IMPORTANT NOTICE

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This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission, and consequently, none of the initial purchasers nor any person who controls any initial purchaser or any of their directors, officers, employees or agents, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

OFFERING MEMORANDUM **CONFIDENTIAL**

US$350,000,000
Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada
(incorporated under the laws of Mexico)
7.500% Senior Notes due 2019

We are offering US$350,000,000 aggregate principal amount of our 7.500% Senior Notes due 2019 (the "notes"). We will pay interest on the notes semi-annually on March 13 and September 13 of each year beginning on September 13, 2014. The notes will mature on March 13, 2019. We may redeem the notes, in whole or in part, at any time on or after March 13, 2017, at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to the date of redemption. Prior to March 13, 2017, we may also redeem the notes, in whole or in part, at a redemption price based on a "make- whole" premium plus accrued and unpaid interest, if any, to the date of redemption. In addition, at any time on or prior to March 13, 2017, we may redeem up to 35% of the notes at a redemption price equal to 107.500% of their principal amount, plus accrued and unpaid interest, if any, to the date of redemption, using the proceeds of certain equity sales. Furthermore, if tax laws currently in effect are modified and the change results in higher withholding taxes in respect of certain payments on the notes, we may redeem the notes in whole, but not in part, at 100% of their principal amount, plus accrued and unpaid interest, if any, to the date of redemption. There is no sinking fund for the notes.

The notes will be our senior unsecured general obligations (subject to certain statutory preferences under Mexican law, including preferences arising from tax and labor obligations) and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness. The notes will rank effectively junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior to debt obligations of our subsidiaries that are not guarantors of the notes. At present, we have no subsidiaries that are guarantors of the notes.

We have launched a cash tender offer (the "Tender Offer") for any and all of our U.S.$210,000,000 aggregate principal amount of 10.250% senior notes due 2015 (the "2015 Senior Notes") validly tendered and accepted by us on or before March 24, 2014 and a consent solicitation to, among other things, eliminate most of the restrictive covenants and certain of the events of default contained in the indenture governing the 2015 Senior Notes and to shorten the minimum notice period required for a redemption from thirty days to six business days prior to the redemption date (with an additional minimum notice of three business days to the Trustee) (the "Consent Solicitation"). We intend to use the net proceeds from this offering (i) to pay the consideration for the Tender Offer and Consent Solicitation and accrued and unpaid interest on the 2015 Senior Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offer and Consent Solicitation, (iii) to repay certain indebtedness and (iv) to the extent any proceeds remain, for general corporate purposes. The Tender Offer and Consent Solicitation are not being made pursuant to this offering memorandum. The closing of the Tender Offer and Consent Solicitation is contingent upon the closing of this offering.

No public market currently exists for the notes. Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange.

Investing in the notes involves risks. See "Risk Factors" beginning on page 24 for certain information that you should consider before investing in the notes.

Offering Price: 100.000% plus accrued interest, if any, from March 13, 2014.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR "CNBV"), AND, THEREFORE, MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO, EXCEPT THAT THE NOTES MAY BE SOLD TO MEXICAN INSTITUTIONAL AND ACCREDITED INVESTORS SOLELY PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THIS OFFERING OF THE NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE SUBMITTED TO THE CNBV TO COMPLY WITH ARTICLE 7, SECOND PARAGRAPH, OF THE MEXICAN SECURITIES MARKET LAW AND FOR INFORMATIONAL PURPOSES ONLY. THE DELIVERY TO, AND RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE ACQUISITION OF THE NOTES BY AN INVESTOR WHO IS A RESIDENT OF MEXICO WILL BE MADE UNDER ITS OWN RESPONSIBILITY.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act"), any state securities laws, or the securities laws of any other jurisdiction and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold in the United States only to qualified institutional buyers in compliance with Rule 144A under the Securities Act ("Rule 144A") and to persons other than U.S. persons outside the United States in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of eligible offerees and certain restrictions on transfer of the notes, see "Transfer Restrictions."

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme, Luxembourg ("Clearstream") on or about, March 13, 2014.

Joint Book-Runners

Barclays **BofA Merrill Lynch** **Credit Suisse**

The date of this offering memorandum is March 6, 2014.

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You should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized any other person to provide you with information that is different from or additional to that contained in this offering memorandum, and we take no responsibility for any other information that others may give you. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of time of delivery of this offering memorandum or any sale of the notes. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. This document may only be used where it is legal to sell the notes. Neither we nor any of the initial purchasers are making an offer to sell or seeking offers to buy the notes in any jurisdiction where such an offer or sale is not permitted.

Unless otherwise specified or the context requires, references in this offering memorandum to "Crédito Real," "the Issuer," "the Company," "we," "us" and "our" refer to Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada.

NOTICE TO INVESTORS

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. By purchasing the notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

Neither the CNBV nor the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities commission, has approved or disapproved of the notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

We have submitted this offering memorandum solely to a limited number of qualified institutional buyers in the United States and to investors outside the United States so they can consider a purchase of the notes. We have not authorized its use for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, you agree to these restrictions. See "Transfer Restrictions."

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to such documents and other information for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our company and of the terms of this offering and the notes, including the merits and risks involved.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

Neither we nor the initial purchasers are making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding any investment in the notes.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that), the information contained in this offering memorandum is in accordance with the facts and does not omit any material information. You should assume that the information contained in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum.

We reserve the right to withdraw this offering of the notes at any time, and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the notes.

You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor any of the initial purchasers will have any responsibility therefor.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

To the extent that the offer of the notes is made in any European Economic Area ("EEA") member state that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member state, the "Prospectus Directive") before the date of publication of a prospectus in relation to the notes which has been approved by the competent authority in that member state in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in that member state in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that member state within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require the issuer to publish a prospectus pursuant to the Prospectus Directive.

AVAILABLE INFORMATION

We are not subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resales of notes, we will be required under the indenture under which the notes are issued (the "Indenture"), upon the request of a holder of Rule 144A notes or Regulation S notes (during the restricted period, as defined in the legend included under "Transfer Restrictions"), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we either furnish information to the SEC in accordance with Rule 12g3-2(b) under the Exchange Act or furnish information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Any such request may be made to us in writing at our main office located at Avenida Insurgentes Sur No. 664, Third Floor, Colonia del Valle, Delegación Benito Juárez, C.P. 03100, México D.F, México, Attention: Investor Relations.

The Indenture will further require that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of notes and other reports and communications that are generally made available to holders of the notes. At our request, the Trustee will be required under the Indenture to mail these notices, reports and communications received by it from us to all record holders of the notes promptly upon receipt. See "Description of the Notes."

We will make available to the holders of the notes, at the corporate trust office of the Trustee at no cost, copies of the Indenture as well as this offering memorandum, including a review of our operations, and copies in English of our annual audited consolidated financial statements and our quarterly unaudited consolidated financial statements. Information will also be available at the office of the Luxembourg Listing Agent (as defined herein).

Application is expected to be made to admit the notes to listing in the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF of the Luxembourg Stock Exchange, in accordance with its rules. This offering memorandum forms, in all material respects, the listing memorandum for admission to the Luxembourg Stock Exchange. We will be required to comply with any undertakings given by us from time to time to the Luxembourg Stock Exchange in connection with the notes, and to furnish all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this offering memorandum relating to our plans, forecasts and expectations regarding future events, strategies and projections are just estimates. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding our results of operations and financial position; (ii) statements of plans, objectives or goals, including those related to our operations; and (iii) statements of assumptions underlying such statements. Words such as "may," "might," "will," "would," "shall," "should," "can," "could," "believe," "anticipate," "continue," "expect," "estimate," "plan," "intend," "foresee," "seeks," "predict," "project," "potential," or the negative of these terms, and other similar terms are used in this offering memorandum to identify such forward-looking statements. Forward-looking statements included in this offering memorandum are based on our current expectations and projections related to future events and trends which affect or would affect our business.

Forward-looking statements include risks, uncertainties and assumptions, since these refer to future events and, therefore, do not represent any guarantee of future results. Therefore, our financial condition and operating income, strategies, competitive position and market environment may significantly differ from our estimates, in view of a number of factors, including, but not limited to:

- general economic, political and business conditions in Mexico;
- our ability to implement our operating strategy and business plan;
- our ability to freely determine the interest rates we charge to our clients;
- our level of capitalization and reserves;
- increases in defaults by our customers, as well as any increase in our allowance for loan losses;
- credit risks, market risks and any other risks related to financing activities;
- competition in the Mexican markets for payroll loans, group loans, durable goods loans, small business loans and used car loans;
- perception by investors and authorities of our business;
- availability of funds and related funding costs;
- offer and demand for our products and services;
- inflation, devaluation of the peso and interest rate fluctuations in Mexico;
- changes to accounting principles, laws, regulations, taxation and governmental policies related to our activities, including, but not limited to, usury and consumer protection laws;
- adverse administrative or legal proceedings;
- our clients' ability to pay their loans and the stability of their sources of income;
- potential risk factors presented under "Risk Factors" in this offering memorandum; and
- other developments, factors or trends affecting our financial condition and our operating income.

Therefore, our actual performance may be adversely affected and may significantly differ from the expectations set forth in these forward-looking statements, which do not represent a guarantee of our future performance. In view of these uncertainties, you must not rely on the estimates and forward-looking statements included in this offering memorandum to make an investment decision.

Forward-looking statements included herein are made only as of the date of this offering memorandum. Except as required by law, we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events or circumstances.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Financial Information

This offering memorandum contains our audited financial statements as of December 31, 2011, 2012 and 2013 and for the years then ended; together with the notes thereto, which we refer to as the audited financial statements. The audited financial statements are referred to herein as the financial statements.

Prior to the enactment of the Financial Reforms (as defined below), we were a non-regulated multiple purpose financial institution (*sociedad financiera de objeto múltiple, entidad no regulada,* or *"Sofom"*) in accordance with Article 87-B of the General Law for Credit Organizations and Ancillary Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*) in effect as of that time. Currently, we are in the process of becoming a regulated *Sofom*, as required by the amendments to the General Law of Auxiliary Credit Organizations and Credit Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*) published as part of the Financial Reforms. We have prepared our financial statements under the accounting criteria established by the CNBV in its General Provisions Applicable to Ancillary Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions (*Disposiciones de Carácter General Aplicables a las Organizaciones Auxiliares del Crédito, Casas de Cambio, Uniones de Crédito, Sociedades Financieras de Objeto Limitado y Sociedades Financieras de Objeto Múltiple Reguladas* or "*Sofom* GAAP"), more specifically as established in (1) Article 78 of the General Provisions Applicable to Securities Issuers and Other Participants in the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y Otros Participantes del Mercado de Valores*) and (2) Article 87-D of the General Law for Credit Organizations and Ancillary Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*) in effect prior to the enactment of the Financial Reforms. *Sofom* GAAP adheres to Mexican Financial Reporting Standards, which are individually referred to as Standards of Financial Information (*Normas de Información Financiera*, or "NIFs"), as established by the Mexican Board for Financial Information Standards (*Consejo Mexicano de Normas de Información Financiera, A.C.* or "CINIF"), modified in certain areas based on the judgment of the CNBV in order to take into consideration the specialized operations of financial institutions.

Sofom GAAP differs in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"). See "Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP" for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. We are not providing any reconciliation to U.S. GAAP of the financial statements or other financial information in this offering memorandum. We cannot assure you that a reconciliation would not identify material quantitative differences between the financial statements or other financial information as prepared on the basis of *Sofom* GAAP if such information were to be prepared on the basis of U.S. GAAP or any other accounting principles.

On July 1, 2011, we merged with Rasteroz, S.A. de C.V. ("Rasteroz"), a private company whose main activity is arranging for the provision of financing and which held 49% of the common voting shares of Directodo México, S.A.P.I. de C.V. ("Directodo"). See "Business—Overview—History and Development." The effects of this investment in the shares of Directodo as of July 1, 2011 have been reflected in our financial statements using the participation method.

The financial results of Servicios Corporativos Chapultepec, S.A. de C.V. ("Servicios Chapultepec"), a services subsidiary in which we have a 99.99% ownership interest, have been consolidated into our financial statements as of July 1, 2011. Our share ownership in Servicios Chapultepec became effective on July 1, 2011 as a result of the merger of Futu-Iem, S.A.P.I. de C.V. ("Futu-Iem")(a holding company holding 72.0% of our capital stock prior to the merger) and Rasteroz, as merging entities. Prior to such date, Futu-Iem owned 99.99% of Servicios Chapultepec's capital stock. During the years ended on December 31, 2012, 2011 and 2010, the majority of Servicios Chapultepec's income from services was derived from contracts entered into with its holding company (i.e., Futu-Iem until July 1, 2011 and us thereafter).

On November 18, 2011, we acquired a 49% interest in the capital stock of Publiseg S.A. de C.V., SOFOM, E.N.R. ("Publiseg"). See "Business—Overview—History and Development." The effects of this investment in shares of Publiseg as of November 17, 2011 have been reflected in our financial statements using the participation method.

On October 4, 2012, we acquired a 40.8% minority interest in the capital stock of Grupo Empresarial Maestro S.A. de C.V. ("GEMA" or "Crédito Maestro"). During the first quarter of 2013, we increased our ownership interest to 49%. See "Business—Overview—History and Development." The effects of this investment in GEMA have been reflected in our financial statements using the participation method.

Currency Information

Unless otherwise specified, references to "$," "US$," "U.S. dollars" and "dollars" are to the lawful currency of the United States. References to "Ps." and "pesos" are to the lawful currency of Mexico.

This offering memorandum contains translations of various peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. Unless otherwise indicated, the dollar translations provided in this offering memorandum are calculated using an exchange rate of Ps.13.0843 per U.S. dollar, the exchange rate determined by *Banco de México* on December 31, 2013 and published in the Official Gazette of the Federation (*Diario Oficial de la Federación,* or the "Official Gazette") on January 2, 2014.

Rounding

We have made rounding adjustments to certain numbers presented in this offering memorandum. As a result, numerical figures presented as totals may not always be the exact arithmetic results of their components, as presented.

Industry and Market Data

Market data and other statistical information (other than in respect of our financial results and performance) used throughout this offering memorandum are based on independent industry publications, government publications, reports by market research firms or other published independent sources, including the World Bank, Euromonitor, Asociación Mexicana de Agencias de Investigación de Mercado y Opinión Pública ("AMAI"), ACCION International, Asociación Mexicana de Distribuidores Automotores, ProDesarrollo, a Mexican association that compiles information on major Mexican microfinance companies ("ProDesarrollo"). Some data are also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. You should not place undue reliance on estimates as they are inherently uncertain.

SUMMARY

This summary highlights certain information contained in this offering memorandum and may not include all the information relevant to you. For a more complete understanding of our business, you should read the following summary together with the more detailed information appearing elsewhere in this offering memorandum, including that set forth under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included elsewhere in this offering memorandum.

Our Company

We are one of the leading financial companies in Mexico, with a focus on consumer lending, and we have a diversified and scalable business platform focused primarily on the following types of loans throughout Mexico: (i) loans with payment via payroll, or payroll loans, (ii) loans to finance the purchase of durable goods, or durable goods loans, (iii) loans to small businesses, or small business loans, (iv) loans to small groups of borrowers, or group loans, and (v) loans for used car purchases, or used car loans. We offer products to the low and middle-income segments of the population, which historically have been underserved by other financial institutions. According to the National Statistics and Geographical Institute (*Instituto Nacional de Estadistica y Geografía*, or INEGI), these segments account for approximately 56.0% of the total economically active population, which represents approximately 29.3 million potential customers. On December 31, 2013, the average principal amount of our outstanding loans was Ps.21,891. All loans made or purchased by us are denominated in pesos, bear interest at fixed rates and are amortized in installments. We design our credit products with terms that we believe can be easily understood by customers, even if they have no previous credit experience.

Our open-ended platform allows us to enter into new credit products and new regions, thus supporting our future expansion. We currently offer our payroll loans to unionized governmental employees through our distributors, which include Directodo, Publiseg, GEMA and other independent distributors. We believe our diversified model of consumer credit provides us with a competitive advantage, as it is supported by our network of distributors, promoters and specialized retail chains offering credit products to the low and middle-income segments of the population, which gives us access to a large number of potential customers from different economic sectors in Mexico. We have entered into financial factoring agreements with 25 distributors who originate payroll loans and manage loan collection. We have a 49% interest in each of Directodo, Publiseg and GEMA, three of the leading payroll loan distributors in Mexico, as well as exclusivity in the origination of loans from these distributors, creating a network of over 252 branches. Our payroll loan distributors have access to workers and unions in federal, state and local governments and other public sector employers in most states of Mexico. Our group loans are originated by either us or by a distributor, through a joint network of 314 promoters and 78 branches. The promoters are familiar with the specific needs of small business owners and self-employed individuals. In addition, we have entered into contracts with 44 specialized retail chains which originate loans for durable goods through 1,271 points of sale in 117 cities throughout Mexico. For our small business loan product we have a business center in México City that promotes loans directly to local businesses. In October 2013, we entered into an alliance with Fondo H in order to strengthen our position in the small- and medium-sized enterprise ("SME") loan market and also acquired a Ps.657.5 million loan portfolio. Fondo H is an originator focused on granting short- and medium-term loans to SMEs in Mexico. Its customer base includes businesses in the manufacturing, distribution and services sectors. Through the agreement, we provide exclusive funding for the loans originated by Fondo H. Furthermore, we have agreements with 9 car dealerships selling precertified used cars to originate used car loans.

Distributors of payroll loans, specialized retail chains that offer loans for durable goods, small business loans and car dealerships that promote our loans use their own brands. Regardless of the brand, we leverage our expertise and standardized processes across our different products for analyzing and approving loans originated by distributors, promoters and specialized retail chains to deliver and process credit products tailored to their customers.

For all of our products, we analyze each credit application according to our own credit policies and procedures, regardless of the type of credit origination used. Based on this analysis, we approve or reject each loan on an individual basis. This gives us the assurance that the loans we underwrite comply with our credit risk policies and fall within our business strategy.

We strive to enhance the social well-being of our clients through our loans, which we believe provide them with the opportunity to access funds that would otherwise not be easily obtainable, given the limited or nonexistent credit records of the majority of the individuals we serve.

Our business strategy is primarily focused on serving market segments that are underserved by financial institutions in markets with high growth potential in order to generate substantial margins and maintain controlled non-performing loan ("NPL") and efficiency ratios.

We have maintained and implemented initiatives to consolidate our leading presence in each type of loan we offer and have significantly grown our business. During the 20 years that we have been in business, we have disbursed approximately four million loans to over two million customers.

From 2011 through 2013, our loan portfolio and interest income have increased by 89.1% and 42.5%, respectively, driven primarily by the expansion of our payroll and small business loans. Due to our initial public offering in October 2012, our stockholders' equity increased by 198.1% from 2011 through 2013. For the year ended December 31, 2013, we had interest income of Ps.2,724.5 million, a net financial margin of Ps.2,001.4 million and net income of Ps.1,003.6 million. As of December 31, 2013, we had approximately 476,156 customers and a Ps.10,423.5 million total loan portfolio. The table below shows the percentage breakdown of our interest income, loan portfolio, clients and loan origination by product category for our main products as of each of the dates indicated:

	As of and for the Year ended December 31					
	2011		2012		2013	
Interest Income						
Payroll Loans	1,436.8	75.1%	1,621.5	77.6%	2,309.5	84.8%
Durable Goods Loans	206.4	10.8%	213.9	10.2%	253.5	9.3%
Small Business Loans					16.4	0.6%
Group Loans	269.1	14.1%	255.1	12.2%	130.2	4.8%
Used Car Loans					14.9	0.5%
Total (in millions of pesos)	1,912.3	100%	2,090.4	100%	2,724.5	100%
Total Loan Portfolio						
Payroll Loans	4,518.3	82.0%	5,724.3	85.0%	8,165.6	78.3%
Durable Goods Loans	760.8	13.8%	839.8	12.5%	1,124.0	10.8%
Small Business Loans					865.6	8.3%
Group Loans	233.0	4.2%	168.4	2.5%	207.7	2.0%
Used Car Loans					60.6	0.6%
Total (in millions of pesos)	5,512.2	100%	6,732.5	100%	10,423.5	100%
Clients						
Payroll Loans	286,758	61.3%	320,745	68.4%	340,093	71.4%
Durable Goods Loans	71,741	15.3%	74,465	15.9%	77,923	16.4%
Small Business Loans					221	0.0%
Group Loans	109,509	23.4%	74,032	15.8%	57,242	12.0%
Used Car Loans					677	0.1%
Total	468,008	100%	469,242	100%	476,156	100%
Loan Origination						
Payroll Loans	3,597.7	62.9%	2,973.7	58.7%	3,226.5	54.9%
Durable Goods Loans	413.7	7.2%	588.3	11.6%	733.0	12.5%
Small Business Loans					1,017.0	17.3%
Group Loans	1,707.2	29.9%	1,501.3	29.7%	845.2	14.4%
Used Car Loans					52.6	0.9%
Total (in millions of pesos)	5,718.7	100%	5,063.3	100%	5,874	100%

We fund our portfolio primarily through our own capital, debt securities issued in the capital markets and bank credit lines. In 2010, we accessed the international debt markets through an inaugural five-year bond offering of our 2015 Senior Notes followed by a reopening for a combined aggregate principal amount of US$210.0 million. As of December 31, 2011, 2012 and 2013, we had capitalization ratios (defined as total stockholders' equity divided by total loan portfolio at the end of the period) of 26.5%,53.4% and 41.8% respectively. Our efficiency ratio (defined as administrative and promotion expenses for the period divided by the sum of (a) financial margin and (b) net commissions and fees collected) was 25.1% for the year ended December 31, 2013 compared to 35.2% for the year ended December 31, 2012, reflecting growth in our payroll loan portfolio, an increase in the profitability of our group loan operations and our commitment to cost control. In addition, our return on average stockholders' equity (defined as net income divided by average stockholders' equity) for the year ended December 31, 2012 and December 31, 2013 was 27.9% and 24.5%, respectively. As of December 31, 2013, our non-performing loans as a percentage of our total loan portfolio was 1.5%.

The following is a brief description of our loan products:

- *Payroll Loans*. Our payroll loans are granted mainly to unionized state and federal public-sector employees, retirees and pensioners. These loans are originated by our distributors through portfolio purchasing operations. The loans are repaid through paycheck deductions pursuant to the borrowers' prior written instructions. These instructions authorize a borrower's public-sector employer to make fixed installment payments (including interest) from the borrower's payroll wages before those wages are paid to the borrower, significantly mitigating the risk of default. Government agencies typically set limits for the percentage of net available salary that can be deducted from employees' wages to repay a loan. We offer certain of our customers the option to renew their loans before they reach maturity. Historically, approximately 38.6% of our payroll customers have renewed their loans, and we expect this trend to continue.

  The relationships established by our distributors, either directly or through service providers, such as public relations firms, with those labor unions which employ or represent public sector employees in various regions of Mexico are formalized through cooperation agreements among our distributors, the labor unions and the public sector employers. These agreements provide that the distributor will offer loans that are payable through payroll deductions for unionized workers and also provide that the public sector employers must execute the employee's instructions with respect to payment installments, including interest.

  As part of our strategy to expand and strengthen our payroll loan distributions and increase profitability, we have acquired a 49% interest in three of our distributors: Directodo, Publiseg and GEMA, which operate under the brand names Kondinero, Credifiel and Crédito Maestro, respectively, and are three of the leading distributors of payroll loans in Mexico in terms of number of clients and loan origination. Directodo, Publiseg and GEMA collectively have a network of approximately 252 branches nationwide and a sales force of 3,319 promoters for loan origination. We believe that the elements that distinguish the Kondinero, Credifiel and Crédito Maestro brands from their competitors include their extensive nationwide coverage, high percentage of market share and experienced sales teams, which allow more efficient distribution and collection.

  As part of our acquisition of a 49% share in the capital of Directodo on July 1, 2011, we were granted an option to acquire the remaining 51% interest. The acquisition of Directodo was carried out via the merger of Crédito Real, as the merging entity, with Rasteroz, a holding company which holds 49% of the shares of Directodo. As of December 31, 2013, Directodo had 56 cooperation agreements with government agencies and labor unions, including several sections of the National Union of Education Workers (*Sindicato Nacional de Trabajadores de la Educación,* or "SNTE") and the National Union of Social Security Workers (*Sindicato Nacional de Trabajadores del Seguro Social,* or "SNTSS") and 112 branches in all states of Mexico. As of December 31, 2013, Directodo had 1,027 employees, including 630 sales executives and 88 telephone operators. As of December 31, 2013, the Kondinero brand loan portfolio represented 34.6% of our payroll loan portfolio.

  The acquisition of the 49% share in the capital of Publiseg on November 18, 2011, was paid for in cash and provides an option in our favor for the acquisition of the remaining 51% share of said capital. As of December 31, 2013, Publiseg had 92 cooperation agreements with various Mexican labor unions, including some sectors of the SNTE, the SNTSS, and the National Health Secretary's Union (*Sindicato Nacional de Trabajadores de la Secretaría de Salud*), and operated over 74 branches. As of December 31, 2013, Publiseg had 2,029 employees, including 1,770 sales executives, and the Credifiel brand loan portfolio represented 16.2% of our payroll loan portfolio.

Similarly, in August 2012, we entered into an agreement to acquire a minority interest in the capital stock of GEMA. We initially acquired a 40.8% ownership interest, and during the first quarter of 2013 exercised an option to increase our ownership interest to 49%. Additionally, the agreement provides options for us to acquire the remaining 51% interest in GEMA in 2017 and 2018. As of December 31, 2013, GEMA had cooperation agreements with 47 government agencies and operated 66 branches in 21 states of Mexico. As of December 31, 2013, GEMA had 1,312 employees, including 919 sales executives, and the Crédito Maestro brand loan portfolio represented 17.8% of our payroll loan portfolio.

The acquisition of the ownership interests in Directodo, Publiseg and GEMA granted us exclusivity in the origination of payroll loans under the brands Kondinero, Credifiel and Crédito Maestro and allowed us to vertically integrate our operations and to increase our profitability by ensuring the receipt of a greater percentage of the proceeds of the loan portfolio originated by both these brands, as well as optimizing the use of their sales force. The exclusivity we have with Directodo, Publiseg and GEMA gives us the right, but not the obligation, to originate loans from those three distributors.

As of December 31, 2013, our average payroll loan had a principal amount of approximately Ps.24,010, a term of approximately 35 months and was payable in bi-weekly fixed installments of interest and principal, with an average monthly interest rate of 50-65% and an average annual yield of approximately 31.4%, net of risk and profit sharing with our distributors. As of December 31, 2013, we had approximately 340,093 payroll loans outstanding and a Ps.8,165.6 million payroll loan portfolio, which represented an estimated customer market share of 35%, based on our calculations, with an average delinquency rate of 1.6%. For the year ended December 31, 2013, our payroll loan portfolio generated interest income of Ps.2,309.5 million, or 84.8% of our total interest income.

- *Durable Goods Loans*. Our durable goods loans are made to individual consumers to finance the acquisition of "white line goods," such as home and kitchen appliances, as well as electronics, furniture, flooring and tiles. These loans are made through specialized retail chains for which we provide financing programs. In most cases, we originate these loans under the specialized retail chain's brand, but we review and analyze each credit application pursuant to our credit procedures and policies. Customers remit loan payments to us either through a local bank or through the specialized retail chain itself, and we retain any invoice for the durable goods financed until the related loan is fully repaid. We maintain a strong relationship with specialized retail chains which we believe helps us to better position our loans in relation to loan products of other financial institutions. For example, we have tailored financing programs to meet each specialized retail chain's needs and hold monthly meetings with each specialized retail chain to review operating income.

As of December 31, 2013, we had agreements with 44 specialized retail chains, which operate at over 1,271 points of sale in over 117 cities throughout Mexico. As of December 31, 2013, our average durable goods loan had a principal amount of approximately Ps.14,424, a term of approximately 12 months, a monthly interest rate of 40-50%, installments of principal and interest paid every 30 days and an average annual yield of 24.6%. Also as of December 31, 2013, we had approximately 77,923 durable goods loan clients outstanding and a Ps.1,124.0 million durable goods loan portfolio, with an average delinquency rate of approximately 2.0%. From December 31, 2011 to December 31, 2013, the size of our durable goods loan portfolio increased by approximately 21.5% in an annual compound growth. For the year ended December 31, 2013, our durable goods loan portfolio generated interest income of Ps.253.5 million, or 9.3% of our total interest income.

- *Small Business Loans.* This business aim to serve a market segment that is underserved by banks, through two different channels:

An alliance with a small business loan distributor. In October 2013, we entered into an alliance with Fondo H in order to strengthen our position in the small- and medium-sized enterprise (SME) loan market and also acquired a Ps.657.5 million loan portfolio. Fondo H is an originator focused on granting short- and medium-term loans to SMEs in Mexico. Its customer base includes businesses in the manufacturing, distribution and services sectors. Through the agreement we provide exclusive funding for the loans originated by Fondo H. The enterprises that are granted such loans have annual sales between Ps.50,000,000 and Ps.100,000,000. The loan amounts rage from

Ps.1 million to Ps.10 million with loan terms from three to 24 months and interest rates of 20-25%. We believe this market represents a great opportunity because of the large number of small business in Mexico.

A personal in-house brand in the Mexico City area. The main customers of our Crédito Real PYMES brand are mom and pop stores, micro and small enterprises and independent professionals. We provide enterprise financing through non-revolving short term lines (up to 12 months) and long term lines (up to 36 months) to fund working capital requirements and investment activities. Amounts range from Ps.100,000 to Ps.1,000,000, with a preference for loans in an amount approximately equal to Ps.400,000. The collateral is comprised of personal guarantees, but on loans of Ps.500,000 and above we require tangible collateral that is not a person's residence. Interest rates and loan fees range from 28-32% and 1.5-2.5%, respectively.

Our general practice is not to provide financings for debt substitutions, dividend payments, equity reductions or project finance. As of December 31, 2013, the size of the portfolio was Ps.865.6 million.

- *Group Loans*. Our group loans consist of short-term loans with terms ranging from 12 or 16 weeks made to micro-business owners, predominantly women, who form small groups of 12 to 25 borrowers. The borrowers use the loan proceeds exclusively to finance small commercial enterprises. Each individual in a group may borrow a different amount of money, but the repayment dates and applicable interest rates are the same for everyone in the group. Prior to disbursing a loan, we require each borrowing group to provide a security deposit equivalent to 10% of the principal loan amount. Each group member guarantees each other group member's obligations, assuming responsibility for any payment default by another group member. During 2013 we formed an alliance with a group loan distributor in order to strengthen our loan origination. As of December 31, 2013, we offered group loans through a network of 78 branches and approximately 314 full time promoters, reaching 57,242 customers in 67 cities and 20 states throughout Mexico. Our promoters are responsible for identifying and forming borrowing groups, originating loans and ensuring the timely collection of payments by coordinating weekly borrowing group meetings. Loan payments are collected by a leader selected from within the members of the borrowing group. Each leader is accompanied by another group member to deposit collections on a weekly basis at nearby bank branches or certain convenience stores with which we have collection agreements. Approximately 63.3% of our group loan customers have applied to renew their group loan once their existing loan has been repaid in full. In order to renew a loan, the borrowing group must increase the number of members by at least one member. In addition, we offer each borrowing group member the opportunity to acquire a year-long life and cancer insurance policy. As of December 31, 2013, 79.5% of our customers had acquired such policy.

As of December 31, 2013, we had a Ps.207.7 million group loan portfolio, with approximately 57,242 clients and an average delinquency rate of approximately 0.5%. As of December 31, 2013, our average group loan had a principal amount of approximately Ps.3,629 per group member, an average term of 14.1 weeks, and an average annual yield of 69.6%. For the year ended December 31, 2013, our group loan portfolio generated interest income of Ps.130.2 million, or 4.8% of our total interest income.

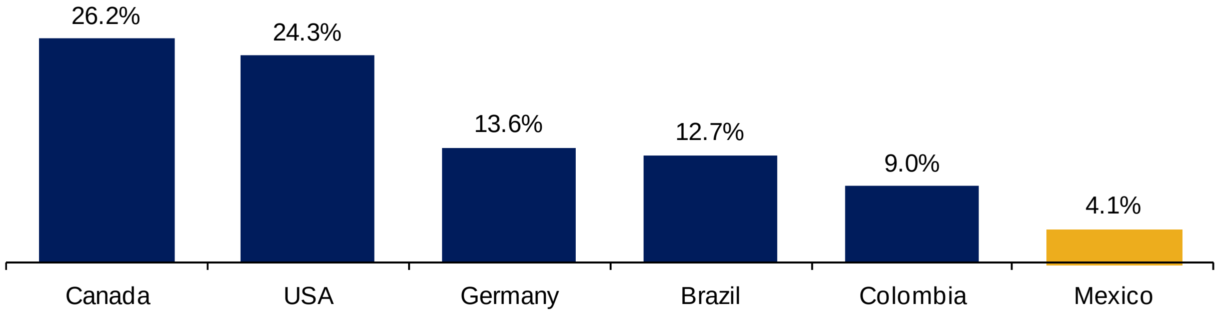
- *Used Car Loans.* Our used car loan business is mainly focused on financing semi-new and used cars through strategic alliances with a network of distributors that use their own sales force to promote our loans. The cars have a life range of three to seven years. Loan terms range from six to 48 months with interest rates of 25% to 35%. Additionally, all cars are insured and have a GPS system that allows us to know in real-time where the car is at all times. As of December 31, 2013, we had 9 distributors with a loan portfolio of Ps.60.6 million and 677 financed cars.

Our Target Markets

According to the National Council for Financial Inclusion (*Consejo Nacional de Inclusión Financiera*), Mexico has a large unbanked population, estimated at 72.5% of the population in 2012. The unbanked segment is primarily composed of low- and middle-income individuals, of which nearly 33.7% use alternative financing such as loans from family or friends. This environment provides enormous growth potential for financial institutions capable of catering to this portion of Mexican society. Mexico's large unbanked population is also reflected in the significantly low loan penetration levels relative to other Latin American countries.

The chart below presents the penetration level of consumer loans as a share of GDP in 2013 for select countries.

Consumer Loan Penetration (Consumer Loans/GDP)



Source: World Bank and Euromonitor 2013.

Industry Overview

- *Payroll Lending.* The Mexican payroll lending market is fragmented and dominated by regional competitors. Only a few market participants offer payroll lending nationally and can access the capital markets for funding. The total number of government employees in Mexico, including municipal, federal and state government employees, as well as pensioners, is approximately seven million according to the Institute of Security and Social Services for State Employees (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, or "ISSSTE"). According to the ISSSTE, the total compensation for this group paid by public sector employers during 2013 was Ps.768,101 million, representing a market size potential of approximately Ps.230,430 million per year for loan servicing, assuming a maximum loan limit equal to 30% of an employee's net disposable wages. We believe that the current total potential market penetration of payroll loans in Mexico is less than approximately 11%, with us representing an estimated 33% market share of the served market. The payroll lending industry in Mexico is less developed than that of other similar countries such as Brazil, which has approximately 80% penetration.

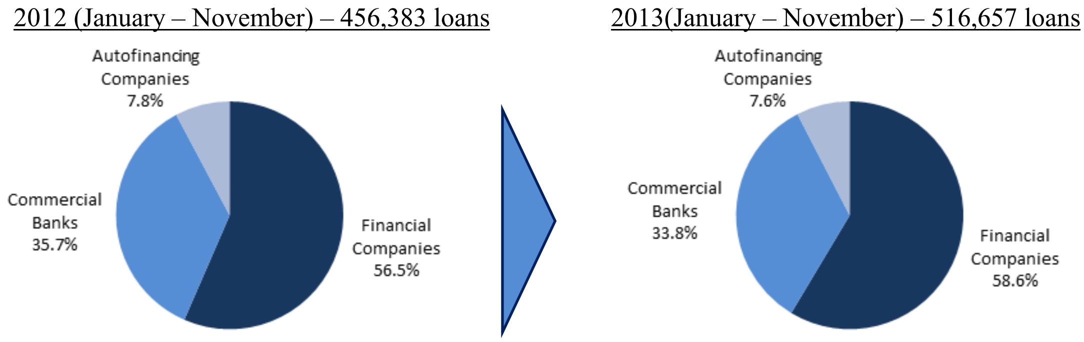
- *Durable Goods Loans.* The Mexican durable goods financing market is highly competitive. We face competition from specialized retail chains that have in-house consumer financing programs, non-bank financial institutions such as ourselves and traditional banks. We believe that there is low market penetration in this segment in Mexico, as compared to other countries in Latin America, and that demand for durable goods credit will continue to grow in the future as continued improvement in households' income and expansion of the middle class will allow the Mexican population to have increased access to durable goods. According to *Banco de México*, consumer credit in 2013 reached Ps.683,200 million, including credit cards, returning to the pre-crisis levels of 2007.

- *Small Business Loans*. Small businesses (those with less than 50 employees) account for more than 95% of Mexico's economic units. We believe this market is highly underpenetrated by financial institutions, as only 16% of small businesses have access to credit due to their lack of credit history, collateral or previous bank references. The market is dominated by HSBC under the brand Credifranquicia, BBVA under the brand Crédito Líquido Pyme, Banamex under the brand Crédito PYME, and Banorte, as well as other institutions such as ABC Capital and Banregio, which grant loans to entrepreneurs based on their own credit rating. Likewise, we estimate that around 14% of small businesses are financed by microfinance institutions, among which Banco Compartamos (with 2.49 million borrowers) and Financiera Independencia (with 1.26 million borrowers) have the most significant market shares. Such microfinance institutions are unable to increase their participation in the small business segments as they are unable to target larger, more sophisticated small businesses given that their average loan is the equivalent of US$500, which limits them to the lower end of the small business spectrum. As a result, we believe that the remaining 70% of all small businesses are financed exclusively through personal credits from their business owners, mainly through credit cards, resulting in a potential market for our loans of an estimated Ps.4 billion.

- *Group Loans*. Since we started this product in 2007, we have become the eighth largest group loan provider in terms of number of clients, and the seventh largest group loan provider in terms of increase in number of customers in Mexico, according to ProDesarollo. We believe that the potential group loan market in Mexico is comprised of 12 million people, of which only 6.7 million are currently served, leaving the remaining 75% of the potential market unserved. We believe our business is well positioned to grow substantially in the following years.

Measuring the size and penetration of the group loan industry in Mexico poses significant challenges given the predominance of non-regulated competitors in the market that have minimal reporting requirements, if any. A study published in 2010 by the Consultative Group to Assist the Poor ("CGAP"), an independent policy and research center headquartered at the World Bank and dedicated to increasing financial access for the world's poor, estimated that loans by microfinance institutions in Mexico amounted to 0.2% of GDP, lower than the 5.0%, 4.0%, 2.4% and 0.4% estimates for Bolivia, Nicaragua, Peru and Panama, respectively.

- *Auto Loans*. The total number of auto loans in Mexico showed a compound annual growth rate ("CAGR") of 8.8% from 2009 to 2012. In 2006, the Mexican auto loan industry reached the highest levels during the last eight years with 703,354 loans (36.6% higher than in 2012). The auto loan industry grew from 456,383 loans in the first 11 months of 2012 to 516,657 loans for the same period of 2013, representing a 13.2% increase. Of the total number of loans in the first 11 months of 2012, 64.3% were financed by non-commercial bank companies, while in the same period for 2013 such proportion grew to 66.2%, showing a strong increase but with enough room to continue gaining market share against commercial banks. The top five players in auto financing in Mexico are NR Finance Mexico with 22% market share, BBVA Bancomer with 18% market share, GM (Ally) with 11% market share, VW Credit with 11% market share and Scotiabank Inverlat with 8% market share.



Source: *Asociación Mexicana de Distribuidores Automotores* (as of November 2013).

- The following chart presents the main financial services providers for the different population segments in Mexico and also highlights our segments of focus:

Market Segments[(1)]	Main Competitors	Percentage of Total Population in Market Segment[(2)]	Banking Penetration[(3)]	Crédito Real Segment Focus
A and B	HSBC, Banamex, Bancomer, Banorte, Santander, BanRegio	6.8%	96%	Durable Goods Loans and Used Car Loans
C+	Banamex, BanRegio, Santander	14.2%	83%	Durable Goods Loans, Payroll Loans and Used Car Loans
C- and C	Banco Ahorro Famsa, Banco Azteca, Banco Wal-Mart, Compartamos Banco, Financiera Independencia, Fonacot, BanCoppel, BNP Paribas Personal Finance	34.1%	57%	Durable Goods Loans, Payroll Loans and Used Car Loans
D and E	Banco Ahorro Famsa, Banco Azteca, Banco Wal-Mart, Compartamos Banco, Financiera Independencia, Fonacot, BanCoppel, BNP Paribas Personal Finance	44.9%	25%	Group Loans and Payroll Loans

(1) Market segments are defined based on monthly family income, in accordance with the categories established by the Mexican Association of Marketing Research and Public Opinion Agencies (Asociación Mexicana de Agencias de Investigación de Mercado y Opinión Pública, or "AMAI")
(2) Source: AMAI based on cities with a population greater than 50,000.
(3) Source: ACCION International

Our Competitive Strengths

Proven Track Record and Extensive Experience Providing Valuable and Easy-to-Understand Credit Products to the Underserved Segments of the Mexican Population

We believe that our 20 years of experience in serving the financing needs of the low- and middle-income segments of the Mexican population provide us with unparalleled knowledge and understanding of our customers and their potential market. For example, our loan methodology for these market segments, is based on our knowledge of our clients' needs and behavior. We have tailored our products, credit underwriting approval systems and operating infrastructure to serve these segments of the population. All of our loan products have fixed installments, and bear interest at fixed rates. We believe these fixed terms make our loan products easier to understand, and thus, more attractive for borrowers in the low- and middle-income segments by facilitating payment planning, which helps to reduce default rates. We strive to be a leader in every market in which we participate, and we believe that we have a strong market position in all the segments where we participate.

As of December 31, 2013, we had 340,093 payroll loan clients, which represented a loan portfolio of Ps.8,165.6 million, equal to 78.3% of our total loan portfolio. As of the same date, we also had 57,242 group loan clients, with a loan portfolio of Ps.207.7 million, accounting for 2.0% of our total loan portfolio. In the durable goods loans segment, as of December 31, 2013, we had 77,923 clients with a loan portfolio of Ps.1,124.0 million, representing 10.8% of our total loan portfolio. In the small business loans segment, as of December 31, 2013, we had 221 clients with a loan portfolio of Ps.865.6 million, representing 8.3% of our total loan portfolio. Finally, in the used car loans segment, as of December 31, 2013, we had 677 clients with a loan portfolio of Ps.60.6 million, representing 0.6% of our total loan portfolio. Although there is no official market share information with respect to our durable goods loans business, we believe we have a significant level of penetration in medium-sized durable goods specialized retail chains, given that we provide financing for approximately 18.5% of the total sales of the specialized retail chains with whom we work.

Loan Portfolio with Superior Quality and Performance

We believe that the nature of our loan products and the application of our operating models result in low delinquency rates of the loans in our portfolio. As of December 31, 2013, our NPL reached 1.5%. Payments on our payroll loans are collected directly from government agencies before any wages are paid to our borrowers, pursuant to the borrower's prior written instructions. Additionally, public sector unionized employees typically have low turnover rates, thus mitigating our exposure to collection risks. In the case of group loans, we require our customers to provide a security deposit equivalent to 10% of the principal loan amount prior to the disbursement of each loan. In addition, each borrowing group member jointly and severally guarantees each other, assuming joint responsibility for any missed payment by another group member.

A key differentiator of our business model is the level of discipline we maintain in the execution of our group loan methodology. We have implemented a number of policies and procedures that we believe have enabled us to maintain historically low delinquency rates on group loans, including the following requirements: (i) weekly group meetings with the promoter at which loan payments are collected; (ii) each borrowing group member must live within a 15-minute walking distance from the weekly meeting point; (iii) no more than two members of the same family are allowed to be part of a given borrowing group; and (iv) no loan disbursements may be made to the group unless all group members are physically present at the disbursement meeting.

To maintain a low delinquency rate, we closely track an internal 4-day past due loan metric on which we act immediately to seek to bring the borrower up to date. By contrast, in the case of durable goods, such purchases are typically planned in advance by households and considered in their budget, decreasing the delinquency rates of loans used to finance such purchases. In addition, we retain the invoice for any durable goods purchase financed by us until the loan is fully repaid, further helping to reduce delinquency rates. We believe our standardized and proven collection process, which allows for the continuous monitoring of client repayment dynamics and the implementation of early action in the case of delayed payments, has allowed us to maintain historically low delinquency rates across our product lines. We believe we have the lowest NPL ratio among our peers with respect to each of our loan products as of December 31, 2013.

The following table shows relevant statistics of selected financial services companies in Mexico and Latin America as of December 31, 2013:

Name	Return on Average Equity (2013) [1]	Consumer Loan Portfolio NPL Ratio (2013) [2][5]	Efficiency Ratio (2013) [3]	Capitalization Ratio (2013) [4]
Microfinance and Personal Consumer Companies				
Crédito Real	**24.5%**	**1.52%**	**25.1%**	**41.8%**
Banco Ahorro Famsa	2.99%	21.49%	60.21%	17.04%
Banco Azteca	10.60%	11.66%	84.05%	16.55%
Banco Wal-Mart	N.M.	6.24%	81.38%	32.74%
BanCoppel	23.03%	12.51%	39.17%	34.04%
Compartamos	34.56%	2.89%	53.97%	40.36%
Financiera Independencia*	N.M.	5.85%	68.31%	42.52%
FONACOT*	36.55%	1.88%	78.07%	101.70%
BNP Paribas*	17.79%	16.52%	88.60%	25.34%
Commercial Banks				
BBVA Bancomer	24.64%	3.95%	45.68%	17.62%
Banorte	16.81%	2.27%	65.07%	18.63%

Name	Return on Average Equity (2013) (1)	Consumer Loan Portfolio NPL Ratio (2013) (2)(5)	Efficiency Ratio (2013) (3)	Capitalization Ratio (2013) (4)
Santander	18.85%	3.89%	59.96%	25.63%
Banregio	16.83%	2.55%	64.77%	16.46%
Banamex	12.07%	4.27%	83.58%	29.45%
HSBC	4.54%	4.53%	79.40%	23.23%

Source: Company filings presented to CNBV as of December 31, 2013, except Financiera Independencia and FONACOT which were obtained from public filings.

1. As reported to the CNBV (2013 Net Income / Total Equity monthly average during 2013).
2. Consumer NPL Portfolio ratio as calculated as Consumer Non-Performing Loans divided by Total Consumer Loans.
3. Efficiency Ratio = Administrative and Promotion Expenses divided by (Net Interest Income + Net Fee Income).
4. As reported to the CNBV, calculated as Total Shareholder's Equity as of December 2013 divided by Total Gross Portfolio as of December 2013.
5. Credito Real consumer NPL calculation excludes small business loans.

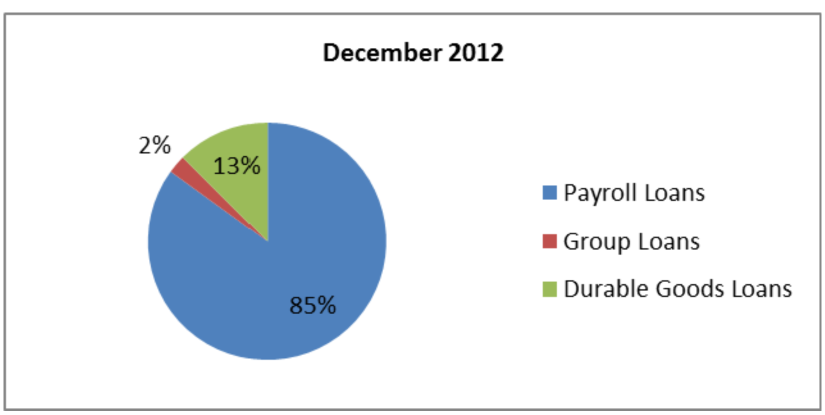
*Information as of 2012. Information as of 2013 not available. BNP Paribas refers to BNP PARIBAS PERSONAL FINANCE, S.A. DE C.V. SOFOM, E.N.R.

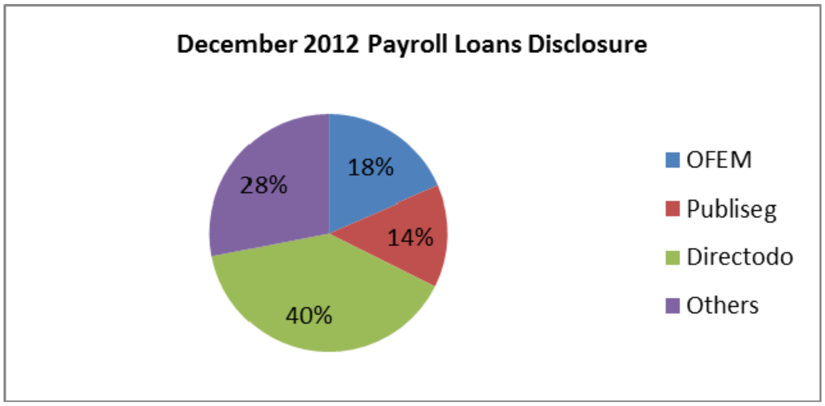
We believe that our profitability, the quality of our assets and our efficiency and capitalization ratios compare favorably with other banking and group loan sectors in Mexico.

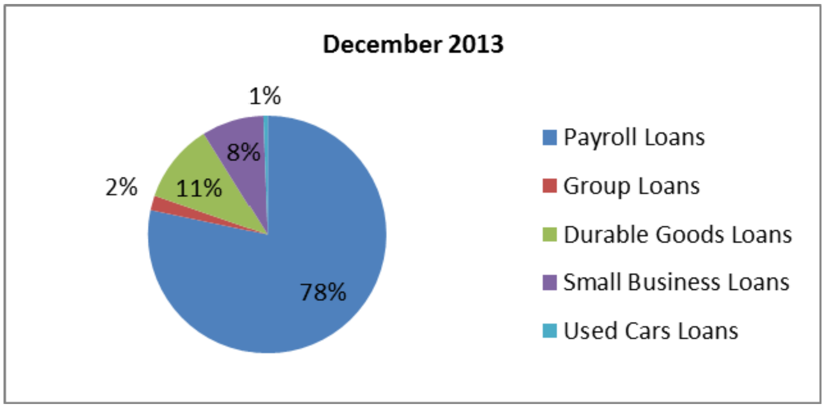
Strong and Diversified Origination Platform

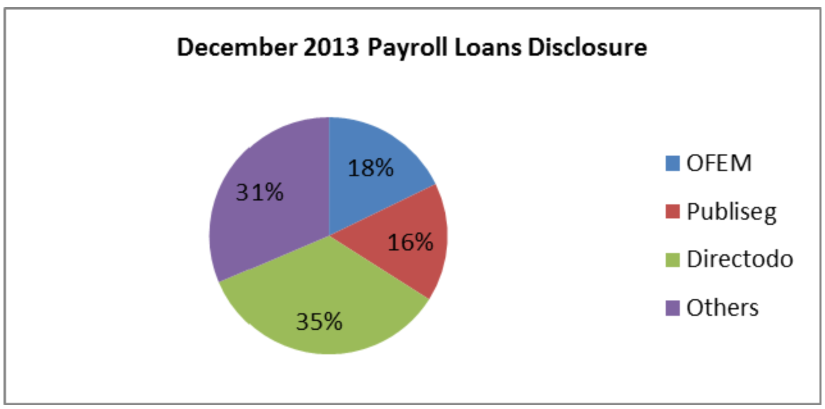
We have an open-ended platform with flexibility to develop, promote, underwrite and collect a wide variety of consumer loan products and support the expansion of our diversified business model. In the payroll loans business segment, we own a 49% interest in each of our three main distributors, Directodo, Publiseg and GEMA, and we also have financial factoring agreements with 22 other independent distributors, through which we provide national coverage for loan origination. Similarly, our group loans are originated through our own network of 24 branches and over 86 promoters. We also have agreements with 44 specialized retail chains for the origination of durable goods loans that operate in aggregate over 1,271 points of sale. These origination platforms are independent from each other, operate under different brand names and respond to different dynamics, thereby allowing us to expand the types of different consumer credit products that we offer. Through this solid loan origination network, we increased our loan portfolio by 54.8% as of December 31, 2013, as compared to the same period ended December 31, 2012.

The charts below illustrate the increased diversification of our loan originations for the year ended December 31, 2013, as compared to the year ended December 31, 2012:









Proprietary Platform Tailored for the Segments We Serve

With over 20 years of experience, we have developed and refined our proprietary underwriting standards and a digitalized credit review system, which help ensure consistency in the quality of our loans and efficiency in our credit approval process. As part of our credit review process, we evaluate both quantitative and qualitative aspects of each credit application, allowing us to leverage our customer knowledge and prior experience to better assess credit risk on a case-by-case basis. Traditional credit providers, such as banks, typically have relatively low approval rates for customers in the market segments we serve, in part because many customers have limited or no credit histories. We believe our lean and efficient operation allows us to service and monitor small loans that would typically be unprofitable for large traditional banks. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications in the segments we target. As a result of our credit underwriting procedures and analysis, we have been able to maintain low delinquency rates in our loan portfolio. As of

December 31, 2013, our non-performing loans as a percentage of our total loan portfolio were 1.5%. The development of our proprietary platform has also allowed us to reduce the response time to our customers without compromising the quality of our loans.

Solid Cash Flow Generation and Multiple and Diversified Liquidity Sources

As of December 31, 2013, our payroll loans, group loans, durable goods loans, small business loans and used car loans had annual yields averaging 31.4%, 69.6%, 21.2%, 19.3% and 33.3% respectively, and had average terms of 34, 3.5, 12, 12 and 30.5 months, respectively. The average yield of our portfolio, the frequency of collections and the relatively short-term nature of our loans result in a strong and steady cash flow. During the year ended December 31, 2013, we collected principal and interest payments of approximately Ps.6,462.3 million, representing 73.8% of the average total loan portfolio.

In addition to this strong internal generation of operating cash flow, we have diverse sources of funding, including access to the domestic and international debt and securities markets, as well as bank credit lines. As of December 31, 2013, we increased our funding sources by entering into three new and six amended credit agreements with a total of 14 domestic and international financial institutions for a maximum aggregate principal amount of Ps.1,643.6 million, for a total of bank credit lines amounting to Ps.4,684.6 million. In addition, we raised Ps.3,220 million through 12 debt issuances in the domestic debt capital markets during the year ended December 31, 2013 from our short-term and long-term notes programs. As part of our strategy, we continue to evaluate other financing sources, such as the securitization of portions of our loan portfolio, additional issuances of debt securities and additional credit lines. We believe that our cash flow from operations and funding sources provides us with the financial flexibility to meet our liquidity requirements, including our expected loan originations, and to continue growing our business, representing a competitive advantage in comparison with competitors who operate in the same market segments.

Diversified Credit Risk

We use separate processes to originate loans in our various lines of businesses, since each line of business has distinct customer bases with different credit needs and repayment dynamics. The tenor of the loans we offer varies from one loan to another, ranging from 3 to 34 months. We believe that our business model enables us to effectively manage our exposure to credit risk by dispersing that risk across a large number of borrowers in different product categories and diverse geographic regions. The loans in our portfolio are small: approximately Ps.24,010 for payroll loans, Ps.14,424 for durable goods loans, Ps.3,916,657 for small business loans, Ps.3,629 for group loans and Ps.89,497 for used car loans, resulting in our credit risk being dispersed over approximately 476,156 loans outstanding as of December 31, 2013. As a result, no single borrower, group of borrowers or geographic region represents more than 17.9%% of our total loan portfolio.

Scalability of Our Business through Unique Technological Platform

The modular architecture of our origination platform and our standardized operational process enhance our flexibility and new product development capabilities to support future growth across current and new consumer loan segments. We believe our standardized and strict origination and collection processes, our strong recruiting, e-learning and continuous training programs, as well as our proprietary information technology systems, provide us with a scalable platform that enhances efficiency. Our internally-developed software allows us to effectively manage and service large volumes of loan applications and track the performance of our loan portfolio on a daily basis. Furthermore, our systems provide us with the flexibility to manage multiple loan products with different characteristics, as well as with the ability to expand our product offerings.

In addition to safeguarding all documentation in physical form, we digitalize 100% of our credit records and believe our scoring system is one of the core technological tools that allow us to grow without compromising asset quality. Our technological platform currently allows us to have a response time ranging from 30 minutes to 48 hours. We believe that our credit application processing times are shorter than those offered by our competitors and represent a significant competitive advantage. Additionally, we believe that our unique loan origination, processing and servicing technology allows us to serve large numbers of retail borrowers efficiently, providing us with a significant competitive advantage.

We have the capacity to cross check the performance of each payroll loan with our originating distributors and to monitor the portfolio performance on a daily basis. In the case of group loans, we measure delinquency performance on a 4-day basis for internal purposes, which allows us to take immediate action, resulting in a better NPL ratio. In addition, our technological platform allows us to answer 97% of all customer incoming calls in less than 12 seconds.

During 2013 we began the first implementation stage of the roll out of the new Oracle FLEXCUBE Core Banking system. This new platform will allow us to generate robust information for our entire portfolio of products, increasing our capacity and response speed, while also adding flexibility to our current platform. At this first implementation stage, FLEXCUBE does not substitute our current operating systems but enhances our system capacity in order to better serve our customers.

Experienced Management with Proven Track Record and Shareholder Support

Our management team consists of experienced professionals who have worked in different segments of the Mexican financial sector for an average of 15 years. We believe our management team has been responsible for the profound organic growth that we have experienced since our founding in 1993 and has a proven track record of successfully expanding into new markets and introducing new products. Our main shareholders also have significant experience in the Mexican financial sector, having participated as either operating directors or shareholders of different financial institutions during the past 30 years. Moreover, some of our shareholders have been active players in the direct origination of our payroll loan business. Their combined knowledge, experience and support have proven to be valuable assets to us when formulating our strategy, developing new products or accessing new segments of the market. We believe that the knowledge, experience and support from our executive team and principal shareholders represent a significant competitive advantage.

Our Strategy

We believe that we are well positioned to take advantage of the expected growth in the Mexican payroll loan, durable goods loan, small business loan, group loan and used car loans segments in Mexico and strengthening our diversified products mix. As part of our ongoing growth strategy, we intend to strengthen our presence in markets in which we already operate and to continue the geographic expansion of our payroll loan and group loan businesses. We also intend to improve our operational efficiency by reducing our operating expenses as well as our cost of funding while maintaining high levels of market share and customer satisfaction. The following are the key elements on which our strategy is based:

- ***Increase Our Payroll Loan Business.*** We intend to consolidate the acquisitions carried out in 2011 and 2012 in order to continue growing our payroll loan business by increasing the number of government agencies and labor unions we serve, in addition to increasing our penetration among the employees of those agencies and members of those unions with which we already have established payroll lending relationships through our distributors. As of December 31, 2013, we believe we had a penetration of approximately 21% in the government agencies and labor unions we served, and we believe this low penetration will allow for significant future growth. We believe the payroll loan business represents a market opportunity of more than 7 million people, creating significant growth opportunities for our payroll loan portfolio over the next several years. We constantly evaluate the inclusion of new distributors in our network in order to expand our geographic presence and grow in this market segment. Additionally, we will continue to consider strategic opportunities to vertically integrate our payroll loan business in order to further expand and improve our profitability. We believe these strategic opportunities will allow us to further consolidate and define the growth of our loan origination through distributors. We believe another area of opportunity is to increase the renewal rate of our loans, given that historically, approximately 38.6% of our payroll customers have renewed their loans.

- ***Consolidate Our Position in the Durable Goods Loan Market.*** We intend to improve our competitive position in the durable goods loan market by leveraging our market expertise, reputation, marketing knowledge and superior customer service, to develop relationships with new specialized retail chains in the same areas in which we currently operate and to expand into cities where we are not currently present. We will continue to provide loans for well-planned purchases such as the purchase of “white line goods,” and we believe that there is potential for growth by continuing our expansion into the financing of other products, such as flooring and bathroom appliances.

We plan to continue strengthening our relationships with specialized retail chains with whom we currently operate in order to increase our penetration within each specialized retail chain, providing financing for a larger share of their total sales, as well as increasing the renewal rate of our durable goods loans. We believe that having strong relationships with such specialized retail chains provides us with a stable source of growth, as we benefit from specialized retail chains that expand their store networks and operations. For example, we are currently working with one of the most important regional specialized retail chains in Mexico that has plans to significantly grow its store network and diversify its product catalogue, which would likely increase demand for our loan products.

- ***Expand Our Small Business Loan.*** We believe this market represents significant opportunities for growth that will be driven by the financial reforms. Moreover, the low penetration of financial institutions in this market represents a good business opportunity for us. We believe that that our recent alliance with Fondo H establishes a good presence for us in this market and provides a good foundation for us to grow in this segment of the loan market.

- ***Expand Our Group Loan Business.*** We intend to grow our group loan business by partnering with other microfinance institutions. We believe that the potential of our group loan business will help us to grow due to the low number of traditional financial institutions in these markets and the need for alternative financial services among the lower and middle class population in Mexico. We believe that our group lending operations have great potential for geographic growth.

- ***Capitalize on the Growth Potential of Underserved Markets.*** We believe that growth opportunities for consumer credit financing continue to be substantial in light of a growing demand for consumer credit from a large portion of the population that has no or limited access to traditional financial services. We believe that given our leading market position and recognition, as well as our understanding of the customer segments we serve, we are well positioned to capitalize on the growth potential of non-traditional financial services in Mexico, including segments in which we do not currently operate. Our aim is to target these underserved markets with our various products.

- ***Preserve Our Diversified Sources of Funding and Strong Capital Base.*** Throughout our history of growth, we have maintained a strong equity base, which we believe reflects solid and prudent capital management. As of December 31, 2011, 2012 and 2013, our capitalization ratio was 26.5%, 53.4% and 41.8%, respectively. Our strong balance sheet and responsible capital management have allowed us to issue debt in both the international and domestic capital markets. During 2010, our funding sources became further diversified through our offering of the 2015 Senior Notes in the international markets and subsequent reopening for an aggregate principal amount of US$210 million. As a result, as of December 31, 2013, our public market debt represented 59.0% of our total debt outstanding while the remaining 41.0% was comprised of bank loans. As of December 31, 2013 and 2012, we also had credit lines from several financial institutions for Ps.4,684.6 million and Ps.3,041.0 million, respectively, and the unused portion of these committed credit lines totaled Ps.261.4 million and Ps.495.8 million, respectively. In addition, as of December 31, 2013, 50.7% of our debt was short-term (maturing in the last twelve months of 2014), while the remaining 49.3% was long-term debt, maturing in 2015 or later. We believe that our ability to access the capital markets to fund future growth is a competitive advantage vis-à-vis smaller, less developed players in the sectors in which we compete.

- ***Focus on Profitability and Efficiency.*** We believe there is significant potential to improve the efficiency and profitability of our group loan business. As we continue to grow this segment, we believe our total operating expenses as a percentage of net interest income will decrease as operating leverage increases. Other initiatives to improve the profitability of our branches include adding more promoters per branch, reducing promoter turnover, increasing the average loan portfolio per promoter and expanding into complementary product offerings, such as insurance products. Additionally, as our payroll loan business grows, we expect to be able to improve the conditions of our profit sharing agreements with our distributors, allowing us to increase our income and profitability. We are constantly analyzing other ways of increasing our efficiency through improvements in our operating systems in order to reduce operational costs across our product lines.

- ***Capitalize on Strategic Loan Opportunities Directed at the Market Segments in Which We Serve.*** We will continue to evaluate strategic opportunities to take advantage of the scalability and standardization of our business model, including our capacity for loan analysis and risk management in the markets in which we operate.

Legislative Developments in Mexico

In December 2012, the new administration, headed by President Enrique Peña Nieto and the principal political parties in Mexico, agreed to a joint plan, called the "Pact for Mexico" (*Pacto por México*), to sponsor a complete package of structural and regulatory reforms (the "Structural Reforms"). On May 15, 2013, pursuant to the Structural Reforms, a series of initiatives were introduced to Congress. The Structural Reforms comprised, among other things, tax and financial reforms that would amend certain laws and regulations dealing with taxation and the Mexican financial sector. On January 10, 2014, a series of amendments to several financial laws were published in the Official Gazette (the "Financial Reforms"). The Financial Reforms comprise several amendments to, among others, the Mexican Banking Law (*Ley de Instituciones de Crédito*), the Mexican Securities Market Law (*Ley del Mercado de Valores*), the Mexican General Law of Auxiliary Credit Organizations and Credit Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*), the Mexican Law for the Protection and Defense of Financial Service Users (*Ley de Protección y Defensa al Usuario de Servicios Financieros*), the Mexican Law on Mercantile Reorganization (*Ley de Concursos Mercantiles*), the Law for the Transparency and Ordering of Financial Services (*Ley para la Transparencia y Ordenamiento de los Servicios Financieros*) and the Mexican Law for the Identification and Prevention of Transactions with Illegal Funds (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*). The main purpose of the Financial Reforms is to promote and facilitate access to credit, tighten regulatory oversight and increase competition within the financial sector. While we do not expect these reforms to materially affect our normal business operations, the discretionary authority provided under such legislation or the enactment of secondary legislation could materially affect us in the future. For example, wide authority is given to the *Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros* ("CONDUSEF") to establish and manage a *Sofom* registry, to amend standard provisions in agreements that are deemed abusive and to initiate class-action lawsuits.

The recent reforms to the Mexican General Law of Auxiliary Credit Organizations and Credit Activities provide that a *Sofom*, such as us, that issues debt securities registered with the Mexican National Securities Registry (*Registro Nacional de Valores* or "RNV") maintained by the CNBV, should be considered a regulated *Sofom*, rather than a non-regulated *Sofom*. We are in the process of implementing required changes in order to comply with applicable provisions of the Financial Reforms, which include, among other things, adjusting our corporate name and by-laws. Additionally, once the CNBV issues the general provisions applicable to a regulated *Sofom* as a result of the issuance of debt securities registered with the RNV, as is our case, we will make all necessary changes to adjust our operations. Until such general provisions are enacted, our rights and obligations will still be those of a non-regulated *Sofom*.

Concurrent Tender Offer and Consent Solicitation

We have launched a cash Tender Offer for any and all of our U.S.$210,000,000 aggregate principal amount of the 2015 Senior Notes validly tendered and accepted by us on or before March 24, 2014 upon the terms and subject to the conditions set forth in an Offer to Purchase and Consent Solicitation Statement, dated February 25, 2014 (as it may be amended or supplemented from time to time, the "Statement"), and in the related Letter of Transmittal and Consent (as the same may be amended or supplemented from time to time, the "Letter of Transmittal" and collectively with the Statement, the "Offer Documents"). Concurrently with the Tender Offer, and on the terms and subject to the conditions set forth in the Statement, the Company will solicit consents of holders of the 2015 Senior Notes that would, among other things, eliminate most of the restrictive covenants and certain of the events of default contained in the indenture governing the 2015 Senior Notes and shorten the minimum notice period required for a redemption from thirty days to six business days prior to the redemption date (with an additional minimum notice of three business days to the Trustee). We intend to use the net proceeds from this offering (i) to pay the consideration for the Tender Offer and Consent Solicitation and accrued and unpaid interest on the 2015 Senior Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offer and Consent Solicitation, (iii) to repay certain indebtedness and (iv) to the extent any proceeds remain, for general corporate purposes. The Tender Offer and Consent Solicitation are not being made pursuant to this offering circular. The closing of the Tender Offer and Consent Solicitation is contingent upon the closing of this offering.

Our Principal Offices

Our corporate offices are located at Avenida Insurgentes Sur No. 664, Third Floor, Colonia del Valle, Delegación Benito Juárez, C.P. 03100, México D.F., México, and our telephone number is +52 (55) 5228-9700. Our web site address is *www.creditoreal.com.mx*. The information on our web site is not a part of, and is not incorporated by reference into, this offering memorandum.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the notes.

Issuer	Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada.
Notes Offered	US$350,000,000 aggregate principal amount of 7.500% Senior Notes due 2019.
Offering Price	100.000%, plus accrued interest, if any, from March 13, 2014.
Maturity Date	March 13, 2019.
Interest Rate	Interest on the notes will accrue at a rate of 7.500% per year.
Interest Payment Dates	March 13 and September 13, of each year, beginning on September 13, 2014.
Ranking	The notes will be our senior unsecured obligations and they will rank: • equal in right of payment with all of our existing and future senior unsecured indebtedness (subject to certain labor and tax obligations for which preferential treatment is given under Mexican insolvency laws); and • senior to all of our existing and future subordinated indebtedness. The notes will effectively rank junior to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all indebtedness, including trade payables, of any subsidiaries of ours that are not guarantors of the notes. At present, we have no subsidiaries that are guarantors of the notes. As of December 31, 2013, we had total indebtedness (excluding accrued interest) of Ps.9,922.3 million (US$758.3 million), of which Ps.2,905.8 million (US$222.1 million) was secured by collateral. After giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had total indebtedness (excluding accrued interest) of Ps.11,203.1 million (US$856.2 million).
Change of Control	Upon the occurrence of a Change of Control Triggering Event (as defined under "Description of Notes"), we will be required to make an offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus any Additional Amounts (as defined under "Description of Notes") then due, if any, plus any accrued and unpaid interest through the purchase date. See "Description of Notes — Change of Control Triggering Event."
Optional Redemption	On or after March 13, 2017 we may redeem the notes, in whole or in part, at any time at the redemption prices set forth in "Description of Notes — Optional Redemption," plus any Additional Amounts then due, if any, plus accrued and unpaid interest to the date of redemption.

