

Profit & Loss

<i>Ps. millions</i>	4Q17	4Q16	% Var.	2017	2016 Recurring	% Var. Recurring	2016	% Var.
Interest Income	2,394.0	1,839.2	30.2	8,462.9	6,665.2	27.0	6,958.2	21.6
Interest Expense	(766.2)	(599.8)	27.7	(2,690.3)	(1,916.4)	40.4	(1,916.4)	40.4
Financial Margin	1,627.8	1,239.3	31.3	5,772.6	4,748.8	21.6	5,041.8	14.5
Provision for Loan Losses	(391.2)	(290.1)	34.8	(1,343.1)	(831.6)	61.5	(831.6)	61.5
Adjusted Financial Margin	1,236.6	949.2	30.3	4,429.4	3,917.3	13.1	4,210.2	5.2
Commissions and fees collected	227.2	146.5	55.1	826.4	539.6	53.1	539.6	53.1
Commissions and fees paid	(60.3)	13.8	-	(234.6)	(193.1)	21.5	(283.4)	(17.2)
Intermediation income	(1.6)	73.5	-	152.9	375.8	(59.3)	375.8	(59.3)
Other income from operations	143.8	(50.3)	-	408.8	168.0	143.4	267.3	53.0
Administrative and promotion expenses	(997.8)	(806.5)	23.7	(3,417.5)	(2,917.0)	17.2	(2,922.0)	17.0
Operating result	548.0	326.3	67.9	2,165.5	1,890.5	14.5	2,187.5	(1.0)
Income Taxes	(130.3)	(12.3)	-	(528.3)	(379.4)	39.3	(504.4)	4.7
Income before participation in the results of subsidiaries	417.7	314.0	33.0	1,637.2	1,511.1	8.3	1,683.1	(2.7)
Participation in the results of subsidiaries, associates and non-controlling participation	21.3	31.3	(32.0)	23.9	30.9	(22.7)	30.9	(22.7)
Net Income	439.0	345.3	27.1	1,661.1	1,542.1	7.7	1,714.0	(3.1)

Balance Sheet

<i>Ps. millions</i>	2017	2016	% Var.
Cash and cash equivalents	810.6	315.8	-
Investments in securities	356.3	992.7	(64.1)
Securities and derivatives transactions	1,920.9	2,466.9	(22.1)
Total performing loan portfolio	28,409.8	23,410.0	21.4
Total non-performing loan portfolio	605.2	517.0	17.1
Loan portfolio	29,015.0	23,927.0	21.3
Less: Allowance for loan losses	1,067.5	767.5	39.1
Loan portfolio (net)	27,947.5	23,159.6	20.7
Other accounts receivable (net)	4,803.1	3,577.3	34.3
Foreclosed assets (net)	3.3	28.0	(88.3)
Property, furniture and fixtures (net)	342.2	262.1	30.5
Long-term investments in shares	1,265.3	1,057.8	19.6
Deferred taxes (net)	329.8	-	-
Debt insurance costs, intangibles and others	4,458.5	4,055.2	9.9
Total assets	42,237.5	35,915.4	17.6
Notes payable (certificados bursatiles)	1,006.7	2,759.2	(63.5)
Senior notes payable	13,537.1	14,129.3	(4.2)
Bank loans and borrowings from other entities			
Short-term	2,927.9	5,051.7	(42.0)
Long-term	6,112.8	2,648.3	-
Total Bank Loans	9,040.6	7,700.1	17.4
Total Debt	23,584.5	24,588.5	(4.1)
Income taxes payable	407.1	236.3	72.3
Securities and derivative transactions	137.6	-	-
Other accounts payable	1,626.0	467.3	-
Deferred taxes	1,713.9	1,345.9	27.3
Total liabilities	27,469.2	26,638.0	3.1
Capital stock	2,122.8	2,110.4	0.6
Perpetual Notes	4,206.7	-	-
Accumulated results from prior years	5,575.5	4,378.6	27.3
Result from valuation of cash flow hedges, net	359.7	229.4	56.8
Cumulative translation adjustment	93.7	167.6	(44.1)
Controlling position in subsidiaries	748.9	677.2	10.6
Net Income	1,661.1	1,714.0	(3.1)
Total stockholders' equity	14,768.4	9,277.4	59.2
Total Liabilities and Stockholders' equity	42,237.5	35,915.4	17.6

