



# Earnings Release

## 2Q13

**CREDITO REAL achieves 86.8% y-o-y Net Income growth during 2Q13**

**Mexico City, Mexico – July 24th, 2013 – Crédito Real, S.A.B. de C.V. SOFOM E.N.R. (“Crédito Real” or “the Company”)** (BMV: CREAL\*) announced its financial results for the quarter ended June 30, 2013. All figures are stated in nominal Mexican Pesos (Ps.). The Financial Statements were prepared under the accounting criteria established by the National Banking and Securities Commission (CNBV) and published in the Mexican Stock Exchange (BMV), [www.bmv.com](http://www.bmv.com).

**2Q13 HIGHLIGHTS**

- Net Income grew 86.8% during 2Q13 reaching Ps. 233.4 million, compared to Ps. 125.0 million in 2Q12. The return on the average loan portfolio was 12.1% during 2Q13 compared to 8.9% for the same period of 2012.
- The net income for the first half of 2013 grew by 74.1% or Ps. 192.9 million reaching Ps. 453.2 million compared to the Ps. 260.3 million as of the first half of 2012. The return on average loan portfolio for the first semester in 2013 is 12.3% compared to 9.3% for the same period of 2012.
- Financial Margin during 2Q13 rose 36.3% to Ps. 455.9 million, compared to Ps. 334.6 million in the 2Q12. Financial margin for the first semester of 2013 grew 30.8% or Ps. 211.9 million, reaching Ps. 899.4 million compared to Ps. 687.5 million as of the first half of 2012.
- Loan Portfolio increased 45.1%, reaching Ps. 8,298.4 million during 2Q13, compared to Ps. 5,717.5 million as of 2Q12.
- The company’s capitalization index for the 2Q13 was 48.1% compared to 30.1% as of the 2Q12.
- The efficiency ratio improved to 27.7% for the 2Q13 compared to 40.0% as of 2Q12.

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## COMMENT FROM THE CEO

"I am pleased to share the positive results that we continue to achieve. The growth in our origination, the high quality of our loan portfolio and the strong profitability across our products confirm our solid performance.

Our affiliate distributors continue to deliver high quality growth of our payroll deduction loan portfolio. Such portfolio grew over 50% when compared to the same period of 2012.

We continue to diversify our durable goods portfolio by expanding the range of channels and reaching new customers. Our used car loans and small business loans are leveraging Crédito Real's strengths and continue to efficiently take advantage of these market opportunities.

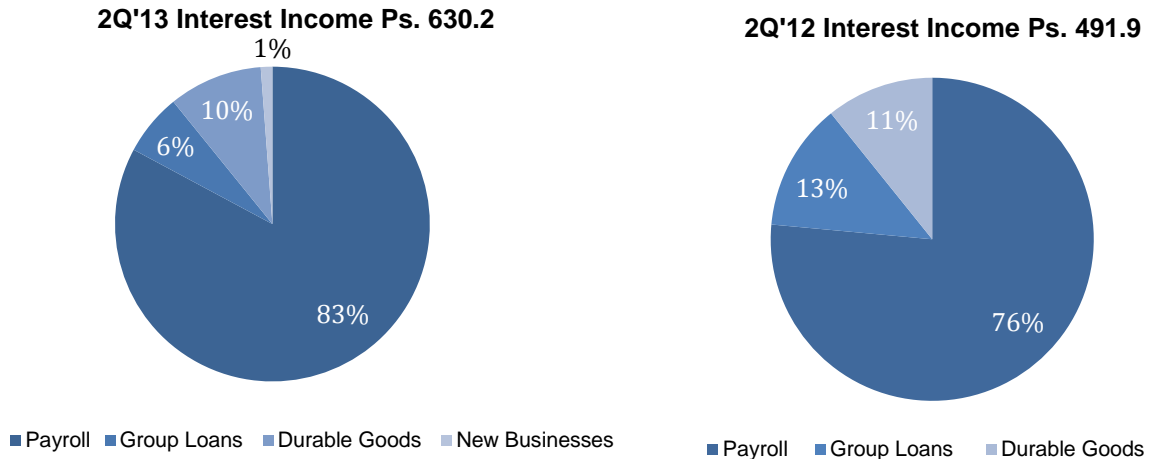
We continued to grow and consolidate all of our business lines taking advantage of the Mexican macroeconomic environment that favors loan portfolio expansion, in the low income segment of the population which we target."

