtotal	<u>256,180</u>	<u>195,747</u>
<u>Less:</u> Accounts receivable provisions (4)	<u>(55,771)</u>	<u>(40,800)</u>
Total	<u>200,409</u>	<u>154,947</u>

(1) Corresponds to the balance of the loan portfolio account at December 31, 2014 and 2013, respectively, detailed as follows

	<u>2014</u>	<u>2013</u>
Product		
Payroll Deduction Loans (a)	70,340	66,162
Credipóliza	16,530	16,178
Crediuno	52,095	28,266
Crediya	<u>3,418</u>	<u>4,991</u>
Total	<u>142,383</u>	<u>115,597</u>

(a) In 2013 it records accounts receivable endorsed to Coomeva for COP 7,429MM.

(2) It corresponds to the accrual of interests and other concepts on the loan portfolio at December 31, 2014 and 2013, respectively, detailed as follows:

	<u>2014</u>	<u>2013</u>
Product		
Payroll Deduction Loans	8,532	6,560
Credipóliza	7,001	6,070
Crediuno	13,769	8,309
Advisory commissions	-	92
Other Credipoliza accounts	<u>119</u>	<u>118</u>
Total	<u>29,421</u>	<u>21,149</u>

(3) Detail of the Miscellaneous

	<u>2014</u>	<u>2013</u>
Concept		
GNB Trust (a)	23,166	9,096
Corficolombiana Trust (a)	134	-
Fiducolombia Trust (a)	14,346	3,717
Fiducolpatria Trust (a)	269	6,226
Collaterals on collective investment portfolios (b)	18,058	22,416
Third Parties	19,292	6,474
Customers' life insurance	2,452	2,044
Forward valuation	3,707	-
Other customers' concepts	<u>583</u>	<u>405</u>
Total	<u>82,007</u>	<u>50,378</u>

- (a) The accounts receivable from trusts arise as a result of transfers of accounts receivable from the trust funds to the Company, derived from the portfolio endorsement movements to the trusts and which are pending of reimbursement to the Company.
- (b) Comprised of amounts pending to be received from loan portfolio sales that are transformed into collaterals, and which correspond to amounts not disbursed in favor of the Company in the negotiations of loan portfolio sales. At the end of the operation term the operations in effect and/or cash should be refunded and will be set off against the account receivable.

The balance includes an account receivable from Finanza Inversiones S.A.S. for an amount of COP 14,274 M product of the development of a mandate agreement entered into between the Company and Finanza Inversiones S.A.S. related to the development of the brand and the payments the Company made for the account of Finanza Inversiones S.A.S. These amounts are supported on a mandate agreement entered into between the parties and a power of attorney signed which authorizes Credivalores to manage whatever may correspond.

- (4) Correspond to provisions to cover possible losses on matured accounts receivable. The following chart is a summary of the movement of the account (See note 2 Literal f):

<u>Balance at</u> <u>December 31, 2013</u>	<u>2014 Provision</u> <u>Expense</u>	<u>2014 Recoveries</u> <u>and/or writes-off</u>	<u>Balance at</u> <u>December 31, 2014</u>
<u>40,800</u>	<u>23,010</u>	<u>8,039</u>	<u>55,771</u>

The amount of the accumulated accounts receivable provision at December 2014, for COP 55,771 million covers, in the Company's opinion, the inherent accounts receivable risks at that cut-off, including the accounts receivable of crediya, credipóliza, crediuno, credinota and payroll deduction loans mentioned in Notes 5 – accounts receivable, 6 – intangible assets, and 16 – memorandum accounts.

NOTE 6 - INTANGIBLE ASSETS

At December 31 this account balance included:

	<u>2014</u>	<u>2013</u>
Concept		
Goodwill (1)	146	292
Goods under Financial Leasing (2)	1,346	1,820
Rights in trust funds (3)	<u>182,673</u>	<u>158,430</u>
Total	<u>184,165</u>	<u>160,542</u>

There are neither restrictions nor seizures on the trust rights.

- (1) The goodwill corresponds to the larger amount paid in the acquisition of 60% of the outstanding shares of the company Microfinanzas & Desarrollo S.A.S. which will be amortized over a 36-month term, that corresponds to the time over which the investment is expected to be recovered.
- (2) The goods received under financial leasing correspond to leasing contracts for the financing of remodeling works at the new premises, as far as concerned with structured wiring and purchase of software licenses, as well as the acquisition of mobile units for attention of the customers.
- (3) The purpose of having trust funds is for leveraging the Company's origination in the various business units. The financial institutions require that the funds disbursed be administered and/or guaranteed through trust companies.

The trust rights correspond to the net equity amount of the goods held in trust which include contributions apportions in cash and in kind, net income for the period and retained earnings, which are taken from the account submission by the trust companies administering the trusts of the products crediya, credipóliza, crediuno and payroll deduction loans.

The following is a detail of the products administered by trust companies in trusts and their balance at December 31, 2014 and 2013, respectively:

<u>Product</u>	<u>2014</u>	<u>2013</u>	<u>Fiduciary (Trustee)</u>
Crediuno	22,092	36,177	Corficolombiana
Crediuno IFC	14,215	12,737	Fiducolombia
Crediuno recaudo	52	261	Fiducolombia
Crediuno Epsa	29,253	8,970	Fiducolombia
Macrofinanciera	386	680	Fiducolombia
Bancoomeva	9,006	-	Fiducolombia
Fiducentral	-	19,573	Fiducentral
Fiducentral Banco de Bogota	(145)	-	Fiducentral
Fiducentral Progresion	92	-	Fiducentral
Fiducorpbanca	200	10,383	Fiducorpbanca
Libranza	30,714	18,114	Fiducolombia
Libranza II	1,943	4,034	Fiducolombia
Libranza 1	2,860	4,522	GNB Fiduciaria
Libranza 2	351	9,770	GNB Fiduciaria
Libranza FC	2,345	1,321	Fiducolpatria
Libranzas	35,540	5,309	Cititrust
Credipoliza	17,345	8,954	GNB Fiduciaria
Credipoliza 2	-	10,128	GNB Fiduciaria
Crediya	132	933	Corficolombiana
Credipoliza	<u>16,292</u>	<u>6,564</u>	Corficolombiana
Total	<u>182,673</u>	<u>158,430</u>	

NOTE 7 – PROPERTY AND EQUIPMENT

At December 31 this balance account included:

	<u>2014</u>	<u>2013</u>
Type		
Office equipment	1,727	1,312
Computer & communication equipment	34	196
Fleet and transportation equipment	<u>117</u>	<u>117</u>
Subtotal	<u>1,878</u>	<u>1,625</u>
<u>Less: Accumulated depreciation</u>	<u>(1,676)</u>	<u>(1,476)</u>
Total	<u>202</u>	<u>149</u>

There are no restrictions on the property and equipment and all the goods have insurance policies currently effective.

