VISIONS

2017 Annual and Sustainability Report

CRÉDITO REAL
Rebasa tus límites.

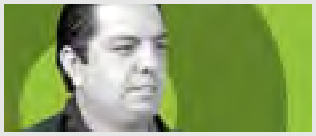
CONTENT

Welcome to Crédito Real's 2017 Annual and Sustainability Report.

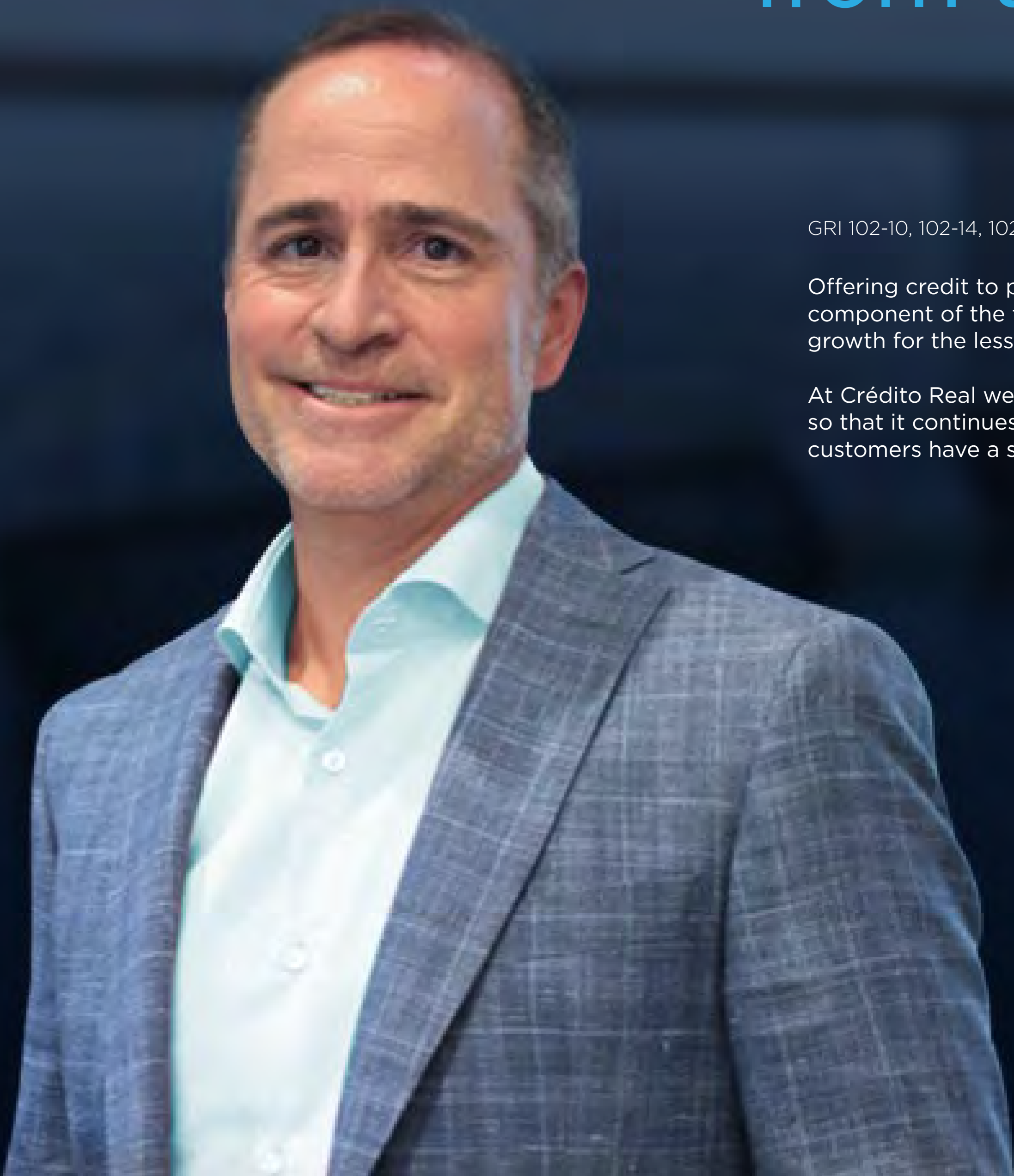
As part of our commitment to preserving natural resources, once again we decided to publish our Annual and Sustainability Report exclusively in the digital format, which is available to view and download at: **http://iaicreal2017.investorcloud.net/**

You can access all the different sections of the report by clicking on the topic or on the icon on the menu ≡

The **GC** icon represents the Principle of the Global Compact referenced within each topic. To get to know the 10 Principles please view page 37 of this report.



MESSAGE from the CEO



GRI 102-10, 102-14, 102-15, 203-2

Offering credit to people with limited access to traditional banking services is an important component of the foundations of an economy in any country since it offers an opportunity for growth for the less fortunate sectors in society.

At Crédito Real we have the responsibility of caring for and maintaining our business, not only so that it continues to be profitable, but also so that we can lead the way and make sure our customers have a safe support to their economic needs.

"Having access to financial resources intertwines modern life and is the basis for a sustainable life".

One of our strengths has been to operate our business through more than 200 strategic partners with whom we create indirect jobs for more than 10 thousand people. Another great responsibility for us is to continue to offer job opportunities for these people, who trust that our strategic vision will contribute to their personal and professional growth.

Although 2017 was a year of major challenges, given the macroeconomic environment prevailing in the markets we serve, it was also a year in which we made huge strides on the road to consolidation. We are currently present in six countries in North and Central America, which allows us to offer loan opportunities to markets in those countries that have been underserved by traditional financial institutions.

During the year our interest income came to $8,462.9 million pesos, with a net financial margin of $5,772.6 million pesos. Our total loan portfolio grew 21.3% year-over-year, with our payroll segment being particularly noteworthy with a 66.5% share of the total loan portfolio. In Central America, we continued to consolidate Instacredit as our second most important business, with a 15.9% share of the total loan portfolio

For our used cars business, particularly our U.S. operation, 2017 was a challenging year. The slowdown in car sales in addition to other political and economic factors, presented important challenges we needed to face. However, at Crédito Real we are persistent and, as such, we allocated specific resources to offset and address the situation in a strategic and timely manner.

A positive and relevant indicator for the year was the 2.1% in our non-performing portfolio index, which shows that we have maintained our position as one of the most solid options in the market and proves that our business model is very strong.

Another relevant event during 2017 was that we issued a Perpetual Subordinated Bond for USD $230 million, making us the first Latin American non-banking financial company to do so. With this we improved our capital structure since the bond in its totality is recorded as equity.

In 2017 we also worked on defining our 2022 Plan, which includes our goal of doubling the size of the Company in terms of assets and comprehensive income. We have identified the strategic businesses that will enable us to achieve this goal.

Simultaneously to the Company's growth and consolidation, we have continued to focus on the growth of our employees, for whom we have implemented strategies that will contribute to strengthening the competencies they require to perform their jobs with excellence.

In terms of our relationship with the communities where we are present, we have several programs and initiatives in place, including the "Financial Inclusion for Small Farm Workers" program through which we join efforts with other organizations to create a technological platform and offer participants the financial education they need to gain access to financing.

Within the pages of this report--which also constitutes our Communication on Progress with respect to the ten principles of the United Nations Global Compact, to which we have been committed over the past five years--we describe our economic, social, environmental, and corporate governance performance. Our goal is to show our interest in being a company whose operation and results are transparent, always with the vision of continuing to be a point of reference for our sector in Mexico and in the countries in which we are present.

I wish to thank our strategic partners, employees, investors, and other stakeholders for their continued trust in Crédito Real.

"As 2018 begins, we are prepared to face the new challenges for a multinational company, as well as the challenges of the macroeconomic effects we take on year after year".

Ángel Romanos Berrondo
CEO for Crédito Real

WE ARE
Crédito Real

GRI 102-2, 102-3, 102-6

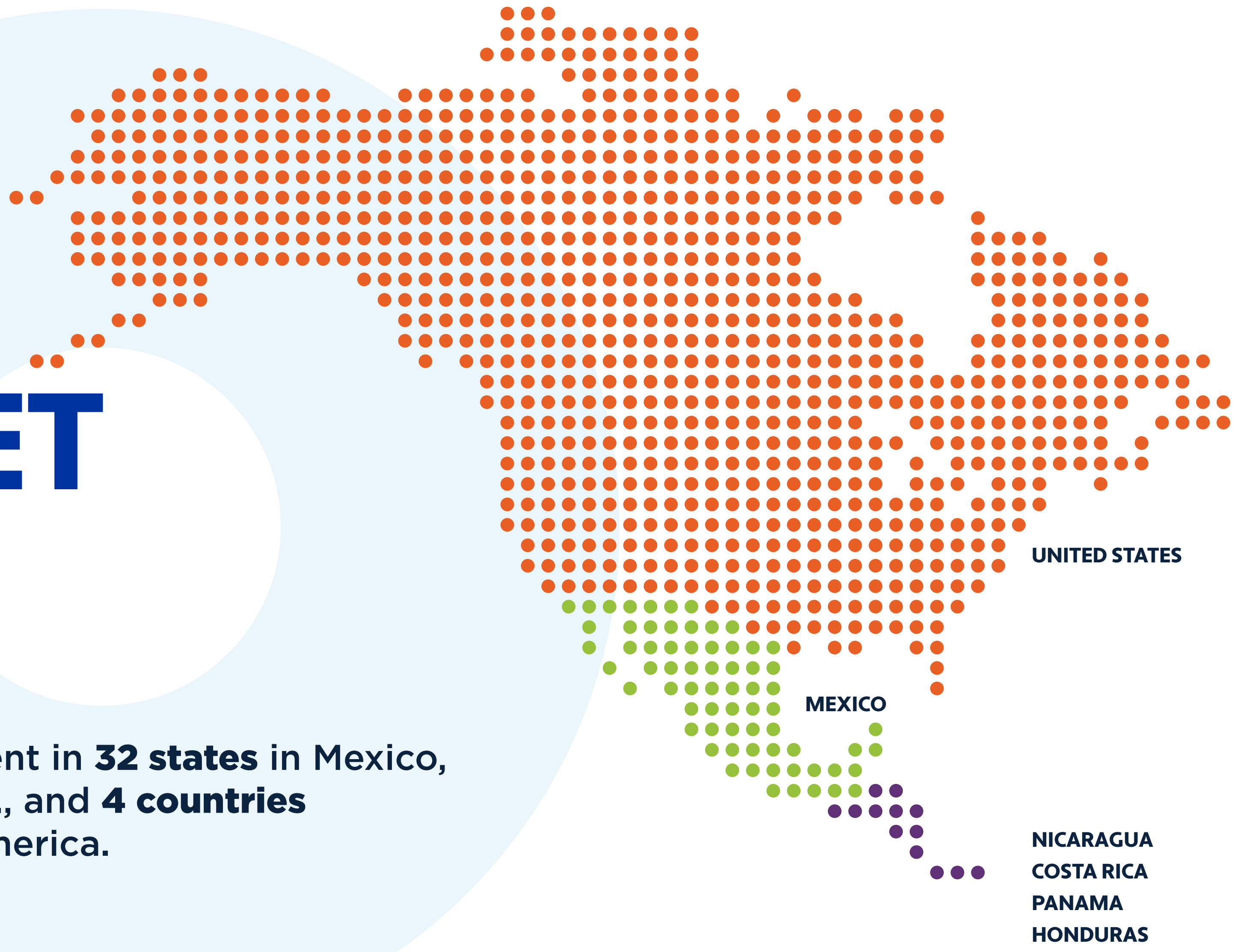
We began operating in Mexico more than 25 years ago in order to offer financial solutions to the Mexican people. Since then, we have centered our efforts on serving people who, given their personal or social situation, have no access to traditional bank loans. Over the years we have crossed beyond the borders of our country and expanded our successful business model to Costa Rica, the United States, Honduras, Nicaragua, and Panama.

Our company is 100% Mexican.

Our business platform mainly includes the following lines of business:

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

MARKET
presence



GRI 102-4

We are present in **32 states** in Mexico, **32** in the U.S., and **4 countries** in Central America.

GRI 102-16

MISSION

To offer financial services to help our customers improve their quality of life, by providing a diversified service that is supported by the ethics and reputation we are known for and by offering continuous innovation in our products.

VISION

To be the best financial institution in the country that is known for the competitiveness of our people and the high-quality of our technological tools, exceeding the expectations of our customers and shareholders, committing to continuous improvement in our products and services, and being recognized abroad.

VALUES

SERVICE
I am committed to meeting our customers' needs.

TEAMWORK
I am committed, I have the will, and I cooperate.

INTEGRITY AND HONESTY
I act with truth and sincerity.

CONSISTENCY
I am consistent between what I think, what I say, and what I do.

RESPONSIBILITY
I meet my obligations, I am aware of them, and I commit to them.

HUMILITY
I learn from both my achievements and my failures.

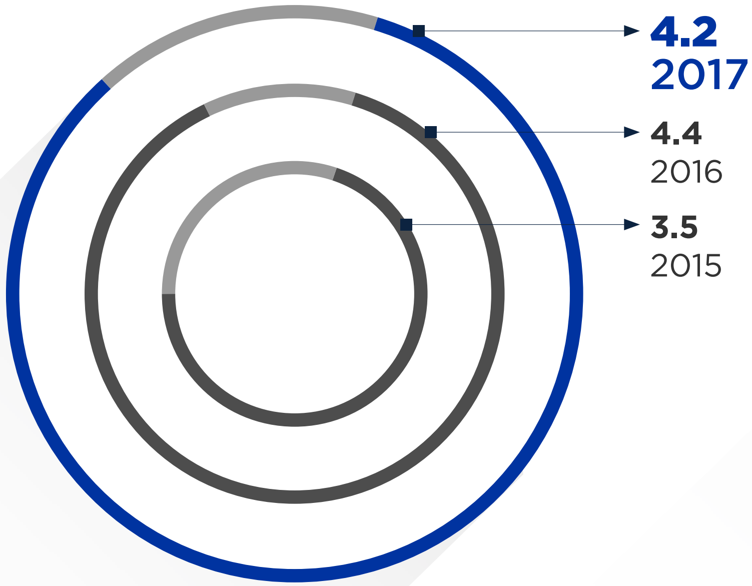
RESPECT
I treat everyone with dignity.

LOYALTY
I trust others as they trust me.

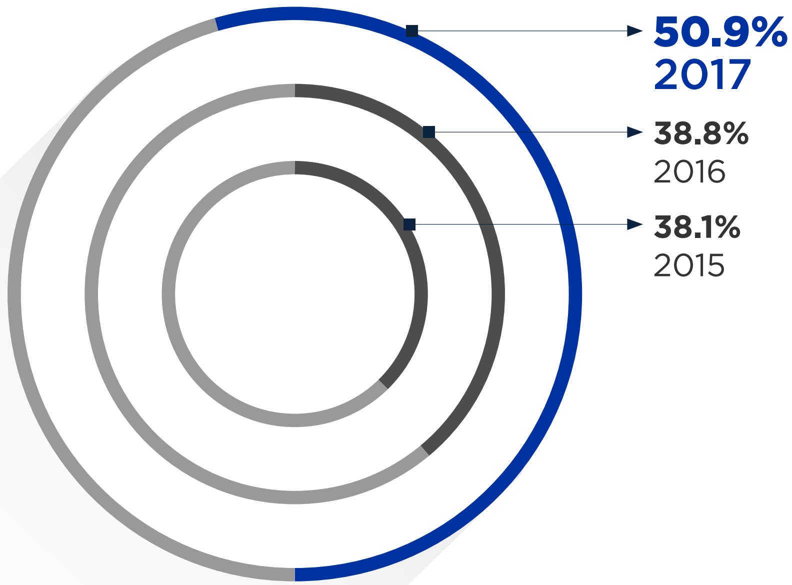
2017 Highlights

GRI 102-7

NET PROFIT per share
PESOS PER SHARE



CAPITALIZATION



INTEREST income
MILLION PESOS

2017	**8,462.9**
2016	6,958.2
2015	4,264.2

TCAC[1] 2015-2017: **40.9%**
Growth 2016-2017: **21.6%**

NET income
MILLION PESOS

2017	**1,661.1**
2016	1,714.0
2015	1,371.4

TCAC 2015-2017: **10.1%**
Growth 2016-2017: **(3.1)%**

Net income was down in 2017 vs 2016 given the non-recurrent effect of paying off in advance, in July 2016, the derivatives related the 2019 Senior Notes. The effect is reflected in the revenue from profit for the year ending on December 31, 2016. Excluding the non-recurrent effect, net profit for 2016 is registered as $1,542.1 million pesos, for an increase of 7.7% in comprehensive income for 2017.

Loan PORTFOLIO
MILLION PESOS

2017	**29,015.0**
2016	23,927.0
2015	17,609.6

TCAC 2015-2017: **28.4%**
Growth 2016-2017: **21.3%**

ROAA[2]

2017	**4.5%**
2016	5.0%
2015	6.0%

Growth 2016-2017: **(0.5%)**

ROAE[3]

2017	**15.9%**
2016	20.2%
2015	22.2%

Growth 2016-2017: **(4.3%)**

CREAL HISTORIC 2015-2017 SHARE PRICE IN MEXICO
IN MEXICO

[1] Compound Annual Growth Rate
[2] AROA: Average Return on Assets
[3] AROE: Average Return on Equity

Growth of loan portfolio
21.3%

Net Interest Margin
22.0%

Perpetual Subordinate Bonds Issue for
USD $230 million

First issue for $800 million pesos
of the program aimed at the securitization of the loan portfolio

+ de $3.8 MP
donated to organisms in civil society

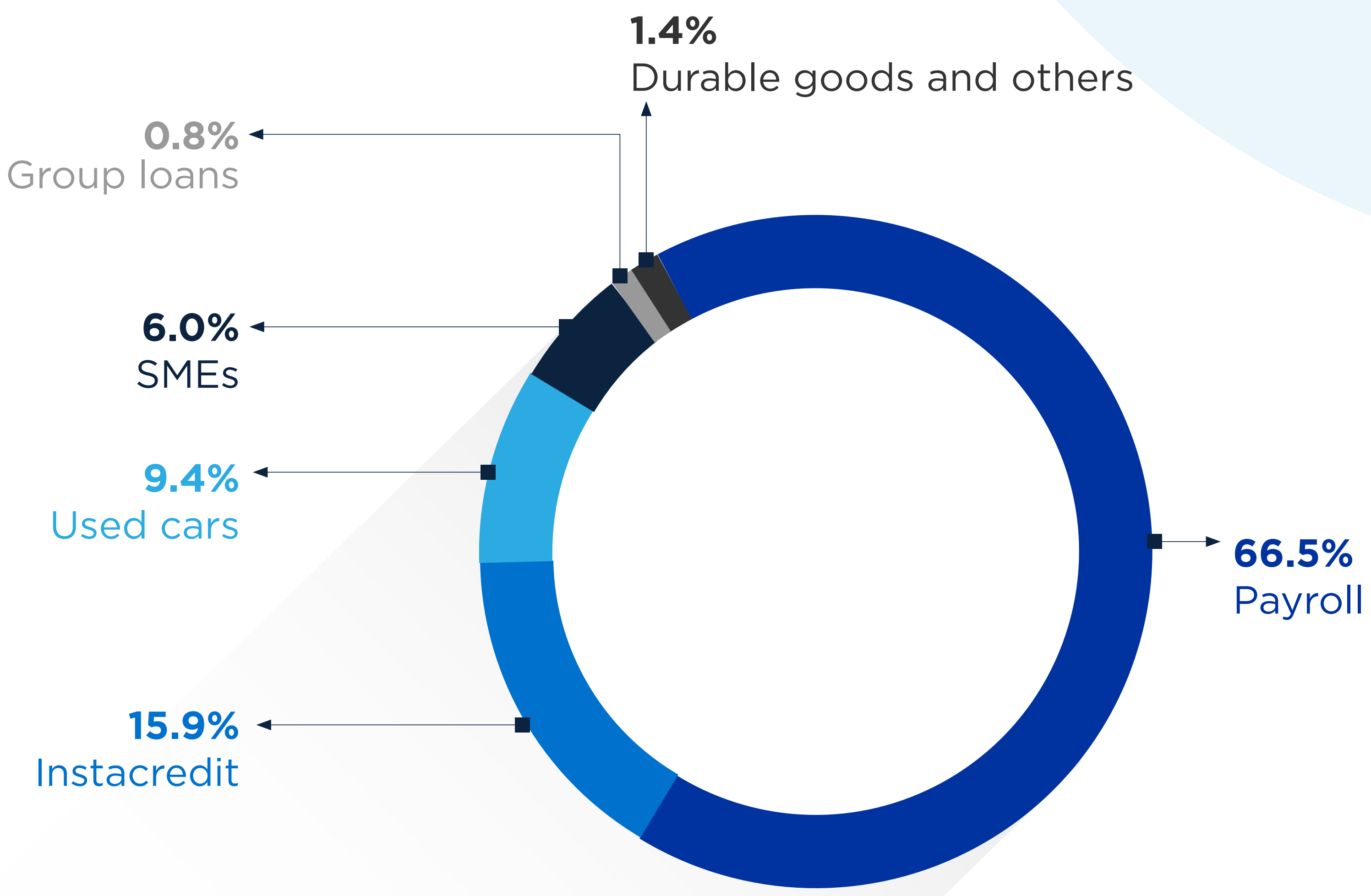
12,760 training hours,
for an average of 23 hours per employee

38% reduction
in our paper consumption

Non-performing loan portfolio index
2.1%

We offer a flexible platform to develop, promote, originate, and collect a wide range of consumer credit products, which is the driver behind the expansion of our diversified business model.

The following graph shows the Company's evolution in terms of the product portfolio in 2017.



COMPETITIVE advantages

Our extensive network of strategic partners enables us to **serve a wide range of market segments.**

We serve customers who have **limited access to traditional banking.**

We have a **strong sales force** to approach our customers.