## RESULTS OF OPERATION

Summary	2Q'13	2Q'12	% Var	1H'13	1H'12	% Var
<b>Ps. Millions</b>						
Interest Income	630.2	491.9	28.1%	1,243.1	1,000.5	24.2%
Net income	233.4	125.0	86.8%	453.2	260.3	74.1%
Net income per share	0.6	N/A	N/A	1.2	N/A	N/A
Total portfolio				8,298.4	5,717.5	45.1%
Capitalization				48.1%	30.1%	18.0%
ROAA	7.8%	5.9%	1.9%	7.8%	6.2%	1.6%
ROAE	24.1%	30.1%	-6.1%	23.9%	32.7%	-8.7%

**CRÉDITO REAL FISRT QUARTER 2013 EARNINGS RELEASE**

**Interest Income** during 2Q13 was Ps. 630.2 million a 28.1% increase from Ps. 491.9 million in 2Q12. This increase was mainly due to the growth in the loan portfolio. On this year's first half, there was a cumulative interest income of Ps. 1,243.1 million, an increase of 24.2% compared to Ps. 1,000.5 million from 1H12.



**Interest Expense** increased 10.7% or Ps. 16.9 million reaching Ps. 174.2 million during 2Q13, from Ps. 157.3 million during 2Q12. This increase was mainly the result of an increment of the debt balance of 2Q13 compared to 2Q12, derived from the loan portfolio growth. On the 1H13, cumulative interest expense reached Ps. 343.7 million, an increase of 9.8% compared to the Ps. 313.0 million as of 2H12.

**Financial Margin** during 2Q13 increased Ps. 121.3 million, equivalent to a 36.3% growth, reaching Ps. 455.9 million, from Ps. 334.6 million during 2Q12, mainly driven by the higher growth in interest income and the lower growth in interest expense. Similarly, the cumulative financial margin during the first semester of 2013 rose to Ps. 899.4 million compared to Ps. 687.5 million as of the first semester last year, equivalent to a 30.8% of growth.

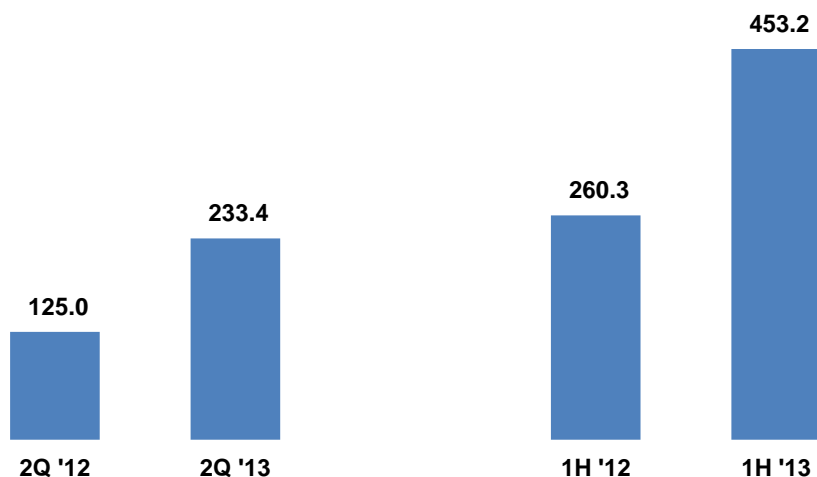
**Allowances for Loan Losses** reached Ps. 107.2 million during 2Q13, higher than the Ps. 74.8 million in 2Q12. This increment was due to the company's portfolio growth of 28.1% and a strict performance control. The cumulative allowance, during the first semester rose from Ps. 151.9 million in 2012 to Ps. 185.8 million in the first half of 2013.

