



2Q17

# Investor Presentation

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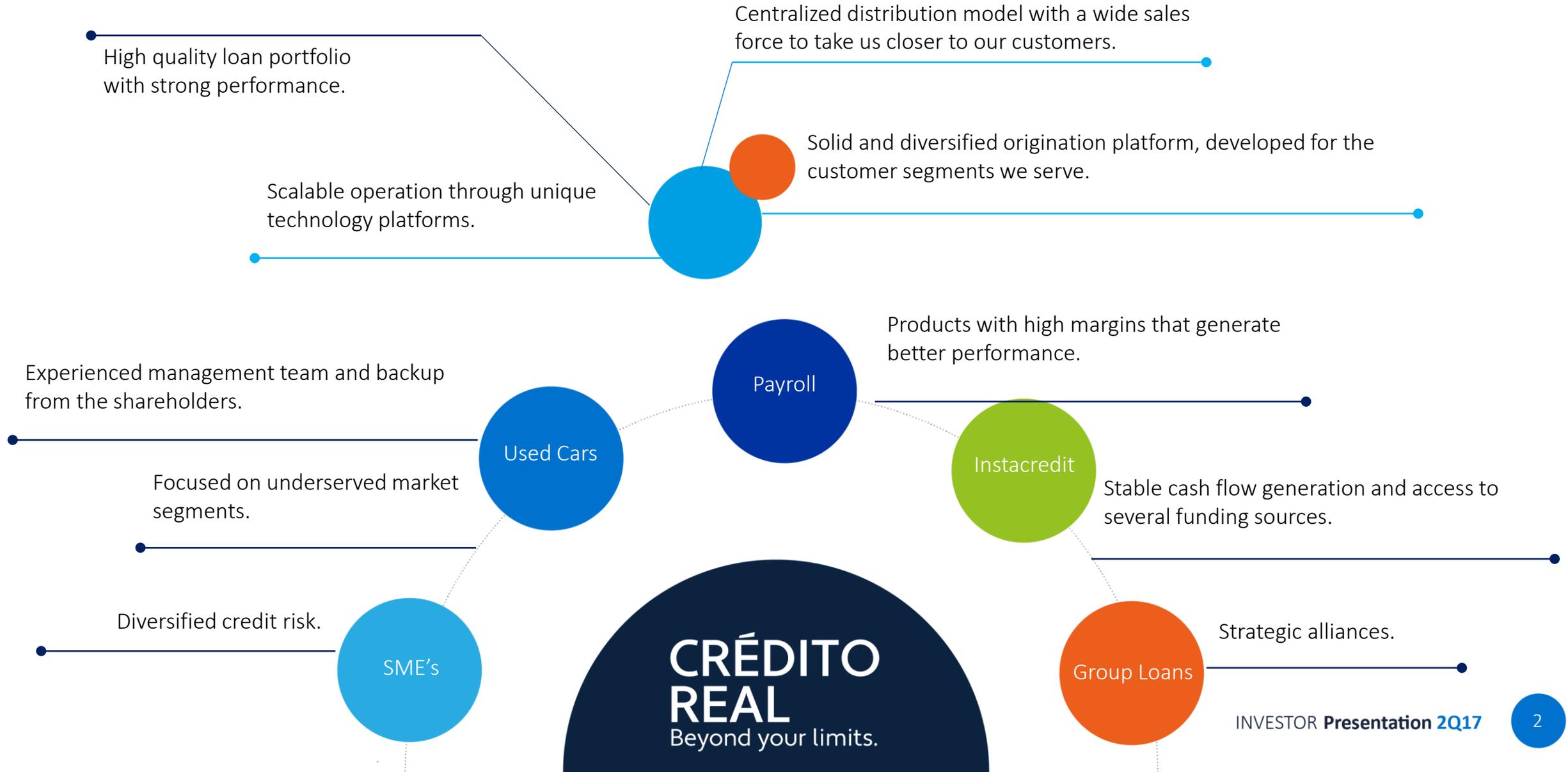
Investor Relations

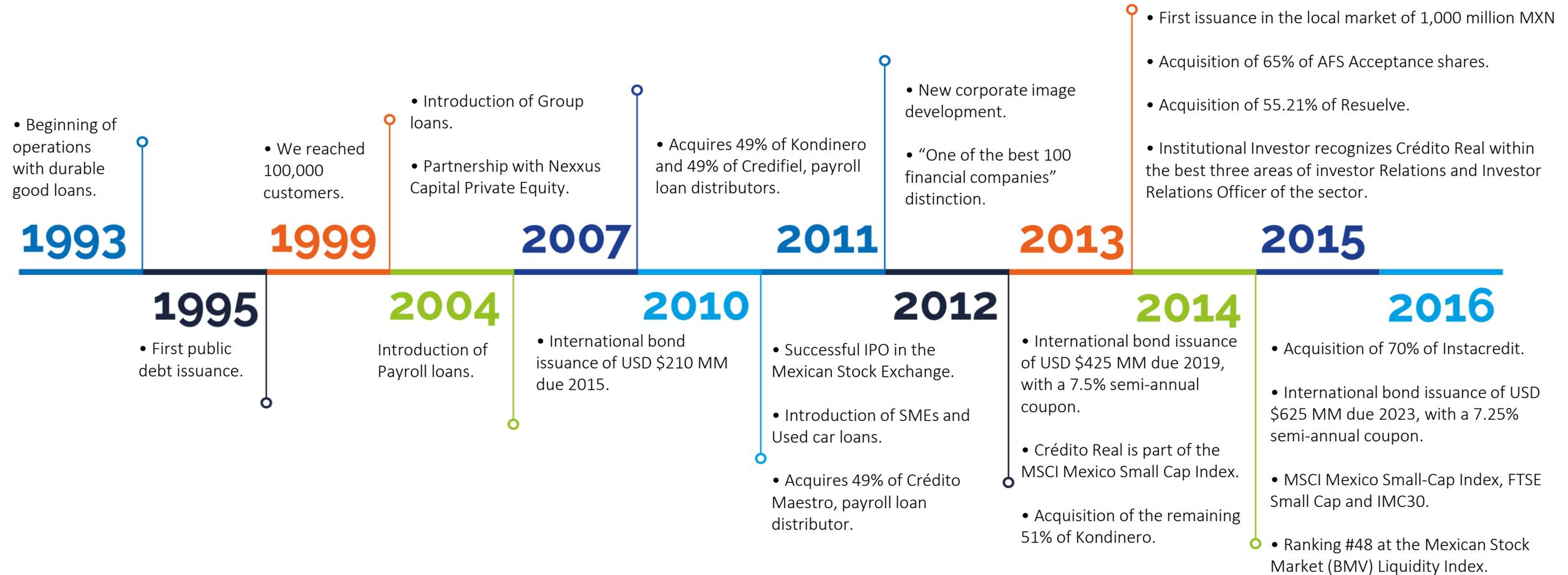
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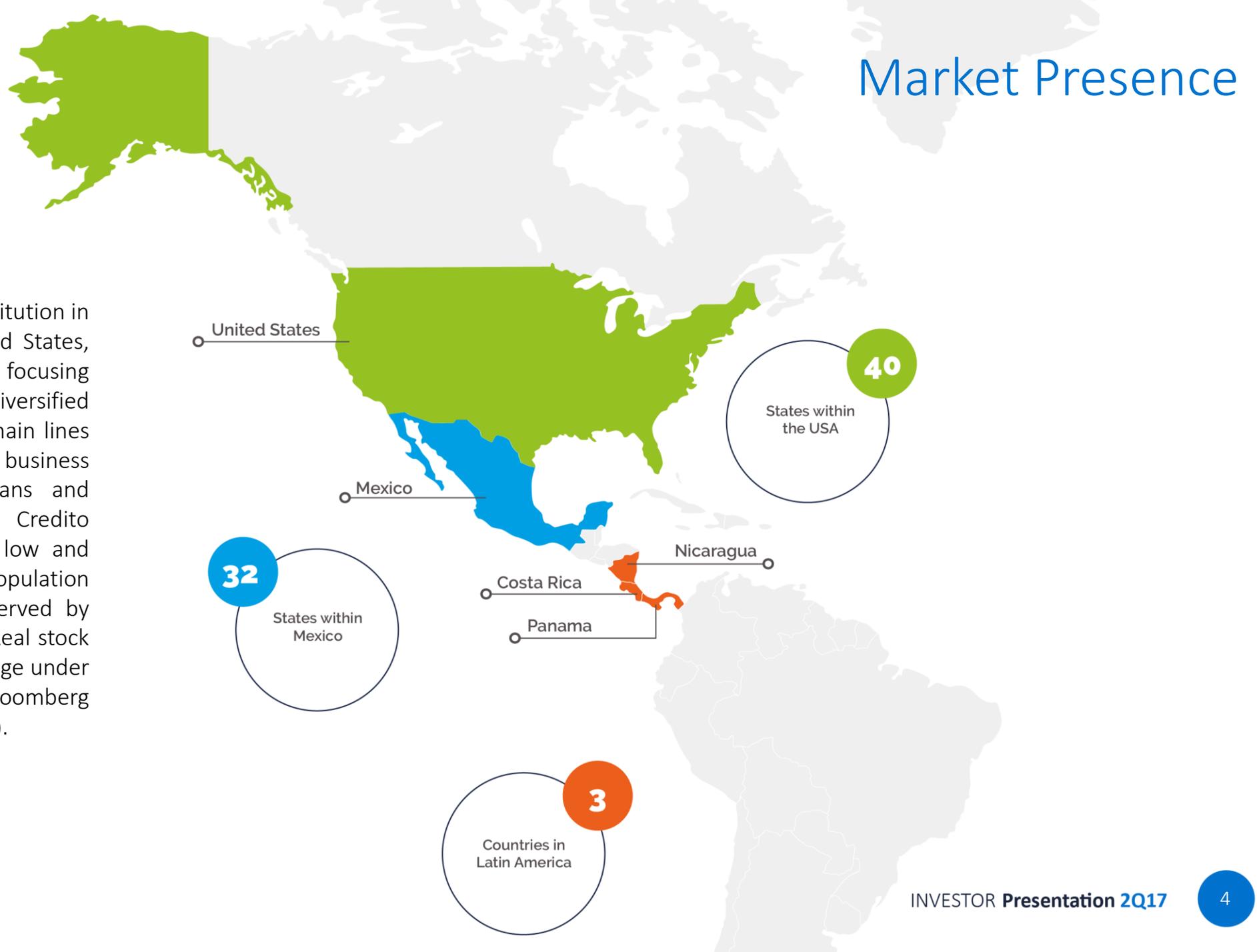
[creal.mx](http://creal.mx)