The following is the movement of fixed assets during the year 2014: cost, depreciation, balance, movement and disposal:

<u>Balance at Dec.31, 2013</u>	<u>Purchases</u>	<u>Depreciations</u>	<u>Disposal</u>	<u>Balance at Dec 31, 2014</u>
\$149	\$861	(\$351)	(457)	\$202

NOTE 8 – EXPENSES PAID IN ADVANCE AND DEFERRED CHARGES

At December 31 this account's balance included:

	<u>2014</u>	<u>2013</u>
Expenses paid in advance		
Commissions and fees (1)	3,249	5,687
Others	<u>-</u>	<u>117</u>
Total expenses paid in advance	<u>3,249</u>	<u>5,804</u>
Deferred charges		
Contributions and affiliations	-	41
Deferred income tax receivable (2)	-	186
Licenses	92	18
Others (3)	<u>12,863</u>	<u>4,107</u>
Total deferred charges	<u>12,955</u>	<u>4,352</u>
Total expenses paid in advance and deferred charges	<u>16,204</u>	<u>10,156</u>
Current portion	9,498	4,787
Long term portion	<u>6,706</u>	<u>5,369</u>

The short and long term portion is determined on the basis of the expiration date of each concept recorded as deferred, taking as a short term portion whatever is shorter than one year and as long term the balance after one year and up to its expiration.

The following is the movement of expenses paid in advance and deferred charges during the year 2014 that include the purchase and amortization amounts.

<u>Balance at</u> <u>Dec. 31, 2013</u>	<u>Purchases</u>	<u>Amortizations</u>	<u>Balance at</u> <u>Dec. 31, 2014</u>
\$10,156	\$15,896	(\$9,848)	\$16,204

(1) The balance at December 31, 2014 and 2013 corresponds to:

	<u>2014</u>	<u>2013</u>
Third Party		
Activar valores	874	1,132
IFC	-	215
Procapital	440	562
Banca de inversión Bancolombia (a)	1,167	1,591
Gómez Pinzón Zuleta Asociados	204	546
Inverlink S. A.	-	240
Sed Nove S. A.	71	107
Sed Nove S.A.S.	172	263
Paul Hastings	305	389
Pricewaterhousecoopers Ltda	16	-
Abilbao S.A.S.	-	600
Spencer Stuart Andina S.A.S.	-	42
Total	<u>3,249</u>	<u>5,687</u>

(a) Corresponds to the success commissions paid to Banca de Inversión Bancolombia in obtaining quotas of syndicated credit facilities for Crediuno and Credipóliza units.

(2) Corresponds to debit deferred income tax generated by temporary differences derived from the industry and trade tax not paid at the cut off of December 2013. This amount will be set off in the income tax return for the taxable year 2014.

(3) The balance at December 31, 2014 and 2013 corresponds to:

	<u>2014</u>	<u>2013</u>
Fees		
Abilbao S.A.S.	868	-
Apice ingeniería y soluciones de avanzada S. A.	15	-
Banca de Inversión Bancolombia (a)	323	559
BCP Securities LLC	71	-
Gomez Pinzón Zuleta Abogados S. A.	435	-
Heinsonh Bussiness Techology S. A.	39	-
Inverlink S. A.	1,900	-
Martinez Abogados Ltda.	31	-
Micro focus SL	80	-
Sed Nove	236	-
Sed Nove S.A.S.	104	162
Standard and Poors Financial Services LLC	94	-
Total Fees	<u>4,196</u>	<u>721</u>
Premium (b)		
Credimavisos	-	375
Empresa de Energia del Pacifico	688	1,406
Total premium	<u>688</u>	<u>1,781</u>

Commissions:		
Activar Valores S.A.S. (c)	4,579	1,605
Ballesteros Camacho Yury Samanta	9	-
Banco Internacional de Costa Rica S. A.	377	-
Capitol S.A.S.	31	-
Electrificadora del Meta S. A.	435	-
Gramercy	<u>731</u>	<u>-</u>
Total commissions	<u>6,162</u>	<u>1,605</u>
Discounts granted		
Deutsche Bank AG London (d)	<u>1,817</u>	<u>-</u>
Total discounts granted	<u>1,817</u>	<u>-</u>
Total	<u>12,863</u>	<u>4,107</u>

- (a) Corresponds to fees paid for financial advisories on credit procedures.
- (b) Corresponds to the payment of a premium for the acquisition of a contract to place loans of Crediuno unit in the city of Barranquilla for the assignment of the contract to the firm Credimasivos S.A. Also includes the commission for the renewal of the exclusivity agreement for seven (7) years paid to the Empresa de Energía del Pacífico S. A. EPSA S. A., for the placement of of Crediuno unit in the Valle del Cauca Department.
- (c) Comprises the payment of commissions to Activar Valores S.A.S. in respect of commissions for the placement of loans that are amortized during the life of the loans.
- (d) Corresponds to the financial discounts paid on operations made in the year 2014 with the Deutsche Bank.

