

Profit & Loss

MXN Mn	4Q18	4Q17	% Var.	4Q18 ⁽¹⁾ (USD)	2018	2017	% Var.	2018 ⁽¹⁾ (USD)
Interest Income	2,735.4	2,394.0	14.3	139.2	10,201.1	8,462.9	20.5	519.1
Interest Expense	(692.0)	(766.2)	(9.7)	(35.2)	(3,120.9)	(2,690.3)	16.0	(158.8)
Financial Margin	2,043.4	1,627.8	25.5	104.0	7,080.2	5,772.6	22.7	360.3
Provision for Loan Losses	(452.4)	(391.2)	15.6	(23.0)	(1,800.7)	(1,343.1)	34.1	(91.6)
Adjusted Financial Margin	1,591.0	1,236.6	28.7	81.0	5,279.5	4,429.4	19.2	268.7
Commissions and fees collected	0.2	227.2	(99.9)	-	564.1	826.4	(31.7)	28.7
Commissions and fees paid	(78.2)	(60.3)	29.7	(4.0)	(256.0)	(234.6)	9.1	(13.0)
Intermediation income	(101.9)	(1.6)	-	(5.2)	(20.8)	152.9	-	(1.1)
Other income from operations	94.4	143.8	(34.3)	4.8	425.1	408.8	4.0	21.6
Administrative and promotion expenses	(778.7)	(997.8)	(22.0)	(39.6)	(3,483.1)	(3,417.5)	1.9	(177.2)
Operating result	726.8	548.0	32.6	37.0	2,508.8	2,165.5	15.9	127.7
Income Taxes	(213.1)	(130.3)	63.6	(10.8)	(650.6)	(528.3)	23.2	(33.1)
Income before participation in the results of subsidiaries	513.8	417.7	23.0	26.1	1,858.2	1,637.2	13.5	94.6
Participation in the results of subsidiaries, associates and non-controlling participation	54.3	21.3	-	2.8	97.2	23.9	-	4.9
Net Income	568.1	439.0	29.4	28.9	1,955.4	1,661.1	17.7	99.5

Balance Sheet

MXN Mn	2018	2017	% Var.	4Q18 ⁽¹⁾ (USD)
Cash and cash equivalents	1,106.3	810.6	36.5	56.3
Investments in securities	410.3	356.3	15.1	20.9
Securities and derivatives transactions	1,028.0	1,920.9	(46.5)	52.3
Total performing loan portfolio	35,701.6	28,409.8	25.7	1,816.8
Total non-performing loan portfolio	617.6	605.2	2.0	31.4
Loan portfolio	36,319.1	29,015.0	25.2	1,848.2
Less: Allowance for loan losses	1,067.9	1,067.5	-	54.3
Loan portfolio (net)	35,251.2	27,947.5	26.1	1,793.8
Other accounts receivable (net)	5,389.3	4,803.1	12.2	274.2
Foreclosed assets (net)	-	3.3	-	-
Property, furniture and fixtures (net)	341.5	342.2	(0.2)	17.4
Long-term investments in shares	1,193.4	1,265.3	(5.7)	60.7
Deferred taxes (net)	-	329.8	-	-
Debt insurance costs, intangibles and others	4,842.5	4,458.5	8.6	246.4
Total assets	49,562.5	42,237.5	17.3	2,522.1
Notes payable (securitization)	1,415.0	1,006.7	40.6	72.0
Senior notes payable	17,084.2	13,537.1	26.2	869.4
Bank Loans and borrowings from other entities (Short-term)	7,342.9	2,927.9	-	373.7
Bank Loans and borrowings from other entities (Long-term)	4,804.7	6,112.8	(21.4)	244.5
Total Bank Loans	12,147.6	9,040.6	34.4	618.2
Total Debt	30,646.7	23,584.5	29.9	1,559.5
Income taxes payable	390.7	407.1	(4.0)	19.9
Securities and derivative transactions	-	137.6	-	-
Other accounts payable	1,078.6	1,626.0	(33.7)	54.9
Deferred taxes	1,637.6	1,713.9	(4.5)	83.3
Total liabilities	33,753.6	27,469.2	22.9	1,717.6
Capital stock	2,067.7	2,122.8	(2.6)	105.2
Perpetual Notes	4,206.7	4,206.7	-	214.1
Accumulated results from prior years	6,572.1	5,575.5	17.9	334.4
Result from valuation of cash flow hedges, net	128.6	359.7	-	6.5
Cumulative translation adjustment	(30.1)	93.7	-	(1.5)
Controlling position in subsidiaries	908.5	748.9	21.3	46.2
Net Income	1,955.4	1,661.1	17.7	99.5
Total stockholders' equity	15,808.8	14,768.4	7.0	804.5
Total Liabilities and Stockholders' equity	49,562.5	42,237.5	17.3	2,522.1

