

# CRÉDITO REAL

## Corporate Presentation

### 1Q19 Financial Update

#### CONTACT INFORMATION

Renata González Muñoz  
+52 (55) 5228 9753  
rgonzalez@creditoreal.com.mx

Investor Relations  
+52 (55) 5340 5200 Ext. 2182  
investor\_relations@creditoreal.com.mx



Cotiza en  
Bolsa Mexicana

CREAL\*

## Key Company Highlights

- + A leading specialty finance company in Mexico with a growing international presence (United States and Central America).
- + Highly recognized by its product offering, designed specifically for our customer base which is underserved by the traditional banking sector.
- + Over 25 years of experience in understanding the credit profile of customers and in developing and refining proprietary underwriting standards.
- + Listed on the Mexican Stock Exchange since 2012, being actively a public debt issuer in Mexico and in international bond-markets since 1995 and 2010, respectively.

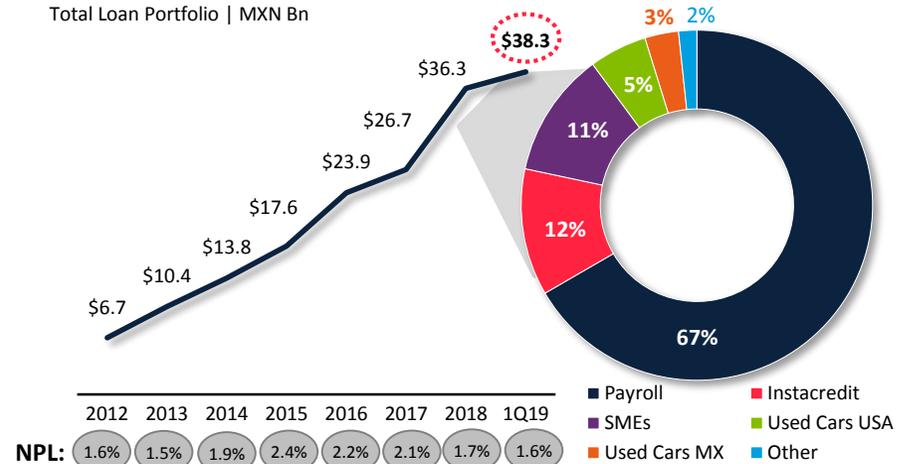
## Market presence



Notes:

(1) Percentage of Loan Portfolio as of 1Q19.

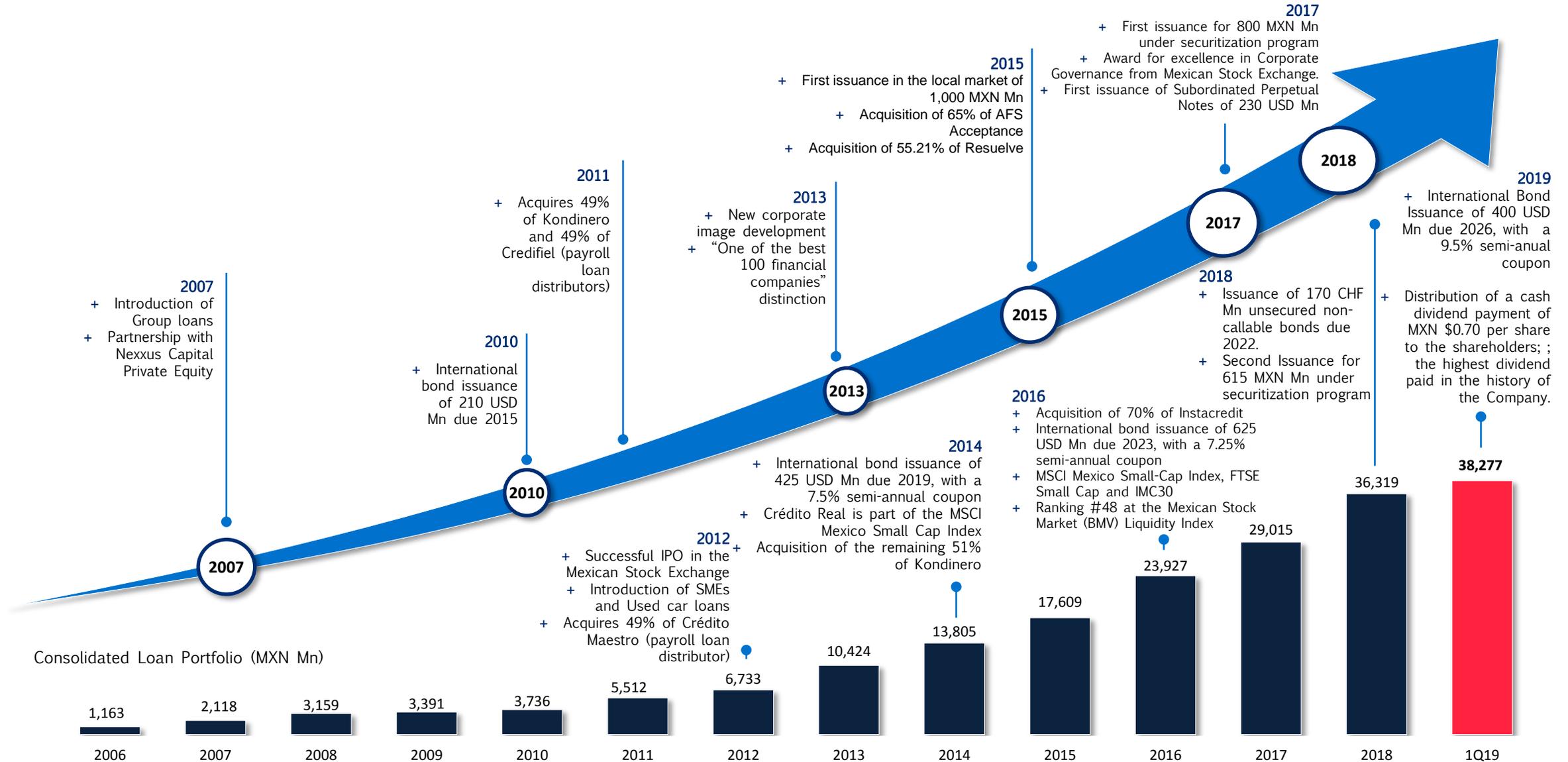
## Consistently Growing Loan Portfolio



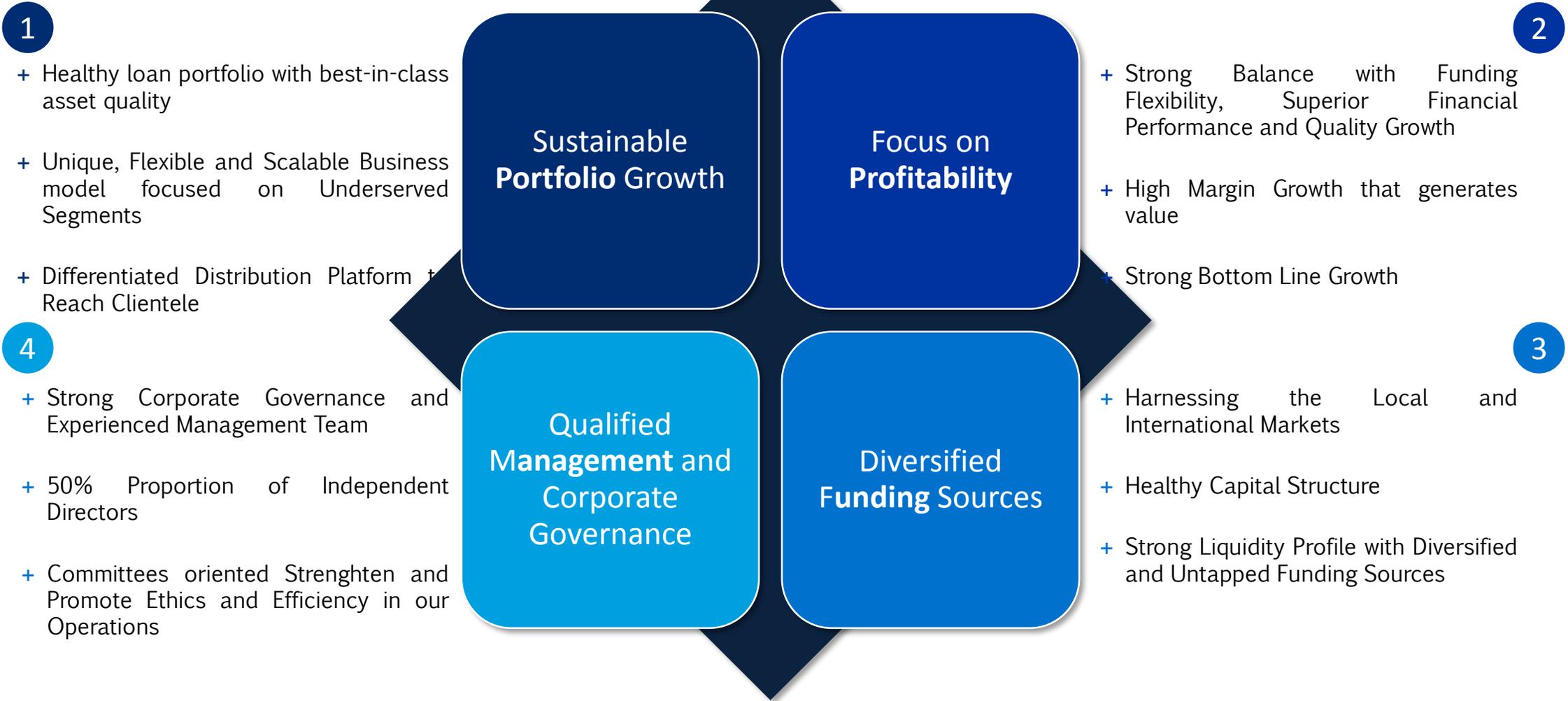
## Selected Financials

MXN Mn	2015	2016	2017	2018	1Q18	1Q19	CAGR / Avg. 2015-2018
<b>Income Statement</b>							
Financial Margin	\$3,312	\$5,042	\$5,773	\$7,080	1,570	\$1,765	28.8%
Net income	\$1,371	\$1,714	\$1,661	\$1,955	422.7	\$625	12.6%
<b>Balance Sheet</b>							
Assets	\$25,996	\$35,915	\$42,238	\$49,562	42,832	\$50,839	24.0%
Debt	\$17,444	\$24,589	\$23,585	\$30,647	24,233	\$31,669	20.7%
Equity	\$6,713	\$9,277	\$14,768	\$15,809	14,422	\$16,044	33.0%
<b>Key Ratios</b>							
ROAA	6.0%	5.0%	4.5%	4.2%	4.0%	5.0%	4.9%
ROAE	22.2%	20.2%	15.9%	12.9%	11.6%	15.7%	17.8%
Capitalization	38.1%	38.8%	50.9%	43.5%	46%	41.9%	42.8%
Efficiency	35.9%	55.2%	50.2%	42.4%	46.7%	42.0%	45.9%

