

Beyond your limits

Profit & Loss								
Ps. million	4Q21	4Q20	(%) Var.	4Q21 (USD Mn) ¹	2021	2020	(%) Var.	2021 (USD Mn) ¹
Interest income	2,808.6	2,499.2	12.4	137.2	11,553.9	10,055.7	14.9	564.5
Interest expense	(1,596.5)	(1,207.1)	32.3	(78.0)	(6,098.9)	(4,517.0)	35.0	(298.0)
Financial margin	1,212.1	1,292.1	(6.2)	59.2	5,455.0	5,538.6	(1.5)	266.5
Net provision for loan losses	(1,324.6)	(743.9)	78.1	(64.7)	(2,683.6)	(2,112.6)	27.0	(131.1)
Risk-adjusted margin	(112.6)	548.3	-	(5.5)	2,771.4	3,426.0	(19.1)	135.4
Commissions and fees collected	0.4	21.7	(98.1)	-	0.5	137.3	(99.7)	-
Commissions and fees paid	(80.6)	(65.5)	23.1	(3.9)	(297.4)	(247.3)	20.3	(14.5)
Intermediation income	284.3	(110.8)	-	13.9	265.7	(79.1)	-	13.0
Other income from operations	361.5	394.9	(8.4)	17.7	1,471.5	1,097.3	34.1	71.9
Administrative and promotion expenses	(971.7)	(860.2)	13.0	(47.5)	(3,700.2)	(3,212.5)	15.2	(180.8)
Depreciation expense	(98.2)	8.0	-	(4.8)	(477.8)	(326.6)	46.3	(23.3)
Operating result	(616.9)	(63.7)	-	(30.1)	33.6	794.9	(95.8)	1.6
Income taxes	214.3	86.7	-	10.5	33.5	(87.9)	-	1.6
Income before participation in the results of subsidiaries	(402.6)	23.0	-	(19.7)	67.1	707.0	(90.5)	3.3
Participation in the results of subsidiaries, associates and non-controlling participation	43.2	97.7	(55.8)	2.1	59.7	49.4	20.9	2.9
Net income	(359.4)	120.7	-	(17.6)	126.8	756.4	(83.2)	6.2

Balance Sheet

Ps. million	4Q21	4Q20	(%) Var.	4Q21 (USD Mn) ¹
Cash and cash equivalents	616.6	1,097.4	(43.8)	30.1
Investments in securities	749.2	1,091.7	(31.4)	36.6
Securities and derivatives transactions	3,303.1	1,964.5	68.1	161.4
Total performing loan portfolio	49,915.8	45,920.8	8.7	2,438.8
Total non-performing loan portfolio	1,257.1	1,589.1	(20.9)	61.4
Loan portfolio	51,172.9	47,509.9	7.7	2,500.2
Less: allowance for loan losses	2,626.5	2,031.6	29.3	128.3
Loan portfolio (net)	48,546.4	45,478.3	6.7	2,371.9
Factoring Loan Portfolio	-	701.4	-	-
Other accounts receivable (net)	8,707.3	8,677.9	0.3	425.4
Foreclosed assets (net)	1,903.7	1,343.1	41.7	93.0
Property, furniture and fixtures (net)	2,398.3	3,512.2	(31.7)	117.2
Long-term investments in shares	1,446.3	1,244.3	16.2	70.7
Debt insurance costs, intangibles and others	5,781.3	5,206.0	11.0	282.5
Total assets	73,452.2	70,316.9	4.5	3,588.8
Notes payable	3,439.8	761.0	-	168.1
Senior Notes payable	34,516.4	27,705.9	24.6	1,686.4
Bank loans and borrowings from other entities				
Short-term	8,623.6	13,780.3	(37.4)	421.3
Long-term	6,716.0	7,578.9	(11.4)	328.1
Total Bank loans	15,339.5	21,359.3	(28.2)	749.5
Total debt	53,295.7	49,826.1	7.0	2,604.0
Income taxes payable	(61.7)	323.9	-	(3.0)
Securities and derivatives transactions	179.3	619.7	(71.1)	8.8
Other accounts payable	920.5	1,691.2	(45.6)	45.0
Deferred taxes	1,661.7	1,787.4	(7.0)	81.2
Total liabilities	55,995.6	54,248.4	3.2	2,735.9
Capital stock	1,685.1	1,649.5	2.2	82.3
Perpetual notes	4,206.7	4,206.7	-	205.5
Retained earnings	9,236.3	9,407.9	(1.8)	451.3
Result from valuation of cash flow hedges, net	1,164.3	(1,054.0)	-	56.9
Cumulative translation adjustment	105.4	69.9	50.9	5.1
Controlling position in subsidiaries	932.0	1,032.3	(9.7)	45.5
Net income	126.8	756.4	(83.2)	6.2
Total stockholders' equity	17,456.6	16,068.6	8.6	852.9
Total liabilities and stockholders' equity	73,452.2	70,316.9	4.5	3,588.8