Prior to March 13, 2017 we may, at our option, redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus a make-whole amount, any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption.

See "Description of Notes—Optional Redemption."

Optional Redemption upon Equity Sales	At any time, or from time to time, on or prior to March 13, 2017 we may, at our option, use the net cash proceeds of certain Equity Sales to redeem up to 35% of the aggregate principal amount of the notes at a redemption price equal to 107.500% of their principal amount, plus any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption, *provided*, that: • after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and • we make such redemption not more than 90 days after the consummation of such Equity Sale. See "Description of Notes—Optional Redemption—Optional Redemption upon Equity Sales."
Tax Redemption	We may redeem the notes, in whole but not in part, at a redemption price equal to 100% of their principal amount, plus any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption, if tax laws currently in effect are modified and the change results in us becoming obligated to pay Additional Amounts in excess of those attributable to a Mexican withholding tax rate of 4.9% with respect to the notes. See "Description of Notes— Optional Redemption—Optional Redemption for Changes in Withholding Taxes."
Additional Amounts	Payments of interest on the notes (and amounts deemed interest, such as any discount on the principal amount of the notes) to investors that are non-residents of Mexico for tax purposes will generally, if the applicable requirements are met, be subject to Mexican withholding taxes at a rate of 4.9%. See "Taxation—Mexican Federal Tax Considerations—Payments of Interest." Subject to certain specified exceptions, we will pay such additional amounts as may be required so that the net amount received by the holders of the notes in respect of principal, interest or other payments on the notes, after any such withholding or deduction, will not be less than the amount each holder of notes would have received if such withholding or deduction had not applied. See "Description of Notes—Additional Amounts."
Certain Covenants..	The Indenture governing the notes contains covenants that will limit the creation of liens by us and any subsidiaries of ours, and will permit us and any subsidiaries to consolidate or merge with, or transfer all or substantially all of our assets to, another person only if any such transaction complies with certain requirements. In addition, the Indenture governing the notes will limit, among other things, our ability and the ability of any subsidiaries of ours to:

- incur additional indebtedness;
- pay dividends or redeem capital stock;
- make restricted payments;
- enter into certain transactions with shareholders and affiliates;
- secure our indebtedness and the indebtedness of our subsidiaries;
- guarantee debts; and
- sell, consolidate, merge or transfer assets.

These covenants are subject to a number of important exceptions and qualifications. See "Description of Notes — Certain Covenants."

Events of Default	The Indenture governing the notes sets forth the events of default applicable to the notes. See "Description of Notes—Events of Default."
Further Issuances	Subject to the limitation contained in the Indenture, we may from time to time and without providing notice to or obtaining the consent of the holders of the notes create and issue an unlimited principal amount of Additional Notes of the same series as the notes initially issued in this offering, provided that such Additional Notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the notes have on the date of issue of such Additional Notes.
Use of Proceeds	We estimate that we will receive net proceeds from the offer and sale of the notes, after deducting initial purchasers' discounts and commissions and the payment of estimated offering expenses, of approximately US$342.7 million. We intend to use the net proceeds from this offering (i) to pay the consideration for the Tender Offer and Consent Solicitation and accrued and unpaid interest on the 2015 Senior Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offer and Consent Solicitation, (iii) to repay certain indebtedness and (iv) to the extent any proceeds remain, for general corporate purposes. See "Use of Proceeds."
Taxation	For a summary of the Mexican federal income tax consequences and the U.S. federal income tax consequences of an investment in the notes, see "Taxation."
Book-Entry; Delivery and Form	The notes will be issued in the form of global notes in registered, global form without interest coupons. The global notes will be exchangeable or transferable, as the case may be, for definitive notes in registered certificated form without interest coupons only in limited circumstances. The notes will be issued in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "Book-Entry; Delivery and Form."

Settlement	The notes will be delivered in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its participants, including Euroclear and Clearstream.
Transfer Restrictions	We have not and will not register the notes under the Securities Act or the securities laws of any other jurisdiction. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. As required under Article 7 of the Mexican Securities Market Law, we will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico. The notes have not been and will not be registered with the Mexican National Securities Registry maintained by the CNBV and may not be offered or sold publicly in Mexico, except that the notes may be offered privately in Mexico pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law to institutional and accredited investors. See "Transfer Restrictions."
Listing of the Notes	Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange.
Governing Law	The Indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Transfer Agent and Paying Agent	The Bank of New York Mellon
Luxembourg Paying Agent, Transfer Agent and Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.

SUMMARY FINANCIAL INFORMATION

The financial information for the years ended December 31, 2011, 2012 and 2013 has been derived from our audited financial statements included elsewhere in this offering memorandum, together with the notes thereto.

The following tables present summary financial information and other data as of December 31, 2011, 2012 and 2013 and for the years then ended, as reported in our financial statements included elsewhere in this offering memorandum. Certain amounts and percentages included in this offering memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be the exact arithmetic results of their components as shown herein.

Our financial statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP" for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our financial statements to U.S. GAAP has been performed.

The financial statements reflect our investment in Directodo, Publiseg and GEMA and the consolidation of Servicios Chapultepec. See "Presentation of Certain Financial and Other Information."

	Year Ended December 31,			
Income Statement	**2011**	**2012**	**2013**	**2013 (US$) (9)**
		(in millions of pesos)		(in millions of dollars)
Interest income	1,912.3	2,090.4	2,724.5	208.2
Interest expense	(612.8)	(654.8)	(723.1)	(55.3)
Financial margin	1,299.5	1,435.6	2,001.4	153.0
Allowance for loan losses	(309.0)	(272.8)	(404.5)	(30.9)
Financial margin adjusted for credit risks	990.5	1,162.8	1,596.9	122.0
Commissions and fees paid	(61.3)	(69.5)	(69.7)	(5.3)
Other income from the operation	18.1	20.6	10.1	0.8
Administrative and promotion expenses	(465.6)	(480.5)	(484.1)	(37.0)
Operating income	481.7	633.4	1,053.3	80.5
Income taxes	(102.5)	(144.4)	(241.6)	(18.5)
Income before participation in the results of subsidiaries and associates	379.2	489.1	811.7	62.0
Participation in the result of subsidiaries and associates	36.3	125.1	191.9	14.7
Net income	415.5	614.1	1,003.6	76.7

	As of December 31,			
Balance Sheet	**2011**	**2012**	**2013**	**2013 (US$) (9)**
		(in millions of pesos)		(in millions of dollars)
Cash and cash equivalents	64.3	85.2	126.9	9.7
Investments in securities	253.6	346.8	646.2	49.4
Securities and derivatives transactions	521.4	241.5	230.1	17.6
Performing loan portfolio				
Commercial loans	5,403.1	6,625.6	10,265.0	784.5
Total performing loan portfolio	5,403.1	6,625.6	10,265.0	784.5
Non-performing loan portfolio				
Commercial loans	109.0	106.9	158.5	12.1
Total non-performing loan portfolio	109.0	106.9	158.5	12.1
Loan portfolio	5,512.2	6,732.5	10,423.5	796.6
Less: allowance for loan losses	(130.5)	(141.3)	(203.2)	(15.5)
Loan portfolio (net)	5,381.6	6,591.2	10,220.3	781.1
Other accounts receivable (net)	1,574.0	2,504.3	2,390.4	182.7
Foreclosed assets (net)	—	-		

Balance Sheet	2011	2012	2013	2013 (US$) (9)
	As of December 31,			
	(in millions of pesos)			(in millions of dollars)
Property, furniture and fixtures, net	14.3	17.8	22.9	1.8
Long-term investments in shares	364.0	752.5	786.0	60.1
Other assets				
Debt issuance costs, intangibles and others	179.4	425.9	677.2	51.8
Total assets	**8,352.7**	**10,965.3**	**15,100.0**	**1,154.1**
Liabilities				
Notes payable (certificados bursatiles)	1,944.0	1,751.0	3,041.8	232.5
Senior notes payable	3,122.1	2,814.4	2,829.6	216.3
Bank loans and borrowings from other entities				
Short-term	1,053.9	1,562.4	1,950.1	149.0
Long-term	516.0	719.6	2,130.8	162.8
	1,569.9	2,282.0	4,080.9	311.9
Securities and derivatives transactions	-	-	-	-
Accrued liabilities and other and other accounts payable	171.2	287.8	327.0	25.0
Income taxes payable	4.2	17.8	14.6	1.1
Deferred taxes (net)	80.9	215.8	453.3	34.6
Total liabilities	**6,892.3**	**7,368.9**	**10,747.1**	**821.4**
Stockholders' equity:				
Capital stock	507.4	630.7	630.7	48.2
Share subscription premium	-	1,386.5	1385.5	105.9
Earned capital:				
Accumulated results from prior years	537.4	935.8	1,326.1	101.4
Result from valuation of cash flow hedges, net	-	29.3	7.0	0.5
Net income	415.5	614.1	1,003.6	76.7
Total stockholders' equity	1,460.4	3,596.4	4,352.9	332.7
Total liabilities and stockholders' equity	**8,352.7**	**10,965.3**	**15,100.0**	**1,154.1**

	As of and for the Year Ended December 31,		
	2011	**2012**	**2013**
Other Financial Data and Ratios			
Yield(1)	38.7%	34.2%	31.1%
Return on average loan portfolio(2)	8.4%	10.0%	11.5%
Return on average stockholders' equity(3)	33.3%	27.9%	24.5
Debt to equity ratio(4)	4.5x	1.9x	2.3x
Average interest income rate (total portfolio)(5)	38.7%	34.2%	31.1%
Average cost of funds(6)	10.7%	9.5%	8.7%
Efficiency ratio(7)	37.6%	35.2%	25.1%
Capitalization ratio(8)	26.5%	53.4%	41.8%
Credit Quality Ratios			
Provisions for loan losses as a percentage of total loan portfolio	5.6%	4.1%	3.9%
Allowance for loan losses as a percentage of total past-due loan portfolio	119.7%	132.2%	128.2%
Total past-due loan portfolio as a percentage of total loan portfolio	2.0%	1.6%	1.5%

(1) Yield is calculated by dividing the accrued income for the period by the average quarterly balance of the total loan portfolio.

(2) Return on average loan portfolio consists of net income for the period divided by the average quarterly loan portfolio amounts.

(3) Return on average stockholders' equity consists of net income for the period divided by average quarterly stockholders' equity.

(4) Debt to equity ratio consists of total liabilities at the end of the period divided by total stockholders' equity at the end of the period.

(5) Average interest income rate (total portfolio) consists of interest income for the period divided by the average quarterly loan portfolio amounts.

(6) Average cost of funds consists of interest expense for the period divided by the average quarterly funding amounts.

(7) Efficiency ratio consists of administrative and promotion expenses for the period divided by the sum of (a) financial margin and (b) the

difference between (i) commissions and fees collected and (ii) commissions and fees paid for the period.

(8) Capitalization ratio consists of total stockholders' equity at the end of the period divided by total loan portfolio at the end of the period.

(9) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps.13.0843 per U.S. dollar, the exchange rate published in the Official Gazette on January 2, 2014. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See "Exchange Rates" in this offering memorandum.

RISK FACTORS

You should carefully consider the following discussion of risks, as well as all the other information presented in this offering memorandum before investing in the notes. These risks are not the only risks that affect our business. Additional risks that are presently unknown to us, that we currently deem immaterial or that do not require specific disclosure may also impair our business. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, financial condition and prospects.

Risks Relating to Our Business

Our business, financial condition and results of operations have been, and may continue to be, adversely affected by U.S. and international financial market and economic conditions.

The global economy has recently experienced a period of slowdown and unprecedented volatility and has been adversely affected by a significant lack of liquidity, loss of confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment and erosion of consumer confidence. The global economic slowdown in general, and the U.S. and European economic slowdown in particular have had, and may continue to have, a negative impact on the Mexican economy as well as on our business, financial condition and results of operations. In particular, a contraction in the credit markets may affect our ability to fund our operations. See "—*If we are not able to access sources of funding, our business, financial condition and results of operations may be adversely affected*" and —"*We have a significant amount of indebtedness that may impair our operating and financial flexibility and could materially and adversely affect our business, financial condition, results of operations and our ability to fulfill our obligations under the notes*." In addition, a decline in interest rates for our products and an increase in our cost of funding could have a negative effect on our financial margins. Furthermore, the Mexican financial market is exposed to a certain extent to the ongoing social and political crisis in North Africa and the Middle East, which may result in increasing energy prices and volatility in the foreign currency exchange market and could negatively impact our results. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the markets in which we operate. In particular, we may face, among others, the following risks in connection with these events:

- The worsening of global economic conditions and continued disruptions in the credit markets could lead to increased government regulation of our industry. Compliance with such regulation may increase our costs, limit the interest rates we may charge and limit our ability to implement our business strategies.

- The process we use to estimate losses inherent in our credit exposure requires subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. The level of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates which may, in turn, impact the reliability of such process.

- The value of the portfolio of investment securities that we hold may be adversely affected.

The occurrence of any of these events may materially and adversely affect our business, financial condition and results of operations.

Changes in economic conditions could materially and adversely affect consumer demand, and thus demand for our loan products.

Demand for the loan products we offer depends on economic conditions, including GDP growth rates, inflation, unemployment, the cost of energy and other necessities, the availability of consumer credit, interest rates, consumer confidence, retail trends and foreign currency exchange rates. These economic conditions are beyond our control. If economic conditions worsen, demand for consumer goods will likely decline. A decline in demand for consumer goods would reduce demand for our durable goods loans. A decline in demand for consumer goods would also likely reduce demand for our payroll loans, to the extent those loans are used to finance consumer purchases, and for our group loans, because microbusiness owners use proceeds from those loans primarily to finance small commercial enterprises that are dependent on consumer demand. Our ability to receive payments on our loans in full and on time is also heavily dependent on the financial condition of borrowers, which is in turn heavily dependent on economic conditions. Worsening economic conditions, most notably rising unemployment, could negatively impact the financial condition of existing and potential borrowers, which could in turn both increase the share of our existing loans that are non-performing, thereby creating losses in and reducing the profitability of our loan portfolio, and adversely affect the creditworthiness of Mexican consumers, thereby reducing our loan approval rate. In addition, reduced access to credit and lower revenues may adversely affect our distributors and specialized retail chains, some of which may go out of business. The occurrence of any of these events may materially and adversely affect our business, financial condition and results of operations.

We are subject to fluctuations in interest rates. Imbalances in the interest rates and maturity between our loan portfolio and our sources of funds could adversely affect us and our capacity to expand our business.

We are exposed to interest rate and maturity mismatches between our loans and sources of funding. Our loan portfolio consists entirely of loans bearing interest at fixed rates, and the net interest income from our loans depends on the spread between our cost of funding and the interest rates we charge to our customers. An increase in interest rates, or general uncertainty about changes in interest rates, could affect demand for credit, and thus affect demand for our loan products. In addition, an increase in market interest rates in Mexico could increase our cost of funding under circumstances in which we could not timely and fully increase the interest rates we charge to our customers with respect to the loans we provide. Such a situation could reduce the net interest income we earn on our loan portfolio, or affect our ability to pay our liabilities, which in turn could have a material and adverse effect on our business, financial condition and results of operations.

Any mismatch between the maturity of our loan portfolio and our sources of funds could magnify the effect of any imbalance in interest rates and could present a liquidity risk if we fail to obtain funding on an ongoing basis. An increase in our total cost of funds could result in an increase in the interest rates on our loans, which could, as a result, affect our ability to attract new customers and could limit the expansion of our business, particularly with respect to our payroll loan and group loan product lines, which we plan to expand significantly in the future. A decrease in the growth of our loan portfolio could materially and adversely affect our ability to pay our liabilities, which in turn could have a material and adverse effect on our business, financial condition and results of operations.

If we are not able to effectively control the level of non-performing or poor credit quality loans in the future, or if our allowance for loan losses are insufficient to cover future loan losses, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to effectively control the level of non-performing loans in our total loan portfolio, including in respect to small business loans and used car loans, which are segments we recently entered into. In particular, the amount of our reported non-performing loans may increase in the future as a result of growth in our loan portfolio, deterioration in our credit approval process, the acquisition of any of our distributors or other entities (such as the acquisitions of a 49% ownership interest in each of Directodo, Publiseg and GEMA) or other factors beyond our control, such as further weakening of the Mexican or global economy, other macroeconomic and political events affecting Mexico, events affecting specific industries or natural disasters. In addition, our current allowance for loan losses may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of our loan portfolio. As a result, if the quality of our loan portfolio deteriorates we may be required to increase our allowance for loan losses, which may adversely affect our financial condition and results of operations. Moreover, there is no precise method for predicting loan and credit losses, and we cannot assure you that our monitoring and risk management procedures will effectively predict such losses or that allowances for loan losses will be sufficient to cover actual losses. If we are unable to control the level of our non-performing or poor credit quality loans, our business, financial condition and results of operations could be materially and adversely affected.

We have a significant amount of indebtedness that may impair our operating and financial flexibility and could materially and adversely affect our business, financial condition, results of operations and our ability to fulfill our obligations under the notes.

As of December 31, 2013, we had total outstanding indebtedness of Ps.9,922.3 million (US$759.4 million), not including accrued interest. Of our indebtedness outstanding as of December 31, 2013, Ps.5,030.8 (US$385 million), or 50.7%, consisted of indebtedness due to mature in 2014, while the remaining Ps.4,891.5 million (US$374.4 million), equal to 49.3% of our total outstanding indebtedness, consisted of indebtedness due to mature after 2014. Accordingly, our capacity to continue funding our operations will depend in part on us being able to renew our maturing indebtedness and on the collection of our loan portfolio, which is due from a large number of customers located in different cities throughout Mexico and which is generated by a limited number of distributors. We anticipate that our leverage will continue for the foreseeable future. Our indebtedness could have important consequences, including the following:

- it may be difficult for us to satisfy our obligations under our existing credit facilities and other indebtedness and commitments;
- we may not be able to obtain additional financing, if needed, to fund our growth, working capital requirements, capital expenditures, debt service, general corporate or other obligations; and
- we may be placed at a competitive disadvantage in relation to our competitors that have less indebtedness.

If we are unable to comply with the provisions of our debt instruments and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments could have a material adverse effect on our business and financial condition and may affect our ability to fulfill our obligation under the notes.

Servicing our indebtedness, including the notes, will require a significant amount of cash. Our ability to generate cash depends on a variety of factors, many of which are beyond our control.

Our ability to make payments on our indebtedness, including the notes, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness at or before maturity, and may not be able to complete such refinancing on commercially reasonable terms or at all. We may not have sufficient resources to repay our indebtedness as it becomes due or sufficient time to finance the repayment thereof. We are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce funds available for other purposes, including new loan origination. If we are unable to generate cash to service, repay or refinance our indebtedness, our business, financial condition or results of operations may be materially and adversely affected.

If we are not able to access sources of funding, our business, financial condition and results of operations may be adversely affected.

We rely significantly on several sources of funding, including bank credit lines and publicly issued debt securities, to finance our operations. Adverse financial conditions, including the existence of a liquidity crisis, could limit our access to new or sustained funding. Any decrease in the availability of one or more of our funding sources could have an adverse effect on our business, financial condition and results of operations.

In the past, we have also relied on partial credit guarantees obtained from the Mexican development bank Nacional Financiera, S.N.C., Institución de Banca de Desarrollo ("NAFIN") for some of our notes offerings in order to access the local debt markets. We may need to rely on partial credit guarantees from NAFIN in the future. We may be unable to secure such guarantees in a timely manner, on acceptable terms or at all, which could limit our access to financing and have a material adverse effect on our business, financial condition and results of operation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Bond Programs."

We may also require additional capital in the future in order to grow our loan portfolio, remain competitive or enter into new businesses. In addition, we may need to raise additional capital to increase our equity base in the event that we experience large, unexpected losses in our loan portfolio. Our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by financial institutions; and

- economic, political and other conditions in Mexico and elsewhere.

We may not be able to obtain additional capital in a timely manner, on acceptable terms or at all, which could have an adverse effect on our business, financial condition and results of operations.

Reductions in our credit ratings could increase our cost of borrowing and may make it more difficult to raise new funds or renew maturing debt.

Our credit ratings are an important component of our liquidity profile. Among other factors, our credit ratings are based on the financial strength, credit quality and concentrations of our loan portfolio, the level and volatility of our earnings, our capital adequacy, the level of our non-performing loans, the quality of our management, the liquidity of our balance sheet and our ability to access funding sources. Downgrades in our credit ratings could increase the cost of debt issuances in public markets or any future borrowings. In addition, downgrades in our credit ratings could negatively impact our ability to renew maturing debt, making any such renewal more difficult and expensive. Credit ratings downgrades could have a material adverse effect on our business, financial condition and results of operations.

Competition from other financial institutions may adversely affect our profitability and market position.

We face competition from lenders that target our existing and prospective customers. In particular, there is substantial competition in the small business segment. Our competitors include banks, *Sofoles*, *Sofomes* and other financial institutions such as credit unions and cooperatives as well as commercial entities and informal loan providers. In addition, we face competition from the public sector, as the Mexican government currently engages in its own financing programs. Our group loan business also faces competition from non-governmental organizations ("NGOs"). We expect competition to continue to increase, particularly in our payroll and small business loans segments, as we continue expanding our operations in Mexico. Institutions with which we currently compete may have significantly greater assets and capital, access to financing sources, name recognition, geographic penetration, experience with credit rating structures and other advantages. In addition, our competitors may be better able than we are to anticipate and respond to market trends. In this manner, competition in our markets may adversely affect our business, prospects, financial condition and results of operations.

The Mexican Federal Competition Commission, or the CFC, is required to investigate the Mexican financial system and to order measures to eliminate anti-competitive practices.

Under the Financial Reforms, the CFC has been given a 180-day period within which to investigate whether competitive conditions exist in the Mexican financial system. Upon completion of the investigation, the CFC shall make recommendations seeking to improve competition in the Mexican financial system, including eliminating barriers to entry and competition, ordering asset sales and taking any other measures aimed at eliminating anti-competitive practices. Although we cannot predict what determinations, if any, will be made by the CFC as a result of its investigations, any such determination may impact banks and other financial institutions, such as us, and may adversely impact our financial condition and results of operations.

Mexican financial authorities have been given broad authority in certain areas, as a result of the Financial Reforms.

As part of the Financial Reforms, the Mexican Congress approved changes to the Mexican Law for the Protection and Defense of Financial Services Users (*Ley de Protección y Defensa al Usuario de Servicios Financieros*), which gives CONDUSEF broad authority to oversee financial institution. Pursuant to the changes to the law, among other things, CONDUSEF (i) is entitled to initiate class action lawsuits against Mexican financial institutions in connection with events affecting groups of users of financial services; (ii) shall maintain a new Bureau of Financial Entities (*Buró de Entidades Financeras*), which will set forth any and all information deemed material for users of financial services; (iii) is empowered to order amendments to any of the standard forms of commercial banking documentation (such as account and loan agreements) used by financial institutions if it considers provisions therein to be detrimental to users; (iv) is permitted to issue resolutions as part of arbitration proceedings, for the benefit of issuers, that would permit users to attach assets of financial institutions prior to the completion of arbitration proceedings; and (v) is given broader authority to fine a financial institution that do not comply with an order issued by CONDUSEF.

We are dependent on three principal payroll loan distributors to originate payroll loans as well as four key specialized retail chains to originate durable goods loans.

As of December 31, 2013, approximately 79.7%% of our total loan portfolio balance consisted of payroll loans originated on our behalf by our three principal payroll loan distributors (Directodo, Publiseg and GEMA). As of December 31, 2012, loans originated on our behalf by our principal payroll loan distributor accounted for approximately 79.3% of the total payroll loans balance in our portfolio. Although we have entered into factoring agreements with our principal payroll loan distributors, in the majority of cases these agreements are not exclusive (with the exception of our agreements with Directodo, Publiseg, and GEMA, which are exclusive), and our principal payroll loan distributors are permitted to work with other lenders in addition to us. The term of these agreements is indefinite, but they may be terminated by our distributors at any time by giving prior written notice to us. If any of our principal payroll loan distributors terminate their relationship with us or decrease the amount of loans they originate and offer to us, the size of our total loan portfolio could decrease, which would have a material adverse effect on the future size of our loan portfolio, our business, financial condition and results of operations.

As of December 31, 2013, approximately 89.6% of our durable goods loan portfolio balance consisted of durable goods loans originated on our behalf by our four principal specialized retail chains (Foto Contino de Veracruz, S.A. de C.V., Distribuidora de Máquinas y Muebles de Mérida, S.A. de C.V., Viana Descuentos, S.A. de C.V., Muebles Dico, S.A. de C.V.). Currently, we do not have any exclusivity agreements signed with these specialized retail chains and they are permitted to work with other lenders in addition to us. If these principal specialized retail chains terminate their relationship with us or decrease the amount of loans they originate and offer to us, the size of our durable goods loan portfolio and our total loan portfolio could decrease, which would have a material adverse effect on the future size of our loan portfolio, our business, financial condition and results of operations.

The origination of payroll loans is highly dependent on the relationships and lobbying efforts that our distributors build and sustain with federal, state and local government entities, as well as with labor unions.

Our distributors have entered into cooperation agreements with approximately 266 public-sector employers or employee labor unions in all of the Mexican states, and it is through these relationships that our distributors promote our payroll loan products. Some of these distributors depend, in turn, on the services of public relations firms in order to obtain and maintain contacts with government entities and labor unions. In some instances, the cooperation agreements provide for the payment of a fee by the distributor to the labor unions or government entities based on a percentage of the loans originated through the particular cooperation agreement. In some cases, the cooperation agreements provide for the payment of consideration to the labor unions, for the benefit of their members. These cooperation agreements can be terminated through simple notice. In the event that (i) our distributors are not able to maintain the existing agreements with these entities or with other federal, state and local governments or labor unions, (ii) our distributors, including Directodo, Publiseg and GEMA, are not able to maintain their existing agreements with public relations firms, or (iii) the public relations firms are unable to maintain their contacts with federal, state and local governments or labor unions, our distributors' ability to originate new payroll loans could be diminished, which could reduce the size of our loan portfolio and affect our growth. In addition, the credit risk of our existing payroll loan portfolio could increase because payments on existing payroll loans could no longer be collected directly from the public sector employers of our borrowers or from the labor unions to which they belong. Any deterioration in the relationship between our distributors and the public sector employers or labor unions, between our distributors and the public relations firms, between the public relations firms and the public sector employers of labor unions, or any changes to the collection process of payroll loans may result in the termination or breach of the cooperation agreements (including for not complying with the agreements in a timely fashion) and have a material adverse effect on our business, financial condition and results of operations.

Our collection of payments on payroll loans is dependent on our distributors.

We do not have a direct relationship with the public sector employers or the employee labor unions that make payments through payroll deductions, on account of and pursuant to written instructions made by borrowers. The collection of these payments is carried out by our distributors, as our agents, in accordance with the financial contracts they have with us. See "Business—Loan Servicing and Collection." Therefore, the punctual repayment of payroll loans depends on the effective collection efforts of our distributors working with public sector employers, as well as competent payroll administration practices by the public sector employers themselves. There may also be delays in the deposit of payments by public sector employers, which may be due to changes in administration, rotation of personnel or changes to information technology systems, among other factors, which may have a material adverse effect on our business, financial condition and results of operations.

The insolvency or operational capacity of our distributors could affect the collection and payment of our payroll loans.

We analyze the legal, financial, accounting and administrative profiles of our distributors in order to verify that they have the capacity to comply with their responsibility to ensure payment of the payroll loans they have originated. In the case of Directodo, Publiseg, and GEMA, we are a partner and have diverse rights. However, we cannot ensure that distributors will always be able to effectively comply with their responsibility to ensure payment. The inability of our distributors to fulfill this responsibility may affect the receipt of payment for such loans and, consequently, may have a material adverse effect on our business, financial condition and results of operations.

There may be conflicts of interests between the public sector employers, the distributors and us.

In the operation of payroll loans, our interests and the interests of the public sector employers or the distributors may conflict, which may adversely affect our ability to ensure repayment of these loans and, therefore, the quality of our loan portfolio. More specifically, public sector employers could have an incentive to delay the deposit of the payroll deduction, as a way of financing their own operations, which could affect our liquidity.

The approval process for payroll loans does not always include a consultation with credit rating agencies regarding the credit history of potential clients.

With regard to payroll loan applications, consultations with credit rating agencies on the credit history of the loans being acquired are carried out at the discretion of the loan officer reviewing the application. We cannot ensure that lack of consultation regarding clients' credit histories will not have a negative effect on the quality of our payroll loan portfolio.

Furthermore, there is no centralized information system that allows us to verify compliance with the maximum amount of payments that can be made by employees or union members through payroll deductions, which we define as 30% of the amount of each employee's paycheck net of other charges. Thus, the information we have about a particular borrower might be insufficient to prevent situations that could affect the recovery of the loan, such as the payment of legally required obligations that have priority over payroll loans or the borrower incurring additional liabilities that affect the total amount of the borrower's paycheck which is available for deductions. If such a situation were to occur, it could have a material adverse effect on our business, financial condition and results of operations.

In exceptional cases, loan installments could fail to be deducted from the paychecks of our payroll loan clients, which could materially and adversely affect our payroll loan business.

The instructions borrowers give to their employers to authorize deductions from their paycheck to service payroll loans may be revoked in exceptional cases. Similarly, payroll deductions may not be made accurately or promptly by the borrower's public sector employer as a result of administrative problems or errors, the loss of employment or the incapacity of the borrower. If loan installments are no longer deducted from the paychecks of our payroll loan clients, our payroll loan business and credit profile may be materially and adversely affected, negatively impacting our business, financial condition and results of operations.

The origination, disbursement and operation of payroll loans may become subject to regulation, resulting in restrictions to our payroll lending operations.

In contrast with other Latin American countries, which have some form of regulation related to the origination and operation of payroll loans (including interest rate controls and limits on the maximum amount of indebtedness allowed for each borrower), as of the date of this offering memorandum, Mexico does not have an approved and organized regulatory framework for the origination, disbursement and operation of payroll loans. If any of these activities were to be regulated in Mexico, our operations in this sector could become subject to restrictive laws and regulations, which could have an adverse effect on our business, financial condition and results of operations.

Refinancing program for payroll loans granted to SNTE teachers announced by the Mexican government in November 2013 could impact future origination of payroll loans.

On November 30, 2013, the Mexican federal government announced a new refinancing program for payroll loans granted to SNTE teachers originated before November 30, 2013. Banco del Ahorro Nacional y Servicios Financieros, Sociedad Nacional de Crédito ("Bansefi"), which will be supported by NAFIN, was appointed by the central government to operate the program. According to the announcement, the program seeks to decrease the financial burden of certain SNTE education workers who currently hold a payroll loan with a private financial institution through the granting by Bansefi or NAFIN of new payroll loans to be used to prepay existing payroll loans. The effect of the program is to eliminate as clients of ours members of the Mexican teachers union who are eligible for the program. The program, and possible future programs sponsored by the Mexican government, could have an adverse effect on our future payroll origination, as well as on our financial results.

Our policies and internal control mechanisms may not be effective in preventing corrupt business practices.

We cannot ensure that our "best practices" and ethics policy for hiring and operations, and the internal control and practices derived from such policy, which we intend to expand to our distributors and promoters, will always be effective in preventing corrupt business practices by our employees and/or distributors in relation to their activities carried out during their dealings with public or private agencies, including the activities carried out during their origination of payroll loans. This could adversely affect our reputation, business, financial condition and results of operations, as well as our ability to continue to rely on the loan origination for payroll loans. See "Business—Credit and Risk Management Policies."

Advertising carried out by our distributors in connection with their payroll loan origination may be unclear, which may constitute a violation of applicable law and may subject us to sanctions for our marketing activities.

As an entity engaged in financial marketing, we may be subject to sanctions for unfair competition if we offer information that is incorrect, false, incomplete or susceptible to confusion with regard to our products, pursuant to applicable law. We believe the documentation related to payroll loans originated by our distributors, as original creditors, clearly establishes the Total Annual Cost ("TAC") and the fact that the loans will be subsequently transferred to us. However, the advertising carried out by our distributors in order to originate loans could be deemed unclear under applicable law, including with respect to Crédito Real's role as the ultimate creditor, specific interest rates and the TAC of loans, which could affect our public perception, result in sanctions or have an adverse effect on our business, financial condition and results of operations.

Payroll loan distributors' inability to verify the cash flow of money deposited by public sector employers may affect their relationship with us.

Payroll loan distributors may be unable to verify the cash flow of money deposited by public sector employers derived from the payment of accounts by borrowers, due to legal, technological, or other reasons. This may affect the relationship between us and our distributors. Any deterioration in the relationship between our distributors and the public sector employers (as well as any delays in the payments made by public sector employers), may have a material adverse effect on our business, financial condition and results of operations.

We may fail to realize the anticipated benefits from our acquisition of a minority interest in Directodo, Publiseg and GEMA.

On July 1 and November 18, 2011, we acquired a 49% participation in the capital stock of Directodo and Publiseg, respectively. Directodo and Publiseg are two of our principal payroll loan distributors, which operate their business under the Kondinero and Credifiel brands, respectively. Our acquisitions included an option to acquire control of both companies. In the case of Directodo, we have a reciprocal option for the acquisition of the remaining 51% interest, which has not been exercised. In the case of Publiseg, we have an option for the acquisition of the remaining 51% interest, as well as various minority rights pursuant to which Publiseg's controlling shareholders must receive our prior consent in order for Publiseg to carry out certain actions. In addition, in October 2012, we acquired a 40.8% ownership interest in GEMA, and during the first quarter of 2013, we exercised an option to increase our ownership interest to 49%. GEMA is our third principal loan distributor, which operates under the Crédito Maestro brand. We also have an option to acquire the remaining 51% ownership interest in GEMA in 2017 and 2018.

As in the case of the acquisition of any future businesses, these acquisitions entail risks that could have a material adverse effect on our business, financial condition, results of operations and prospects, including the potential failure to achieve expected results, economies of scale, synergies or other benefits sought from the acquisition, the incurrence of greater than expected costs and management time and exposure to any liabilities, including contingent liabilities, of Directodo, Publiseg, GEMA or any other businesses we acquire. If we are unable to successfully manage our investment and potential future investment in Directodo, Publiseg and/or GEMA, we may not realize anticipated cost savings and revenue growth, among other consequences, which may result in reduced profitability or losses. Should any of the risks outlined above materialize, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business and the business of our distributors, including Directodo, Publiseg and GEMA, may be adversely affected by the actions of public relations firms.

Some of our distributors, including Directodo, Publiseg and GEMA, who operate under the brand names Kondinero, Credifiel and Crédito Maestro, respectively, have entered into service agreements with various independent public relations firms, which provide contacts and carry out lobbying efforts in order to secure contracts with government entities and labor unions, such as various branches of SNTE. In some cases, the cooperation agreements provide for the payment of consideration to the labor unions (or government entities), for the benefit of their members. Any inappropriate action taken by these public relations firms or negative public perception of these firms, which neither we nor our distributors, including Directodo, Publiseg or GEMA, control, could affect Directodo's, Publiseg's and GEMA's image and the loyalty of borrowers towards the Kondinero, Credifiel and Crédito Maestro brands and thus our distributors', including Directodo's, Publiseg's and GEMA's ability to originate new payroll loans, and could subject us and our distributors to higher regulatory scrutiny and greater exposure to litigation or enforcement proceedings under relevant anti-corruption laws, which may have a material adverse effect on our business, financial condition and results of operations.

Group loans poses unique risks not generally associated with other forms of lending.

Our group loan customers are typically low-income individuals who have limited access to traditional sources of credit and need working capital for their microbusinesses. Loans to such borrowers may pose risks not generally associated with other forms of lending in Mexico. Our group loan customers typically have limited credit histories or none at all, posing a higher degree of risk than borrowers with established credit histories. Our group loans rely on non-traditional guarantee mechanisms, such as personal guarantees by each member of the borrowing group, which pose a higher degree of risk than loans secured by physical collateral. See "Business—Our Loan Products—Group Loans." As a result, in the future we may experience higher levels of non-performing loans and may be required to record higher provisions for loan losses, which may materially and adversely affect our results of operations and financial position. There can be no assurance that the levels of non-performing loans and subsequent charge-offs will not be materially higher in the future, which could have an adverse effect on our business, financial condition and results of operations. Furthermore, increased public scrutiny of the market, such as the recent political debate regarding lending practices in India and Bangladesh, may have an adverse effect on our business, financial condition and results of operations.

The expansion of our group loan business may not be successful.

As part of our growth strategy, we intend to expand our group loan business, including in areas where we currently do not have a significant presence. We may not be able to fully implement our expansion plans because of a number of factors, including adverse changes in general economic conditions, adverse changes in the availability of desirable locations to offer loans or our inability to hire competent personnel in our proposed new locations. Difficulties in implementing our planned expansion may result in an adverse effect on our business, financial condition and results of operations.

Our business relies heavily on data collection, processing and storage information systems, the failure of which could materially and adversely affect the effectiveness of our risk management and internal control system as well as our financial condition and results of operations.

Our business is highly dependent on our ability to timely collect and process a large amount of information related to the existing customer base, including transaction processes that may increase in complexity with increasing volume in our business. The proper functioning of financial control, accounting or other data collection and processing systems is critical to our business and to our ability to compete effectively. A partial or complete failure of any of these primary systems or the inappropriate handling of the data stored therein could materially and adversely affect our decision-making process, our risk management and internal control systems, as well as our ability to respond in a timely basis to changing market conditions. In addition, we may experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growing customer base. We have not recently conducted an updated independent analysis on the effectiveness of our systems in order to confirm that there is no risk that the data stored therein could be manipulated inappropriately. If we cannot maintain an effective data collection and management system, or if we cannot upgrade that system to meet the changing circumstances of our business, then our business, financial condition and results of operations could be adversely affected.

We are new entrants to the small business loan and the used car loan businesses and may not be able to fully understand such businesses and the related risks.

We have recently started lending to small businesses and to purchasers of used cars, as a continuation and expansion of our current business. However, we may not be able to fully understand such businesses and the related risks, which may result in unexpected increases to our loan loss reserves and may affect our business, financial condition and results of operations.

Our inability to maintain, improve or upgrade our information technology infrastructure and credit risk management systems in a timely manner could adversely affect our competitiveness, financial position and results of operations.

Our ability to operate and remain competitive depends on, among other factors, our ability to maintain and upgrade our information technology infrastructure in a timely and cost-effective manner. We must continually make investments and improvements to our information technology infrastructure in order to remain competitive. The information available to our management through our existing information systems may not be timely or sufficient to manage risks or to plan for, and respond to, future changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding such systems quickly enough to accommodate our growing customer base and range of products and services. Any failure to maintain, improve or upgrade our information technology infrastructure and management information systems in a timely manner, or the inappropriate manipulation of the data in our systems, could materially and adversely affect our competitiveness, financial position and results of operations. We have not conducted a recent and independent analysis of our systems confirming that there is no risk that the data stored in these systems cannot be manipulated inappropriately.

Future acquisitions or significant investments may not be successfully implemented or could disrupt our operations.

While we have in the past considered acquisitions of, or partnerships with, payroll loan distributors, and will continue to evaluate such opportunities as they arise, there can be no assurance that our evaluations will result in any such transaction in the near term. In addition, as we plan to continue growing our businesses, we may consider other strategic acquisitions or investments (including investments in regulated businesses) from time to time in Mexico and abroad. We face a variety of uncertainties and challenges relating to acquisitions and investments, including achieving expected synergies, retaining key employees, integrating operational and financial systems, maintaining levels of revenue and profitability, securing governmental approvals and minimizing exposure to potential liabilities. These risks, and the possibility that integration of any acquired business could require a significant amount of the time and resources of our management and employees, could disrupt our ongoing business and could have a material adverse effect on our business, financial condition and results of operations. See also "—We may fail to realize the anticipated benefits from our acquisition of a minority interest in Directodo, Publiseg and GEMA."

Antitrust laws may limit our ability to expand and operate through acquisitions or joint ventures.

Mexico's and other countries' antitrust laws and regulations may affect some of our activities, including our ability to introduce new products and services, to enter into new or complementary businesses, markets or joint ventures and to complete acquisitions. Approval of the Mexican Antitrust Commission (*Comisión Federal de Competencia*) may be required for us to acquire and sell significant businesses or to enter into significant joint ventures that have an impact in the Mexican market, the market where we predominantly operate. The Mexican Antitrust Commission may not approve, or may impose conditions on, future acquisitions or joint ventures that we may pursue. As our operations and market share increase, future acquisitions or expansions may face increased regulatory scrutiny, investigations, orders and other obstacles under antitrust laws and regulations.

Our use of cross currency swaps and currency options to hedge our foreign currency and interest rates exposure may negatively affect our operations especially in volatile and uncertain markets.

We are using, and may continue to use, cross currency swaps to manage the risk profile associated with currency and interest rate exposure of our 2015 Senior Notes or other debt offerings or bank credit lines, including the notes offered hereby. The use of such financial instruments may result in mark-to-market losses. These mark-to-market losses are caused by decreases in the fair value of cross currency swaps attributable to the appreciation of the peso against the U.S. dollar or fluctuations in interest rates in Mexico.

Our cross currency swaps and currency options are subject to margin calls if the thresholds set by the counterparties are exceeded. The cash required to cover margin calls may be substantial and may reduce the funds available to us for our operations or other capital needs. Our existing credit facilities also contain cross default provisions which would be triggered if margin calls are not met. As a result, we may incur net losses from or may not be able to meet margin calls related to our cross currency swaps, which may have a material adverse effect on our business, liquidity, financial condition and results of operation.

We are subject to financing terms which impose on us operational and financial restrictions that may limit our future business opportunities.

The terms and conditions of the notes offered hereby, the 2015 Senior Notes and other existing indebtedness impose significant operational and financial restrictions on us. These restrictions limit our capacity to, among other things, (i) incur additional debt, (ii) pay dividends or depreciate or buy back capital stock, (iii) make investments, (iv) create liens, (v) carry out operations with affiliates, (vi) sell assets, and (vii) consolidate or merge.

These restrictions could limit our capacity to take advantage of attractive growth opportunities we currently cannot foresee.

We may not be successful in our plans for growth, development and diversification.

It is possible that we may not be successful in our plans for growth and diversification of our business, or that we may need to incur additional costs in order to carry out these plans, which might have an adverse effect on our business, results of operations, financial situation and future projections.

We may be subject to penalties due to our advertising.

Since we are active in financial advertising, we might be subject to penalties based on unfair competition if such advertising includes wrong or incomplete information, or if such information is likely to lead to a mistake regarding the Company's credit products being in accordance with applicable law. Furthermore, we might be subject to penalties if we send advertising that offers our products or services to those customers who have expressly requested no to receive such advertising. This might cause an adverse effect in the activities, financial situation or operational results of the Company.

We depend on key personnel, our ability to retain and hire additional key personnel and the maintenance of good labor relations.

We depend on the services of our principal officers and key employees. The loss of any of our experienced principal officers, key employees or senior managers could negatively affect our ability to execute our business strategy. In line with our planned expansion, our future success also depends on our continuing ability to identify, hire, train and retain other qualified sales, marketing, collections and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to maintain our quality and reputation or to sustain or expand our operations. Our business, results of operations, prospects and financial condition could be adversely affected if we cannot attract and retain such necessary personnel.

Risks Relating to Our Controlling Shareholders

We are effectively controlled by a few shareholders, whose interests could conflict with the interests of other shareholders.

Members of our founding families control approximately 49% of our outstanding capital stock. Accordingly, such members of our founding families are able to control the majority of the decisions requiring the approval of a majority of shareholders. Our controlling shareholders control the election of the majority of our board of directors, the appointment of our senior management, and our engaging in new business activities, pursuing strategic initiatives or entering into mergers, acquisitions and other extraordinary transactions. Our controlling shareholders may exercise their control in a manner that differs from your interests as a noteholder.

We often engage in a variety of transactions with companies owned by our controlling shareholders which may cause conflicts of interest.

We have engaged and will continue to engage in a variety of transactions, such as entering into service agreements and factoring agreements with distributors, our controlling shareholders and a number of entities directly or indirectly owned or controlled by our controlling shareholders. See "Certain Relationships and Related Party Transactions." While we intend to continue to transact business with related parties on an arm's-length basis, such transactions could be affected by conflicts of interest between such related parties and us. We have agreed to terms governing certain of our indebtedness that limit our ability to engage in transactions with our affiliates.

Risks Relating to Mexico

Mexican governmental policies or regulations, including the imposition of an interest rate ceiling, may adversely affect our business, financial condition and results of operations.

We are incorporated in Mexico, and all of our assets and operations are located in Mexico. As a result, we are subject to political, economic, legal and regulatory risks specific to Mexico. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state-controlled, -funded or -influenced financial institutions could have a significant impact on private-sector entities in general and on us in particular, and on market conditions, including prices and returns on Mexican securities, including ours. Also, the Mexican government may implement significant changes in laws, public policies and or regulations that could affect political and economic conditions in Mexico, which could adversely affect our business.

Applicable Mexican law does not currently impose any limit on the interest rate we may charge a customer. However, Mexican law could change, and our loans could become subject to interest rate caps. Furthermore, there is currently no regulatory limitation on the portion of an employee's paycheck that can be deducted through payroll lending. However, regulations could change and paycheck deduction limits could be imposed. If Mexican law were to change in these ways, or if other changes in Mexican law were to occur, our business, financial condition and results of operations could be materially and adversely affected.

Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our operations.

Following Enrique Peña Nieto's election as President of Mexico in 2012, the *Congreso General de los Estados Unidos Mexicanos* ("Mexican Congress") became politically divided, as his political party, the *Partido Revolucionario Institucional*, does not have majority in the Mexican Congress. The lack of alignment between the

Mexican Congress and the President could result in deadlock and prevent the timely implementation of political and economic reforms, which in turn could have a material adverse effect on Mexican economic policy.

We cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political, economic or social developments in Mexico, over which we have no control, will not have an adverse effect on our business, financial condition, results of operations and prospects. Mexico has recently experienced periods of violence and crime due to the activities of organized crime. In response, the Mexican government has implemented various security measures and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

High inflation rates may adversely affect our financial condition and results of operations.

Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. The annual rate of inflation for the last three years, as measured by changes in the National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), as provided by INEGI and as published by Banco de México, was 4.4% in 2010, 3.8% in 2011, 3.6% in 2012 and 4.0% in 2013. Although inflation is less of an issue today than in past years, we cannot assure you that Mexico will not experience high inflation in the future, including in the event of a substantial increase in inflation in the United States.

In addition, increased inflation generally raises our cost of funding, which we may not be able to pass on to our customers through higher interest rates without adversely affecting the volume of our loans. Our financial condition and profitability may be adversely affected by the level of, and fluctuations in, interest rates, which affect our ability to earn a spread between the interest received on our loans and the cost of our funding. All of our loans have fixed interest rates, which may not reflect the real return we are receiving in an inflationary environment and may not, as a result, fully compensate us for the risk we are bearing on our loan portfolio. If the rate of inflation increases or becomes uncertain and unpredictable, our business, financial condition and results of operations could be adversely affected.

Fluctuations of the peso relative to the U.S. dollar could result in an increase in our cost of financing and limit our ability to make timely payments on foreign currency-denominated debt.

Because substantially all of our revenues are, and are expected to continue to be, denominated in pesos, if the value of the peso decreases against the U.S. dollar, as has been the case in the recent past, our cost of financing may increase for U.S. dollar-denominated debt that we may incur or have outstanding, to the extent such obligations are not otherwise hedged with financial instruments. Severe depreciation of the peso may also result in disruption of the international foreign exchange markets. This may limit our ability to transfer or convert pesos into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our non-peso securities and any U.S. dollar-denominated debt that we may incur, to the extent such obligations are not otherwise hedged with financial instruments.

Currently, the peso-dollar exchange rate is determined on the basis of the free market float in accordance with the policy set by Banco de México. There is no guarantee that Banco de México will maintain the current exchange rate regime or that Banco de México will not adopt a different monetary policy that may affect the exchange rate itself, including imposing generalized exchange controls. Any change in the monetary policy, the exchange rate regime or in the exchange rate itself, as a result of market conditions over which we have no control, could have a considerable impact, either positive or negative, on our business, financial condition and results of operations.

The peso has been subject to significant devaluations against the U.S. dollar and may be subject to significant fluctuations in the future. In 2008, as a result of the negative economic conditions in the United States and in other parts of the world, local and international markets experienced high volatility, which contributed to the devaluation of the peso. The Mexican government has implemented a series of measures to limit the devaluation of the peso and stabilize the local economy. However, we cannot assure you that such measures will be effective or ongoing or predict how they will impact the Mexican economy.

Developments in other countries could adversely affect the Mexican economy and our business, financial condition and results of operations.

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, the prices of both Mexican debt and equity securities decreased substantially as a result of the prolonged decrease in the United States securities markets. Most recently, credit issues in the United States related principally to the sale of sub-prime mortgages have resulted in significant fluctuations in the financial markets.

In addition, in recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of the North American Free Trade Agreement, or NAFTA, and increased economic activity between the two countries. Therefore, adverse economic conditions in the United States, the termination or re-negotiation of NAFTA or other related events could have a significant adverse effect on the Mexican economy. We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not adversely affect our business, financial condition or results of operations.

Approved amendments to Mexican tax laws may adversely affect us.

On December 11, 2013, certain reforms to Mexican tax laws were published in the Official Gazette, which became effective as of January 1, 2014. While the corporate income tax rate, which had previously been scheduled for reduction, remained at 30%, the Tax Reforms (i) resulted in several amendments to corporate tax deductions, among other things, by eliminating deductions that were previously allowed for related-party payments to certain foreign entities and limiting tax deductions on salaries paid to employees, (ii) imposed a 10% withholding income tax on dividends paid by the corporation to individuals or foreign residents, (iii) standardized the value-added tax in all areas of Mexico, (iv) required the use of electronic invoices and new monthly tax reports to be provided to governmental tax authorities, and (v) imposed a 10% income tax payable by individuals on the sale of stocks listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*).

Our business, financial condition and results of operations may be adversely affected as a result of increased taxes on salaries and increased costs due to the additional compliance requirements. Furthermore, our shareholders may be required to pay higher taxes, and may not have the benefit of certain deductions, than they would have had prior to the implementation of these amendments.

We are subject to accounting standards that differ from those applicable to public companies in the United States.

Our financial statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP" for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. We are not providing any reconciliation to U.S. GAAP of the financial statements or other financial information in this offering memorandum. We cannot be certain that a reconciliation would not identify material quantitative or qualitative differences in our financial statements or other financial information as prepared on the basis of *Sofom* GAAP if such information had been prepared on the basis of U.S. GAAP.

Developments in Mexican class action laws could adversely affect our operations.

The Mexican government has approved a constitutional amendment that expressly permits class action lawsuits, and additional secondary legislation on this issue has been approved and adopted as well. Furthermore, as a result of the Financial Reforms, CONDUSEF was recently empowered to initiate class actions related to financial services institutions. These new laws may cause borrowers and other market participants to initiate class action lawsuits against us, thereby increasing our exposure to liability. Due to our lack of experience and the lack of judicial history in interpreting and applying these laws, we cannot predict the possible outcome of any actions initiated under such laws, including the extent of any liability we may face.

Risks Relating to the Notes

Payments on the notes will be effectively junior to any of our secured indebtedness and structurally junior to debt obligations of our subsidiaries.

The notes, and the obligations of any future note guarantors, will constitute our, and any such future note guarantors', senior unsecured obligations and will rank equal in right of payment with all of our other existing and future senior unsecured indebtedness, other than obligations preferred by statute (such as tax and labor claims). Although the holders of the notes will have a direct, but unsecured claim on our assets and property, payment on the notes will be subordinated in right of payment to any of our existing or future secured debt, to the extent of the assets securing such debt. Although the Indenture governing the notes will contain restrictions on the incurrence of additional liens, these restrictions are subject to important qualifications and exceptions, and the liens that we may incur in compliance with these restrictions or liens that arise from governmental or creditor action, could be substantial. Payment by us in respect of the notes will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of our subsidiaries.

If we become insolvent or are liquidated, or we become subject to bankruptcy proceedings, or if payment under any secured debt is accelerated, the relevant lenders would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. After such application of the proceeds from collateral, it is possible that there would be no assets remaining from which claims of the holders of the notes could be satisfied.

The notes are not guaranteed by our existing subsidiary and may not be guaranteed by certain of our future subsidiaries. However, our financial information (including the financial statements included herein) is presented on a consolidated basis. Any right that we or any future note guarantors will have to receive assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

In addition, under Mexican law, our obligations under the notes are subordinated to certain statutory preferences, including claims for salaries, wages, secured obligations (to the extent of the security provided), social security, employee housing fund contributions, taxes and court fees and expenses. In the event of our liquidation, such statutory preferences will have preference over any other claims, including claims by any holder of the notes.

Further, if any assets remain after payment of these lenders, the remaining assets would be available to creditors preferred by statute, such as holders of tax and labor claims, and might be insufficient to satisfy the claims of the holders of the notes and holders of other unsecured debt including trade creditors that rank equal to holders of the notes.

We and any future note guarantors may incur substantially more debt, which could further exacerbate the risks associated with our indebtedness.

As of December 31, 2013, we had a total indebtedness (excluding accrued interest) of Ps.9,922.3 million (US$758.3 million), of which Ps.2,905.5 million (US$222.1 million) was secured by collateral. After giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had total indebtedness (excluding accrued interest) of Ps.11,203.1 million (US$856.2 million). We and any future note guarantors may be able to incur substantial additional debt in the future. Although the agreements governing our outstanding indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute "indebtedness" as defined in the relevant documents. Adding new debt to our current indebtedness levels would increase our leverage. The related risks that we now face could intensify.

The instruments governing our indebtedness, including the notes offered hereby, contain cross-default provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The indenture governing the notes contains numerous restrictive covenants. Instruments governing our other indebtedness also contain certain affirmative and negative covenants and require us and our subsidiaries to meet certain financial ratios and tests. Our failure to comply with the obligations contained in the indenture or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could then result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such default could require us to sell our assets and otherwise curtail operations in order to pay our creditors.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions" for a full explanation of such restrictions.

An active trading market for the notes may not develop.

Currently there is no market for the notes. Application is expected to be made to have the notes listed on the Official List of the Luxembourg Stock Exchange and traded on the EuroMTF Market. Even if the notes become listed on this exchange, we may delist the notes. A trading market for the notes may not develop, or if a market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

Payments claimed in Mexico on the notes, pursuant to a judgment or otherwise, would be in pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than Mexican currency. Under Article 8 of the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*) an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican currency, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by Banco de México and published every banking day in the Official Gazette. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a payment in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall.

Our and any future note guarantors' obligations under the notes would be converted in the event of bankruptcy.

Under Mexico's Law on Mercantile Reorganization (*Ley de Concursos Mercantiles*, or "Mexican Bankruptcy Law"), if we are declared insolvent, bankrupt or became subject to a reorganization proceeding *concurso mercantil*, our obligations under the notes (i) would be converted into pesos and then from pesos into inflation-adjusted units (*unidades de inversion*, known as UDIs), (ii) would be satisfied at the time claims of all our creditors are satisfied, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, which differ from those in other jurisdictions such as the United States, (iv) would cease to accrue interest from the date the *concurso mercantil* is declared, (v) would not be adjusted to take into account any depreciation of the peso against the U.S. dollar occurring after such declaration and (vi) would be subject to certain statutory preferences, including tax, social security and labor claims, and claims of secured creditors (up to the value of the collateral provided to such creditors). There is also limited relevant legal related precedent. For such reasons, the ability of the holders of the notes to effectively collect payments due under the notes may be compromised or subject to delay.

In addition, under Mexican law, it is possible that in the event we are declared insolvent, bankrupt or become subject to *concurso mercantil*, any amount by which the stated principal amount of the notes exceeds their accreted value may be regarded as not matured and, therefore, claims of holders of the notes may be allowed only to the extent of the accreted value of the notes. At present, there are very few Mexican legal precedents regarding bankruptcy or *concurso mercantil* in Mexico on this point and, accordingly, uncertainty exists as to how a Mexican court would measure the claims of holders of the notes.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Mexican economy.

We may be unable to purchase the notes upon change of control event, which would result in defaults under the Indenture governing the notes.

The terms of the notes require us to make an offer to repurchase the notes upon the occurrence of a specified change of control event at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. Any financial arrangements we may enter may require repayment of amounts outstanding upon the occurrence of a change of control event and limit our ability to fund the repurchase of your notes in certain circumstances. It is possible that we will not have sufficient funds at the time of any change of control to make the required repurchase of notes or that restrictions on our other financing arrangement will not allow the repurchase of notes or that restrictions in our other financing arrangements will not allow the repurchases. If we fail to repurchase the notes in such circumstances, we would default under the Indenture which may, in turn, trigger cross-default provisions in our other debt instruments. See "Description of the Notes—Change of Control Triggering Event."

It may be difficult to enforce claims against us or our directors, executive officers and controlling persons.

Most of our directors, executive officers and controlling persons are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us in courts of any jurisdiction outside Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws. We have been advised that there is doubt as to the enforceability in Mexican courts, in original actions or in actions for enforcement of judgments obtained in courts of jurisdictions outside Mexico, of civil liabilities arising under the laws of any jurisdiction outside Mexico, including any judgment predicated solely upon United States federal or state securities laws.

No treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of principles of reciprocity and comity as well as the provisions of Mexican law relating to the enforcement of foreign judgments in Mexico, consisting of the review by Mexican courts of the United States judgment in order to ascertain whether Mexican legal principles of due process and public policy (*orden público*), among other requirements, have been duly complied with, without reviewing the merits of the subject matter of the case, provided that U.S. courts would grant reciprocal treatment to Mexican judgments.

Creditors of the issuer holding negotiable instruments or other instruments governed by Mexican law that grant rights to executory proceedings (*título ejecutivo*) are entitled to attach assets of the issuer at inception of judicial proceedings, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

The Indenture governing the notes will contain periodic reporting requirements that will be different and less burdensome than would be applicable to us if we had agreed to register the notes following the closing of the offering.

We do not presently file periodic reports and other information with the SEC, and the Indenture governing the notes will not require us to file such reports or other information. The Indenture will require us to provide annual and quarterly reports, including English language translations, to the holders of notes and the trustee. The requirements of the Indenture, however, will be more limited in certain respects than those applicable to public companies under the Exchange Act. See "Description of Notes—Certain Covenants—Reports to Holders."

It is possible that any future note guarantees by our subsidiaries may not be enforceable.

Any future note guarantees would provide a basis for a direct claim against the subsidiary guarantors. However, it is possible that such guarantees may not be enforceable. We have been advised by our special Mexican counsel, Jones Day Mexico, S.C., that the laws of Mexico may in some cases prevent the guarantees of Mexican subsidiary guarantors from being valid, binding and enforceable against such subsidiary guarantors in accordance with their terms. In the event that such a Mexican subsidiary guarantor were declared bankrupt, the guarantee may be deemed to have been a fraudulent transfer and declared void if such subsidiary guarantor failed to receive fair consideration or reasonably equivalent value in exchange for such guarantee. The obligations of any subsidiary guarantor may, additionally, be subject to review under United States state or federal fraudulent transfer laws or that of any other applicable jurisdiction. In addition, under Mexican Bankruptcy Law, if any of the subsidiary guarantors are judicially declared bankrupt, each of such subsidiary guarantors' obligations under its guarantee will be subordinated to secured creditors and certain statutorily preferred creditors, such as those holding labor, tax and social security related claims, which will have preference over any other claims, including claims by any investor in respect of the notes or such guarantees.

USE OF PROCEEDS

We estimate that the net proceeds from the issuance of the notes will be approximately US$342.7 million (after deducting the initial purchasers' discounts and commissions and the payment of estimated offering expenses). We intend to use the net proceeds from this offering (i) to pay the consideration for the Tender Offer and Consent Solicitation and accrued and unpaid interest on the 2015 Senior Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offer and Consent Solicitation, (iii) to repay certain indebtedness and (iv) to the extent any proceeds remain, for general corporate purposes.

EXCHANGE RATES

Mexico has had a free market for foreign exchange since the end of 1994 and Mexico's Central Bank (*Banco de México*) allows the peso to float freely against the U.S. dollar and other foreign currencies. As a result, policy has evolved toward an inflation targeting regime and *Banco de México* intervenes directly in the foreign exchange market only to reduce excessive short-term volatility. *Banco de México*, as an autonomous authority, recognizes price stability as its fundamental goal and implements monetary policy using a target for the overnight interest rate charged in the interbank market. An interest rate regime became effective on January 21, 2008, and substituted the regime based on daily balances known as the "corto." As part of the interest rate target regime, open market operations (liquidity auctions) aim to provide the incentives for commercial banks to keep their accounts at *Banco de México* with a balance of zero at the daily market closing, in an environment where the overnight rate equals the target rate. *Banco de México* provides or withdraws liquidity as needed to meet its target rate through these operations. Positive balances in the accounts kept by the commercial banks at *Banco de México* are not paid interest, while overdrafts or negative balances are charged twice the overnight interest rate target. An increase in interest rates can make domestic financial assets more attractive to investors than foreign financial assets, which could trigger an appreciation of the nominal exchange rate and vice versa.

On October 8, 2008, as a result of the foreign exchange volatility caused by the global financial crisis, the Foreign Exchange Commission *(Comisión de Cambios)* of the Federal Government, comprised of SHCP and *Banco de México* officials and which is responsible for determining Mexico's exchange rate policy, established daily dollar auctions in order to help stabilize foreign exchange markets. The dollar amounts auctioned have been modified in order to adapt to market conditions. *Banco de México* also announced in early 2010 that it would follow a policy of foreign reserve accumulation and, to facilitate such objective, it put in place a monthly auction of options to sell U.S. dollars to *Banco de México* pursuant to certain rules.

There can be no assurance that the Mexican government will maintain its current policies with respect to the peso or that the peso will not depreciate significantly in the future. The Mexican economy has suffered balance of payment deficits and shortages in foreign exchange reserves in the past. While the Mexican government, for more than 15 years, has not restricted the ability of Mexican and foreign individuals or entities to convert pesos to U.S. dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that any such restrictive exchange control policies were to be instituted in the future in the event of shortages of foreign currency, our ability to transfer or convert pesos into U.S. dollars and other currencies to service our foreign currency obligations, and your ability to transfer or convert our dividends paid in pesos into U.S. dollars and other currencies, would be adversely affected and foreign currency may not be available without substantial additional cost.

The following table sets forth, for the periods indicated, the low, high, average and period-end exchange rates published by the Official Gazette, all expressed in nominal pesos per U.S. dollar.

Year Ended December 31,	**Low**	**High**	**Average**	**Period End**
2008	9.92	13.92	11.15	13.77
2009	12.60	15.37	13.50	13.04
2010	12.16	13.18	12.63	12.38
2011	11.50	14.24	12.42	13.98
2012	12.63	14.39	13.17	12.97
2013	11.98	13.44	12.77	13.08
Month Ended				
August 2013	12.57	13.34	12.92	13.34
September 2013	12.72	13.44	13.08	13.17
October 2013	12.77	13.27	13.00	13.01
November 2013	12.89	13.24	13.08	13.11
December 2013	12.86	13.24	13.01	13.08
January 2014	12.99	13.49	13.22	13.38
February 2014	13.19	13.39	13.28	13.24

This offering memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. The convenience translations should not be construed as a representation that the peso amounts actually represent such U.S. dollar amounts or that they could be converted into U.S. dollars at the specified rate or at all. The exchange rate used for purposes of convenience translations is the exchange rate published by *Banco de México* in the Official Gazette. The exchange rate determined by *Banco de México* on December 31, 2013 and published in the Official Gazette on January 2, 2014, expressed in nominal pesos per U.S. dollar, was Ps.13.0843.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2013 (i) on an actual historical basis; and (ii) as adjusted to give effect to the issuance of the notes and the use of the proceeds therefrom as if it had occurred on December 31, 2013.

You should read this table together with the information under the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and notes thereto included elsewhere in this offering memorandum. Solely for the convenience of the reader, peso amounts appearing in the table below have been translated to U.S. dollar amounts at the exchange rate for pesos as published by the Official Gazette as of January 2, 2014, which was Ps.13.0843 per U.S. dollar.

	As of December 31, 2013			
	Actual		As Adjusted (1)	
	(in millions of pesos)	(in millions of dollars)	(in millions of pesos)	(in millions of dollars)
			(unaudited)	
Cash and cash equivalents	126.9	9.7	1,459.7	111.6
Short-term debt:				
Notes payable to financial institutions	2,041.8	156.0	2,041.8	156.0
Bank loans and borrowings from other entities	1,950.1	149.0	1,950.1	149.0
Long-term debt:				
Notes payable to financial institutions	1,000.0	76.4	1,000.0	76.4
2015 Senior Notes (1)	2,829.6	216.3	-	-
Notes issued hereby(2)	-	-	4,080.5	311.9
Bank loans and borrowings from other entities	2,130.8	162.8	2,130.8	162.8
Total debt	9,952.2	760.6	11,203.1	856.2
Stockholders' equity:				
Paid-in capital	2,016.2	154.1	2,016.2	154.1
Earned capital	2,329.7	178.1	2,329.7	178.1
Total stockholders' equity	4,352.9	332.7	4,345.9	332.1
Total capitalization	14,305.1	1,093.3	15,549.0	1,188.4

(1) Assuming 100% of the outstanding 2015 Notes are validly tendered at or before the early tender deadline with all investors receiving the total consideration (including the early tender payment) and that payment for all such tendered 2015 Notes is made on March 13, 2014.

(2) Reflects the capitalization of estimated interest on the 2015 Senior Notes and other expenses to be paid in connection with the Tender Offer, which are deemed to be incremental and directly attributable to the notes.

The merger agreement between Crédito Real and Rasteroz included an option exercisable by Grupo Kon at any time until December 31, 2014 or by Crédito Real for a period of three months after December 31, 2014 by which Grupo Kon will be able to exchange its remaining 51% interest in Directodo for an additional ownership ranging from 5% to 20% of Crédito Real's share capital outstanding after the option is exercised, which, if exercised, would have additional effects on our capitalization.

SELECTED FINANCIAL INFORMATION

The financial information for the years ended December 31, 2011, 2012 and 2013 has been derived from our audited financial statements included elsewhere in this offering memorandum, together with the notes thereto.

The following tables present summary financial information and other data as of December 31, 2011, 2012 and 2013 and for the years then ended. Certain amounts and percentages included in this offering memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be the exact arithmetic results of their components as shown herein.

Our financial statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP" for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our financial statements to U.S. GAAP has been performed.

The financial statements reflect our investment in Directodo, Publiseg and GEMA and the consolidation of Servicios Chapultepec. See "Presentation of Certain Financial and Other Information."