# Corporate History

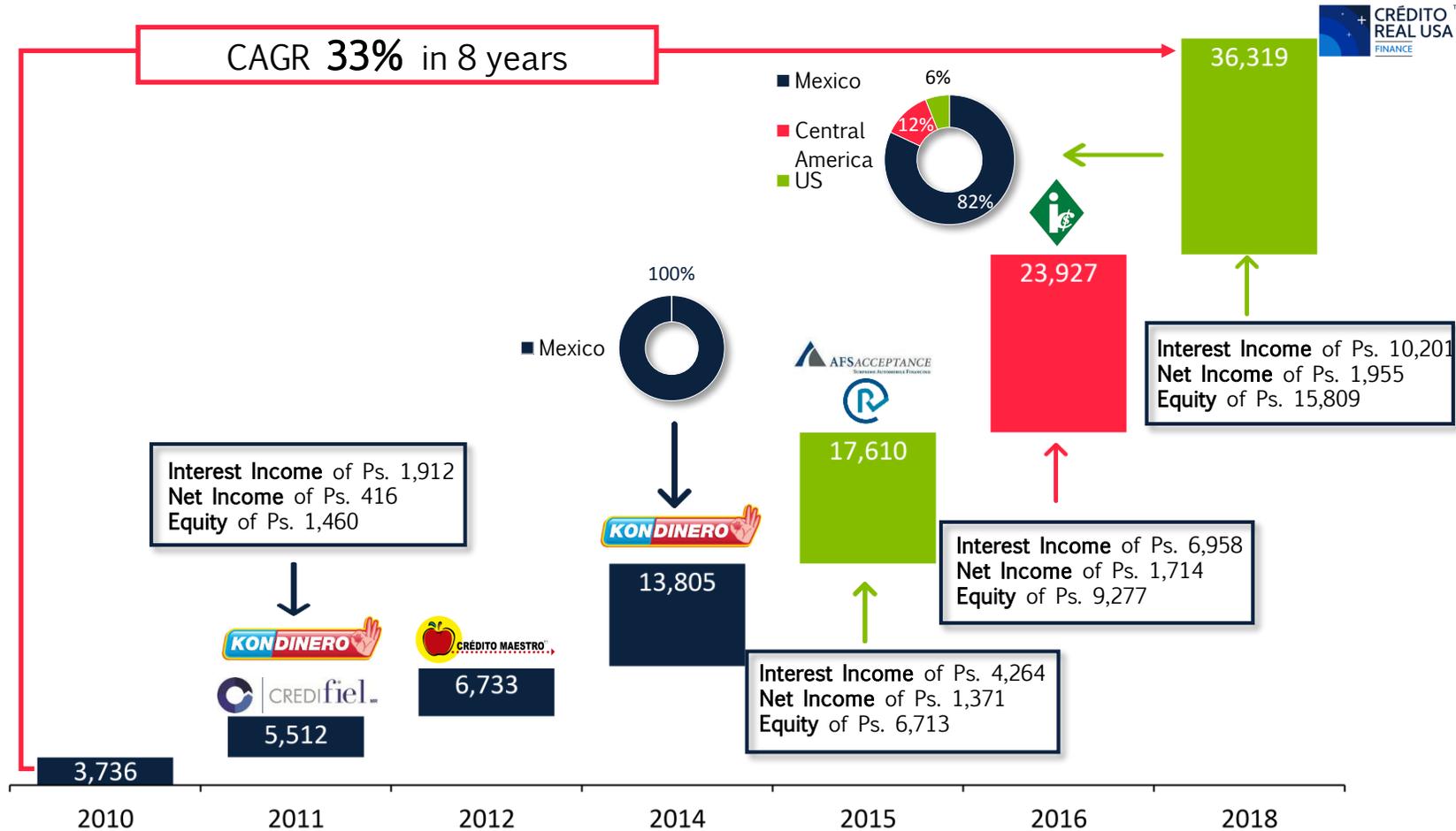


# Key Investment Highlights



# 1 Products

## Company's Evolution



## Products

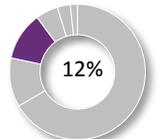
### Payroll

Payroll-deducted loans to public employees and pensioners



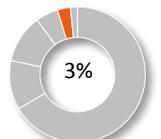
### SMEs

Non-revolving lines to fund working capital and investment activities, as well as leasing



### Used Cars MX

Financing to individuals and legal entities through cars and commercial vehicle warranty



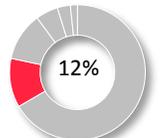
### Used Cars US

Loans for used cars through strategic partners



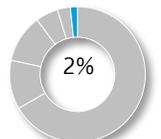
### Instacredit

Consumer Loans, Auto Loans, SMEs Loans and Home Equity Loans in Central America



### Others

Integrated by Group Loans and Durable Goods



+ Profitable growth through our product diversification.

+ Sustained Double-digit growth rates.

# Payroll



Presence all over Mexico

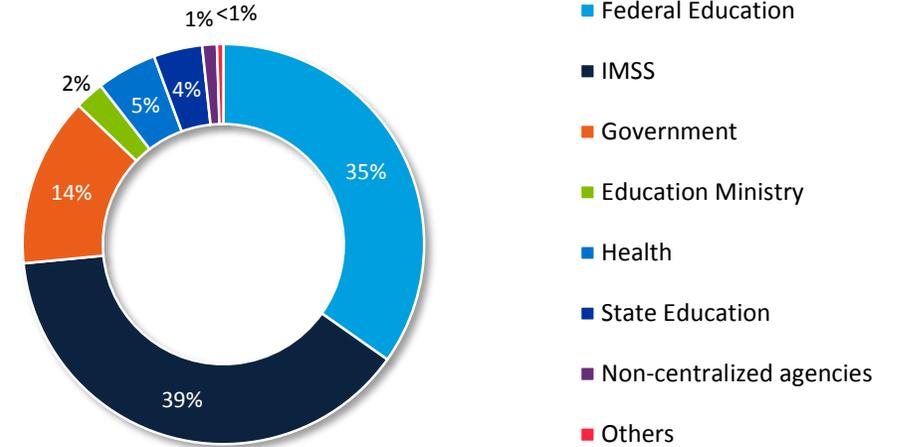
## Product overview

+ Personal loans granted mainly to unionized state and federal public-sector employees, retirees and pensioners

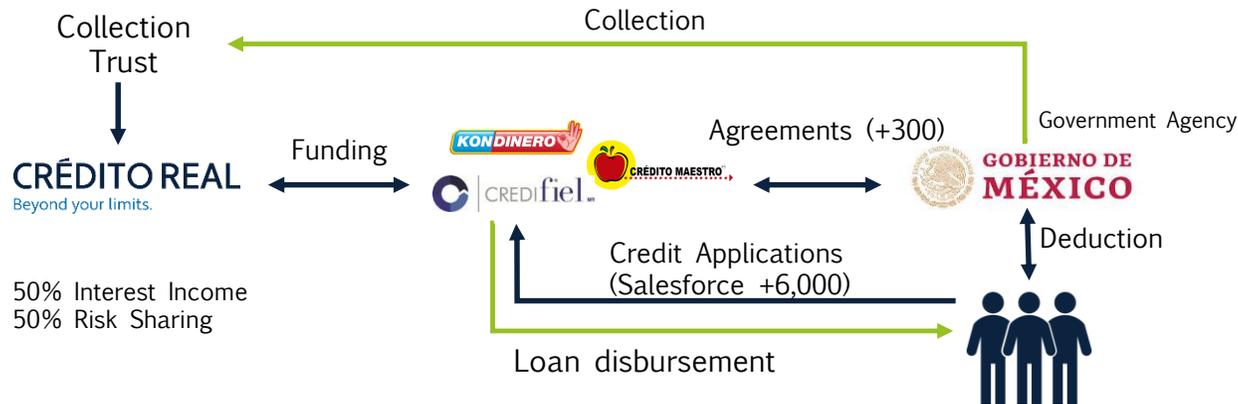
	Ps. 62,419		Bi-weekly
	44 months		408,526
	52%		1.3%

## Payroll portfolio by sector

Payroll Portfolio | 25,499.6 MXN Mn

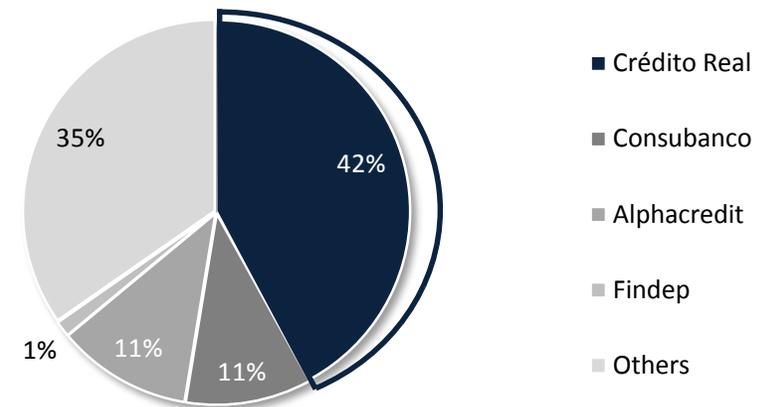


## Origination and Collection Process



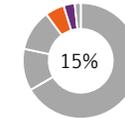
	Average loan amount		Average annual interest rate		Customers
	Average term		Payment frequency		Non-performing loan ratio

## Market Share



Source: Company estimates, based on AMDEN's information. Filled with financial reports as of December 2018

# SMEs and Used Cars MX



## SMEs – Product overview

+ Providing financing sources to **small and medium businesses** for working capital requirements and investment activities as well as leasing

Ps. 7.5 million Monthly

3 – 36 months 591

19% 0.9%



## Used Cars MX – Product overview

+ 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

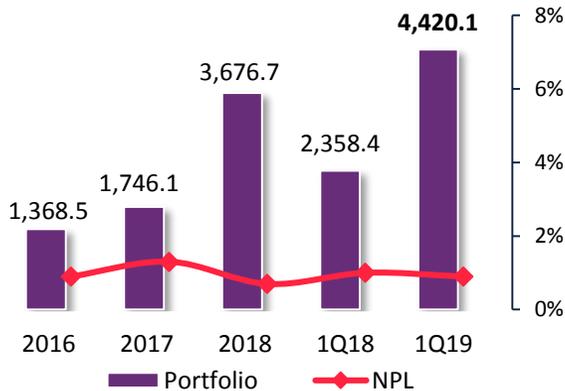
Ps. 130,624 Monthly

12 – 48 months 9,081

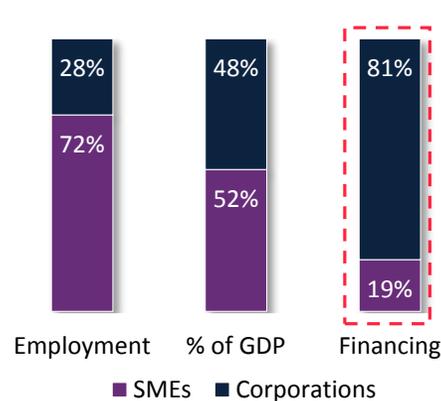
36% 1.2%

## Solid Growth in the portfolio

CAGR '15-'18: **64%**



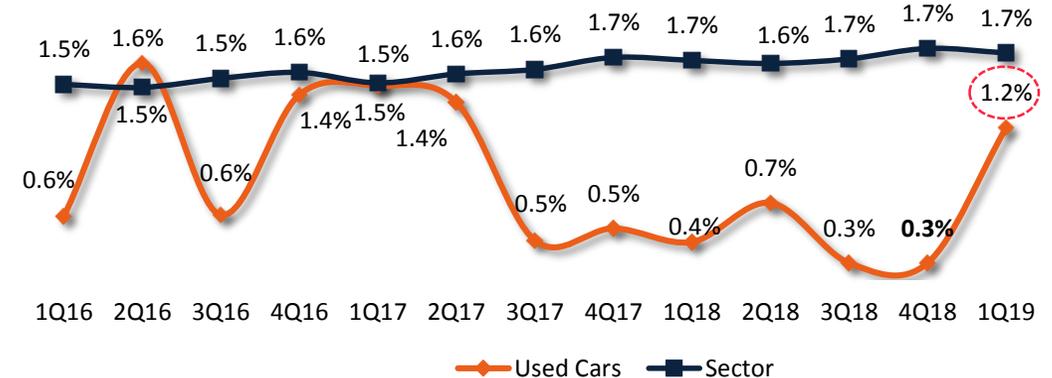
## Market Underserved in Mexico



Source: INEGI

## Attractive Low-Risk Business

As of December, 2018



Source: CNBV

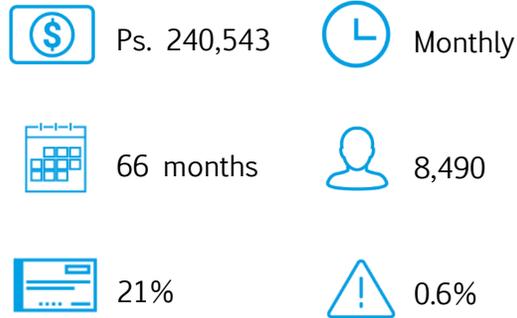
- Average loan amount
- Average term
- Average annual interest rate
- Payment frequency
- Customers
- Non-performing loan ratio

