



# Crédito Real

April 2013

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# Agenda



1

Crédito Real Outlook

2

Product Characteristics

3

Historical Financial

# Specialty Finance Company in Mexico ...



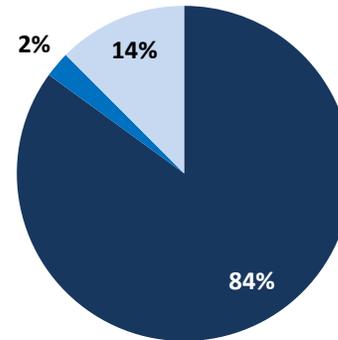
## Key Attributes

- Tailor made products with fixed interest, installments and payments
- Scalable model with attractive risk -reward proposition
- 20 years of proven track record
- Over 4 million loans disbursed to more than 2 million customers
- Diversified nationwide origination platform
- 467,745 active clients
- Proprietary credit approval process
- High quality loan portfolio with an average delinquency rate of 1.8%

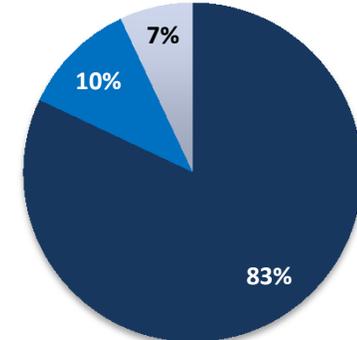
Source: Crédito Real.

## Attractive Product Mix

Loan Portfolio: 1Q13  
MXN \$ 7,129.6 million



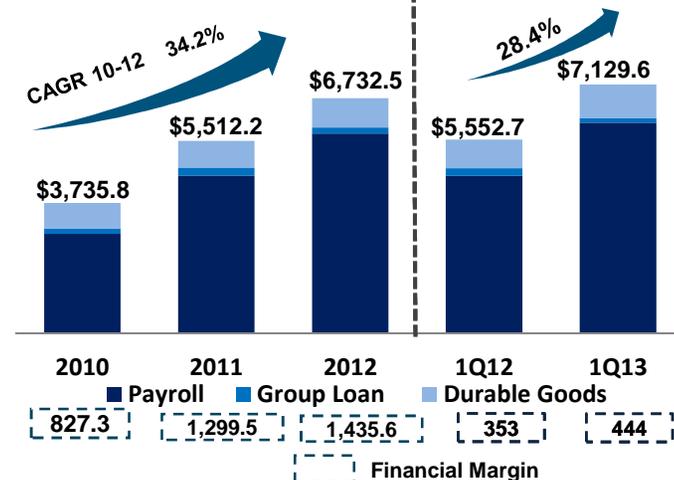
Interest Income: 1Q13  
MXN \$ 613.0 million



