

Bogotá, 20 April 2020

Doctor  
 Sandra Patricia Perea  
 Deputy Superintendent for Issuers  
 Superintendencia Financiera de Colombia  
 Bogotá, D.C.

Ref. 2020064481-002-000  
 600-001 Titularizadora Colombiana S.A.  
 058 Relevant Information  
 50 Request/Submission  
 No attachments

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Dear Ms. Perea:

Further to the requirement of the *Superintendencia Financiera de Colombia* (Colombian Finance Superintendence) dated April 13, 2020, filed under No. 2020064481, we hereby disclose the risks identified within Titularizadora Colombiana S.A. (hereinafter Titularizadora) as a result of the State of Economic, Social and Ecological Emergency decreed nationwide as well as the measures under implementation inside the Company.

**1. Regarding loan portfolio securitizations**

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Extended period of massive reliefs for mortgage loan portfolio borrowers: * Decrease in cash flow for the payment of expenses of and interest to senior securities in the <i>universalidades</i>	1.Extension to the liquidity guarantee of the <i>universalidades</i> 2.Weekly follow-up to individualized collection of <i>universalidades</i>
Securitized loan portfolio deterioration: *Increase in delinquency levels *Increase in receipt of property received as payment (REOs) *Materialization of credit risk in the issue structures *Price reduction of mortgage guarantees of mortgage loans	1.Daily follow-up to overall status of the securitized loans portfolio 2.Reliefs to clients 3.Approaching clients two months before the expiration of the relief periods 4.Development of restructuring and normalization tools for clients in financial distress 5.Weekly follow-up to the resistance of senior and subordinated securities to the credit risk materialization 6.Constant communication with investors 7.Constant monitoring to the value of guarantees

Deceleration in placement of underlying assets for future issues and suspension of processes of revolving mechanism purchases. Decreased appetite of securitization by originators.	<ol style="list-style-type: none"> <li>1. Non-performing loan securitization assessment</li> <li>2. International securitization market development</li> <li>3. Fostering of permanent access of mortgage-backed securities to open market operations (OMAs) and constant purchases by the Banco de la Republica.</li> </ol>
Less liquidity of the entities that pay the consumption loans with drafts.	<ol style="list-style-type: none"> <li>1. Borrower data update</li> <li>2. Development of restructuring and normalization tools for clients</li> </ol>

## 2. Regarding real estate securitization

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Changes to lease terms and conditions: * Reduction in the cash flow for the payment of vehicle loan obligations	<ol style="list-style-type: none"> <li>1. Strengthening of provisions and reserves for periodic expenses</li> <li>2. Constant monitoring to lessees and their activities.</li> <li>3. Payment arrangements based on the current laws and regulations effective during the public health emergency</li> </ol>
Deterioration of real estate assets	<ol style="list-style-type: none"> <li>4. Appraisal update as per the prospect definitions.</li> </ol>

## 3. Regarding the investors

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Increased risk aversion in the capital markets due to the extended period: * Difficult finding market windows for placement of securities * Risk appetite reduction for securitized assets * Increased risk premiums of financial assets	<ol style="list-style-type: none"> <li>1. Permanent monitoring and detection of opportunities with international investors</li> <li>2. Constant update of loan portfolio selection criteria</li> <li>3. International issues</li> <li>4. Communication with investors</li> </ol>
Market deadlock for senior and subordinated securities	<ol style="list-style-type: none"> <li>1. Acceptance in Banco de la Republica (Central bank) liquidity facilities</li> <li>2. Strategy of communication with current and potential investors in security resistance in stress situations</li> <li>3. Fostering secondary market with own position resources.</li> </ol>

## 4. Regarding human resources

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Massive staff contagion of COVID-19	<ol style="list-style-type: none"> <li>1. Self-care campaigns</li> <li>2. Work from home</li> <li>3. Role definition of double backup roles for critical processes</li> </ol>

## 5. Regarding the continuity of business processes and operation

<b>RISK</b>	<b>MITIGATION MEASURES</b>
VPN * Degradation or loss of communication	<ol style="list-style-type: none"> <li>1. Restricted access to employees.</li> <li>2. Restricted incoming hours as per profile.</li> <li>3. Weekly access monitoring</li> <li>4. Technological support 24/7</li> <li>5. Daily back-up validation</li> <li>6. Contingency application of connection to alternate data center</li> <li>7. Constant monitoring to infrastructure and database replication to the alternate data center</li> </ol>
Computer equipment * Computer virus infection. * Impossibility to check software or licenses installed in infected equipment.	<ol style="list-style-type: none"> <li>1. Requirement of suitable equipment. (Updates, Operating system)</li> <li>2. Verification of existing anti-virus and installation on equipment lacking such protection.</li> <li>3. Special agreement execution for working from home due to COVID-19 measures.</li> <li>4. Obligations arising from remote connection to Titularizadora Colombiana</li> </ol>
Email platform and collaboration (malware and ransomware infection)	<ol style="list-style-type: none"> <li>1. Awareness campaign for preventing access to links included in email bodies.</li> <li>2. Previous checking of service legitimacy through the URL before input of personal data</li> <li>3. VPN access through the firewall</li> <li>4. Cybersecurity event log collection and analysis by the corporate SIEM on a periodic basis</li> </ol>
Email platform and collaboration (unauthorized access / loss of information)	<ol style="list-style-type: none"> <li>1. Double authentication control</li> <li>2. Keeping the settings for user profiles and permits for TC applications</li> <li>3. Monitoring to access to VPN and Office 365 tool</li> <li>4. Execution of the Special agreement for working from home - information security</li> </ol>
TC internet channel - Unavailability of an alternate internet channel to support critical operation.	<ol style="list-style-type: none"> <li>1. Ongoing - enhancement of alternate internet channel from 6 to 20 MHz</li> <li>2. Awareness campaign of use and security reaching all the officials. Warnings of cybersecurity risks</li> </ol>
TC Internet channel - Untimely or lack of service to investors, third parties or interested parties.	<ol style="list-style-type: none"> <li>1. Setting up corporate lines to divert calls to the fixed lines of the respective executives</li> <li>2. Publish on the corporate website information about additional data for contacting investors</li> </ol>
Operating risk	Uninterrupted follow-up to risk events and redefinition of control measures.

## 6. Regarding information availability

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Loss and leak of information	<ol style="list-style-type: none"> <li>1. Double authentication</li> <li>2. User profile definition for accessing TC applications</li> <li>3. VPN remote access granted to previously authorized personnel</li> <li>4. Monitoring access to VPN and Office 365 tool</li> <li>5. Audit logs for applications</li> <li>6. Execution of the Special agreement for working from home - information security</li> </ol>

**7. Regarding relationship with suppliers**

<b>RISK</b>	<b>MITIGATION MEASURES</b>
Inability to make services available to key suppliers as required	<ol style="list-style-type: none"><li>1. Provider backlog, ensure availability and will to continue providing the service</li><li>2. Changes to scope, dates and mechanisms of deliverable dispatch</li><li>3. Constant review of the service agreements</li></ol>

Finally, we hereby inform of the financial impacts caused by the declaration of emergency which will be properly recorded on the financial statements and respective notes thereto as of the 2020 first quarter cutoff, as per the rulings established by the Financial Superintendence for that purpose.

Please, do not hesitate in contacting us for any further information.

Sincerely,

Alberto Gutierrez Bernal  
Legal Representative