# Used Cars US

## Product overview

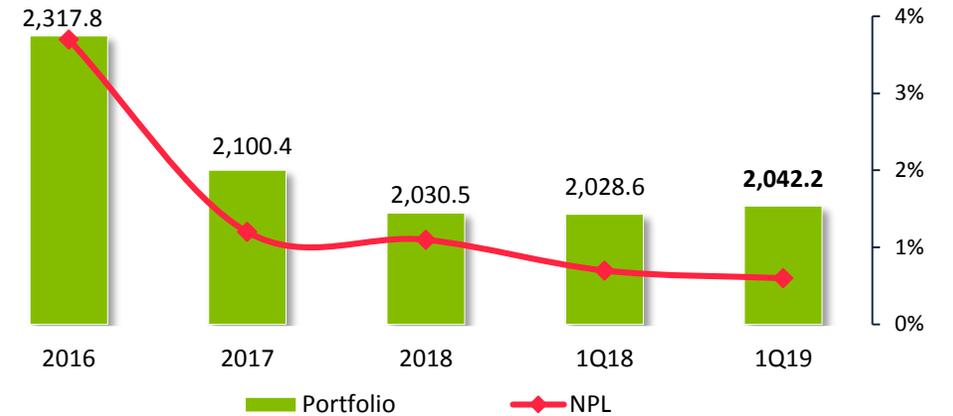


+ Commercial and financing business for used cars through our strategic alliances

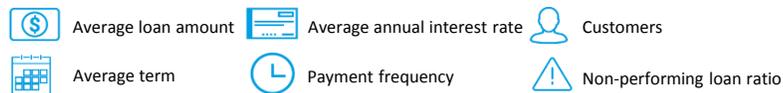
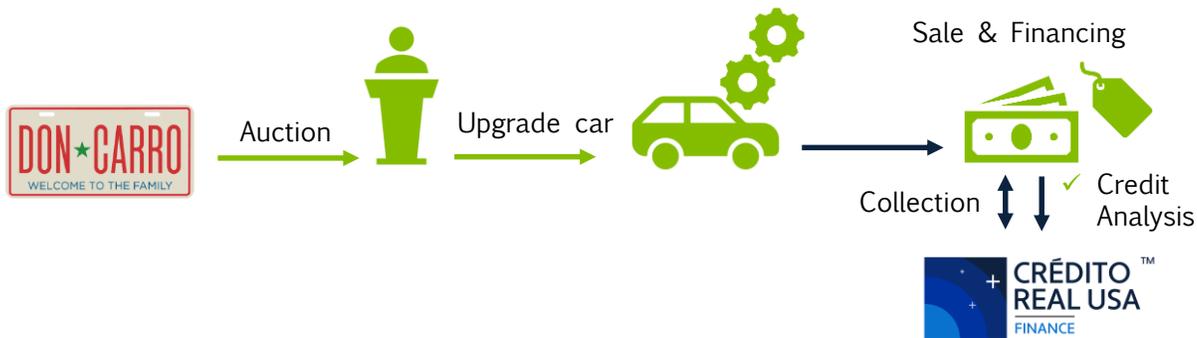


 Headquarters

## Portfolio Evolution

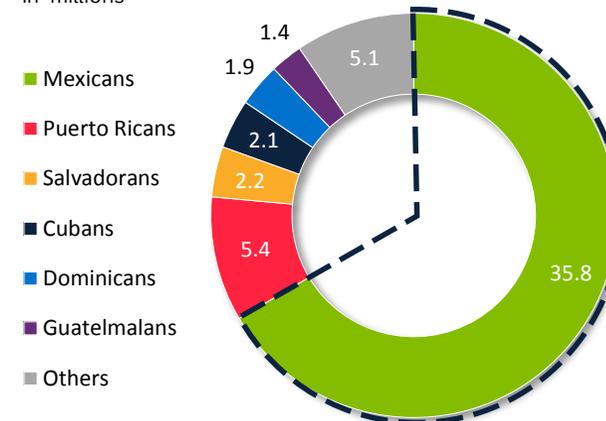


## Origination and Collection Process



## Hispanics in the US

In millions

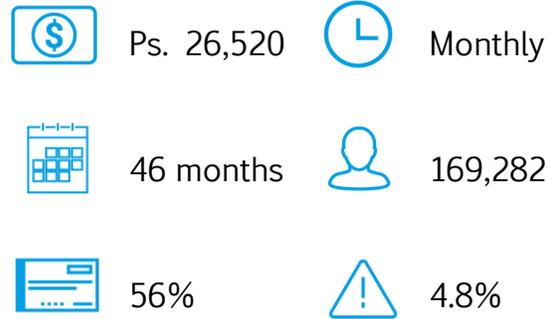


+ Biggest hispanic market outside Mexico with more than 53 million people, which represents a big **opportunity** to offer our financial services in the US.

Source: Pew Research Center.

## Product overview

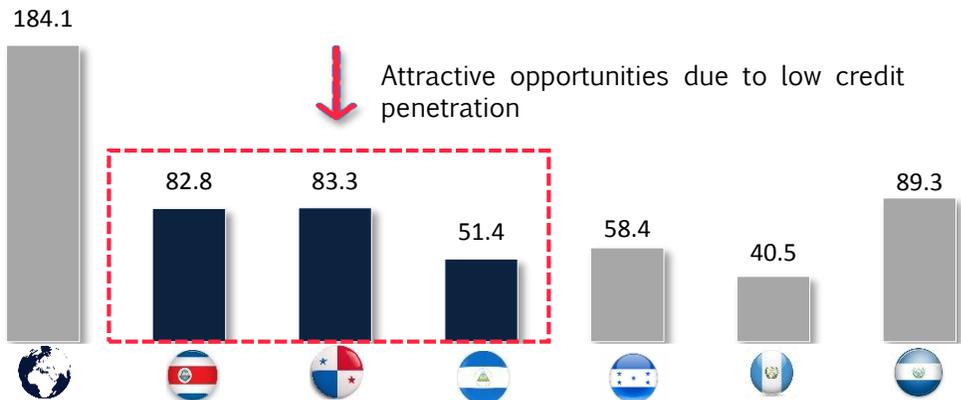
+ Consumer loans, SMEs loans, auto loans and mortgage loans granted in Costa Rica, Nicaragua and Panama



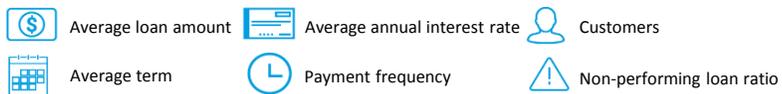
## Portfolio by product

Products	Personal	Used Cars	Small Business	Home Equity
% Mix Portfolio	49%	37%	11%	3%
Customers	122,275	23,605	22,411	991
Avg. Loan Amount	\$827	\$3,270	\$1,048	\$5,283
Avg. Term	39 months	49 months	39 months	57 months
Avg. Interest Rate	61%	49%	56%	52%

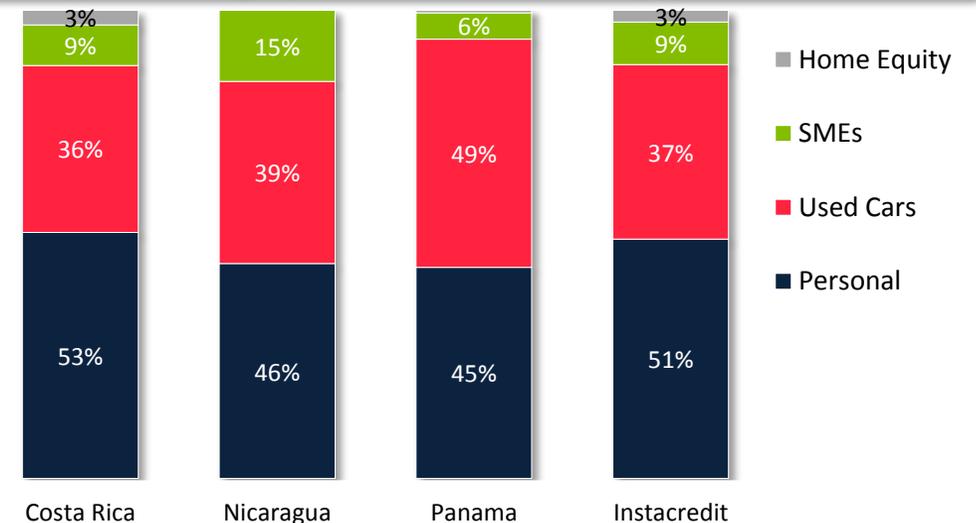
## Domestic credit provided by Financial Sector (% of GDP)