	Year Ended December 31,			
Income Statement	**2011**	**2012**	**2013**	**2013 (US$) (9)**
	(in millions of pesos)			(in millions of dollars)
Interest income	1,912.3	2,090.4	2,724.5	208.2
Interest expense	(612.8)	(654.8)	(723.1)	(55.3)
Financial margin	1,299.5	1,435.6	2,001.4	153.0
Allowance for loan losses	(309.0)	(272.8)	(404.5)	(30.9)
Financial margin adjusted for credit risks	990.5	1,162.8	1,596.9	122.0
Commissions and fees paid	(61.3)	(69.5)	(69.7)	(5.3)
Other income from the operation	18.1	20.6	10.1	0.8
Administrative and promotion expenses	(465.6)	(480.5)	(484.1)	(37.0)
Operating income	481.7	633.4	1,053.3	80.5
Income taxes	(102.5)	(144.4)	(241.6)	(18.5)
Income before participation in the results of subsidiaries and associates	379.2	489.1	811.7	62.0
Participation in the result of subsidiaries and associates	36.3	125.1	191.9	14.7
Net income	415.5	614.1	1,003.6	76.7

Balance Sheet	As of December 31, 2011	2012	2013	2013 (US$) (9)
		(in millions of pesos)		(in millions of dollars)
Cash and cash equivalents	64.3	85.2	126.9	9.7
Investments in securities	253.6	346.8	646.2	49.4
Securities and derivatives transactions	521.4	241.5	230.1	17.6
Performing loan portfolio				
Commercial loans	5,403.1	6,625.6	10,265.0	784.5
Total performing loan portfolio	5,403.1	6,625.6	10,265.0	784.5
Non-performing loan portfolio				
Commercial loans	109.0	106.9	158.5	12.1
Total non-performing loan portfolio	109.0	106.9	158.5	12.1
Loan portfolio	5,512.2	6,732.5	10,423.5	796.6
Less: allowance for loan losses	(130.5)	(141.3)	(203.2)	(15.5)
Loan portfolio (net)	5,381.6	6,591.2	10,220.3	781.1
Other accounts receivable (net)	1,574.0	2,504.3	2,390.4	182.7
Foreclosed assets (net)	—	-		
Property, furniture and fixtures, net	14.3	17.8	22.9	1.8
Long-term investments in shares	364.0	752.5	786.0	60.1
Other assets				
Debt issuance costs, intangibles and others	179.4	425.9	677.2	51.8
Total assets	**8,352.7**	**10,965.3**	**15,100.0**	**1,154.1**
Liabilities				
Notes payable (certificados bursatiles)	1,944.0	1,751.0	3,041.8	232.5
Senior notes payable	3,122.1	2,814.4	2,829.6	216.3
Bank loans and borrowings from other entities				
Short-term	1,053.9	1,562.4	1,950.1	149.0
Long-term	516.0	719.6	2,130.8	162.8
	1,569.9	2,282.0	4,080.9	311.9
Securities and derivatives transactions	-	-	-	-
Accrued liabilities and other and other accounts payable	171.2	287.8	327.0	25.0
Income taxes payable	4.2	17.8	14.6	1.1
Deferred taxes (net)	80.9	215.8	453.3	34.6
Total liabilities	**6,892.3**	**7,368.9**	**10,747.1**	**821.4**
Stockholders' equity:				
Capital stock	507.4	630.7	630.7	48.2
Share subscription premium	-	1,386.5	1385.5	105.9
Earned capital:				
Accumulated results from prior years	537.4	935.8	1,326.1	101.4
Result from valuation of cash flow hedges, net	-	29.3	7.0	0.5
Net income	415.5	614.1	1,003.6	76.7
Total stockholders' equity	1,460.4	3,596.4	4,352.9	332.7
Total liabilities and stockholders' equity	**8,352.7**	**10,965.3**	**15,100.0**	**1,154.1**

	As of and for the Year Ended December 31, 2011	2012	2013
Other Financial Data and Ratios			
Yield(1)	38.7%	34.2%	31.1%
Return on average loan portfolio(2)	8.4%	10.0%	11.5%
Return on average stockholders' equity(3)	33.3%	27.9%	24.5%
Debt to equity ratio(4)	4.5x	1.9x	2.3x
Average interest income rate (total portfolio)(5)	38.7%	34.2%	31.1%
Average cost of funds(6)	10.7%	9.5%	8.7%
Efficiency ratio(7)	37.6%	35.2%	25.1%
Capitalization ratio(8)	26.5%	53.4%	41.8%
Credit Quality Ratios			
Provisions for loan losses as a percentage of total loan portfolio	5.6%	4.1%	3.9%

	As of and for the Year Ended December 31,		
	2011	**2012**	**2013**
Other Financial Data and Ratios			
Allowance for loan losses as a percentage of total past-due loan portfolio	119.7%	132.2%	128.2%
Total past-due loan portfolio as a percentage of total loan portfolio	2.0%	1.6%	1.5%

(1) Yield is calculated by dividing the accrued income for the period by the average quarterly balance of the total loan portfolio.

(2) Return on average loan portfolio consists of net income for the period divided by the average quarterly loan portfolio amounts.

(3) Return on average stockholders' equity consists of net income for the period divided by average quarterly stockholders' equity.

(4) Debt to equity ratio consists of total liabilities at the end of the period divided by total stockholders' equity at the end of the period.

(5) Average interest income rate (total portfolio) consists of interest income for the period divided by the average quarterly loan portfolio amounts.

(6) Average cost of funds consists of interest expense for the period divided by the average quarterly funding amounts.

(7) Efficiency ratio consists of administrative and promotion expenses for the period divided by the sum of (a) financial margin and (b) the difference between (i) commissions and fees collected and (ii) commissions and fees paid for the period.

(8) Capitalization ratio consists of total stockholders' equity at the end of the period divided by total loan portfolio at the end of the period.

(9) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps.13.0843 per U.S. dollar, the exchange rate published by the Official Gazette on January 2, 2014. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See "Exchange Rates" in this offering memorandum.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements, together with the notes thereto, included elsewhere in this offering memorandum. Our financial statements were prepared in accordance with Sofom GAAP, which differs in certain significant respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between Sofom GAAP and U.S. GAAP" for a description of certain differences between Sofom GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our financial statements to U.S. GAAP has been performed. Certain amounts and percentages included in this offering memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be the exact arithmetic results of their components as shown herein.

Mexican Economic Environment

Mexico has generally enjoyed stable and positive macroeconomic performance since the implementation of a wide range of reforms to liberalize the Mexican economy and open it to foreign trade and investment in the late 1980s. Since the 1995 currency and banking crisis, Mexico's GDP has grown at a compound rate of 3.0% per year. In 2006, GDP grew at a rate of 5.2%, supported by exports of manufactured goods and strong foreign direct investment. Economic conditions began deteriorating in 2007, with Mexico's GDP growth rate slowing to 3.3%.

In 2008, the Mexican economy experienced a significant deterioration as a result of the global financial crisis. Foreign consumer demand deteriorated significantly, particularly in the manufacturing sector, which also affected domestic consumer demand, with lower investment and consumption. Mexico's GDP growth rate slowed to 1.2% and several supply side shocks affected price levels. The peso was also adversely impacted by the economic downturn, and from September through the first quarter of 2009, the peso depreciated significantly.

During 2009, the financial crisis that started in 2008 continued affecting the world economy, which experienced the sharpest decline in decades. Mexico suffered the sharpest decline in GDP since 1995, declining by 6.2% during 2009, mainly as a result of Mexico's close commercial ties with the United States. As a result of sharp decline in foreign consumer demand, Mexican exports fell drastically in key industries such as the automotive and electrical equipment industries. The Mexican financial sector was strongly affected by volatility. Inflation in 2009 was 3.6%.

However, in 2010, the Mexican economy recovered considerably, with external demand and exports of manufactured goods driving an annual GDP growth of 5.5%, the highest in the past ten years. Mexico's GDP grew 3.9% in both 2011 and 2012.

Despite unfavorable economic conditions in 2009, especially in the non-bank financing industry, the performance of our loan portfolio did not experience significant deterioration during the year ended December 31, 2009. During 2010, 2011, 2012 and 2013, financing conditions and funding alternatives improved and we have taken advantage of opportunities to increase our loan portfolio. We plan to resume an accelerated expansion during the short and medium term.

Effect of Tax Legislation

On December 11, 2013, certain reforms to Mexican tax laws were published in the Official Gazette (the "Tax Reforms"), which became effective as of January 1, 2014. While the corporate income tax rate, which had previously been scheduled for reduction, remained at 30%, the Tax Reforms (i) resulted in several amendments to corporate tax deductions, among other things, by eliminating deductions that were previously allowed for related-party payments to certain foreign entities and limiting tax deductions on salaries paid to employees, (ii) imposed a 10% withholding income tax on dividends paid by the corporation to individuals or foreign residents, (iii) standardized the value-added tax in all areas of Mexico, (iv) required the use of electronic invoices and new monthly tax reports to be provided to governmental tax authorities, and (v) imposed a 10% income tax payable by individuals on the sale of stock listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*).

The Tax Reforms also abolished the flat rate business tax law, or IETU.

Under the Mexican Income Tax Law, the effect of inflation on monetary assets and liabilities are to be considered as a deduction, therefore decreasing the taxable income. The effect of inflation on monetary assets and liabilities is estimated considering the annual inflation rate recorded and the excess of either monetary assets or liabilities. The effect of inflation results in a tax deduction when monetary assets exceed monetary liabilities. Uncollectable accounts that have an unpaid balance of less than 30,000 Investment Units *(Unidades de Inversión* or "UDIs"*)* and which have not received a payment within the last year are considered a deduction.

Interest Rate Fluctuations

Interest rate fluctuations in Mexico have a significant effect on our business, financial condition and results of operations. While our interest-earning assets bear fixed interest rates, all of our interest-bearing liabilities currently carry floating interest rates equal to the 28-day Interbank Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio*, or "TIIE"), plus a spread, and are subject to frequent re-pricing. The TIIE is the benchmark interbank interest rate applicable to borrowing from and lending to *Banco de México* in transactions denominated in pesos, and is published daily in the Official Gazette of the Federation.

The following table presents the high, low and average TIIE during each of the periods indicated.

	TIIE			
	High	**Low**	**Average (1)**	**End of Period**
2008	8.8000%	7.9093%	8.2779%	8.6886%
2009	8.7075%	4.8350%	5.9057%	4.9150%
2010	4.9750%	4.8250%	4.9097%	4.8750%
2011	4.8850%	4.7500%	4.8231%	4.7900%
2012	4.8562%	4.7175%	4.7896%	4.8450%
2013	4.8475%	3.7765%	4.2807%	3.7900%
2014 (through January 31)	3.8005%	3.7615%	3.7822%	3.7705%

(1) *Banco de México* information.

Our interest cost of funding is highly sensitive to market conditions. Our interest rate spread in our local debt offerings increased by more than 112 basis points during 2010 and by more than 70 basis points during 2009. In response to the increased cost of financing in Mexico, the Mexican government gradually reduced the reference interest rate, partially offsetting increases in the surcharge rate. For example, between December 31, 2008 and December 31, 2009, the TIIE fell 377 basis points, or 43.4%, to 4.9150%. The TIIE has since then remained more stable, and as of December 31, 2013, the TIIE was 3.7900%.

In addition, the fixed interest rates we charge on each of our loan products have historically been significantly higher than the variable rates we pay on our interest-bearing liabilities, resulting in favorable net interest margin. For example, our average interest rate earned on interest-earning assets for the year ended December 31, 2013 was 29.6% and our average interest rate paid on interest-bearing liabilities for the same period in 2012 was 8.7%, resulting in a net interest margin of 20.9%. As a result, the amount of cash we receive from interest and principal payments on the loans in our loan portfolio typically far exceeds the payments we must make on our interest-bearing liabilities. Our favorable net interest income serves to mitigate the pressure on our margins caused by fluctuations in the interest rates we pay on our interest-bearing liabilities.

The table below presents the average size of each of our loan portfolios (Average Portfolio) along with the cash collected with respect to each loan portfolio (Collections) and Collections as a percentage of our Average Portfolio during 2011 and 2012 on an annual basis and during 2013 on a quarterly basis. Collections include both principal and interest payments. We believe that Collections as a percentage of our Average Portfolio will increase as the loan portfolio and interest income derived from our group loan business increases.

		Payroll Loans	**Durable Goods Loans**	**Group Loans**	**Small Business**	**Used Cars**	**Total**
		(in millions of pesos, except percentages)					
2010:	Average Portfolio	2,576.3	677.3	151.1			3,404.7
	Collections	2,011.5	674.3	1,000.5			3,686.4

	Collections as Percentage of Average Portfolio	78.1%	99.6%	662.1%			108.3%
2011:	Average Portfolio	3,771.2	733.6	190.9			4,695.7
	Collections	3,552.8	607.6	1,757.3			5,917.7
	Collections as Percentage of Average Portfolio	94.2%	82.8%	920.3%			126.0%
2012:	Average Portfolio	5,055.8	860.3	196.2			6,112.2
	Collections	4,052.9	636.5	1,685.6			6,375.0
	Collections as Percentage of Average Portfolio	80.2%	74.0%	859.2%			104.3%
1nd Quarter 2013:	Average Portfolio	5,877.3	866.0	154.7	16.4	16.6	6,931.0
	Collections	1,090.3	157.8	302.6	9.2	4.1	1,564.0
	Collections as Percentage of Average Portfolio	74.2%	72.9%	782.3%	224.4%	99.2%	90.3%
2nd Quarter 2013:	Average Portfolio	6,539.4	966.9	130.9	40.0	36.8	7,714.0
	Collections	1,033.0	182.6	287.0	14.2	9.6	1,526.4
	Collections as Percentage of Average Portfolio	63.2%	75.5%	876.9%	141.9%	104.4%	79.1%
3er Quarter 2013:	Average Portfolio	7,443.4	1,054.9	147.7	56.2	42.7	8,744.8
	Collections	1,043.7	185.3	198.2	22.8	8.0	1,458.0
	Collections as Percentage of Average Portfolio	56.1%	70.2%	537.0%	162.2%	75.1%	66.7%
4th Quarter 2013:	Average Portfolio	8,001.9	1,096.2	191.1	465.4	52.7	9,807.3
	Collections	1,303.5	194.6	92.3	311.9	11.6	1,913.9
	Collections as Percentage of Average Portfolio	65.2%	71.0%	193.2%	268.1%	88.2%	78.1%
2013:	Average Portfolio	7,270.6	1,031.5	161.0	252.7	44.8	8,760.7
	Collections	4,470.4	720.3	880.2	358.1	33.4	6,462.3
	Collections as Percentage of Average Portfolio	61.5%	69.8%	546.6%	141.7%	74.5%	73.8%

Key Factors Affecting our Financial Condition and Results of Operations

Loan Portfolio Performance

The performance of our loan portfolio depends on our ability to collect each expected installment payment on a timely basis, which in turn depends, in part, on the strength of our origination and credit approval processes. Since our founding in 1993, we have developed and improved our proprietary underwriting standards and credit review system and have built an infrastructure to support the implementation of our credit review process for each of our loan portfolios. For further explanation of the credit review process in each of our loan portfolios, see "Business—Our Loan Products—Payroll Loans—Credit Application and Review Process"; "Business—Our Loan Products—Durable Goods Loans—Credit Application and Review Process"; "Business—Our Loan Products—Small Business Loans—Distribution and Origination"; "Business—Our Loan Products—Group Loans—Credit Application and Review Process"; and "Business—Our Loan Products—Used Car Loans—Credit Application and Review Process." Our proprietary credit review process has, in part, enabled us to maintain low and stable NPL ratios in our loan portfolio, even through the economic downturn in 2008 and 2009. Our NPL ratios were 2.0%, 1.6% and 1.5% for the years ended 2011, 2012 and 2013, respectively.

At December 31, 2013, there were 39,156 restructured loans representing an amount of Ps.524.3 million, or 5.0% of our loan portfolio. The restructuring is formalized with each customer by changing the amounts of credit installments, the dates for partial payments of credit and the loan repayment periods, provided there is sustained evidence of payment by the customer, which is satisfied if the customer has made three consecutive monthly payments.

From time to time, we may sell a portion of our loan portfolio if we believe doing so would be commercially advantageous; we make such decisions on a case by case basis. We intend to continue growing our payroll loan business by increasing the number of government agencies and labor unions we serve and increasing our market penetration among employees of those agencies and members of those unions with which we have established payroll lending relationships through payroll distributors. We intend to increase our exposure to government entities to which we currently have low exposure and diversify our payroll loan portfolio. Regarding our Group Loans, our expansion plan contemplates geographic expansion, as well as to continue growing the number of clients served by our current promoters and hiring more promoters for our existing branches. We also intend to maintain and leverage our competitive position in the durable goods loan market by continuing to build and strengthen the relationships we have with the specialized retail chains we currently work with, in addition to developing new relationships with specialized retail chains across Mexico, maintaining our ability to tailor products to each specialized retail chain's specific needs. We believe that our small business loan and used car loan businesses offer the greatest potential for growth in the Mexican market over the next several years. Growth in small business loans will likely be driven by the financial reforms. Moreover, the low penetration of financial institutions in the SME market represents a good business opportunity for us. Likewise, the used car loan market in Mexico is not very penetrated and should present a good opportunity for expansion.

Critical Accounting Estimates

The preparation of financial statements in conformity with *Sofom* GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of our financial statements and revenues and expenses during the periods reported. Actual results could differ from these estimates, and changes in these estimates are recorded when known. The critical accounting policies used in the preparation of our financial statements are those that are both important to the presentation of financial condition and results of operations and require significant judgments with regard to estimates used. These critical judgments relate to the allowance for loan losses, deferred income taxes and employee retirement obligations.

Allowance for Loan Losses

Loans are granted based on an analysis of a borrower's financial condition, the economic feasibility of investment projects that are to be financed by our group loans and other general criteria established by applicable laws and our internal policies and procedures. Our loans are made to legal or physical persons who carry out business activities of a commercial or financial nature, which is why we classify our loan portfolio as a commercial loan portfolio, in accordance with the CNBV's standards.

Overdue balances of borrowers are recorded in the non-performing portfolio in the event of non-compliance with payment terms in which a loan installment or payment is past-due for specified periods. Loans are generally recorded as non-performing after 90 days of billing periods reporting non-compliance, at which time the accrual of interest is suspended. Pursuant to our financing and other agreements with our distributors, our distributors are severally liable for the unpaid amount of the loan, along with the borrowers. A distributor's total liability is equal to the percentages of unpaid loan amounts determined within each promotion. As of December 31, 2013, the aforementioned contracts established a percentage of unpaid loan amounts of 50%. Joint and several liability is calculated based on 50% of the unpaid amount of those loans which are more than 90 day past due.

The transfer of a loan from the non-performing loan portfolio to the current loan portfolio is carried out when the account payments are up-to-date and there have been no delays in its payment. Payments are considered up-to-date when there have been three consecutive amortizations for the total amounts due at each payment date. A payment is not considered up-to-date if payment is made prior to the scheduled amortization date.

Additionally, if a loan is restructured, it may be transferred to the current loan portfolio. The restructuring of this debt is formalized through modifications of the partial credit payment amounts, the payment due dates, and the amortization periods. Restructuring is permitted as long as there is evidence of sustained payment by the borrower, meaning three consecutive monthly payments.

The recognition of interest income is suspended when a loan is classified within the non-performing portfolio, and is recorded as income only when it is collected. Loans are written off when scheduled payments or installments are past due 181 days or more.

An allowance for loan losses is created for any ordinary interest earned but not collected on non-performing loans at the moment the loan is transferred to the non-performing portfolio.

New methodology for commercial credit portfolio

As of December 31, 2013, when we classify the commercial credit portfolio, we consider the Probability of Default, Severity of Loss and Exposure to Default, and also classify the aforementioned commercial credit portfolio into different groups and establish different variables for the estimate of the probability of default.

In accordance with this change in methodology, which was adopted by us as of December 31, 2013, the amount of the allowance for loan losses of each credit will be the result of applying the following expression:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri = Amount of the allowance for loan losses to be created for the nth credit.
PIi = Probability of default of the nth credit.
SPi = Severity of loss of the nth credit.
EIi = Exposure to default of the nth credit.

The probability of default of each credit La (PI i), is calculated using the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:
The total credit score of each borrower is obtained by applying the following:

$$TotalCreditScore_i = \alpha \times (QuantitativeCreditScore_i) + (1 - \alpha) \times (QualitativeCreditScore_i)$$

Where:

Quantitative Credit Score $_i$ = Is the score obtained for the nth borrower when evaluating the risk factors.

Qualitative Credit Score $_i$ = Is the score obtained for the nth borrower when evaluating the risk factors.

α = Is the relative weight of the quantitative credit score.

Unsecured loans

The Severity of Loss (SP_i) of commercial credits which have no coverage of real, personal sureties or credit-based collateral will be:

a. 45%, for Preferential Positions.
b. 75%, for Subordinated Positions, in the case of syndicated loans, those which for purposes of their payment order or preference, are contractually subordinated in relation to other creditors.
c. 100%, for credits which report 18 or more months of arrears in payment of the due and payable amount under the terms originally agreed.

The Exposure to Default of each credit (EI_i) is determined based on the following:

I. For disposed balances of uncommitted credit lines, which may be canceled unconditionally or which in practice permit an automatic cancellation at any time and without prior notice:

$$EI_i = S_i$$

II. For the other lines of credit:

$$EI_i = S_i * Max\left\{\left(\frac{S_i}{AuthorizedLineofCredit}\right)^{-0.5794}, 100\%\right\}$$

Where:

S_i = The unpaid balance of the nth credit at the classification date, which represents the amount of credit effectively granted to the borrower, adjusted for interest accrued, less payments of principal and interest, as well as debt reductions, forgiveness, rebates and discounts granted. In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, for credits which are in overdue portfolio.

Authorized Line of Credit = The maximum authorized amount of the line of credit at the classification date.

We may recognize the real surety, personal sureties and credit-based collateral in the estimate of the Severity of Loss of the credits, in order to reduce the reserves derived from the portfolio classification. In any case, we may elect not to recognize the sureties if larger reserves are generated as a result. For such purpose, the provisions established by CNBV are applied.

Commercial credit portfolio (up to November 30, 2013) and commercial portfolio of financial institutions

For purposes of rating our loan portfolio and estimate the allowance for loan losses, up to November 30, 2013, we classified our portfolio as commercial portfolio in accordance with CNBV regulations. We recognized allowance for loan losses based on the outstanding balance of each loan, according to the following methods:

Individual method — For borrowers with balances equal to or exceeding 4,000,000 Investment Units (UDIs), the allowance for loan losses was recognized based on:

- The borrower's credit rating, country risk, financial risk, industry risk and payment experience, in accordance with the methodology established in the General Provisions Applicable to Credit Institutions issued by the CNBV.

- The loan coverage in relation to the value of any guarantees. As a result of the analysis of actual guarantees, loans are segregated based on the discounted guarantee value into two groups: (a) fully covered loans and (b) partially exposed loans.

Non-individual method — For borrowers with balances of less than 4,000,000 UDIs, the allowance for loan losses was recognized based on:

- A parametric calculation as a function of the history of payments for the last 12 months, as well as the credit behavior of the borrower.

As of December 31, 2013, one UDI represented 5.058731 pesos.

The rating of the commercial loan portfolio is prepared on a quarterly basis and is calculated over the loan balances as of the last day of each prior month, considering the performing loan portfolio ratings of the previous quarter, adjusted for any modifications to risk factors during the period subsequent thereto. Allowances for loan losses are determined by multiplying the carrying amounts of loans grouped by risk rating to the corresponding loan loss reserve percentages mandated by the CNBV. See Notes 3 and 8 to our financial statements.

Debt forgiveness, portfolio rebates or discounts on the loan portfolio, whether full or partial, are recognized as a charge to earnings in the period in which they occur.

CNBV regulations require that we grade 100% of our loan portfolio at the end of each quarter. Such regulations establish the following categories corresponding to levels of risk and set forth procedures for the grading of commercial loans: Grade “A” loans, representing minimal risk of non-payment; Grade “B” loans, representing low risk loans; Grade “C” loans, representing loans with moderate risk; Grade “D” loans, representing high risk loans; and Grade “E” loans, representing non-collectable loans.

The CNBV regulations provide additional subcategories of grading as follows:

Ranges of Allowances for Loan Losses

Risk level	Low/Minus Rating	Medium/Average Rating	High/Plus Rating
A-1	0.50%	0.50%	0.50%
A-2	0.99%	0.99%	0.99%
B-1	1.00%	3.00%	4.99%
B-2	5.00%	7.00%	9.99%
B-3	10.00%	15.00%	19.99%
C-1	20.00%	30.00%	39.99%
C-2	40.00%	50.00%	59.99%
D	60.00%	75.00%	89.99%
E	100.00%	100.00%	100.00%

As of December 31, 2013, our loan portfolio was composed of A-1, A-2, B-1, and B-2 risk ratings, and loan losses were composed of B-3, C-1, and C-2 risk ratings.

Deferred Taxes

As part of the process of preparing our financial statements, we are required to estimate our income tax liability. This process involves estimating our current tax exposure and assessing the temporary differences that arise from differences in the treatment of certain items for tax and accounting purposes, such as depreciation and allowance for loan losses. Prior to the Tax Reforms, taxpaying entities in Mexico were subject to a dual-tax system, which included regular income tax, or ISR, and the IETU. Companies were required to pay the higher of ISR or IETU calculated during the fiscal year. In order to determine deferred tax assets and liabilities, financial and tax projections were examined to assess whether we would incur ISR or IETU. Deferred tax was then recognized based on the tax we expected to be principally subject to per our projections. Such projections were prepared considering historical taxable income, projected future taxable income and the expected timing of reversals of existing taxable temporary differences. The Tax Reforms abolished the IETU as of 2014.

We calculate deferred taxes through the assets and liabilities method, which compares the accounting and tax values of assets and liabilities to determine deductible and taxable temporary differences to which the tax rate at which these items will be reversed is applied.

Significant management judgment is required in determining the necessity of any valuation allowance against recognized deferred income tax assets. The need for a valuation allowance is based on management’s projections of future financial results. If actual results differ from these estimates or if we adjust the projections in future periods, we may need to materially adjust the valuation allowance, which may materially impact our results of operations in future periods.

Employee Retirement Obligations

The liability for seniority premiums, pensions and severance payments upon retirement or resignation are recognized as they accrue, and is calculated by independent actuaries based on the projected credit unit method using nominal interest rates. The determination of our obligations and expenses depends on certain assumptions made by us and that are used by actuaries to calculate such liabilities, including assumptions relating to future salaries, life expectancy and discount rates. Assumptions are evaluated on an annual basis and reflect, to our best judgment, economic circumstances in Mexico.

While we believe that our assumptions are appropriate, significant deviations from actual conditions or significant changes to our assumptions in the future may materially affect our employee retirement obligations and our future expenses.

Results of Operations for the Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Interest Income

The following table sets forth the components of our interest income for the years ended December 31, 2013 and 2012.

	Year Ended December 31,	
	2012	2013
	(in millions of Ps.)	
Interest income from payroll loans	1,598.6	2,279.7
Interest income from durable goods loans	210.9	250.2
Interest income from group loans	251.5	128.5
Interest income from small business loans	-	16.2
Interest income from used car loans	-	14.7
Interest income from loans	2,060.9	2,689.4
Other interest income	29.6	35.1
Total interest income	2,090.4	2,724.5

Interest income from loans for the years ended December 31, 2013, including interest income generated by payroll loans, microcredit group loans, and durable goods loans, increased by Ps.597.6 million, or 29.0%, compared to the same period in 2012. Additionally, our new business lines, small business loans and used car loans, generated interest income of Ps.30.9 million. For the years ended December 31, 2013, we had a total interest income of Ps.2,724.5 million, reflecting an increase of Ps.634.0 million, or 30.3%, compared to Ps.2,090.4 million for the same period in 2012. Interest income earned on our payroll and durable goods loans increased 42.6% and 18.7% respectively, while the interest income earned on our microcredit group loans decreased 48.9%, during the same period. The average balance of our total loan portfolio during the year ended December 31, 2013 was Ps.8,760.7 million, an increase of Ps.2,648.4 million or 43.3%, from the Ps.6,112.2 million average balance during the year ended December 31, 2012. The addition of small business loans of Ps.865.6 million and used car loans of Ps.60.6 million partially contributed to this rise. The increase in interest income was driven by growth in our payroll, durable goods and small business loan portfolios, reflecting our growth strategy.

Interest Expense

Total interest expense, which consists primarily of interest paid and accrued on our interest-bearing liabilities, increased Ps.68.3 million, reflecting a 10.4% increase from Ps.654.8 million for the year ended December 31, 2012 to Ps.723.1 million for the year ended December 31, 2013. This increase primarily resulted from an increase in our average level of indebtedness, which was used to finance the loan portfolio originated by our distributors. Our average balance of interest-bearing liabilities increased from Ps.6,869.8 million for the year ended December 31, 2012 to Ps.8,328.4 million for the year ended December 31, 2013, reflecting an increase of Ps.1,458.6 million, or 21.2%.

Financial Margin

Our financial margin increased by Ps.565.8 million, or 39.4%, to Ps.2,001.4 million for the year ended December 31, 2013, compared to Ps.1,453.6 million for the year ended December 31, 2012.

For the year ended December 31, 2013, the average interest rate earned from the average interest-earning assets was 29.6% and the average interest rate paid on interest-bearing liabilities was 8.7%, resulting in a net interest margin of 20.9%. Comparatively, the average interest rate earned from the average interest-earning assets during the year ended December 31, 2012 was 31.7% and the average interest rate paid on interest-bearing liabilities during the same period was 9.5%, resulting in a net interest margin of 22.2%.

Allowance for Loan Losses

Allowance for loan losses, the estimated reserve for unrecoverable loans, increased by Ps.131.7 million, or 48.3%, reflecting an increase from Ps.272.8 million for the year ended December 31, 2012 to Ps.404.5 million for the year ended December 31, 2013. This increase primarily reflects the increase in the average loan portfolio for the period.

As of December 31, 2013, the balance of the allowance for loan losses was Ps.203.2 million, which was equal to 128.2% of the Ps.158.5 million non-performing portfolio on our balance sheet as of that date. As of December 31, 2012, the balance of the allowance for loan losses was Ps.141.3 million, which was equal to 132.2% of the Ps.106.9 million non-performing portfolio on our balance sheet as of that date.

Commissions and Fees Paid

The following table sets forth the components of our commissions and fees paid for the years ended December 31, 2013 and 2012.

	Years Ended December 31,	
	2012	**2013**
	(in millions of Ps.)	
Commissions and fees to specialized retail chains[(1)]	(0.5)	(0.0)
Bank fees[(2)]	(16.6)	(11.6)
Total administrative commissions and fees	(17.1)	(11.6)
Commissions and fees related to debt issuances[(3)]	(52.0)	(57.7)
Other commissions and fees	(0.4)	(0.4)
Total commissions and fees paid	(69.5)	(69.7)

(1) Commissions paid to distributors for the volume of loans originated, primarily for durable goods loans, based on the volume and conditions of such loans, such as interest rates and repayment periods, pursuant to the contracts entered into with our distributors.
(2) Represents commissions paid for administrative and processing bank fees.
(3) Commissions and fees related to debt issuances include commissions and fees to third parties (*e.g*., underwriters and legal fees) in connection with the issuance of notes, the incurrence of indebtedness under credit facilities, the partial credit guarantees (*por aval*) of our notes obtained from NAFIN and the issuance of our Senior Notes, as well as commissions and fees payable to rating agencies.

Total commissions and fees paid decreased by Ps.0.2 million, or 0.2%, to Ps.69.7 million for the year ended December 31, 2013 compared to Ps.69.5 million for the year ended December 31, 2012. This decrease primarily resulted from lower commissions and fees related to debt issuances during 2013.

Administrative and Promotion Expenses

Administrative and promotion expenses, which consist primarily of personnel remuneration and benefits expenses, including expenses incurred for wages, year-end bonuses and vacation premiums, as well as expenditures related to our information technology systems and rents under our office lease agreements, increased by Ps.3.6 million to Ps.484.1 million for the year ended December 31, 2013, compared to Ps.480.5 million for the year ended December 31, 2012. The variation is mainly due to the organic growth of the administrative services of the Company.

Operating Income

Operating income increased by Ps.419.8 million, to Ps.1,053.3 million for the year ended December 31, 2013 compared to Ps.633.4 million for the year ended December 31, 2012. This increase primarily resulted from an increase in the financial margin, partially offset by an increase in the allowance for loan losses.

Income Taxes

The following table sets forth the components of our income taxes for the years indicated.

	Years Ended December 31,	
	2012	2013
	(in millions of Ps.)	
	(6.8)	(0.0)
ISR:		
Current	(6.8)	(0.0)
ISR:	(137.6)	(241.6)
Deferred	(137.6)	(241.6)
Total Income Tax	(144.4)	(241.6)

Income taxes increased by Ps.97.2 million to Ps.241.6 million for the year ended December 31, 2013, compared to Ps.144.4 million for the year ended December 31, 2012.

The current tax decrease of Ps.6.8 million for the year 2013, compared to the same period in 2012, reflects an increase in operating income that was more than offset by an increase in the inflationary adjustment that increased deductions and prepaid expenses, which are tax deductible at payment, but for accounting purposes are reflected in the income statement at the time of service execution or goods consumption, in order to match those costs with the income generated by them.

The increase in the deferred tax for the year ended December 31, 2013, compared to the same period in 2012, was primarily due to the accounting and tax difference between allowance for loan losses and the interest accrued during the initial period of the loan portfolio.

Participation in the Result of Subsidiaries and Associates

Participation in the result of subsidiaries increased income by Ps.191.9 million for the year ended December 31, 2013, as a result of our 49% minority holdings of the capital of Directodo, Publiseg and Crédito Maestro.

Net Income

Net income increased by Ps.389.5 million or 63.4%, to Ps.1,003.6 million for the year ended December 31, 2013, compared to Ps.614.1 million for the year ended December 31, 2012. The increase in net income was primarily the result of the changes mentioned above.

Results of Operations for the Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Interest Income

The following table sets forth the components of our interest income for the years ended December 31, 2012 and 2011.

	Year Ended December 31,	
	2011	2012
	(in millions of Ps.)	
Interest income from payroll loans	1,408.0	1,598.6
Interest income from microcredit group loans	263.7	251.5
Interest income from durable goods loans	202.2	210.9
	1,873.9	2,060.9
Interest income from loans		
Other interest income	38.4	29.6
Total interest income	1,912.3	2,090.4

Interest income from loans for the year ended December 31, 2012, including interest income generated by payroll loans, microcredit group loans, and durable goods loans, increased by Ps.187.0 million, or 10.0%, compared to the same period in 2011. For the year ended December 31, 2012, we had total interest income of Ps.2,090.4 million, reflecting an increase of Ps.178.1 million, or 9.3%, compared to Ps.1,912.3 million for the same period in 2011. Interest income earned on our payroll and durable goods loans increased 13.5% and 4.3% respectively, while the interest income earned on our microcredit group loans decreased 4.6%, during the same period. The average balance of our total loan portfolio during the year ended December 31, 2012 was Ps.6,112.2 million, an increase of Ps.1,176.5 million or 23.8%, from the Ps.4,935.7 million average balance during the year ended December 31, 2011. Growth in our payroll loan and durable goods loan portfolios contributed Ps.1,206.0 million and Ps.78.9 million, respectively, to the growth of our total loan portfolio between December 31, 2011 and December 31, 2012. This growth was partially offset by a Ps.64.6 decrease in the size of our microcredit group loan portfolio between those dates. The increase in interest income was driven by growth in our payroll and durable goods loan portfolios, reflecting our growth strategy.

Interest Expense

Total interest expense, which consists primarily of interest paid and accrued on our interest-bearing liabilities, increased Ps.42.1 million, reflecting a 6.9% increase from Ps.612.8 million for the year ended December 31, 2011 to Ps.654.8 million for the year ended December 31, 2012. This increase primarily resulted from an increase in our average level of indebtedness, which was used to finance the loan portfolio originated by our distributors. Our average balance of interest-bearing liabilities increased from Ps.5,711.0 million for the year ended December 31, 2011 to Ps.6,869.8 million for the year ended December 31, 2012, reflecting an increase of Ps.1,158.8 million, or 20.3%. This increase in the average interest-bearing liabilities' balances was partially offset by the decrease in our average interest rates.

Financial Margin

Our financial margin increased by Ps.136.1 million, or 10.5%, to Ps.1,435.6 million for the year ended December 31, 2012, compared to Ps.1,299.5 million for the year ended December 31, 2011.

For the year ended December 31, 2012, the average interest rate earned from the average interest-earnings assets was 31.7% and the average interest rate paid on interest-bearing liabilities was 9.5%, resulting in a net interest margin of 22.2%. Comparatively, the average interest rate earned from the average interest-earnings assets during the year ended December 31, 2011 was 34.8% and the average interest rate paid on interest-bearing liabilities during the same period was 10.7%, resulting in a net interest margin of 24.1%.

Allowance for Loan Losses

Allowance for loan losses, the amount reserved for unrecoverable loans, decreased by Ps.36.2 million, or 11.7%, reflecting a decrease from Ps.309.0 million for the year ended December 31, 2011 to Ps.272.8 million for the year ended December 31, 2012. This decrease primarily reflects the improved performance of our loan portfolio due to our underwriting policies.

As of December 31, 2012, the balance of the allowance for loan losses was Ps.141.3 million, which was equal to 132.2% of the Ps.106.9 million non-performing portfolio on our balance sheet as of that date. As of December 31, 2011, the balance of the allowance for loan losses was Ps.130.5 million, which was equal to 119.7% of the Ps.109.0 million non-performing portfolio on our balance sheet as of that date.

Commissions and Fees Paid

The following table sets forth the components of our commissions and fees paid for the years ended December 31, 2012 and 2011.

	Year Ended December 31,	
	2011	2012
	(in millions of Ps.)	
Commissions and fees to specialized retail chains[(1)]	(6.3)	(0.5)
Bank fees[(2)]	(18.1)	(16.6)
Total administrative commissions and fees	(24.4)	(17.1)
Commissions and fees related to debt issuances[(3)]	(36.5)	(52.0)
Other commissions and fees	(0.4)	(0.4)
Total commissions and fees paid	(61.3)	(69.5)

(1) Commissions paid to distributors for the volume of loans originated, primarily for durable goods loans, based on the volume and conditions of such loans, such as interest rates and repayment periods, pursuant to the contracts entered into with our distributors.
(2) Represents commissions paid for administrative and processing bank fees.
(3) Commissions and fees related to debt issuances include commissions and fees to third parties (*e.g.*, underwriters and legal fees) in connection with the issuance of notes, the incurrence of indebtedness under credit facilities, the partial credit guarantees (*por aval*) of our notes obtained from NAFIN and the issuance of our Senior Notes, as well as commissions and fees payable to rating agencies.

Total commissions and fees paid increased by Ps.8.2 million, or 13.3%, to Ps.69.5 million for the year ended December 31, 2012 compared to Ps.61.3 million for the year ended December 31, 2011. This increase primarily resulted from an increase in the issuance of *certificados bursátiles* and the contracting of new bank credit lines during the year 2012.

Commissions and fees to specialized retail chains comprises the commission granted to certain distributors, mainly related to durable goods' loans, based on the volume of loans placed and the characteristics of those loans, such as the terms and the rates, according to contracts with distributors.

Administrative and Promotion Expenses

Administrative and promotion expenses, which consist primarily of personnel remuneration and benefits expenses, including expenses incurred for wages, year-end bonuses and vacation premiums, as well as expenditures related to our information technology systems and rents under our office lease agreements, increased by Ps.14.9 million to Ps.480.5 million for the year ended December 31, 2012, compared to Ps.465.6 million for the year ended December 31, 2011. The variation is mainly due to the organic growth of the administrative services of the Company.

Operating Income

Operating income increased by Ps.151.7 million, to Ps.633.4 million, compared to Ps.481.7 million for the year ended December 31, 2011. This increase primarily resulted from an increase in the financial margin and a decrease in the Allowance and provisions for loan losses from 2011 to 2012.

Income Taxes

The following table sets forth the components of our income taxes for the years indicated.

	Year Ended December 31,	
	2011	**2012**
	(in millions of Ps.)	
	(3.2)	(6.8)
ISR:		
Current	(3.2)	(6.8)
ISR:	(99.3)	(137.6)
Deferred	(99.3)	(137.6)
	(102.5)	(144.4)

Income taxes increased by Ps.41.9 million to Ps.144.4 million for the year ended December 31, 2012, compared to Ps.102.5 million for the year ended December 31, 2011. The effective tax rate reached 23% and 21% respectively for 2012 and 2011.

The current tax increase of Ps.3.7 million for the year ended December 2012 compared to the prior year reflects the increase of operating income, combined with an increase in the inflationary adjustment, which increased deductions, and a lower tax loss amortization from previous years compared with the same period of 2011.

The increase in deferred tax is attributed mainly to the amortization of tax losses carryforward from previous years. During the year of 2011, the amount of prior years' tax losses applied was higher than those applied in 2012.

Participation in the Results of Subsidiaries and Associates

Participation in the results of subsidiaries increased income by Ps.125.1 million, as a result of our 49% minority investments in the capital of Directodo and Publiseg and 45.6 % minority investment in Crédito Maestro.

Net Income

Net income increased by Ps.198.6 million or 47.8% , to Ps.614.1 million for the year ended December 31, 2012, compared to Ps.415.5 million for the year ended December 31, 2011. The increase in net income was primarily the result of the changes mentioned above.

Liquidity and Capital Resources

Our treasury is charged with providing the resources needed to ensure that we can satisfy our working capital needs by securing a liquidity platform that allows us to achieve our aggressive growth projections. To this end, we have diverse sources of financing, such as bank credit lines, bond issuances in the local market and international markets. In addition, we constantly evaluate other potential sources of financing, such as the monetization of our portfolio and issuances of bond debt with partial guarantees.

The funds maintained in investments have been established during each quarter with the objective of providing the resources needed to fulfill our funding requirements. Short-term investments will serve to maximize value lost by maintaining these funds. If we have excess liquidity that will not be used in the short-term, we will analyze possible long-term investment opportunities, including in foreign currency. Investment proposals must include a certain combination of risk, yield, and financial instruments. We prioritize those investments that can be exchanged immediately for liquid capital.

As of December 31, 2013, we held Ps.126.9 million of cash and cash equivalents. Similarly, as of December 31, 2013, we had investments in securities valued at Ps.646.2 million, of which Ps158.4 million were invested in financial instruments denominated in U.S. dollars, while the remaining Ps.487.8 million were denominated in pesos.

One of our sources of funding are notes (debt securities) publicly issued and placed in Mexico under our notes program. Other sources of funding are bank credit lines, including both revolving and term credit lines, provided by recognized financial institutions and our U.S. dollar-denominated 2015 Senior Notes, which were issued on April 14 and September 24, 2010.

Our total indebtedness (excluding accrued interest) increased by Ps.3,097.3 million, or 45.4%, from Ps.6,825.1 million as of December 31, 2012 to Ps.9,922.3 million as of December 31, 2013.

As of December 31, 2013, Ps.5,030.8 million, or 50.7 %, of our total indebtedness (excluding accrued interest) consisted of short-term notes and outstanding bank credit lines due to mature in 2014. The remaining Ps.4,891.5 million, or 49.3%, of our total indebtedness (excluding accrued interest) consisted of both short-term and long-term notes and outstanding bank credit lines due to mature after 2014, and our 2015 Senior Notes, which mature in 2015. As of December 31, 2013, we had a debt-to-equity ratio of 2.3 to 1. We continue to evaluate other financing sources, such as the securitization of portions of our loan portfolio, issuances of debt securities and bank credit lines.

The following tables present our total indebtedness (excluding accrued interest) as of December 31, 2011, 2012 and 2013 related to notes publicly issued in Mexico and bank financings in the form of credit lines:

	As of December 31					
	2011		2012		2013	
	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
	(in millions of pesos, except percentages)					
Bank financings:						
At period end	1,565.4	8.59%	2,277.3	8.04%	4,070.9	7.24%
Average during period	1,315.0	8.67%	1,936.1	8.35%	2,767.4	7.88%
Maximum month-end balance	1,863.6	8.72%	2,458.0	6.66%	4,070.9	7.24%
Bond issuances:						
At period end	1,940.0	6.73%	1,745.0	7.22%	3,033.9	6.55%
Average during period	1,241.4	6.88%	1,909.6	6.76%	2,472.6	6.12%
Maximum month-end balance	1,940.0	6.73%	2,305.0	6.06%	3,045.0	5.50%
Total borrowings at period end (excluding accrued interest)	3,505.4	7.56%	4,022.3	7.68%	7,104.8	6.95%

The following tables present, as of December 31, 2011 and 2012, and 2013, our total indebtedness (excluding accrued interest) related to our 2015 Senior Notes:

	As of December 31,					
	2011		2012		2013	
	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
10.250% Senior Notes due 2015:	(in millions of U.S.$, except percentages)		(in millions of U.S.$, except percentages)		(in millions of U.S.$, except percentages)	
At period end	3,108.9	13.58%	2,802.8	13.43%	2,817.6	13.41%
Average during period	2,685.9	13.39%	2,884.5	13.45%	2,783.0	13.39%
Maximum month-end balance	3,182.4	13.27%	3,154.4	13.23%	2,953.4	13.65%
Total	3,108.9	13.58%	2,802.8	13.43%	2,817.6	13.41%

Our management expects that cash flow from operations and other sources of liquidity will be sufficient to meet our liquidity requirements over the next 12 months. The main source of our cash flow from operations is collections of installment payments on the loans in our loan portfolio.

The table below presents our projected collections of principal and interest on outstanding loans in our loan portfolio (Collections) and our projected obligations under our outstanding indebtedness as of December 31, 2013, including interest payments and the repayment of principal at maturity (Obligations), during the first, second, third and fourth quarters of 2014, on a quarterly basis and in an aggregate amount over those periods. As set forth in the table, our collections, assuming no material change in the default rate of our loan portfolio, are expected to exceed our financial obligations during each quarter.

	2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Aggregate
	(in millions of pesos)				
Collections	2,403.6	1,535.2	1,376.6	1,245.5	6,560.8
Obligations	1,224.0	1,599.6	482.5	1,724.6	5,030.8

Contractual Obligations

The table below sets forth information regarding our contractual obligations (excluding accrued interest) as of December 31, 2013.

	TOTAL	2014	2015	2016	2017 and Thereafter
Debt (excluding accrued interest):[1]					
Short-term debt	3,083.7	3,083.7			
Current portion of long-term debt	2,521.0	1,447.1	782.0	291.9	
Long-term debt	4,317.6	500.0	3,317.6	500.0	
Total contractual obligations (excluding accrued interest)	9,922.3	5,030.8	4,099.6	791.9	

(1) For further information regarding the calculation of our contractual obligations, please see Note 13 to our annual financial statements.

As of December 31, 2013, Ps.2,905.8 million, or 29.3%, of our outstanding indebtedness (excluding accrued interest) was secured by collateral.

As of December 31, 2013, all of our contractual obligations were denominated in pesos, except the US$210 million aggregate principal amount of 2015 Senior Notes issued on April 14 and September 24, 2010 and a term loan from Barclays in a maximum aggregate amount of US$74 million. However, the principal and interest payments related to the 2015 Senior Notes were fully hedged on April 14, 2010 and September 24, 2010 through cross currency swaps. The principal and interest payments related to the credit line from Barclays were hedged on December 5, 2013 through a cross currency swap and a currency option.

As of December 31, 2013, we were in compliance with all payments of principal and interest under our outstanding indebtedness. The instruments governing our existing indebtedness contain certain covenants that limit the future actions we may take or transactions that we may enter into. Following is a brief description of the principal terms of such instruments.

Indenture Governing Our 2015 Senior Notes

On April 14, 2010, we entered into an indenture pursuant to which we initially issued and sold US$150 million aggregate principal amount of 2015 Senior Notes. The US$60 million aggregate principal amount of 2015 Senior Notes issued on September 24, 2010 was issued under a supplemental indenture. The 2015 Senior Notes will mature on April 14, 2015. As of December 31, 2013, we had US$210 million of indebtedness outstanding under this indenture. The indenture governing the 2015 Senior Notes contains covenants that limit the creation of liens by us and any subsidiaries of ours, and will permit us and any subsidiaries to consolidate or merge with, or transfer all or substantially all of our assets, only if any such transaction complies with certain requirements. In addition, subject to a number of important exceptions and qualifications, the indenture (as amended or supplemented from time to time) governing the 2015 Senior Notes limits our ability and the ability of any subsidiaries of ours to incur additional indebtedness, pay dividends or redeem capital stock, make restricted payments, enter into certain transactions with shareholders and affiliates, secure our indebtedness and the indebtedness of our subsidiaries, guarantee debts and sell assets.

Our 2015 Senior Notes are subject to the concurrent Tender Offer. See "Summary—Concurrent Tender Offer and Consent Solicitation."

Loan Agreements

We had access to bank credit lines in an aggregate amount of Ps.4, 684.6 million as of December 31, 2013. As of December 31, 2013, an aggregate amount of Ps.4, 070.9 million is outstanding from such bank credit lines. As of December 31, 2013, approximately Ps.1,522.2 million, or 14.9%, of our loan portfolio was pledged to secure our obligations under certain of our credit facilities. We also had 54.1% more available credit lines on December 31, 2013 than we did on December 31, 2012. As of December 31, 2013, approximately Ps.261.4 million remains available under our bank credit lines.

Loan Agreement with NAFIN

On March 18, 2005, we entered into a term credit facility with NAFIN (as amended and supplemented on March 14, 2006, October 7, 2008, March 10, 2009, April 24, 2009, September 3, 2010, September 27, 2011, January 8, 2013 and August 30, 2013) for an aggregate principal amount of Ps.1,380.0 million for purposes of granting equipment and business loans. This credit facility has an indefinite term. As of December 31, 2013, we had Ps.1,295.9 million of indebtedness outstanding under this credit facility. This agreement does not have a maturity date. We are subject to certain restrictive covenants under the terms of this credit facility that, among other things, limit our ability to sell or assign the accounts receivable we originate and fund with the proceeds of this loan.

Loan Agreements with Banco Invex

On August 12, 2013, we entered into a secured term credit facility with Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, or Banco Invex, with a maximum aggregate principal amount of Ps.100.0 million. This credit facility will mature on March 17, 2015. The loans under this credit facility bear interest at a rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the principal amount outstanding under this contract was Ps.83.3 million. This credit facility contains cross-default provisions under which an event of default under the instruments governing our other existing indebtedness could result in an event of default under this credit facility, which would cause the indebtedness outstanding under this credit facility to become immediately due and payable. This credit facility requires us to comply with certain covenants that, among other things, limit our ability to: (1) sell, lease or grant bailment on our assets, (2) conduct mergers or spin-offs; (3) reduce our capital stock; and (4) modify our capital structure. Furthermore, under the terms of this facility, we are required to inform Banco Invex of any amendment to our bylaws and changes in our capital structure. This credit facility is secured by a pledge of a portion of our accounts receivable.

On August 12, 2013, we also entered into another secured term credit facility with Banco Invex, with a maximum aggregate principal amount of Ps.100.0 million. This credit facility will mature on March 17, 2015. The loans under this credit facility bear interest at a rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the principal amount outstanding under this contract was Ps.41.7 million. This credit facility contains cross-default provisions under which an event of default under the instruments governing our other existing indebtedness could result in an event of default under this credit facility, which would cause the indebtedness outstanding under this credit facility to become immediately due and payable. This credit facility requires us to comply with certain covenants that, among other things, limit our ability to: (1) sell, lease or grant bailment on our assets, (2) conduct mergers or spin-offs; (3) reduce our capital stock; and (4) modify our capital structure. Furthermore, under the terms of this facility, we are required to inform Banco Invex of any amendment to our bylaws and changes in our capital structure. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Banco Ve Por Más

On December 15, 2009, we entered into a secured revolving credit facility with Banco Ve Por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve Por Más, or Banco Ve Por Más (as amended and supplemented on March 11, 2011 and August 29, 2011), with a maximum aggregate principal amount of Ps.100.0 million. This credit facility will mature on December 15, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, we had Ps.75.3 million of indebtedness outstanding under this credit facility. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell assets, (2) provide collateral to lenders, (3) reduce our capital stock and (4) modify our capital structure. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Banco Mifel

On August 26, 2010, we entered into a secured revolving credit facility with Banco Mifel, S.A., Institución de Banca Múltiple, Grupo Financiero Mifel, (as amended and supplemented on August 18, 2011, July 4, 2012 and October 29, 2013) for an aggregate principal amount of Ps.100.0 million. This credit facility will mature on July 4,

2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount under this credit facility was Ps.100.0 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell, lease or transfer assets; (2) provide collateral to lenders; (3) reduce our capital stock; (4) conduct mergers or spin-offs; and (5) incur additional indebtedness. This credit facility is secured by a cash pledge equivalent to 14% of the amount drawn.

Loan Agreement with Banco Monex

On June 13, 2011, we entered into a secured revolving credit facility with Banco Monex, S.A., Institución de Banca Múltiple, Grupo Financiero Monex, ("Banco Monex"), with a maximum aggregate principal amount of Ps.60.0 million. On March 7, 2012, a first amendment to the credit facility increased the principal amount to Ps.100.0 million. A second amendment on May 21, 2013 increased the principal amount to Ps.125 million. This credit facility will mature on May 8, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, we had Ps.125.0 million of indebtedness outstanding under this credit facility. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell assets, (2) provide collateral to lenders, (3) reduce our capital stock (4) modify our capital structure; (5) conduct mergers or spin-offs; and (6) acquire interest in other companies, as well as requires us to maintain a minimum leverage ratio of 5. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreements with Bancomer

On May 19, 2011, we entered into a secured revolving credit facility with BBVA Bancomer, S.A. Institución de Banca Múltiple Grupo Financiero BBVA Bancomer, with a maximum aggregate principal amount of Ps.250.0 million. This credit facility was amended pursuant to an amendment dated May 16, 2013, which increased the principal amount to Ps.400.00 million. This credit facility will mature May 16, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the outstanding amount under this contract was Ps.400.0 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell assets, (2) provide collateral to lenders, (3) reduce our capital stock, (4) modify our capital structure, and (5) incur additional indebtedness, as well as require us to (1) maintain a liquidity ratio of one to one, (2) maintain a ratio of total liabilities to equity of no more than 5 to 1, and (3) maintain a ratio of operating income to financial expenses of not less than 1.5 to 1. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Bank of America

On June 7, 2011, we entered into a revolving credit facility with Bank of América México, S.A. Institución de Banca Múltiple, with a maximum aggregate principal amount of US$12.5 million. This credit facility was renewed on July 10, 2013 .The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the outstanding amount under this contract was Ps.158 million. This credit is unsecured and has no restrictive covenants.

Loan Agreement with Scotiabank

On April 26, 2013, we entered into a term loan facility secured by a pledge with a maximum aggregate principal amount of Ps.370 million. This credit facility will mature on April 26, 2016. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount on this credit facility was Ps.300.7 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell, lease or transfer assets, (2) provide collateral to lenders, (3) conduct mergers or spin-offs, (4) enter into derivative transactions for speculative purposes, (5) incur additional indebtedness, and (6) modify our capital structure, as well as require us to maintain (1) a minimum capitalization ratio of 13.5%, (2) a maximum NPL of 5% and (3) a minimum risk coverage of 95%, among others. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Banregio

On February 28, 2012, we entered into a term loan facility secured by a pledge with Banco Regional de Monterrey S.A. Institucion de Banca Múltiple, Banregio Grupo Financiero ("Banregio") with a maximum aggregate principal amount of US$50.0 million. This credit facility will mature on February 28, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount on this credit facility was Ps.20.0 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limits our ability to: (1) sell assets, (2) modify our capital structure, (3) reduce our capital stock and net worth, (4) provide collateral, (5) conduct mergers and spin-offs, (6) pay dividends and (7) incur additional indebtedness, as well as require us to maintain a collateral ratio of 1.5 to 1. This credit facility is secured by a pledge of a portion of our accounts receivable
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On December 7, 2012, we entered into a term loan facility secured by a pledge with Banregio with a maximum aggregate principal amount of US$50.0 million. This credit facility will mature on December 7, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount on this credit facility was Ps.31.9 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limits our ability to: (1) sell assets, (2) modify our capital structure, (3) reduce our capital stock and net worth, (4) provide collateral, (5) conduct mergers and spin-offs, (6) pay dividends and (7) incur additional indebtedness, as well as require us to maintain a collateral ratio of 1.5 to 1. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with CI Banco

On April 17, 2012, we entered into a term loan facility secured by a pledge with CI Banco S.A. Institucion de Banca Múltiple, with a maximum aggregate principal amount of Ps.100.0 million. This credit facility will mature on October 17, 2014. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount on this credit facility was Ps.25.0 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to: (1) sell assets, (2) reduce our capital stock, (3) modify our capital structure and (4) provide collateral. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Ixe Banco

On August 6, 2012, we entered into a revolving credit facility secured by a pledge with Ixe Banco, S.A. Institucion de Banca Múltiple Grupo Financiero Banorte, with a maximum aggregate principal amount of Ps.500.0 million. This credit facility will mature on September 30, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the unpaid amount on this credit facility was Ps.291.7 million. This credit facility contains cross-default provisions under which an event of default under the instruments governing our other existing indebtedness could result in an event of default under this credit facility, which would cause the indebtedness outstanding under this credit facility to become immediately due and payable. This credit facility requires us to comply with certain covenants that, among other things, limit our ability to: (1) incur additional indebtedness, (2) provide collateral to lenders, (3) reduce our capital stock, (4) conduct merger or spin-offs, (5) sell fixed assets, (6) provide lenders priority on pledge, and (7) modify our corporate structure. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Banco del Bajio

On April 12, 2013, we entered into a credit facility secured by a pledge with Banco del Bajio, S.A. Institucion de Banca Múltiple, with a maximum aggregate principal amount of Ps.100 million. This credit facility will mature on April 12, 2018. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the outstanding amount under this credit facility was Ps.66.7 million. This credit facility requires us to comply with certain covenants that, among other things, limit our ability to: (1) provide collateral to lenders, (2) reduce our capital stock, (3) conduct mergers or spin-offs and (4) modify our corporate structure. This credit facility is secured by a pledge of a portion of our accounts receivable.

Loan Agreement with Multiva

On June 20, 2013, we entered into a credit facility secured by a pledge with Banco Multiva, S.A., Institución de Banca múltiple, Grupo Financiero Multiva, with a maximum aggregate principal amount of Ps.100 million. This credit facility will mature on June 20, 2015. The loans under this credit facility bear interest at a fixed or variable rate equal to TIIE plus an applicable margin set forth in the promissory notes that evidence each disbursement. As of December 31, 2013, the outstanding amount under this credit facility was Ps.100.0 million.

Loan Agreement with Barclays

On December 3, 2013, we entered into a term loan facility secured by a non-possessory pledge with several Lenders party thereto, Barclays Bank PLC, as Administrative Agent and Collateral Agent ("Barclays"), as well as Barclays and SMBC Nikko Securities America, Inc. as Joint Lead Arrangers, with a maximum aggregate principal amount of US$74.0 million. This credit facility will mature on December 5, 2014. The loans under this credit facility bear interest at a variable rate equal to LIBOR plus 5%. As of December 31, 2013, the unpaid amount on this credit facility was US$74 million. This credit facility requires us to comply with certain restrictive covenants that, among other things, limit our ability to (1) conduct mergers or spin-offs except as permitted thereunder, (2) sell, lease or transfer assets except as permitted thereunder, (3) pay dividends, (4) acquire any short or long term indebtedness other than permitted indebtedness thereunder, and (5) create or permit to be created any lien except for permitted liens thereunder, as well as requires us to maintain (1) a capitalization ratio equal to or greater than 0.135:1.00, (2) a delinquency ratio equal to or lower than 0.04:1.00, (3) a risk coverage ratio equal to or greater than 1.00:1.00, (4) a minimum collateral coverage ratio equal to or greater than 1.30:1.00, and (5) a minimum liquidity ratio equal to or greater than 1.10:1.00. This credit facility is secured by a pledge of a portion of our accounts receivable.

Bond Programs

On November 15, 2011, we established a revolving long-term note program which will expire on November 15, 2016, with an aggregate principal amount of up to Ps.2,500.0 million, under which we carried out four issuances: the first of a total of Ps.400 million which matures on August 22, 2014, a second issuance of a total of Ps.500.0 million which matures in October 9, 2015, a third issuance of a total of Ps.500 million which matures on November 27, 2014 and the fourth of a total of Ps.500 million which matures on March 31, 2016. The bonds issued in this offering are registered in the RNV under Registration No. 2331-4.15-2011-004-1, and in the corresponding listing on the CNBV.

On August 31, 2011, the CNBV authorized the registration on the RNV of a new short-term note program, under which we were allowed to publicly issue a maximum aggregate principal amount of Ps.1,500.0 million. This program expired on August 31, 2013. As of December 31, 2013, we have outstanding five issuances of a total of Ps.1,245 million.

The instruments governing our bonds contain certain covenants that, among other things, limit our ability to: (1) pay dividends; (2) guarantee the obligations of third parties; (3) conduct mergers; (4) reduce our capital stock; (5) enter into derivative transactions, unless they are entered into for hedging purposes; (6) amend our bylaws; and (7) incur additional indebtedness unless certain minimum financial ratios applicable to us are met.

As of December 31, 2013, we had nine outstanding issuances of notes with a combined aggregate principal amount of Ps.3,033.9 million. As of December 31, 2013, four of our outstanding issuances of notes had a maturity (as measured from the date of issuance) of greater than one year, which we consider long-term notes and our five remaining outstanding issuances of notes had a maturity (as measured from the date of issuance) of less than one year, which we consider short-term notes.

Below is a summary of our outstanding Peso-denominated notes (excluding accrued interest) as of December 31, 2013:

Issue Date	Maturity Date	Principal Amount (in pesos)	Interest Rate	Term (Days)	Ticker
February 28, 2013	January 30, 2014	380,000,000	TIIE + 1.40	336	CREAL 00213
April 18, 2013	March 20, 2014	135,000,000	TIIE + 1.40	336	CREAL 00613
May 16, 2013	April 10, 2014	245,000,000	TIIE + 1.40	329	CREAL 00713
June 13, 2013	May 15, 2014	235,000,000	TIIE + 1.40	336	CREAL 00813
August 22, 2013	June 26, 2014	250,000,000	TIIE + 1.40	308	CREAL 01013
November 18, 2011	August 22, 2014	288,888,890	TIIE + 1.80	1,008	CREAL-11
August 8, 2013	November 27, 2014	500,000,000	TIIE + 1.70	476	CREAL-13
July 20, 2012	October 9, 2015	500,000,000	TIIE + 2.80	1,176	CREAL-12
November 14, 2013	March 31, 2016	500,000,000	TIIE + 2.40	868	CREAL-13-2

On November 18, 2011, we issued long-term notes of Ps.400.0 million with partial credit guarantees, in which NAFIN and the Inter-American Development Bank (the "IADB") each provide a partial irrevocable and unconditional credit guarantee (*por aval*) of up to 30% of the outstanding principal amount of the securities issued. Of these notes, NAFIN and the IADB directly guaranteed Ps.173.3 million. These guarantees cover only payments of principal and/or ordinary interest and do not include the payment of penalty interest or any other additional charge, in conformity with the terms of our various issuances of notes. As of December 31, 2013, the outstanding amount of this note was Ps.288.9 million.

The partial credit guarantees provided by NAFIN require us to comply with several covenants that, among other things, limit our ability to: (1) incur additional indebtedness, subject to our compliance with certain leverage ratios; (2) pay dividends; (3) reduce our capital stock; (4) guarantee the obligations of third parties; (5) amend our bylaws; (6) conduct mergers or spin-offs; and (7) sell fixed assets, unless NAFIN consents in writing otherwise.

Off Balance Sheet Arrangements

As of December 31, 2013, we did not have any off balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks associated with our assets, liabilities and operations, including risks related to interest rates, credit, inflation and exchange rates. We continually assess our exposure to market risk that arises in connection with our operations and financial activities.

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as the failure by a borrower to make principal and interest payments under previously agreed terms, which causes an asset to lose value. The purpose of credit risk management is to mitigate and optimize credit risk, keeping our exposure to credit risk within a permissible level relative to our capital, in order to maintain the soundness of our assets and to ensure returns commensurate with risk. Our current credit policy sets forth uniform and basic operating concepts, code of conduct and standards for credit operations. By giving our employees extensive credit training, we aim to achieve a high standard of credit risk management, and create a better credit risk management culture within Crédito Real.

We have developed and refined our own proprietary underwriting standards and a digitalized credit review system, which help ensure high-quality loan portfolios and a faster credit approval process. In reviewing credit applications, we rely on both quantitative and qualitative measures, allowing us to utilize our knowledge and experience to better evaluate credit risk on a case-by-case basis. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications from customers with limited or no credit histories or who work in the informal economy. We believe that our business model limits our credit exposure to credit risk. Our payroll loans are repaid on behalf of our borrowers through direct charges from the borrowers' paychecks pursuant to express written instructions from the borrowers. These instructions authorize a borrower's public-sector employer or labor union to make fixed installment payments during the term of the payroll loan from the borrower's payroll wages before those wages are paid. In the case of group loans, we require our customers to provide a security deposit equivalent to 10% of the principal loan amount prior to the disbursement of each loan, and each group member jointly and severally guarantees each other group member's obligations, assuming joint responsibility for any missed payment by another group member. In addition, payments on our durable goods loans are supported by our possession of invoices for the goods purchased with the proceeds of such loans, facilitating repossession and limiting the ability of borrowers to dispose of the goods before the loans are fully repaid. However, for purposes of enforcing our collection rights, we use only the promissory notes (*pagarés*) that evidence the corresponding loans.

As part of our ongoing process to monitor risks, we monitor the credit collection process, which is a crucial aspect of our credit process. We analyze, evaluate and monitor each loan individually. Special attention is paid to non-performing loans, and stricter measures are used to monitor these loans.

Inflation Risk

Historically, high levels of inflation in Mexico have led to higher interest rates, depreciation of the peso and substantial government controls over exchange rates and prices. Increased inflation generally increases our cost of funding, which we may not be able to pass on to our customers through higher interest rates without adversely affecting the volume of the loans we originate. The level of and fluctuations in interest rates affect our ability to earn a spread between interest received on our loans and the cost of our funding. All of our loans have fixed interest rates, which may not reflect the real return we are receiving in an inflationary environment and may not, as a result, fully compensate us for the risk we are bearing on our loan portfolio. If the rate of inflation increases or becomes uncertain and unpredictable, our business, financial condition and results of operations could be adversely affected.

According to figures issued by INEGI, the annual rate of inflation in Mexico, as measured by changes in the National Consumer Price Index, was 3.3% in 2005, 4.1% in 2006, 3.8% in 2007, 6.5% in 2008, 3.6% in 2009, 4.4% in 2010, 3.8% in 2011, 3.6% in 2012 and 4.0% in 2013. High inflation can adversely affect consumer purchasing power and, thus, reduce the demand for the loan products we offer.

Fluctuations in Exchange Rates Between the Mexican Peso and the U.S. dollar

We are exposed to foreign currency exchange rate risk and U.S. dollar-denominated interest rate risk as a result of the 2015 Senior Notes. To manage this risk, on April 13, 2010, April 14, 2010 and September 24, 2010, we entered into cross currency swap contracts with each of Bank of America México, S.A. Institución de Banca Múltiple, Grupo Financiero Bank of America, Credit Suisse AG and Morgan Stanley. These instruments effectively allow us to fix the exchange rate at which the coupon and principal payments related to 2015 Senior Notes will be made. We entered into these cross currency swaps to ensure that any depreciation of the peso with respect to the U.S. dollar during the term of the 2015 Senior Notes, does not increase our debt obligations in peso terms and does not limit our ability to meet our foreign currency-denominated obligations, given that we generate cash in pesos and the 2015 Senior Notes are denominated in U.S. dollars. Therefore, under the cross currency swaps, we deliver pesos to the counterparty under the swap at the beginning of the period and will receive amounts from our counterparties in U.S. dollars. Thus, essentially through these swaps funds received by us from our lending activities in local currency are applied to service our foreign currency (U.S. dollar) obligations without the need to convert pesos to U.S. dollars.

On December 10, 2013, we entered into a cross currency swap and currency option to hedge our $74 million loan facility with Barclays that matures on December 5, 2014. The purpose of this hedge is to reduce market risks related to fluctuations in exchange rates and interest rates to which our primary position is exposed.

As of December 31, 2013, our entire foreign currency-denominated indebtedness was hedged through cross currency swaps, which we have determined to meet the criteria to be recorded in our financial statements as a fair value hedge.

Any appreciation of the peso with respect to the U.S. dollar during the term of the debt may result in mark-to-market losses, which in turn, could trigger margin calls. Therefore, we have entered into credit lines with our cross currency swap counterparties that help mitigate the risks of having post collateral with our swap counterparties in order to satisfy margin calls. In June 2011, there was a significant peso appreciation, leading to a margin call of Ps.90.7 million, which was held as collateral by our counterparties.

We have determined that the cross currency swap instruments meet the criteria to be accounted for as a fair value hedge. Accordingly, the value of the cross currency swaps and the related hedged debt receive fair value accounting treatment.

Cross currency swap agreements are managed in line with our risk policy, the treasury handbook and require authorization from our credit, risk and treasury committee. As a result, we can only enter into derivative financial instruments for hedging purposes.

The effectiveness of our cross currency swaps is measured through a regression model. This model measures the correlation between the change of the reasonable value of the primary position and the value of the hedging instrument. A retrospective effective test measures the difference between the primary position and the fair value of the cross currency swaps. This is measured by evaluating the net present value of the expected cash flows of both the primary position and the fair value of the cross currency swaps, discounted at the risk free rate.

The hedge is considered efficient if both tests are in the range between 80% - 125%. As of December 31, 2013, both tests showed that the hedge was 100% effective.

Interest Rate Risk

We are exposed to interest rate and maturity mismatches between our loans and sources of funding. Our loan portfolio consists entirely of loans bearing interest at fixed rates, and the yield from our loans depends on the spread between our cost of funding and the interest rates we charge our customers. An increase in interest rates, or general uncertainty about changes in interest rates, could affect demand for credit, and thus demand for our direct and indirect financing products. In addition, an increase in market interest rates in Mexico could increase our cost of funding under circumstances in which we could not timely and fully increase interest rates we charge to our customers. Such a situation could reduce the spread we earn on our loan portfolio.

Any mismatch between the maturity of our loan portfolio and our sources of funds could magnify the effect of any imbalance in interest rates, also representing a liquidity risk if we fail to obtain funding on an ongoing basis. An increase in our total cost of funds for any of these reasons could result in an increase in the interest rates on our loans, which could, as a result, affect our ability to attract new customers.

