2019

Annual and Sustainability Report

OUR STRONG DRIVE

CRÉDITO REAL®

Rebasa tus límites.

WE HAVE THE STRENGTH WE NEED TO **DRIVE US FORWARD**

AT CRÉDITO REAL WE KNOW THAT OUR FINANCIAL SOLUTIONS CONTRIBUTE TO OFFERING THOUSANDS OF PEOPLE WHO ARE NOT CONSIDERED WITHIN THE TRADITIONAL BANKING SYSTEM A CHANCE TO REACH THEIR GOALS. WE KNOW THAT IT IS BECAUSE OF OUR EMPLOYEES, STRATEGIC PARTNERS, AND SHAREHOLDERS THAT WE HAVE THE STRENGTH WE NEED TO DRIVE US FORWARD **BASED ON OUR HIGHER PURPOSE OF OFFERING OPPORTUNITIES, SATISFYING NEEDS, AND MAKING DREAMS COME TRUE.**

CONTENTS

FINANCIAL HIGHLIGHTS

102-7, 103-1, 103-2, 103-3, 201-1

2019

$11,933 mp revenue from interests	1.3% non-performing loans index	264,087 loans granted in the year
$7.22 mp donated to organisms in civil society		622 employees
1,599.22 GJ energy consumption	81.20 kg waste sent for recycling	443 hours training in human rights

ÁNGEL ROMANOS BERRONDO
Director General de Crédito Real

MESSAGE FROM THE **CEO**

102-14, 102-15

THE 2019 CRÉDITO REAL ANNUAL AND SUSTAINABILITY REPORT COMMUNICATES TO OUR SHAREHOLDERS INFORMATION ON OUR FINANCIAL, SOCIAL, AND ENVIRONMENTAL PERFORMANCE. OUR GOAL IS NOT ONLY TO MAKE OUR OPERATION MORE TRANSPARENT, BUT ALSO TO SHOWCASE THOSE GREAT ACHIEVEMENTS AND EFFORTS THAT HAVE ENABLED US TO MAKE OUR COMPANY A POINT OF REFERENCE IN OUR SECTOR.

For Crédito Real, 2019 was once again an important year for growth during which our yearly results were good—despite the challenging environment we faced in Mexico—providing us with the drive we needed to achieve the objectives established in our budget. During 2019, our total loan portfolio increased by 29.3%.

Our Payroll portfolio was up 13.8%, at MXN $28,242 million by year-end 2019. In Central America, where the political and economic environment was extraordinarily complex, Instacredit continued to position itself as our second most relevant geographic region. At year-end, the portfolio stood at MXN $4,918 million, for a 10.2% growth. In our Used Cars business segment, our portfolio registered considerable growth in Mexico (53% year-over-year)—mainly due to the efforts carried out by our internal salesforce—and in the US (101%), resulting from the consolidation of the CR USA Finance business, headquartered in Florida, which offered loans in 26 states in the US through a wide network of used car dealerships.

As to the most relevant indicators in our consolidated operation, our Non-performing Loans Index at year-end was at 1.3%, ranking among the most solid in the market. Closing the year with such a low default range is proof of how solid our operation and business model are.

Likewise, it is important to point out that we have made a continuous effort to consolidate a compact, highly efficient operation, by honing our operational structure in an effort to strengthen our underlying fundamentals to underpin profitability and cash flow.

On the other hand, and in line with our strategy to obtain alternative sources of funding, we subscribed a line of credit for USD $50 million from IDB Invest. These resources will be allocated to granting SMEs loans to women, which constitutes a milestone in the company's path towards positioning itself as a leading institution with female entrepreneurs in Mexico in addition to contributing to the consolidation of a better debt mix. Likewise, in this context we implemented the second issue of our retiree loan portfolio securitization program, for MXN $750 million, to leverage the lower interest rates trend.

Also noteworthy was the iconic celebration of our first CREAL Investor Day in New York, during which we discussed the company's strengths and opportunities, as well as our strategy and prospects, making it an extraordinary forum in which to strengthen our positioning in international markets.

In an effort to offer our employees a work environment of respect and continuous learning, we adhered to several national and international initiatives such as the UN's Women's Empowerment Principles and the *Empresa Socialmente Responsable* (Socially Responsible Company), ESR, and *Empresa Familiarmente Responsable* (Family Responsibility Company) awards, and we continue to participate in the United Nations Global Compact, among other initiatives. Additionally, we offered our employees more than 14,000 hours of training over the course of the year to promote their comprehensive development.

In terms of our environmental stewardship, we reuse all the water we consume, and, for the first time, we are reporting our Scope 3 emissions as part of an effort to make our operation's impact more transparent.

In this way, we are reaffirming our commitment to our stakeholders by ensuring that sustainability—economic, social, and environmental—continues to be a pillar for the growth of our business.

IT IS IMPORTANT TO POINT OUT THAT **WE MAKE A PERMANENT EFFORT TO CONSOLIDATE A COMPACT, HIGHLY EFFICIENT, OPERATION** BY HONING OUR OPERATIONAL STRUCTURE.

ÁNGEL ROMANOS BERRONDO
Chief Executive Officer Crédito Real

WE ARE CRÉDITO REAL

WE ARE A MEXICAN COMPANY WITH MORE THAN 25 YEARS' EXPERIENCE IN OFFERING FINANCIAL SOLUTIONS—THROUGH INNOVATIVE PRODUCTS—TO SEGMENTS THAT ARE USUALLY NEGLECTED BY THE TRADITIONAL BANKING SYSTEM.

102-4

We are present in Mexico, the US, Costa Rica, Panama, Honduras, and Nicaragua.

OUR **HISTORY**

1993

STARTED OPERATIONS BY GRANTING DURABLE GOODS AND CONSUMER GOODS LOANS.

1995

ISSUED OUR FIRST PUBLIC DEBT.

2004

STARTED OPERATING PAYROLL LOANS.

2007

STARTED OPERATING GROUP LOANS.

2010

ISSUED OUR FIRST INTERNATIONAL BOND FOR USD $210.00 MILLION, AT A 10.25% RATE.

2012

LISTED ON THE MEXICAN STOCK EXCHANGE (BMV).

BEGAN THE SMES AND USED CAR LOANS BUSINESS.

2013

ADHERED TO THE 10 PRINCIPLES OF THE GLOBAL COMPACT.

WERE RECOGNIZED BY *WORLD FINANCE* AS ONE OF THE TOP 100 FINANCIAL COMPANIES IN THE WORLD. RANKED 17TH IN THE BANKING, SECURITIES AND FINANCE CATEGORY (FOR COMPANIES WITH FEWER THAN 1,000 EMPLOYEES) AND 89TH IN GENDER EQUALITY IN THE *GREAT PLACE TO WORK* (GPTW) RANKING.

2014

ISSUED A 7.50% INTERNATIONAL BOND FOR USD $425 MILLION, MATURING IN 2019; OPERATION WAS OVERSUBSCRIBED BY SIX TIMES.

AWARDED THE SOCIALLY RESPONSIBLE COMPANY DISTINCTION (ESR®) FOR THE FIRST TIME.

JOINED THE MEXICO SMALL-CAP INDEX (MSCI).

INSTITUTIONAL INVESTOR MAGAZINE NOMINATED US AS BEST MANAGEMENT TEAM LATAM.

2015

GREW OUR USED CARS BUSINESS IN THE US.

SUCCESSFULLY ISSUED STOCK CERTIFICATES FOR MXN $1 BILLION; OPERATION WAS OVERSUBSCRIBED BY 1.70 TIMES.

2016

ISSUED AN INTERNATIONAL BOND FOR USD $625 MILLION, MATURING IN 2023, AT A 7.25% RATE.

2017

WERE RECOGNIZED BY THE MEXICAN STOCK EXCHANGE AND THE LISTING COMMITTEE AS THE BEST RATED COMPANY IN CORPORATE GOVERNANCE.

ISSUED PERPETUAL SUBORDINATED BONDS FOR USD $230 MILLION, AT A 9.12% RATE. ISSUED THE FIRST PORTFOLIO SECURITIZATION PROGRAM FOR MXN $800 MILLION.

2018

ISSUED A SWISS BOND MATURING IN 2022 FOR CHF $170 MILLION AT A 2.87% RATE, OBTAINING A BB+ RATING BY BOTH FITCH RATINGS AND STANDARD AND POOR'S.

ISSUED A SECOND BOND FOR MXN $615 MILLION, AS PART OF THE PORTFOLIO SECURITIZATION PROGRAM, IN THE *BOLSA INSTITUCIONAL DE VALORES* (INSTITUTIONAL STOCK MARKET), BIVA.

2019

ISSUED NON-SECURED NOTES, MATURING IN 2026, FOR USD $400 MILLION IN THE US.

AMORTIZED INTERNATIONAL 2019 SENIOR NOTES.

ISSUED SENIOR BONDS FOR €350 MILLION, MATURING IN 2027.

ISSUED MXN $750 MILLION OF OUR PORTFOLIO SECURITIZATION PROGRAM.

SUBSCRIBED A FIVE-YEAR LINE OF CREDIT FOR USD $50 MILLION, WITH IDB INVEST.

PHILOSOPHY

102-16

MISSION

To provide financial services that improve our clients' quality of life by providing a differentiated service reinforced by the ethical principles and reputation we are known for and offering continuous innovation in our products.

VALUES

RESPONSIBILITY

Fulfilling our commitments in a timely manner, taking responsibility for the way in which embrace them.

INTEGRITY

Behaving in a committed manner and with a purpose that goes beyond the immediate satisfaction of our own desires, to serve others in an ethical manner.

HUMILITY

Recognizing and embedding the insights of others in a context of learning.

RESPECT

Considering the ideas of others and treating everyone in a dignified and equal manner.

SUPERIOR PURPOSE

OFFER THE OPPORTUNITY TO SATISFY NEEDS AND **MAKE DREAMS COME TRUE.**

CULTURA AZUL (BLUE CULTURE)

Since 2017, under the leadership of our CEO, we have been joining efforts to forge and permeate an internal culture that sets us apart and recognizes us as a company in which all employees can be conscientious leaders: the Cultura Azul—or Blue Culture.

This way of working motivates all of us who are part of Crédito Real to think and behave with integrity, humility, and respect, taking responsibility for every act we perform within and outside our organization.

BUSINESS **SEGMENTS**

102-2, 102-6, 102-7, FS6, FS7, 103-1, 103-2, 103-3, FS14

ACROSS SEVEN BUSINESS SEGMENTS WE SERVE OUR MORE THAN **916,320 CLIENTS*** **WITH PRODUCTS TAILORED TO THEIR NEEDS.**

Payroll
LOANS

Consumer
LOANS

Used car
LOANS

CRÉDITO REAL **USA**

Small- and medium-sized enterprises (SMEs)
LOANS

Group
LOANS

Durable goods loans,
AND OTHERS

* Current loans.

Payroll
LOANS

Aimed at unionized and retired workers in the public sector at the federal and state level, collected through payroll. Our distributor network is composed of 15 partners; we have exclusivity agreements with three of them, with a collective network that includes 303 branches:

- **Kondinero.** We offer loans that are paid via payroll for unionized workers in government entities.
- **Credifiel.** We offer personal loans paid via payroll or direct debit, with a wide range of agreements with government institutions.
- **Crédito Maestro.** We serve workers in the education sector, government entities, and retired workers with tailor-made loans.

AVAILABLE IN MEXICO. 15 PARTNERS. 303 BRANCHES.

Consumer
LOANS

With our subsidiary Instacredit, we make available to low- to mid-income people with no access to banking services, personal loans, and SMEs loans for acquiring a car or mortgage.

AVAILABLE IN COSTA RICA, NICARAGUA, PANAMA, AND HONDURAS. 65 BRANCHES.

Used car
LOANS

We provide financing for buying a used car though contracts with dealerships that sell pre-certified used cars and with commercial vehicles as collateral.

AVAILABLE IN MEXICO. 20 BRANCHES. 506 AGREEMENTS.

CRÉDITO REAL
USA

Offers used car loans and financial services to SMEs through simple loans and factoring, among others, to Hispanic clients with a limited credit history in the US. In order to offer these products, we have established three strategic partnerships with: Crédito Real USA Finance, Crédito Real Business Capital, and Camino Financial. Crédito Real USA Finance has agreements with more than 1,388 dealerships and is available in 26 states in the US; Crédito Real Business Capital and Camino Financial operate in Texas and California.

AVAILABLE IN THE US: LICENSED TO OPERATE IN 26 STATES IN THE US. 1,388 DEALERSHIPS.

Small- and medium-sized enterprises (SMEs)

LOANS

Focused on offering short- and mid-term loans to small- and medium-sized enterprises in Mexico, which are ready to grow. The client base includes businesses in the manufacturing, distribution, services, and textile sectors, among others.

AVAILABLE IN MEXICO. 2 OPERATORS: FONDO H. AND CRÉDITO REAL ARRENDAMIENTO.

Group

LOANS

Geared mainly to women who have no access to banking services, organized in groups of anywhere between 12 and 25 people, who need financing to use as working capital for their microenterprises. We provide these products by means of two partnerships:

- **Contigo.** We provide productive group loans to women in rural areas that help them improve their own quality of life and that of their families.
- **Somos uno.** We offer a solidarity-based group loan to women who own their own business or wish to start one.

AVAILABLE IN MEXICO 2 OPERATORS. 203 BRANCHES. 1,561 PROMOTERS.

Durable goods loans,
AND OTHERS

- **Durable goods loans.** Since are currently undergoing a gradual process to exit this business segment, we are no longer granting these types of loans and are focused on recovering the remaining portfolio.

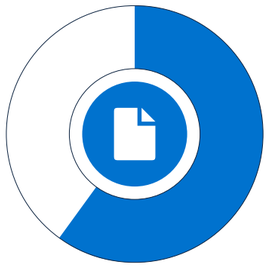
- **Resuelve Tu Deuda.** We offer 14 debt-repair services by establishing a savings plan and restructuring client loans with their creditors. More than 175,000 clients in Mexico, Colombia, Argentina and, most recently, Spain.

- **Credilikeme.** Is a digital personal loans platform that offers same-day loans for an average of MXN $2,800. Credilikeme requires no credit rating from clients and operates under a gamification system. Initially, clients gain access to smaller loans, but as they prepay that loan, Credilikeme grants them a larger loan, at a lower interest rate and longer term.

These origination platforms are independent of each other and operate using different brands and dynamics. Distributors of payroll loans, consumer loans in Central America, used car loans in Mexico and the US, SMEs financing by Fondo H, and group loans, all use their own brands. Through this network, the company leverages its know-how and experience, as well as standardized processes for assessing and approving loans granted by their dealerships, operators, and promoters to offer and process loan products tailored to meet their clients' needs.

2019 Loan portfolio

60.1%



Payroll
LOANS

10.5%

Consumer
LOANS

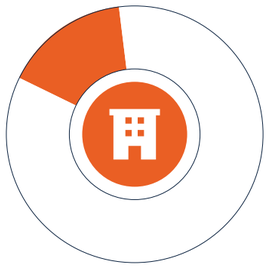
3.0%

Used car
LOANS

8.7%

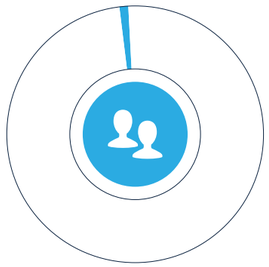
CRÉDITO REAL
USA

15.8%



Small- and medium-sized enterprises (SMEs)
LOANS

1.3%



Group
LOANS

0.6%

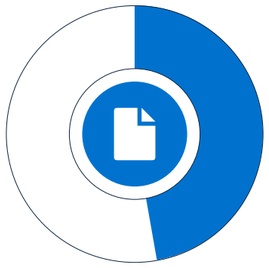
Durable goods loans,
AND OTHERS

	2017	2018	2019	% Δ 2019 vs 2018
Payroll loans	19,307.8	24,807.4	28,242.3	13.8%
Consumer loans	4,612.7	4,462.7	4,918.0	10.2%
Used car loans	613.6	917.7	1,401.0	52.7%
Crédito Real USA	2,100.4	2,030.5	4,081.5	101.0%
Small- and medium-sized enterprises (SMEs) loans	1,746.1	3,676.7	7,419.7	101.8%
Group loans	230.0	70.5	622.4	782.8%
Durable goods loans, and others	404.5	353.6	273.5	-22.7%
Total	**29,015.1**	**36,319.1**	**46,958.4**	**29.3%**

Figures in thousands of pesos.

2019 Clients by product

47.16%



Payroll
LOANS

18.84%

Consumer
LOANS

1.24%

Used car
LOANS

1.34%

CRÉDITO REAL
USA

0.08%

Small- and medium-sized enterprises (SMEs)
LOANS

26.85%

Group
LOANS

4.49%

Durable goods loans,
AND OTHERS

	2017	2018	2019	% Δ 2019 vs 2018
Payroll loans	379,533	404,066	432,173	7.0%
Consumer loans	181,314	173,974	172,628	-0.8%
Used car loans	5,812	8,132	11,360	39.7%
Crédito Real USA	8,342	8,412	12,280	46.0%
Small- and medium-sized enterprises (SMEs) loans	360	575	730	27.0%
Group loans	215,139	208,956	246,029	17.7%
Durable goods loans, and others	42,342	47,754	41,120	-13.9%

Figures in thousands of pesos.

* Starting in 2019 we are reporting used car loans and Crédito Real USA independently; we used to consolidate the information for both products.

2019 Average loan amount by product

MXN
$10.2 millones

Small- and medium-sized enterprises (SMEs)
LOANS

MXN
$332,370

CRÉDITO
Real USA

MXN
$123,330

Used car
LOANS

MXN
$65,350

Payroll
LOANS

MXN
$28,489

Consumer
LOANS

MXN
$6,652

Durable goods loans,
AND OTHERS

MXN
$3,979

Group
LOANS

SEGMENTS[1]	SUPPLIERS OF FINANCIAL SERVICES[2]	PERCENTAGE OF THE POPULATION IN THE MARKET SEGMENT[3]	SEGMENT ON WHICH CRÉDITO REAL IS FOCUSED
A and B	HSBC, citibanamex, BBVA, Unifin	6%	Small- and medium-sized enterprises (SMEs) loans; Used car loans
C+	citibanamex, csp, Unifin, alphacredit	11%	Small- and medium-sized enterprises (SMEs) loans; Payroll loans; Used car loans
C y C-	alphacredit, citibanamex, GENTERA, Financiera Independencia, csb, Crédito Familiar	27%	Payroll loans; Used car loans
D and E	Crédito Familiar, fonacot, GENTERA, Banco Ahorro Famsa, alphacredit, csb, Financiera Independencia	56%	Payroll loans; Group loans

1 Market segments are defined based on monthly family income in accordance to the classification established by the Asociación Mexicana de Agencias de Investigación de Mercado y Opinión Pública (Mexican Association of Market Research and Public Opinion Agencies), AMAI, specifically: level E, between MXN $0.00 and MXN $2,699; level D, between MXN $2,700 and MXN $6,799; level C, between MXN $11,600 and MXN $34,999; level C+, between MXN $35,000 and MXN $84,999; and levels A and B, MXN $85,000 or more.

2 The emblems shown on the table above are used exclusively for this report, either as a reference and/or for informational not-for-profit purposes. Accordingly, these emblems belong to the corresponding institutions, in accordance to what is established by the Instituto Mexicano de Propiedad Industrial (Mexican Industrial Property Institute). The graphic representation of said emblems in this report does not constitute a relationship and/or association of products and/or services between the corresponding emblem holders and Crédito Real.

3 Based on the number of homes with a population of more than 100,000, according to AMAI.

Small- and medium-sized enterprises (SMEs) loans
Used car loans
Payroll loans
Group loans

STRATEGY AND VALUE CREATION

REACHING FURTHER DRIVES US

Since 2013
we adhere to the Global Compact

14 material
topics we address

18 stakeholders
identified

STRATEGY AND VALUE CREATION

Because reaching further drives us, we work to achieve our 2022 vision in accordance to our business model with a sustainable focus that enables us to address topics that are relevant to both our business and our stakeholders.

2022 Vision

102-16

To be the largest non-banking financial institution in the world that serves the Hispanic market, offering specialized and simple financial solutions.

Business model

At Crédito Real we work for the financial inclusion of a sector that is normally not served by traditional banking in Mexico, the US, and Central America. We employ a solid business model through which we collectively leverage our competitive advantages and those of distributors to increase the number of clients by managing credit risk, minimizing financial costs, and offering diversified sources of financing.

During 2019, the consolidation of our business outside of Mexico, particularly in the US, as well as the fact that we issued debt in the local market, in dollars and euros, constituted a milestone that determined our growth for the year, as well as our differentiation with respect to other financial companies.

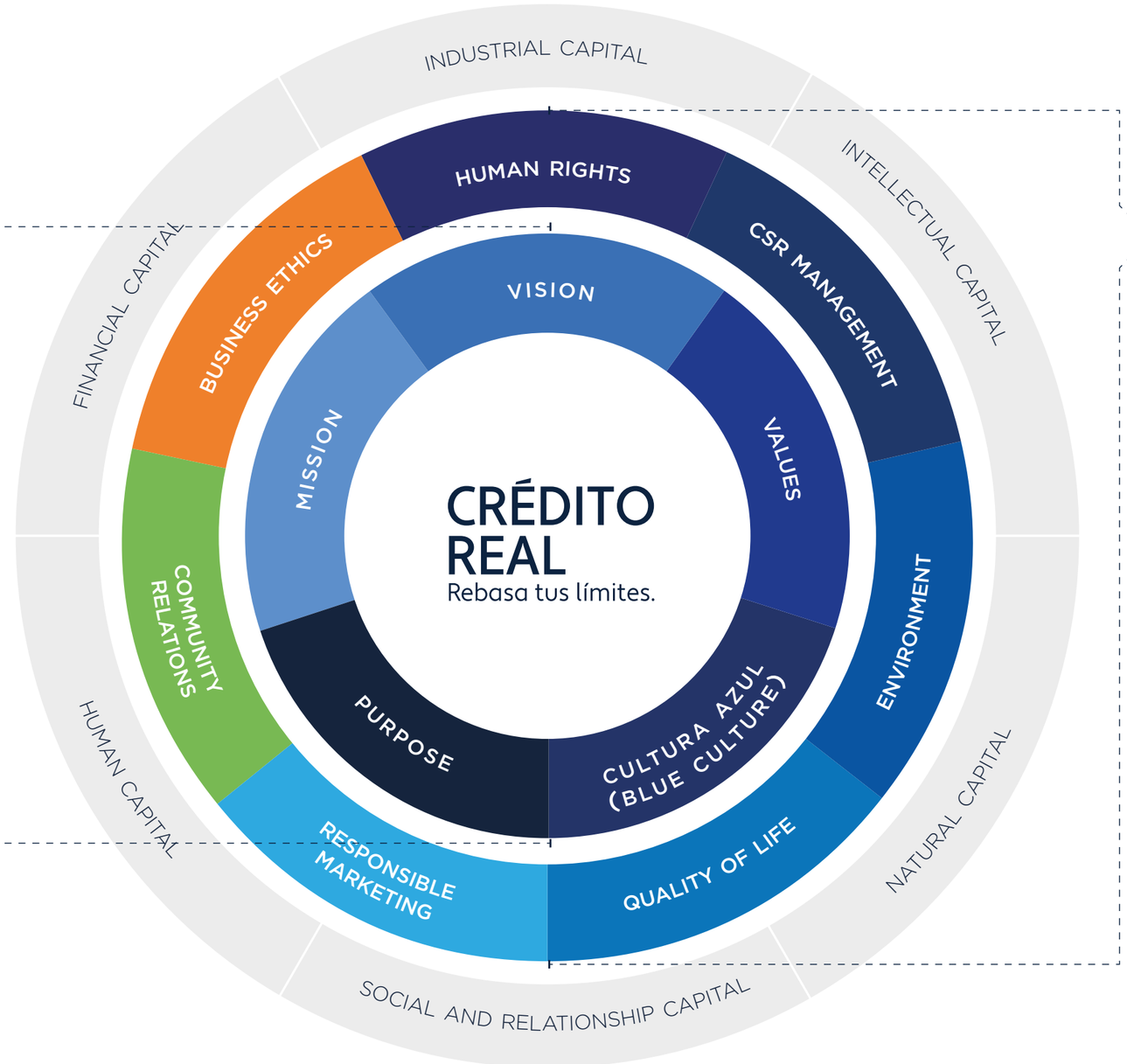
THE FACT THAT IN 2019 **WE REGISTERED A 29.3% INCREASE IN OUR PORTFOLIO**, YEAR-OVER-YEAR, IS AN EXAMPLE OF OUR STRENGTH.

Social Responsibility Model

102-16, 102-20

The strength of our business model is largely the result of our focus on sustainable management which allows us to implement actions that transcend the present without putting future generations at risk.

Within Crédito Real the Finances, Human Resources, Marketing, Internal Control, and Legal divisions are responsible for the decision-making process related to financial, environmental, social, and corporate governance issues.



We manage our actions based on a **SOCIAL RESPONSIBILITY MODEL,** made up of seven strategic pillars that contribute to our sustainable development.

OUR PHILOSOPHY is based on our mission, values, *Cultura Azul*, and purpose.

Global Compact and other initiatives

102-12, 406-1, 408-1, 409-1

In order to implement transcendent actions, in 2013 we adhered to the United Nations Global Compact and, ever since then, we promote its 10 principles regarding human rights, labor standards, environment, and anti-corruption across our value chain.

Our 2019 Annual and Sustainability Report also constitutes our Communication on Progress (CoP), and this is why throughout the document we have included the initials GC to indicate those initiatives through which we contribute to the achievement of these principles.

HUMAN RIGHTS

1 Businesses should support and respect the protection of internationally proclaimed human rights.
2 Businesses should make sure that they are not complicit in human rights abuses.

LABOR STANDARDS

3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4 Businesses should uphold the elimination of all forms of forced and compulsory labor.
5 Businesses should uphold the effective abolition of child labor.
6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7 Businesses should support a precautionary approach to environmental challenges.
8 Businesses should undertake initiatives to promote greater environmental responsibility.
9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10 Businesses should work against corruption in all its forms, including extortion and bribery.

At Crédito Real we reject all forms of discrimination, exploitation of children, and forced labor. During 2019, we received no reports related to these issues.

In order to reinforce and promote the respect for human rights in all the people with whom we currently have a relationship, and with a vision of the future, this year we adhered to **UNICEF's Children's Rights and Business Principles** (CRBP) We recognize that respecting these rights and embedding them in our operation contributes to creating strong communities, with good education levels, and to mitigate potential risks in our value chain, which are essential factors in the development of a stable, inclusive, and highly productive business environment.

To this end, we developed a plan to include these rights through five measures:

1. We developed and promoted the Policy on the Commitment to the Rights of Children and Adolescents.
2. We included in our supplier contracts specific covenants that protect against child labor.
3. We included in our Orientation Manual the Crédito Real agreements with kindergartens and childcare centers, as well as maternity and paternity leaves.
4. We included in our human resources policies the reduction of work hours for breastfeeding mothers, a flexible schedule for both paternity and maternity, maternity leave extensions for health or disability reasons, as well as internal health and safety mechanisms to protect children and adolescents.
5. Orientation programs for our employees on issues concerning care during pregnancy, birth, maternity, paternity, breastfeeding, post-partum depression, among others.

Likewise, in 2019 we adhered to the **UN Women's Empowerment Principles**, an initiative of the UN Global Compact and UN Women that offers guidance to companies on how to promote gender equality and the empowerment of women in the workplace.

RESULTING FROM THIS ADHESION, **WE ARE WORKING TO BALANCE THE NUMBER OF WOMEN IN MANAGEMENT POSITIONS**, FOSTERING THEIR TALENT AND IDENTIFYING THEIR STRENGTHS, ABOVE ALL CREATING TRUST IN BOTH OUR FEMALE AND MALE EMPLOYEES, SO THAT WE CAN ALL WORK AS A TEAM AND REACH FURTHER.

Materiality

103-1, 103-2, 103-3, 102-21, 102-46, 102-47

In this report, we have included data and information consistent with our materiality assessment, which we carried out in 2017, in accordance to the methodology recommended by the Global Reporting Initiative (GRI) in order to understand which topics have an impact on our operation, profitability, positioning in the market, and reputation, as well as the relevance these issues have for our stakeholders.

DURING 2019, WE UPDATED THE STUDY, WHICH IMPLIED **ANALYZING GLOBAL TRENDS IN ORDER TO PRIORITIZE OUR MATERIAL TOPICS BASED ON THE NEW REALITY**, CREATE A WORK PLAN AND, AFTERWARDS, ESTABLISH OBJECTIVES AND INCLUDE THEM IN OUR 2022 VISION. **THE RESULT SHOWED 14 MATERIAL TOPICS.**

MATERIAL TOPICS

- CODE OF BUSINESS ETHICS
- CORPORATE GOVERNANCE
- RISK AND CRISIS MANAGEMENT
- TALENT ATTRACTION AND RETENTION
- OCCUPATIONAL HEALTH AND SAFETY
- SUSTAINABLE FINANCES
- MATERIALITY
- POLICY AND MEASURES AGAINST CRIME
- POLITICAL INFLUENCE
- FINANCIAL INCLUSION
- TAX STRATEGY
- CLIMATE STRATEGY
- LABOR PRACTICES INDICATORS
- ENVIRONMENTAL REPORT

Stakeholders

102-40, 102-42, 102-43, 102-44

WE ESTABLISH CLOSE, OPEN, AND RESPECTFUL RELATIONSHIPS WITH OUR STAKEHOLDERS BY MEANS OF DIVERSE COMMUNICATION CHANNELS. WE USED TO HAVE 29 DIFFERENT WAYS OF COMMUNICATING WITH OUR STAKEHOLDERS, BUT THIS YEAR WE CONSOLIDATED THEM, RESULTING IN JUST 19 SUCH CHANNELS.

COMMUNICATION CHANNELS

1. Internal communications
2. E-mail
3. Surveys
4. Interviews
5. Events
6. Reporting line
7. Media (newspaper, radio, and magazines)
8. Website
9. Volunteer program
10. Social networks
11. Annual reports
12. Quarterly reports
13. Annual meetings
14. Quarterly meetings
15. Monthly meetings
16. Weekly meetings
17. Workshops
18. Phone communication
19. Visits to communities

PARTICIPATION FREQUENCY

- Permanent
- Periodic (monthly, quarterly, bi-yearly)
- Annual

STAKEHOLDERS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Shareholders		Permanent			Periodic	Permanent	Periodic	Permanent		Permanent	Annual	Periodic	Annual	Periodic	Periodic			Permanent	
Partnerships		Permanent	Periodic	Permanent	Periodic	Permanent		Permanent	Annual	Permanent	Annual	Periodic			Periodic			Permanent	Periodic
Authorities, government, and public entities		Permanent			Periodic		Periodic	Permanent	Annual	Permanent	Annual	Periodic		Periodic	Periodic			Permanent	
Rating agencies		Permanent	Periodic		Periodic			Permanent			Annual	Periodic						Permanent	
Education centers		Permanent			Periodic					Permanent								Permanent	Periodic
Clients, distributors, and end users		Permanent			Periodic		Periodic	Permanent		Permanent				Periodic	Periodic		Periodic	Permanent	
Employees	Permanent		Periodic	Permanent	Periodic	Permanent		Permanent	Annual	Permanent	Annual	Periodic			Periodic		Periodic	Permanent	
Competitors			Periodic				Periodic	Permanent		Permanent	Annual	Periodic							
Community			Periodic	Permanent	Periodic		Periodic	Permanent	Annual	Permanent	Annual	Periodic	Annual	Periodic				Permanent	
Board members		Permanent				Permanent	Periodic	Permanent			Annual	Periodic		Periodic				Permanent	
Directors	Permanent		Periodic	Permanent	Periodic	Permanent		Permanent	Annual		Annual	Periodic	Annual	Periodic			Periodic	Permanent	
Affiliate and subsidiaries[1]	Permanent	Permanent	Periodic	Permanent	Periodic	Permanent		Permanent	Annual	Permanent	Annual	Periodic		Periodic			Periodic	Permanent	
Financial intermediaries		Permanent						Permanent				Periodic						Permanent	
Investors and creditors		Permanent					Periodic	Permanent		Permanent	Annual	Periodic						Permanent	
Investors and creditors		Permanent	Periodic	Permanent	Periodic			Permanent	Annual	Permanent	Annual							Permanent	Periodic
Investors and creditors		Permanent		Permanent		Permanent		Permanent		Permanent	Annual						Periodic	Permanent	Periodic
Business partners[2]	Permanent	Permanent	Periodic	Permanent		Permanent	Periodic	Permanent		Permanent	Annual	Periodic					Periodic	Permanent	
Communications Media		Permanent		Permanent			Periodic	Permanent		Permanent								Permanent	

1 Affiliate: a company which, without being a subsidiary of another company, holds less than a 51% share in the first company's capital stock. Subsidiary: company in which another company holds a share of more than 51% in the capital stock.

2 Business or commercial partner: companies which do not hold any capital stock in each other, whose legal relationship consists solely of collaborating in specific businesses, acts, operations, etcetera.

During 2019 we communicated constantly:

We sent
923
emails through the Crédito Real institutional accounts.

We answered
33,200
calls through our Call Center.

We organized
21
events in which 3,264 people participated.

We were mentioned in
308
press stories.

We carried out
15
surveys, in which 2,695 people participated.

We were active in our social networks:

3,948 followers
351 tweets

775 followers
179 posts
3,753 likes

#CreditoReal
#HazloReal
#CreeEnTi
#TeLlevaLejos

141,854 fans
3,065 likes
256 people made comments

635 subscribers
2,708,550 video views
44 likes

1,089,719 user visits

MAKING DREAMS COME TRUE DRIVES US

Tracks
are the measures we promote to be more agile

354 suppliers
are part of our value chain

Cultura Azul
is the organizational culture that gives us an identity

AGILITY AND SERVICE

Making dreams come true drives us, and we know that in order to achieve this it is imperative that we use state-of-the-art technology and have a strong value chain which, in addition to a marketing strategy based on our business' strengths, enables us to reach further.

Digital transformation

At Crédito Real we are invested in our digital transformation and innovation in order to be more agile and efficient in our services offering and to serve our clients with facilities that help them save time.

In 2019, we continued to promote financial sustainability efforts by executing three Tracks: Cultura Azul, business management, and digital transformation. We define a Track as an initiative that enables us to improve or optimize a given process. It is headed by a leader who is in charge of creating the adequate methodology and of verifying that it works well.

We are aware that a key component of Crédito Real's digital transformation is the way in which we ensure information security and continuity in our systems, which is why we have a division that is in charge of developing and maintaining information and communications technologies, managing our databases, offering technical support, in addition to employing cybersecurity tools such as firewalls, antispam, antivirus, IDP, monitoring, and server access controls, among others.

The central platform we use to manage our portfolio is subject to strict security standards and quality controls in alignment to top industry practices. In addition, as part of our risk management processes, we constantly review and analyze these practices in order to identify vulnerabilities and define mitigation measures.

On the other hand, we implement a Business Continuity Plan which allows us to have an updated record of every loan, and of the different stages of their life cycle.

We also have a Disaster Relief Plan in place which establishes the procedures we need to follow in order to recover the operation in case of any emergency or disaster.
These tools, platforms, databases, and plans make up our security strategy, which is based on ISO 27001.

Strategic alliances

102-9, 204-1

Our supply chain is made up of suppliers, affiliates, subsidiaries, and business or commercial partners who collectively function as an extension of the business through which we deliver our products and services to clients.

The Crédito Real Code of Ethics and Conduct is a document which establishes the guidelines for interacting with our suppliers, and includes topics such as compliance with the law and regulations, confidentiality, conflicts of interest, as well as the prohibition of accepting benefits that could affect our employees' decision making.

We select suppliers based on criteria that includes long-term record in the market, quality and guarantees, price and payment terms, delivery times, and post-sale services, striving for them to also share our values and have a reputation of integrity and honesty in their dealings. Depending on how relevant they are for our business, we classify them as critical suppliers.

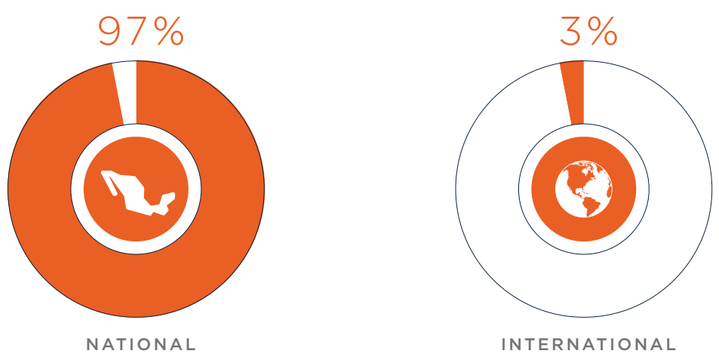
IN 2019, **THE BUDGET ALLOCATED TO SUPPLIERS CAME TO MXN $300 MILLION.**

In June 2019, we drafted a Procurement Manual that establishes the policies and procedures that need to be followed in order for all purchases to be managed in a centralized, efficient, effective, and transparent manner, in alignment with our institutional goals. This manual describes the centralization of all purchases through the procurement division, the number of cost estimates required based on the purchase amount, as well as an annual evaluation of fixed and recurring suppliers.

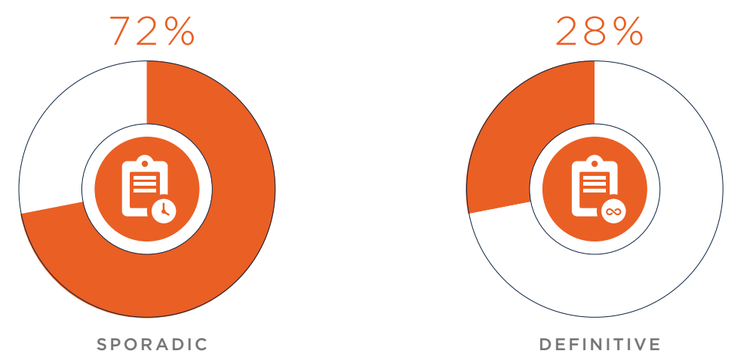
On the other hand, during the purchase itself, we make sure that the processes for supplier participation are equitable, transparent, and fair.

DURING 2019, **WE HAD COMMERCIAL RELATIONSHIPS WITH 354 SUPPLIERS**, OF WHICH 322 WERE SERVICE PROVIDERS AND THE OTHER 22 DELIVERED PRODUCTS.