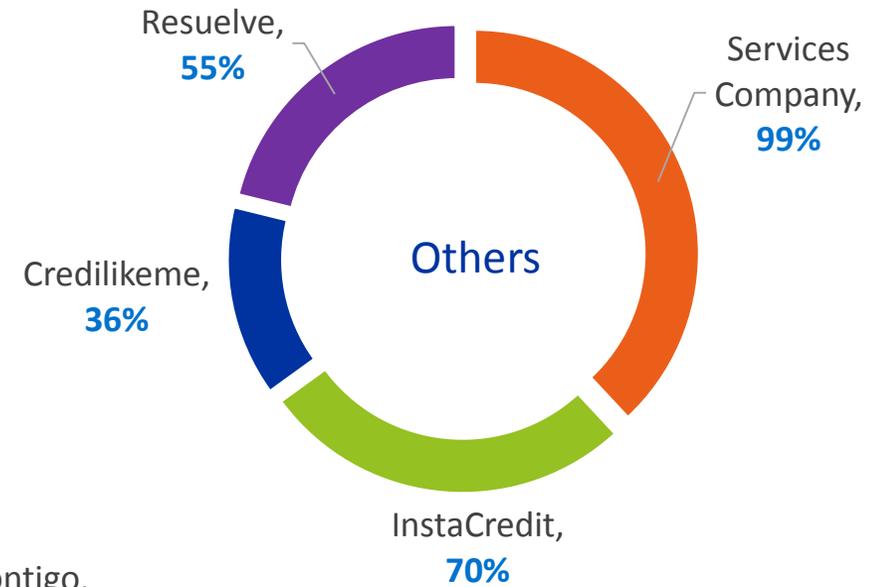
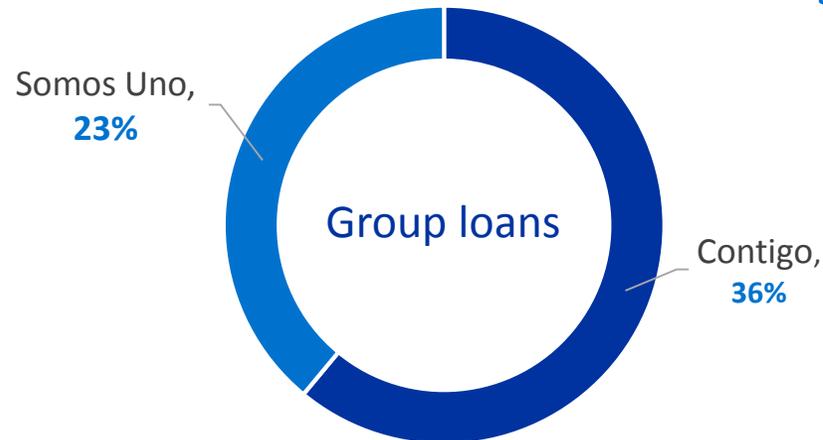
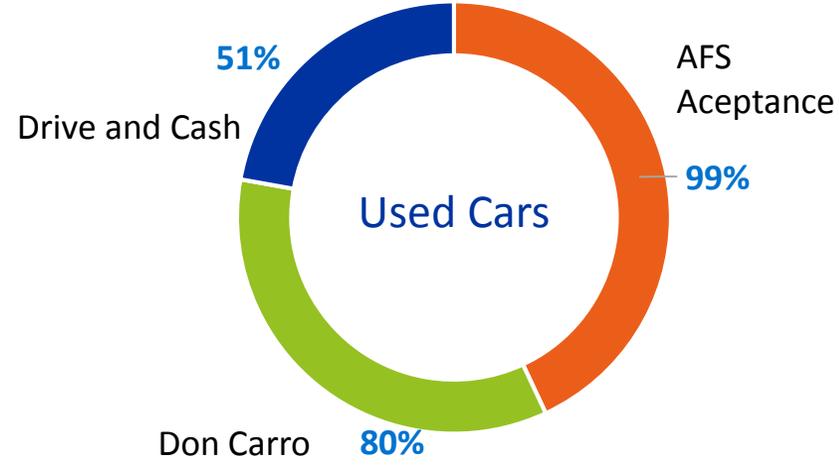
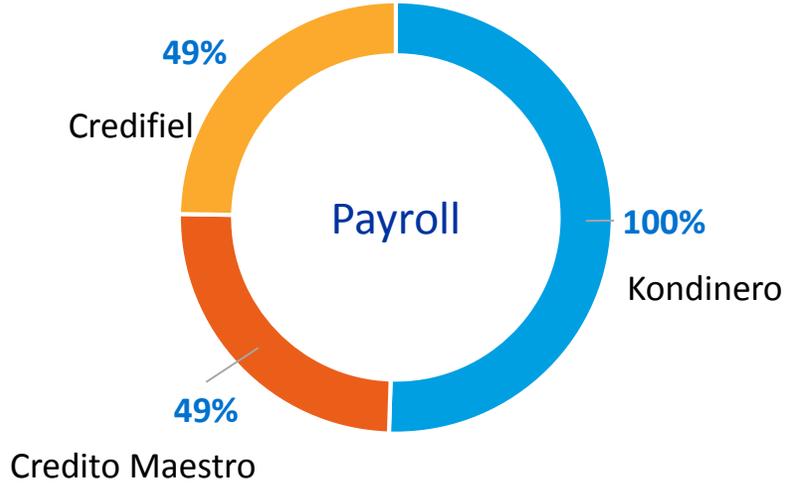