**Administrative and promotion Expenses** decreased during 2Q13 by 5.0% to Ps. 121.2 million, compared to Ps. 127.6 million in 2Q12. The cumulative administrative costs during the first half of 2013 increased by Ps. 4.4 million or 1.9%, reaching Ps. 240.7 million compared to last year's Ps. 236.2 million.

**Participation in the results of subsidiaries and associates** contributed Ps. 61.0 million during the quarter, an increase of 174.6% compared to the same period of 2Q12. The increase reflects a full quarter effect of the investment in Crédito Maestro, as well as the efficient performance of our two other affiliates. Similarly, the cumulative Participation in Affiliates' Profits during the first half of 2013 was Ps. 103.8 million compared to Ps. 40.2 million obtained during the same period of 2012.

**Net Income** during 2Q13 grew 86.8% to Ps. 233.4 million compared to Ps. 125.0 million in 2Q12. The cumulative net income as of the first half of 2013 increased by 74.1%, reaching Ps. 453.2 million compared to Ps. 260.3 million as of the first half of 2012.

### Net Income Growth



### BALANCE SHEET

**Total Assets** reached Ps. 12,354.8 million as of 2Q13, an increase of 44.1% from Ps. 8,574.0 million at the end of 2Q12. The increase was driven by growth in the loan portfolio and long-term investments in distributors.

**Total Loan Portfolio** at the end of 2Q13 was Ps. 8,298.4 million, an increase of 45.1% compared to Ps. 5,717.5 of 2Q12. This increase was due to the origination from our main distributors in payroll loans, and the strong origination in durable goods portfolio, including higher disbursement from the used car loans, and small business loans.

**Past-due Loans** as a percentage of the total loan portfolio at the end of 2Q13 reached 1.6% or Ps. 135.5 million, compared to 1.9% or Ps. 110.5 million at the end of 2Q12. The decrease stems from a higher collection achieved on the payroll loans during the quarter and stronger controls in the portfolio.

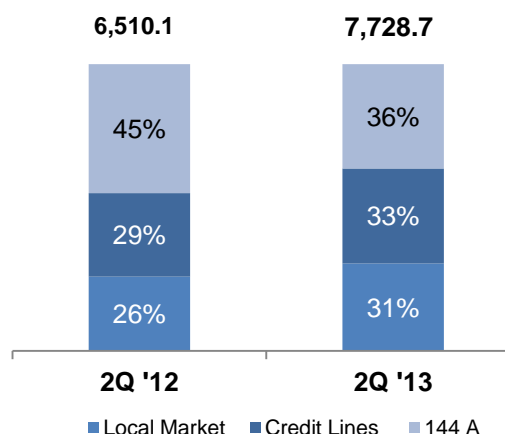
**Allowances for Loan Losses** at the end of 2Q13 reached Ps. 155.9 million, equivalent to 115.0% coverage of past-due loans compared to Ps. 135.3 million past-due loan portfolio reported in 2Q12.

**Other Accounts Receivable** increased by Ps. 505.8 million, or 26.5%, to Ps. 2,413.0 million from Ps. 1,907.2 million in 2Q13. The increase was due to portfolio growth from the income sharing agreements established with payroll distributors.

**Total Indebtedness** increased to Ps. 8,360.7 million, a 22.0% increase over the Ps. 6,853.4 million at the end of 2Q12.

- **Market Debt** outstanding in the local and international debt markets was Ps. 5,169.7 million for 2Q13, which represents an increase of 12.0% when compared to the Ps. 4,616.4 million recorded at the end of 2Q12.
- **Bank Debt** as of 2Q13 amounted to Ps. 2,558.9 million, a 35.1% increase when compared to Ps. 1,893.7 million at the end of 2Q12.