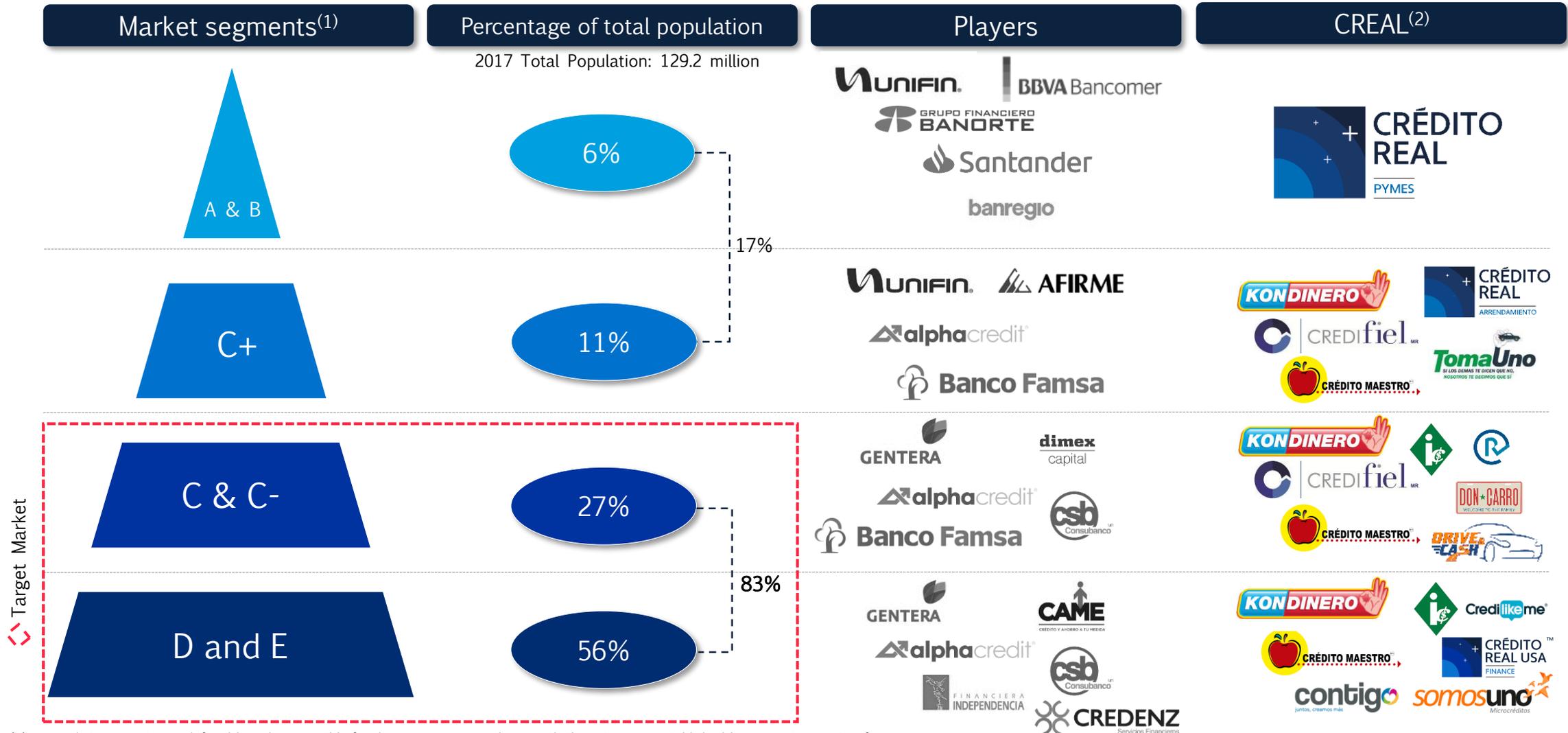
Source: World Bank as of 2017.



## Geographic concentration by product



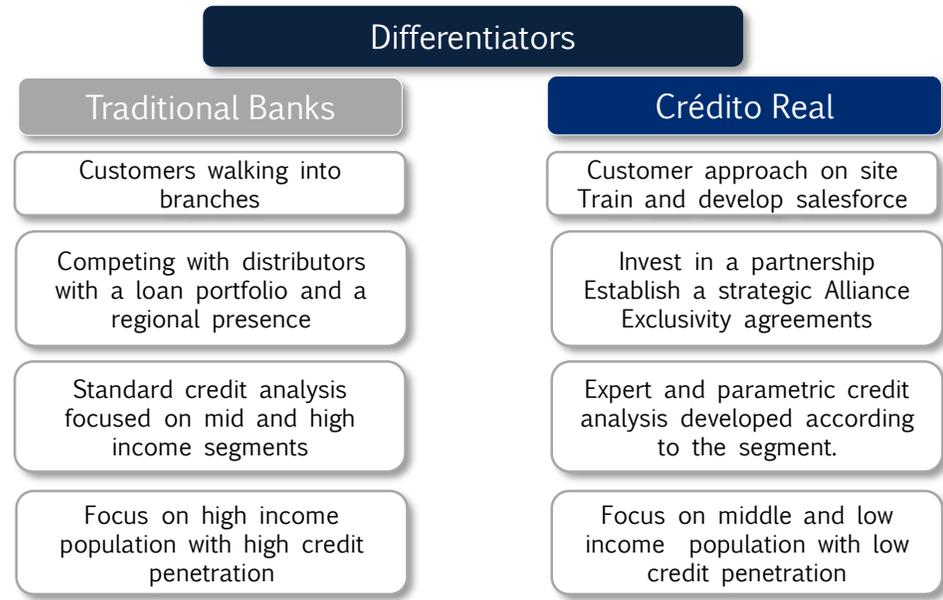
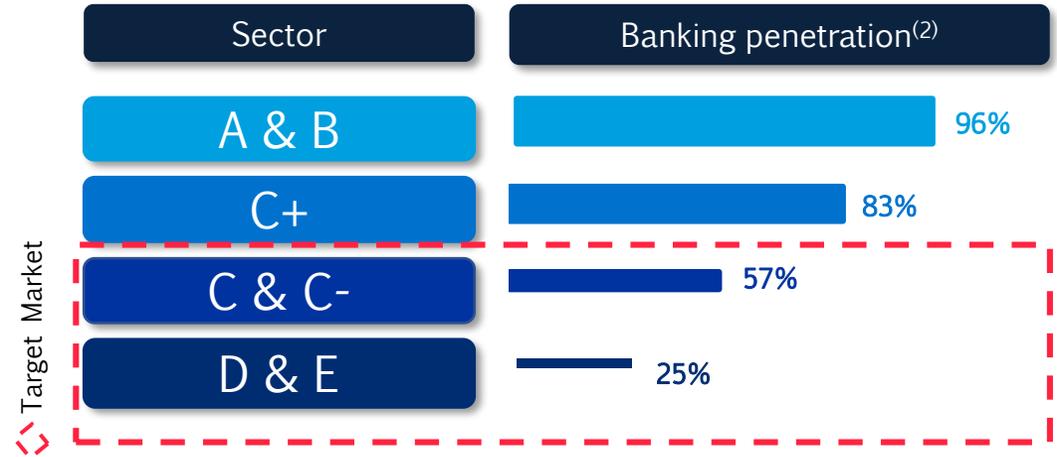
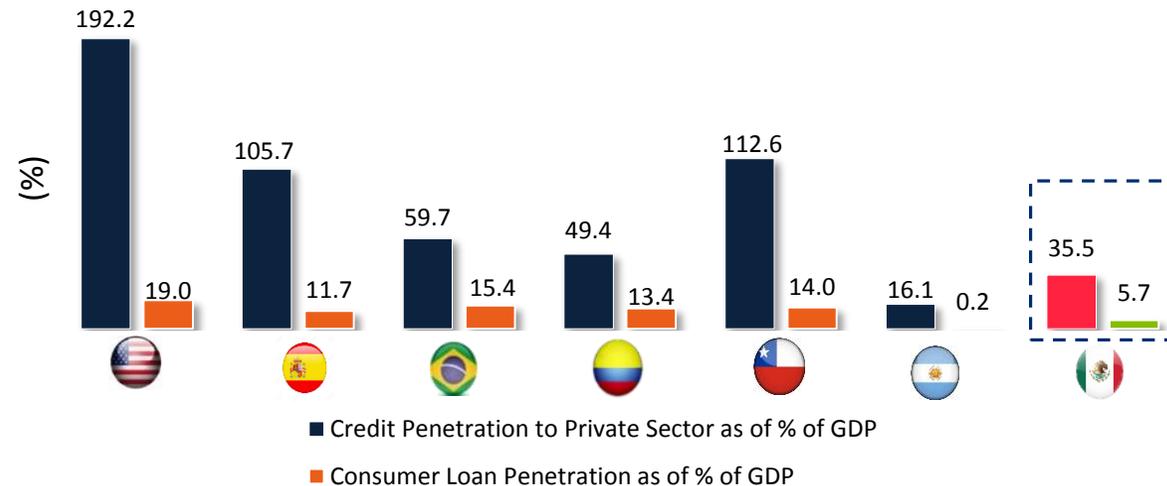
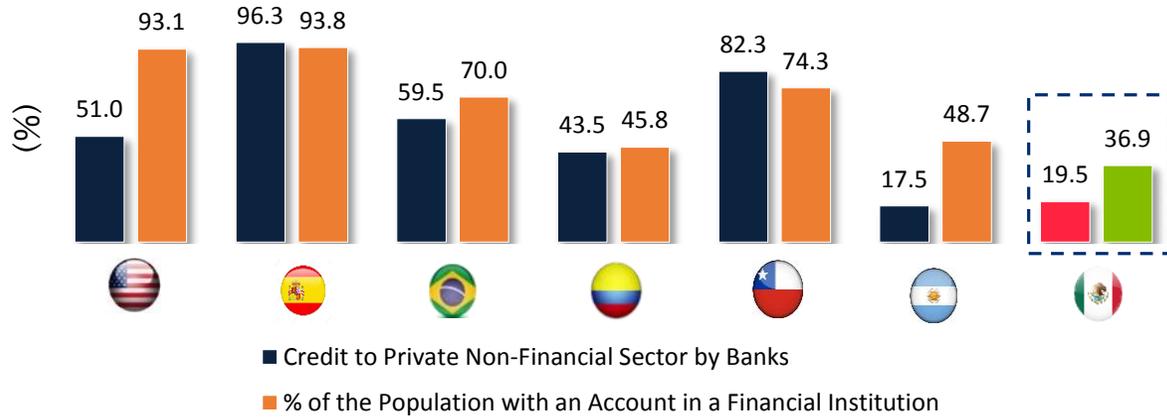
# Market opportunity – Focused on Underserved Segments(1/2)



(1) Market segments are defined based on monthly family income, in accordance with the categories established by AMAI: Segment E, from Ps.0.00 to Ps.2,699; Segment D, from Ps.2,700 to Ps.6,799; Segment C, from Ps.11,600 to Ps.34,999, Segment C+, from Ps.35,000 to Ps.84,999, Segment A and B, from Ps.85,000 or more.

(2) The market segments of Instacredit, Don Carro and Crédito Real USA are defined based on their average loan amount as of 3Q18.

# Market opportunity – Focused on Underserved Segments(2/2)



Source: CNBV, ENIF, BCRA, BCRB, SBIF, SBS, Superfinanciera de Colombia, IMF and World Bank.  
 Note: Serving an underpenetrated market date reported as of 2017. Bancarization reported as of 2013.

<sup>(1)</sup> US show figures as of 2016,

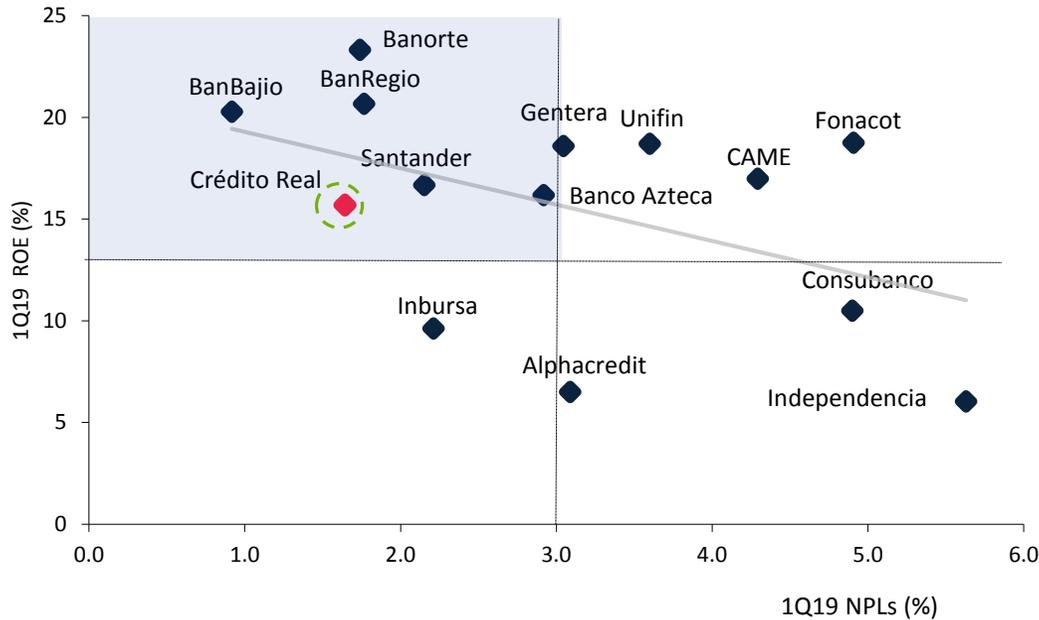
<sup>(2)</sup> Population utilizing banking services. Income level by bracket (approximate annual amount in US\$): "A/B" +108,400; "C+" 76,500; "Cm/C" 29,700; "D" 8,900; "E" 3,400.