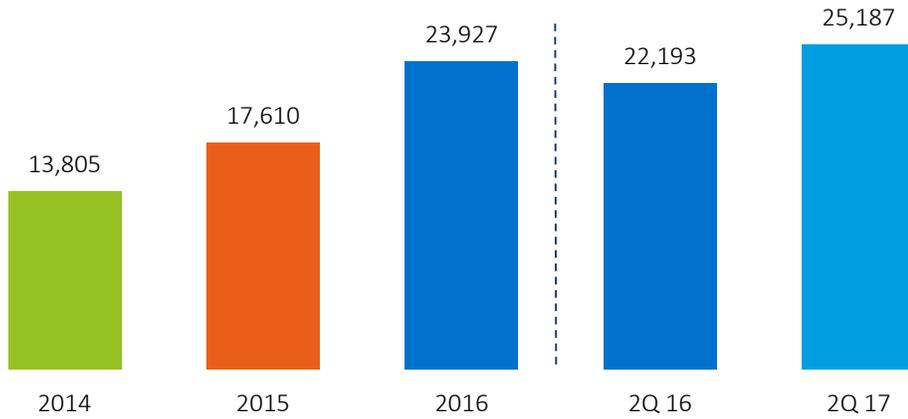
Credito Real is a leading financial institution in Mexico, with presence in the United States, Costa Rica, Panama and Nicaragua, focusing on consumer lending with a diversified business platform in the following main lines of business: payroll loans, small business loans, group loans, used car loans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