NOTE 9 – FINANCIAL OBLIGATIONS

The balance of the financial obligations at the cut off December 31, 2014 and 2013 corresponds to obligations acquired with bank entities in the country and two obligations abroad, financing companies, third parties, and financial leasing. The loans that must be paid during the year 2015 are considered short term obligations, and long term obligations are those which maturity occurs after 2015 as follows:

Short term liabilities

	<u>2014</u>	<u>2013</u>
Local Banks		
Banco Agrario	-	15,000
Banco Caja Social BSCS	1,437	2,750
Banco Colpatría	-	7,640
Banco Corpbanca	3,000	8,000
Banco de Bogota	6,500	17,265
Banco de Occidente	6,800	7,789
Banco GNB Sudameris	2,100	-
Bancolombia	18,880	51,427
Bancoomeva	3,340	10,000
Deutsche Bank (a)	<u>47,849</u>	<u>19,269</u>
Subtotal Local Banks	<u>89,906</u>	<u>139,140</u>

Financing Companies		
Financiera Dann Regional	-	1,997
Macrofinanciera	<u>4,000</u>	<u>4,500</u>
Subtotal Financing Companies	<u>4,000</u>	<u>6,497</u>
Financial Leasing		
CA. Credifinanciera	-	17
Leasing Banco de Bogota	48	-
Leasing Bancolombia S. A.	714	140
Leasing de Occidente	<u>5</u>	<u>-</u>
Subtotal Financial Leasing	<u>767</u>	<u>157</u>
Third Parties		
Adecaña S. A.	-	169
Cartera Colectiva Escalonada	-	6,800
Comunicaciones y Negocios	-	1,927
Fideicomisos Fiduciaria Central	8,459	-
Ingenio La Cabaña S. A.	<u>-</u>	<u>8,392</u>
Subtotal third parties	<u>8,459</u>	<u>17,288</u>
Total short term financial obligations	<u>103,132</u>	<u>163,082</u>
<u>Long term liabilities</u>	<u>2014</u>	<u>2013</u>
Local Banks		
Banco Agrario	18,761	-
Banco GNB Sudameris	217	3,933
Bancolombia	18,227	-
Bancoomeva	13,601	17,545
Banco Santander	5,000	-
Deutsche Bank	<u>47,849</u>	<u>-</u>
Subtotal Local Banks	103,655	21,478
Leasing		
Leasing Bancolombia S. A.	613	1,580
Banco de Bogotá	54	148
Leasing de Occidente	<u>-</u>	<u>27</u>
Subtotal Financial Leasing	<u>667</u>	<u>1,755</u>
Third parties		
Agro El Arado S. A.	5,727	2,727
Finanza Inversiones S.A.S.	<u>3,644</u>	<u>4,171</u>
Subtotal Third Parties	9,371	6,898
Partners or Shareholders		
Crediholding S. A.	<u>-</u>	<u>296</u>
Subtotal Partners or Shareholders	<u>-</u>	<u>296</u>
Total long term financial liabilities	<u>113,693</u>	<u>30,427</u>

- (a) In the year 2013 the Company made a memorandum operation for a private placement in the United States of America for a program amount of USD\$150M with maturities between 1 and 3 years from the date of their issuance, July 25, 2013. They will not be recorded under the USD

Security Act 1933, which are only offered to persons who are not citizens of the United States of America.

They will not be recorded with the national registry of securities and issuers RNVE (for its abbreviation in Spanish), and they will not be listed in the Colombia Stock Market.

From this quota, two operations were obtained for an amount of USD \$ 20 M each in the year 2014 and the company Procapital SBSA was appointed as the initial concessionaire of the program obligations. Deutsche Bank AG, London Branch was appointed as Issuing and Paying Agent.

The credit surety of the loans with the financial entities is represented by notes in blank with letter of instructions. The interest expense from the financial obligations during 2014 and 2013 were 18,096M and \$19,477M, respectively.

The Company has classified in the short term some of the obligations with third parties and financial entities, on the basis of their maturity dates and the payments in respect of capital to the same debts.

NOTE 10 - ACCOUNTS PAYABLE

At December 31 this account's balance included:

	<u>2014</u>	<u>2013</u>
Accounts payable to Trusts (3)	23,703	31,893
Others	2,758	2,729
Financial expenses (1)	4,090	4,472
Commissions	381	256
Fees (2)	1,001	1,418
Rentals	47	49
Transportation, freights and carriages	42	30
Utility services	32	236
Insurance	-	1
Travel expenses	24	67
Public relations	14	14
Income taxes withholding	412	428
Sales tax withholding	197	249
Industry and trade tax	37	35
Payroll withholdings and contributions	<u>-</u>	<u>256</u>
Total	<u>32,739</u>	<u>42,133</u>

- (1) Comprised mainly of accrued interests payable, which will be attended and paid during the first semester of 2015.
- (2) Comprised mainly of fees payable in respect of legal advisory, collection companies' fees for managing credit collections.
- (3) Comprised of amounts due to trusts for an amount of COP \$23,703 M and COP \$ 31,893M at December 31 2014 and 2013 respectively, derived from the accounting record of transfers of receivables from the trusts to Credivalores for their replacement and collection management, as well as the accounting record by some trusts of the disbursements of financing transactions guaranteed with accounts receivable and which are delivered to Credivalores.

NOTE 11 - TRANSACTIONS WITH SHAREHOLDERS AND RELATED PARTIES

The balance records the transactions with Shareholders who gave rise to the following balance in accounts payable and receivable. The balances at December 31 included:

	<u>2014</u>	<u>2013</u>
Accounts receivable from related parties		
Acon Consumer Finance	516	1,851
Agro El Arado S. A.	-	146
Aguiar Soto Héctor Hugo	-	2,587
Crediholding S.A.S.	1,815	1,750
Hatcher Global	-	86
Inversiones Dana	-	146
Inversiones Ingenio La Cabaña S. A.	-	973
Inversiones Racines Lalinde S.A.S.	-	42
Inversiones Urapanes S. A.	-	146
Labor Financiera S. A.	-	161
Payan Beron Ana Maria	-	9
Subtotal	<u>2,331</u>	<u>7,897</u>
Accounts receivable from preferential portfolio		
Aguiar Soto Héctor Hugo	-	688
Subtotal	<u>-</u>	<u>688</u>
Total accounts receivable from related parties	<u>2,331</u>	<u>8,585</u>
Obligations payable		
Crediholding S.A.S.	-	296
Subtotal	<u>-</u>	<u>296</u>
Interest payable		
Crediholding S.A.S.	38	-
Subtotal	<u>38</u>	<u>-</u>
Total accounts payable by related parties	<u>38</u>	<u>296</u>

Note: During the year 2014 amendments were made in the entity's share composition that resulted in three (3) shareholders (Acon, Crediholding S.A.S. and Lacrot), which are the third parties with whom the balance of this note is disclosed.