We **offer a solid, diversified origination platform,** developed specifically for the customer segments we serve.

We have a **high-quality loan portfolio** with solid performance.

We offer a **scalable operation** with unique technological platforms.

Our **credit risk is diversified.**

We deliver products with **high margins that generate the best returns.**

We **generate a stable cash flow** and access to several sources of funding.

We are **led by an experienced management team** and have the support of our shareholders.

1

STRATEGIC
driver

“Getting to know new people and listening to how they are going to make their dreams come true helps make every day unique and full of new knowledge”.

Juana López
Kondinero Customer Service

STRATEGIC
driver

Our history has taught us that diversification is at the center of the success of our business model. This sets us apart as a company and, at the same time, creates value for our investors and stakeholders.

+230
thousand loans offered

+832
thousand customers prefer us

+20
strategic partners

Our business platform basically includes the following:

- **Payroll loans**
- **Consumer loans through Instacredit**
- **Used cars loans**
- **Loans for small- and medium-sized companies, or SMEs**
- **Group loans**

We operate each of our products with stability and profitably, focusing on market segments that historically have been underserved by traditional banks. We do this by establishing strategic partnerships that enable us to offer competitive financing, a diversified portfolio, selective origination and, above all, high profitability.

In 2017 we offered more than 230 thousand loans to our customers.

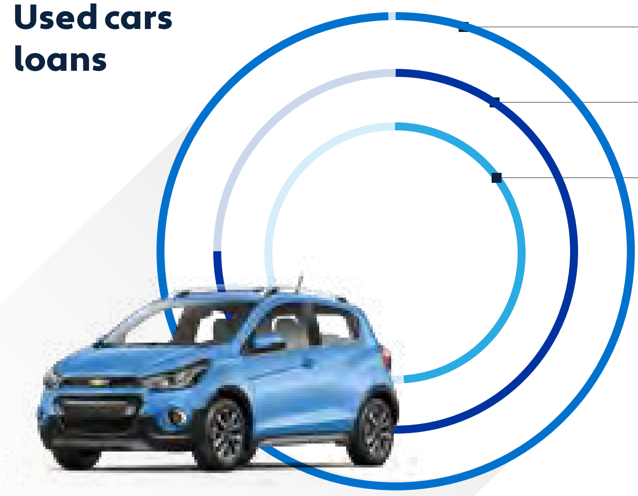
BUSINESS MODEL

PRODUCT PORTFOLIO
Shareholding percentage

Payroll loans

- 100% Kondinero ...soluciona tu vida
- 49% Crédito Maestro
- 49% Credifiel

Used cars loans

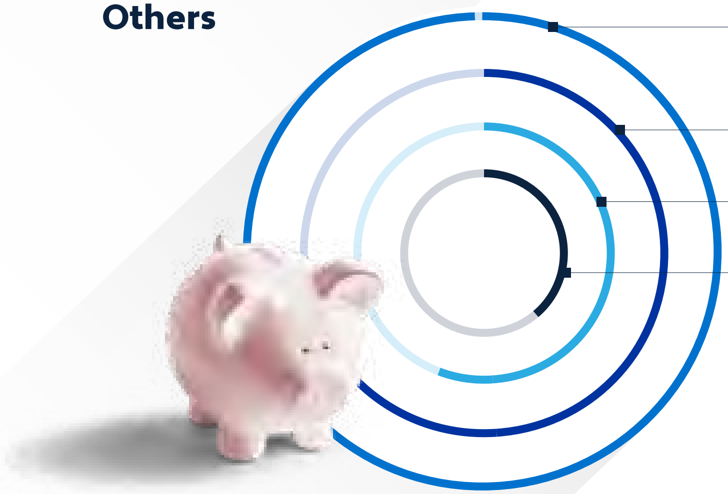


- 99% AFS Acceptance
- 80% Don Carro
- 51% Drive & Cash

Group loans

- 36% contigo
- 23% somosuno

Others



- 99% Services company
- 70% Instacredit
- 55% Resuelve
- 36% Credilikeme

PRODUCT PORTFOLIO

GRI 102-2, 102-4, 102-7

Payroll loans

We offer loans that can be paid back via a direct fixed payroll payment for people with no access to the banking sector. These loans are paid back by charging the payroll of unionized public sector workers through more than 6 thousand sales representatives and 11 distributors.

We have an exclusivity agreement and an equity stake in three of them.

KONDINERO

(100% OWNERSHIP, AVAILABLE IN MEXICO)

We offer loans to unionized government workers across the country, which are paid back through their payrolls.

CREDIFIEL

(49% OWNERSHIP, AVAILABLE IN MEXICO)

For the government sector, we offer a wide variety of loans, through a leading micro-financing institution, which adapt to the needs of each customer.

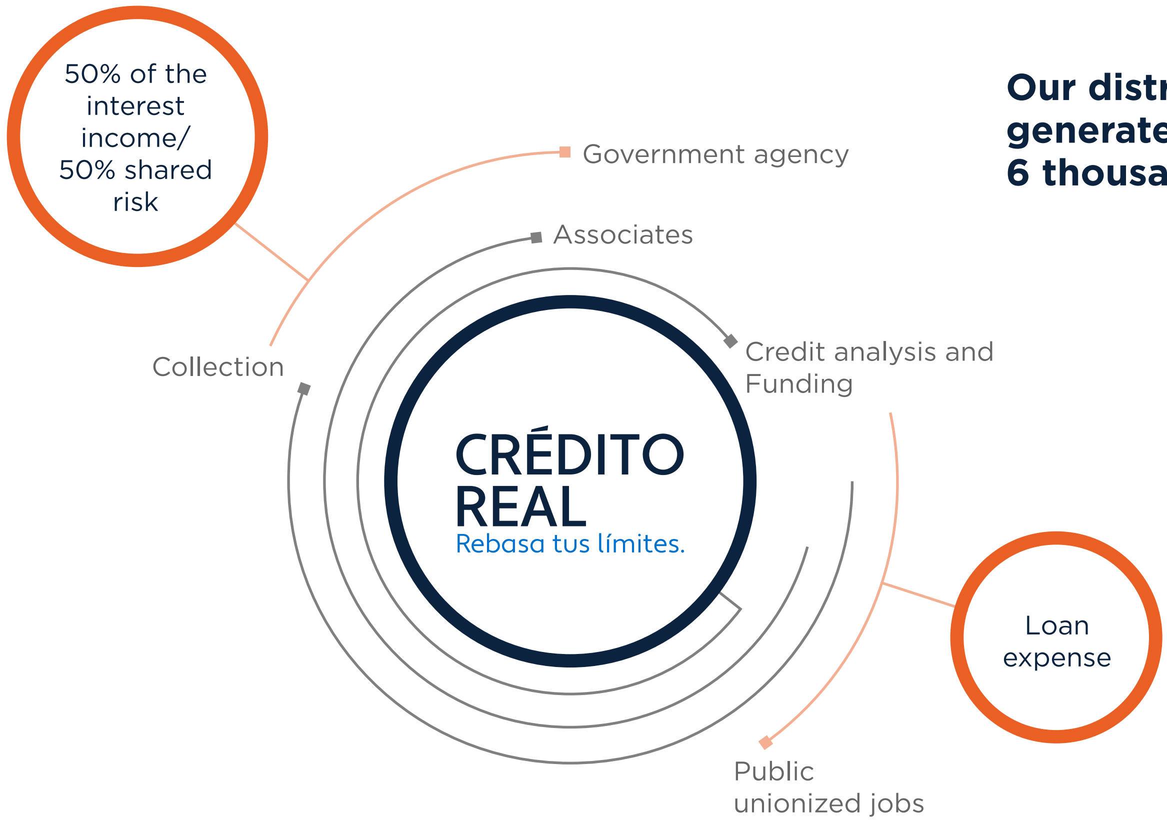
CRÉDITO MAESTRO

(49% OWNERSHIP, AVAILABLE IN MEXICO)

We offer tailor-made loans to workers across the country who are either retired or receiving a pension, employees in the education sector, and workers in government institutions.

This business unit has been the driver behind Crédito Real's growth over the past few years, with our partnership with the Mexican Social Security Institution (Instituto Mexicano del Seguro Social, IMSS) playing a key role. With the IMSS we are able to offer payroll loans to a great number of government employees, pensioners, and retirees.

Origination and collection process in Payroll



Our distributors' sales forces generate approximately 6 thousand jobs in Mexico.

Average loan amount	$50,873
Payment frequency	Every 2 weeks
Average term	44 months
Average monthly interest rate	50.10%

Share of loan portfolio	66.50%
Default index	1.20%
Total customers	379,533
Target market	C+, C-, D+

PRODUCT PORTFOLIO

Consumer loans through Instacredit

We offer immediate personal loans to buy a car and for SMEs; we have 56 branches in Costa Rica, 13 in Nicaragua, and three in Panama, all of which are served by 448 sales representatives.

15.9%
(share of portfolio)

Instacredit
Préstamos al Instante

Average loan amount	$25,441
Payment frequency	Monthly
Average term	22-60 months
Average monthly interest rate	55.60%
Share of loan portfolio	15.90%
Default index	5.20%
Total customers	181,314
Target market	C+, C, D

PRODUCT PORTFOLIO

Used cars loans

We offer financing for purchasing semi-new and used cars through distributor networks in Mexico and the U.S. that employ their own sales forces to promote our loans. We also have a partner who offers loans with cars as collateral.

9.4%
(share of portfolio)

In the U.S. we sell used cars through a network of more than 560 distributors.

DRIVE AND CASH

(51% OWNERSHIP, AVAILABLE IN MEXICO)

We offer financing to people and companies who offer commercial vehicles as collateral; we have a partnership with a company with 25 branches in 12 states across the country.

DON CARRO

(80% OWNERSHIP, AVAILABLE IN THE U.S.)

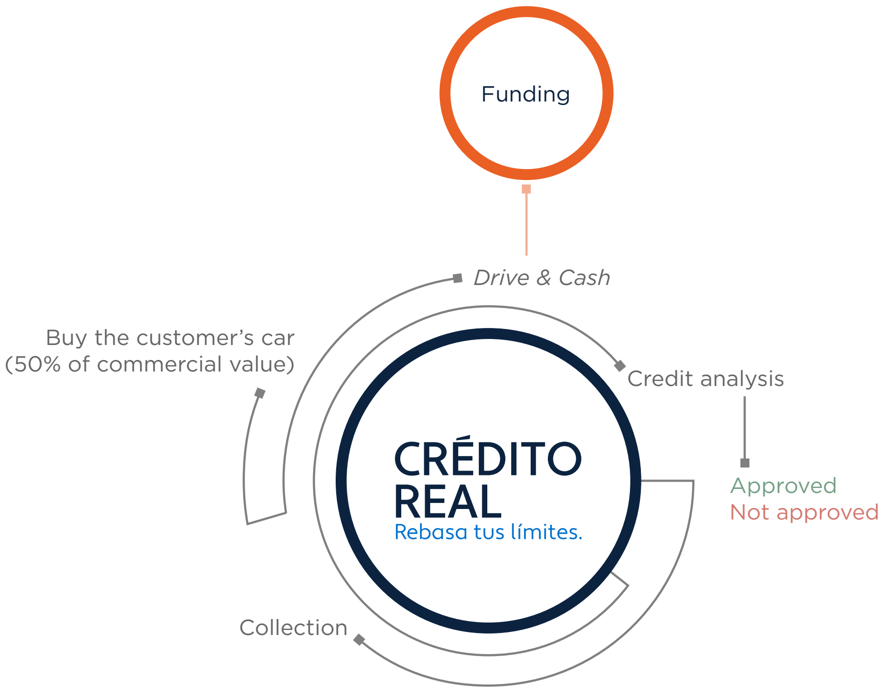
We offer a catalogue of semi-new vehicles that meet the tastes and needs of our customers. We sell them at seven branches located basically in Dallas, Texas, with accessible financing options.

AFS ACCEPTANCE LLC

(99% OWNERSHIP, AVAILABLE IN THE U.S.)

We offer flexible financing options for customers facing problems such as bankruptcy, prior repossessions, mortgage executions, and a limited or non-existent credit record who wish to buy a car and establish or restore their credit; we do this through our network of 560 distributors in 32 states with whom we have agreements.

Origination and collection process in Drive and Cash



Average loan amount	$191,745
Payment frequency	Mensual
Average term	12–36 meses
Average monthly interest rate	28.20%

Origination and collection process in Don Carro y AFS

Share of loan portfolio	9.40%
Default index	1.10%
Total customers	14,154
Target market	C+, C, C-, D

PRODUCT PORTFOLIO

Loans for small- and medium-sized companies, or SMEs

We offer short- and long-term financing through non-revolving lines of credit to cover working capital and investment needs. We offer two distribution channels:

1. **A partnership with a SME distributor:** Fondo H, an originator focused on granting loans to small- and medium-sized companies in Mexico in the manufacturing, distribution, and services sectors that are seeking to grow.

2. **Our own business center established in Mexico City:** Crédito Real PYMEs. The main customers targeted by this business center are family-owned stores, micro- and small-sized companies, and entrepreneurs.

6.0%
(share of portfolio)

At Crédito Real we believe that granting loans to SMEs presents a great opportunity since there are 96,121 such companies in Mexico.

Source: National Survey on the Productivity and Competitiveness of micro-, small- and medium-sized companies (Encuesta Nacional sobre Productividad y Competitividad de las Micro, Pequeñas y Medianas Empresas, ENAPROCE, 2015).

Origination and collection process in SMEs

Average loan amount	$4,850,147	
Payment frequency	Monthly	
Average term	3-36 months	
Average monthly interest rate	21.40%	

Share of loan portfolio	6.0%
Default index	1.30%
Total customers	360
Target market	C+, C

PRODUCT PORTFOLIO

Group loans

We grant micro-sized companies small group loans to finance their working capital needs. We distribute these through two associations, 177 branches, and 1,326 sales promoters.

CONTIGO

(36% OWNERSHIP, AVAILABLE IN MEXICO)

We grant productive group loans to women in rural populations enabling them to improve their quality of life and that of their families; we have 165 branches and 1,235 promoters.

SOMOS UNO

(23% OWNERSHIP, AVAILABLE IN MEXICO)

We offer a solidarity-based group loan to women who own a business or wish to start one; we have the support of more than 12 branches and 91 promoters.

Average loan amount	$3,228
Payment frequency	Weekly
Average term	3.8 months
Average monthly interest rate	101.40%
Share of loan portfolio	0.80%
Default index	0.00%
Total customers	215,139
Target market	C-, D, E

PRODUCT PORTFOLIO

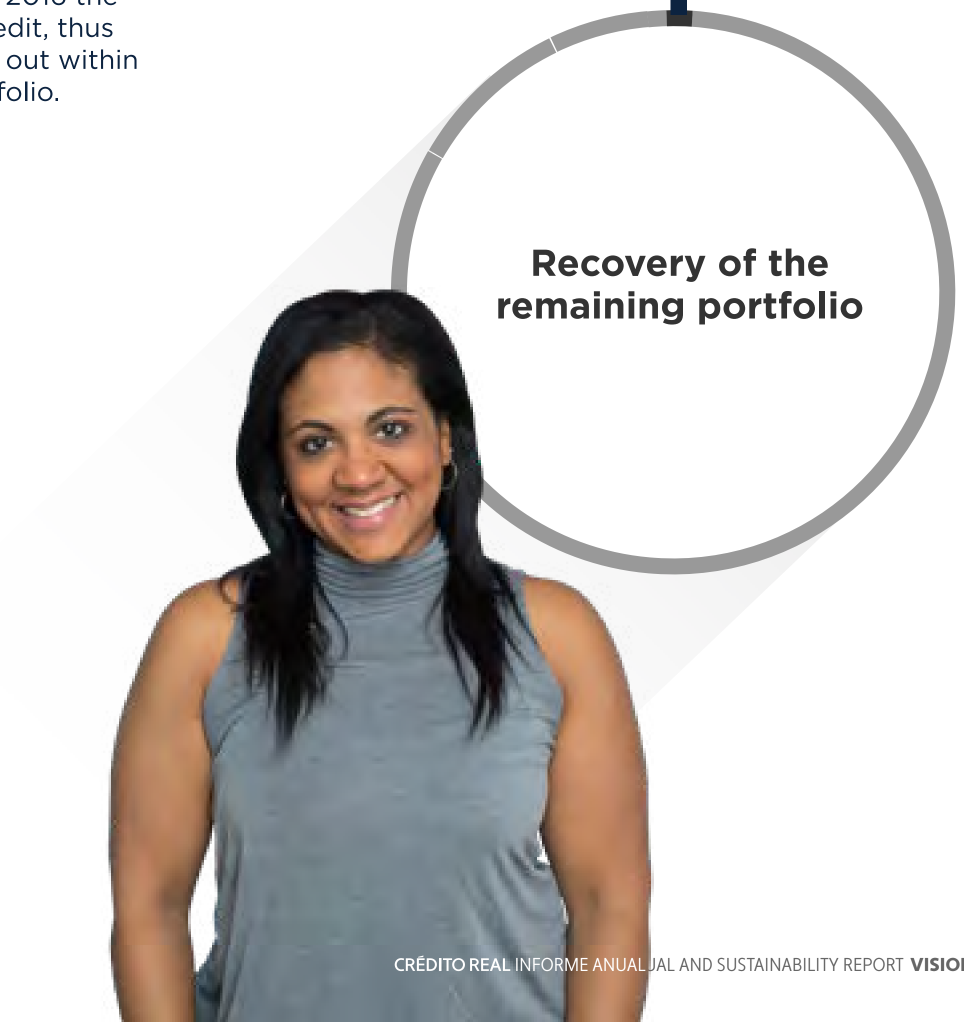
Others

DURABLE GOODS LOANS AND OTHERS

These were short-term loans that we used to grant to finance purchases of durable goods in select stores. On July 18, 2016 the decision was made to gradually eliminate this line of credit, thus stopping their origination. Collection efforts are carried out within the Company in an effort to recover the remaining portfolio.

Average loan amount	$7,897
Payment frequency	Mensual
Average term	12 meses
Average monthly interest rate	1.40%
Default index	19.80%
Total customers	42.342
Target market	C, D+, D

1.4%
(share of portfolio)



PRODUCT PORTFOLIO

Otros

RESUELVE

(55% OWNERSHIP, AVAILABLE IN MEXICO)

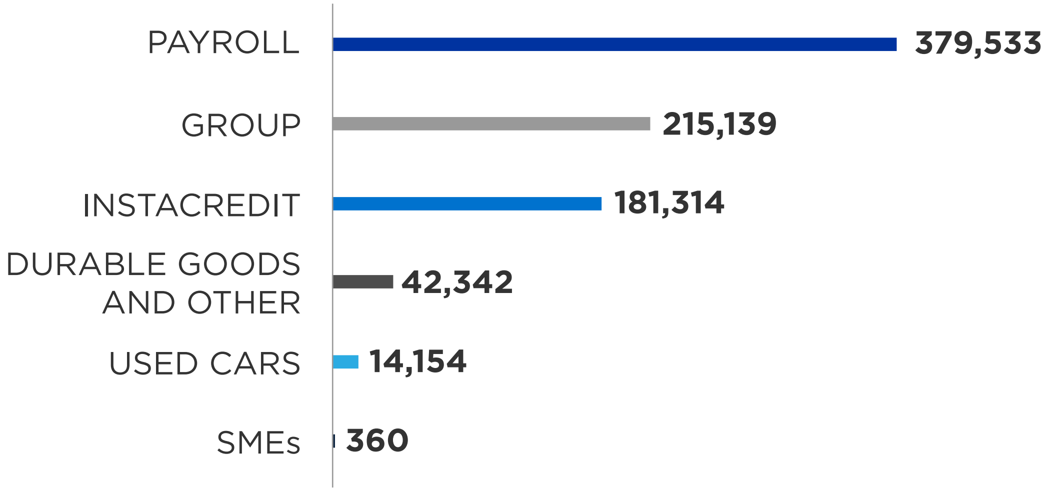
We offer loan-repairing services to people who are overly indebted, offering them a saving plan and negotiating on their behalf with their creditors in order to reach an agreement and pay off their debt, thus rehabilitating our customers and allowing them to once again gain access to credit.

CREDILIKEME

(36% OWNERSHIP, AVAILABLE IN MEXICO)

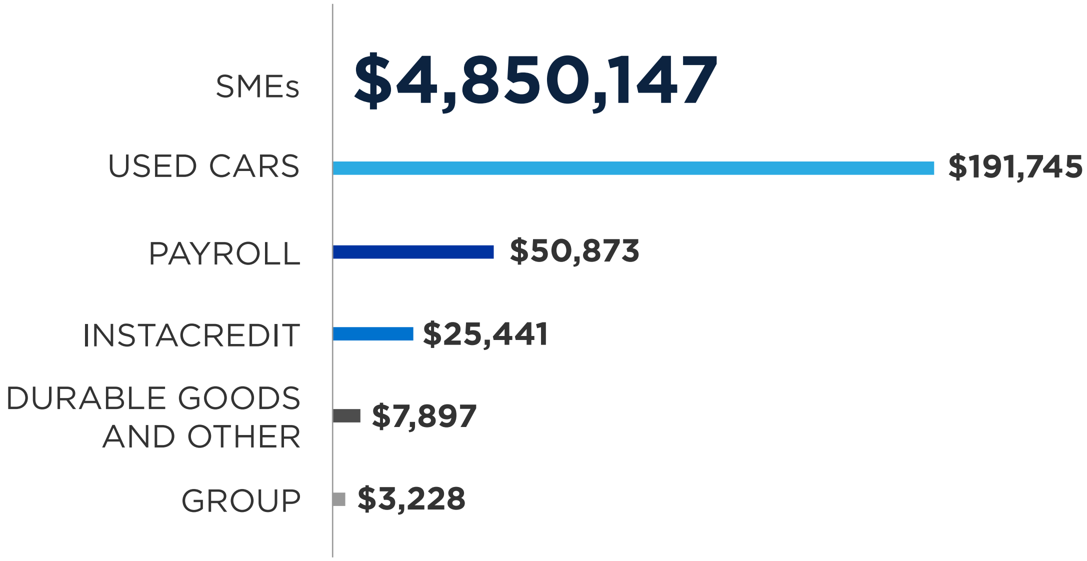
We offer online personal loans using a Digital Gaming Platform.