Interest rate fluctuations in Mexico have a significant effect on our business. While our interest-earning assets bear fixed interest rates, all of our interest-bearing liabilities currently carry floating interest rates equal to the 28-day TIIE, plus a spread, and are subject to frequent repricing. The TIIE is the benchmark interbank interest rate applicable to borrowing from and lending to *Banco de México* in transactions denominated in pesos, published daily in the Official Gazette. For information regarding the high, low and average TIIE during each of the periods indicated in this offering memorandum, as well as information on our interest cost of funding, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Interest Rate Fluctuations."

The cross currency swap hedge agreement also includes an interest rate swap related to interest we incur on the 2015 Senior Notes. The instrument changes the interest profile of the 2015 Senior Notes from a fixed rate in dollars to variable rates in pesos, such that we deliver interest calculated at a variable rate and in pesos to the counterparty every 28 days and the counterparty delivers interest calculated at a fixed rate and in U.S. dollars to us every six months. Consistent with our risk management strategy, on June 19 and June 22, 2012, we changed two of the existing agreements of our cross currency swaps representing 57% of the total notional amount from variable rate to fixed rate, effective July 2012.

On December 2, 2013 we entered into two interest swap rate contracts in order to change variable rates to fixed rates, for two of our medium term notes issued in the local market, representing 33% of the total outstanding amount of these notes.

Considering all the contracted hedges by the company, such as the cross currency swaps for part of the 2015 Senior Notes and the Barclays loan and the interest rate swap for two of our bonds in the local market, 46.9% of our total debt has fixed rates.

SELECTED STATISTICAL INFORMATION

The following tables present certain of our selected statistical information and ratios for the periods indicated. The following information should be read in conjunction with our financial statements and the notes thereto included elsewhere in this offering memorandum, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Presentation of Certain Financial and Other Information." The statistical information and discussion and analysis presented below for the fiscal years ended December 31, 2011, 2012 and 2013 are presented solely for the convenience of the reader for analytical purposes.

Certain amounts and percentages included in this offering memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be an exact arithmetic result of the figures shown herein.

Average Balance Sheet and Interest Rate Data

Average balances for peso-denominated assets and liabilities have been calculated in accordance with the following procedure: Our nominal average balances are quarterly averages. Interest income (expense) for each category has been calculated in the following manner: aggregate interest income (expense) for the years ended December 31, 2011, 2012 and 2013 are nominal amounts. Interest income (expense) for the year is the total income (expense) for the twelve months so determined.

The average annual rates earned on interest-earning assets and the average annual rate paid on interest-bearing liabilities are nominal rates.

Average Assets and Interest Rates

The table below presents the average quarterly balance of assets, interest income and average annual interest rate for the periods indicated.

	For the year ended December 31,								
	2011			2012			2013		
	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate
	(in millions of pesos, except percentages)								
Investment in securities:									
Pesos	416.1	38.4	9.2%	401.5	29.6	7.4%	352.3	35.1	10.0%
Sub-total	416.1	38.4	9.2%	401.5	29.6	7.4%	352.3	35.1	10.0%
Loans:									
Pesos	4,935.7	1,873.9	38.0%	6,112.2	2,060.9	33.7%	8,760.7	2,689.4	30.7%
Sub-total	4,935.7	1,873.9	38.0%	6,112.2	2,060.9	33.7%	8,760.7	2,689.4	30.7%
Cash and cash equivalents:									
Pesos	141.8	0.0	0.0%	75.7	0.0	0.0%	105.9	0.0	0.0%
Sub-total	141.8	0.0	0.0%	75.7	0.0	0.0%	105.9	0.0	0.0%
Total interest earning assets:									
Pesos	5,493.6	1,912.3	34.8%	6,589.5	2,090.4	31.7%	9,218.9	2,724.5	29.6%
Sub-total	5,493.6	1,912.3	34.8%	6,589.5	2,090.4	31.7%	9,218.9	2,724.5	29.6%
Allowances for loan losses:									
Pesos	-120.4	0.0	0.0%	-129.0	0.0	0.0%	-168.0	0.0	0.0%
Sub-total	-120.4	0.0	0.0%	-129.0	0.0	0.0%	-168.0	0.0	0.0%
Furniture and equipment net:									

Pesos	14.9		0.0%	15.4		0.0%	21.1		0.0%
Sub-total	14.9		0.0%	15.4		0.0%	21.1		0.0%
Other non-interest earning assets net:									
Pesos	1,826.8		0.0%	3,009.8		0.0%	4,027.9		0.0%
Sub-total	1,826.8		0.0%	3,009.8		0.0%	4,027.9		0.0%
Total assets:									
Pesos	**7,214.9**	**1,912.3**	**26.5%**	**9,485.7**	**2,090.4**	**22.0%**	**13,099.9**	**2,724.5**	**20.8%**
Total	**7,214.9**	**1,912.3**	**26.5%**	**9,485.7**	**2,090.4**	**22.0%**	**13,099.9**	**2,724.5**	**20.8%**

Average Liabilities, Stockholders' Equity and Interest Rates

The table below presents the average quarterly balances of liabilities and stockholders' equity, interest expense and average annual interest rates for the periods indicated.

	For the year ended December 31,								
	2011			2012			2013		
	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate
Bank loans:									
Pesos	1,473.9	110.5	7.5%	2,095.3	160.8	7.7%	2,913.8	211.9	7.3%
Sub-total	1,473.9	110.5	7.5%	2,095.3	160.8	7.7%	2,913.8	211.9	7.3%
Notes payable and Senior Notes Payable:									
Pesos	4,237.1	502.3	11.9%	4,774.5	494.0	10.3%	5,414.6	511.2	9.4%
Sub-total	4,237.1	502.3	11.9%	4,774.5	494.0	10.3%	5,414.6	511.2	9.4%
Total interest-bearing liabilities:									
Pesos	5,711.0	612.8	10.7%	6,869.8	654.8	9.5%	8,328.4	723.1	8.7%
Sub-total	5,711.0	612.8	10.7%	6,869.8	654.8	9.5%	8,328.4	723.1	8.7%
Non-interest-bearing liabilities:									
Pesos	255.4			411.4			676.6		
Sub-total	255.4			411.4			676.6		
Stockholder´s equity:									
Pesos	1,248.5			2,204.5			4,094.8		
Sub-total	1,248.5			2,204.5			4,094.8		
Total liabilities and Stockholder´s equity:									
Pesos	**7,214.9**	**612.8**	**8.5%**	**9,485.7**	**654.8**	**6.9%**	**13,099.9**	**723.1**	**5.5%**
Total	**7,214.9**	**612.8**	**8.5%**	**9,485.7**	**654.8**	**6.9%**	**13,099.9**	**723.1**	**5.5%**

Changes in Financial Margin and Expense—Volume and Rate Analysis

The following tables allocate changes in interest income and interest expense between changes in volume and changes in rates for the year ended December 31, 2013 compared to 2012, for the year ended December 31, 2012 compared to 2011. Volume and rate variances have been calculated based on movements in quarterly average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities. The net change attributable to changes in both volume and rate has been allocated proportionately to the change due to volume and the change due to rate.

	2011 / 2010			2012 / 2011			2013 / 2012		
	Increase (decrease) due to changes in Interest			Increase (decrease) due to changes in Interest			Increase (decrease) due to changes in Interest		
	Volume	Interest rate	Net Change	Volume	Interest rate	Net Change	Volume	Interest rate	Net Change
Investment in securities:									
Pesos	- 0.8	16.9	16.1	- 1.3	- 7.5	- 8.8	- 3.6	9.2	5.5
Sub-total	- 0.8	16.9	16.1	- 1.3	- 7.5	- 8.8	- 3.6	9.2	5.5
Loans:									
Pesos	489.7	195.1	684.8	446.7	- 259.7	187.0	893.0	- 264.5	628.5
Sub-total	489.7	195.1	684.8	446.7	- 259.7	187.0	893.0	- 264.5	628.5
Cash and cash equivalents:									
Pesos	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Total interest-earning assets:									
Pesos	**488.9**	**212.0**	**700.9**	**445.3**	**- 267.2**	**178.1**	**889.4**	**- 255.3**	**634.0**
Total	**488.9**	**212.0**	**700.9**	**445.3**	**- 267.2**	**178.1**	**889.4**	**- 255.3**	**634.0**

	2011 / 2010			2012 / 2011			2013 / 2012		
	Increase (decrease) due to changes in Interest			Increase (decrease) due to changes in Interest			Increase (decrease) due to changes in Interest		
	Volume	Interest rate	Net Change	Volume	Interest rate	Net Change	Volume	Interest rate	Net Change
Bank loans:									
Pesos	76.9	- 5.6	71.3	46.6	3.7	50.3	62.8	- 11.7	51.1
Sub-total	76.9	- 5.6	71.3	46.6	3.7	50.3	62.8	- 11.7	51.1
Notes payable and Senior Notes Payable:									
Pesos	108.3	49.0	157.4	63.7	- 71.9	- 8.2	66.2	- 49.0	17.2
Sub-total	108.3	49.0	157.4	63.7	- 71.9	- 8.2	66.2	- 49.0	17.2
Total interest-bearing liabilities:									
Pesos	**185.3**	**43.4**	**228.7**	**110.3**	**- 68.2**	**42.1**	**129.0**	**- 60.8**	**68.3**
Total	**185.3**	**43.4**	**228.7**	**110.3**	**- 68.2**	**42.1**	**129.0**	**- 60.8**	**68.3**

Interest-Earning Assets—Yield and Yield Spread

The following table sets forth the levels of our average interest-earning assets and our historical financial margin, interest rate, net yield and yield spread for the periods indicated.

	For the year ended December 31,		
	2011	2012	2013
(In millions of pesos, except percentages)			
Total average interest earning assets			
Pesos	5,493.6	6,589.5	9,218.9
Total	5,493.6	6,589.5	9,218.9
Historical:			
Financial margin[1]	1,299.5	1,435.6	2,001.4
Pesos	1,299.5	1,435.6	2,001.4
Weighted-average rate			
Gross yield[2]	34.8%	31.7%	29.6%
Pesos	34.8%	31.7%	29.6%
Weighted-average rate			
Net yield[3]	23.7%	21.8%	21.7%
Pesos	23.7%	21.8%	21.7%
Weighted-average rate			
Yield spread[4]	11.2%	9.9%	7.8%
Pesos	11.2%	9.9%	7.8%

(1) Financial margin is interest income less interest expense.
(2) Gross yield is determined by dividing interest income by average interest earning assets.
(3) Net yield is determined by dividing financial margin by average interest earning assets.
(4) Yield spread is the difference between gross yield on interest earning assets and the net yield.

Return on Average Total Assets and Average Stockholders' Equity

The following table presents selected financial data and ratios for the periods indicated.

	For the year ended December 31,		
	2011	2012	2013
(in millions of pesos, except percentages)			
Net income	415.5	614.1	1,003.6
Average total assets	7,214.9	9,485.7	13,099.9
Average stockholders' equity	1,248.5	2,204.5	4,094.8
Net income as a percentage of:			
Average total assets	5.8%	6.5%	7.7%
Average stockholders' equity	33.3%	27.9%	24.5%
Average stockholders' equity as a percentage of average total assets	17.3%	23.2%	31.3%
Dividend payout ratio	0.0%	0.0%	19.6%

Interest Rate Sensitivity of Assets and Liabilities

Our operations do not currently involve the granting of loans with floating interest rates. Additionally, our loans are denominated exclusively in pesos. Bank loans and loans with other entities are contracted at both fixed and floating rates and are denominated in pesos, with the exception of our 2015 Senior Notes and the term loan facility with Barclays, which are denominated in U.S. dollars.

Interest Rate Sensitivity

The following table reflects our interest-earning assets and interest-bearing liabilities as of December 31, 2012 and 2013. Fixed-rate instruments were classified in this table according to their contractual maturity.

	As of December 31, 2013						
	0-30 Days	**31-89 Days**	**90-179 Days**	**180-365 Days**	**Over 366 Days**	**Non-Rate Sensitive or Over One Year**	**Total**
Assets:							
Cash and cash equivalents	126.9						126.9
Fixed-rate performing loans	1,069.3	510.8	660.5	1,183.1	6,841.2		10,265.0
Securities and investments	646.2						646.2
Total interest-earning assets	1,842.4	510.8	660.5	1,183.1	6,841.2	-	11,038.1
Other non-interest-earning assets						4,106.6	4,106.6
Non-performing loans						158.5	158.5
Less: Allowance for loans						203.2	203.2
Total assets	1,842.4	510.8	660.5	1,183.1	6,841.2	4,061.9	15,100.0
Liabilities and stockholders' equity:							
Notes Payable	399.0	157.2	774.4	711.1	1,000.0		3,041.8
Senior Notes Payable					2,829.6		2,829.6
Bank loans and borrowings from other entities	378.0	311.8	825.2	1,492.0	1,074.0		4,080.9
Total interest-bearing liabilities	776.9	469.0	1,599.6	2,203.1	4,903.5	-	9,952.2
Other non-interest bearing liabilities						794.9	794.9
Stockholders' equity						4,352.9	4,352.9
Total liabilities and stockholders' equity	776.9	469.0	1,599.6	2,203.1	4,903.5	5,147.8	15,100.0
Interest rate sensitivity gap	1,065.5	41.8	-939.1	-1,020.0	1,937.7	-1,085.9	
Cumulative interest rate sensitivity gap	1,065.5	1,107.3	168.2	-851.8	1,085.9	-0.0	
Cumulative gap as percentage of total interest-earning assets	9.7%	10.0%	1.5%	-7.7%	9.8%	0.0%	

As of December 31, 2013, interest-earning assets totaled Ps.11,038.1 million. Of these assets, 16.7% amortize periodically every 30 days or less. Such assets included 5.1% of our performing loan portfolio and 100.0% of cash and cash equivalents. Of our total loans, 100% are fixed-rate loans.

Of our interest-bearing liabilities as of December 31, 2013, 41.0% consisted of loans from banks and other entities and totaled Ps.4,080.9 million. Of our total interest bearing bank credit liabilities, 9.3% amortize every 30 days or less, as shown in our interest rate sensitivity table.

Cash and Cash Equivalents

We held cash in the amount of Ps.126.9 million as of December 31, 2013, representing 0.8% of our total assets.

Bank Financings and Bond Issuances

The following table sets forth our bank financings and bond issuances (excluding accrued interest) for the periods indicated.

	For the year ended December 31,					
	2011		2012		2013	
	(in millions of pesos, except percentages)					
	Amount	**Rate**	**Amount**	**Rate**	**Amount**	**Rate**
Bank financings						
At end of period[1]	1,565.4	8.59%	2,277.3	8.04%	4,070.9	7.24%
Monthly average indebtedness during period[2]	1,315.0	8.67%	1,936.1	8.35%	2,767.4	7.88%
Maximum month-end balance	1,863.6	8.72%	2,458.0	6.66%	4,070.9	7.24%
Bond issuances						
At period end [1]	1,940.0	6.73%	1,745.0	7.22%	3,033.9	6.55%
Average during period	1,241.4	6.88%	1,909.6	6.76%	2,472.6	6.12%
Maximum month-end balance	1,940.0	6.73%	2,305.0	6.06%	3,045.0	5.50%
Total at period end	3,505.4	7.56%	4,022.3	7.68%	7,104.8	6.95%

(1) The interest rate at the end of the period is calculated as the weighted average interest rate of available lines of credit at the end of each period reported.
(2) The average amount and interest rate are calculated considering the average of monthly end balances of the referred period.

Loan Portfolio

Total loan portfolio amounts set forth in this section include the total principal amount of performing and non-performing loans outstanding as of the date presented. The terms "total loans," "loan portfolio," and "total loan portfolio" include total performing loans plus total non-performing loans. See "Summary Financial Information."

Our total loan portfolio as of December 31, 2013 and 2012 amounted to Ps.10,265.0 million and Ps.6,625.6 million, respectively. These changes represent an increase of 54.9% in our total loan portfolio from the preceding period. These increases were mainly due to an increase in the total number of active clients.

Classification of our Loan Portfolio

The following table sets forth the classification of our total loan portfolio in terms of performing and non-performing loan portfolios, as of December 31, 2011, 2012 and 2013 and as of December 31, 2012 and 2013.

	As of December 31,					
	2011		2012		2013	
	Amount	% of Portfolio	Amount	% of Portfolio	Amount	% of Portfolio
	(in millions of pesos, except percentages)					
Performing loan portfolio	5403.1	98.0%	6625.6	98.4%	10265.0	98.5%
Non-performing loan portfolio	109.0	2.0%	106.9	1.16%	158.5	1.5%
Total loan portfolio [1]	**5,512.2**	**100.0%**	**6,732.5**	**100.0%**	**10,423.5**	**100.0%**

[1] Loan amounts include accrued interest.

Performing Loan Portfolio

Our total performing loan portfolio increased 54.9% as of December 31, 2013 compared to December 31, 2012. See "Business—Our Loan Products."

Our performing payroll loan portfolio totaled Ps.8,035.6 million as of December 31, 2013, reflecting an increase of Ps.2,394.1 million, or 42.4%compared to December 31, 2012. This increase was primarily due to the incorporation of GEMA as an exclusive distributor and new government entities. Our performing payroll loan portfolio as a percentage of our total performing loan portfolio was 78.3% as of December 31, 2013, compared to 85.1% as of December 31, 2012.

Our performing durable goods loan portfolio totaled Ps.1,101.8 million as of December 31, 2013, reflecting an increase of Ps.280.6 million, or 34.2% compared to December, 2012. This increase was primarily due to more distributors selling through credit instead of cash sales. Our performing durable goods loan portfolio as a percentage of our total performing loan portfolio was 10.7%as of December 31, 2013 and 12.4%as of December, 2012.

Our performing Small Business loan portfolio totaled Ps.861.6 million as of December 31, 2013. Our performing Small Business loan portfolio as a percentage of our total performing loan portfolio was 8.3 %.

Our performing group loan portfolio totaled Ps.206.8 million as of December 31, 2013, reflecting a decrease of Ps.43.9 million, or 40.4% 26.9%, compared to December 31, 2012. This decrease was primarily due to harder competition and market conditions. Our performing group loan portfolio as a percentage of our total performing loan portfolio was 2.0% as of December 31, 2013, compared to 2.5% as of December 31, 2012.

Our performing Used Car loan portfolio totaled Ps.59.2 million as of December 31, 2013. Our performing Used Car loan portfolio as a percentage of our total performing loan portfolio was 0.6 %.

Performing loan portfolio by product

	For the year ended December 31,		
	2011	2012	2013
(in millions of pesos)			
Performing loan portfolio by product:[1]			
Payroll Loans	4,422.5	5,641.5	8,035.06
Durable Goods Loans	749.1	821.2	1,101.8
Small Business Loans			861.6
Group Loans	231.5	162.9	206.8
Used Car Loans			59.2
Total performing loan portfolio	5,403.10	6,625.60	10, 265.0

[1] Loan amounts include accrued interest.

Loans by Geographic Concentration

The following table sets forth our loan portfolio based on geographic concentration as of the dates indicated. We have not observed any significant correlation between the incidence of delinquency and default on non-performing loans and geographic location.

	As of December 31,					
	2011		2012		2013	
Mexican federal entities:	Loan Amount(1)	% of Portfolio(2)	Loan Amount(1)	% of Portfolio(2)	Loan Amount(1)	% of Portfolio(2)
	(in millions of pesos, except percentages)					
Aguascalientes	55.4	1.0	55.8	0.8	93.8	0.9
Baja California Norte	87.5	1.6	96.0	1.4	126.9	1.2
Baja California Sur	27.9	0.5	35.5	0.5	41.0	0.4
Campeche	74.5	1.4	87.1	1.3	151.9	1.5
Chiapas	200.3	3.6	259.6	3.9	399.8	3.8
Chihuahua	158.2	2.9	175.1	2.6	213.4	2.0
Coahuila	113.0	2.0	93.2	1.4	83.4	0.8
Colima	30.3	0.5	39.3	0.6	59.4	0.6
Durango	22.3	0.4	36.5	0.5	50.6	0.5
Estado de México	371.3	6.7	604.6	9.0	981.1	9.4
Guanajuato	195.4	3.5	227.7	3.4	325.6	3.1
Guerrero	657.6	11.9	643.5	9.6	896.4	8.6
Hidalgo	106.4	1.9	182.1	2.7	267.1	2.6
Jalisco	230.1	4.2	258.5	3.8	346.9	3.3
Michoacán	297.0	5.4	263.3	3.9	332.8	3.2
Morelos	61.2	1.1	111.3	1.7	202.5	1.9
Nayarit	40.6	0.7	51.3	0.8	74.6	0.7
Nuevo León	83.5	1.5	90.0	1.3	101.5	1.0
Oaxaca	352.0	6.4	620.6	9.2	1,010.8	9.7
Puebla	350.9	6.4	301.0	4.5	299.7	2.9
Querétaro	87.3	1.6	62.2	0.9	77.0	0.7
Quintana Roo	68.6	1.2	87.9	1.3	146.2	1.4
San Luis Potosí	192.9	3.5	171.9	2.6	252.4	2.4
Sinaloa	93.4	1.7	106.8	1.6	147.7	1.4
Sonora	26.1	0.5	75.6	1.1	155.7	1.5
Tabasco	180.5	3.3	213.3	3.2	331.3	3.2
Tamaulipas	165.8	3.0	179.7	2.7	239.4	2.3
Tlaxcala	60.6	1.1	151.4	2.2	190.5	1.8
Veracruz	307.4	5.6	403.5	6.0	543.5	5.2
Yucatán	116.3	2.1	140.7	2.1	183.1	1.8
Zacatecas	65.1	1.2	78.3	1.2	101.4	1.0
Distrito Federal	361.9	6.6	589.3	8.8	1,866.9	17.9
IMSS y dependencias federales	270.7	4.9	239.7	3.6	129.2	1.2
Total	5,512.2	100.0	6,732.5	100.0	10,423.5	100.0

(1) The loan amounts set out in the above table include accrued interest.
(2) Percentage of portfolio equals the relevant loan amount by geographic concentration divided by the total loan portfolio.

Total Loan Portfolio by Loan Balance

The following table sets forth an analysis of our loan portfolio's composition as of the dates indicated according to the original principal amount borrowed.

	As of December 31,					
	2011		2012		2013	
	Loan Amount	% of Portfolio	Loan Amount	% of Portfolio	Loan Amount	% of Portfolio
	(in millions of pesos, except percentages)					
Original principal amount:						
Less than Ps.3,000	61.4	1.1%	101.7	1.5%	124.8	1.2%
Between Ps.3,001 and Ps.5,000	203.6	3.8%	203.9	3.1%	256.5	2.5%
Between Ps.5,001 and Ps.10,000	662.0	12.3%	807.6	12.2%	1,074.0	10.5%
Between Ps.10,001 and Ps.15,000	627.2	11.6%	826.0	12.5%	1,155.8	11.3%
Between Ps.15,001 and Ps.20,000	532.5	9.9%	727.3	11.0%	1,067.5	10.4%
Over Ps.20,000	3,316.6	61.4%	3,959.1	59.8%	6,586.4	64.2%
Total loan portfolio	**5,403.1**	**100.0%**	**6,625.6**	**100.0%**	**10,265.0**	**100.0%**

Non-Performing Loan Portfolio

Our loan portfolio is classified as non-performing when loans are 90 days or more past due, and is recognized as non-performing up to the amount of the capital and interest due at that date. We rate our loan portfolio using an internal methodology based on the likelihood of a borrower's default and on the expected loss given default, as per the provisions of the Circular for Banks (*Disposiciones de Carácter General Aplicables a las Instituciones de Crédito*).

Overdue balances of borrowers are recorded in the non-performing portfolio in the event of noncompliance with payment terms in which a loan installment or payment is past-due for specified periods. Loans are generally recorded as non-performing after 90 days of billing periods reporting noncompliance, at which time the accrual of interest is suspended. Pursuant to our financing and other agreements with our distributors, our distributors are severally liable for the unpaid amount of the loan, along with the borrowers. A distributor's total liability is equal to the percentages of unpaid loan amounts determined within each promotion. As of December 31, 2013, the aforementioned contracts established a percentage of unpaid loan amounts of 50%. In this manner, joint and several liability is calculated based on 50% of the unpaid amount of those loans which are more than 90 day past due.

The transfer of a loan from the non-performing loan portfolio to the current loan portfolio is carried out when the account payments are up to date and there have been no delays in its payment. Payments are considered up-to-date when there have been three consecutive amortizations for the total amounts due at each payment date. A payment is not considered up-to-date if payment is made prior to the scheduled amortization date.

Additionally, if a loan is restructured, it may be transferred to the current loan portfolio. The restructuring of this debt is formalized through modifications of the partial credit payment amounts, the payment due dates, and the amortization periods. Restructuring is permitted as long as there is evidence of sustained payment by the borrower, meaning three consecutive monthly payments.

We stop recognizing interest income when a loan is categorized as non-performing, and it is only re-categorized as income once the payment has been obtained. The loans are discounted for purposes of bookkeeping after 181 days from the date in which the payment or amortization was due.

With regard to ordinary accrued interests that have not been charged from non-performing loans, we create a preventive estimate for the total amount of said interest when the loan is transferred into our non-performing portfolio.

As of December 31, 2013, our total non-performing loan portfolio was Ps.158.5 million, or 1.5% of our total loan portfolio. Our total non-performing loan portfolio increased by Ps.51.6 million, or 48.3%, as compared to December 31, 2012, driven by the increase of 54.8% in the total loan portfolio.

The following table sets forth an analysis of our non-performing loan portfolio (including non-performing interest) by product at the dates indicated.

(in millions of pesos)	As of December 31, 2011	2012	2013
Non-performing loan portfolio by product: [1]			
Payroll Loans	95.9	82.8	130.0
Durable Goods Loans	11.7	18.5	22.2
Small Business Loans	-	-	4.0
Group Loans	1.5	5.5	1.0
Used Car Loans	-	-	1.4
Total non-performing loan portfolio	109.0	106.9	158.5

(1) Loan amounts include accrued interest.

Allowance for Loan Losses

The methodology used to record our allowance for loan losses is based on an internal methodology based on the probability of a borrower's default and on the expected loss given default applied to the loan portfolio outstanding balance.

	As of December 31, 2011		2012		2013	
	Loans by product	**Allowances for loan losses**	**Loans by product**	**Allowances for loan losses**	**Loans by product**	**Allowances for loan losses**
			(in millions of pesos)			
Payroll Loans	4,518.3	(117.4)	5,724.3	(117.2)	8,165.6	-(162.7)
Durable Goods Loans	760.8	(11.7)	839.8	(18.5)	1,124.0	(22.2)
Small Business Loans	-	-	-	-	865.6	(14.0)
Group Loans	233.0	(1.5)	168.4	(5.5)	207.7	(3.0)
Used Car Loans	-	-	-	-	60.6	(1.4)
Total non-performing loans plus allowances	**5,512.2**	**(130.5)**	**6,732.5**	**(141.3)**	**10,423.5**	**(203.2)**

(1) Loan amounts include accrued interest.

For the periods ended December 31, 2012 and 2013 we recorded provisions charged against income totaling Ps.272.8 million and Ps.404.5 million, respectively

Analysis of Allowance for Loan Losses

The following table analyzes our allowance for loan losses, movements in loans written-off and recoveries for the periods indicated, as well as changes to income and period-end allowances for loan losses, net of recoveries, as a result of the sale of non-performing loans at the end of each period. We use an internally-developed methodology to record our allowance for loan losses that is consistent with Basel recommendations and is based on the probability of default and severity of losses of the loan portfolio.

	For the year ended December 31,		
	2011	2012	2013
	(in millions of pesos)		
Balance at beginning of year	126.0	130.5	141.3
Less:			
Effect of inflation at the beginning of the period	—	—	-
Nominal balance at the beginning of the period	126.0	130.5	141.3
Plus:			
Increase to the allowance for loan losses	309.0	272.8	404.5
Sub-total	435.0	403.3	545.7
Less:			
Effect of inflation / adjustment	—	—	
Loan write-offs	304.4	262.1	342.5
Balance at the end of the year	130.5	141.3	203.2

Workout and Credit Recovery

Our credit recovery unit handles debt recovery from borrowers whose loans have been classified as non-performing. See "Business—Loan Servicing and Collection" for additional information on recovery and collection of our loans. When non-performing loans exceed 180 days reporting noncompliance, such loans are charged off; it is understood that during such period all the collection proceeds have been collected and there is therefore a high probability that no further proceeds would be received from such loans. Written-off loans become subject to consideration for further action, including the sale of any such loan at a discount. The amounts recovered as a result of the sale of written-off loans are recorded in our income under the item "other income (expense) of the operation."

As of December 31, 2013, the total amount of loans restructured by us reached Ps.524.3 million, equal to 5.0% of our total loan portfolio. This represents a 1.3% increase in comparison to the same period in 2012. The restructuring of this debt is formalized through modifications of the partial credit payment amounts, the payment due dates, and the amortization periods. Restructuring is permitted as long as there is evidence of sustained payment by the borrower, meaning three consecutive monthly payments.

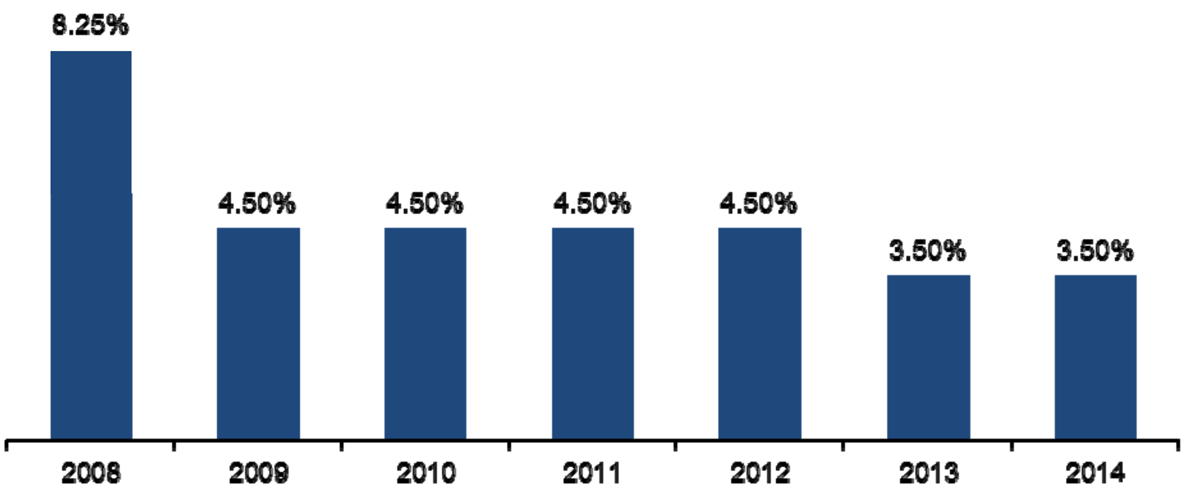
THE MEXICAN PAYROLL LENDING, DURABLE GOODS, SMALL BUSINESS, GROUP LOANS AND AUTO FINANCING MARKETS

Overview of the Mexican Macroeconomic Environment

Mexico has generally enjoyed stable and positive macroeconomic performance since the implementation of a wide range of reforms to liberalize the Mexican economy and open it to foreign trade and investment in the late 1980s. Since the 1995 currency and banking crisis, Mexico's GDP has grown at a compound rate of 2.9% per year. In 2006, GDP grew at a rate of 5.2%, supported by exports of manufactured goods and strong foreign direct investment. Economic conditions began deteriorating in 2007, with Mexico's GDP growth rate slowing to 3.3%. In 2008 and 2009, the Mexican economy experienced significant deterioration as a result of the global financial crisis. Mexico's GDP growth rate slowed to 1.2% in 2008 and declined by 6.2% in 2009, the sharpest economic contraction since 1995. In 2010, the Mexican economy recovered considerably, with external demand and exports of manufactured goods driving annual GDP growth to 5.5%, the highest in the past 10 years. Mexican GDP grew at a rate of 3.9% in each of 2011 and 2012.

In addition, in each of the last two monetary policy announcements, on September 6, 2013 and on October 15, 2013, *Banco de México* decreased the target rate for overnight interbank interest by 25 basis points, to reach 3.50% on October 15, 2013, where it has remained until today.

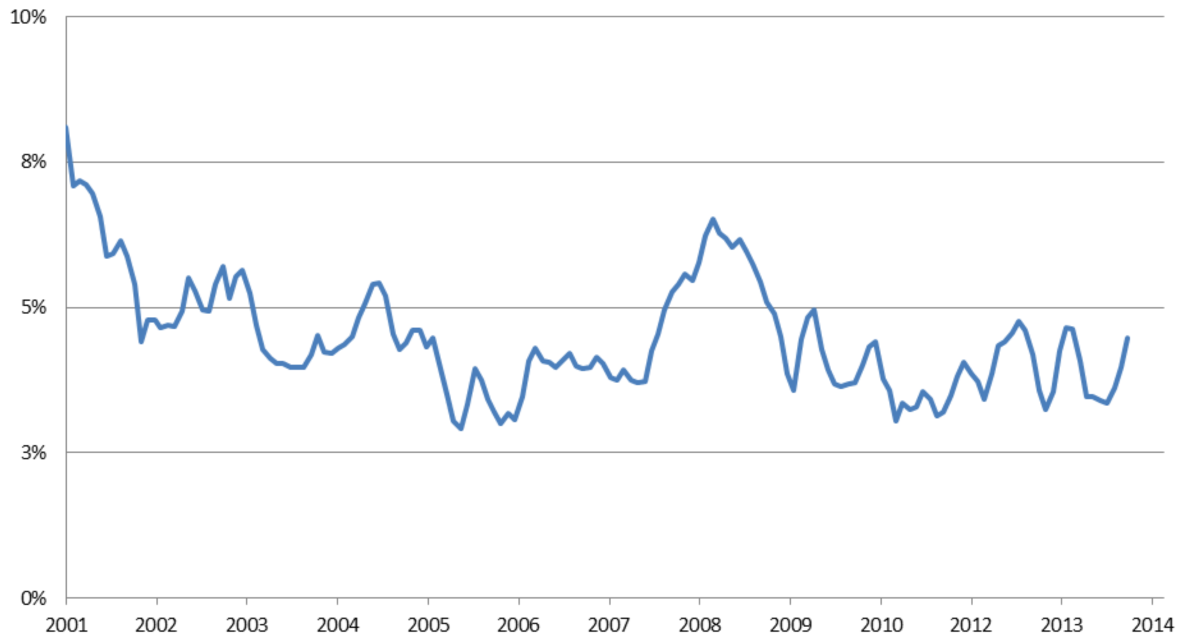
Banxico Interest Rate



Source: Banco de México.
2014 information as of February

As an independent entity, the *Banco de México* has maintained a sound monetary policy that has generated little inflation, as the average annual inflation rate for the period since 2001 has been 4.5%. After rising to 6.5% in December 2008, the inflation rate fell to 3.6% in December 2009 and rose to 4.4% in December 2010. For December 2011, 2012 and 2013, the inflation rate was 3.8%, 3.6% and 4.0%, respectively.

Historical Inflation



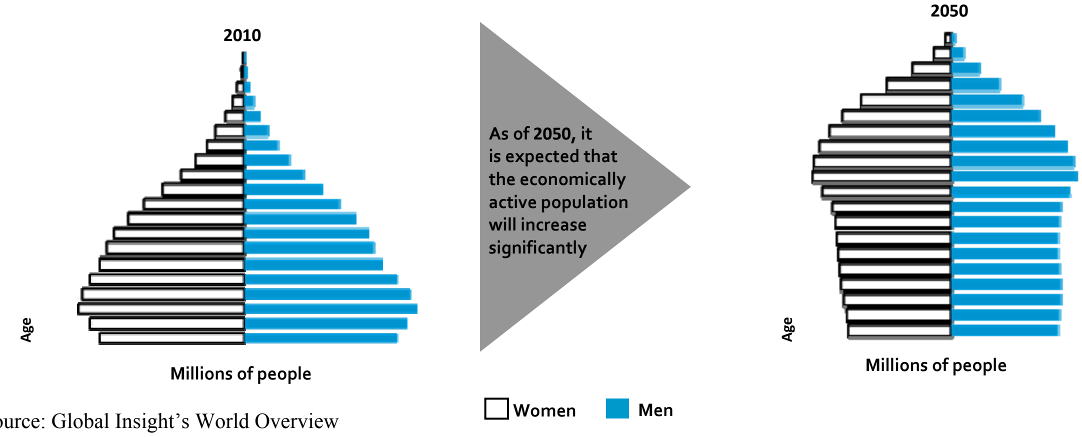
Source: Banco de México. Information as of February 2014.

Unemployment rates have historically remained relatively stable throughout different stages of the economic cycle, maintaining an average level of 3.5% since 2000. As a result of the global financial crisis, Mexico's unemployment rate rose to 6.4% in September of 2009, but has gradually decreased as a result of the heightened manufacturing output and the subsequent economic recovery. The unemployment rate in Mexico as of December 31, 2011 was 4.8%, which increased to 4.9% as of December 31, 2012 and decreased to 4.6% as of December 31,2013.

The peso has also enjoyed a decade of relative stability. From January 1, 2000 to December 31, 2013, the average daily exchange rate, as published by the Official Gazette, has been Ps.11.35 per U.S. dollar. During the global financial crisis, the peso experienced a significant depreciation relative to the U.S. dollar, reaching a peak exchange rate of Ps.15.37 in March 2009. Since then, the peso has gradually appreciated, closing at Ps.13.98, Ps.12.99 and Ps.13.08 per U.S. dollar as of December 31, 2011, 2012 and 2013, respectively.

Additionally, we believe Mexico has a great demographic advantage, as it is expected to have an older population in 2050, as illustrated in the graph below, which would increase both the size of the workforce and domestic consumption significantly. During the next 40 years, we expect that Mexico will enjoy favorable demographic and socioeconomic trends that should drive future demand for consumer credit. According to the National Population Council, (*Consejo Nacional de Población*, or "CONAPO"), Mexico's economically active population as a percentage of total population is expected to increase from 43.8% in 2010 to 50.1% in 2050. Additionally, women's participation in the labor force is expected to increase, enhancing the consumption possibilities of households. CONAPO estimates that the participation of women in the labor force will increase from 35.7% in 2010 to 42.1% in 2050.

Demographic Growth



Source: Global Insight's World Overview

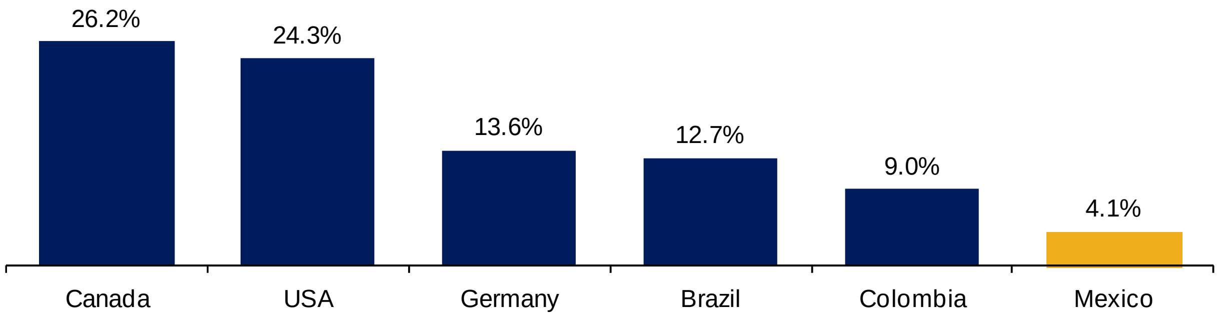
Overview of Credit to the Private Sector in Mexico

With the exception of the credit slowdown experienced in 2009 as a result of the global economic recession, private sector credit growth in Mexico has generally been strong in the past decade. According to the CNBV, total bank loans to the private sector grew at a compound annual growth rate of 16.4% from December 2003 to December 2013. As of December 2013, the total bank loan portfolio to the private sector was Ps.2,623 billion, representing an increase of 11.0% compared to December 2012. Such bank loans to the private sector currently represent roughly 86.6% of the total bank loan portfolio, with the remaining 13.4% comprised by governmental loans. As of December 2013, commercial lending represented 50.8% of the total bank loans to the private sector portfolio, followed by consumer lending at 25.7% and mortgage lending at 19.5%.

Consumer loans, in particular, grew by 11.6% in 2013, compared to a decrease of 17.8% in 2009. Such recovery was driven primarily by the increase in GDP and employment, which in turn improved consumer confidence and household spending. Going forward, GDP growth, job creation and macroeconomic stability will be fundamental to support future consumer demand and consumer credit expansion in Mexico. Likewise, in the aftermath of the credit slowdown, the non-performing loan ratio of the Mexican banking system as of December 2009 was 3.9%; nonetheless, the quality of the Mexican banking system's loan portfolio has improved significantly since then, decreasing to 2.5% and 3.4% as of December 2012 and 2013 respectively.

Despite intense loan growth since 1994, banking penetration in Mexico remains low compared to other Latin American countries and the rest of the world. Private sector loans in Mexico as of September 2013 represent 4.1% of GDP, compared to 9.0% in Colombia, 12.7% in Brazil, 13.6% in Germany, 24.3% in USA and 26.2% in Canada. Such low penetration is largely driven by the large fraction of the Mexican population that remains without access to financial services. According to SHCP, 72.5% of the total population in Mexico remains without access to financial services. This segment, which is primarily composed of low- and middle-income people, represents a significant growth opportunity for financial institutions capable of catering to this population. The chart below presents the level of penetration of consumer loans as a share of GDP in selected countries:

Consumer Loan Penetration (Consumer Loans/GDP)

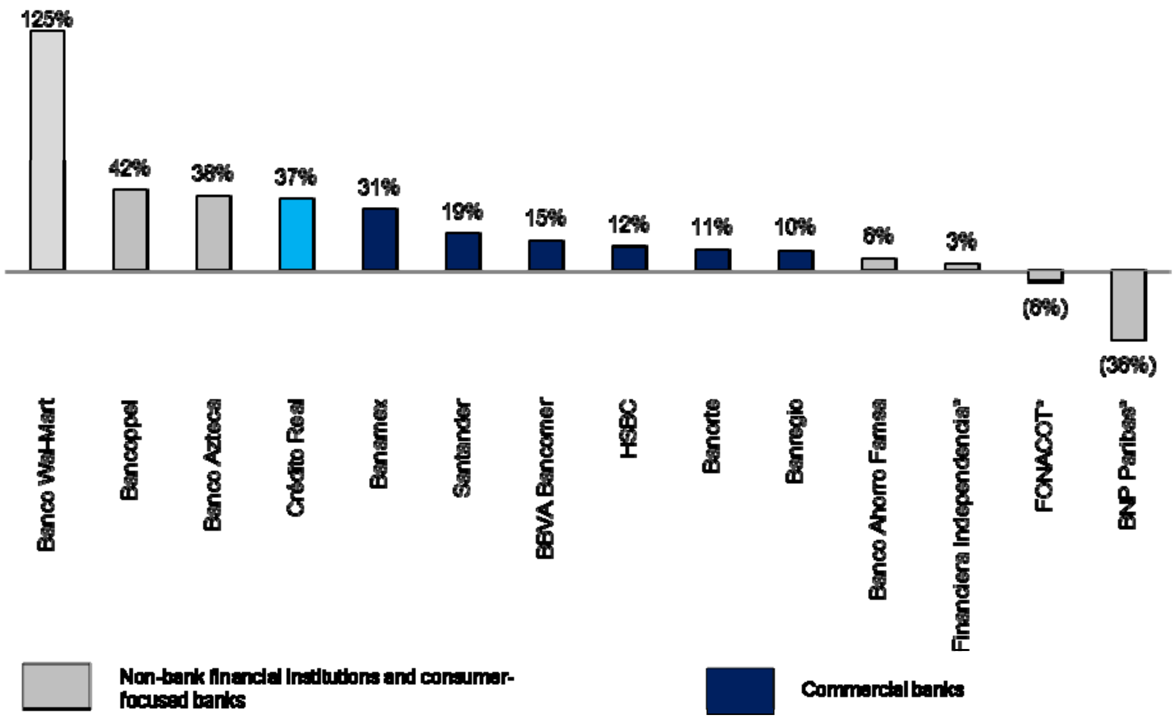


Source: World Bank and Euromonitor 2013.

In order to stimulate financial inclusion among the low- and middle-income segments of the population, the Mexican government has supported the development of non-regulated financial institutions which, unlike banks, are not authorized to accept deposits from the general public. In July 2006, the Mexican Congress enacted reforms to deregulate lending entities and activities by allowing the creation of *Sofomes*. *Sofomes* are non-regulated, non-bank financial institutions that offer credit to consumers and small- and medium-sized businesses, often in connection with real estate development, auto financing and mortgage lending activities. By not imposing any limitations on foreign equity participation in non-regulated financial institutions, the Mexican government has encouraged competition, thereby increasing consumers' financing alternatives. Even though the financial crisis reduced the activities of non-regulated *Sofomes,* the number of active *Sofomes* according to CONDUSEF increased from 2,570 in December 2011 to 4,442 in December 2013.

Since their creation, non-bank financial institutions have targeted the low- and middle-income segments of the population with limited access to traditional sources of credit. During the last few years, consumer credit growth has been largely driven by non-bank financial institutions, such as Crédito Real, and small and medium-sized consumer focused banks. We believe that future growth in consumer lending will continue to be led by non-bank financial institutions and specialized small- to medium-sized banks that understand the credit risk and credit needs of the population that has been underserved by traditional banking institutions. The following chart presents the growth from 2009 to 2012 in the consumer loan portfolio of Mexico's five largest commercial banks and of selected nonbank financial institutions and consumer-focused banks.

Consumer Loan Portfolio CAGR (2010-2013)



Source: Company filings presented to CNBV as of December 31, 2013, except Financiera Independencia and FONACOT which were obtained from public filings.

Note: Crédito Real consumer loans do not include small business loans.
Crédito Real 2010 Consumer Loan Portfolio adjusted by company.
*CAGR from 2009 – 2012. Information for 2013 is not available. BNP Paribas refers to BNP PARIBAS PERSONAL FINANCE, S.A. DE C.V. SOFOM, E.N.R.

Since 2008, NAFIN, along with the SHCP, has implemented multiple programs to support non-regulated financial institutions with credit lines and guarantees. Other federal entities such as the Mexican Federal Mortgage Society (*Sociedad Hipotecaria Federal, S.N.C., Institución de Banca de Desarrollo*, or "SHF"), also provide credit to *Sofomes* looking to expand credit availability in specific sectors such as mortgages. In addition, global organizations like the International Bank for Reconstruction and Development ("IRBD") and the IADB support non-regulated lending by providing funding to development banks like NAFIN and the SHF.

Overview of the Payroll Lending Market in Mexico

There are different types of participants in the Mexican payroll lending market that can be distinguished based on their differing business models and the focus of their principal activities:

- Funders: Exclusively dedicated to providing funding to separate companies that have their own origination platforms and direct access to government entities. Funders have no direct contact with the end customer.

- Brokers/Distributors: Focused on loan origination through the use of their own commercial platforms. Brokers/distributors have direct access to customers, but do not fund or own the loan portfolios they originate.

- Integrated Entities: Companies that integrate the functions of both funders and brokers/distributors.

The Mexican payroll lending market is highly fragmented and dominated by regional competitors that have limited access to funding sources. Only a few market participants offer payroll lending on a nationwide basis and can access the capital markets for funding. Among these are Crédito Real, Consupago, S.A. de C.V., Ediciones Tratados y Equipos, S.A. de C.V., Cetelem México, S.A. de C.V., the Institute of the National Fund for Worker Consumption (*Instituto del Fondo Nacional para el Consumo de los Trabajadores,* or "INFONACOT") and BNP Paribas.

Payroll lending products are mainly targeted at the low- and middle-income segments of the population that have limited or no access to credit from commercial banks. Most payroll lending companies target unionized government employees due to the generally low employment turnover of public sector employees, which is largely the result of historically strong labor unions.

As of 2011, according to the ISSSTE, the number of government and government-dependent employees in Mexico, including municipal employees, federal and state government employees, public education and public health workers, employees of quasi-sovereign organizations and pensioners of these employers, exceeded approximately 7 million people. During 2011, total compensation for this group exceeded Ps.130,060 million. We estimate that the potential for payroll lending in this segment of the population, considering a maximum payroll deduction of 30% of payroll income, exceeds Ps.39,060 million per year.

Non-performing payroll loans have traditionally been very low, with most non-performing loans having been made to employees who changed jobs or passed away during the loan term. As a result, payroll lending participants in Mexico have grown significantly while maintaining high-quality loan portfolios.

Overview of the Durable Goods Financing Market in Mexico

The Mexican durable goods financing market is highly competitive. Our main competitors in this market are specialized retail chains with in-house consumer financing programs such as Grupo Elektra, S.A.B. de C.V., Banco Ahorro Famsa, S.A., Institución de Banca Múltiple and Bancoppel, S.A., Institución de Banca Múltiple that focus on the low- to middle-income segments of the population, and Grupo Palacio de Hierro, S.A.B. de C.V., El Puerto de Liverpool, S.A.B. de C.V. (including the department store "Fábricas de Francia") and Sears Roebuck de México, S.A. de C.V. that focus on the middle- to high-income segments of the population. Additionally, there are certain financial institutions that participate in durable goods financing directly, or through agreements with durable goods distributors and specialized commercial retailers, such as Crédito Real, Crédito Familiar, S.A. de C.V., Banco Compartamos, S.A., Institución de Banca Múltiple, Cetelem México, S.A. de C.V. and Financiera Independencia, S.A.B. de C.V., SOFOM, E.N.R.

We believe that demand for durable goods credit will continue to grow in the future as continued improvement in GDP per capita will drive consumer spending and allow a greater portion of the Mexican population to have access to the type of products we finance, such as "white line products" and consumer electronics. Poor performance of loan portfolios and high levels of NPLs attributable to new participants in this market are explained by the lack of understanding that the new participants have of the credit risk posed by durable goods loan borrowers.

Overview of the Small Business Loans Market in Mexico

Small businesses (those with less than 50 employees) account for more than 95% of Mexico's economic units. We believe this market is highly underpenetrated by financial institutions, as only 16% of small businesses have access to credit due to their lack of credit history, collateral or previous bank references. The market is dominated by HSBC under the brand Credifranquicia, BBVA under the brand Crédito Líquido Pyme, Banamex under the brand Crédito PYME, and Banorte, as well as other institutions such as ABC Capital and Banregio, which grant loans to entrepreneurs based on their own credit rating. Likewise, we estimate that around 14% of small businesses are financed by microfinance institutions, among which Banco Compartamos (with 2.49 million borrowers) and Financiera Independencia (with 1.26 million borrowers) have the most significant market shares. Such microfinance institutions are unable to increase their participation in the small business segments as they are unable to target larger, more sophisticated small businesses given that their average loan is the equivalent of US$500, which limits them to the lower end of the small business spectrum. As a result, we believe that the remaining 70% of all small businesses are financed exclusively through personal credits from their business owners, mainly through credit cards, resulting in a potential market for our loans of an estimated Ps.4 billion.

Overview of the Group Loan Market in Mexico

Microfinance includes a diverse set of small-scale financial services, such as group loans, microinsurance and microsavings, that are provided principally to the low-income segment of the population in need of capital for funding a business, protection against risks, or safe and dependable savings and money transfer vehicles. Other financing alternatives available to the low-income segments, such as saving clubs, pawn shops, rotating savings, credit associations and other informal money-lenders do not offer the security, terms and stability that microfinance institutions offer.

Group loans in Mexico are predominately targeted at low-income women, pensioners, small-scale farmers and micro-entrepreneurs earning between one and eight times the minimum monthly wage in Mexico City (currently Ps.67.29 per day). We estimate that this population represents approximately 70% of the Mexican population. According to a study performed by ProDesarrollo, the potential market for group loans is approximately 20 million people, of which less than 5 million are currently group loan customers.

Annual interest rates charged on loans in Mexico are above 80% according to a study published by the Microfinance Information Exchange in 2009. Despite the relatively high interest rates typically charged, lending is generally seen as beneficial to society, since it enables individuals that would otherwise not have access to financial services and products to build their assets, increase their income and reduce their vulnerability to economic shocks.

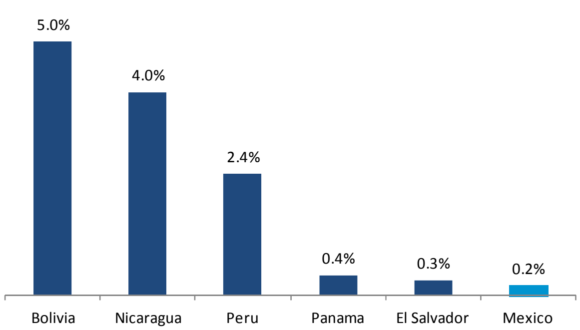
According to a study published by Programa Nacional de Financiamiento al Microempresario (PRONAFIM) and ProDesarrollo Finanzas y Microempresa, A.C., there were 84 microfinance institutions ("MFIs") in Mexico as of October 1, 2013.

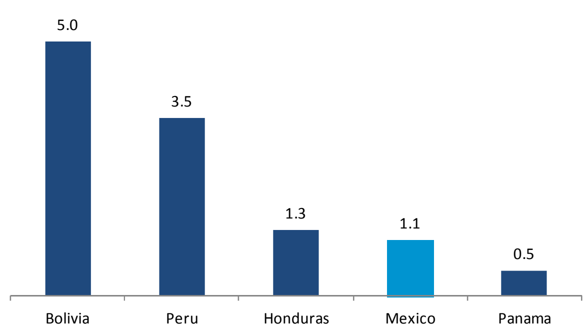
In 2012, the sector grew 18%, a similar growth rate as in 2011. The microfinance sector had 6.54 million clients by the end of 2012, a growth of 23% compared 2011, which in turn meant a 15.1% growth in gross loan average from Ps.4,522 to Ps.5,204 in 2012. According to projections by the same study, total assets for the sector were projected to grow by 11.11% in 2013 and by 10.97% in 2014.

As of 2012, there were 77 MFIs in Mexico, of which 16 had large loan portfolios, defined as those with US$15 million or more in gross loans, and 27 had medium sized operations with loan portfolios between US$ 4 million and US$ 15 million. Crédito Real's group loan business would be classified as large sized considering that we had Ps 2,017.7 million in gross loans as of December 2013.

Participants in the Mexican group loan market include NGOs, cooperatives, development institutions, as well as regulated and non-regulated financial institutions and banks. Participants in the group loan market have become essential for the development of the low and middle income segments in Mexico.

The charts below present microfinance penetration, expressed as microfinance loans as a percentage of GDP and microfinance institution branches per 100,000 adults in select Latin American countries.





Source: CGAP Financial Access Report 2010

Overview of the Auto Loans Market in Mexico

The total number of auto loans in Mexico showed a compound annual growth rate ("CAGR") of 8.8% from 2009 to 2012. In 2006, the Mexican auto loan industry reached the highest levels during the last eight years with 703,354 loans (26.8% higher than in 2012). The auto loan industry grew from 461,371 loans in 2011 to 515,063 loans in 2012, representing an 11.6% increase. Of the total number of loans in 2011, 60.6% were financed by non-commercial bank companies, while in 2012 that proportion grew to 64.7%, showing a strong increase but with enough room to continue gaining market share against commercial banks. The top five players in auto financing in Mexico are NR Finance Mexico with 22% market share, BBVA Bancomer with 18% market share, VW Credit with 10% market share, GM (Ally) with 10% market share and Scotiabank with 8% market share.

Principal Competitors in the Payroll Lending, Group Loan and Durable Goods Financing Markets in Mexico

The following table sets forth the principal companies in some of the markets in which we operate.

Institution	Crédito Real Competing Product	Gross Consumer Loan Portfolio (Ps.in millions, 2013)	Consumer Portfolio NPL Ratio (2013)[(1)]
Crédito Real	**-**	**9,558**	**1.62%**
Microfinance and Personal Consumer Companies			
Banco Ahorro Famsa	Durable Goods Loans	10,327	21.49%
Banco Azteca	Durable Goods Loans	42,991	11.66%
Banco Wal-Mart	Durable Goods Loans	2,937	6.24%
BanCoppel	Durable Goods Loans	9,257	12.51%
Compartamos	Group Loans	16,447	2.89%
Financiera Independencia*	Group Loans	5,287	5.85%
FONACOT*	Payroll Loans	1,950	1.88%
BNP Paribas*	Payroll Loans	2,343	16.52%
Commercial Banks			
BBVA Bancomer		187,702	3.95%
Banorte		39,270	2.27%
Santander		69,305	3.89%
Banregio		949	2.55%
Banamex		69,915	4.27%
HSBC		39,463	4.53%

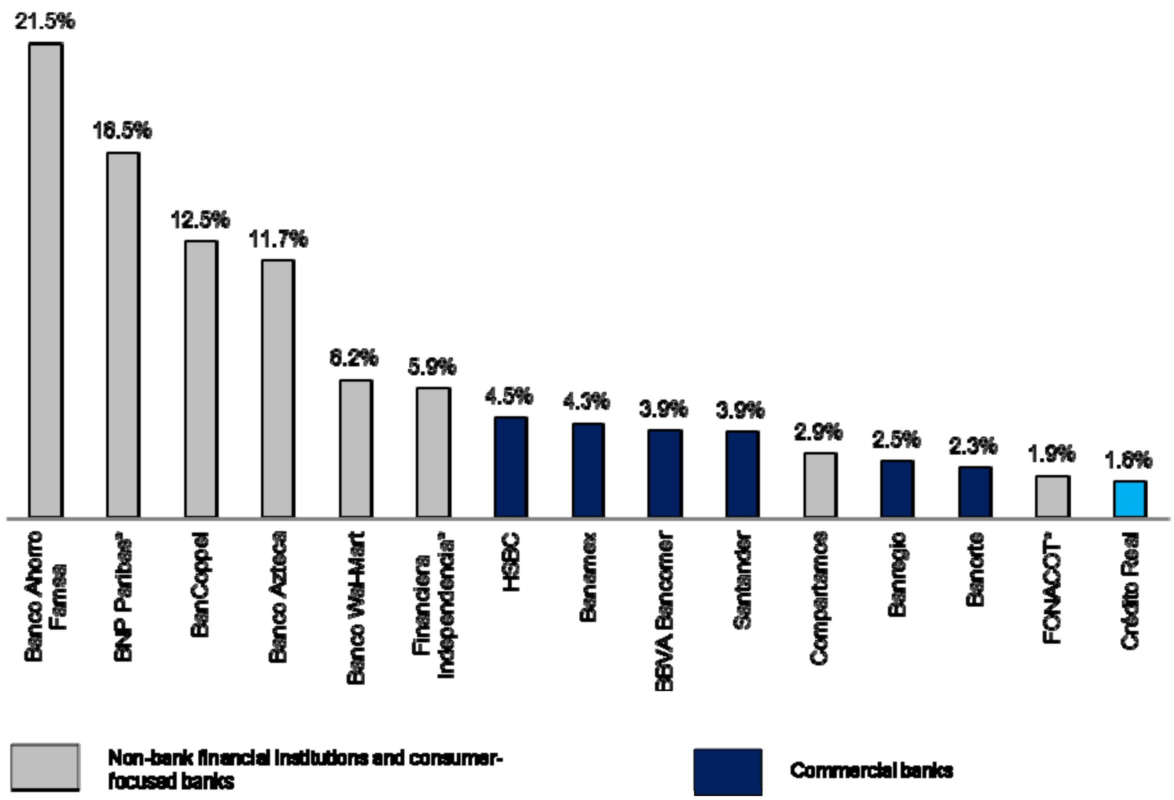
Source: Company filings presented to CNBV as of December 31, 2013, except Financiera Independencia and FONACOT which were obtained from public filings.

(1) Crédito Real consumer loans do not include small business loans.

*Information as of 2012. BNP Paribas refers to BNP PARIBAS PERSONAL FINANCE, S.A. DE C.V. SOFOM, E.N.R.

The following chart presents the level of NPLs for select competitors across our product segments as of December 31, 2013:

Consumer Loan Portfolio NPL[(1)] Ratios of our Principal Competitors



Source: CNBV, except Financiera Independencia and FONACOT which data that was obtained from public filings. Crédito Real consumer NPL calculation excludes small business loans.

(1) Consumer non-performing loans /consumer gross loan portfolio as of December 31, 2013.

*Information as of 2012. BNP Paribas refers to BNP PARIBAS PERSONAL FINANCE, S.A. DE C.V. SOFOM, E.N.R.

BUSINESS

Overview

History and Development

We began operations in 1993, when we were incorporated as a variable capital limited liability corporation (*sociedad anónima de capital variable*) under Mexican law. From 1993 to 2006, we operated as a supplementary financing organization (*organización auxiliar de crédito*), authorized by the SHCP to conduct financial factoring and certain other financial operations, such as buying and selling accounts receivable and other credit documents. Prior to 2005, our business consisted primarily of durable goods lending to finance the acquisition of "white line products," such as kitchen appliances and washing machines. Our durable goods lending business allowed us to gain scale and develop our business expertise and our technological platform.

In July 2006, the regulatory regime in Mexico was amended to, among other things, deregulate auxiliary credit activities and organizations. As a result, a new category of financial institutions known as multiple purpose financial institutions or *Sofomes* were created. In December 2006, we amended our bylaws to become a non-regulated *Sofom* (*sociedad financiera de objeto múltiple, entidad no regulada*, or *Sofom E.N.R.*). The recent reforms to the Mexican General Law of Auxiliary Credit Organizations and Credit Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*) provide that a *Sofom*, such as us, that issues debt securities registered with the RNV, should be considered a regulated *Sofom*, rather than a non-regulated *Sofom*. We are in the process of implementing required changes in order to comply with applicable provisions of the Financial Reforms, which include, among other things, adjusting our corporate name and by-laws. Additionally, once the CNBV issues the general provisions applicable to a regulated *Sofom* as a result of the issuance of debt securities registered with the RNV, as is our case, we will make all necessary changes to adjust our operations. Until such general provisions are enacted, our rights and obligations will still be those of a non-regulated *Sofom*. As a non-regulated *Sofom*, we are permitted under Mexican law to (i) grant loans and engage in other types of financial transactions for various purposes; (ii) place securities in the capital markets and obtain financing from financial institutions, such as insurance and bonding companies; and (iii) grant loans that are not required to be targeted to a specific sector of the Mexican economy.

Since we became a *Sofom*, our business strategy has evolved to focus on expanding into payroll and group loans, which offer attractive margins and lower default rates and which have experienced significant growth over the last three years. At the same time, we have maintained and consolidated our leading presence in durable goods financing. In 2007, we merged with our affiliate Crediplus, S.A. de C.V. ("Crediplus"), an originator and issuer of loans. As a result of the merger, we acquired Crediplus's branch network.

On November 20, 2007, Nexxus Capital Private Equity Fund III L.P. acquired 22.5% of our shares. Nexxus Capital, which owns the fund, is a well-known private equity investor in Mexico.

From December 31, 2011 to December 31, 2013, our loan portfolio increased at a compound annual rate of 37.5%, from to Ps.5,512.2 million to Ps.10,423.5 million. During the 20 years that we have been in business, we have disbursed approximately four million loans to more than two million customers.

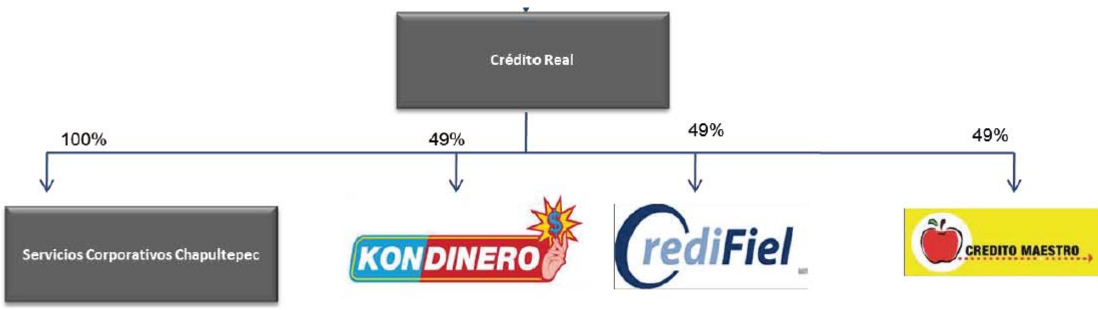
As part of our strategy to consolidate our position in the payroll lending business and to secure a source of payroll loan origination, effective July 1, 2011 we acquired from Grupo Kon a 49% interest in the shares of one of our principal distributors, Directodo. The acquisition was carried out through the merger of Crédito Real, as a merging entity of Rasteroz, a company holding 49% of Directodo's shares. As a result of the merger, Rasteroz's main shareholder, Venlo Resources Pte. Ltd., (a member of Grupo Kon) received 18.8% of our shares. Futu-Iem, a company holding 72.0% of our capital stock prior to the merger with Rasteroz, merged with and into Crédito Real as part of this transaction. As a result, the members of the Berrondo, Saiz and Esteve families became direct shareholders of Crédito Real. See "Principal Shareholders".

Consistent with our acquisition strategy, on November 18, 2011, we acquired a 49% interest in the shares of Publiseg, one of our two main distributors of payroll loans. Publiseg operates under the brand name Credifiel. We paid for this strategic acquisition in cash.

In August 2012, as part of our strategy to consolidate our position in the payroll loan market, we entered into an agreement to acquire a minority interest in the capital stock of GEMA. We initially acquired a 40.8% ownership interest, and during the first quarter of 2013 increased our ownership interest to 49%. Additionally, the agreement provides options for us to acquire the remaining 51% interest in Crédito Maestro in 2017 and 2018.

In October 2012, we conducted an initial public offering and became a *sociedad anónima bursátil de capital variable* (variable capital public stock corporation).

The following chart shows our corporate structure as of December 31, 2013:



Note: Servicios Corporativos Chapultepec, S.A. de C.V. ("*Servicios Chapultepec*") is a corporation which provides us exclusively with administrative services. Directodo (Kondinero), Publiseg (Credifiel) and GEMA (Crédito Maestro) are among Mexico's main payroll loan distributors.

Principal Activity

We are one of the leading financial companies in Mexico, with a focus on consumer lending, and we have a diversified business platform focused primarily on the following types of loans made to individuals and groups throughout Mexico: (i) payroll loans, (ii) durable goods loans, (iii) small business loans, (iv) group loans and (v) used car loans. We offer products to the low- and middle-income segments of the population, which historically have been underserved by other financial institutions. According to INEGI, these segments account for approximately 56.0% of the total economically active population, which represents approximately 29.3 million potential customers. On December 31, 2013, the average principal amount of our outstanding loans was Ps.21,891. All loans made or purchased by us are denominated in pesos, bear interest at fixed rates and are amortized in installments. We design our credit products with terms that we believe can be easily understood by customers, even if they have no previous credit experience.

At December 31, 2013, our payroll loan portfolio totaled Ps.8,165.6 million, representing approximately 16.1% of the potential market according to our internal estimates based on market data. Additionally, according to ProDesarrollo, in 2012 we were the eighth largest provider of group loans in Mexico, and we had a total of 57,242 group loan customers as of December 31, 2013. Finally, we believe that we have a significant level of penetration in medium-sized specialized retail chains for durable goods, given that, as of December 31, 2013, we granted them financing totaling 9.3% of our sales to these types of establishments with whom we have established relationships.

We fund our portfolio primarily through our own capital, debt securities issued in the local and international capital markets and bank credit lines. In 2010, we accessed the international debt markets through an inaugural five-year bond offering of our 2015 Senior Notes followed by a reopening for a combined aggregate principal amount of US$210.0 million. As of December 31, 2011, 2012 and 2013, we had capitalization ratios (defined as total stockholders' equity divided by total loan portfolio at the end of the period) of 26.5%, 53.4% and 41.8% respectively.

We strive to deliver economic value to our shareholders by enhancing the social well-being of our clients through our loans, which provide them with the opportunity to access funds that would otherwise not be easily obtainable, given the limited or nonexistent credit histories of the majority of the individuals we serve.

Our Loan Products

Overview

Our typical customer has historically had limited access to financing from banks and other traditional credit providers. Most of our customers have limited or no credit histories and are thus generally unable to meet the minimal lending standards of banks and traditional financial institutions. The interest rates we charge on our loans reflect the additional risks posed by lending to the customers we target, the difficulties in reaching such customers and the expenses involved in developing tailored consumer credit products to meet their needs, as well as in originating, servicing and monitoring small loans.

The following table sets forth the typical characteristics and terms of our five major loan products as of December 31, 2013.