NOTE 12- TAXES, LIENS AND ENCUMBRANCES

At December 31, 2014 and 2013 the taxes, liens and encumbrances included:

	<u>2014</u>	<u>2013</u>
Sales tax payable	27	98
Income tax payable	1,007	2,092
Equity income tax CREE payable	899	1,796
Industry and trade tax payable	702	460
Total	<u>2,635</u>	<u>4,446</u>

Income and complementary taxes

Tax regulations in force applicable to Credivalores Crediservicios S.A.S. provides as follows:

- a) Taxable income is subject to 25% income and complementary tax rate.
- b) The basis for determining the income tax may not be lower than 3% of the company's net worth on the last day of the immediately prior taxable period.
- c) As from taxable year 2007, and for fiscal effects only, the taxpayers can annually readjust the cost of real estate and personal property that have the character of fixed assets. The adjustment percentage will be established by the Direction of National Taxes and Customs through a resolution.
- d) Up to taxable year 2010, those taxpayers having signed contracts effective until December 31, 2012 may apply the special deduction for effective investments made in real productive fixed assets, equivalent to 30% of the amount of the investment and its use does not generate taxable income for the partners or shareholders. The taxpayers who would have acquired fixed assets as from January 1, 2007 and use the deduction above described, may only depreciate the assets using the straight line method and will not be entitled to the audit benefit, even if they meet the conditions set out in the tax regulations to be able to use that right. Regarding the deduction taken in prior years, if the good that obtained the benefit is not used anymore in the income generating activity, or is disposed of or written-off before the end of its useful life, a proportional recovery income corresponding to the remaining useful life at the time of its disposal or sale shall be recorded. Law 1607 of 2012 repealed the regulation which allowed signing juridical stability contracts, as from taxable year 2013.
- e) At December 31, 2014 and 2013, the Company Credivalores Crediservicios S.A.S. has no tax loss balances or excesses of presumptive over ordinary income to be offset.
- f) No new occasional profit concepts additional to those already recorded at December 31, 2013 have been established.

The following is the detail of the reconciliation between the income before the income tax provision and the taxable income for the years ended on December 31, 2014 2013:

	<u>2014</u>	<u>2013</u>
Income before the income tax provision	28,406	22,074
<u>Add-</u>		
Taxes and other nondeductible expenses	798	790
Nondeductible tax on income	852	852
Non deductible expense for the tax on financial transactions	1,641	1,336
Non deductible expenses	774	654
Increase in non deductible provisions	875	30
Loss from application of equity method	105	118
Loan portfolio provisions	(9,300)	-
Not taxed income	(124)	-
Profit from application of equity method	-	(120)
Total items decreasing / increasing net taxable income	(4,379)	3,660
<u>Less</u>		
Payment of ICA taxes during the year	547	1,153
Total items decreasing / increasing net income	(4,926)	2,507
Net income	<u>23,480</u>	<u>24,581</u>

	(-) Counterbalances (fiscal losses / presumptive income surplus)	-	-
	Presumptive income	3,246	2,887
	Taxable net income	<u>23,480</u>	<u>24,581</u>
Income tax rate		<u>25%</u>	<u>25%</u>
	Provision for current income tax before discounts	<u>5,870</u>	<u>6,145</u>
	Provision for current income tax	5,870	6,145
Tax rate		<u>25%</u>	<u>25%</u>
	Total provision of income tax charged to results	<u>5,870</u>	<u>6,145</u>

Reconciliation between the equity for accounting and tax purposes

The following is the reconciliation between the equity for accounting and tax purposes for the years ended on December 31:

	<u>2014</u>	<u>2013</u>
Equity for accounting purposes	157,943	107,471
<u>Add or (less)</u>		
Items increasing (decreasing) equity for tax purposes:	(9,167)	136
Liabilities not requested for tax deduction	<u>1,606</u>	<u>607</u>
Total equity for tax purposes	<u>150,382</u>	<u>108,214</u>

The income and complementary tax returns for the taxable years 2012 and 2013 are subject to acceptance and review by the tax authorities. The Company's administration and its legal advisors consider that the amount accounted as liability for taxes payable are sufficient to attend any claim that could be presented regarding such years.

Income Tax for Equality - CREE.

The tax legislation applicable to the Company provide as follows:

- a) Starting on January 1 2013, Law 1607 dated December 2012 created an income tax for Equality – CREE (for its abbreviation in Spanish) as a contribution made by companies and corporations and similar taxpayers who pay / declare income and complementary taxes, addressed to benefit workers, employment generation and social investment. Nonprofit entities, individuals and companies declared as free zones at 15% rate are not passive subjects of this income tax for equality – CREE.
- b) The basis for determining income tax for equality – CREE cannot be lower than 3% of taxpayer's liquid net worth on the last day of the immediately previous taxable period.
- c) A 9% tax rate is applicable to income tax for equality – CREE, according to Law 1739 dated December 2014.
- d) During years 2015, 2016, 2017 and 2018, Law 1739 dated December 2014 provides a surcharge on income tax for equality – CREE, which has to be paid by the passive subjects to that tax and the same will apply on a basis higher than COP 800 million at 5%, 6%, 8% and 9% per year, respectively.

As provided by Law 1607 dated December 2012 in its article 25, starting on July 1, 2013, legal persons and assimilated taxpayers reporting income tax and complementary taxes corresponding to the employees individually earning up to ten (10) monthly minimum wages became exempt from paying payroll taxes for SENA and ICBF, and, according to the Article 31 of the same Act, starting from January 1, 2014, they are exempt from contributive healthcare regime. This exoneration does not apply to taxpayers not subject to CREE tax.

- e) The tax basis for the income tax for equality – CREE will be established by subtracting the returns, rebates and discounts from the gross income susceptible of increasing the net worth in the respective taxable year, and by subtracting from the amount so obtained, the amount corresponding to revenues that do not constitute income as established in the Tax Code. From thus obtained net income, the total of costs and deductions applicable to this tax will be subtracted, in accordance with the provisions in Articles 107 and 198 in the Tax Code. From the aforementioned it will be allowed to subtract the exempted income stipulated in Article 22 in Law 1607, 2012.
- f) Starting in the year 2015, in accordance with the provisions in Law 1739 of December 2014, the fiscal losses and minimal base surpluses can be offset with future income originated on the income tax for equality – CREE, considering the same rules provided for the income and complementary taxes.