2017 CUSTOMERS per product



2017 AVERAGE LOAN AMOUNT per product

MEXICO



AVERAGE ANNUAL interest rate

Group loans

101.40%

Personal loans (Instacredit)

55.60%

Payroll loans

50.10%

Used cars loans

28.20%

Loans for SMEs

21.40%

STRATEGIC PARTNERS

GRI 102-9

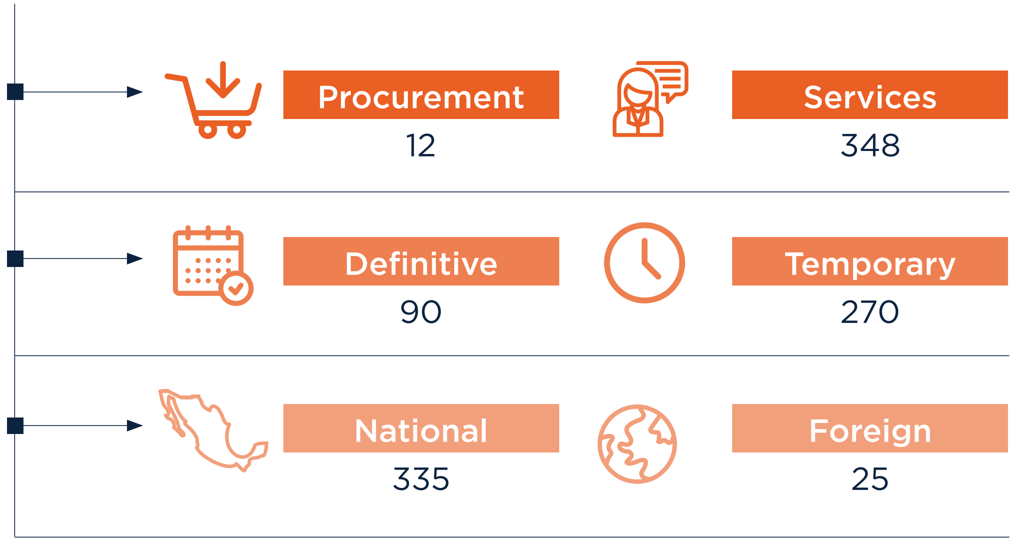
At Crédito Real we view our supply chain as an extension of our business. Accordingly, we contribute to its economic growth by hiring national suppliers, thus benefiting the communities where we have operations.

The Crédito Real value chain is made up of subsidiary companies in which we hold an equity stake of more than 51%; commercial partners or distributors with whom we operate but not always hold a stake in them; and suppliers of goods and services that allow us to offer our customers high-quality and high-performance services.

In 2017 we worked with 360 suppliers with whom we purchased $366 million pesos in goods and services.

Our purchasing professionals are in charge of acquiring goods and services for Crédito Real within their area of expertise by region and category.

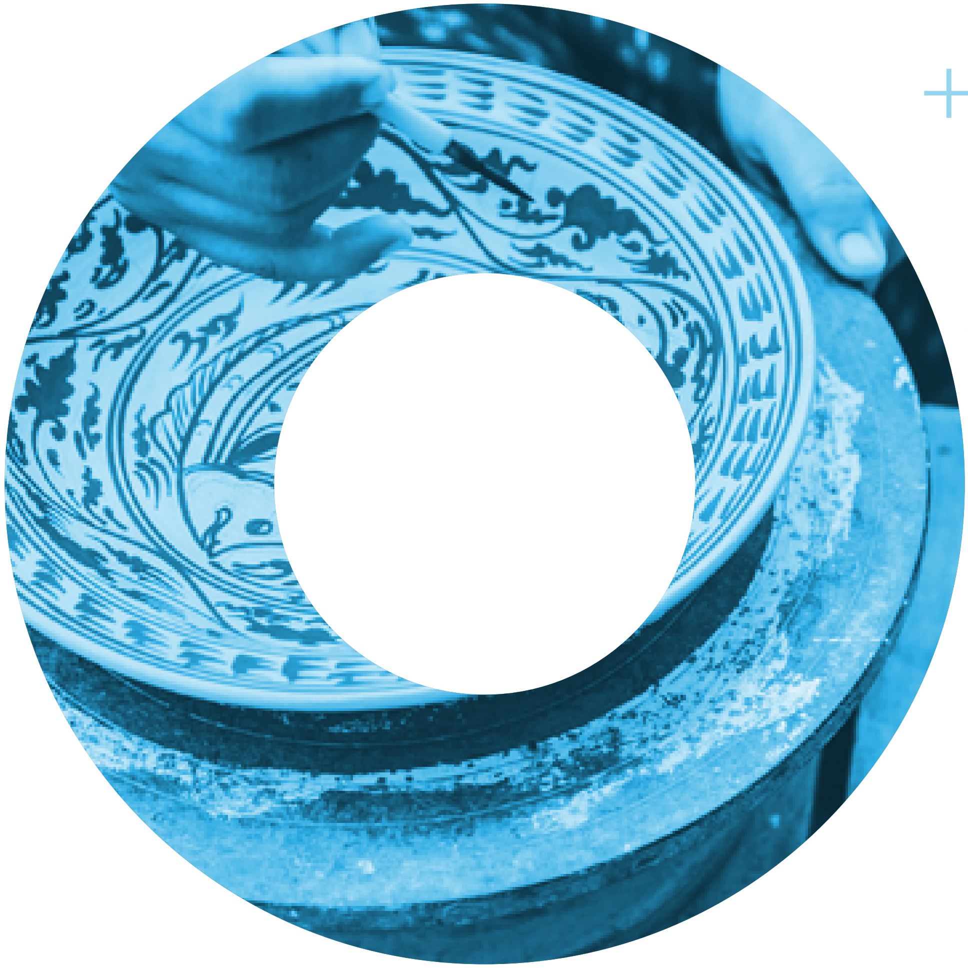
360 suppliers



SUSTAINABLE
balance

"The inspiration to make a new piece of pottery is not subject to a given schedule. Given that I obtained a loan, I now have my own small workshop and I can work at any time as the sun rises".

Vicente Rodríguez
Ceramist



SUSTAINABLE
balance

We understand sustainability as the responsible way to operate a business in order to continue to exist in the future, generate value for our stakeholders and for the community, and constrain our environmental impact at all times.

4th
consecutive year that we received the ESR Distinction

Since 2013
we have been signatories of the Global Compact

SUSTAINABILITY MODEL

GRI 102-16

In order to comply with our Superior Purpose of *offering people the opportunity to satisfy needs and fulfill dreams*, we need to maintain a well-balanced operation in economic, social, and environmental terms that will allow us to ensure sustainability.

We understand sustainability as the responsible way to operate a business in order to continue to exist in the future, generate value for our stakeholders and for the community, and constrain our environmental impact at all times.

The **Sustainability Model** that guides us helps us determine the way in which we relate with our stakeholders.

MATERIALITY

GRI 102-46, 102-47

In 2015, in order to understand the most significant aspects for our business, we carried out a materiality assessment following the methodology recommended by the Global Reporting Initiative:

1. **Identify.** We interviewed key people within the company in order to identify the most relevant economic, social, and environmental issues.

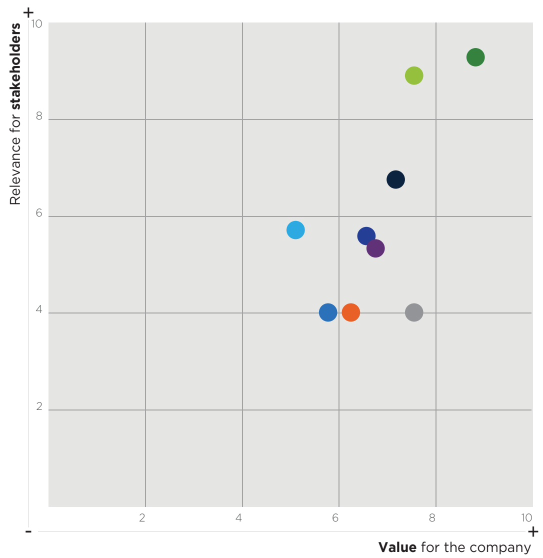
2. **Prioritize.** We placed the material aspects in order, based on the interests and expectations of our stakeholders, the level of risk, the evaluation of the potential impacts for the value chain, and the contribution of each issue to a sustainable operation. In order to do so, we carried out a qualitative and quantitative analysis to help us determine the level of risk/ opportunity as well as the company's maturity in face of different issues. From the assessment we obtained a score for each aspect that allowed us to develop a matrix that graphically shows the relevance of each aspect.

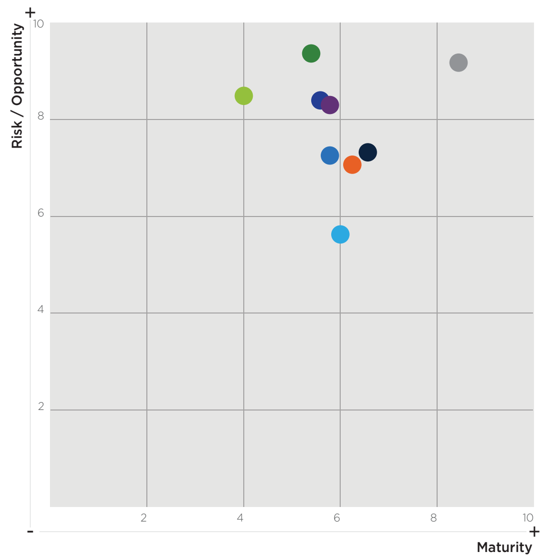
3. **Validate.** The company validated the results of the first phases of the study.

4. **Review.** In order to write the report, we reviewed the hard data for each material aspect.

IMPACT OF THE ASPECT ON THE COMPANY

MATERIAL ASPECTS	INTERNAL	EXTERNAL	STAKEHOLDERS WHO VIEW IT AS MATERIAL
Training and development	●		Employees
Communication and relationship with stakeholders	●	●	Employees, business partners
Diversification strategy	●	●	Employees, customers, business partners
Ethics in the organization	●	●	Employees, authorities, shareholders, customers
Risk management	●	●	Employees, authorities, customers, shareholders
Corporate Governance	●		Employees
Investment in infrastructure for the operation	●		Employees
Environment	●		Employees
Social responsibility	●		Community





- Risk management
- Corporate Governance
- Diversification strategy
- Social responsibility
- Ethics in the organization
- Environment
- Investment and infrastructure in operation
- Training and development
- Communication and stakeholder engagement

Since 2013 we have worked to have our management be increasingly more sustainable, adhering to national and international initiatives and transparently reporting our annual performance. This has not only created a better reputation for us with our stakeholders, but has also allowed us to be recognized by different entities.

Evolution of our sustainable management

In line with our 2022 Vision, during the last quarter of 2017 we started working on a new **Materiality** exercise in order to define the issues that are most relevant for the company, that reflect the most significant impacts for the company and for our stakeholders, and that are in accordance to the goals of the business.

This new exercise, which we will include in our next report, will enable us to upgrade our Sustainability Model and determine the issues on which we will center our efforts over the next years. We will work on this transition throughout 2018.

2013

- Great Place to Work
- GPTW Financial
- GPTW GPTW Gender Equality
- Adhesion to the Global Compact

2014

- ESR Distinction (1st year)

2015

- ESR Distinction (2nd year)
- GPTW Financial

2016

- ESR Distinction (3rd year)
- Socially Responsible Company Distinction
- Gilberto Rincón Gallardo Inclusive Company Distinction
- GPTW Gender Equality

2017

- ESR Distinction (4th year)
- Recognition granted by the BMV for outstanding performance in Corporate Governance
- Ranked 65th in the Assessment of 500 Companies Against Corruption

VALUE CREATION FOR OUR STAKEHOLDERS

GRI 102-21, 102-40, 102-42, 102-43, 102-44

In order to ensure the feasibility of our business in the future, it is indispensable to create value for our stakeholders and for the people, organisms, and institutions who impact us or which we have an impact on in the course of carrying out our activities.

We defined the relevant stakeholders for Crédito Real through a series of interviews with executives who contributed to identify the players in our value chain who are vital for our company.

We strive to maintain a constant, respectful, and mutually beneficial dialogue with them for the long-term, using the most appropriate ways to understand the issues that most concern them.

STAKEHOLDER AND LIAISON DIVISION	COMMUNICATION CHANNELS AND FREQUENCY	ISSUES
Customers Serviced by the Commercial, Marketing, and Legal divisions.	● (constant) Call center: (55) 5340 5208, 01 800 1124 444 Customer Service Specialized Unit: 5228 9708, 01 800 083 1212 (toll-free) and consultasyrec@creditoreal.com.mx ● (constant) Website ● (constant) Social networks ● (constant) Media advertising ● (constant) Opinion surveys ● (periodic) Meetings	• Greater trust and safety • Digital infrastructure that speeds up the loan-granting process • Accompaniment • Better loan conditions • Efficiency in service • Product accessibility and innovation • Clear product-related information
Employees Serviced by the Human Resources and Internal Communications divisions.	● (constant) Intelexion Human Resources website ● (constant) E-mail ● (constant) Corporate social network ● (constant) Crédito Real TV ● (constant) Meetings ● (periodic) Reporting line ● (periodic) Workshops ● (periodic) Press ● (periodic) Events and conferences ● (periodic) Portal de capacitación @prende ● (periodic) Surveys	• Improved working conditions • Benefits • Recognition system • Remuneration • Professional growth • Life balance
Investors and Shareholders Serviced by the Investor Relations and Legal divisions and the Board of Directors.	● (constant) Call center: 5228 9753 ● (constant) investor_relations@creditoreal.com.mx ● (constant) Website ● (constant) Relevant events ● (periodic) Satisfaction surveys ● (periodic) Opinion surveys ● (periodic) Quarterly reports ● (periodic) Shareholders Meeting ● (periodic) Events and conferences ● (annual) Annual Report to the BMV ● (annual) Annual Report	• Profitability • Corporate governance • Transparency • Business ethics • Financial information • Risk management • True, timely, and consistent information • Strategic growth plan • Diversification • New products and services

CONTACT FREQUENCY WITH STAKEHOLDERS:

● CONSTANT
● PERIODIC
(WEEKLY, MONTHLY, BIMONTHLY, QUARTERLY, EVERY SIX MONTHS, OR SEVERAL TIMES A YEAR)
● ANNUAL

STAKEHOLDER AND LIAISON DIVISION	COMMUNICATION CHANNELS AND FREQUENCY	ISSUES
Suppliers Procurement, Expenditures Control and Accounts payable.	● E-mail (constant) ● Phone number (constant) ● Website (constant) ● Meetings (periodic)	• Development of the value chain • On-time payments • Requirements and standards • Contribution to growth
Authorities Contact with authorities is maintained by the Legal and Investor Relations divisions.	● E-mail (constant) ● Website (constant) ● Channels determined by the authority (periodic) ● Committees (periodic) ● Meetings (periodic) ● Annual Report for the BMV (annual)	• Information on activities • Regulatory compliance • Integrity in the operation of the business • Monitoring and compliance with financial regulations • Transparency and timely information reports • Products and services offering and advertising in accordance to the regulation • Fight against corruption
Community and organisms in civil society Serviced by the Marketing and Social Responsibility divisions.	● Phone number (constant) ● E-mail (constant) ● Website (constant) ● Social networks (constant) ● Visits to communities (periodic) ● Events (periodic) ● Meetings (periodic)	• Community engagement • Activities to benefit society and the environment • Report on activities • Social responsibility management • Business ethics • Economic and in-kind contributions • Strategic alliances • Participation in taskforces • Cooperation and development
Business partners and distributors Serviced by the head of each business and by the Marketing division.	● Visits (constant) ● Phone number (constant) ● Website (constant) ● Meetings (periodic) ● Events and conferences (periodic)	• Development of the value chain • Competitive products • New products and services • Sales force training • Operating efficiency • Synergies

CONTACT FREQUENCY WITH STAKEHOLDERS:

● CONSTANT
● PERIODIC
(WEEKLY, MONTHLY, BIMONTHLY, QUARTERLY, EVERY SIX MONTHS, OR SEVERAL TIMES A YEAR)
● ANNUAL

GRI 201-1

In the course of our continued communication with these groups, investors expressed their concern with respect to three main issues, and we took specific measures to address them:

- **Results of the 2018 presidential elections:** maintain communication.
- **Increase in the reference rate in Mexico:** 52% of fixed debt.
- **Sources of financing:** expand the network of banks and hire new sources of financing, such as the CHF bond, and securitization of the portfolio.

At Crédito Real we make an effort to measure the value we create for our stakeholders. These were the results for 2017:

	2016	2017
a) Revenue	6,958.20	8,462.90
b) Commissions and fees charged	539.60	826.40
c) Other revenue	643.10	561.70
d) Share of profit for associates	30.90	23.90
e) Economic value generated (a+b+c+d)	8,171.80	9,874.90
f) Interest expense	1,916.40	2,690.30
g) Commissions and fees paid	283.40	234.60
h) Administration and promotion expenses	2,922.00	3,417.50
i) Taxes	504.40	528.30
j) Dividends paid	-	96.80
k) Investment in social responsibility programs	2.40	1.30
l) Economic value distributed (f+g+h+i +j+k)	5,628.60	6,968.80
l) Economic value retained (e-l)	2,543.20	2,906.10

* Expressed in millions of pesos.

GRI 102-12

GLOBAL COMPACT

We adhere to the Global Compact, a company-centered initiative of the United Nations which includes 10 Principles that promote the respect for human, labor, and environmental rights, and the fight against corruption.

This Report also constitutes our 2017 Communication on Progress. The progress we've made during the year can be identified with the GC icon throughout the document.

ANTI-CORRUPTION

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

HUMAN RIGHTS

Businesses should support and respect the protection of internationally proclaimed human rights.

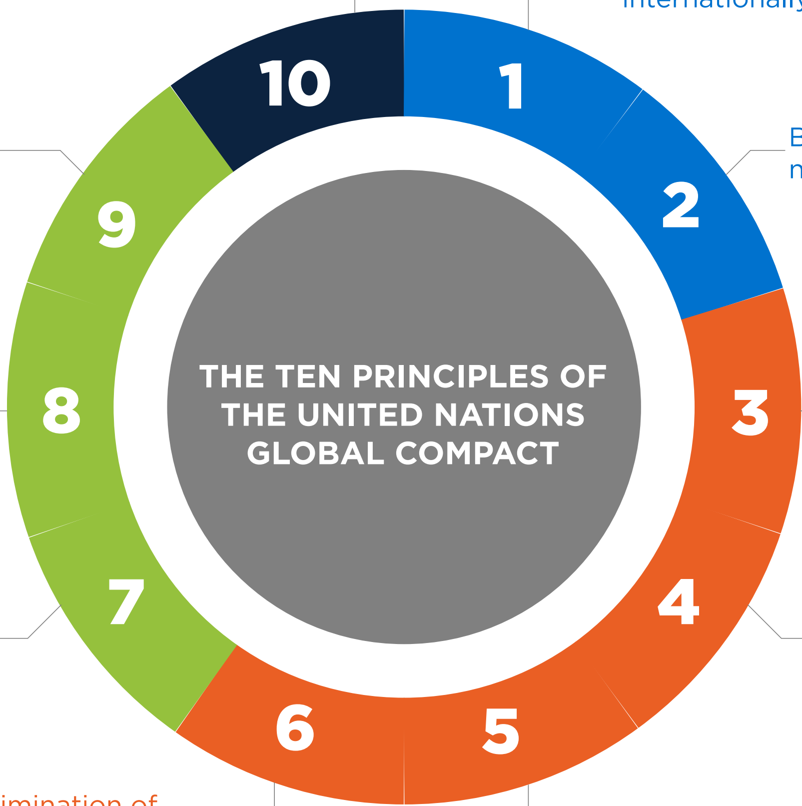
Businesses should make sure that they are not complicit in human rights abuses.

ENVIRONMENT

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Businesses should undertake initiatives to promote greater environmental responsibility.

Businesses should support a precautionary approach to environmental challenges.



LABOR STANDARDS

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Businesses should uphold the elimination of all forms of forced and compulsory labor.

Businesses should uphold the effective abolition of child labor.

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

3

INSPIRATION
for development

"I have grown and learned a lot at Crédito Real, since every challenge presents itself as a professional and personal opportunity to give the best of myself".

Julio Aldana
Manager for Management Control

INSPIRATION for development

Ever since the inception of our business, the essence of Crédito Real has been to offer social value. We work to provide credit opportunities for sectors with a limited access to banking. But we don't just create value for our customers, we also create value for our employees, society, and the environment.

544
employees in our workforce

$3.8 MP
granted in donations

0.43 ton
CO2e/employee in energy intensity

SOCIAL

The people who make up Crédito Real are among the key pillars for reaching the success of the business.

We work to offer them excellent growth, training, and development opportunities, as well as the best working conditions so that they can feel proud of being part of our company.

"Offer the opportunity to satisfy needs and make dreams come true."
Crédito Real's Superior Purpose

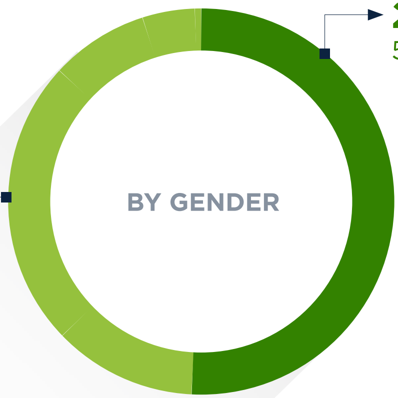
TEAM

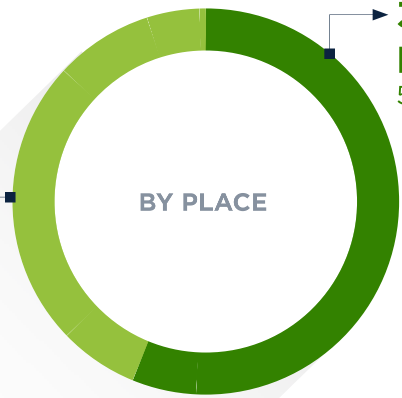
GRI 102-8, 102-35, 102-38, 401-2, 401-3, 405-1, 405-2

OUR **WORKFORCE** IS MADE UP OF

544 EMPLOYEES

Regardless of the type of contract, all our employees work full-time.