Financial Ratios

	4Q21	4Q20	(%) Var.	2021	2020	(%) Var.
Total Yield	22.6%	21.9%	0.7	23.0%	21.5%	1.5
Yield	21.3%	20.8%	0.5	22.0%	20.9%	1.1
Net Interest Margin	9.2%	10.8%	(1.6)	10.4%	11.5%	(1.1)
Return on Average Loan Portfolio	(2.7%)	1.0%	(3.7)	0.2%	1.6%	(1.3)
ROAA: Return on average assets	(1.9%)	0.7%	(2.6)	0.2%	1.0%	(0.9)
ROAE: Return on average stockholders' equity	(8.0%)	2.9%	(10.9)	0.7%	4.3%	(3.5)
ROAE: Return on average stockholders' equity (excluding Perpetual Notes)	(10.4%)	3.8%	(14.2)	0.9%	5.6%	(4.6)
Debt to Equity Ratio	3.1x	3.1x	-			
Debt to Equity Ratio (excluding Perpetual Notes)	4.0x	4.2x	(0.2)			
Average cost of funds	11.8%	9.4%	2.4	11.0%	8.8%	2.2
Efficiency ratio	71.3%	53.9%	17.4	62.0%	53.7%	8.3
Capitalization Ratio (Total portfolio)	32.7%	31.4%	1.3			
Capitalization Ratio (Total portfolio and excluding Perpetual Notes)	24.8%	23.2%	1.6			
Provisions for loan losses as a percentage of total loan portfolio	10.4%	6.3%	4.1	5.2%	4.4%	0.8
Allowance for loan losses as a percentage of total past-due loan portfolio	208.9%	127.8%	81.1			
Total past-due loan portfolio as a percentage of total loan portfolio	2.5%	3.3%	(0.8)			

4Q21 Highlights

- In line with the **focus on more resilient portfolios**, during 4Q21, **collection levels remained stable**, totaling Ps. 8,288.7 million, practically within the average levels since the pandemic began.
- As a result of the payment of Ps. 695 million in assets corresponding to a non-performing loan granted to Nuncio Accipiens, S.A. de C.V., the **NPL ratio was reduced by 130 bps. QoQ and 80 bps. YoY, to 2.5%** (returned to its historical ranges of 2%-3%).
- Following the improvement in non-performing loan portfolio this quarter, the **coverage ratio was 208.9%** in 4Q21 (in line with its pre-pandemic levels above 170%), **which compares positively** with 132.2% in 3Q21 and 127.8% in 4Q20.
- During the quarter, the Company continued to move forward in its **deleveraging strategy**, as total debt went from Ps. 54,831.8 million in 3Q21 to Ps. 53,295.7 million in 4Q21, contributing to the **debt-to-equity ratio remaining at 3.1x** this quarter. Also, during the period, **Crédito Real refinanced ~Ps.3,000 million**.
- It is important to mention that **Crédito Real is making progress in the execution of a number of initiatives aimed at strengthening its liquidity** (Sale of SMEs Loan Portfolio, Sale of Crédito Real USA Finance LLC, and Monetization of Nuncio Loan), which, when completed, will provide the company with more resources to accelerate its deleveraging strategy. In parallel, efforts to monetize the other foreclosed assets in the short-term continue.
- During the quarter, the Company took a **write-off of Ps. 587.0 million that corresponded to Honduras loan portfolio**. In this regard, the Company is taking the necessary actions and evaluating all the alternatives to recover this charge-off account.
- **During 2021, the Company repurchased 10.8 million shares** at market price, through its stock buyback program, **which accounts for approximately 2.9% of the total outstanding shares**. This with the aim of strengthening the Company's positioning in the stock market given its current market valuation.
- **After missing principal and interest payment of the CHF 170 million Swiss Bond**, the Company has diligently and proactively engaged with the Bond Holders representative and their Legal Counsels to discuss alternatives and find a mutually beneficial agreement for all parties. Initial conversations with them have been positive and the next step would be to call for a Bond Holders Meeting. Towards these discussions, **the Company underpins the importance of value preservation** and that is the main reason why the Company engaged DLA Piper LLP (USA) and FTI Consulting as its legal and restructuring advisors, respectively. The business continuity is in the best interests of all counterparties (including bond holders and secured & unsecured lenders).