Debt Amortization Schedule		
2Q '13		
Year	Ps. million	%
2013	1,738.9	22.5%
2014	2,220.5	28.7%
2015	3,710.9	48.0%
2016	58.3	0.8%
<b>Total</b>	<b>7,728.7</b>	<b>100%</b>



**Stockholders' Equity** reached Ps. 3,994.1 million for 2Q13, an increase of 132.1% compared to Ps. 1,720.7 million reported in 2Q12. This increase is effect of Ps. 1,617.9 million obtained from the Initial Public Offering ("IPO") performed on October 17, 2012 and the increase of Ps. 614,1 million as a result from the net income in 2012 as well as net income of Ps. 453.2 million achieved in 1H13.

## RATIOS

Our efficiency ratio improved to 27.7% for 2Q13 compared to the 40.0% in the same quarter of 2012, reflecting a greater increment in our financial margin in comparison to the increase in administrative expenses.

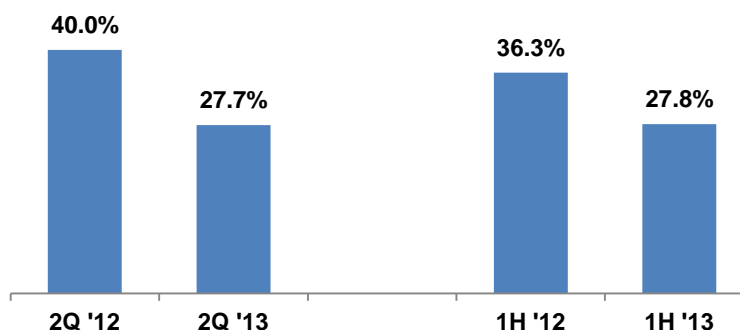
During 2Q13, Crédito Real had an annualized Return on Average Assets ("ROAA") of 7.8%, compared to 5.9% in the same period of last year.

Return on Average Equity ("ROAE") was 24.1 % for 2Q13 compared to 30.1% in 2Q12. The reduction is consequence of the growth in stockholder's equity, mainly driven from the IPO proceeds and net income of the company.

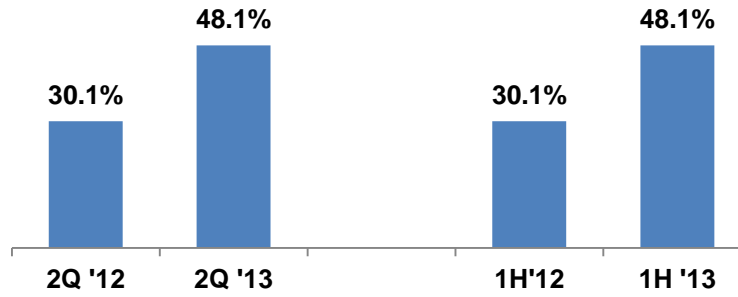
The company's capitalization index was 48.1% for 2Q13 compared to 30.1% in 2Q12, reflecting the increment over stockholder's equity described above.