DIVERSITY

WOMEN	TOTAL RATIO	MEN
49.63% / 270	Total workforce **100%**	274 / 50.30%
45.04% / 247	Administrative staff **85.48%**	218 / 40.07%
3.86% / 21	Mid-management positions **12.13%**	45 / 8.27%
0.37% / 2	Top management positions **2.39%**	11 / 2.02%

COMPENSATION

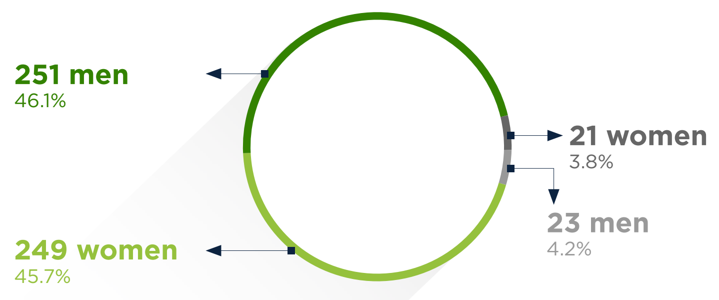
WOMEN | MEN

EMPLOYEE LEVEL	AVERAGE SALARY	RATIO[1]
Executive level (base salary exclusively)	Women: $128,291 Men: $210,709	0.61
Management level (base salary exclusively)	Women: $71,435 Men: $51,852	1.38
Management level (base salary + other cash incentives)	Women: $83,456 Men: $91,888	0.91
Non-management level	Women: $10,040 Men: $10,988	0.91

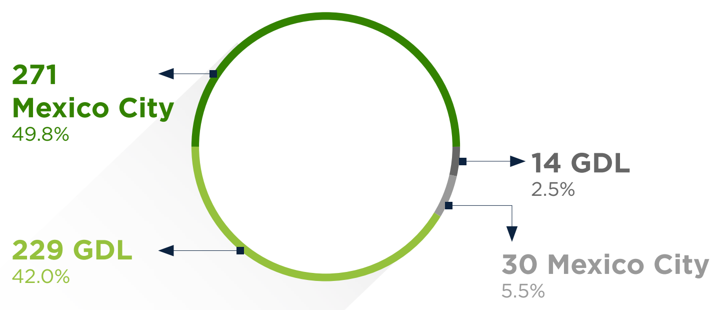
[1] The ratio is equal to the average female salary divided by the average male salary.

EMPLOYEES BY TYPE OF **CONTRACT AND GENDER**

PERMANENT CONTRACT | TEMPORARY CONTRACT



PERMANENT CONTRACT BY REGION | TEMPORARY CONTRACT BY REGION



GC 3

We offer everyone in our workforce a series of benefits above what is required by law, including a contribution to funeral expenses for direct family members, contribution to car insurance, free parking or a contribution for transportation costs, dental services, five maternity leave days and one paternity leave day in addition to what is granted by law, a breastfeeding lounge, and a package of baby-care products for employees who become parents.

In 2017 we granted three parental leaves, three for mothers and three for fathers, and these employees took advantage of this right and came back to work during the period reported herein.

In addition, we subsidize 100% of our cafeteria costs for interns and for our security, cafeteria, and janitor personnel, as well as 50% of the cost for all other permanent and temporary employees.

We offer our permanent contract employees a Christmas bonus, vacation pay, food stamps, savings fund, payroll loans, a seniority premium every five years. In addition, we give major medical expenses insurance to directors, deputy directors, and managers.

We work on forming the Company's internal culture by generating a pleasant work environment, encouraging teamwork across all areas, ensuring equal opportunities for all, and promoting gender equality.

Crédito Real's cafeteria has been granted the H Distinction by the Mexican ministries of Tourism and Health, for complying with hygiene standards in food and beverages.

TRAINING, CULTURE, AND TALENT

GRI 401-1, 404-1, 404-2, 404-3, 412-2

In order to meet the needs of our customers and play a key role in their ability to fulfill their dreams, we need to offer our employees financial and industry-specific training, and the ideal tools to ensure their potential for development and growth within the Company, including training in the culture that grants us our identity.

In 2017, under the leadership of our CEO, we began creating a **Conscious Culture** within Crédito Real. This is a transversal and mid-term project based on three behaviors: humility, responsibility, and integrity, all of which we strive to reinforce in our team to forge a Blue Culture that will set us apart and identify us as a Company.

Furthermore, in line with forming our **Blue Culture**, we are working on developing our **2022 Vision** to transform the way in which we conceive our business from within the Company. To this end, we created the Transformation Division that is responsible for monitoring this process of change.

The transformation will be achieved through Crédito Real's Superior Purpose and by implementing the Blue Culture, a digital transformation, operating agility, and by developing abilities and competencies that will enable our Company to naturally progress towards a new work culture.

With Crédito Real's Blue Culture we seek to knock down barriers in order to bring about a change that will enable us to achieve our 2022 Vision, empowering our employees so that each one will perform their job autonomously, thus simplifying processes and becoming more flexible and agile.

In order to achieve this goal, we have an Education and Culture Model in place that is composed of three pillars:

1. **Training.** Frameworks for regulatory and technical education.
2. **Culture.** Strategies to promote our organizational philosophy.
3. **Talent.** Programs that will help us attract, identify, develop, and retain employees.

Resulting from the strategic objectives of each division, we identify the training and development needs for each employee. We also have a professional development program based on 9Box which is linked to the performance evaluation and to employee retainment.

We train our employees with regulatory and institutional courses in the following way:

Regulatory courses

- Code of Ethics and Business Conduct
- Protection of personal data
- Guidelines for managing Crédito Real's confidential and privileged information
- Prevention of money laundering and financing for terrorism

Institutional Courses

- Code of Ethics and Conduct -Kondinero
- Code of Ethics--Crédito Real
- Become part of Crédito Real (Íntégrate a Crédito Real)
- We are Real Heroes
- 2017 I Am Inclusive (Yo Soy Incluyente)
- Human Resources intranet
- Separate-recycle-reuse
- Caring for water
- Learn about human rights
- Our human rights (part 2)

AVERAGE TRAINING HOURS BY WORK CATEGORY AND REGION **(MEXICO CITY)**						
WOMEN			Work Category	MEN		
Total employees	Total training hours	Average annual training hours		Total employees	Total training hours	Average annual training hours
2	231	115	Management level	11	659	60
14	951	68	Executive	29	1,278	44
111	3,799	34	Staff	136	3,753	27
127	**4,980**	**39.22**	**Total**	**176**	**5,692**	**32.34**

AVERAGE TRAINING HOURS BY WORK CATEGORY AND REGION **(GUADALAJARA)**						
WOMEN			Work Category	MEN		
Total employees	Total training hours	Average annual training hours		Total employees	Total training hours	Average annual training hours
1	64	64	Management level	2	240	120
7	360	51	Executive	16	312	20
137	680	5	Staff	81	432	5
148	**1,104**	**7.46**	**Total**	**103**	**984**	**9.55**

In 2017 we invested an average of $3,846,643 pesos in training and development for our employees

GC 1

With the same interest, we offered 210 hours of training in politics and human rights procedures to 284 employees, equivalent to 52% of our workforce.

At Crédito Real we also offer the opportunity for people who become part of our dream to satisfy their needs and make their dreams come true.

In 2017, 113 people—60 women and 53 men—became part of our workforce, the majority of whom are younger than 30 years old, which means we are creating jobs for the younger generations. Convinced of the benefits of inter-generational integration, we rely on the talent and experience of those who have been working with us the longest to develop young talent.

NEW EMPLOYEE HIRES	MEXICO CITY	GDL
Women	**24**	**36**
under 30 years old	16	29
between 30 and 50 years old	8	7
over 50 years old	0	0
Men	**33**	**20**
under 30 years old	20	18
between 30 and 50 years old	12	2
over 50 years old	1	0
Total	**57**	**56**

In addition, 178 employees left their jobs for different motives.

EMPLOYEE TURNOVER	MEXICO CITY	GDL
Women	**31**	**40**
under 30 years old	19	30
between 30 and 50 years old	12	10
over 50 years old	0	0
Men	**45**	**45**
under 30 years old	21	16
between 30 and 50 years old	23	29
over 50 years old	1	0
Total	**76**	**85**

EMPLOYEE TURNOVER	2016	2017
Total turnover rate	37%	33%
Voluntary turnover rate	17%	19%

In order to ensure that our employees are able to face the challenges of the market we serve, we carry out performance and professional growth evaluations for all work categories.

WORK CATEGORY				
	Employees who have periodically received a performance and professional growth evaluation			
	Women		Men	
	Amount	Percentage	Amount	Percentage
Directors	2	100%	10	91%
Managers	12	57%	19	42%
Staff	111	45%	136	63%

2017 VOLUNTARY TURNOVER RATE			
Losses	**Men**	**Women**	**Total**
Voluntary	57	47	104
Fired	38	30	68
Over capacity (Restructure)	2	3	5
Retired	0	0	0
Pre-retired	0	0	0
Deaths	0	1	1
Disability	0	0	0
Total			**178**

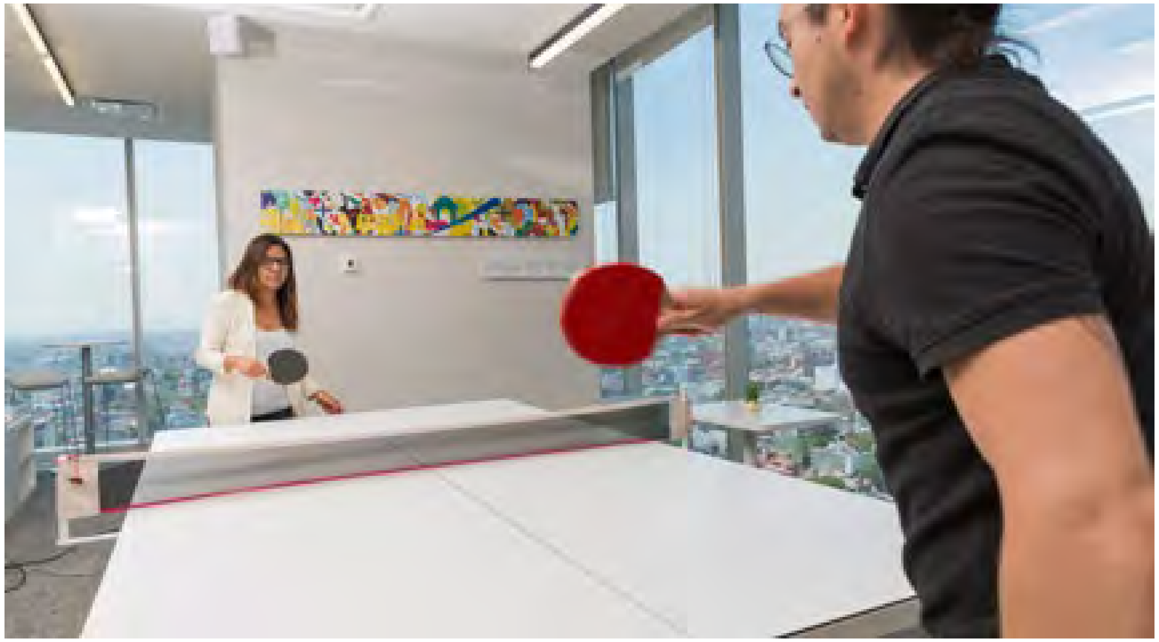
In 2017 we carried out 247 employee performance evaluations, equivalent to 45% of our workforce.

COMMITMENT TREND AMONG EMPLOYEES

The following table shows the percentage of employees who are actively committed to the company based on the Great Place to Work organizational climate survey.

At Crédito Real we carry out this survey every two years. The one currently in force was carried out June 5-16, 2017.

	2015	2017
Percentage of employees actively committed to Crédito Real	87%	87%
Percentage of the total employees	81%	83%



HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3

In order to increase our entrepreneurial productivity, create an optimal workplace environment, offer an emotional salary, protect the physical and emotional health of our employees, as well as their financial health, we have the Bienestar (Wellbeing) program in place.

Bienestar is composed of six aspects based on which we plan activities aimed at making the physical, mental, and emotional health of all Crédito Real employees a priority.

HEALTH AND QUALITY OF LIFE

Through different actions and initiatives, we generate awareness among our employees about the importance of having a healthy and preventive lifestyle.

- We offer **conferences on breast and prostate cancer** → 52 participants and three hair donors.
- We carried out the **Weight Challenge program**, → with 36 employees, of whom 34 fulfilled the whole program.
- We promote the **Pausas Activas (Active Pauses)** initiative that offers information on the correct posture for using a computer and on which work exercises can be done to relieve stress.
- We have agreements with opticians and offer **nutrition alternatives**.
- We offer sports activities including **dancing lessons, kick boxing, and yoga**.

FAMILY

We promote family events because we know that crucial life competencies such as integrity, empathy, teamwork, creativity, and credibility are forged within the family nucleus.

- We promote activities to encourage employees to bring their children to the office.
- We hold events such as the party of the century, a family day, father's, mother's and children's day celebrations, and a visit the Papalote children's museum.
- We grant special permits for employees who are getting married, having a baby, adopting a child, for pregnant women who need to relocate, as well as other health and family services.
- We have installed a breastfeeding lounge for our female employees.

SELF-DEVELOPMENT

We work day in and day out with the necessary awareness and determination to do things better, always striving for excellence in our contribution to the company's or our own team's results.

HEALTHY FINANCES

We are committed to improving the financial education of our employees and their families through our **Hablemos de Finanzas con Crédito Real (Let's Talk About Finances with Crédito Real)** program, which includes internal events and conferences to help our employees manage and invest their economic resources efficiently in order to improve their quality of life.

- As a result of our annual exercise to identify specific training needs, we detected deficiencies in the way our employees handle their finances. Accordingly, we offered a **Finances for Non-Financial People course**, with the → collaboration of the auditing, operations, legal, computer systems, and human resources divisions.
- We held the **conference entitled "Do your own financial checkup"** in order to improve the financial health of our employees, in which → 42 people participated.

WORK ENVIRONMENT

We work on providing our employees with work spaces where there is respect, honesty, and trust.

- We carried out the **Great Place to Work satisfaction survey** that measures five key dimensions for creating work environments full of trust.
- We carried out the **Yo Valoro (I Value) campaign** to create an awareness culture of what life is like at Crédito Real.
- We promoted the **Yo te Reconozco (I Recognize You) program** that encourages living based on the Crédito Real corporate values.

RECREATION

We hold different events and celebrate traditions because we recognize that, in order to build a solid work team, it is important to have fun in the work place and to share different experiences.

- Traditional *Rosca de Reyes* sweetbread
- Tamales
- Day of the Dead
- Secret friend
- Anniversaries
- Birthday celebrations
- New Year's party

EMPLOYEES

None of the Crédito Real employees perform high risk tasks or tasks that make them vulnerable to any disease. However, we are not exempt from risks of other kinds, such as natural disasters or emergencies. This is why we have employees known as **Real Heroes** who are brigade leaders tasked with trying to minimize risks, safeguard the integrity of our workforce, and take control in emergency situations.

In case of emergency, the brigade leader is responsible for such actions as evacuating the facilities, giving first aid, preventing and fighting fires, and establishing communication with emergency services.

In 2017 we registered 1,673 absenteeism days for motives of general illness, risks on the way to work, work-related accidents, maternity, and paternity.

2016-2017 ABSENTEEISM DAYS AND CAUSES

	General illness		Risks on the way to work		Work-related accidents		Maternity and paternity	
	2016	2017	2016	2017	2016	2017	2016	2017
Women	615	662	91	43	0	215	522	168
Men	155	235	85	321	0	11	12	18
Total	**770**	**897**	**176**	**364**	**0**	**226**	**534**	**186**

ABSENTEEISM RATE

COMMUNITY

GRI 413-1, 413-2

We contribute to developing and generating a positive impact on the communities which we are part of through different financial initiatives in alignment with our business expertise and other activities.

DONATIONS

Financial inclusion for small farmers

In Mexico, close to two-thirds of the population living in extreme poverty is located in rural areas, with small farmers representing an important portion of the population.

According to data from the Mexican Ministry of Agriculture (SAGARPA[2]), close to 20 million Mexicans depend on 4.3 million small rural economic units, meaning that the agricultural sector is an efficient and adequately scaled driver that can be used to improve the living conditions for millions of Mexicans.

The majority of these small farmers do not produce much and sell their products at low prices given that they don't have direct access to the market; others put together cooperatives and association to improve their commercial conditions, establishing direct relationships with large national and international buyers.

[2] SAGARPA: Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación.

The problem small farmer organizations face when trying to gain access to financing is not new; there are barriers on both the supply and the demand sides:

Barriers in the supply of financing

- High transaction costs
- A perception of high risk
- Financial products that are not adapted to their needs
- Lack of understanding of the production and commercial frameworks of small farmer organizations

Barriers in the demand for financing

- Lack of information on the financing offering
- Lack of guarantees
- Lack of financial education
- Lack of quality financial information (financial statements, projected financial flows)

One of the challenges being faced in Mexico is that these organizations fall into a financial vacuum because they are too large for micro-financing companies and too small for traditional financial institutions.

Access to financing is a key factor in determining the success of small farmer organizations with no credit, which is why in September we decided to join efforts with the Mexican social organisms Nuup and El Buen Socio, to bring down some of the barriers in the access to financing and in order to reach two goals:

1. Facilitate contact between producers and potential financing organisms through the creation of a pre-qualifying credit tool.

2. Training small farmers in basic financial and entrepreneurial issues in order to help them gain access to credit.

At Crédito Real, besides donating $500,000 pesos, we support the technological development of an online questionnaire and offer accompaniment throughout the project with field visits.

Crédito Real Tennis Center

The Crédito Real Tennis Center is located in Mérida, Yucatán. It is a high-performance tennis academy for children and youngsters, equipped with state-of-the-art facilities, the most adequate personalized programs, and qualified world-class coaches to improve performance of the future talents of this sport.

The sports center is equipped with 13 official-sized courts, two gyms, one track, physiotherapy facilities, a multi-purpose court, a swimming pool, locker rooms, academic classrooms, recreation areas, dorm rooms, a bio-mechanic and psycho-neurological lab, a cafeteria, and a gift shop.

In 2017 we promoted performance-enhancing scholarships for 86 children, of whom 60 took courses throughout the year and the 26 highest performing athletes lived at the center. We also allocated $3,662,720 pesos for managing and maintaining the facilities.

For more information on the Crédito Real Tennis Center please view: http://www.creditoreal.com.mx/tenniscenter

90% of the young people who have been part of the Crédito Real Tennis Center currently have scholarships to attend different universities.

SPONSORSHIPS

As part of our philanthropic efforts and in order to support causes other than our core business, for several years we have been promoting sports-related initiatives.

Morelos Open Crédito Real

Additionally, in order to foster a taste for the sport and the discipline inherent to practicing it, we joined efforts with Promotenis, a leading tennis tournament organizer, and became the main sponsor of the Morelos Open Crédito Real.

The best professional and semi-professional international players participate annually in this tournament held in Cuernavaca, Morelos.

For the 2017 edition of the Morelos Open Crédito Real we held 26 tournaments and allocated $1,972,000 pesos.

September earthquakes in Mexico

We carried out two main efforts resulting from the September 7th and 19th earthquakes in several Mexican states.

A few days after the emergency struck, we began a campaign in our Mexico City office to collect food supplies, divided into two stages.

During the first stage, with the support of our employees we were able to collect 1,500 food supplies for the victims in Chiapas and Oaxaca, which we delivered through the Red Cross. During the second stage we operated our own collection center, which was open to the public from September 20-23, collecting 3 thousand supplies that were delivered directly to the community of Jojutla, in the state of Morelos.

Afterwards, we collected PET bottles to support VIEM Proyectos Mobiliarios, an organization that builds homes in vulnerable areas out of this material.

Thanks to the contributions of our employees, we collected 2,959 PET bottles that were used to build homes in the affected states.

ENVIRONMENT

GRI 103-1, 103-2, 103-3

At Crédito Real we recognize that a prosperous economy and the well-being of society greatly depend on the responsible management of natural resources. Accordingly, we use the water and energy required by our operations efficiently, while at the same time working to reduce our waste and air emissions.

The scope of this report includes the activities of the Crédito Real headquarters located on Avenida Insurgentes Sur No.730, Colonia del Valle Norte, Delegación Benito Juárez, C.P. 03103, Mexico City, Mexico, Floors 16 to 20, where we handle all administrative activities and where 301 of our employees work.

GC 7

MATERIALS

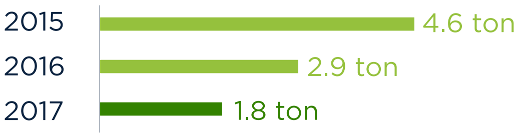
GRI 301-1, 306-2

Printing is the only activity we perform at the Crédito Real headquarters that requires renewable and non-renewable materials. In 2017 we implemented the Corporate Artifact process which allowed us to no longer print payment requests, thus reducing our use of paper by more than one ton.

In addition, we have installed software that enables us to control consumption through costs centers. In 2017 we consumed 1.84 tons of paper, representing savings of more than one ton compared to our 2016 consumption.

GC 8

PAPER CONSUMPTION



In terms of non-renewable materials, we used 0.01 tons of toner cartridges, equivalent to 23 cartridges, and 0.0045 tons of alkaline batteries, both of which are sent to suppliers specializing in their adequate disposal or recycling.