■ Payroll ■ Group Loans ■ Durable Goods

## Superior Loan Growth

Loan Portfolio, MXNmm

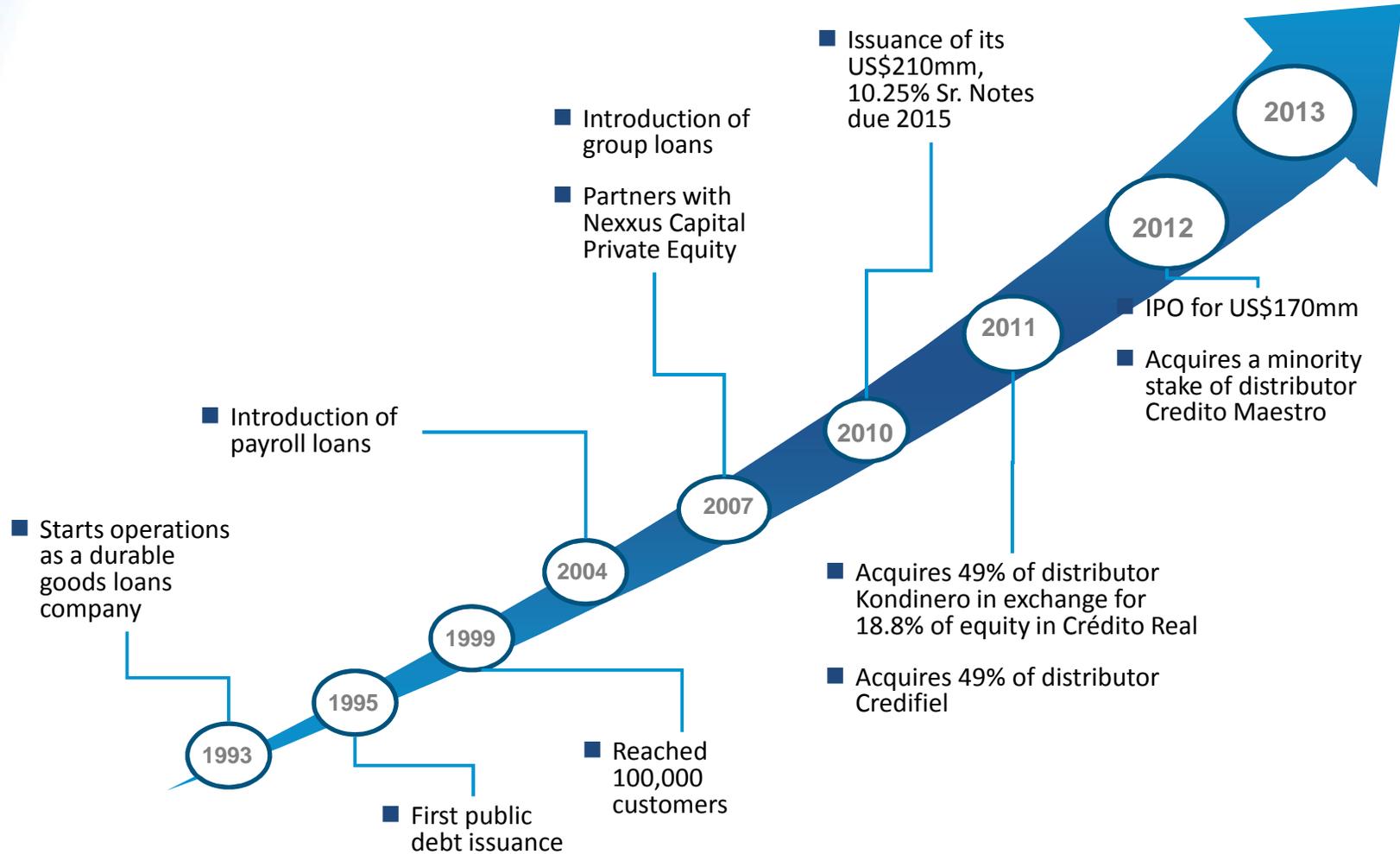


Financial Margin

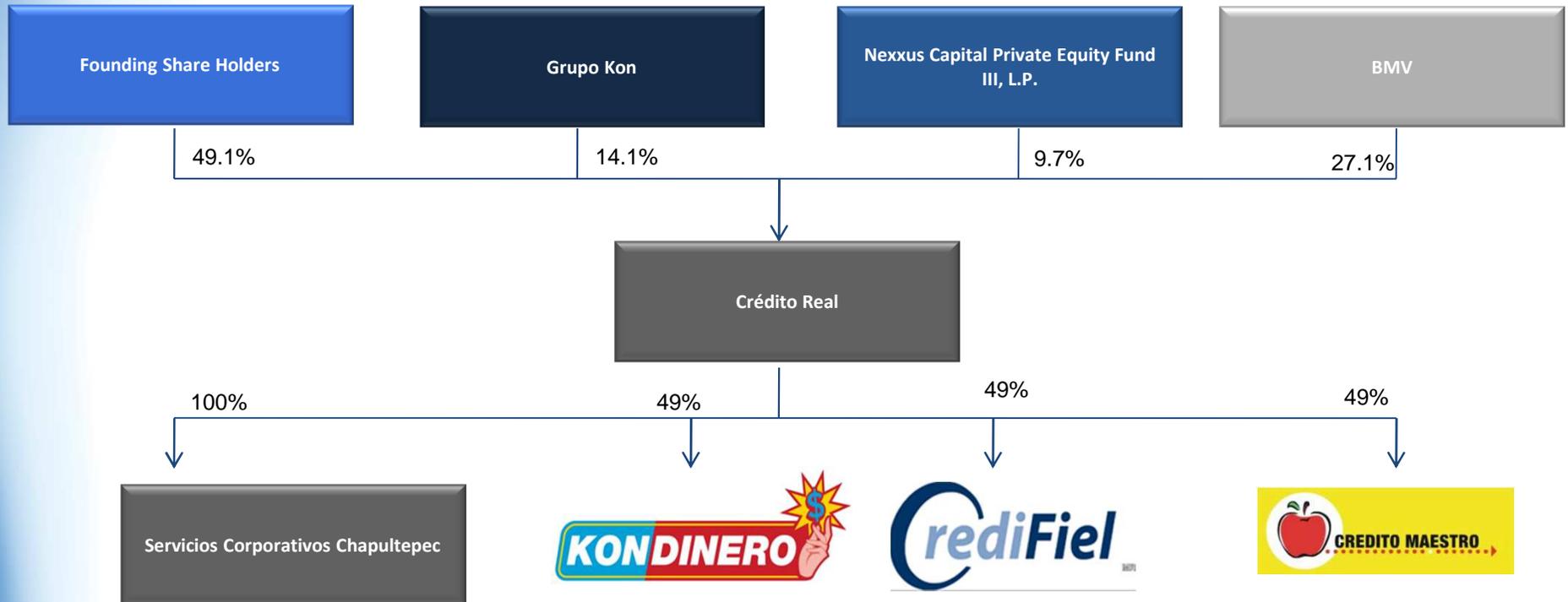
# ...with a Long Track Record of Achievements...



## Milestones of Crédito Real



# Corporate Structure



## Founding Members

- Founders of a leading appliance manufacturer in the Americas, Mabe
- Founders of Bancrecer Bank in the 1970's (sold to Banorte)
- Main shareholders of Bital Bank in the 1990's (sold to HSBC)

## Grupo Kon

- Over 60 years of experience, include commercial, financial and real estate companies
- Founders of Kondinero, a leading payroll loan distributor
- Developed one of the largest payroll loan origination sales forces in Mexico