	Loan Product				
	Payroll Loans	**Durable Goods Loans**	**Small Business Loans**	**Group Loans**	**Used Car Loans**
Main characteristics	Loans repaid through deductions from the paychecks of unionized government employees	Short-term consumer loans to finance purchases of durable goods from selected specialized retail chains	Provides enterprise financing through non-revolving short- and long-term lines to fund working capital requirements and investment activities	Small group loans for working capital requirements of micro-businesses	Focused on financing semi-new and used cars through strategic alliances with a network of distributors that use their own sales force to promote our loans
Average loan amount (approx.)(1)	Ps.24,010	Ps.14,424	Ps.3,916,657	Ps.3,629	Ps.89,497
Payment frequency	Every 2 weeks	Monthly	Monthly	Weekly	Monthly
Average term	35 months	12 months	12 months	3.5 months	30 months
Average yield	31.8%	24.6%	19.3%	67.9%	33.3%
Origination channel	Through Distributors	Majority are originated through convenience stores or warehouses	Promoters and an alliance	Promoters and an alliance	Through Distributors
Effective interest rate	50-65%	40-50%	20-30%	90-110%	25-35%
Risk and profit sharing (R&P)	Include sharing risk with the distributors	Some products include sharing risk with the specialized retail chains	Some loans include sharing risk with the distributor	Not applicable	Include sharing risk with the distributors
Percentage of loan portfolio	78.3%	10.8%	8.3%	2.0%	0.6%
Delinquency rate	1.6%	2.0%	0.5%	0.5%	2.3%
Number of outstanding clients (approx.)	340,093	77,923	221	57,242	677
Target market(2)	C+, C-, D+	C, D+, D	C+, C	C-,D, E	C+, C, C-, D

(1) The amount of group loans includes the loan amount for each member of the group.
(2) Market segments are defined based on monthly family income, in accordance with the categories established by AMAI, as follows: Level E, between Ps.0 and Ps.2,699; Level D, between Ps.2,700 and Ps.6,799; Level D+, between Ps.6,800 and Ps.11,599; Level C, between Ps.11,600 and Ps.34,999; Level C+, between Ps.35,000 and Ps.84,999; and Levels A and B, Ps.85,000 or more.

Between December 31, 2011 and December 31, 2013, our total loan portfolio grew by a compound annual rate of 37.5%. This growth increased our profitability as we took advantage of our operating and financial leverage.

Markets for Our Products

We provide our loan products throughout Mexico, including in several major metropolitan areas, such as Mexico City, and other large cities in the states of Guerrero, Morelos, Nuevo León, Puebla, Veracruz and Yucatán, among others. Our payroll and durable goods loan businesses, which are our oldest business lines, have a presence in every Mexican state, while our group loan business operates in 19 of the 32 Mexican states.

The following table shows the breakdown of our loan portfolio in each of our main loan products by state of origination as of December 31, 2013.

State	Business Line					
	Payroll Loans	Group Loans	Durable Goods Loans	Small Business Loans	Used Car Loans	Total
Aguascalientes	1	3	0	0	0	1
Baja California	1	0	2	0	2	1
Baja California Sur	0	0	0	0	0	0
Campeche	2	1	3	0	0	1
Chiapas	5	0	4	0	0	4
Chihuahua	2	0	1	0	1	2
Coahuila	1	1	0	0	1	1
Colima	1	3	0	0	0	1
Distrito Federal	9	0	10	99	20	18
Durango	1	0	0	0	0	0
Estado de México	10	12	9	1	19	9
Guanajuato	3	13	0	0	2	3
Guerrero	10	9	0	0	0	9
Hidalgo	3	0	1	0	2	3
Jalisco	3	8	0	0	45	3
Michoacán	3	20	0	0	0	3
Morelos	2	4	0	0	1	2
Nayarit	1	2	0	0	0	1
Nuevo León	1	2	2	0	2	1
Oaxaca	12	0	5	0	0	10
Puebla	3	0	5	0	1	3
Querétaro	1	3	0	0	1	1
Quintana Roo	1	1	4	0	0	1
San Luis Potosí	3	4	0	0	0	2
Sinaloa	2	0	0	0	0	1
Sonora	2	0	0	0	1	1
Tabasco	3	4	8	0	0	3
Tamaulipas	3	0	1	0	1	2
Tlaxcala	2	0	1	0	0	2
Veracruz	4	7	35	0	0	5
Yucatán	2	4	6	0	0	2
Zacatecas	1	1	0	0	0	1
Other	2	0	0	0	0	1
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

As of December 31, 2013, our payroll loan portfolio was concentrated primarily in the states of Oaxaca (12%), Guerrero (10%), Estado de Mexico (10%) and Distrito Federal (9%). These concentrations are the result of the strong presence our payroll loan distributors have in those states and of the high population density of those areas.

As of December 31, 2013, our group loan portfolio was concentrated in the states of Michoacán (20%), Guanajuato (13%), Estado de México (12%) and Guerrero (9%). These are the states in which our group loan business has been active for the longest period of time, and as a result, where our promoters have the most developed relationships with existing and potential borrowers.

As of December 31, 2013, our durable goods loan portfolio was concentrated in the state of Veracruz (35%) and Distrito Federal (10%). This concentration is the result of the large presence of our principal retail distributors, including Foto Contino de Veracruz, S.A. de C.V., Distribuidora de Máquinas y Muebles de Mérida, S.A. de C.V., Viana Descuentos, S.A. de C.V. and Honda de México, S.A. de C.V., have in these regions.

As of December 31, 2013, our small business loan portfolio was concentrated in Mexico City. This concentration results from the fact that we launched this new business line in Mexico City with plans to broaden the geographic span in the future.

Finally, as of December 31, 2013, our used car loans portfolio was concentrated in the states of Jalisco (45%), Distrito Federal (20%) and Estado de México (19%). This concentration is the result of current distribution agreements. We expect to broaden the geographic span in the future.

We believe that our efforts to consolidate out payroll business, work with durable goods specialized retail chains with nationwide scale, expand our group loan branch network and expand the geographic reach of our most recent business lines of small business loans and used car loans will enable us to achieve an even more diversified loan portfolio across all Mexican states.

The following sections describe our loan products in more detail.

Payroll Loans

Our payroll loans are granted through our distributors to unionized state and federal public-sector employees, retirees and pensioners. These loans are originated by our distributors through portfolio purchasing operations. The loans are repaid through paycheck deductions pursuant to the borrowers' prior written instructions. These instructions authorize a borrower's public-sector employer to make fixed installment payments (including interest) from the borrower's payroll wages before those wages are paid to the borrower, significantly mitigating the risk of default. Government agencies typically set limits for the percentage of net available salary that can be deducted from employees' wages to repay a loan. We offer certain of our customers the option to renew their loans before they reach maturity. Historically, approximately 38.6% of our payroll customers have renewed their loans, and we expect this trend to continue.

The relationships established by our distributors, either directly or through service providers, such as public relations firms, with those labor unions which employ or represent public sector employees in various regions of Mexico are formalized through cooperation agreements among our distributors, the labor unions and the public sector employers. These agreements provide that the distributor will offer loans that are payable through payroll deductions for unionized workers and also provide that the public sector employers must execute the employee's instructions with respect to payment installments, including interest.

Under these cooperation agreements, obligations are created between our distributors and government entities and/or labor unions, which allow the distributors to take the necessary steps to promote and provide payroll loans to unionized employees. Furthermore, under such cooperation agreements, labor unions typically agree to assist the distributors in processing and obtaining the discount codes (*claves de descuento*) required for direct payroll deductions to be made. Such discount codes are provided by employers. The government entity, in addition to making the payroll deductions and remitting payments directly to Crédito Real as beneficiary is obligated to report periodically to us and the distributors regarding the payroll deductions. Distributors are responsible for coordinating with the relevant government entities so that the appropriate systems are operating properly and payments for bi-monthly amortization repayments are made on time. The government entities and/or labor unions are not involved in any way in the negotiation of loans, the loan approval process or the determination of the terms of credit agreements entered into by the distributors with unionized workers.

These cooperation agreements establish the mechanisms through which public sector employers or labor unions authorize our distributors to award loans to their employees, retirees, pensioners or union members, and promote such loans at work sites or events organized by labor unions. They include (i) the documentation that distributors must present to public sector employers or government entities in order to set up payroll deductions, as well as the timeline for such payroll deductions; (ii) the bank account through which the public sector employers must transfer or deposit payments received, as well as the specified periods for such transfers; (iii) in certain cases of termination, the obligations of government agencies to continue carrying out payments in accordance with the borrowers' instructions for loans which are still active are established; and (iv) the causes for termination or rescission of the loans. The specific terms and conditions of each cooperation agreement vary on a case by case basis. In certain cases, the cooperation agreements establish payments from the distributors to the public sector employers or labor unions for their assistance securing the payroll loan customers. In general, such payments are determined based on the amounts paid by the employees on the payroll loans.

In some instances, the cooperation agreements provide for the payment of a fee by the distributor to the labor unions (or the government agency), based on a percentage of the loans originated through the particular cooperation agreement. Distributors are responsible for coordinating with government entities and our branches in order to ensure that the corresponding information systems work adequately and payments are made on time.

The collection and maintenance of those cooperation agreements has a cost, which we estimate varies between 3% and 5% of revenues generated by the portfolio of payroll loans. This cost is fully covered by the distributors.

As a part of our strategy to expand and strengthen our payroll loan operations and increase profitability, on July 1, 2011 we acquired a 49% share in the capital of Directodo from Grupo Kon and also were granted an option to acquire the remaining 51% of the capital stock. Directodo operates its loan origination business under the brand name and trademark Kondinero, and is one of the leading originators of payroll loans in Mexico in terms of origination capacity. Directodo was founded in 2006 and has since originated payroll loans amounting to approximately Ps.5,000 million throughout Mexico.

On December 31, 2013, Directodo had 56 cooperation agreements with government agencies, and operated 112 branches in 30 states of Mexico. On December 31, 2013, Directodo had 1,027 employees, including 630 sales executives and 88 telephone operators.

The acquisition of Directodo was structured through the merger between us and Rasteroz, a holding company subsidiary of Grupo Kon that holds 49% of the shares of Directodo. As a result of the merger, the shareholder of Rasteroz, Venlo Resources Pte. Ltd. (a member of Grupo Kon), received 18.8% of our outstanding shares. As part of the transaction, Directodo entered into an exclusivity agreement with us and Rasteroz entered into an agreement not to compete with Directodo and their directors and shareholders for the benefit of Crédito Real. These agreements include all of their loan origination activities and give us the right to fund 100% of the payroll loans originated by Directodo.

Following the same strategy of vertical integration, on November 18, 2011, we acquired a participation equivalent to 49% of the capital of Publiseg, which operates under the brand Credifiel, and is one of the largest distributors of payroll loans in Mexico in terms of origination capacity. We also were granted an option to acquire the remaining 51% of the capital stock of the company. As of December 31, 2013, Publiseg was the third largest originator of payroll loans for us, with approximately Ps.770.7 million originated during the year. The negotiation with Publiseg's shareholders for the acquisition of the 49% interest included exclusivity and non-compete agreements with Publiseg and its managers and shareholders for our benefit. These agreements include all of Publiseg's loan origination activities and give us the right to fund 100% of the payroll loans originated by Publiseg.

Publiseg was founded in 2005. It currently has over 74 branches located in 28 states of Mexico with a sales force of over 1,770 developers. As of December 31, 2013, Publiseg had 92 cooperation agreements.

Similarly, in August 2012, as part of our strategy to consolidate our position in the payroll loan market, we entered into an agreement to acquire a minority interest in the capital stock of GEMA. The negotiation with GEMA's shareholders for the acquisition of an interest in GEMA included exclusivity and non-competition agreements with GEMA and its managers and shareholders for our benefit. We initially acquired a 40.8% ownership interest, and during the first quarter of 2013 exercised an option to increase our ownership interest to 49%. Additionally, the agreement provides options for us to acquire and for the current shareholders of GEMA to sell the remaining 51% interest in GEMA in 2017 and 2018. On September 28, 2012, we were notified that the Mexican Antitrust Commission (*Comisión Federal de Competencia*) approved the consummation of this acquisition. The initial transaction was completed on October 4, 2012.

GEMA, which operates under the brand name Crédito Maestro, is one of the main payroll loan distributors in Mexico. As is the case for our investments in Kondinero and Credifiel, our investment in Crédito Maestro will be accounted for using the equity method. This transaction continues our strategy of vertical integration and should help us further operating synergies and increases in our net margin.

As of December 31, 2013, Crédito Maestro had cooperation agreements with 47 government agencies, and operated 66 branches in 21 states of Mexico. As of December 31, 2013, Crédito Maestro had 1,312 employees, including 919 sales executives.

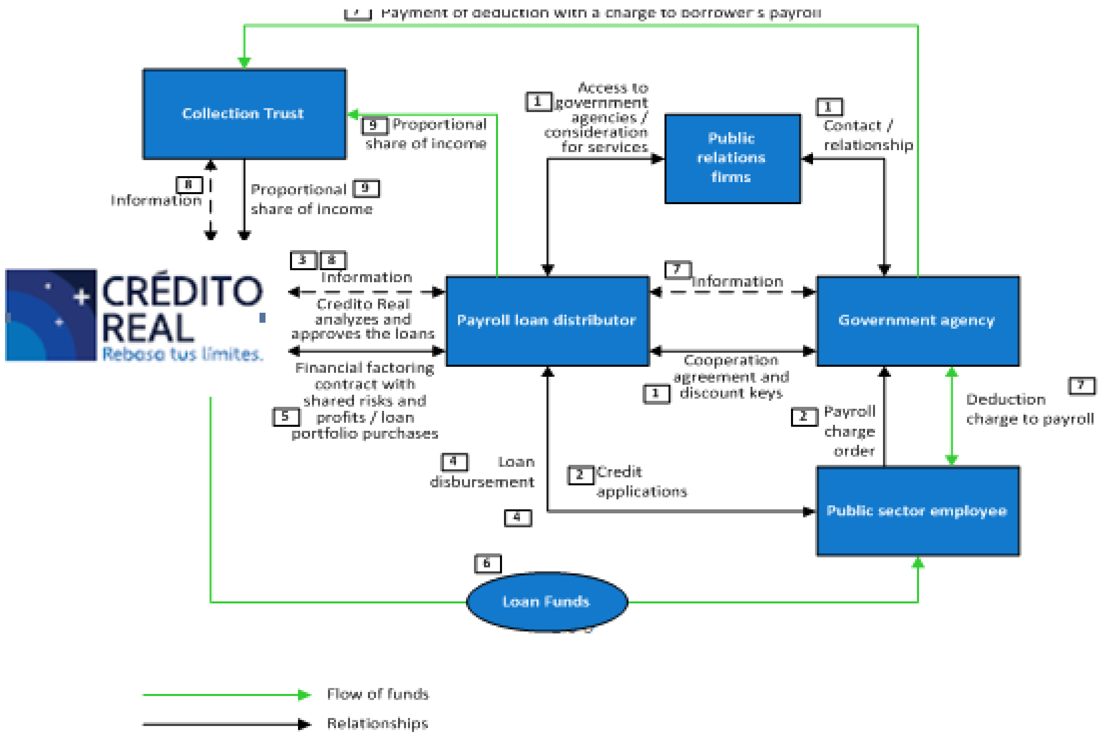
Currently, our payroll loans are originated by Directodo, Publiseg and GEMA under the Kondinero, Credifiel and Crédito Maestro brands, respectively, as well as by 22 other independent distributors. However, we review and analyze each credit application and approve loans according to our own lending policies and procedures, with the aim of ensuring that all of our loans meet the same quality standards. We share with each distributor the credit risk and the income generated by the loans it originates; however, each distributor retains responsibility for servicing and absorbing all operating costs relating to the loans. Government agencies transfer employees' loan payments directly to us or to a trust controlled by us, and we then transfer to each distributor its respective share of income net of any deductions related to non-performing loans.

Our distributors have access to approximately 266 government entities across all states in Mexico, and employ or are affiliated with approximately 1.6 million individuals.

Payroll loans have become an attractive alternative source of unsecured credit for Mexican consumers. Due to the method for repayment, borrowers find it easier to service and qualify for payroll loans compared to other forms of consumer financing. For the same reason, lenders tend to view payroll loans as a more attractive risk compared to other forms of consumer financing.

Our average payroll loan has an average term of approximately 35 months and an initial principal amount of approximately Ps.30,000 (equivalent to approximately 30% of the average borrower's gross annual income). The interest rates we offer on our payroll loans range from 50% to 65% per annum. As of December 31, 2013, we had approximately 340,093 clients with payroll loans outstanding with an aggregate principal amount of Ps.8,165.6 million, which represented approximately 84.9% of our total loan portfolio and 83.2% of our interest income. As of December 31, 2013, the percentage of non-performing loans in our total payroll loan portfolio was approximately 1.6%.

The following chart provides an overview of our payroll loan business model:



1. Distributors' access to government agencies, through public relations firms; signature of cooperation agreements between distributors and government agencies.
2. The distributor consolidates the loan application and compiles the documentation and information needed from the potential borrower (public sector employee); the loan application includes the instruction for a payroll charge granted by the employee/borrower to the agency.
3. We receive the documentation and information from the employee, evaluate the loan application, and approve the loan on a case-by-case basis. We keep the loan documentation (loan contract, pay stub, etc.).
4. The distributor grants the loan.
5. We acquire the loan through a financial factoring operation, pursuant to the financial factoring agreement entered into between us and the distributor.
6. We disburse the loan funds and the borrower/employee receives them.
7. The agency carries out the charges to the employee/borrower's payroll needed for the depreciation of the loan, and transfers the funds to the collection trust. The distributor carries out the collection of the loan with the agency, and receives information from the agency related to the charges made to the employee/borrower's payroll.
8. We receive information on the charges carried out by the agency and the funds received by the collection trust from both the distributor and the collection trust, reconcile this information and apply it to our systems.
9. We distribute the shared gains or losses between the distributor and us.

Business Model

Our business model allows both us and our distributors to focus on each of our respective competitive strengths. While we focus on risk management and funding, our distributors focus on increasing our potential customer base by signing new cooperation agreements with government entities or renewing existing ones and promoting our loans among unionized government employees.

Distribution and Origination

Payroll loans are originated by Directodo, Publiseg and GEMA, under the Kondinero, Credifiel and Crédito Maestro brands, respectively, and by other independent distributors, and later acquired by us via portfolio purchase operations, pursuant to financial factoring agreements with our distributors.

These financial factoring agreements stipulate that: (i) we will pay a specified price to the distributor for the acquisition of rights to the loan, including the formulas used to determine the final price based on fluctuating discounts and taking into consideration the quality of the acquired loan rights, assuming the effective payment of said loans; (ii) payment will be made in partial payments such that part of the price will be paid when the rights to the loan are acquired and part of the payment will be made later, in specified periods; (iii) there will be a joint and several obligation of the distributor in the event that the borrower of the loan acquired by us does not pay the loan amounts due to us based on a percentage of the unpaid amount; and (iv) we may compensate the distributor for the joint and several obligation amount due to us by discounting any amount owed by us to such distributor.

For exclusively operational purposes, a part of the price for the acquisition of the loan in the financial factoring agreements is recognized as "interest income" or a "bonus", although these concepts are part of the acquisition price for the loan rights, which is determined by taking into account: (i) the amounts paid by the borrowers to us and (ii) the dates on which such amounts are paid.

Factoring agreements entered into by us provide for partial recourse against the distributor if the borrowers do not meet their payment obligations. In terms of the factoring agreement, the distributors are liable to the borrowers for the percentage specified in such agreements with respect to amounts not paid by us.

We currently have factoring agreements with 25 distributors. These distributors in turn have cooperation agreements with public-sector employers or employee labor unions in 266 governmental agencies across all states in Mexico, through which they promote our payroll loan products.

Loan origination occurs through a distributor, subject to our lending standards, our loan terms and our approval. Many of our distributors depend upon the services of public relations firms to provide contacts and lobby for contracts with public sector employers and/or labor unions. The fees paid to these public relations firms by our distributors or by us generally depend on the number of loans that originated from the specific public sector employer or labor union, and the collection of such loans.

Borrowers must be employees of a government agency or members of a labor union that has entered into a cooperation agreement with one of our distributors and must prove employment by producing pay stubs. We are responsible for verifying a borrower's identity, employment and repayment capacity based on our credit policies. When loans are being originated, distributors are responsible only for collecting information. Borrowers can withdraw the proceeds of the loan against our account at any local bank. Depending on the distributor, loan disbursement can occur either by a deposit in the customer's bank account, by check or by automated loan disbursement (*dispersion automática de pagos*, or "DAP"), with DAP being the most common. We serve as custodian for all credit documentation, including the irrevocable instructions from creditors for the deductions to be made from their paychecks.

Except for Directodo, Publiseg and GEMA, neither we nor any of our shareholders has an ownership interest in any of the distributors with which we operate. In addition to the acquisitions of 49% of Directodo, Publiseg and GEMA described above, we currently have no intention of acquiring another distributor.

Credit Application and Review Process

The credit application process for our payroll loans depends partially on our distributors. They are responsible for collecting the information and sending it to us for our review. Our proprietary credit review and approval process includes both quantitative and qualitative features. Upon receiving a loan application, our credit department first evaluates the electronic credit application and supporting information provided by the distributor and processes the loan application on an individual basis. The credit decision is supported by automated processes through a central computer system using scoring tables and algorithms to evaluate the payment capacity of the applicant. The qualitative aspects of the loan request are evaluated by our credit analysts. Individualized scoring models are developed for our main specialized retail chains and generic scoring models are used with other specialized retail chains. Our ability to develop a tailored scoring model for a particular specialized retail chain depends on the amount and quality of the information we have on the risk profile of the specialized retail chain's customer. Our business model does not include the possibility of pre-approval of payroll loans.

Loan Servicing and Collection

In Mexico, certain unionized employees receive their paychecks directly from their employers; others receive paychecks from their employers through the labor unions to which they belong. Each distributor registers each payroll loan it originates with the borrower's employer or the borrower's union, according to the entity from which the borrower receives his or her paycheck. The distributor submits signed instructions from the borrower to the borrower's employer or union to make direct installment payments to the lender from the borrower's paycheck. Every two weeks, we collect from employers or unions of our borrowers, prior to the disbursement of paychecks, an amount equal to the total installment payments of our payroll loan borrowers; this amount is sent to a trust in which we are a trustor, and in which Crédito Real and our distributors are beneficiaries of the payroll loan collections received. Each distributor verifies the loan payments and sends an electronic file to us with the necessary information for the correct application of the payment in our management system. We then transfer to each distributor its respective share of income net of any deductions related to non-performing loans. This agreed-upon income percentage given to the distributor is treated as a bonus to the discount with which we acquired the loans from the distributor. On occasions, due to netting and compensation, we directly transfer to the distributor its share of income.

Loan Documentation

Payroll loans acquired from our distributors are documented through the execution of loan contracts and promissory notes. We store the loan contracts and original promissory notes in digital format, as well as by safekeeping signals.

There is no priority of payment for cases where a borrower has more than one loan with different lenders.

The payroll loan contracts do not allow for the payment of additional amounts in favor of the borrowers, such as interest. Some payroll loan contracts may establish penalties for voluntary prepayment by the borrowers. However, the borrowers have the option of making direct payments to the account specified in the contract pursuant to the terms and conditions established in said loan contracts.

Target Market

Our target market for payroll loans consists of unionized employees of federal, state and municipal governments and other public agencies, with monthly gross income ranging from Ps.10,000 to Ps.30,000. As of December 31, 2013, approximately 69% of the payroll loans we acquired were made to current employees of the state and federal public school systems. Public healthcare professionals represent 8% of our loan originations and IMSS employees represent 5%, while other government employees account for the remaining 17%.

Competition

In addition to credit cards and other forms of financing, our primary competitors in the Mexican payroll loan market are the following companies:

- Crediamigo México, S.A. de C.V.;
- Consupago, S.A. de C.V.;
- Ediciones Tratados y Equipos, S.A. de C.V.; and
- FONACOT.

The remaining competitors in the Mexican payroll loan market are comprised of a number of other institutions, none of which, we believe, has a significant individual market share. We believe that our distributors with whom we operate generally do not work with other payroll lenders and enjoy stable relationships with public-sector employers and labor unions. However, our agreements with our distributors are not exclusive, and we cannot assure you that our distributors with whom we operate will continue working primarily with us or that they will maintain their existing payroll loan cooperation agreements with public-sector employers and unions.

Competitive Strengths

We provide low-cost funding to our distributors through our factoring operations. In addition, our profit/risk sharing arrangements with our distributors create an incentive for them to operate efficiently.

Our distributor network provides access to customers in different locations within Mexico. Our systems and technological platform give us the ability to tailor our payroll loan products to satisfy the specific needs of customers across diverse locations in Mexico.

We have a highly developed operational model, information technology systems, and broad-based market expertise which help us to better adapt to the needs of our distributors and maintain better control over our payroll loan portfolio. In addition, our operational flexibility and capacity to innovate allow us to adapt to changing market conditions and constantly analyze opportunities as they arise with new distributors, agencies and markets more broadly.

The terms and conditions of our payroll loans include fixed interest rates, fixed terms and fixed installment plans. We believe our borrowers find such fixed terms easy to understand, making our payroll loan products more attractive.

Durable Goods Loans

Our durable goods loan business principally involves the acquisition of accounts receivables from specialized retail chains pursuant to factoring agreements. However, in some cases, we provide direct loans to end-customers under a specialized retail chain's brand. The goods sold by our retail partners and financed by us are mainly "white line products" such as kitchen appliances, clothes dryers and washing machines, as well as furniture and electronics.

Durable goods financing was the first product we offered when we were still an affiliate of Grupo Mabe, one of the leading manufacturers of "white-line" appliances in North, Central and South America. We subsequently expanded the product by offering smaller retailers a convenient and cost-effective financing source. Small retailers typically have limited access to direct financing sources and are unable to fund their own loan portfolios. We effectively become the financing arm of the retailers we work with, allowing them to eliminate costs associated with loan processing, financing and collection, and freeing up working capital for other uses.

Our average durable goods loan has a principal amount of approximately Ps.14,424 and a term of approximately 12 months. Our durable goods loans generally have a term of one year or less. As of December 31, 2013, we had approximately 77,923 durable goods loans outstanding with an aggregate value of approximately Ps.1,124.0 million, which represented approximately 10.8% of our total loan portfolio and 9.3% of our interest income.

Distribution and Origination

We have factoring agreements with 44 active specialized retail chains that collectively have 1,271 points of sale in more than 117 cities throughout Mexico. Our principal distributors are the electronics and furniture retailers Foto Contino de Veracruz, S.A. de C.V., Distribuidora de Máquinas y Muebles de Mérida, S.A. de C.V., Viana Descuentos, S.A. de C.V. and motorcycle retailer Honda de México, S.A. de C.V. Our top five distributors collectively account for approximately 89.6% of our durable goods loan portfolio.

Loans are originated at the point of sale on a two-track process depending on the extent of the borrower's credit history. The borrower must complete a credit application in-store. If a borrower has a credit history at one of the credit bureaus, which we estimate is the case in approximately 75% of the durable goods loans we analyze, we are usually able to approve or deny the loan application within 30 minutes of its submission. When no credit history is available to us, approval typically takes approximately 48 hours and depends on the prospective borrower's creditworthiness as determined through our detailed proprietary credit approval processes.

The disbursement of funds to the specialized retail chain occurs approximately within 48 hours of receiving all of the required documentation.

Credit Application and Approval Process

Our proprietary credit review and approval process includes both quantitative and qualitative features. Upon receiving a loan application, our credit department first evaluates the electronic credit application and supporting information provided by the specialized retail chain and processes the loan application on an individual basis. The credit decision is supported by automated processes through a central computer system using scoring tables and algorithms to evaluate the payment capacity of the applicant. Quantitative information regarding payment capacity is determined based in part on proprietary industry data, in part on individualized payment history (if the applicant is a repeat customer) and in part based on information obtained from third-party credit bureaus. Individual scoring models are developed for our main specialized retail chains and generic scoring models are used with other retailers. Our ability to develop a tailored scoring model for a particular retailer depends on the amount and quality of the information we have on the risk profile of the retailer's customers.

For the durable goods loan applications that do not have detailed credit histories, the qualitative portion of our proprietary credit review and approval process becomes paramount. This process, which typically takes approximately 48 hours to complete, involves individualized investigations into the creditworthiness of a potential borrower, including personal contact, typically by telephone, between our credit department and the borrowers' employer and other references that the borrower provides. For the durable goods loan applicants that have detailed credit histories, we are usually able to approve or deny a loan application within approximately 30 minutes of its submission.

The principal reason for rejecting a credit application is negative credit history. The average approval rate for the year ended December 31, 2013 was 62%, and for the year ended December 31, 2012 it was 61.7%.

Loan Servicing and Collection

Repayment of our durable goods loans by our customers is typically accomplished through monthly payments to us, either through a local bank or through the specialized retail chain itself, which subsequently directs the payments to us. We have implemented preventive collection procedures, including telephone calls to inform customers that a payment is coming due or has become overdue. Any loan that has two consecutive overdue payments is placed in a field collection process and we may eventually pursue legal action for collection. Our durable goods loans are secured by the invoices of the goods purchased with the proceeds of such loans, which limits the ability of borrowers to dispose of the goods before the loans are fully repaid. However, for purposes of enforcing our rights in collection procedures, we use only the promissory notes (*pagarés*) that evidence the corresponding loans.

Target Market

Our target consumers have a monthly income ranging from Ps.5,000 to Ps.12,000, many of which have limited credit histories and no access to credit cards. We specialize in tailoring our financing programs to meet the particular needs of each specialized retail chain's customers and have the ability to adjust our financing terms to accommodate specialized retail chain promotions. Approximately 52% of our durable goods loan borrowers are men and 48% are women.

Competition

The market for retail consumer credit in Mexico is highly competitive. Our competitors for durable goods loans include the following:

- Other consumer finance companies, including Crédito Familiar, S.A. de C.V., Cetelem México, S.A. de C.V. and Financiera Independencia, S.A.B. de C.V., SOFOM, E.N.R.;

- Specialized retail chains with in-house consumer financing programs, including Grupo Elektra, S.A.B. de C.V., Banco Ahorro Famsa, S.A., Institución de Banca Múltiple and Bancoppel, S.A., Institución de Banca Múltiple in the low- to middle-income market segments and, major department stores such as Grupo Palacio de Hierro, S.A.B. de C.V., El Puerto de Liverpool, S.A.B. de C.V. and Sears Roebuck de México, S.A. de C.V. in the middle- to high-income market segments; and

- Financial intermediaries, such as banks which offer loans for durable goods, and credit card providers.

Competitive Strengths

In our durable goods loan line, our principal competitive strength is the flexibility of our financing program. Our competitors in this business have typically been reluctant to extend loans for consumer purchases below certain amounts, and often deny loans to consumers that cannot produce payment references. We believe that we are more capable of working with specialized retail chains that do not have financial capabilities to tailor financing programs that meet their promotional needs and the credit profile of their customers. We believe this flexibility makes us a more attractive financing provider for specialized retail chains.

With respect to specialized retail chains that have in-house financing programs, our main competitive strength is efficiency. We conduct our approval, origination and collection processes over a wide network of distribution channels, giving our business substantial economies of scale. We believe that many small- and even mid-sized specialized retail chains are incapable of operating in-house financing programs with our efficiencies. By partnering with us, these specialized retail chains avoid the costs and risks of servicing their own loan portfolios, can preserve working capital for the operation of their core businesses and can focus on cultivating customer relationships.

We also believe that the level of service we provide to the specialized retail chains we work with constitutes a significant competitive strength relative to other consumer finance companies. We invest significant resources in developing strong relationships with specialized retail chains. For example, we hold monthly meetings with them to analyze operating income and to develop advertising and promotional campaigns. We have also developed our systems to allow us to identify incoming calls from customers and to answer the calls using the specialized retail chain's name as if we were part of the specialized retail chain. Overall, we believe our superior customer service is an important competitive advantage that has allowed us to expand the network of specialized retail chains we work with.

Small Business Loans

This business aim to serve a market segment that is underserved by banks, through two different channels:

- An alliance with a small business loan distributor. In October 2013, we entered into an alliance with Fondo H in order to strengthen our position in the SME loan market and also acquired a Ps.657.5 million loan portfolio. Fondo H is an originator focused on granting short- and medium-term loans to SMEs in Mexico. Its customer base includes businesses in the manufacturing, distribution and services sectors. Through the agreement we provide exclusive funding for the loans originated by Fondo H. The enterprises that are granted such loans have annual sales between Ps.50,000,000 and Ps.100,000,000. The loan amounts rage from Ps.1 million to Ps.10 million with loan terms from three to 24 months and interest rates of 20-25%. We believe this market represents a great opportunity because of the large number of small business in Mexico.

- A personal in-house brand in the Mexico City area. The main customers of our Crédito Real PYMES brand are mom and pop stores, micro and small enterprises and independent professionals. We provide enterprise financing through non-revolving short term lines (up to 12 months) and long term lines (up to 36 months) to fund working capital requirements and investment activities. Amounts range from Ps.100,000 to Ps.1,000,000, with a preference for loans in an amount approximately equal to Ps.400,000. The collateral is comprised of personal guarantees, and on loans of Ps.500,000 and above we require a hard collateral, non-residential guarantee. Interest rates and loan fees range from 28-32% and 1.5-2.5%, respectively.

Distribution and Origination

Loans are originated through our official internet web site, commercial fairs, street screenings and our business center in México City. The total sale force consists of ten sale representatives. Portfolio management and the approval process are performed through the Credit Relationship Manager System (CRM).

The prescreening process is performed by our ten sales representatives and is based on a know-your-customer approach. The process involves the completion of a credit application that comprises: (1) commercial, personal and credit bureau references, (2) proof of cash flow generation based on banking and/or financial statements and (3) verification of place of business. Once a customer has been approved a preliminary term sheet is validated.

The financial analysis consists of an in depth interview to establish payment capacity. The analysis is based on cash flow rather than collateral lending. Our in-house financial model considers: cash flow generation, liquidity and leverage ratios, operating cycle and capital expenditure requirements. After the financial analysis, a Corporate Credit Summary (CCS) is generated for approval by the Credit Committee (individual and joint faculties).

Loan Servicing and Collections

We have implemented a preventive collection procedure performed by the sales force team, which includes telephone calls and in some cases personal visits to the place of business to notify a customer that a payment is coming due or has become overdue. Any loan that has two consecutive overdue payments is transferred to a specialized collections division in order to procure payment.

Competition

Direct competition consists of other non-banking institutions and personal and corporate credit cards issued by banking institutions.

Competitive Strengths

Our main competitive strengths are our quick response time, our capability to perform tailor financing and personal and direct service.

Group Loans

We started our group loan business in March 2007. This loan product is targeted at owners of small, often informal commercial enterprises referred to as "microbusinesses." The owners of microbusinesses typically have limited access to traditional financing sources such as banks. They typically rely on alternative financing, including cash loans from businesses such as ours, to supply working capital for their microbusinesses.

Our group loans are short-term loans ranging from 12 to 16 weeks made to microbusiness owners, predominantly women, who form small groups of between 12 to 25 borrowers. The borrowers use the loan proceeds exclusively to finance small commercial enterprises. Each individual in a group may borrow a different amount of money, but the repayment dates and applicable interest rates (averaging a 5.1% monthly rate in 2013) are the same for everyone in the group. Prior to disbursing a loan, we require each borrowing group to provide to us a security deposit equivalent to 10% of the principal loan amount to be disbursed. Each group member jointly and severally guarantees each other group member's obligations, assuming responsibility for any payment default by another group member.

As of December 31, 2013, we offered group loans to a total of 57,242 customers. Over the next few years, we plan to consolidate our presence in the states in which we currently operate and to continue to eventually expand into other regions in order to build a national presence. We believe our growth strategy will yield significant improvements in our volume, margins and efficiency. We plan to increase the number of customers per promoter and per branch. Furthermore, we believe our disciplined execution and comprehensive training programs will also allow us to improve our operating efficiency and profitability.

Our promoters are responsible for identifying and forming borrowing groups, originating loans and ensuring the timely collection of payments by coordinating weekly borrowing group meetings. Loan payments are collected by a leader selected from within the members of the borrowing group. Each leader is accompanied by another group member to deposit collections on a weekly basis at nearby bank branches or certain convenience stores with which we have collection agreements. Approximately 63.3% of our group loan customers have applied to renew their group loan once their existing loan has been repaid in full. In order to renew a loan, the borrowing group must increase the number of members by at least one member. In addition, we offer each borrowing group member the opportunity to acquire a year-long life and cancer insurance policy. As of December 31, 2013, 73.6% of our customers had acquired such policy.

Our average group loan has a principal amount of Ps.3,629 per group member. As of December 31, 2013 we had a Ps.207.7 million group loan portfolio, which represented approximately 2.0% of our total loan portfolio and 4.8% of our interest income. The non-performing loans in our group loan portfolio as of December 31, 2013 were approximately 0.5% of our total group loan balance.

Distribution and Origination

We rely on employees known as promoters (*promotores*) to identify and recruit potential customers for our group loan products. These promoters operate and receive full salaries and benefits, as well as performance bonuses based on the volume and performance of the loans they help originate. In addition to identifying and recruiting potential customers, promoters are responsible for meeting with borrower groups every week to assess the performance of their microbusinesses and to supervise the collection of payments. Moreover, in 2013 we formed an alliance with a group loan distributor in order to strengthen our loan origination. As of December 31, 2013, we had 314 promoters across 67 cities in 20 states within Mexico.

A key element in the development and maintenance is the formation and maintenance of our staff of promoters. We typically recruit candidates to become promoters from the local area. Our promoters play a key role in our group loan business, and we place a high priority on their training. Each promoter receives two months of training before starting work, which includes both classroom sessions and on-the-job training. This intensive training program is intended to familiarize our promoters with marketing and group formation strategies and with our detailed credit review process and to allow our promoters to develop a thorough understanding of the local market. Our promoters are supervised and evaluated on an ongoing basis by senior personnel and receive periodic training focused on innovations in our business and personal development. A significant portion of the costs involved in expanding our group loan business relate to the recruiting, training and oversight of promoters. The historically high turnover rate of promoters in this business, which requires us to continuously recruit and train new promoters, contributes to these costs.

We believe that a key differentiator of our business model is our innovative origination and collection methodology for group loans and the level of discipline we maintain in the execution of such methodology. We have implemented a number of policies and procedures that we believe have enabled us to maintain historically low delinquency rates on group loans, including the following requirements: (i) weekly group meetings coordinated by promoter at which loan payments are collected; (ii) each borrowing group member must live within a 15-minute walking distance from the weekly meeting point; (iii) no more than two members of the same family are allowed to be part of a given borrowing group; and (iv) no loan disbursements may be made to the group unless all group members are physically present at the disbursement meeting. Loans are disbursed by DAP.

Credit Application and Review Process

Because many of our group loan customers have limited or no credit history, the documentation review process for these loans is generally limited to verifying the identities of the borrowers and their sources of income. Our promoters also play a significant role in the credit review process by personally investigating and evaluating prospective borrowers and working to organize effective and efficient borrowing groups. In addition, although our group loans are reviewed and approved by our branches, our central operations department continuously monitors the local credit review process to ensure that our credit review methodologies are applied appropriately. As of December 31, 2013, the approval rate for our group loans was approximately 71.6%.

Loan Servicing and Collection

Each member of a borrower group is required to attend a weekly meeting with the promoter that recruited the group. During this meeting, each member of the group makes the payment due on his or her portion of the loan. If any group member is short of funds or does not attend the meeting to make his or her respective payment, the other members of the group assume responsibility for making up the difference. Each group is led by a committee of three members (a president, a leader and a secretary, all of whom are elected by the group), who are responsible for collecting and verifying loan payments by each member of their group. The promoter is responsible for verifying the collection of payments and ensuring that the total amount of funds received is correct, but promoters do not receive or manage cash payments made by our customers. Instead, the group's committee is responsible for depositing the payment at an authorized bank branch or at certain convenience store chains with which we have collection agreements. Each group's committee keeps all receipts of its bank deposits in order to verify that payments have been made correctly.

As a principal measure for the enforcement of loan payments, we measure delinquency rates using a four-day late payment metric. Our promoters' monthly bonus is tied to their ability to maintain an average delinquency rate below 3.5%, as measured by our four-day metric. In addition, each promoter is required to attend every collection and payment meeting of their borrowing groups to ensure that borrowing groups have collected the total amount of their weekly due payments. Our central offices send to each branch manager the details of all loans that are in default for their timely follow-up on a daily basis.

Target Market

Our group loans are targeted at groups of individuals, primarily women, who own and operate small commercial enterprises but who do not have access to credit from traditional banks. These individuals generally have monthly incomes ranging from Ps.2,000 to Ps.5,000. The average loan balance for our group loans is Ps.3,629 per group member, has an average term of 12 or 16 weeks and carries an effective annual interest rate of 90% to 110%.

Competition

We are one of the principal financial companies in Mexico. Our principal competitors at the national level are Banco Compartamos, S.A., Institución de Banca Múltiple, Financiera Independencia, S.A.B. de C.V., SOFOM, E.N.R and Centro de Apoyo al Microempresario Fundacion Integral Comunitaria. We also face competition from regional microlenders and the other players like pawn shops. We compete with these various firms primarily on credit terms and customer service. In addition to other microlenders, we also face competition to a lesser extent from more traditional financing sources. In particular, credit cards have become more widely available in Mexico in recent years, and borrowers who currently rely on loans may be able to secure other sources of financing in the future.

Despite the intense competition, we believe that market penetration of microfinance in Mexico remains low. Our research and discussions with our group loan customers indicate that a significant portion of our group loan borrowers has never had contact with other lenders.

Competitive Strengths

We believe that the primary competitive strengths of our group loan business are our business model, our human resources and our customer service. We believe one of the most distinctive aspects of our business model is the level of discipline which we exercise in the implementation of our group lending methodology described above. We believe that our group loan customers value personal interaction in business relationships, and that our trained staff of promoters, who regularly meet with borrower groups throughout the term of their loan, are essential to cultivating these relationships. Many of our promoters hail from the same cities and regions of Mexico that they serve and can use local relationships to identify and source new customers for our group loans. In addition, we believe that we have designed adequate training programs and compensation schemes that enable and encourage our promoters to deliver a superior customer service. We believe our staff of promoters will be our most important asset in consolidating and growing our group loan business.

Used Car Loans

Our used car loan business is mainly focused on financing semi-new and used cars through strategic alliances with a network of distributors that use their own sales force to promote our loans. The cars have a life range of three to ten years. Loan terms ranges from six to 48 months with interest rates from 25% to 35%. Additionally, all cars are insured and have a GPS system that allows us to know in real-time where the car is at all times. As of December 31, 2013, we had a network of 9 distributors with a loan portfolio of Ps.60.6 million and 677 financed cars.

Distribution and Origination

We have factoring agreements with 9 distributors that collectively have more than 100 points of sale. Our principal distributors are GPI Comercial S.A. and Fonding S.A. Our top three distributors collectively account for approximately 97 % of our used car loans portfolio.

Loans are originated at the point of sale. The borrower must complete a credit application in the store and a commercial advisor sends it to Credito Real with copies of the costumer's identification and income statements. The information is sent to the company through our digital platform

The disbursement of funds to the specialized retail chain occurs approximately within 48 hours of receiving all of the required documentation.

Credit Application and Approval Process

Our proprietary credit review and approval process includes both quantitative and qualitative features. Upon receiving a loan application, our credit department first evaluates the electronic credit application and supporting information provided by our distributors and processes the loan application on an individual basis. The credit decision is supported by automated processes through a central computer system using scoring tables and algorithms to evaluate the payment capacity of the applicant. Quantitative information regarding payment capacity is determined based in part on proprietary industry data, in part on individualized payment history (if the applicant is a repeat customer) and in part based on information obtained from third-party credit bureaus. Individual scoring models are developed for our main specialized retail chains and generic scoring models are used with other retailers.

For the used car loans applications that lack detailed credit histories, the qualitative portion of our proprietary credit review and approval process becomes paramount. This process, which typically takes approximately 48 hours to complete, involves individualized investigations into the creditworthiness of a potential borrower, including personal contact, typically by telephone, between our credit department and the borrowers' employer and other references that the borrower provides.

Loan Servicing and Collection

Repayment of our used car loans by our customers is typically accomplished through monthly payments to us through a local bank. All of our cars have a GPS that allows us to know in real time where each vehicle is at all times. We have implemented preventive collection procedures, including telephone calls to inform customers that a payment is coming due or has become overdue. Any loan that has two consecutive overdue payments is placed in a field collection process, and we may eventually pursue legal action for collection and reposition of the vehicle. Our used car loans are secured by a non-possessory pledge (*prenda sin transmisión de posesión*) on the car invoices of the purchased car (property title), which is endorsed by a guarantee in favor of us and is kept in a secure vault at the company. However, for purposes of enforcing our rights in collection procedures, we use only the promissory note that evidences the corresponding loan.

Competition

The market for used car loans in Mexico is not very penetrated. Our competitors are mainly:

- Some banks;
- Local financial companies; and
- Small car dealers that offer in house loans.

Competitive Strengths

Our principal competitive strength is the flexibility of our financing program, our capability to do tailor financing programs that meet our clients' needs and credit profile and the efficiency in the overall loan process.

Collection

In the event of a late or missed loan payment, collection efforts will be conducted.

(i) For payroll loans, the collection effort will be conducted by our distributors, each of which has direct contact with the government agencies, labor unions and borrowers. We participate by informing the distributor of late payments. In case of a loss, we will share the loss with the distributor in accordance with the terms of the applicable loss agreement.

(ii) For durable goods loans, our call center will contact the borrower directly and attempt to recover the payment.

(iii) For small business loans, we have certain warranties that support the loans.

(iv) For group loans, the promoter, in concert with other members of the group, will handle the collection effort. We assess delinquency of the loans based on a 4-day internal payment metric and determine what additional measures need to be taken after a loan becomes delinquent.

(v) For used car loans, each car has a GPS system that allows us to know in real-time where the car is at all times. In addition, all cars are insured.

Information Technology

Our technology systems department is responsible for the development and maintenance of our proprietary information system and infrastructure, administration and control of our databases and providing helpdesk assistance. The central technology platform for the administration of our portfolio belongs to us. Our systems are subject to security and quality control standards that are in line with industry practices and are continuously monitored through internal control procedures and internal and external audits.

We maintain an electronic record of all loans, as well as the different stages in their life cycle, in our portfolio management system. These records are updated every time there is contact with the borrower and any modifications resulting from such contacts are recorded. The databases are backed up automatically on a daily basis. We maintain a primary communication site in our central offices and also maintain a mirror data center located in another part of Mexico City for safety reasons.

Credit and Risk Management Policies

Credit risk is the possibility of a loss arising from a credit event, such as the failure by a borrower to make principal and interest payments under previously agreed terms, which causes an asset to lose value. The purpose of credit risk management is to mitigate and optimize credit risk, keeping our exposure to credit risk within a permissible level relative to our capital, in order to maintain the soundness of our assets and to ensure returns commensurate with risk. Our current credit policy sets forth uniform and basic operating concepts, code of conduct and standards for credit operations. By giving our employees extensive credit training, we aim to achieve a high standard of credit risk management, and create a better credit risk management culture within Crédito Real.

We have developed and refined our own proprietary underwriting standards and a digitalized credit review system, which help ensure high-quality loan portfolios and a faster credit approval process. In reviewing credit applications, we rely on both quantitative and qualitative measures, allowing us to utilize our knowledge and experience to better evaluate credit risk on a case-by-case basis. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications from customers with limited or no credit histories or who work in the informal economy. We believe that our business model limits our exposure to credit risk. Our payroll loans are repaid through direct charges from the borrowers' paychecks pursuant to express written instructions from the borrowers. These instructions authorize a borrower's public-sector employer or labor union to make fixed installment payments during the term of the payroll loan from the borrower's payroll wages before those wages are paid. In the case of group loans, we require our customers to provide a security deposit equivalent to 10% of the principal loan amount prior to the disbursement of each loan, and each group member jointly and severally guarantees each other group member's obligations, assuming joint responsibility for any missed payment by another group member. In addition, payments on our durable goods loans are supported by our possession of invoices for the goods purchased with the proceeds of such loans, facilitating repossession and limiting the ability of borrowers to dispose of the goods before the loans are fully repaid. However, for purposes of enforcing our collection rights, we use only the promissory notes (*pagarés*) that evidence the corresponding loans.

For loans to small and medium-sized businesses, we developed a hybrid credit approval procedure, in which different aspects of the clients are taken into consideration, including: the payment quality of previously contracted debt (knock-outs considered), contacting references, conducting field research, interviewing the clients, as well as applying a parametric score model. The latter includes demographic parameters, repayment capacity index, credit score, as well as qualitative and quantitative variables regarding the applicant and the credit facility.

As part of our ongoing process to monitor risks, we monitor the credit collection process, which is a crucial aspect of our credit process. We analyze, evaluate and monitor each loan individually. Special attention is paid to non-performing loans, and stricter measures are used to monitor these loans.

We adhere to an ethics policy and other procedures in all our operations and contracts, which includes internal controls and practices aimed at identifying, evaluating and preventing the risk of corrupt behavior by our officers or employees, directly or indirectly, in (i) their relationships with officers of public or private entities, (ii) the carrying out of commercial transactions, and (iii) the implementation of credit practices (including the origination of payroll loans).

Employees and Labor Relations

As of December 31, 2013, there were a total of 501 individuals working at Crédito Real. The following table sets forth the number of our full-time employees and their positions:

Number of Employees	Position
425	Operational and Administrative
62	Managers
14	Officers

Our operational and administrative personnel belong to the National Union of Workers of Financial and Banking Institutions, Organizations and Auxiliary Credit Activities, Office Employees, and Similar of Mexico (*Sindicato Nacional de Trabajadores de Instituciones Financieras, Bancarias, Organizaciones y Actividades Auxiliares de Crédito, Empleados de Oficina, Similares y Conexos de la República Mexicana*), which are subject to a collective bargaining agreement dated May 1, 2010. As of the date of this offering memorandum, we had a good relationship with our employees and their unions. Of the total number of our employees, 99% are non-union managerial employees (*empleados de confianza*), while 1% are unionized.

Properties and Leases

Our executive offices in Mexico City as well as all of our service offices and branches throughout Mexico, are located on leased premises. Our main fixed assets consist of computers, and office furniture and equipment.

Intellectual Property

In addition to other intellectual property such as copyrights and licenses, we own the following trademarks: *Crédito Real*, *BancaFon*, C*rediFon*, *CrediEquipos*, *Crediplus*, *CR Crédito Real*, *Pasión por crecer*, *AXEDES*, *Tu AXEDES*, *CR Crédito Real entidad financiera que te respalda tu AXEDES*, *CR Crédito Real tu Axedes* and *C MAS R*, all of which are registered with the Mexican Institute of Intellectual Property.

Litigation

We are from time to time involved in certain legal proceedings that are incidental to the normal conduct of our business. We do not believe that the outcome of any such proceedings, if decided adversely to our interests, will have a material adverse effect on our business, financial condition, cash flows or results of operations.

MANAGEMENT

Board of Directors

The administration of our business is entrusted to our board of directors.

The board of directors is made up of a number of regular members determined by the general shareholders' meeting, up to a maximum of 21 members, of which at least 25% must be independent. Each regular member must have an alternate, and alternates for independent members must be independent as well.

Currently, the board of directors consists of 11 directors, including six independent directors and seven alternate directors. Each member of the board or his or her respective alternate holds office for a term of one year and may be reelected for subsequent terms. Members of our board and their alternates receive fees for their services as approved by the shareholders' meeting. The board is assisted by its committees and by our executive officers, who manage our day-to-day affairs. All of our current directors and alternate directors were elected at our ordinary and extraordinary shareholders' meeting held on March 19, 2013.

The following individuals currently serve on our board of directors:

Name	Title	Age
Francisco Berrondo Lagos	Chairman	60
José Luis Berrondo Ávalos	Member	63
Ángel Francisco Romanos Berrondo	Member	47
Moisés Rabinovitz Ohrenstein	Member	57
Iser Rabinovitz Stern	Member	31
Eduardo Saiz Fernández (*)	Member	61
José Eduardo Esteve Recolons (*)	Member	48
Luis Alberto Harvey MacKissack (*)	Member	53
Arturo José Saval Pérez (*)	Member	56
Emilio Icaza Chávez (*)	Member	52
Wilfrido Castillo Sánchez Mejorada (*)	Member	72

The following individuals are alternate directors:

Name	Title	Age
Eduardo Berrondo Avalos	Alternate	56
Aby Litjszain Chernizky	Alternate	37
Marcos Shemaria Zlotorynski	Alternate	53
Enrique Saiz Fernadez (*)	Alternate	66
Jorge Esteve Recolons (*)	Alternate	46
Roberto Langenauer Neuman (*)	Alternate	41
Enrique Alejandro Castillo Badía (*)	Alternate	33

(*) Independent directors.

Mr. Francisco Berrondo Lagos is the cousin of Mr. Jose Luis Berrondo Avalos. Mr. Angel Francisco Romanos Berrondo is the nephew of Mr. Francisco Berrondo Lagos and Mr. Jose Luis Berrondo Avalos.

Mr. Moises Rabinovitz Ohrenstein is the father of Mr. Iser Rabinovitz Stern.

During December 2013, Guillermo Javier Solorzano Leiro was designated as Secretary of our board of directors and Carlos Valderrama Narvaez as Alternate Secretary.

Following are brief biographical descriptions of our directors.

Francisco Berrondo Lagos. Mr. Berrondo is the Chairman of our board of directors and has served on our board for 20 years. He was chief financial officer of Mabe, S.A. de C.V. for 17 years until 1992. From 1992 to 2002, he served as Director of Private and Corporate Banking of Bital. Mr. Berrondo currently sits on the board of directors of several companies, including Controladora Mabe, S.A. de C.V. and certain of its affiliates and subsidiaries, Coco Colima, S.A. de C.V., MM Promotora, S.A. de C.V., Vallarta Adventures, S.A. de C.V., Dolphin

Adventures, S.A. de C.V., Cabo Dolphin, S.A. de C.V. and MMB Promotora. Mr. Berrondo holds a Master's Degree in Economics from the University of Chicago.

José Luis Berrondo Avalos. Mr. Berrondo is a shareholder of Crédito Real and has served on our board for 20 years. He was Co-Chief Executive Officer of Mabe, S.A. de C.V. from 1984 through 1993. Since 2003, he has served as the sole Chief Executive Officer of Mabe, S.A. de C.V. Mr. Berrondo is currently Chairman of the board of directors of Mabe, S.A. de C.V., and a member of the board of directors of HSBC Grupo Financiero HSBC S.A. de C.V., HSBC México S.A., Intitución de Bana Múltiple. Mr. Berrondo holds an M.B.A. from the *Instituto Panamericano de Alta Dirección de Empresas*, or IPADE.

Ángel Francisco Romanos Berrondo. Mr. Romanos is our Chief Executive Officer and has served on our board for 20 years. He was Treasurer of Mabe, S.A. de C.V., from 1987 through 1993 and Manager of International Business of CB Capitales, S.A. from 1994 through 1996. Mr. Berrondo is also a member of the board of directors of Controladora Mabe, S.A. de C.V. He holds an M.B.A. with a specialty in finance and statistics from the Wharton School of Business.

Moisés Rabinovitz Ohrenstein. Mr. Rabinovitz has been chairman of Directodo's board of directors since its foundation in 2006. He has been chairman the board of directors of Grupo Kon and its subsidiaries since 1997. He served as an advisor to MundiHogar from 1988 to 2003 and as General Director from 1995 to 2003. He was an advisor to and the General Director of Electrónicos y Muebles Ibser from 1982 to 1995. He holds a degree in business administration.

Iser Rabinovitz Stern. Mr. Rabinovitz has been General Director of Directodo since its foundation in 2006. He has been General Director of Grupo Kon and its subsidiaries since 2007. He is an advisor to Meor Real Estate. He holds a degree in business administration from the Technological Institute of Superior Studies of Monterrey (*Instituto Tecnológico de Estudios Superiores de Monterrey*).

Eduardo Saiz Fernández. Mr. Saiz has served on our board for 20 years. From 1992 through 2002, he was Chief Financial Officer of Mabe, S.A. de C.V. Since 2002, he has been a delegate and member of the board of directors of Mabe, S.A. de C.V. Mr. Saiz holds a Bachelor's Degree in Accounting from the Universidad La Salle.

José Eduardo Esteve Recolons. Mr. Esteve has served on our board for 11 years. From 1994 to 2002, he was Director of Retail Banking for Bital and from 2002 through 2005, he was Director of Personal Financial Services at HSBC. He is currently the Chief Executive Officer of Comercial del Bosque, S.A. de C.V. Mr. Esteve is also on the boards of directors of Controladora Mabe, S.A. de C.V. and Agrofinanzas. Mr. Esteve holds an M.B.A. from Southern Methodist University.

Luis Alberto Harvey MacKissack. Mr. Harvey has served on our board for 3 years. He has more than 21 years of experience in investment banking and was an executive of Grupo Bursátil Mexicano, Fonlyser, Operadora de Bolsa y Servicios Industriales Peñoles. Mr. Harvey is also an Executive Partner of Nexxus Capital and ZN México Funds and sits on the boards of directors of Desarrolladora de Casas del Noroeste (Homex), Genomma Lab Internacional, Grupo Sports World, S.A. de C.V., Diamex, Harmon Hall Holdings, S.A. de C.V. Mr. Harvey holds an M.B.A. from the University of Texas.

Arturo José Saval Pérez. Mr. Saval has served on our board for 4 years. He has more than 28 years of experience in investment, retail and private banking and has participated in many financial transactions, including corporate mergers, acquisitions, sales and restructures. He is an Executive Partner of Nexxus Capital and ZN México Funds and sits on the boards of directors of Desarrolladora de Casas del Noroeste (Homex), Genomma Lab Internacional, Grupo Sports World, S.A. de C.V., Harmon Hall Holdings, S.A. de C.V. Mr. Saval holds a degree in financial analysis from the University of Michigan.

Emilio Icaza Chávez. Mr. Icaza is a member of our board of directors. He is the co-founder and President of Aspel since 1985. From 1989 through 1996 he served as the Executive Director of GBM Grupo Bursátil Mexicano. He is currently involved in the management of diverse private equity and hedge funds. Mr. Icaza holds a Bachelor's degree in Business Administration from the *Instituto Tecnológico Autónomo de México*, or ITAM.

Wilfrido Castillo Sánchez Mejorada. Mr. Castillo is a member of the board of directors of Quálitas Compañía de Seguros, S.A.B. de C.V. and has been its Director of Financing since 1996. He previously held different management positions at Mexican financial institutions including Casa de Bolsa Cremi, Sociedad Bursátil Mexicana, Mexival Casa de Bolsa, Casa de Bolsa México, Bursamex Casa de Bolsa and Castillo, Miranda and Cía, an accounting firm. Mr. Castillo obtained a degree in Accounting at the Universidad Nacional Autónoma de México, or UNAM. He is an active member of the Mexican Public Accountant Bar, of which he was President from 1982 to 1984. Mr. Castillo is a member of our Executive Committee, as well as President of the Audit Committee. He is also currently the President of the Audit Committee for Desarrolladora Homex, S.A.B. de C.V., and is an advisor to various commercial and philanthropic organizations.

Executive Officers

The following table lists the names, positions and years of service of our executive officers:

Name	Position	Years with Crédito Real
Ángel Francisco Romanos Berrondo	Chief Executive Officer	20
Lorena Margarita Cárdenas Costas	Chief Financial Officer	6
Carlos Enrique Ochoa Valdés	Chief Operations Officer	13
Adalberto Robles Rábago	Human Resources Officer	6
Luis Calixto López Lozano	General Counsel	9
Anthony Patrick McCarthy Moreno	Corporate Development Officer	3
Luis Carlos Aguilar Castillo	Commercial Officer for Payroll Loans	18
Juan Antonio Serna Martinez Vaca	Group loans Commercial Officer	13
Lourdes Patricia Ferro Bertolo	M&A Officer	1
Luis Arturo Magallanes Mantecon	Marketing Officer	1
Augusto Fernando Molina Foncerrada	Commercial Officer Small Business Loans	3
Iker Otegui Saiz	Commercial Officer Used Car Loans	2
Jonathan Japhet Rangel Guevara	Investor Relations Officer	1

Following are brief biographical descriptions of our executive officers.

Ángel Francisco Romanos Berrondo. Mr. Romanos is our Chief Executive Officer. He has served on our board for 20 years. He was also Treasurer of Mabe, S.A. de C.V., from 1987 through 1993 and Manager of International Business of CB Capitales, S.A., from 1994 through 1996. Mr. Romanos sits on the board of Mabe, S.A. de C.V. and holds an M.B.A. with a specialty in finance and statistics from the Wharton School of Business.

Lorena Margarita Cárdenas Costas. Ms. Cardenas has been our Chief Financial Officer since 2008. Prior to that, she served as the Chief Financial Officer of Nortel Networks México from 1994 to 2001 and the Chief Financial Officer of GMAC México from 2002 to 2008. Ms. Cárdenas holds an M.B.A. from the University of Miami.

Carlos Enrique Ochoa Valdés. Mr. Ochoa has been our Chief Operating Officer since 2003. Prior to that, he was our Planning Manager from 1997 to 2000 and our North Zone Operations Officer from 2000 to 2003. Mr. Ochoa holds a Master's degree in Economics and Finance from the University of Bristol.

Adalberto Robles Rábago. Mr. Robles has been our Human Resources Officer since 2008. Prior to that, he was the Human Resources Manager for Mabe, S.A. de C.V. from 2000 to 2008 and the Head of Human Resources at Grupo Desk from 1996 to 2000. Mr. Robles holds a Leadership Coach Certification from Leadership International Management ("LIM").

Luis Calixto López Lozano. Mr. López has been our General Counsel since 2005. Prior to that, he was our Corporate Counsel from 2000 to 2004 and the Supervisor of our Legal Department from 1998 to 2000. From 2004 to 2005, he served as our External Corporate Counsel. Mr. López holds a Diploma in Corporate Law from the *Instituto Tecnológico Autónomo de México*, or ITAM.

Anthony Patrick McCarthy Moreno. Mr. McCarthy was our Investor Relations Officer between 2010 and 2013 and is now our Corporate Development Officer. Prior to that, he served as Manager of Special Projects for the President of the board at Aon Risk Services, S.A. de C.V., and as a Financial Risk lines advisor. Mr. McCarthy holds an M.B.A. from the *Instituto Panamericano de Alta Dirección de Empresas*.

Luis Carlos Aguilar Castillo. Mr. Aguilar has been our Payroll Loans Commercial Officer since 2008, and he previously served as our Chief Financial Officer between 1995 and 2008. Prior to that, he served as the Financial Audit Manager of Bital. Mr. Aguilar holds an M.B.A. from the *Instituto Panamericano de Alta Dirección de Empresas*.

Juan Antonio Serna Martinez Vaca. Mr. Serna has been our Group Loans Commercial Director since 2013, Prior to that he was Group Loans Administrator Director. From 2000 to 2003, he was our Director of Internal Audit. Mr. Serna holds an M.B.A. from *Instituto Panamericano de Alta Dirección de Empresas*.

Lourdes Patricia Ferro Bertolo Ms. Ferro is our M&A Officer. She has an extensive financial banking system background, particularly in credit. She has worked in institutions such as Ixe Banco and Banorte as, among others, a member of their credit and risk committees. Ms. Ferro received a Bachelor’s degree in accounting from *Universidad La Salle*.

Luis Arturo Magallanes Mantecon. Mr. Magallanes is our Marketing Director. He has over twenty years of international management, sales and marketing experience. Mr. Magallanes previously worked for Coca-Cola in different positions, such as marketing director and regional director for The Coca Cola Co. At the Panamco Group (FEMSA), he served as marketing VP for Mexico, marketing VP for Brazil and marketing VP for Latin America. He has also served as marketing director for DHL Mexico.

Augusto Fernando Molina Foncerrada. Mr. Molina has been our Small Business Credit Director since 2011. He has 20 years of experience in the financial sector, both in research and sales at financial institutions, such as Scotia Capital, GE and Banamex – Citibank. He received a Bachelor’s degree in Economics from *Instituto Tecnológico Autónomo de México* (ITAM) and a Master degree in Economic Development from the University of Warwick in England.

Iker Otegui Saiz. Mr. Otegui has been our Automotive Finance Director since 2012. Prior to that, he served as comptroller of the international division of Mabe, and from 2008 to 2010 as manager of financial planning. Between 2003 and 2008 he held various positions within Credit Real, such as head of the factoring providers, business manager ROA, CFO and others.

Jonathan Japhet Rangel Guevara. Mr. Rangel has been our Investor Relations Officer since 2013. From 2010 to 2013, he served as Investor Relations Officer in Controladora Comercial Mexicana. He holds an M.B.A. from *Instituto Panamericano de Alta Dirección de Empresas* and also studied at China Europe International Business School. He is a CFA candidate, level III.

Audit Committee

In a general shareholders’ meeting held on September 13, 2012, Mr. Wilfrido Castillo Sánchez Mejorada, Mr. Emilio Icaza Chávez and Eduardo Saiz Fernández were appointed members of the Audit Committee. The chairman of the Audit Committee is Mr. Wilfrido Castillo Sánchez Mejorada. Pursuant to the provisions of the Stock Exchange Law (*Ley de Mercado de Valores),* and our bylaws, the three members appointed to the Audit Committee must be independent.

The Audit Committee is responsible for, among other things:

- reviewing and approving our financial statements and recommending their approval to our board;
- monitoring our policies, procedures and bylaws;
- identifying risks and opportunities;

- designating our internationally recognized external auditors;
- reviewing the progress of our operations;
- verifying that our business operations with our clients comply with our policies and the terms of our agreements with them;
- reviewing our controls and procedures;
- reviewing our audit reports, action plans and agreements with our executive officers; and
- acting as a link between our board and the external and internal auditors.

Corporate Governance, Nominating and Compensation Committee

In a general shareholders' meeting held on September 13, 2012, Mr. Emilio Icaza Chávez, Mr. Wilfrido Castillo Sánchez Mejorada and Mr. Arturo José Saval Pérez were appointed members of the Corporate Governance, Nominating and Compensation Committee. The chairman of the Corporate Governance, Nominating and Compensation Committee is Mr. Arturo José Saval Pérez. Pursuant to the provisions of the Stock Exchange Law and our bylaws, the three members appointed to the committee must be independent.

The Corporate Governance, Nominating & Compensation Committee is responsible for, among other things:

- reviewing and approving salary and compensations policies;
- reviewing position profiles of our first two levels of officers, as well as monitoring market salaries and compensation for these positions;
- reviewing and approving compensation and salary packages for first and second level officers;
- reviewing and approving related party transactions and other major transactions;
- reviewing and approving policies for use of our assets by officers and directors;
- authorizing changes to general payment terms for our employees;
- reviewing and approving long term compensation plans for our executives; and
- providing opinions on corporate governance issues to our board of directors.

Other Committees

In addition to the Audit Committee and the Corporate Governance, Nominating and Compensation Committee, the board of directors may establish other special committees considered necessary for the development of our operations, including the Executive Committee and the Credit, Risk and Treasury Committee.

Executive Committee

The Executive Committee is responsible for reviewing and approving, among other things:

- conclusions of and issues raised by the other Committees;
- annual budget per business line;
- general strategies per business line;
- comparison of monthly results to our budget;

- investments exceeding US$500,000, or its equivalent in pesos;
- long-term contracts exceeding US$200,000, or its equivalent in pesos, on an annual basis;
- loans, debt or capital issues exceeding US$3,700,000;
- new funding sources;
- terms of portfolio vs. funding;
- introduction of new products; and
- changes or new policies related to interest receivable, risks, compliance and allowances.

Credit, Risk and Treasury Committee

The Credit, Risk and Treasury Committee is responsible for, among other things:

- reviewing the behavior of our loan portfolio;
- formulating proposals for provisions and reserves per business line;
- establishing the relation between the terms of the portfolio and our funding;
- proposing and analyzing sources of funding;
- approving loans;
- proposing risk and operational policies; and
- proposing operational policies for clients who may have operational risks.

Currently, we do not have any intermediate administrative bodies beyond those committees described in this section. However, our bylaws establish that the Executive Committee may establish whichever special committees it deems necessary for the development of our operations, by establishing the powers and obligations of such committees and indicating the number and title of the members which shall constitute it.

Compensation

The members of our board of directors receive compensation for their activities as approved by the shareholders' assembly at the annual meeting.

The aggregate compensation paid to our officers includes fixed nominal salaries (which are revised by the Corporate Governance, Nominating and Compensation Committee periodically) as well as other types of consideration or compensation, such as loans for personal use, health insurance and additional vacation days, which vary depending on position, level of responsibility and performance. The Corporate Governance, Nominating and Compensation Committee is charged with approving our salary and compensation policies and offering recommendations to the board of directors regarding the approval of any consideration to be paid to our directors. For the year ended December 31, 2013, the aggregate compensation paid to our directors and executive officers was Ps.40 million.

The payment of up to US$300,000 annually for services rendered to us by the members of the board of directors, Audit Committee and Corporate Governance, Nominating and Compensation Committee was approved during our ordinary and extraordinary shareholders' meeting held on September 13, 2012. This compensation will be paid in the manner and terms to be proposed by the Corporate Governance, Nominating and Compensation Committee.

We do not pay any type of compensation to any other persons related to us, other than our officers and directors.

Neither we nor our subsidiaries have a retirement or pension plan in place for any of the aforementioned individuals.