# Current businesses growth strategy

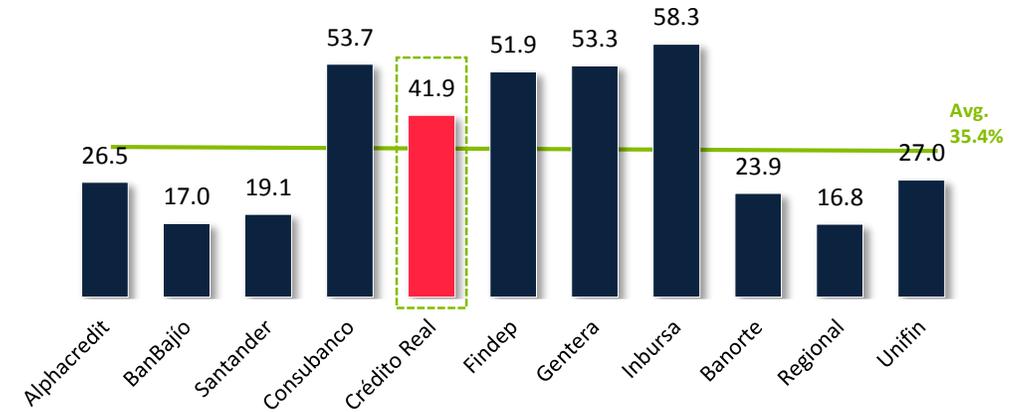
Product	Key Subsidiaries Ownership	Distribution Network	Annual Interest Rate	Customers	Avg. Loan Amount (Ps\$)	Strategy	Yield 2022
PAYROLL	100% 	14 distributors +6,000 reps	52%	408,526	62,419	Pensioners market development Focus on federal-level employees	35%
	49% 						
	49% 						
INSTACREDIT	70% 	46 branches in Costa Rica 18 branches in Nicaragua and Panama	56%	169,282	26,520	Efficiency in funding cost and general expenses Improvement in asset quality Expansion in Central America	60%
USED CARS MX	51%  	20 branches and agreements with 89 agencies in 21 States of Mexico	36%	9,081	130,624	Drive & Cash expansion Enlarge dealers network Increase competitive positioning	30%
USED CARS US	80%  99% 	Two strategic alliances with one Branch and +830 distributors in the US	21%	8,490	240,543	Grow dealers network New Credito Real USA brand, merger of Don Carro and CR USA Finance, Coupled with the enhancement in servicing and collection	30%
SMEs		Alliance with Fondo H	19%	591	7.5 million	Increase origination through brokers Diversification of Fondo H portfolio Define new products sized for our clients Leasing and factoring	20%
Average yield							>35%
Performance						Expected ROA: > 4.5% Expected ROE: > 20%	>5%

# 2 Profitability – Defensive Competitive Positioning

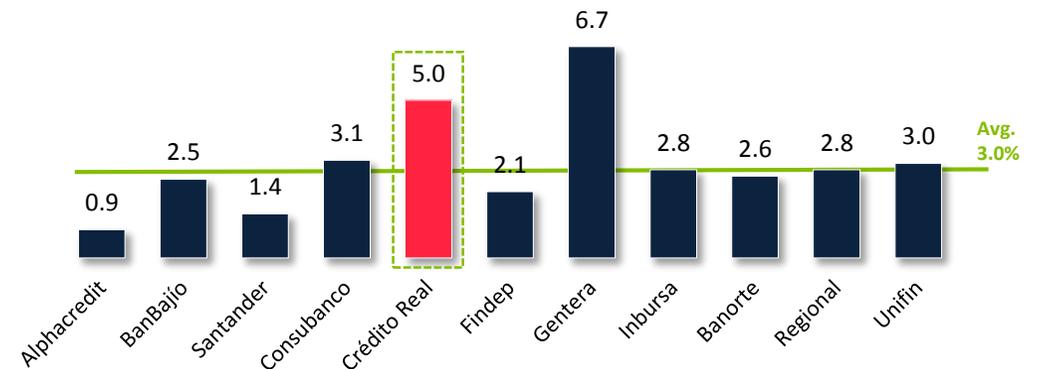
## Risk-return view<sup>(1)</sup>



## Solid capital base<sup>(2)</sup>



## Delivering bottom-line results (ROAA)<sup>(3)</sup>

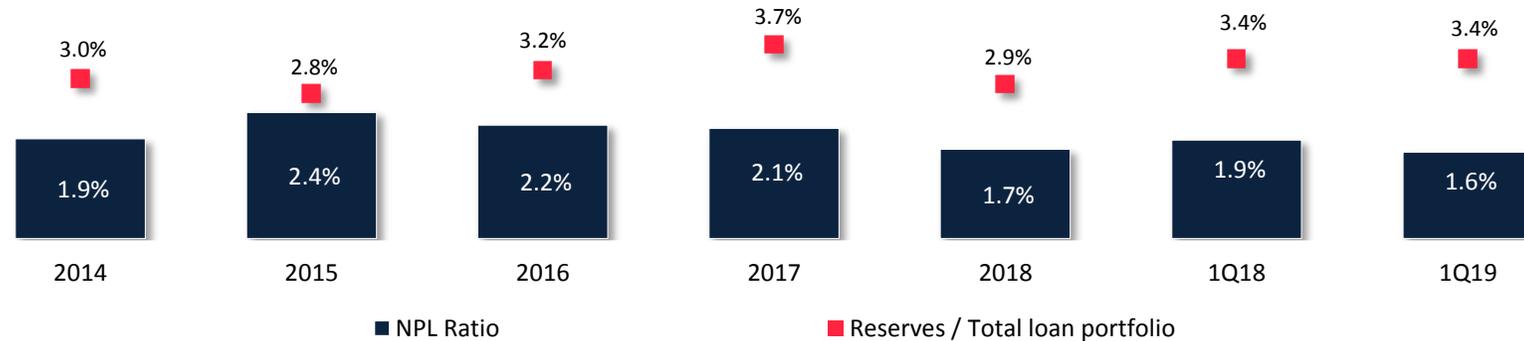


Source: Credito Real Research and last updated information filed with BMV – Bolsa Mexicana de Valores. Information as of 1Q19, except Alphacredit, Consubanco, and Unifin which show figures as of 2018.

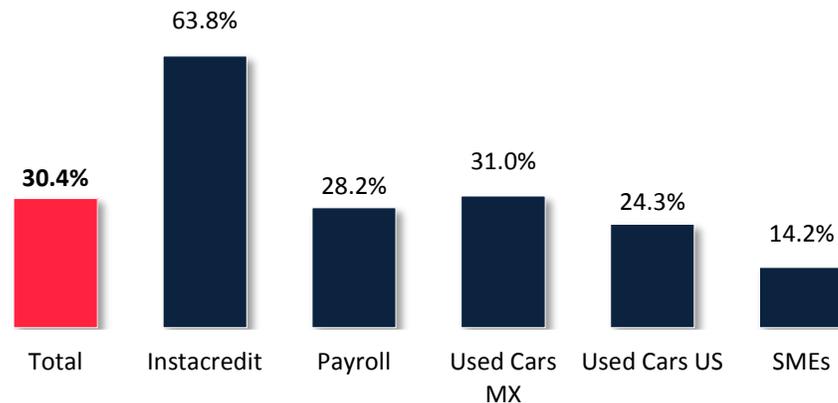
- Notes:
- (1) ROAE = 1Q19 Net Income / Average Stockholders' Equity between 1Q19 and 4Q18
  - (2) Capitalization Ratio = 1Q19 Stockholders' Equity / 1Q19 Total Loan Portfolio
  - (3) ROAA = 1Q19 Net Income / Average Assets between 1Q19 and 4Q18.

# Peer-superior asset quality

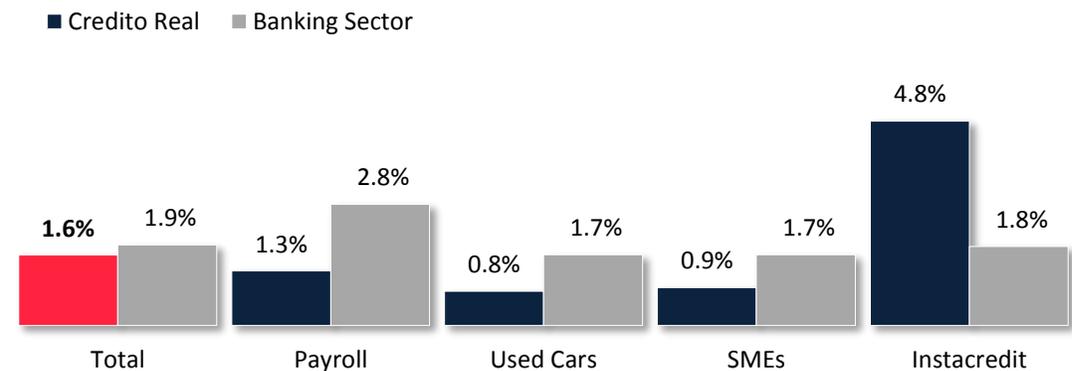
## Improving levels of NPL while maintaining healthy reserves<sup>(1)</sup>



## Average Yield Breakdown by Product



## NPL Breakdown by Product<sup>(2)</sup>



+ Below the banking sector in most of our products

Source: Company filings, CNBV, SUGEF

(1) Reserves calculated as end of period allowance for loan losses divided by total loan portfolio.

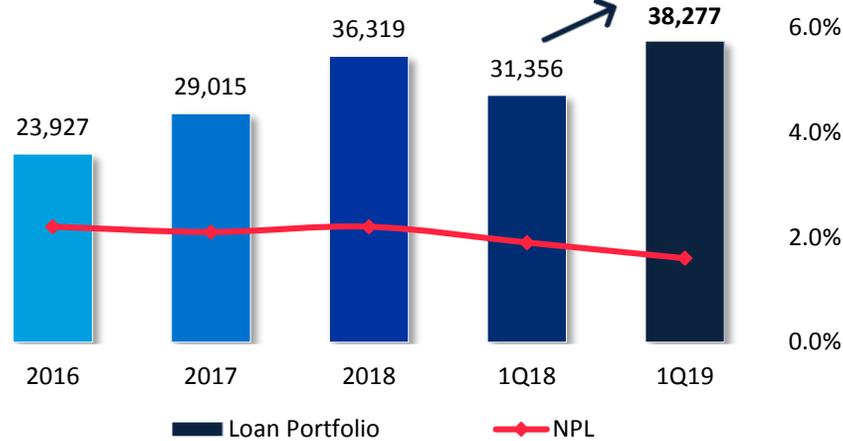
(2) Average LTM as of February 2019.