With respect to toner, we are part of the HP Planet Partners program which puts toner and ink cartridges through a recycling process to reduce them to raw materials that can be used to make new plastics and metals.

WATER

GRI 303-1

At Crédito Real we use water only to cover the needs of our offices. In 2017 we used 5,096 m3 of this resource, provided mostly by the clean water system in Mexico City.

WATER CONSUMPTION

ENERGY

GRI 302-1, 302-2, 302-3

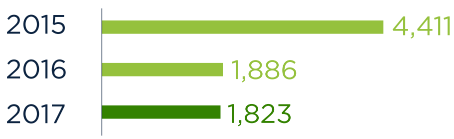
GC 9

At Crédito Real the energy we consume is mainly in the form of electricity and gasoline. We use electricity to operate the business and gasoline for running the institutional vehicles in which we offer messaging services.

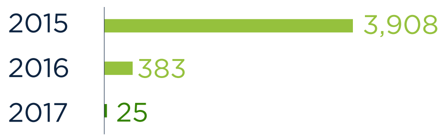
In 2017 we consumed 1,823 GJ of electric power supplied by the Federal Electricity Commission (Comisión Federal de Electricidad, CFE) and 25 GJ of gasoline. The reduction in our use of fuel is due to the fact that this year we no longer have a vehicle fleet.

ENERGY CONSUMPTION (GJ)

Electric power



Gasoline



As we have done every year, we calculated the energy intensity of our energy consumption within and outside the Company, which in 2017 was 6.14 GJ per employee.

EMISSIONS

GRI 305-1, 305-2, 305-4, 305-7

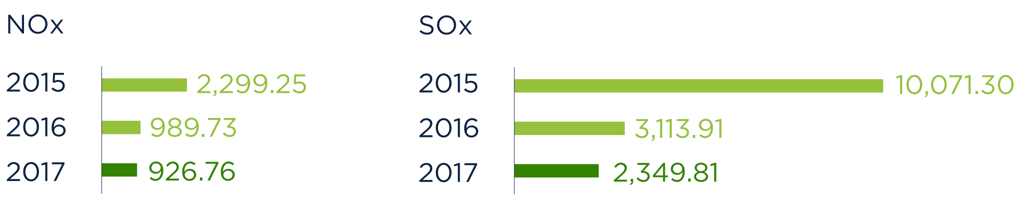
We measure our Scope 1 emissions from fixed sources, recharging the HCFC (R-22) refrigerant for the air conditioning systems and mobile sources, emissions from the gasoline combustion for vehicles that offer service to the company, and the Scope 2 emissions resulting from the consumption of electric power.

With respect to Scope 1 emissions, in 2017 we emitted 3.56 tons of CO2e, and in Scope 2, 294.74 tons of CO2e air emissions.

The intensity of our GHG emissions was 0.99 tons of CO2e/employee4, considering both Scope 1 and Scope 2 emissions.

Additionally, resulting from the HCFC (R-22) refrigerant recharge, Scope 1, for the air conditioning systems, we emitted less of other contaminants, such as sulfur and nitrogen oxides (NOx and SOx), with a 7% and 25% reduction, respectively, compared to 2016.

CONTAMINANT EMISSIONS (kg)



DIRECT GHG	UNIT	2015	2016	2017
Scope 1		282.0	29.4	3.56
Scope 2	tco_2e	556.0	240.0	294.7
Total		**838.0**	**269.4**	**298.2**

[3] For calculating emissions we use the emissions factor of the 2017 National Electric System: 0.582 tons of CO2e/MWh. Gases included in the calculation are: CO_2, CH_4, N_2O and R22.

[4] To calculate the intensity of GHG emissions we took into consideration the following gasses: CO_2, CH_4, N_2O, SF_6 and NF_3.

TRANSPARENCY
and Leadership

"I share the company's vision and I am very proud of the brand we are forging to continue growing hand-in-hand with Mexico".

Claudia Jolly
Treasury Director

TRANSPARENCY
and Leadership

In 2017 we received a recognition from the Mexican Stock Exchange for our excellent management in Corporate Governance.

12
proprietary directors make up our Board of Directors

6
Support Committees

BOARD OF DIRECTORS

GRI 102-11, 102-18, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 102-33, 102-35, 102-36, 102-37, 102-38

At Crédito Real our purpose is to *offer the opportunity to satisfy needs and make dreams come true*.

This is only possible if we manage our operations in an honest and integral manner, in adherence to our bylaws, mission, vision, and values as well as the applicable legislation, so that we can safeguard the interests of the Company to accomplish continuous growth and create value for our shareholders.

Our highest governance body is the **Board of Directors**; it is in charge of overseeing the management of the Company and the performance of all relevant executives, establishing the general business strategy, approving control policies and guidelines, approving the naming or destitution of the Chief Executive Officer and his comprehensive retribution, monitoring the main risks, overseeing compliance with the agreements of the Shareholders Meeting, as well as taking the necessary actions to avoid conflicts of interest and ensuring a healthy Corporate Governance, among other things.

The Board of Directors includes 12 proprietary directors, of whom four are independent and eight are alternate directors; it is chaired by Francisco Berrondo Lagos, who is not a Crédito Real executive.

The Shareholders Meeting is responsible for naming or ratifying the members of the Board and their alternate directors, taking into consideration their experience, capacity, trajectory, and professional prestige. It is also in charge of certifying the independence of the independent directors, as well as approving the remuneration for directors who attend a meeting.

To carry out its functions, it follows the criteria established by the Mexican Securities Law (Ley del Mercado de Valores, LMV), the Company bylaws, the Crédito Real Code of Ethics and Conduct, the Code of Professional Ethics in the Mexican Stock Market Community, and the Code of Best Corporate Practices of the Consejo Coordinador Empresarial.

Get to know more about our Corporate Governance practices at http://www.creditoreal.com.mx/gobierno-corporativo

Our shareholders are in constant communication with the Board members to inform them of critical concerns, while investors receive information from our Investor Relations Division and through the annual, quarterly, and periodic reports we publish on our own websites and on those of the Mexican Stock Exchange (BMV) and the Mexican Banking and Securities Commission (CNBV) in adherence to all applicable legislation.

In 2017, the Mexican Stock Exchange granted us a recognition for our outstanding performance in Corporate Governance, a sustainability score which is determined by the Center for Excellence in Corporate Governance (Centro de Excelencia en Gobierno Corporativo, CEGC) of the Universidad Anáhuac México Sur in which 80 issuers participated.

PROPRIETARY Directors

NAME	POSITION	ARE MEMBERS OF OTHER BOARDS OF DIRECTORS AT OTHER COMPANIES	EJECUTIVE (E) / NON-EXECUTIVE (NE)	TIME ON THE BOARD	AGE
Francisco Berrondo Lagos	Chairman of the Board of Directors	●	NE	23 years	64
José Luis Berrondo Ávalos	Director	●	NE	18 years 3 months	67
Ángel Francisco Romanos Berrondo	Director and CEO	●	E	19 years 8 months	51
Moisés Rabinovitz Ohrenstein	Director		NE	6 years 6 months	61
Iser Rabinovitz Stern	Director	●	NE	6 years 6 months	35
Allan Cherem Mizrahi	Director	●	NE	3 years 8 months	37
Gerardo Ciuk Díaz	Director	●	NE	3 years 8 months	55
Juan Pablo Zorrilla Saavedra	Director		NE	1 year 10 months	37
José Eduardo Esteve Recolons	Independent Director	●	NE	14 years 10 months	51
Gilbert Sonnery Garreau-Dombasle	Independent Director	●	NE	3 years 2 months	65
Enrique Alejandro Castillo Badía	Independent Director	●	NE	2 months	34
Raúl Alberto Farías Reyes	Independent Director		NE	1 year 10 months	38

During 2017, the Board of Directors met five times to review the company's situation and monitor the business strategy.

ALTERNATE Board Member

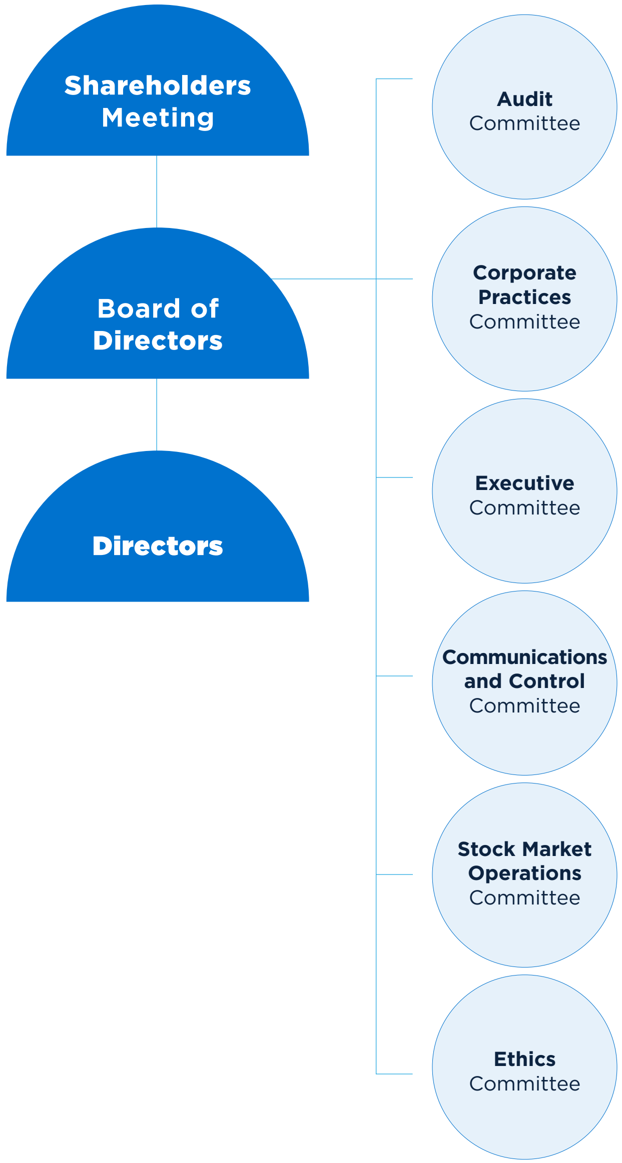
NAME	POSITION	AGE
Eduardo Berrondo Ávalos	Alternate Board Member	60
Luis Berrondo Barroso	Alternate Board Member	36
José Francisco Riedl Berrondo	Alternate Board Member	52
Aby Lijtszain Chernizky	Alternate Board Member	40

NAME	POSITION	AGE
Marcos Shemaria Zlotorynski	Alternate Board Member	57
Francisco Javier Velásquez López	Alternate Board Member	36
Jorge Esteve Recolons	Independent director	50
Enrique Saiz Fernández	Independent director	70

Guillermo Javier Solórzano Leiro and Gabriela Espinosa Cantú serve as Secretary and Pro-Secretary of the Board, respectively; they are not members of the Board of Directors.

SUPPORT COMMITTEES

To fulfill its functions, our Board of Directors has three support committees and three auxiliary committees that carry out different functions.



Audit Committee

Reviews and examines the Company's financial statements to recommend their approval to the Board of Directors; monitors compliance with the policies, procedures, and bylaws; identifies risks and opportunities in the market; proposes the designation of external auditors; and validates the risks based on the adopted policies.

NAME	POSITION
Enrique Alejandro Castillo Badía	President
José Eduardo Esteve Recolons	Member
Gilbert Sonnery Garreau-Dombasle	Member

Corporate Practices Committee

Reviews and approves the general salary and compensation policies for the Company, and for relevant executives; monitors the performance of those executives and employees who head the company's most significant operations; it also endorses or modifies policies.

NAME	POSITION
Gilbert Sonnery Garreau-Dombasle	President
José Eduardo Esteve Recolons	Member
Enrique Alejandro Castillo Badía	Member

Executive Committee

Examines and approves the annual budget; proposes investment strategies for the company, as well as monthly results; establishes the general business guidelines; monitors the behavior of the Company's loan portfolio; establishes the relationship between the terms and funding of the loan portfolio; reviews and approves new products and business lines.

NAME	POSITION
Ángel Francisco Romanos Berrondo	President
Francisco Berrondo Lagos	Member
José Luis Berrondo Ávalos	Member
Eduardo Berrondo Ávalos	Member
Luis Berrondo Barroso	Member
Moisés Rabinovitz Ohrenstein	Member
Iser Rabinovitz Stern	Member

AUXILIARY COMMITTEES

Communications and Control Committee

Assesses and identifies operations that could represent a risk for the company because they could be related to money laundering and financing for terrorism behaviors; approves the policies for identifying and understanding customers and prevent illicit behaviors and operations; endorses the training programs for employees in terms of preventing, detecting, and reporting acts, omissions, and operations, and in relation to money laundering and financing terrorism.

The company's Director for Operations, CEO, General Counsel, and Compliance Officer are the members of the committee.

Stock Market Operations Committee

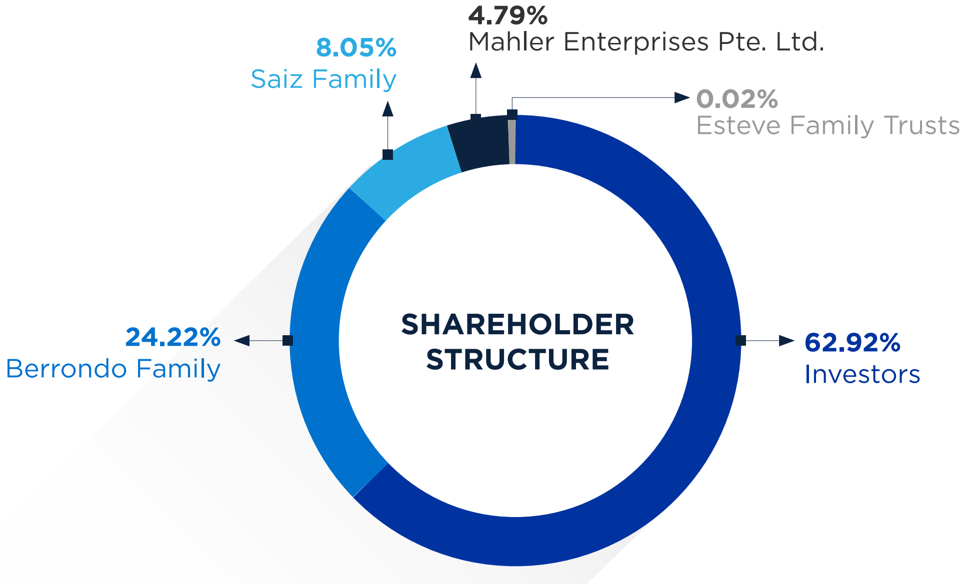
Applies and interprets the guidelines, policies, and control mechanisms related to stock market operations carried out by executives and employees who could have confidential and/or privileged information.

A member of the Ethics Committee serves as chairman of the committee, and the company's Director for Investor Relations, Internal Auditor, and General Counsel are the members of the committee. The General Counsel acts as Secretary.

Ethics Committee

Applies the Crédito Real Code of Ethics and Conduct; oversees its compliance and follows-up on related reports; carries out any act directly or indirectly related to the Code; establishes norms and promotes professional ethics; establishes the work and behavioral standards to be followed by Board members, employees, commercial partners, suppliers, shareholders, customers, and other shareholders.

The company's Director for Human Resources serves as chairman of the committee, and the company's Deputy CEO, Director for Investor Relations, Director for Internal Auditing, and General Counsel are the members of the committee. The General Counsel serves as Secretary.



BUSINESS ETHICS AND HUMAN RIGHTS

GRI 102-16, 102-17

We interact with our shareholders under the highest integrity and respect standards since it is only in this way that we can ensure the permanence of our business in the future.

The **Crédito Real Code of Ethics and Conduct**[1] establishes the norms, work provisions and behaviors expected from our employees in their daily activities within the Company, as well as in the relationship with our Board members, customers, suppliers, commercial partners, authorities, competitors, community, and other employees.

It also defines the rights and obligations of our employees, in order to promote a fair work environment in which the bonds needed to reach the goals of the business as a whole are strengthened.

The code is obligatory for our Board members, employees (regardless of their type of contract), suppliers, consultants, contractors, and individuals in general that have a relationship with Crédito Real.

We also share this document with our subsidiaries[2] in order for them to adopt it and to strengthen the ethical and anti-corruption mechanisms adopted by our corporate offices.

We ensure the understanding and compliance with the Code of Ethics and Conduct by including it in the induction course for new hires, with every employee signing a commitment letter.

[1] Get to know the updated Code of Ethics and Conduct:
http://www.creditoreal.com.mx/hubfs/Corporativo_PDFs/Gobierno_Corporativo/codigoetica_2017.pdf?t=1525282651603

[2] A company is deemed a subsidiary when Crédito Real holds an equity stake of 51% or more. Commercial partners or distributors are companies with whom we have operations but where we don’t necessarily hold an equity share.

To report cases of bribery, corruption, robbery, fraud, conflicts of interest, abuse of authority, physical or verbal aggression, sexual harassment or any other behavior that goes against what is established in the Code of Ethics and Conduct and/or the Crédito Real values, we offer our Board members, executives, and employees an anonymous, confidential, and independent Reporting Line.

Reports are received by a firm independent of Crédito Real to ensure the objectivity in the process.

Reports can be made through three different channels:

- Telephone: 01 800 062 1673
- E-mail: creditoreal@lineadedenuncia.com
- Website: www.lineadedenuncia.com/creditoreal

Non-compliance with this code is subject to penalties and sanctions that can go from a simple reprimand to ending the working relationship with Crédito Real or even civil and/or penal actions, based on the gravity of the offense.

With this same interest in mind, at Crédito Real we respect the human rights of our employees and of all the people with whom we interact. We reject all types of discrimination for race, gender, age, social or economic status, religious beliefs, political affiliation, or sexual preference. We ensure equal opportunities as well as equal treatment starting at the selection process and across all our activities.

GC 2 4 5 10

In 2017 we had no reports concerning work practices, discrimination, negative social impacts, or human rights violations.

ABOUT
this report

"I have a very large family, but because KONDINERO also makes loans to retirees, I was able to put together a luncheon with my beloved children and grandchildren".

María Trinidad Cuevas Juárez
Retiree

ABOUT this report

GRI 102-32, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54

For the sixth consecutive year we are presenting in Mexico City our 2017 Crédito Real Annual and Sustainability Report, in which we describe to our stakeholders our company's results for the period between January 1st and December 31st, 2017 in relation to our labor, social, environmental, and corporate governance performance.

Our report refers to our operation as a whole, including recent acquisitions.

We do not report on the labor, environmental or social performance of our subsidiaries or strategic partners. In 2017 we registered no significant changes in our operation or in the way in which we report the performance of Crédito Real.

This report was drafted in accordance with the GRI Standards: Core option. Our Annual and Sustainability Report was assessed by e3 Consultora Ambiental.

CORPORATE STRUCTURE	2015 SHARE %	2016 SHARE %	2017 SHARE %
Servicios Corporativos Chapultepec, S.A. de C.V.	99.99	99.99	**99.99**
Directodo México, S.A.P.I. de C.V. SOFOM E.N.R. ("Directodo")	99.99	99.99	**99.99**
CR-Fact, S.A.P.I. de C.V. ("CR-Fact")	51.00	51.00	**51.00**
Controladora CR México, S.A. de C.V. ("Controladora CR")	99.99	99.97	**99.97**
Crédito Real USA, Inc. ("CR USA")	99.99	99.97	**100.00**
Creal Dallas, LLC ("Creal Dallas")	51.00	51.00	**98.00**
CRHoldingint, S.A. de C.V.	99.99	99.99	**99.99**

The Marketing and Investor Relations divisions are in charge of approving our Annual and Sustainability Report.

RECOGNITIONS AND ADOPTED INITIATIVES

GRI 102-12, 102-13

ESR Distinction
Granted by the Mexican Philanthropy Center (Centro Mexicano para la Filantropía, Cemefi). For our commitment to continually improving our corporate social responsibility processes.

Inclusive Company Distinction
Granted by the Mexican Ministry of Labor and Social Welfare. For promoting equal work opportunities and non-discrimination.

Socially Responsible Company Distinction
Granted by the Mexican Ministry of Labor and Social Welfare. For implementing and promoting both policies and practices that enable our employees to grow in personal, family, and professional aspects.

H Distinction
Granted by the Ministry of Tourism and the Ministry of Health.
Given that the company's cafeteria complies with the hygiene standards established by the Mexican Official Norm NMX-F605 2004.

Great Place to Work
Granted by the Great Place to Work Institute. For corroborating that our organizational culture is deemed an excellent place to work.

We also adopt different initiatives such as the Code of Professional Ethics for the Community, Code of Best Corporate Practices, and participate in the Asociación Mexicana de Empresas de Nómina, and GEI México.

At the Asociación Mexicana de Empresas de Nómina we participate in a Financial Education program with the collaboration of CONDUSEF. At Grupo Arriba we collaborate in the exchange of portfolios with companies in the financial sector and in the National Network for Work Relationships of the Mexican Ministry of Labor and Social Welfare we participate in a Work Inclusion program.

INDEPENDENT ASSURANCE REPORT

GRI 102-56

Informe de verificación independiente

e3 CONSULTORA AMBIENTAL

Se comunica a las audiencias del **Informe Anual y Sustentable 2017 de Crédito Real** que:

RYM servicios ambientales internacionales S.C, en adelante **e3 Consultora Ambiental** ha concluido una revisión independiente de los apartados que presentan los resultados de las prácticas en materia de sustentabilidad de Crédito Real, S.A.B de C.V., en adelante Crédito Real, correspondientes al ejercicio anual de 2017.

Resumen de actividades

Se conformó un equipo de trabajo por parte de **e3 Consultora Ambiental** que incluyó especialistas en gobierno corporativo, desempeño ambiental y social, así como en las metodologías y estándares que refiere el **Informe Anual y Sustentable 2017 de Crédito Real.**

Con base en el estudio de materialidad vigente de la compañía, se comprobó la cobertura de los requisitos de los contenidos de los Estándares GRI reportados.
Para validar la calidad de una muestra de contenidos del **Informe Anual y Sustentable 2017 de Crédito Real**, el equipo verificador solicitó acceso a los registros consolidados de información que compartieron las áreas que integran a la compañía.