Stock Option and Share Compensation Plans

Our share compensation plan for officers and employees was approved during the ordinary and extraordinary shareholders' meeting held on September 13, 2012, up to an amount equal to 2% of stockholders' equity. The Board of Directors, in consultation with the Corporate Governance, Nominating and Compensation Committee, implements, develops and administers this compensation plan.

Share Ownership

See "Principal Shareholders" for a description of the current ownership of our common stock by directors and executive officers.

SUPERVISION AND REGULATION OF THE MEXICAN FINANCIAL INDUSTRY

General

Mexico's financial industry is currently comprised of commercial banks, national development banks, broker-dealers and other non-bank institutions, such as insurance and reinsurance companies, bonding companies, credit unions, savings and loans companies, foreign exchange houses, factoring companies, bonded warehouses, financial leasing companies, mutual fund companies, pension fund management companies and *Sofomes*. On January 10, 2014 a new Financial Groups Law (*Ley para Regular las Agrupaciones Financieras*) was published as part of the Financial Reforms. This new Financial Groups Law aims to achieve the benefits of universal banking and tighten up controls of financial services companies that operate under a single financial group holding company. Most major Mexican financial institutions are members of financial groups.

The principal financial authorities that regulate financial institutions are the SHCP, *Banco de México*, the CNBV, the National Commission for Retirement Savings (*Comisión Nacional del Sistema de Ahorro para el Retiro*, or "CONSAR"), the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas*, or "CNSF"), the Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*, or "IPAB") and the CONDUSEF.

Our operations are primarily regulated by the General Law of Auxiliary Credit Organizations and Credit Activities (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*), certain regulations of the *Banco de México*, the Law for the Protection and Defense of Financial Service Users (*Ley de Protección y Defensa al Usuario de Servicios Financieros*), the Law for the Transparency and Ordering of Financial Services (*Ley para la Transparencia y Ordenamiento de los Servicios Financieros*), the Law for the Identification and Prevention of Transactions with Illegal Funds (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*), the regulations issued by CONDUSEF and the General Provisions Applicable to Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions (*Disposiciones de Carácter General Aplicables a las Organizaciones Auxiliares del Crédito, Casas de Cambio, Uniones de Crédito, Sociedades Financieras de Objeto Limitado y Sociedades Financieras de Objeto Múltiple Reguladas*), and other regulations issued by the CNBV.

Under the provisions of the General Law of Auxiliary Credit Organizations and Credit Activities, *Sofomes* are entitled to conduct lending of money transactions, engage in financial leasing activities (*arrendamiento financiero*) and/or perform factoring (*factoraje financiero*) transactions in a professional and customary manner. Such activities do not require a license from any Mexican governmental authority. *Sofomes* are deemed to be financial entities.

Under the provisions of the amended General Law of Auxiliary Credit Organizations and Credit Activities, published as part of the Financial Reforms, *Sofomes* are regulated and supervised by the CNBV if (i) they have a financial connection (*vínculo patrimonial*) with, among other financial institutions, Mexican banks, (ii) they issue debt securities registered with the RNV, as is our case, or (iii) they voluntarily adopt such regime.

Sofomes are deemed to have a financial connection (*vínculo patrimonial*) if (i) among other financial institutions, a Mexican bank holds an interest equal to or greater than 20% of the capital stock or the *Sofom* holds such interest in the Mexican bank, (ii) the holding company of a financial group, which includes a banking institution, holds an interest of at least 51% in such *Sofom*, or (iii) the *Sofom* has common shareholders with, among other financial institutions, a Mexican bank, pursuant to the terms more specifically described in the General Law of Auxiliary Credit Organizations and Credit Activities.

Regulated *Sofomes* as a result of a financial connection (*vínculo patrimonial*) with, among other financial institutions, Mexican banks are also subject to several provisions of, among others, the Mexican Banking Law (*Ley de Instituciones de Crédito)* and other rules and regulations applicable to financial institutions, which can include capital adequacy requirements, grading of loan portfolio requirements, requirements of creating provisions for loan losses, related party transactions rules, complying with requirements related to money laundering, write-offs and assignment provisions, as well as periodic reporting obligations.

Regulated *Sofomes* as a result of the issuance of debt securities registered with the RNV, as is our case, will be subject to specific regulations to be enacted by the CNBV and dealing with (i) credit portfolio ratings and credit risk estimations, (ii) disclosure of financial information and external auditors, (iii) accounting, and (iv) prevention of transactions with illegal funds. We are in the process of implementing required changes in order to comply with applicable provisions of the amended General Law of Auxiliary Credit Organizations and Credit Activities, which include, among other things, adjusting to our corporate name and by-laws. Nonetheless, until the CNBV enacts the general provisions applicable to a regulated *Sofom* as a result of the issuance of debt securities registered with the RNV, as is our case, our rights and obligations will still be those of a non-regulated *Sofom*.

Any other *Sofom*, is categorized as a non-regulated *Sofom* (*sociedad financiera de objeto múltiple, entidad no regulada*) and is not subject to the supervision of the CNBV, except with respect to provisions related to money laundering. See "The Mexican Payroll Lending, Group Loan and Durable Goods Financing Markets."

Law for the Protection and Defense of Financial Service Users

The Law for the Protection and Defense of Financial Service Users (*Ley de Protección y Defensa al Usuario de Servicios Financieros*) became effective in April 1999 and was modified pursuant to the Financial Reforms. The purpose of this law is to protect and defend the rights and interests of users of financial services. To this end, the law provides for the creation of CONDUSEF, an autonomous entity that protects the interests of users of financial services. CONDUSEF acts as arbitrator with respect to disputes submitted to its jurisdiction and seeks to promote better relationships among users of financial institutions and the financial institutions. As a *Sofom*, we must submit to CONDUSEF's jurisdiction in all conciliation proceedings and may choose to submit to CONDUSEF's jurisdiction in all arbitration proceedings that may be brought before it. We may be required to provide reserves against contingencies which could arise from proceedings pending before CONDUSEF. We may also be subject to recommendations by CONDUSEF regarding our standard agreements or information used to provide our services. We may be subject to coercive measures or sanctions imposed by CONDUSEF.

The Law for the Protection and Defense of Financial Service Users requires *Sofomes*, such as us, to maintain an internal unit (*unidad especializada*) designated to resolve any and all controversies submitted by our clients. We maintain such a unit. CONDUSEF also maintains a Registry of Financial Service Providers (*Registro de Prestadores de Servicios Financieros*), in which all providers of financial services must be registered, that assists CONDUSEF in the performance of its activities. CONDUSEF is required to publicly disclose the products and services offered by financial service providers, including interest rates. To satisfy this duty, CONDUSEF has wide authority to request any and all necessary information from financial institutions. All *Sofomes*, including non-regulated *Sofomes,* are required to register their standard form of agreements (*contratos de adhesión*) in the Registry for Standard Forms of Agreements (*Registro de Contratos de Adhesión*, or "RECA"), which is managed by CONDUSEF, provided that the registration does not constitute a certification as to compliance of the laws and regulations for protection and defense of financial users and therefore, CONDUSEF may, at any moment, order a financial institution to modify its standard form of agreement for purposes of complying with the laws and regulations for protection and defense of financial users. All of our standard forms of agreement have been registered before CONDUSEF. All *Sofomes*, including non-regulated *Sofomes,* are required to register in a registry managed by CONDUSEF to operate as such, pursuant to the Financial Reforms. We currently hold registration in the CONDUSEF as a *Sofom*.

As a result of the Financial Reforms, CONDUSEF was recently empowered to initiate class action lawsuits related to financial services institutions.

Law for the Transparency and Ordering of Financial Services

The Law for the Transparency and Ordering of Financial Services became effective in June 2004 and was modified pursuant to the Financial Reforms. The purpose of this law is to regulate (1) the fees charged to clients of financial institutions for the use and/or acceptance of means of payment, as with debit cards, credit cards, checks and orders for the transfer of funds; (2) the fees that financial institutions charge to each other for the use of any payment system; and (3) other aspects related to financial services, in an effort to make financial services more transparent and protect the interests of the users of such services. This law grants *Banco de México* the authority to regulate these fees and establish general guidelines and requirements relating to payment devices and credit card account statements and grants to CONDUSEF the authority to regulate the requirements that need to be satisfied by the standard forms of agreement used by financial entities, the statements of account that are delivered by financial entities to their clients and the advertisement conducted by financial entities.

Rules on Interest Rates

The rules of the Law for the Transparency and Ordering of Financial Services issued by CONDUSEF applicable to *Sofomes* provide that the standard forms of agreement are required to contain clauses that provide that (1) the applicable ordinary and default interest rates are expressed in annual terms and contain the applicable methodology for purposes of calculating such interest rates; (2) if interest accrues based on a reference rate, the standard form of agreement must include at least one replacement reference rate, which will only be applicable if the original reference rate is discontinued; and (3) interest may not be charged by financial entities in advance and may only be charged after the corresponding interest period has elapsed. *Banco de México* has issued rules that limit the number of reference rates that may be used by some financial institutions.

Mexican law does not currently impose any limit on the interest rate or fees that a regulated *Sofom* as a result of the issuance of debt securities registered with the RNV, as is our case may charge to its clients. However, the possibility of imposing such limits has been and continues to be debated by the Mexican Congress and Mexican regulation authorities.

The Law for the Transparency and Ordering of Financial Services grants *Banco de México* the authority to specify the basis upon which each financial bank must calculate its aggregate annual cost (*costo anual total*), which comprises interest rates and fees, on an aggregate basis, charged in respect of loans and other services. The aggregate annual cost must be publicly included by a *Sofom* in its standard forms of agreement and disclosed in their statements of account and advertisement.

Fees

Under *Banco de México* regulations, Mexican banks, and *Sofomes* may not, in respect of loans, deposits or other forms of funding and services with their respective clients, (1) charge fees that are not included in their respective, publicly disclosed, aggregate annual cost (*costo anual total*), (2) charge alternative fees, except if the fee charged is the lower fee, or (3) charge fees for the cancellation of credit cards issued. In addition, among other things, Mexican banks cannot charge (1) simultaneous fees, in respect of demand deposits, for account management and failure to maintain minimum amounts, (2) fees for returned checks received for deposit in a deposit account or as payment for loans granted, (3) fees for cancellation of deposit accounts, debit or teller cards, or the use of electronic banking services, or (4) different fees depending upon the amount subject of a money transfer. Fees arising from the use of automated teller machines must be disclosed to users.

Banco de México, on its own initiative or as per request from CONDUSEF, banks, or *Sofomes*, may assess whether reasonable competitive conditions exist in connection with fees charged by banks, or *Sofomes* in performing financial operations. *Banco de México* must obtain the opinion of the Federal Competition Commission (*Comisión Federal de Competencia*) in carrying out this assessment. *Banco de México* may take measures to address these issues.

Law for the Protection of Personal Data

On July 5, 2010, the new Federal Law for Protection of Personal Data held by Private Persons (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*, or "LFPDP"), was published and it became effective on the next day. The purpose of the LFPDP is to protect personal data collected, held or to be used by individuals and private entities and to enforce controlled and informed processing of personal data in order to ensure data subjects' privacy and the right to consent with respect to the use of protected information.

The LFPDP requires companies to inform data subjects about the information being collected, used, disclosed or stored and the purpose of such collection, use, disclosure or storage via a privacy notice and provides special requirements for processing sensitive personal data (which is defined as data relating to race, physical condition, religious, moral or political affiliation, and sexual preferences). The LFPDP gives data subjects the right to: (1) access their data, (2) have inaccuracies in their data corrected or completed, (3) deny transfers of their data, and (4) oppose use of their data or have it deleted from a company's system (other than in certain circumstances expressly set forth in the LFPDP, such as the exercise of a right or holding information required under applicable law). The LFPDP requires that, if disclosure of data is permitted, the transferee agrees to the same restrictions as those set forth in the documentation permitting the original receipt and subsequent disclosure of information. The LFPDP also provides that data may be disclosed without the consent of the data subject in certain circumstances: (1) a law requires or permits disclosure, (2) disclosure is required in connection with medical treatment, or (3) disclosure is required for public policy reasons or in connection with a legal action. The LFPDP requires immediate notice to a data subject, of any security breach that significantly affects his/her property or moral rights.

The newly-created Federal Institute of Access to Information and Data Protection, or the Institute, will be authorized to monitor and enforce compliance with the LFPDP by private entities processing personal data. Such entities will be held liable for interfering with a data subjects' exercise of their under the LFPDP and for failing to safeguard their personal data. Data subjects who believe that a company is not processing their personal data in accordance with the LFPDP may request an investigation by the Institute. Following an investigation, the Institute may: (i) dismiss the data subject's claim or (ii) affirm, reject, or modify a company's answer to a data subject's claim. Penalties for violating the LFPDP's provisions include a fine equivalent to Ps.19.1 million (approximately US$1.5 million) a prison sentence of up to five years, or double the applicable fine or sentence for violations related to sensitive personal data.

Anti-Money Laundering Provisions

On March 17, 2011, the Ministry of Finance (*Secretaria de Hacienda y Crédito Público*) issued General Provisions Applicable to *Sofomes* (*Disposiciones de Carácter General a que se refieren los artículos 115 de la Ley de Instituciones de Crédito, en relación con el 87-D de la Ley General de Organizaciones y Actividades del Crédito 95-Bis de este último ordenamiento, aplicables a las sociedades financieras de objeto limitado*). The purposes of such General Provisions, which have been published and become effective is to establish anti-money laundering as counter-terrorism rules and guidelines.

The Anti-Money Laundering General Provisions require *Sofomes* to (1) establish identification ("know-your-client") policies and guidelines similar to those imposed on Mexican banks and other regulated financial entities, subject to strict identification methods and controls on clients and users of the *Sofomes* services; (2) recording and keeping information on clients and on money transfer and exchange transaction; and (3) reporting to authorities on relevant, unusual and suspicious transactions, among other obligations.

On July 17, 2013, the new Federal Law for the Identification and Prevention of Transactions with Illegal Funds (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) became effective, after approval from the Mexican Congress. Under this Law, the Ministry of Finance and Public Credit is given broad authority to obtain information about unlawful activities, coordinate activities with foreign authorities and present claims related to unlawful activities. This Law also grants authority to the Federal Attorney General (*Procuraduría General de la República*) to investigate and prosecute illegal activities, in coordination with the Ministry.

Pursuant to the new Law, we will be required to establish procedures to monitor and detect unlawful activities and to report any suspect activities to the Ministry. Although it is uncertain what effect, if any, the new Law will have in our activities, among other reasons because secondary legislation has not been issued, we believe we are currently required to monitor and report such activities to a level such that the new Law would not result in a material change to our operations.

Improvement of Creditors' Rights and Remedies

Mexico has enacted legislation to improve creditors' rights and remedies. These laws include collateral pledge mechanisms and the promulgation of the Mexican bankruptcy law (*Ley de Concursos Mercantiles*).

Collateral Mechanisms

Laws regarding the perfection and enforcement of security interests contemplate pledging assets without transferring possession (*prenda sin transmission de posesión)*, as well as a common security arrangement known in Mexico as the security trust (*fideicomiso de garantía*). The purpose of these changes is to provide an improved legal framework for secured lending and to encourage banks to increase their lending activities. The pledging of personal property being used in a debtor's main business activity by making only a generic description of such property and perfecting a security interest in such personal property, is a structure now frequently used. Provisions regulating security trusts are similar to those governing pledges of personal property, except they provide that title to the collateral must be held by the trustee. Security trusts permit enforcement without any judicial action, which is an alternative that has enhanced lending activities and expedited restructurings and foreclosures.

Bankruptcy Law

Mexico's current bankruptcy law (*Ley de Concursos Mercantiles*) was enacted on May 12, 2000 and has been frequently used as a means to conclude complex insolvency situations affecting Mexican companies, by providing expedited and clear procedures, while at the same time granting creditors and other participants the certainty of an in-court solution. The law provides for a single insolvency proceeding encompassing two successive phases: a conciliatory phase of mediation between creditors and debtor and bankruptcy.

The bankruptcy law establishes precise rules that determine when a debtor is in general default on its payment obligations. The principal indications are failure by a debtor to comply with its payment obligations in respect of two or more creditors, and the existence of the following two conditions: (1) 35% or more of a debtor's outstanding liabilities are 30 days past-due; and (2) the debtor fails to have certain specifically defined liquid assets and receivables to support at least 80% of its obligations which are due and payable. The bankruptcy law was recently amended to include the ability of a debtor to request the *concurso mercantil* prior to being generally in default with respect to its payment obligations, when such situation is expected to occur inevitably within the following 90 days. Furthermore, the bankruptcy law now allows the consolidation of *concurso mercantil* proceedings of companies that are part of the same corporate group.

The law provides for the use and training of experts in the field of insolvency and the creation of an entity to coordinate their efforts. Such experts include the intervenor (*interventor*), conciliator (*conciliador*) and receiver (*síndico*).

On the date the insolvency judgment is entered, all peso-denominated obligations are converted into UDIs, and foreign currency-denominated obligations are converted into pesos at the rate of exchange for that date and then converted into UDIs. Only creditors with a perfected security interest (*i.e*., mortgage, pledge or security trust) continue to accrue interest on their loans. The bankruptcy law mandates the netting of derivative transactions upon the declaration of insolvency.

The bankruptcy law provides for a general rule as to the period when transactions may be scrutinized by the judge in order to determine if they were entered into for fraudulent purposes, which is 270 calendar days prior to the judgment declaring insolvency. This period is referred to as the retroactive period. Nevertheless, upon the reasoned request of the conciliator, the intervenors, who may be appointed by the creditors to oversee the process, or any creditor, the judge may set a longer period. As a result of recent reforms, the retroactive period was lengthened to 540 calendar days with respect to transactions entered into with inter-company creditors.

A restructuring agreement must be subscribed to by the debtor, as well as recognized creditors representing more than 50% of (i) the sum of the total recognized amount corresponding to common creditors and (ii) the total recognized amount corresponding to secured or privileged creditors subscribing to the agreement. Any such agreement, when confirmed by the court, becomes binding on all creditors, and the insolvency proceeding is then considered to be concluded. If an agreement is not reached, the debtor is declared bankrupt.

The bankruptcy law incorporates provisions relating to pre-agreed procedures, frequently used in jurisdictions outside Mexico, that permit debtors and creditors to agree upon the terms of a restructuring and thereafter file, as a means to obtain the judicial recognition of a restructuring reached on an out-of-court basis. This also provides protection against dissident minority creditors.

The bankruptcy law was recently amended to expressly recognize subordinated creditors, including inter-company creditors in accordance with certain rules, and sets forth that such inter-company creditors will not be allowed to vote for the approval of the debt restructuring agreement when such inter-company creditors represent 25% or more of the aggregate amount of recognized claims, unless such inter-company creditors consent to the agreement adopted by the rest of the recognized creditors.

PRINCIPAL SHAREHOLDERS

The table below sets forth certain information regarding the ownership of our capital structure as of February 21, 2014.

Shareholder	Number of Shares	%
Founding Shareholders (1)	167,837,129	44.93
Venlo Resources Pte. Ltd (2)	27,799,995	7.44
Public float	177,905,185	47.63
Total	373,542,309	100.00

(1) Consisting of members of the Berrondo, Saiz and Esteve families.
(2) Member of Grupo Kon.

No individual exercises control, significant influence or power over Crédito Real. The members of the Berrondo family, as a group, exercise significant influence over Crédito Real. Francisco Berrondo Lagos and José Luis Berrondo Ávalos are the main shareholders from this group. They are also members of our Board of Directors.

Francisco Berrondo Lagos, José Luis Berrondo Avalos and Ángel Francisco Romanos Berrondo are advisors to Crédito Real, and have an individual share greater than 1% and less than 10% of the issued and outstanding shares of Crédito Real. Approximately 49% of our outstanding shares are owned by various members of the Berrondo, Saiz and Esteve families. If these individuals were to act in a coordinated manner, they could be deemed to control Crédito Real.

Futu-Iem held 72.08% of our share capital effective as of July 1, 2011. As a result of Futu-Iem's merger with us, the members of the Berrondo, Saiz and Esteve families became direct shareholders of Crédito Real, and we have a 99.9% interest in Servicios Chapultepec's shares. The main activity of Servicios Chapultepec is providing administrative staff services derived from contracts with us. Until June 30, 2011, Futu-Iem had a 99.9% participation in the capital of Chapultepec Services. This operation was a corporate reorganization that had no effect on our operations.

The merger agreement between Crédito Real and Rasteroz includes an option exercisable by Grupo Kon at any time from December 1, 2011 to December 31, 2014 or by Crédito Real for a period of three months after December 31, 2014 by which Grupo Kon will be able to exchange its remaining 51% interest in Directodo for an additional ownership ranging from 5% to 20% of Crédito Real's share capital outstanding after the option is exercised, which, if exercised, would have additional effects on our capitalization.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Historically, our commercial operations with related parties have been subject to review by our independent advisors.

The following is a description of certain arrangements between us and related parties that are currently in effect, including with corporations of whom we own 10% or more of shares with voting rights, as well as those operations with shareholders who hold such percentage of shares in us.

Service Contract with Servicios Chapultepec

On November 12, 2001, Servicios Chapultepec, an affiliate of Crédito Real controlled by Futu-Iem, executed a service contract with Crediplus for the provision of certain key personnel. In June of 2007, Crediplus merged with Crédito Real, as a result of which, we assumed Crediplus' obligations under said service contract. Pursuant to this contract, we paid Servicios Chapultepec an amount equal to the salaries and compensations of the relevant personnel, plus a monthly commission equal to 5% of said amount. In 2011, 2012 and 2013, we paid Chapultepec a total of Ps.81.7 million, Ps.106.3 million and Ps.59.5 million, respectively.

Servicios Chapultepec became a wholly-owned subsidiary of Crédito Real as a result of the merger of Futu-Iem into Crédito Real.

Technical Assistance Contract with Servej

On May 30, 2001, Servej executed a service contract for technical assistance pursuant to which Eduardo Berrondo Ávalos and Francisco Berrondo Lagos provided us with certain professional and consulting services. As compensation for said services, we paid Servej an amount equal to 33% of said individuals' salaries. In 2011 2012 and 2013, we paid Servej a total of approximately Ps.1.8 million, Ps.3.2 million and Ps.2.7 million, respectively. Servej is an affiliate of Crédito Real in which the shareholders of Crédito Real hold more than 10% of the shares.

Consulting Contract with Nexxus Capital Management III, LLC

On December 1, 2007, Nexxus Capital Management III, LLC, an affiliate of Crédito Real, executed a consulting contract pursuant to which Nexxus Capital Management provided us with certain consulting, administrative and financial services. This contract expired in October 2012. In 2011 and 2012, we paid Nexxus Capital Management a monthly stipend of US$10,000.

Merger of Futu-Iem into Crédito Real

On July 1, 2011, as part of the merger between Crédito Real and Rasteroz, Futu-Iem, which held 72.08% of Crédito Real's capital stock, was also merged into Crédito Real. As a result of this merger, the members of the Berrondo, Saiz and Esteve families became direct shareholders of Crédito Real. See "Business—Overview—History and Development".

Origination Transactions with Directodo, Publiseg and GEMA

As a result of the acquisition of 49% of the capital stock of Directodo, Publiseg and GEMA by Crédito Real, all the loan origination transactions between Crédito Real and Directodo, Publiseg and GEMA will be considered related party transactions.

All of our commercial operations with related parties have been carried out under market terms. In order to confirm this, as well as verify that these operations comply with relevant tax regulations, we have hired external auditors who are specialists in the development of studies on transfer pricing for the years ended December 31, 2011, 2012 and 2013.

The following table summarizes our related party transactions in the years ended December 31, 2011, 2012 and 2013.

Related Party	Type of Transaction	Amounts Paid Year Ended December 31, 2011	2012	2013
			(in pesos)	
Servej, S.A. de C.V.	Payment for Personnel Services	1,834,078.2	3,203,583.9	2,717,560.7
Nexxus Capital Management III, LLC	Consulting Services	1,581,101.0	1,701,185.0	-
Servicios Corporativos Chapultepec, S.A. de C.V.	Payment for Payroll Services	81,719,230.0	106,341,023.0	59,490,365.6
Directodo México, S.A.P.I. de C.V.	Assignment of Interest	219,637,581.0	627,881,197.0	570,325,568.0
Futu-Iem, S.A.P.I. de C.V.	Payment for Financial Guarantee	9,817,000.0	-	-
Publiseg, S.A.P.I. de C.V., SOFOM, E.N.R.	Assignment of Interest	-	178,274,231.0	288,263,955.0
Grupo Empresarial Maestro S.A. de C.V.	Assignment of Interest	-	150,138,399.0	534,700,000.0
Aventuras y Expediciones de Los Cabos, S.A. de C.V.	Leaseback	-	-	5,532,027.0

DESCRIPTION OF THE NOTES

We will issue the notes under an Indenture, to be dated the Issue Date, between us and the Bank of New York Mellon, as trustee (the "Trustee"). The terms of the notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939 (the "TIA"). The Indenture is not, however, required to be nor will it be qualified under the TIA and will not incorporate by reference all provisions of the TIA. We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You can obtain a copy of the Indenture in the manner described under "Additional Information," and, for so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section under "— Certain Definitions." When we refer to:

- the Company in this section, we mean Crédito Real, S.A.B, de C.V., SOFOM, E.N.R., and not any of its subsidiaries; and
- notes in this section, we mean the notes originally issued on the Issue Date and Additional Notes.

General

The notes will:

- be general unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future Senior Indebtedness of the Company (subject to certain labor and tax obligations for which preferential treatment is given under Mexican insolvency law);
- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- be effectively subordinated to all existing and future Secured Indebtedness of the Company to the extent of the value of the value of the assets securing such Indebtedness; and
- be structurally subordinated to all existing and future Indebtedness and trade payables of the Company's Subsidiaries that are not Guarantors.

As of December, 2013, we had a total indebtedness (excluding accrued interest) of Ps.9,922.3 million (US$758.3 million), of which Ps.2,905.8 million (US$222.1 million) was secured by collateral. After giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had total indebtedness (excluding accrued interest) of Ps.11,203.1 million (US$856.2 million).

Additional Notes

Subject to the limitations set forth under "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness," the Company and its Subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("Additional Notes") issued by the Company in one or more transactions, which have identical terms (other than issue date and issue price) as the notes issued on the Issue Date; *provided* that such Additional Notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the notes have on the date of issue of such Additional Notes. Holders of Additional Notes would have the right to vote together with holders of notes issued on the Issue Date as one class.

Principal, Maturity and Interest

The Company will issue notes in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The notes will mature on March 13, 2019, at which time the principal amount of the notes outstanding on such date will become due and payable. The redemption price of the notes outstanding on such date will be 100.0%, plus accrued and unpaid interest; however, the Company may redeem the notes, at its option, in whole or in part prior to such date. See "— Optional Redemption" below. The notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the notes will accrue at the rate of 7.500% per annum and will be payable semi-annually in arrears on each March 13 and September 13, commencing on September 13, 2014. Payments will be made to the persons who are registered holders at the close of business on February 27 and August 30, respectively, immediately preceding the applicable interest payment date. The final payment on any registered note, however, will be made only upon presentation and surrender of such note at the office of any Paying Agent (including the Luxembourg Paying Agent).

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption of notes with unpaid and accrued interest to the date of redemption will not affect the right of holders of record on a record date to receive interest due on an interest payment date.

Initially, the Trustee will act as Paying Agent and Registrar for the notes. The Company may change the Paying Agent and Registrar without notice to holders. Payments on the notes will be made at the office or agency of the Paying Agent and Registrar in New York City. Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. As long as the notes are listed on this market, the Company will also maintain a Paying Agent and a transfer agent in Luxembourg.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal of or interest on the notes that remains unclaimed for two years, and, thereafter, holders entitled to any such money must look to the Company for payment as general creditors.

Guarantees

If after the date of the Indenture the Company or any of its future Restricted Subsidiaries acquires or creates a Restricted Subsidiary that is an Eligible Subsidiary after giving effect to that transaction or an existing Subsidiary becomes an Eligible Subsidiary, the Company must cause such Eligible Subsidiary to provide a guarantee of the notes (a "Note Guarantee").

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the notes, or a Guarantor may have effectively no obligation under its Note Guarantee.

The Note Guarantee of a Guarantor will terminate upon

(1) a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture,

(2) if the Note Guarantee was required pursuant to the terms of the Indenture, the cessation of the circumstances requiring the Note Guarantee,

(3) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary, or

(4) defeasance or discharge of the notes, as provided in "— Legal Defeasance and Covenant Defeasance" and "— Satisfaction and Discharge."

Not all of our Restricted Subsidiaries will guarantee the notes. Only Eligible Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. In addition, holders of minority equity interests in Subsidiaries may receive distributions prior to or *pro rata* with the Company depending on the terms of the equity interests. See "Risk Factors—Risks Related to the Notes—Payments on the notes will be effectively junior to any of our secured indebtedness and structurally junior to debt obligations of our subsidiaries that are not guarantors."

The Company currently has one Subsidiary, which is an Unrestricted Subsidiary and is not an Eligible Subsidiary.

Additional Amounts

We are required by Mexican law to deduct Mexican withholding taxes, and pay such taxes to the Mexican tax authorities, from payments of interest on the notes (and amounts deemed interest, as any discount on the principal amount of the notes) made to investors who are not residents of Mexico for tax purposes, and will pay additional amounts on those payments to the extent described in this subsection.

The Company, and the Guarantors, if any, will pay to holders of the notes all additional amounts ("Additional Amounts") that may be necessary so that every net payment of interest, any premium paid upon redemption of the notes or principal to holders of the notes will not be less than the amount provided for in the notes. By net payment, we mean the amount we or our paying agent pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a Mexican taxing authority or any other jurisdiction in which the Company is organized or resident for tax purposes or through which payment on the notes or the Note Guarantees is made (a "Relevant Jurisdiction"), or any political subdivision or taxing authority thereof or therein ("Taxes").

Our obligation to pay Additional Amounts is subject to several important exceptions, however. The Company, and the Guarantors, if any, will not pay Additional Amounts to any holder for or solely on account of any of the following:

- any Taxes imposed solely because at any time there is or was a connection between the holder or beneficial owner of the note and the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein), including such holder or beneficial owner (i) being or having been a citizen or resident thereof for tax purposes, (ii) maintaining or having maintained an office, permanent establishment, or branch, in all cases subject to taxation therein, or (iii) being or having been present or engaged in a trade or business therein (other than the receipt of payments or the ownership or holding of a note),

- any estate, inheritance, gift, transfer or similar tax, assessment or other governmental charge imposed with respect to the notes,

- any Taxes imposed solely because the holder or any other person having a beneficial interest in the notes fails to comply with any information, documentation or other reporting requirement concerning the nationality, residence for tax purposes or identity of the holder or any beneficial owner of the note, if compliance is required by statute, rule, regulation, officially published administrative practice of the taxing jurisdiction or by an applicable income tax treaty, which is in effect, to which Mexico or any other Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax or other governmental charge and we (or the relevant Guarantor, if applicable) have given the holders at least 60 days' notice that holders will be required to provide any such information, documentation or reporting requirement,

- any Taxes payable otherwise than by deduction or withholding from payments on the notes,

- any Taxes with respect to such note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such Additional Amounts on presenting such note for payment on any date during such 30 day period, and

- any payment on the note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note.

The limitations on our obligations to pay Additional Amounts stated in the third bullet point above will not apply if (a) the provision of information, documentation or other evidence described in such third bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, taking into account any relevant differences between U.S. and Mexican law, rule, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulation and published administrative practice, or (b) with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof or therein, Article 166, Section II, of the Mexican income tax law (or a substantially similar successor of such Article) is in effect, unless the provision of the information, documentation or other evidence described in the third bullet is expressly required by statute, rule or regulation in order to apply Article 166, Section II, of the Mexican income tax law (or a substantially similar successor of such Article), the Company, or the relevant Guarantor, cannot obtain such information, documentation or other evidence on its own through reasonable diligence and the Company otherwise would meet the requirements for application of Article 166, Section II, of the Mexican income tax law (or such successor of such Article).

In addition, such third bullet point does not require, and should not be construed as requiring, that any person, including any non-Mexican pension fund, retirement fund or financial institution, of any nature, register with the Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

Upon request, the Company and the Guarantors, if any, will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Mexican taxes in respect of which we have paid any Additional Amount. We will make copies of such documentation available to the holders of the notes or the paying agent upon request.

Any reference in this section, the Indenture, or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that Additional Amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto, including taking any action for such refund to be repaid.

In the event of any merger or other transaction described and permitted under "— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets," then all references to Mexico, Mexican law or regulations, and Mexican taxing authorities under this section "— Additional Amounts" (other than the fourth and fifth paragraphs above) and under "— Optional Redemption — Optional Redemption for Changes in Withholding Taxes" shall be deemed to also include the relevant Qualified Merger Jurisdiction, the law or regulations of the relevant Qualified Merger Jurisdiction, and any taxing authority of the relevant Qualified Merger Jurisdiction, respectively.

Optional Redemption

Except as stated below, the Company may not redeem the notes prior to March 13, 2017. The Company may redeem the notes, at its option, in whole at any time or in part from time to time, on and after March 13, 2017, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on March 13 of any year set forth below, plus any Additional Amounts then due, if any, plus accrued and unpaid interest to the date of the redemption:

Year	Percentage
2017	103.750%
2018	101.875%
2019	100.000%

Prior to March 13, 2017, the Company will have the right, at its option, to redeem any of the notes, in whole or in part, on at least 30 days' but not more than 60 days' notice, at a redemption price equal to 100.0% of the principal amount of such notes, plus the Make-Whole Amount and accrued and unpaid interest to the date of redemption, plus Additional Amounts, if any.

"Make Whole Amount" means, with respect to any note on any redemption date, the excess of:

(a) the present value at such redemption date of (x) the redemption price of such note at the final maturity date, *plus* (y) all required interest payments that would otherwise be due to be paid on such note during the period between the redemption date and the final maturity date (excluding accrued but unpaid interest), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points; over

(b) the outstanding principal amount of the note.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC or their affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided, however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

Optional Redemption upon Equity Sales

At any time, or from time to time, on or prior to March 13, 2017, the Company may, at its option, use the net cash proceeds of one or more Equity Sales to redeem up to 35% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture at a redemption price equal to 107.500% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption, plus Additional Amounts, if any; *provided*, that:

(1) after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and

(2) the Company shall make such redemption not more than 90 days after the consummation of such Equity Sale.

"Equity Sale" means an underwritten primary public offering for cash, after the Issue Date, of Qualified Capital Stock of the Company or of any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

Optional Redemption for Changes in Withholding Taxes

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, or any political subdivision or taxing authority or other instrumentality thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the notes we are offering are issued and, if applicable, after the date such Relevant Jurisdiction becomes a Relevant Jurisdiction (which, in the case of a merger, consolidation or other transaction permitted and described under "— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets," shall be treated for this purpose as the date of such transaction), we have become obligated, or will become obligated, in each case after taking all reasonable measures to avoid this requirement, to pay Additional Amounts in excess of those attributable to a Mexican withholding tax rate of 4.9% with respect to the notes (see "— Additional Amounts" and "Taxation — Mexican Taxation"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 60 nor more than 90 days' notice, at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any Additional Amounts due thereon up to but not including the date of redemption; *provided, however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Amounts if a payment on the notes were then due and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the Trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and

- an opinion of legal counsel (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

We will give notice to DTC pursuant to the provisions described under "— Notices" of any redemption we propose to make at least 30 days (but not more than 60 days) before the redemption date.

Optional Redemption Procedures

In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal securities exchange or market, if any, on which notes are listed or, if the notes are not then listed on a securities exchange or market, on a *pro rata* basis or by any other method as may be required by DTC in accordance with its applicable procedures. No notes of a principal amount of U.S.$200,000 or less may be redeemed in part and notes of a principal amount in excess of U.S.$200,000 may be redeemed in multiples of U.S.$1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, the Company will cause notices of redemption also to be published as provided under "— Certain Covenants — Notices." A new note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof and mailed to such holder upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will pay the redemption price for any note together with accrued and unpaid interest thereon through the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Notwithstanding the foregoing provisions of this "— Optional Redemption" section, the Company and its Subsidiaries are not prohibited from acquiring the notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise.

Change of Control Triggering Event

Upon the occurrence of a Change of Control (a "Change of Control Triggering Event"), each holder will have the right to require that the Company purchase all or a portion (in minimum principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon and any Additional Amounts, if any, through the date of purchase (the "Change of Control Triggering Event Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurred, the Company must send, by first-class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a "Change of Control Triggering Event Offer") and publish the Change of Control Triggering Event Offer in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Change of Control Triggering Event Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Triggering Event Payment Date").

On the Change of Control Triggering Event Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Triggering Event Offer;

(2) deposit with the Paying Agent funds in an amount equal to the Change of Control Triggering Event Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Triggering Event Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will not be required to make a Change of Control Triggering Event Offer upon a Change of Control Triggering Event if (l) a third party makes the Change of Control Triggering Event Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Triggering Event Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Triggering Event Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

A Change of Control Triggering Event Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon the occurrence of such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Triggering Event Offer. Notes repurchased by the Company pursuant to a Change of Control Triggering Event Offer will have the status of notes issued but not outstanding or will be retired and canceled, at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of notes issued and outstanding.

In the event that holders of not less than 95% of the aggregate principal amount of the outstanding notes accept a Change of Control Triggering Event Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Triggering Event Offer described above, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Triggering Event Payment plus, to the extent not included in the Change of Control Triggering Event Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control Triggering Event would cause a default under such Indebtedness even if the Change of Control itself does not.

If a Change of Control Triggering Event Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Triggering Event Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Triggering Event Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Triggering Event Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Triggering Event Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control Triggering Event" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its

Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Certain Covenants

Suspension of Covenants

During any period of time that (i) the notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event", and the date on which such Covenant Suspension Event occurs being referred to as a "Suspension Date"), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under:

- "— Limitation on Incurrence of Additional Indebtedness";
- "— Limitation on Guarantees";
- "— Limitation on Restricted Payments";
- "— Limitation on Asset Sales and Sales of Subsidiary Stock";
- "— Limitation on Securitization";
- "— Limitation on Designation of Unrestricted Subsidiaries";
- "— Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- "— Limitation on Layered Indebtedness";
- clause (b) of "— Limitation on Merger, Consolidation or Sale of Assets"; and
- "— Conduct of Business" (collectively, the "Suspended Covenants").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified as having been incurred pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness" below or one of the clauses set forth in clause (2) of "— Limitation on Incurrence of Additional Indebtedness" below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to the first or second clauses of "— Limitation on Incurrence of Additional Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause 2(c) of "— Limitation on Incurrence of Additional Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted

Payments under "— Limitation on Restricted Payments" will be made as though the covenant described under "— Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period. The Company will notify the Trustee of the occurrence of any Suspension Date or Reversion Date within 10 Business Days of its occurrence. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect.

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that the Company may Incur Indebtedness, including Acquired Indebtedness, if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the proceeds therefrom the Capitalization Ratio of the Company is greater than 13.50%.

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the notes, excluding Additional Notes or guarantees thereof;

(b) Guarantees by any Restricted Subsidiary of Indebtedness of the Company Incurred in accordance with this covenant, which Guarantee is permitted under "— Limitation on Guarantees" below; *provided* that (i) if such Guarantee is of Subordinated Indebtedness then the Note Guarantee of such Guarantor shall be senior to such Guarantor's Guarantee of Subordinated Indebtedness and (ii) if such Restricted Subsidiary is not a Guarantor it shall simultaneously provide a Note Guarantee and become a Guarantor;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and not for speculative purposes, including, without limitation, Hedging Obligations in respect of the notes;

(d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that:

(1) if the Company or any Guarantor is the obligor on any such Indebtedness owed to a Restricted Subsidiary that is not a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture, in the case of the Company, or such Guarantor's Note Guarantee, in the case of any such Guarantor; provided that the Company, its parent companies (if any) and any Guarantor shall agree to vote such Indebtedness, or provide their consents in connection with such Indebtedness, in any Mexican Restructuring, in a manner that is consistent with the vote of, or the consents provided by, the holders of the notes and other unaffiliated creditors of the same class as the notes, and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (e) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided*, that such Indebtedness is extinguished within five business days of Incurrence;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide for judicial deposits required in connection with any judicial or administrative proceeding, provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(g) Indebtedness in respect of bid, performance, surety bonds or *fianzas* in the ordinary course of business for the account of the Company or any of its Restricted Subsidiaries, including Guarantees or obligations of the Company or any Restricted Subsidiary with respect to letters of credit and/or *fianzas* supporting such bid, performance or surety obligations (in each case other than for the payment of borrowed money);

(h) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) of this covenant (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (l)), or

(2) Indebtedness Incurred pursuant to clause (2)(a) of this covenant and other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date, other than Indebtedness otherwise specified under any of the other clauses of this definition of Permitted Indebtedness;

(i) Capitalized Lease Obligations and Purchase Money Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed U.S.$5.0 million (or the equivalent in other currencies) at any one time outstanding;

(j) Permitted Acquisition Indebtedness;

(k) Capital Securities;

(l) indemnification, adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets of the Company or any Restricted Subsidiary or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or equity interests for the purposes of financing or in contemplation of any such acquisition; *provided* that (1) any amount of such obligations included on the face of the balance sheet of the Company or any Restricted Subsidiary shall not be permitted under this clause (l) and (2) in the case of a disposition, the maximum aggregate liability in respect of all such obligations outstanding under this clause (l) shall at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiaries in connection with such disposition;

(m) additional Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed the greater of (x) U.S.$30.0 million and (y) 10.0% of Consolidated Net Worth of the Company and its Restricted Subsidiaries at any time outstanding;

(n) Deposits received from customers of a Bank Regulated Subsidiary; and

(o) additional Indebtedness of a Bank Regulated Subsidiary (excluding any Deposits Incurred pursuant to clause (n) above) in an aggregate principal amount outstanding at any one time not to exceed 20% of the Consolidated Net Worth of the Company.

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) the outstanding principal amount of any item of Indebtedness will be counted only once, (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP, and (iii) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of any particular amount of Indebtedness will not be included. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) of this covenant will be counted as Indebtedness outstanding thereunder for

purposes of any future Incurrence under such provision. For purposes of determining compliance with this "Limitation on Incurrence of Additional Indebtedness" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (2)(a) through (2)(m) above, or is entitled to be incurred pursuant to clause (1) of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses, although the Company may divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

(4) For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be a provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (x) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (y) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

Limitation on Guarantees

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law or regulations applicable to a Bank Regulated Subsidiary as determined by the Mexican Banking Regulators, the Company will not permit any Restricted Subsidiary of the Company to Guarantee any Indebtedness of the Company or to secure any Indebtedness of the Company with a Lien on the assets of such Restricted Subsidiary, unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee or secure the notes on an equal and ratable basis with such Guarantee or Lien for so long as such Guarantee or Lien remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed or secured. Any Guarantee by any such Restricted Subsidiary of Subordinated Indebtedness of the Company will be subordinated and junior in right of payment to the contemporaneous Guarantee of the notes by such Restricted Subsidiary.

In the event that any Restricted Subsidiary is required to Guarantee the notes in accordance with the preceding paragraph, such Restricted Subsidiary will be released and relieved of its obligations under such Guarantee in the event:

(1) there is a Legal Defeasance or a Covenant Defeasance of the notes;

(2) there is a sale or other disposition of Capital Stock of such Restricted Subsidiary following which such Restricted Subsidiary is no longer a direct or indirect Subsidiary of the Company; or

(3) such Restricted Subsidiary is designated as an Unrestricted Subsidiary;

provided, that, in each case, such transactions are carried out pursuant to and in accordance with all applicable covenants and provisions of the Indenture.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company,
- dividends or distributions payable to the Company and/or a Restricted Subsidiary, or
- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value:

- any Capital Stock of the Company, or
- any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company (other than a Restricted Subsidiary) or any Preferred Stock of a Restricted Subsidiary, except for Capital Stock held by the Company or a Restricted Subsidiary or purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness or any Capital Securities (excluding (x) any intercompany Indebtedness owed to the Company and/or any Guarantor or any Bank Regulated Subsidiary, (y) any intercompany Indebtedness between Restricted Subsidiaries that are not Guarantors, or (z) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate or otherwise junior in right of payment to the notes, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case within one year of such date of purchase, repurchase or acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving effect thereto:

(1) a Default or an Event of Default shall have occurred and be continuing;

(2) the Company is not able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness"; or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, shall exceed the sum of:

(A) 50.0% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100.0% of the loss, accrued during the period, treated as one accounting period, beginning on the first day of the fiscal quarter during which the Issue Date occurs to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100.0% of the aggregate net proceeds, including cash and the Fair Market Value of property used in a Permitted Business (other than cash and securities), received by the Company from any Person from any:

- contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to the Issue Date,

- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company, or

- issuance and sale subsequent to the Issue Date of any Capital Securities,

excluding, in each case, any net proceeds:

(x) received from a Restricted Subsidiary of the Company; or

(y) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; *plus*

(C) any Investment Return; *plus*

(D) U.S.$15 million.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption of Subordinated Indebtedness within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption would have been permitted on the date of declaration or notice pursuant to the preceding paragraph; *provided* that such redemption shall be included (without duplication for the declaration) in the calculation of the amount of Restricted Payments;

(2) the making of any Restricted Payment,

(x) in the form of Qualified Capital Stock of the Company,

(y) through the application of the net proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company, or

(z) through the application of the net proceeds received by the Company from a substantially concurrent issuance or sale of Capital Securities;

provided that the value of any such Qualified Capital Stock or Capital Securities used or the net proceeds of which are used to make a Restricted Payment pursuant to this clause (2) shall be excluded from clause (3)(B) of the first paragraph of this covenant;

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of Refinancing Indebtedness for such Subordinated Indebtedness;

(4) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of such employees,

officers or directors, or the termination of retention of any such consultants, in an amount not to exceed U.S.$2.0 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years up to a maximum of U.S.$2.0 million) plus the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(6) if no Default or Event of Default shall have occurred and be continuing, the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Capital Stock of the Company or any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant "— Limitation on Incurrence of Additional Indebtedness";

(7) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company pursuant to and in accordance with the terms of a "change of control" covenant set forth in the Indenture or other agreement pursuant to which such Subordinated Indebtedness is issued and such "change of control" covenant is substantially similar to the Change of Control Triggering Event provision included in the Indenture; *provided* that the Company (or another Person) has repurchased all notes required to be repurchased by the Company under the caption "Change of Control Triggering Event" prior to the purchase, redemption or other acquisition or retirement for value of such Subordinated Indebtedness pursuant to the applicable "change of control" covenant;

(8) if no Default or Event of Default shall have occurred and be continuing, the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations; *provided*, that such purchases are not made for the purposes of circumventing the provisions of this covenant; and

(9) if no Default or Event of Default shall have occurred and be continuing, other Restricted Payments in an aggregate amount not to exceed U.S.$5.0 million per annum.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4), (6) and (8) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (7) and (9) above shall not be included in such calculation.

Limitation on Asset Sales and Sales of Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock sold or otherwise disposed of, and

(b) at least 75% of the consideration received for the assets or Capital Stock sold by the Company or the Restricted Subsidiary, as the case may be, in such Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale.

For purposes of the immediately preceding clause (b), each of the following will be deemed to be cash:

(1) any liabilities that are included on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets and as a result of which the Company or such Restricted Subsidiary, as the case may be, are fully and unconditionally released from any further liability in connection therewith;

(2) any securities, notes or other obligations or assets received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof (subject to ordinary settlement periods), to the extent of the cash or Cash Equivalents received in that conversion;

(3) the Fair Market Value of any Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary or assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; and

(4) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale; *provided* that the aggregate Fair Market Value of such Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received pursuant to this clause (4) less the amount of Net Proceeds previously realized in cash or Cash Equivalents from the sale of prior Designated Non-cash Consideration is less than the greater of (x) 4% of Consolidated Tangible Assets at the time of the receipt of such Designated Non-cash Consideration and (y) U.S.$15 million, in each case with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value;

provided that amounts received pursuant to clauses (1), (3) and (4) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) repay any Senior Indebtedness of the Company, any Indebtedness secured by the assets subject to such Asset Sale or Indebtedness of any Restricted Subsidiary (in each case owing to a Person other than the Company or any Restricted Subsidiary and including, in each case without limitation, Capitalized Lease Obligations),

(b) make capital expenditures in a Permitted Business, and/or

(c) purchase

(1) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Guarantor in a Permitted Business,

(2) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by a Bank Regulated Subsidiary in a Permitted Business, *provided* that only Net Cash Proceeds from an Asset Sale of a Bank Regulated Subsidiary shall be applied to any purchases pursuant to this clause (2),

(3) all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business if, after giving effect to any such acquisition, such Person is or becomes or such assets are contributed to a Guarantor,

(4) all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business if, after giving effect to any such acquisition, such Person is or becomes or such assets are contributed to a Bank Regulated Subsidiary, *provided* that only Net Cash Proceeds from an Asset Sale of a Bank Regulated Subsidiary shall be applied to any purchases pursuant to this clause (4), or

(5) enter into a binding commitment with a Person, other than the Company or any of its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clause (b) and/or (c) above, *provided* that such binding commitment shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (a), (b) and/or (c) of the immediately preceding paragraph, the Company will make an offer to purchase notes (the "Asset Sale Offer"), at a purchase price equal to 100.0% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of notes pursuant to an Asset Sale Offer will occur not less than 20 business days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale (except in the case of clause (c)(3) in which case such period shall be extended for 180 days). The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of U.S.$20.0 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of U.S.$20.0 million, will be applied as required pursuant to this covenant. Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings or Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record holders as shown on the register of holders within 20 days following such 365th day, with a copy to the Trustee offering to purchase the notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, holders may elect to tender their notes in whole or in part in minimum principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof in exchange for cash.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Asset Sale Offer;

(2) deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

To the extent holders of notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-l under the Exchange Act and any other applicable securities laws in connection with the purchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds for any purpose not otherwise prohibited by the Indenture.

Limitation on Securitization

The Company and its Restricted Subsidiaries may sell, transfer or otherwise dispose of accounts receivable to a Securitization Vehicle; *provided* that:

(1) the sale, transfer or other disposition is in connection with a Loan-Related Securitization; and

(2) the aggregate consideration received in each such sale, transfer or other disposition is at least equal to the Fair Market Value of the receivables sold.

Limitation on Designation of Unrestricted Subsidiaries

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law or regulations applicable to a Bank Regulated Subsidiary as determined by the Mexican Banking Regulators, the Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (a "Designation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "— Limitation on Transactions with Affiliates";

(2) at the time of and after giving effect to such Designation, the Company could Incur U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness"; and

(3) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "— Limitation on Restricted Payments" or as a Permitted Investment in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date; and

At the time of such Designation, neither the Company nor any Restricted Subsidiary will:

(1) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of such Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(2) be directly or indirectly liable for any Indebtedness of such Subsidiary; or

(3) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of such Subsidiary, except for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by a certificate of the Chief Financial Officer of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order (including any restrictions imposed by the Mexican Banking Regulators on a Bank Regulated Subsidiary);

(2) the Indenture or the notes;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; *provided* that any amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) customary restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) an agreement governing Indebtedness of the Company or any Restricted Subsidiaries permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant described above under the caption "— Limitation on Incurrence of Additional Indebtedness"; *provided* that the provisions relating to such

encumbrance or restriction contained in such agreement are no more restrictive, taken as a whole, than those contained in the agreement referred to in clause (3) of this paragraph;

(9) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in paragraph (a)(3) of this covenant;

(10) Liens permitted to be incurred under the provisions of the covenant described below under the caption "— Limitation on Liens" that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends or the disposition or distribution of assets or property or transfer of Capital Stock in joint venture agreements, sale-leaseback agreements, limited liability company organizational documents and other similar agreements entered into in accordance with the terms of the Indenture and (a) in the ordinary course of business consistent with past practice or (b) with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(12) restrictions on cash, Cash Equivalents, Marketable Securities or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business consistent with past practice to secure trade payable obligations; and

(13) restrictions customarily granted in connection with any Loan-Related Securitizations.

Limitation on Layered Indebtedness

The Company will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Senior Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the notes, or the Note Guarantee, as the case may be, to the same extent and on the same terms as such Indebtedness is subordinate to such other Senior Indebtedness; provided that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of any Liens arising or created in respect of some but not all such Senior Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables unless contemporaneously therewith effective provision is made to secure the notes and all other amounts due under the Indenture, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company shall be the surviving or continuing Person, or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a Person organized or formed and validly existing under the laws of Mexico or a Qualified Merger Jurisdiction, and

(B) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the notes and the performance and observance of every covenant of the notes and the Indenture on the part of the Company to be performed or observed and shall cause each Guarantor (including Persons that become Guarantors as a result of the transaction) to confirm by supplemental indenture that its Note Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the notes;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be:

(1) will be able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness," or

(2) will have a Capitalization Ratio of not less than the Capitalization Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) if the Company is organized under Mexican law and merges with a corporation, or the Surviving Entity is, organized under the laws of a Qualified Merger Jurisdiction or the Company is organized under the laws of a Qualified Merger Jurisdiction and merges with a Person, or the Surviving Entity is, organized under the laws of Mexico, the Company or the Surviving Entity will have delivered to the Trustee an Opinion of Counsel from each of Mexico and the relevant Qualified Merger Jurisdiction to the effect that, as applicable:

(i) the holders of the notes will not recognize income, gain or loss for income tax purposes under the laws of the relevant Qualified Merger Jurisdiction or Mexico as a result of the transaction and will be taxed in the holder's home jurisdiction in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are regarded to be paid on the notes) and at the same times as would have been the case if the transaction had not occurred,

(ii) any payment of interest or principal under or relating to the notes will be paid in compliance with any requirements under the section "— Additional Amounts," and

(iii) no other taxes on income, including capital gains, will be payable by holders of the notes under the laws of Mexico or the relevant Qualified Merger Jurisdiction relating to the acquisition, ownership or disposition of the notes, including the receipt of interest or principal thereon; *provided* that the holder does not use or hold, and is not deemed to use or hold the notes in carrying on a business in Mexico or the relevant Qualified Merger Jurisdiction, and

(e) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to:

(1) any transfer of the properties or assets of a Restricted Subsidiary to the Company;

(2) any merger of a Restricted Subsidiary into the Company; or

(3) any merger of the Company into a Wholly-Owned Subsidiary of the Company created for the purpose of holding the Capital Stock of the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the notes with the same effect as if such Surviving Entity had been named as such. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "— Change of Control Triggering Event," if applicable.

Each Guarantor will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Guarantor unless:

(a) such Person (if such Person is the surviving entity) assumes all of the obligations of such Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture;

(b) such Note Guarantee is to be released as provided under "—Note Guarantees"; or

(c) such sale or other disposition of substantially all of such Guarantor's assets is made in accordance with "—Limitation on Asset Sales and Sales of Subsidiary Stock."

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are not materially less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$5.0 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$20.0 million, the Company must in addition obtain and deliver to the trustee a favorable written opinion from an internationally recognized investment banking firm as to the fairness of the transaction to the Company and its Restricted Subsidiaries from a financial point of view.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors or senior management of the Company;

(c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the Company and its Restricted Subsidiaries or the holders of the notes, taken as a whole, than the original agreement as in effect on the Issue Date);

(d) any Restricted Payments made in compliance with "— Limitation on Restricted Payments" or any Permitted Investments;

(e) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business and not exceeding U.S.$2.0 million outstanding at any one time;

(f) any employment agreement, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice and payments pursuant thereto;

(g) any issuance of Capital Stock (other than Disqualified Stock) of the Company to Affiliates of the Company or to any director, officer, employee or consultant of the Company, and the granting and performance of registration rights;

(h) transactions between the Company or any of its Restricted Subsidiaries and any Securitization Vehicle in the ordinary course of business in connection with Loan-Related Securitizations; and

(i) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are fair to the Company or its Restricted Subsidiaries (as applicable), or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

So long as any notes are outstanding, the Company will furnish to the Trustee:

(a) Within 120 days following the end of each of the Company's fiscal years, information (presented in the English language) including sections titled "Consolidated Financial Information and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections with scope and content substantially similar to the corresponding sections in this offering memorandum (after taking into consideration any changes to the business and operations of the Company after the Issue Date), consolidated audited income statements, balance sheets and cash flow statements and the related notes thereto for the Company for the two most recent fiscal years in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with an audit report thereon by the Company's independent auditors; and

(b) Within 60 days following the end of each of the first three fiscal quarters in each of the Company's fiscal years (beginning with the fiscal quarter ended March 31, 2014), quarterly reports containing unaudited balance sheets, statements of income, statements of shareholders equity and statements of cash flows and the related notes thereto for the Company and the Restricted Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section for such quarterly period and condensed footnote disclosure (in each case, presented in the English language).

None of the information provided pursuant to the preceding paragraph shall be required to comply with Regulation S-K as promulgated by the U.S. Securities and Exchange Commission. In addition, the Company shall furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Exchange Act by Persons who are not "affiliates" under the Securities Act.

In addition, if and so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the paying agent in Luxembourg.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt thereof shall not constitute constructive notice of any information contained therein or determinable for information contained therein, including the Company's compliance with any of the their respective covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Listing

In the event that the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, the Company will use its commercially reasonable efforts to maintain such admission to listing and trading; *provided* that if, as a result of any applicable rule, requirement or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the notes in accordance with the rules of the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union and recognized by the U.S. Securities and Exchange Commission as the Company may decide.

Notices

From and after the date the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*);

(2) if such Luxembourg publication in not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Luxembourg Stock Exchange, *www.bourse.lu*.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of notes at their registered addresses.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any notes, including the failure to make a required payment to purchase notes tendered pursuant to an optional redemption, Change of Control Triggering Event Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest or Additional Amounts, if any, on any notes;

(3) the failure to perform or comply with any of the provisions described under "Certain Covenants — Merger, Consolidation and Sale of Assets";

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the notes for 30 days or more after written notice to the Company from the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes;

(5) default by the Company or any Restricted Subsidiary that is a Significant Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in the instrument governing such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

and, in each case, the principal or accreted amount of Indebtedness at the relevant time, aggregates U.S.$10.0 million or more;

(6) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary to pay one or more final judgments against any of them, aggregating U.S.$10.0 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 days or more;

(7) certain events of bankruptcy affecting the Company or any of its Restricted Subsidiaries that are Significant Subsidiaries, including the declaration of their *concurso mercantil*; or

(8) any Note Guarantee ceases to be in full force and effect, other than in accordance the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Note Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or the holders of at least 25% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses (including the fees and expenses of its counsel), disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any notes.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders, if within 30 days after such Event of Default arose the Company delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee satisfactory indemnity. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such holder gives to the Trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in principal amount of the then outstanding notes make a written request to pursue the remedy;

(3) such holders of the notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply within 60 days; and

(5) during such 60 day period the holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided, that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee written notice of events which would constitute such Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 105 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to the Trustee, the Trustee must mail to each holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as its trust officer in good faith determines that withholding notice is in the interests of the holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations with respect to outstanding notes discharged ("Legal Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due;

(2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to certain covenants (including, without limitation, obligations to make Change of Control Triggering Event Offers, Asset Sale Offers, the obligations described under "— Certain Covenants" and the cross-acceleration provisions and judgment default provisions described under "Events of Default") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust for the benefit of the holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

(a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

(a) an Opinion of Counsel from Mexican legal counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that, based upon Mexican law then in effect, holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Mexican taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred, or

(b) a ruling directed to the Trustee received from the tax authorities of Mexico to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Trustee has received an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(9) the Company has delivered to the Trustee an Opinion of Counsel from counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company and the Trustee, without the consent of the holders, may amend the Indenture or the notes for certain specified purposes, including curing ambiguities, omissions, defects or inconsistencies, to provide for uncertificated notes in addition to or in place of certificated notes; to provide for the assumption of the Company's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of the Company's assets, as applicable; to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder; to comply with applicable requirements of the U.S. Securities and Exchange Commission; to conform the text of the Indenture or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture or the notes; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture; to otherwise comply with any requirement of the Indenture; to issue Additional Notes; and make any other changes which do not adversely affect the rights of any of the holders in any material respect. In formulating its opinion on such matters, the Trustee will be entitled to rely on such evidence as it deems appropriate, including solely on an Opinion of Counsel and Officers' Certificate, and shall have no liability whatsoever in reliance upon the foregoing.

Other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any notes payable in money other than that stated in the notes;

(5) make any change in provisions of the Indenture entitling each holder to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect any obligation of the Company to make and consummate a Change of Control Triggering Event Offer in respect of a Change of Control Triggering Event that has occurred, or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) make any change in the provisions of the Indenture described under "— Additional Amounts" that adversely affects the rights of any holder or amend the terms of the notes in a way that would result in a loss of exemption from Taxes;

(8) make any change to the provisions of the Indenture or the notes that adversely affects the ranking of the notes; and

(9) eliminate or modify in any manner a Guarantor's obligation with respect to its Note Guarantee which adversely affects the holders of the notes in any material respect, except as contemplated in the Indenture.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. The Company consents to the jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan and has appointed an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the notes.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture and the provisions of the TIA contain certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the TIA, the Trustee will be permitted to engage in other transactions; *provided*, that if the Trustee acquires any conflicting interest as described in the TIA, it must eliminate such conflict or resign.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company shall not have any liability for any obligations of the Company under the notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder waives and releases all such liability.

Currency Indemnity

The Company and the Guarantors will pay all sums payable under the Indenture or the notes solely in U.S. Dollars. Any amount that a holder receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to such holder from the Company or any Guarantors will only constitute a discharge to us, to the greatest extent permitted under applicable law, to the extent of the U.S. Dollar amount which such holder is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such holder is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to such holder under any note, to the greatest extent permitted under applicable law, the Company and the Guarantors will indemnify such holder against any loss such holder may sustain as a result. In any event, the Company and the Guarantors will indemnify any such holder against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for such holder to certify in a satisfactory manner that such holder would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which such holder was able to do so. In addition, any such holder will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person; provided that such Indebtedness is not incurred in connection with, or in anticipation or contemplation of such merger, consolidation, amalgamation or acquisition. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"Additional Amounts" has the meaning set forth under "— Additional Amounts" above.

"Additional Notes" has the meaning set forth under" — Payment of Additional Notes" above.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Affiliate Transaction" has the meaning set forth under "— Certain Covenants — Limitation on Transactions with Affiliates" above.

"Allowance for Loan Losses" means, as of any date of determination, the allowance for loan losses of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet as of the most recent fiscal quarter of the Company, prepared in accordance with GAAP.

"Asset Acquisition" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"Asset Sale" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including a Sale and Leaseback Transaction (each, a "disposition") by the Company or any Restricted Subsidiary of:

(a) any Capital Stock of any Restricted Subsidiary (but not Capital Stock of the Company); or

(b) any property or assets (other than cash or Cash Equivalents or Capital Stock of the Company) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "— Certain Covenants — Merger, Consolidation and Sale of Assets;"

(2) for purposes of "— Certain Covenants — Limitation on Asset Sales and Sales of Subsidiary Stock" only, the making of a Restricted Payment permitted under "— Certain Covenants — Limitation on Restricted Payments" or any Permitted Investment;

(3) a disposition to the Company or a Guarantor, including a Person that is or will become a Guarantor immediately after the disposition;

(4) transactions that involve assets or Capital Stock of a Restricted Subsidiary having a Fair Market Value of less than U.S.$5.0 million (or the equivalent in other currencies) during the life of the notes;

(5) a transfer of assets between or among the Company and any Guarantor;

(6) an issuance or sale of Capital Stock by a Restricted Subsidiary of the Company to the Company or any Restricted Subsidiary;

(7) the disposition of accounts receivable and loans as permitted under "— Certain Covenants — Limitations on Securitizations";

(8) the sale of delinquent loans to unaffiliated third parties;

(9) any sale or other disposition of damaged, worn-out, obsolete or no longer useful assets or properties in the ordinary course of business;

(10) the sale of assets received by the Company or any of its Restricted Subsidiaries upon the foreclosure of a Lien in the ordinary course of business;

(11) the granting of Liens permitted under "Certain Covenants — Limitation on Liens";

(12) the good faith surrender or waiver of contract rights or settlement, release or surrender of contract, tort or other claims or statutory rights in connection with a settlement in the ordinary course of business consistent with past practice; and

(13) a disposition to a Restricted Subsidiary that is not a Guarantor from another Restricted Subsidiary that is not a Guarantor.

"Asset Sale Offer" has the meaning set forth under "— Certain Covenants — Limitation on Asset Sales and Sales of Subsidiary Stock."

"Asset Sale Transaction" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

"*Bank Regulated Subsidiary*" means any direct or indirect subsidiary of the Company that is subject to the Mexican Law of Credit Institutions (*Ley de Instituciones de Crédito*), the General Provisions Applicable to Credit Institutions (*Disposiciones de Carácter General Aplicables a las Instituciones de Crédito*) published on December 2, 2005, as amended from time to time, and other rules and regulations issued from time to time by the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*), Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), and the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario*) (collectively, the "Mexican Banking Regulators"), and is authorized to conduct banking activities as an *institución de banca multiple* and regulated by the Mexican Banking Regulators, *provided* that the Consolidated Tangible Assets of each Bank Regulated Subsidiary, when taken together with the Consolidated Tangible Assets of all Bank Regulated Subsidiaries, will not exceed 25% of (i) the Consolidated Tangible Assets of the Company, less (ii) the Consolidated Tangible Assets of all Bank Regulated Subsidiaries. As of the Issue Date, the Company does not have any Bank Regulated Subsidiaries.

"Board of Directors" means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Capital Securities" means, with respect to the Company, any bonds, debentures, notes or other similar instruments of the Company (i) which are expressly subordinated in right of payment and in insolvency to the prior payment in full of any note and any other Senior Indebtedness, (ii) which have a scheduled maturity date of at least 10 years after the Issue Date, (iii) the first principal payment in respect of which (pursuant to any redemption provision, amortization schedule or otherwise) may not occur until at least 12 months after the last scheduled principal payment of any note and any other Senior Indebtedness, (iv) the principal of which may not be accelerated so long as any note remains outstanding (except pursuant to a customary bankruptcy event of default with respect to the Company), (v) are senior only to Capital Stock of the Company, (vi) in respect of which interest may be deferred and cancelled, and (vii) which, prior to their issuance, are provided equity-like treatment by at least two Rating Agencies pursuant to their respective rating criteria.

"Capital Stock" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"Capitalization Ratio" means, for any Person as of any date of determination, the result (expressed as a percentage) obtained by dividing (x) Consolidated Net Worth of such Person (calculated as of the end of the last completed fiscal quarter ending on or prior to the date of the transaction giving rise to the need to calculate Consolidated Net Worth) by (y) Net Loan Portfolio as of such date of determination.

"Capitalized Lease Obligations" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) *Certificados de la Tesorería de la Federación (Cetes)* or *Bonos de Desarrollo del Gobierno Federal (Bondes)*, in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;

(3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's") or any successor thereto;

(4) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) demand deposits, certificates of deposit, time deposits or bankers' acceptances maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than U.S.$500.0 million, or (c) in the case of Mexican peso deposits, any of the five top-rated banks (as evaluated by an internationally recognized rating agency) organized under the laws of Mexico;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (5) above;

(7) any other debt instruments having a rating of at least A-1 or AAA from S&P or P-1 or Aaa from Moody's with maturities of one year or less from the date of acquisition; and

(8) investments in money market funds, which invest substantially all of their assets in securities of the types described in clauses (1) through (7) above.

"Change of Control" means the occurrence of one or more of the following events:

(1) any Person or a Group other than the Permitted Holders is or becomes the beneficial owner, directly or indirectly, in the aggregate of 35.0% or more of the total voting power of the Voting Stock of the Company;

provided that the Permitted Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company (or its successor by merger, consolidation or purchase of all or substantially all of its assets) than such other Person or Group and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company or such successor (for the purposes of this clause, such other Person or Group shall be deemed to beneficially own any Voting Stock of a specified entity held by a parent entity, if such other Person or Group "beneficially owns" directly or indirectly, more than 35.0% of the voting power of the Voting Stock of such parent entity and the Permitted Holders "beneficially own" directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent entity);

(2) the Company consolidates with, or merges with or into, another Person, or the Company sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Company, determined on a consolidated basis, to any Person, other than a transaction where the Person or Persons that, immediately prior to such transaction "beneficially owned" the outstanding Voting Stock of the Company are, by virtue of such prior ownership, or Permitted Holders are, the "beneficial owners" in the aggregate of a majority of the total voting power of the then outstanding Voting Stock of the surviving or transferee person (or if such surviving or transferee Person is a direct or indirect wholly-owned subsidiary of another Person, such Person who is the ultimate parent entity), in each case whether or not such transaction is otherwise in compliance with the Indenture;

(3) individuals who on the Issue Date constituted the board of directors of the Company, together with any new directors whose election by the board of directors or whose nomination for election by the stockholders of the Company was voted upon favorably by the Permitted Holders, cease for any reason to constitute a majority of the board of directors of the Company then in office; or

(4) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) "beneficial owner" will have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group will be deemed to have "beneficial ownership" of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition.