Herein below a detail of the reconciliation between income before income tax for equality – CREE and taxable income for the years ended in December 31:

	<u>2014</u>	<u>2013</u>
Income before income tax provision	28,406	22,074
<u>Add</u>		
Taxes and other non deductible expenses	798	1,047
Non deductible equity tax	852	852
Non deductible expense for charges to financial transaction	1,641	1,336
Non deductible expenses	774	654
Increase of non deductible provisions	875	30
Losses on equity method	105	118
Loan portfolio provisions	(9,300)	-
Income according to equity method	-	(120)
Donations	-	<u>112</u>
Total items increasing taxable net income	(4,255)	1,935
<u>Less</u>		
Payment of ICA taxes during the year	<u>547</u>	<u>1,153</u>
Total entries decreasing net income	(4,802)	782
Net income	23,604	22,856
Minimum base	3,246	2,887
Taxable net income	23,604	22,856
Tax rate	<u>9%</u>	<u>9%</u>
Provision for income tax for equality	<u>2,125</u>	<u>2,057</u>

The charge for income and complementary tax and income tax for equity – CREE includes:

	<u>2014</u>	<u>2013</u>
Provision for current income tax and occasional income tax	5,870	6,008
Provision for current CREE tax	2,124	2,008

Charge for losses and gains on deferred income tax (debit)	137	352
Charge for losses and gains on deferred CREE tax (debit)	49	-
Charge for losses and gains on deferred income tax (credit)	-	-
Charge for losses and gains on deferred CREE tax (credit)	-	-
Provision for income tax and CREE tax	8,180	8,368

The balance payable (in favor) of income and complementary tax on occasional gains and CREE at December 31 was determined as follows:

	<u>2014</u>	<u>2013</u>
Provision for current income and occasional gain taxes	5,870	6,145
Provision for current CREE tax	2,124	2,057
<u>Less</u>		
Tax discounts		
Withholding tax for Income	3,440	2,493
CREE withholding tax	-	16
CREE self-withholding taxes	1,225	245
Income tax advances	1,424	1,560
Income tax liability	1,007	2,092
CREE tax liability	899	1,796

Wealth Tax

According to Law 1739, 2014, a wealth tax was established whose operating event is possessing wealth as of January 1st of the years 2015, 2016 and 2017, by taxpayers subject to income tax. Therefore, those taxpayers whose gross net worth net of debts, exceeds COP 1,000 million shall determine their tax under the following conditions:

Lower limit	Upper limit	2015 Rate	2016 Rate	2017 Rate
>0	<2,000,000,000	(Tax basis)* 0.20%	(Tax basis)* 0.15%	(Tax basis)*0.05%
>=2,000,000,000	<3,000,000,000	(Tax basis - 2,000,000,000) *0.35%+4,000,000	(Tax basis - 2,000,000,000)* 0.25%+ 3,000,000	(Tax basis - 2,000,000,000) *0.10%+ 1.000.000
>=3,000.000,000	<5,000,000,000	(Tax basis - 3,000,000,000) *0.75%+ 7,500,000	(Tax basis - 3,000,000,000) *0.50%+ 5,500,000	(Tax basis - 3,000,000,000) *0.20%+ 2.000.000
>=5,000,000,000	Hereafter	(Tax basis - 5,000,000,000) *1.15% + 22,500,000	(Tax basis - 5,000,000,000) *1.00%+ 15,500,000	(Tax basis - 5,000,000,000) *0.40%+ 6,000,000

Complementary tax for fiscal normalization of the Wealth Tax

According to Law 1739, 2014, a complementary tax of fiscal normalization was established for the years 2015, 2016 and 2017 that will be in charge of the wealth tax taxpayers and those who voluntarily declare said tax and who have omitted assets and/or non-existing liabilities on January 1st, 2015, 2016 and 2017, respectively. This tax rate will be as follows:

<u>Year</u>	<u>Rate</u>
2015	10.0%
2016	11.5%
2017	13.0%

NOTE 13 - LABOR OBLIGATIONS

	<u>2014</u>	<u>2013</u>
Payroll payable	-	10
Consolidated severance payments	679	586
Interest on consolidated severance payments	76	67
Extra-legal employee benefits - bonuses	-	2
Consolidated vacation	<u>590</u>	<u>484</u>
Total labor obligations	<u>1,345</u>	<u>1,149</u>

NOTE 14 - OTHER LIABILITIES

At December 31 this account balance included:

	<u>2014</u>	<u>2013</u>
Revenues received for third parties (1)	20,810	22,967
Accrued liabilities and provisions (2)	1,743	30
Revenues received in advance (3)	<u>5,949</u>	<u>1,996</u>
Total	<u>28,502</u>	<u>24,993</u>

(1) The balances at December 31 are:

	<u>2014</u>	<u>2013</u>
Amounts received for third parties		
Asficrédito S.A.S. (a)	412	656
Insurance (b)	839	941
Collective investment portfolios and trust (c)	16,917	13,390
Collections pending application to Tucrédito (d)	932	687
Collections pending application to Credipóliza (d)	1,660	453
Collections pending application to indemnifications	15	-
Projects (e)	-	96
Joint venture agreement	35	-
Equity accounts (f)	<u>-</u>	<u>6,744</u>
Total	<u>20,810</u>	<u>22,967</u>

(a) In the year 2014, it corresponds to collections in respect of commissions.

(b) Collection pending to Insurance and Broker Companies for COP\$839 M

(b) Collections in favor of collective investment portfolios, autonomous equity trust and own collections pending of reintegration to their different owners. These amounts were already reimbursed in the month of January 2014 directly by Fiduciaria Bancolombia, which is the trustee in charge of administering the collections and directly wiring them to each beneficiary.

(c) Collections pending of application to payroll loan portfolio for COP \$932 M, insurance collections pending of application for COP \$1,660M.

(d) Corresponds to funds received from Bancoldex for developing technological improvement projects with funds from that entity.

