



3Q18

INVESTOR  
PRESENTATION

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CREAL\*

**Credito Real operates with stability and high profitability in segments where traditional banks are not efficient.**

## STRATEGIC ALLIANCES

- Extensive commercial presence using an aligned distributor base
- Optimized sale structure: >10 thousand representatives
- Ongoing monitoring of opportunities to maximize results

## SELECTIVE ORIGINATION

- Centralized system of analysis, giving greater control
- Analysis parameters by type of credit
- Risk management aimed at low and stable NPL

## DIVERSIFIED PORTFOLIO

- Revenue in varied and stable currencies
- Presence in North and Central America
- Wide range of products to cover profitable niches with stability

## COMPETITIVE FUNDING

- Centralized strategies
- Issuing capacity in the holding and subsidiaries
- Harnessing the local and international markets

## HIGH PROFITABILITY

- Focus on underserved segments that represent significant opportunities
- Wide and stable margins
- Solid demand in rural and urban regions





### Loan Portfolio

- Payroll
- Instacredit
- Used Cars
- SMEs
- Others



### Environment

- Stabilization of interest rates
- Stable growth
- Solid & resilient credit demand
- Persistent inflationary pressures
- Uncertainty surrounding USMCA



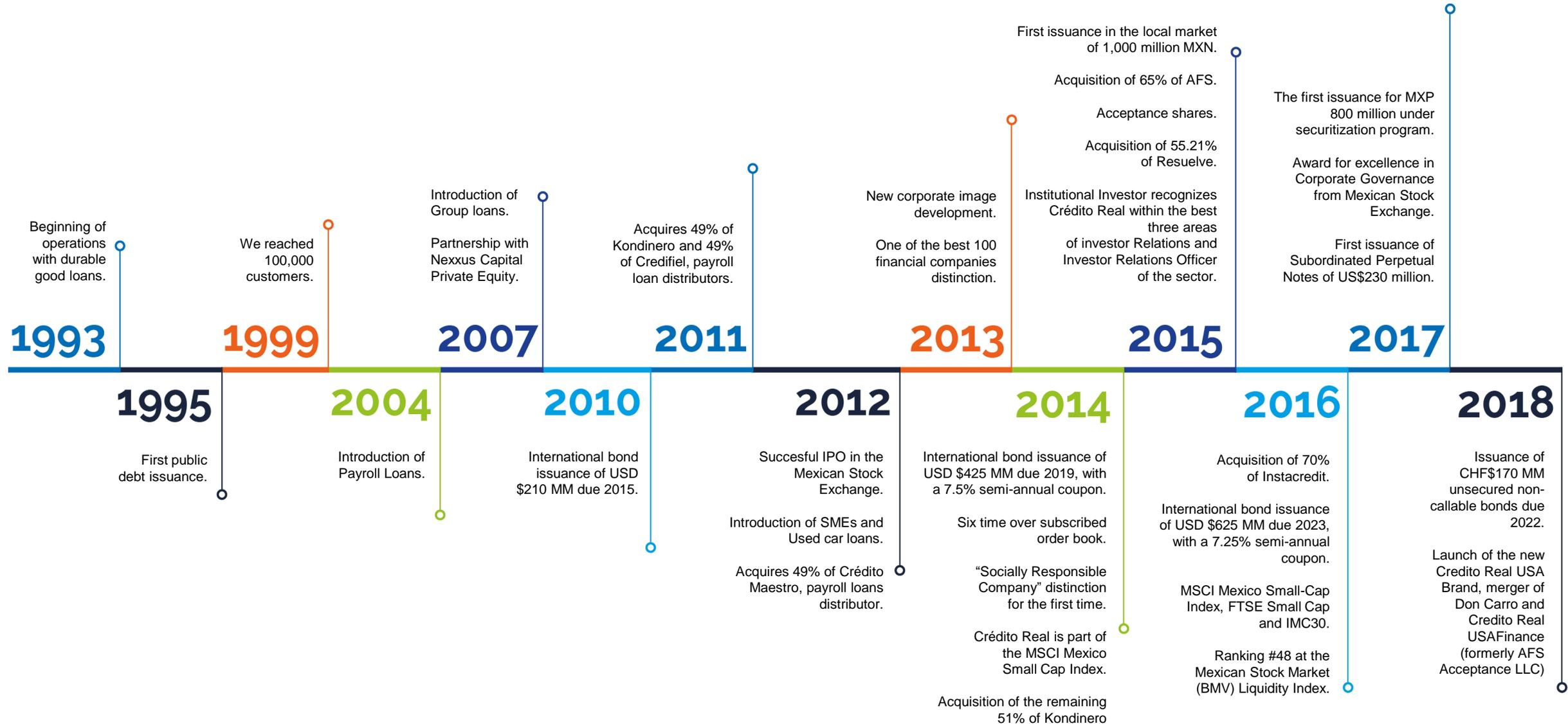
### Performance

- Economies of scale
- Centralized strategy
- New markets (CR & USA)
- Organic-inorganic growth
- Robust and flexible platform
- Diversification  
(geographic & credit-risk)



### Solidity

- Portfolio > Ps. 35.0 billion
- NPL: 2.1%
- Solid financial ratios:  
Capitalization rate > 44%  
Coverage rate > 150%  
Yield > 30%



## Credito Real is well-positioned to handle arising challenges in the market

### Market Changes

- Increase in interest rates
- Increased inflationary pressures
- FX movements
- Political changes in Mexico
- NAFTA negotiations
- Industry Cycle
- Uncertainty amongst Hispanics in the US



### Credito Real's Outlook

- 41.5% of total debt at a fixed rate
- Minimal effect due to the high quality of our portfolio
- Low exposure from our natural coverage
- Experience working under different administrations
- Limited impact > 69% weight of payroll credits
- No potential impact > 20 years of experience
- Extensive distribution network & diversification