Financial Ratios

	4Q18	4Q17	% Var.	2018	2017	% Var.
Yield	30.7%	34.4%	(3.7)	29.9%	32.2%	(2.3)
Net Interest Margin	22.9%	23.4%	(0.4)	20.8%	22.0%	(1.2)
Return on Average Loan Portfolio	6.4%	6.3%	0.1	5.7%	6.3%	(0.6)
ROAA: Return on average assets	4.7%	4.5%	0.2	4.2%	4.5%	(0.3)
ROAE: Return on average stockholders' equity	14.6%	14.5%	0.1	12.9%	15.9%	(2.9)
ROAE: Return on average stockholders' equity (excluding Perpetual Notes)	20.0%	17.6%	2.4	17.9%	17.6%	0.3
Debt to Equity Ratio	1.9	1.6	0.3	1.9	1.6	0.3
Debt to Equity Ratio (excluding Perpetual Notes)	2.6	2.2	0.4	2.6	2.2	0.4
Average cost of funds	12.0%	11.7%	0.3	11.1%	11.4%	(0.3)
Efficiency ratio	34.6%	52.5%	(17.8)	42.4%	50.2%	(7.8)
Capitalization Ratio	43.5%	50.9%	(7.4)	43.5%	50.9%	(7.4)
Capitalization Ratio (excluding Perpetual Notes)	31.9%	36.4%	(4.5)	31.9%	36.4%	(4.5)
Provisions for loan losses as a percentage of total loan portfolio	5.0%	5.4%	(0.4)	5.0%	4.6%	0.3
Allowance for loan losses as a percentage of total past-due loan portfolio	172.9%	176.4%	(3.5)	172.9%	176.4%	(3.5)
Total past-due loan portfolio as a percentage of total loan portfolio	1.7%	2.1%	(0.4)	1.7%	2.1%	(0.4)

4Q18 Highlights

- **Consolidated loan portfolio** increased by 25.2% to reach Ps. 36,319.1 million at the end of 4Q18, compared to Ps. 29,015 million recorded at the end of 4Q17.
- **Financial margin** increased 25.5% to Ps. 2,043.4 million in 4Q18, compared to Ps. 1,627.8 million recorded during 4Q17. Therefore, the **Net Interest Margin** stood at 22.9% in 4Q18.
- **Net income** for 4Q18 increased 29.4% over 4Q17, reaching Ps. 568.1 million, compared to Ps. 439.0 million during 4Q17.
- **ROAE** reached 14.6% during the quarter, whilst **ROAA** was 4.7%. Excluding the Perpetual Notes, **ROAE** reached 20.0%.
- 4Q18 **average cost of funds** rose to 12.0%, representing an increase of 30 bps. when compared to 11.7% in 4Q17.
- **Provision for loan losses** reached Ps. 452.4 million compared to Ps. 391.2 million in 4Q17; whilst the **non-performing loan (NPL) ratio** decreased from 2.1% in 4Q17 to 1.7% in 4Q18.
- The **efficiency ratio** decreased from 52.5% in 4Q17 to 34.6% in 4Q18.
- The **capitalization ratio** decreased to 43.5% in 4Q18, from 50.9% in 4Q17. Excluding the Perpetual Notes, the **capitalization ratio** reached 31.9% in 4Q18.
- During the quarter, the share of **fixed rate debt** represented 45.0% of the total consolidated debt.
- Second issuance for \$615 MXN million, under the \$10,000 MXN million credit loan portfolio securitization program, with an interest rate of TIEE + 225 bps and a 5-year term.
- On January 25th, 2019, Credito Real's ordinary general stockholders' meeting approved the cancellation of 12.5 million shares.
- On January 31st, 2019, Credito Real completed the issuance of US\$400 million Senior Unsecured Notes due 2026, with a 9.50% semi-annual coupon.

Summary of Operations

Loan Portfolio Summary

	4Q18					4Q17					% Var. Portfolio
	Portfolio ⁽¹⁾	%	Customers	NPL's	Average Loan	Portfolio ⁽¹⁾	%	Customers	NPL's	Average Loan	
Payroll	24,807.4	68.3%	404,066	1.1%	61,394	19,307.8	66.5%	379,533	1.2%	50,873	28.5
SMEs	3,676.7	10.1%	575	0.7%	6,394,233	1,746.1	6.0%	360	1.3%	4,850,147	-
Used Cars MX	917.7	2.5%	8,132	0.3%	112,849	613.6	2.1%	5,812	0.5%	105,568	49.6
Used Cars USA	2,030.5	5.6%	8,412	1.1%	241,379	2,100.4	7.2%	8,342	1.2%	251,786	(3.3)
Instacredit	4,462.7	12.3%	173,974	6.1%	25,652	4,612.7	15.9%	181,314	5.2%	25,441	(3.3)
Others ⁽³⁾	424.1	1.2%	256,710	6.1%	1,652	634.5	2.2%	257,481	3.6%	2,464	(33.2)
Total	36,319.1	100.0%	851,869	1.7%	42,635	29,015.0	100.0%	832,842	2.1%	34,839	25.2

Origination Summary

	4Q18		4Q17		% Var.	2018		2017		% Var.
	Origination ⁽²⁾	%	Origination ⁽²⁾	%		Origination ²	%	Origination ⁽²⁾	%	
Payroll	1,490.1	24.1%	1,816.7	36.4%	(18.0)	6,523.4	27.1%	5,758.2	30.6%	13.3
SMEs	1,665.1	27.0%	645.1	12.9%	-	5,434.3	22.6%	2,783.3	14.8%	95.2
Used Cars MX	320.6	5.2%	186.0	3.7%	72.4	1,475.0	6.1%	567.3	3.0%	-
Used Cars USA	455.9	7.4%	277.5	5.6%	64.3	2,040.9	8.5%	1,252.5	6.6%	62.9
Instacredit	760.6	12.3%	759.8	15.2%	0.1	2,992.1	12.4%	3,322.5	17.6%	(9.9)
Others ⁽³⁾	1,483.8	24.0%	1,310.0	26.2%	13.3	5,572.6	23.2%	5,151.8	27.4%	8.2
Total	6,176.1	100.0%	4,995.1	100.0%	23.6	24,038.3	100.0%	18,835.6	100.0%	25.7

(1) Figures are expressed in millions of dollars at period-end exchange rate: \$19.6512

(2) Figures are expressed in millions of pesos.

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

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The shares of Credito Real are listed in the Mexican Stock Exchange under the ticker "CREAL*".