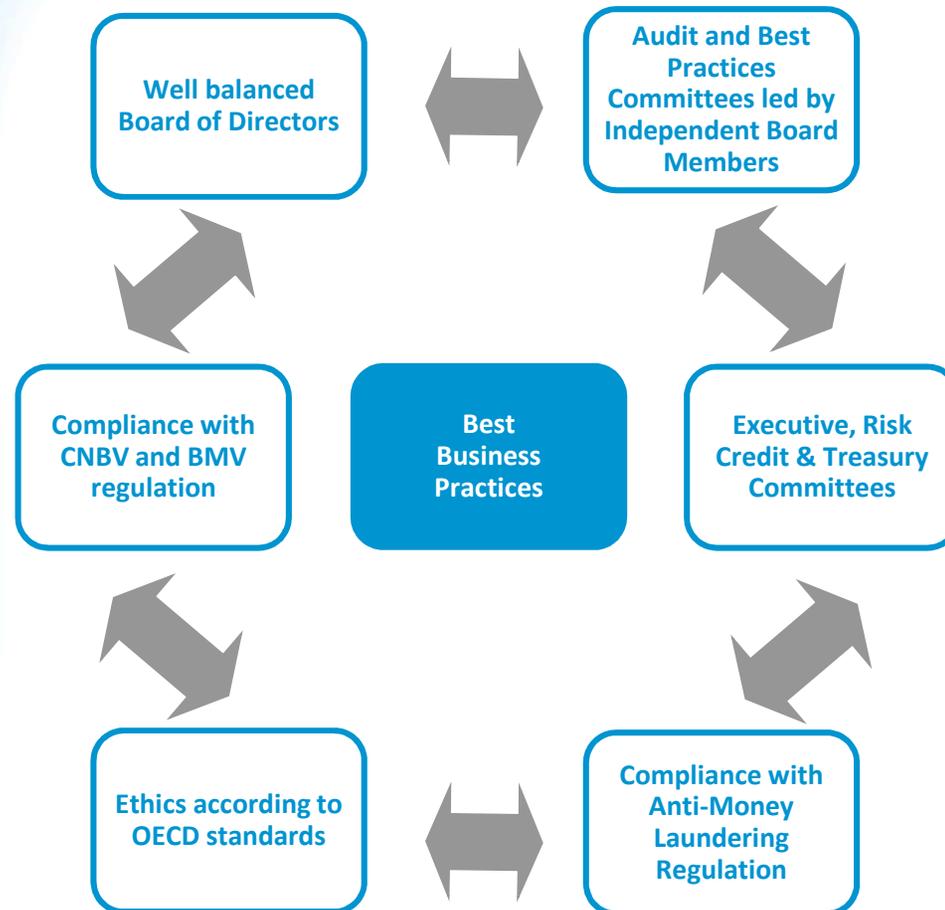
## Nexxus Capital

- Leading private equity fund manager in Mexico
- US\$650MM raised to date across 4 different funds
- Successful history of IPOs: Homex and Genomma Lab

# ...and Strong Corporate Governance and Experienced Management Team



## Corporate Governance and Compliance



## Experienced Management Team

**Angel Romanos - CEO**

- Founder of Crédito Real
- CEO of the Company since inception
- MBA from Wharton School of Business

**Lorena Cardenas - CFO**

- CFO since 2008
- Previously acted as CFO for GMAC and Nortel Networks in Mexico, nearly 20 years of CFO experience
- MBA from University of Miami

**Carlos Ochoa - COO**

- COO since 2003
- 11 years with the Company, critical to the creation of Crédito Real's current operative model
- Master's degree in Economics and Finance from the University of Bristol

**Luis Carlos Aguilar – Payroll Commercial Officer**

- Payroll commercial officer since 2009
- 16 years with the Company, privileged knowledge of payroll industry in Mexico
- MBA from IPADE

**Anthony McCarthy – IR Officer**

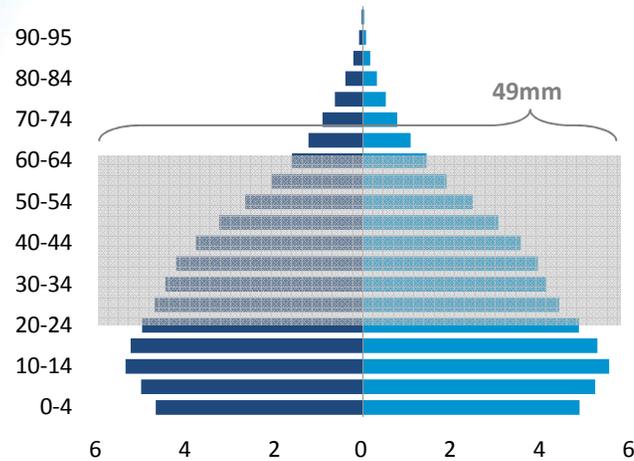
- IR Officer since 2010
- Strong corporate and business management background
- MBA from IPADE

# Positioned to Benefit from Mexico's Attractive Fundamentals



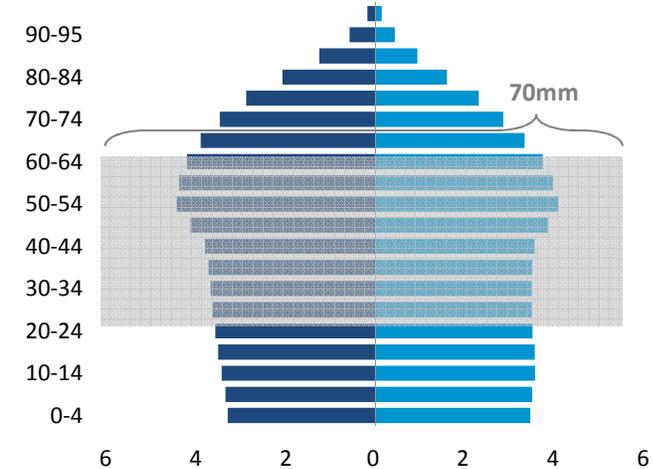
...and favorable demographics which are expected to improve

2010, Million people



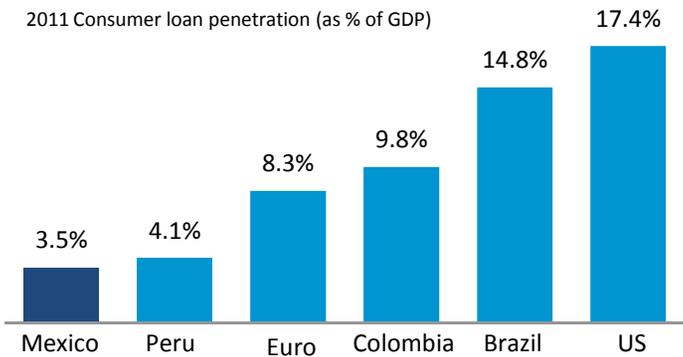
By year 2050, active workforce population is expected to significantly increase

2050, Million people

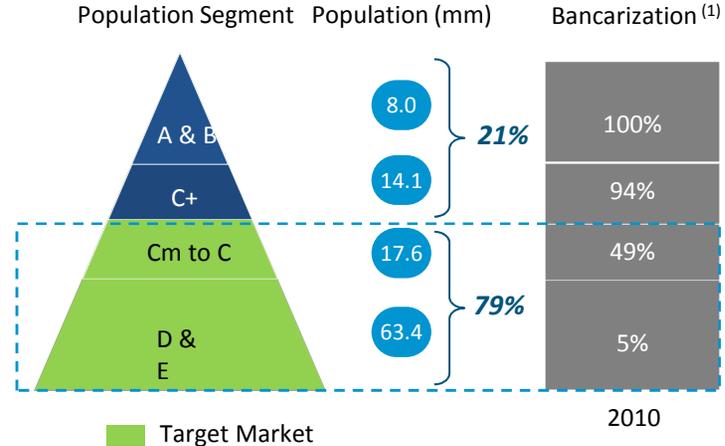


Women Men

...with low penetration of consumer credit



Limited access to banking services



Source: Banco de Mexico, World Economic Outlook Database, CONAPO.  
CGAP Financial Access Report 2010, Acci3n Institucional, AMAI.  
Note: Population utilizing banking services.