## FINANCIAL RATIOS

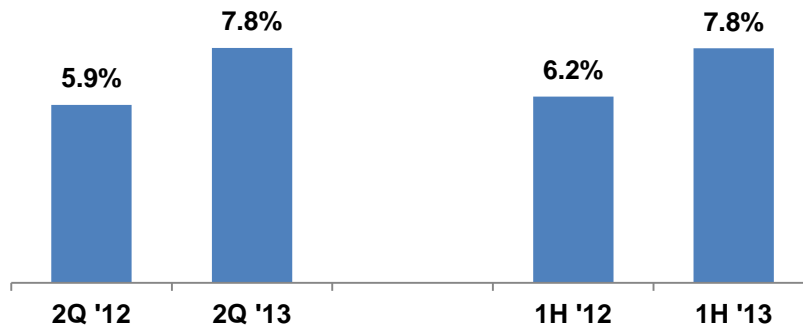
### Efficiency



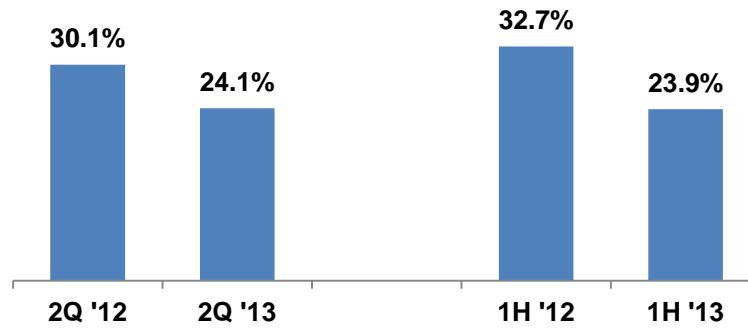
Capitalization



ROAA



ROAE



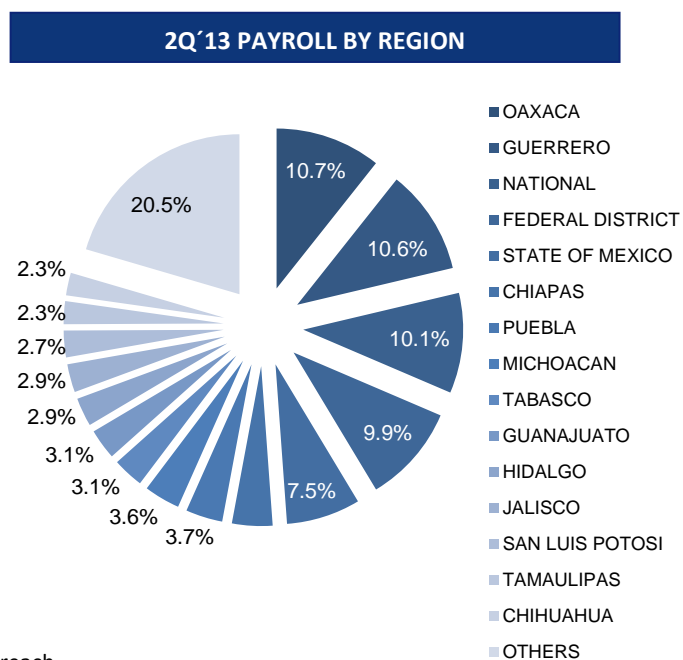
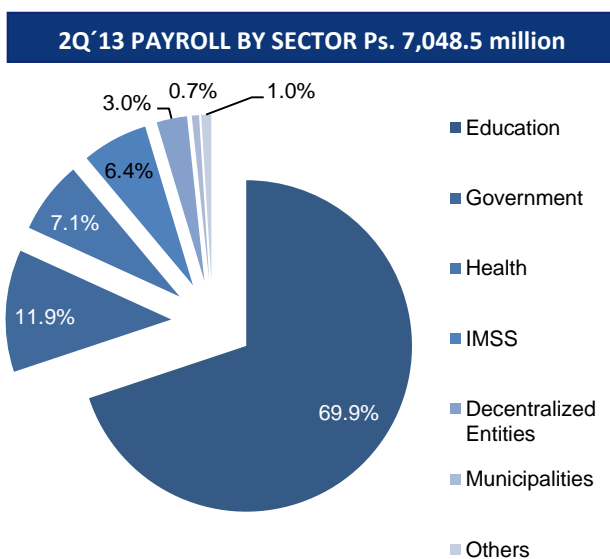
**OPERATIONS SUMMARY**