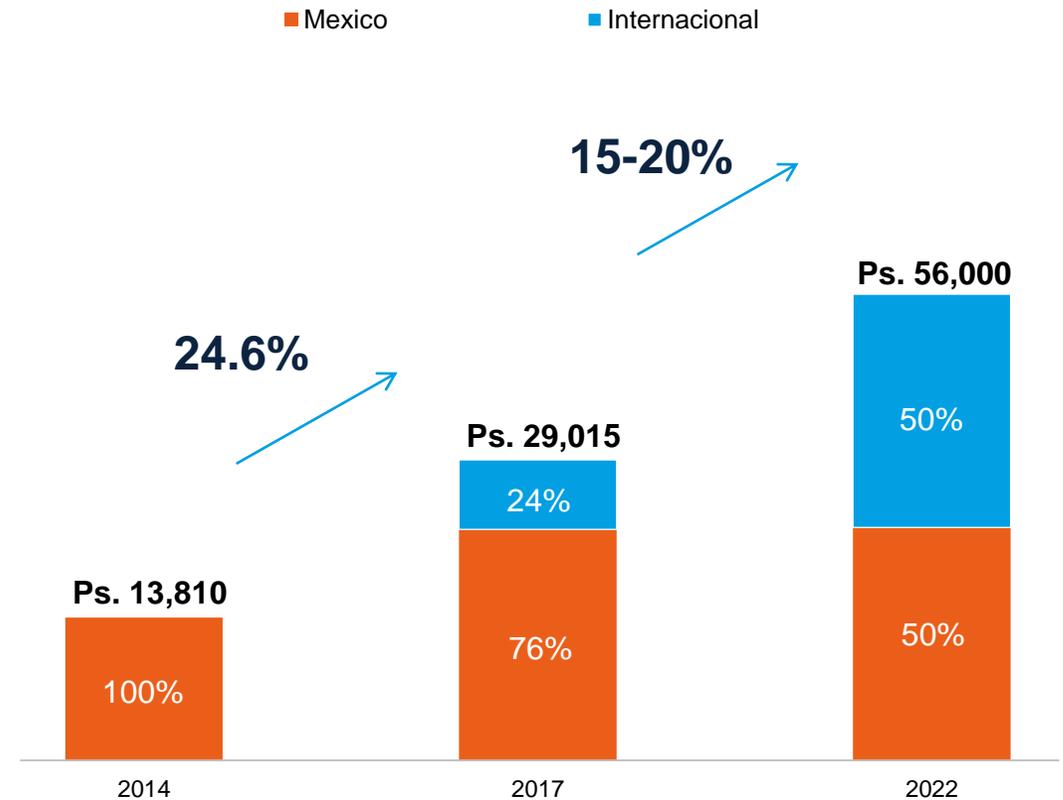
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**Credito Real's industry fundamentals remain solid**

# Long-Term Portfolio Growth

- By 2022, we estimate to double the size of portfolio.<sup>1</sup>
- 50% of total loan portfolio should be in Mexico and 50% should be international.
- Growth driven by organic improvements and new business consolidation.
- Maintain the non-performing loan ratio in a range of 2% - 3%.
- Keep healthy levels of doubtful credit allowances.

## Geographic Concentration of Total Portfolio (Ps. Million)



(1) Compared to 3Q17 portfolio

## NPL



**One of the lowest NPLs in the market**

- More than 399k clients
- Represented 59.9% of revenue from interest during 3Q18
- 32.7% of origination of the segment came from pensioners
- Access to more than 300 government offices in Mexico
- Represented 69.2% of the total portfolio at the end of 3Q18
- Focused on the formal and retiree sectors of the economy

## Segment statistics

Average loan amount– Ps. 60,513  
Average term- 48 months  
Average interest rate– 50%  
Yield – 27%

## Portfolio Growth



**Continuous growth in our payroll loan portfolio, with 37.8% YoY growth at the end of 3Q18**

**As of 3Q18:**

**Portfolio reached Ps. 4,400 million, increasing 3.2% YoY**



**64 branches**

**388 promoters**

- Represented 22.3% of interest income during 3Q18
- Represented 12.6% of the total portfolio at the end of 3Q18
- Contributed 12.4% of origination in 3Q18



**Products**

	Personal	Used cars	Small business	Home equity
% Mix Portfolio	48.0%	42.1%	7.0%	2.9%
Customers	125,739	25,414	28,775	795
Avg. Loan Amount (\$)	\$812	\$3,517	\$519	\$7,631
Average Term	37 months	48 months	32 months	57 months
Avg. Interest Rate	61.0%	48.9%	58.4%	51.0%