# Key financial performance

## Loan Portfolio

CAGR '16-'18: 23%

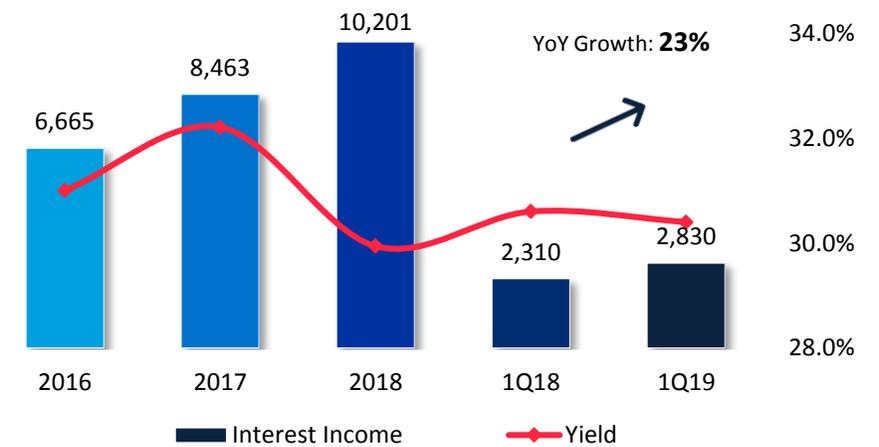
YoY Growth: **22%**



## Interest Income

CAGR '16-'18: 24%

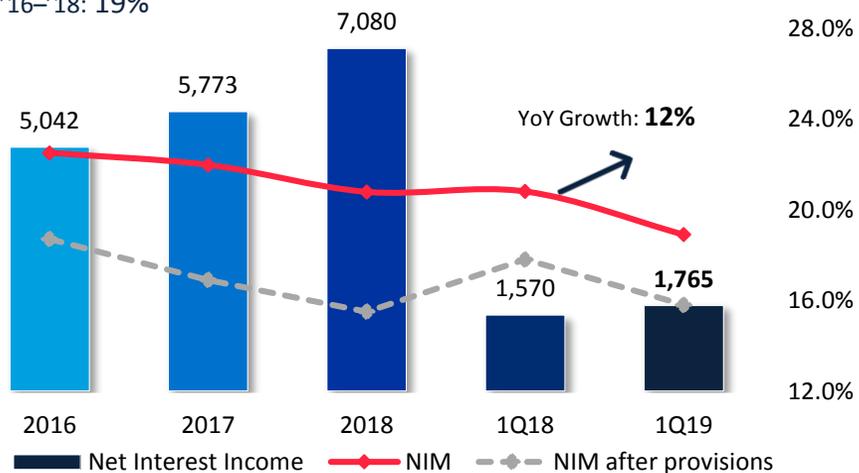
YoY Growth: **23%**



## Financial Margin

CAGR '16-'18: 19%

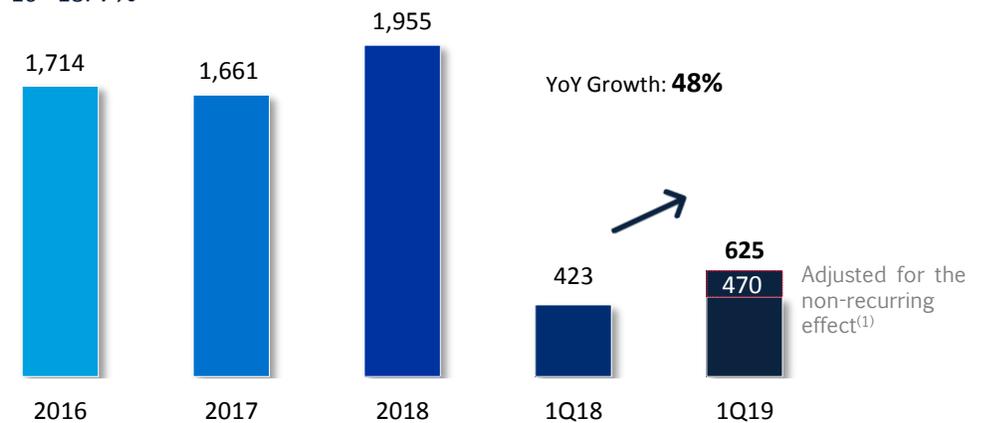
YoY Growth: **12%**



## Net Income

CAGR '16-'18: 7%

YoY Growth: **48%**



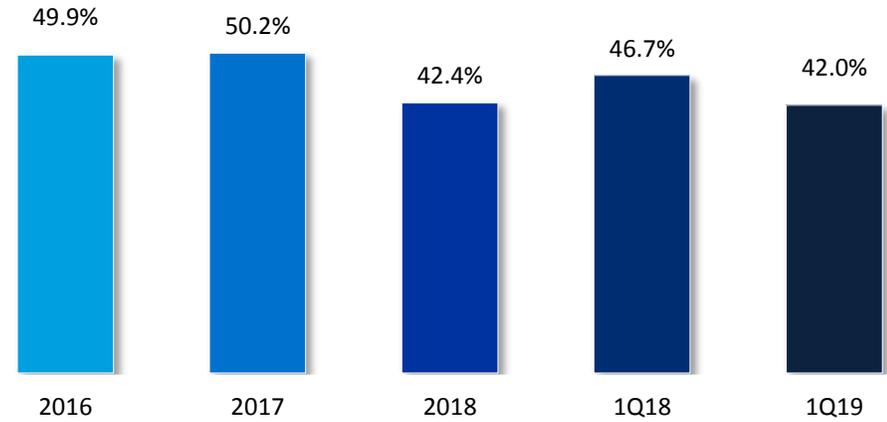
(1) Adjusted for the Ps. 220 million gain from the derivatives unwinding of the Senior Notes due 2019.

# Key financial measures

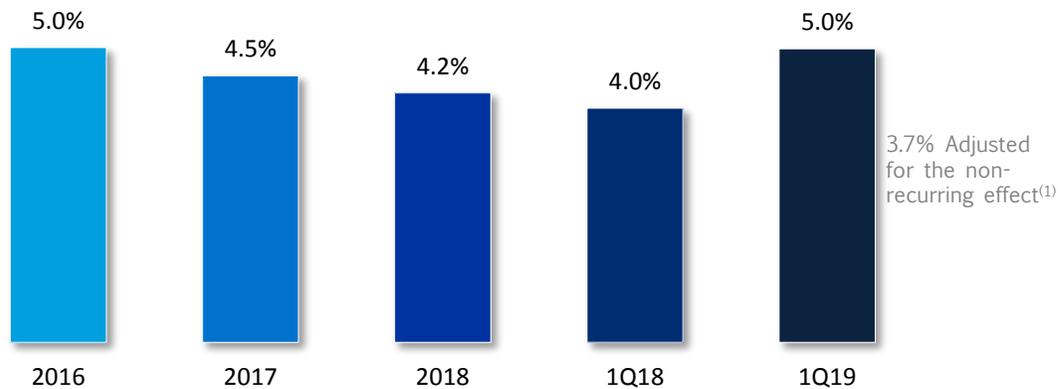
## Capitalization



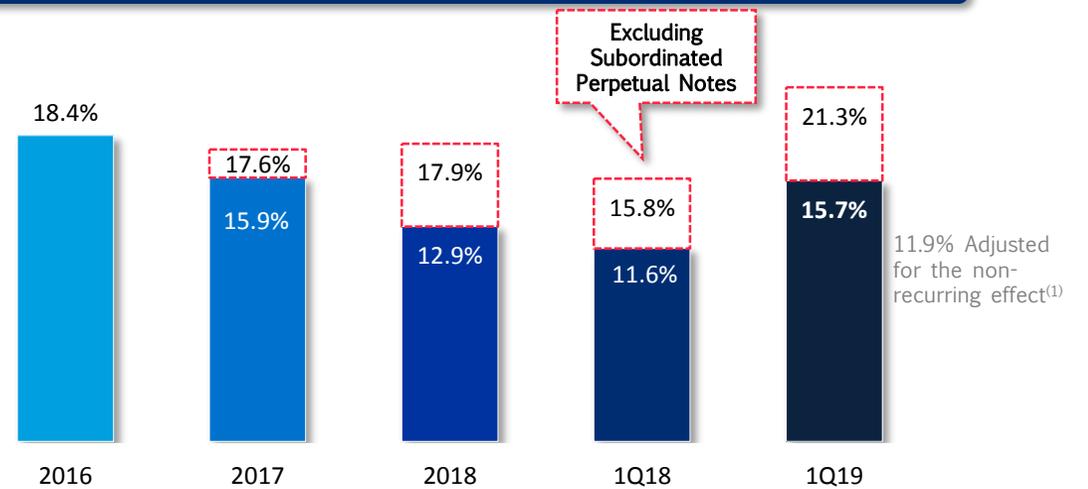
## Efficiency



## ROAA



## ROAE



(1) Adjusted for the Ps. 220 million gain from the derivatives unwinding of the Senior Notes due 2019.

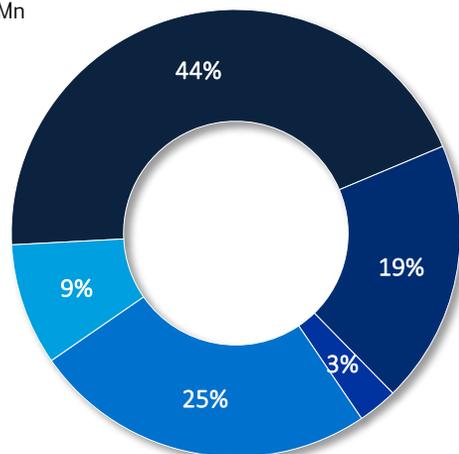
# 3 Funding sources

## Capital Structure

Adjusted Capitalization | 47,712.9 MXN Mn

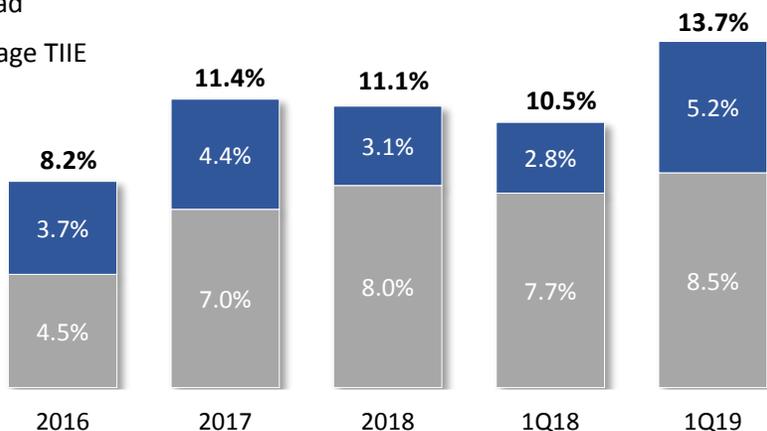
- Senior Notes
- Credit Lines
- Securitizations
- Equity
- Hybrid

31.6%<sup>(1)</sup>



## Cost of funds

- Spread
- Average TIIE



(1) Hybrid plus Equity as percentage of total Assets

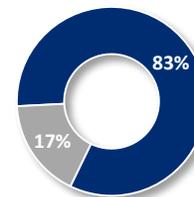
(2) Short term refers to amortization under 1 year. Long term ranges from 1 to 5 years.