- (e) Corresponds to moneys received pursuant to the accounts participation agreement with the Autonomous Equity Trust Acoinvst and Fiduciaria Bancolombia pending of being executed on cutoff date. This agreement expired in the first half of 2014.
- (2) At December 31, 2014 it corresponds to a provision for expenses to be paid in the first half of 2015 for services and fees. At December 31, 2013 it corresponds to a provision for personnel expenses of the Crediuno business unit in an amount of COP \$30MM.
- (3) Corresponds to income on the sale of receivables of the payroll loans unit. Its amortization will be made during the average term of this portfolio.

NOTE 15 - EQUITY

Capital

Authorized capital is represented by 4,700,000 shares, par value COP28.254 each, which were subscribed and paid up at December 31, 2014 in the amount of 3,408,958 shares for a total subscribed and paid capital of COP 96,316,699,332.

In May 2014, the Company repurchased 239,640 outstanding shares through constituting a reserve. The amount paid reaches COP 12,837,325,200. The amount of outstanding shares is 3,169,318 which is used in the calculation of net income per share.

Capital Surplus

Capital surplus is represented by the additional paid-in capital recorded in September 2005. The shareholders strengthened the Company's equity by capitalizing COP 2,600M, out of which COP 600M were recorded as partnership capital while the remaining COP 2,000M were recorded as a additional paid-in capital. Also, in the absorbed Company Credivalores S.A. the shareholders approved in July 2004 a capitalization for COP 157M. 1,000 shares, par value COP1.000 each, were placed with and additional paid-in capital for COP 156M.

On December 30, 2004, the shareholders approved a capitalization for COP 1,500M. 1,000 shares, par value COP 1,000 each, were placed with and additional paid-in capital for COP 1,499M.

On December 31, 2009, the shareholders approved a capitalization for COP 20,000M. 431,937 shares, par value COP 1,000 each, were placed with a premium on share placement for an amount of COP 19,568M.

On February 22, 2010, the shareholders approved a capitalization for COP 28,993M. 625,383 shares par value COP 1,000 each, were placed with and additional paid-in capital for COP 28,368M.

On February 25, 2011, the shareholders approved a capitalization for COP19,479M. 432.451 shares, par value COP1,000 each, were placed with and additional paid-in capital for COP19,047M.

On December 26, 2012, the shareholders approved a capitalization for COP70,636M of the amount recorded as additional paid-in capital. The par value of outstanding shares was increased, being after that 2,591,771 shares, par value COP 28,254 each.

On May 5, 2014, the shareholders approved a capitalization for COP 42,840 M. 800,887 type B preferred shares, face value COP 28,254 each were placed with an additional paid-in capital for COP 20,213 M.

Reserves

In the years 2009 to 2014, the Company has recorded its legal reserve pursuant to the regulation in effect, equivalent to 10% of retained earnings.

Equity Reappraisal

Equity reappraisal reflects the effect on the equity of the currency's loss of purchasing power. The balance of this account may only be distributed as earnings upon liquidation of the Company or when its amount is capitalized in conformity with legal regulations. In the year 2011 the total balance of this account was offset against the tax on equity, leaving this balance in zero.

Income for the period

In the year 2014, the net income for the period was COP 20,412M. In the year 2013, the result for the period was COP \$13,706M.

Surplus from reappraisals

The Company made investments in the company Agrocañas S. A. for COP \$4,364M; the balance at December 2014 is updated based on the intrinsic value of the share and a reappraisal for COP \$279M was generated.

NOTE 16 - MEMORANDUM ACCOUNTS

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Debit accounts		
Marketing funds	474	346
Collaterals in favor on receivables portfolio	8,460	6,440
Goods and values given in custody (5)	<u>958,469</u>	<u>798,575</u>
Subtotal	<u>967,403</u>	<u>805,361</u>
Debit tax accounts (1)		
Taxable liquid net worth	150,325	108,214
Gross taxable equity	430,770	373,838
Non deductible taxes	308	1,409
Non taxable revenues	1,842	(121)
Non deductible tax on financial transactions	1,641	1,336
Non deductible expenses	<u>1,561</u>	<u>959</u>
Subtotal	<u>586,446</u>	<u>485,635</u>
Goods received upon financial leasing (2)	737	789
Fully depreciated property, plant and equipment	2,798	2,246
Written-off accounts receivable (3)	<u>801</u>	<u>886</u>
Subtotal	<u>4,336</u>	<u>3,921</u>
Total debit accounts	<u>1,558,185</u>	<u>1,294,917</u>
Credit accounts		
Contingent liabilities	-	-
Participation accounts	-	9,006
Taxable net income	23,479	24,581
Tax on equity	-	852
Credit card points	494	494

Approved and not yet disbursed loans	277,523	256,724
Goods and values received from third parties (4)	<u>866,542</u>	<u>682,979</u>
Total credit accounts	<u>1,168,038</u>	<u>974,636</u>

- (1) At December 31, 2014 and 2013 debit tax accounts correspond to the control figures of the income and complementary tax returns for the taxable years 2014 and 2013.
- (2) At December 31, 2014 and 2013, the installments pending of payment for the goods received under financial leasing, which specifically correspond to computers and printers and software use licenses were recorded.
- (3) In 2014 and 2013, it corresponds to the amount authorized by the Board of Directors to be written-off against the accounts receivable provisions. The Company will continue performing the collection work, aiming to recover those written-off amounts.
- (4) At December 2014 and 2013, the balance of this account corresponds to payroll deduction loan portfolio sold to several third parties and administered by Credivalores Crediservicios S.A.S. It also includes the accounts receivables from the products credipóliza, crediuno and crediya that belong to the trusts.
- (5) At December 2014 and 2013 the balance in this account corresponds to the amount of Company's receivables represented by promissory notes that are under custody.