**Segment Statistics:**

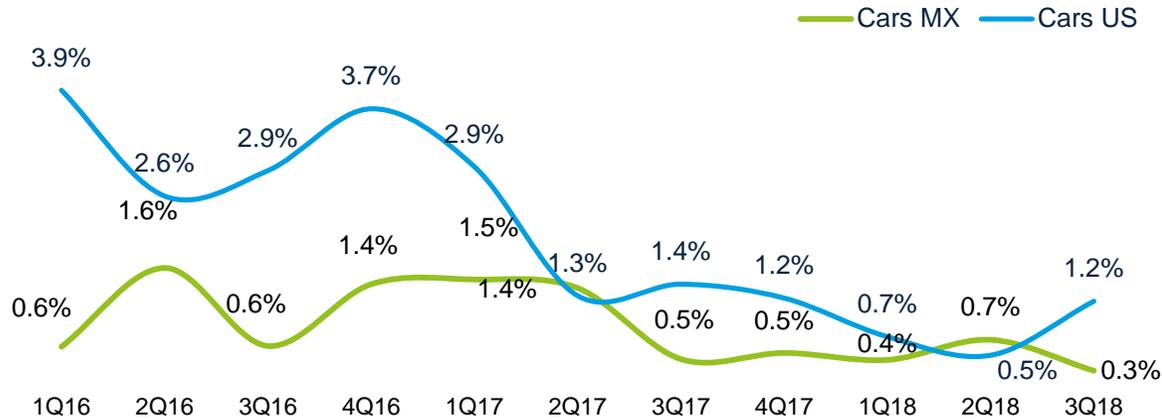
Average loan amount – Ps. 24,347

Average term – 22-60 months

Average interest rate – 57%

Yield – 54%

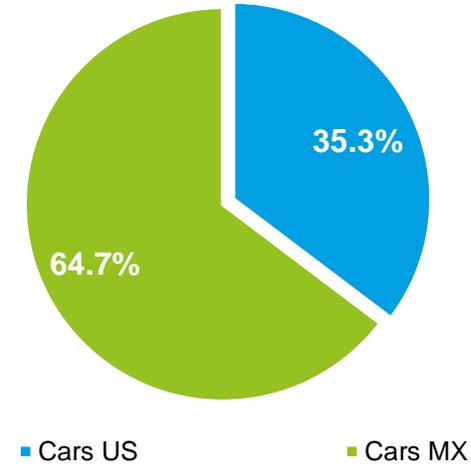
## NPL



**Outstands the high-quality of the Used Cars portfolio, with a 0.9% NPL at the end of 3Q18**

- Represented 12.5% of interest income during 3Q18
- Contributed 16.2% of origination in 3Q18
- One partnership and alliances with 13 distributors in Mexico, and two subsidiaries in the United States with 4 branches in Texas and 584 agreements with distributors in 28 states of the United States

## Geographical Concentration of Revenue



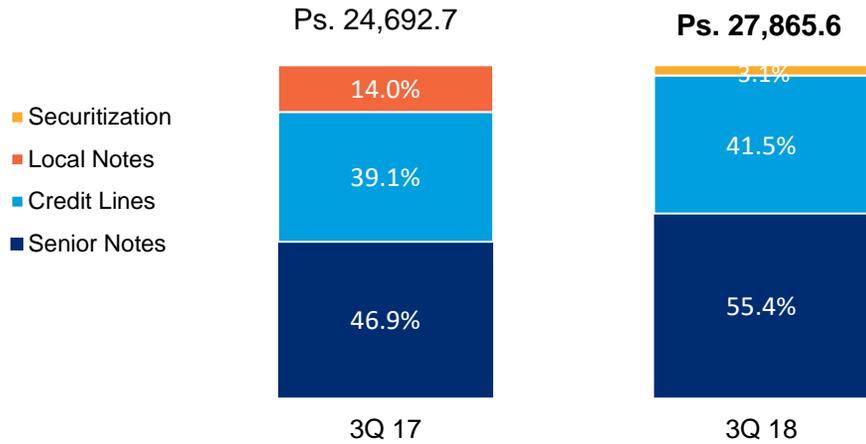
**In 3Q18 interest income amounted to Ps. 320 million**

### Segment statistics:

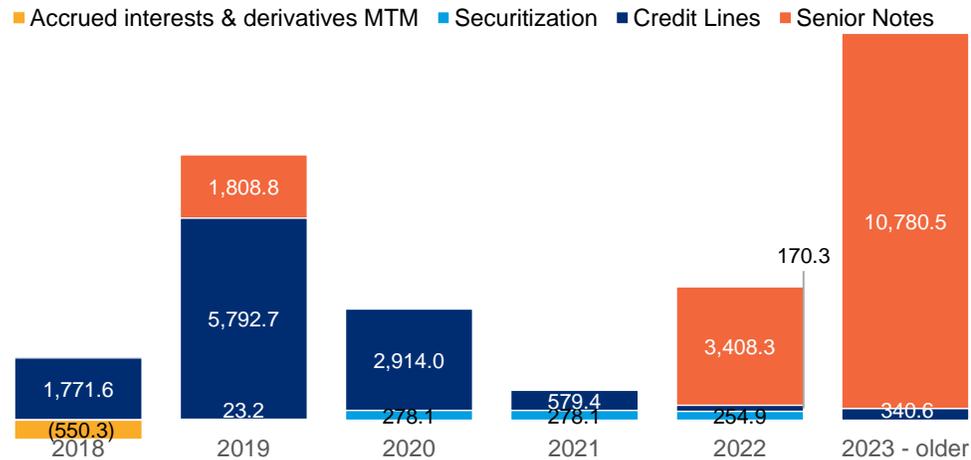
	Cars US	Cars MX
Average loan amount (\$)	218,814	110,921
Average term	36 - 72 months	12 - 48 months
Average interest rate	21%	45%
Yield	23%	34%

		Yield 3Q18	Yield 2022
	<p><b>Payroll</b></p> <ul style="list-style-type: none"> <li>• Consolidated growth</li> <li>• Effect of acquiring 51% of Credito Maestro</li> </ul>	26.5%	35%
	<p><b>Used cars</b></p> <ul style="list-style-type: none"> <li>• Enlarge dealers network in Mexico and US</li> </ul>	US: 23.4% MX: 33.6%	> 30%
	<p><b>Instacredit</b></p> <ul style="list-style-type: none"> <li>• Efficiency in cost of funding and general expenses</li> <li>• Expansion in Central America</li> </ul>	54.1%	60%
	<p><b>Average yield</b></p>	29.9%	> 35%
	<p><b>ROA</b></p> <ul style="list-style-type: none"> <li>• Expected ROA: &gt; 4.5%</li> <li>• Expected ROE: &gt; 20%</li> </ul>	4.4%	> 5%