Origin of the Crédito Real suppliers for 2019



Status of the Crédito Real suppliers for 2019



CULTURA AZUL (BLUE CULTURE)

102-16

In 2016, we carried out an assessment employing an Organizational Culture Inventory (OCI®) in order to measure our employees' perception about what they believe that Crédito Real expects from them either implicitly or explicitly. The following year, under the leadership of our CEO, we began to internally create a Conscientious Culture, a transversal mid-term project with which we were striving to forge an organization culture that sets us apart and identifies us as a company: the Cultura Azul (or Blue Culture).

This Blue Culture defines the way in which we behave at Crédito Real:

- We assume our responsibility.
- We act with integrity.
- We say our truth and listen to that of others with humility and respect.
- We search for constructive solutions to disagreements.
- We honor our commitments.

Since then, the purpose of our organization has been to consolidate this Blue Culture, motivating all employees who are part of Crédito Real to think and act in a collaborative, constructive, creative, and high-quality manner in order to become conscientious leaders who behave assuming their responsibility and who act with integrity, humility, and respect in the performance of their daily activities.

To this end, during 2019 we reinforced communications with our workforce in order to permeate the Blue Culture to all levels of the company, defining what is expected of each employee and how to "be blue" by incorporating the Decalogue which frames these principles.

BLUE DECALOGUE

1. Live in a manner that is congruent with our values.
2. Encourage and inspire others by example.
3. Establish positive relationships with everyone.
4. Work in a collaborative manner.
5. Always consider what is best for Crédito Real.
6. Commit to what we need to do.
7. Establish challenging, albeit them realistic, goals, and pursue them with enthusiasm.
8. Demand the best results from others and from ourselves, in a framework of mutual respect.
9. Have a sense of accomplishment and personal and professional growth.
10. Create relationships based on trust with all the people with whom we interact.

WE ARE AWARE THAT, IN ORDER TO CONTINUE TO GROW AS A COMPANY, IN ADDITION TO HAVING A STRONG BUSINESS STRATEGY, **WE NEED TO SURPASS OUR LIMITS AND EVOLVE TOWARDS A CULTURE THAT ENABLES US TO MAXIMIZE OUR EFFECTIVENESS.**

FINANCIAL PERFORMANCE

CONQUERING NEW GOALS DRIVES US

MXN
$11,933
interest revenue

34.2%
capitalization

29.3%
growth in the loan portfolio

FINANCIAL PERFORMANCE

Because conquering new goals drives us, our work is focused on our 2022 Vision, but without limiting ourselves to the future. The fact that we have maintained sustained growth over the past few years and have consolidated our success in the market reflects this.

We expanded our vision

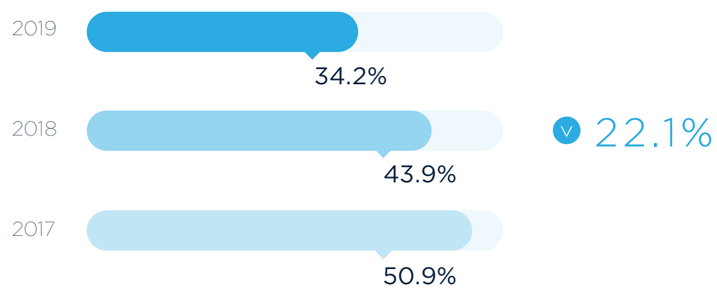
In order to continue creating long-term value for our stakeholders, it is important that we are able to ensure the profitability of our business and expand our vision. To this end, we measure Crédito Real's economic performance through different financial and operational indicators.

Concept[1]	2017	2018	2019	% Δ 2019 vs 2018
Interest revenue	$8,557.34	$10,287.60	$11,933.00	15.99%
Commissions and fees charged	$826.39	$564.10	$515.70	-8.58%
Other revenue2	$503.11	$404.32	$282.85	-30.04%
Associated share of profit[3]	$23.90	$97.16	-$57.27	-158.95%
Economic value generated [4]	**$9,910.74**	**$11,353.18**	**$12,674.22**	11.64%
Interest expense (payments to fund suppliers)	$2,726.10	$3,207.40	$4,671.1	45.63%
Commissions and fees charged	$234.61	$256.00	$373.45	45.88%
Administrative and promotion expenses[5]	**$3,417.50**	**$3,483.10**	**$3,607.02**	3.56%
Administrative and promotion expenses	$1,828.13	$1,909.36	$2,034.61	6.56%
Investments in social responsibility programs	$1.30	$1.10	$1.11	0.95%
Donations to organisms in civil society	$4.10	$3.64	$7.22	98.41%
Sponsorships	$1.97	$2.00	$1.60	-20.00%
Employee salaries and benefits	$1,582.00	$1,567.00	$1,562.48	-0.29%
Taxes	$528.30	$650.60	$735.94	13.12%
Dividends paid	$96.80	$193.44	$265.77	37.39%
Net Income	$1,661.14	$1,955.36	$1,980.11	1.27%
Economic value distributed[6]	**$7,003.31**	**$7,790.54**	**$9,653.28**	23.91%
Economic value retained[7]	**$2,907.43**	**$3,562.64**	**$3,021.00**	-15.20%

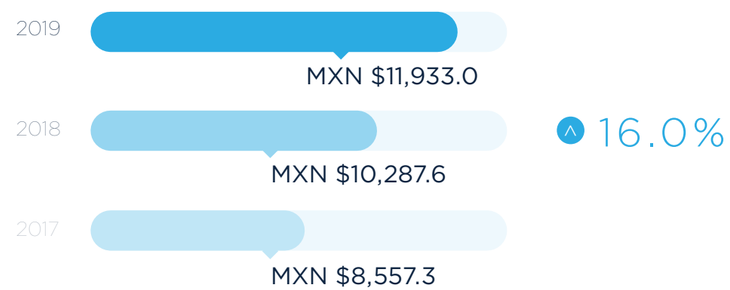
Loan portfolio	$29,015.04	$36,319.12	$46,958.42	29.3%
Capitalization	50.9%	43.5%	34.2%	-9.3%
Net profit per share	$4.24	$4.99	$5.22	4.6%
ROAA	4.50%	4.20%	3.53%	-0.7%
ROAE	15.90%	12.90%	12.27%	-0.6%
Net interest margin	22.20%	20.80%	17.11%	-3.7%
Non-performing loans index	2.10%	1.70%	1.35%	-0.4%

1 Figures in millions of pesos, except for Capitalization, ROAA, ROAE, Net interest margin, and Non-performing loan index, which are shown as a percentage.
2 For this concept, we added the Result for Intermediation with Other revenue from the operation.
3 The value for this item is obtained by subtracting the Share of results for associates from the Non-controlling share.
4 Economic value generated is the result of the sum of the following items: Revenue, Commissions and fees charged, Other revenue, and Share of profit for associates.
5 For the purpose of this report, administrative expenses in this table are distributed in five items: Administrative and promotion expenses, Investments in social responsibility programs, Donations to organisms in civil society, Sponsorships, and Employee salaries and benefits.
6 Economic value distributed is the result of the sum of the following items: Interest expenses (payments to fund suppliers), Commissions and fees paid, Administrative and promotion expenses, Taxes, Dividends paid, Investment in social responsibility programs, Donations to organisms in civil society, Sponsorships, and Employee salaries and benefits.
7 Economic value retained is the difference between economic value generated and distributed.

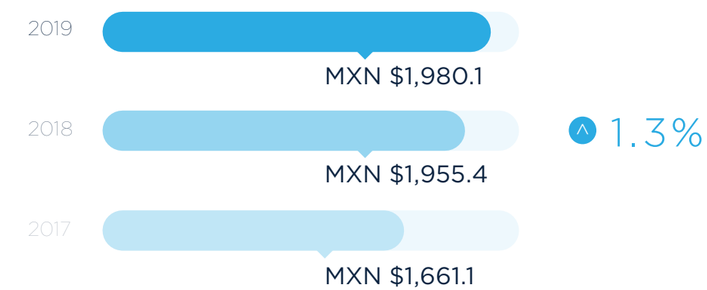
Capitalization*



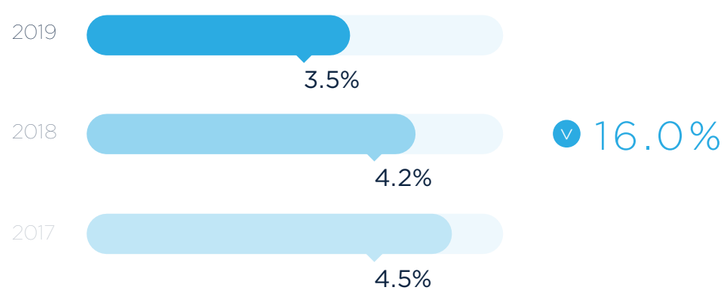
Interest revenue
millions of pesos



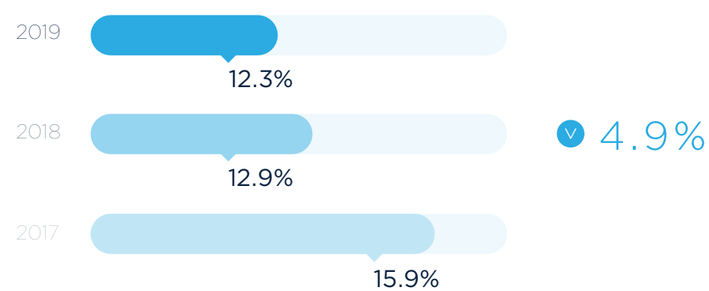
Net income
millions of pesos



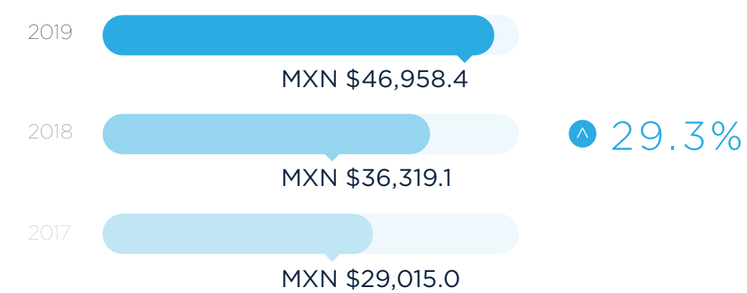
ROAA



ROAE



Loan portfolio
millions of pesos



* Includes Perpetual Subordinated Bond

CREAL listing

CRÉDITO REAL IS LISTED ON THE MEXICAN STOCK EXCHANGE UNDER THE TICKER CREAL.

The top share price in 2019 was MXN $24.49, and the lowest was MXN $17.69.

We have been listed on the FTSE BIVA1 index since 2018. It includes 57 mid- and large-sized Mexican companies in the telecommunications, transportation, mining, banking, and retail sectors, among others.

A focus on taxes

103-1, 103-2, 103-3, 207-1, 207-3

Our tax strategy includes principles that inspire corporate social responsibility: compliance with fiscal obligations in accordance to applicable law; reasonably interpreting tax legislation and paying taxes in accordance to the true legal nature of the tasks carried out; avoid using structures whose sole purpose is to obtain a tax benefit; and promote collaborative and transparent relationships with fiscal authorities.

The Tax Manager and Accounting and Comptrollership Directors are in charge of approving and reviewing the tax strategy, always striving to adopt best practices in order to ensure the best possible legal and economic security for Crédito Real and our shareholders.

1 BIVA: Bolsa Institucional de Valores (Institutional Stock Exchange).

Competitive advantages

At Crédito Real our priority is to help improve the quality of life for anyone who choses our products by offering them a differentiated service, with ethics and integrity. To this end, we have identified nine competitive advantages that position us as the best option for our clients.

Proven history and ample experience in the provision of loan products that are easy to understand for segments in the population who are underserved.

A high-quality loan portfolio with strong performance.

Solid and diversified creation platform.

Diversified credit risk.

Scalable operation with proprietary technological platforms.

Stable cash flow generation combined with strong capitalization and access to diverse sources of financing.

Platform developed by Crédito Real and designed specifically for the client segments we serve.

Experienced **management team.**

Shareholder support.

ACHIEVING SUCCESS TOGETHER DRIVES US

MXN
$3.7 MILLION
invested in Crédito Real Tennis Center

622
employees

MXN
$6.3 MILLION
invested in training

TALENT AND COMMUNITY

In order to be successful together, we aim to offer our employees benefits, permanent training, evaluations to detect potential improvements, and the working conditions needed for them to grow professionally and personally.

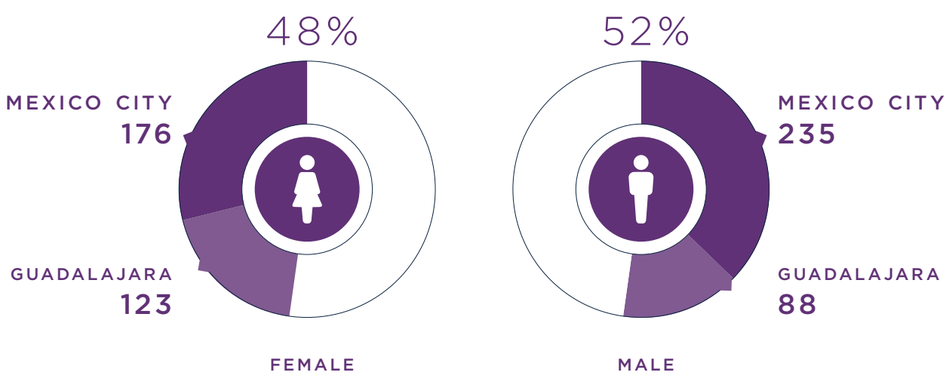
Attracting the best talent

102-7, 102-8, 102-41, 202-1, 202-2, 103-1, 103-2, 103-3, 401-1, 401-2, 401-3, 103-1, 103-2, 103-3, 405-1, 405-2, PM3

At Crédito Real we strive to increase our productivity, strengthen competitiveness in the market and leverage the human capital that grants us an identity. We are aware that the success we have achieved is the result of a strong and diverse team composed of 622 employees who workday in and day out with the goal of achieving our business vision.

100% OF OUR EMPLOYEES ARE EMPLOYED ON A FULL-TIME BASIS AND 1% ARE UNIONIZED.

2019 Workforce distribution by gender and location

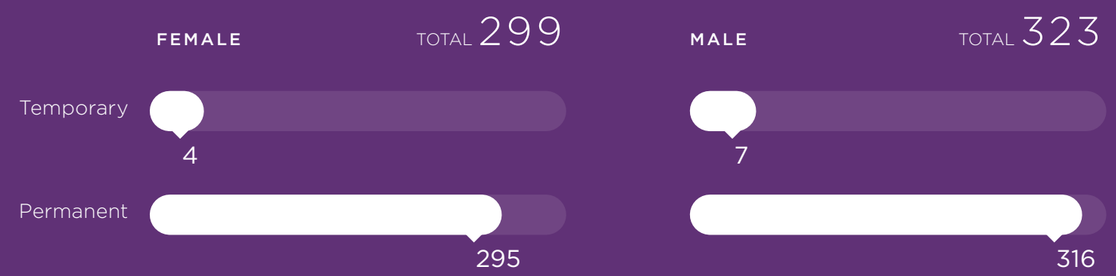


2017-2019 Workforce by gender

	2017	2018	2019	% Δ 2019 vs 2018
Female	270	275	299	8.73%
Male	274	313	323	3.19%
Total	**544**	**588**	**622**	**5.78%**

WE HAVE A DIVERSE WORKFORCE, OF WHICH **48% ARE WOMEN.**

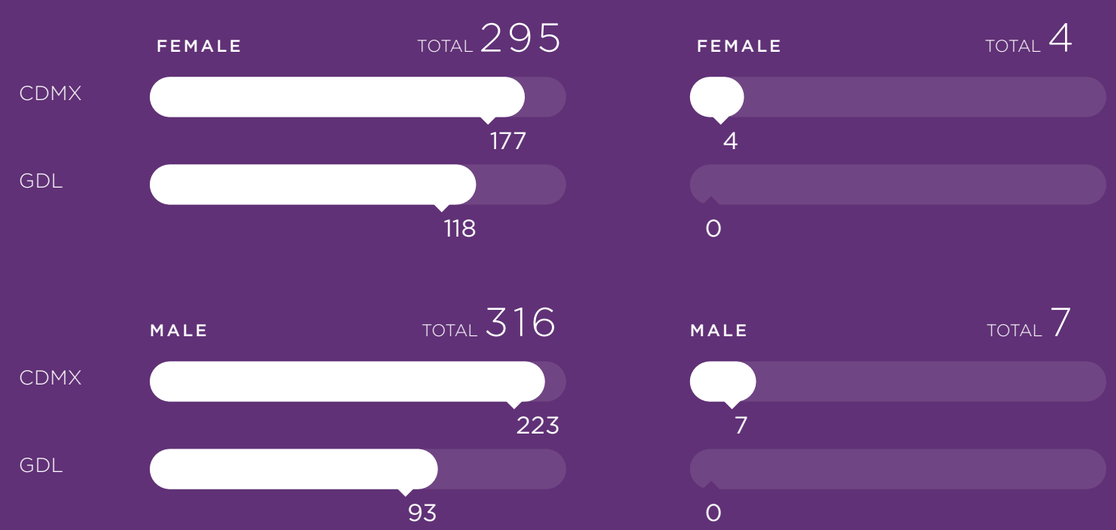
2019 Workforce by type of contract and gender



Plantilla por tipo de contrato y género 2017-2019

	2017		2018		2019		% Δ 2019 vs 2018	
	Female	Male	Female	Male	Female	Male	Female	Male
Contrato permanente	249	251	253	284	295	316	16.60%	11.27%
Contrato temporal	21	23	22	29	4	7	-81.82%	-75.86%
Total	**270**	**274**	**275**	**313**	**299**	**323**	**8.73%**	**3.19%**

2019 Workforce by type of contract, location, and gender



2017-2019 Workforce by type of contract and location

	2017		2018		2019		% Δ 2019 vs 2018	
	CDMX	GDL	CDMX	GDL	CDMX	GDL	CDMX	GDL
Permanent Contract	271	229	303	234	400	211	32.01%	-9.83%
Temporary Contract	30	14	27	24	11	0	-59.26%	-100.00%
Total	**301**	**243**	**330**	**258**	**411**	**211**	**24.55%**	**-18.22%**

98% OF OUR EMPLOYEES HOLD A PERMANENT CONTRACT, PROVING CRÉDITO REAL'S COMMITMENT TO WORK STABILITY.

2017-2019 Workforce by work category and gender

	2017		2018		2019		% Δ 2019 vs 2018	
	Female	Male	Female	Male	Female	Male	Female	Male
Directors	2	11	2	18	3	19	50.00%	5.56%
Managers	21	45	21	40	21	51	0.00%	27.50%
Operational and administrative staff	247	218	252	255	275	253	9.13%	-0.78%
Total	**270**	**274**	**275**	**313**	**299**	**323**	**8.73%**	**3.19%**

Plantilla por categoría laboral, género y ubicación 2019

	MEXICO CITY		GDL		TOTAL	
	Female	Male	Female	Male	Female	Male
Directors	2	18	1	1	3	19
Managers	18	47	3	4	21	51
Operational and administrative staff	156	170	119	83	275	253
Total	**176**	**235**	**123**	**88**	**299**	**323**
Grand Total	**411**		**211**		**622**	

2019 Workforce by gender, location, and age

	FEMALE		MALE	
	CDMX	GDL	CDMX	GDL
< 30 years old	62	72	63	43
31-50 years old	115	46	149	49
> 50 years old	4	0	18	1
Total	**181**	**118**	**230**	**93**

Based on the guidelines of the *Consejo Nacional para Prevenir la Discriminación* (National Council for the Prevention of Discrimination), CONAPRED, and the *Distintivo Empresa Incluyente Gilberto Rincón Gallardo* (Distinction as an Inclusive Company), we have identified that 63% of our employees belong to vulnerable groups. In the spirit of not violating the confidentiality of the personal data of our employees, we do not report on people who belong to other vulnerable groups for reasons of health, legal standing, religion, or sexual orientation, among others.

IMMIGRANTS (REGULAR TRANSIT)

9

PEOPLE WITH DISABILITIES

10

YOUNG PEOPLE

19 YEARS

2

20 TO 24 YEARS

4

25 TO 29 YEARS

369

AT CRÉDITO REAL WE FOSTER WORK OPPORTUNITIES FOR YOUNG PEOPLE, WITH EMPLOYEES YOUNGER THAN 30 REPRESENTING 39% OF OUR WORKFORCE.

At Crédito Real we select our employees based on their characteristics, abilities, capabilities, and professional experience, and make no distinctions for age, gender, social standing, sexual orientation, ethnic group, religion, social status, or disability, and we reject all forms of discrimination in alignment with our recruiting and selecting policies, as well as the protection, acquisition, and handling of personal data.

IN 2019, **156 NEW EMPLOYEES BECAME PART OF OUR WORKFORCE**, OF WHOM 49% ARE WOMEN AND 51% ARE MEN. IN ADDITION, WE FILLED 11 VACANCIES INTERNALLY, REPRESENTING 7% OF THE TOTAL NUMBER OF VACANCIES PRODUCED DURING THE YEAR.

2019 Number and rate of new hires by gender, age, and location

	Mexico City				Guadalajara			
	New hires		Rate of new hires		New hires		Rate of new hires	
	Female	Male	Female	Male	Female	Male	Female	Male
< 30 years old	29	29	46.77%	46.03%	14	10	19.44%	23.26%
31-50 years old	24	31	20.87%	20.81%	7	6	15.22%	12.24%
> 51 years old	2	4	50.00%	22.22%	0	0	0.00%	0.00%
Total	**55**	**64**	**30.39%**	**27.83%**	**21**	**16**	**17.80%**	**17.20%**
Grand total	**119**		**28.95%**		**37**		**17.54%**	

2019 General hiring rate: 25%

2019 Turnover number and rate by gender, age, and location

	Mexico City				Guadalajara			
	Exits		Turnover rate		Exits		Turnover rate	
	Female	Male	Female	Male	Female	Male	Female	Male
< 30 years old	23	29	37.10%	46.03%	27	21	37.50%	48.84%
31-50 years old	23	32	20.00	21.48%	13	8	28.26%	16.33%
> 51 years old	2	3	50.00%	16.67%	0	0	0.00%	0.00%
Total	**48**	**64**	**26.52%**	**19.81%**	**40**	**29**	**33.90%**	**31.18%**
Grand total	**112**		**27.25%**		**69**		**32.70%**	

2019 General turnover rate: 29.10%

2017-2019 Turnover by location and age

	2017		2018		2019		% Δ 2019 vs 2018	
	CDMX	GDL	CDMX	GDL	CDMX	GDL	CDMX	GDL
Female	**31**	**40**	**36**	**42**	**48**	**40**	**33.33%**	**-4.76%**
< 30 years old	19	30	12	30	23	27	91.67%	-10.00%
31-50 years old	12	10	23	11	23	13	16.52%	18.18%
> 51 years old	0	0	1	1	2	0	100.00%	-100.00%
Male	**45**	**45**	**24**	**28**	**64**	**29**	**166.67%**	**3.57%**
< 30 years old	21	16	14	17	29	21	107.14%	23.53%
31-50 years old	23	29	9	10	32	8	255.56%	-20.00%
> 51 years old	1	0	1	1	3	0	200.00%	-100.00%
Total	**76**	**85**	**60**	**70**	**112**	**69**	**86.67%**	**-1.43%**

2017-2019 Turnover

	2017	2018	2019	% Δ 2019 vs 2018
Total turnover rate (voluntary and involuntary)	33.00%	22.00%	29.10%	32%
Voluntary turnover rate	19.00%	13.00%	11.00%	-15%

OUR VOLUNTARY TURNOVER RATE FOR THIS YEAR WAS 11%, A NUMBER THAT IS **15% BELOW THE RATE WE REPORTED IN 2018.**

WE OFFER COMPETITIVE REMUNERATION TO ALL OUR EMPLOYEES BASED ON THE JOB PERFORMED, AT A LEVEL 225% ABOVE THE MEXICO CITY MINIMUM WAGES ESTABLISHED FOR 2019.

2017-2019 Remuneration by gender and work category

WORK CATEGORY	2017 (MXN)	2018 (MXN)	2019 (MXN)	% Δ 2019 vs 2018
Executive level (base salary)				
Female	$128,291.00	$233,879.76	$122,959.00	-0.47
Male	$210,709.00	$170,648.20	$214,605.000	0.26
Ratio*	0.61	1.37	0.57	-0.58
Executive level (base salary + other incentives)				
Female	$266,880.16	$334,382.08	$193,275.00	-0.42
Male	$507,028.77	$265,002.24	$382,349.00	0.44
Ratio*	0.53	1.26	0.98	-0.22
Manager level (base salary)				
Female	$71,435.00	$60,874.31	$57,616.00	-0.05
Male	$51,852.00	$83,811.42	$76,489.73	-0.09
Ratio*	1.38	0.73	0.33	-0.55
Management level (base salary + other incentives)				
Female	$83,456.00	$110,496.44	$76,490.00	-0.31
Male	$91,888.00	$143,533.93	$110,290.00	-0.23
Ratio*	0.91	0.77	0.44	-0.43
Administrative staff level (base salary)				
Female	$10,040.00	$14,718.12	$13,786.00	-0.06
Male	$10,988.00	$13,058.55	$15,477.00	0.19
Ratio*	0.91	1.13	0.12	-0.89
Administrative staff level (base salary + other incentives)				
Female	$16,881.68	$28,522.00	$21,287.71	-0.23
Male	$19,001.54	$24,763.75	$25,511.33	0.03
Ratio*	0.89	1.15	0.17	-0.85

* Ratio is equal to the average female salary over the average male salary.
Male salaries are higher than female salaries given that the calculation is based on average salaries for each level as we do not have equivalencies by position.

Our compensation system includes the base salary plus variable compensation, plus benefits, based on the MERCER methodology.

Christmas bonus

TEMPORARY CONTRACT

- 15 days, depending on duration of employment.

PERMANENT CONTRACT

- 20 days, depending on duration of employment.

Vacations

TEMPORARY CONTRACT

- Six days after the first year of employment.

PERMANENT CONTRACT

- 12 days starting on the first year and until the fourth year.

Vacation pay

TEMPORARY CONTRACT

- 25%

PERMANENT CONTRACT

- 50%

IMSS (Mexican Social Security Institute)

- The company subsidizes 100% of the fee.

Life insurance

- 24 days of salary for death from natural causes.

Savings fund

PERMANENT CONTRACT

- 13% as limited by law.

Electronic food coupons

TEMPORARY CONTRACT

- 10% monthly per employee, as limited by law.

Transportation contribution

- MXN $308.00 a month

Wedding

- Two workdays.

Maternity

- In addition to what is established by law, an additional week of paid leave.

Paternity

- In addition to what is established by law, an additional five days of paid leave.

Death in the family

- A MXN $10,000.00 contribution for funeral expenses in case of the death of spouse, children, stepchildren, parents, or siblings who are economic dependents of the employee.
- Additionally, the employee can take a two-workday paid leave.

We also offer other benefits which, in general, are above what is established by law such as:

- Contribution for car insurance.
- Parking.
- Dental plan.
- Breastfeeding lounge and a basket with baby products for the mother or father.
- Payroll loan for employees under permanent contract.
- Seniority awards every five years for employees under permanent contract.
- Major medical insurance for directors, deputy directors, and managers.
- 100% subsidy for our cafeteria service for interns, security personnel, cafeteria and cleaning staff, and 50% subsidy for all other permanent and temporary employees.

DURING 2019, **WE GRANTED SEVEN PATERNITY LEAVES, TWO FOR MOTHERS AND FIVE FOR FATHERS**, OF WHOM 100% RETOOK THEIR ACTIVITIES IN THE PERIOD CORRESPONDING TO THIS REPORT AND CONTINUED ON A YEAR AFTER HAVING REQUESTED THE LEAVE.

Developing and engaging our talent

404-1, 404-2, FS4

Since we are committed to the professional growth and development of our workforce, and to being at the forefront in our industry, we offer a variety of training and education options to our employees, both for professional and personal growth, which enables us to improve the abilities and know-how they need to perform their jobs, ensure client satisfaction, and achieve the expected business results.

In 2019, we began the process to implement **Crédito Real's Blue Culture**[1] among our employees by offering in-person courses in which 90% of our workforce participated.

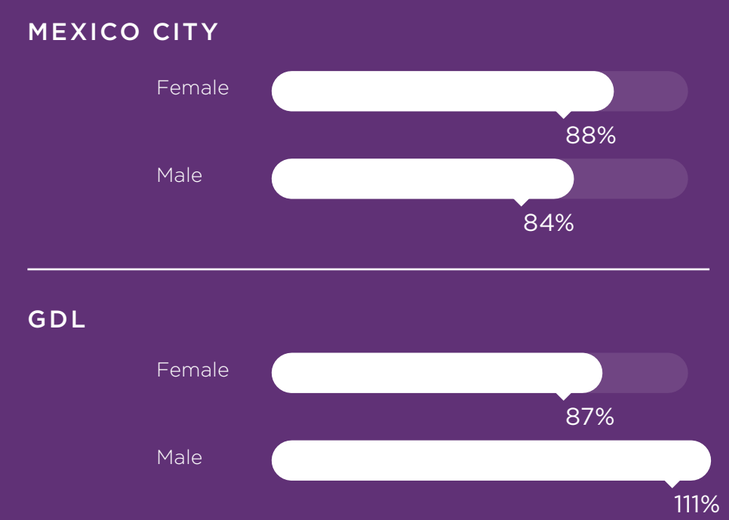
WE INVESTED MXN $6.3 MILLION IN TRAINING DURING 2019.

1 To get more information on Crédito Real's Blue Culture, read chapter 2 in this report.

2019 In-person training on the Blue Culture, by work category, gender, and location

	Mexico City		Guadalajara	
	Female	Male	Female	Male
Directors	2	21	1	1
Executives	12	32	9	24
Administrative Staff	141	144	97	73
Total employees	**155**	**197**	**107**	**98**
Directors	119	281	32	32
Executives	229	609	420	1,720
Administrative Staff	1,978	2,304	1,783	1,264
Total training hours	**2,326**	**3,194**	**2,235**	**3,016**
Directors	60	13	32	32
Executives	15	17	42	72
Administrative Staff	11	12	14	14
Average annual training hours	**12**	**13**	**17**	**26**

2019 Employees who received Blue Culture training over the total number of employees, by gender and location



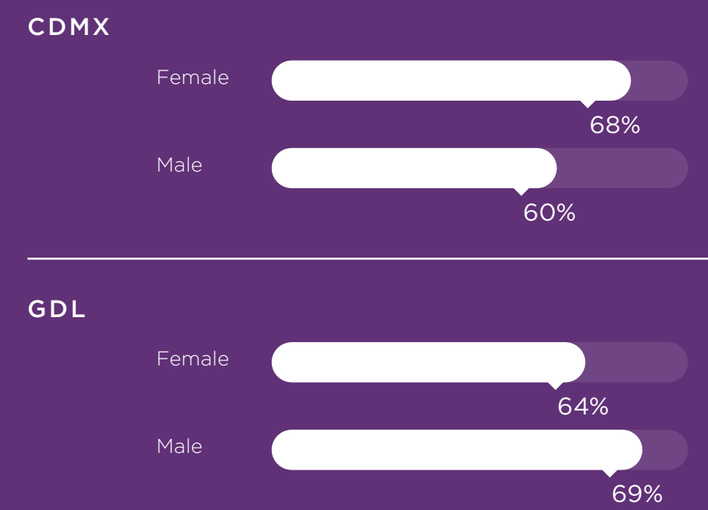
Note: this table includes all employees who received training on the Blue Culture during 2019, including those who left their jobs at Crédito Real during that year.

In addition, we offered online training options to develop abilities such as leadership, coaching, team building, and mentoring, in which 64% of our employees participated.

2019 online training by work category, gender, and location

	Mexico City		Guadalajara	
	Female	Male	Female	Male
Directors	1	7	1	0
Executives	8	23	4	7
Administrative Staff	110	112	74	53
Total employees trained	**119**	**142**	**79**	**61**
Directors	9	89	2	0
Executives	92	278	21	36
Administrative Staff	1,320	1,339	372	267
Total employees trained	**1,421**	**1,706**	**395**	**303**
Directors	5	4	2	0
Executives	6	8	2	2
Administrative Staff	7	7	3	3
Total employees trained	**7**	**7**	**3**	**3**

2019 Employees who received online training over the total number of employees, by gender and location



Note: this table includes all employees who received online training during 2019, including those who left their jobs at Crédito Real during that year.

WE FACILITATED CONDITIONS ALLOWING 14 EMPLOYEES TO OBTAIN MASTER'S DEGREES AND OTHER POSTGRADUATE STUDIES ON TOPICS OF THEIR INTEREST.

2017-2019 General training by work category and gender

	2017		2018		2019		% Δ 2019 vs 2018	
	Female	Male	Female	Male	Female	Male	Female	Male
Directors	2	11	1	19	4	29	340%	53%
Executives	14	29	11	24	33	86	202%	259%
Administrative Staff	111	136	124	157	422	382	241%	144%
Total employees	**127**	**176**	**136**	**200**	**460**	**497**	**238%**	**149%**
Directors	231	659	11	167	162	402	1,331%	140%
Executives	951	1,278	400	734	762	2,643	91%	260%
Administrative Staff	3,799	3,753	4,529	5,212	5,453	5,174	20%	-1%
Total training hours	**4,981**	**5,690**	**4,940**	**6,113**	**6,377**	**8,219**	**29%**	**34%**
Directors	116	60	6	9	54	21	854%	127%
Executives	45	28	19	18	36	52	91%	183%
Administrative Staff	15	17	18	20	20	20	10%	0%
Average annual training hours	**18**	**21**	**18**	**20**	**21**	**25**	**19%**	**30%**

Note: the average training hours for 2017 and 2018 differ from what we reported on previous years because we have reformulated our calculations. For 2019, we have included all employees who received Blue Culture and online training, including those who received both.

WE OFFERED AN ANNUAL **AVERAGE OF 23 HOURS OF TRAINING PER EMPLOYEE** DURING 2019.

In order to leverage the knowledge acquired during the training we offered, we designed a process through which our employees share with us evidence of how they applied what they learned in their Crédito Real activities through a project.

This allows us to measure the benefits from our investment in training. In 2019 we received 31 projects.

Evaluations enable us to make the best decisions for our talent

404-3

In order to be at the forefront in our industry, and to identify in a timely manner any areas where improvements need to be made and take advantage of opportunities, we believe that evaluating our employees is indispensable for obtaining valuable information for the decision-making process.

To this end, during 2019 we implemented four evaluation initiatives:

1. **Evaluating the efficiency of our human capital management.** We have mechanisms in place that enable us to assess the effectiveness of our processes and services.
2. **Identifying talent.** Is the process that helps us identify our most talented employees and place them on the talent map.
3. **Talent map.** Is a guide that establishes the criteria to determine actions to develop and retain our employees.
4. **Talent review.** Our interns program includes several evaluation mechanisms that allow us to make educated decision on their future in Crédito Real.

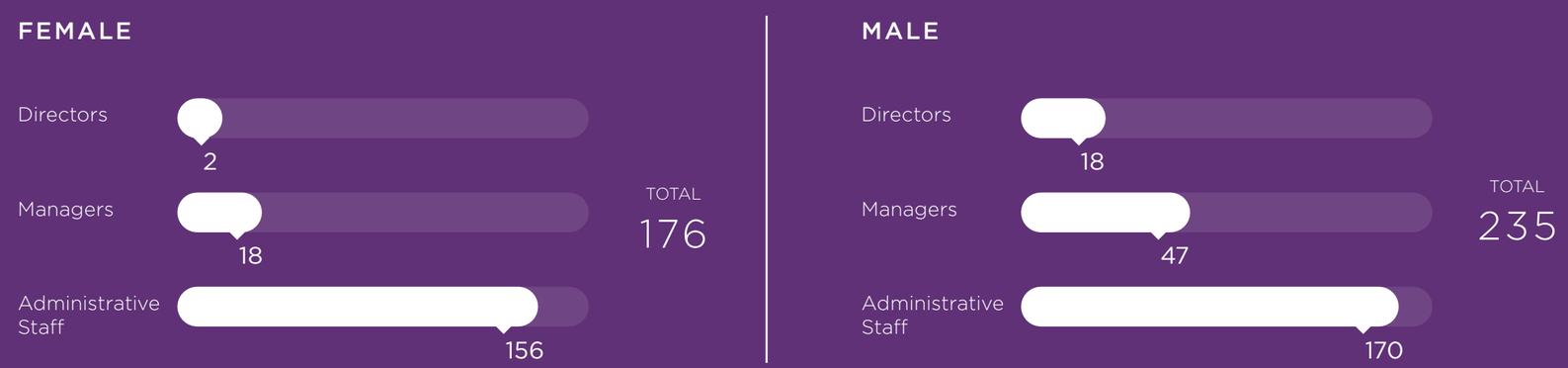
ALL OUR EMPLOYEES RECEIVED A PERFORMANCE EVALUATION DURING 2019.

Employees who received a performance evaluation in 2017-2019

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Directors	2	10	1	16	4	14
	100.00%	91.00%	50.00%	88.00%	133.33%	73.68%
Managers	12	19	11	24	17	45
	57.00%	42.00%	52.38%	60.00%	80.95%	88.24%
Administrative Staff	111	136	62	89	106	102
		63.00%	24.60%	34.90%	38.55%	40.32%
Total	**125**	**165**	**74**	**129**	**127**	**161**
	46.30%	**60.22%**	**26.71%**	**41.48%**	**42.47%**	**49.85%**

ADDITIONALLY, **WE PERFORMED 411 ASSESSMENTS** TO MONITOR THE STRATEGIC ALIGNMENT PROCESS.

2019 Assessments by work category and gender



Well-being

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

At Crédito Real we know that ensuring the well-being of employees is key to them being able to perform their jobs in the best possible manner. This is why we have strengthened our effort to promote a safe, inclusive, respectful, and collaborative work environment, in addition to providing them with an emotional salary and programs to protect their physical, psychological, and financial health.