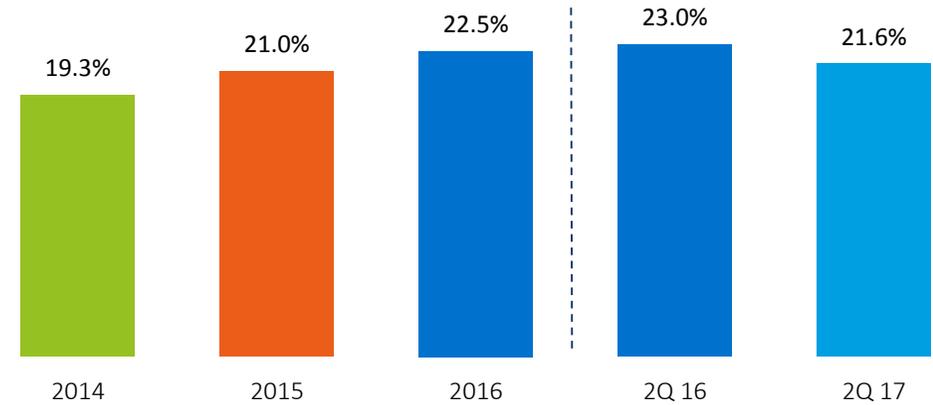
Ownership Percentage



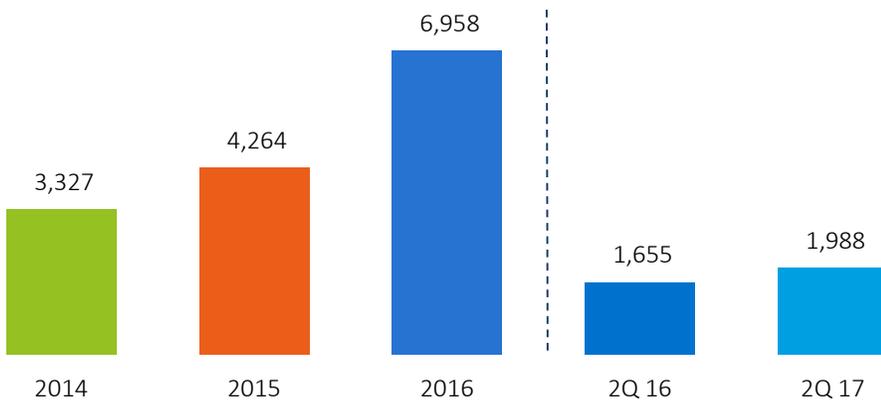
Loan Portfolio



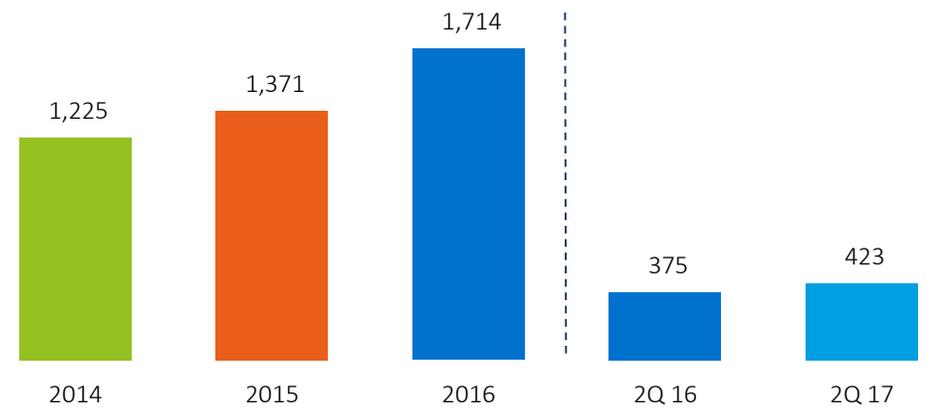
NIM %



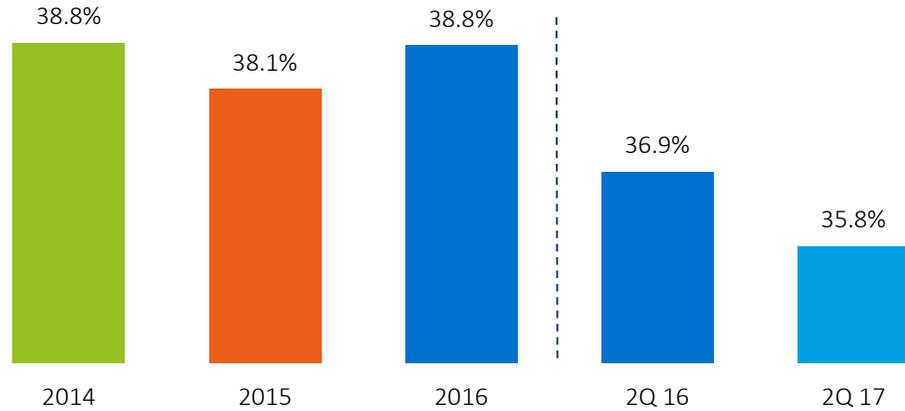
Interest income



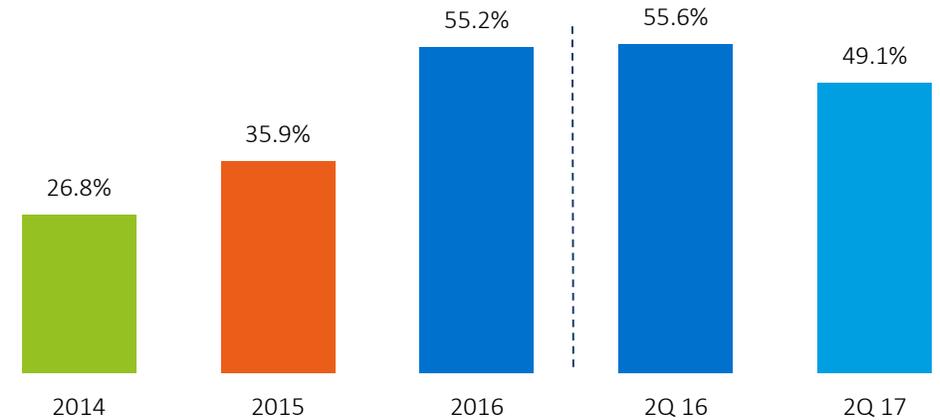
Net income



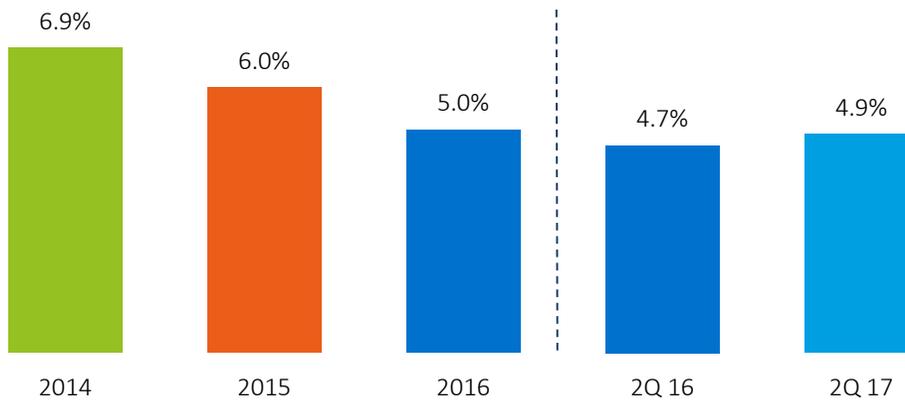
### Capitalization



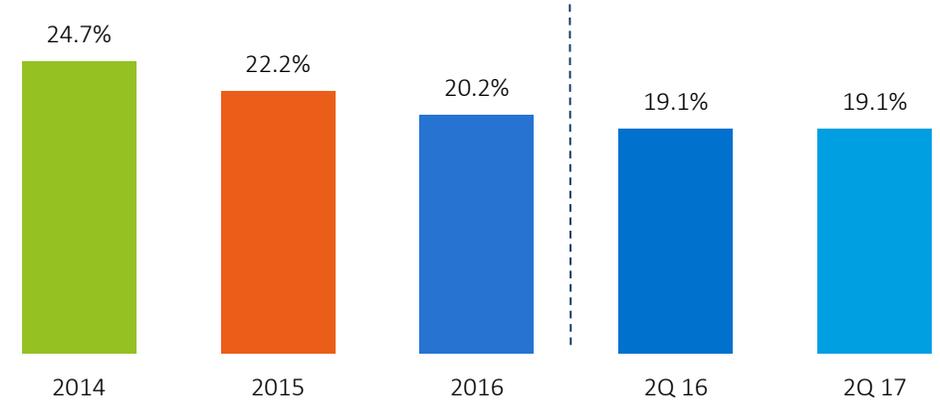
### Efficiency



### ROAA



### ROAE



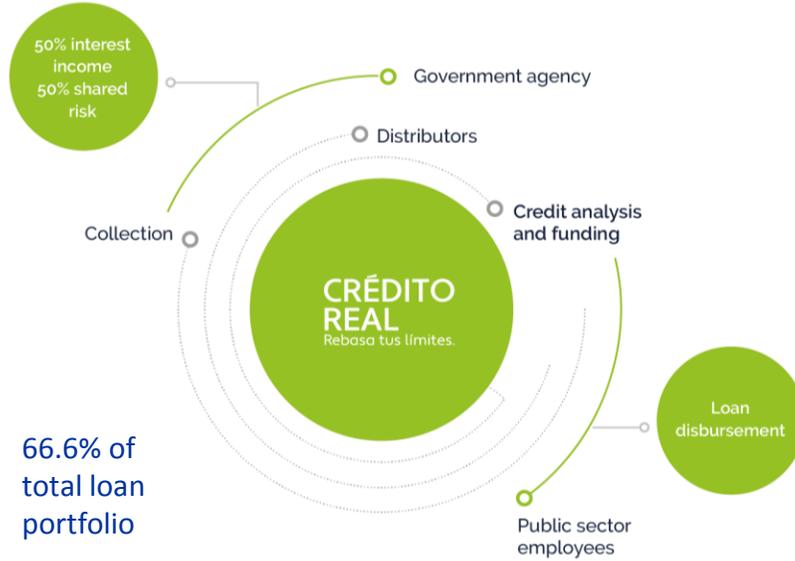
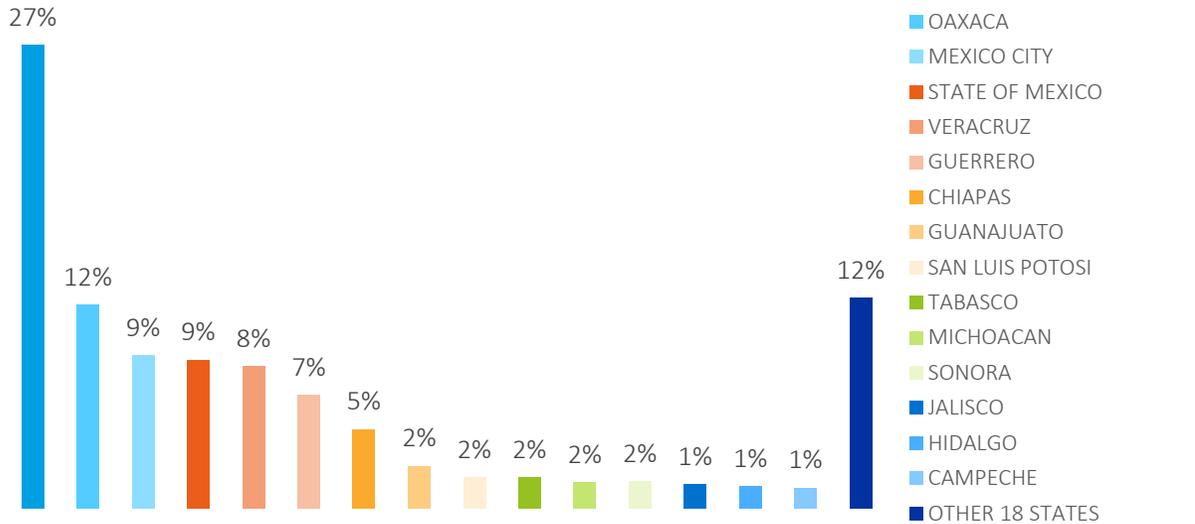
# CRÉDITO REAL

Beyond your limits.

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



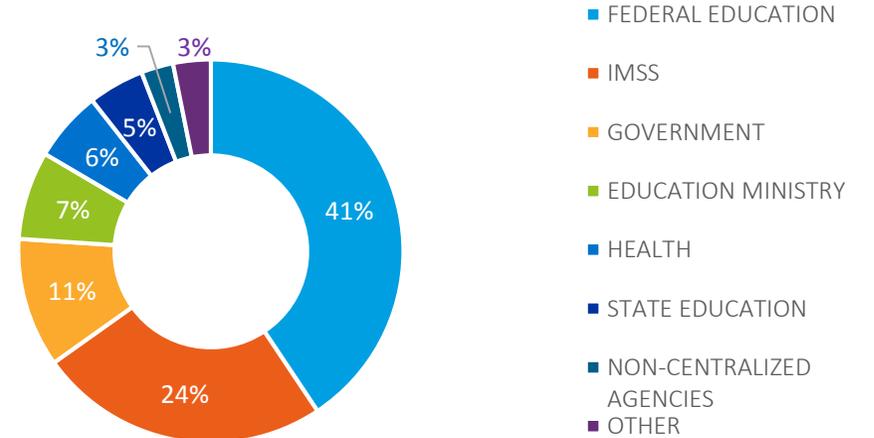
## 2Q17 Payroll Portfolio by region



# Payroll

## Origination and collection process

## 2Q17 Payroll Portfolio per Sector





Loans for small and medium businesses to finance working capital requirements and investment activities.

Credit origination is through our in house brand and “H Financieras”, which has been key in the business success. The SMEs sector has 342 customers, which we attend through a promoter scheme and a specialized operator.