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# Leading Payroll Lender in Mexico



## Payroll Loans – Product Overview <sup>1</sup>

<b>Product Description</b>	Personal loans for unionized government employees repaid through direct payroll
<b>Target Markets</b>	Unionized public employees C+, Cm, C and D+
<b>Product Statistics</b>	<ul style="list-style-type: none"> <li>Avg. loan amount – MXN \$17,920</li> <li>Avg. term – 34 months</li> <li>Avg. Annual interest rate – 50-65%</li> <li>Payment frequency – Bi-weekly</li> <li>Delinquency rate – 1.7%</li> <li>Customers – 336,062 (72% of total)</li> </ul>
<b>Distribution Platform</b>	<ul style="list-style-type: none"> <li>Extensive sales forces of 30 different distributors – partner in 3 leading loan originators</li> <li>Full nation-wide coverage</li> </ul>  <p>Market of approximately 7 million employees through 318 union and government entities</p> <p>Plus other 27 independent distributors</p>

Source: CNBV, Mexican Central bank, Brazilian Central bank, industry reports and company filing  
Notes:

1. Data as of March 31, 2012.

2. Attributable to Crédito Real after distributors revenue/risk sharing agreements.

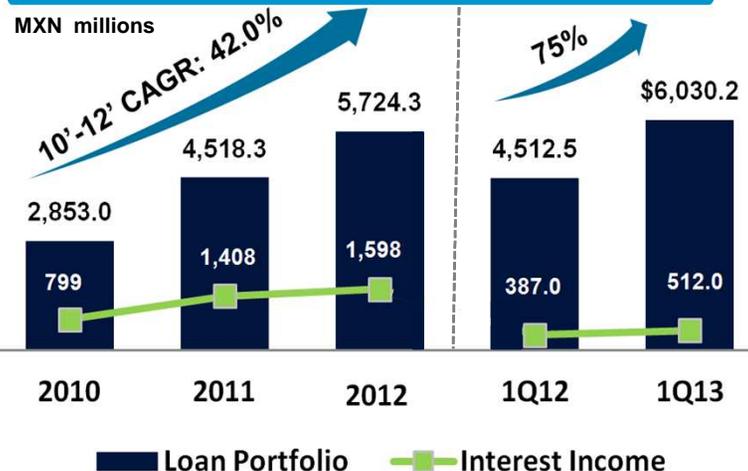
## Market Overview

- 7 million unionized government employees
- Approximate unionized government payroll of MX\$65,030mm
- 16.1% market penetration

## Strategy

- Increase market penetration
- Customer renewal
- Develop new relationships with distributors and agencies
- Increase cross-selling across product platform

## Historical Growth

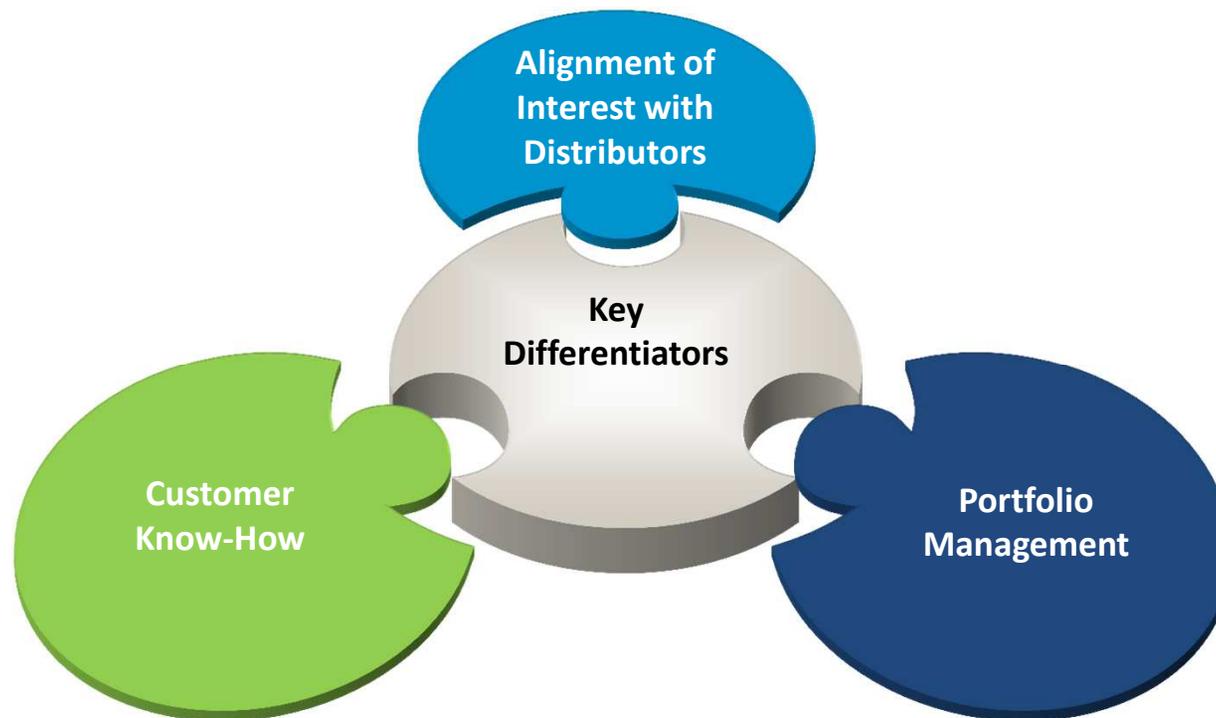


# Unique Business Model for Payroll Lending

Crédito Real's model is different to Mexican banks and other payroll lenders



- Profit and risk sharing agreements with loan distributors
- Increased profitability and exclusivity agreements from minority stake with main distributors



- Onsite promotion model – customers approached directly and personally
- Complete payroll information including pay stub
- Unique customer database

- Joint collection efforts
- Portfolio reconciliation with government agencies, distributors and Crédito Real