(b) "Person" and "Group" will have the meanings for "person" and "group" as used in Sections 13(d) and 14(d) of the Exchange Act; and

(c) the Permitted Holders or any other Person or Group will be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the "parent corporation") so long as the Permitted Holders or such other Person or Group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50.0% of the voting power of the Voting Stock of the parent corporation and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent corporation.

"Change of Control Triggering Event" has the meaning set forth under "— Change of Control Triggering Event."

"Change of Control Triggering Event Offer" has the meaning set forth under "— Change of Control Triggering Event."

"Change of Control Triggering Event Payment" has the meaning set forth under "— Change of Control Triggering Event."

"Change of Control Triggering Event Payment Date" has the meaning set forth under "— Change of Control Triggering Event."

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; *provided*, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (but not loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that, solely for purposes of calculating Consolidated Net Income pursuant to clause (3) of the first paragraph of "Certain Covenants — Limitation on Restricted Payments" only, Consolidated Net Income of the Company will include the Company's proportionate share of the net income of:

(a) any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary or is merged or consolidated with the Company or any Restricted Subsidiary; or

(b) a Surviving Entity prior to assuming the Company's obligations under the Indenture and the notes pursuant to "Certain Covenants — Limitation on Merger, Consolidation and Sales of Assets";

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that (and only so long as) a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution (including, in the case of a Bank Regulated Subsidiary, any restrictions on distributions with respect to applicable minimum capital requirements imposed by the Mexican Banking Regulators);

(5) any increase (but not decrease) in net income attributable to minority interests in any Subsidiary (Restricted Subsidiary in the case of the Company);

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness and Hedging Obligations; and

(8) the cumulative effect of changes in accounting principles.

"Consolidated Net Worth" means, for any Person at any time, the consolidated stockholders' equity of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the consolidated balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Capital Stock of such Person.

"Consolidated Tangible Assets" means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the consolidated balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

"Covenant Defeasance" has the meaning set forth under "— Legal Defeasance and Covenant Defeasance."

"Currency Agreement" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Deposits*" means any deposits received from customers of a Bank Regulated Subsidiary, including without limitation, those made through or documented by certificates of deposit, short-term deposits, investments, bank notes (*pagarés bancarios*) and similar instruments.

"Designated Non-cash Consideration" means the Fair Market Value of non-cash consideration used in a Permitted Business (other than securities) received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an officers' certificate, setting forth the basis of such valuation, executed by the Chief Executive Officer or the Chief Financial Officer of the Company and delivered to the Trustee, less the amount of cash or Cash Equivalents received in connection with a sale of such Designated Non-cash Consideration.

"Designation" and "*Designation Amount"* have the meanings set forth under "— Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries" above.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the final maturity of the notes shall not constitute Disqualified Stock if:

(1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock" and "— Change of Control Triggering Event"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; *provided, however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"Eligible Subsidiary" means a Restricted Subsidiary that is a Wholly-Owned Subsidiary of the Company or of a Guarantor but excluding any Subsidiary (i) that is contractually restricted from acting as a Guarantor of the notes pursuant to an agreement in effect on the Issue Date or (ii) the net assets of which are less than US$3 million or (iii) that is a Bank Regulated Subsidiary.

"Event of Default" has the meaning set forth under "Events of Default."

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Fair Market Value" means, with respect to any asset (including, without limitation, accounts receivable), the price (after deducting any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided*, that the Fair Market Value of any such asset (including, without limitation, accounts receivable) will be determined conclusively by the senior management of the Company acting in good faith.

"GAAP" means either (i) the accounting criteria established by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV) applicable to the Company, (ii) the Mexican Financial Reporting Standards (*Normas de Información Financiera*) issued by the Mexican Board for Research and Development of Financial Information Standards (*Consejo Mexicano para la Investigación y Desarollo de Normas de Información Financiera*) or (iii) the International Financial Reporting Standards, in each case as in effect from time to time.

"Guarantee" means any obligation, contingent or otherwise, including an *aval*, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided, that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means any Eligible Subsidiary that provides a Note Guarantee pursuant to the Indenture unless and until such Guarantor is released from its Note Guarantee pursuant to the Indenture.

"Hedging Obligations" means the obligations of any Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding).

"Indebtedness" means with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by

180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(5) all letters of credit, banker's acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;

(8) all obligations under Hedging Obligations of such Person;

(9) to the extent not otherwise included in this definition, all liabilities required to be recorded on the consolidated balance sheet of such Person in accordance with GAAP in connection with a sale or other disposition of securitized receivables or other accounts receivables and related assets, including, without limitation, in connection with any Loan-Related Securitization; and

(10) all Disqualified Capital Stock issued by such Person.

"Intangible Assets" means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

"Interest Rate Agreement" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"Investment" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person,

(2) capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) any other Person, or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" will have corresponding meanings.

For purposes of the "Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"Investment Grade Rating" means a rating equal to or higher than (i) Baa3 (or the equivalent) by Moody's or (ii) BBB- (or the equivalent) by S&P, or, if either such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other Rating Agency.

"Investment Return" means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(1) (x) the proceeds in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee and (y) any dividends or distributions received by the Company or any Restricted Subsidiary from an Unrestricted Subsidiary, to the extent such amounts were not otherwise included in Consolidated Net Income;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation;

(b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company's equity interest in such Unrestricted Subsidiary at the time of Revocation; and

(c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the Fair Market Value of the Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "Certain Covenants — Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"Issue Date" means March 13, 2014.

"Legal Defeasance" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"Loan Receivables" means loans and other loan-related receivables purchased or originated by the Company or any Restricted Subsidiary; *provided*, however, that for purposes of determining the amount of a Loan Receivable at any time, such amount shall be determined in accordance with GAAP, consistently applied, as of the most recent practicable date.

"Loan-Related Securitization" means any securitization, factoring, discounting or similar financing transaction or series of transactions entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries directly or indirectly through a Securitization Vehicle securitizes a

pool of specified Loan Receivables, Residual Interests, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary on terms that the Board of Directors has concluded are customary and market terms fair to the Company and its Restricted Subsidiaries and the proceeds of which are used to repay any Senior Indebtedness of the Company, make capital expenditures in a Permitted Business, and/or purchase assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business.

"Marketable Securities" has the meaning ascribed to such term under GAAP.

"Mexican Banking Regulators" has the meaning set forth in the definition of "Bank Regulated Subsidiary."

"Mexican Restructuring" means any case or other proceeding against the Company or any Subsidiary with respect to it or its debts under any bankruptcy, *concurso mercantil*, *quiebra*, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, *conciliador*, liquidator, custodian or other similar official of it or any substantial part of its property.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(l) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"Net Loan Portfolio" means, as of any date of determination, the net loan portfolio of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet as of the most recent fiscal quarter of the Company, prepared in accordance with GAAP.

"Obligations" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the notes, the Indenture.

"Officer" means, when used in connection with any action to be taken by the Company, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the General Counsel, the Controller or the Secretary of the Company.

"Officers' Certificate" means, when used in connection with any action to be taken by the Company, a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and which opinion shall be reasonably acceptable to the Trustee.

"Permitted Acquisition Indebtedness" means Indebtedness of the Company to the extent such Indebtedness was (i) Indebtedness of a Subsidiary prior to the date on which such Subsidiary became a Restricted Subsidiary, (ii) Indebtedness of a Person that was merged, consolidated or amalgamated into the Company or (iii) assumed in connection with the acquisition of assets from a Person; *provided* that on the date such Subsidiary became a Restricted Subsidiary or the date such Person was merged, consolidated or amalgamated into the Company or assumed in connection with an Asset Acquisition, as applicable, after giving *pro forma* effect thereto, (a) the Company would be permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) under "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness," or (b) the Capitalization Ratio of the Company and its Restricted Subsidiaries would be equal to or greater than the Capitalization Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction.

"Permitted Business" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date, and any business related, ancillary or complementary thereto or otherwise arising out of those activities, including, without limitation, any activities relating to payroll loan financing, durable goods lending, auto loans, loans to small- and medium-enterprises (SMEs) and independent professionals, the extension of group loans and other consumer goods and receivables financing services.

"Permitted Holders" means (i) Nexxus Capital Private Equity Fund III, L.P.; (ii) Venlo Resources Pte. Ltd. and any Affiliates thereof; (iii) any member of the Berrondo, Saiz or Esteve families who holds shares of the Company on the Issue Date; (iv) a parent, brother or sister of any individual named in clause (iii); (v) the spouse or a former spouse of any individual named in clause (iii) or (iv); (vi) the lineal descendants of any person named in clauses (iii) through (v); (vii) the estate or any guardian, custodian or other legal representative of any individual named in clauses (iii) through (vi); (viii) any trust established principally for the benefit of any one or more of the individuals named in clauses (iii) through (vii); (ix) any Person in which a majority of the voting capital stock is owned, directly or indirectly, by any one or more of the Persons named in clauses (iii) through (viii); and (x) any senior managing director of the general partner of Nexxus Capital Private Equity Fund III, L.P.

"Permitted Indebtedness" has the meaning set forth under clause (2) of "Certain Covenants — Limitation on Incurrence of Additional Indebtedness."

"Permitted Investments" means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary, except for a Guarantee of Indebtedness of a Restricted Subsidiary;

(2) Investments by the Company, or any Restricted Subsidiary, in the Company;

(3) Investments in cash and Cash Equivalents;

(4) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(5) Investments permitted pursuant to clause (2)(b), (c) or (e) of "Certain Covenants — Limitation on Transactions with Affiliates";

(6) Investments received as a result of the bankruptcy or reorganization of any Person, or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "Certain Covenants-Limitation on Asset Sales and Sales of Subsidiary Stock";

(8) Investments in the form of Hedging Obligations permitted under clause 2(d) of "Certain Covenants Limitation on Incurrence of Additional Indebtedness";

(9) Investments in a Person engaged in a Permitted Business, *provided* that any such Investment, taken together with all Investments made in reliance on this clause (9) since the Issue Date, shall not exceed (a) 20% of the Consolidated Net Worth of the Company *plus* (b) U.S.$50 million, *plus* (c) returns received from Investments made under this clause (9), *provided, however*, that these returns (i) are not included in the Consolidated Net Income of the Company, (ii) are in the form of cash and (iii) do not exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause (9). For the avoidance of doubt, Investments in Restricted Subsidiaries shall not be affected by this clause (9);

(10) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(11) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(12) loans or advances to employees in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(13) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(14) payroll loans, durable goods loans, , small business loans, group loans, used car loans and other loans (including loan portfolios) made or acquired by the Company in the ordinary course of business, including, without limitation, the acquisition of loans or loan portfolios from third parties; and

(15) Investments in any Person in connection with a Loan-Related Securitization; *provided* that such Investment in any such Person is in the form of a receivables financing facility, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary and transferred to such Person in connection with a Loan-Related Securitization (including by way of transfers of receivables to a Securitization Vehicle);

provided, however, that with respect to any Investment, the Company may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment to, one or more of the above clauses (1) through (15) so that the entire Investment would be a Permitted Investment.

"Permitted Liens" means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(2) Liens Incurred or deposits made in the ordinary course of business (x) in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or (y) to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases,

government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens securing Indebtedness Incurred by a Bank Regulated Subsidiary pursuant to clause (o) of paragraph (2) under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness";

(4) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(5) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(6) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness" and that are secured by the same assets as secure such Hedging Obligations;

(7) Liens existing on the Issue Date and Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "— Certain Covenants — Limitation on Liens" not incurred pursuant to clauses (9) and (10) of this definition of "Permitted Liens" and which Indebtedness has been Incurred in accordance with "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness"; *provided*, that such new Liens:

(a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced, and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(8) Liens securing Acquired Indebtedness Incurred in accordance with "— Certain Covenants — Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided*, that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary, and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(9) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided*, that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired, and

(b) the Lien securing such Indebtedness will be created within 365 days of such acquisition;

(10) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(11) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(12) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and incurred in the ordinary course of business securing Indebtedness under Hedging Obligations and forward contracts, options, futures contracts, futures options or similar agreements or arrangements designed to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates;

(13) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(14) licenses of intellectual property in the ordinary course of business;

(15) Liens to secure a defeasance trust to the extent such defeasance is otherwise permitted pursuant to the terms of the Indenture;

(16) easements, rights-of-way, zoning and similar restrictions, reservations, restrictions or encumbrances in respect of real property or title defects that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties (as such properties are used by the Company or its Restricted Subsidiaries) or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(17) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings that may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such legal proceedings may be initiated shall not have expired;

(18) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary; or

(19) to the extent that at the time of and immediately after giving *pro forma* effect to the Incurrence thereof the Total Unencumbered Assets of the Company and its Restricted Subsidiaries (on a consolidated basis) is at least 110.0% of the Total Unsecured Indebtedness of the Company and its Restricted Subsidiaries (on a consolidated basis), Liens on Loan Receivables, other receivables, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary Incurred in connection with any Loan-Related Securitization or any debt facility entered into for the purpose of financing or refinancing the purchase or origination or financing the pooling of Loan Receivables or other receivables, net interest margin securities or similar or related assets by the Company or a Restricted Subsidiary.

"Person" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Post-Petition Interest" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Qualified Merger Jurisdiction*" means (i) the United States, any State thereof or the District of Columbia; (ii) any member state of the European Union; or (iii) any other nation that has a sovereign debt rating from two Rating Agencies that is equal to or higher than the sovereign debt rating assigned to Mexico by such Rating Agencies.

"*Rating Agencies*" means (i) S&P and (ii) Moody's or (iii) if S&P or Moody's or both shall not make a rating of the notes publicly available, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody's or both, as the case may be.

"*Rating Date*" means the earlier of the date of public notice of the occurrence of a Change of Control or of the entry into a definitive agreement contemplating a Change of Control.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

(a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

(b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

(a) Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company,

(b) Indebtedness of a Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or such Guarantor, and

(c) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Residual Interests*" means (i) any residual interests in Loan-Related Securitizations, Securitization Securities or any other interests in Securitization Vehicles or (ii) the residual value of any assets that are financed through

Indebtedness Incurred in connection with a Loan-Related Securitization, regardless of whether required to appear on the face of the consolidated financial statements of such Person and its Subsidiaries in accordance with GAAP.

"*Restricted Payment*" has the meaning set forth under "Certain Covenants — Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company, which at the time of determination is not an Unrestricted Subsidiary.

"*Revocation*" has the meaning set forth under "— Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries."

"*S&P*" means Standard & Poor's Ratings Services and its successors and assigns.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien upon the property or assets of the Company and/or its Restricted Subsidiaries.

"*Securitization Securities*" has the meaning set forth in the definition of "Securitization Vehicle."

"*Securitization Vehicle*" means (i) any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing asset-backed securities of any kind or issuing any other Indebtedness (whether or not in the form of securities) backed by Loan Receivables or Residual Interests ("Securitization Securities"), and (ii) any special purpose, bankruptcy remote Restricted Subsidiary of the Company or any of its Restricted Subsidiaries established in connection with the issuance of Securitization Securities and any other entity (or several entities) that serves as an intermediate entity between a Restricted Subsidiary, as the case may be, that initially purchases or originates Loan Receivables or Residual Interests and an entity referred to in clause (i) regardless of whether such Restricted Subsidiary is an issuer of Securitization Securities; *provided* that in each case, such entity is an entity:

(1) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Loan-Related Securitizations and any activity necessary, incidental or related thereto,

(2) no portion of the Debt or any other obligation, contingent or otherwise, of which

(A) is Guaranteed by the Company or any Restricted Subsidiary of the Company,

(B) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way, or

(C) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof,

(3) with respect to which neither the Company nor any Restricted Subsidiary of the Company (other than an Unrestricted Subsidiary) has any obligation to maintain or preserve its financial condition or cause it to achieve certain levels of operating results

other than, in respect of clauses (2) and (3), (x) pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Loan-Related Securitization, and (y) any Guarantees by the Company or a Restricted Subsidiary of any Indebtedness of a Securitization Vehicle that would constitute Permitted Indebtedness or which would be permitted under "— Limitation on Incurrence of Additional Indebtedness."

“*Senior Indebtedness*” means the notes (and any Note Guarantee thereof) and any other Indebtedness of the Company or a Guarantor that is not, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, or the relevant Note Guarantee.

“*Significant Subsidiary*” means a Subsidiary of the Company constituting a “Significant Subsidiary” of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

“*Subordinated Indebtedness*” means, with respect to the Company or a Guarantor, any Indebtedness of the Company or a Guarantor that is, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, the relevant Note Guarantee or any other Senior Indebtedness, as the case may be.

“*Subsidiary*” means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50.0% of the voting power of the other Person’s outstanding Voting Stock.

“*Surviving Entity*” has the meaning set forth under “— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets.”

“*Total Unencumbered Assets*” means, as of any date of determination, the total consolidated assets of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet as of the most recent fiscal quarter of the Company (but excluding Intangible Assets, any deferred tax assets and accounts receivable (other than receivables subject to Loan-Related Securitizations)), in each case on such date not securing any portion of Secured Indebtedness determined on a consolidated basis in accordance with GAAP.

“*Total Unsecured Indebtedness*” means, as of any date of determination, the total outstanding principal amount of all Unsecured Indebtedness of the Company and its Restricted Subsidiaries.

“*U.S. Dollar Equivalent*” means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in *The Wall Street Journal* in the “Exchange Rates” column under the heading “Currency Trading” on the date two business days prior to such determination.

Except as described under “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness,” whenever it is necessary to determine whether the Company has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company Designated as an Unrestricted Subsidiary pursuant to “Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries.” Any such Designation may be revoked by a certificate of the Chief Financial Officer of the Company, subject to the provisions of such covenant.

“*Unsecured Indebtedness*” means any Indebtedness of the Company and/or its Restricted Subsidiaries other than Secured Indebtedness.

“*Voting Stock*” with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"Wholly-Owned Subsidiary" means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person and/or one or more Persons that satisfy this definition in respect of such Person (or a combination thereof).

BOOK-ENTRY, DELIVERY AND FORM

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S notes"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A global notes"). Regulation S notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Regulation S global notes" and, together with the Rule 144A global notes, the "global notes").

The global notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "restricted period"), beneficial interests in the Regulation S global notes may be transferred to a U.S. person only in accordance with the certification requirements described below. Beneficial interests in the Rule 144A global notes may not be exchanged for beneficial interests in the Regulation S global notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A notes (including beneficial interests in the Rule 144A global notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions." Regulation S notes will also bear the legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the global notes; and

(2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by

the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Trustee. Neither the Issuer nor the Trustee nor any of their respective agents will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the Trustee and each such agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A global notes and the Regulation S global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form ("certificated notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the global notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) The Issuer, at its option, notifies the Trustee in writing that it has elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a global note may be exchanged for certificated notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S global notes may be exchanged for beneficial interests in the Rule 144A global notes only if:

(1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the notes are being transferred to a person:

(A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interest in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S global note, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S global notes and the Rule 144A global notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other global note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

General

The following summary contains a description of the material U.S. and Mexican federal income tax consequences of the purchase, ownership and disposition of the notes, by holders that are non-residents of Mexico for tax purposes.

This summary is based upon federal tax laws of the United States and Mexico as in effect on the date of this offering memorandum, including the provisions of the income tax treaty between the United States and Mexico, which we refer to in this offering memorandum as the Tax Treaty, all of which are subject to change. This summary does not purport to be a comprehensive description of all the U.S. or Mexican federal tax considerations that may be relevant to a decision to purchase, hold or dispose of the notes. The summary does not address any tax consequences under the laws of any state, municipality or locality of Mexico or the United States or the laws of any taxing jurisdiction other than the federal laws of Mexico and the United States.

Prospective investors should consult their own tax advisors as to the Mexican and U.S. tax consequences of the purchase, ownership and disposition of notes, including, in particular, the effect of any foreign (non-Mexican and non-U.S.), state, municipal or local tax laws.

Mexico has also entered into or is negotiating several double taxation treaties with various countries that may have an impact on the tax treatment of the purchase, ownership or disposition of notes. Prospective purchasers of notes should consult their own tax advisors as to the tax consequences, if any, of the application of any such treaties.

Mexican Federal Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes by holders that are not residents of Mexico, for Mexican federal income tax purposes, and that do not hold such notes through a permanent establishment for tax purposes in Mexico, to which income under the notes is attributable; for purposes of this summary, each such holder is referred to as a foreign holder.

This summary is based on the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*) and regulations in effect on the date of this offering memorandum, all of which are subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

This summary does not constitute tax advice, does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. In particular, this summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than certain federal laws of Mexico.

Potential investors should consult with their own tax advisors regarding the particular consequences of the purchase, ownership or disposition of the notes under the federal laws of Mexico or any other jurisdiction or under any applicable double taxation treaty to which Mexico is a party, which is in effect.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered a resident of Mexico for tax purposes, as specified below, is deemed as a non-resident of Mexico for tax purposes and a foreign holder for purposes of this summary.

Tax residency is a highly technical definition that involves the application of a number of factors that are principally described under Articles 9 and 10 of the Mexican Tax Code (*Código Fiscal de la Federación*). An individual is a resident of Mexico for tax purposes, if he/she established his/her home in Mexico. When the individual in question has a home in another country, the individual will be deemed a resident in Mexico if his/her center of vital interests is located in Mexican territory. This will be deemed to occur if (i) more than 50.0% of the aggregate income realized by such individual in the calendar year is from a Mexican source, or (ii) the principal center of his/her professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico and where his/her income is subject to a preferred tax regime as defined by Mexican law, will be considered Mexican residents for tax purposes during the fiscal year of the filing of notice of such residence change and during the following three fiscal years. Unless otherwise proven, a Mexican national is deemed a resident of Mexico for tax purposes.

A legal entity is a resident of Mexico if it maintains the principal administration of its business or the effective location of its management in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes or is deemed a resident of Mexico for tax purposes, any and all income attributable to that permanent establishment of such resident will be subject to Mexican income taxes, in accordance with applicable tax laws. However, any determination of residence, whether involving an individual or a corporation, should take into account the particular situation for each person or legal entity.

Payments of Interest

Pursuant to the Mexican Income Tax Law, payments of interest on the notes (including original issue discount, which is deemed to be interest) made by us to foreign holders will be subject to Mexican withholding tax at a rate of 4.9%, if, as expected, the following requirements are met:

- the issuance of the notes (including the principal characteristics of the notes) is notified to the CNBV pursuant to Article 7 of the Mexican Securities Market Law and Articles 24 Bis and 24 Bis 1 of the general regulations applicable to issuers and other market participants;

- the notes, as expected, are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has in force a treaty for the avoidance of double taxation which is in effect (which currently includes the United States of America); and

- we timely comply with the informational requirements specified from time to time by the Mexican tax authorities under their general rules, including, after completion of the transaction described in this offering memorandum, the filing with the Mexican Tax Administration Service Servicio de Administración Tributaria or SAT, fifteen business days after the placement of the notes, certain information regarding the issuance of the notes and this offering memorandum.

If any of the above mentioned requirements is not met, the Mexican withholding tax will be 10.0% or higher. If the effective beneficiaries, whether acting directly or indirectly, individually or jointly with related parties, that receive more than 5% of the interest paid under the notes (i) are persons who own, directly or indirectly, individually or with related parties, 10% of our voting stock or (ii) are corporations or other entities, of which 20% or more of the voting stock is owned, directly or indirectly, jointly or severally, by persons related to us, then the Mexican withholding tax rate applicable to payments of interest under our notes may increase to the maximum applicable rate according to the Law (currently 35%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;

- both persons have common interests; or

- a third party has an interest in the business or assets of both persons.

As of the date of this offering memorandum, the Tax Treaty is not expected to have any effect on the Mexican tax consequences described in this summary, because, as described above, under the Mexican Income Tax Law, we expect to be entitled to withhold taxes in connection with interest payments under the notes at a 4.9% rate.

Payments of interest on the notes made by us to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax provided that:

- the applicable fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from taxes in its country of residence; and
- such fund provides information to SAT in accordance with rules issued by SAT for these purposes.

Holders or beneficial owners of the notes may be requested, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments under the notes, made by us to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a foreign holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements established in such Law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely provided, we may withhold Mexican tax from interest payments on the notes to that holder or beneficial owner at the maximum applicable rate in effect, and our obligation to pay Additional Amounts relating to those withholding taxes will be limited as described under "Description of the Notes—Additional Amounts."

Payments of Principal

Under Mexican Income Tax Law, payments of principal on the notes made by us to foreign holders will not be subject to any Mexican withholding tax.

Taxation of Capital Gains

Under the Mexican Income Tax Law, capital gains resulting from the sale or other disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico. Gains resulting from the sale of the notes by a foreign holder to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes, will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Taxation of Make-Whole Amount

Under the Mexican Income Tax Law, the payment of the Make-Whole Amount as a result of the optional redemption of the notes, as provided in "Description of Notes—Redemption—Optional make-whole redemption," will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the purchase, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

U.S. Federal Income Tax Considerations

To ensure compliance with Internal Revenue Service ("IRS") Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering memorandum or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code of 1986, as amended (the "Code"); (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

The following summary addresses certain U.S. federal income tax consequences of the ownership and disposition of the notes. This discussion deals only with a note held as a "capital asset" within the meaning of section 1221 of the Code and does not address tax consequences to taxpayers that may be subject to special tax rules, such as (i) banks or certain other financial institutions, (ii) pension funds, (iii) tax-exempt organizations, (iv) retirement plans, (v) regulated investment companies, (vi) real estate investment trusts, (vii) partnerships or other pass-through entities for U.S. federal income tax purposes, (viii) persons who hold notes through a partnership or other pass-through entity, (ix) controlled foreign corporations, (x) passive foreign investment companies, (xi) small business investment companies, (xii) insurance companies, (xiii) broker/dealers, (xiv) dealers or traders in securities or currencies, (xv) holders who hold notes as part of a hedge, straddle, synthetic security, conversion transaction or other risk reduction transaction, (xvi) U.S. Holders (as defined below) whose "functional currency" is not the U.S. dollar, (xvii) former citizens or residents of the United States, or (xviii) taxpayers subject to the alternative minimum tax. Moreover, this discussion does not address any applicable state, local or non-U.S. taxes or U.S. federal taxes other than income taxes.

This discussion is for general information only and is based on the provisions of the Code, the Treasury regulations promulgated or proposed thereunder, judicial authority, published administrative positions of the IRS and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change or differing interpretations, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the tax consequences discussed herein, and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

The term "U.S. Holder" means any beneficial owner of a note that is:

(1) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;

(2) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the law of the United States or any state thereof or the District of Columbia;

(3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

(4) a trust if (a) a court within the United States is able to exercise primary jurisdiction over its administration, and one or more U.S. persons have the authority to control all of its substantial decisions, or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

The term "non-U.S. Holder" means a beneficial owner of a note that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners in partnerships holding notes should consult their own tax advisors regarding the material U.S. federal income tax consequences of the Offer that would apply to them.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you regarding ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

U.S. Holders

Contingent Payment Debt Obligations

Certain debt instruments that provide for one or more contingent payments are subject to U.S. Treasury regulations governing contingent payment debt instruments. A payment is not treated as a contingent payment under these regulations if, as of the issue date of the debt instrument, the likelihood that such payment will be made is remote and/or the payments are incidental. In certain circumstances as set forth in the "Description of the Notes", we may redeem the notes in advance of their stated maturity, in which case we may pay amounts on the notes that are in excess of the stated interest or principal of the notes. Although not free from doubt, we intend to take the position that the possibility that any such payment will be made is remote and/or the payments are incidental and therefore the notes are not subject to the rules governing contingent debt instruments. Our determination that these contingencies are remote and/or incidental is binding on you unless you disclose your contrary position to the IRS in the manner that is required by applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS. It is possible that the IRS might take a different position from that described above, in which case the timing, character and amount of taxable income in respect of the notes may differ adversely from that described herein. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments.

Stated Interest

The amount of stated interest payments on a note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes.

The notes will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes if their stated redemption price at maturity exceeds their "issue price" by more than a *de minimis* amount. The "issue price" of a note generally is the first price at which a substantial amount of the issue of which the note is a part is sold to persons other than bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers. If a note is treated as issued with more than a *de minimis* amount of OID, you will be required, regardless of your tax accounting method, to include in ordinary income a portion of the OID for each day during each taxable year in which you held the note, determined by using a constant yield-to-maturity method that reflects compounding interest.

In addition to interest on the notes, you will be required to include in income any Additional Amounts and any tax withheld from the interest payments you receive, even if you do not in fact receive this withheld tax. You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Interest income (including Mexican taxes withheld from the interest payments and any Additional Amounts) on a note generally will be considered foreign source income and generally should constitute "passive category income." You may be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Premium

A U.S. Holder of a note that purchases the note at a cost greater than its principal amount will be considered to have purchased the note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the note. Such election, once made, generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder that elects to amortize such premium must reduce its tax basis in a note by the amount of the premium amortized during its holding period. With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. Holder's tax basis when the note matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortize such premium and that holds the note to maturity generally will be required to treat the premium as capital loss when the note matures.

Sale, Exchange and Retirement of Notes

The sale, exchange, retirement or other disposition of a note by a U.S. Holder will be a taxable transaction. The U.S. Holder will generally recognize gain or loss in an amount equal to the difference between the amount of cash received (including any make-whole amount received upon redemption, but less an amount equal to any accrued interest that you did not previously include in income, which will be taxable as such) and the U.S. Holder's adjusted tax basis in the note at the time of such disposition. A U.S. Holder's adjusted tax basis in a note generally will be its cost, increased by the amount of OID, if any, the U.S. Holder has included in gross income with respect to the note, and decreased by any amortizable bond premium deducted with respect to the note and by the amount of any payments on the notes other than payments of stated interest. Any gain or loss recognized on a disposition of a note generally will be capital gain or loss, and such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of disposition. Certain non-corporate U.S.

Holders are eligible for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

If a Mexican income tax is withheld on the sale or other disposition of our notes, the amount of cash considered received will include the gross amount of the proceeds of that sale or other disposition before deduction of the Mexican income tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of our notes generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of gain from the disposition of our notes that is subject to Mexican income tax, a U.S. Holder may not be able to benefit from the foreign tax credit for that Mexican income tax (because the gain from the disposition would be United States source), unless the U.S. Holder can apply the credit (subject to applicable limitations) against U.S. federal income tax payable on other income from foreign sources or is entitled to treat such gain as Mexican source under the U.S.-Mexico Tax Treaty if the U.S. Holder considered a resident of the United States for purposes of, and otherwise meet the requirements of, the U.S.-Mexico Tax Treaty. Alternatively, a U.S. Holder may take a deduction for the Mexican income tax if you do not take a credit for any foreign taxes paid or accrued during the taxable year. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the foreign tax credit implications of the sale, exchange, retirement or other disposition of the notes.

Medicare Contribution Tax on Unearned Income

Certain U.S. Holders who are individuals, estates or trusts are subject to a 3.8% Medicare surtax on the lesser of (1) such U.S. Holder's net investment income (in the case of individuals) or undistributed net investment income (in the case of estates and trusts) (which includes, among other things, any interest payments and proceeds from the sale or other taxable disposition of the notes) for the relevant taxable year and (2) the excess of the U.S. Holder's modified gross income (in the case of individuals) or adjusted gross income (in the case of estates and trusts) for the taxable year over a certain threshold. U.S. Holders should consult their tax advisors regarding the effect, if any, of this Medicare surtax on their ownership and disposition of the notes.

Non-U.S. Holders

If you are a non-U.S. Holder, any gain you realize on a sale of the notes generally will not be subject to U.S. federal income tax unless (i) the gain is effectively connected with a U.S. trade or business of the non-U.S. Holder ("United States trade or business income"), in which case, unless an applicable income tax treaty otherwise provides, the non-U.S. Holder generally will be subject to U.S. federal income tax on such gain in the same manner as a U.S. Holder and may also be subject to a 30 percent branch profits tax if the non-U.S. Holder is a corporation, or (ii) in the case of a non-U.S. Holder who is an individual, that individual is present in the United States for 183 days or more during the taxable year of the disposition and certain other conditions are met, in which case, unless an applicable income tax treaty otherwise provides, the non-U.S. Holder will be subject to a 30 percent U.S. federal income tax on any gain recognized (net of certain U.S. source net capital loss).

The interest income that you derive with respect to the notes (including the amount of any Mexican tax withheld and any Additional Amounts) generally will not be subject to U.S. federal income or withholding tax if such payments are not United States trade or business income, as described above. Any payments of interest that are United States trade or business income will not be subject to U.S. federal withholding tax (provided the non-U.S. Holder provides the appropriate certification, generally a properly executed IRS Form W-8ECI) but will be subject to U.S. federal income tax generally in the same manner as interest payments to a U.S. Holder unless an applicable income tax treaty provides otherwise. If a non-U.S. Holder is a corporation, such payments also could be subject to the branch profits tax described above.

Backup Withholding and Information Reporting

Information reporting requirements will generally apply to the payments we make to a U.S. Holder and the proceeds from a sale of a note paid to a U.S. Holder. Backup withholding may apply to such payments to a U.S. Holder unless such U.S. Holder (a) falls within certain exempt categories and demonstrates this fact when required or (b) provides an IRS Form W-9 containing such U.S. Holder's correct taxpayer identification number and otherwise complies with the applicable backup withholding rules. Penalties also may be imposed on a recipient that fails to supply a valid IRS Form W-9 or other evidence of exemption from backup withholding.

A non-U.S. Holder who provides an appropriate certification (such as an IRS Form W-8BEN) to us or our paying agent attesting to its status as a non-U.S. person and otherwise qualifies for exemption is not subject to the backup withholding and information reporting requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a Holder generally may be claimed as a refund or credit against such Holder's U.S. federal income tax liability provided the appropriate information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement, each initial purchaser named below has severally agreed to purchase, and we have agreed to sell, the principal amount of the notes opposite such initial purchaser's name.

Initial Purchasers	Principal Amount
Barclays Capital Inc.	US$ 131,250,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	US$ 131,250,000
Credit Suisse Securities (USA) LLC.	US$ 87,500,000
Total	US$ 350,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchaser may be increased, the commitments of the defaulting initial purchaser may be assumed by other persons satisfactory to the non-defaulting initial purchasers and us or the purchase agreement may be terminated.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

We have retained Barclays Capital Inc. and Merrill Lynch, Pierce, Fenner & Smith as Dealer Managers and Solicitation Agents for the Tender Offer and the Consent Solicitation and will pay them customary fees and expenses in connection with their services as Dealer Managers and Solicitation Agents.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers have advised us that they propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The initial purchasers may offer and sell notes through certain of their affiliates.

The Notes Are Not Being Registered

The notes have not been, and will not be, registered under the Securities Act or the securities law of any other jurisdiction, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. In connection with sales outside the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and that it will send to each dealer to whom it sells such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Resales of the notes are restricted as described below under "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of the notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. national securities exchange. Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the listing application will be approved. We have been advised by each initial purchaser that it presently intends to make a market in the notes after completion of the offering. However, it is under no obligation to do so and may discontinue any market-making activities at its own discretion at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made against payment of the notes on or about March 13, 2014, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+ 5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder may be required, by virtue of the fact that the notes initially settle in T+ 5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of each initial purchaser, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any dollar-denominated debt securities, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market.

Similar to other purchase transactions, purchases by the initial purchasers to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Certain of the initial purchasers or their affiliates may hold positions in the 2015 Senior Notes. As a result, certain of those initial purchasers or their affiliates may receive some of the proceeds from this offering. See "Use of Proceeds."

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Mexico

The notes have not been and will not be registered with the Mexican National Securities Registry maintained by the CNBV, and, therefore, may not be offered or sold publicly in Mexico, except that the notes may be sold to Mexican institutional and accredited investors pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico. Such notice will be submitted to the CNBV to comply with Article 7, second paragraph, of the Mexican Securities Market Law and for informational purposes only. The delivery to, and the receipt by, the CNBV of such notice does not constitute or imply any certification as to the investment quality of the notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this offering memorandum. This offering memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor who is a resident of Mexico will be made under its own responsibility.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, which has implemented the Prospectus Directive, which we refer to as Relevant Member States, an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the us for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of notes shall result in a requirement for the publication by us, the initial purchasers or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of notes within the EEA should only do so in circumstances in which no obligation arises for us or the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and the initial purchasers that:

(1) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (a) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (b) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in the United Kingdom

Each of the initial purchasers has:

(1) only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act of 2000 (the "FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not, or would not, apply to us; and

(2) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This offering memorandum, as well as any other material relating to the notes which are the subject of the offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The notes will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the notes, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of the SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange. The notes are being offered in Switzerland by way of a private placement, (i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the notes with the intention to distribute them to the public). The investors will be individually approached by the initial purchasers from time to time. This document, as well as any other material relating to the notes, is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been provided in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered hereby only (a) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), or QIBs, in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with us and the initial purchasers as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below;

(3) It shall not resell or otherwise transfer any of such notes except:

- to the Company or any of its subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;

(5) It understands that the certificates evidencing the notes (other than the Regulation S global notes) will bear a legend substantially to the following effect unless otherwise determined by us:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE

INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND SHALL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

(6) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40 day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note, and that each Regulation S global note will contain a legend to substantially the following effect:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT, THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

(7) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

(8) It acknowledges that the Company will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Company that the restrictions set forth herein have been complied with; and

(9) It acknowledges that the Company, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the Company, the trustee and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole

investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

ENFORCEMENT OF CIVIL LIABILITIES

We are a *sociedad anónima bursátil de capital variable* (variable capital public stock corporation) organized under the laws of Mexico. Most of our directors, executive officers and controlling persons named herein are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us in courts of any jurisdiction outside Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws. We have appointed CT Corporation System, New York, New York, as an agent to receive service of process with respect to any action brought against us in any federal or state court in the State of New York arising from this offering.

No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Paul Hastings LLP, our United States counsel, and for the initial purchasers by Cleary Gottlieb Steen & Hamilton LLP, United States counsel to the initial purchasers. Certain matters of Mexican law relating to the notes will be passed upon for us by Jones Day Mexico S.C., our Mexican counsel, and Ritch, Mueller, Heather y Nicolau, S.C., Mexican counsel to the initial purchasers.

INDEPENDENT AUDITORS

The financial statements of Crédito Real, S.A.B. de C.V., SOFOM, E.N.R. as of December 31, 2011, 2012 and 2013 and for each of the years then ended included in this offering memorandum, have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tohmatsu Limited), independent auditors, as stated in their report dated February 17, 2014 appearing therein.

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**Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple,
Entidad No Regulada**

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Independent Auditors' Report to the Board of Directors and Stockholders of Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary

We have audited the accompanying consolidated balance sheets of Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013, 2012 and 2011, and the consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting criteria established by the National Banking and Securities Commission (the CNBV, or the Commission) in its "General Provisions Applicable to Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions " (the CNBV Provisions), and for such internal controls as management deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiary as of December 31, 2013, 2012 and 2011, and their financial performance and their cash flows for the years then ended, in accordance with the accounting criteria established by the Commission.

Emphasis of matter

As indicated in Note 3 to the accompanying consolidated financial statements, the Commission issued modifications to the accounting criteria related to the classification methodology of the commercial portfolio, for the purpose of changing the model for determination of the allowance for loan losses from an incurred loss model to an expected loss model, in which credit losses estimated to take place during the following 12 months are recognized using credit information available as of the reporting date. The Commission imposed two deadlines for the implementation of this change in methodology: December 31, 2013, to recognize the cumulative effect of the change as it relates to loans to nonfinancial institutions classified within commercial credit portfolio and June 30, 2014 to recognize the cumulative effect of the change as it relates to loans to financial institutions classified within commercial portfolio. The Company recognized the initial financial effect related to commercial credit portfolio of nonfinancial institutions, which resulted in an increase in credit loss reserves reported on the consolidated balance sheet under the heading "Allowance for loan losses" in the amount of MX $5,572 million, with a corresponding charge in the consolidated statement of income under the heading of "Allowance for loan losses" in the same amount as of and for the year ended December 31, 2013. The Company is currently in the process of gathering information and evaluating the impact of applying the new model required by the CNBV Provisions to loans financial institutions.

Other Matters

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Rony García Dorantes

February 17, 2014

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary
Av. Insurgentes Sur 664 3er Piso, Colonia Del Valle, Mexico D.F.

Consolidated Balance Sheets

As of December 31, 2013, 2012 and 2011
(In thousands of Mexican pesos)

Assets	2013	2012	2011
Cash and cash equivalents	$ 126,915	$ 85,226	$ 64,314
Investment in securities:			
Trading securities	646,179	346,778	253,610
	646,179	346,778	253,610
Securities and derivatives transactions:			
Trading purposes	11,672	-	-
Hedging purposes	218,422	241,502	521,445
Derivative financial instrument	230,094	241,502	521,445
Performing loan portfolio:			
Commercial loans:			
Commercial or business activity	10,264,999	6,625,599	5,403,118
Total performing loan portfolio	10,264,999	6,625,599	5,403,118
Non-performing loan portfolio:			
Commercial or business activity	158,476	106,892	109,040
Total non-performing portfolio	158,476	106,892	109,040
Loan portfolio:	10,423,475	6,732,491	5,512,158
Less: Allowance for loan losses	(203,218)	(141,262)	(130,540)
Loan portfolio (net)	10,220,257	6,591,229	5,381,618
Other accounts receivables (net)	2,390,429	2,504,308	1,573,991
Property, furniture and fixtures (net)	22,910	17,811	14,282
Long-term investment in shares	786,013	752,495	364,039
Other assets:			
Debt issuance costs, intangibles and other	677,185	425,936	179,435
	677,185	425,936	179,435
Total assets	$ 15,099,982	$ 10,965,285	$ 8,352,734

Liabilities	2013	2012	2011
Notes payable (*certificados bursatiles*)	$ 3,041,753	$ 1,750,956	$ 1,943,961
Senior notes payable	2,829,553	2,814,373	3,122,124
Bank loans:			
Short-term	1,950,135	1,562,409	1,053,932
Long-term	2,130,750	719,605	515,996
	4,080,885	2,282,014	1,569,928
Other accounts payable:			
Income taxes payable	14,561	17,827	4,183
Employee profit sharing payable	11,311	8,374	7,621
Accrued liabilities and other and other accounts payable	315,724	279,467	163,612
	341,596	305,668	175,416
Subordinated debentures			
Deferred taxes and PTU (net)	453,277	215,843	80,913
Total liabilities	10,747,064	7,368,854	6,892,342

Stockholders' equity

	2013	2012	2011
Paid-in capital:			
Capital stock	630,677	630,677	507,443
Share subscription premium	1,385,482	1,386,531	-
	2,016,159	2,017,208	507,443
Earned capital:			
Accumulated results from prior years	1,326,136	935,789	537,422
Results from valuation of cash flow hedges, net	7,014	29,289	-
Net income	1,003,609	614,145	415,527
	2,336,759	1,579,223	952,949
Total stockholders' equity	4,352,918	3,596,431	1,460,392
Total liabilities and stockholders' equity	$ 15,099,982	$ 10,965,285	$ 8,352,734

See accompanying notes to consolidated financial statements.

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary
Av. Insurgentes Sur 664 3er Piso, Colonia Del Valle, Mexico D.F.

Consolidated Statements of Income

For the years ended December 31, 2013, 2012 and 2011
(In thousands of Mexican pesos)

	2013	2012	2011
Interest income	$ 2,724,479	$ 2,090,435	$ 1,912,291
Interest expense	(723,116)	(654,829)	(612,769)
Financial margin	2,001,363	1,435,606	1,299,522
Allowance for loan losses	(404,472)	(272,796)	(308,975)
Financial margin adjusted for credit risks	1,596,891	1,162,810	990,547
Commissions and fees paid	(69,660)	(69,497)	(61,344)
Other operating income	10,104	20,621	18,119
Income from operations	1,537,335	1,113,934	947,322
Administrative and promotion expenses	(484,073)	(480,490)	(465,623)
Operating result	1,053,262	633,444	481,699
Participation in the results of associates	191,947	125,092	36,314
Income before income taxes	1,245,209	758,536	518,013
Current income taxes	-	(6,829)	(3,166)
Deferred income taxes (net)	(241,600)	(137,562)	(99,320)
	(241,600)	(144,391)	(102,486)
Net income	$ 1,003,609	$ 614,145	$ 415,527
Earnings per share	$ 2.69	$ 1.93	$ 1.39
Weighted average shares outstanding	373,542,309	318,385,577	210,019,039

See accompanying notes to consolidated financial statements.

"The present Consolidated Statements of Operations were approved by the Board of Directors under the responsibility of the signing officers".

"The financial statements can be found on http://www.creal.mx".

See accompanying notes to consolidated financial statements.

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple,
Entidad No Regulada and Subsidiary
Av. Insurgentes Sur 664 3er Piso, Colonia Del Valle, Mexico D.F.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2013, 2012 and 2011
(In thousands of Mexican pesos)

	Capital stock	Share subscription premium	Legal reserves	Results from prior years	Results from valuation of cash flow hedges, net	Net income	Total stockholders' equity
Balances as of December 31, 2010	$ 492,693	$ -	$ 31,111	$ 289,495	$ -	$ 211,889	$ 1,025,188
Changes arising from stockholder decisions							
Merger effect	14,750	-	-	4,927	-	-	19,677
Transfer of prior year results	-	-	28,812	183,077	-	(211,889)	-
Total entries approved by stockholders	14,750	-	28,812	188,004	-	(211,889)	19,677
Changes affecting comprehensive income							
Net income	-	-	-	-	-	415,527	415,527
Total comprehensive income	-	-	-	-	-	415,527	415,527
Balances as of December 31, 2011	507,443	-	59,923	477,499	-	415,527,	1,460,392
Changes arising from stockholder decisions							
Share subscription	123,234	1,386,531	-	-	-	-	1,509,765
Transfer of prior year results	-	-	20,240	395,287	-	(415,527)	-
Total entries approved by stockholders	123,234	1,386,531	20,240	395,287	-	(415,527)	1,509,765
Changes affecting comprehensive income							
Result from valuation of cash flow hedging instruments	-	-	-	-	29,289	-	29,289
Repurchase of own shares	-	-	-	(17,160)	-	-	(17,160)
Net income	-	-	-	-	-	614,145	614,145
Total comprehensive income	-	-	-	(17,160)	29,289	614,145	626,274
Balances as of December 31, 2012	630,677	1,386,531	80,163	855,626	29,289	614,145	3,596,431
Changes arising from stockholder decisions	-	-	-	-	-	-	-
Dividend payments	-	-	-	(196,900)	-	-	(196,900)
Transfer of prior year results	-	-	30,707	583,438	-	(614,145)	-
Total entries approved by stockholders	-	-	30,707	386,538	-	(614,145)	(196,900)
Changes affecting comprehensive income							
Result from valuation of cash flow hedging instruments	-	-	-	-	(22,275)	-	(22,275)
Repurchase of own shares	-	(1,049)	-	(26,898)	-	-	(27,947)
Net income	-	-	-	-	-	1,003,609	1,003,609
Total comprehensive income	-	(1,049)	-	(26,898)	(22,275)	1,003,609	953,387
Balances as of December 31, 2013	$ 630,677	$ 1,385,482	$ 110,870	$ 1,215,266	$ 7,014	$ 1,003,609	$ 4,352,918

See accompanying notes to consolidated financial statements.

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary
Av. Insurgentes Sur 664 3er Piso, Colonia Del Valle, Mexico D.F.

Consolidated Statements of Cash Flows

For the years ended December 31, 2013, 2012 and 2011
(In thousands of Mexican pesos)

	2013	2012	2011
Net income	$ 1,003,609	$ 614,145	$ 415,527
Adjustments for items that do not result in cash flows:			
Depreciation and amortization	7,410	4,106	6,448
Provisions	77,080	88,652	33,779
Deferred income taxes	241,600	137,562	99,320
Merger effect	-	-	19,677
Equity in income of associated companies	(191,947)	(125,092)	(36,314)
	1,137,752	719,373	538,437
Operating activities:			
Change in investment in securities	(299,401)	(93,168)	191,395
Change in derivatives	(10,867)	309,232	(495,717)
Change in loan portfolio	(3,629,029)	(1,209,611)	(1,771,802)
Change in other accounts receivable	36,799	(1,018,969)	(711,971)
Change in other assets	(250,239)	(246,501)	(25,755)
Change in senior notes and notes payable	1,305,977	(500,756)	1,909,618
Change in bank loans	1,798,871	712,086	702,428
Change in other accounts payable	31,763	127,620	29,288
Net cash used in operating activities	(1,016,126)	(1,920,067)	(172,516)
Investing activities:			
Acquisitions of property and equipment, net	(13,519)	(7,635)	(4,662)
Dividends received in cash	121,698	-	-
Investments in shares	36,731	(263,364)	(327,724)
Net cash used in investing activities	144,910	(270,999)	(332,386)
Financing activities:			
Declared dividends paid in cash	(196,900)	-	-
Issue of shares	-	1,509,765	-
Repurchase of own shares	(27,947)	(17,160)	-
Net cash provided (used in) financing activities	(224,847)	1,492,605	-
Net increase in cash and cash equivalents	41,689	20,912	33,535
Cash and cash equivalents at beginning of year	85,226	64,314	30,779
Cash and cash equivalents at end of year	$ 126,915	$ 85,226	$ 64,314

See accompanying notes to consolidated financial statements.

1. Activities and regulatory environment

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiary (the "Company" or "Crédito Real"), a non- banking institution in Mexico, focused on consumer lending which has diversified business platform focused primarily on: (i) payroll lending, (ii) durable goods loans, (iii) small business loans, (iv) group loans, and (v) used car loans. The Company is focused on low and middle income segments of Mexican population that historically has not had access to financing through financial institutions and are represented by an estimated 66.3 million Mexicans. The Company offers loans directly and indirectly, fixed payments, fixed interest rate and fixed repayment. The payroll lending products are currently offered to government employees, through, a national network of 25 distributors. They have exclusivity agreements to originate loans with payment via payroll and 49% in three of the major distributors. The durable goods loans are offered through retailers to finance the acquisition of refrigerators, washing machines, stoves, furniture, electronics, or any other home appliance through distributors. Loans to PYMES are offered primarily to cover working capital needs and investment activities for micro, small and medium enterprises. The group credits are given mainly to women with a productive or commercial activity for working capital credit under the methodology of group solidarity. Loans for used cars are offered for vehicles with an age range of three to seven years, through partnerships with qualified distributors in the sale of cars. The Company has entered into contracts with 44 specialized commercial chains. The distributors use their own brand names, while group loans are promoted under the brand "CrediEquipos" and some credits for PYMEs are promoted under the "Credito Real PYMES", both owned by the Company.

The fourth paragraph of article 78 of the "General Provisions Applicable to Issuers of Securities and Other Participants in the Stock Market" (the "Single Circular for Issuers") provides that unregulated multiple purpose financial institutions that issue securities registered with the National Securities Registry of the National Banking and Securities Commission (the "Commission") must prepare their financial statements in conformity with the accounting criteria, as contemplated by article 87-D of the General Law on Credit Organizations and Ancillary Activities (the "LGOAAC"), which are also applicable to regulated multiple purpose financial institutions. As such, the accounting criteria contained in the "General Provisions Applicable to Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions (the "Provisions"), which are issued by the Commission, are applicable to the Company.

As a result of the above, as the Company is an unregulated multiple purpose financial institution, it is obligated to prepare its financial statements in accordance with the accounting criteria established by the Commission though the Provisions.

Payroll Loans

The Company purchases loans with payment via payroll from distributors which offer credit products to the unionized workers of government agencies. These credits are also offered at times to pensioners or retired persons from the public sector. These loans are granted by distributors with which the Company operates, and are then acquired Company through financial factoring contracts in portfolio purchase transactions.

The payroll loans are settled through semimonthly installments which are made by the borrowers' employers, which consist of government agencies and other entities, in accordance with loan agreements signed by the borrower. Based on such loan agreements, a borrower authorizes his employer to use amounts deducted from his payroll for the fixed installment payments of his loan during its effective term. The risk of nonperformance decreases substantially over the term of the typical loan. The maximum limit established by government agencies in terms of the percentage of the net salary of its workers that can be applied to settle a loan is 30%. The Company offers certain customers the option of renewing their loans before they expire. However, the Company does not preauthorize loans under any circumstances.

The relationships that have been established by the distributors, directly and through service providers such as public relations agencies, with the entities and unions that they use or affiliate workers of the federal government agencies and state agencies in different parts of the country, have been formalized through the execution of cooperation agreements, which enable the distributors to offer payroll loans to the affiliated workers of such unions and establish that the government agencies and entities execute the instruction received from the borrowers for the installments of principal and interest(including interest) on the loans.

In accordance with the cooperation agreements, the government agencies and entities or unions process and grant the "discount codes" so that such agencies or entities can pay the loans by payroll directly (on account of the borrowers). Apart from making the payroll deductions and rendering payments directly to the collection trust in which the Company is the beneficiary, the employers compile periodic reports to the distributors regarding the payroll deductions made on behalf of borrowers. The Distributors are responsible for coordinating with the different agencies and entities, so that the respective computer systems are accurate, and the payments are issued on a timely fashion. The employers do not intervene in any way in the negotiation, credit approval process or in the negotiations of the terms of the loan contract executed by the distributors with the affiliated workers.

The Company estimates that the cost of procurement and maintenance of the aforementioned cooperation agreements ranges between 3% and 5% of the revenues generated by the payroll loan portfolio. Such cost is fully covered by the distributors.

The Company's business model enables both the Company and its distributors to make the most of their respective competitive advantages. While the Company concentrates on administrating the credit risk, minimizing financial costs and maintaining diversified financing sources, the Distributors concentrate on increasing the number of possible customers through the execution of contracts with additional government agencies and entities or unions or renewing existing contracts, and on promoting the Company's products among the affiliated workers of such agencies.

During 2013, the loan portfolio increased significantly through financial factoring transactions performed with three of the principal distributors, Directodo Mexico, S.A.P.I. de C.V. ("Directodo"), Publiseg, S.A. de C.V. SOFOM, ENR ("Publiseg") and Grupo Empresarial Maestro S.A. de C.V. ("Grupo Empresarial Maestro or GEMA").

Significant events

Agreement of operation and acquisition of credit portfolio with Fondo H, S.A. de C.V. SOFOM, E.N.R. ("Fondo H")

On October 31, 2013, the Company signed an operating agreement with Fondo H, to strengthen its position in the credit market for small and medium-size companies, including the acquisition of a portfolio for MX $657.5 million This action enhances the presence of Credito Real in providing credit to companies with productive commercial activities, as well as its commitment to diversifying its portfolio. Fondo H is an originator that focuses on providing short and medium term credits to small and medium-size companies with growth needs in Mexico. It has a significant customer base in the fields of manufacturing, distribution and services, a team with great experience, knowledge of the market and assets with a high quality credit rating.

Tax reforms-

On November 1, 2013, the Mexican Congress approved several tax reforms that will go into effect at the start of 2014. These reforms include changes to the Income Tax Law, Value-Added Tax Law and Federal Tax Code. These tax reforms also repealed the Business Flat Tax Law and the Cash Deposits Tax Law. The Company's management has evaluated the effect that these reforms will have on its accounting records, which are detailed in Note 19.

2. Basis of presentation

Explanation for translation into English - The accompanying financial statements has been translated from Spanish into English for use outside of Mexico. These financial statements are presented under the accounting rules issued by the Commission. Certain accounting practices applied by the Company that conform with the accounting rules issued by the Commission may not conform with accounting principles generally accepted in the country of use.

Comprehensive income- Includes net income plus other accounts that represent comprehensive income or loss in the same period, which, in accordance with the accounting practices followed by the Company are recorded directly in equity.

Consolidation of financial statements - The consolidated financial statements include the financial statements of Servicios Corporativos Chapultepec, S.A. de C.V ("Servicios"), whose shareholding percentage in its capital stock is shown below:

Subsidiary	Ownership Percentage	Activities
Servicios Corporativos Chapultepec, S.A. de C.V.	99.99%	Service provider

The acquisition of Servicios took effect on July 1, 2011 and was carried out in connection with the merger between the Company and Futu-Iem and Rasteroz, in which the Company was the surviving entities. Through June 30, 2011, Futu-Iem held 99.99% of the common stock of Servicios.

Servicios is primarily engaged in providing services. For the years ended December 31, 2013 and 2012, most of its service revenues were derived from services provided to the Company.

Intercompany balances and transactions have been eliminated in these consolidated financial statements.

Acquisition of shares in associate- On October 4, 2012, the Company acquired 40.88% of the shares of Grupo Empresarial Maestro under a share subscription contract. The results of transactions with investments in shares of GEMA as of October 4, 2012 have been included in the financial statements using the equity method, and on November 6, 2012, an additional 4.72% was acquired. At the close of the year, the Company owns 45.60% of the shares of GEMA. On January 31, 2013, it acquired the remaining 3.4% to reach the 49% shareholding.

3. Significant accounting policies

The accounting principles used by the Company are in accordance with the accounting criteria established by the Commission in the "General Provisions Applicable to Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions" of the Provisions (the "Accounting Provisions") which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures. However, actual results may differ from such estimates. The Company, upon applying professional judgment, believes that estimates made and assumptions used were appropriate under the circumstances.

According to Accounting Criteria A-1 of the Accounting Provisions issued by the Commission, the accounts of the Company shall comply with the Mexican Financial Reporting Standards ("MFRS") defined by the Mexican Financial Reporting Standards Board ("CINIF" based on Spanish abbreviation), except in cases when the Commission issues specific regulation or accounting policy.

Changes in accounting policies -

During 2013, certain modifications to the accounting criteria for credit institutions were published in the Federal Official Gazette.

The purpose of these changes is to bring about consistency with Mexican Financial Reporting Standards and International Financial Reporting Standards ("IFRS"), while also providing more complete financial information, with more comprehensive and useful disclosures. The changes focus principally on investments in securities, transactions with financial derivatives and loan portfolio, as well as the presentation of the financial statements as a whole.

Changes in the NIF issued by the CINIF applicable to the Company

As of January 1, 2013, the Company adopted the following new NIFs:

NIF B-8, *Consolidated or Combined Financial Statements*
NIF C-7, *Investments in Associated Companies, Joint Businesses and Other Permanent Investments*
NIF C-21, *Agreements with Joint Control*
INIF 20, *Financial Effects of the Tax Reform 2014*
Improvements to Financial Reporting Standards 2013

Some of the principal changes established in these standards are:

NIF B-8, *Consolidated or Combined Financial Statements* – Modifies the definition of control. The existence of control of one entity over another is the basis for requiring consolidated financial information. Under the new definition of control, entities may be required to consolidate certain entities that were not previously consolidated, or to cease consolidating other entities that were previously consolidated. This NIF establishes that an investor controls an investee when the investor (i) has the power to direct the significant activities of the investee, (ii) has exposure or rights to variable returns from its involvement with the investee and (iii) has the ability to use its power over the investee to affect the amount of the investor's returns. The concept of protective rights is introduced, which is defined as rights that protect the participation of the noncontrolling investor but do not give it power. It distinguishes between decision-makers acting as principal or agent. An agent makes decisions on behalf of the principal and therefore does not exercise control. The term "Special Purpose Entity" has been eliminated and replaced by the term "Structured Entity," which refers to an entity that has been designed such that voting or similar rights are not the determining factors in identifying the party that exercises control.

NIF C-7, *Investments in Associated Companies, Joint Businesses and Other Permanent Investments*- Establishes that investments in joint businesses should be recognized by applying the equity method and that all income or loss effects derived from permanent investments in associated companies, joint businesses and others should be recognized in results under the heading equity in the results of other entities. The NIF requires additional disclosures designed to provide additional financial information with respect to associated companies and joint businesses and eliminates the term Special Purpose Entity (SPE).

NIF C-21, *Agreements with Joint Control*– Defines a joint arrangement as an arrangement that regulates an activity over which two or more parties maintain joint control, under one of two structures: 1) joint operation, which is a joint arrangement in which the parties to the agreement have direct rights to the assets and obligations from the liabilities related to the agreement or 2) joint business, which is a joint arrangement in which the parties have the right to participate only in the residual value of the net assets of the joint arrangement. The NIF establishes that the participation in a joint business should be recognized as a permanent investment and be valued based on the equity method.

Improvements to NIF 2013- The principal improvements that result in accounting changes that were recognized retrospectively beginning January 1, 2013 are:

NIF C-5, *Prepaid Expenses, Bulletin C-9, Liabilities, Provisions, Contingent Assets and Liabilities and Commitments and Bulletin C-12, Financial Instruments with Characteristics of Liabilities, Equity or Both* - Establish that costs incurred for issuance of debentures or bonds should be presented as a reduction to the respective liability and charged to results using the effective interest method.

NIF D-4, *Income Taxes*– Recognizes that income taxes (current and deferred) should be presented and classified based on the transaction or event from which such taxes arise, for which reason they should be recognized in results of the period, except when they arise from a transaction or event that is recognized in other comprehensive results or directly in a heading of stockholders' equity.

Bulletin D-5, *Leases*- Establishes that nonrefundable payments for lease rights should be deferred during the lease period and applied to results in proportion to the recognition of the related revenue and expense for the lessor and lessee, respectively.

INIF 20 Financial Effects of the Tax Reform 2014 - Defines the accounting for the changes brought by the fiscal reforms that take effect in 2014 and are related to income taxes and PTU. The Company has assessed the impact of the tax reforms will have on its financial information, which are disclosed in Note 19.

Other improvements to NIF 2013 were issued and adopted that did not result accounting changes and primarily provided clarifications to existing accounting guidance.

The adoption of these new standards and interpretation did not have a material effect on the Company's financial information.

Changes in Accounting Criteria of the Commission during the year 2013

Changes in accounting estimates applicable in 2013

Methodology for the determination of the allowance for loan losses applicable to the commercial credit portfolio

On June 24, 2013, through the Federal Official Gazette, the Commission issued a Ruling that modifies the "General Provisions Applicable to Credit Institutions", which changes the methodology applicable to the classification of commercial credit portfolio, with the aim of changing the model for the recognition of allowances for loan losses based from an incurred loss model to an expected loss model in which anticipated credit losses arising from events anticipated to occur over the following 12 months are estimated using the best available information.

The Commission imposed two deadlines for the implementation of this change in methodology: December 31, 2013, to recognize the cumulative effect of the change as it relates to loans to nonfinancial institutions classified within commercial credit portfolio and June 30, 2014 to recognize the cumulative effect of the change as it relates to loans to financial institutions classified within commercial portfolio. The Company recognized the initial financial effect related to commercial credit portfolio of nonfinancial institutions, which resulted in an increase in credit loss reserves reported on the consolidated balance sheet under the heading "Allowance for loan losses" in the amount of MX $5,572 million, with a corresponding charge in the consolidated statement of income under the heading of "Allowance for loan losses" in the same amount as of and for the year ended December 31, 2013. The Company is currently in the process of gathering information and evaluating the impact of applying the new model required by the CNBV Provisions to loans financial institutions.

As of December 31, 2013 (date of application of the change in methodology by the Company), the amount of the allowance for loan losses for the commercial credit portfolio calculated with the methodology based on an expected loss model is $24,215, compared to $18,643, which is the allowance for loan losses for the commercial credit portfolio calculated with the superseded methodology based on the incurred loss model.

The significant accounting policies of the Company are as follows:

Monetary unit of the financial statements- The financial statements and notes as of December 31, 2013, 2012 and 2011 include balances and transactions in pesos of different purchasing power.

Recognition of the effects of inflation in the financial information- As of January 1, 2008, given that it operates in a noninflationary environment, the Company suspended recognition of the effects of inflation in the financial statements. However, the nonmonetary assets and liabilities and stockholders' equity include the effects of re-expression recognized up to December 31, 2007, because these effects should only be considered for accounting purposes within an inflationary environment.

Pursuant to that established in NIF B-10, *Effects of Inflation*, a noninflationary economic environment is when the accumulated inflation of the three previous annual years is lower than 26% and, also, based on the economic forecasts of official agencies, a trend is identified in the that regard: low inflation. The accumulated inflation percentage of the last three previous years, as of December 31, 2013 and 2012 is 11.8% and 11.66%, respectively. The inflation percentage for the years ended December 31, 2013, 2012 and 2011 is 3.78%, 3.90% and 3.65%, respectively. Therefore, the economic environment qualifies as noninflationary in both years.

Cash and cash equivalents - Consists principally of cash deposits in checking accounts, which are presented at nominal value, foreign currency cash and cash equivalents, are valued at the exchange rate published by Banco de Mexico at the end of the year.

Investments in securities - The Company invests in highly liquid investments that are subject to low risks of material changes in value. Investments in securities held at December 31, 2013, 2012 and 2011 are classified as trading securities, which are securities that are acquired with the purpose of selling them in the near term to realize gains arising from changes in market prices.

The investments are initially recognized at their acquisition price, and subsequently valued at fair value using market values provided by price vendors authorized by the Commission. Changes in fair value are recorded in results of the year.

Impairment in the value of a credit instrument - The Company must evaluate whether there is objective evidence that a credit instrument is impaired as of the balance sheet date. A credit instrument is considered to be impaired and, therefore, a loss from impairment is incurred if, and only if, there is objective evidence of the impairment as a result of one or more events that took place after the initial recognition of the credit instrument, which had an impact on its estimated future cash flows that can be determined reliably. It is very unlikely that one event can be identified that is the sole cause of the impairment, and it is more feasible that the combined effect of different events might have caused the impairment. The expected losses as a result of future events are not recognized, regardless of how probable they are. As of December 31, 2013, the Company's management has not identified that there is objective evidence of impairment of any credit instrument.

Transactions with derivative financial instruments - The Company recognizes all derivative financial instruments on the balance sheet at fair value, regardless of the purpose or intent for holding them. The accounting for changes in fair value of the derivative financial instruments varies, depending on whether the derivative is considered to be a hedge for accounting purposes, and whether the hedging instrument is a fair value or a cash flow hedge, as follows:

1. Certain derivative financial instruments, although considered to be an effective hedge from an economic perspective, are not been designated as a hedge for accounting purposes. Such contracts are recognized in the balance sheet at fair value with changes in the fair value recognized in earnings.

2. For fair value hedges, changes in the fair value of the derivative instrument and the hedged item are recognized to the income or expense line item that is affected by the hedged item.

3. For cash flow hedges, the effective portion is recognized in stockholders' equity under other comprehensive income and the ineffective portion is recognized in earnings. The unrecognized gain or loss of the hedging instrument is recognized in earnings when the hedged transaction occurs.

4. Derivatives are presented in a specific heading of assets or liabilities, depending on whether their fair value (as a result of the rights and/or obligations they may establish) refers to a debit or credit balance, respectively. Such debit or credit balances may be offset subject to compliance with the respective offsetting rules.

   The Company's management performs transactions with derivatives for hedging purposes using interest rate and foreign exchange swaps to cover fluctuations in both interest rates and exchange rates in foreign currency.

   Financial assets and liabilities which are designated and fulfill the requirements to be designated as hedged items, as well as financial derivatives which form part of a hedge relationship, are recognized in accordance with the provisions related to hedge accounting for the recognition of the gain or loss on the hedge instrument and the hedged item, as established in Criterion B-5, Derivatives and Hedge Transactions, issued by the Commission.

   A hedge relationship qualifies to be designated as such when all of the following conditions are fulfilled:

   - Formal designation and sufficient documentation of the hedge relationship.
   - The hedge should be highly effective in offsetting the changes in fair value or the cash flows attributable to the risk hedged.
   - For cash flow hedges, the forecast transaction which is intended to be covered should have a very high probability of occurrence.
   - The hedge should be reliably quantifiable.
   - The hedge should be continually evaluated (at least quarterly).

The Company suspends the accounting for hedges when the derivative matures, is sold, is canceled or exercised, when the derivative does not reach a sufficiently high effectiveness to offset the changes in the fair value or cash flows of the hedged item, or when the Company decides to cancel the hedge designation.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various derivative transactions. The Company´s policy is not to acquire these instruments for speculative purposes.

Foreign currency transactions - Transactions denominated in foreign currencies are recorded at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into Mexican pesos at the exchange rate published by Banco de México in effect at the balance sheet date; the effect of changes in exchange rates is recorded in the income statement as profit or loss.

Performing and non-performing loan portfolio - Represents amounts granted to borrowers plus uncollected and accrued interest which is accrued based on the unpaid balance method. Interest collected in advance is recognized in the income statement during the period in which it is earned.

The unpaid balance of the loans is recorded as Non-performing loan portfolio when the borrower fails to pay installments under the original contractual terms and the loan is 90 days overdue. The unpaid balance of the loans considers the joint and several obligation of the distributor. The distributor is considered jointly and severally liable with the debtors for the unpaid amounts in the non-performing loan portfolio. The joint and several obligations arise in accordance with the financial factoring contracts and agreements executed. The amount of the joint and several obligations is equivalent to the percentages of the unpaid balances determined as part of each origination. The recognition of the interest income on these loans is suspended and is only recorded as income once it is collected. For control purposes, this unrecognized interest is recorded in memorandum accounts. The Company's policy is to write down the loans which are more than 181 days overdue against the respective allowance for loan losses.

Payroll loans are originated by Directodo, Publiseg and Grupo Empresarial Maestro, under the brand names Kondinero, Credifiel and Crédito Maestro, respectively, and other independent distributors from which the Company acquires them subsequently through financial factoring contracts in portfolio purchase transactions.