**Debt profile**



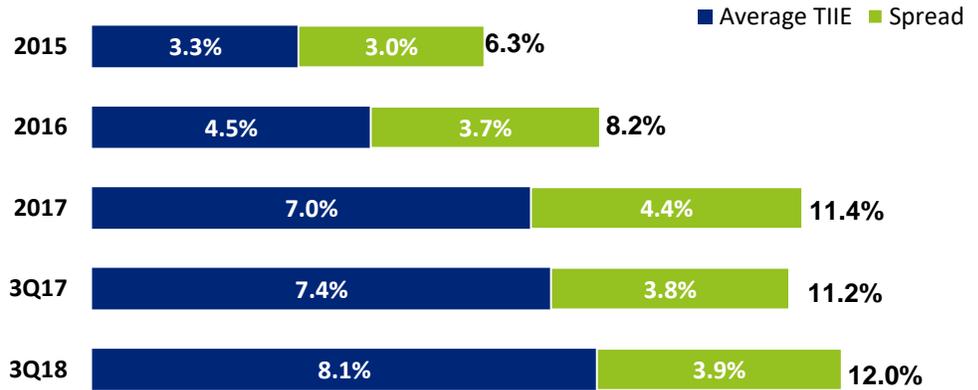
**Debt maturity schedule as of 3Q18<sup>1</sup>**



(1) All figures include accrued interests and mark-to-market of hedges. Debt in local currency converted using US\$1 / Ps\$18.7231 as of September 30<sup>th</sup>, 2018.  
 (2) Includes accrued interests from the Senior Notes 2019, Senior Notes 2023 and Swiss Bond

**Diversified Funding Sources**

**Cost of funding**



**Market risks**

**Interest Rate Risk** 41.5% of Credito Real's consolidated debt is fixed

Asset & Liabilities duration	Assets	Liabilities
	1.8 years	2.9 years

**FX Risk** No FX risk

Assets in USD: +100 million

# Credito Real's Maturity Profile



Source: Credito Real, as of 3Q18. Figures are expressed in Ps. Million.

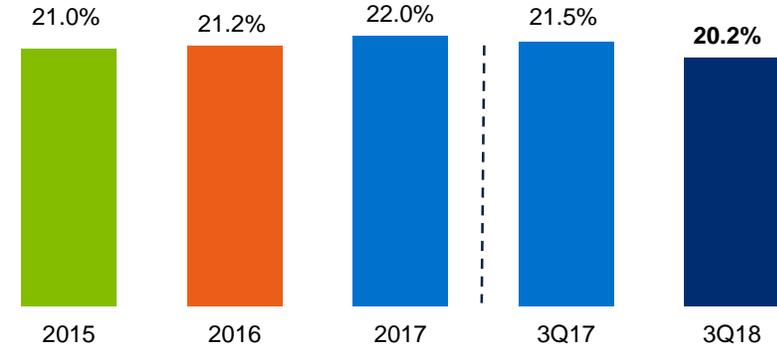
(1) All the figures represent only the notional and exclude accrued interests and mark-to-market of hedges. Debt in local currency converted using US\$ 1 / Ps\$ 18.7231 as of September 30<sup>th</sup>, 2018.