# Successful Track Record in Group Loans Market

Disciplined execution of the Bangladesh lending methodology



## Group Loans – Product Overview <sup>1</sup>

<b>Product Description</b>	Loans to finance micro-business working capital requirements
<b>Target Markets</b>	Women in suburban areas D and E segments
<b>Product Statistics</b>	<ul style="list-style-type: none"> <li>Avg. loan amount – MXN \$2,400</li> <li>Avg. term – 3.5 months/14.1 weeks</li> <li>Avg. Annual interest rate – 90% - 110%</li> <li>Payment frequency – Weekly</li> <li>Delinquency rate – 4.4%</li> <li>Customers – 58,771 (13% of total)</li> </ul>
<b>Distribution Platform</b>	<ul style="list-style-type: none"> <li>Proprietary branch network under brand</li> </ul> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 10px;"> <b>CREDIEQUIPOS</b> </div> <div style="border: 1px solid black; padding: 2px; margin-right: 10px;"> <b>Key Metrics</b> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>74 Branches 285 Promoters 67 Cities 20 States</p> </div> </div> <p style="text-align: center; margin-top: 10px;">■ Denotes Group Lending presence</p>

## Market Overview

- Group loan portfolio is 0.2% of GDP
- Market size of approximately 17 million people
- 24% market penetration

## Strategy

- Consolidate current suburban footprint by increasing the number of promoters per branch
- Customer renewal
- Disciplined growth strategy
- Increase cross-selling across product platform

## Growth History



Source: Crédito Real, IMF, Mix Market, Pro Desarrollo.

Note:

1. Data as of March 31, 2012.

# Longstanding History in Durable Goods Loans



## Durable Goods Loans – Product Overview <sup>1</sup>

<b>Product Description</b>	Loans to finance purchases of durable goods from selected retailers
<b>Target Markets</b>	B, C+, Cm, C and D
<b>Product Statistics</b>	<ul style="list-style-type: none"> <li>Avg. loan amount – MXN \$11,750</li> <li>Avg. term – 12 months</li> <li>Annual interest rate – 40-50%</li> <li>Payment frequency – Monthly</li> <li>Delinquency rate – 2.2%</li> <li>Customers – 72,912 (15.6% of total)</li> </ul>
<b>Distribution Platform</b>	<ul style="list-style-type: none"> <li>Financing agreements with 48 independent retailers, operating 1,188 points of sale, in 134 cities in every state across the country</li> </ul>

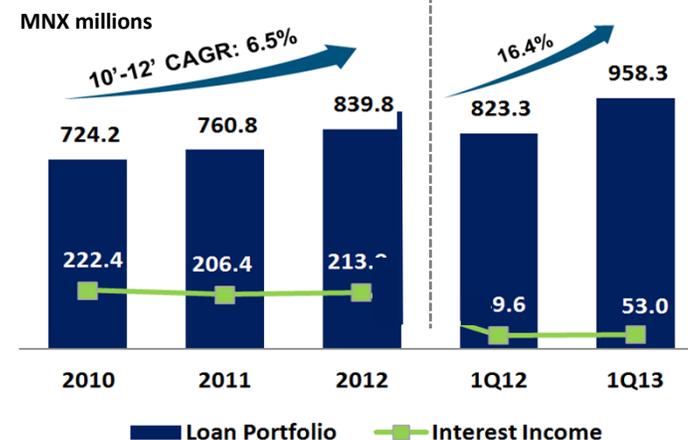
## Market Overview

- Credit penetration on durable goods remain low compared to other countries in Latin America
- Higher demand of credit by retailers and customers
- Competition mainly from credit cards and retailers with own credit products

## Strategy

- Focus on 2<sup>nd</sup> tier retail chains with no access to credit products
- Customer renewal
- Improve penetration of credit sales among existing retailers
- Increase cross-selling across product platform

## History Growth



Source: Crédito Real.

Note:

1. Data as of March 31, 2012.

# New Product Intro



## Semi New Cars Loans

- Product Description** ■ Loans for Used cars
- 
- Target Markets** ■ C and C- segments
- 
- Product Statistics**
- Ave. Loan amount – \$50,000 MXN
  - Term – 12 to 24 months
  - Annual interest rate – 24% - 30%
  - Payment frequency – Monthly
  - Income from Insurance
  - GPS systems to secure cars
- 
- Distribution Channel** ■ Financing agreement with 5 distributor that has 6 brands and presence in 90 POS.
- 
- Loan Portfolio of MXN \$33.2 million

## C+R

- Product Description** ■ Loans for working capital to independent professionals and ongoing small businesses
- 
- Target Markets**
- C and C- segments
  - Mexico City (1<sup>st</sup> Phase)
- 
- Product Statistics**
- Loan amount – \$100,000 - \$750,000 MXN
  - Terms – 3 – 36 months
  - Annual interest rate – 28% - 32%
  - Payment frequency – Monthly fixed payments
- 
- Distribution Channel**
- One business center in Mexico City
  - Own sales force
- 
- Loan Portfolio of MXN \$32.9 million