Summary	2Q'13				2Q'12				Var % Portfolio
	Portfolio (Ps million)	Customers	NPL's	Average Loan (Ps)	Portfolio (Ps million)	Customers	NPL's	Average Loan (Ps)	
Payroll	\$7,048.5	341,888	1.5%	\$20,616.5	\$4,648.8	303,478	1.9%	\$15,318.3	51.6%
Group	\$120.8	52,194	2.6%	\$2,315.1	\$202.5	83,640	2.4%	\$2,421.0	-40.3%
Durable	\$1,041.5	76,390	2.4%	\$13,634.1	\$866.2	74,163	2.0%	\$11,680.3	20.2%
New Businesses	\$87.5	448	0.2%	\$195,423.2					
<b>Total</b>	<b>\$8,298.4</b>	<b>470,920</b>	<b>1.6%</b>	<b>\$17,621.8</b>	<b>\$5,717.5</b>	<b>461,281</b>	<b>1.9%</b>	<b>\$12,394.9</b>	<b>45.1%</b>

Summary	2Q'13 Origination	2Q'12 Origination	Var %	1H'13 Origination	1H'12 Origination	Var %
<b>Ps. Million</b>						
Payroll	\$950.3	\$587.0	61.9%	\$1,573.2	\$1,089.7	44.4%
Group	\$247.6	\$387.8	-36.2%	\$498.0	\$802.7	-38.0%
Durable	\$371.3	\$244.9	51.6%	\$709.0	\$482.7	46.9%
New Businesses	\$36.5			\$67.2		
<b>Total</b>	<b>\$1,605.8</b>	<b>\$1,219.7</b>	<b>31.7%</b>	<b>\$2,847.3</b>	<b>\$2,375.1</b>	<b>19.9%</b>

**Payroll Loans Portfolio** grew to Ps. 7,048.5 million, a 51.6% increase from Ps. 4,648.8 million in 2Q12. 85% of payroll loans originated during 2Q13 came from the three distributors in which we have an interest, reflecting the positive impact of the agreement reached with them, and the high performance of our other distributors.

We continued to observe a healthy payroll loan portfolio. The growth in our loan portfolio observed during 2Q13 and better than expected collection drove non-performing loans down to 1.5% of the portfolio.



\* National refers to PEMEX and IMSS contracts, with a national reach.



**Durable Goods Loans Portfolio** grew to Ps. 1,041.5 million, a 20.2% increase from Ps. 866.2 million in 2Q12. The increase is a direct result of the application of new credit campaigns with the retailers. Non-performing loans reached 2.4% of the portfolio.

**Group Loans Portfolio** amounted to Ps. 120.8 million, a 40.3% decrease from Ps. 202.5 million in 2Q12. The decrease in Group Loans was due to difficult market conditions, in particular the aggressive entrance of new players in the market causing high rotation of our promoters that drove the strategic closing of underperforming branches. We believe that the challenging environment will continue in the coming months therefore we have taken several measures to adapt to market conditions and recover growth.

Non-performing loans amounted to 2.6% of the portfolio, a recovery from the 4.4% as of previous quarter of this year. This is a reflection of the new controls and strategies that we are implementing in the business.

**Used Car Loans Portfolio** has continued to grow, today used car loans has a loan portfolio of Ps. 40.5 million.

**Small Business Loans Portfolio (C+R)** started in 2012 and as of 2Q13 has a Ps. 47.0 million portfolio with 5 loan advisors.

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**ANALYST COVERAGE**

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Actinver Casa de Bolsa S.A. de C.V.; Barclays Capital Casa De Bolsa, S.A. De C.V., Grupo Financiero Barclays Mexico; BBVA Bancomer, S.A. Institución de Banca Múltiple; Deutsche Securities, S.A. de C.V., Casa de Bolsa; GBM Grupo Bursátil Mexicano, S.A. de C.V. Casa de Bolsa; IXE Casa de Bolsa S.A. de C.V., Grupo Financiero Banorte

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**About Crédito Real**

Crédito Real is a leading financial institution in Mexico, focusing on consumer lending with a diversified business platform in three main lines of business: (i) payroll credits (ii) group loans, through Crediequipos' brand, (iii) credit to individuals to finance the purchase of durable consumer goods, (iv) used car loans and (v) small business loans. Financial Statements are prepared under the accounting criteria established by the National Banking and Securities Commission (CNBV) and are published in the Mexican Stock Exchange (BMV), [www.bmv.com](http://www.bmv.com); this information is expressed in nominal Mexican Pesos (Ps.)