## Consolidated Debt Status

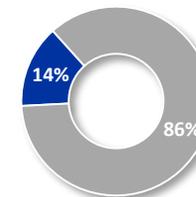
MXN Mn

### Drawn vs. Undrawn

- Drawn
- Undrawn



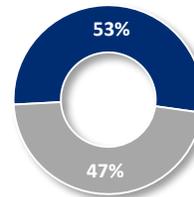
Credit Lines  
100% = \$12,567



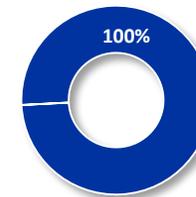
Securitizations  
100% = \$10,000

### Secured vs. Unsecured

- Secured
- Unsecured



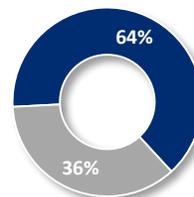
Credit Lines  
100% = \$9,472



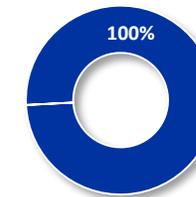
Securitizations  
100% = \$1,415

### Term

- Short Term
- Long Term



Credit Lines  
100% = \$9,472



Securitizations  
100% = \$1,415

## Market risks

Interest Rate Risk ..... 54.4% of Credito Real's consolidated debt is fixed .....

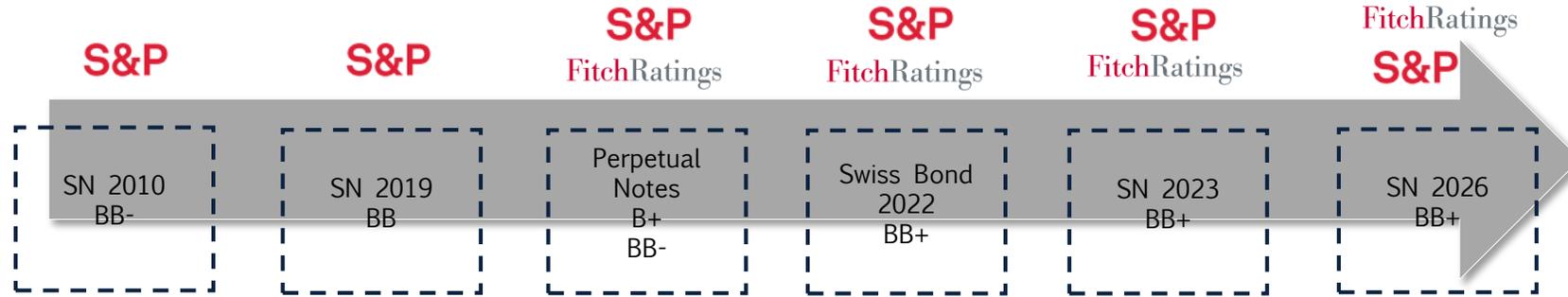
Asset & Liabilities duration

Assets  
1.7 years

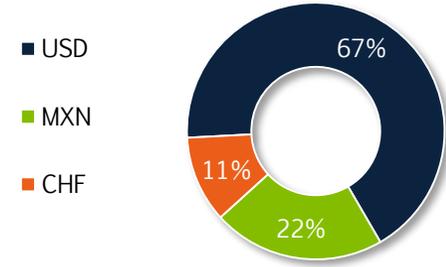
Liabilities  
3.9 years

Assets in USD: +100 million

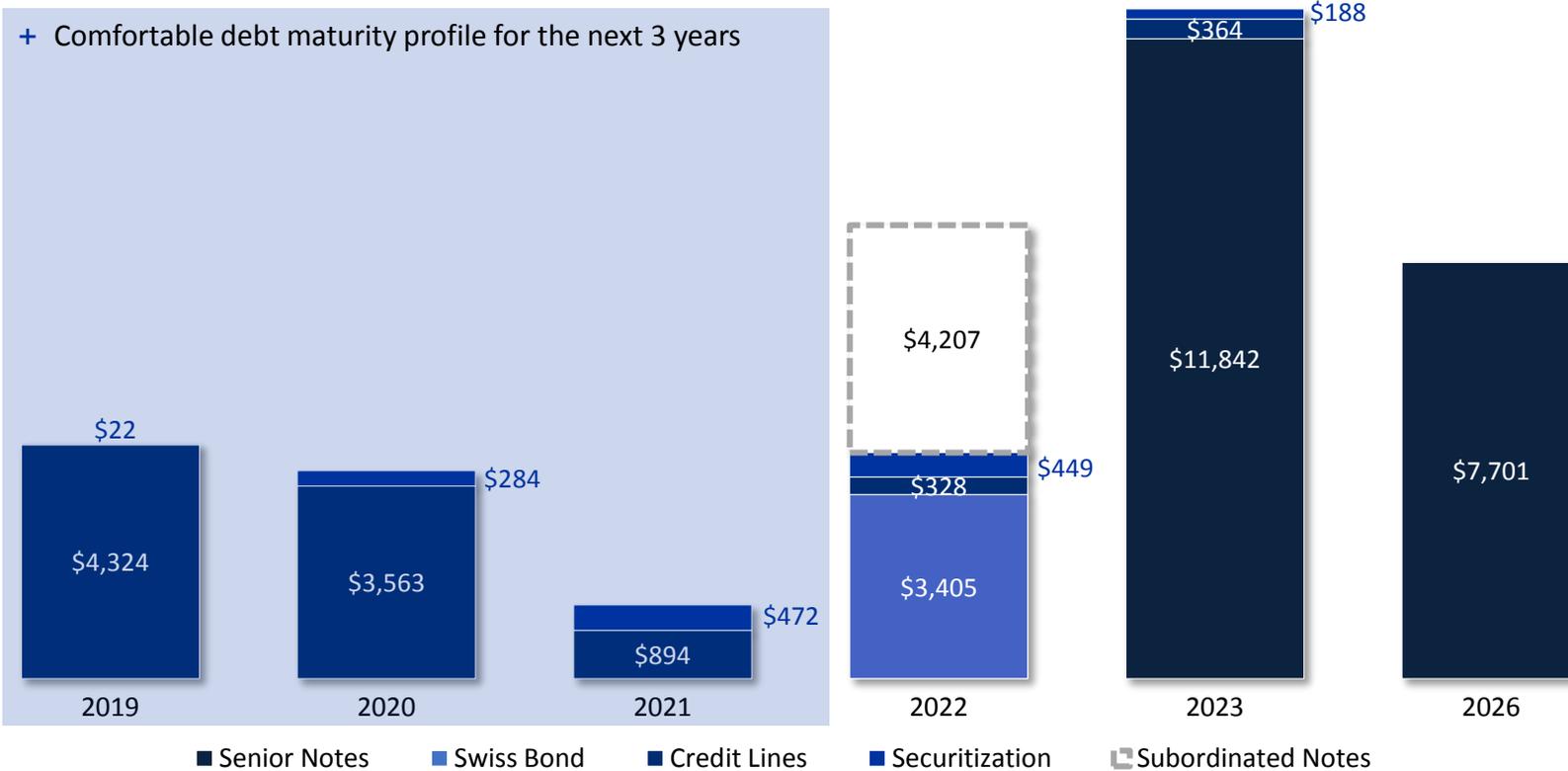
# Debt Profile



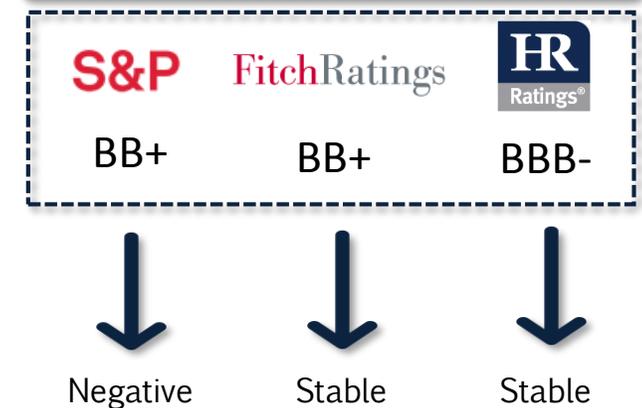
## Debt by currency



+ Comfortable debt maturity profile for the next 3 years



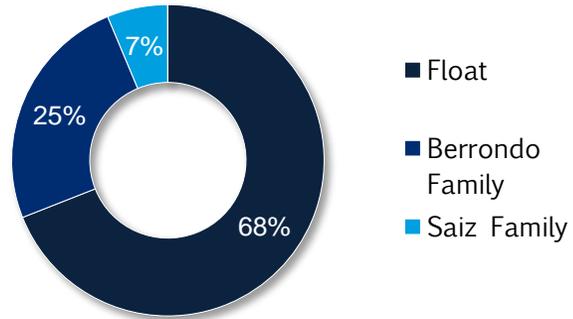
## Global Scale



<sup>(1)</sup> All the figures represent only the notional and exclude accrued interests and mark-to-market of hedges. Debt converted using US\$ 1 / Ps\$ 19.3779 as of March 31, 2019.

# 4 Strong Corporate Governance and Experienced Management Team CRÉDITO REAL Beyond your limits.

## Shareholder Structure



## Governance Highlights

- + Listed on Mexican stock exchange (BMV:CREAL\*) with a market cap of ~380 USD Mn<sup>(1)</sup>
- + Founding members well-known and reputable in the Mexican business community (founders of leading manufacturer in the Americas, MABE)
- + Our management have a proven expertise on the sector
- + 50% of Credito Real's Board is integrated by independent members

Well-respected shareholders driving the business

Robust standards of corporate governance

CNBV Supervision

## Management team

<b>Ángel Romanos</b> <b>CEO</b> 25 years in CR	<b>Carlos Ochoa</b> <b>Co-CEO / CFO</b> 22 years in CR	<b>Luis Carlos Aguilar</b> <b>Commercial Officer for Payroll Loans</b> 23 years in CR
<b>Jose Juan González</b> <b>COO</b> 10 years in CR	<b>Luis Magallanes</b> <b>CMO</b> 6 years in CR	<b>Claudia Jolly</b> <b>General Treasurer</b> 21 years in CR
<b>Luis Calixto López</b> <b>General Counsel</b> 18 years in CR	<b>Adalberto Robles</b> <b>Human Resources Officer</b> 11 years in CR	<b>Luis Berrondo</b> <b>M&amp;A Officer</b> 4 years in CR
<b>Pablo Bustamante</b> <b>Controller</b> 3 years in CR	<b>Felipe Guelfi</b> <b>Project Officer</b> 3 years in CR	<b>Hector Huelgas</b> <b>Internal Audit Officer</b> 3 years in CR

