

# CREDITO REAL 1Q17 EARNINGS RELEASE SUMMARY, CONTINUED...



Profit & Loss				
Ps. Millions	1Q'17	1Q'16	Var	% Var
Interest Income	2,015.4	1,339.3	676.1	50.5%
Interest Expense	(599.2)	(322.8)	276.4	85.6%
<b>Financial Margin</b>	<b>1,416.2</b>	<b>1,016.5</b>	<b>399.7</b>	<b>39.3%</b>
Provision for Loan Losses	(315.5)	(47.3)	268.1	-
<b>Financial Margin adjusted for Credit Risks</b>	<b>1,100.7</b>	<b>969.2</b>	<b>131.6</b>	<b>13.6%</b>
Commissions and fees charged	203.1	147.9	55.2	37.3%
Commissions and fees paid	(63.6)	(58.5)	5.1	8.7%
Intermediation income	28.0	8.0	20.0	249.5%
Other income from operations	98.5	53.3	45.2	84.8%
Administrative and promotion expenses	(832.6)	(563.8)	268.8	47.7%
<b>Operating result</b>	<b>534.1</b>	<b>556.1</b>	<b>(22.0)</b>	<b>(4.0%)</b>
Income taxes	(149.3)	(132.7)	16.7	12.6%
Income before participation in the results of subsidiaries	384.7	423.4	(38.7)	(9.1%)
Participation in the results of subsidiaries and associates and non-controlling participation	11.8	(17.1)	29.0	-
<b>Net Income</b>	<b>396.5</b>	<b>406.2</b>	<b>(9.7)</b>	<b>(2.4%)</b>

Balance Sheet				
Ps. Millions	1Q'17	1Q'16	Var	% Var
Cash and cash equivalents	455.6	918.7	(463.1)	(50.4%)
Investments in securities	714.9	234.1	480.8	-
Securities and derivatives transactions	276.0	1,901.4	(1,625.3)	(85.5%)
Performing loan portfolio				
Commercial loans	23,717.3	20,181.8	3,535.5	17.5%
Total performing loan portfolio	23,717.3	20,181.8	3,535.5	17.5%
Non-performing loan portfolio				
Commercial loans	516.7	553.6	(36.8)	(6.7%)
Total non-performing loan portfolio	516.7	553.6	(36.8)	(6.7%)
Loan portfolio	24,234.1	20,735.4	3,498.7	16.9%
Less: Allowance for loan losses	912.5	803.6	108.9	13.5%
Loan portfolio (net)	23,321.6	19,931.8	3,389.8	17.0%
Other accounts receivable (net)	3,828.2	3,002.0	826.3	27.5%
Foreclosed assets (net)	-	-	-	-
Property, furniture and fixtures (net)	257.1	235.4	21.7	9.2%
Long-term investments in shares	990.2	863.0	127.2	14.7%
Other assets				
Debt insurance costs, intangibles and others	4,035.2	3,871.7	163.5	4.2%
<b>Total assets</b>	<b>33,878.9</b>	<b>30,958.1</b>	<b>2,920.8</b>	<b>9.4%</b>
Notes payable (certificados bursátiles)	2,554.7	4,385.4	(1,830.6)	(41.7%)
Senior notes payable	11,922.9	6,582.8	5,340.0	81.1%
Bank loans and borrowings from other entities	-	-	-	-
Short-term	4,749.7	4,676.5	73.2	1.6%
Long-term	3,687.2	5,916.9	(2,229.7)	(37.7%)
Total Bank loans	8,436.9	10,593.4	(2,156.5)	(20.4%)
Total Debt	22,914.5	21,561.6	1,352.9	6.3%
Income taxes payable	290.1	13.9	276.2	-
Other accounts payable	1,937.5	1,826.5	111.0	6.1%
Total liabilities	25,142.2	23,402.0	1,740.2	7.4%
Stockholders' equity				
Capital stock				
Earned capital:	2,102.2	2,113.8	(11.6)	(0.5%)
Accumulated results from prior years	5,655.5	4,436.9	1,218.6	27.5%
Result from valuation of cash flow hedges, net	112.5	107.3	5.2	4.8%
Cumulative translation adjustment	(113.6)	(32.5)	(81.1)	-
Controlling position in subsidiaries	583.6	524.4	59.2	11.3%
Net income	396.5	406.2	(9.7)	(2.4%)
Total stockholders' equity	8,736.8	7,556.2	1,180.6	15.6%
<b>Total Liabilities and Stockholders' equity</b>	<b>33,878.9</b>	<b>30,958.1</b>	<b>2,920.8</b>	<b>9.4%</b>

Note: In order to maintain the consistency with the figures for 2016, in the first quarter of 2017 the Loss on Foreign Exchange Effects was reclassified from "Interest Expense" to "Interest Income", decreasing this line.