(2) Securitization reflects the amortization amount per year

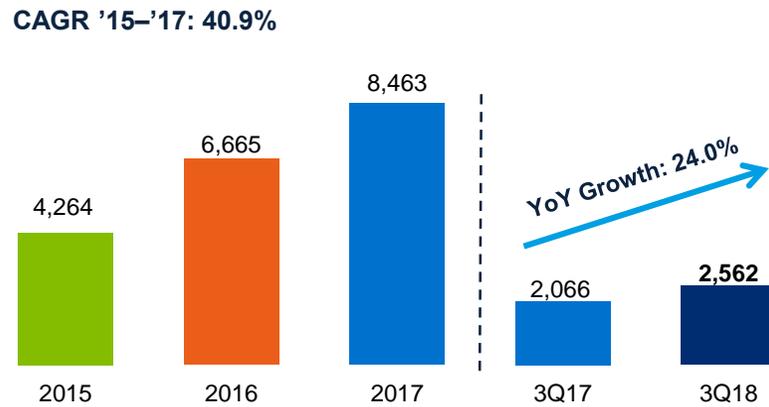
**Loan Portfolio**



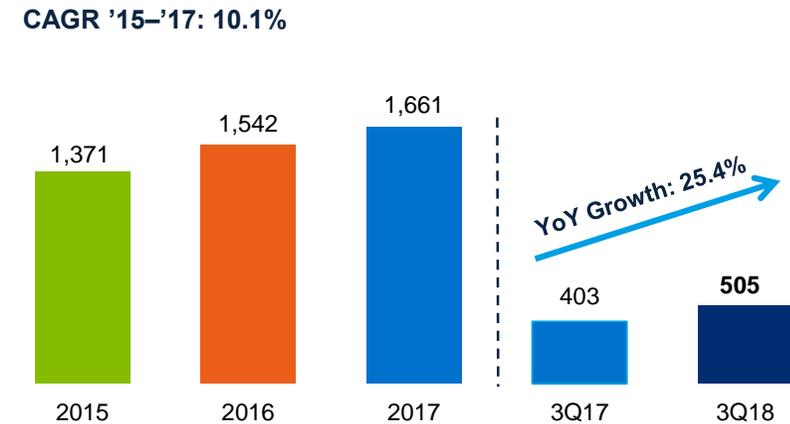
**NIM %**



**Interest income**

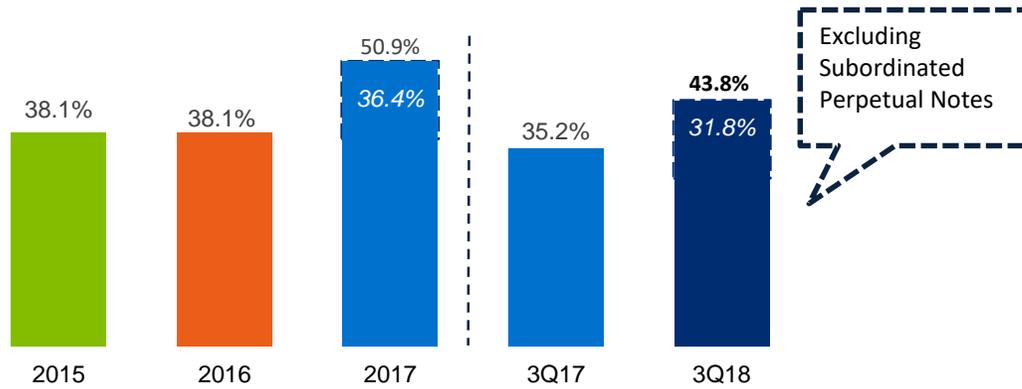


**Net income**

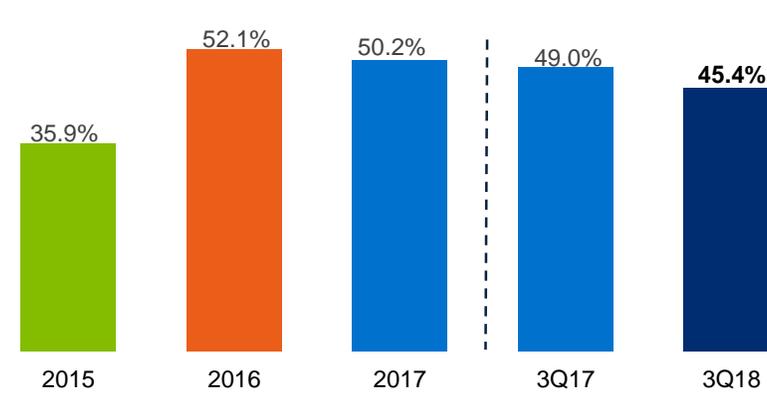


Note: 2016 Figures are presented excluding the non-recurring item

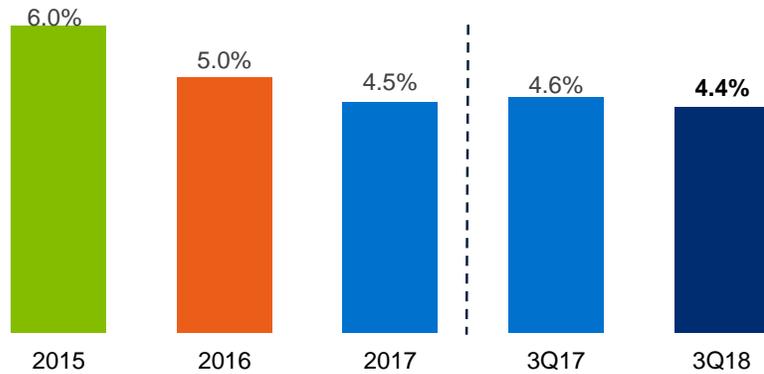
**Capitalization**



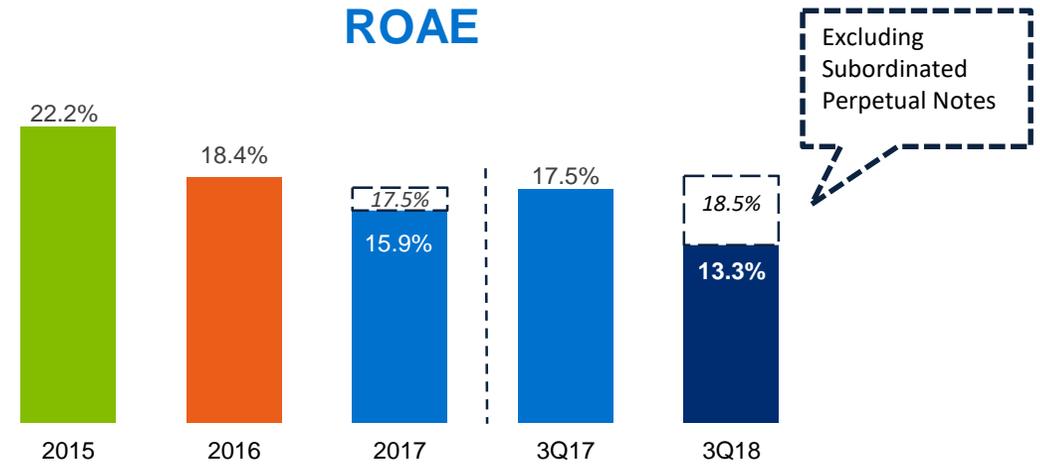
**Efficiency**



**ROAA**

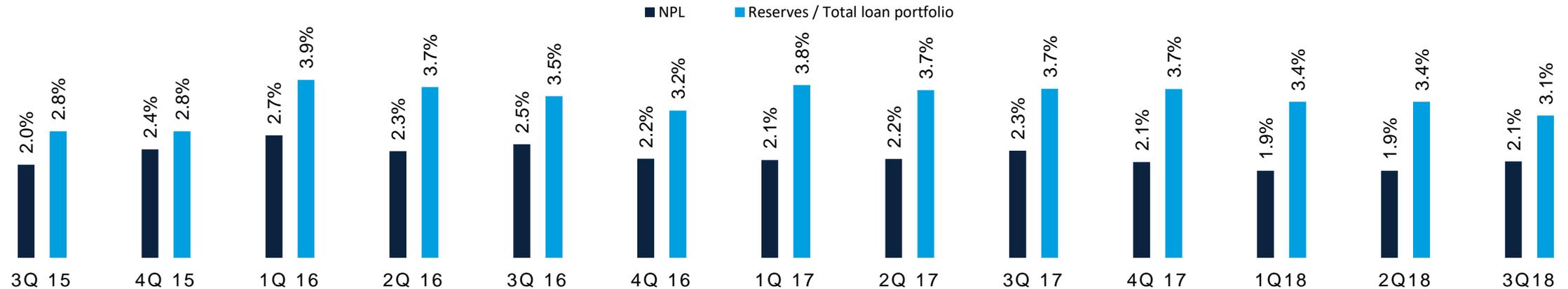


**ROAE**



Note: 2016 Figures are presented excluding the non-recurring item

## Stable levels of NPLs with sufficient reserves<sup>1</sup>



## Average NPLs comparison

Product	Credito Real <sup>2</sup>	Banking Sector <sup>3</sup>
Payroll	1.2%	2.9%
SMEs	2.5%	1.7%
Used Cars	0.9%	1.7%
Instacredit	7.3%	1.8% <sup>4</sup>
Others	6.1%	5.9%
<b>Total</b>	<b>2.1%</b>	<b>2.8%</b>

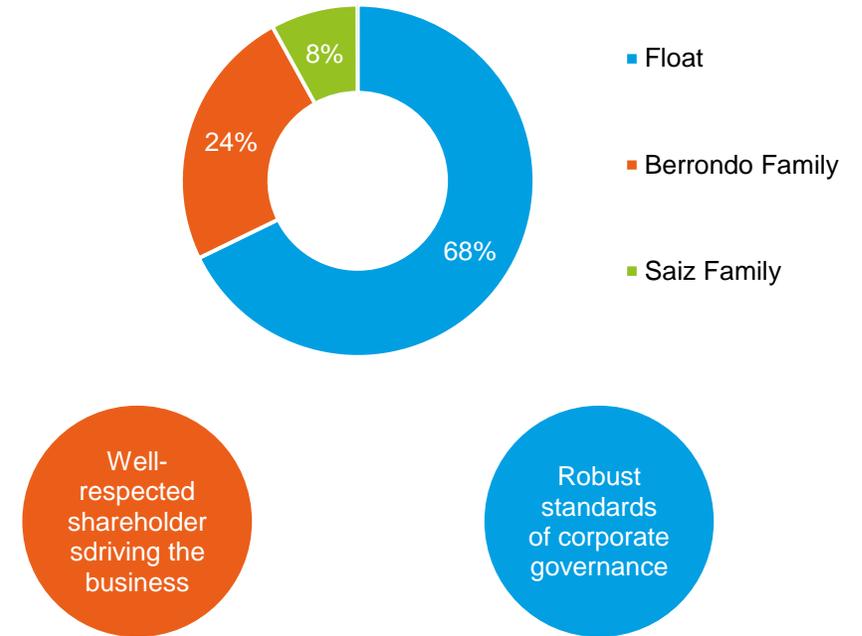
- Selective with distributors and government entities
- Specialized collection management
- Income and risk shared with distributors
- Loan structure to reduce default risk
- Regional footprint

(1) Reserves calculated as end of period allowance for loan losses divided by total loan portfolio  
 (2) 3Q18 Company filings  
 (3) Average LTM As of September, 2018. Source: CNBV  
 (4) Metric: Costa Rica's non-banking financial sector. Average LTM ended on September, 2018. Source: SUGEF

## Proprietary members

Ángel Francisco Romanos Berrondo	Chairman	Credito Real CEO
José Luis Berrondo Ávalos	Member	Non-executive
Eduardo Berrondo Ávalos	Member	Non-executive