This earnings release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Bank performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Bank, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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## Appendix

Profit & Loss									
	2Q'13	2Q'12	% Var	1H'13	1H'12	% Var	2012	2011	% Var
<b>Ps. Millions</b>									
Interest Income	630.2	491.9	28.1%	1,243.1	1,000.5	24.2%	2,090.4	1,912.3	9.3%
Interest Expense	(174.2)	(157.3)	10.7%	(343.7)	(313.0)	9.8%	(654.8)	(612.8)	6.9%
Financial Margin	455.9	334.6	36.3%	899.4	687.5	30.8%	1,435.6	1,299.5	10.5%
Allowance for Loan Losses	(107.2)	(74.8)	-43.3%	(185.8)	(151.9)	-22.4%	(272.8)	(309.0)	-11.7%
Financial Margin adjusted for Credit Risks	348.8	259.8	34.2%	713.6	535.7	33.2%	1,162.8	990.5	17.4%
Commissions and fees paid	(17.6)	(15.6)	13.1%	(33.6)	(36.4)	-7.7%	(69.5)	(61.3)	13.3%
Other income from the operation	2.6	4.8	-45.1%	6.0	10.2	-40.8%	20.6	18.1	13.8%
Administrative and promotion expenses	(121.2)	(127.6)	-5.0%	(240.7)	(236.2)	1.9%	(480.5)	(465.6)	3.2%
Operatilig result	212.5	121.4	75.0%	445.4	273.3	63.0%	633.4	481.7	31.5%
Income before income taxes	212.5	121.4	75.0%	445.4	273.3	63.0%	633.4	481.7	31.5%
Income taxes	(40.1)	(18.7)	114.6%	(96.0)	(53.2)	80.6%	(144.4)	(102.5)	40.9%
Income before participation in the results of subsidiaries	172.5	102.8	67.8%	349.4	220.1	58.7%	489.1	379.2	29.0%
Participation in the results of subsidiaries and associates	61.0	22.2	174.6%	103.8	40.2	158.5%	125.1	36.3	244.5%
Net Income	233.4	125.0	86.8%	453.2	260.3	74.1%	614.1	415.5	47.8%