MX \$4.7 million



3-36 months



17-30%



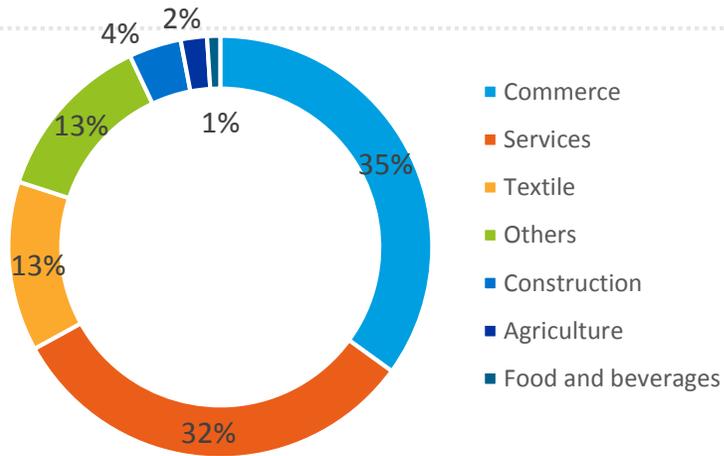
Monthly



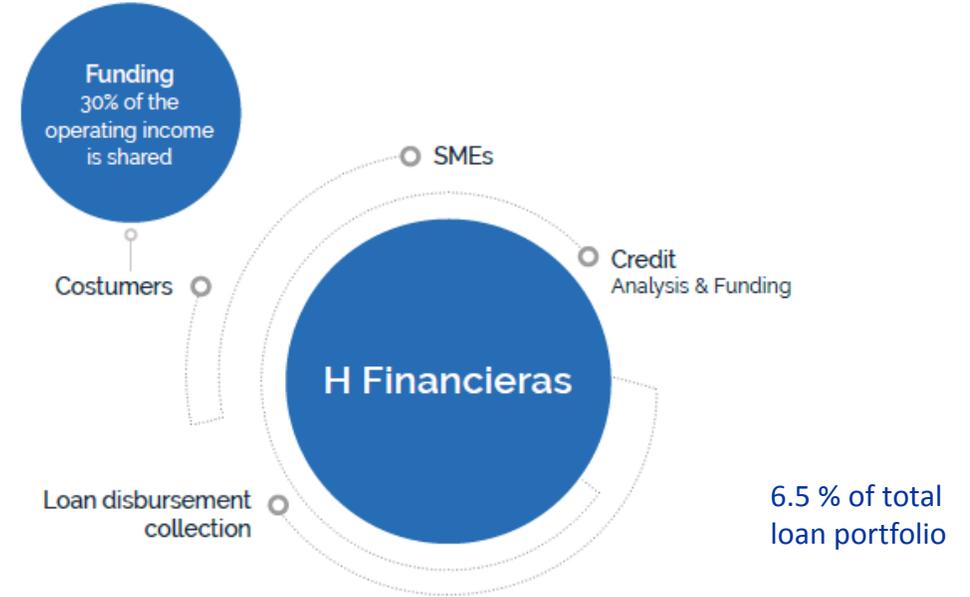
2.7%

**Current yield** 16.1%

## Diversified sector base



## Origination and collection process



Description



Average term



Payment frequency



Turnover rate



Average loan amount



Average annual interest rate



Costumers



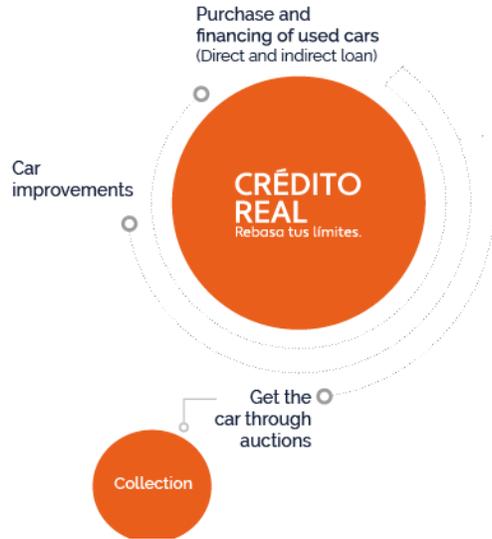
Non-performing loan ratio

## Used Cars USA

Loans for used cars, through our strategic partners with whom we have an equity participation of 99% with AFS Acceptance and 80% with Don Carro.

Don Carro has a distribution network of five lots, while AFS has 390+ distributors and licenses to operate in 32 states of the United States.

## Origination and collection process

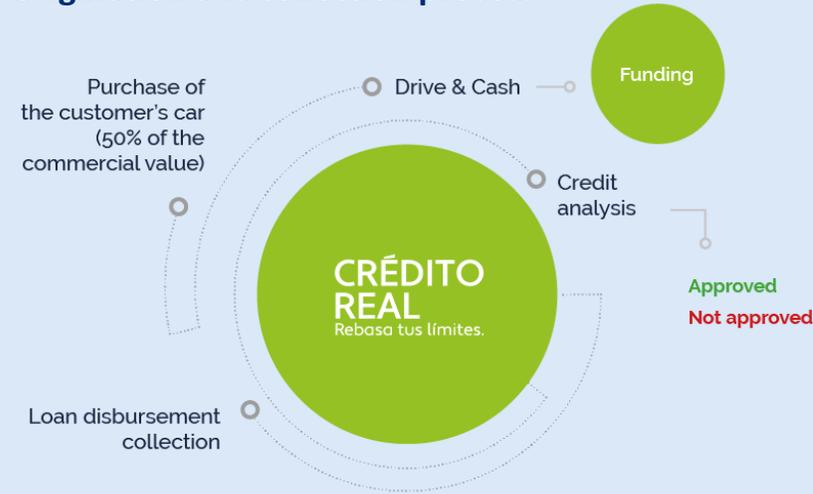


\$18,900 USD	48 months	20%-25% + commercial margin (30% -35%)
Biweekly	8,593	

## Drive and Cash

Through the acquisition of 51% of Drive & Cash, we offer financing to individuals and legal entities through cars and commercial vehicle warranty, with a distribution network of 45 branches located within 20 states in Mexico.

## Origination and collection process



## Used Cars represents 9.6% of total loan portfolio

MX \$100,000	12 months	35% - 60%
Monthly	<ul style="list-style-type: none"> <li>• Installation of GPS tracking device as insurance</li> <li>• Insurance income</li> <li>• Car invoice as loan collateral</li> </ul>	

# CRÉDITO REAL

Beyond your limits.



Instacredit offers financial services through personal loans, car loans, small business loans and home equity loans in Costa Rica, Nicaragua and Panama.



MX \$22,730



36-56 months



42% - 62%

**+470** promoters



174,157



4.5% **Current yield** 59.5%

# Instacredit



Products	Personal	Used cars	Small business	Home equity
% Mix Portfolio	45%	39%	14%	1%
Customers	131,191	26,904	15,517	545
~Loan Amount (\$)	13,482	57,317	33,760	92,251
Average Term	36 months	45 months	34 months	56 months
~Interest Rate	60%	48%	52%	49%



Description



Average term



Payment frequency



Turnover rate



Average loan amount



Average annual interest rate



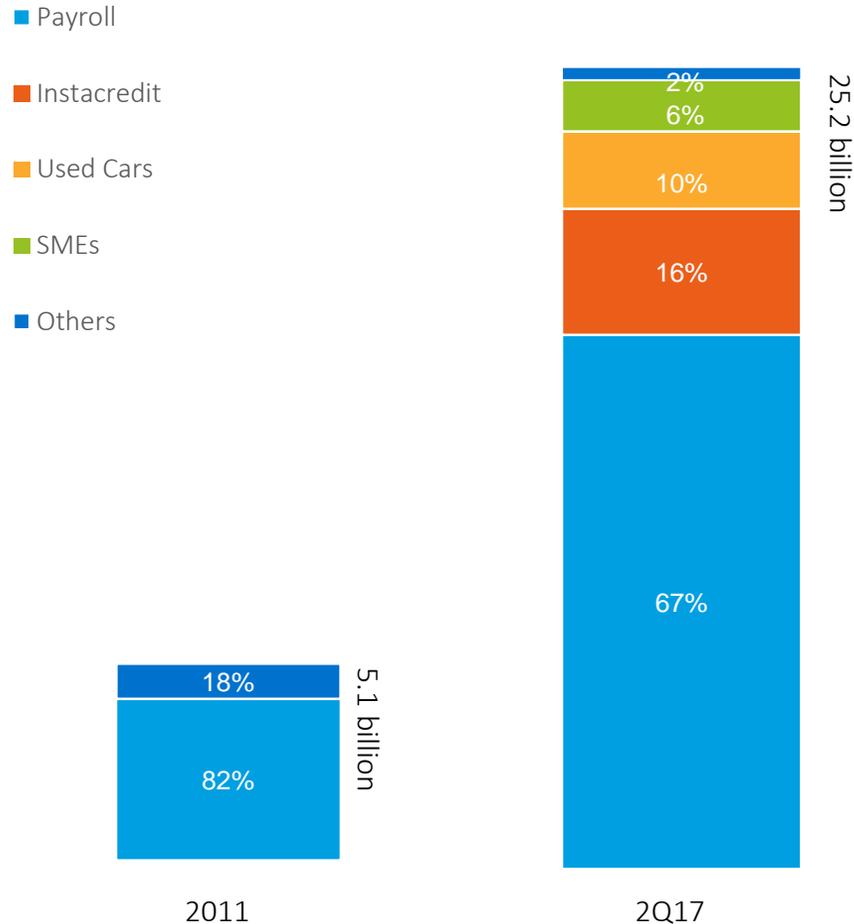
Costumers



Non-performing loan ratio

## Diversified & Growing Loan portfolio

### Loan Portfolio Growth



### CAGR\*

Payroll	26%
Small business	20%
Used cars	20%
Instacredit	33%

### 2Q17

CAGR 11'-2Q17'	30%
ROE	19.1%
NPL	2.2%

\*CAGR based on 2011 portfolios or business consolidation date: SMEs Dec-13, Used Cars Dec-15, Insracredit Mar-16