Financial Ratios				
Ps. Millions	1Q'17	1Q'16	% Var	
Yield	33.5%	27.9%	5.5%	
Net Interest Margin	23.5%	21.2%	2.3%	
Return on Average Loan Portfolio	6.6%	8.5%	(1.9%)	
ROAA: Return on average assets	4.5%	5.7%	(1.2%)	
ROAE: Return on average stockholders' equity	17.6%	22.8%	(5.2%)	
Debt to Equity Ratio	2.6	2.9	(0.2)	
Average cost of funds	10.1%	6.6%	3.5%	
Efficiency ratio	49.9%	45.1%	4.8%	
Capitalization Ratio	36.1%	36.4%	(0.4%)	
Provisions for loan losses as a percentage of total loan portfolio	5.2%	0.9%	4.3%	
Allowance for loan losses as a percentage of total past-due loan portfolio	176.6%	145.2%	31.4%	
Total past-due loan portfolio as a percentage of total loan portfolio	2.1%	2.7%	(0.5%)	

## 1Q17 HIGHLIGHTS

- **Loan portfolio** increased by 16.9% to reach Ps. 24,234.1 million at the end of 1Q17, compared to Ps. 20,735.4 million recorded at the end of 1Q16. Instacredit and Used Cars portfolios recorded the highest growth representing 51.8% and 34.6% YoY, respectively.
- **Financial margin** increased 39.3% to Ps. 1,416.2 million in 1Q17, compared to Ps. 1,016.5 million recorded during 1Q16. Thus, the **Net Interest Margin** improved from 21.2% in 1Q16 to 23.5% year-over-year.
- During 1Q17 **Net income** decreased 2.4% to Ps. 396.5 million, compared to Ps. 406.2 million during 1Q16. The 1Q16 figure does not include the full consolidation of Instacredit, as the company was acquired in February 22, 2016. Comparing 1Q17 to 4Q16, net income growth 14.8%.
- **ROAE** stood at 17.6% during the quarter, whilst **ROAA** reached 4.5%.
- 1Q17 **average cost of funds** raised to 10.1%, an increase of 350 bps when compared to 6.6% in 1Q16. This increase is explained by an increasing Mexican reference rate, larger loan portfolio, higher funding costs and full Instacredit's consolidation.
- Over the year, the company has gradually built a solid **Allowance for Loan Losses** Balance, as displayed by a coverage ratio increment from 145.2% to 176.6%, despite an **NPL** ratio decrease from 2.7% to 2.1%.
- The **Efficiency ratio** increased to 49.9% from 45.1% reported in 1Q16. Efficiency ratio does not include Resuelve, since this business does not involve credit risk.
- At quarter-end, 4,874,360 shares were repurchased through the Company's share buyback program.

## SUMMARY OF OPERATIONS

Summary	1Q'17					1Q'16					
	Portfolio (Ps million)	%	Customers	NPL's	Average Loan (Ps)	Portfolio (Ps million)	%	Customers	NPL's	Average Loan (Ps)	Var % Portfolio
Payroll	\$15,177.2	62.6%	341,445	1.9%	\$44,450	\$13,265.8	64.0%	356,785	2.5%	\$37,181	14.4%
Durable Goods*	\$319.2	1.3%	46,048	2.4%	\$6,932	\$980.3	4.7%	77,571	2.5%	\$12,638	(67.4%)
Small Business	\$1,577.8	6.5%	273	3.0%	\$5,779,354	\$1,434.5	6.9%	476	1.4%	\$3,013,750	10.0%
Groups **	\$304.5	1.3%	206,039	0.0%	\$1,478	\$315.5	1.5%	169,748	0.0%	\$1,859	(3.5%)
Used Cars***	\$2,642.8	10.9%	15,640	2.7%	\$168,975	\$1,963.6	9.5%	13,274	3.3%	\$147,925	34.6%
Instacredit	\$4,212.6	17.4%	166,958	2.4%	\$25,232	\$2,775.6	13.4%	145,803	4.1%	\$19,037	51.8%
<b>Total</b>	<b>\$24,234.1</b>	<b>100%</b>	<b>776,403</b>	<b>2.1%</b>	<b>\$31,213</b>	<b>\$20,735.4</b>	<b>100%</b>	<b>763,657</b>	<b>2.7%</b>	<b>\$27,153</b>	<b>16.9%</b>

### Group loan Operators

Distributors	\$749.3	3.1%	206,039	1.3%	\$3,637	\$557.1	2.7%	169,746	1.1%	\$3,282	34.5%
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\*Durable goods business includes 40,290 customers from Resuelve

\*\* The information about group loan operators is provided below.

\*\*\* Includes data from Credito Real receivable portfolio and consolidations

Summary	1Q'17 Origination		1Q'16 Origination		Var %
		%		%	
Payroll	\$1,155.0	24.9%	\$1,187.0	28.6%	(2.7%)
Durable Goods	\$39.0	0.8%	\$74.3	1.8%	(47.5%)
Small Business	\$853.3	18.4%	\$933.8	22.5%	(8.6%)
Groups	\$1,156.2	24.9%	\$876.9	21.1%	31.9%
Used Cars	\$508.7	10.9%	\$519.3	12.5%	(2.0%)
Instacredit	\$935.5	20.1%	\$562.2	13.5%	66.4%
<b>Total</b>	<b>\$4,647.7</b>	<b>100%</b>	<b>\$4,153.4</b>	<b>100%</b>	<b>11.9%</b>

Note: Origination includes information of strategic alliances and joint ventures.

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