Summary of Operations

Loan portfolio summary

	4Q21					4Q20					(% Var. Portfolio)
	Portfolio ²	%	Customers	NPL's	Average Loan	Portfolio ²	%	Customers	NPL's	Average Loan	
Payroll	29,518.3	55.3%	449,654	1.3%	65,647	29,402.8	57.5%	455,858	1.7%	64,500	0.4
SMEs ³	12,031.0	22.5%	894	5.1% ⁵	13,457,550	12,112.8	23.7%	3,436	9.0% ⁵	3,525,271	(0.7)
Used Cars	4,683.2	8.8%	25,894	1.6%	180,862	3,887.2	7.6%	23,389	1.4%	166,196	20.5
Personal	5,674.2	10.6%	176,246	5.1%	32,195	4,805.3	9.4%	153,259	5.3%	31,354	18.1
Other ⁴	1,465.4	2.7%	382,884	-	3,827	926.4	1.8%	294,565	3.2%	3,145	58.2
Total	53,372.2	100.0%	1,035,572	2.5% ⁵	51,539	51,134.4	100.0%	930,507	3.3% ⁵	54,953	4.4

Origination summary

	4Q21 Origination ²			4Q20 Origination ²			2021 Origination ²			2020 Origination ²		
		%	(%) Var.									
Payroll	923.4	14.9%	(12.6)	1,056.4	14.1%	(12.6)	6,406.1	22.2%	37.1	4,673.8	14.9%	37.1
SMEs ³	1,437.6	23.2%	(47.8)	2,752.3	36.8%	(47.8)	6,872.8	23.8%	(51.2)	14,097.6	44.8%	(51.2)
Used Cars	755.9	12.2%	(7.9)	820.4	11.0%	(7.9)	2,915.6	10.1%	20.1	2,427.6	7.7%	20.1
Personal	1,109.9	17.9%	30.8	848.8	11.3%	30.8	4,191.9	14.5%	48.8	2,817.3	9.0%	48.8
Others ⁴	1,969.4	31.8%	(1.8)	2,005.2	26.8%	(1.8)	8,506.8	29.4%	14.4	7,438.3	23.6%	14.4
Total	6,196.1	100.0%	(17.2)	7,483.0	100.0%	(17.2)	28,893.2	100.0%	(8.1)	31,454.6	100.0%	(8.1)

(1) Figures are expressed in millions of dollars at period-end exchange rate: \$20.4672

(2) Figures are expressed in millions of pesos.

(3) Includes Ps. 2,199.3 million and Ps. 2,841.2 million from the leasing portfolio in 4Q21 and 4Q20, respectively, registered in fixed assets. Also, the factoring portfolio, which is included in the loan portfolio since the 1Q21, amounted Ps. 436.7 million in 4Q21, compared to Ps. 692.8 million in 4Q20.

(4) Integrates by Group Loans and Durable Goods. Includes strategic alliances.

(5) Related to loan portfolio which excludes the leasing portfolios in 2021; and leasing and factoring portfolios in 2020, previously detailed.

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