Recomendaciones

Los hallazgos y recomendaciones detalladas se entregan por separado en un informe interno dirigido al departamento de Responsabilidad Social y Sustentabilidad de Crédito Real.

Metodologías

La preparación de este informe se ha hecho con base en las siguientes normas: *AA1000APS e ISAE 3000 y The external assurance of sustainability reporting.*

La aplicación de los Principios para la elaboración de informes, relativos a la definición del contenido y a la calidad del informe, la cobertura de temas materiales y la presentación del Índice de contenidos GRI se corroboró con base en el Estándar GRI 101.

Conclusiones

- No se evidenció que la definición de los contenidos del **Informe Anual y Sustentable 2017 de Crédito Real** no se haya efectuado con base en los principios de participación de grupos de interés, contexto de sustentabilidad, materialidad y exhaustividad.
- No se presentaron situaciones que nos lleven a concluir que hay errores u omisiones importantes sobre la información divulgada en el **Informe Anual y Sustentable 2017 de Crédito Real**, con base en la revisión de las evidencias que respaldan las cifras de una muestra de contenidos de la memoria.
- No hay evidencia que nos lleve a contradecir que el **Informe Anual y Sustentable 2017 de Crédito Real** ha sido elaborado de conformidad con la opción Esencial de los Estándares GRI.

David Parra
Director operativo
e3 Consultora Ambiental

NOTAS. Este trabajo corresponde a un ejercicio de verificación limitada, llevado a cabo por encargo de Crédito Real y ha concluido en el mes de julio de 2018. De ningún modo puede entenderse como un trabajo de auditoría de las cifras contenidas en la memoria, ni una revisión exhaustiva a los mecanismos de control interno para le generación, análisis, cálculo y acervo de la información no financiera de Crédito Real.
e3 Consultora Ambiental es una firma independiente a Crédito Real. El equipo verificador no participó en la elaboración del **Informe Anual y Sustentable 2017 de Crédito Real.**

Av. [illegible], Col. Guadalupe Inn, Del. [illegible] C.P. [illegible] México D.F.

GRI CONTENT INDEX

GRI 102-55

Materiality Disclosures Service Crédito Real Aug 2018

GENERAL DISCLOSURES

GRI STANDARD	DESCRIPTION	PAGE/ DIRECT RESPONSE
GRI 101: Fundaments 2016		
GRI 102: General Disclosures 2016		
1. Organization's profile		
102-1	Name of the organization.	back cover
102-2	Activities, brands, products, and services.	4, 17
102-3	Location of headquarters.	4
102-4	Location of operations.	5, 17
102-5	Ownership and legal form.	back cover
102-6	Markets served.	4, 14
102-7	Scale of the organization.	7, 17
102-8	Information on employees and other workers.	41
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102-10	Significant changes to the organization and its supply chain.	2
102-11	Precautionary Principle or approach.	60
102-12	External initiatives.	37, 68
102-13	Membership of associations.	68
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102-14	Statement from senior decision-maker.	2
102-15	Key impacts, risks, and opportunities.	2
3. Ethics and integrity		
102-16	Values, principles, Standards, and norms of behavior.	6, 31, 64
102-17	Mechanisms for advice and concerns about ethics.	64
4. Governance		
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GRI STANDARD	DESCRIPTION	PAGE/ DIRECT RESPONSE
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102-22	Composition of the highest governance bod and its committees.	60
102-23	Chair of the highest governance body.	60
102-24	Nominating and selecting the highest governance body.	60
102-25	Conflicts of interest.	60
102-26	Role of highest governance body in setting purpose, values and strategy.	60
102-27	Collective knowledge of highest governance body.	60
102-28	Evaluating the highest governance body's performance.	60
102-29	Identifying and managing economic, environmental, and social impacts.	60
102-30	Effectiveness of risk management processes.	60
102-31	Review of economic, environmental, and social topics.	60
102-32	Highest governance body's role in sustainability reporting.	67
102-33	Communicating critical concerns.	60
102-35	Remuneration policies.	41, 60
102-36	Proceso para determinar la remuneración.	60
102-37	Involucramiento de los grupos de interés en la remuneración.	60
102-38	Ratio de compensación total anual.	41, 60

GRI STANDARD	DESCRIPTION	PAGE/ DIRECT RESPONSE
5. Stakeholders' participation		
102-40	List of stakeholder groups.	34
102-41	Collective bargaining agreements.	A total of 18 employees are part of a collective bargaining agreement and union members, which represents 3.30% of the total number of employees mentioned.
102-42	Identifying and selecting stakeholders.	34
102-43	Approach to stakeholder engagement.	34
102-44	Key topics and concerns raised.	34
6. Report ellaboration practices		
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102-46	Defining report content and topic Boundaries.	32
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102-48	Restatements of information.	67
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102-50	Reporting period.	67
102-51	Date of most recent report.	67
102-52	Reporting cycle.	67
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102-54	Claims of reporting in accordance with the GRI Standards.	67
102-55	GRI content index.	70
102-56	External assurance.	69

MATERIAL DISCLOSURES

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GRI 201 Economic performance 2016		
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203-2	Significant indirect economic impacts.	2
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103-2	The management approach and its components.	54
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305-4	Intensity of GHG emissions.	57
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306-2	Waste by type and method of disposal.	55

GRI STANDARD	DESCRIPTION	PAGE/ DIRECT RESPONSE
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405-2	Ratio of base salary and remuneration of women to men.	41
GRI 406 Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken.	In 2017 we received no discrimination reports.
GRI 412 Human rights assessment 2016		
412-2	Training of employees in human rights policies or procedures.	44
GRI 413 Local communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs.	51
413-2	Operations with significant actual and potential negative impacts on local communities.	51
GRI 418 Customer privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	In 2017 we received no substantiated claims related to violations to customer privacy.

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103-1	Explanation of the material topic and its boundary.	13
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103-2	The management approach and its components.	51
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103-1	Explanation of the material topic and its boundary.	64
103-2	The management approach and its components.	64
103-3	Evaluation of the management approach.	64

GRI STANDARD	DESCRIPTION	PAGE/ DIRECT RESPONSE
Investment in Infrastructure for the Operation		
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Crédito Real, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada y Subsidiarias

CONSOLIDATED FINANCIAL STATEMENTS

2017 Annual and Sustainability Report

CRÉDITO REAL
Rebasa tus límites.

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015 and Independent Auditors' Report Dated February 28, 2018.

CONTENT

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.

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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 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 Regulada and Subsidiaries (the "Entity"), which comprise the consolidated balance sheets as of December 31, 2017, 2016 and January 1, 2016 , 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 ("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 Financial Derivatives (See Notes 3 and 6 to the consolidated financial statements)

The valuation of the Entity's financial instruments was considered as a key audit area given the degree of complexity involved in the valuation of certain financial instruments and the significance of the judgments and estimates made by Management.

In the Entity's accounting policies, Management has described the principal sources of estimates involved in the determination of the valuation of financial derivatives and, in particular, when fair value is established through the use of a valuation technique due to the complexity of the instrument or the unavailability of market data. Our audit focused on the tests of the valuation adjustments, including those for inclusion of collateral.

Our audit procedures to address these significant matters included:

- We have tested the design and implementation, as well as the operating effectiveness of the key controls in the processes of identifying, measuring and supervising the valuation risk of financial derivatives of the Entity, including the controls over data sources, pricing validation and other inputs used in the valuation models.
- We have tested the design and operating effectiveness of the controls over the approval of the models or changes in existing models.
- Our audit work also included an analysis of the variables used in the models. This work included the calculation of the valuation as of August 31 and December 31, 2017, of a sample of financial instruments using independent variables and, in certain cases, resulted in valuations different from those calculated by the Entity. In our opinion, the differences were within reasonable ranges.
- We have tested as of December 31, 2017, the inputs to the valuation model and involved the Firm's internal specialists from our valuation area to review the results of the model.
- We validated as of December 31, 2017 their appropriate presentation and disclosure 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 establishes the allowance for loan losses of its loan portfolio based on the portfolio classification rules established in the Provisions issued by the Commission, which establish methodologies for the evaluation and creation of reserves by type of loan. However, when classifying the loan portfolio, the Entity considers the Probability of Default, Severity of Loss and Exposure to Default, while also classifying the aforementioned loan portfolio into different groups and establishing different variables for the estimate of the probability of default. The estimate has been considered a key audit matter due to the significance of the completeness and accuracy of the information used for the determination of the risk parameters and the updating of the risk parameters in the determination of the calculation.

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Our audit procedures to address this key audit matter included:

- We have tested the design and operating effectiveness of the relevant controls with a focus on the review-type controls, for the classification of the commercial loan portfolio into different groups, as well as consumer loans and home loans and the review of the variables for the estimate of the probability of default for each type of loan.

- We have tested the design and operating effectiveness of the determination of the credit rating and/or score, 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, 2017, 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.

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.

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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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess 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.

- 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 concern 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 Group 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.

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

C.P.C. Juan Ramón Carzaño López
Mexico City, Mexico

February 28, 2018

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Consolidated Balance Sheets As of December31 2017, 2016 and January 1, 2016

(IN THOUSANDS OF MEXICAN PESOS)

Assets	2017	2016	January 1, 2016
Cash and cash equivalents	$ 810,622	$ 315,774	$ 120,840
Investment in securities:			
Trading securities	529,768	992,675	543,266
	529,768	992,675	543,266
Derivatives:			
Trading purposes	-	286,792	197,184
Hedging purposes	1,920,898	2,180,134	1,915,634
	1,920,898	2,466,926	2,112,818
Performing loan portfolio:			
Commercial loans:			
Commercial or business activity	20,903,887	16,656,043	15,706,653
Consumer loans	7,505,932	6,753,971	1,486,897
Total performing loan portfolio	28,409,819	23,410,014	17,193,550
Non-Performing loan portfolio:			
Commercial loans:			
Commercial or business activity	331,398	323,793	393,849
Consumer loans	273,821	193,215	22,240
Total non-performing loan portfoli	605,219	517,008	416,089
Loan portfolio	29,015,038	23,927,022	17,609,639
Less – Allowance for loan losses	(1,067,540)	(767,460)	(485,506)
Loan portfolio, net	27,947,498	23,159,562	17,124,133
Other accounts receivable, net	4,629,673	3,577,298	2,258,895
Foreclosed assets, net	3,269	28,004	-
Property furniture and fixtures, net	342,170	262,126	149,115
Long-term investment in shares	1,265,322	1,057,821	835,624
Other assets, net			
Deferred charges, advance payments and intangibles	4,130,920	3,849,668	2,599,489
Other short and long-term assets	327,573	205,502	251,317
	4,458,493	4,055,170	2,850,806
Total assets	**$ 41,907,713**	**$ 35,915,356**	**$ 25,995,497**

Liabilities	2017	2016	January 1, 2016
Notes Payable (Securitized Certificates)	$ 1,000,000	$ 2,759,170	$ 3,610,368
Senior Notes Payable	13,543,874	14,129,273	7,334,554
	14,543,874	16,888,443	10,944,922
Bank loans:			
Short-term loans	2,927,873	5,051,718	3,490,484
Long-term loans	6,112,759	2,648,335	3,008,447
	9,040,632	7,700,053	6,498,931
Derivatives:			
Trading purposes	-	-	-
Hedging purposes	137,637	-	-
	137,637	-	-
Other accounts payable			
Income taxes payable	390,906	236,252	88,312
Employee profit sharing payable	16,183	18,427	12,183
Accrued liabilities and other accounts payable	1,229,108	448,921	642,098
	1,636,197	703,600	742,593
Deferred taxes, net	1,781,022	1,345,913	1,096,506
Total liabilities	**27,139,362**	**26,638,009**	**19,282,952**
Stockholders' Equity			
Paid in Capital:			
Capital stock	660,154	660,154	660,154
Share subscription premium	1,462,618	1,450,269	1,447,985
Subordinated obligations in circulation	4,206,685	-	-
	6,329,457	2,110,423	2,110,423
Earned Capital:			
Legal reserve	132,030	132,030	132,030
Retained earnings	5,442,351	4,244,142	2,904,308
Result from valuation of cash flow hedges, net	359,727	229,447	89,270
Cumulative translation adjustment	93,665	167,623	2,754
Re-measurements of employee defined benefits	1,087	2,459	(1,155)
Net income attributable to controlling interest	1,661,144	1,714,001	1,371,358
Non-controlling interest	748,890	677,222	105,841
	8,438,894	7,166,924	4,604,406
Total stockholders' equity	14,768,351	9,277,347	6,712,545
Total liabilities and stockholders' equity	**$ 41,907,713**	**$ 35,915,356**	**$ 25,995,497**

Memorandum accounts (Note 22)		2017		2016		January 1, 2016
Credit Commitments	**$**	**810,622**	**$**	**315,774**	**$**	**120,840**
Uncollected interest earned on non-performing portfolio	**$**	**300,573**	**$**	**505,852**	**$**	**313,547**

“The historical balance of capital stock as of December 2017, 2016 and 2015 is $660,154, for each year”.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

For the years ended December 2017, 2016 and 2015

(IN THOUSANDS OF MEXICAN PESOS)

		2017		2016		2015
Interest income	**$**	**8,557,339**	$	6,958,201	$	4,264,239
Interest expense		**(2,726,088)**		(1,916,396)		(952,291)
Financial margin		**5,831,251**		5,041,805		3,311,948
Provisions for loan losses		**(1,343,143)**		(831,593)		(345,628)
Financial margin after provision for loan losses		**4,488,108**		4,210,212		2,966,320
Commissions and fees income		**826,388**		539,596		-
Commissions and fees paid		**(234,613)**		(283,383)		(142,193)
Intermediation income		**152,947**		375,786		-
Other operating income		**350,162**		267,251		36,241
Administrative and marketing expense		**(3,417,456)**		(2,921,990)		(1,138,065)
Operating result		**2,165,536**		2,187,472		1,722,303
Equity in income of associates		**177,743**		136,096		69,153
Income before income taxes		**2,343,279**		2,323,568		1,791,456
Current income taxes		**(92,722)**		(234,046)		(85,927)
Deferred income taxes		**(435,575)**		(270,356)		(335,659)
		(528,297)		(504,402)		(421,586)
Net income		**1,814,982**		1,819,166		1,369,870
Non-controlling interest		**(153,839)**		(105,165)		1,488
Net income attributable to controlling interest	**$**	**1,661,144**	$	1,714,001	$	1,371,358
Earnings per share	**$**	**4.24**	$	4.37	$	3.50
Weighted average shares outstanding		**392,219,424**		392,219,424		392,219,424

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 2017, 2016 and 2015

(IN THOUSANDS OF MEXICAN PESOS)

	Paid in Capital				Earned Capital						
	Capital stock	Share subscription premium	Subordinated obligations in circulation	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 31,2014	$ 660,154	$ 1,474,814	$ -	$ 126,136	$ 1,851,225	$ 5,596	$ -	$ -	$ 1,224,801	$ 14,480	$ 5,357,206
Re-measurements of employee defined benefits	-	-	-	-	-	-	-	(2,796)	-	-	(2,796)
Balances as of December 31, 2014 (restated)	660,154	1,474,814	-	126,136	1,851,225	5,596	-	(2,796)	1,224,801	14,480	5,354,410
Changes arising from stockholder decisions											
Transfer of prior year results	-	-	-	-	1,218,907	-	-	-	(1,224,801)	-	(5,894)
Constitution of reserves	-	-	-	5,894		-	-	-	-	-	5,894
Repurchase of own shares	-	(26,829)	-	-	(10,092)	-	-	-	-	-	(36,921)
Dividend payments	-	-	-	-	(156,887)	-	-	-	-	-	(156,887)
Total entries approved by stockholders	-	(26,829)	-	5,894	1,051,928	-	-	-	(1,224,801)	-	(193,808)
Changes affecting comprehensive income-											
Result from consolidation of minority interest companies	-	-	-	-	-	-	-	-	-	90,865	90,865
Result from valuation of cash flow hedging instruments	-	-	-	-	-	83,674	-	-	-	-	83,674
Cumulative translation effect	-	-	-	-	-	-	2,754	-	-	1,984	4,738
Re-measurements of employee defined benefits	-	-	-	-	1,155	-	-	1,641	-	-	2,796
Net income	-	-	-	-	-	-	-	-	1,371,358	(1,488)	1,369,870
Total comprehensive income	-	-	-	-	1,155	83,674	2,754	1,641	1,371,358	91,361	1,551,943
Changes arising from stockholder decisions	660,154	1,447,985		132,030	2,904,308	89,270	2,754	(1,155)	1,371,358	105,841	6,712,545
Transfer of prior year results											
Constitution of reserves	-	-	-	-	1,369,636	-	-	-	(1,371,358)	-	(1,722)
Total entries approved by stockholders	-	2,284	-	-	(27,910)	-	-	-		-	(25,626)
Total movimientos aprobados por los accionistas	-	2,284	-	-	1,341,726	-	-	-	(1,371,358)	-	(27,348)
Changes affecting comprehensive income-											
Result from consolidation of minority interest companies	-	-	-	-	-	-	-	-	-	485,312	485,312
Result from valuation of cash flow hedging instruments	-	-	-	-	-	140,177	-	-	-	-	140,177
Cumulative translation effect	-	-	-	-	-	-	164,869	-	-	(19,096)	145,773
Re-measurements of employee defined benefits	-	-	-	-	(1,892)	-	-	3,614	-	-	1,722
Net income	-	-	-	-	-	-	-	-	1,714,001	105,165	1,819,166
Total comprehensive income	-	-	-	-	(1,892)	140,177	164,869	3,614	1,714,001	571,381	2,592,150

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**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows For the years ended December 31 2017, 2016 and 2015

(IN THOUSANDS OF MEXICAN PESOS)

	2017	2016	2015
Net income	**$ 1,814,983**	$ 1,819,166	$ 1,369,870
Adjustments for items that do not result in cash flows:			
Depreciation of furniture and fixtures	**72,518**	117,098	36,096
Amortization of intangibles assets	**64,035**	42,727	11,420
Provisions	**124,987**	63,834	(12,248)
Deferred income taxes	**528,297**	504,402	421,586
Equity in income of associates	**(177,743)**	(136,096)	(72,525)
	2,427,077	2,411,131	1,754,199
Operating activities			
Change in investment in securities	**462,907**	(449,409)	707,935
Change in derivatives (asset)	**683,665**	(354,108)	(1,162,560)
Change in loan portfolio (net)	**(5,149,835)**	(6,035,429)	(3,739,359)
Change in other accounts receivables (net)	**(1,052,375)**	(1,318,400)	(1,102,715)
Change in foreclosed assets (net)	**24,735**	(28,004)	-
Change in other assets	**(403,323)**	(110,699)	(680,040)
Change in senior notes and notes payable	**(2,344,569)**	5,943,521	1,812,055
Change in bank loans	**1,340,579**	1,201,123	2,237,886
Change in other accounts payable	**714,422**	(357,825)	265,396
Net cash flows from operating activities	**(5,723,794)**	(1,509,230)	(1,661,402)
Investing activities:			
Net cash and marketable securities (delivered) acquired in connection with business acquisition	**-**	(1,136,393)	-
Acquisitions of property and equipment	**(216,597)**	(230,109)	(107,114)
Dividends received in cash	**95,116**	96,672	51,944
(Increase) decrease in investments in shares	**(207,014)**	283,443	136,815
Net cash flows from investing activities	**(328,495)**	(986,387)	81,645
Financing activities:			
Cash flow generated from hedging instruments	**130,280**	140,177	83,674
Dividends paid in cash	**-**	-	-
Share subscriptions premium	**(96,800)**	-	(156,887)
Repurchase of own shares	**12,349**	-	(156,887)
Subordinate obligations	**(58,465)**	(27,910)	(10,092)
Obligaciones subordinadas	**4,206,685**	-	-
Net cash flows from financing activities	**4,194,049**	114,551	(110,134)
Net increase in cash and cash equivalents	**568,837**	30,065	64,308
Effect of change in the value of cash and equivalents	**(73,989)**	164,869	2,754
Cash and cash equivalents at beginning of year	**315,774**	120,840	53,778
Cash and cash equivalents at end of year	**$ 810,622**	$ 315,774	$ 120,840

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements For the years ended December 2017, 2016 and 2015

(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 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 six business lines: (i) payroll lending, (ii) durable goods loans, (iii) small and medium business loans, (iv) group loans, and (v) used car loans and (vi) Instacredit (Central America), where the loans offered include personal loans, automobile loans, loans for small and medium businesses (PYMES) and others. Loans paid via the payroll are offered to unionized government employees through a national network of 11 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 2016, 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 1,096 promoters and 177 branches. Used car loans are granted to acquire preowned automobiles through agreements with 13 car dealers specialized in the purchase-sale of automobiles and a subsidiary with a network of 25 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"): Don Carro, with five branches in Texas, and AFS Acceptance, which has around 569 distributors in 40 US states. The Entity has a presence in Costa Rica, Nicaragua and Panama with the brand Instacredit, through a network of 72 branches and more than 448 promoters. Instacredit is a recognized brand in Central America, with more than 15 years' experience, and has a multiproduct platform offering loans in the segments of personal loans, automobile loans, PYMES and home improvements.

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 regulted multiple purpose financial institutions (the "Provisions") established by the National Banking and Securities Commission (the "Commission").

As the Entity is a 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.

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 13 partnerships have been executed with distributors in more than 150 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, 2017, the distribution network of Drive & Cash is composed of 28 branches located in 13 States Nationwide.

The Entity also offers loans for used cars in the US through a subsidiary and/or distributor in which it has a majority stake that operates under the brand “Don Carro” with 6 branches in Texas. It also has a majority stake in a credit operator for used cars doing business as “AFS Acceptance”. Such operator has a service platform which enables it to operate in 40 states throughout the US, and also operating agreements in place with more than 569 distributors in that country.