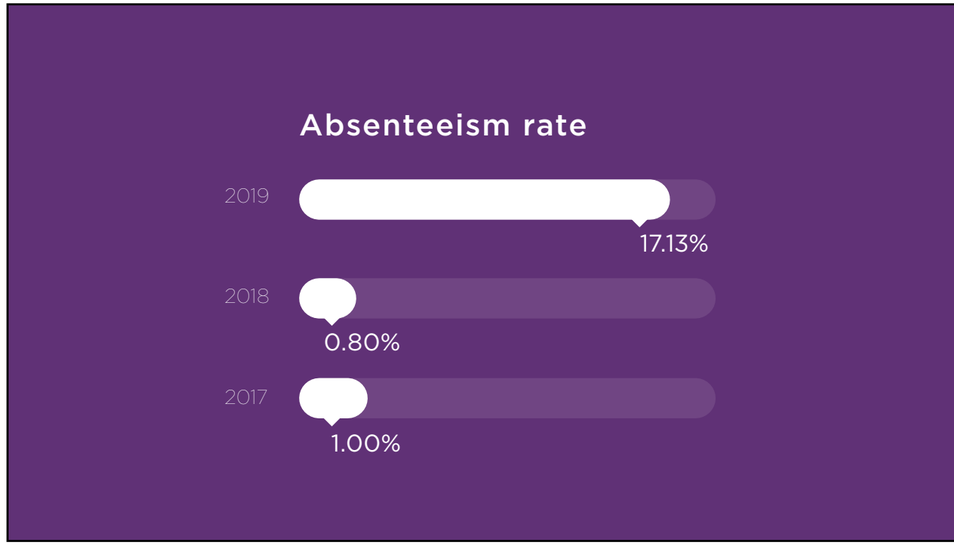
We work in alignment with the set of *Normas Oficiales Mexicanas* (Official Mexican Standards) in relation to safety, in order to ensure that our facilities and workspaces are always safe. We also have a safety management system in places, which is based on the stipulations issued by the *Secretaría del Trabajo y Previsión Social* (Mexican Ministry of Labor and Social Welfare), which is audited by the Ministry itself.

Official Mexican Standards

- NOM-001-STPS-2008, referring to buildings, establishments, facilities, and areas in work centers-Safety conditions.
- NOM-002-STPS-2010, referring to Safety conditions- Fire prevention and protection in work centers.
- NOM-004-STPS-1999, referring to Protection systems and safety devices in machinery and equipment employed at work centers.
- NOM-005-STPS-1998, referring to safety and hygiene at work centers for handling, transporting, and storing hazardous chemical substances.
- NOM-006-STPS-2014, referring to handling and storing materials-Occupational health and safety at the workplace.
- NOM-009-STPS-2011, referring to safety conditions for performing work at heights.
- NOM-010-STPS-1999, referring to safety and hygiene conditions at work centers that handle, transport, process, or store chemical substances that can contaminate the work environment.
- NOM-011-STPS-2001, referring to safety and hygiene conditions at work centers where noise is produced.
- NOM-017-STPS-2008, referring to personal protection equipment- Selecting and handling at work centers.
- NOM-018-STPS-2000, referring to systems to identify and communicate dangers and risks from hazardous chemical substances at work centers.
- NOM-022-STPS-2008, referring to static electricity at work centers -Safety conditions.
- NOM-025-STPS-2008, referring to lighting conditions at work centers.
- NOM-026-STPS-2008, referring to safety and hygiene colors and signage, and identification of risks from fluids in pipes.
- NOM-029-STPS-2011, referring to maintenance of electric systems at work centers—Safety conditions.
- NOM-030-STPS-2009, referring to preventive health and safety at the workplace—Functions and activities.
- NOM-035-STPS-2018, referring to psychosocial risks at the workplace-Identification, analysis, and prevention.

In 2019 employees were involved in four accidents on their way to work, which is why we continue to reinforce our safety measures so that we are able to ensure the integrity of our employees, even before they reach our facilities. On the other hand, we registered no work-related illnesses this year.

	Female	Male
Work-related accident rate	0.00%	1.34%
Number of accidents registered	0	4
Number of lost days	0	43
Lost days rate	**0.00%**	**11.78%**



At the corporate level we have a Hygiene and Safety Committee that represents 100% of our employees. It meets several times a year to ensure compliance with the necessary measures, making all Crédito Real operations safe. When risks or unsafe acts are identified, this Committee is responsible for documenting the findings, establishing improvement actions, and monitoring execution.

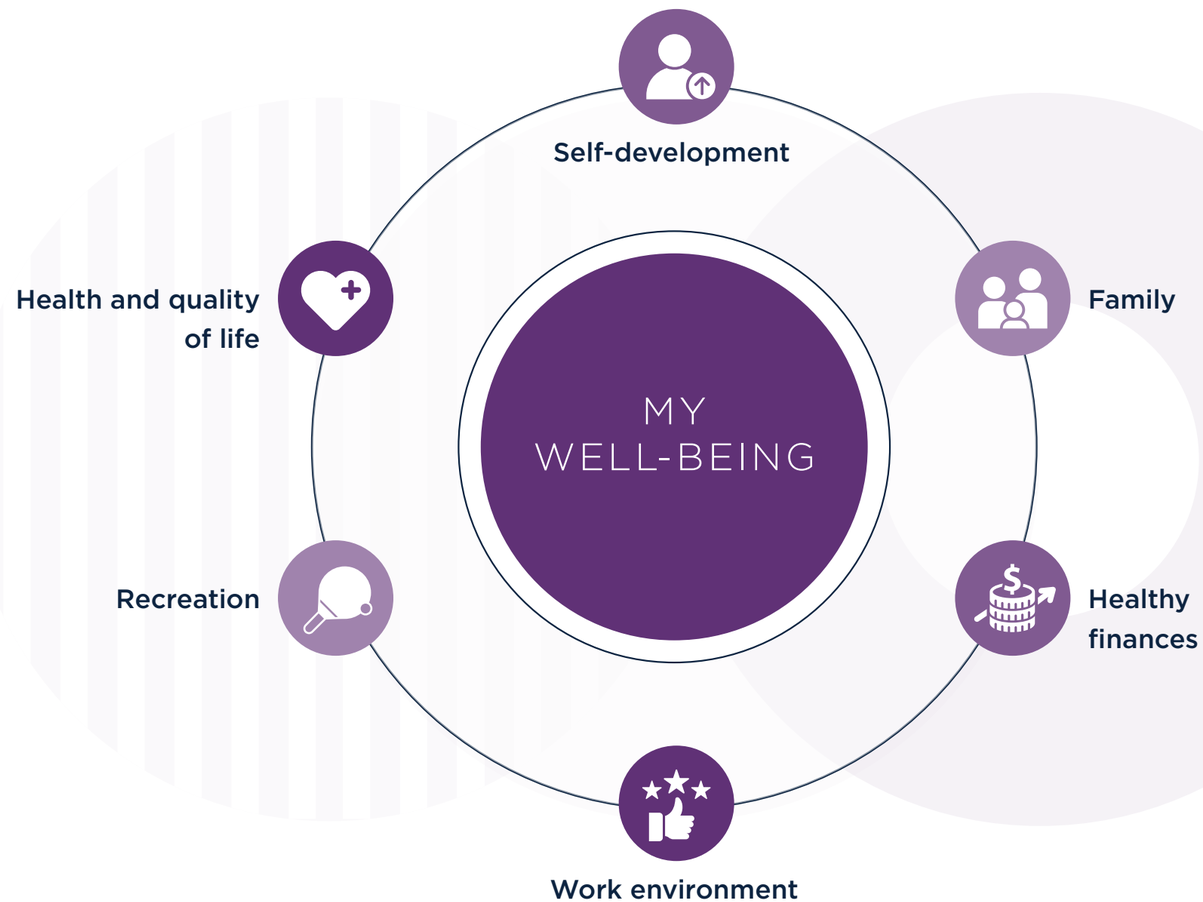
In order to keep our employees informed on matters having to do with our occupational health and safety, we constantly send information via our internal communications email, we show information on relevant issues on the screens in our facilities, and we give preventive presentations on health and civil protection. Additionally, we offer our employees the use of our corporate social network and email serviciosalpersonal@creditoreal.com.mx where they can report any risks they identify while performing their daily jobs.

We have organized emergency brigades whose members receive training in a quarterly manner on topics such as evacuation and rescue, communications, first aid, and on how to prevent and fight fires. They also hold drills in order to be prepared to safeguard the integrity and safety of our employees in an emergency.

IN 2019, **WE TRAINED 33 BRIGADE MEMBERS AND SIX MEMBERS OF THE HYGIENE AND SAFETY COMMITTEE** ON TOPICS SUCH AS OCCUPATIONAL HEALTH AND SAFETY. IN ADDITION, **WE OFFERED 198 HOURS OF TRAINING TO 53 EMPLOYEES** WHO ARE MEMBERS OF THE BRIGADES ON FIREFIGHTING, FIRST AID, PREVENTION, AND RESCUE.

In order to protect the physical, psychological, and financial health of our employees, we have implemented the **Mi Bienestar** (My Well-being) program that includes five initiatives for which we perform different activities to promote the comprehensive well-being of our team.

Furthermore, as part of our continuous improvement efforts for this model, we perform surveys that enable us to gauge how satisfied our workforce is with the implemented activities.



Self-development

We recognize that employees are responsible for their own growth, but we offer a series of activities that can make a contribution in this process, such as: The Crédito Real library, institutional and regulatory training, technical training, leadership, and individual development plans.

Healthy finances

Given the nature of our business, we feel that it is our responsibility to reinforce financial education in our surroundings and, particularly, in our employees. To this end, we have established the *Hablemos de Finanzas con Crédito Real* (Let's Talk Finances with Crédito Real) initiative through which we offer chats on the tools needed to strengthen economic management and investment strategies in our employees and their families.

Family

During 2019, we held several activities to celebrate important dates such as Family Day, Mother's Day, Father's Day, Summer Day, the Day of the Dead, with the participation of our employees' families.

Recreation

In addition to family activities, in 2019 we put together several employee recreation and integration activities aimed at strengthening the sense of belonging, including the following: cutting of the traditional sweet bread on Three Kings day, eating tamales on the Candelaria celebration, Day of the Dead celebration, secret friend, anniversaries, birthdays, and December holiday celebration.

Health and quality of life

We protect the health of our employees by making available to them a series of benefits such as clinical tests, dentist and optometrist services, psychological help, and major medical insurance, in addition to other initiatives such as chats on illness prevention and health programs.

In 2019 we offered:

- Monthly nutrition services
- Advice as part of a weight challenge initiative to 33 employees
- 60 mammographs*
- 60 prostate blood tests*
- 60 kidney and gallbladder ultrasounds*
- Stress-release massages on Thursdays at our facilities.

* For our employees and their families.

ALL OUR EMPLOYEES ARE AFFILIATED TO THE *INSTITUTO MEXICANO DEL SEGURO SOCIAL* (MEXICAN SOCIAL SECURITY INSTITUTE), IMSS.

Additionally, this year we implemented the first phase of NOM 035 informing employees of our plans to identify, prevent, and support the management of job-related psychosocial risk factors by issuing the document entitled Value Proposals for Employees.

Financial inclusion

203-1, 203-2, 413-1, 416-1, FS1, FS13, 103-1, 103-2, 103-3, FS14, FS16

AT CRÉDITO REAL WE FAVOR FINANCIAL INCLUSION BECAUSE WE ARE CONVINCED THAT **OFFERING OPPORTUNITIES TO THE MOST VULNERABLE GROUPS IS KEY FOR THE DEVELOPMENT OF MEXICO.**

EMPOWERING WOMEN

In order to make a contribution to inclusion and gender equality, in 2018 we developed an initiative in collaboration with the Inter-American Development Bank (IDB) and Value for Women to grant financing and special benefits to female entrepreneurs and to companies with women in top-management positions or whose shareholders base includes 51% women or more.
With the consulting company Value for Women we collaborated in the creation of a value proposition for our female SMEs segment with two goals:

1. To develop a research project by analyzing their existing portfolio, processes and products and carrying out surveys and focus groups in addition to interviews with current and potential clients.

2. To design and offer training courses and workshops to members of the salesforce and operational teams about the value proposal.

The result was the ***Mujer Real*** (Real Woman) program that we launched in October. With this product we offer leasing, fleets, and factoring under special conditions for women who are heading SMEs.

And, finally, on December 10, 2019 we subscribed a five-year line of credit for USD $50,000,000, with IDB Invest, a member of the IDB Group. The resources from this transaction will be used to promote *Mujer Real*, continue to strengthen Crédito Real's stake in this segment, and transform us into the non-banking financial institution of choice for entrepreneur women.

THE IDB LINE OF CREDIT IS FOR THE EXCLUSIVE USE OF OUR SMES SEGMENT, WHICH ACCOUNTS FOR 15.8% OF OUR LOAN PORTFOLIO.

Within Crédito Real we are fostering empowerment for women in order for them to grow as part of our organization. These women are a good example:

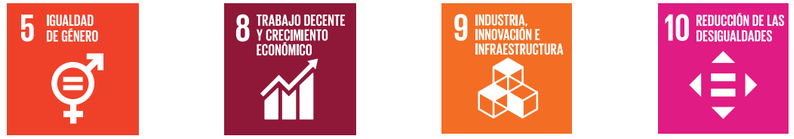
Claudia Jolly
Treasury Director

Elena Vallejo
Talent and Organizational Development Director

María del Carmen Llaneza
Deputy Director for Leasing Operations

They recognize that gender has not been an obstacle for their professional career path and growth.

We found that through women-led SMEs and by empowering women within our company, we contribute to four of the 17 UN Sustainable Development Goals (SDGs) aimed at building a more prosperous and sustainable world.



While at Crédito Real we continue working on defining which SDGs we impact through our business, this initiative constitutes a first step in our effort to identify them and establish metrics to assess compliance.

CRÉDITO REAL - EL BUEN SOCIO PARTNERSHIP

In 2017, we started a financial inclusion project for agricultural workers, with the conviction that by employing technology and financial education we will be able to grant them access to financing and entrepreneurship opportunities, thus making a contribution to the economic development of their families and of Mexico.
This project has two aspects:

AT THE END OF THE PROJECT IN 2021, CRÉDITO REAL WILL HAVE GRANTED **MXN $360,000 IN MONTHLY INSTALLMENTS FOR THE SCHOLARSHIPS OF FIVE BEEKEEPERS.**

1 **Facilitating contact between agricultural organisms and potential financing through the creation of a platform for pre-qualifying for credit.**

We developed a tool to enable small producers who are interested in the financial services offered by ***El Buen Socio***—an organization that fosters productive projects with a social or environmental impact—to pre-qualify for obtaining a loan. The tool is available on Crédito Real's digital platform, while financing is granted by El Buen Socio.

2 **Financing the training of small producers in basic financial and business topics in order for them to comply with the requirements needed to gain access to credit.**

Resulting from a workshop we participated in collaboration with *El Buen Socio*, which was held in the city of Mérida, we granted five scholarships for a course **on training of trainers for beekeepers**, which was offered by the *Colegio de la Frontera Sur* (ECOSUR), whose goal is to provide the tools, know-how, and methodologies to trainers so they can design training plans to respond to the needs of their organization, while also increasing production, improving the quality of their products, and reducing costs.

The course is part of a 24-month project entitled *Detonando el emprendimiento rural: fortalecimiento e innovación en la cadena productiva de la miel en Chiapas* (Fostering rural entrepreneurship: strengthening and innovating in the honey production chain in Chiapas).

One of the main purposes of the project is for five beekeepers be trained and then for them to train others, transforming them into specialists who not only learn best practices in field beekeeping, but also understand basic education practices that will enable them to identify the needs of their organizations and communities. The goal is for them to be able to share their knowledge with approximately 30 other beekeepers each, with a total goal of training and strengthening 1,500 beekeepers.

FINANCIAL EDUCATION

In addition to our commitment to economic development, at Crédito Real we work to reinforce the financial health of our clients, because we believe that in this way, we ensure that they can achieve their own goals. To this end, we offer them two financial education tools that enable them to leverage in the best way possible the services we offer them.

1 ***Hablemos de finanzas con Crédito Real***
(Let's talk about finances with Crédito Real)

A program that we carry out in synergy with CONDUSEF[1] (the Mexican commission to protect users of financial services) by means of five actions.

- Sponsoring printed materials on topics such as savings, budgets, insurance, investment, retirement plans, and basic finances.
- Copy for our employees in our newsletter entitled *Advice for your pockets*.
- Including the *Educa tu cartera* (Educate your wallet) banner on our website, which is linked to CONDUSEF's Financial Education microsite.
- Communicating the lessons learned during the Training for Trainers in Financial Education workshop to our clients, employees, and the general public.
- Sponsoring educational promotional materials.
- Sharing with our employees the Financial Education materials.

2 **Financial inclusion for small agricultural producers**

Platform aimed at facilitating access to financing for small agricultural producers by means of technological tools and financial education.

1 CONDUSEF: Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (National Commission for the Protection and Defense of Financial Services Users).

Community relations

413-1

CRÉDITO REAL TENNIS CENTER

As we have done for several years now, we continue to promote the Crédito Real Tennis Center, a tennis academy for high-performing children and young people. The academy, which is located in the city of Mérida, in the Mexican state of Yucatán, includes state-of-the-art facilities, 13 official-size courts, two gyms, an area for physiotherapy, cafeteria, bio-mechanics lab, and dorms, among other amenities focused on the development of the players.

+ WE INVESTED MXN $3.7 MILLION IN THE CRÉDITO REAL TENNIS CENTER.

In 2019, 82 students were part of the Tennis Center, 20 internal, 12 external, and 50 under the "Academy" concept. During the summer, 49 students from different Mexican states and different parts of the world visited our facilities. Of the total students, 20 have some kind of scholarship and some are competing at the world level.

On the other hand, in collaboration with Promotenis (a leading company in organizing tennis tournaments) we put together the 6th edition of the Morelos Open Crédito Real tennis tournament, with the participation of national and international players.

The Morelos Open Crédito Real was held at the Cuernavaca Racket Club. This year's tournament included both doubles and singles games. More than 60 national and foreign players participated, and a public of more than 5,000 people enjoyed the week-long games. The tournament complies with the conditions stipulated by the Association of Tennis Professionals (ATP), and has become one of the best events for players striving to add point to their ranking.

2017-2019 Sponsorships

	2017 (MXN)	2018 (MXN)	2019 (MXN)	% Δ 2019 vs 2018 (MXN)
Morelos Open Crédito Real	$1.97	$2.00	$2.00	0%

Figures in millions of pesos.

CORPORATE VOLUNTEERS

We promote the voluntary participation of our employees, their family, and friends, in charitable activities through our corporate volunteers program.

Over the past two years we have centered our efforts on reforestation, in collaboration with Naturalia, a civil association that promotes the conservation of Mexican species and ecosystems.

In July 2019, we held a Reforestation Day at the community of San Miguel Castañas, in the city of Tepozotlán, in the Estado de México, with the participation of 78 volunteers who planted more than 1,200 *pinus greggii* y *pinus montezumae trees*. In addition, Naturalia made an introduction and environmental awareness presentation for our employees.

IMAGINING A BETTER FUTURE DRIVES US

2.57 GJ
of CO_2e per employee of energy intensity

0.52 tCO_2e
per employee of emissions intensity

5,712 m^3
of water consumed

ENVIRONMENT

103-1, 103-2, 103-3

Because imagining a better future drives us, we make a permanent effort to efficiently manage the resources we need to operate and to mitigate the negative impact of our business on the environment.

THE INFORMATION REPORTED BELOW ON OUR ENERGY, WATER, AND MATERIALS CONSUMPTION, AS WELL AS THAT ON OUR EMISSIONS AND WASTE GENERATION, **CORRESPONDS EXCLUSIVELY TO CRÉDITO REAL'S FACILITIES IN MEXICO CITY, WHICH ACCOUNT FOR 66% OF OUR TOTAL OPERATIONS, BASED ON THE TOTAL NUMBER OF EMPLOYEES.**

Energy

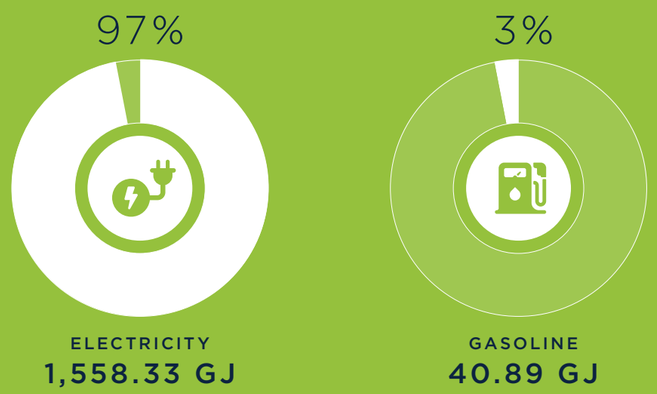
102-11, 302-1, 302-2, 302-3, 302-4, PM7

THE ENVIRONMENT AND TO ADAPT TO CLIMATE CHANGE. PART OF THIS PLAN INCLUDED ASSESSING THE OPTION OF INSTALLING SOLAR PANELS IN OUR MEXICO CITY FACILITIES, WHICH WOULD ENABLE US TO SAVE UP TO 20% IN OUR ELECTRICITY CONSUMPTION.

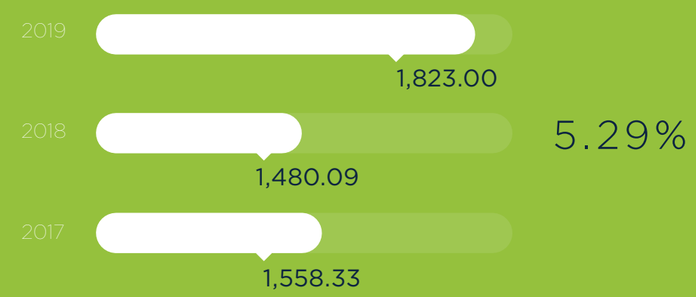
Given the nature of our business, at Crédito Real we mainly consume electricity to operate our facilities and gasoline for messaging services.

In 2019, we consumed 1,599.22 GJ of energy, 81 GJ more than in 2018, resulting from a 24.55% increase in our workforce and because we made more deliveries to clients, dealerships, affiliates, subsidiaries, organizations in civil society, suppliers, and business partners.

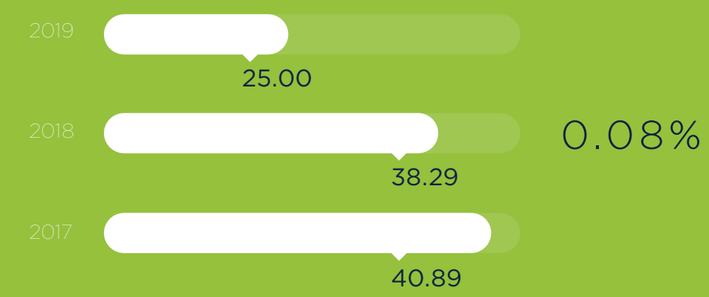
2019 Energy consumption



Consumption of electricity (GJ)



Consumption of gasoline (GJ)



Energy consumption (GJ)

	2017	2018	2019	% Δ 2019 vs 2018
Electricity	1,823.00	1,480.09	1,558.33	5.29%
Gasoline	25.00	38.29	40.89	0.08%
Total	**1,848.00**	**1,518.38**	**1,599.22**	**0.05%**

IN 2019, **ENERGY INTENSITY WAS 2.57 PER EMPLOYEE.**

As part of our commitment to make Crédito Real's impact on the environmental impact more transparent to our stakeholders, for the first time we are reporting the number of kilometers traveled and of trips made by our employees during the year.

2019 trips (km)

	Km	NUMBER OF TRIPS
Plane		
National	346,612	506
International	637,888	208
Bus	75,094	216
Total	**1,059,594**	**930**

Additionally, the building that houses our Mexico City office is Gold LEED-certified[1], meaning that it is designed to improve efficiency in the consumption of energy and water, increase the use of renewable energies to satisfy energy demands and, at the same time, provide spaces which offer better conditions for the health and productivity of our employees.

On the other hand, we implemented several measures to decrease our consumption of energy such as promoting videoconferences instead of in-person meetings, carpool initiatives among our employees, and home office options.

1 LEED (Leadership in Energy and Environmental Design) is a certification system for sustainable buildings developed by the US Green Building Council. It incorporates aspects related to energy efficiency, the use of alternative sources of energy, improvement on the interior environmental quality, efficiency in water consumption, sustainable development of free spaces, and the selection of materials.

Emissions

305-1, 305-2, 305-3, 305-4, 305-6, 305-7, PM9

We measure and report our Scope 1, 2, and 3 emissions based on Mexican Norm NMX-SAA-14064-1-IMNC-2007, the ISO 14064-1:2006 standard, the *Reglamento de la Ley General de Cambio Climático* (Bylaws of the climate change law), LGCC, *Registro Nacional de Emisiones* (National Emissions Registry), RENE, and the emissions calculator ICAO.

THIS YEAR FOR THE FIRST TIME WE ARE REPORTING OUR SCOPE 3 EMISSIONS, CORRESPONDING TO THE TRIPS OF OUR EMPLOYEES EITHER BY PLANE OR BUS.

GHG emissions (tCO_2e)

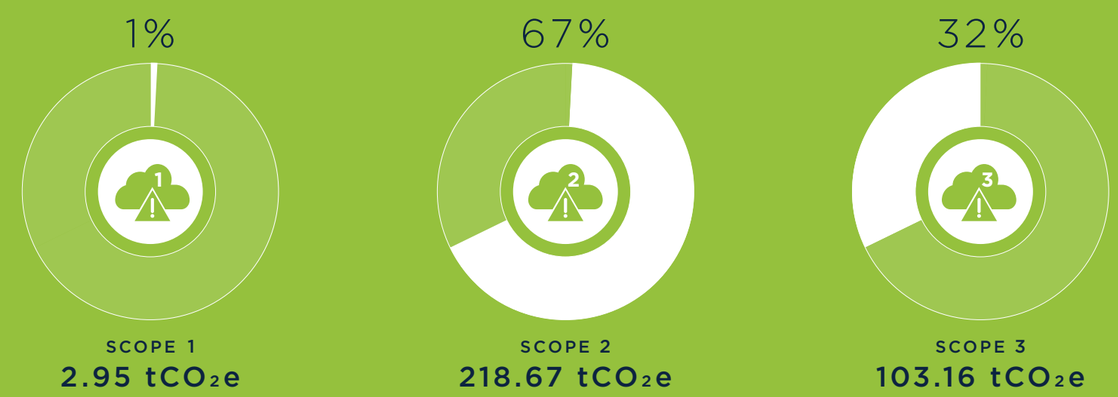
	2017	2018	2019	% Δ 2019 vs 2018
Scope 1	3.56	2.88	2.95	2.43%
Scope 2	294.7	216.59	218.67	0.96%
Scope 3	S/I	S/I	103.16	-
Total	**298.26**	**219.47**	**324.78**	**0.97%**

N/I: No information.

IN 2019, **OUR EMISSIONS INTENSITY[2] WAS 0.52 TCO2E PER EMPLOYEE.**

2 Gases included in our calculation of the emissions intensity were those included in Scopes 1, 2, and 3: CO_2, CH_4, and N_2O.

2019 GHG emissions



Notes on the emissions calculation:

- Scope of the information: facilities in Mexico City (Scope 1 y 2), plane and bus trips (Scope 3).
- 2016 served as our baseline for Scope 1 and 2 calculations, and 2019 will constitute the baseline for Scope 3 emissions.
- The methodology used for these calculations was established by RENE, the Mexican emissions registry.
- Gases included in our calculation of greenhouse gas emissions (Scope 1) are: CO2, with a conversion factor of 6.93E-05 (t/MJ); CH_4, with a conversion factor of 2.50E-05 (kg/MJ); and N_2O, with a conversion factor of 8.00E-06 (kg/MJ).
- Gas included in our calculation of greenhouse gas emissions (Scope 2) is: CO_2, with an emission factor of 0.505 tCO_2e/MWh, as established by the *Sistema Eléctrico Nacional* (Mexican Electric System).
- Scope 3 emissions were calculated employing the methodology of the ICAO (Carbon Emissions Calculator)

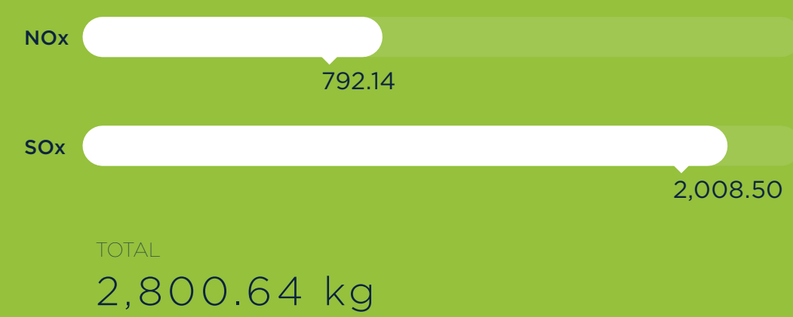
Also, with the interest of improving Crédito Real's energy management, we report our nitrogen oxide (NOx) and sulfur oxide (SOx) emissions, from our energy and gasoline consumption.

2017-2019 NOx and SOx emissions (kg)

	2017	2018	2019	% Δ 2019 vs 2018
NOx	926.76	752.38	792.14	0.05%
SOx	2,349.81	1,907.68	2,008.50	0.05%
Total	**3,276.57**	**2,660.06**	**2,800.64**	**0.05%**

Note: We employed the methodology of the 2016 Inventory of Compounds and Greenhouse Gas Emissions for our calculations.

2019 NOx and SOx emissions (kg)



Water

303-1, 303-3, 303-4, 303-5, 306-1

In order to address the water reality in Mexico, we promote the responsible use of water in our internal social network and by offering training courses to our new employees; we also promote the use of discharge water in restrooms in our facilities.

According to the Aqueduct Water Risk Atlas, the area where our facilities in Mexico City are located is classified as being extremely water stressed. The water we use comes from two main sources, the Mexico City potable water system, with which we supply the sinks in our restrooms, and the Wastewater Treatment Plant (WWTP), which supplies our toilets and urinals.

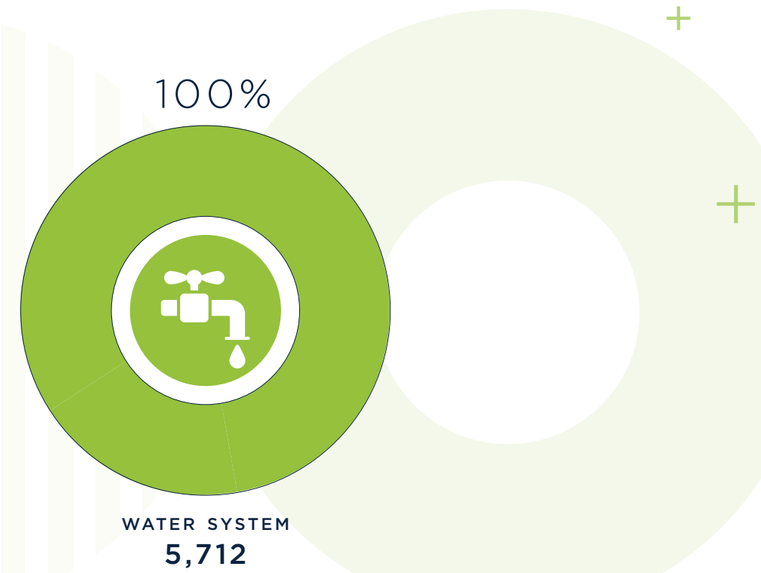
During 2019, we consumed 5,712 m³ of water, equivalent to 5.71 megaliters, which we treated in the WWTP to be reused and then discharged in the deep drainage of the Mexico City Water System, as established by applicable law.

2017-2019 water extraction (m³)

	2017	2018	2019	% Δ 2019 vs 2018
Total	**5,096**	**4,989**	**5,712**	**14.49**

Note: The scope of our water consumption refers exclusively to Mexico City.

2019 water extraction (m³)



Materials and waste

301-1, 306-2, PM8

Paper printing is the most significant activity in which we consume resources, and paper is the most relevant input, which is why the majority of the paper we use is recycled.

2017-2019 materials used (tons)

	2017	2018	2019	% Δ 2019 vs 2018
Toner cartridges	0.02 (23 units)	0.03 (29 units)	0.07 (54 units)	86%
Alkaline batteries	0.004	0.002	0.005	150%
Paper	1.80	1.75	2.72	55%
Paper coffee cups	S/I	0.40	0.20	-50%

N/I: No information.

Given the nature of our business, the main waste we produce is related to our activities within our office facilities. In 2019, we recycled 44.9 kilos of hazardous waste and 6.8 of non-hazardous waste.

In addition, we belong to the HP Planet Partners program through which the toner and ink cartridges we use are recycled in order to reduce them to raw materials that can later be used for making new plastics and metals.

DOING THE RIGHT THING DRIVES US

Zero
reports received related to discrimination

72%
of our employees received training on human rights

362 employees
received training on anti-corruption

CORPORATE GOVERNANCE AND TRANSPARENCY

Because doing the right thing drives us, we adhere to the highest ethics and integrity standards, and to a strong corporate governance structure in order to protect our company's interests and create value for our shareholders.

Code of Ethics and Conduct

103-1, 103-2, 103-3, 102-16, 102-17, 102-34, PM2, PM4, PM5, PM10

At Crédito Real we foster a sense of pride and belonging among our employees, in accordance to the values and **Code of Ethics and Conduct**[1] that are the basis of our identity. Putting both of these in practice enables us to focus our behavior as part of the company to achieve our organizational goals.

Our Code of Ethics and Conduct is the document which includes the norms, professional ethics, work stipulations, and behavioral standards that need to be followed by our Board members, employees, commercial partners, suppliers, shareholders, clients, communities, authorities, and any other entities which establish a relationship with Crédito Real.

Furthermore, the Code establishes the rights and obligations of our employees, at all times showing respect for their individual dignity, and ensures equal opportunities for all, our rejection of all kinds of discrimination, as well as the protection of human rights, among other aspects.

1 View our Code of Ethics and Conduct at: https://bit.ly/3fAX0oM

We recently included the Corporate Social Responsibility **Principles in our Code of Ethics and Conduct** in order to ensure the responsible and sustainable creation of value.

1. We respect all norms and aim to go beyond the letter of the law in the pursuit of transparency, trust, and accountability.
2. We respect human dignity with justice and equality in all our actions.
3. We offer work conditions favoring quality of life that are equitable and contribute to professional and human development.
4. We respect the environment in each and every one of our operational and commercial processes, in addition to contributing to its preservation.
5. We prevent and combat internal and external acts of corruption, based on our Corruption-Prevention Policy.
6. We contribute to social development as part of our strategy to increase our social capital and to contribute in a significant manner to the common good.
7. We strive for competitiveness by causing no harm, support multilateral commerce, fair competition, and we aim to be responsible and ethical in our advertising, the quality of our products and/or services, distribution, and promotion.
8. We establish in writing the company's commitment to its stakeholders, we monitor and discuss competitive initiatives and/or strategies for our mutual benefit and verify compliance.
9. We implement social responsibility management processes and systems that contribute to the adoption of the principles applied in all environments and with all our stakeholders.
10. We perform our jobs based on our corporate values, and we constantly promote and oversee that we comply with them; we have included them in our Code of Ethics and Conduct, and they are publicly available.

When we hire new employees at Crédito Real, they are obliged to sign and accept that they will comply with the guidelines of our Code of Ethics and Conduct. However, in an effort to reinforce the understanding of our code and its importance, during 2019 all our employees took an online course on its updated content.

WE ALSO PROMOTE A CULTURE OF ETHICS, INTEGRITY, AND TRANSPARENCY ACROSS OUR VALUE CHAIN. **IN 2019, WE SHARED WITH 100% OF OUR SUPPLIERS INFORMATION ON THE CRÉDITO REAL CODE OF ETHICS AND CONDUCT.**

To report any violations to the code, any of our policies, as well as acts of bribery, corruption, theft, abuse of authority, fraud, sexual harassment, physical or verbal abuse, we offer our Board members, top management, and employees a **reporting line** through several means of communication which are confidential and independently-run.

PHONE
01 800 062 1673
de lunes a viernes de
8:00 a.m. a 10:00 p.m.

VOICE MAIL
01 800 062 1673

WEBSITE
www.lineadedenuncia.com/creditoreal

E-MAIL
creditoreal@lineadedenuncia.com

All reports are received and managed by a third party, external to Crédito Real. Severe cases are handled by the Ethics Committee, and non-severe cases are handled by the Human Resources division, who is in charge of initiating an internal investigation process, at its own discretion. Results of the investigation for both types of reports are discussed during an ordinary meeting of the Ethics Committee, in order to determine the corresponding disciplinary measures.

DURING 2019, WE RECEIVED 22 REPORTS, OF WHICH NONE WERE RELATED TO ACTS OF DISCRIMINATION.

At Crédito Real we strongly reject any kind of retaliation against people who make a report or participate in the investigation, as they are indispensable in the identification of any potential wrongful acts against the company's principles and values.

Human rights

412-2, PM1

The respect for human dignity and fundamental rights constitutes a key element in Crédito Real's philosophy, which is why we understand that each individual has a unique, exclusive, autonomous, conscientious, free, and responsible identity, which has a value all of its own.

Accordingly, we recognize the rights and obligations of all the people with whom we work, we respect their dignity, and put at their disposal the means for them to achieve their professional and personal growth, in accordance to the following international initiatives that we promote and participate in:

- Universal Declaration of Human Rights.
- United Nations Global Compact.
- The acting principles and guidelines for developing business activities published by the United Nations.
- Organization for Economic Cooperation and Development (OCDE).
- International Labour Organization (ILO).

THIS YEAR **WE OFFERED TRAINING ON HUMAN RIGHTS TO 72% OF OUR WORKFORCE**, FOR A TOTAL 443 HOURS OF TRAINING ON THESE ISSUES.

Corporate Governance

103-1, 103-2, 103-3, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27, 102-33, 102-35, 102-36, 102-37, 103-1, 103-2, 103-3, 405-1

The Crédito Real Corporate Governance structure is composed of our principles, norms, and statutes which regulate the responsibilities of our decision makers to create value and at the same time safeguard the company's interests.

Our top governing body is the Board of Directors, which includes 12 members, out of whom one is an executive in the company and six are independent directors. They all specialize in some branch of the financial sector and were selected by the Shareholders Meeting in accordance to the criteria established by the *Ley de Mercado de Valores* (Mexican Securities Market Law), the Code of Principles and Best Practices of the *Consejo Coordinador Empresarial*, the standards of the Professional Code of Ethics of the Mexican stock market community, our company's bylaws, and our Code of Ethics and Conduct.

The following are the main responsibilities of our Board of Directors:

- Supervise the management of Crédito Real and the performance of the relevant executives.
- Monitor the main risks.
- Establish the general business strategy.
- Take the necessary actions to avoid conflicts of interest and ensure a healthy Corporate Governance.
- Oversee compliance with the agreements of the Shareholders Meeting.
- Approve the policies and control guidelines, as well as name or remove the CEO and determine his comprehensive retribution.

