

Credito Real 2Q17 Earnings Release Summary

Profit & Loss

<i>Ps. millions</i>	2Q17	2Q16	%Var	YTD17	YTD16	%Var
Interest Income	1,987.6	1,654.7	20.1%	4,003.0	2,994.0	33.7%
Interest Expense	655.4	422.9	55.0%	1,254.6	745.7	68.2%
Financial Margin	1,332.2	1,231.8	8.2%	2,748.4	2,248.3	22.2%
Provision for Loan Losses	(281.5)	(208.0)	35.3%	(597.0)	(255.4)	133.8%
Adjusted Financial Margin	1,050.7	1,023.8	2.6%	2,151.4	1,993.0	8.0%
Commissions and fees collected	209.3	106.8	96.0%	412.4	254.7	61.9%
Commissions and fees paid	56.1	76.0	(26.1%)	119.7	134.5	(11.0%)
Intermediation income	0.1	69.1	(99.8%)	28.1	77.1	(63.6%)
Other income from operations	85.4	160.5	(46.8%)	183.8	213.8	(14.0%)
Administrative and promotion expenses	781.0	746.6	4.6%	1,613.6	1,310.4	23.1%
Operating result	508.4	537.6	(5.4%)	1,042.4	1,093.6	(4.7%)
Income Taxes	89.4	148.9	(40.0%)	238.7	281.6	(15.2%)
Income before participation in the results of subsidiaries	419.0	388.7	7.8%	803.7	812.1	(1.0%)
Participation in the results of subsidiaries, associates and non-controlling participation	3.6	(13.8)	(126.3%)	15.5	(30.9)	(150.0%)
Net Income	422.6	374.9	12.7%	819.1	781.1	4.9%

Note: In order to maintain the consistency with the figures for 2016, in 2Q17 the Loss on Foreign Exchange Effects was reclassified from "Interest Expense" to "Interest Income", decreasing this line

Balance Sheet

<i>Ps. millions</i>	2Q17	2Q16	4Q16	% Var vs 2Q16	% Var vs 4Q16
Cash and cash equivalents	732.3	172.3	315.8	325.0%	131.9%
Investments in securities	144.6	286.4	992.7	(49.5%)	(85.4%)
Securities and derivatives transactions	194.8	2,725.1	2,466.9	(92.9%)	(92.1%)
Commercial loans	24,644.2	21,676.5	23,410.0	13.7%	5.3%
Total performing loan portfolio	24,644.2	21,676.5	23,410.0	13.7%	5.3%
Commercial loans	543.1	516.2	517.0	5.2%	5.0%
Total non-performing loan portfolio	543.1	516.2	517.0	5.2%	5.0%
Loan portfolio	25,187.2	22,192.7	23,927.0	13.5%	5.3%
Less: Allowance for loan losses	919.9	825.6	767.5	11.4%	19.9%
Loan portfolio (net)	24,267.3	21,367.1	23,159.6	13.6%	4.8%
Other accounts receivable (net)	3,826.4	3,368.5	3,577.3	13.6%	7.0%
Foreclosed assets (net)	0.0	0.0	28.0	-	-
Property, furniture and fixtures (net)	248.9	251.0	262.1	(0.8%)	(5.0%)
Long-term investments in shares	1,085.4	891.2	1,057.8	21.8%	2.6%
Debt insurance costs, intangibles and others	4,119.1	4,019.3	4,055.2	2.5%	1.6%
Total assets	34,618.9	33,080.8	35,915.4	4.6%	(3.6%)
Notes payable (certificados bursatiles)	3,007.1	4,935.0	2,759.2	(39.1%)	9.0%
Senior notes payable	11,913.7	7,913.4	14,129.3	50.6%	(15.7%)
Bank loans and borrowings from other entities					
Short-term	56.7	4,897.6	5,051.7	(98.8%)	(98.9%)
Long-term	8,173.5	5,042.3	2,648.3	62.1%	208.6%
Total Bank Loans	8,230.2	9,939.8	7,700.1	(17.2%)	6.9%
Total Debt	23,151.0	22,788.3	24,588.5	1.6%	(5.8%)
Income taxes payable	330.1	80.8	236.3	308.3%	39.7%
Other accounts payable	2,131.4	2,027.4	1,813.3	5.1%	17.5%
Total liabilities	25,612.5	24,896.5	26,638.0	2.9%	(3.8%)
Capital stock	2,074.5	2,114.5	2,110.4	(1.9%)	(1.7%)
Accumulated results from prior years	5,603.0	4,435.7	4,378.6	26.3%	28.0%
Result from valuation of cash flow hedges, net	38.8	208.1	229.4	(81.4%)	(83.1%)
Cumulative translation adjustment	(89.60)	50.7	167.6	-	(153.5%)
Controlling position in subsidiaries	560.5	594.3	677.2	(5.7%)	(17.2%)
Net Income	819.1	781.1	1,714.0	4.9%	(52.2%)
Total stockholders' equity	9,006.33	8,184.3	9,277.4	10.0%	(2.9%)
Total Liabilities and Stockholders' equity	34,618.85	33,080.8	35,915.4	4.6%	(3.6%)