# Agenda



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Product Characteristics

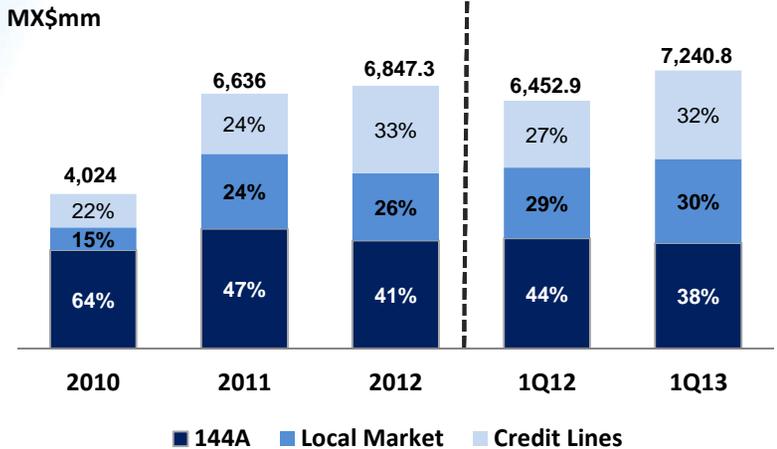
3

Historical Financial

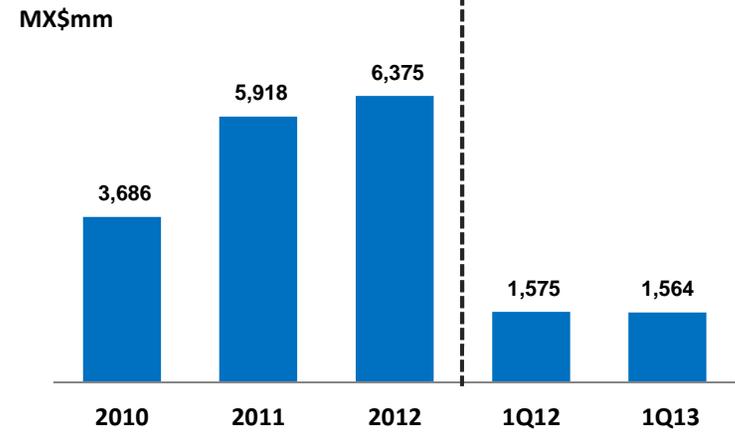
# Ample and Diversified Sources of Funding...



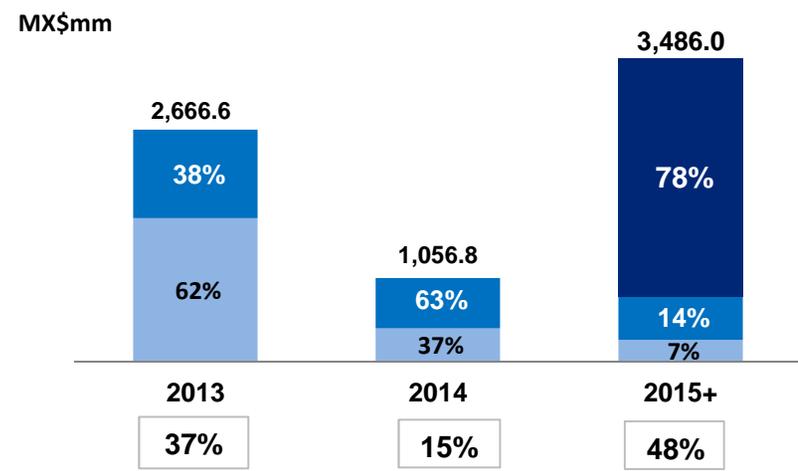
## Debt Profile



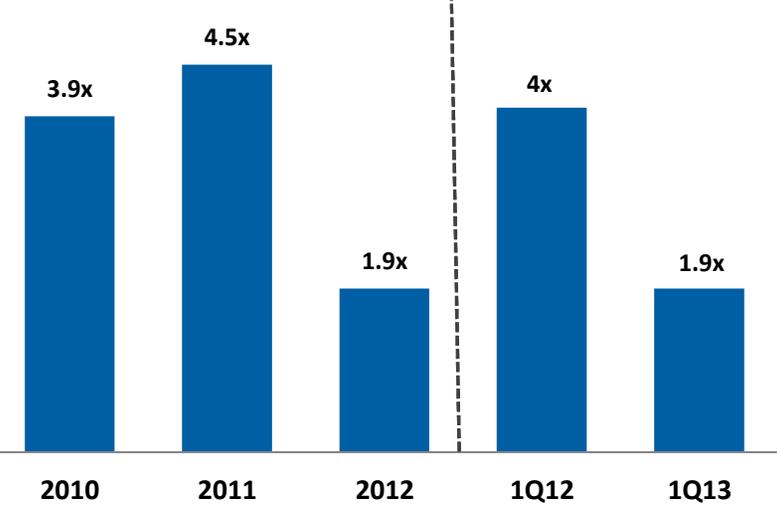
## Sustained Collection Evolution



## Debt Maturity Schedule 1Q13



## Debt / Equity Ratio Evolution

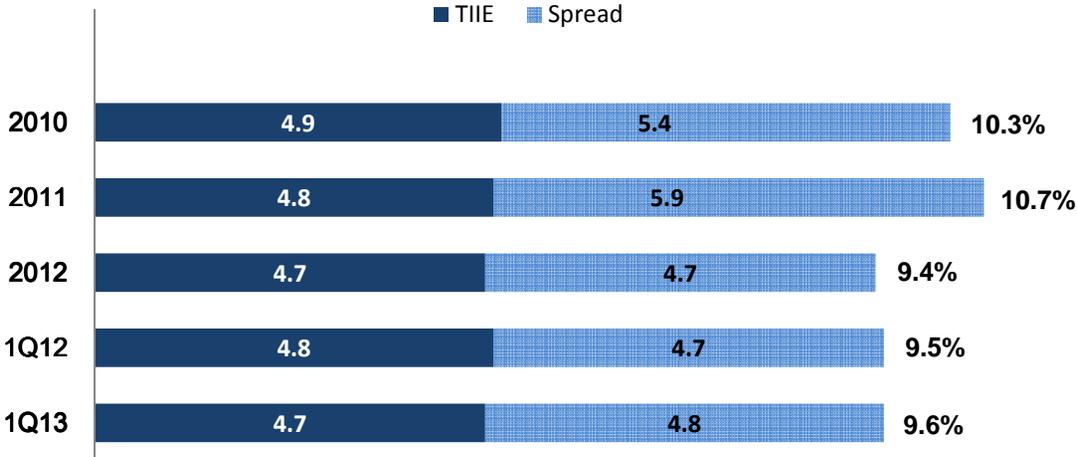


Source: Crédito Real. ■ 144A ■ Local Market ■ Credit Lines

# ...with Decreasing Funding Cost...



## Improving Funding Cost



## Funding Strategy Focus



Source: Credito Real, Bloomberg.