NOTE 17 - NET OPERATING REVENUES

At December 31, the balance in this account included:

	<u>2014</u>	<u>2013</u>
Interests on loans to customers (1)	38,697	25,065
Commissions (2)	13,286	8,873
Discount operations (3)	34,754	33,333
Administration payments (4)	27,506	18,992
Related activities (5)	<u>40,007</u>	<u>31,531</u>
Total	<u>154,250</u>	<u>117,793</u>

- (1) At December 31, 2014 and 2013 the balance corresponds to:

	<u>2014</u>	<u>2013</u>
Financial yields	4,450	183
Crediya discount amortization	196	521
Crediuno own funds' interests	6,745	5,940
Credipóliza own funds' interests	4,416	1,526
Tucredito own funds' interests	19,166	16,894
Forward valuation	<u>3,724</u>	<u>-</u>
Total	<u>38,697</u>	<u>25,064</u>

(2) At December 31, 2014 and 2013 the balance corresponds to:

	<u>2014</u>	<u>2013</u>
Financial advisory	2,912	250
Advisory on shared expenses	55	514
Insurance return	5,255	4,179
Chain stores' commissions	1,340	1,754
Collection commissions and expenses	<u>3,724</u>	<u>2,176</u>
Total	<u>13,286</u>	<u>8,873</u>

(3) Corresponds to income from payroll deduction loan portfolio sales during 2014 for COP \$34,754M and 2013 for COP \$33,333M.

(4) At December 31, 2014 and 2013 the balance corresponds to:

	<u>2014</u>	<u>2013</u>
Crediuno administration & management fees	25,899	17,382
Payroll loan portfolio administration & management fees	42	-
Credipoliza administration & management fees	<u>1,565</u>	<u>1,610</u>
Total	<u>27,506</u>	<u>18,992</u>

(5) Corresponds to the income in the trusts that are in charge of Tucrédico, Crediya, Credipóliza and Crediuno units, which are recorded in the financial statements of the trusts issued by the fiduciary trust companies. It also includes collection in respect of a Brand Use Contract charged to Asficredito in 2014 for an amount of COP 900M.

The following is a detail of trusts income for the years 2014 and 2013, as follows:

<u>Equity</u>	<u>Trust Company</u>	<u>2014</u>	<u>2013</u>
Pa Crediya	Fiducorcolombiana	23	9
PA IILC	Fiducolombia	(28)	302
PA Alianza	Fiducolombia	366	-
PA Cititrust	Cititrust	(1,347)	3,946
PA GNB Credilibranzas	GNB Sudameris	109	364
PA GNB Libranzas II	GNB Sudameris	170	622
PA FC Colpatria	Fiducolpatria	2,168	981
PA Credipoliza	Fiducorcolombiana	1,395	2,308
PA GNB Credimapfre	GNB Sudameris	1,844	1,418
PA GNB Credimapfre 2	GNB Sudameris	42	430
PA Crediservicios	Fiducolombia	(527)	(608)
PA Crediservicios II	Fiducolombia	736	238
PA Crediuno Epsa	Fiducolombia	11,825	1,672
PA Crediuno recaudo	Fiducolombia	(280)	(146)
PA Crediuno IFC	Fiducolombia	8,698	7,554
PA Macrofinanciera	Fiducolombia	269	29
PA Bancoomeva	Fiducolombia	524	-
PA Fiducentral	Fiducentral	196	98
PA Banco de Bogota	Fiducentral	(206)	-
PA Progresion	Fiducentral	(1)	-
PA Fiducorpbanca	Fiducorpbanca	(1,482)	(356)
PA Crediuno	Fiducorcolombiana	<u>14,612</u>	<u>12,670</u>
Total		<u>39,107</u>	<u>31,531</u>

NOTE 18 – OPERATING FINANCIAL EXPENSES

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Interests	<u>29,149</u>	<u>21,955</u>

NOTE 19 – OPERATING ADMINISTRATION EXPENSES

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Personnel expenses (1)	8,396	7,777
Rentals	1	-
Contributions and memberships	101	59
Temporary services	41	24
Legal expenses	2	3
Depreciations	238	304
Miscellaneous	<u>147</u>	<u>27</u>
Total	<u>8,926</u>	<u>8,194</u>

(1) The personnel expenses show the following detail:

	<u>2014</u>	<u>2013</u>
Wages	3,489	3,224
Integral salary	2,183	1,774
Other concepts	<u>2,724</u>	<u>2,779</u>
Total	<u>8,396</u>	<u>7,777</u>

NOTE 20 – OPERATING SELLING EXPENSES

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Fees (1)	17,079	17,201
Services (2)	13,535	12,449
Provisions (3)	23,010	12,720
Personnel expenses (4)	15,586	10,020
Taxes (5)	3,288	2,931
Amortizations	595	592
Travel expenses	1,349	916
Rentals	3,106	2,579
Adaptations and installations	845	312
Insurance	223	282
Legal expenses	319	708
Maintenance and repairs	5	22
Depreciations	1,024	815
Contributions and memberships	5	23
Loss from the application of the equity method	105	118
Miscellaneous	<u>1,809</u>	<u>1,339</u>
Total	<u>81,883</u>	<u>63,027</u>

- (1) At December 2014 and 2013 it includes fees paid in respect of financial, juridical, tax advisories, statutory auditor and commissions paid to business advisors.
- (2) At December 2014 and 2013 it includes payments in respect of temporary services, marketing expenses, technical advisory, transportation, custody services, transportation and gathering of documents.
- (3) The Company makes its accounts receivable provision on the basis of a risk model based on the expected loss. Own models are used for calculating the probability of default, which is the lineal regression model and its result defines the provision the Company shall make.
- (4) The personnel expenses present the following detail:

	<u>2014</u>	<u>2013</u>
Salaries	4,020	3,691
Integral salary	1,304	1,008
Bonuses	1,284	1,065
Other concepts	<u>8,978</u>	<u>4,265</u>
Total	<u>15,586</u>	<u>10,020</u>

- (5) For 2014 and 2013, it is the computation of the industry and commerce tax to be paid in the various cities where the Company has offices (Domicile, branches and agencies). The tax is computed and paid based on the municipal agreements of each city. The article of Law 1430 of 2010 introduced a change in the tax base or declaring the ICA (Industry and Commerce Tax) and sets forth the obligation to compute the tax by clearing the accounting basis with the gross revenues received in the autonomous equities. This considerably affects the ICA payment budgets and reconciliation between the accounting and tax revenues from ICA and VAT and income. It also includes in 2014 an amount of COP 852M and in 2013 an amount of COP 852 M on concept of tax on equity.