The Board of Directors and our Chief Executive Officer collaborate in guiding Crédito Real in the correct execution of all operations.

MEETINGS OF THE BOARD OF DIRECTORS

IN 2019, THE CRÉDITO REAL BOARD OF DIRECTORS MET ON FOUR OCCASIONS, WITH AN AVERAGE ASSISTANCE OF 87%.

2019 Board Members, by gender and age

MALE 31-50 YEARS OLD

5

MALE > 51 YEARS OLD

7

CONSEJO DE ADMINISTRACIÓN

Proprietary Members	Seniority on the Board of Directors	Alternate members
Ángel Francisco Romanos Berrondo ●●●	21 years 8 months	
José Luis Berrondo Ávalos ●	20 years 3 months	**Luis Berrondo Barroso**
Eduardo Berrondo Ávalos ●	1 year 5 months	
Moisés Rabinovitz Ohrenstein ●	8 years 6 months	**Aby Lijtszain Chernizky**
Iser Rabinovitz Stern ●●	8 years 6 months	**Marcos Shemaria Zlotorynski**
Allan Cherem Mizrahi ●	5 years 8 months	
Gerardo Cluk Díaz ●	5 years 8 months	
Juan Pablo Zorrilla Saavedra	3 years 10 months	**Francisco Javier Velásquez López**
José Eduardo Esteve Recolons ●●	16 years 10 months	**Jorge Esteve Recolons**
Gilbert Sonnery Garreau-Dombasle ●●	5 years 2 months	**Enrique Saiz Fernández**
Enrique Alejandro Castillo Badía ●●	2 years 10 months	
Raúl Alberto Farías Reyes ●	4 years 7 months	

* The average seniority is 6.3 years.

NOT A MEMBER OF THE BOARD OF DIRECTORS

Guillermo Javier Solórzano Leiro	Secretary
Gabriela Espinosa Cantú	Pro-secretary

● Sits on the Board of Directors of other organizations.
● Executive.
● Independent Director.
● Chairman of the Board of Directors.

Note on the Board of Directors. Proprietary Directors can name their corresponding Alternate Director, with the understanding that alternates for Independent Directors must fulfill the same requirements. However, not every Proprietary Director has named Alternate Director.

Likewise, in order to ensure the adequate management of its functions, the Board of Directors is supported by six committees.

1. Audit Committee

PROPRIETARY MEMBERS

- **Enrique Alejandro Castillo Badía**
  Chairman
- **José Eduardo Esteve Recolons**
  Member
- **Gilbert Sonnery Garreau-Dombasle**
  Member

2. Corporate Practices Committee

PROPRIETARY MEMBERS

- **Gilbert Sonnery Garreau-Dombasle**
  Chairman
- **José Eduardo Esteve Recolons**
  Member
- **Enrique Alejandro Castillo Badía**
  Member

3. Executive Committee

PROPRIETARY MEMBERS

- **Ángel Francisco Romanos Berrondo**
  Chairman
- **José Luis Berrondo Ávalos**
  Member
- **Eduardo Berrondo Ávalos**
  Member
- **Luis Berrondo Barroso**
  Member
- **Moisés Rabinovitz Ohrenstein**
  Member
- **Iser Rabinovitz Stern**
  Member

4. Securities Operations Committee

MEMBERS

- **Adalberto Robles Rábago**
  Chairman
- **Carlos Enrique Ochoa Valdés**
  Member
- **Héctor Antonio Huelgas Lamas**
  Member
- **Luis Calixto López Lozano**
  Secretary

5. Ethics Committee

MEMBERS

- **Adalberto Robles Rábago**
  Chairman
- **Carlos Enrique Ochoa Valdés**
  Member
- **Héctor Antonio Huelgas Lamas**
  Member
- **Luis Calixto López Lozano**
  Secretary

6. Communications and Control Committee

- **Ángel Francisco Romanos Berrondo**
  Chairman
- **Carlos Enrique Ochoa Valdés**
  Member
- **Luis Calixto López Lozano**
  Secretary
- **Estefanía Carolina Novoa Medina**
  Member

Through these committees, the Board can also hear opinions and critical concerns on a variety of issues. On the other hand, the following are responsible for making decisions on economic, environmental, and social issues.

Likewise, the Board of Directors grants faculties to the CEO, who in turn delegates them to key Finances, Human Resources, and Marketing executives.

Remuneration for the members of the Board is determined by the Annual Ordinary Shareholders Meeting. In 2019, this meeting was held on April 8th, and it approved a payment to certain independent members of the Board in the amount of MXN $26,250.00, for each meeting they attend, minus the corresponding taxes in accordance to applicable tax regulations.

Risk management

103-1, 103-2, 103-3, 102-15, 102-29, 102-30, 102-31, FS2, FS5, FS9

As happens in every organization, at Crédito Real we are exposed to market, regulatory, technological, environmental, and social risks, and to factors outside the realm of our operation related to national and macroeconomic events. This is why we have a risk management model in place, we work to strengthen our culture of prevention as one of our priorities, and we allocate an annual budget to these issues, in addition to implementing prudent financial management practices.

The Board of Directors, with the support of the Audit Committee and the Communications and Control Committee, performs a quarterly review to verify that the risk management model is enforced. In addition, the CEO presents to the Board of Directors a quarterly report on the status of each of the risks that have been identified by Crédito Real.

The following are among the main emerging risks that we have identified:

Fluctuations in market interest rates.

MITIGATION EFFORTS

- Bonuses in different parts of the world.

Funds obtained in uncertain times resulting from political or regulatory changes.

Funds obtained in uncertain times resulting from political or regulatory changes.

MITIGATION EFFORTS

- Understanding and communicating potential external risks and their impact on our investors.
- Maintaining a flexible growth strategy for different financing scenarios.
- Expanding our search for affordable financing.

Constant market-based technological updates.

If this were to happen, the main impact would be a loss in market share and client base, since alternative loans solutions are increasingly more common and readily available for our market, which is moving fast towards digital solutions.

MITIGATION EFFORTS

- Planning and executing our digital strategy, which has a leadership positioning in emerging markets, by competing with upcoming projects offering digital support and at the same time warning against cybersecurity risks and implementing policies aimed at information protection and potential cyberattacks.
- Implementing internal process automation and optimization initiatives, as well as creating abilities aimed at making us more flexible and efficient.
- Our efforts centered on promoting the growth of our internal culture and abilities to implement, innovate, and leverage existing and new technologies.

Attracting and retaining talented teams in a changing generation of talent.

If this were to occur, it would have an impact on our ability to sustainably retain a talented team and in the resulting creation of strategies to attract new talent.

MITIGATION EFFORTS

- Ratifying our commitment to attracting new employees with the capabilities required to maintain our competitiveness as the market and our company move forward.
- Understanding the motivation of our work teams and implementing the necessary changes to attract and retain the best talent.
- Continuous improvement in our leadership with the goal of transforming our processes, technology, and environment, to consolidate our position as a company that attracts an innovative workforce.
- Encouraging our team to determine personal goals, contributing to the achievement of those related to Crédito Real, which is why we implement training initiatives, a balanced score card, and include risk issues as an item on the agenda that needs to be assessed in relation to employee performance.

IN ADDITION TO RISK MANAGEMENT, IN ORDER TO ENSURE THE CONTINUITY OF OUR OPERATIONS IN ANY OF THE COUNTRIES WHERE WE ARE PRESENT, **WE NEED TO ADHERE TO CERTAIN REGULATIONS, WHICH IS WHY WE HAVE POLICIES AND PROCEDURES IN PLACE THAT ENABLE US TO OBSERVE EXTERNAL REGULATORY REQUIREMENTS, AND INTERNAL AND EXTERNAL AUDITS.**

Transparency

103-1, 103-2, 103-3, 102-25, 205-1, 205-2, 205-3, 206-1, 418-1, PM10

For Crédito Real, transparency, accountability, and the fight against corruption are issues to which we give great importance in our agenda, since they are our path to informing and justifying the decisions we make, the actions we take, the resources we use and, consequently, the results we obtain. This is how we are able to reach our business goals and have a positive impact on society and the environment, always in accordance to the law.

Under this same token, we avoid any activities or businesses which by their nature generate conflicts of interest and put the company's integrity at risk. We also do not allow our employees to carry out activities, consulting, or businesses that compete with or directly or indirectly affect our company's interests or could result in a personal benefit to them, other members of their families or third parties. When a situation arises that could result in a conflict of interest, depending on the case, it needs to be reported to the Board of Directors through the relevant manager or committee.

On the other hand, resulting from our corruption and bribery risk assessment and analysis, which we performed in 2018, we developed and began implementing our Policy for Preventing Corruption, which prohibits making or receiving payments outside the law as well as paying bribes to entities, people, or authorities in order to ensure a contract, concession, or approval either for personal gain or for Crédito Real. We launched this policy at the same time that we implemented a course on the fight against corruption for our employees.

This policy also established the need for offering our employees constant training on corruption-related issues, and for them to sign a letter accepting that they understand, will adhere to and comply with it, and will report any violations. Third parties also need to sign the letter. Accordingly, in case a situation arises that threatens our integrity, it needs to be reported immediately by means of our reporting line.

IN 2019, **WE OFFERED COMMUNICATIONS AND TRAINING TO 362 EMPLOYEES** ON CRÉDITO REAL'S ANTI-CORRUPTION POLICIES AND PROCEDURES.

Additionally, we analyzed 304 manuals, policies, and procedures in our operations to identify potential corruption breaches, We recognize that it is because we have robust processes in place and offer constant training to our employees that in 2019 we registered no cases of corruption, However, we will continue to reinforce our anti-corruption management in order to prevent it across our value chain.

Also in the interest of promoting a culture of zero tolerance to corruption, we developed a Manual for the Prevention of Money Laundering and Financing for Terrorism, through which we have implemented a series of assessment processes for the operations and activities of our clients, which are in line with the stipulations applicable to financial institutions, as established by the *Ley de Instituciones de Crédito* (Law for credit institutions) and the *Ley General de Organizaciones y Actividades Auxiliares de Crédito* (General law for credit organizations and auxiliary activities).

This manual includes the obligations required by the corresponding authorities, as well as the policies for Identifying and Getting to Know Clients, the use of automated systems, the employment of black lists, periodic training, communications on the stipulations manual, a focus based on risks, sending reports to the authorities, and complying with internal structures established in the stipulations (Communications and Control Committee)

Employees who are responsible for starting negotiations with new clients need to take special care in identifying and getting to know their clients. They also need to follow the established procedures to ensure that the resources are originated in and destined for a legal source, in order to prevent our business units from carrying out transactions that could be related to money laundering.

In 2019, we held an external audit in compliance with the requirements established by applicable law for the prevention of money laundering.

WE WERE INCLUDED ONCE AGAIN IN THE TOP 500 COMPANIES IN THE FIGHT AGAINST CORRUPTION, RANKING 87TH, IMPROVING ON OUR SCORE FOR PREVIOUS YEARS. THIS IS THE RESULT OF THE MEASURES WE HAVE IMPLEMENTED TO FIGHT CORRUPTION, THE CHANGES TO OUR CODE OF ETHICS AND CONDUCT, AS WELL AS THE CRÉDITO REAL POSTINGS ON SOCIAL MEDIA AND OUR WEBSITE ON THESE ISSUES, WHICH MAKE IT EASIER FOR OTHERS TO UNDERSTAND THEM AND APPLY THEM IN THEIR DAILY OPERATIONS.

As part of our efforts to be a responsible and transparent company, at Crédito Real we promote healthy and free competition, in which our clients are our priority, and our ability to offer high-quality services makes us their institution of choice. For this reason, we assess the information on companies such as ours and maintain a firm commitment to safeguard the integrity. In this respect, during 2019 we had no incidences of non-compliance concerning antitrust or monopolistic practices or against free competition.

Likewise, we aim to protect the confidentiality of the information we receive and process. Regardless of their origin or destination, we offer the guarantee that no information will be shared without consent, and that it will be treated as confidential information at all times. Our Board members and employees all perform their jobs with integrity and in accordance to what is established by the Crédito Real Code of Ethics and Conduct.

The following is among the information that we deem confidential:

- Information on a client's credit operations.
- Personal information on our clients and employees.
- Data, formulas, methodologies, and specifications for our products and services.
- Marketing plans and strategies.
- The techniques, methods, and technologies we use.
- Results of tes analyses.
- Projections and new projects.
- Software products that are Crédito Real property or for which we hold a license.
- Compensation policies and salary scales.

Additionally, and in order ensure that our Board members, employees, and service providers continue to protect confidentiality and use information correctly, we have established a process for signing an agreement which includes confidentiality clauses in all our service provider contracts.

DURING 2019, **WE RECEIVED NO COMPLAINTS FOR CLIENT PRIVACY VIOLATIONS** OR FOR THE LOSS OF PERSONAL DATA.

In this same token, we adhere to the *Ley Federal de Protección de Datos Personales en Posesión de los Particulares* (Federal Law for the protection of personal data in possession of private parties) and we have a series of policies, procedures, and measures in place to ensure that the personal data of our clients is handled correctly. These policies include:

- Managing privacy notices.
- Managing personal data.
- Classifying personal data.
- Retaining, blocking, and deleting data.
- Responsibilities of the people in charge of personal data.
- Addressing the ARCO rights.
- Transferring and remitting personal data.
- Managing security vulnerabilities of personal data.
- Monitoring compliance on a permanent basis.
- Responding to complaints and controversies.

RECOGNITIONS, INITIATIVES, AND ASSOCIATIONS

102-12, 102-13

2012

PROFESSIONAL CODE OF ETHICS OF THE MEXICAN STOCK EXCHANGE COMMUNITY

Shareholders, authorities, ratings agencies, financial intermediaries, investors and creditors, Board members.

CODE OF BEST CORPORATE PRACTICES

Shareholders, authorities, ratings agencies, financial intermediaries, Board members.

CODE OF ETHICS OF THE *ASOCIACIÓN MEXICANA DE EMPRESAS DE NÓMINA* (MEXICAN ASSOCIATION OF PAYROLL COMPANIES)

Authorities, distributor clients and end clients, competitors, business partners, financial intermediaries.

2013

SOCIALLY RESPONSIBLE COMPANY AWARD

Shareholders, distributor clients and end clients, employees, competitors, communities, Board members, directors, organizations in civil society, suppliers, business partners, financial intermediaries.

GLOBAL COMPACT PRINCIPLES

Shareholders, clients, employees, competitors, communities, Board members, directors, organizations in civil society, suppliers, business partners, affiliate and subsidiaries.

GREAT PLACE TO WORK (GPTW)

Employees, competitors, directors, affiliate and subsidiaries, business partners, communities.

2014-2018

INSTITUTIONAL INVESTOR

Shareholders, competitors, Board members, business partners, affiliate and subsidiaries.

2016

GILBERTO RINCÓN GALLARDO INCLUSIVE COMPANY AWARD

Employees, competitors, Board members, directors, communities.

DISTINTIVO H

Employees, suppliers, directors, affiliate and subsidiaries, business partners.

RESPONSIBLE FAMILY COMPANY

Employees, directors, communities.

2017

GEI MÉXICO

Shareholders, associations, authorities, ratings agencies, education centers, clients, distributors and end clients.

2018

ISO 26000

Employees, competitors, communities, Board members, directors, affiliate and subsidiaries.

2019

RIGHTS OF THE CHILD AND BUSINESS PRINCIPLES

Financial intermediaries, investors and creditors, organizations in civil society, suppliers, business partners.

WOMEN'S EMPOWERMENT PRINCIPLES

Employees, directors, communities.

RECOGNITION

Participating stakeholders

In 2019...

february

We issued non-secured notes for USD $400 million, maturing in 2026.

july

We obtained the results of the Great Place to Work (GPTW) employee satisfaction survey, with a score of 87% and 92% participation, four points above our 2017 score.

august

We subscribed a syndicated loan for USD $110 million, maturing in 3 years.

october

We placed 51st in the Responsible Companies ranking published by Expansión magazine.

We issued senior bonds for EUR €350 million in international markets.

We were recognized as a Value Chain Sponsoring Company for our accompaniment of our MSME media supplier in process to obtain the ESR distinction.

We issued MXN $750 million with ticker symbol CRELCB 19 as part of the securitization program for our loan portfolio for MXN $10,000 million at an interest rate of TIIE + 215 bps and a five-year term.

november

We put together our Investor Day in New York.

december

We were included once again in the list of the top 500 companies in the fight against corruption, ranking 87th, with a score of 84.3, which is 13.7 points above our 2017 score, and 17.6 over our score for 2016.

We subscribed a five-year line of credit for USD $50 million with IDB Invest, a member of the Inter-American Development Bank (IDB) group.

Associations to which we belong

- Asociación Mexicana de Empresas de Nómina
- Grupo Arriba[2]
- Red Nacional de Vinculación Laboral of the Mexican Ministry of Labor)[1,2]
- CONDUSEF[2]
- Centro Mexicano para la Filantropía (Mexican Center for Philanthropy)[2]

1 We occupy a position on the association's governing body.
2 We participate in projects or committees.

ABOUT THIS **REPORT**

102-10, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

As we have done for the past eight years, we are sharing with our stakeholders our 2019 Crédito Real Annual and Sustainability Report, a document in which we share our business, financial, labor, social, environmental, and corporate governance results.

The information corresponds to the period between January 1st and December 31st, 2019, and it exclusively shows the performance of the Crédito Real operations in Mexico; we do not report on the performance of our subsidiaries or strategic partners.

Figures are shown in Mexican pesos (MXN) unless the use of another currency is specified, such as US dollars (USD) or Swiss francs (CHF).

The main changes in 2019 were the consolidation of different means of communication with our stakeholders, from the 29 previous channels to 19, and the reformulation of the calculations of the training average for 2017 and 2018.

In line with the Corporate Social Responsibility Principles and our Code of Ethics and Conduct, the Crédito Real Social Responsibility Policy and the accountability, transparency, and ethical behavior principles, as well as the respect for the interests of all interested parties, this report was assessed by an independent third party, whose recommendations were included in this document.

The report was drafted in accordance to the Core option of the GRI Standards.

GRI CONTENT INDEX

General Content

102-55

For the Materiality Disclosures Service, GRI Services made sure that the GRI content index is clearly presented and that references for Disclosures 102-40 a 102-49 align with appropriate sections in the body of the report.

The service was performed for the Spanish version of the report.

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
	GRI 101: Fundaments 2016		95
	1. Organization's profile		
	102-1	Name of the organization.	164
	102-2	Activities, brands, products, and services.	10
	102-3	Location of headquarters.	164
	102-4	Location of operations.	7
	102-5	Ownership and legal form.	164
	102-6	Markets served.	10
	102-7	Scale of the organization.	4, 10, 37, 43
	102-8	Information on employees and other workers.	43
	102-9	Supply chain.	31
	102-10	Significant changes to the organization and its supply chain.	95
	102-11	Precautionary Principle or approach.	70
	102-12	External initiatives.	22, 93
	102-13	Membership of associations.	93
	2. Strategy		
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker.	5
	102-15	Key impacts, risks, and opportunities.	5, 87
	3. Ethics and integrity		
	102-16	Values, principles, Standards, and norms of behavior.	9, 19, 21, 33, 79
	102-17	Mechanisms for advice and concerns about ethics.	79
	4. Governance		
	102-18	Governance structure.	83
	102-19	Delegating authority.	83
	102-20	Executive-level responsibility for economic, environmental, and social topics.	21, 83
	102-21	Consulting stakeholders on economic, environmental, and social topics.	25
	102-22	Composition of the highest governance body and its committees.	83
	102-23	Chair of the highest governance body.	83
	102-24	Nominating and selecting the highest governance body.	83
	102-25	Conflicts of interest.	89
	102-26	Role of highest governance body in setting purpose, values and strategy.	83
	102-27	Collective knowledge of highest governance body for economic, environmental, and social topics.	83
	102-28	Evaluating the highest governance body's performance.	We do not perform evaluations of this kind.
	102-29	Identifying and managing economic, environmental, and social impacts.	87
	102-30	Effectiveness of risk management processes.	87

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
	102-31	Review of economic, environmental, and social topics.	87
	102-32	Highest governance body's role in sustainability reporting.	We reaffirm our commitment to transparency, value creation, and sustainability for the eighth consecutive year by presenting the 2019 Crédito Real Annual and Sustainability Report, which was approved by the company's directors.
	102-33	Communicating critical concerns.	83
	102-34	Nature and total number of critical concerns.	79
	102-35	Remuneration policies.	83
	102-36	Process for determining remuneration.	83
	102-37	Stakeholders' involvement in remuneration.	83
	102-38	Annual total compensation ratio.	The average employee annual total compensation, excluding the highest-earning person, comes to $465,628.92 The comparable ratio is 31.8.
	102-39	Percentage increase in annual total compensation ratio.	The percentage increase in annual total compensation for the highest-earning person versus the average percentage increase in employee annual total compensation was 1.09.
	5. Stakeholders' participation		
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups.	26
	102-41	Collective bargaining agreements.	43
	102-42	Identifying and selecting stakeholders.	26
	102-43	Approach to stakeholder engagement.	26
	102-44	Key topics and concerns raised.	26
	6. Report ellaboration practices		
	102-45	Entities included in the consolidated financial statements.	95
	102-46	Defining report content and topic Boundaries.	25
	102-47	List of material topics.	25
	102-48	Restatements of information.	95
	102-49	Changes in reporting.	95
	102-50	Reporting period.	95
	102-51	Date of most recent report.	95
	102-52	Reporting cycle.	95
	102-53	Contact point for questions regarding the report.	163, 164
	102-54	Claims of reporting in accordance with the GRI Standards.	95
	102-55	GRI content index.	96
	102-56	External assurance.	95

Temas materiales

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
GRI 103: Management approach 2016	**Material topic. Ethics in the Organization**		
	103-1	Explanation of the material topic and its boundary.	79
	103-2	The management approach and its components.	79
	103-3	Evaluation of the management approach.	79
	Material topic. Corporate Governance		
	103-1	Explanation of the material topic and its boundary.	83
	103-2	The management approach and its components.	83
	103-3	Evaluation of the management approach.	83
	Material topic. Risk and crisis management		
	103-1	Explanation of the material topic and its boundary.	87
	103-2	The management approach and its components.	87
	103-3	Evaluation of the management approach.	87
	Material topic. Materiality		
	103-1	Explanation of the material topic and its boundary.	25
	103-2	The management approach and its components.	25
	103-3	Evaluation of the management approach.	25
	Material topic. Policy and measures against crime		
	103-1	Explanation of the material topic and its boundary.	89
	103-2	The management approach and its components.	89
	103-3	Evaluation of the management approach.	89
	Material topic. Climate strategy		
	103-1	Explanation of the material topic and its boundary.	69
	103-2	The management approach and its components.	69
	103-3	Evaluation of the management approach.	69

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
	GRI 200: Economic standards 2016		
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	4, 37
	103-2	The management approach and its components.	4, 37
	103-3	Evaluation of the management approach.	4, 37
GRI 201: Economic performance 2016	201-1	Directo economic value generated and distributed.	4, 37
	201-3	Financial implications and other risks and opportunities due to climate change.	Crédito Real does not have a pension plan, however, the approximate value paid to the Mexican Social Security Institute (IMSS) during 2019 was $ 25,000,000.00 and the percentage of the salary corresponding to this payment was 36.84%.
GRI 201: Economic performance 2016	201-4	Defined benefit plan obligations and other retirement plans.	In 2018 we reported the credit line with Nafinsa to support productive activities in Mexico for an amount of MXN $ 1,500.00 million, during 2019 we increased the line by MXN $ 1,000 million, so we went from MXN $ 1,500 million to MXN $ 2,500 million.
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage.	43
	202-2	Proportion of senior management hired from the local community.	43
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported.	62
	203-2	Significant indirect economic impacts.	62
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers.	31
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption.	89
	205-2	Communication and training about anti-corruption policies and procedures.	89
	205-3	Confirmed incidents of corruption and actions taken.	89
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	89
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	39
	103-2	The management approach and its components.	39
	103-3	Evaluation of the management approach.	39
GRI 207: Fiscalidad 2019	207-1	Approach to tax.	39
	207-3	Stakeholder engagement and management of concerns related to tax.	39
	207-4	Country-by-country reporting.	This information is available at the Consolidated financial Statements of this Report.

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
	GRI 300: Environmental standards		
GRI 301: Materials 2016	301-1	Materials used by weight or volume.	76
GRI 302: Energy 2016	302-1	Energy consumption within the organization.	70
	302-2	Energy consumption outside the organization.	70
	302-3	Energy intensity.	70
	302-4	Reduction of energy consumption.	70
GRI 303: 2018 Water and effluents	303-1	Water withdrawal by source.	75
	303-3	Water withdrawal.	75
	303-4	Water discharges.	75
	303-5	Water consumption.	75
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1).	73
	305-2	Energy indirect (Scope 2) GHG emissions.	73
	305-3	Other indirect GHG emissions (scope 3).	73
	305-4	Intensity of GHG emissions.	73
	305-6	Emissions of substances that deplete the ozone layer (ODS).	73
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions.	73
GRI 306: Effluents and waste 2016	306-1	Water discharge by quality and destination.	75
	306-2	Waste by type and disposal method.	76
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations.	During 2019 we received no fines or sanctions for this concept.
	GRI 400: Social standards		
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	43
	103-2	The management approach and its components.	43
	103-3	Evaluation of the management approach.	43
GRI 401: Employment 2018	401-1	New employee hires and employee turnover.	43
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	43
	401-3	Parental leave.	43
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	57
	103-2	The management approach and its components.	57
	103-3	Evaluation of the management approach.	57

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees.	57
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	57
	403-3	Workers with high incidence or high risk of diseases related to their occupation.	57
	403-4	Health and safety topics covered in formal agreements with trade unions.	57
	403-5	Employee training on occupational health and safety	57
	403-6	Promotion of worker health	57
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	57
	403-8	Workers covered by an occupational health and safety management system	57 In addition to 100% of our employees, another 64 workers who are not directly employed by Crédito Real are covered by our occupational health and safety management system.
	403-9	Work-related injuries	57
	403-10	Work-related illnesses and ill health	57
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee.	52
	404-2	Programs for upgrading employee skills and transition assistance programs.	52
	404-3	Percentage of employees receiving regular performance and career development reviews.	55
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	43, 83
	103-2	The management approach and its components.	43, 83
	103-3	Evaluation of the management approach.	43, 83
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees.	43, 83
	405-2	Ratio of basic salary and remuneration of women to men.	43, 83
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken.	22
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	During 2019 there were no cases of violations to this right.
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor.	22
GRI 409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor.	22
GRI 411: Rights of indigenous peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples.	During 2019 we registered no cases of violations to the rights of indigenous groups.

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
GRI 412: Human rights assessment 2016	412-2	Negative social impacts in the supply chain and actions taken.	82
	412-3	Operations with significant actual and potential negative impacts on local communities.	1% of our investment agreements (IDB) include covenants referring to human rights.
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs.	62, 66
	413-2	Operations with significant actual and potential negative impacts on local communities.	During 2019 we had no negative impacts from our operations on local communities.
GRI 415: Public policy 2016	415-1	Political contributions.	At Crédito Real in our business activities we respect the political plurality of the places where we are present, which is why we make no political donations, sponsorships, or subsidies. Our employees have a legitimate right to participate in political activities at a strictly personal level.
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories.	62
	416-2	Casos de incumplimiento relativos a los impactos en la salud y seguridad de las categorías de productos y servicios.	During 2019 there were no incidences of non-compliance with this concept.
GRI 417: Marketing and labeling 2016	417-1	Requirements for product and service information and labeling.	We currently have record of one adhesion contract that is subject to external regulation.
	417-2	Incidents of non-compliance concerning product and service information and labeling.	During 2019 there were no incidences of non-compliance with this concept.
	417-3	Incidents of non-compliance concerning marketing communications.	During 2019 there were no incidences of non-compliance with this concept.
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	89
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area.	During 2019 there were no incidences of non-compliance with this concept.

GRI STANDARD		DESCRIPTION	PAGE/ DIRECT RESPONSE
	Sector supplement. Financial services		
FS Product portfolio	FS1	Policies with specific environmental and social components applied to business lines	62
	FS2	Procedures for assessing and screening environmental and social risks in business lines	87
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	During 2019 the Internal Audit team reviewed the main controls for processes related to the Marketing division as part of the Annual Audit Plan.
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	52
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	87
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	10
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	10
FS Audit	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	87
FS Local Communities	FS13	Access points in low-populated or economically disadvantaged areas by type	62
GRI 103: 2016 Management approach	103-1	Explanation of the material topic and its Boundary.	10, 62
	103-2	The management approach and its components	10, 62
	103-3	Evaluation of the management approach.	10, 62
FS Local Communities	FS14	Initiatives to improve access to financial services for disadvantaged people	10, 62
FS Marketing and labeling	FS15	Policies for the fair design and sale of financial products and services	Through our Marketing division we transform all of Crédito Real's services into tangible benefits for our clients in an effort to not only meet their needs, but also those of our investors.
FS Local Communities	FS16	Initiatives to enhance financial literacy.	62

INDEPENDENT ASSURANCE REPORT

MADRID - A CORUÑA - AMSTERDAM
BARCELONA – LONDRES – PARIS
ISTANBUL - TURQUÍA - MÉXICO

Informe de Revisión Independiente para la Dirección de Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada y Subsidiarias

A la Dirección de Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada y Subsidiarias (en adelante la "Entidad"),

Conforme a su solicitud, hemos sido requeridos para proporcionar un nivel de aseguramiento limitado sobre el contenido del Informe Anual y Sustentable 2019 (en adelante "Informe") del ejercicio cerrado a 31 de diciembre de 2019, preparado de conformidad con los contenidos propuestos en los Estándares GRI de *Global Reporting Initiative* (en adelante "Estándares GRI") y en el Suplemento Sectorial de "*Financial Services*" de la Guía GRI versión G4 (en adelante el Suplemento Sectorial *Financial Services*).

Responsabilidades de la Dirección

La Dirección de la Entidad ha sido responsable de la preparación, del contenido y presentación del Informe, según la opción de conformidad "esencial" de los Estándares GRI, considerando además el Suplemento Sectorial Financial Services.

Esta responsabilidad incluye el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que la información contenida en el "Informe" esté libre de incorrección material, debido a fraude o error.

Nuestra responsabilidad

Nuestra responsabilidad consistió en proporcionar un nivel de revisión limitado sobre el contenido del Informe en cuanto a los contenidos de desempeño incluidos en los Estándares GRI.

Con el fin de asegurar que el proceso de verificación cumple con los requerimientos éticos necesarios para asegurar la independencia de nuestro trabajo como auditores de información no financiera, nuestro trabajo va de acuerdo a la Norma ISAE3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, emitida por la International Auditing and Assurance Standard Board (IAASB) de la International Federation of Accountants (IFAC). Esta norma exige, además que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales.

Alcance

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de revisión de seguridad limitada es menor al de un trabajo de seguridad razonable y por ello también el nivel de seguridad que se proporciona. El presente informe en ningún caso debe entenderse como un informe de auditoría.

Los procedimientos que realizamos se basan en nuestro juicio profesional e incluyeron consultas, inspección de documentación, procedimientos analíticos, y pruebas de revisión por muestreo que, con carácter general, se describen a continuación:

- Selección de información a verificar con base en la materialidad y conocimiento previo de la compañía.
- Entrevistas con el personal responsable de proporcionar la información contenida en el "Informe" para conocer los principios, sistemas y enfoques de gestión aplicados.
- Revisión de los procesos de recopilación, control interno y consolidación de los datos.
- Revisión de la cobertura, relevancia e integridad de la información incluida en el "Informe" en función de las operaciones y los aspectos materiales previamente identificados.
- Revisión de evidencias con base en un muestreo de la información de acuerdo a un análisis de riesgo.
- Revisión de la aplicación de lo requerido de conformidad con los Estándares GRI.
- Verificación de Índice de contenidos GRI del "Informe", según la opción de conformidad esencial.

Los contenidos revisados en la elaboración del "Informe" durante el ejercicio cerrado del 01 de enero al 31 de diciembre 2019 fueron los siguientes:

MADRID - A CORUÑA - AMSTERDAM
BARCELONA – LONDRES – PARIS
ISTANBUL - TURQUÍA - MÉXICO

Nombre del Estándar	Contenido	Descripción
Contenidos Generales		
Perfil de la organización	102-8	Información sobre empleados y otros trabajadores
Ética e integridad	102-17	Mecanismos de asesoría y preocupaciones éticas
Gobernanza	102-18	Estructura de gobernanza
	102-22	Máximo órgano de gobierno y sus comités
	102-29	Identificación y gestión de impactos económicos, ambientales y sociales
	102-30	Eficacia de los procesos de gestión del riesgo
Participación de grupos de interés	102-43	Participación de los grupos de interés
Prácticas para la elaboración de informes	102-46	Definición de los contenidos del informe
Temas Económicos		
Desempeño económico	201-1	Valor económico directo generado y distribuido
Impactos económicos indirectos	203-1	Inversiones en infraestructuras y servicios apoyados
Temas Ambientales		
Energía	302-1	Consumo energético dentro de la organización
Agua	303-5	Consumo de agua
Emisiones	305-1	Emisiones directas de GEI (alcance 1)
	305-2	Emisiones indirectas de GEI al generar energía (alcance 2)
Temas sociales		
Empleo	401-1	Nuevas contrataciones de empleados y rotación de personal
Formación y enseñanza	404-1	Media de horas de formación al año por empleado
	404-2	Programas para mejorar las aptitudes de los empleados y programas de ayuda a la transición
Diversidad e igualdad de oportunidades	405-1	Diversidad en órganos de gobierno y empleados
No discriminación	406-1	Casos de discriminación y acciones correctivas emprendidas

Conclusión

Basados en nuestra revisión y la evidencia presentada por la Entidad no tuvimos conocimiento de situación alguna que nos haga creer que la información contenida en el Informe Anual y Sustentable 2019 no haya sido obtenida de manera fiable, no esté presentada de manera adecuada, tenga desviaciones u omisiones significativas, o que no haya sido preparada de acuerdo con los requerimientos establecidos en los Estándares GRI.

Valora Sostenibilidad e Innovación S.A. de C.V.

José Luis Madrid Garcia
Presidente Valora México

Ciudad de México, a 08 de Julio de 2020

CRÉDITO REAL®

2019

Annual and Sustainability Report

OUR **STRONG DRIVE**

CONSOLIDATED FINANCIAL STATEMENTS

CONTENT

Independent Auditors' Report and Consolidated Financial Statements for 2019, 2018 and 2017

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada y Subsidiarias
(before Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada y Subsidiarias)
Av. Insurgentes Sur 730 Piso 20, Colonia Del Valle, Ciudad de México, México

Consolidated Financial Statements for the Years Ended December 31, 2019, 2018 and 2017 and Independent Auditors' Report Dated February 27, 2020.

Deloitte.

Independent Auditors' Report to the Board of Directors and Stockholders of Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries, (the "Entity"), which comprise the consolidated balance sheets as of December 31, 2019, 2018 and 2017, the consolidated statements of income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements have been prepared, in all material respects, in accordance with the accounting criteria established by the National Banking and Securities Commission (the "Commission"), through the "General Provisions applicable to public bonded warehouses, exchange houses, credit unions and regulated multiple purpose financial institutions" (the "Accounting Criteria").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Consolidated Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")* and with the Ethics Code issued by the Mexican Institute of Public Accountants A.C. *("IMCP Code")*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters, which should be communicated in our report.

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Valuation of Derivative Financial Instruments (See Notes 3 and 6 to the consolidated financial statements)

The Entity enters into transactions with derivative financial instruments for hedging purposes, maintains Interest Rate Swaps, Currency Swaps and options. These transactions are performed on an over-the-counter market ("OTC") basis. The Entity's counterparties are primarily Mexican and international banking institutions with financial guarantee agreements. The valuation of derivative financial instruments is considered to be a key area of our audit approach mainly due to the significance of the carrying amounts (fair value) of derivative financial instruments and because management utilizes its judgment to determine fair value and the key assumptions used for this purpose, such as exchange rates, rate curves, volatilities, etc., as these instruments are traded on an OTC basis.

Our audit procedures selected for this significant item were as follows:

- Test the design and implementation of the key controls used to identify, measure and record the Entity's derivative financial instruments.

  Involve Deloitte's internal expert valuation specialists to independently determine the fair value of a sample of derivative financial instruments, while also considering market data, which we matched with the values determined by management.

- At December 31, 2019, validate the correct presentation and disclosure of these instruments in the consolidated financial statements.

The results of our audit procedures were reasonable.

Allowance for loan losses (See Notes 3 and 8 to the consolidated financial statements)

The Entity creates an allowance for loan risks for its credit portfolio based on the portfolio rating rules detailed in the Provisions issued by the Commission, which establish methodologies for the evaluation and creation of reserves by credit type. When rating its credit portfolio, the Entity considers the Probability of Default, the Severity of the Loss and Exposure at Default. It also rates its credit portfolio based on different groups and by establishing different variables to estimate the probability of default, as follows: i) consumer loans: the possibility of non-payment, potential losses and credit risk; ii) commercial loans: evaluation of the debtor's ability to settle the loan (country risk, financial risk, industry risk and payment history), as well as the respective credit enhancements.

The above has been classified as a key audit matter due to the significance of the carrying amount of the loan portfolio and the related allowance for loan losses, and because the determination process requires the consideration of different data inputs, as described in the preceding paragraph. Accordingly, the completeness and accuracy of the information used for this purpose is fundamental.

Our audit procedures to address this key audit matter included:

- We tested the design and implementation of the relevant controls with a focus on the review-type controls, addressing the classification of the commercial loan portfolio into different groups, as well as consumer loans.

  We reviewed the variables for the estimate of the probability of default for each type of loan.

- We tested the design and implementation of the determination of the credit rating and/or score, which are determined based on the quantitative factors related to the financial information of the borrower, credit bureau information and qualitative factors related to their environment, behavior and performance.

- We tested a sample of loans as of August 31 and December 31, 2019, assessing the reasonableness of the criteria and considerations used for the determination of the estimate based on an independent calculation procedure, compared the results against those recorded by the Entity with the aim of assessing any indication of error or management bias, and concluded that the results were within reasonable ranges.

The results of our audit procedures were reasonable.