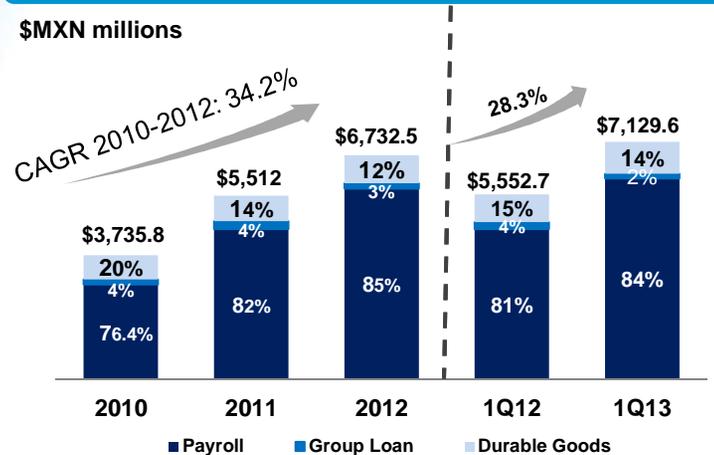
Note:

1. Average includes Homex 2015, Findep 2015 and Urbi 2016 as of August, 2012.

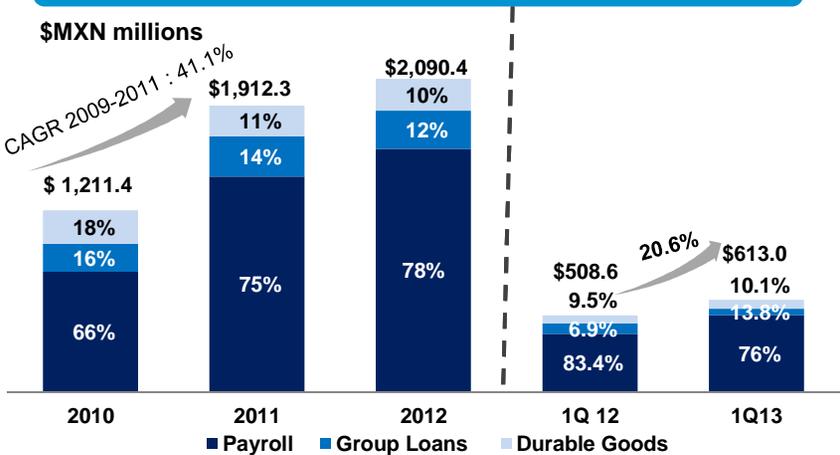
# ...and Solid Financial Performance



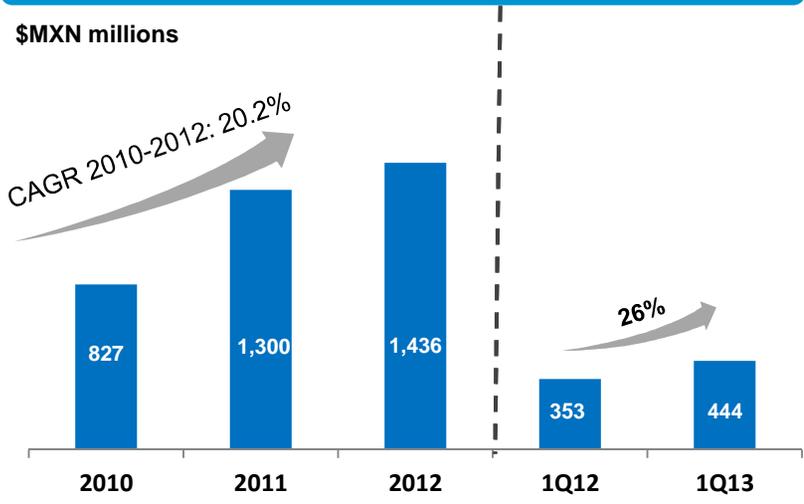
## Total Loan Portfolio



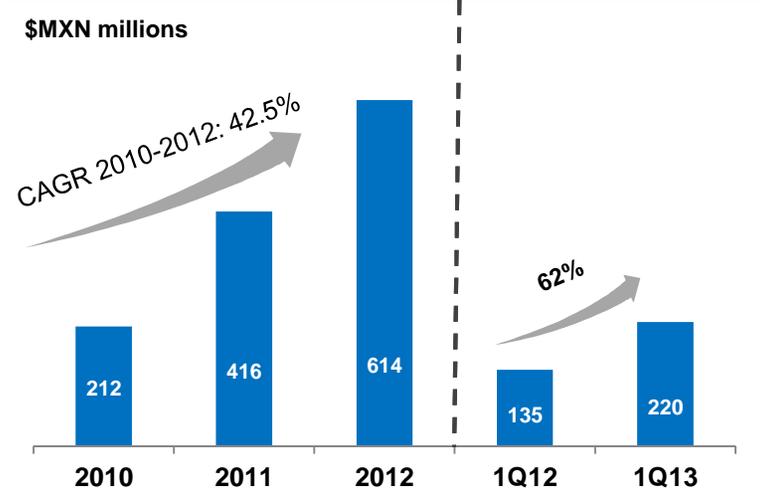
## Interest Income



## Financial Margin



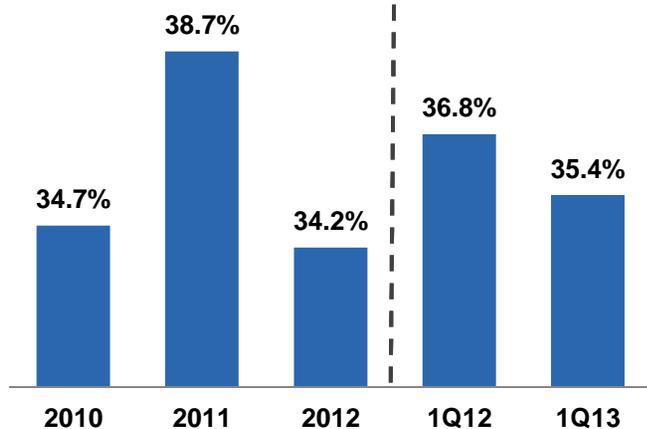
## Net Income



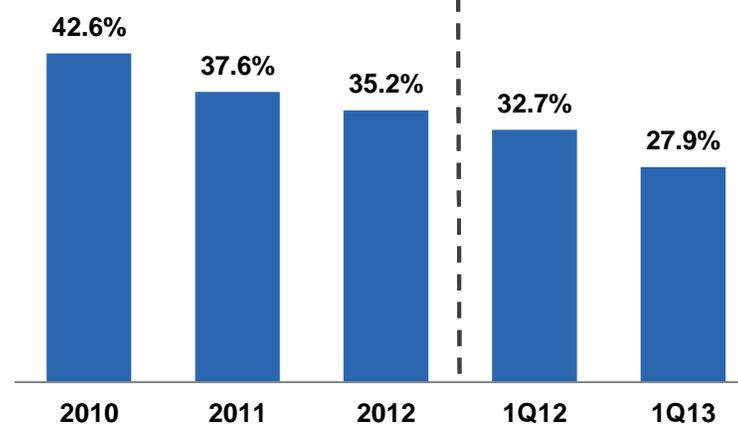
# Key Financial Metrics



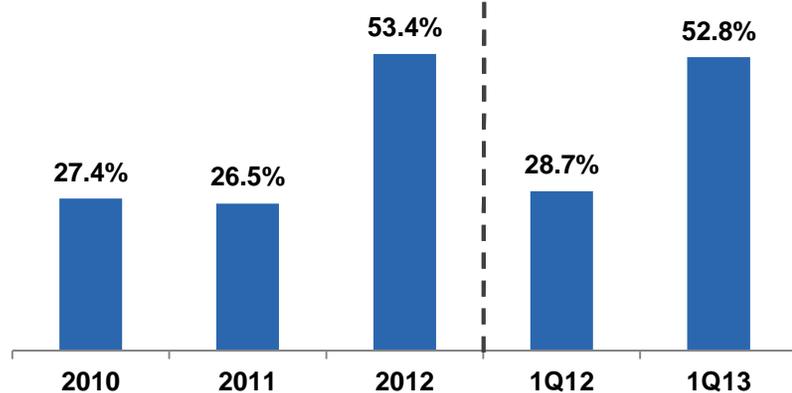
## Yield <sup>1</sup>



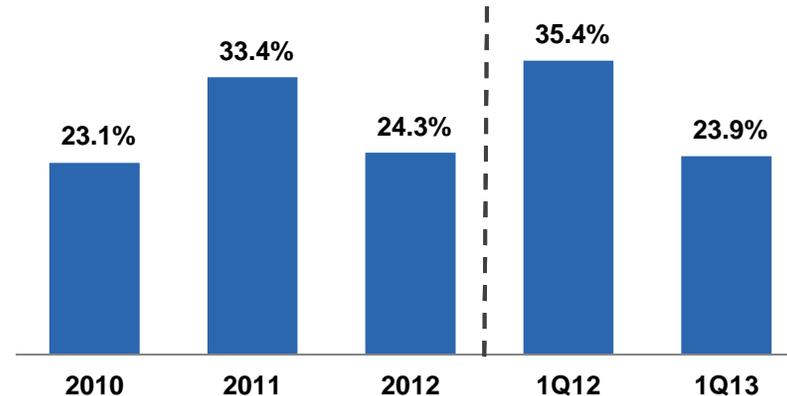
## Efficiency Ratio <sup>2</sup>



## Capitalization



## ROAE



Source: Crédito Real.

Notes:

1. Calculated as: Interest Income / Average Earnings Assets.
2. Efficiency index 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.

## Investment Highlights



1

**Specialty finance company with a superior track record of growth, profitability, efficiency and capitalization**

2

**Positioned to benefit from attractive fundamentals and strong growth prospects in a large underpenetrated and underserved market**

3

**Accessible low risk credit products under an open-ended platform that supports expansion**

4

**Strong corporate governance and one of the most experienced and professional management teams within the industry**

5

**Ample and diversified funding sources with solid financial performance**



# Appendix

# Financials



Figures in MXN million

	2009	2010	2011	2012	Var 2012 2011	1Q '13	1Q'12	Var 1Q'13 1Q'12
<b>Profit &amp; Loss</b>								