**Proprietary members**

Francisco Berrondo Lagos  
**Chairman**  
Non-executive

Iser Rabinovitz Stern  
**Member**  
Non-executive

José Eduardo Esteve Recolons  
**Independent Member**  
Non-executive

Ángel Francisco Romanos Berrondo  
**Member**  
Credito Real CEO

Allan Cherem Mizrahi  
**Member**  
Non-executive

Gilbert Sonnery Garreau-Dombasle  
**Independent Member**  
Non-executive

José Luis Berrondo Ávalos  
**Member**  
Non-executive

Gerardo Ciuk Díaz  
**Member**  
Non-executive

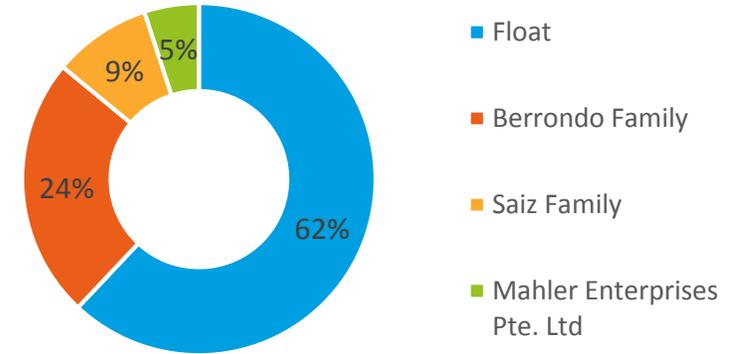
Wilfrido Castillo Sánchez Mejorada  
**Independent Member**  
Non-executive

Moisés Rabinovitz Ohrenstein  
**Member**  
Non-executive

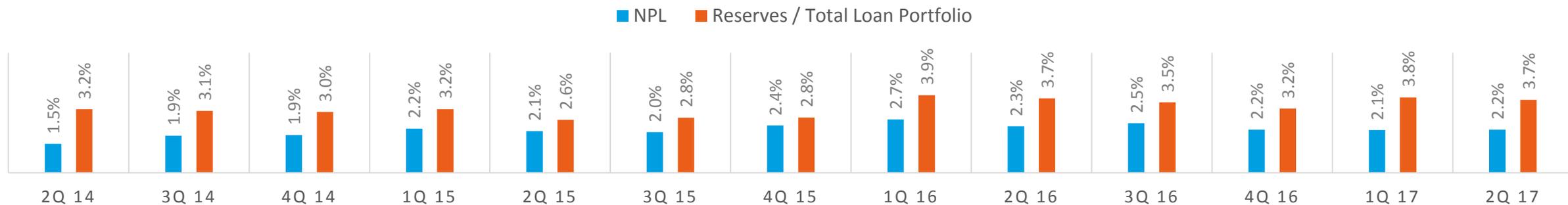
Juan Pablo Zorrilla Saavedra  
**Member**  
Executive

Raúl Alberto Farías Reyes  
**Independent Member**  
Non-executive

**Shareholders structure**



## Stable levels of NPLs with sufficient reserves (1)



## Average NPLs comparison

Product	Credito Real**	Banking Sector*
Payroll	1.5%	3.4%
SME	2.7%	1.8%
Used Cars	1.3%	1.5%
Instacredit	4.5%	2.1% (2)
Others	9.6%	-
Total	2.2%	2.6%

- Selective with distributors and government entities
- Specialized collection management
- Income and risk shared with distributors
- Loan structure to reduce default risk
- Regional footprint

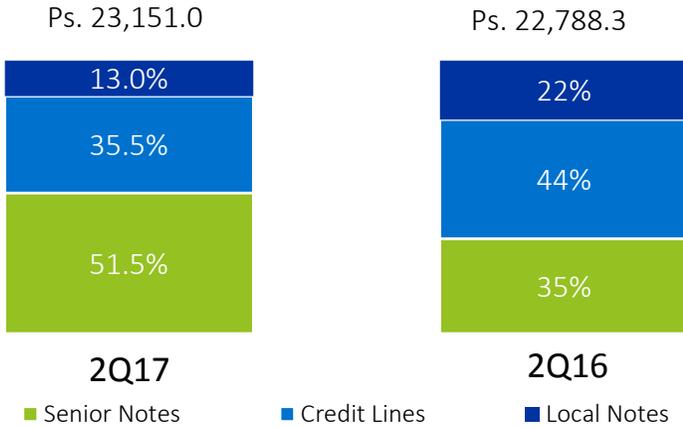
\*Average LTM ended on December 2016, except group loans for banking sector that is until 2Q16. Source CNBV and ProDesarrollo

\*\* 2Q17 average.

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

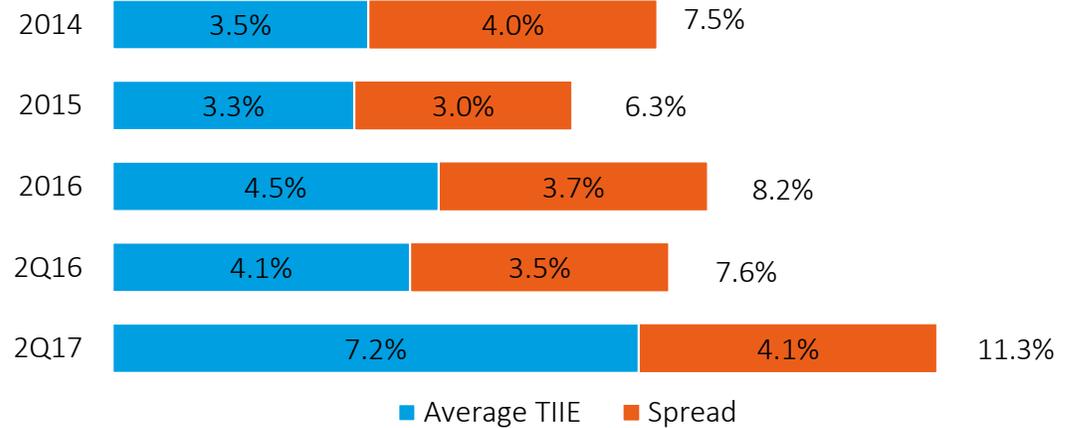
(2) Metric: Costa Rica's Non-banking financial sector Total loan portfolio. Average LTM ended on December, 2016. Source BCCR