Consumer loans

The Entity ceased offering consumer loans as of June 30, 2016, and dedicates resources exclusively to the collection of performing portfolio until completed.

Group loans

Group loans are originated through two specialized operators which have 1,096 promoters in a network comprising 177 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.

Significant events 2017

a) During December 2017, Crédito Real settled the Notes (“Cebures”) issued in 2015 for MX $1,000,000,000 (1 billion Mexican pesos) and redeemed MX $1,250,000,000 (1,250,000,000 Mexican pesos) of the Cebures issued in 2017.

b) On November 29, 2017, Crédito Real completed the issue of Perpetual Bonds for US $230,000,000 (US $230 million), which have no maturity and can be totally but not partially redeemed as of five years after their issue. The annual yield on the bond was fixed at 9.125% and payment may be deferred. This bond is subordinated to all debt held by the Entity, and accrued interest on this instrument must be paid prior to any dividend distribution; this instrument is classified within contributed capital in the Entity’s consolidated financial statements.

c) On October 30, 2017, the Entity announced the issuance of Senior Bonds (“CBF”), with ticker symbol CREALCB17, for the amount of MX $800,000,000 (800 million Mexican pesos) with a required capacity of 1.22 %; this securitization covers payroll discount loan portfolio. These CBF obtained a classification of “AAA (mex) vra” from Fitch México and “HR AAA (E)” from HR Ratings de México.

d) At a Stockholders’ Ordinary General Meeting held on July 25, 2017, the Entity ratified the merger of Creal Dallas, LLC and Crédito Real USA, LLC, effective October 9, 2017, with Crédito Real USA, LLC remaining in existence as the absorbing company and assuming all the rights and obligations of the absorbed company. Creal Dallas, LLC ceased to exist as a legal entity after the merger, as it was the absorbed company. Given that they are entities under common control, the merger was accounted for based on the book value of the absorbed entity.

Significant events 2016

a) On August 4, 2016, Crédito Real fully redeemed the outstanding principal and interest on short-term securitized certificates with ticker symbol CREAL 00715 in the amount of $200,000,000 (two hundred million Mexican pesos), issued on September 3, 2015. Also, on July 28, 2016, the Entity fully redeemed short-term securitized certificates with ticker symbol CREAL 00615, in the amount of $100,000,000 (one hundred million Mexican pesos) issued on August 27, 2015

b) On July 20, 2016, Crédito Real announced the issue of Senior Notes for US $625,000,000 (six hundred twenty-five million US dollars) under Rule 144A of the 1933 US Securities Act (“Securities Act”) and Regulation S, with maturity in 2023.

The Senior Notes have a semiannual coupon of 7.250% at a price of US $99.326 and can be paid on or after the fourth anniversary of the settlement date. The Senior Notes received a global rating of “BB+” from Fitch Ratings and Standard & Poor’s.

c) On February 22, 2016, Crédito Real entered into a share purchase and sale agreement whereby it acquired 70% of the common stock of Marevalley Corporation, a Panamanian company (“Marevalley Corporation”), for the amount of US $70,000,000 (seventy million US dollars). The remaining 30% of the shares belong to Fundación Miriel.

Marevalley Corporation is the owner of various entities in Costa Rica, Nicaragua and Panama which operate under the name “Instacredit”. Instacredit is a group of financial institutions that offer loan products for medium and low income segments, which are poorly served by traditional banking institutions.

The acquisition was recognized in conformity with Financial Reporting Standard B-7 (“NIF B-7”) “Business acquisitions”, in which a business acquisition is defined as a transaction whereby an entity directly or indirectly acquires the net assets of one or more businesses and thus obtains control.

The acquisition of shares of Marevalley Corporation by the Entity is considered a business combination under the scope of NIF B-7, on the basis that immediately prior to the purchase of shares, these entities were not under the Entity's control.

Accordingly, based on the analysis performed by management, we identified the following fair values of assets and liabilities acquired:

Balance sheet		**Amount**
Acquisition consideration paid	$	1,263,976
Amounts recognized for identifiable assets and liabilities assumed at December 31, 2016 (unaudited)		
Current Assets:	$	122,336
Cash and cash equivalents		1,123
Sundry debtors		2,354,585
Loan portfolio		102,602
Transportation equipment, furniture and equipment		300,345
Other assets		
Intangible Assets:		
Brand		1,052,750
Total identifiable assets		3,933,741
Short-term liabilities		(104,652)
Long-term liabilities		(2,067,667)
Total liabilities assumed		(2,172,319)
Non-controlling interest		(528,427)
Net assets acquired		1,232,995
Goodwill		30,981

Results recognized for the period from January 1, to December 31, 2016 (unaudited):

Statement of income		**Amount**
Total revenues	$	1,634,166
Total costs		(246,255)
Provisions for loan losses		(326,648)
Financial margin after provision for loan losses		1,061,263
Administrative and marketing expense		(927,518)
Other operating income		259,506
Net income	$	189,940

The identified intangible assets refer to the brand "Instacredit", which operates in Costa Rica, Nicaragua and Panama.

Accounting effects of the acquisition of Marevalley:

At the close of 2016, the Entity concluded the analysis of identification and recognition of intangible assets over the course of the 12 months after the acquisition, in conformity with NIF B-7, and did not identify any intangibles additional to those indicated in the preceding paragraph.

During the period from the acquisition date up to December 31, 2016, Instacredit has contributed interest income of $1,634,167 and net income of $189,940, which amounts are reported in the consolidated statement of income. The pro forma combined interest income and net income for 2016, giving effect to the acquisition as of January 1, 2016, are $550,402 and $117,616, respectively.

d) A share purchase and sale agreement signed on February 21, 2016 approved the subscription and payment of 7,714 Series A common stock shares of Marevalley Corporation by Crholdingint, S.A de C.V. ("Crholdingint").

e) Crédito Real Honduras S.A. de C.V. ("Crédito Real Honduras"), a 99.9% subsidiary of Crholdingint, which is in turn a 99.9% subsidiary of Crédito Real, was incorporated on November 24, 2016 in Tegucigalpa, Honduras with the subscription and payment of capital of $338,960, equivalent to 4,150,248 shares.

Crédito Real Honduras is a company engaged in making loans through financial factoring and has a commercial partnership with CA Capital, S.A. de C.V ("CA Capital").

Significant events 2015

a) En acta constitutiva celebrada el 1 de junio de 2015, se aprobó la suscripción y pago de 1,000 acciones sin Serie y sin Clase del capital social de Crédito Real USA, Inc., ("CR USA"), la cual representa el 100% del capital social de la misma y por lo tanto se considera una subsidiaria. Dicha sociedad fue constituida en el estado de Delaware en los EUA.

b) En Acuerdo de Compra de Acciones celebrado el día 20 de octubre de 2015, CR USA aprobó la suscripción de 65,000 acciones sin Serie y sin Clase de capital social de AFS Aceptance, LLC, la cual representa el 65% del capital social de la misma y por lo tanto se considera una subsidiaria de CR USA.

c) Mediante escritura 15,210 celebrada el día 6 de noviembre de 2015, se aprobó la suscripción y pago de 999 acciones de la Serie "A" del capital social de Controladora CR México, S.A. de C.V., ("Controladora CR"), la cual representa el 99.9% de las acciones en circulación de la misma, y por lo tanto, se considera una subsidiaria.

I. In the Extraordinary General Meeting held on December 13, 2015, the subscription and payment of 120,188 Series C, Class C common stock shares of CAT 60, S.A.P.I. de C.V. ("Resuelve tu Deuda") was approved, which represents 55.21% of that company's outstanding shares, thereby becoming a subsidiary of Controladora CR.

II. Additionally, at the Stockholders' Extraordinary Meeting held on December 14, 2015, the subscription and payment of 38,886 Class A common stock shares of Servicios Adquiridos, S.A. de C.V. ("Servicios Adquiridos") was approved, which represents 77.72% of that company's outstanding shares, thereby becoming a subsidiary of Controladora CR.

III. Finally, at the Stockholders' Extraordinary Meeting held on December 2, 2015, the subscription and payment of 1,465,169 Series "II", Class "C" common stock shares of Confianza Digital, S.A.P.I. de C.V., SOFOM, E.N.R. ("Credilikeme") was approved, which represents 23.86% of its outstanding shares, thereby becoming an associate of Controladora CR.

As a result of the aforementioned transactions, the Entity's management has analyzed the fair values of the assets and liabilities acquired in this transaction, which generated goodwill of $353,587, as discussed in Note 12.

2. BASIS OF PRESENTATION

Explanation for translation into English

The accompanying consolidated financial statements has 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 31,2017, 2016 and 2015 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,de 2017, 2016 and 2015, were 9.87%, 10.52% and 12.08% 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 2017, 2016 and 2015 were 6.77%, 3.36% and 2.13%, respectively.

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

Comprehensive income

Is composed of the net result for the year plus other items that represent a gain or loss for the same period which, in conformity with the accounting practices followed by the Entity, are presented directly in stockholders' equity. As of December 31, 2017, 2016 and 2015, comprehensive income and loss is represented by the net result, the result from valuation of cash flow hedge instruments and the actuarial losses from defined benefit plans.

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, 2017, 2016 and 2015 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	Shareholding percentage		
	2017	**2016**	**2015**
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.	**99.97%**	99.97%	99.90%
Crédito Real USA, Inc.	**100.00%**	100.00%	100.00%
Creal Dallas, LLC	**98.00%**	80.00%	80.00%
CRholdingint, S.A. de C.V.	**99.94%**	99.94%	99.9%

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

The main activity of Servicios Corporativos is the provision of services. At December 31, 2017, 2016 and 2017, the majority of service revenues are derived from contracts with Crédito Real which has a 99.99% equity interest.

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.

Crédito Real USA, Inc. ("CR USA")

As of June 1, 2015, CR USA is a subsidiary of Crédito Real, which holds 100% of its equity.

The main activity is making investments in companies resident in the USA; it currently maintains the following investment:

I. ***AFS Acceptance, LLC. ("AFC")***

AFS became a subsidiary of CR USA on October 21, 2015 by virtue of CR USA's shareholding of 65%.

AFS is a financial institution with more than 10 years operating in the market, granting loans for the acquisition of used cars in the US. The most important characteristics of AFS are:(1) its management team, which is comprised of shareholders, which have extensive experience in the used car market in the US, as well as specific market intelligence regarding the Latin market in the USA;(2) a presence in 40 states with a network of more than 300 used car dealers; (3) a sound understanding of the Hispanic market, and (4) a sophisticated, well-tested process for collections, risk analysis and credit origination.

II. CR MPM, LLC ("CR MPM")

After the merger of Creal Dallas, LLC with Crédito Real USA went into effect (see significant event 2017 b.), CR MPM consolidates its financial information with Crédito Real USA.

Don Carro became a subsidiary of Creal Dallas on September 19, 2014 by virtue of Crédito Real's shareholding of 80%.

Don Carro focuses on offering loans for the acquisition of used cars in the US, and at the close of the year 2016, has 5 branches in the state of Texas.

At year-end 2016, the Entity completed its analysis, identification and recognition of intangible assets over the 12 month period following the acquisition in conformity with NIF B-7, and did not identify any intangibles in addition to those recognized by CR MPM.

Controladora CR México, S.A. de C.V. ("Controladora CR")

Controladora CR became a subsidiary of Crédito Real on November 6, 2016 by virtue of Crédito Real's shareholding of 99.9%.

The principal activity is to make investments in companies acquired in national territory; at the close of December 2017, it maintains the following investments:

I. CAT 60, S.A.P.I. de C.V. ("CAT 60")

CAT 60, as of December 13, 2016, this company is a subsidiary of Controladora CR, which holds 55.21% of its equity.

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 90,000 customers in Mexico and manages more than 3 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. (99.998%), Factivo, S.A. de C.V. (99.998%), RTF Agente de Seguros, S.A. de C.V. (99.98%) and Resuelve tu Deuda Colombia, S.A.S. (100%).

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 77.72%.

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 23.86%. 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 $2,000 to $12,000.

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.

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 2016 it holds the following investments:

I. Marevalley Corporation

CRholdingint holds 70% 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, it has 69 branches in the aforementioned three countries, deals with 161,785 customers and has a total portfolio of more than $4,390.

II. Crédito Real Honduras, S.A. de C.V. ("Crédito Real Honduras")

Crholdingint holds 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.

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 in accounting policies

Changes in Accounting Criteria issued by the Commission

<u>Change in Accounting Criterion of the Commission in 2017:</u>

On July 4, 2017, a modification was published in the Federal Official Gazette ("DOF") to Accounting Criterion B-2, Investments in securities, which went into effect the day after its publication. This modification is applied prospectively.

This change includes the classification of investments in securities held to maturity, expanding the term for which such securities may be sold or reclassified before maturity, without affecting the capacity to use such category and outlining the requirements of isolated events which beyond the control of credit institutions, so that when they take place and the institutions sell or reclassify the securities at maturity, they may continue classifying them in this category, in order to achieve greater adherence and consistency with the international standards established in International Financial Reporting Standards ("IFRS").

This change in Accounting Criterion did not have a significant effect on the financial information presented by the Entity.

Changes in accounting estimates applicable in 2017 issued by the Commission

Methodology for determination of the allowance for loan losses

On January 6, 2017, the Commission issued a Resolution that modifies the Provisions whereby it made certain modifications to the methodology for estimating the allowance for loan losses and classification of loan portfolio, for the purpose of achieving an appropriate risk coverage in the non-revolving consumer and housing loan portfolios of credit institutions, on which basis the loan loss reserves will be calculated more accurately, thereby ensuring appropriate solvency and stability. New factors must be incorporated at the customer level, such as the level of indebtedness, the payment behavior of the system and the specific risk profile of each product, because current classification and provisioning models only incorporate information at the loan level.

Also, risk parameters for the probability of default, loss severity and exposure to default which are taken into account for classification of the loan portfolio and the calculation of the allowances for loan losses in the housing mortgage and non-revolving consumer credit portfolios are updated and modified.

A specific methodology must be established for the classification of micro loans granted by credit institutions and the allowance for loan losses of such portfolio, considered currently as part of the non-revolving consumer loan portfolio, considering the probability of default, loss severity and exposure to default, and whether the loans are individual or granted at the group level. The allowances for loan losses established under the methodology shall reflect more accurately the risks that are specific for this type of portfolio, so as to ensure the solvency and stability of the credit institutions.

Among the requirements that must be fulfilled by collateral and other similar instruments in order to be considered by credit institutions for the purpose of determining the capital requirement for credit risk and the rating of the commercial and consumer credit portfolio.

The effects of the change in allowance methodology on the Entity's consolidated financial statements amounted to $361,899 as of December 31, 2017

<u>Changes applicable as of January 1, 2019:</u>

On December 27, 2017, certain modifications to the Accounting Criteria were published in the DOF. These modifications are effective January 1, 2019.

The most important changes are described below:

Under accounting Criterion B-6, "*Loan Portfolio*" and Accounting Criterion D-2, "*Statement of Income*", the accounting criteria applicable to credit institutions are modified such that surpluses in the balance of the allowances for loan losses may be canceled, and recoveries of loans previously written off against "Allowances for loan losses" may be recognized in order to achieve consistency with IFRS.

A transitory provision states that credit institutions may elect to apply these changes as of the day after their publication date, and must notify the Commission that such option was exercised during the 10 business days following the date on which the early application of the aforementioned changes to the Accounting Criteria enter into effect. At the date of issuance of these consolidated financial statements, the Entity has not exercised such option.

At the date of issuance of these consolidated financial statements, the Entity is in the process of analyzing the effect of these modifications on the financial information presented.

Accounting Criterion A-2, *Application of Specific Standards*

Certain NIFs issued by the CINIF are incorporated into the Accounting Criteria so that they will be applicable to credit institutions while also setting the deadline for their application.

Improvements to NIF that generate accounting changes are:

As of January 1, 2017, the Entity adopted the following NIF and improvements to NIF 2017:

Some of the main changes are as follow:

NIF B-13, *Events after the date of the financial statements*, NIF B-6, *Statement of financial position*, NIF C-19, *Financial instruments payable*, and NIF C-20, Financial instruments receivable – If an agreement is reached as of the authorization date for the issuance of the financial statements to maintain the contractual long-term payments of a debt instrument that is in default, such liability may be classified as a long-term item at the date of the financial statements.

NIF D-3, *Employee benefits* – Is modified to establish, as a basic principle, that the discount rate to be used in the determination of the present value of the long-term labor liability should be a free market rate with a very low credit risk, which represents the value of money over time. Consequently, either the government bond market rate or the market rate for high-quality corporate bonds in absolute terms in a deep market, could be used, indistinctly, provided that the latter complies with the requirements established in Appendix B– Application guidance, B1– *Guidance for the identification of issues of high-quality corporate bonds in absolute terms in a deep market*.

Improvements to NIF 2017 – The following improvements do not generate accounting changes, but rather consist of outlining the scope and definition of the following NIF to clearly indicate the appropriate application and accounting treatment:

NIF C-2, *Investment in financial instruments*
NIF C-3, *Accounts receivable*
Bulletin C-15, *Impairment in the value of long-lived assets and their disposal*
NIF C-16, *Impairment of financial instruments receivable*
NIF C-20, *Financial instruments to collect principal and interest*

At the date of issuance of these consolidated financial statements, the adoption of these improvements did not have a material effect on the Entity's financial information

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

Translation of financial statements of subsidiaries in foreign currency - To consolidate the financial statements of foreign transactions, they are modified in the recording currency for presentation in the consolidated financial statements of the Entity. The financial statements are translated to Mexican pesos, using the following methodologies:

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

Entities	Recording currency	Functional currency	Reporting currency
Creal Dallas	U.S. Dollar	U.S. Dollar	Mexican Peso
CR USA	U.S. Dollar	U.S. Dollar	Mexican Peso
Marevalley Corporation	U.S. Dollar	U.S. Dollar	Mexican Peso
Crédito Real Honduras	Lempira	U.S. Dollar	Mexican Peso

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 insignificant risk of changes in value. The investments of the Entity as of December 31, 2017, 2016 and 2015, 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, 2017, 2016 and 2015, 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 fair value of the derivative financial instruments varies, depending on whether the derivative is considered to be a hedge for accounting purposes, and whether the hedging instrument 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 to be 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 Enity'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, 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:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

R_i = Amount of the allowance for loan losses to be created for the nth credit.

PI_i = Probability of default of the nth credit.

SP_i = Severity of loss of the nth credit.

EI_i = Exposure to default of the nth credit.

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

$$PI_i = \frac{1}{1 + e^{-(500-\text{Total Credit Score}_i)\times\frac{1n(2)}{40}}}$$

For purposes of the above:

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

$$\textit{Puntaje Crediticio Total}_i = \alpha \times (\textit{Puntaje Crediticio Cuantitativo}_i) + (1-\alpha) \times (\textit{Puntaje Crediticio Cualitativo}_i)$$

Where:

Quantitative Credit Score $_i$	=	is the score obtained for the nth borrower when evaluating the risk factors.
Qualitative Credit Score $_i$	=	is the score obtained for the nth borrower when evaluating the risk factors.
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 (EI_i) 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:

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

Where:

Si = The unpaid balance of the nth 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.

Consumer loan portfolio

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.

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

R_i = Amount of reserves to be established for the nth credit.

PI_i = Probability of Default on the nth credit.

SP_i = Severity of the Loss on the nth credit.

EI_i = 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) If $ATRi^M$ > = 4 then PI_i^M = 100%
b) If $ATRi^M$ < 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 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:

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

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 (Eli) 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 is 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.

As result of the 2014 Tax Reform, as of December 31, 2017, 2016 and 2015 PTU is determined based on taxable income, according to Section I of Article 9 of the Income Tax Law. As of December 31, 2016 and 2015, the Entity determined a tax loss, for which reason it did not have a basis for the determination of current and deferred PTU, for the fiscal year of 2017 there is a basis for the PTU of $1,661,065.

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 - IInclude 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 (CUSIP P32506AA8) 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.

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.

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.

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.

4. CASH AND CASH EQUIVALENTS

As of December 31 2017, 2016 and January 1, 2016, the cash and cash equivalents were as follows:

	2017	2016	2015
Banks			
National currency	**$ 651,675**	$ 126,921	$ 72,532
Foreign currency	**158,947**	188,853	48,308
	$ 810,622	$ 315,774	$ 120,840

5. INVESTMENTS IN SECURITIES

As of December 31 2017, 2016 and January 1, 2016, investments in securities were as follows:

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**

2016					
		Amount invested	Rate		Amount
Investments in Mexican pesos					
Commercial paper (c)	$	473,470	5.39%	$	561,566
Bank promissory notes (c)		200,000	5.91%		200,000
Entre TIIE +1.75 y +2.25					
Bank promissory notes (c)		44,862			45,642
Total securities to trade in pesos		718,332			807,208
Investments in foreign currency USD			3.06%		
Government paper (d)		10,306	0.64%	$	10,306
Commercial paper (d)		170,541	7.25%		175,161
Total securities to trade in dollars		180,847			185,467
Total investments in securities	**$**	**899,179**		**$**	**992,675**

January 1, 2016					
		Amount invested	Rate		Amount
Commercial paper (c)	$	129,641	7.5%	$	131,226
Bank promissory notes (c)		411,836	3.38%		412,040
Total securities available for sale		541,477			543,266
Total investments in securities	**$**	**541,477**		**$**	**543,266**

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

Investments in bank paper are comprised of bank debt in pesos, with a 4-day maturity. At the close of December 2017, they represent a total value of $208,614.

Investments in government paper are comprised of government debt in pesos with maturity at 4 days. At the close of December 2017, they represent a total value of $38,404.

Investments in corporate paper are comprised of corporate debt in pesos with maturities of between 3 and 330 days. At the close of December 2017, they represent a total value of $203,981.