Moisés Rabinovitz Ohrenstein	Independent Member	Non-executive
Iser Rabinovitz Stern	Independent Member	Non-executive
Allan Cherem Mizrahi	Member	Non-executive
Gerardo Ciuk Díaz	Member	Non-executive
Juan Pablo Zorrilla Saavedra	Member	Non-executive
José Eduardo Esteve Recolons	Independent Member	Non-executive
Gilbert Sonnery Garreau-Dombasle	Independent Member	Non-executive
Enrique Alejandro Castillo Badia	Independent Member	Non-executive
Raúl Alberto Farías Reyes	Independent Member	Non-executive

## Shareholders structure



AUDIT COMMITTEE

CORPORATE PRACTICES COMMITTEE

EXECUTIVE COMMITTEE

COMMUNICATION AND CONTROL COMMITTEE

ETHICS COMMITTEE

SECURITIES TRANSACTIONS COMMITTEE

## CORPORATE GOVERNANCE

- Board Structure
- Responsibilities and Committees
- Stakeholders' value
- Philosophy of Transparency

## SOCIAL RESPONSABILITY

- Distinctive ESR (Corporate Social Responsibility)
- Join the United Nation's Global Compact
- Corporate citizenship and philanthropy
- Labor practice indicators
- Talent attraction and retention

## ENVIRONMENTAL

- Environmental policy and management systems



## **Anti-corruption Policy (Foreign Corrupt Practices Act)**

- To prevent and to fight acts of corruption
- To ensure that all of the staff and third parties, with whom we do business have an awareness of and comply with the applicable laws and regulations which relate to prevent different forms of corruption.
- To sought to highlight the importance of the Company's core values, such as honesty, respect, awareness, consistency and transparency in the performance of their daily activities.