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<b>Balance Sheet</b>						
	<b>2Q'13</b>	<b>2Q'12</b>	<b>% Var</b>	<b>2012</b>	<b>2011</b>	<b>% Var</b>
<b>Ps. Million</b>						
Cash and cash equivalents	95.5	66.4	43.9%	85.2	64.3	32.5%
Investments in securities	191.6	153.8	24.6%	346.8	253.6	36.7%
Securities and derivatives transactions	195.5	313.2	-37.6%	241.5	521.4	-53.7%
Performing loan portfolio						
Commercial loans	8,162.9	5,607.0	45.6%	6,625.6	5,403.1	22.6%
Total performing loan portfolio	8,162.9	5,607.0	45.6%	6,625.6	5,403.1	22.6%
Non-performing loan portfolio						
Commercial loans	135.5	110.5	22.7%	106.9	109.0	-2.0%
Total non-performing loan portfolio	135.5	110.5	22.7%	106.9	109.0	-2.0%
Loan portfolio	8,298.4	5,717.5	45.1%	6,732.5	5,512.2	22.1%
Less: Allowance for loan losses	155.9	135.3	15.2%	141.3	130.5	8.2%
Loan portfolio (net)	8,142.6	5,582.2	45.9%	6,591.2	5,381.6	22.5%
Other accounts receivable (net)	2,413.0	1,907.2	26.5%	2,504.3	1,574.0	59.1%
Foreclosed assets (net)	-	-		-	-	
Property, furniture and fixtures (net)	20.2	13.5	50.1%	17.8	14.3	24.7%
Long-term investments in shares	711.6	372.6	91.0%	752.5	364.0	106.7%
Deferred taxes (net)	-	-		-	-	
Other assets						
Debt insurance costs, intangibles and others	584.8	165.3	253.8%	425.9	179.4	137.4%
Total assets	<u>12,354.8</u>	<u>8,574.0</u>	<u>44.1%</u>	<u>10,965.3</u>	<u>8,352.7</u>	<u>31.3%</u>
Liabilities						
Notes payable (certificados bursatiles)	2,360.2	1,689.0	39.7%	1,751.0	1,944.0	-9.9%
Senior notes payable	2,809.6	2,927.4	-4.0%	2,814.4	3,122.1	-9.9%
Bank loans and borrowings from other entities						
Short-term	1,121.3	1,435.5	-21.9%	1,562.4	1,053.9	48.2%
Long-term	1,437.6	458.2	213.8%	719.6	516.0	39.5%
	2,558.9	1,893.7	35.1%	2,282.0	1,569.9	45.4%
Securities and derivatives transactions	-	-		-	-	
Other accounts payable	10.8	9.9	8.8%	17.8	4.2	326.2%
Income taxes payable	621.2	333.3	86.4%	503.7	252.1	99.8%
Total liabilities	8,360.7	6,853.4	22.0%	7,368.9	6,892.3	6.9%
Stockholders' equity						
Capital stock	2,015.3	507.4	297.1%	2,017.2	507.4	297.5%
Earned capital:						
Accumulated results from prior years	1,525.6	952.9	60.1%	935.8	537.4	74.1%
Result from valuation of cash flow hedges, net	0.0	-		29.3	-	
Net income	453.2	260.3	74.1%	614.1	415.5	47.8%
Total stockholders' equity	<u>3,994.1</u>	<u>1,720.7</u>	<u>132.1%</u>	<u>3,596.4</u>	<u>1,460.4</u>	<u>146.3%</u>
Total Liabilities and Stockholders' equity	<u>12,354.8</u>	<u>8,574.0</u>	<u>44.1%</u>	<u>10,965.3</u>	<u>8,352.7</u>	<u>31.3%</u>

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Financial Ratios									
	2Q'13	2Q'12	Var	1H'13	1H'12	Var	2012	2011	Var
Yield	32.7%	34.9%	-2.2%	33.7%	35.8%	-2.1%	34.2%	38.7%	-4.5%
Return on Average Loan Portfolio	12.1%	8.9%	3.2%	12.3%	9.3%	3.0%	10.0%	8.4%	1.6%
ROAE: Return on average stockholders' equity	24.1%	30.1%	-6.1%	23.9%	32.7%	-8.7%	27.9%	33.3%	-5.4%
Debt to Equity Ratio	1.9	3.8	-1.8	1.9	3.8	-1.8	1.9	4.5	-2.6
Average cost of funds	9.3%	9.7%	-0.4%	9.5%	9.6%	-0.1%	9.5%	10.7%	-1.2%
Efficiency ratio	27.7%	40.0%	-12.3%	27.8%	36.3%	-8.5%	35.2%	37.6%	-2.4%
Capitalization Ratio	48.1%	30.1%	18.0%	48.1%	30.1%	18.0%	53.4%	26.5%	26.9%
Provisions for loan losses as a percentage of total loan portfolio	5.2%	5.2%	-0.1%	4.5%	5.3%	-0.8%	4.1%	5.6%	-1.6%
Allowance for loan losses as a percentage of total past-due loan portfolio	115.0%	122.4%	-7.4%	115.0%	122.4%	-7.4%	132.2%	119.7%	12.4%
Total past-due loan portfolio as a percentage of total loan portfolio	1.6%	1.9%	-0.3%	1.6%	1.9%	-0.3%	1.6%	2.0%	-0.4%

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