## Key Committees



<sup>(1)</sup> As of April, 2019



# Appendix

# Profit & Loss

MXN Mn	1Q19	1Q18	% Var.	1Q19 (USD)	4Q18	% Var.
Interest Income	2,830.4	2,309.8	22.5	146.1	2,735.4	3.5
Interest Expense	(1,065.8)	(739.8)	44.1	(55.0)	(692.0)	54.0
<b>Financial Margin</b>	<b>1,764.5</b>	1,570.1	12.4	91.1	2,043.4	(13.6)
Provision for Loan Losses	(385.7)	(421.4)	(8.5)	(19.9)	(452.4)	(14.8)
<b>Adjusted Financial Margin</b>	<b>1,378.8</b>	1,148.6	20.0	71.2	1,591.0	(13.3)
Commissions and Fees Collected	134.8	182.1	(26.0)	7.0	0.2	-
Commissions and Fees Paid	(85.6)	(67.8)	26.2	(4.4)	(78.2)	9.5
Intermediation Income	257.4	83.6	-	13.3	(101.9)	-
Other Income from Operations	79.5	62.9	26.4	4.1	94.4	(15.8)
Administrative and Promotion Expenses	(854.1)	(856.3)	(0.3)	(44.1)	(778.7)	9.7
<b>Operating Result</b>	<b>910.9</b>	553.1	64.7	47.0	726.8	25.3
Income Taxes	(265.1)	(129.3)	-	(13.7)	(213.1)	24.4
Income before participation in the results of subsidiaries	645.8	423.9	52.4	33.3	513.8	25.7
Participation in the results of Subsidiaries, Associates and Non-controlling participation	(21.2)	(1.2)	-	(1.1)	54.3	-
<b>Net Income</b>	<b>624.6</b>	422.7	47.8	32.2	568.1	10.0

# Balance Sheet

MXN Mn	1Q19	1Q18	% Var.	1Q19 (USD)	4Q18	% Var.
Cash and Cash Equivalents	410.4	345.9	18.7	21.2	1,106.3	(62.9)
Investments in Securities	1,120.6	1,004.6	11.5	57.8	410.3	-
Securities and Derivatives transactions	83.2	776.6	(89.3)	4.3	1,028.0	(91.9)
Total Performing Loan Portfolio	37,648.3	30,768.3	22.4	1,942.8	35,701.6	5.5
Total Non-performing Loan Portfolio	629.1	587.6	7.1	32.5	617.6	1.9
<b>Loan Portfolio</b>	<b>38,277.4</b>	<b>31,355.9</b>	<b>22.1</b>	<b>1,975.3</b>	<b>36,319.1</b>	<b>5.4</b>
Less: Allowance for loan losses	1,308.0	1,076.1	21.5	67.5	1,067.9	22.5
Loan Portfolio (net)	36,969.4	30,279.8	22.1	1,907.8	35,251.2	4.9
Other Accounts Receivable (net)	5,412.9	4,688.8	15.4	279.3	5,389.3	0.4
Foreclosed Assets (net)	18.2	-	-	0.9	-	-
Property, Furniture and Fixtures (net)	767.0	327.6	-	39.6	341.5	-
Long-term investments in shares	1,166.0	1,275.9	(8.6)	60.2	1,193.4	(2.3)
Deferred Taxes (net)	-	-	-	-	-	-
Debt insurance costs, intangibles and others	4,891.5	4,132.8	18.4	252.4	4,842.5	1.0
<b>Total Assets</b>	<b>50,839.2</b>	<b>42,832.0</b>	<b>18.7</b>	<b>2,623.6</b>	<b>49,562.5</b>	<b>2.6</b>
Notes Payable (Securitized)	1,363.9	3,794.1	(64.1)	70.4	1,415.0	(3.6)
Senior Notes Payable	21,227.3	14,309.6	48.3	1,095.4	17,084.2	24.3
Bank Loans Short-term	5,111.0	1,216.4	-	263.8	7,342.9	(30.4)
Bank Loans Long-term	3,966.6	4,913.0	(19.3)	204.7	4,804.7	(17.4)
Total Bank Loans	9,077.6	6,129.4	48.1	468.5	12,147.6	(25.3)
<b>Total Debt</b>	<b>31,668.8</b>	<b>24,233.1</b>	<b>30.7</b>	<b>1,634.3</b>	<b>30,646.7</b>	<b>3.3</b>
Income Taxes Payable	339.7	336.2	1.0	17.5	390.7	(13.0)
Securities and Derivative transactions	-	1,278.2	-	-	-	-
Other Accounts Payable	1,039.5	1,130.9	(8.1)	53.6	1,078.6	(3.6)
Deferred Taxes	1,747.2	1,431.7	22.0	90.2	1,637.6	6.7
<b>Total Liabilities</b>	<b>34,795.2</b>	<b>28,410.0</b>	<b>22.5</b>	<b>1,795.6</b>	<b>33,753.6</b>	<b>3.1</b>
Capital Stock	1,845.9	2,131.0	(13.4)	95.3	2,067.7	(10.7)
Perpetual Notes	4,206.7	4,206.7	-	217.1	4,206.7	(0.0)
Accumulated results from prior years	8,654.1	7,225.0	19.8	446.6	6,572.1	31.7
Result from valuation of Cash Flow hedges, net	(137.9)	(181.1)	-	(7.1)	128.6	-
Cumulative translation adjustment	(85.2)	(137.6)	(38.1)	(4.4)	(30.1)	-
Controlling position in Subsidiaries	935.8	755.3	23.9	48.3	908.5	3.0
Net Income	624.6	422.7	47.8	32.2	1,955.4	(68.1)
<b>Total Stockholders' Equity</b>	<b>16,044.0</b>	<b>14,422.0</b>	<b>11.2</b>	<b>828.0</b>	<b>15,808.8</b>	<b>1.5</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>50,839.2</b>	<b>42,832.0</b>	<b>18.7</b>	<b>2,623.6</b>	<b>49,562.5</b>	<b>2.6</b>

# Financial Ratios

	1Q19	1Q18	% Var.	4Q18	% Var.
Yield	30.4%	30.6%	(0.3)	30.7%	(0.4)
Net Interest Margin	18.9%	20.8%	(1.9)	22.9%	(4.0)
Return on Average Loan Portfolio	6.7%	5.6%	1.1	6.4%	0.3
ROAA: Return on Average Assets	5.0%	4.0%	1.0	4.7%	0.3
ROAE: Return on Average Stockholders' Equity	15.7%	11.6%	4.1	14.6%	1.1
ROAE: Return on Average Stockholders' Equity (excluding Perpetual Notes)	21.3%	15.8%	5.5	20.0%	1.3
Debt to Equity Ratio	2.0x	1.7x	0.3	1.9x	0.1
Debt to Equity Ratio (excluding Perpetual Notes)	2.7x	2.4x	0.3	2.6x	0.1
Average cost of funds	13.7%	10.5%	3.2	12.0%	1.7
Efficiency Ratio	42.0%	46.7%	(4.7)	34.6%	7.4
Capitalization Ratio	41.9%	46.0%	(4.1)	43.5%	(1.6)
Capitalization Ratio (excluding Perpetual Notes)	30.9%	32.6%	(1.7)	31.9%	(1.0)
Provisions for loan losses as a percentage of total loan portfolio	4.0%	5.3%	(1.3)	5.0%	(1.0)
Allowance for loan losses as a percentage of total past-due loan portfolio	207.9%	183.1%	24.8	172.9%	35.0
Total past-due loan portfolio as a percentage of total loan portfolio	1.6%	1.9%	(0.2)	1.7%	(0.1)

# Disclaimer

CRÉDITO REAL

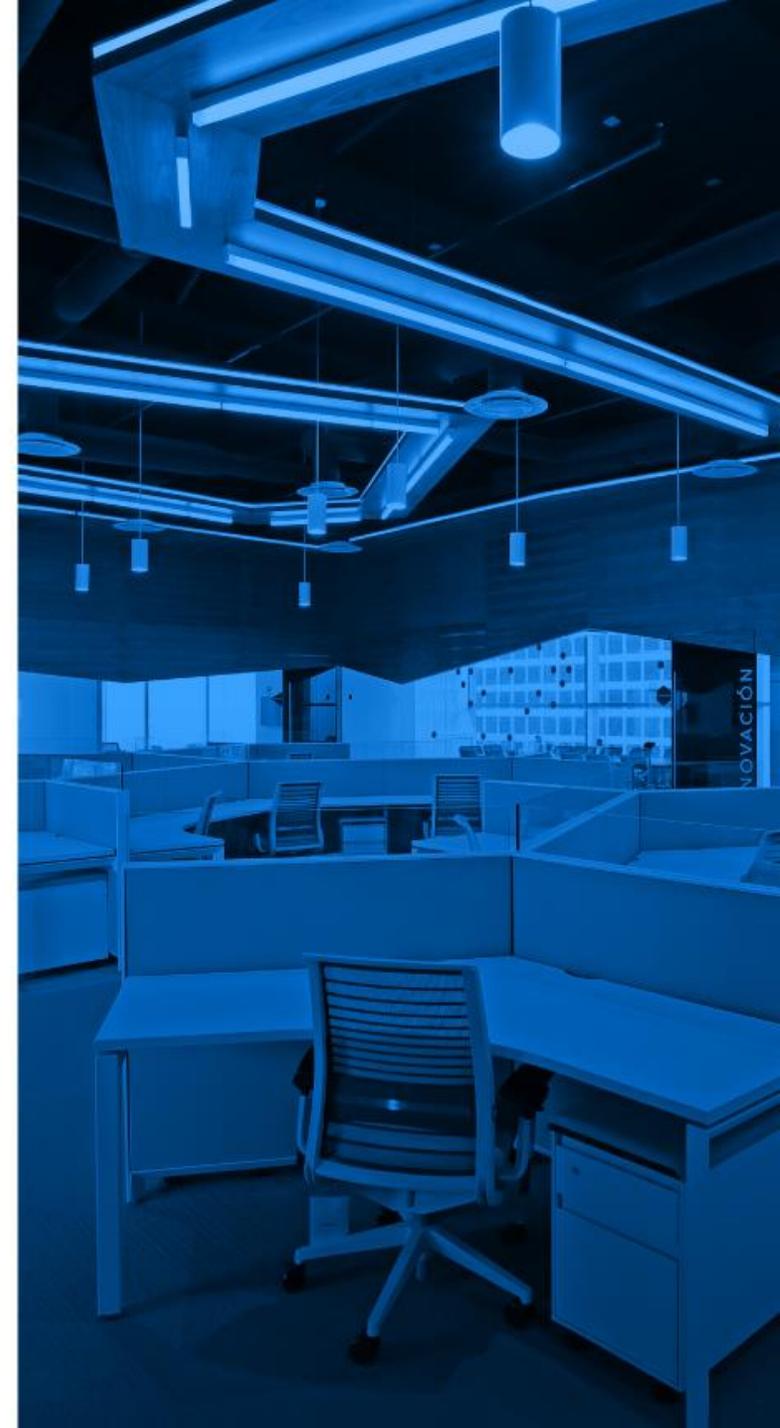
Beyond your limits.

This presentation does not constitute or form part of any offer or invitation for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This presentation contains statements that constitute forward-looking statements which involve risks and uncertainties. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition, and future events and plans of the Company. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” “projects,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

## About Credito Real

Crédito Real is a leading financial institution in Mexico, with presence in the United States, Costa Rica, Panama, Nicaragua and Honduras, focusing on consumer lending with a diversified business platform in the following main lines of business: payroll loans, small business loans, used car loans, consumer loans through Instacredit and group loans. Credito Real offers its products mainly to low and middle-income segments of the population that have historically been underserved by other financial institutions. The Company’s stock is listed on the Mexican Stock Exchange under the ticker symbol “CREAL\*”. (Bloomberg identification number is CREAL\*:MF)





CRÉDITO  
REAL