## **Corporate Social Responsibility**

- Training programs for our employees, with special emphasis on anti-corruption and money laundering prevention
- We observe fair operating practices

## **Corporate Governance**

- We have a number of committees to carry out our operations in the most efficient and ethical manner
- During 2018 we increased the proportion of Independent Directors, from 33% to 50%
- Our Board members count with a high reputation, given their extensive business experience and executive track record

**Our best-in-class corporate bodies allow us to perform this process efficiently, while ensuring a clear, accurate and timely disclose of the information**

<i>Ps. million</i>	<b>3Q18</b>	<b>3Q17</b>	<b>% Var.</b>	<b>3Q18</b> (million dollars)	<b>YTD'18</b>	<b>YTD'17</b>	<b>% Var.</b>	<b>YTD'18</b> (million dollars)
Interest Income	2,562.0	2,065.8	24.0	136.8	7,465.7	6,110.8	22.2	398.7
Interest Expense	(833.0)	(669.5)	24.4	(44.5)	(2,428.9)	(1,924.1)	26.2	(129.7)
<b>Financial Margin</b>	<b>1,728.9</b>	1,396.3	23.8	92.3	5,036.8	4,186.8	20.3	269.0
Provision for Loan Losses	(472.0)	(354.9)	33.0	(25.2)	(1,348.3)	(951.9)	41.6	(72.0)
<b>Adjusted Financial Margin</b>	<b>1,256.9</b>	1,041.4	20.7	67.1	3,688.5	3,234.8	14.0	197.0
Commissions and fees collected	188.2	186.8	0.7	10.1	564.0	602.1	(6.3)	30.1
Commissions and fees paid	(55.9)	(54.6)	2.3	(3.0)	(177.8)	(174.3)	2.0	(9.5)
Intermediation income	31.4	126.4	(75.2)	1.7	81.1	109.5	(26.0)	4.3
Other income from operations	157.6	81.2	94.0	8.4	330.8	265.1	24.8	17.7
Administrative and promotion expenses	(941.4)	(806.1)	16.8	(50.3)	(2,704.5)	(2,419.7)	11.8	(144.4)
<b>Operating result</b>	<b>636.8</b>	575.1	10.7	34.0	1,782.0	1,617.6	10.2	95.2
Income Taxes	(156.4)	(159.3)	(1.8)	(8.4)	(437.5)	(398.0)	9.9	(23.4)
Income before participation in the results of subsidiaries	480.4	415.8	15.5	25.7	1,344.4	1,219.5	10.2	71.8
Participation in the results of subsidiaries, associates and non-controlling participation	25.0	(12.8)	-	1.3	42.8	2.6	1,534.3	2.3
<b>Net Income</b>	<b>505.4</b>	403.0	25.4	27.0	1,387.3	1,222.1	13.5	74.1

<i>Ps. million</i>	<b>3Q18</b>	<b>3Q17</b>	<b>Var. %</b>	<b>4Q17</b>	<b>Var. %</b>	<b>3Q18 (USD)</b>
Cash and cash equivalents	459.7	580.2	(20.8)	810.6	(43.3)	24.6
Investments in securities	997.7	740.9	34.7	356.3	-	53.3
Securities and derivatives transactions	-	-	-	1,920.9	-	-
Total performing loan portfolio	34,210.1	26,054.7	31.3	28,409.8	20.4	1,827.2
Total non-performing loan portfolio	736.3	623.2	18.1	605.2	21.7	39.3
<b>Loan portfolio</b>	<b>34,946.4</b>	<b>26,677.9</b>	<b>31.0</b>	<b>29,015.0</b>	<b>20.4</b>	<b>1,866.5</b>
Less: Allowance for loan losses	1,095.2	982.7	11.5	1,067.5	2.6	58.5
Loan portfolio (net)	33,851.2	25,695.2	31.7	27,947.5	21.1	1,808.0
Other accounts receivable (net)	5,486.3	3,839.2	42.9	4,803.1	14.2	293.0
Foreclosed assets (net)	-	9.7	-	3.3	-	-
Property, furniture and fixtures (net)	353.0	348.5	1.3	342.2	3.2	18.9
Long-term investments in shares	1,145.1	1,021.0	12.2	1,265.3	(9.5)	61.2
Deferred taxes (net)	-	-	-	329.8	-	-
Debt insurance costs, intangibles and others	4,730.8	4,196.0	12.7	4,458.5	6.1	252.7
<b>Total assets</b>	<b>47,023.8</b>	<b>36,430.8</b>	<b>29.1</b>	<b>42,237.5</b>	<b>11.3</b>	<b>2,511.5</b>
Notes payable (Securizations)	850.9	3,463.1	(75.4)	1,006.7	(15.5)	45.4
Senior notes payable	15,446.0	11,583.9	33.3	13,537.1	14.1	825.0
Bank Loans and borrowings from other entities						
Short-term	6,851.8	3,401.5	-	2,927.9	-	366.0
Long-term	4,716.9	6,244.3	(24.5)	6,112.8	(22.8)	251.9
Total Bank Loans	11,568.7	9,645.8	19.9	9,040.6	28.0	617.9
<b>Total Debt</b>	<b>27,865.6</b>	<b>24,692.7</b>	<b>12.8</b>	<b>23,584.5</b>	<b>18.2</b>	<b>1,488.3</b>
Income taxes payable	367.7	302.1	21.7	407.1	(9.7)	19.6
Securities and derivative transactions	245.8	274.4	(10.4)	137.6	78.5	13.1
Other accounts payable	1,139.3	223.7	-	1,626.0	(29.9)	60.8
Deferred taxes	2,098.0	1,549.0	35.4	1,713.9	22.4	112.1
<b>Total liabilities</b>	<b>31,716.3</b>	<b>27,041.9</b>	<b>17.3</b>	<b>27,469.2</b>	<b>15.5</b>	<b>1,694.0</b>
Capital stock	2,142.6	2,130.8	0.6	2,122.8	0.9	114.4
Perpetual Notes	4,206.7	-	-	4,206.7	-	224.7
Accumulated results from prior years	6,978.1	5,543.9	25.9	5,575.5	25.2	372.7
Result from valuation of cash flow hedges, net	(161.1)	(17.5)	-	359.7	-	(8.6)
Cumulative translation adjustment	(118.3)	(109.3)	8.2	93.7	-	(6.3)
Controlling position in subsidiaries	872.1	618.8	40.9	748.9	16.5	46.6
Net Income	1,387.3	1,222.1	13.5	1,661.1	(16.5)	74.1
<b>Total stockholders' equity</b>	<b>15,307.4</b>	<b>9,388.8</b>	<b>63.0</b>	<b>14,768.4</b>	<b>3.7</b>	<b>817.6</b>
<b>Total Liabilities and Stockholders' equity</b>	<b>47,023.8</b>	<b>36,430.8</b>	<b>29.1</b>	<b>42,237.5</b>	<b>11.3</b>	<b>2,511.5</b>