Financial Ratios

	4Q17	4Q16	% Var.	2017	2016 Recurring	% Var. Recurring	2016	% Var.
Yield	34.4%	31.5%	2.9	32.2%	29.7%	2.5	31.0%	1.2
Net Interest Margin	23.4%	21.2%	2.2	22.0%	21.2%	0.8	22.5%	(0.5)
Return on Average Loan Portfolio	6.3%	5.9%	0.4	6.3%	6.9%	(0.6)	7.6%	(1.3)
ROAA: Return on average assets	4.5%	3.8%	0.7	4.5%	4.5%	-	5.0%	(0.5)
ROAE: Return on average stockholders' equity	14.5%	15.1%	(0.6)	15.9%	18.4%	(2.5)	20.2%	(4.3)
Debt to Equity Ratio	1.6	2.7	(1.1)	1.6	2.7	(1.1)	2.7	(1.1)
Average cost of funds	11.7%	9.7%	2.0	11.4%	8.1%	3.3	8.2%	3.2
Efficiency ratio	52.5%	50.5%	2.0	50.2%	52.1%	(1.9)	49.9%	0.3
Capitalization Ratio	50.9%	38.8%	12.1	50.9%	38.1%	12.8	38.8%	12.1
Provisions for loan losses	5.4%	4.9%	0.5	4.6%	3.5%	1.2	3.5%	1.2
Allowance for loan losses	176.4%	148.4%	27.9	176.4%	148.4%	27.9	148.4%	27.9
Total past-due loan portfolio as a percentage of total loan portfolio	2.1%	2.2%	(0.1)	2.1%	2.2%	(0.1)	2.2%	(0.1)

4Q17 Highlights

- **Consolidated loan portfolio** increased by 21.3% to reach Ps. 29,015.0 million at the end of 4Q17, compared to Ps. 23,927.0 million recorded at the end of 4Q16.
- **Financial margin** increased 31.3% to Ps. 1,627.8 million in 4Q17, compared to Ps. 1,239.3 million recorded during 4Q16. Therefore, the Net Interest Margin stood at 23.4% in 4Q17.
- **Net income** for 4Q17 increased 27.1% over 4Q16, reaching Ps. 439.0 million, compared to Ps. 345.3 million during 4Q16.
- **ROAE** reached 14.5% during the quarter, whilst **ROAA** was 4.5%. Excluding the Perpetual Notes, **ROAE** reached 17.6%.
- 4Q17 **average cost of funds** rose to 11.7%, representing an increase of 200 bps when compared to 9.7% in 4Q16.
- **Provision for loan losses** reached Ps. 391.2 million compared to Ps. 290.1 million in 4Q16; whilst the non-performing loan (NPL) ratio decreased from 2.2% in 4Q16 to 2.1% in 4Q17
- The **efficiency ratio** slightly increased from 50.5% in 4Q16 to 52.5% in 4Q17.
- The **capitalization ratio** increased to 50.9% in 4Q17, compared to 38.8% in 4Q16. Excluding the Perpetual Notes, the capitalization ratio reached 36.4% in 4Q17.
- During the quarter, the share of **fixed rate debt** represented 52% of the total consolidated debt.
- First issuance for Ps. 800 million, under a Ps. 10,000 million credit loan Portfolio **Securitization** program, with an interest rate of TIIE + 225 bps and 5-year term. The issuance has been rated "AAA(mex)vra" local scale by Fitch and "HR AAA (E)" scale by HR Ratings.
- First issuance of **Subordinated Perpetual Notes** of US\$230 million. Given the accounting criteria for this instrument, the transaction significantly enhanced the Company's capital structure, as it is fully registered as equity.
- On January 31st, we completed the issuance of CHF\$170 million **Unsecured Non-callable Bonds** due 2022, with an interest rate of 2.875% per annum.

Summary of Operations

Loan Portfolio Summary

	4Q17					4Q16					Var. % Portfolio
	Portfolio ¹	%	Customers	NPL's	Average Loan	Portfolio ¹	%	Customers	NPL's	Average Loan	
Payroll	19,307.8	66.5%	379,533	1.2%	50,873	14,530.4	60.7%	352,667	2.0%	41,202	32.9
SMEs	1,746.1	6.0%	360	1.3%	4,850,147	1,368.5	5.7%	233	0.9%	5,873,228	27.6
Used Cars	2,714.0	9.4%	14,154	1.1%	191,745	2,778.6	11.6%	14,875	3.3%	186,797	(2.3)
Instacredit	4,612.7	15.9%	181,314	5.2%	25,441	4,390.7	18.4%	161,785	2.4%	27,139	5.1
Others ³	634.5	2.2%	257,481	3.6%	2,464	858.8	3.6%	253,986	1.6%	3,381	(26.1)
Total	29,015.0	100.0%	832,842	2.1%	34,839	23,927.0	100.0%	783,546	2.2%	30,537	21.3

Origination Summary

	4Q17		4Q16		Var. %	2017		2016		Var. %
	Origination ²	%	Origination ²	%		Origination ²	%	Origination ²	%	
Payroll	1,816.7	36.4%	1,225.3	26.0%	48.3	5,758.2	30.6%	4,969.3	27.6%	15.9
SMEs	645.1	12.9%	914.0	19.4%	(29.4)	2,783.3	14.8%	3,712.2	20.6%	(25.0)
Used Cars	463.5	9.3%	532.1	11.3%	(12.9)	1,819.8	9.7%	2,084.0	11.6%	(12.7)
Instacredit	759.8	15.2%	857.1	18.2%	(11.4)	3,322.5	17.6%	2,999.4	16.7%	10.8
Others ³	1,310.0	26.2%	1,187.1	25.2%	10.4	5,151.8	27.4%	4,244.6	23.6%	21.4
Total	4,995.1	100.0%	4,715.7	100.0%	5.9	18,835.6	100.0%	18,009.5	100.0%	4.6

(1) and (2) figures are expressed in millions of 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*".

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