Such financial factoring contracts stipulate (i) the payment owed by the Company (principal) of a determinable price to the distributor (agent) for the acquisition of the credit rights (the financial factoring contracts contain the formulas to determine the final price based on variable discount rates, considering the quality of the credit rights acquired, in accordance with their actual collection); (ii) the payment of the price in installments (part of the price is paid at the time the credit rights are acquired and part is paid subsequently under the terms established in the financial factoring contract); (iii) the establishment of the distributor as partial joint and several obligor, if the debtor of the credit rights acquired by the Company does not settle the amounts owed to the Company, under the terms established in article 419, section II of the LGTOC (for the percentage of the unpaid amount owed); and (iv) the Company's right to offset, pursuant to article 2185 of the Federal Civil Code ("CCF"), any and all amounts which are owed to it by the distributors as a result of such partial joint and several obligation, against the amounts owed by the Company to the distributor in question.

Pursuant to article 419, section II of the LGTOC, the financial factoring contracts executed by the Company establish the partial recourse against the distributor if the debtor of the credit rights acquired by the Company does not fulfill its respective payment obligations. Pursuant to the financial factoring contracts themselves, the distributors are considered jointly and severally liable with the debtors for the percentages defined in such contracts for any amount such amounts not paid to the Company.

The Company recognizes an allowance for the full amount of accrued interest on non-performing loan portfolio.

The transfer from non-performing portfolio to performing portfolio is made when the borrower achieves sustained payment on the loan and does not present any arrears. Sustained payment is achieved when three consecutive installment payments that comply with the terms of the loan are received. The advance payment of the installments is not considered as sustained payment.

Restructurings and renewals

A restructuring is that transaction which derives from any of the following situations:

a) Extension of credit enhancements (i.e. guarantees or collateral) which cover the loan in question, or,

b) Modifications to the original conditions of the loan or the payment scheme, which include:
   - a change in the interest rate established for the remaining term of the credit;
   - a change in currency or account unit, or
   - the granting of a payment grace period that offers temporary relief from compliance with the payment obligations under the original terms of the loan, unless such concession is granted after the conclusion of the original contractual term, in which case it will be treated as a renewal.

Restructurings do not include transactions that involve performing loans and only result in modifications to one or more of the following original conditions of the loan:

Credit enhancements: only when they involve the extension or substitution of credit enhancements for others of higher quality.

Interest rate: when the interest rate is agreed.

Currency: provided that the market exchange rates applicable to the new currency are used.

Payment date: only if the change does not mean extending or modifying the scheduled payments. The change in scheduled payments must under no circumstances permit nonpayment in any period.

A renewal occurs when the term of the loan is extended during such term or upon its maturity, or when settlement occurs using the proceeds derived from a new loan entered into among the same counterparties or when the debtor is another party that, due to common shareholders with the original debtor, has similar credit risks. Take downs on existing lines of credit are not considered to be renewals.

Classification of credit portfolio and allowance for loan losses -The loan granted by the Company have been extended to business entities or individuals with business activities of a commercial or financial sector, therefore, the Company recognizes the allowance for loan losses using the Commission's criteria applicable to commercial portfolio, which is as follows:

New methodology for commercial credit portfolio

As of December 31, 2013, when it classifies the commercial credit portfolio, the Company considers the Probability of Default, Severity of Loss and Exposure to Default, and also classifies the aforementioned commercial credit portfolio into different groups and establishes different variables for the estimate of the probability of default.

This change in methodology was adopted by the Company as of December 31, 2013, where the amount of the allowance for loan losses of each credit will be the result of applying the following expression:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri = Amount of the allowance for loan losses to be created for the nth credit.
PIi = Probability of default of the nth credit.
SPi = Severity of loss of the nth credit.
EIi = Exposure to default of the nth credit.

The probability of default of each credit La (PI i), will be calculated using the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

The total credit score of each borrower will be obtained by applying the following:

$$TotalCreditScore_i = \alpha \times (QuantitativeCreditScore_i) + (1 - \alpha) \times (QualitativeCreditScore_i)$$

Where:

Quantitative Credit Score $_i$ = is the score obtained for the nth borrower when evaluating the risk factors.

Qualitative Credit Score $_i$ = is the score obtained for the nth borrower when evaluating the risk factors.

α = is the relative weight of the quantitative credit score?

Unsecured loans

The Severity of Loss (SP_i) of commercial credits which have no coverage of real, personal guarantees or credit-based collateral will be

a. 45%, for Preferential Positions.
b. 75%, for Subordinated Positions, in the case of syndicated loans, those which for purposes of their payment order or preference, are contractually subordinated in relation to other creditors.
c. 100%, for credits which report 18 or more month of arrears in payment of the due and payable amount under the terms originally agreed.

The Exposure to Default of each credit (EI_i) will be determined based on the following:

I. For disposed balances of uncommitted credit lines, which may be canceled unconditionally or which in practice permit an automatic cancellation at any time and without prior notice:

$$EI_i = S_i$$

II. For the other lines of credit:

$$EI_i = S_i * Max\left\{\left(\frac{S_i}{AuthorizedLineofCredit}\right)^{-0.5794}, 100\%\right\}$$

Where:

S_i : The unpaid balance of the nth credit at the classification date, which represents the amount of credit effectively granted to the borrower, adjusted for interest accrued, less payments of principal and interest, as well as debt reductions, forgiveness, rebates and discounts granted. In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, for credits which are in overdue portfolio.

Authorized Line of Credit: The maximum authorized amount of the line of credit at the classification date.

The Company may recognize real collateral, personal guarantees and credit-based collateral in the estimate of the Severity of Loss of the loans, in order to reduce the reserves derived from the portfolio classification. In any case, it may elect not to recognize the credit enhancements if larger reserves are generated as a result.

Commercial credit portfolio (up to November 30, 2013) and commercial portfolio of financial institutions

a. *Individual method* - For borrowers with balances equal to or exceeding 4,000,000 Investment Units (UDIs), the allowance for loan losses is recognized based on:

  – The borrower's credit rating, country risk, financial risk, industry risk and payment experience, in accordance with the methodology established by the Commission, which gives each borrower a risk level and a related amount of provision to this.

  – The value of underlying credit enhancements. As a result of the analysis of credit enhancements, loans are segregated based on the discounted present value of expected cash flows from the credit enhancement into two groups: a) fully covered loans and b) partially exposed loans.

b. Non-individual method - For borrowers with balances of less than 4,000,000 UDIs:

  – Using a parametric method established by the Commission based on the payment experience of the borrower for the last 12 months and other considerations.

The Company, through its committees and practices to measure the risks associated with the behavior of the loan portfolio, evaluates the allowance calculated in accordance with the Accounting Provisions in order to determine whether additional reserves are required to achieve an adequate risk management.

The allowance for loan losses on the commercial portfolio is determined quarterly and is calculated based on outstanding loan balances as of the final day of each month considering the classification levels of the portfolio classified at the end of the previous quarter which is updated with the revised risk profile at the current close. The allowance for loan losses is calculated by multiplying the loan balance by the percentage applicable for each risk classification as established in the following table:

Table of sites within the ranges of allowances for loan losses

Degree of risk	Degree of risk	Degree of risk	Degree of risk
A-1	0.50%	0.50%	0.50%
A-2	0.99%	0.99%	0.99%
B-1	1.00%	3.00%	4.99%
B-2	5.00%	7.00%	9.99%
B-3	10.00%	15.00%	19.99%
C-1	20.00%	30.00%	39.99%
C-2	40.00%	50.00%	59.99%
D	60.00%	75.00%	89.99%
E	100.00%	100.00%	100.00%

Reductions, forgiveness, rebates and discounts on the portfolio, whether full or partial, are recorded as a debit to allowance for loan losses in the period they occur.

Recoveries associated with credit write-offs are recognized by increasing the allowance for loan losses.

Acquisition of credit portfolio- On the acquisition date of the credit portfolio, the contractual value of the acquired portfolio is recognized and classified in accordance with the type of portfolio acquired. Any difference Differences between the acquisition price and the contractual values are recorded as follows:

a) When the acquisition price is lower than its contractual value, in a gain is recognized in "Other revenues from operations" up to the amount recognized as allowance for loan losses, with the remaining difference recognized as a deferred credit, which will be recognized as the loan is amortized;

b) When the acquisition price of the portfolio is greater than its contractual value, a deferred charge is recognized which will be recognized as the collections are made;

c) For revolving loans, such difference will be recognized directly to results of the year on the acquisition date.

The allowance for loan losses is created against results of the year for any type of acquired loan, taking into account any events of default that have occurred since the loan was originated.

Other accounts receivable, net - Represents amounts owed to the Company but not included in the loan portfolio and includes recoverable taxes, amounts paid to distributors and the amounts to be received from the distributors, interest accrued in a period before the first repayment of the credit, other debtors, as well as allowances for bad debts on these accounts. The amounts paid or to be received from the distributors are comprised of both (a) the amounts related to the distributor's jointly and severally liable for the amounts not paid by the debtors established in the financial factoring contracts, which are in non-performing portfolio and (b) the advances applicable to the distributor established in the financial factoring contract.

It also consists of balances aged by less than 90 days as of the initial recognition. Those balances aged by more than 90 days are fully provisioned against earnings, regardless of the possibility of recovery or the foreclosure process of the assets.

Property, furniture and equipment, net - Furniture and equipment is recorded at acquisition cost. Depreciation and amortization are calculated using a percentage based on the economic useful life of the assets.

Long-term investment in shares - The investments in associated companies are recorded by the equity method, based on the audited financial statements, initially at cost, by adding the proportional part of profits or losses to the book value of the investment, in the income statement under the heading "Participation in the results of associates".

Impairment of long-lived assets in use - The Company makes an impairment tests for the long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the book value exceeds the greater of the aforementioned amounts.

Deferred Income Taxes - Deferred income tax assets and liabilities are recognized for the future consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax law. Income tax ("ISR") and the Business Flat Tax ("IETU") are recorded in the results of the year they are incurred.

Employee statutory profit sharing- Employee statutory profit sharing ("PTU") is recorded in results of the year in which it is incurred and is presented under the heading of "Administrative and promotion expenses", in the statement of income.

Direct employee benefits - Direct employee benefits are recognized as services are provided, considering the most recent salaries and the liability is recognized as it is accrued.

Employee benefits from termination, retirement and other - Liabilities for seniority premiums and severance payments at the end of the employee relationship are recognized as they accrue, which is calculated by independent actuaries based on the projected credit unit method using nominal interest rates.

Other assets, net - They are represented mainly by commissions and expenses required in the financing activities, such as bank lines of credit and debt issues in the stock market which are amortized in accordance with the term of the respective contract, ISR, advances to third parties and other intangible assets. The amortization of intangible assets is calculated using the straight-line method over their estimated useful lives, and is subject to an annual impairment test.

Notes payable and bank loans -These include financial liabilities derived from the issuance of debt securities in the stock market and loans from banks and from other agencies, which are recorded at the value of the contractual obligation they represent and include the interest accrued on such debt. Foreign currency obligations are valued at the exchange rate of the final day of the year. Interest accrued is recorded in the income statement as interest expense***.***

Senior notes - These include financial liabilities derived from the issuance of unsecured stock market debt instruments in US dollars, listed on the Luxembourg stock market. Such notes are intended for institutional investors under regulation 144A (CUSIP 22547AAA9) and regulation S (CUSIP P32506AA8). The value of the Senior Notes at the end of the year is estimated by considering the exchange rate in effect on the last day of the year and the valuation of the primary position, using the same consideration as for the valuation of the Cross Currency Swap ("CCS"), as well as interest accrued.

Accrued liabilities and other and other accounts payable - These are mainly represented by assignments from factoring agreements and value-added tax on purchases of portfolio from different distributors which have not been paid.

***Provisions* -** Provisions are recognized when there is a present obligation derived from a past event, which will probably result in the use of economic resources, and can be reasonably estimated.

***Financial Margin* -** The financial margin is equal to total interest income less total interest expense.

***Recognition of interest income* -** Interest income is determined by applying the applicable interest rate to the outstanding principal balance during the reporting period.

The accrual of interest is suspended when an outstanding loan balance is deemed to be overdue and is recorded as non-performing portfolio. Interest on non-performing loans is recognized as collected.

When installment payments are received on overdue repayments which include principal and interest, they are first applied to the oldest interest.

Interest income recognized by the Company refers exclusively to the Company's share and, accordingly, excludes the share applicable to the distributors. Pursuant to the agreements executed, the Company shares with each distributor the credit risk and the revenues generated on the loans originated by the distributor. The distributor is responsible for servicing the loan and covering all of the operating expenses related to the portfolio that it originates.

***Interest expense* -** Interest expense related to the Company's borrowings is recognized using the effective interest method based on contractual terms, and they are accrued in the income statement.

Statement of cash flows- The consolidated statement of cash flows presents the Company's capacity to generate cash and cash equivalents, as well as the manner in which the Company uses such cash flows to meet its needs. The Statement of Cash Flows is prepared under the indirect method, starting with the net result of the period based on in the requirements of Criterion D-4, *Statements of Cash Flows*, issued by the Commission.

Memorandum accounts (See note 20)

Credit commitments **–** Represent the portion not used of the bank credit lines.

Interest earned not collected regarding non-performing loan - This represents interest not recognized in the income statement, because it derives from transactions classified as overdue portfolio.

4. Cash and cash equivalents

As of December, were as follows:

	2013	2012	2011
Banks:			
National currency	$ 126,915	$ 85,186	$ 64,017
Foreign currency	-	40	297
	$ 126,915	$ 85,226	$ 64,314

5. Investments in securities

As of December, investments in securities were as follows:

	Amount invested	Rate	2013
Commercial paper (a)	$ 36,034	10.25%	$ 38,776
Bank promissory notes (b)	607,381	3.06%	607,403
Total securities available for sale	607,381		607,403
Total investments in securities	$ 643,415		$ 646,179

	Amount invested	Rate	2012
Commercial paper (a)	$ 42,707	10.25%	$ 46,151
Bank promissory notes	299,755	5.25%	299,851
Government paper	775	4.57%	776
Total securities held for trading	300,530		300,627
Total investments in securities	$ 343,237		$ 346,778

	Amount invested	Rate	2011
Commercial paper (a)	$ 42,707	10.25%	$ 46,734
Bank promissory notes	206,846	5.00%	206,876
Total securities held for trading	206,846		206,876
Total investments in securities	$ 249,553		$ 253,610

(a) Investments in US dollar-denominated negotiable securities are composed of corporate debt instruments with investment grade traded in international markets, maturing in April, 2015, with limited liquidity, and risk proportionally tied to the issuer and the exchange rate.

As of December 31, 2013, 2012 and 2011, investments in marketable securities denominated in U.S. dollars amounts to $38,776, $46,151 and $46,734, respectively.

(b) Investments in bank paper and government paper consist of bank debt in Mexican pesos, whose maturities range from one to 31 days and which at December 2013 and 2012 amount to $487,754 and $300,627, respectively. Also, the Company held one-day investments in bank paper denominated in U.S. dollars in the amount of MX$119,649 and $0 as of December 31, 2013 and 2012, respectively.

6. Derivative financial instruments

For trading purpose

Cross Currency Swap and Currency Option (CCS & CP)

On December 10, 2013, the Company contracted a Derivative Financial Instrument ("IFD") with Barclays Bank México, S.A. ("Barclays"), for a syndicated line of credit of US $74,000, contracted on December 5, 2013, and maturing on December 5, 2014. This hedge instrument is used to significantly reduce the market risks to which our primary position is exposed for foreign exchange fluctuations and changes in interest rates.

For accounting purposes, given that there is a put option on the hedge, it has been designated as for trading purposes, and changes are recorded in the fair value in results of the period.

Operating characteristics:

Characteristics of CCS	Barclays
Currency A:	Dollar (USD)
Currency B:	Pesos (MXN)
Required to pay floating rate amounts in currency A:	Barclays
Required to pay fixed rate amounts in currency B:	CR
Transaction date:	December 10, 2013
Reference exchange amount in both currencies:	At the beginning and at Maturity
Start date:	December 5, 2013
Maturity date:	December 5, 2014
A currency settlement date A:	USD $ 74,000,000.00
A currency settlement date B:	MXN $ 951,640,000
Fixed rate for the amount in currency B for the first period:	$12.86 MXN per USD.
Floating rate for currency A:	USD LIBOR BBA
Spread	5.00%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	Actual/360
A currency payment dates A:	The 5th day of each month after
A currency settlement date A:	December 5, 2014
A currency payment dates B:	Every 28 days from January 3, 2014
Floating or fixed rate for currency B:	7%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360
Market value MXN (thousands)	$ 24,971
Market value USD (thousands)	$ 1,908
Collateral MXN	$ -

Characteristics of the option	Barclays
Style of option:	European
Type of option:	USD Call/MXN Put
Currency and amount of Call:	USD$74,000,000
Currency and amount of Put:	MXN$1,184,000,000
Strike:	$ 16.00
Maturity date:	December 3, 2014
Day of payment:	December 5, 2014
Premium:	$ -
Market value MXN (thousands)	$ (13,299)
Market value USD (thousands)	$ (1,016)
Collateral MXN	$ -

For hedging purposes

The Company's management has established a policy to contract financial derivatives for the purpose of hedging the risks inherented to exposure in foreign currency (exchange rate) generated by contracting debt instruments in a currency other than the Mexican peso, and by interest rate risk.

The derivatives designated as hedges recognize the changes in valuation based on the type of hedge in question: (1) when they are fair value hedges, the fluctuations of both the derivative and the hedged item are valued at fair value and are recognized in results; (2) when they are cash flow hedges, the effective portion of the result of the hedge instrument is recognized in stockholders' equity as part of the other items in comprehensive income, and the ineffective portion of the result of the hedge instrument is recognized immediately in results of the period.

Furthermore, the fair value of the debt in foreign currency is recognized on the balance sheet and changes in this debt are recognized in the income statement.

Changes in the fair value of financial derivatives and changes in the fair value of the debt are recognized in the intermediation margin. The valuation of the financial derivatives and primary position considers valuation techniques widely accepted in the financial services industry.

At the end of 2013, the tests of prospective and retrospective effectiveness show that the hedge was highly effective. As of December 31, 2013, the amount of $230,094 was recorded under the heading of financial derivatives to reflect the fair value of such instruments.

Deposits paid to the counterparty for margin calls are presented and valued at fair value under the heading of restricted funds available. Furthermore, there are lines of credit to cover the margin calls. The Company analyzes the risk related to the margin calls for a value in excess of the credit lines contracted.

As of December 31, 2013, due to the appreciation of the US dollar, there were no margin calls, so no financial assets were provided as collateral. At the end of 2013, there were no restricted funds available for margin calls. The Company has mechanisms and committees in place to measure risk management and thus ensure they are properly handled.

Interest rate swap

On December 2, two interest rate swaps were contracted to fix the interest rate of two medium-term securitization issues, as follows:

Operating characteristics:

Characteristics	**Morgan Stanley**	
Notional:	$ 500,000,000	$ 500,000,000
Currency:	MXN	MXN
Required to pay fixed rate:	Crédito Real	Crédito Real
Required to pay floating rate:	Morgan Stanley	Morgan Stanley
Transaction date:	December 2, 2013	December 2, 2013
Start date:	December 13, 2013	December 6, 2013
Maturity date:	March 31, 2016	October 9, 2015
Fixed rate:	4.385%	4.20%
Floating rate:	TIIE	TIIE
Fraction for the count of days applicable to floating or fixed rate:	Actual/360	Actual/360
Interest payment dates:	Every 28 days from January 9, 2014.	Every 28 days from January 3, 2014.
Market value MXN (thousands):	$(152)	$(250)
Collateral MXN:	$ -	$ -

This interest rate swap contracts enable the Company to fix the interest rate, which ensures the cash flow from the payment of interest on the debt.

The Company uses financial derivatives for hedging purposes to manage the risks related to fluctuations in exchange rates and the exchange rates applicable to its issuance of Senior Notes with a yield of 10.25%, maturing in 2015, as well as bank debt denominated in US dollars. Furthermore, the Company has contracted interest rate swaps to fix the interest rate of two of the medium-term issues outstanding, which were previously at a floating-rate.

The intention of financial derivatives for hedging purposes is to cover the aforementioned risks based on cash flow hedges, throughout the effective term of the hedges.

Cross Currency Swaps (“CCS”)

The Company has also entered into four CCS for the Senior Notes maturing in 2015, with three financial institutions; (1) Bank of America México, S.A. Institución de Banca Múltiple, Grupo Financiero Bank of América (“BOFA 1”) (2) Credit Suisse AG, Cayman Islands Branch (“CS”), (3) Bank Morgan Stanley (France) SAS (“Morgan”).

At December 31, 2013, such CCS contracts are as follows.

(In Mexican pesos)

Characteristics	BOFA (1)	BOFA (1)	CS (2)	MORGAN (3)
Currency A:	Dollar (USD)	Dollars (USD)	Dollars (USD)	Dollars (USD)
Currency B:	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)
Required to pay fixed rate amounts in currency A:	BOFA	BOFA	CS	MORGAN
Required to pay floating or fixed rate amounts in currency B:	Credito Real	Credito Real	Credito Real	Credito Real
Transaction date:	April 9, 2010	September 22, 2010	April 9, 2010	September 22, 2010
Reference exchange amount in both currencies:	At the beginning and at Maturity	At the beginning and at Maturity	At the beginning and at Maturity	At the beginning and at Maturity
Start date:	April 14, 2010	September 24, 2010	April 13, 2010	September 24, 2010
Maturity date:	April 14, 2015	April 14, 2015	April 13, 2015	April 14, 2015
Amount US$:	US $ 75,000,000.00	US $ 15,000,000.00	US $ 75,000,000.00	US $ 45,000,000.00
Amount pesos:	Ps. 913,500,000.00	Ps. 189,750,000.00	Ps. 913,500,000.00	Ps. 570,712,500.00
Exchange rate:	Ps.12.1800 per USD.	Ps.12.6500 per USD.	Ps.12.1800 per USD.	Ps.12.6825 per USD.
Fixed rate:	10.25%	10.25%	10.25%	10.25%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	30/360	30/360	30/360	30/360
A currency payment dates A:	Every six months from April 14, 2010	Every six months from October 14, 2010	Every six months from April 13, 2010	Every six months from October 14, 2010
A currency settlement date A:	April 14, 2015	April 14, 2015	April 13, 2015	April 14, 2015
A currency payment dates B:	Every 28 days from the April 14, 2010	Every 28 days from September 24, 2010	Every 28 days starting May 11, 2010	Every 28 days beginning on September 29, 2010
Fixed rate for the amount in currency A for the first period:	10.25%	10.25%	10.25%	10.25%
Floating or fixed rate for currency B:	8.2450 % points plus the 28-day (TIIE) rate	9.1400 % points plus the 28-day (TIIE) rate	13.2850%	14.02%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360	Actual/360	Actual/360	Actual/360
Market value MXN (thousands)	$ 103,058	$ 11,011	$ 91,394	$ 24,631
Market value USD (thousands)	$ 7,876	$ 842	$ 6,985	$ 1,883
Collateral MXN	$ -	$ -	$ -	$ -

The exchange rate at December 31, 2013 is 13.0843.

These instruments allow the Company to fix the exchange rate used for debt payments in U.S. dollars on the day of maturity, thereby hedging the risk of exchange rate volatility.

The CCS hedge contract also includes the exchange of the interest rate on the debt. Based on the CCS contracted, the Company delivers to its counterparty a variable rate plus a spread in Mexican pesos in two of the four contracts, in the other two delivers a fixed rate and the counterparty for all contracts delivers a fixed rate in US dollars. The flow of the exchanges occurs every 28 days for the Company and for counterparty every half-year for the fixed part based on the coupon cut off of the US dollar debt.

During the term of the CCS, the Company delivers the interest calculated at the variable and fixed rate in local currency with the periodicity established and the counterparty delivers the interest calculated with a fixed rate in US dollars with the periodicity established.

By contracting the CCS, the Company has hedged the risk of a devaluation of the Mexican peso against the US dollar and is exposed to the risk of the Mexican peso appreciating against the US dollar. With regard to the interest rate risk, by contracting the CCS, the Company is exposed to the risk of variations in the TIIE (Interbank Interest Rate) in contracts that include floating rate.

Formal hedge documentation -

Once cash flow and fair value hedges are structured, the Company prepares an individual file for each transaction containing the following documentation:

- The strategy and objective of the Company's risk management, as well as the rationale that lead the decision to carry out the hedging operation.
- The specific risk or risks to be hedged.
- Hedge structure identifying the derivative financial instruments contracted for hedging purposes and the item generating the hedged risk.
- Definition of the elements composing the hedge, its objective and a reference to the effectiveness valuation method.
- Contracts for the hedged item and hedging instrument, as well as confirmation from the counterparty.
- Periodic hedge effectiveness tests at the prospective level regarding its estimated future evolution and at the retrospective level, concerning its past behavior. These tests are applied at least at the end of each quarter, according to the valuation method defined when creating the hedge files.

7. Loan portfolio, net

As of December 31, 2013, 2012 and 2011, the loan portfolio was comprised as follows:

	2013	2012	2011
Commercial portfolio-			
Performing loan portfolio	$ 15,478,832	$ 11,436,776	$ 9,679,205
Less-			
Unearned interest	(5,186,136)	(4,765,508)	(4,217,555)
Guarantee deposits received	(27,697)	(45,669)	(58,532)
Performing loan portfolio	10,264,999	6,625,599	5,403,118
Non-performing portfolio	158,476	106,892	109,040
Less- Allowance for loan losses	(203,218)	(141,262)	(130,540)
Performing loan portfolio, net	$ 10,220,257	$ 6,591,229	$ 5,381,618

At the end of December 2013, 2012 and 2011, $1,522,175, $1,061,191 and $515,547, respectively of the loan portfolio is pledged to guarantee certain credit facilities.

The portfolio is comprised of 476,000, 469,000 and 468,000 customers at the end of 2013, 2012 and 2011, respectively.

The loan balance is $21.9, $14.3 and $11.7 at December 31, 2013, 2012 and 2011, respectively with an average term of 31 for 2013 and 32 for 2012 and 2011.

The interest income recognized by the Company refers exclusively to the Company's participation and, accordingly, excludes the participation applicable to the distributors. In accordance with the agreements executed, the Company shares with the distributor the credit risk and the revenues generated by the credits originated by the distributor. The distributor is responsible for administering the service of the credit granted and covering all the operating expenses related to the portfolio that it originates.

At December 31 2013, the performing loan portfolio that has a balance with at least one day of aging is as follows:

	1 to 30	31 to 60	61 to 90	Total
Total	$ 1,015,859	$ 550,176	$ 739,243	$ 2,305,278

As of December 31 2013, the non-performing loan portfolio balance aging is as follows:

	91 to 180	181 to 365	Total
Total	$ 158,476	$ -	$ 158,476

During 2013, the credit portfolio increased significantly due to the placement of direct commercial loans through the Company's sales force and financial factoring transactions performed with three of our main distributors, Directodo, Publiseg and Grupo Empresarial Maestro as well as operating agreement with Fondo H including the acquisition of a portfolio for MX $657.5 millions. The placement of these principal distributors and the direct credits represented 76.8% of the Company's placement during 2013, below shows the loan portfolio by geographical region (in million pesos):

	2013		2012		2011	
Federal Entity	Loan Amount[1)]	% Of the portfolio [(2)]	Loan Amount[1)]	% Of the portfolio [(2)]	Loan Amount[1)]	% Of the portfolio [(2)]
Aguascalientes	$ 93.8	0.9%	$ 55.8	0.8%	$ 55.4	1.0%
Baja California Norte	126.9	1.2%	96.0	1.4%	87.5	1.6%
Baja California Sur	41.0	0.4%	35.5	0.5%	27.9	0.5%
Campeche	151.9	1.5%	87.1	1.3%	74.5	1.4%
Chiapas	399.8	3.8%	259.6	3.9%	200.3	3.6%
Chihuahua	213.4	2.0%	175.1	2.6%	158.2	2.9%
Coahuila	83.4	0.8%	93.2	1.4%	113.0	2.0%
Colima	59.4	0.6%	39.3	0.6%	30.3	0.5%
Durango	50.6	0.5%	36.5	0.5%	22.3	0.4%
Estado de México	981.1	9.4%	604.6	9.0%	371.3	6.7%
Guanajuato	325.6	3.1%	227.7	3.4%	195.4	3.5%
Guerrero	896.4	8.6%	643.5	9.6%	657.6	11.9%
Hidalgo	267.1	2.6%	182.1	2.7%	106.4	1.9%
Jalisco	346.9	3.3%	258.5	3.8%	230.1	4.2%
Michoacán	332.8	3.2%	263.3	3.9%	297.0	5.4%
Morelos	202.5	1.9%	111.3	1.7%	61.2	1.1%
Nayarit	74.6	0.7%	51.3	0.8%	40.6	0.7%
Nuevo León	101.5	1.0%	90.0	1.3%	83.5	1.5%
Oaxaca	1,010.8	9.7%	620.6	9.2%	352.0	6.4%
Puebla	299.7	2.9%	301.0	4.5%	350.9	6.4%
Querétaro	77.0	0.7%	62.2	0.9%	87.3	1.6%
Quintana Roo	146.2	1.4%	87.9	1.3%	68.6	1.2%
San Luis Potosí	252.4	2.4%	171.9	2.6%	192.9	3.5%
Sinaloa	147.7	1.4%	106.8	1.6%	93.4	1.7%
Sonora	155.7	1.5%	75.6	1.1%	26.1	0.5%
Tabasco	331.3	3.2%	213.3	3.2%	180.5	3.3%
Tamaulipas	239.4	2.3%	179.7	2.7%	165.8	3.0%
Tlaxcala	190.5	1.8%	151.4	2.2%	60.6	1.1%
Veracruz	543.5	5.2%	403.5	6.0%	307.4	5.6%
Yucatán	183.1	1.8%	140.7	2.1%	116.3	2.1%
Zacatecas	101.4	1.0%	78.3	1.2%	65.1	1.2%
Distrito Federal	1,866.9	17.9%	589.3	8.8%	361.9	6.6%
Others	129.2	1.2%	239.9	3.4%	270.9	4.9%
Total	$ 10,423.5		$ 6,732.5		$ 5,512.2	

(1) Includes accrued interest.

(2) The percentage of the portfolio represents the amount of the respective credit category by geographical region, divided by the total credit portfolio.

As of December 31, 2013, 2012 and 2011 the loan portfolio includes 39,156, 34,968 and 41,559 restructured loans in the amount of $524, $518 and $509, or 5.0% , 7.7% and 9.2%, respectively, of the loan portfolio. The restructured loans are formalized with the borrower by modifying the amounts of the installment payments on the loan, the dates to make the installment payments and the deadline for such installment payments, as long as there is evidence of sustained payment by the borrower.

The loan portfolio in arrears by more than 90 calendar days and up to 180 calendar days at the end of December 2013, 2012 and 2011 is $290,024, $189,230 and 204,900 respectively. Furthermore, the joint and several liability of the distributor on overdue loans as of that date $131,548, $82,338 and $95,900, and is presented under the heading of other accounts receivable. Accordingly, as of December 31, 2013, 2012 and 2011, the non-performing loan portfolio was $158,476, $106,892 and 109,040, respectively.

8. Allowance for loan losses

As established in Note 3 above, on June 24, 2013, the Commission issued a Ruling that changes the "General Provisions Applicable to Credit Institutions", which changes the methodology applicable to the classification of commercial credit portfolio, with the aim of changing the model for the recognition of allowances for loan losses based from an incurred loss model to an expected loss model in which anticipated credit losses arising from events over the following 12 months are estimated using the best available information.

The Commission imposed two deadlines for the implementation of this change in methodology: December 31, 2013, to recognize the cumulative effect of the change as it relates to loans to nonfinancial institutions classified within commercial credit portfolio and June 30, 2014 to recognize the cumulative effect of the change as it relates to loans to financial institutions classified within commercial portfolio. The Company recognized the initial financial effect related to commercial credit portfolio of nonfinancial institutions, which resulted in an increase in credit loss reserves reported on the consolidated balance sheet under the heading “Allowance for loan losses" in the amount of MX $5,572 million, with a corresponding charge in the consolidated statement of income under the heading of "Allowance for loan losses" in the same amount as of and for the year ended December 31, 2013. The Company is currently in the process of gathering information and evaluating the impact of applying the new model required by the CNBV Provisions to loans financial institutions.

As of December 31, 2013 (date of application of the change in methodology by the Company), the amount of the allowance for loan losses for the commercial credit portfolio calculated with the methodology based on an expected loss model is $24,215, compared to $18,643, which is the allowance for loan losses for the commercial credit portfolio calculated with the superseded methodology based on the incurred loss model.

As of December 31, 2013, 2012 and 2011, the Company maintained an allowance for loan losses equivalent to 128%, 132% and 120% of overdue portfolio, respectively.

As of December 31, 2013, 2012 and 2011, changes in the allowance for loan losses were as follows:

	2013	2012	2011
Opening balance	$ 141,262	$ 130,540	$ 125,981
Portfolio applications	(342,516)	(262,074)	(304,416)
Increases in the allowance	404,472	272,796	308,975
Closing balance	$ 203,218	$ 141,262	$ 130,540

The allowance for loan losses by risk level rating as of December 30, 2012, is as follows:

Table of positions within the ranges for allowances for loan losses
Range of Applicable Reserve Percentages

Risk rating level	Loan Balance	Lower	Intermediate	Higher	Average Applicable Loss Percentage	Allowance for Loan Losses
A-1	$ 4,697,001	0.50%	0.50%	0.50%	0.50%	$ (23,485)
A-2	940,329	0.99%	0.99%	0.99%	0.99%	(9,309)
B-1	594,839	1.00%	3.00%	4.99%	4.99%	(29,682)
B-2	393,430	5.00%	7.00%	9.99%	9.99%	(39,304)
B-3	41,740	10.00%	15.00%	19.99%	19.99%	(8,344)
C-1	39,733	20.00%	30.00%	39.99%	39.99%	(15,889)
C-2	25,419	40.00%	50.00%	59.99%	59.99%	(15,249)
D	-	60.00%	75.00%	89.99%	89.99%	-
E	-	100.00%	100.00%	100.00%	100.00%	-
Other reserves (a)	-					-
Total	$ 6,732,491					$ (141,262)

The allowance for loan losses by risk level rating as of December 31, 2011, is as follows:

Table of positions within the ranges for allowances for loan losses
Range of Applicable Reserve Percentages

Risk rating level	Loan Balance	Lower	Intermediate	Higher	Average Applicable Loss Percentage	Allowance for Loan Losses
A-1	$ 3,985,397	0.50%	0.50%	0.50%	0.50%	$ (19,927)
A-2	852,948	0.99%	0.99%	0.99%	0.99%	(8,444)
B-1	342,484	1.00%	3.00%	4.99%	4.99%	(17,090)
B-2	222,289	5.00%	7.00%	9.99%	9.99%	(22,207)
B-3	53,789	10.00%	15.00%	19.99%	19.99%	(10,752)
C-1	31,882	20.00%	30.00%	39.99%	39.99%	(12,750)
C-2	23,369	40.00%	50.00%	59.99%	59.99%	(14,019)
D	-	60.00%	75.00%	89.99%	89.99%	-
E	-	100.00%	100.00%	100.00%	100.00%	-
Other reserves	-					(25,351)
Total	$ 5,512,158					$ (130,540)

9. Other accounts receivable, net

As of December 31, 2013, 2012 and 2011, other accounts receivable were as follows:

	2013	2012	2011
Other accounts receivable from distributors (a)	$ 2,112,220	$ 2,346,886	$ 1,518,719
Value added tax (VAT) receivable	168,840	98,782	35,143
Other debtors	24,630	10,839	10,683
Recoverable income tax	112,447	75,509	23,154
Other accounts receivable	2,418,137	2,532,016	1,587,699
Allowance for other accounts receivable	(27,708)	(27,708)	(13,708)
	$ 2,390,429	$ 2,504,308	$ 1,573,991

As of December 31, 2013, 2012 and 2011, other accounts receivable from distributors were as follows:

Description	2013	2012	2011
Interest accrued in advance period	$ 768,988	$ 589,068	$ 370,429
Advances to distributors	865,589	1,370,382	866,530
Joint and several liability of the distributor	463,935	299,701	216,138
Other	13,708	87,735	65,622
	$ 2,112,220	$ 2,346,886	$ 1,518,719

10. Property and furniture, net

As of December 31, 2013, 2012 and 2011, property and equipment are as follows:

	Depreciation rate	2013	2012	2011
Office Furniture and fixtures	10%	$ 11,876	$ 8,675	$ 7,000
Computers	30%	7,611	2,693	2,738
Transportation equipment	25%	439	439	250
		19,926	11,807	9,988
Less - Accumulated depreciation		(8,478)	(5,871)	(4,618)
		11,448	5,936	5,370
Installation expenses	5% and10%	14,996	14,637	11,034
Less – Accumulated amortization		(3,534)	(2,762)	(2,122)
		11,462	11,875	8,912
		$ 22,910	$ 17,811	$ 14,282

11. Long-term investment in shares

As of December 31, 2013, 2012 and 2011, investment in shares of associated companies is as follows:

Company	2013 % of Participation	Book Value	Participation in results
Directodo México, S.A.P.I. de C.V.	49.00%	$ 93,009	$ 71,840
Publiseg, S.A.P.I. de C.V. SOFOM	49.00%	317,569	16,762
Grupo Empresarial Maestro S.A. de C.V.	49.00%	375,435	103,345
		$ 786,013	$ 191,947

Company	2012 % of Participation	Book Value	Participation in results
Directodo México, S.A.P.I. de C.V.	49.00	$ 101,487	$ 83,468
Publiseg, S.A. de C.V. SOFOM	49.00	324,958	10,649
Grupo Empresarial Maestro S.A. de C.V.	45.60	326,050	30,975
		$ 752,495	$ 125,092

Company	2011 % of Participation	Book Value	Participation in results
Directodo México, S.A.P.I. de C.V.	49.00	$ 49,979	$ 35,255
Publiseg, S.A. de C.V. SOFOM	49.00	314,060	1,059
		$ 364,039	$ 36,314

Directodo, Publiseg, and Grupo Empresarial Maestro, are the Company's principal distributors, and their origination efforts are performed exclusively for the Company. As of December 31, 2013, these companies have cooperation agreements executed with different unions around the country, including several chapters of the National Education Workers' Union, the National Social Security Workers' Union, the Union of the Federal Public Education Department and the Health Workers' Union. Their operations began in 2006, 2005 and 2002, respectively, and their work forces have a nationwide presence and they have over 252 branches.

On October 4, 2012, the Company acquired 40.88% of the shares of Grupo Empresarial Maestro under a share subscription contract. The results of transactions with investments in shares of GEMA as of October 4, 2012 have been included in the financial statements using the equity method, and on November 6, 2012, an additional 4.72% was acquired. At the close of the year, the Company owns 45.60% of the shares of GEMA. On January 31, 2013, it acquired the remaining 3.4% to reach the 49% shareholding described above.

12. Other assets, net

As of December 31, 2013, 2012 and 2011, other assets were as follows:

	2013	2012	2011
Goodwill (a)	$ 413,037	$ 284,925	$ -
Costs for issuance of securities and bank loans	75,167	75,682	112,966
Prepaid expenses (b)	134,038	5,733	2,959
	622,242	366,340	115,925
Intangible asset branch network (c)	80,641	80,641	80,641
Accumulated amortization	(26,880)	(22,848)	(18,816)
	53,761	57,793	61,825
Guarantee deposits	1,182	1,803	1,685
	$ 677,185	$ 425,936	$ 179,435

(a) The acquisition of 49.00% of the stock of Grupo Empresarial Maestro requires the recognition of goodwill of $413,037, based on the accounting value and the price paid.

(a) Comprised of licenses acquired from the portfolio system and expenses incurred for the operation and acquisition of credit portfolio with Fondo H, which will be amortized over the life of the portfolio acquired.

(b) In a contract dated December 26, 2006, between the Company and Crediplus, S.A. de C.V. (an affiliated company), the Company acquired Crediplus' branch network, which originated and issued loans, as well as the know how developed by Crediplus regarding its branch network. This know how consists of: (i) analyzing and studying markets (ii) analyzing and studying customers; (iii) analyzing and studying demographic and socio-demographic profiles of zones; (iv) analyzing and studying area flows; (v) analyzing and studying backgrounds of zones; (vi) analyzing and studying competition; (vii) designing branches internally and externally; (viii) preparing operating and policies and procedures manuals; (ix) developing and implementing advertising schemes, and (x) preparing market strategies. The Company also registered the Crediplus trademark and commercial advertisements with the Mexican Institute of Industrial Property. Such intangible was defined by Management as having a definite life of 20 years, for which reason it is being amortized over such term beginning May 2007.

13. Indebtedness

As of December 31, 2013, 2012 and 2011, debt was comprised as follows:

	Rate	Date of maturity	2013	2012	2011
Notes Payable (Certificados bursátiles)	TIIE + 1.4% a 2.80%	Between 2013 and 2015	$ 3,033,889	$ 1,745,000	$ 1,940,000
Senior Notes Payable	10.25%	Apr 14, 2015	2,817,588	2,802,759	3,108,907
Accrued interest			19,829	17,570	17,178
Total			$ 5,871,306	$ 4,565,329	$ 5,066,085

The Company has a revolving long-term *certificados bursátiles* program, for a maximum authorized amount of $2,500,000. This program was authorized on November 15, 2012 and expires on November 15, 2016.

The complement of the revolving *certificados bursátiles* program, for Short-Term Certificates and a maximum amount of $1,500,000 was authorized on August 31, 2011 and expires on August 31, 2013.

As of December 31, 2013 the *certificados bursátiles* program has unsecured securities with a value of $2,745,000.

The Senior Notes are unsecured securitized debt, for up to US $210 million, and will expire on April 14, 2015, paying interest at an annual rate of 10.25% every six months, on April 14 and October 14 each year.

14. Bank loans

As of December 31, 2013, 2012 and 2011, debt was comprised as follows:

	Rate	Date of maturity	2013	2012	2011
Bank loans in MXN	TIIE + bps	Between 2013 and 2015	$ 3,115,168	$ 2,147,632	$ 1,425,888
Bank loans in USD	LIBOR + bps	Dec 5, 2014	955,709	129,658	139,476
Accrued interest			10,008	4,724	4,564
Total			$ 4,080,885	$ 2,282,014	$ 1,569,928

As of December 31, 2013, the Company also has guaranteed bank loans for $2,616,933 and unsecured bank loans for $1,453,994. These lines were granted by fourteen institutions to increase the credit portfolio and the working capital. The credits are granted by financial institutions which are widely recognized in the Mexican financial system. The credit lines have expiration dates of between 90 days and three years and pay interest at a variable rate.

As of December 31, 2013, the Company holds notes payable in foreign currency in a total amount of US$74 million which at the closing exchange, represents $955,709 and bear interest at LIBOR plus a spread.

Contractual maturities of debt are as follows:

		2013
2014	$	5,030,813
2015		4,099,589
2016		791,952
Accrued interest		29,837
Total	$	9,952,191

15. Accrued liabilities and other

As of December 31, 2013, 2012 and 2011, Accrued liabilities and other were comprised as follows:

		2013		**2012**		**2011**
Provisions for various obligations	$	46,939	$	13,997	$	23,024
Liability for employee retirement obligations		16,968		18,513		12,038
Taxes payable		9,778		3,095		1,719
Other accounts payable to Distributors		177,058		202,431		87,639
Value added tax (VAT) payable		43,707		26,641		29,839
Other		21,274		14,790		9,353
	$	315,724	$	279,467	$	163,612

A transfer pricing study was prepared by independent experts to assess transactions with related parties, which mainly consist of service provision. The study confirms that the Company carries out transactions with its related parties within the arm's length inter-quartile range.

16. Labor obligations

Under the Federal Labor Law, the Company has obligations for severance and seniority premiums payable to employees who cease rendering services under certain circumstances, as well as other obligations derived from a labor agreement.

The Company each year records the net periodic cost to create a fund to cover the net projected liability for seniority premiums, pensions and severance, thereby increasing the related liability, in accordance with actuarial calculations made by independent actuaries. These calculations are based on the projected unit credit method. Therefore, a provision is being created for the liability which at present value will cover the defined benefits obligation at the estimated retirement date of all the covered employees.

As of December 31, 2013, 2012 and 2011, the balance of the defined benefits plan fund was $270, $134 and $119, respectively.

As of December 31, 2013, 2012 and 2011, the Company amortizes the variations in actuarial assumptions for seniority premiums over approximately 3.99, 3.59 and 3.44 years, respectively, based on the average remaining years of employee services.

As of December 31, 2013, 2012 and 2011, the balances and movements of the liabilities related to the Company's defined benefits plan, which includes the pension plan, seniority premiums and severance payments, are shown below:

	2013	2012	2011
Obligations from defined benefits	$ (19,497)	$ (25,473)	$ (20,013)
Fair value of plan assets	270	262	119
Overfunded (underfunded) status	(19,227)	(25,211)	(19,894)
Unamortized items:			
Unrecognized plan improvements	1,891	2,485	3,447
Unrecognized actuarial losses	368	4,213	4,409
Projected net liability	$ (16,968)	$ (18,513)	$ (12,038)

Net periodic cost is composed as follows:

	2013	2012	2011
Services cost for the year	$ 3,144	$ 3,315	$ 1,718
Financial cost	1,806	2,160	1,280
Expected yield on assets	(15)	(14)	(10)
Amortization of actuarial losses	400	238	260
Obligation reduction effect	(4,319)	(1,267)	-
Immediate recognition of actuarial losses for the year 2011	(2,562)	(2,670)	224
Net periodic cost	$ (1,546)	$ 1,762	$ 3,472

Interest rated used in actuarial calculation (in nominal terms for 2013, 2012 and 2011) were as follows:

	2013	2012	2011
Discount rate	9.50%	7.25%	8.50%
Expected rate of return on assets	5.00%	6.00%	6.25%
Percentage increase in wages	3.75%	4.75%	4.75%

The movement of the projected net liability was as follows:

	2013	2012	2011
Opening balance	$ (18,513)	$ (12,038)	$ (8,266)
Periodic cost	1,545	(6,475)	(3,772)
Projected net liability	$ (16,968)	$ (18,513)	$ (12,038)

17. Stockholders' equity

Capital stock as of December 31, 2013 was comprised as follows:

	Number of Shares (Class I) Fixed Capital	Number of Shares (Class II) Variable Capital	Total
"Unique" Series shares at no par value	37,555,390	335,986,919	373,542,309
Total	37,555,390	335,986,919	373,542,309

At a Stockholders' Ordinary Annual General Meeting held on March 19, 2013, the 2012 financial statements reported reporting a net of $614,145 were approved, and the following appropriations were made:

a. Net profit of the holding company on a standalone basis of $30,707, equivalent to 5% of its result for the year, was appropriated to the account entitled "Legal Reserve".

b. The remaining net profit of the holding company on a standalone basis of $583,434, was appropriated to the account entitled "Result from prior years".

c. The net profit of $4 obtained in the year by subsidiaries was appropriated to the account entitled "Result from previous years".

The following resolution was approved at the Stockholders' General Meeting held on December 6, 2013:

a. The payment of a cash dividend is approved for the stockholders from the "Results from prior years" account up to the amount of MX $0.53 per share, payable on December 18, 2013.

The payments of the dividend approved to the shareholders, as described above, were made from the Net Tax Income Account ("CUFIN").

During a Stockholders' Special and Ordinary General Meeting on September 13, 2012, reforms to the Company's bylaws, including the change in legal form to public stock corporation, as established in the Stock Market Law (LMV), which became effective as of the local and international public offering of the Company' shares, completed on October 16, 2012. Accordingly, on October 17, 2012 the Company's shares were listed on the Mexican Stock Exchange, with the stock symbol "CREAL*".

As a result of the Public Offering, 73,542,309 Unique Series, Class II ordinary, no par shares were subscribed and paid in, increasing the Company's variable capital by the amount of MX $123,234, and leaving the Company with total common stock paid in of $625,941, represented by 373,542,309 Unique Series, Class I and Class II unrestricted, ordinary, no par value shares.

As of December 31, 2013, common stock is MX $630,677, of which MX $62,931 refers to fixed capital (with no right of withdrawal), represented by 37,555,390 Unique Series, Class I ordinary, no par value shares, while MX $567,746 refers to variable capital, represented by 335,986,919 Unique Series, Class II ordinary, no par value shares.

The Company has a share buyback program up to the amount of net income, including the retained earnings from the immediately preceding year. At the close of the year the amount of repurchased shares is $45,108 equivalent to 2,033,295 shares.

Stockholders' equity, except restated paid-in capital and tax-retained earnings, will incur income tax payable by the Company at the rate in effect when the dividend is distributed. Any tax paid on such distribution may be credited against income tax of the year in which the dividend tax is paid and, in the following two years, against tax for the year and the related estimated payments.

In accordance with the General Corporate Law, at least 5% of the net profits for the year must be set aside to form the legal reserve until reaching 20% of common stock at par value. The legal reserve may be capitalized, but cannot be distributed unless the Company is dissolved, and must be replenished when it is decreased for any reason.

18. Other income (expenses)

As of December 31, 2013, 2012 and 2011 other income (expense) was comprised as follows:

	2013	2012	2011
Other revenues from administrative services (a)	$ 8,362	$ 21,069	$ 18,836
Sale of foreclosed assets	1,778	96	231
Other expenses	(36)	(544)	(948)
	$ 10,104	$ 20,621	$ 18,119

(a) Other revenues imply proceeds from other financial products offered together with the loans granted by the Company.

19. Income taxes

Based on the tax reforms discussed in Note 1, below we describe the principal modifications that affect the Company:

Principal reforms to the Income Tax Law, Business Flat Tax Law, Cash Deposits Tax Law and Value Added Tax Law.

Income tax

The definitive rate is left at 30%. The scheduled reductions that were to bring the rate to 29% in 2014 and 28% in 2015 and thereafter established in superseded LISR as of 2015 are repealed.

An additional income tax of 10% is established on dividends paid when they are distributed to individuals and residents abroad. The income tax is paid by means of withholding and is considered a final payment owed by the shareholder. In the case of foreigners, the appropriate double taxation treaties may be applied. This tax will be applicable on the distribution of profits generated as of the year 2014.

The deduction of payments to workers which are exempt revenues for them is limited to 47% or 53% subject to certain requirements. Furthermore, the deduction is limited in the same percentages for contributions to pension and retirement funds. The Company believes that such changes do not represent a significant increase in nondeductible expenses, for which reason it should not affect the tax incurred or the effective rate.

The Social Security fees paid by the employer are considered 100% nondeductible.

Business Flat Tax and Cash Deposits Tax

The Business Flat Tax Law and the Cash Deposits Tax Law are repealed.

Value-Added Tax ("IVA")

Multiple Purpose Financial Institutions (SOFOM) should subtract the IVA paid from IVA incurred in the proportion which the taxable revenues represent of their total activities; as established in the Value-Added Tax Law, any non-creditable IVA may be deducted for income tax purposes and will be recognized in the income statement of the given period.

The IVA rate is standardized at the national level, therefore the rate in the border zone increased from 11% to 16%.

The Company is subject to ISR and through December 31, 2013, to ISR and IETU.

ISR -The Federal Revenues Law for 2013 modified the corporate income tax rate, for which a transition had been established years ago relative to the years 2013 and 2014. The rates in question were 30% for 2013 and 2012, and will be 30% for 2013 and subsequent years.

IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%

Income tax incurred will be the higher of ISR and IETU.

Based on the assumptions and financial projections and tax reforms for 2014, the Company believes that it will essentially pay ISR, for which reason only deferred ISR will be recognized.

Taxes on income were comprised as follows:

	2013	**2012**	**2011**
ISR:			
Deferred	$ (241,600)	$ (137,562)	$ (99,320)
Current	$ -	$ (6,829)	$ (3,166)

As of December 31, 2013, 2012 and 2011, the balance of deferred taxes was comprised as follows:

	2013	**2012**	**2011**
Deferred ISR asset:			
Allowance for loan losses	$ 103,284	$ 42,341	$ 35,247
Property and equipment	3,837	4,667	3,843
Provisions	6,974	9,795	1,473
Tax loss carry forwards	72,111	-	-
Other assets, net	6,026	-	20,006
Deferred ISR asset	192,232	56,803	60,569
Deferred ISR liability:			
Other assets, net	-	(32,524)	(22,425)
Other accounts receivable, net (a)	(584,076)	(240,122)	(119,057)
Advance payments	(61,433)	-	-
Deferred ISR liability	(645,509)	(272,646)	(141,482)
Deferred taxes (net)	$ (453,277)	$ (215,843)	$ (80,913)

(a) Mainly revenues accrued in a period before the first credit repayment.

Employee statutory profit sharing- The Company determines the profit sharing based on article 127, section III of the Federal Labor Law.

Value-added tax - Pursuant to the Value-Added Tax Law, in order to obtain a credit for the value-added taxes paid by the Company in the years 2013, 2012 and 2011, the Company determined the amount of the credit considering the total of its taxed activities compared to the total activities subject to that tax. As a result, the Company determined tax that was non-creditable and deductible for income tax purposes in the amount of $0, and $0, respectively, which was recognized in results of such year.

Accounting-tax reconciliation - The main items that affected the determination of the Company's tax result were those related to the annual adjustment for inflation, interest accrued in advance period, advance payments and the allowances for loan losses which have not been deductible.

Following is a reconciliation of the statutory ISR rate and the effective rate expressed as a percentage of income before ISR:

	2013	2012	2011
Statutory rate	30%	30%	30%
Effects of inflation	(6%)	(9%)	(11%)
Interest accrued in advance period	(2%)	3%	(2%)
Allowance for loan losses	5%	1%	5%
Advance payments	(4%)	-	-
Other	-	(2%)	(1%)
Effective rate	23%	23%	21%

Tax loss carry forwards - As of December 31, 2013, the Company has tax loss carry forwards for ISR purposes for amount of $240,300.

Review and tax uncertainties

On May 7, 2008, the Mexican Treasury Department, through the General Administration Office of Large Taxpayers of the SAT, issued document number 900 06 01-2009-6637, of which the Company received notification on May 12, 2009. This notice stated that in 2002, the Company improperly deducted $8,727 (historical value) as bad debts. The tax authorities issued the notice on the grounds that this expense cannot be classified as strictly indispensable for the taxpayer's activity because, among other aspects, it did not demonstrate it had information concerning the debtors' economic solvency. As such, the SAT, via said notice, assessed an additional tax liability of $8,036 (historical value) payable by the Company. Notwithstanding, the Company and its external legal advisors consider that they have sufficient legal arguments to support the deduction of these unrecoverable loans, therefore, Management did not record a liability for this item as of December 31, 2013.

20. Memorandum accounts

Memorandum accounts for purposes of presentation required by the Commission in accounting policies are an integral part of the balance sheet, however, the memorandum accounts were only subject of external audit and relate to operations that have a direct bearing on the balance sheet accounts, which are the following:

	2013	2012	2011
Credit commitments	$ 261,426	$ 495,833	$ 103,992
Accrued interest on non-performing loan portfolio	$ 122,209	$ 51,296	$ 39,941

21. Comparative table of main asset and liability maturities

Main asset and liability maturities at December 31, 2013 are as follows:

	Until 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
Cash and cash equivalents	$ 126,915	$ -	$ -	$ 126,915
Investment in securities	646,179	-	-	646,179
Derivative financial instrument	-	-	230,094	230,094
Loan portfolio,(net)	2,195,969	1,183,109	6,841,179	10,220,257
Other accounts receivable	513,618	276,719	1,600,092	2,390,429
Total assets	$ 3,482,681	$ 1,459,828	$ 8,671,365	$ 13,613,874

	Until 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
Notes payable and Senior Notes	$ 1,330,642	$ 711,111	$ 3,829,553	$ 5,871,306
Bank loans	1,514,934	1,491,997	1,073,954	4,080,885
Other accounts payable	794,873	-	16,968	811,841
Total liabilities	3,640,449	2,203,108	4,920,475	10,764,032
Assets less liabilities	$ (157,768)	$ (743,280)	$ 3,750,890	$ 2,849,842

22. Related parties

As of December 31, 2013, 2012 and 2011, the Company had the following accounts payable with related and unconsolidated parties:

	2013	2012	2011
Accounts payable			
Servej, S.A. de C.V.	$ -	$ 277	$ 349
Total	$ -	$ 277	$ 349

23. Contingencies

As of December 31, 2013, 2012 and 2011, as a consequence of the nature of its operations, the Company, in the opinion of management and its legal, tax and labor internal and external advisers, considers that it has not received any legal claims or has not been subject to lawsuits that represent the recognition of a contingent liability to the Company.

24. Commitments

As of December 31, 2013, 2012 and 2011, the Company's commitments inherent to the operation are those described in Note 12 "Securities liabilities and borrowings from banks and other agencies".

25. New accounting principles

During 2013, the Mexican Board for the Research and Development of Financial Reporting Standards enacted the following NIF, which go into effect January 1, 2014, although early application is permitted as follows:

NIF B-12 *Offsetting of Financial Assets and Financial Liabilities*
NIF C-14 *Transfer and Cancellation of Financial Assets*
Some of the principal changes established in these standards are:

NIF B-12, Offsetting of Financial Assets and Financial Liabilities- Stipulates that the offsetting of financial assets and liabilities in the statement of financial position is appropriate when: a) there is a legal right and obligation to collect or pay an offset amount, and b) the amount resulting from offsetting the financial assets of the financial liability reflects the expected cash flows of the Entity when it liquidates two or more financial instruments. Furthermore, it establishes that an entity should offset only when the following two conditions are fulfilled: 1) it has a legally enforceable and effective right to offset the financial asset and the financial liability under any circumstances and, in turn; 2) it has the intention of liquidating the financial asset and financial liability on an offset basis or realizing the financial asset and liquidating the financial liability simultaneously.

NIF C-14, Transfer and Cancellation of Financial Assets- Establishes the standards related to the accounting recognition of transfers and cancellations of financial assets different from cash and cash equivalents, such as receivables or negotiable financial instruments, as well as the presentation in the financial statements of such transfers and the related disclosures. In order for a transfer to also qualify as a cancellation, there should be a full assignment of the risks and benefits inherent to the financial asset.

The transferor of the financial asset will eliminate it from its statement of financial position at the time that it no longer has rights or is exposed to the future profit or loss, respectively, therefrom. Conversely, the recipient will assume the risks inherent to such financial asset acquired and will have an additional return if the cash flows originated thereby exceed those originally estimated, or a loss if the cash flows received were lower.

Improvements to NIF 2014- The purpose of the Improvements to Financial Reporting Standards 2014 (Improvements to NIF 2014) is to incorporate changes and clarifications in the Financial Reporting Standards in order to establish a more appropriate regulatory framework.

The Improvements to NIF are classified into those improvements which generate accounting changes in valuation, presentation or disclosure in the financial statements of entities, and those improvements that are modifications to the NIF to make clarifications to them, which help establish a clearer and more understandable regulatory framework. As they are clarifications, they do not generate accounting changes in the financial statements of the entities.

The Improvements to NIF which generate accounting changes are as follows:

NIF C-5, *Prepaid Expenses*- A paragraph was added to establish that when an entity purchases goods or services whose payment is denominated in foreign currency and makes related payments before they are received, the exchange fluctuations between their functional currency and the payment currency should not affect the recognized amount of the pre-payment.

Bulletin C-15, *Impairment in the Value of Long-Lived Assets and their Disposal*- Bulletin C-15 is modified to establish that losses from impairment cannot be capitalized in the value of an asset. It is also modified to establish that the balance sheets of previous periods which are presented as comparable should not be restructured for the presentation of the assets and liabilities related to discontinued operations, eliminating the current difference in relation to that established in International Financial Reporting Standard (“IFRS”) 5, *Noncurrent Assets*

Held for Sale and Discontinued Operations.

The Improvements to the NIF which do not generate accounting changes are as follows:

Bulletin 10 C-9, *Liabilities, Provisions, Contingent Assets and Liabilities and Commitments* - The term "affiliate" is eliminated because it is not used at the international level; the current term commonly used is "related party".

Bulletin C-15, *Impairment in the Value of Long-Lived Assets and their Disposal* -The term appropriate discount rate which should be used to determine the use value required in the impairment tests is modified to clarify that such appropriate discount rate should be on real or nominal terms, depending on the financial hypotheses used in the cash flow projections, as the case may be.

At the date of issuance of these consolidated financial statements, the Company has not completed its analysis of the effects of adoption of these new provisions on its financial information.

26. Authorization to issue the financial statements

On February 17, 2014, the issuance of the accompanying consolidated financial statements was authorized by General Director of the Company and is subject to the approval of the Company’s general ordinary stockholders’ meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

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ANNEX A:

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN SOFOM GAAP AND U.S. GAAP

Our financial statements are prepared and presented in accordance with *Sofom* GAAP as prescribed by the CNBV. Certain differences exist between *Sofom* GAAP and accounting principles generally accepted in the United States of America, or U.S. GAAP, which might be material to the financial information contained herein. The matters described below summarize those differences that may be material. We have not prepared a reconciliation of our financial statements and related footnote disclosures, appearing in the offering memorandum, from *Sofom* GAAP to U.S. GAAP and we have not quantified those differences. Accordingly, no assurance is provided that the following summary of differences is complete. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between *Sofom* GAAP and U.S. GAAP, and how those differences might affect the financial information herein.

Accounting for the Effects of Inflation

Mexico

Through December 31, 2007, *Sofom* GAAP required that the comprehensive effects of inflation be recorded in financial information and that such financial statements be restated to constant pesos as of the latest balance sheet date presented. Beginning January 1, 2008, *Sofom* GAAP modified the accounting for inflationary effects and defines two economic environments, an "inflationary environment" and a "non-inflationary environment." An inflationary environment is one in which the cumulative inflation of the three preceding years is 26% or more, in which case the comprehensive effects of inflation should be recognized in financial information; a non-inflationary environment is one in which the cumulative inflation of the three preceding years is less than 26%, in which case, no inflationary effects should be recognized in financial information.

United States

Under U.S. GAAP, companies are generally required to prepare financial statements on a historical cost basis. Specific rules and regulations established by the SEC allow for companies to maintain the effects of inflations in its reconciliation from local GAAP to U.S. GAAP for companies registering securities with the SEC for sale in the United States, when, for local purposes, such company prepares comprehensive price-level adjusted financial statements, as required or permitted by their home-country GAAP. This is because the SEC recognizes that presentation of price-level adjusted financial information in inflationary economies is more meaningful than historical-cost based financial reporting.

Preoperating Costs

Mexico

Through December 31, 2002, under *Sofom* GAAP, preoperating costs incurred were permitted to be capitalized and amortized by us over the period of time estimated to generate the income necessary to recover such costs. Beginning January 1, 2003, only preoperating costs incurred during the development stage are capitalized and all other preoperating costs are expensed as incurred; previously capitalized amounts are permitted to continue to be amortized through December 31, 2008. Beginning January 1, 2009, any remaining unamortized preoperating costs must be written off to retained earnings.

United States

Under U.S. GAAP, preoperating costs should be treated as period expenses and are not capitalizable.

Labor Obligations

Mexico

Under *Sofom* GAAP, with respect to recognition of liabilities for post-retirement benefits, entities are permitted to defer the recognition of unrecognized items (such as variations in actuarial assumptions, prior service costs and plan amendments and transition assets or liabilities) and amortize such amounts into the liability over a specified period of time.

United States

Under U.S. GAAP, the accounting for defined benefit postretirement plans, which include seniority premiums within Mexico, was amended in 2006 such that an employer is required to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan). Accordingly, the related asset or liability should be equal to the projected net liability less any plan assets, such that all unrecognized items are recognized as part of the liability, with an offsetting charge or credit through other comprehensive income.

Deferred Income Tax and Statutory Employee Profit Sharing

Mexico

Sofom GAAP is similar to U.S. GAAP with respect to accounting for deferred income taxes in that an asset and liability approach is required. Under *Sofom* GAAP, deferred tax assets must be reduced by a valuation allowance if it is "highly probable" that all or a portion of the deferred tax assets will not be realized. The determination of the need for a valuation allowance must consider future taxable income and the reversal of temporary taxable differences. Net deferred income tax assets or liabilities are presented within long-term assets or liabilities.

Through 2013, Mexican entities were subject to a dual tax system which included the regular income tax, or ISR, and the Business Flat Tax, or IETU. For *Sofom* GAAP purposes, companies must determine whether they are principally subject to regular income tax or IETU in the future and recognize deferred taxes accordingly. If a company determines, based on of projections of future taxable income, that it will be both subject to IETU and ISR in the future, the company is required to schedule out the reversal of temporary differences under each tax regime and record the amount that represents the larger liability or the smaller benefit. As a result of the repeal of the IETU tax enacted during 2013, companies are required to eliminate all existing IETU deferred taxes and record deferred taxes arising from ISR with the net effect recognized to earnings.

Under *Sofom* GAAP, through 2007, deferred employee profit sharing is recognized only for timing differences arising from the reconciliation between accounting and taxable income for employee profit sharing purposes, for which it may be reasonably estimated that a future liability or benefit will arise and there is no indication that the liability will not be paid or the benefits will not be realized. Effective January 1, 2008, *Sofom* GAAP was modified such that it now requires a balance sheet methodology for determining deferred employee profit sharing, similar to that used for deferred income taxes.

Sofom GAAP allows the recognition of a net statutory employee profit sharing asset.

United States

Under U.S. GAAP, deferred income taxes are also accounted for using the asset and liability approach. A valuation allowance is recognized to reduce the value of deferred tax assets to the amount that, based on the weight of all positive and negative available evidence, is "more likely than not" to be realized. In order to make this determination, entities must consider future reversals of taxable temporary differences, future taxable income, taxable income in prior carryback years and tax planning strategies. Additionally, if a company has experienced recurring losses, little weight, if any, may be placed on future taxable income as objective evidence to support the recoverability of a deferred income tax asset. U.S. GAAP requires that deferred tax assets and liabilities be classified as current or long-term depending on the classification of the asset or liability to which the deferred relates.

Under U.S. GAAP, through 2012, companies must determine whether they will be principally subject to regular income tax or IETU and recognize deferred taxes accordingly. However, companies that are unable to conclude whether they will be principally subject to IETU and ISR in the future, may be required to apply a hybrid approach in which deferred taxes arising from both regular income tax and IETU are recognized. Similar to Sofom GAAP, companies replaced all existing IETU deferred taxes with ISR deferred taxes during 2013 in connection with the repeal of the IETU tax.

U.S. GAAP also requires the use of the balance sheet methodology when calculating deferred employee profit and requires that a related liability be recorded for all temporary differences. U.S. GAAP does not allow the recognition of net deferred employee profit sharing assets.

Impairment of Long-Lived Assets in Use

Mexico

Under *Sofom* GAAP, long-lived assets with definite lives, such as property and equipment, are evaluated periodically in order to determine if a potential impairment indicator exists. The calculation of impairment losses requires the determination of the recoverable value of the assets. Recoverable value is defined as the greater of the net selling price of a cash generating unit and its value in use. Value in use is the present value of discounted future net cash flows.

In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

United States

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of an asset is not recoverable when the estimated future undiscounted cash flows expected to result from the use of the asset are less than the carrying value of the asset. Impairment losses are measured as the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Impairment losses are classified within operating expenses in the statement of income.

Fair Value of Financial Instruments

Mexico

Sofom GAAP defines fair value as the amount an interested and informed market participant would be willing to exchange for the purchase or sale of an asset or to assume or settle a liability in a free market. This definition can consider either an entry or an exit price.

United States

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition only considers an exit price. Consideration must be given to the principal and most advantageous market and the highest and best use of the asset.

Furthermore, U.S. GAAP establishes a three-level hierarchy to be used when measuring and disclosing fair value in a company's financial statements. Categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Allowance for Loan Losses

Mexico

Sofom GAAP requires a specific methodology to determine the allowance for loan losses, which take into consideration the value of the loan, the credit rating of the borrower (including country, financial and industry risk and payment experience) and any credit enhancements. Based on these factors, the CNBV prescribes a range of loss percentages that are to be applied to the value of the loan in order to determine the amount of the loan loss to be provisioned. Loan loss percentages are calculated by the CNBV based on either an expected loss model or an incurred loss model depending on the classification of the loan.

United States

U.S. GAAP accounting literature establishes that for larger, non-homogeneous loans, once an entity determines that a loan is impaired (meaning that it is probable that the entity will be unable to collect all amounts due (both principal and interest) according to the contractual terms of the loan agreement), the entity shall measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate. The estimates surrounding credit losses for U.S. GAAP purposes are based on an incurred loss model. For practical purposes, entities may also measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Fair value of the collateral must be used when foreclosure is deemed probable.

For smaller-balance homogeneous loans, entities should collectively evaluate the loans for impairment, using a formula based on various factors to estimate an allowance for loan losses, including past loss experience, recent economic events and current conditions, geographical concentrations and portfolio delinquency rates.

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Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada

7.500% Senior Notes due 2019

OFFERING MEMORANDUM

Barclays BofA Merrill Lynch Credit Suisse