Financial Ratios

	2Q17	2Q16	%Var	YTD17	YTD16	%Var
Yield	32.2%	30.8%	1.3%	33.3%	29.7%	3.6%
Net Interest Margin	21.6%	23.0%	(1.4%)	22.9%	22.3%	0.6%
Return on Average Loan Portfolio	6.8%	7.0%	(0.1%)	6.8%	7.7%	(0.9%)
ROAA: Return on average assets	4.9%	4.7%	0.3%	4.7%	5.2%	(0.5%)
ROAE: Return on average stockholders' equity	19.1%	19.1%	(0.0%)	18.2%	20.9%	(2.7%)
Debt to Equity Ratio	2.6	2.8	(21.4%)	2.6	2.8	(21.4%)
Average cost of funds	11.3%	7.6%	3.7%	10.6%	7.2%	3.4%
Efficiency ratio	49.1%	55.6%	(6.6%)	49.5%	50.7%	(1.2%)
Capitalization Ratio	35.8%	36.9%	(1.1%)	35.8%	36.9%	(1.1%)
Provisions for loan losses as a percentage of total loan portfolio	4.6%	3.7%	0.8%	4.7%	2.3%	2.4%
Allowance for loan losses as a percentage of total past-due loan portfolio	169.4%	159.9%	9.5%	169.4%	159.9%	9.5%
Total past-due loan portfolio as a percentage of total loan portfolio	2.2%	2.3%	(0.2%)	2.2%	2.3%	(0.2%)

2Q17 Highlights

- **Loan portfolio** increased by 13.5% to reach Ps. 25,187.2 million at the end of 2Q17, compared to Ps. 22,192.7 million recorded at the end of 2Q16.
- **Financial margin** increased 8.2% to Ps. 1,332.3 million in 2Q17, compared to Ps. 1,231.8 million recorded during 2Q16. Therefore, the Net Interest Margin achieved 21.6% in 2Q17.
- **Net income** for 2Q17 increased 12.7% over 2Q16, reaching Ps. 422.6 million, compared to Ps. 374.9 million during 2Q16.
- **ROAE** reached 19.1% during the quarter, whilst **ROAA** reached 4.9%
- 2Q17 **average cost of funds** rose to 11.3%, representing an increase of 370 bps when compared to 7.6% in 2Q16, this increase is explained by an increasing Mexican reference rate.
- **Provision for loan losses** reached Ps. 281.5 million compared to Ps. 208.0 million in 2Q16; whilst the non-performing loan (NPL) ratio decreased from 2.3% IN 2Q16 to 2.2% in 2Q17.
- The **efficiency ratio** decreased from 55.6% in 2Q16 to 49.1% in 2Q17.
- During the quarter, the share of fixed rate debt increased to 53% of the total consolidated debt.
- In 2Q17, Credito Real received an award for excellence in Corporate Governance from the Mexican Stock Exchange, reflecting its outstanding observance of best practices in this field.
- On April 3rd, a dividend payment was distributed for \$0.25 cents, MXN, per share totaling the amount of Ps. 96.8 million.

Summary of Operations

Loan Portfolio Summary

	2Q17					2Q16					
	Portfolio ¹	%	Customers	NPL's	Average Loan ²	Portfolio	%	Customers	NPL's	Average Loan	Var % Portfolio
Payroll	16,775.3	66.6%	370,310	1.5%	45,301	14,152.1	63.8%	350,380	2.3%	40,391	18.5%
SME's	1,618.1	6.4%	342	2.7%	4,731,147	1,450.4	6.5%	376	1.9%	3,857,532	11.6%
Used Cars	2,423.4	9.6%	14,248	1.3%	170,089	2,364.2	10.7%	14,519	2.4%	162,836	2.5%
Instacredit	3,958.6	15.7%	174,157	4.5%	22,730	3,124.8	14.1%	150,071	2.7%	20,822	26.7%
Others ³	411.9	1.6%	255,113	9.6%	1,614	1,101.2	5.0%	236,214	2.3%	4,662	(62.6%)
Total	25,187.2	100.0%	814,170	2.2%	30,936	22,192.7	100.0%	751,560	2.3%	29,529	13.5%

Origination Summary

	2Q17		2Q16		Var %	YTD'17		YTD'16		Var %
	Origination	%	Origination	%		Origination	%	Origination	%	
Payroll	1,330.8	29.4%	1,401.9	30.7%	(5.1%)	2,485.9	27.1%	2,588.9	29.7%	(4.0%)
SME's	635.4	14.0%	835.8	18.3%	(24.0%)	1,488.7	16.2%	1,769.6	20.3%	(15.9%)
Used Cars	422.1	9.3%	558.5	12.2%	(24.4%)	930.8	10.1%	1,077.8	12.4%	(13.6%)
Instacredit	829.1	18.3%	729.7	16.0%	13.6%	1,764.6	19.2%	1,291.9	14.8%	36.6%
Others ³	1,305.4	28.9%	1,038.2	22.7%	25.7%	2,500.6	27.3%	1,989.3	22.8%	25.7%
Total	4,522.9	100.0%	4,564.1	100.0%	(0.9%)	9,170.6	100.0%	8,717.5	100.0%	5.2%

(1) figures are expressed in millions of pesos

(2) figures are expressed in pesos

(3) Others is integrated by Durable Goods and Group Loans

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The shares of Credito Real are listed in the Mexican Stock Exchange under the ticker "CREAL*".