**Debt profile**

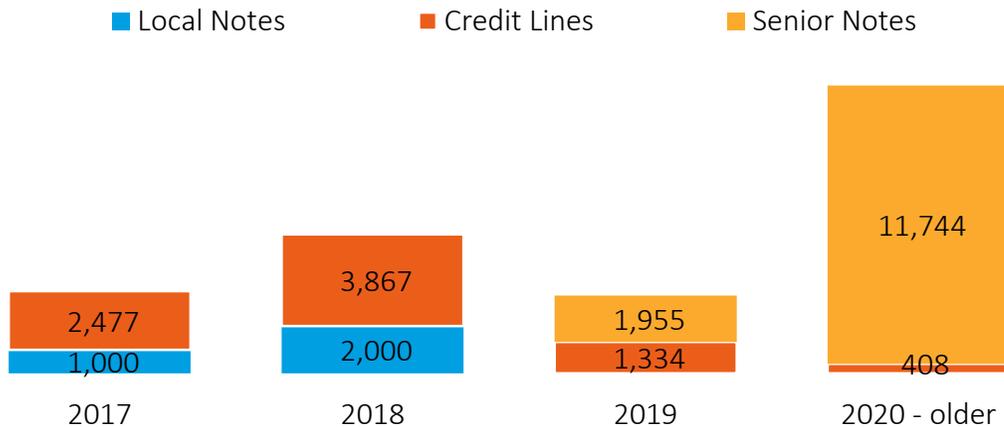


**Diversified funding sources**

**Improving funding cost**



**Debt maturity schedule as of 2Q17 (1)**



**Market risks**

**Interest Rate Risk**

Around 53% of Credito Real's consolidated debt is fixed

**Asset & Liabilities duration**

Assets	Liabilities
1.6 years	3.7 years

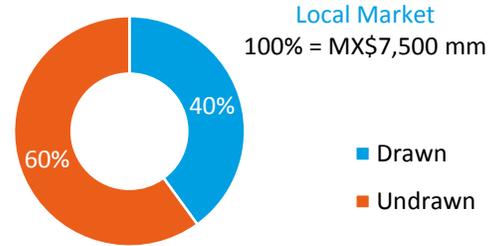
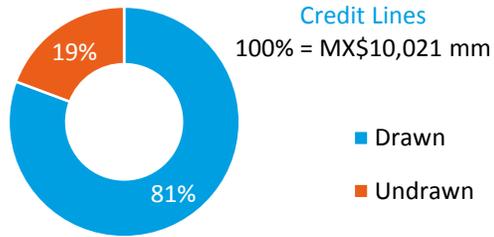
**FX Risk**

None FX risk

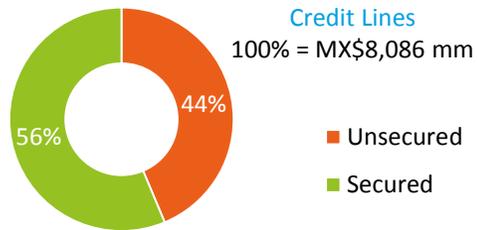
Assets in USD: +100 million

Notes:  
(1) Debt does not include FX effect and accrued interests

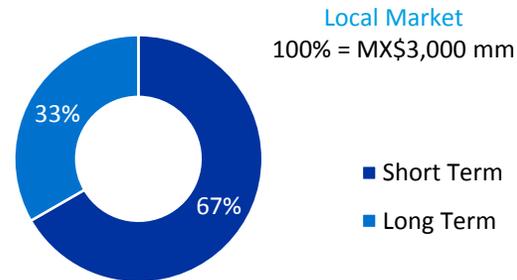
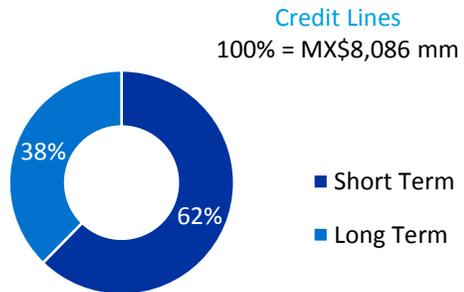
### Drawn vs. Undrawn



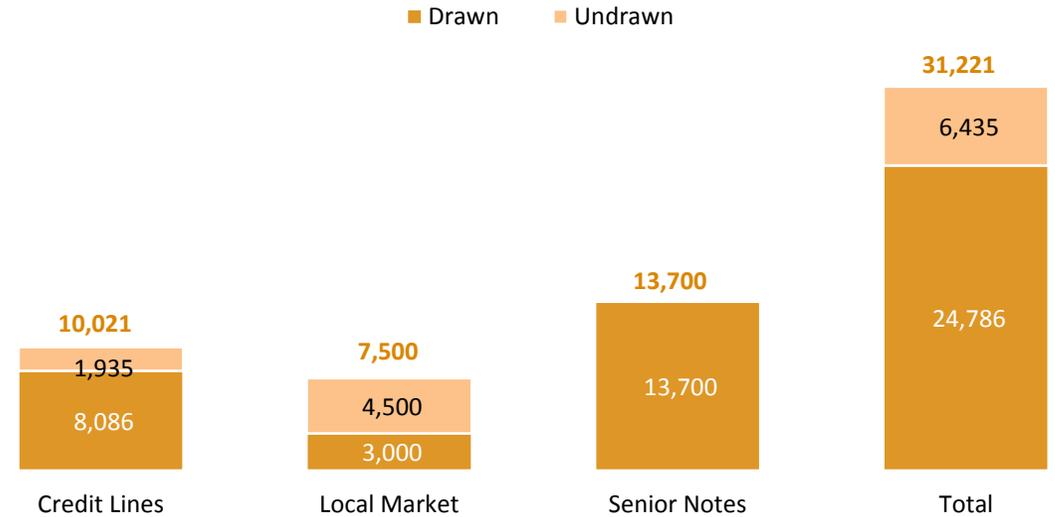
### Secured vs. Unsecured (1)



### Term (2)



### Total Debt<sup>(3)</sup>



### Other Considerations

- Authorized credit line capacity of MX\$10,021 mm (MX\$1,935 mm of available credit lines)
- Cash and equivalents of MX\$876.9 mm as of June 30, 2017
- Funding program in the Mexican Market of MX\$7,500 mm (MX\$4,500 mm available)
- US \$625 mm @ 7.25% 144/Reg S Senior Unsecured Notes due 2023
- Total Shareholders Equity amounts to MX \$9,006 mm

Notes: Information as of June 30, 2017

- (1) 1.6% of the loan portfolio is pledged to guarantee credit facilities.
- (2) Short term refers to amortization under 1 year. Medium term ranges from 1 to 5 years.
- (3) Does not include de Fx effect and accrued interests.

		Yield 2Q17	Yield 2021
	<b>Payroll</b>	<ul style="list-style-type: none"> <li>• Pensioners market development</li> <li>• Effect of acquiring 51% of Credifiel and Credito Maestro</li> </ul>	30.6% 35%
	<b>Small business</b>	<ul style="list-style-type: none"> <li>• Increase sales reps</li> <li>• Increase origination through brokers</li> <li>• Diversification of Fondo H portfolio</li> </ul>	16.1% 19%
	<b>Used cars</b>	<ul style="list-style-type: none"> <li>• Drive &amp; Cash expansion</li> <li>• Enlarge dealers network in Mexico and USA</li> <li>• USA-Latino market with Don Carro</li> <li>• Increased competition in Mexico and the USA</li> </ul>	28.4% 33%
	<b>Instacredit *</b>	<ul style="list-style-type: none"> <li>• Efficiency in funding cost and general expenses</li> <li>• Expansion in Central America</li> </ul>	59.5% 12%
	<b>Average yield</b>		32.2% 38%
	<b>ROA</b>	<ul style="list-style-type: none"> <li>• Expected ROA 3.5% - 5%</li> <li>• Expected ROE 15% - 20%</li> </ul>	4.9% 7%

\* Calculated in US Dollars

## Loan Portfolio Summary

	2Q17					2Q16					
	Portfolio <sup>1</sup>	%	Customers	NPL's	Average Loan <sup>2</sup>	Portfolio	%	Customers	NPL's	Average Loan	Chg. % Portfolio
Payroll	16,775.3	66.6%	370,310	1.5%	45,301	14,152.1	63.8%	350,380	2.3%	40,391	18.5%
SMEs	1,618.1	6.4%	342	2.7%	4,731,147	1,450.4	6.5%	376	1.9%	3,857,532	11.6%
Used Cars	2,423.4	9.6%	14,248	1.3%	170,089	2,364.2	10.7%	14,519	2.4%	162,836	2.5%
Instacredit	3,958.6	15.7%	174,157	4.5%	22,730	3,124.8	14.1%	150,071	2.7%	20,822	26.7%
Others	411.9	1.6%	255,113	9.6%	1,614	1,101.2	5.0%	236,214	2.3%	4,662	(62.6%)
<b>Total</b>	<b>25,187.2</b>	<b>100.0%</b>	<b>814,170</b>	<b>2.2%</b>	<b>30,936</b>	22,192.7	100.0%	751,560	2.3%	29,539	13.5%