NOTE 21 – NON OPERATING REVENUES

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Financial (1)	1,238	1,338
Equity method	-	121
Recoveries (2)	127	551
Miscellaneous (3)	<u>71</u>	<u>1,516</u>
Total	<u>1,436</u>	<u>3,526</u>

- (1) Includes the exchange rate difference in the computation of interests on financial obligations in foreign currency.
- (2) Includes other recoveries amounting to COP 127M, which include written-off accounts receivable and interest recorded at the time of collection.
- (3) Includes the recording of revenues in respect of higher amounts paid by the customers in the liquidations of the operations.

NOTE 22 – NON OPERATING EXPENSES

At December 31 the balance in this account included:

	<u>2014</u>	<u>2013</u>
Bank expenses (1)	2,548	2,126
Miscellaneous expenses (2)	<u>4,588</u>	<u>3,944</u>
Total	<u>7,136</u>	<u>6,070</u>

(1) The balance at December 31 2014 and 2013 corresponded to:

	<u>2014</u>	<u>2013</u>
Bank Expenses	10	22
Commissions	<u>2,538</u>	<u>2,104</u>
Total	<u>2,548</u>	<u>2,126</u>

(2) The balance at December 31 2014 and 2013 corresponded to:

	<u>2014</u>	<u>2013</u>
Amortized premium (a)	718	818
Loss on the sale & withdrawal of goods	279	11
Extraordinary expenses	7	246
Penalties, sanctions and litigations	292	14
Donations	10	112
Nondeductible expenses	-	72
GMF	<u>3,282</u>	<u>2,671</u>
Total	<u>4,588</u>	<u>3,944</u>

(a) Corresponds to the amortization of the premium paid to the company Credimasivos for the assignment of an exclusivity agreement regarding the placement of loans in the city of Barranquilla in the product Crediuno within an agreement with the company Triple A.

NOTE 23 – RISK MANAGEMENT DISCLOSURE

Complying with the commitments acquired with the statutory auditors, in April 2010 the risk area was created, which manages the risks of the Company as follows:

Risk management

At Credivalores Crediservicios S.A.S., we perform an Integral Risk Management based on the recommendations from the Basel Committee, the Colombian regulations and the policies defined by the Risk Area of Credivalores.

The Integral Risk Management involves their identification, assessment, monitoring and control, and it is focused on ensuring the strict compliance with the policies, procedures and provisions of the Board of Directors and the Risk Committee, which be issued aiming to the development of a risk culture inside the Company.

The purpose of the risk area of Credivalores Crediservicios S.A.S., is optimizing the financial performance of the Company, thus allowing the organization to keep an optimal equilibrium between its Growth, Profitability and Efficiency objectives.

The management of corporate risks helps the entity to treat on an effective manner with the related uncertainty, risks and opportunities, in order to improve the capability of Credivalores Crediservicios S.A.S. to generate value.

In 2012, Credivalores Crediservicios S.A.S. implemented the systems SARC and SARLAFT, which comprise, among other aspects the following:

- **System for Credit Risk Administration “SARC”** (for its abbreviation in Spanish)

This system comprises policies and procedures through which the credit risk is assessed, assumed, rated, controlled and covered, not only since the hedging standpoint through a system of provisions, but also through the administration of the process for granting, follow-up and control, and recovery of the accounts receivable.

The function of the credit risk administration implies an analysis of the default risk, through which the possibility that the credit subject fails to comply with its obligation with the Company is estimated, as well as the analysis where the potential loss in case of an actual default occurs.

In the Integral Risk Management, the risk area is in charge of ensuring compliance with the risk-related provisions and policies as reviewed and authorized by the Committee, in order that, whenever an excess in the exposure limits occur, its occurrence be informed, as well as taking the related measures to perform the necessary adjustments and implement the corrective actions according to the event occurred.

- **System for Administration of the Risk of Money Laundering and Terrorism Financing “SARLAFT”**

The risk of money laundering and terrorism financing is the possibility of loss or damage that a company may suffer due to its tendency to be used, either directly or through its operations, as an instrument for money laundering and/or channeling of resources towards the execution of terrorist activities, or whenever hiding of assets which are the product of any such activities is intended.

This system comprises the stages of identification, measurement or assessment, control and monitoring through the implementation of policies, procedures, documentation, organizational structure, event logging, tools, promulgation of information and training.

Regarding SARLAFT, training sessions have been given; we have a manual, as well as policies and procedures for knowledge of the customer.

- **System for Administration of the Operational Risk “SARO”**

This system allows the risk area to detect any failure or weakness, either present or future, in the operational activities that may hinder the achievement of strategic, operating and/or financial objectives of Credivalores Crediservicios S.A.S., or that may generate potential losses.

In performing the administration of the operational risk, an identification and documentation of internal processes was initially performed, through expert judgment, which allowed summarizing in 14 operating risk matrixes the controls and indexes that would allow generating early alerts and risk-mitigating controls, which permits reducing possible losses in case one or more of those risks become actual.

Subsequently, each of those documented processes identified those events or activities that are defined as generating operational risk, through the collection of data about risk events in each of the monitored processes, thus determining the frequency of occurrence of each event and, the consequence or impact of the event within the objectives; this analysis allows the risk area to know the priorities for treatment among the events.

Once the events are identified, along with their risk level (frequency + impact), a cause-effect analysis of the event is performed and a corrective and preventive action plan is identified, with the basic purpose that, upon a new analysis of the event, it provides a result in which the risk level is reduced or eliminated.

The result is observed in the fact that the Company now has a system for administration of the credit risk which includes an organizational structure regarding credit risk, as well as policies and procedures defined according to the best practices on the administration of the processes. Also, the Company has models for estimation of the expected loss and the entity is working on the technology support it shall have in order to improve the administration of the database related to the model and customer information capture (data warehouse).

NOTE 24 – OTHER MATTERS OF INTEREST

At March 20, 2015, there is no awareness about any significant event that may affect the Company's results, nor lawful processes against it or other loss contingencies requiring additional disclosure in the notes to the financial statements.

The Company is not aware of events subsequent to the period's closing date, which affect the structure, the financial position and the continuity of the going business at that date, which have not recognized in the financial statements.