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Other Information Included in the Document Containing the Consolidated Audited Financial Statements

Management is responsible for the other information. The other information will include the consolidated financial information which will be included in the Annual Report that the Entity is required to prepare in accordance with Article 33, section I, subsection b) of Title Four, First Chapter of the *General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico* (the "Annual Report") and the instructions accompanying such provisions (the "Provisions applicable to Issuers"). The Annual Report is expected to be available after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance thereon.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or appears to contain a material misstatement. When we read the Annual Report, we will issue the representations on the reading of the annual report, as required in Article 33, section I, subsection b) number 1.2 of the Provisions applicable to Issuers.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with the Accounting Criteria, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters, related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concerns basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Entity, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamamoto, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Karen Jazmín Pérez Olvera

Mexico City, Mexico

February 27, 2020

CONSOLIDATED BALANCE SHEETS

As of December 31, 2019, 2018 and 2017
(In thousands of Mexican pesos)

ASSETS	2019	2018	2017
Cash and cash equivalents	$ 1,180,867	$ 575,719	$ 810,622
Investment in securities:			
Trading securities	1,294,358	940,865	529,768
	1,294,358	940,865	529,768
Derivatives:			
Trading purposes	-	1,028,013	1,920,898
Hedging purposes	-	1,028,013	1,920,898
Performing loan portfolio:			
Commercial loans:			
Commercial or business activity	34,619,967	26,090,647	20,903,887
Consumer loans	11,705,735	9,610,914	7,505,932
Total performing loan portfolio	46,325,702	35,701,561	28,409,819
Non-Performing loan portfolio:			
Commercial loans:			
Commercial or business activity	343,817	307,551	331,398
Consumer loans	288,901	310,004	273,821
Total non-performing loan portfolio	632,718	617,555	605,219
Loan portfolio	46,958,420	36,319,116	29,015,038
Less – Allowance for loan losses	(1,390,046)	(1,067,923)	(1,067,540)
Loan portfolio, net	45,568,374	35,251,193	27,947,498
Other accounts receivable, net	6,796,910	5,378,802	4,629,673
Foreclosed assets, net	10,774	10,510	3,269
Property, furniture and fixtures, net	625,326	341,453	342,170
Long-term investment in shares	1,273,557	1,193,412	1,265,322
Other assets, net			
Deferred charges, advance payments and intangibles	4,590,582	4,793,722	4,130,920
Other short and long-term assets	250,944	48,771	327,573
	4,841,526	4,842,493	4,458,493
Total assets	**$ 61,591,692**	**49,562,460**	**41,907,713**

LIABILITIES	2019	2018	2017
Notes payable (Securitized Certificates)	$ 1,260,978	$ 1,463,518	$ 1,000,000
Senior notes payable	24,636,734	17,018,849	13,543,874
	25,897,712	18,482,367	14,543,874
Bank loans:			
Short-term loans	7,597,612	7,359,690	2,927,873
Long-term loans	8,015,873	4,804,689	6,112,759
	15,613,485	12,164,379	9,040,632
Derivatives:			
Hedging purposes	765,329	-	137,637
	765,329	-	137,637
Other accounts payable			
Income taxes payable	313,630	263,951	390,906
Employee profit sharing payable	16,863	18,290	16,183
Accrued liabilities and other accounts payable	513,740	439,074	1,229,108
	844,233	721,315	1,636,197
Deferred taxes, net	2,407,056	2,258,849	1,781,022
Total liabilities	**$ 45,527,815**	**$ 33,626,910**	**$ 27,139,362**
STOCKHOLDERS' EQUITY			
Paid in Capital:			
Capital stock	660,154	660,154	660,154
Share subscription premium	1,192,265	1,407,522	1,462,618
Perpetual bond	4,206,685	4,206,685	4,206,685
	6,059,104	6,274,361	6,329,457
Earned Capital:			
Legal reserve	132,030	132,030	132,030
Retained earnings	7,664,422	6,561,118	5,442,351
Result from valuation of cash flow hedges, net	(708,201)	128,622	359,727
Cumulative translation adjustment	5,489	(30,074)	93,665
Re-measurements of employee defined benefits	(18,174)	5,611	1,087
Net income attributable to controlling interest	1,980,109	1,955,358	1,661,144
Non-controlling interest	949,098	908,524	748,890
Total stockholders' equity	10,004,773	9,661,189	8,438,894
Total stockholders' equity	**16,063,877**	**15,935,550**	**14,768,351**
Total liabilities and stockholders' equity	**$ 61,591,692**	**$ 49,562,460**	**$ 41,907,713**

MEMORANDUM ACCOUNTS (NOTE 23)	2019	2018	2017
Credit commitments	$ 227,878	$ 354,728	$ 300,573
Uncollected interest earned on non-performing portfolio	$ 151,125	$ 366,701	$ 290,276
Unused credit lines	$ 131,904	$ 156,023	$ 1,999,177

"The historical balance of the share capital as of December 31, 2019, 2018 and 2017 is $ 660,154, in each year. The effect of indexing recognized in the share capital as of December 31, 2007 is $ 2,916."

"These consolidated balance sheets were prepared in accordance with the accounting criteria for Credit Institutions issued by the National Banking and Securities Commission based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Entity through the above-mentioned dates, which were carried out and valued in accordance with sound practices and the applicable provisions ."

"These consolidated balance sheets were approved under the responsibility of the executives who subscribe them. The consolidated balance sheet as of December 31, 2019 is pending approval by the Board of Directors. The consolidated balance sheets as of December 31, 2018 and 2017 were approved by the Board of Directors."

"These consolidated financial statements may be consulted on the page http://www.creal.mx."

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

Lic. Carlos Enrique Ochoa Valdés
DIRECTOR GENERAL ADJUNTO Y DE FINANZAS

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 2019, 2018 and 2017
(In thousands of Mexican pesos)

	2019	2018	2017
Interest income	$ 11,932,952	$ 10,287,586	$ 8,557,339
Interest expense	(4,671,080)	(3,207,389)	(2,726,088)
Financial margin	7,261,872	7,080,197	5,831,251
Provisions for loan losses	(1,306,626)	(1,540,335)	(1,081,143)
Financial margin after provision for	5,955,246	5,539,862	4,750,108
Commissions and fees income	515,700	564,138	826,388
Commissions and fees paid	(373,447)	(255,989)	(234,613)
Intermediation income	156,248	(20,822)	152,947
Other operating income	126,597	164,742	88,162
Administrative and marketing expense	(3,607,017)	(3,483,129)	(3,417,456)
Operating result	2,773,327	2,508,802	2,165,536
Equity in income of associates	63,201	154,715	177,743
Income before income taxes	2,836,528	2,663,517	2,343,279
Current income taxes	(587,737)	(355,305)	(92,722)
Deferred income taxes	(148,207)	(295,295)	(435,574)
	(735,944)	(650,600)	(528,296)
Net income	2,100,584	2,012,917	1,814,983
Non-controlling interest	120,475	57,559	153,839
Net income attributable to controlling interest	**$ 1,980,109**	**$ 1,955,358**	**$ 1,661,144**
Earnings per share	**$ 5.04**	**$ 4.99**	**$ 4.24**
Weighted average shares outstanding	**392,219,424**	**392,219,424**	**392,219,424**

"These consolidated statements of income were prepared in accordance with the accounting criteria for Credit Institutions, issued by the National Banking and Securities Commission based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Entity through the aforementioned dates, which were carried out and valued in accordance with sound practices and applicable provisions."

"These consolidated statements of results were approved under the responsibility of the executives who subscribe them. The consolidated statement of income for the year ended December 31, 2019 is pending approval by the Board of Directors. The consolidated statements of results for the years ended December 31, 2018 and 2017 were approved by the Board of Directors."

"These consolidated financial statements may be consulted on the page http://www.creal.mx."

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

Lic. Carlos Enrique Ochoa Valdés
DIRECTOR GENERAL ADJUNTO
Y DE FINANZAS

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 2019, 2018 and 2017
(In thousands of Mexican pesos)

	PAID IN CAPITAL				EARNED CAPITAL						
	Capital stock	Share subscription premium	Perpetual bond	Legal reserve	Retained earnings	Results from valuation of cash flow hedges	Cumulative translation effect	Re-measurements of employee defined benefits	Net income attributable to controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2016	**$ 660,154**	**$ 1,450,269**	**$ -**	**$ 132,030**	**$ 4,244,142**	**$ 229,447**	**$ 167,623**	**$ 2,459**	**$ 1,714,001**	**$ 677,222**	**$ 9,277,347**
Changes arising from stockholder decisions-											
Transfer of prior year results	-	-	-	-	1,714,001	-	-	-	(1,714,001)	-	-
Dividend payments	-	-	-	-	(96,800)	-	-	-	-	-	(96,800)
Constitution of reserves	-	-	-	-	(361,899)	-	-	-	-	-	(361,899)
Repurchase of own shares	-	12,349	-	-	(58,465)	-	-	-	-	-	(46,116)
Total entries approved by stockholders	-	12,349	-	-	1,196,837	-	-	-	(1,714,001)	-	(504,815)
Changes affecting comprehensive income-											
Result from consolidation of minority interest companies	-	-	-	-	-	-	-	-	-	(82,140)	(82,140)
Result from valuation of cash flow hedging instruments	-	-	-	-	-	130,280	-	-	-	-	130,280
Cumulative translation effect	-	-	-	-	-	-	(73,958)	-	-	(31)	(73,989)
Re-measurements of employee defined benefits	-	-	-	-	1,372	-	-	(1,372)	-	-	-
Subordinated obligations in circulation	-	-	4,206,685	-	-	-	-	-	-	-	4,206,685
Net income	-	-	-	-	-	-	-	-	1,661,144	153,839	1,814,983
Total comprehensive income	-	-	4,206,685	-	1,372	130,280	(73,958)	(1,372)	1,661,144	71,668	5,995,819
Balances as of December 31, 2017	**660,154**	**1,462,618**	**4,206,685**	**132,030**	**5,442,351**	**359,727**	**93,665**	**1,087**	**1,661,144**	**748,890**	**14,768,351**
Changes arising from stockholder decisions-											
Transfer of prior year results	-	-	-	-	1,661,144	-	-	-	(1,661,144)	-	-
Dividend payments	-	-	-	-	(193,436)	-	-	-	-	-	(193,436)
Sale of own shares	-	(55,096)	-	-	(91,528)	-	-	-	-	-	(146,624)
Dividends of subordinate obligations payment	-	-	-	-	(252,889)	-	-	-	-	-	(252,889)
Total entries approved by stockholders	-	(55,096)	-	-	1,123,291	-	-	-	(1,661,144)	-	(592,949)
Changes affecting comprehensive income-											
Result from consolidation of minority interest companies	-	-	-	-	-	-	-	-	-	121,558	121,558
Result from valuation of cash flow hedging instruments	-	-	-	-	-	(231,105)	-	-	-	-	(231,105)
Cumulative translation effect	-	-	-	-	-	-	(123,739)	-	-	(19,483)	(143,222)
Re-measurements of employee defined benefits	-	-	-	-	(4,524)	-	-	4,524	-	-	-
Net income	-	-	-	-	-	-	-	-	1,955,358	57,559	2,012,917
Total comprehensive income	-	-	-	-	(4,524)	(231,105)	(123,739)	4,524	1,955,358	159,634	1,760,148

	PAID IN CAPITAL				EARNED CAPITAL						
	Capital stock	Share subscription premium	Perpetual bond	Legal reserve	Retained earnings	Results from valuation of cash flow hedges	Cumulative translation effect	Re-measurements of employee defined benefits	Net income attributable to controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2018	**660,154**	**1,407,522**	**4,206,685**	**132,030**	**6,561,118**	**128,622**	**(30,074)**	**5,611**	**1,955,358**	**908,524**	**15,935,550**
Changes arising from stockholder decisions-											
Transfer of prior year results	-	-	-	-	1,955,358	-	-	-	(1,955,358)	-	-
Dividend payments	-	-	-	-	(265,768)	-	-	-	-	-	(265,768)
Purchase / Sale of own shares	-	(215,257)	-	-	81,318	-	-	-	-	-	(133,939)
Dividends of subordinate obligations payment	-	-	-	-	(659,966)	-	-	-	-	-	(659,966)
Others	-	-	-	-	(1,982)	-	-	-	-	-	(1,982)
Total entries approved by stockholders	-	(215,257)	-	-	1,108,960	-	-	-	(1,955,358)	-	(1,061,655)
Changes affecting comprehensive income-											
Result from consolidation of minority interest companies	-	-	-	-	-	-	-	-	-	(80,005)	(80,005)
Result from valuation of cash flow hedging instruments	-	-	-	-	-	(836,823)	-	-	-	-	(836,823)
Cumulative translation effect	-	-	-	-	-	-	35,562	-	-	105	35,667
Re-measurements of employee defined benefits	-	-	-	-	(5,656)	-	-	(23,785)	-	-	(29,441)
Net income	-	-	-	-	-	-	-	-	1,980,109	120,475	2,100,584
Total comprehensive income	-	-	-	-	(5,656)	(836,823)	35,562	(23,785)	1,980,109	40,575	1,189,982
Balances as of December 31, 2019	**660,154**	**1,192,265**	**4,206,685**	**132,030**	**7,664,422**	**(708,201)**	**5,489**	**(18,174)**	**1,980,109**	**949,098**	**16,063,877**

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for Credit Institutions, issued by the National Banking and Securities Commission based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Entity through the above-mentioned dates, which were carried out and valued with adherence to sound practices and applicable provisions."

"These consolidated statements of changes in stockholders' equity were approved under the responsibility of the executives who subscribe them. The consolidated statement of changes in stockholders' equity for the year ended December 31, 2019 is pending approval by the Board of Directors. The consolidated statements of changes in stockholders' equity for the years ended December 31, 2018 and 2017 were approved by the Board of Directors ".

"These consolidated financial statements may be consulted on the page http://www.creal.mx".

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

Lic. Carlos Enrique Ochoa Valdés
DIRECTOR GENERAL ADJUNTO Y DE FINANZAS

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 2019, 2018 and 2017
(In thousands of Mexican pesos)

	2019	2018	2017
Net income	$ 2,100,584	$ 2,012,917	$ 1,814,983
Adjustments for items that do not result in cash flows:			
Depreciation of furniture and fixtures	47,395	47,355	72,518
Amortization of intangibles assets	19,838	36,579	64,035
Provisions	14,778	40,689	124,987
Deferred income taxes	672,910	650,600	528,297
Equity in income of associates	(63,201)	(154,715)	(177,743)
	2,792,304	2,633,425	2,427,077
Operating activities			
Change in investment in securities	(353,493)	(411,097)	462,907
Change in derivatives (asset)	956,520	524,143	683,665
Change in loan portfolio (net)	(10,317,182)	(7,303,695)	(5,149,835)
Change in other accounts receivables (net)	(1,418,107)	(749,129)	(1,052,375)
Change in foreclosed assets (net)	(263)	(7,241)	24,735
Change in other assets	(18,871)	(420,579)	(403,323)
Change in senior notes and notes payable	7,415,345	3,938,493	(2,344,569)
Change in bank loans	3,449,106	3,123,747	1,340,579
Change in other accounts payable	(731,456)	(1,128,344)	714,422
Net cash flows from operating activities	(1,018,401)	(2,433,702)	(5,723,794)
Investing activities			
Acquisitions of property and equipment	(47,760)	(46,638)	(216,597)
Dividends received in cash	94,667	113,895	95,116
(Increase) decrease in investments in shares	(215,258)	179,192	(207,014)
Net cash flows from investing activities	(168,351)	246,449	(328,495)
Financing activities:			
Cash flow generated from hedging instruments	-	-	130,280
Dividends paid in cash	(265,768)	(193,436)	(96,800)
Share subscriptions premium	-	-	12,349
Repurchase of own shares	(110,231)	(91,528)	(58,465)
Subordinated obligations	-	-	4,206,685
Dividends paid on subordinated obligations	(659,966)	(252,889)	-
Net cash flows from financing activities	(1,035,965)	(537,853)	4,194,049
Net increase (decrease) in cash and cash equivalents	569,586	(91,681)	568,837
Effect of change in the value of cash and equivalents	35,562	(143,222)	(73,989)
Cash and cash equivalents at beginning of year	575,719	810,622	315,774
Cash and cash equivalents at end of year	**$ 1,180,867**	**$ 575,719**	**$ 810,622**

"These consolidated statements of cash flows were prepared in accordance with the Accounting Criteria for Credit Institutions, issued by the National Banking and Securities Commission based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Entity through the above-mentioned dates, which were carried out and valued in accordance with sound practices and the applicable provisions."

"These consolidated statements of cash flows were approved under the responsibility of the executives who subscribe them. The consolidated statement of cash flows for the year ended December 31, 2019 is pending approval by the Board of Directors. The consolidated statements of cash flows for the years ended December 31, 2018 and 2017 were approved by the Board of Directors."

"These consolidated financial statements may be consulted on the page http://www.creal.mx".

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

Lic. Carlos Enrique Ochoa Valdés
DIRECTOR GENERAL ADJUNTO
Y DE FINANZAS

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 2019, 2018 and 2017
(In thousands of Mexican pesos)

1. ACTIVITIES, REGULATORY ENVIRONMENT AND SIGNIFICANT EVENTS

Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (formerly Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada) and subsidiaries, (the "Entity" or "Crédito Real"), is a non- banking institution in Mexico, focused on consumer lending which has diversified business platform integrated mainly by five business lines: (i) payroll lending, (ii) consumer loans, (iii) small and medium business loans, (iv) group loans, and (v) used car loans. Loans paid via the payroll are offered to unionized government employees through a national network of 15 distributors with which credit granting agreements have been executed. Crédito Real has executed exclusivity agreements with three of the main distributors and also holds a significant amount of their common stock. The origination of consumer loans ceased as of July 2017, and only internal collection activities for the performing portfolio are being carried out. Loans are granted to small and medium businesses to cover the working capital requirements and investment activities of micro, small and medium enterprises; these resources are provided through a specialized broker or under the Entity's own trademark. Group loans are mainly offered to groups of women with a productive activity by using the joint credit methodology; these loans are granted by two associate entities with a network of 1,561 promoters and 203 branches. Used car loans are granted to acquire preowned automobiles through agreements with 5 car dealers specialized in the purchase-sale of automobiles and a subsidiary with a network of 20 branches that offers financing by receiving automobiles and commercial vehicles as collateral; and finally through two entities which focus mainly on the Hispanic- American market with limited credit history in the United States of America ("EUA"): CR USA Finance (formerly AFS Acceptance), which has around 1,338 distributors in 26 US states. The Entity has a presence in Costa Rica, Nicaragua and Panama with the brand Instacredit, through a network of 65 branches and more than 362 promoters. Instacredit is a recognized brand in Central America, with more than 19 years' experience, and has a multiproduct platform offering loans in the segments of personal loans, automobile loans, PYMES and mortgage-secured loans.

Payroll loans

The Entity purchases loans with payment via payroll from distributors which offer credit products to the unionized workers of government agencies. These loans are also offered at times to pensioners or retired persons from the public sector. These loans are granted by distributors with which the Entity operates, and are then acquired by the Entity through financial factoring contracts in portfolio purchase transactions.

The payroll loans are settled through semimonthly installments which are made by the borrowers' employers, which consist of government agencies and other entities, in accordance with loan agreements signed by the borrower. Based on such loan agreements, a borrower authorizes the employer to use amounts deducted from the payroll for the fixed installment payments of the loan during its effective term. The risk of nonperformance decreases substantially over the term of the typical loan. The maximum limit established by government agencies in terms of the percentage of a worker's net salary that can be applied to settle a loan is 30%. The Entity offers certain customers the option of renewing their loans before they expire. However, the Entity does not preauthorize loans under any circumstances.

The relationships that have been established by the distributors, directly and through service providers such as public relations agencies, with the entities and unions that they use or affiliate workers of the federal government agencies and state agencies in different parts of the country, have been formalized through the execution of cooperation agreements, which enable the distributors to offer payroll loans to the affiliated workers of such unions and establish that the government agencies and entities execute the instruction received from the borrowers for the installments of principal and interest on the loans.

In accordance with the cooperation agreements, the government agencies and entities or unions process and grant the "discount codes" so that such agencies or entities can pay the loans by payroll directly (on behalf of the borrowers). Apart from making the payroll deductions and rendering payments directly to the collection trust in which the Entity is the beneficiary, the employers compile periodic reports to the distributors regarding the payroll deductions made on behalf of borrowers. The Distributors are responsible for coordinating

with the different agencies and entities, so that the respective computer systems are accurate, and the payments are issued on a timely fashion. The employers do not intervene in any way in the negotiation, credit approval process or in the negotiations of the terms of the loan contract executed by the distributors with the affiliated workers.

The Entity estimates that the cost of procurement and maintenance of the aforementioned cooperation agreements ranges between 3% and 5% of the revenues generated by the payroll loan portfolio. Such cost is fully covered by the distributors.

The Entity's business model enables both the Entity and its distributors to make the most of their respective competitive advantages. While the Entity concentrates on administrating the credit risk, minimizing financial costs and maintaining diversified financing sources, the Distributors concentrate on increasing the number of possible customers through the execution of contracts with additional government agencies and entities or unions or renewing existing contracts, and on promoting the Entity's products among the affiliated workers of such agencies.

PYMES loans

The Entity has a partnership with Fondo H, S.A. de C.V. SOFOM, ENR ("Fondo H"), a company engaged in making short and medium-term loans to small and medium businesses (PYMES) in Mexico. Its customer base includes businesses from the manufacturing, distribution and services sectors. Based on this partnership, financing is provided exclusively for loans originated by Fondo H.

Used car loan

Used car loans in Mexico are originated through contracts with car companies that sell used cars. Currently 5 partnerships have been executed with distributors in more than 475 points of sale. Additionally, the Entity has a 51% holding in a company which operates under the brand "Drive & Cash", which is engaged in offering financing through the warranty of automobiles and commercial vehicles. As of December 31, 2019, the distribution network of Drive & Cash is composed of 20 branches and 506 agreements located in 32 States Nationwide.

The Entity has a majority stake in a credit operator for used cars doing business as "CR USA Finance". Such operator has a service platform which enables it to operate in 26 states throughout the US, and also operating agreements in place with more than 1,338 distributors in that country.

Consumer loans

On February 22, 2017, the Entity announced the acquisition of 70% of the share capital of Instacredit. The Entity decided to invest in Instacredit to diversify and expand to the Central American market, focusing in the same type of customer segment that serves in Mexico, the middle and low income segment of the population unattended by the traditional banking system.

At the end of 2019, Instacredit contributed 24.4 % of the Entity's consolidated income. It also represented 11.3% of the total credit portfolio. Instacredit has a recognized brand with a multiproduct platform, with 19 years of experience and 65 branches located in Costa Rica, Nicaragua and Panama with a customer base of 172,628. Instacredit offers credit services through the following products: personal loans, car loans, small and medium business loans, and mortgage-secured loans.

Group loans

Group loans are originated through two specialized operators which have 1,561 promoters in a network comprising 203 branches. The promoters are familiar with the specific needs of micro-entrepreneurs and the self-employed.

The aforementioned group credit loans refer to non-revolving consumer loan portfolio, with a weekly or half- monthly payment period, granted to groups of persons in which each member is held jointly and severally liable for the total payment of the loan, although the classification of such loan is made individually for each member of the group.

Regulatory environment

Article 87-D of the General Law on Credit Organizations and Ancillary Activities ("LGOAAC") establishes that multiple purpose financing companies that issue securities listed on the National Securities Registry pursuant to the Securities Law must prepare consolidated financial statements according to the accounting criteria set forth in the General Provisions applicable to public bonded warehouses, exchange houses, credit unions and regulated multiple purpose financial institutions (the "Provisions") established by the National Banking and Securities Commission (the "Commission").

As the Entity is a not regulated multiple purpose financial institution, it is obligated to prepare its consolidated financial statements in accordance with the accounting criteria established by the Commission as set forth in the Provisions.

Significant events 2019

a) On January 25, 2019, Crédito Real acquired, through its repurchase fund, and approved the cancellation of 12,551,534 ordinary, nominative Single Series, Class II shares representing the Entity's variable capital, which comprise 3.2% of its common stock.

b) On February 7, 2019, unsecured notes were issued in the amount of US$400 million and offered in the United States, with maturity in 2026, with a 9.50% interest rate payable half-yearly, which may be prepaid starting from the fourth year following the issuance date. Fitch Ratings and Standard & Poor's issued a rating of "BB+".

c) On August 5, 2019, a syndicated credit line was contracted with Credit Suisse for the amount of US$ 110 million (one hundred and ten million US dollars), with maturity in three years.

d) On August 15, 2019, the second portfolio securitization program in the amount of MXP $615,000, at the TIIE rate + 225 points for an initially-agreed five-year period, according to the securitization program approved by the Commission through document No. 153/10865/2017, was fully prepaid.

e) On October 2, 2019, the Entity announced the issuance of senior bonds with maturity in 2027, with the option of total or partial settlement as of October 1, 2022, for the amount of €350,000,000. These bonds pay interest at the annual rate of 5% and were rated as "BB +" worldwide by Fitch Ratings and Standard and Poor's.

f) On October 8, 2019, 2023 Senior Notes were partially settled for the amount of US$198.1 million. The following derivative financial instruments, contracted to hedge a portion of the prepaid debt, were also settled in advance: a Cross Currency Swap contracted with Morgan Stanley for a notional amount of US$100 million, as well as a second Cross Currency Swap contracted with Barclays for a notional amount of US$100 million, thus leaving a remaining balance of US$25 million, which is hedged by its respective derivative financial instruments.

g) On October 24, 2019, the Entity carried out the third issuance of a portfolio securitization program in the amount of MXP $750,000,000, which accrues interest at the TIIE rate + 215 points over a period of five years, according to the securitization program approved by the Commission through document No. 153/12238/2019.

h) On December 10, 2019, the Entity contracted a credit line of US$50 million for a five-year period with BID Invest, a member of the Inter-American Development Bank group (BID), in line with the Entity's financing strategy, which focuses on obtaining alternative funding sources with enhanced conditions.

Significant events 2018

a) On January 3, 2018, the Entity requested to the Commission cancel the preventive subscription for the short and long-term revolving bonds program for a total of MX $7,500,000, due to the total redemption of the bonds issued under this program.

b) On January 26, 2018, the Entity fully redeemed the outstanding principal and accrued interest of long- term notes with ticker symbol "CREAL 16", in the amount of MXP $1,000,000 issued on March 31, 2016 in accordance with the terms of such notes.

c) On January 31, 2018, the Entity announced the issuance of bonds maturing in 2022 ("Swiss Bonds- CHF"), which are unsecured and cannot be redeemed before maturity in the amount of CHF $170,000,000. The CHF bonds pay an annual rate of 2.875%. The Swiss bonds were rated as "BB+" globally by Fitch Ratings and Standard and Poor's. These CHF bonds are not admitted to transactions in a market regulated in the European Economic Area or in any other outside of it, and are listed exclusively on the SIX Swiss (Stock Market in Switzerland).

d) d) On April 13, 2018, the Commission, by conduct of the director general of issuers and the Director General of legal affairs, issued the documentation, under which, effective as of that date, resolved the cancellation of the registration, in the national securities registry: (i) of the long-term notes, issued under the program modality, "CREAL 15"; (ii) of the long-term notes, issued under the program modality, "CREAL 16"; and, (iii) preventive, according to the modality of the placement program, of short and long-term notes.

As the Entity does not have any debt instruments issued or registered in the National Securities Registry in accordance with the Stock Market Law, it ceased applying its modality as a "SOFOM Entidad Regulada" and changed its denomination to that of "SOFOM Entidad No Regulada.

e) In November 2018, the Entity completed the second issue of its portfolio securitization program for $615,000, earning interest at 225 points above the TIIE rate for a five-year period, under the securitization program approved by the Commission based on official notice No. 153/10865/2018.

f) In May and November 2018, the Entity made the semiannual payments of interest on the perpetual bond issued on November 29, 2018 for US $230 million (two hundred thirty million US dollars).

g) During the last quarter of 2018, the Entity borrowed on lines of credit with Barclays for a total of MX $1,000,000, which is used for working capital. One of the lines of credit is not secured and the other is secured with credit rights.

2. BASIS OF PRESENTATION

Explanation for translation into English -

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented under the accounting rules issued by the Commission. Certain accounting practices applied by the Entity that are in conformity with the accounting rules issued by the Commission may not conform with accounting principles generally accepted in the country of use.

Monetary unit of the consolidated financial statements -

The consolidated financial statements and notes as of December 31,2019, 2018 and 2017 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the three-year periods ended December 31, 2019, 2018 and 2017, were 15.10%, 11.93% and 6.77% in each period.

Accordingly, the economic environment is not inflationary in either such period and no inflationary effects were recognized in the accompanying consolidated financial statements. Inflation rates for the years ended December 31 2019, 2018 and 2017 were 2.83, 4.83%, and 6.77%, respectively.

Consolidation of financial statements -

The consolidated financial statements include those of the Entity and those of its subsidiaries, in which it has control as of December 31, 2019, 2018 and 2017 and for the years ended on those dates. The balances and significant transactions between the consolidated entities have been eliminated. The shareholding in its capital stock is shown below:

Subsidiaries	Share holding percentage		
	2019	2018	2017
Servicios Corporativos Chapultepec, S.A. de C.V.	99.99%	99.99%	99.99%
Directodo México, S.A.P.I. de C.V.	99.99%	99.99%	99.99%
CR-Fact, S.A.P.I. de C.V.	51.00%	51.00%	51.00%.
Controladora CR México, S.A. de C.V.	99.99%	99.97%	99.97%
CRholdingint, S.A. de C.V.	99.99%	99.94%	99.94%
Crédito Real USA, Inc.	100.00%	100.00%	100.00%
CR-Seg, Inc.	100.00%	100.00%	-
Fideicomiso irrevocable de emisión, administración y pago No. 3200	100.00%	100.00%	100.00%
Fideicomiso irrevocable de emisión, administración y pago No.3670	-	100.00%	-
Fideicomiso irrevocable de emisión, administración y pago No.4217	100.00%	-	-

Servicios Corporativos Chapultepec, S.A. de C.V. (“Servicios Corporativos”)

The main activity of Servicios Corporativos is the provision of services. The majority of service revenues are derived from contracts with Crédito Real.

Directodo México, S.A.P.I. de C.V. (“Directodo”)

Directodo’s main activity is lending cash to employees of government entities with which Directodo has entered into payroll discounting agreements, which are given in factoring arrangements with Crédito Real.

CR-Fact, S.A.P.I. de C.V. (“CR-Fact”)

CR-Fact’s main activity is providing financing through lending that is secured by cars and commercial vehicles.

Controladora CR México, S.A. de C.V. (“Controladora CR”) -

Controladora CR became a subsidiary of Crédito Real on November 6, 2015. The principal activity is to make investments in companies acquired in national territory; at the close of December 2019, it maintains the following investments:

I. CAT 60, S.A.P.I. de C.V. (“CAT 60”) -
As of December 23, 2019, CAT 60 became an associated company of Controladora CR, with a 36.07% shareholding. Accordingly, Controladora CR has ceased to consolidate its financial information.

CAT 60 is the holding company of four subsidiaries, of which the most important is Reparadora RTD, S.A. de C.V. (“RTD”), offering credit repair services focusing on individuals who have taken on excessive debt, advising on savings plans and negotiating with creditors to reach an agreement and liquidate their debts, thereby rehabilitating the customer and enabling them to once again gain access to credit. RTD has rendered services to approximately 120,000 customers in Mexico and manages more than 4.5 billion pesos in debt without assuming the credit risk of its customers.

Currently, CAT 60 has investments in the following subsidiaries: Reparadora RTD, S.A. de C.V. (99.9%), RTF Agente de Seguros, S.A. de C.V. (99.9%), Resuelve tu Deuda Colombia, S.A.S. (100%), Reparadora Resuelve tu Deuda Colombia, S.A.S. (100%), RTD España, S.L. (100%) y FMG Servicio Técnicos y Especializados, S.A. de C.V. (99.9%), Resuelve tu Deuda S.A. Argentina (90%).

II. Servicios Adquiridos, S.A. de C.V. (“Servicios Adquiridos”) -
Acquired Services became a subsidiary of Controladora CR on December 14, 2015 by virtue of Controladora CR’s, shareholding of 77.77%.

III. Confianza Digital, S.A.P.I. de C.V., SOFOM, E.N.R. (“Credilikeme”) -
Credilikeme became an associate of Controladora CR on December 1, 2015 by virtue of Controladora CR’s shareholding of 35.06%. Credilikeme’s main activity is financing by granting loans through a Plataforma Digital Gamificado (Digital Gaming Platform),

which incorporates gaming elements into its digital platform to generate stimulating experiences, as well as desirable credit behavior and habits. The payment terms range from 2 to 6 months and the credit amounts from $2,800.

IV. CReal Arrendamiento, S.A. de C.V. ("CReal Arrendamiento") -
CReal Arrendamiento, as of November 1, 2016 is an associated company of Controladora CR, which holds 49% of its equity. Its main activity is the provision of financing through operating leases.

V. Controladora CR, has other subsidiaries which currently have no operations, such as: IVSD2, S.A. de C.V., Mega tendencias, S.A. de C.V., Ascendium Servicios, S.A. de C.V., Ideal Real, S.A. de C.V., SGED, S.A. de C.V., Capacitadora Celce, S.A. de C.V., Capacitadora Erkel, S.A. de C.V. and CREAL Nómina, S.A. de C.V.

VI. Crédito Real USA, Inc. ("CR USA") -
As of June 1, 2015, CR USA is a subsidiary of Crédito Real. The main activity is making investments in companies' resident in the USA; it currently maintains the following investment:

I. Crédito Real USA Finance, LLC (Crédito Real USA) (antes AFS Acceptance, LLC)
As of October 21, 2016, Crédito Real USA is a subsidiary of CR USA, which holds 99.28% of its equity.

Crédito Real USA is a financial institution that focuses on offering loans to buy used cars in the US. The most notable characteristics of CR USA Finance are: (1) its management team, who are also principal stockholders, have broad experience in the used car market in the US, as well as specific market intelligence with regard to the US Hispanic market; (2) operations in 26 states with a network of 1,338 used car dealerships; (3) sound knowledge of the Hispanic market; and (4) a proven sophisticated process for handling collections, risk analysis and loan origination. It currently holds an investment in Auto Funding Services, LLC.

II. CR MPM, LLC ("CR MPM")
After the merger of Crédito Dallas, LLC with Crédito Real USA went into effect. CR MPM consolidates its financial information with Crédito Real USA.

III. CREAL Houston, LLC
Established on June 22, 2016, with the aim of operating a used car minority concessionaire business in the metropolitan Houston area, 80% owned by Crédito Real USA. CREAL Houston, LLC was liquidated in 2018.

IV. CR Fed, LLC
Established on February 22, 2018, the company provides invoice discounting services to other companies, mainly in the construction industry, for purposes of short-term liquidity and working capital. The company is 51% owned by Crédito Real USA.

V. CR-FED, Leasing LLC
Established on June 22, 2017, with the aim of providing equipment leasing services to other businesses. The company is 51% owned by Crédito Real USA.

VI. CR-FED ABL, LLC
Established on November 15, 2018, with the aim of rendering loan services for asset returns to other businesses. The company is 51% owned by Crédito Real USA.

VII. DC Reinsurance Company, LTD
DC Reinsurance Company, LTD is registered to carry out reinsurance activities under US laws.

VIII. CR-MPM, LLC
CR-MPM, LLC was established on September 19, 2014 and began operations on February 1, 2015. The company operates used-car concessions located in the metropolitan area of Dallas/Fort Worth in Texas. The company is 80% owned by Crédito Real USA. The concessionaires of CR-MPM, LLC sell used vehicles and provide their custodians with minority installation contracts in their purchases of

such vehicles. These contracts are mainly with persons who have a limited or problematic credit history. During 2018, the businesses changed to a used-car operation only for retail sales.

CRholdingint, S.A. de C.V. ("CRholdingint")

CRholdingint as of November 6, 2015 is a subsidiary of Crédito Real, which holds 99.99% of its equity.Its primary activity is to make investments in companies acquired abroad; at the close of December 2019 it holds the following investments:

I. Marevalley Corporation -
CRholdingint holds 70.00% of the shares of Marevalley Corporation, which is the holding company of the entities located in Costa Rica, Nicaragua and Panama operating under the brand "Instacredit".
Instacredit is a group of financial institutions which collectively offer loans geared to medium and low income segments, whose credit needs are poorly served by traditional banking institutions.

As of December 31, 2019, it has 65 branches in the aforementioned three countries, deals with 172,628 customers and has a total portfolio of more than $4,918.

II. Crédito Real Honduras, S.A. de C.V. ("Crédito Real Honduras") -
Crholdingint holds 99.99% of the shares of Crédito Real Honduras, is a company engaged in the provision of financing through factoring and has a commercial partnership with "CA Capital".

III. They currently have investments in Crédito Real Guatemala, S.A. and Crédito Real Panamá, S.A. in the pre-operating stage.

Irrevocable issuance, management and payment Trust No. 3200

In November 2017, Trust No. 3200 was established for the portfolio securitization of the product "payroll discount" for $800,000 with a capacity of 1.22 at a five-year term with repayments beginning in month 25.

Irrevocable issuance, management and payment Trust No. 3670

In November 2018, Trust No. 3670 was established for the portfolio securitization of the product "payroll discount" for $615,000 with a capacity of 1.5 at a five-year term with repayments beginning in month 25. As of September 2019, the Trust was liquidated.

Irrevocable issuance, administration and payment trust No. 4217

In October 2019, Trust No. 4217 was established corresponding to the securitization of the portfolio of the product "payroll discount" for $ 750,000 with a capacity of 1.5 at a term of 5 years beginning the amortization in month 25.

Conversion of financial statements of subsidiaries in foreign currency

In order to consolidate the financial statements of foreign operations, they are modified in the recording currency to be presented under NIF. The financial statements are converted to Mexican pesos based on the following methodologies:

The foreign operations whose recording and functional currency are the same convert their financial statements using the following exchange rates: 1) closing for assets and liabilities and 2) historical for stockholders' equity and 3) that of the accrual date for revenues, costs and expenses. The effects of conversion are recorded in stockholders' equity.

The recording and functional currencies of the foreign operations and the exchange rates used in the different conversion processes are as follows:

Companies	Recording currency	Functional currency	Reporting currency
Crédito Real USA	US dollar	US dollar	Mexican peso
CR Seg	US dollar	US dollar	Mexican peso
Marevalley Corporation	US dollar	US dollar	Mexican peso
Crédito Real Honduras	Lempira	US dollar	Mexican peso

Comprehensive income and loss

This item reflects the modification of stockholders' equity during the year for items which are not capital contributions, reductions and distributions; it comprises the net gain (loss) for the year plus other items that represent a gain or loss for the same period, which are presented directly in stockholders' equity without affecting the statement of income. As of December 31, 2019, 2018 and 2017, comprehensive income and losses are comprised of the net result, the result of the valuation of cash flow hedge instruments and the actuarial losses on defined benefit plans.