Interest Income	\$960	\$1,211	\$1,912	\$2,090	9%	\$613	\$509	21%
Interest Expense	\$254	\$384	\$613	\$655	-7%	\$169	\$156	-9%
Financial Margin	\$706	\$827	\$1,300	\$1,436	10%	\$444	\$353	26%
Allowances for Loan Losses	\$146	\$227	\$309	\$273	12%	\$79	\$77	-2%
Commissions and Fees Paid	\$89	\$91	\$61	\$69	-13%	\$16	\$21	23%
Other Income	\$24	\$20	\$18	\$21	14%	\$3	\$5	-37%
Administration Expenses	\$280	\$314	\$466	\$480	-3%	\$119	\$109	-10%
Result before income tax	\$214	\$216	\$482	\$633	32%	\$233	\$152	53%
Income tax	\$30	\$4	\$102	\$144	-41%	\$56	\$34	-62%
Income from equity investments	\$0	\$0	\$36	\$125	244%	\$43	\$18	139%
Net Income	\$185	\$212	\$416	\$614	48%	\$220	\$135	62%
<b>Balance Sheet</b>								
Cash & Securities	\$266	\$476	\$318	\$432	36%	\$481	\$354	36%
Performing Loan Portfolio	\$3,322	\$3,610	\$5,403	\$6,626	23%	\$7,000	\$5,447	29%
Non Performing Loan Portfolio	\$69	\$126	\$109	\$107	-2%	\$129	\$106	22%
Allowances for Loan Losses	\$70	\$126	\$131	\$141	8%	\$139	\$123	12%
Total Assets	\$3,853	\$5,177	\$8,353	\$10,965	31%	\$11,614	\$8,357	39%
Total Debt	\$2,965	\$4,024	\$6,636	\$6,847	3%	\$7,241	\$6,453	12%
Other Liabilities	\$77	\$128	\$256	\$522	103%	\$606	\$309	96%
Total Shareholders' Equity	\$811	\$1,025	\$1,460	\$3,596	146%	\$3,767	\$1,596	136%
<b>Key Ratios</b>								
ROA	5.0%	4.7%	6.1%	6.4%	0%	7.8%	6.5%	1%
ROE	25.7%	23.1%	33.4%	24.3%	-9%	23.9%	35.4%	-12%
NPLs / Total Loan Portfolio	2.0%	3.4%	2.0%	1.6%	0%	1.8%	1.9%	0%
Efficiency	45.4%	42.6%	37.6%	35.2%	-6%	27.9%	32.7%	-15%



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