	<b>3Q18</b>	<b>3Q17</b>	<b>% Var.</b>	<b>YTD'18</b>	<b>YTD'17</b>	<b>% Var.</b>
Yield	29.9%	31.9%	(2.0)	30.9%	32.6%	(1.7)
Net Interest Margin	20.2%	21.5%	(1.4)	20.8%	22.3%	(1.5)
Return on Average Loan Portfolio	5.9%	6.2%	(0.3)	5.7%	6.5%	(0.8)
ROAA: Return on average assets	4.4%	4.6%	(0.2)	4.2%	4.6%	(0.5)
ROAE: Return on average stockholders' equity	13.3%	17.5%	(4.2)	12.4%	17.9%	(5.5)
ROAE: Return on average stockholders' equity (excluding Perpetual Notes)	18.5%	17.5%	0.9	17.3%	17.9%	(0.6)
Debt to Equity Ratio	1.8	2.6	(0.8)	1.8	2.6	(0.8)
Debt to Equity Ratio (excluding Perpetual Notes)	2.5	2.6	(0.1)	2.5	2.6	(0.1)
Average cost of funds	12.0%	11.2%	0.8	11.3%	10.8%	0.6
Efficiency ratio	45.4%	49.0%	(3.6)	45.2%	48.8%	(3.6)
Capitalization Ratio	43.8%	35.2%	8.6	43.8%	35.2%	8.6
Capitalization Ratio (excluding Perpetual Notes)	31.8%	35.2%	(3.4)	31.8%	35.2%	(3.4)
Provisions for loan losses as a percentage of total loan portfolio	5.3%	5.2%	0.1	5.1%	4.8%	0.4
Allowance for loan losses as a percentage of total past-due loan portfolio	148.8%	157.7%	(8.9)	148.8%	157.7%	(8.9)
Total past-due loan portfolio as a percentage of total loan portfolio	2.1%	2.3%	(0.2)	2.1%	2.3%	(0.2)

# Distribution Platform to Reach our Target Clientele

Key Subsidiaries   Ownership		Distribution	Presence	
 Payroll		100%	+ 11 distributors	+ Mexico
		49%	+ +6,000 sale representatives	+ Honduras
		49%		
	NA	70%	+ 46 branches in Costa Rica + 18 branches in Nicaragua and Panama	+ Costa Rica, Nicaragua and Panama
 Used Cars		51%	+ One partnership with 23 branches in 11 states of Mexico	+ Mexico
		80%	+ Two strategic alliances with 4 branches and +580 distributors in the USA	+ USA
		99%		
 SMEs	NA		+ Distribution done through Fondo H + 3 sales reps & brokers	+ Mexico
 Others		36%	+ 180 branches	+ Mexico
		23%	+ +1,252 promoters	
		55%	+ Fintech	+ Mexico
		36%	+ Internet platform	+ Mexico

Source: Credito Real. Notes: (1) Instacredit products include: personal loans, auto loans, SME loans and home equity loans.

# Specialized Products to Reach our Target Segments

Product	Description	Portfolio Contribution	Target Customer	Annual Interest Rate	Avg. Term (months)	Customers	Avg. Loan Amount (Ps\$)	Strategy
<b>PAYROLL</b>	Payroll deductible loans with fixed payments	69%	Unionized state and federal public employees, retirees and pensioners C+, C- and D+	50%	48	399,836	60,513	Pensioners market development
<b>INSTACREDIT</b>	Personal loans, auto loans and SMEs loans	13%	Lower middle to low income segment of the population in Central America	57%	22 - 60	180,723	24,347	Efficiency in funding cost and general expenses Improvement in asset quality
<b>USED CARS MX</b>	Financing semi-new and used cars	2%	Professionals (Mexico)	45%	12 – 48	7,634	110,921	Drive & Cash expansion Enlarge dealers network Increase competition
<b>USED CARS USA</b>	Financing semi-new and used cars	5%	Hispanic market (USA) C+, C, C- and D	21%	54 (Don Carro) 62 (AFS)	8,565	218,814	Enlarge dealers network Launch of the new Credito Real USA brand, merger of Don Carro and CR USA, Coupled with the enhancement in servicing and collection
<b>SMEs</b>	Non-revolving short and long-term lines to fund working capital requirements and investment activities	9%	C+, C	18%	3 – 36	516	6.2 million	Increase origination through brokers Diversification of Fondo H portfolio Define new products sized for our clients

Source: Credito Real. Notes: ● % of loan portfolio as of 3Q18.

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