Classification of costs and expenses

These are presented in accordance with their function consistent with the practice of the sector to which the Entity belongs.

Results of operations

Is determined based on the financial margin adjusted for credit risks plus the commissions and charges collected and other revenues from the operation, less commissions and charges paid, the result from intermediation and administrative expenses. Even though it is not a requirement under NIF B-3, Statement of comprehensive income and loss, this caption is included in the statements of comprehensive income and loss (income) presented because the Entity believes it is a relevant data for users of its financial information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Entity are in accordance with the accounting criteria prescribed by the Commission, which are set forth in the Provisions, which require management to make certain estimates and use certain assumptions to determine the valuation of certain items and disclosures included in the consolidated financial statements. Although actual results may differ, management believes that the estimates and assumptions used were appropriate under the current circumstances.

According to Accounting Criterion A-1 issued by the Commission, entities shall apply Mexican Financial Reporting Standards ("MFRS", which is comprised of individual standards that are referred to as "NIF") as issued by the Mexican Board of Financial Reporting Standards, A.C. ("CINIF"), except when in the opinion of the Commission, it is necessary to apply a specific accounting standard or criterion.

The regulations of the Commission referred to in the previous paragraph refer to standards of recognition, valuation, presentation, and, as the case may be, disclosure, applicable to specific captions within the consolidated financial statements, as well as those applicable to their preparation.

In this regard, the Commission clarifies that the application of accounting criteria, or the concept of deficiency supplementation, will not be appropriate in the case of operations which by express law are not permitted, or are prohibited, or are not expressly authorized.

Below we describe the principal accounting practices followed by the Entity:

Changes accounting issued by the Comission

During 2017, the Commission issued a change in the accounting criteria B-6 "Loan portfolio" related to the recognition of recoveries of previously written-off loans, in which it states that recoveries from previously written-off loans must be recognized net from the provisions for loan losses. The change was made in order to make it consistent with international regulations. Until December 31, 2018, the Entity recognized loan portfolio recoveries in the Consolidated State of income as part of "other income" The effects of this change have been applied retrospectively in accordance with NIF B-1 "Accounting changes and error corrections".

Changes accounting issued by the CINIF

As of January 1, 2019, the CINIF issued the following NIF:

NIF D-5, *Leases* -

The accounting recognition defined for the leaseholder establishes a sole lease recognition model that eliminates the classification of leases as operating or capital. Accordingly, assets and liabilities are recognized for all leases with a duration of more than 12 months (unless the

underlying asset is of low value). Consequently, the most significant effect to the consolidated balance sheet was the recognition of the usage rights of leased assets and the financial liabilities resulting from leased assets that reflect payment obligations at present value.

The accounting recognition defined for the lessor remains unchanged as only certain additional disclosure requirements were added.

The main aspects considered by this NIF are: a) a lease is a contract that transfers the right to utilize an asset to the leaseholder for a given period of time in exchange for a payment. Accordingly, at the start of the contract, it must be evaluated whether the leaseholder obtains the right to control the use of an identified asset for a given period of time; b) the nature of the related lease expenses was changed by replacing the operating lease expense referred to by Bulletin D-5, Leases, with the depreciation or amortization of asset usage rights (in operating costs), together with an interest expense for these liabilities in Comprehensive Financing Cost (RIF); c) the presentation in the consolidated statement of cash flows was modified by reducing cash disbursements for operating activities and increasing cash disbursements related to financing activities to reflect lease liability and interest payments; d) the recognition of the profit or loss arising when a vendor-leaseholder transfers an asset to another entity and subsequently leases that asset under a leaseback agreement was modified.

In order to apply this NIF, the Entity considered the practical solution for contracts that were previously identified or not as leases by applying the terms of Bulletin D-5, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease. The Entity therefore retrospectively recognized the accrued effect at the initial application date in the consolidated statement of changes in stockholders' equity.

Reclassifications -
Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2018 have been reclassified to conform to the presentation of the 2019 consolidated financial statements.

Recognition of the effects of inflation -
As of January 1, 2008, the Entity suspended recognition of the effects of inflation in the financial statements; however, stockholders' equity include the effects of re-expression recognized up to December 31, 2007.

Below is a description of the significant accounting policies followed by the Entity:

Cash and cash equivalents -
It consists mainly of bank deposits in checking accounts, which are presented at face value, bank deposits and equivalent in foreign currency are valued at the exchange rate issued by Banco de Mexico at year end.

Investments in securities -
The Entity invests in highly liquid, readily convertible into cash and subject to non significant risk of changes in value. The investments of the Entity as of December 31, 2019, 2018 and 2017, are classified as trading securities, which are securities that are acquired with the purpose of selling them in the near term to realize gains arising from changes in market prices. The investments are initially recognized at their acquisition price, and subsequently valued at fair value using market values provided by price vendors authorized by the Commission. Changes in fair value are recorded in results of the year.

Impairment in the value of investments in securities -
The Entity assesses whether the date of the consolidated balance sheet there is objective evidence that a security is impaired. A security is considered to be impaired and, therefore, a loss from impairment is incurred if, and only if, there is objective evidence of the impairment as a result of one or more events that took place after the initial recognition of the security, which had an impact on its estimated future cash flows that can be determined reliably. It is highly unlikely that one event can be identified that is the sole cause of the impairment, and it is more likely that the combined effect of different events might have caused the impairment. The expected losses as a result of future events are not recognized, regardless of how probable they are. As of December 31, 2019, 2018 and 2017, management has not identified objective evidence of impairment of any investment in security.

Transactions with derivative financial instruments -
The Entity recognizes all derivative financial instruments on the balance sheet at fair value, regardless of the purpose or intent for holding them. The accounting for changes in the fair value of the derivative financial instruments varies, depending on whether the derivative is considered to be in a hedge for accounting purposes, and whether the hedging relationship is a fair value or a cash flow hedge, as follows:

1. Certain derivative financial instruments, although considered to be an effective hedge from an economic perspective, are not designated as hedges for accounting purposes. Such contracts are recognized in the balance sheet at fair value with changes in fair value recognized in earnings.

2. For fair value hedges, changes in the fair value of the derivative instrument and the hedged item are recognized to the income or expense line item that is affected by the hedged item.

3. For cash flow hedges, the effective portion is recognized in stockholders' equity under other comprehensive income and the ineffective portion is recognized in earnings. The unrecognized gain or loss of the hedging instrument is recognized in earnings when the hedged transaction occurs.

4. Derivatives are presented in a specific heading of assets or liabilities, depending on whether their fair value (as a result of the rights and/or obligations they may establish) refers to a debit or credit balance, respectively. Such debit or credit balances may be offset subject to compliance with the applicable criteria.

Management performs transactions with derivatives for hedging purposes using interest rate and foreign exchange swaps to cover fluctuations in both interest rates and foreign currency exchange rates.

Financial assets and liabilities that are designated and qualify to be designated as hedged items and derivative financial instruments which are part of a hedging relationship are recognized in accordance with the provisions relating to hedge accounting in accordance with the provisions of Criterion B-5, Derivatives and hedging, issued by the Commission.

A hedging relationship qualifies for being designated as such when all the following conditions are met:

- Formal designation and sufficient documentation of the hedging relationship
- Hedge must be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk.
- For cash flow hedges, the forecasted transaction to be hedge must be highly likely to occur.
- Hedge must be reliably measurable.
- Hedge must be continually evaluated (at least quarterly).

The Entity suspends hedge accounting when the derivative instrument matures, has been sold, canceled or exercised, when the derivative does not reach a high effectiveness to offset the changes in fair value or cash flows of the hedged item, or when the Entity decides to cancel the hedge designation.

The Entity formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various derivative transactions. The Entity´s policy is not to acquire these instruments for speculative purposes.

Foreign currency transactions -
Transactions denominated in foreign currencies are recorded at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into Mexican pesos at the exchange rate published by Banco de México in effect at the balance sheet date; the effect of changes in exchange rates is recorded in the income statement as profit or loss.

Performing and non-performing loan portfolio -
Represents amounts granted to borrowers plus uncollected and interest which is accrued on the unpaid balance. Interest collected in advance is recognized in the income statement during the period in which it is earned.

The unpaid balance of the loans is classified as Non-performing loan portfolio when the borrower fails to pay installments under the original contractual terms and the loan is 90 days past due. The unpaid balance of the loans considers the joint and several obligation of the distributor. The distributor is considered jointly and severally liable with the debtors for the unpaid amounts in the non-performing loan portfolio. The joint and several obligations arise in accordance with the financial factoring contracts and executed agreements. The amount of the joint and several obligations is equivalent to the percentages of the unpaid balances determined as part of each origination. The recognition of the interest income on these loans is suspended and is only recorded as income once it is collected. For control purposes, this unrecognized interest is recorded in memorandum accounts. The Entity's policy is to write off loans that are more than 180 days past due against the respective allowance for loan losses.

Payroll loans are originated by Directodo México, S.A.P.I. de C.V., SOFOM, E.N.R., by certain subsidiaries of Grupo Empresarial Maestro, S.A., de C.V. and Publiseg, S.A.P.I. de C.V. SOFOM ENR under the brand names "Kondinero"," Credifiel" and "Crédito Maestro", respectively, and other independent distributors from which the Entity acquires them subsequently through financial factoring contracts in portfolio purchase transactions.

Such financial factoring contracts stipulate (I) the payment owed by the Entity (principal) of a determinable price to the distributor (agent) for the acquisition of the credit rights (the financial factoring contracts contain the formulas to determine the final price based on variable discount rates, considering the quality of the credit rights acquired, in accordance with their actual collection); (ii) the payment of the price in installments (part of the price is paid at the time the credit rights are acquired and part is paid subsequently under the terms established in the financial factoring contract); (iii) the establishment of the distributor as partial joint and several obligor, if the debtor of the credit rights acquired by the Entity does not settle the amounts owed to the Entity, under the terms established in article 419, section II of the LGTOC (for the percentage of the unpaid amount owed); and (iv) the Entity's right to offset, pursuant to article 2185 of the Federal Civil Code ("CCF"), any and all amounts which are owed to it by the distributors as a result of such partial joint and several obligation, against the amounts owed by the Entity to the distributor in question.

Pursuant to Article 419, section II of the LGTOC, the financial factoring contracts executed by the Entity establish the partial recourse against the distributor if the debtor of the credit rights acquired by the Entity does not fulfill its respective payment obligations. Pursuant to the financial factoring contracts themselves, the distributors are considered jointly and severally liable with the debtors for the percentages defined in such contracts for any amounts not paid to the Entity.

With regard to the ordinary uncollected accrued interest on loans that are considered non-performing portfolio, the Entity creates an allowance for the total amount of such interest, at the time of the transfer of the loan as non-performing portfolio.

The transfer from non-performing portfolio to performing portfolio is made when the borrower achieves sustained payment on the loan and does not present any arrears. Sustained payment is achieved when three consecutive installment payments that comply with the terms of the loan are received. The advance payment of the installments is not considered as sustained payment.

Restructurings and renewals -
A restructuring is a transaction which derives from any of the following situations:

a) Extension of credit enhancements (i.e. guarantees or collateral) which cover the loan in question, or,
b) Modifications to the original conditions of the loan or the payment scheme, which include:
    - A change in the interest rate established for the remaining term of the credit:
    - A change in currency or account unit, or
    - The granting of a payment grace period that offers temporary relief from compliance with the payment obligations under the original terms of the loan, unless such concession is granted after the conclusion of the original contractual term, in which case it will be treated as a renewal.

Restructurings do not include transactions that involve performing loans and only result in modifications to one or more of the following original conditions of the loan:

Credit enhancements: only when they involve the extension or substitution of credit enhancements for others of higher quality.

Interest rate: when the interest rate is agreed.

Currency: provided that the market exchange rates applicable to the new currency are used.

Payment date: only if the change does not mean extending or modifying the scheduled payments. The change in scheduled payments must under no circumstances permit nonpayment in any period.

A renewal occurs when the term of the loan is extended during such term or upon its maturity, or when settlement occurs using the proceeds derived from a new loan entered into among the same counterparties or when the debtor is another party that, due to common shareholders with the original debtor, has similar credit risks. Take downs on existing lines of credit are not considered to be renewals.

Classification of loan portfolio -
The loans made by the Entity to businesses or individuals with a commercial or financial business activity are classified as commercial portfolio.

The Entity classifies direct loans, including liquidity loans which do not have collateral for real property, granted to individuals, derived from credit card operations, personal loans, payroll loans, loans for the acquisition of consumer durables, including among others, auto loans and finance leasing operations carried out with individuals, as consumer loans.

Allowance for loan losses -
The Entity recognizes the allowance for loan losses on commercial portfolio based on the criteria of the Commission, as follows:

Methodology for commercial loan portfolio -
When classifying the commercial loan portfolio, the Entity considers the Probability of Default, Severity of Loss and Exposure to Default, and also classifies the aforementioned commercial loan portfolio into different groups and establishes different variables for the estimate of the probability of default.

The amount of the allowance for loan losses of each loan will be determined by applying the following formula:

$$R_i = P1_i \times SP_i \times EI_i$$

Where:

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

The probability of default of each credit La (Pl i), will be calculated using the following formula:

$$Pl_i = \frac{1}{1 + e^{-(500 - Total\ Credit\ Score_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

The total credit score of each borrower will be obtained by applying the following:*Puntaje*

$$Total\ Credit\ Score_i = \alpha \times (Quantitative\ credit\ score_i) + (1 - \alpha) \times (Qualitative\ Credit\ Score_i)$$

Where:

Quantitative Credit Score$_i$	=	is the score obtained for the i-esimo borrower when evaluating the risk factors.

Qualitative Credit Score$_i$	=	is the score obtained for the i-esimo borrower when evaluating the risk.
α	=	is the relative weight of the quantitative credit score.

Unsecured loans

The Severity of Loss (SPi) of commercial loans which are not secured by real, personal guarantees or credit- based collateral will be:

a. 45%, for Preferential Positions.

b. 75%, for Subordinated Positions, in the case of syndicated loans, those which for purposes of their payment order or preference, are contractually subordinated in relation to other creditors.

c. 100%, for loans which report 18 or more months of arrears in payment of the due and payable amount under the terms originally agreed.

The Exposure to Default of each loan (Eli) will be determined based on the following:

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

$$EI_i = S_i$$

II. For the other lines of credit:

$$EI\ i = Si * Max \left\{ \left(\frac{Si}{Authorized\ Line\ of\ Credit} \right)^{-0.5794}, 100\% \right\}$$

Where:

Si	=	The unpaid balance of the i-esimo credit at the classification date, which represents the amount of credit effectively granted to the borrower, adjusted for interest accrued, less payments of principal and interest, as well as debt reductions, forgiveness, rebates and discounts granted. In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, for loans classified as non-performing portfolio.
Authorized Credit Line	=	The maximum authorized amount of the credit line at the classification date.

The Entity may recognize the security interest in personal or real property, personal security and credit derivatives in the estimate of the Severity of the Loss of the loans, in order to decrease the reserves derived from the portfolio classification. In any case, it may elect not to recognize the aforementioned securities if greater reserves are generated as a result. The provisions established by the Commission are utilized for such purpose.

The classification of the commercial portfolio is carried out quarterly and is calculated based on the outstanding balance as of the final day of each month, considering the classification levels of the portfolio classified at the last known quarter, restated for the modification of the risk at the close of the current month. The allowance for loan losses is calculated according to the current methodology, as explained below.

Methodology for consumer loan portfolio -

When classifying the consumer portfolio, the Entity considers the Probability of Default, the Severity of the Loss and Exposure to Default, while also classifying the aforementioned portfolio into different groups of risks.

As it is a non-revolving consumer credit portfolio, the calculation of the Probability of Default, Severity of the Loss and Exposure to Default, must adhere to the following:

Determination of the following items for each credit operation.

Due and payable amount: The amount payable by the borrower in the billing period in accordance with the loan agreement. For loans with weekly and half-monthly billing periods, the accumulation of previous unpaid due and payable amounts must not be included. For loans with a monthly billing period, the due and payable amount must include both the amount applicable to the month and the previous unpaid due and payable amounts, as the case may be.

Rebates and discounts may decrease the due and payable amount, only when the borrower fulfills the conditions required in the credit contract to do so.

Payment made: The amount applicable to the sum of the payments made by the borrower in the billing period.

Write-offs, reductions, waivers, rebates and discounts made to the credit or group of loans are not considered as payments. The value of this variable must be greater than or equal to zero.

Days in arrears: The number of calendar days at the classification date, during which the borrower has not fully paid off the due and payable amount under the terms originally agreed.

Total term: The number of billing periods (weekly, half-monthly or monthly) established contractually in which the credit must be settled.

Remaining term: Number of weekly, half-monthly or monthly billing periods which, as established in the contract, remain pending to settle the credit at the portfolio classification date. In the case of loans whose maturity date has elapsed without the borrower making the respective payment, the remaining period must be equal to the total term of the credit.

Original loan amount: The amount applicable to the total loan amount at the time it is granted.

Original value of the asset: The amount applicable to the value of the financed asset recorded by the borrower at the time the loan is granted. If the loan is not to finance the purchase or acquisition of an asset, the original value of the asset will be equal to the original amount of the loan. Also, the original amount of the loan may be used for loans which do not reflect the original value of the asset and were granted prior to the enactment of these Provisions.

Loan balance: The unpaid balance at the classification date, which represents the amount of the loan granted to the borrower, adjusted for accrued interest, less payments for financed insurance coverage, collections of principal and interest, and any applicable reductions, waivers, rebates and discounts granted.

In any case, the amount subject to the classification must not include uncollected accrued interest, recognized in memorandum accounts on the balance sheet for loans classified as non-performing portfolio.

Type of loan: Personal loans include those that are collected by the Entity through any means of payment other than from the payroll account.

The recognition of the allowance for loan losses on the non-revolving consumer loan portfolio are based on outstanding balances as of the final day of each month.

The Entity determines the percentage used to determine the allowances to be created for each loan, which will be the result of multiplying the Probability of Default by the Severity of the Loss.

$$R_i = P1_i \times SP_i \times EI_i$$

Where:

Ri = Amount of reserves to be established for the nth credit.
PIi = Probability of Default on the nth credit.
SPi = Severity of the Loss on the nth credit.
EIi = Exposure to Default of the nth credit.

The Probability of Default of the non-revolving consumer loan portfolio whose Billing Periods are monthly or when involving loans with a single payment at maturity, as follows:

a) Si $ATR_i^M >= 4$ then $PI_i^M = 100\%$

b) Si $ATR_i^M < 4$ then:

$$PI_i^M = \frac{1}{1 + e^{-[-0.5753+04056\, ATR_i^M + 0.7923\, VECES_i^M - 4.1891\%PAGO_i^M + 0.9962PER_i^M]}}$$

Where:

PI_i^M = Probability of monthly noncompliance nth for the loan.
ATR_i^M = Number of observed late payments at the date of calculation of new reserves, which are derived from the application of the following formula:

$$\text{Number of Monthly Days in Arrears} = \left(\frac{\text{Days in Atraso}}{30.4}\right)$$

When this number is not complete, it will take the value of the immediately higher complete number.

$VECES_i^M$ = Number of times that the borrower pays the original value of the asset or, if there is no financed asset, the number of times that the borrower pays the original amount of the loan. This number will be the coefficient resulting from dividing the sum of all the scheduled payments at the time of origination, by the original value of the asset.

If the payments of the loan include a variable component, the Entity's best estimate will be used to determine the value of the sum of all the scheduled payments to be made by the borrower. The value of such sum cannot be less than or equal to the original amount of the credit.

$\%PAGO_i^M$ = Average Percentage which the payment made represents of the due and payable amount in the last four monthly billing periods at the calculation date. The average must be obtained after having calculated the payment as a percentage of the due and payable amount for each of the most recent four monthly billing periods at the calculation date of the reserves. If less than four monthly billing periods have elapsed at the calculation date of the reserves, the percentage of those monthly billing periods remaining needed to comprise four billing periods will be 100% for purposes of calculating this average, so that the variable of this calculation element will always be obtained using the average of four monthly percentages.

The Severity of the Loss (SP) for the non-revolving consumer loan portfolio will be 65%, provided that the element ATR_i^M does not exceed 9. Otherwise, an SP of 100% is determined.

The Exposure to Default (*EIi*) of each loan from the non-revolving consumer loan portfolio will be equal to the Loan Balance (*Si*).

Loan portfolio acquisitions -
On the acquisition date of the loan portfolio, the contractual value of the acquired portfolio is recognized and classified in accordance with the type of portfolio acquired. Any difference between the acquisition price and the contractual values are recorded as follows:

a) When the acquisition price is lower than its contractual value, a gain is recognized in "Other revenues from operations" up to the amount recognized as allowance for loan losses, with the remaining difference recognized as a deferred credit, which will be recognized as the loan is amortized;

b) When the acquisition price of the portfolio is greater than its contractual value, a deferred charge is recognized which will be recognized as the collections are made according with the proportion which these represent in the credit contract;

c) For revolving loans, such difference will be recognized directly to results of the year on the acquisition date.

Other accounts receivable, net -
Represents amounts owed to the Entity but not included in the loan portfolio and includes recoverable taxes, amounts paid to distributors and the amounts to be received from the distributors, interest accrued in a period before the first repayment of the loan, other debtors, as well as allowances for bad debts on these accounts. The amounts paid or to be received from the distributors are comprised of both (a) the amounts related to the distributor's jointly and severally liable for the amounts not paid by the debtors established in the financial factoring contracts, which are in non-performing portfolio and (b) the advances applicable to the distributor established in the financial factoring contract.

This items are also comprised of balances that are aged less than 90 days from initial recognition. Balances older than 90 days are reserved in full against income, regardless of their chances of recovery or the collection process for such assets.

Foreclosed assets -
Foreclosed assets are recorded at fair value and are presented net on the balance sheet, discounting the reserve for impairment due to the drop in value, which is calculated as established in Accounting Criterion B-7 and Article 132 of the General Provisions Applicable to Credit Institutions. The reserve is recorded in the statement of income under other income (expenses) from operations.

Furniture and fixtures, net -
Furniture and fixtures is recorded at acquisition cost. Depreciation and amortization are calculated using a percentage based on the economic useful life of the assets.

Investments in subsidiaries -
Permanent investments in entities in which they have control, are initially recognized based on the net fair value of identifiable assets and liabilities of the entity at the date of acquisition. This value is adjusted after the initial recognition of the corresponding portion of both the comprehensive income or loss of the subsidiary and the distribution of earnings or capital reimbursements thereof.

When the fair value of the consideration paid is greater than the value of the investment in the subsidiary, the difference represents goodwill, which is presented as part of the same investment.

Other permanent investments - Permanent investments made by the Entity over which control, joint control or significant influence are not exercised are recorded at acquisition cost.

Goodwill - The excess of cost over the fair value of the shares of subsidiaries at the date of acquisition is not amortized and is subject to impairment tests at a minimum, on an annual basis.

Impairment of long-lived assets in use -
The Entity makes an impairment tests for the long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the book value exceeds the greater of the aforementioned amounts.

Income taxes -
Income tax ("ISR") is recorded in the result of the year in which it is incurred. The Entity records deferred taxes by comparing accounting and tax basis of assets and liabilities. The resulting deductible and taxable temporary differences are multiplied by the tax rate expected to be in effect when such items reverse.

Employee Benefits -
They are those granted to personnel and / or their beneficiaries in return for services rendered by the employee including all kinds of remuneration accrues as follows:

I. Direct benefits to employees - They are assessed in proportion to the services provided, considering their current salaries and liability is recognized as it accrues. It includes mainly the Employee Profit Sharing ("PTU"), compensated absences, such as vacation and vacation premiums, and incentives.

II. Employee benefits from termination, retirement and other The liability for seniority premiums and termination of the employment relationship are recognized as they accrue and are calculated by independent actuaries based on the method of projected unit credit using nominal interest rates, as indicated in Note 16 to the consolidated financial statements.

III. Employee participation in profits - PTU is recorded in income for the year in which it is incurred and presented under the heading of "Administrative expenses" in the income statement. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

Other assets, net -
Are represented mainly by (i) fees and expenses required financing activities as bank lines of credit and debt issues in the market that are amortized according to the term of the related contract, (ii) ISR, (iii) advance to third parties and (iv) other intangible assets. Intangible assets are classified as definite and indefinite useful life, the amortization of intangible assets is calculated using the straight-line method over the remaining life and are subject to impairment tests. Within this category in other assets short and long term car inventory is presented. Vehicles are initially recognized at acquisition value. The acquisition value of vehicles, including the costs have been incurred initially to be acquired and subsequently incurred to replace or increase its service potential. The repair and maintenance costs are recognized in the income statement as incurred.

Notes payable (Securitized certificates), bank loans and other loans -
Include financial liabilities from the issuance of debt financial instruments in the stock market and bank loans and other agencies, which are recorded at the value of the contractual obligation to represent and includes accrued interest related to the debt. In the case of foreign currency obligations these are valued at the exchange rate on the last day of the year. Accrued interest is recorded in the income statement under "Interest expense".

Senior notes -
They include financial liabilities from the issuance of financial instruments of unsecured debt securities in US dollars, listed on the Luxembourg Stock Exchange. These notes are aimed at institutional investors under Regulation 144A (CUSIP 22547AAA9) and under Regulation S of the Securities Act of 1933 of USA. The value of the Senior Notes at year-end is estimated considering the exchange rate on the last day of the year and the valuation of the primary position using the same consideration valuation Instrument Cross Currency Swaps ("CCS") and accrued interest. Furthermore, all premiums and discounts paid for the issue of the Senior Notes are recorded in such item. Likewise, the Entity issued Swiss bonds ("Swiss Bonds-CHF"), which are not guaranteed and can not be exchanged before maturity. Swiss Bonds-CHF are not allowed in transactions in a regulated market in the European Economic Area or any other outside it, and will be quoted exclusively in the SIX Swiss (Securities Market in Switzerland).

Sundry creditors and other payables -
They are represented mainly by disposals of portfolio and Value Added Tax ("VAT") derived from portfolio purchases to various distributors pending payment.

Lease liabilities -
At the commencement date of the lease, these liabilities are recognized by considering the present value of the lease payments to be made. Future payments include: i) fixed payments less any incentives; ii) variable payments that depend on an index or rate; iii) payments expected to guarantee the residual value; iv) purchase options, when the Entity is reasonably certain to exercise them; v) payments made when exercising an option at the end of the lease period and which are discounted by utilizing the discount rate implicit in the lease or, otherwise, by utilizing the Entity's incremental borrowing rate. These items are subsequently valued by i) adding accrued interest, ii) reducing for lease payments, and iii) remeasuring the effects of revaluations or modifications, together with the effect of changes to substantially fixed lease payments. The variable payments that are not included in the valuation of lease liabilities are recognized in the results of the period as they arise. As of December 31, 2019, these liabilities are included in the category of Sundry creditors and other payables. Beginning January 1, 2019, the right-of-use assets are depreciated for the shorter period between the lease term and the useful life of the underlying asset. If the

lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the purchase option will be exercised, the related right-of-use asset is depreciated during the useful life of the underlying asset.
Depreciation begins on the start date of the lease.

Provisions -
When the Entity has a present obligation as a result of a past event, which will probably result in the use of economic resources and that can be reasonably estimated, a provision is recognized.

Financial margin -
The net interest margin of Entity consists of the difference resulting from total interest income less interest expense.

Recognition of interest income -
Interest income is determined by applying the applicable interest rate to the outstanding principal balance during the reporting period.

The accrual of interest is suspended when an outstanding loan balance is deemed to be non-performing and is recorded as non-performing portfolio. Interest on non-performing loans is recognized as collected.

When installment payments are received on past due repayments which include principal and interest, they are first applied to the oldest interest.

Interest income recognized by the Entity refers exclusively to the Entity's share and, accordingly, excludes the share applicable to the distributors. Pursuant to the agreements executed, the Entity shares with each distributor the credit risk and the revenues generated on the loans originated by the distributor. The distributor is responsible for servicing the loan and covering all of the operating expenses related to the portfolio that it originates.

Other Income and Expenses –
Are recorded in the other income associated with the sale of fixed assets and operating lease revenues. Other expenses refer to expenses other than operating expenses.

Collected commissions –
Are recognized as income when collected as they involve transactions of a short duration.

Interest expenses -
They are recorded as accrued in accordance with contracts made are recorded in the income statement monthly.

Statements of cash flows -
The cash flows statement presents consolidated Entity's ability to generate cash and cash equivalents, as well as how the entity uses those cash flows to meet your needs. The preparation of the cash flow statement is performed on the indirect method, based on the net income for the period based on the provisions of Criterion D-4, cash flow statements, the Commission.

Earnings per share -
Basic earnings per common share are calculated by dividing consolidated net income of the controlling interest by the weighted average number of common shares outstanding during the year. Diluted earnings per share are determined only when there is income from continuing operations by adjusting consolidated net income and common shares on the assumption that the Entity's commitments to issue or exchange its own shares are to be met.

Memorandum accounts (see Note 22)

Loan commitments -
The balance represents irrevocable letters of credit and unused credit lines
Uncollected interest earned on non performing portfolio -
They represent accrued interest recognized in the income statement, because it loans classified as non-performing loans.
Lines of credit not drawn down -
Represent lines of credit authorized but not drawn done by the Entity.

4. CASH AND CASH EQUIVALENTS

As of December 31 2019, 2018 and 2017, the cash and cash equivalents were as follows:

	2019	2018	2017
Banks:			
National currency	$ 645,756	$ 148,022	$ 651,675
Foreign currency	535,111	427,697	158,947
	$ 1,180,867	**$ 575,719**	**$ 810,622**

As of December 31, 2019, foreign currency deposits delivered to the counterparty according to the margin calls received are recognized as restricted cash at the exchange rate at the end of the period, at their value within the restricted availability item, presented in national currency, which amounts to MXP $ 230,802 at the end of December 2019.

5. INVESTMENTS IN SECURITIES

As of December 31 2019, 2018 and 2017, investments in securities were as follows:

2019	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 410,654	6.78%	$ 410,654
Government paper	743,179	7.33%	743,179
Commercial paper	47,329	6.29%	47,329
Total securities to trade in pesos	$ 1,201,162		$ 1,201,162
Investments in foreign currency USD (b)			
Bank promissory notes			
Total securities to trade in dollars	$ 93,196	2.38%	$ 93,196
Total investments in securities	**$ 1,294,358**		**$ 1,294,358**

2018	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 724,048	7.55%	$ 724,048
Government paper	80,004	8.16%	80,004
Commercial paper	55,214	5.00%	55,214
Total securities to trade in pesos	859,266		859,266
Investments in foreign currency USD (b)			
Bank promissory notes	81,599	4.50%	81,599
Total securities to trade in dollars	81,599		81,599
Total investments in securities	$ 940,865		$ 940,865

2017	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 208,614	6.96%	$ 208,614
Government paper	38,404	6.98%	38,404
Commercial paper	203,810	7.48%	203,981
Total securities to trade in pesos	450,828		450,999
Investments in foreign currency USD (b)			
Bank promissory notes	78,769	3.06%	78,769
Total securities to trade in dollars	78,769		78,769
Total investments in securities	**$ 529,597**		**$ 529,768**

(a) Investments denominated in Mexican pesos are comprised as follows:

- Investments in bank paper are comprised of bank debt in pesos, with a 2- 30 day maturity. At December 31, 2019, 2018 and 2017, they represent a total value of $410,654 , $724,048 and $208,614 respectively.

- Investments in government paper are comprised of government debt in pesos with a 2 day maturity. As of December 2019,2018 and 2017, they represent a total value of $743,179, and $80,004 and $28,404, respectively.

- Investments in corporate paper are comprised of corporate debt in pesos with a 2 day maturity. As of December 2019, 2018 and 2017, they represent a total value of $47,329, $55,214 and $203,981, respectively.

(b) As of December 31, 2019, 2018 and 2017, investments in bank paper denominated in US dollars, with a maturity of between 2 and 360 days, represent a total value of 93,196, $81,599 and $78,769 respectively.

6. FINANCIAL DERIVATIVE INSTRUMENTS

The policy established by management is to contract financial derivatives with the aim of hedging the risks inherent to exposure in foreign currency (exchange rate) and due to interest rate risk generated by the contracting.

Margin Call

Any appreciation of the Mexican peso with respect to the U.S. dollar during the term of the debt issued by Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada may result in mark-to-market losses, which in turn, could trigger margin calls. Therefore, the Entity has entered into credit lines with its cross currency swap counterparties that help mitigate the risks of having to post collateral with its swap counterparties in order to satisfy margin calls. As of December 31, 2019, foreign currency deposits delivered to the counterparty according to the margin calls received are recognized at the exchange rate at the end of the period, at their value within the restricted availability item, presented in national currency, which amounts to MXP $ 230,802 at the end of December 2019.

Derivatives for hedging purposes

Derivatives designated as hedges recognize the changes in valuation according to the type of hedge in question: (1) when they are fair value hedges, the fluctuations of the derivative and the item hedged are valued at fair value and are recognized in earnings; (2) when they are cash flow hedges, the effective portion of the result of the hedge instrument is recognized in stockholders' equity as part of other comprehensive income and loss, and the ineffective portion of the result of the hedge instrument is recognized immediately in results for the period.

Furthermore, in fair value hedges, the fair value of the debt in foreign currency is recognized on the consolidated balance sheet, and changes to this debt are recognized in earnings.

The changes in fair value of the financial derivatives and the changes in fair value of the debt are recorded in the intermediation income. The valuation of financial derivatives and primary position is based on valuation techniques widely accepted in the financial community.

Senior notes maturing in 2019 (in thousands)

At the end of the first quarter of 2019, these instruments were settled in connection with the payment of the hedged debt (Senior Notes maturing in 2019), for the amount of MXP $319,262 (US$16,927) with a gain recognized in results.

Syndicated line relationship (figures in US dollars expressed in thousands)

The Entity uses financial derivatives for hedging purposes to manage the risks related to fluctuations in the exchange rate and the interest rate applicable to its line of credit with Credit Suisse, for US $110,000, whose transaction date was February 21, 2017, and will be payable on February 21, 2020 at the Libor rate plus 5.5% of quarterly.

On February 21, 2017, the Entity executed a Cross Currency Swap with Credit Suisse AG, Cayman Islands Branch ("CS"), at MX $20.4698 per US dollar, where it receives a floating LIBOR interest rate +5.5% and pays fixed interest of 7.22% denominated in Mexican pesos under pure interest swaps in order to hedge the interest on the line of credit executed with Credit Suisse.

For accounting purposes, the Entity has designated the aforementioned financial derivative as a cash flow hedge, recognizing the changes in the fair value of the derivative in other comprehensive income and reclassifying any ineffective portions and the respective amounts to the statement of income when the forecast cash flows hedged affect the results of the year.

Characteristics of CCS		Credit Suisse ID 9003636
Currency A:		Dólares (USD)
Currency B:		Pesos mexicanos (MXN)
Required to pay floating rate amounts in currency A:		Credit Suisse
Required to pay fixed rate amounts in currency B:		CR
Transaction date:		21 de febrero de 2017
Reference exchange amount in both currencies:		N/A
Start date:		21 de febrero de 2017
Fecha de vencimiento:		21 de febrero de 2020
A currency settlement date A:		USD 110,000
A currency settlement date B:		MXN $2,251,678
Fixed rate for the amount in currency B for the first period:		$20.4698 MXN por USD
Floating rate for currency A:		USD-LIBOR-BBA
Spread		5.50%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:		Actual/360
A currency payment dates A:		Trimestralmente, iniciando el 21 de febrero de 2017
A currency settlement date A:		N/A
A currency payment dates B:		El día 21 de cada mes, iniciando el 21 de febrero de 2017
Floating or fixed rate for currency B:		7.22%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:		Actual/360
Market value MXN (thousands)	**$**	**(58,540)**
Market value USD (thousands)	**$**	**(3,103)**
Collateral MXN	**$**	**-**

As of December 31, 2019, the fair value of the aforementioned financial derivative in relation to the syndicated line hedge is MX $(58,540) (equivalent to (3,103) US dollars) which was recognized as an asset with a credit to the stockholders' equity supplemental account subsequent to the effect of the period through comprehensive income. The effect as of December 31, 2019 recognized in equity is MX $(259,699) (equivalent to (13,770) US dollars) and the effect reclassified to the statement of income for accrued interest income is MX $65,258 (equivalent to 3,460 US dollars), and the exchange rate component is of MX $5,677 (equivalent to 289 US dollars).

Also, there was an impact due to an offsetting charge of MX $272,095 (equivalent to 13,846 US dollars); this commission was paid in March 2017 to Credit Suisse in order to record the derivative with these characteristics.

The periods in which the cash flows from the derivative in the syndicated line hedging relationship are expected to occur and impact the statement of income are as follows:

Year		Pesos	US dollars
2020	$	(259,699)	(13,770)

Senior Notes Relationship with maturity in 2023 (figures in US dollars expressed in thousands)

The Entity uses financial derivatives for hedging purposes to manage the risks related to the fair value of its issue of Senior Notes with a coupon rate of 7.25%, maturing in 2023.

On August, 2016, the Entity contracted five Cross Currency Swaps which hedge the fair value of the principal debt for the Senior Notes maturing in 2023 with the following financial institutions: (i) Barclays, (ii) Morgan Stanley, (iii) UBS, (iv) Banamex and (v) Deutsche Bank. This is because it is being converted from a debt that pays a fixed rate in US dollars to one payable in Mexican pesos at a variable rate. The issue of the Senior Notes maturing in 2023 was for US $625,000, while the financial derivatives were only contracted for a portion of the amount exposed.

Given that in the Cross Currency Swaps acquired at the beginning, the Entity paid MX4 million at a variable rate, the Entity executed 4 interest rate swaps to partially change from the variable rate to a fixed rate during the current year with the following institutions: Barclays, Morgan Stanley and two IRS with Credit Suisse. These instruments are designated as cash flow hedges for accounting purposes, with the changes in the fair value of the derivative recorded in other comprehensive income and loss and any ineffective portion and the respective amounts reclassified to the income statement when the hedged projected cash flows hedged affect the results for the period.

On March 4, 2019, the Entity contracted a Coupon-Only Swap and Call Spread with Morgan Stanley to hedge both the notional amount and interest of part of the 2023 Senior Notes. This instrument was contracted for an amount equal to $50 million dollars, at an exchange rate of 19.3000 pesos per US dollar, with commencement on January 22, 2019 and maturity on July 20, 2023. The Coupon-Only Swap has a fixed rate of 11.72% denominated in Mexican pesos, while the Call Spread is composed by a long call with an agreed value of $19.30 and a short call of $27.00.