## Origination Summary

	2Q17		2Q16		Chg. %	YTD'17		YTD'16		Chg. %
	Origination	%	Origination	%		Origination	%	Origination	%	
Payroll	1,330.8	29.4%	1,401.9	30.7%	(5.1%)	2,485.9	27.1%	2,588.9	29.7%	(4.0%)
SMEs	635.4	14.0%	835.8	18.3%	(24.0%)	1,488.7	16.2%	1,769.6	20.3%	(15.9%)
Used Cars	422.1	9.3%	558.5	12.2%	(24.4%)	930.8	10.1%	1,077.8	12.4%	(13.6%)
Instacredit	829.1	18.3%	729.7	16.0%	13.6%	1,764.6	19.2%	1,291.9	14.8%	36.6%
Others	1,305.4	28.9%	1,038.2	22.7%	25.7%	2,500.6	27.3%	1,989.3	22.8%	25.7%
<b>Total</b>	<b>4,522.9</b>	<b>100.0%</b>	4,564.1	100.0%	(0.9%)	<b>9,170.6</b>	<b>100.0%</b>	8,717.5	100.0%	<b>5.2%</b>

(1) Figures are expressed in millions of pesos

(2) figures are expressed in pesos

(3) Others is integrated by Durable Goods and Group Loans

<b>Financial Ratios</b>	<b>2Q17</b>	<b>2Q16</b>	<b>%Var</b>	<b>YTD17</b>	<b>YTD16</b>	<b>%Var</b>
Yield	32.2%	30.8%	1.3%	33.3%	29.7%	3.6%
Net Interest Margin	21.6%	23.0%	(1.4%)	22.9%	22.3%	0.6%
Return on Average Loan Portfolio	6.8%	7.0%	(0.1%)	6.8%	7.7%	(0.9%)
ROAA: Return on average assets	4.9%	4.7%	0.3%	4.7%	5.2%	(0.5%)
ROAE: Return on average stockholders' equity	19.1%	19.1%	(0.0%)	18.2%	20.9%	(2.7%)
Debt to Equity Ratio	2.6	2.8	(21.4%)	2.6	2.8	(21.4%)
Average cost of funds	11.3%	7.6%	3.7%	10.6%	7.2%	3.4%
Efficiency ratio	49.1%	55.6%	(6.6%)	49.5%	50.7%	(1.2%)
Capitalization Ratio	35.8%	36.9%	(1.1%)	35.8%	36.9%	(1.1%)
Provisions for loan losses as a percentage of total loan portfolio	4.6%	3.7%	0.8%	4.7%	2.3%	2.4%
Allowance for loan losses as a percentage of total past-due loan portfolio	169.4%	159.9%	9.5%	169.4%	159.9%	9.5%
Total past-due loan portfolio as a percentage of total loan portfolio	2.2%	2.3%	(0.2%)	2.2%	2.3%	(0.2%)

<i>Ps. millions</i>	2Q17	2Q16	4Q16	% Var vs 2Q16	% Var vs 4Q16
Cash and cash equivalents	732.3	172.3	315.8	325.0%	131.9%
Investments in securities	144.6	286.4	992.7	(49.5%)	(85.4%)
Securities and derivatives transactions	194.8	2,725.1	2,466.9	(92.9%)	(92.1%)
Commercial loans	24,644.2	21,676.5	23,410.0	13.7%	5.3%
Total performing loan portfolio	24,644.2	21,676.5	23,410.0	13.7%	5.3%
Commercial loans	543.1	516.2	517.0	5.2%	5.0%
Total non-performing loan portfolio	543.1	516.2	517.0	5.2%	5.0%
<b>Loan portfolio</b>	<b>25,187.2</b>	<b>22,192.7</b>	<b>23,927.0</b>	13.5%	5.3%
Less: Allowance for loan losses	919.9	825.6	767.5	11.4%	19.9%
Loan portfolio (net)	24,267.3	21,367.1	23,159.6	13.6%	4.8%
Other accounts receivable (net)	3,826.4	3,368.5	3,577.3	13.6%	7.0%
Foreclosed assets (net)	0.0	0.0	28.0		
Property, furniture and fixtures (net)	248.9	251.0	262.1	(0.8%)	(5.0%)
Long-term investments in shares	1,085.4	891.2	1,057.8	21.8%	2.6%
Debt insurance costs, intangibles and others	4,119.1	4,019.3	4,055.2	2.5%	1.6%
<b>Total assets</b>	<b>34,618.9</b>	<b>33,080.8</b>	<b>35,915.4</b>	<b>4.6%</b>	<b>(3.6%)</b>
Notes payable (certificados bursátiles)	3,007.1	4,935.0	2,759.2	(39.1%)	9.0%
Senior notes payable	11,913.7	7,913.4	14,129.3	50.6%	(15.7%)
Bank loans and borrowings from other entities					
Short-term	56.7	4,897.6	5,051.7	(98.8%)	(98.9%)
Long-term	8,173.5	5,042.3	2,648.3	62.1%	208.6%
Total Bank Loans	8,230.2	9,939.8	7,700.1	(17.2%)	6.9%
<b>Total Debt</b>	<b>23,151.0</b>	<b>22,788.3</b>	<b>24,588.5</b>	<b>1.6%</b>	<b>(5.8%)</b>
Income taxes payable	330.1	80.8	236.3	308.3%	39.7%
Other accounts payable	2,131.4	2,027.4	1,813.3	5.1%	17.5%
<b>Total liabilities</b>	<b>25,612.5</b>	<b>24,896.5</b>	<b>26,638.0</b>	<b>2.9%</b>	<b>(3.8%)</b>
Capital stock	2,074.5	2,114.5	2,110.4	(1.9%)	(1.7%)
Accumulated results from prior years	5,603.0	4,435.7	4,378.6	26.3%	28.0%
Result from valuation of cash flow hedges, net	38.8	208.1	229.4	(81.4%)	(83.1%)
Cumulative translation adjustment	(89.60)	50.7	167.6	-	(153.5%)
Controlling position in subsidiaries	560.5	594.3	677.2	(5.7%)	(17.2%)
Net Income	819.1	781.1	1,714.0	4.9%	(52.2%)
<b>Total stockholders' equity</b>	<b>9,006.33</b>	<b>8,184.3</b>	<b>9,277.4</b>	<b>10.0%</b>	<b>(2.9%)</b>
<b>Total Liabilities and Stockholders' equity</b>	<b>34,618.85</b>	<b>33,080.8</b>	<b>35,915.4</b>	<b>4.6%</b>	<b>(3.6%)</b>

<i>Ps. millions</i>	<b>2Q17</b>	<b>2Q16</b>	<b>%Var</b>	<b>YTD17</b>	<b>YTD16</b>	<b>%Var</b>
Interest Income	1,987.6	1,654.7	20.1%	4,003.0	2,994.0	33.7%
Interest Expense	655.4	422.9	55.0%	1,254.6	745.7	68.2%
Financial Margin	1,332.2	1,231.8	8.2%	2,748.4	2,248.3	22.2%
Provision for Loan Losses	(281.5)	(208.0)	35.3%	(597.0)	(255.4)	133.8%
Adjusted Financial Margin	1,050.7	1,023.8	2.6%	2,151.4	1,993.0	8.0%
Commissions and fees collected	209.3	106.8	96.0%	412.4	254.7	61.9%
Commissions and fees paid	56.1	76.0	(26.1%)	119.7	134.5	(11.0%)
Intermediation income	0.1	69.1	(99.8%)	28.1	77.1	(63.6%)
Other income from operations	85.4	160.5	(46.8%)	183.8	213.8	(14.0%)
Administrative and promotion expenses	781.0	746.6	4.6%	1,613.6	1,310.4	23.1%
Operating result	508.4	537.6	(5.4%)	1,042.4	1,093.6	(4.7%)
Income Taxes	89.4	148.9	(40.0%)	238.7	281.6	(15.2%)
Income before participation in the results of subsidiaries	419.0	388.7	7.8%	803.7	812.1	(1.0%)
Participation in the results of subsidiaries, associates and non-controlling participation	3.6	(13.8)	(126.3%)	15.5	(30.9)	(150.0%)
Net Income	422.6	374.9	12.7%	819.1	781.1	4.9%

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