On March 8, 2019, the Entity contracted a Coupon-Only Swap and Call Spread with BNP Paribas to hedge both the notional amount and interest of part of the 2023 Senior Notes. This instrument was contracted for an amount equal to $25 million dollars, at an exchange rate of 19.4900 pesos per US dollar, with commencement on March 12, 2019 and maturity on July 20, 2023. The Coupon-Only Swap has a fixed rate of 11.80% denominated in Mexican pesos, while the Call Spread is composed by a long call with an agreed value of $19.49 and a short call of $27.00.

In October, the Entity brought forward the settlement of the Cross Currency Swap derivative contracted with Morgan Stanley and the derivative contracted with Barclays to leave an outstanding notional amount of US$ 25,000 after a debt prepayment. Following the change to this hedged item, the Entity restructured its current hedge ratios, leaving two Cross Currency (UBS and Banamex) Swaps as cash flow hedges, one fair value hedge (Deutsche Bank) and the Cross Currency instrument contracted with Barclays, divided into a 47% cash portion and a 53% fair value portion.

Trading characteristics	Barclays 9007408	UBS 95007852	Banamex 32754151EC_1	Deutsche Bank 9767201M
Currency A:	Dollars (USD)	Dollars (USD)	Dollars (USD)	Dollars (USD)
Currency B:	Mexican Pesos (MXN)	Mexican Pesos (MXN)	Mexican Pesos (MXN)	Mexican Pesos (MXN)
Obligated to pay fixed rate for amounts in currency A:	Barclays	UBS	Banamex	Deutsche Bank
Obligated to pay floating or fixed rate for amounts in currency B:	CR	CR	CR	CR
Date of transaction:	October 9, 2019	August 5, 2016	August 5, 2016	August 5, 2016
Swap reference amount in both currencies:	At the start and at maturity	At the start and at maturity	At the start and at maturity	At the start and at maturity
Starting date:	October 10, 2019	July 20, 2016	July 20, 2016	July 20, 2016
Maturity date:	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023
Reference amount in currency A:	USD 25,000	USD 100,000	USD 100,000	USD 125,000
Reference amount in currency B:	MXN $472,250	MXN $1,889,000	MXN $1,889,000	MXN $2,361,250
Exchange rate used to calculate reference amount in currency B:	$18.8900 MXN per USD	$18.8900 MXN per USD	$18.8900 MXN per USD	$18.8900 MXN per USD
Fixed rate for amounts in currency A:	7.25%	7.25%	7.25%	7.25%
Spread	N/A	N/A	N/A	N/A
Fraction for counting of days applicable to fixed rate for amounts in currency A:	30/360	30/360	30/360	30/360
Payment dates currency A:	The 20th day of every January and July as of January 20, 2020	The 20th day of every January and July as of January 20, 2016	The 20th day of every January and July as of January 20, 2016	The 20th day of every January and July as of January 20, 2026
Settlement date currency A:	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023
Payment dates currency B:	Every 28 days as of November 6, 2019	Every 28 days as of July 20, 2016	Every 28 days as of July 20, 2016	Every 28 days as of July 20, 2016
Floating rate for amounts in currency B:	TIIE 28D	TIIE 28D	TIIE 28D	TIIE 28D
Spread Currency B:	6.13%	6.215%	6.19%	6.17%
Fraction for the count of days applicable to the floating rate for amounts in currency B:	Actual/360	Actual/360	Actual/360	Actual/360
Market value MXN (thousands)	**$ 2,124**	**$ 22,366**	**$ 4,031**	**$ 6,583**
Market value USD (thousands)	**$ 113**	**$ 1,186**	**$ 214**	**$ 349**
Colateral MXN	**$ -**	**$ -**	**$ -**	**$ -**
Trading characteristics IRS	**Credit Suisse 9003699**	**Barclays 9009053**	**Morgan Stanley OZNJJ**	**Credit Suisse 9003793**
Notional:	$ 1,500	1,000	1,000	500
Currency:	Mexican Pesos (MXN)	Mexican Pesos (MXN)	Mexican Pesos (MXN)	Mexican Pesos (MXN)
Required to pay fixed rate:	CR	CR	CR	CR
Required to pay floating rate:	Credit Suisse	Barclays	Morgan Stanley	Credit Suisse
Characteristics IRS	**Credit Suisse 9003699**	**Barclays 9009053**	**Morgan Stanley OZNJJ**	**Credit Suisse 9003793**
Transaction date:	April 18, 2017	May 15, 2017	June 14, 2017	June 14, 2017
Start date:	March 29, 2017	March 29, 2017	March 29, 2017	March 29, 2017
Maturity date:	July 29, 2023	July 29, 2023	July 29, 2023	July 29, 2023
Fixed rate:	7.26%	7.27%	7.12%	7.12%
Floating rate:	TIIE	TIIE	TIIE	TIIE
Fraction for the count of days applicable to floating or fixed rate:	Real/360	Real/360	Real/360	Real/360
Interest payment dates:	Every 28 days as of March 29, 2017	Every 28 days as of March 29, 2017	Every 28 days as of March 29, 2017	Every 28 days as of March 29, 2017
Market value MXN (thousands)	**$ (32,075)**	**$ (21,714)**	**$ (16,648)**	**$ (8,321)**
Market value USD (thousands)	**$ (1,700)**	**$ (1,151)**	**$ (883)**	**$ (441)**

Characteristics of CCS	Morgan Stanley ID PHE7D	BNP Paribas ID MD21303775
Currency A:	Dollars (USD)	Dollars (USD)
Currency B:	Mexican pesos (MXN)	Mexican pesos (MXN)
Obligated to pay fixed rate for amounts in currency A:	Morgan Stanley	BNP
Obligated to pay floating or fixed rate for amounts in currency B:	CR	CR
Date of transaction:	March 4, 2019	March 8, 2019
Monto de operación de referencia en ambas monedas:	At start date and maturity	At start date and maturity
Start date	January 20, 2019	March 12, 2019
Fecha de vencimiento:	July 20, 2023	July 20, 2023
A currency settlement date A:	USD 50,000	USD 25,000
A currency settlement date B:	MXN $965,000	MXN $487,250
Fix rate for the amount in currency B for the first period:	$19.3000 MXN por USD	$19.49 MXN por USD
Floating rae of fix for currency A:	7.25%	7.20%
Spread	N/A	N/A
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	30/360	30/360
A currency payment dates A:	20th day of each month	20th day of each month
A currency settlement date A:	March 13, 2019	March 13, 2019
A currency payment dates B:	Every 28 days starting January 22, 2019	Every 28 days starting January 22, 2019

Characteristics of IRS	Credit Suisse 9003699	Barclays 9009053
Floating or fixed rate for currency B:	8.00%	11.8%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360	Actual/360
Market value MXN (thousands)	**$ 16,015**	**$ 7,365**
Market value USD (thousands)	**$ 849**	**$ 390**

Detalle de la opción	Morgan Stanley ID WAW1A
Option style	European
Option type	Buy USD / Sell USD Call Long/ Call Short
Curency and call amount	USD 50,000
Currency and Sale Amount:	USD 50,000
Mínimum exchange rate:	19.30
Rate ceiling:	27.00
Maturity date:	20 de julio de 2023
Payment date:	20 de Julio de 2023
Premium:	-
Market value MXN (thousands)	$ 105,488
Market value USD (thousands)	$ 5,592

Option Detail	BNP ID MD21303775
Option style:	European
Option style:	Buy USD / Sell USD Call Long/ Call Short

Morgan Stanley OZNJJ	Credit Suisse 9003793
Currency and sell amount:	USD 25,000
Minimum Exchange rate:	$ USD 25,000
Tasa mínima:	$ 19.49
Rate ceiling:	$ 27.00
Maturity date:	20 de julio de 2023
Payment date:	20 de Julio de 2023
Premium:	-
Market value MXN (thousands)	$ 50,150
Market value USD (thousands)	$ 2,658

At December 31, 2019, the fair value of the Cross Currency Swaps in relation to the hedges contracted for the Senior Notes with maturity in 2023 is MXP $35,105 (equal to USD $1,861), which was recorded as an asset with an offsetting entry recorded in the supplementary stockholders' equity account through comprehensive income (based on the portion designated as a cash flow hedge) for the amount of MXP $27,395 (equal to USD $1,452), together with a credit of MXP $7,709 (equal to USD $409), which was recorded as a profit in the statement of income (based on the portion designated as a fair value hedge). The effect recognized in net worth at December 31, 2019 is MXP $75,488 (equal to USD $4,003), together with an exchange rate gain plus accrued interest of MXP $102,884 (equal to USD $5,455), which was recognized in the statement of income. The effect recognized at December 31, 2019 for the hedged item in the statement of income (related to the currency swaps contained in the fair value hedge) is a loss of MXP $7,709 (equal to USD $409). The hedged item had an offsetting effect that was recognized as a debit in the liability of MXP $187,768 (equal to USD $9,956), with its counterparty in net worth recorded in other comprehensive income.

As of December 31, 2019, the fair value of the interest rate swaps for the Senior Notes 2023 in a hedging relationship is MX $(78,759) ($4,175 US dollars), which was recorded as an asset with a debit to stockholders' equity through comprehensive income. The effect as of December 31, 2019 recognized in equity is MX $(80,463), ($(4,266) US dollars) and in the statement of income with an effect of MX $1,704 (equivalent to US $90) due to the accrued interest.

At December 31, 2019, the fair value of the Coupon Only Swap with a Call Spread for the hedging relationship of the Senior Notes with maturity in 2023 is $ 179,018 (equal to USD $ 9,492), which was recorded as an asset. At December 31, 2019, the effect recognized in net worth is $(21,092) (equal to USD $ 1,118), while an effect was recognized in the statement of income as an intermediation profit due to the option value of $ 155,638 (equal to USD $ 8,252) for the Call Spread. The effect reclassified to the statement of income as income derived from accrued interest is $ 44,473 (equal to USD $ 2,358). At the start of the derivative instrument, a liability of $ 246,157 (equal to USD $ 13,052) was recorded for the premium cost, which has been settled by applying a debit of MXP $90,519 (equal to USD $ 4,799) to results.

The periods in which the cash flows derived from the derivatives in relation to the hedge of the Senior Bonds that mature in 2023 are expected to occur and impact the income statement are as follows:

Year	Pesos		US dollars	
2020	$	(206,508)	$	(10,950)
2021	$	(143,307)	$	(7,598)
2022	$	(122,930)	$	(6,518)
2023	$	634,999	$	33,669

Perpetual Bond Relationship
(figures in US dollars expressed in thousands)

The Entity uses financial derivatives as hedges to manage the risks related to redemptions in the interest rate applicable to their issue of the perpetual bonds long-term notes, which were offered on November 29, 2017 and accrue interest at a fixed rate of 9.125%.

On December 5, 2017, the Entity contracted six Cross Country Swaps (CCS) with Morgan Stanley, Credit Suisse and Barclays for $230,000, of these, a first tranche with three derivatives has a fixed rate of 9.125%, maturing in 2019, while the second tranche with the remaining three derivatives pays a variable rate (28 day TIIE) plus a spread, to cover 100% of the perpetual bonds.

For accounting purposes, the Entity has designated the aforementioned financial derivatives as fair value hedges; i.e., the fluctuations of the derivative and the item hedged are valued at fair and are recognized in results in the same periods.

Characteristics of CCS	Barclays 9009344	Credit Suisse 9003980
Currency A:	Dollar (USD)	Dollar (USD)
Currency B:	Mexican Pesos (MXN)	Mexican Pesos (MXN)
Required to pay floating rate amounts in currency A:	Barclays	Credit Suisse
Required to pay fixed rate amounts in currency B:	CR	CR
Transaction date:	December 5, 2017	December 5, 2017
Reference exchange amount in both currencies:	NA	NA
Start date:	November 29, 2019	November 29, 2019
Maturity date:	November 29, 2022	November 29, 2022
A currency settlement date A:	USD 65,000	USD 65,000
A currency settlement date B:	MXN $1,216,800	MXN $1,216,800
Characteristics of CCS	**Barclays 9009344**	**Credit Suisse 9003980**
Fixed rate for the amount in currency B for the first period:	$18.7200 MXN per USD	$18.7200 MXN per USD
Floating rate for currency A:	9.13%	9.13%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	30/360	30/360
A currency payment dates A:	Half – year as November 29, 2019	Half – year as November 29, 2019
A currency settlement date A:	November 29, 2019	November 29, 2022
A currency payment dates B:	Every 28 days as of November 29, 2018	Every 28 days as of November 29, 2019
Characteristics of CCS	**Barclays 9009344**	**Credit Suisse 9003980**
Floating or fixed rate for currency B:	TIIE 28D	TIIE 28D
Spread currency B:	3.57%	3.60%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360	Actual/360
Market value MXN (thousands)	**$ (5,297)**	**$ (6,137)**
Market value USD (thousands)	**$ (281)**	**$ (325)**
Collateral MXN	**$ -**	**$ -**

Characteristics of CCS	Morgan Stanley HL0U0
Currency A:	Dollar (USD)
Currency B:	Mexican Pesos (MXN)
Required to pay floating rate amounts in currency A:	Morgan Stanley
Required to pay fixed rate amounts in currency B:	CR
Transaction date:	December 5, 2017
Reference exchange amount in both currencies:	N/A
Start date:	November 29, 2019
Maturity date:	November 29, 2022
Reference amount in currency A:	USD 100,000
Reference amount in currency B:	MXN $1,872,000
Exchange rate used to calculate reference amount in currency B:	$18.7200 MXN por USD
Fixed rate for amounts in currency A:	9.13%
Fraction for counting of days applicable to fixed rate for amounts in currency A:	30/360
Payment dates currency A:	Half – year as November 29, 2019
Settlement date currency A:	November 29, 2022
Payment dates currency B:	Every 28 days as of November 29, 2019
Floating rate for amounts in currency B:	TIIE 28D
Spread currency B:	3.60%
Fraction for the count of days applicable to the floating rate for amounts in currency B:	Actual/360
Market value MXN (thousands)	**$ (11,346)**
Market value USD (thousands)	**$ (601)**

As of December 31, 2019, the fair value of derivatives related to perpetual bond hedge is MX $(22,780) (equivalent to 1,208US dollars), which was recorded as an asset and income in the income statement..

CHF Bond Relationship (figures in US dollars expressed in thousands)

The Entity uses financial derivatives as hedges to manage the risks related to redemptions in the interest rate applicable to their issuance of the CHF Bond, which were offered on February 13, 2018 and accrue interest at a fixed rate of 2.875%.

On February 13, 2018, the Entity contracted three Cross Currency Swaps to hedge the exchange rate of the interests and principal for the CHF Bond, with the following financial institutions: (i) Credit Suisse, (ii) Deutsche Bank, (iii) Barclays. The debt is being converted from one that pays a fixed rate in CHF to Mexican pesos at a fixed rate. The issuance of the Bond maturing in 2022 was for CHF $170,000, while the financial derivatives were only contracted for a 71% of the amount exposed. For accounting purposes these three Cross Currency Swaps were designated as cash flow hedges; i.e., the fluctuations of the derivative and the item hedged are valued at fair value and are recognized in other comprehensive income in the same periods.

On June 7, 2018, the Entity contracted a Cross Currency Swap to hedge to hedge the exchange rate on an additional 18% of the principal and the interest rate for the CHF Bond, with Deutsche Bank. This portion of the debt is being converted from one that pays a fixed rate in CHF to Mexican Pesos at a variable rate. For accounting purposes this Cross Currency Swap was designated as a fair value hedge; i.e., the fluctuations of the derivative and the hedged item are valued at fair value and are recognized in results in the same periods. In total, the Entity has hedged 88% of the debt.

On March 8, 2019, the Entity contracted a coupon-only swap and call spread with BNP Paribas to hedge both the notional amount and interest as part of a Swiss bond with maturity in 2022. This instrument was contracted for an amount equal to 20 million Swiss francs, at an exchange rate of 19.3500 pesos per Swiss franc, with commencement on March 12, 2019 and maturity on February 7, 2022. The coupon-only swap has a 9.45% fixed interest rate denominated in Mexican pesos, while the call spread consists of a long call with an agreed value of $19.35, together with a short call of $25.00.

Trading characteristics of CCS	Credit Suisse 9004110	Deutsche Bank D948548M	Barclays 9009487	Deutsche Bank G370871M
Currency A:	Swiss Francs (CHF)	Swiss Francs (CHF)	Swiss Francs (CHF)	Swiss Francs (CHF)
Currency B:	Mexican Pesos (MXP)	Mexican Pesos (MXP)	Mexican Pesos (MXP)	Mexican Pesos (MXP)
Required to pay amounts in currency A:	Deutsche Bank	Deutsche Bank	Barclays	Deutsche Bank
Required to pay amounts in currency B:	CR	CR	CR	CR
Transaction date:	February 13, 2018	February 13, 2018	February 13, 2018	June 7, 2018
Reference exchange amount in both currencies:	At the beginning and at maturity	At the beginning and at maturity	At the beginning and at maturity	At the beginning and at maturity
Start Date:	February 9, 2018	February 9, 2018	February 9, 2018	February 9, 2018
Maturity date:	February 9, 2022	February 9, 2022	February 9, 2022	February 9, 2022
A currency settlement date A:	CHF 40,000	CHF 40,000	CHF 40,000	CHF 30,000
A currency settlement date B:	MXP $797,857	MXP $625,942	MXP $796,600	MXP $625,942
Características del CCS	**9004110**	**D948548M**	**9009487**	**G370871M**
Fixed rate for the amount in currency B for the first period:	$ 19.9464 MXP por CHF	$ 19.9150 MXP por CHF	$ 19.9150 MXP por CHF	$ 20.8647 MXP por CHF
Fix rate for currency A:	2.88%	2.88%	2.88%	2.88%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency	30/360	30/360	30/360	30/360
A currency settlement date A:	Annually as of February 9,2018	Annually as of February 9,2018	Annually as of February 9,2018	Annually as of February 9,2018
A currency payment dates A:	February 9, 2022	February 9, 2022	February 9, 2022	February 9, 2022
A currency payment dates B:	Monthly as of February 9, 2018	Monthly as of February 9, 2018	Monthly as of February 9, 2018	Monthly as of February 9, 2018
Fix rate for currency B:	11.97%	11.97%	11.96%	TIIE 28D
Spread currency B:	0.00%	0.00%	0.00%	3.26%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360	Actual/360	Actual/360	Actual/360
Market value MXP (thousands)	**$ (32,631)**	**$ (31,697)**	**$ (30,941)**	**$ (53,975)**
Market value USD (thousands)	**$ (1,730)**	**$ (1,681)**	**$ (1,641)**	**$ (2,862)**
Collateral MXP	**$ -**	**$ -**	**$ -**	**$ -**

Trading characteristics	BNP Paribas ID MD21304233	Detalle de la opción	BNP ID MD21304233
Currency A:	Swiss Francs (CHF)	Estilo de opción:	European
Currency B:	Mexican pesos (MXN)	Tipo de opción	Buy CHF / Sell CHF Call Long/ Call Short
Required to pay amounts in currency A:	BNP	Divisa y monto de la llamada	USD 20,000
Required to pay amounts in currency B:	CR	Divisa e importe de Venta:	USD 20,000
Transaction date:	8 de marzo de 2019	Tipo de cambio mínimo:	19.35
Reference exchange amount in both currencies:	At the beginning and at Maturity	Tipo de cambio techo:	25.00
Start Date:	12 de marzo de 2019	Fecha de vencimiento:	7 de febrero de 2022
Maturity date:	09 de febrero de 2022	Día de pago	7 de febrero de 2022
A currency settlement date A:	CHF $20,000	Prima:	-
A currency settlement date B:	MXN $387,000	Valor de mercado MXN (miles)	$ 49,285
Fixed rate for the amount in currency B for the first period:	$19.35 MXN por CHF	Valor de mercado USD (miles)	$ 2,612
Floating rate for currency A:	2.88%		
Spread:	N/A		
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:			30/360
A currency payment dates A:			Yearly
A currency settlement date A:			February, 9 2019
Payment dates currency B:			Every 28 days as of February 9, 2019
Floating rate for amounts un currency B (call spread premium implicit in rate):			9.45% The call spread premium is implicit in the rate
Fraction for the count of days applicable to the floating rate for amounts in currency B:			Actual/360
Market value MXN (thousands)			**$ 7,411**
Market value USD (thousands)			**$ 393**

As of December 31, 2019, the fair value of the Cross Currency Swaps in relation to the hedge of the CHF Bond maturing in 2022 is MXP $(149,244) (equivalent to USD $(7,662), which was recorded as an liability, against an impact as a loss other comprehensive income of MXP $92,422 (equivalent to USD
$4,900) due to the portion as a cash flow hedge, as a loss in profit or loss of MXP $(53,975) (equivalent to USD $(2,862)) due to the portion as a fair value hedge and as a loss in profit or loss of MXP $2,847 (equivalent to USD $151) due to the exchange rate and accrued interests. The effect as of December 31, 2019 recognized in the consolidated statement of income for the hedged item (related to the fair value hedge portion) is a gain of MXP $53,975 (equivalent to USD $2,861).

At December 31, 2019, the fair value of the Coupon Only Swap with a Call Spread related to the hedges contracted for the CHF Bonds with maturity in 2022 is $ 56,696 (equal to USD $ 3,005), which was recorded as an asset. At December 31, 2019, the effect recognized in equity is $ (979) (equal to USD $ 52), while the effect recognized in the statement of income is a trading gain, due to the option value of $ 49,285 (equal to USD $ 2,613) for the Call Spread. The effect reclassified in the statement of income as income derived from accrued interest is $ 8,390 (equal to USD $ 445). At the start of the derivative instrument, a liability was recorded for the premium cost of $ 71,545 (equal to USD $ 3,793), which has been settled by applying a debit of MXP $22,260 (equal to USD $ 1,180) to results.

The periods in which the cash flows from the derivatives in relation to the hedging of the CHF Bond Relationship are expected to occur and impact the consolidated statement of income are as follows:

Year	Mexican Pesos	U.S. Dollars
2020	$ (180,749)	$ (9,582)
2021	$ (161,462)	$ (8,560)
2022	$ 435,612	$ 23,097

Second syndicated credit line with maturity in 2022 (figures in thousands)

The Entity utilizes derivative financial instruments for hedging purposes to manage the risks related to exchange rate at interest rate fluctuations applicable to the credit line contracted with Credit Suisse for the amount of USD $110,000 on August 21, 2019, which will be payable on August 5, 2022 at the monthly Libor rate plus 4%, with an initial exchange rate of 19.6250.

On August 22, 2019, the Entity contracted a Cross Currency Swap with Credit Suisse AG, Cayman Islands Branch ("CS") at the rate of $19.6250 Mexican pesos per US dollar, whereby it obtains a floating LIBOR interest rate plus 4% and pays interest at a fixed rate of 10.99% denominated in Mexican pesos, with interest rate and principal payment swaps to hedge the credit line contracted with Credit Suisse.

For accounting purposes, the Entity has designated this derivative financial instrument as a cash flow hedge, recording changes in the fair value of the derivative in other comprehensive income and reclassifying any ineffective portion and the respective amounts in the statement of income when forecast hedged cash flows affect the results of the year.

Características de CCS	Credit Suisse ID 9004706	
Currency A:	Dollar (USD)	
Currency B:	Mexican Pesos (MXN)	
Required to pay floating rate amounts in currency A:	Credit Suisse	
Required to pay fixed rate amounts in currency B:		
divisa B:	CR	
Transaction date:	August 22, 2019	
Reference exchange amount in both currencies:	N/A	
Start date:	August 21, 2019	
Maturity date:	August 5, 2022	
A currency settlement date A:	USD 110,000	
A currency settlement date B:	MXN $2,158,750	
Fixed rate for the amount in currency B for the first period:	$19.6250 MXN por USD	
Floating rate for currency A:	USD-LIBOR-BBA	
Spread	4.00%	
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	Actual/360	
A currency payment dates A:	Half year, as August 21 de 2019	
A currency settlement date A:	N/A	
A currency payment dates B:	Every 28 days, as of August 21 2019	
Floating or fixed rate for currency B:	10.99%	
Spread currency B:	Actual/360	
Market value MXN (thousands)	**$**	**(92,601)**
Market value USD (thousands)	**$**	**(4,909)**
Collateral MXN	**$**	**-**

As of December 31, 2019 the fair value of the aforementioned financial derivatives for the syndicated hedging relationship is MXP $ (92,601) (equivalent to USD $ (4,909)), which was recorded as a liability with a debit to the complementary account of stockholders' equity with the effect of the period through comprehensive income. The effect as of December 31, 2019 recognized in equity is a debit of MXP $ (42,373) (equivalent to USD $ (2,247)), and the effect to the intermediation result as interest loss and accumulated exchange effect is MXP $ 50,229 (equivalent to USD $ 2,663).

The periods in which the cash flows derived from the derivatives in relation to the hedge of the syndicate line are expected to occur and impact the income statement are as follows:

Year	Mexican Pesos	U.S. Dollars
2020	$ (109,954)	$ (5,829)
2021	$ (27,474)	$ (1,457)
2022	$ 179,801	$ 9,533

Senior Notes with maturity in 2026 (figures in thousands)

The Entity utilizes derivative financial instruments for hedging purposes to manage the risks related to exchange rate at interest rate fluctuations applicable to the 2026 Notes for the amount of USD $400,000, contracted on February 7, 2019 and with maturity in 2026 and a fixed 9.5% interest rate payable half- yearly.

On February 26, 2019, the Entity contracted a derivative financial instrument composed by a Cross Currency Swap with Barclays to hedge both the notional amount and interest of part of the 2026 Senior Notes. This instrument was contracted for an amount equal to $150 million dollars, at an exchange rate of
$19.1735 pesos per dollar, a fixed interest rate of 15.84% denominated in Mexican pesos, with commencement on February 7, 2019 and maturity on February 7, 2026.

On February 27, 2019, the Entity contracted a Cross Currency Swap with Goldman Sachs to hedge both the notional amount and interest of part of the 2026 Senior Notes. This instrument was contracted for an amount equal to $150 million dollars, at an exchange rate of $19.2458 pesos per dollar, a fixed interest rate of 15.75%, denominated in Mexican pesos, with commencement on February 7, 2019 and maturity on February 7, 2026

For accounting purposes, the Entity has designated this derivative financial instrument as a cash flow hedge, recording changes in the fair value of the derivative in other comprehensive income and reclassifying any ineffective portion and the respective amounts in the statement of income when forecast hedged cash flows affect the results of the year.

Characteristics of CCS	Barclays ID 9010142	Goldman Sach ID SDBB7MM3333PLZHZZP111
Currency A:	Dólares (USD)	Dólares (USD)
Currency B:	Pesos mexicanos (MXN)	Pesos mexicanos (MXN)
Required to pay floating rate amounts in currency A:	Barclays	Goldman Sach
Required to pay fixed rate amounts in currency B:	CR	CR
Transaction date:	26 de febrero de 2019	27 de febrero de 2019
Reference exchange amount in both currencies:	N/A	N/A
Characteristics of CCS	**Barclays ID 9010142**	**Goldman Sach ID SDBB7MM3333PLZHZZP111**
Start date:	February 7, 2019	February 7, 2019
Maturity date:	February 7, 2026	February 7, 2026
Reference amount in currency A:	USD 150,000	USD 150,000
Reference amount in currency B:	MXN $2,876,025	MXN $2,886,,870
Fixed rate for the amount in currency B for the first period:	$19.1735 MXN por USD	$19.2458 MXN por USD
Floating rate for amounts in currency A:	Fixed	Fixed
Spread:	9.50%	9.50%
Fraction for counting of days applicable to fixed rate for amounts in currency A:	30/360	30/360
Payment dates currency A:	Half year, As february 7, 2019	Half year, As february 7, 2019
Settlement date currency A:	February 7, 2026	February 7, 2026
Payment dates currency B:	Every 28 day, As March 19, 2019	Every 28 day, As March 19, 2019
Floating rate of fixed rate for amounts in currency B:	15.84%	15.75%
Fraction for the count of days applicable to the floating rate to fixed for amounts in currency B:	Actual/360	Actual/360
Market value MXN (thousands)	**$ (104,576)**	**$ (290,238)**
Market value USD (thousands)	**$ (5,544)**	**$ (15,386)**
Collateral MXN	**$ -**	**$ -**

As of December 31, 2019 the fair value of the Cross Currency Swaps in relation to the hedgeof the Senior Note 2026 is MXP $(394,814) (equivalent to USD $(20,929) which was recorded as a liability, and a loss in other comprehensive income. The effect as of December 31, 2019 recognized in the consolidated statement of income for the hedged ítem The effect as of December 31, 2019 recognized in equity is a debit of MXP $ (311,534) (equivalent to USD $ (16,555) US dollars), and the effect to the intermediation result as interest loss and accumulated exchange effect is MXP $ (83,280) (equivalent to USD $ 4,416).

The periods in which the derivative's cash flows are expected to occur in the syndicated hedge relationship and have an impact on the income statement are as follows:

Year		Pesos	US dollars
2020	$	177,266	9,397
2021	$	153,524	8,139
2022	$	132,784	7,040
2023	$	113,496	6,017
2024	$	95,572	5,067
2025	$	78,647	4,170
2026	$	(1,062,823)	(56,341)

Senior Notes with maturity in 2027 (figures in thousands)

The Entity utilizes derivative financial instruments for hedging purposes to manage the risks related to exchange rate and interest rate fluctuations applicable to the 2027 Notes for the amount of €350,000 offered on international markets. These instruments were contracted on October 1, 2019, with maturity in 2027 and a fixed 5.00% interest rate payable half-yearly.

On October 1, 2019, the Entity contracted two derivative financial instruments (Principal-Only Swap and Coupon-Only Swap) with Barclays to hedge both the notional amount and interest of part of the 2027 Senior Notes. This instrument was contracted for an amount equal to €150 million, at an exchange rate of

$21.4706 pesos per euro, a fixed 11.33% interest rate denominated in Mexican pesos, with commencement on October 1, 2019 and maturity on February 1, 2027.

On October 1, 2019, the Entity contracted two derivative financial instruments (Principal-Only Swap and Coupon-Only swap) with Morgan Stanley to hedge both the notional amount and interest of part of the 2027 Senior Notes. This instrument was contracted for an amount equal to €150 million, at an exchange rate of $21,455 pesos per euro, a fixed 11.33% interest rate denominated in Mexican pesos, with commencement on October 1, 2019 and maturity on February 1, 2027.

For accounting purposes, the Entity has designated the above derivative financial instruments as cash flow hedges, recording changes in the fair value of these derivatives in other comprehensive income and reclassifying any ineffective portion and the respective amounts to other comprehensive income when forecast hedged cash flows affect the results of the year.

Characteristics of CCS	Barclays ID 9010994	Morgan Stanley ID AQOKP
Currency A:	Euros (EUR)	Euros (EUR)
Currency B:	Mexican pesos (MXN)	Mexican pesos (MXN)
Obligated to pay fixed rate for amounts in currency A:	Barclays	Morgan Stanley
Obligated to pay floating or fixed rate for amounts in currency B:	CR	CR
Date of transaction::	1 de octubre de 2019	1 de octubre de 2019
Reference exchange amount in both currencies:	N/A	N/A
Start date:	October 1,2019	October 1,2019
Maturity date:	1 de febrero de 2027	1 de febrero de 2027
A currency settlement date A:	EUR 150,000	EUR 150,000
A currency settlement date B:	MXN $3,220,596	MXN $3,218,250
Fixed rate for the amount in currency B for the first period:	$21,4706 MXN por EUR	$21,4550 MXN por EUR
Floating rate for currency A::	5%	5%
Spread	N/A	N/A
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	Act/Act	Act/Act
A currency payment dates A:	Half yera, as February 1 de 2020	Half yera, as February 1 de 2020
Characteristics of CCS	**Barclays ID 9010994**	**Morgan Stanley ID AQOKP**
A currency settlement date A:	February 1,2027	February 1,2027
A currency payment dates B:	Every 28 days, as of November 1, 2019	Every 28 days, as of November 1, 2019
Floating or fixed rate for currency B:	11.33%	11.33%
Spread currency B:	Actual/360	Actual/360
	$ (121,061)	$ (117,813)
Market value USD (thousands)	$ (6,418)	$ (6,247)
Collateral MXN	$ -	$ -

At December 31, 2019, the fair value of the aforementioned derivative financial instruments as regards the hedging relationship with the 2027 Senior Notes is MXP $(238,874) (equal to USD $(12,662)), which was recorded as a liability with a debit applied to the supplemental stockholders' equity account with the effect of the period through comprehensive income. At December 31, 2019, the effect recognized in net worth is a debit of MXP $(172,054) (equal to USD $(9,123)), while the effect of the intermediation result is recorded as an interest loss, together with an accrued exchange effect of MXP $(66,821) (equal to USD $3,543).

The periods in which the derivative's cash flows are expected to occur in the syndicated hedging relationship and have an impact on the income statement are as follows:

Year	Pesos	US dollars
2020	$ (240,698)	$ (12,760)
2021	$ (192,771)	$ (10,219)
2022	$ (171,877)	$ (9,111)
2023	$ (152,133)	$ (8,064)
2024	$ (345,795)	$ (18,330)
2025	$ (115,728)	$ (6,135)
2026	$ 1,046,948	$ 55,512

Securitized portfolio

The Entity has a securitized portfolio in two trusts whose purpose is to mitigate the account rate risk with hedge derivatives with a balance sheet valuation of $(115) at the close of 2019.

Nature and degree of risks arising from the derivatives

As of December 31, 2019, the exchange rates are $18.8642 Mexican Peso per U.S. dollar and $19.4792 Mexican Peso per Swiss franc. and $21.175 Mexican peso per Euro. In order to mitigate the volatility of the exchange rate, Crédito Real has entered into several hedging strategies described below.

The risks associated with variations in the USD/MXP exchange rates arise from the instruments that are denominated in foreign currency such as Senior Notes 2023, Senior Notes 2026, Syndicated Line and the Perpetual Notes. The interest rate risk arises from foreign currency instruments at fixed rates and of local instruments at a variable rate like the Senior Notes, 2023, Syndicated Line, and Perpetual Notes. The risk associated with variations in the CH and EUR/MXP exchange rates arises from the instruments held in EUR such as the Senior Notes 2027.

Sensitivity analysis

The Entity performed a sensitivity analysis so as to foresee situations that could result in extraordinary losses regarding the valuation of the derivative financial instruments composing its position at the December 2019 close.

A derivatives sensitivity analysis is performed by considering the following elements:

Estimate the surplus value or shortfall of the securities valuation in the event of:

- An increase of +1 peso in the MXN/USD exchange rate
- A decrease of -1 in the MXN/USD exchange rate
- An increase of +100 interest rate basis points
- A decrease of -100 interest rate basis points

Foreign currency sensitivity		
Hedging derivatives fair value		
	+1 exchange rate	+1 exchange rate
Foreign currency swap	145,295.8	(171,718.2)
Primary position	(145,295.0)	171,718.9
Level of efectivity	(100.0%)	(100.0%)
Cash flow hedge derivatives		
	+1 exchange rate	+1 exchange rate
Foreign currency swap	1,082,368.6	(2,774,803.0)
Primary position	(1,082,206.4)	2,774,949.1
Level of efectivity	(100.0%)	(100.0%)
Foreign currency option	250,917.1	159,007.7
Primary position	(250,917.1)	(159,007.7)
Level of efectivity	(100.0%)	(100.0%)

Interest rate sensitivity of interest rate		
Cash flow hedge derivatives		
	+100 bp interest rate	-100 bp interest rate
Interest rate swap	22,148.8	(185,330.8)
Primary position	(22,148.8)	185,330.8
Level of efectivity	(100.0%)	(100.0%)
Interest rate option	0.0	0.0
Primary position	(0.0)	0.0
Level of efectivity	(100.0%)	(100.0%)

If any of the sensitivity scenarios detailed in the above table actually arise, the losses generated by derivative instruments held for trading purposes and fair value hedges will directly affect the statement of income, while cash flow hedges will affect the Entity's capital.

Maturity analysis

Below is an analysis of the future obligations of the financial derivatives. Please note that even though the foreign currency swaps represent active positions as of December 31, 2019, the Entity elects to present the undiscounted future flows which represent a liability according to their maturity.

		2020	2021	2022	2023	2024	2025	2026	2027
Foreign currency swaps	$	(1,907,385)	(1,668,396)	(1,360,314)	(800,489)	(902,733)	(813,976)	(518,088)	(34,479)
Interest rate swaps	$	(7,603)	(36,377)	(33,854)	(13,173)	-	-	-	-

7. LOAN PORTAFOLIO

As of December 31, 2019, 2018 and 2017, the loan portfolio was comprised as follows:

		2019		2018		2017
Loan portfolio -						
Commercial portfolio	$	38,506,473	$	30,989,761	$	27,052,994
Consumer portfolio		11,705,735		9,610,914		7,505,932
Performing loan portfolio		50,212,208		40,600,675		34,558,926
Less-						
Interest accrued on factoring operations		(3,804,886)		(4,870,974)		(6,129,035)
Gauging warranty		(81,620)		(28,140)		(20,072)
Performing Loan Portfolio		46,325,702		35,701,561		28,409,819
Non-performing loan portfolio		632,718		617,555		605,219
Loan Portfolio		46,958,420		36,319,116		29,015,038
Less-						
Allowance for loan losses		(1,390,046)		(1,067,923)		(1,067,540)
Performing Loan Portfolio, net	**$**	**45,568,374**	**$**	**35,251,193**	**$**	**27,947,498**

As of December 31, 2019, 2018 and 2017, there is a restricted current portfolio of $11,908,664, $6,982,564 and $5,775,967, respectively, in accordance with the collateral loan contracts.

The portfolio is comprised of 901,097 and 804,921 and 883,195 customers at the end of 2019, 2018 and 2017, respectively.

The average loan balance is $37, $32 and $35 as of December 31, 2019, 2018 and 2017, respectively, with an average term of 41, 41, and 38, respectively, for both the commercial and consumer portfolios.

The interest income recognized by the Entity refers exclusively to the Entity's participation and, accordingly, excludes the participation applicable to the distributors. In accordance with the agreements executed, the Entity shares with the distributor the credit risk and the revenues generated by the loans originated by the distributor. The distributor is responsible for administering the service of the credit granted and covering all the operating expenses related to the portfolio that it originates.

At December 31, 2019, the performing loan portfolio that has a balance with at least one day of aging is as follows:

	0 a 30	31 a 60	61 a 90	Total
Commercial loan	$ 32,951,246	$ 1,110,718	$ 558,003	$ 34,619,967
Consumer loan	11,278,329	313,396	114,010	11,705,735
	$ 44,229,575	**$ 1,424,114**	**$ 672,013**	**$ 46,325,702**

As of December 31, 2019, the non-performing loan portfolio that has balance with at least once day of aging is as follows:

	91 to 180
Commercial loan	$ 343,816
Consumer loan	288,901
	$ 632,717

8. ALLOWANCES FOR LOAN LOSSESS

As of December 31, 2019, 2018 and 2017, the Entity maintained an allowance for loan losses equivalent to 220%, 173% and 176% of non-performing portfolio, respectively.

As of December 31, 2019, 2018 and 2017, changes in the allowance for loan losses were as follows:

	2019	2018	2017
Opening balance	$ 1,067,924	$ 1,067,540	$ 767,460
Portfolio applications	(1,084,795)	(1,758,642)	(1,285,192)
Recoveries	268,895	260,400	262,101
Charge to results	**1,138,022**	**1,498,623**	**1,323,171**
Closing balance	**$ 1,390,046**	**$ 1,067,923**	**$ 1,067,540**

9. OTHER ACCOUNT RECEIVABLE, NET

As of December 31, 2019, 2018 and 2017, other accounts receivable were as follows:

	2019	2018	2017
Other accounts receivable from distributors	$ 6,016,786	$ 4,546,336	$ 4,159,428
Value added tax (VAT) receivable	35,449	37,380	42,555
Other debtors	405,233	493,521	445,453
Recoverable income tax	343,920	304,821	13,947
	6,801,388	5,382,058	4,661,383
Allowance for other accounts receivable	(4,478)	(3,256)	(31,710)
	$ 6,796,910	**$ 5,378,802**	**$ 4,629,673**

As of December 31, 2019, 2018 and 2017, other accounts receivable from distributors were as follows:

	2019	2018	2017
Interest accrued in advance period	$ 297,333	$ 200,518	$ 252,232
Advances to distributors	2,848,563	2,311,271	2,072,234
Joint and several liability of the distributor	1,390,566	509,708	802,014
Other debts	1,480,324	1,524,839	1,032,948
Total	**$ 6,016,786**	**$ 4,546,336**	**$ 4,159,428**

10. PROPERTY, FURNITURE AND FIXTURES

At December 31, 2019, 2018 and 2017, property, furniture and equipment are as follows:

	Vida útil (años)	2019	2018	2017
Building (a)	10	$ 189,452	$ -	$ -
Office Furniture and fixtures (a)	10	357,614	347,186	340,378
Computers (a)	3	191,560	202,305	198,338
Transportation equipment (a)	4	89,847	20,350	19,951
		828,473	569,841	558,667
Less - Accumulated depreciation		(496,007)	(256,490)	(246,112)
		332,466	313,351	312,555
Installation expenses	20 y 10	362,143	128,501	125,982
Less – Accumulated amortization		(69,283)	(100,399)	(96,367)
		292,860	28,102	29,615
		$ 625,326	**$ 341,453**	**$ 342,170**

(a) During 2019, the Entity adopted the NIF D-5 Leases, the effects of such adoption, are presented below so that the rights of use for leased assets are presented as part of the Property, furniture and fixtures.

Lease right-of-use assets

	Buildings	Transportation, Office Furniture and fixtures	Computer equipment	Total
Investment:				
Initial recognition at January 1, 2019	$ 189,452	$ 144,313	$ -	$ 333,765
Contracts executed during 2019	-	-	6,908	6,908
	-	-	-	-
Balances at December 31, 2019	189,452	144,313	6,908	340,673
Accumulated depreciation:				
Balances at the start of 2019	-	-	-	-
Depreciation of the year	**(31,540)**	**(34,700)**	**(959)**	**(67,199)**
Accumulated depreciation at December 31, 2019	**$ (31,540)**	**(34,700)**	**(959)**	**(67,199)**
Balances at December 31, 2019	**$ 157,912**	**109,613**	**5,949**	**273,474**

At December 31, 2019, the Entity recorded expenses in results for the amount of $ 6,069 in relation to short- term, low-value leases, that were not included in the lease liability valuation.

a) As of December 31, 2019 the entity recorded expenses in results for the 12 months of 2019 as follows:

	Importe
Interest expense derived from lease liabilities	$ 23,592
Depreciation of lease right-of-use expense	67,199
Expense derived from lease contracts with a duration of less than one year and low-value assets	6,069
	$ 96,860

11. INVESTMENT IN SHARES OF ASSOCIATES

At December 31, 2019, 2018 and 2017, investments in shares of associates are as follows:

Entity	% Ownership 2019, 2018 and 2017	Book Value			Ownership in results		
		2019	2018	2017	2019	2018	2017
Publiseg, S.A.P.I. de C.V. SOFOM (a)	49.00%	$ 506,061	$ 484,852	$ 489,193	$ 25,875	$ 33,446	$ 26,074
Grupo Empresarial Maestro S.A. de C.V. (a)	49.00%	524,772	546,367	512,568	67,408	109,298	120,533
Bluestream Capital, S.A. de C.V. (b)	23.00%	4,722	4,666	3,331	56	1,544	793
Cege Capital, S.A.P.I. de C.V., SOFOM ENR (c)	36.30%	74,419	96,407	95,493	(28,998)	333	11,042
Otros (Camino Financial INC., CR-Arrendamiento, CAT-60)	-	163,583	61,120	164,737	(1,140)	10,094	19,301
		$ 1,273,557	**$ 1,193,412**	**$ 1,265,322**	**$ 63,201**	**$ 154,715**	**$ 177,743**

(a) Directodo, Publiseg, and Grupo Empresarial Maestro, are the Entity's principal distributors, and their origination efforts are performed exclusively for the Entity. As of December 31, 2019, 2018 and 2017, these companies have cooperation agreements executed with different unions around the country, including several chapters of the National Education Workers' Union, the National Social Security Workers' Union, the Union of the Federal Public Education Department and the Health Workers' Union. Their operations began in 2006, 2005 and 2002, respectively, and their work forces have a nationwide presence and they have over 342 branches.

(b) By unanimous resolutions adopted at shareholders' meeting held on January 14, 2014, the Entity subscribed and paid 29,862 no par value, Class II common shares of Bluestream, which represent 23% of Bluestrem's outstanding shares.

(c) In the Ordinary General Meeting of Shareholders held on March 31, 2014, the shareholders authorized the subscription and payment of 245,000 no par value, Class I, Series "B" common shares of Cege, which accounts for 36.30% of Cege's outstanding shares.

At the Extraordinary General Meeting of Shareholders held on December 17, 2015, the subscription and payment of 100,000,000 Series "C" preferred shares was approved, which is part of the variable capital of Cege, which was paid on December 29, 2014.

12. OTHER ASSETS

At December 31, 2019, 2018 and 2017, other assets were as follows:

	2019	2018	2017
Goodwill (a)	$ 1,800,213	$ 1,978,716	$ 1,414,780
Costs for issuance of securities and bank loans	176,302	112,830	43,675
Other long and short term assets (b)	150,993	48,771	327,573
Prepaid expenses (c)	345,590	340,125	315,057
	2,473,098	2,480,442	2,101,085
Intangible asset branch network (d)	80,641	80,641	80,640
Instacredit's intangible assets	1,052,750	1,052,750	1,052,750
Directodo's intangible assets	1,263,680	1,267,380	1,264,176
	2,397,071	2,400,771	2,397,566
Accumulated amortization	(51,086)	(47,053)	(44,432)
	2,345,985	2,353,718	2,353,134
Guarante	22,443	8,333	4,274
	$ 4,841,526	**$ 4,842,493**	**$ 4,458,493**

(a) The acquisition of 49.00% of Grupo Empresarial Maestro implied the recognition of goodwill of $580,223 for 2014, based on the book value and the price paid.

The acquisition of 36.11% of Credilikeme implied the recognition of goodwill of $11,887 for 2015, based on the book value and the price paid.

The acquisition of 55.21% of RTD implied the recognition of goodwill of $242,288 for 2015, based on the book value and the price paid. By the end of December 2019, with

the entry of 2 shareholders to RTD and by the sale of 21,692 shares of RTD, and our participation was diluted from 60 to 36.07%, as of December 31, 2019 a goodwill of $ 208,997 was recognized.

The acquisition of 100% of CR-USA finance (formerly AFS Acceptance) implied the recognition of goodwill of $99,412 for 2015, based on the book value and the price paid.

The acquisition of 70% of Marevalley resulted in the recognition of goodwill of $30,981 for 2016, in accordance with the fair value and the purchase price paid.

(b) The other short- and long-term assets represent an inventory of 799 automobiles derived from consolidating the figures with Creal Dallas; the balance at the close of December 2017 in is $10,538 US dollars.

(c) Is comprised of licenses acquired for the portfolio system and expenses incurred for the execution of the loan portfolio operation and acquisition agreement with Fondo H, which will be amortized during the life of the portfolio acquired.

(d) In a contract dated December 26, 2006, between the Entity and Crediplus, S.A. de C.V. (an affiliated Entity), the Entity acquired Crediplus' branch network, which originated and issued loans, as well as the know how developed by Crediplus regarding its branch network. This know how consists of: (i) analyzing and studying markets (ii) analyzing and studying customers; (iii) analyzing and studying demographic and socio-demographic profiles of zones; (iv) analyzing and studying area flows; (v) analyzing and studying backgrounds of zones; (vi) analyzing and studying competition; (vii) designing branches internally and externally; (viii) preparing operating and policies and procedures manuals; (ix) developing and implementing advertising schemes, and (x) preparing market strategies. The Entity also registered the Crediplus trademark and commercial advertisements with the Mexican Institute of Industrial Property. Such intangible was defined by Management as having a definite life of 20 years, for which reason it is being amortized over such term beginning May 2007.

13. INDEBTEDNESS

At December 31, 2019, 2018 and 2017, indebtedness was comprised as follows:

	Rate	Date of maturity	2019	2018	2017
Notes payable (Securitized Certificates)	TIIE + 2.70%	2018	$ -	$ -	$ 1,000,000
Notes payable (Securitized Certificates)	TIIE + 2.25% y 2.15%	Between November 2022 and October 2024	1,248,487	-	1,431,729
Senior Notes	2.875%, 7.25%, 9.5% y 5%	Entre febrero 2022 y febrero 2027	24,596,271	16,824,892	13,186,350
Accrued interest			52,954	225,746	357,524
Total			**$ 25,897,712**	**$ 18,482,367**	**$ 14,543,874**

As of December 31, 2019, there are two unsecured issues of Senior Notes for $1,550,000. Both issues were classified by Fitch Ratings, which gave an "AAA (mex) " rating, and by HR Ratings, which gave a "HR AAA (E)" rating, both with a stable outlook.

Currently, the Entity has two issues of Senior Notes, which is unsecured debt issued abroad for a total amount of US $827 million.

The first issue was made on July 20, 2016, for US $625 million, bearing interest of 7.25% a year payable on a semiannual basis on January 20 and July 20 of each year until maturity on July 20, 2023, and may be prepaid as of the fourth year of the issue. In October 2019, the option to partially prepaid was taken, the remaining amount as of December 31, 2019 is $427 million USD. This issue was rated by Standard & Poor's, which granted a long-term global rating of "BB+"; by Fitch Ratings, which granted a rating of "BB+"; and by HR Ratings, which granted a rating of HR BB-(G).

The second issuance took place on February 7, 2019 for the amount of USD $400 million, with interest payable half-yearly at the annual 9.5% rate on February 7 and August 7 of each year until reaching maturity on February 7, 2026. This second issuance was rated by Standard & Poor's, which issued a long-term global rating of "BB+"; Fitch Ratings issued a rating of "BB+" and HR Ratings issued a rating of HR BB-(G).

On October 1, 2019, the Entity made its debut on the Eurobond market with an issuance valued at EUR €350 million, with interest payable half-yearly at the annual 5% rate on February 1 and August 1 of each year until reaching maturity on February 1, 2027. This issuance was rated by Standard & Poor's, which issued a long-term global rating of "BB+", while Fitch Ratings issued a rating of "BB+"

The securities were issued and placed according to Rule 144A Regulation S of the 1933 US Securities Act. Principal will be payable at maturity or if these instruments are settled ahead of time.

14. BANK LOANS AND OTHER LOANS

At December 31, 2019, 2018 and 2017, debt was comprised as follows:

Rate	Date of Maturity		2019	2018	2017
Bank Loans in MXN (a)	TIIE + spread	Between 2020 and 2024	$ 8,658,028	$ 6,553,913	$ 3,751,315
Bank Loans in USD (b)	LIBOR + spread	In the 2019	6,913,072	5,576,540	5,129,177
Accrued Interest			42,385	33,926	160,140
Total			**$ 15,613,485**	**$ 12,164,379**	**$ 9,040,632**

(a) As of December 31, 2019, the Entity has bank loans guaranteed with portfolio for $9,205,954 and unsecured bank loans for $6,365,146. Such lines were granted by 34 institutions to finance the growth of the loan portfolio and increase working capital. The loans are granted by Mexican and foreign financial institutions widely recognized. The lines of credit have maturity dates of between 90 days and four years and pay interest at a variable rate.

(b) As of December 31, 2019, the Entity has three syndicated bank loans in foreign currency, two of them are syndicated for a total of US $154 million, which, valued at the close of the year, represents MX $2,971,360 pesos and the second, for a total of US $30 million which, valued at the close of the year, represents MX $572,074, both paying interest at several percentage points above the variable LIBOR rate.

The maturities of the debt are as follows:

	Amount
2020	$ 7,726,137
2021	4,688,581
2022	5,243,659
2023	8,150,786
2024	402,094
2026	7,774,564
2027	7,430,037
Accrued interest	95,338
Total	**$ 41,511,197**

15. ACCRUED LIABILITIES AND OTHER ACCOUNTS PAYABLE

At December 31, 2019, 2018 and 2017, accrued liabilities and other accounts payable are integrated as follows:

	2019	2018	2017
Provisions for various obligations	$ 34,318	$ 185,932	$ 575,294
Lease liability	275,016	-	-
Liability for employee retirement obligations	60,754	36,838	37,684
Taxes payable	48,848	46,323	39,949
Dividends payable	2,350	2,350	2,361
Other accounts payable to distributors	64,434	59,770	142,961
Value Added Tax (VAT) payable	21,765	48,713	65,332
Accrued liabilities	6,255	59,148	365,527
	$ 513,740	**$ 439,074**	**$ 1,229,108**

Liabilities from leased assets

At December 31, 2019, the Entity has short-term lease liabilities of $62,952, together with long-term lease liabilities of $210,522. The maturity by year of long-term lease liabilities is as follows:

Year ending December 31,		
2020	$	62,952
2021		52,586
2022		46,362
2023		44,149
2024		43,330
Subsequent years		24,095
	$	**273,474**

The Entity's asset leasing activities include assets utilized for placements and to manage financing. According to the lease contracts recorded at December 31, 2019, the Entity has no future cash disbursements derived from residual value guarantees, extension options and contract terminations, restrictions imposed by leaseholders or sales transactions subject to leaseback agreements.

16. LABOR OBLIGATIONS

Under the Federal Labor Law, the Entity has obligations for severance and seniority premiums payable to employees who cease rendering services under certain circumstances, as well as other obligations derived from a labor agreement.

Net periodic cost for the obligations derived from seniority premium and severance payments for obligations assumed was $7,077 $6,352 and $5,301 on 2019, 2018 and 2017, respectively.

The Entity each year records the net periodic cost to create a fund to cover the net projected liability for seniority premiums, pensions and severance, thereby increasing the related liability, in accordance with actuarial calculations made by independent actuaries. These calculations are based on the projected unit credit method. Therefore, a provision is being created for the liability which at present value will cover the defined benefits obligation at the estimated retirement date of all the covered employees.

As of December 31, 2019, 2018 and 2017, the balance of the defined benefits plan fund was $342, $335 and $319, respectively.

As of December 31, 2019, 2018 and 2017, the Entity amortizes the variations in actuarial assumptions for seniority premiums over approximately 4.85, 4.75, and 4.28 years (approximately), respectively, based on the average remaining years of employee services.

As of December 31, 2019, 2018 and 2017, he gains and losses recorded in the OCI are presented net of their deferred tax liability (asset), which amounted to $18,174, $5,611 and $1,087, respectively.

The actuarial gains and losses at the time of adoption were recognized in the equity account Other Comprehensive Income and Loss. This amount will be recycled in the results for the year over the remaining average labor life.

As of December 31, 2019, 2018 and 2017, the balances and movements of the liabilities related to the Entity's defined benefits plan, which includes the pension plan, seniority premiums and severance payments, are shown below:

		2019		2018		2017
Obligations from defined benefits	$	(61,096)	$	(37,173)	$	(35,985)
Fair value of plan assets		342		335		319
Projected net liability	**$**	**(60,754)**	**$**	**(36,838)**	**$**	**(35,666)**

Net periodic cost is composed as follows:

		2019		2018		2017
Services cost for the year	$	3,507	$	3,223	$	2,692
Financial cost		3,595		3,157		2,636
Expected yield on assets		(25)		(102)		(27)
Services cost for the year	**$**	**7,077**	**$**	**6,278**	**$**	**5,301**

Interest rated used in actuarial calculation in nominal terms for 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Discount rate	7.50%	10.00%	9.00%
Percentage increase in wages	4.75%	4.75%	4.75%

The movement of the projected net liability was as follows:

	2019	2018	2017
Opening balance	$ (36,838)	$ (35,683)	$ (29,730)
Loss recognized	-	-	(635)
Gains recognized	-	-	138
Re-measurements recognized in ORI	(18,861)	4,485	(138)
Provision of the year	(7,190)	(6,260)	(5,301)
Payments with a charge to the reserve	2,135	620	-
Projected net liability	**$ (60,754)**	**$ (36,838)**	**$ (35,666)**

17. STOCKHOLDERS' EQUITY

Capital stock as of December 31, 2019, 2018 and 2017, was comprised as follows:

	Number of Shares (Class I) Fixed Capital	Number of Shares (Class II) Variable Capital	Total stocks
"Unique" Series shares at no par value	37,555,390	354,664,034	392,219,424

Pursuant to a resolution of the Stockholders' Ordinary Meeting held on March 1, 2019 the financial statements were approved which reported net income of $1,955,358 in the fiscal year 2018 and the following application was made:

a. The transfer of $1,955,358 of the Entity's separate net income was transferred to the account "Result from previous years".

As of December 31, 2019, 2018 and 2017 common stock is $657,238, of which $62,931, refers to fixed capital (with no right of withdrawal), represented by 37,555,390 Unique Series, Class I ordinary, no par value shares, while $594,307 refers to variable capital, represented by 354,664,034 Unique Series, Class II ordinary, no par value shares. The restatement effect recognized in common stock as of December 31, 2007 is $2,916. On January 25, 2019, the Stockholders' Ordinary General Meeting resolved to approve the cancellation of 12,551,534 ordinary, nominative Single Series, Class II shares representing the Issuer's variable capital, which have been acquired by the Issuer through its repurchase fund. On February 12, 2019, the Entity requested that the shares representing its common stock be updated in the National Securities Registry, a process that is currently underway.

The Stockholders' Annual Ordinary General Meeting of April 17, 2019 declared a dividend payment of $265,768; this amount was applied as a charge to the "Results of prior years" account. The dividend was distributed to stockholders based on their current shareholdings and was taken from the Net Tax Income Account ("CUFIN").

The Stockholders' Annual Ordinary General Meeting of April 24, 2018 declared a dividend payment of $193,436; this amount was applied as a charge to the "Results of prior years" account. The dividend was distributed to stockholders based on their current shareholdings and was taken from the Net Tax Income Account ("CUFIN").

The Entity has a share buyback program up to the amount of net income, including the retained earnings from the immediately preceding year. At the close of the year 2019, 2018 and 2017, the amount of repurchased shares is $140,467, $221,785 and $141,963 equivalent to 5,884,677, 12,551,534, and 5,259,479 shares, respectively.

In accordance with the General Corporate Law, at least 5% of the net profits for the year must be set aside to form the legal reserve until reaching 20% of common stock at par value. The legal reserve may be capitalized, but cannot be distributed unless the Entity is dissolved, and must be replenished when it is decreased for any reason. As of December 31 2019, 2018 and 2017, the legal reserve established by the Entity amounts to $132,030.

Stockholders' equity, except restated paid-in capital and tax-retained earnings, will incur income tax payable by the Entity at the rate in effect when the dividend is distributed. Any tax paid on such distribution may be credited against income tax of the year in which the dividend tax is paid and, in the following two years, against tax for the year and the related estimated payments.

Dividends paid from the profits generated from January 1, 2014 to residents in Mexico and to nonresident shareholders may be subject to an additional tax of up to 10%, which will be withheld by the Entity.

Retained earnings that may be subject to withholding of up to 10% on distributed dividends is as follows:

Period	Amount	Distributed earnings	Reinvested earnings	Amount not subject to withholding
2017	$ -	$ 96,800	$ 96,800	$ -
2018	$ -	$ 193,436	$ 193,436	$ -
2019	**$ -**	**$ 265,768**	**$ 265,768**	**$ -**

The balances of the stockholders' equity tax accounts as of December 31, 2019, 2018 and 2017, are:

	2019	2018	2017
Cuenta de utilidad fiscal neta	$ 957,649	$ 1,097,116	$ 18,470
Cuenta de capital de aportación	$ 3,018,189	$ 2,935,410	$ 2,800,162

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Entity, its subsidiaries and affiliates perform transactions between related parties including investments, credit and the provision of services, among others, the majority of which generate income for one entity and expenses for another. Transactions and balances with consolidated entities consolidate were eliminated and those of entities which do not consolidate are reflected in these consolidated financial statements.

a) The balances with related parties as of December 31, are:

	2019	2018	2017
Assets:			
Corporate loan portfolio	$ 2,856,692	$ 2,942,097	$ 2,888,524
Receivables for services provided	5,278	5,247	6,267
Total Assets	**$ 2,861,970**	**$ 2,947,344**	**$ 2,894,791**
	2019	**2018**	**2017**
Liabilities:			
Intercompany loans	$ (2,856,692)	$ (2,942,097)	$ (2,888,524)
Payables for services received	(5,278)	(5,247)	(6,267)
Total Liabilities	**$ (2,861,970)**	**$ (2,947,344)**	**$ (2,894,791)**

b) Transaction with related parties, carried out in the ordinary course of business was as follow:

	2019	2018	2017
Results:			
Positive interest accrued	$ 1,194,875	$ 1,142,960	$ 889,587

19. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

a. The monetary position of foreign currencies as of December 31, 2019, 2018 and 2017 is:

	2019	2018	2017
USD Dollars:			
Monetary assets (1)	620,638	466,620	471,792
Monetary liabilities (1)	(366,327)	(267,767)	(209,241)
Position (short) long	254,311	198,853	262,551
Equivalent in pesos	**$ 4,797,367**	**$ 3,907,702**	**$ 5,162,514**

(1) The monetary position corresponds to the balances of subsidiaries in USA and Central America which are presented in UD dollars.

b. Transactions in foreign currencies were as follows:

	2019	2018	2017
		(USD Dollars)	
Interest expenses	195,797	163,421	144,012
Interest income	(39,690)	(26,564)	(20,612)

c. Exchange rates in pesos wing force date of the consolidated financial statements and the date of the auditor's report were as follows:

	February 27,	December 31 of		
	2020	2019	2018	2017
Dollar, banking	$ 19.3973	$ 18.8642	$ 19.6512	$ 19.6629

20. OTHER OPERATING INCOME

As December 31, 2019, 2018 and 2017, the other income from the operation, were as follows:

	2019	2018	2017
Other revenue Central America	$ 28,391	$ 58,366	$ 51,337
Other revenue USA	10,014	69,553	30,686
Other revenue management services (a)	88,192	36,822	6,139
	$ 126,597	**$ 164,742**	**$ 88,162**

(a) It corresponds mainly to commissions collected in RTD and fixed assets sales.

21. INCOME TAXES

The Entity is subject to ISR. According with the ISR law, the rate is 30% in 2019, 2018 and 2017 and it will continue at 30% thereafter.

ISR is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on values in constant pesos, increased or reduced by the effect of inflation on certain monetary assets and liabilities through the annual inflation adjustment.

The provision of ISR results is as follows:

	2019	2018	2017
ISR:			
Current	**$ (587,737)**	**$ (355,306)**	**$ (92,722)**
Deferred	**$ (148,207)**	**$ (295,295)**	**$ (435,574)**
Stock deferred	**$ (117,683)**	**$ (126,704)**	**$ (77,590)**

As of December 31 2019, 2018 and 2017, the deferred tax balance is as follows:

	2019	2018	2017
Deferred ISR assets:			
Allowance for loan losses	$ 596,015	$ 407,366	$ 638,198
Furniture and fixtures	24,310	23,227	52,619
Provisions	9,828	18,606	254,836
Tax loss carryforwards	2,091	75,520	161,326
Other assets, net	4,597	21,291	83,695
Deferred ISR	**636,841**	**546,010**	**1,190,674**
Deferred ISR (liability):			
Other accounts receivable, net (a)	(2,899,389)	(2,566,439)	(2,281,574)
Advance payments	(232,212)	(153,666)	(250,679)
Derivative financial instruments	87,704	(84,754)	(439,443)
Deferred ISR liability	**(3,043,897)**	**(2,804,859)**	**(2,971,696)**
Deferred ISR (net)	**$ (2,407,056)**	**$ (2,258,849)**	**$ (1,781,022)**

(a) Mainly advance earned income in the first period loan amortization.

Value-added tax - Pursuant to the Value-Added Tax Law, in order to obtain a credit for the value-added taxes paid by the Entity in the years 2019, 2018 and 2017, the Entity determined the amount of the credit considering the total of its taxed activities compared to the total activities subject to that tax. As a result, the Entity determined tax that was non-creditable and deductible for income tax purposes in the amount of $55, $82 and $26, respectively, which was recognized in results of such year.

Accounting-tax reconciliation - The main items that affected the determination of the Entity's tax result were those related to the annual adjustment for inflation, interest accrued in advance period, advance payments and the allowances for loan losses which have not been deductible.

Following is a reconciliation of the statutory ISR rate and the effective rate expressed as a percentage of income before ISR:

	2019	2018	2017
Statutory rate	30%	30%	30%
Effects of inflation	(1%)	(2%)	(1%)
Interest accrued in advance period	(3%)	(6%)	(4%)
Allowance for loan losses	1%	1%	2%
Advance payments	2%	3%	2%
Others	(4%)	-	(2%)
Effective rate	**25%**	**25%**	**28%**

Review and tax matters

Action for annulment filed against the unpaid tax liability for rejection of deductions for the year 2007.

On July 9, 2015, the Entity filed an action for annulment against the Federal Tax Court to challenge official notice 900 06-2018-13558, dated April 29, 2015, whereby the Central Administrator for Inspection of the Financial Sector of the General Administration for Large Taxpayers of the Tax Administration Service, assessed against the Entity an unpaid tax liability for $38,000,000, related to income tax payable for fiscal year 2007, plus the respective restatements, surcharges and fines. Such lawsuit was turned over to the First Metropolitan Regional Chamber of the Federal Tax Court, which in a ruling of September 1, 2015, admitted it under docket number 17549/15-17-01-8.

On January 4, 2018, the First Metropolitan Regional Chamber of the Federal Tax Court issued a verdict on the aforementioned proceeding for annulment filed by the Entity, declaring it null and void, because it considers illegal the tax liability determined in official notice 900 06-2015-13558, dated April 29, 2015, but also declared as valid the rejection of the deduction taken by the Entity in the year 2007.

On August 17, 2018 the Entity filed a protection lawsuit with the Circuit Appeals Court in Mexico City against the verdict declaring the partial nullity of the tax liability originated from the rejection of the deduction taken by the Entity in the year 2007.

The Entity is currently waiting for the final verdict to be issued by the Circuit Appeals Court in Mexico City, México.

Furthermore, the Entity has a surety that was offered and accepted by the authorities on February 7, 2018 through official notice 400-73-02-05-2018-16444 dated December 13, 2017, issued by the General Collections Administration.

22. EARNINGS PER SHARE

The amounts used to determine diluted earnings per share were as follows:

	2019		
	Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$ 1,980,109	392,219,424	$ 5.04
	2018		
	Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$ 1,955,358	392,219,424	$ 4.99
	2017		
	Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$ 1,661,144	392,219,424	$ 4.24

23. MEMORANDUM ACCOUNTS

Memorandum accounts for purposes of presentation required by the Commission in accounting policies are an integral part of the balance sheet, however, the memorandum accounts were only subject of external audit and relate to operations that have a direct bearing on the balance sheet accounts, however, these are not reviewed.

	2019	2018	2017
Credit Commitments	$ 227,878	$ 354,728	$ 300,573
Uncollected interest earned on non-performing portfolio	$ 151,125	$ 366,701	$ 290,276
Unarranged Credit Lines	$ 131,904	$ 156,023	$ 1,999,177

24. COMPARATIVE TABLE OF MAIN ASSET AND LIABILITY MATURITIES

Below are the maturity dates of the main assets and liabilities as of December 31, 2019:

	Until 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
Cash and cash equivalents	$ 1,180,867	$ -	$ -	$ 1,180,867
Investment in securities	1,218,642	75,716	-	1,294,358
Derivative financial instruments	-	-	-	-
Loan portfolio, net	6,835,252	4,947,036	33,786,059	45,568,347
Other accounts receivable	6,796,910			6,796,910
Total assets	**$ 16,031,671**	**$ 5,022,752**	**$ 33,786,059**	**$ 54,840,482**
	Until 6 months	**From 6 months to 1 year**	**From 1 year to 5 years**	**Total**
Notes payable and senior notes	$ 138,408	$ 85,455	$ 25,673,849	$ 25,897,712
Bank loans	5,614,376	1,983,236	8,015,873	15,613,485
Other accounts payable	844,233	-	-	844,233
Total liabilities	**6,597,017**	**2,068,691**	**33,689,722**	**42,355,430**
Assets less liabilities	**$ 9,434,654**	**2,954,061**	**96,337**	**12,485,052**

25. RATING (UNAUDITED)

Al 31 de diciembre de 2019, las calificaciones asignadas a la Entidad son las siguientes:

Rating agency	Short term	Long term	Perspective	Date
Standard & Poor's				
Foreign currency	-	BB+	Negative	March 4, 2019
National issue	mxA-1	mxA+	Negative	March 4, 2019
Fitch Ratings				
Foreign currency	B	BB+	Stable	November 22, 2019
Stock certificates	F1(mex)	A+(mex)	Stable	November 22, 2019
HR Ratings				
Foreign currency	-	HR BBB-	Stable	July 30, 2019
Stock certificates	HR1	HR AA-	Stable	July, 30 2019
Japan Credit Rating				
Fiduciary stock certificates		BBB-	Stable	September 9, 2019

26. CONTINGENCIES

As of December 31, 2019, 2019 and 2017, management and its legal, tax and labor internal and external advisers, consider that it has not received any legal claims or has not been subject to lawsuits that arise in the recognition of a contingent liability by the Entity.

27. COMMITMENTS

The Entity at December 31 2019, 2018 and 2017, has its own commitments and the operation mentioned in Note 13 "Indebtedness" and Note 14 "Bank Loans and other loans".

28. BUSINESS SEGMENT INFORMATION

Currently, the Entity has one operating segment, the loan portfolio, which represents the Entity's sole strategic business unit. Operating segment information is determined based on the information used by management to assess performance and allocate resources. The following presents information for each business unit determined by Management. In addition, information is presented by products and geographical area.

2019				
	Mexico	USA	Central America	Total
Payroll loans	$ 27,405,184	$ -	$ 5,755,105	$ 33,160,289
Group loans	622,406	-	-	622,406
Durable goods loans	273,526	-	-	273,526
Small business loans	7,419,660	-	-	7,419,660
Used car loans	1,401,031	4,081,507	-	5,482,538
Total	$ 37,121,807	$ 4,081,507	$ 5,755,105	$ 46,958,420

2018				
	Mexico	USA	Central America	Total
Payroll loans	$ 24,224,222	$ -	$ 5,045,889	$ 29,270,111
Group loans	70,531	-	-	70,531
Durable goods loans	353,616	-	-	353,616
Small business loans	3,676,684	-	-	3,676,684
Used car loans	917,690	2,030,484	-	2,948,174
Total	$ 29,242,743	$ 2,030,484	$ 5,045,889	$ 36,319,116

2017				
	Mexico	USA	Central America	Total
Payroll loans	$ 19,307,798	$ -	$ 4,612,722	$ 23,920,520
Group loans	229,991	-	-	229,991
Durable goods loans	224,511	-	-	224,511
Small business loans	1,926,053	-	-	1,926,053
Used car loans	613,563	2,100,400	-	2,713,963
Total	$ 22,301,916	$ 2,100,400	$ 4,612,722	$ 29,015,038

The loan portfolio which shows arrears in excess of 90 calendar days, and up to 180 calendar days, at the end of December 2019, 2018 and 2017, was $799,171, $705,811 and $926,315, respectively. By the same token, the joint and several liability of the distributors for overdue loans as of those dates is $181,615, $100,592 and $409,309, respectively, and is presented under other accounts receivable. Accordingly, as of December 31 2019, 2018 and 2017, the overdue loan portfolio was $617,556, $605,219 and $517,006, respectively.

29. NEW ACCOUNTING PRINCIPLESS

As of December 31, 2019 the CINIF has issued the following NIF and Improvements to NIF which may affect the consolidated financial statements of the Entity

Improvements to NIF that generate accounting changes:

NIF C-16 Impairment of receivable financial instruments – Clarifies the effective interest rate to be utilized when renegotiating a financial instrument to collect principal and interest (IFCPI).

NIF C-19 Financial instruments payable, and NIF C-20 Financial instruments for collecting principal and interest – Specify that the effective interest rate need not be periodically recalculated when its amortization does not generate material effects.

NIF D-4 Income taxes, and NIF D-3 Employee benefits – Paragraphs have been included regarding uncertain tax treatments when considering the bases used to determine ISR and PTU, while also evaluating the probability whereby the tax or legal authority will accept or reject an uncertain tax treatment.

NIF D-4 Income taxes – Clarifies the accounting recognition of income taxes incurred by the distribution of dividends in relation to the transactions that generated distributable profits.

NIF D-5 Leases – a) Given the complexity that may arise when determining the discount rate, this NIF establishes the possibility of utilizing a risk-free rate to discount future lease payments and recognize the lessee's lease liability, and b) the use of a practical expedient to exclude material and identifiable components other than leases from the asset usage right measurement and lease liabilities was restricted.

Likewise, other improvements to NIF that do not generate accounting changes were also included and essentially clarify the purpose of each standard.

At the date of issuance of these consolidated financial statements, the Entity is in the process of determining the effects derived from its adoption of these new standards on its consolidated financial statements.

Homologation of Accounting Criteria by the Commission

On November 15, 2018, the National Banking and Securities Commission issued, through the Federal Official Gazette, a resolution modifying the Provisions published in the Federal Official Gazette on January 23, 2018. The most important changes in the resolution are outlined below:

The Financial Reporting Standards B-17 "Determination of fair value", C-3 "Accounts receivable", C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Financial instruments to collect principal and interest", D-1 "Revenues from contracts with customers", D-2 "Costs of contracts with customers" and D-5 "Leases", issued by the Mexican Financial Reporting Standards Board and referred to in paragraph 3 of Treatment A-2 "Application of specific standards" of Annex E will go into effect on January 1, 2020."

30. AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance on February 27,2020, by the Entity's CEO and Deputy CEO/CFO. For this reason, they do not reflect events that took place after such date and are subject to approval by the Stockholders' Annual Ordinary General Meeting, which may decide to modify them in accordance with the General Companies Law. The accompanying consolidated financial statements as of December 31, 2018 were approved at a Stockholders' Ordinary General Meeting held on April 24, 2019.

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CONTACT

102-53

INVESTOR RELATIONS

(55) 5228 9753
(55) 5340 5200 ext. 2182
Investor_relations@creditoreal.com.mx

Our shares are listed on the Mexican Stock Exchange under the ticker and series "CREAL" (Bloomberg: "CREAL*:MM". The legal denomination of our company is Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Subsidiarias y Asociadas.

INFORMATION FOR **INVESTORS**

102-1, 102-3, 102-5, 102-53

CRÉDITO REAL, S.A.B. DE C.V., SOFOM, E.N.R.
Avenida Insurgentes Sur 730, Piso 20,
Colonia del Valle Norte,
Alcaldía Benito Juárez, C.P. 03103,
Ciudad de México

INVESTOR RELATIONS
Renata González Muñoz
(55) 5228 9753
rgonzalez@creditoreal.com.mx

SOCIAL RESPONSABILITY
Jenny Yazmin Estrada Chávez
(55) 5340 5200 ext. 2131
yestrada@creditoreal.com.mx

This report may contain certain estimations in its statements. These statements are non-historic facts and are based on the current vision of Crédito Real, S.A.B. de C.V., SOFOM, E.N.R., of future economic circumstances, industry conditions, and the company's performance and financial results. The terms "anticipates", "believes", "estimates", "expects", "plans", and other similar expressions in relation to the company, are intended to identify estimate or forecasts. Statements related to declaring or paying dividends, implementing the main operation and financial strategies and plans for capital investments, the direction of future operations, and factors or trends which affect the financial situation, liquidity, or EBIT, are examples of estimated statements. Such statements reflect the current vision of the administration and are subject to risk and uncertainty. There is no guarantee that the expected events, trends, or results will actually occur. Statements are based on several assumptions and factors, including general economic and market conditions, industry conditions and operational factors. Any change in said assumptions or factors could cause actual results to differ materially from the expectations.

ACKNOWLEDGMENTS

ALL OUR DIVISIONS, BRANCHES, AND NUMEROUS PEOPLE HAVE MADE A SIGNIFICANT CONTRIBUTION TO THIS REPORT. WE WISH TO THANK THEM ALL, AS WELL AS THOSE EMPLOYEES AND STAKEHOLDERS WHO PARTICIPATED IN THE EVALUATION PROCESS BY SHARING THEIR COMMENTS AND CONTRIBUTING TO OUR CONTINUOUS IMPROVEMENT. WE WOULD ALSO LIKE TO THANK OUR CONSULTANTS FOR THEIR COMMENTS AND SUGGESTIONS, CONTRIBUTING TO OUR EFFORTS AIMED AT INCLUDING BEST PRACTICES IN OUR REPORTING.

IN ORDER TO PROTECT THE ENVIRONMENT, WE OPTED TO PUBLISH THE **2019 CRÉDITO REAL ANNUAL AND SUSTAINABILITY REPORT** EXCLUSIVELY IN A DIGITAL VERSION.

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