(b) Investments denominated in US dollars are composed as follows:

As of December 31, 2017, investments in bank paper denominated in US dollars, with a maturity of between 37 and 293 days, come to $78,769.

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

Investments in bank paper are comprised of bank debt in pesos, with a 3-day maturity. At the close of December 2016, they represent a total value of $561,566.

Investments in corporate paper are comprised of corporate debt in pesos with maturities of between 3 and 132 days. At the close of December 2016, they represent a total value of $245,642.

(d) Investments denominated in US dollars are comprised as follows:

As of December 31, 2006, investments in government paper denominated in US dollars with a 10 day maturity are $10,306.

As of December 31, 2016, investments in corporate paper in US dollars are $175,161. These investments are composed of corporate debt sold on international markets, maturing in July 2023, with limited liquidity and the risk proportionally linked to the issuer and the exchange rate.

6. FINANCIAL DERIVATIES

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 of debt instruments established in a currency other than the Mexican peso or a variable interest rate.

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 results; (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 results.

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.

Relationship of Senior Notes with maturity in 2019

The Entity uses financial derivatives for hedging purposes to manage the risks related to fluctuations in the exchange rate applicable to its issue of Senior Notes with a yield of 7.50%, maturing in 2019. The Senior Notes were issued for US $425,000. However, on August 9, 2017, a portion was paid in advance, resulting in a remaining outstanding balance of US $134,853. With the original amount, there were five financial derivatives for hedging purposes; however, when the prepayment was made, there were also modifications in the derivatives in order to not generate over-hedging. Below is a description of the derivatives in effect as of September 2017, which continue to hedge the Senior Notes.

On July 2, 2016, the Entity entered into a Cross Currency Swap with Bank Morgan Stanley (France) ("Morgan") for US $75,000 at an exchange rate of MX $14.50 per US dollar, in which a fixed rate of 6.30% is paid, to cover part of the senior note maturing in the year 2019. Furthermore, the Entity contracted a strategy with exchange rate options (collar) with the purchase of a put option at MX $14.50 per US dollar and the sale of a call option at MX $20.00 per US dollar in the final swap.

On August 9, 2017, the Entity restructured a Cross Currency Swap with Deutsche Bank, modifying only the notional amount to a remaining balance of US $59,853 at an exchange rate of MX $14.50 per US dollar, in which a fixed rate of 7.50% is paid to cover the rest of the Senior Note maturing in the year 2019.

For accounting purposes, given that the option is a zero cost collar, the Entity has designated the aforementioned financial derivatives as cash flow hedges. In the case of the currency swaps, the changes in the fair value of the derivative are recorded in other comprehensive income, by reclassifying any ineffective portion and the respective amounts to the statement of income when the hedged forecast cash flows affect the results for the year. With regard to the options, only the intrinsic value was designated as cash flow hedges, for which reason the changes in the intrinsic value of the derivative are recorded in other comprehensive income, reclassifying any ineffective portion to the statement of income and the extrinsic value is recognized immediately in results for the period.

Characteristics of CCS	Morgan Stanley ID ELGKW	Deutsche Banck (2) ID 6258211MX	Option Details	Morgan Stanley ID ELGKW
Currency A:	Dollar (USD)	Dollar (USD)	Style of option:	European
Currency B:	Pesos (MXN)	Pesos (MXN)	Type of option	USD Call / USD Put Collar (Call Corto, Put Largo)
Required to pay floating rate amounts in currency A:	Morgan Stanley	DB	Currency and amount of Call:	USD 75,000
Required to pay fixed rate amounts in currency B:	CR	CR	Currency and amount of Put:	USD 75,000
Reference exchange amount in both currencies:	July 2, 2015	August 9, 2016	Floor Rate:	$14.50
Start date:	At the beginning and at Maturity	At the beginning and at Maturity	Cap Rate:	$20.00
Maturity date:	March 13, 2014	March 13, 2014	Maturity date:	March 13, 2019
A currency settlement date A:	March 13, 2019	March 13, 2019	Day of payment	March 13, 2019
A currency settlement date B:	USD 75,000	USD 59,853	Premium:	-
	MXN $1,087,500	MXN $867,869	Market value MXN (thousands)	$ (137,637)
Fixed rate for the amount in currency B for the first period:	$14.5000 MXN por USD	$14.5000 MXN por USD	Market value USD (thousands)	$ (7,000)
Floating or Fix rate for currency A:	7.50%	7.50%		
Spread	N/A	N/A		

Characteristics of CCS	Morgan Stanley ID ELGKW	Deutsche Banck (2) ID 6258211MX
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:	The 13th day of every March and September	The 13th day of every March and September
A currency settlement date A:	March 13, 2019	March 13, 2019
A currency payment dates B:	Every 28 days as of July 2, 2016	Every 28 days as of March 13, 2014
Floating or fixed rate for currency B:	6.30%	7.18%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Actual/360	Actual/360
Market value MXN (thousands)	$ 540,674	$ 422,314
Market value USD (thousands)	$ 27,497	$ 21,478

As of December 31, 2017, due to the appreciation of the US dollar, there were no margin calls; accordingly, no financial assets were pledged as collateral. At the end of 2017, there were no funds available restricted due to margin calls. The Entity has mechanisms and committees in place to measure risk management and therefore ensure appropriate management thereof.

As of December 31, 2017, the fair value of the aforementioned financial derivatives for the hedging relationship of the Senior Note maturing in 2019, is MX $825,351 (equivalent to 41,975 US dollars), which was recorded as an asset with a credit to the supplemental account subsequent to the effect of the period through comprehensive income. The effect as of December 31, 2017 recognized in equity is $213,098 (equivalent to 10,838 US dollars) and the effect recognized in the statement of income, as a gain, due to the exchange re-expression of the currency swaps and the extrinsic value of the options is MX $137,747 (equivalent to 7,005 US dollars) for the Call, and MX $110 ($6 USD), for the Put. The effect reclassified to the statement of income as accrued interest income is MX $75,241 and FX impact MX $612,564 (equivalent to 31,153 US dollars).

The periods in which the cash flows from the derivatives in relation to the hedging of the Senior Notes maturing in 2019 are expected to occur and impact the statement of results are as follows:

Year		Pesos	US dollars
2018	$	70,216	3,571
2019	$	142,882	7,267

Syndicated line relationship

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 19, 2018 at the Libor rate plus 8.15% of monthly.

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, whereby 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, recording 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:	Dollars (USD)
Currency B:	Pesos (MXN)
Required to pay floating rate amounts in currency A:	Credit Suisse
Required to pay fixed rate amounts in currency B:	CR
Transaction date:	February 21, 2017
Reference exchange amount in both currencies:	N/A
Start date:	February 21, 2017
Maturity date:	February 21, 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 per 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:	Quarterly, beginning 21 February 2017
A currency settlement date A:	N/A
A currency payment dates B:	The 21th day of each month beginning February 21, 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)	$ 127,152
Market value USD (thousands)	$ 6,467
Collateral MXN	$ -

As of December 31, 2017, no financial assets have been pledged as collateral. At the end of 2017, there were no funds available restricted due to margin calls. The Entity has mechanisms and committees in place to measure risk management and thus ensure appropriate management thereof.

As of December 31, 2017, the fair value of the aforementioned financial derivative in relation to the syndicated line hedge is MX $127,152 (equivalent to 6,467 US dollars) which was recorded 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, 2017 recognized in equity is MX $62,771 (equivalent to 3,192 US dollars) and the effect reclassified to the statement of income as accrued interest income is MX $76,495 (equivalent to 3,890 US dollars), and an exchange loss in the compensatory quota 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 13,840 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
2018	$	(26,248)	(1,335)
2019	$	(20,335)	(1,034)
2020	$	(16,188)	823

Senior Notes Relationship with maturity in 2023

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 yield of 7.25%, maturing in 2023.

On July 20, 2017, 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. For accounting purposes three Cross Currency Swaps were designated as fair value hedges; i.e., the fluctuations of the derivative and the item hedged are valued at fair value and are recognized in results in the same periods, and for the Cross Currency Swaps agreed with Morgan Stanley, 13.2% is recorded at fair value and the remaining 86.8% is recorded as cash flow, as well as that agreed with Barclays, where the changes in the fair value of the derivative are recorded in other comprehensive income and loss, and any ineffective portion and the respective amounts are reclassified to the statement of income when the projected cash flows hedged affect the results of the period.

Given that in the CCS acquired at the beginning, the Entity paid MX4 million (MXN) 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 statement of income when the projected cash flows hedged affect the results for the period.

Trading characteristics	Barclays 9007408	Morgan Stanley DMFS4	UBS 95007852	Banamex 32754151EC_1	Deutsche Bank 9767201M
Currency A:	Dollars (USD)	Dollars (USD)	Dollars (USD)	Dollars (USD)	Dollars (USD)
Currency B:	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)
Obligated to pay fixed rate for amounts in currency A:	Barclays	Morgan Stanley	UBS	Banamex	Deutsche Bank
Obligated to pay floating or fixed rate for amounts in currency B:	CR	CR	CR	CR	CR
Date of transaction:	July 20, 2017	July 20, 2017	July 20, 2017	July 20, 2017	July 20, 2017
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	At the start and at maturity
Starting date:	July 20, 2017	July 20, 2017	July 20, 2017	July 20, 2017	July 20, 2017
Maturity date:	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023
Reference amount in currency A:	USD 125,000	USD 100,000	USD 100,000	USD 100,000	USD 125,000
Reference amount in currency B:	MXN $2,361,250	MXN $1,889,000	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	$18.8900 MXN per USD
Fixed rate for amounts in currency A:	7.25%	7.25%	7.25%	7.25%	7.25%
Spread	N/A	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	30/360
Payment dates currency A:	The 20th day of every January and July as of July 20, 2016	The 20th day of every January and July as of July 20, 2016	The 20th day of every January and July as of July 20, 2016	The 20th day of every January and July as of July 20, 2016	The 20th day of every January and July as of July 20, 2016
Settlement date currency A:	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023	July 20, 2023
Payment dates currency B:	Every 28 days as of July 20, 2016	Every 28 days as of July 20, 2016	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	TIIE 28D
Spread Currency B:	6.13%	6.16%	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	Actual/360
Market value MXN (thousands)	$ 145,657	$ 113,918	$ 107,703	$ 111,313	$ 141,314
Market value USD (thousands)	$ 7,408	$ 5,794	$ 5,477	$ 5,661	$ 7,187
Colateral MXN	$ -	$ -	$ -	$ -	$ -

Características IRS	Credit Suisse 9003699		Barclays 9009053		Morgan Stanley OZNJJ		Credit Suisse 9003793	
National:	$	1,500	$	1,000	$	1,000	$	500
Currency:	MXN		MXN		MXN		MXN	
Required to pay fixed rate:	CR		CR		CR		CR	
Required to pay floating rate:	Credit Suisse		Barclays		Morgan Stanley		Credit Suisse	
Transaction date:	April 18, 2017		May 15, 2017		June 14, 2017		June 14, 2017	
Start date:	March 29, 2017		May 16, 2017		May 24, 2017		May 24, 2017	
Maturity date:	July 29, 2023		July 20, 2023		July 23, 2023		July 20, 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 May 16, 2017		Every 28 days as of June 21, 2017		Every 28 days as of May 24, 2017	
Market value MXN (thousands)	$	42,666	$	27,992	$	35,131	$	17,558
Market value USD (thousands)	$	2,170	$	1,424	$	1,787	$	893

As of December 31, 2017, the fair value of the Cross currency in relation to the hedge of the Senior Notes maturing in 2023 is MX $619,906 (31,527 US dollars), which was recorded as an asset, against an impact on other comprehensive income of MX $96,772 ($7,001 US dollars) and income in the income statement of MX $523,134 (26,609 US dollars). The effect as of December 31, 2017 recognized in the statement of income for the hedged item is a loss of MX 557,723 ($28,368 US dollars).

As of December 31, 2017, the fair value of the interest rate swaps for the Senior Notes 2023 in a hedging relationship is MX $123,347 ($6,274 US dollars), which was recorded as an asset with a debit to the stockholders' equity supplemental account through comprehensive income. The effect as of December 31, 2017 recognized in equity is MX $122,879, ($6,249 US dollars).

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	
2018	$	(71,787)	$	(3,651)
2019	$	(59,726)	$	(3,038)
2020	$	(66,764)	$	(3,396)

Year	Pesos		US dollars	
2021	$	(41,998)	$	(2,136)
2022	$	(30,677)	$	(1,560)
2023	$	493,726	$	24,954

Relationship Medium-Term Securitized Certificates (C-REAL 16)

The Entity uses financial derivatives for hedging purposes to manage the risks related to fluctuations in the interest rate applicable to its issue of C-REAL 16 (ticker symbol) medium-term securitized certificates, which were placed on March 31, 2016, bearing interest at two point five percentage points above the 28 day TIIE rate, and maturing on September 13, 2018.

On April 5, 2017, the Entity contracted an interest rate swap with Morgan Stanley for MX $1,000,000 at a fixed rate of 7.18%, to cover 100% of the C-REAL 16 securitized certificate.

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

Characteristics	Morgan Stanley ID YQOSZ
National:	$ 1,500
Currency:	MXN
Required to pay fixed rate:	CR
Required to pay floating rate:	Morgan Stanley
Transaction date:	April 5, 2017
Start date:	March 30, 2017
Maturity date:	September 13, 2018
Fixed rate:	7.18%
Floating rate:	TIIE
Floating rate spread:	N/A
Fraction for the count of days applicable to floating or fixed rate:	Actual/360
Interest payment dates:	Every 28 days as of March 30, 2017
Market value MXN (thousands)	$ 5,879

As of December 31, 2017, the fair value of the aforementioned financial derivatives for the C-REAL 16 hedging relationship is MX $5,879, which was recorded 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, 2017 recognized in equity is MX $5,749, and the effect reclassified to the statement of income as accrued interest income is MX $130.

The periods in which the cash flows from the derivative in the syndicated line hedging relationship C-REAL 16 are expected to occur and impact the statement of income are as follows:

Year	Pesos
2018	$ 5,749

Perpetual Bond Relationship

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 (ticker symbol) long-term notes, which were offered on November 29, 2017 and accrue interest at a fixed rate of 9.125%.

On December 5, 2013, the Entity contracted six Cross Country Swaps (CCS) with Morgan Stanley, Credit Suisse and Barclays for $230,000,000; 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, so as 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 9009347	Barclays 9009344	Credit Suisse 9003986	Credit Suisse 9003980
Currency A:	Dollar (USD)	Dollar (USD)	Dollar (USD)	Dollar (USD)
Currency B:	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)	Pesos (MXN)
Required to pay floating rate amounts in currency A:	Barclays	Barclays	CR	CR
Required to pay fixed rate amounts in currency B:	CR	CR	Credit Suisse	Credit Suisse
Transaction date:	December 5, 2017	December 5, 2017	December 5, 2017	December 5, 2017
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:	November 29, 2017	November 29, 2019	November 29, 2017	November 29, 2019
Maturity date:	November 29, 2017	November 29, 2022	November 29, 2019	November 29, 2022
A currency settlement date A:	USD 65,000	USD 65,000	USD 65,000	USD 65,000
A currency settlement date B:	MXN $1,216,800	MXN $1,216,800	MXN $1,216,800	MXN $1,216,800
Fixed rate for the amount in currency B for the first period:	$18.7200 MXN per USD	$18.7200 MXN per USD	$18.7200 MXN per USD	$18.7200 MXN per USD
Floating rate for currency A:	9.13%	9.13%	9.13%	9.13%
Fraction for the count of days applicable to the fixed rate for amounts in foreign currency A:	Actual/360	Actual/360	Actual/360	Actual/360
A currency payment dates A:	Half – year as November 29, 2017	Half – year as November 29, 2019	Half – year as November 29, 2017	Half – year as November 29, 2019
A currency settlement date A:	November 29, 2019	November 29, 2022	November 29, 2019	November 29, 2022
A currency payment dates B:	Every 28 days as of November 29, 2017	Every 28 days as of November 29, 2019	Every 28 days as of November 29, 2017	Every 28 days as of November 29, 2019
Floating or fixed rate for currency B:	9.56%	TIIE 28D	9.56%	TIIE 28D
Spread currency B:	N/A	3.57%	N/A	3.60%
Fraction for the count of days applicable to floating or fixed rate amounts in currency B:	Real/360	Real/360	Real/360	Real/360
Market value MXN (thousands)	$ 19,568,622	$ 4,205,571	$ 19,722,264	$ 3,650,922
Market value USD (thousands)	$ 995,205	$ 213,884	$ 1,003,019	$ 185,676
Collateral MXN	$ -	$ -	$ -	$ -

Characteristics of CCS	Morgan Stanley HL0TZ	Morgan Stanley HL0U0
Currency A:	Dollar (USD)	Dollar (USD)
Currency B:	Pesos (MXN)	Pesos (MXN)
Required to pay floating rate amounts in currency A:	CR	CR
Required to pay fixed rate amounts in currency B:	Morgan Stanley	Morgan Stanley
Transaction date:	December 5, 2017	December 5, 2017
Reference exchange amount in both currencies:	At the start and at maturity	At the start and at maturity
Start date:	November 29, 2017	November 29, 2019
Maturity date:	November 29, 2019	November 29, 2022
Reference amount in currency A:	USD 100,000	USD 100,000
Reference amount in currency B:	MXN $1,872,000	MXN $1,872,000
Exchange rate used to calculate reference amount in currency B:	$18.7200 MXN per USD	$18.7200 MXN per USD
Fixed rate for amounts in currency A:	9.13%	9.13%
Fraction for counting of days applicable to fixed rate for amounts in currency A:	Actual/360	Actual/360
Payment dates currency A:	Half – year as November 29, 2017	Half – year as November 29, 2019
Settlement date currency A:	November 29, 2019	November 29, 2022
Payment dates currency B:	Every 28 days as of November 29, 2017	Every 28 days as of November 29, 2019
Floating rate for amounts in currency B:	9.56%	TIIE 28D
Spread currency B:	N/A	3.60%
Fraction for the count of days applicable to the floating rate for amounts in currency B:	Actual/360	Actual/360
Market value MXN (thousands)	$ 29,116,654	$ 5,361,838
Market value USD (thousands)	$ 1,480,791	$ 272,688

As of December 31, 2017, the fair value of derivatives related to perpetual bond hedge is MX $81,626 (equivalent to 4,151 US dollars), which was recorded as an asset and income in the income statement. The effect as of December 31, 2017 recognized in the income statement for the hedged item is a loss of MX $81,626 (equivalent to 4,151 US dollars).

CREAL-15 Bond Relationship

At the close of the year, these operations were settled because the debt covered was paid in advance (Issue of Notes with ticker symbol CREAL15), impacting funds available in the amount of MX $5,300 (equivalent to US $270) and revenue in the statement of income.

Nature and degree of risks arising from the derivatives

The exchange rate as of December 31, 2017 is MX $19.6629.

The majority of the Entity's CCS enable it to fix the exchange rate to be used for the payment of the US dollar denominated debt on the date of maturity. When financing in foreign currency is entered into, the hedge enables the exchange rates to be appropriately managed.

By contracting a zero cost collar as a cash flow hedge of the Senior Notes maturing in 2019, the Entity has hedged the risk of a devaluation of the Mexican peso against the US dollar and is exposed to the risk of the Mexican peso appreciating against the US dollar.

By contracting the CCS to cover the fair value of the Senior Notes maturing in 2023, the Entity has hedged the risk of a devaluation of the Mexican peso against the US dollar, and is also exposed to the risk of the Mexican peso appreciating against the US dollar. With regard to interest rate risk, by contracting the CCS, the Entity is exposed to the risk of TIIE variances in the contracts which use a floating rate.

By contracting the IRS, the Entity can set a fixed interest rate for the payment of interest on the debt in Mexican pesos derived from the CREAL16 notes.

By contracting the CCS, the Entity hedges the fair value of the perpetual bonds, in which it has covered the risk of a devaluation of the Mexican peso against the US dollar, and is also exposed to the risk that the Mexican peso will appreciate against the US dollar. With regard to interest rate risk, for the first tranche it pays a fixed rate up to 2019, and thereafter, by contracting the CCS, the Entity hedges the risk of TIIE variances in the contracts which use a floating rate.

Formal hedge documentation

Once cash flow and fair value hedges are structured, the Entity prepares an individual file for each transaction containing the following documentation:

- The strategy and objective of the Entity's risk management, as well as the rationale that lead the decision to carry out the hedging operation.
- The specific risk or risks to be hedged.
- Hedge structure identifying the derivative financial instruments contracted for hedging purposes and the item generating the hedged risk.
- Definition of the elements composing the hedge, its objective and a reference to the effectiveness valuation method.
- Contracts for the hedged item and hedging instrument, as well as confirmation from the counterparty.

- Periodic hedge effectiveness tests at the prospective level regarding its estimated future evolution and at the retrospective level, concerning its past behavior. These tests are applied at least at the end of each quarter, according to the valuation method defined when creating the hedge files.

Risk management

The Entity has segregated risk evaluation and management under the following headings:

Credit risk: The credit risk refers to the risk whereby a customer or counterparty defaults on its contractual obligations, thus resulting in a financial loss for the Entity.

Market risk: the income volatility resulting from market changes that affect the evaluation of active or passive transaction positions such as interest rates and exchange rates.

Liquidity risk: the loss potentially generated by the Entity's inability to renew its liabilities or contract others under normal conditions.

Counterparty credit risk

The Entity manages the credit risk generated by its derivatives portfolio by only performing transactions with recognized counterparties with an investment-grade rating At December 31, 2017, the Entity maintains a position composed by derivative financial instruments based on foreign currency swaps that represent an asset for it. The total potential loss expected from this type of derivative financial instrument is MX $1,792. The Entity also has interest rate swaps, which represent an asset for the Entity and the potential loss expected from this type of financial derivatives amounts to MX $129.

Sensitivity analysis

The Entity performed a sensitivity analysis so as to forecast situations that could result in extraordinary losses as regards the valuation of the derivative financial instruments composing its position at the December 2017 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	$	537,570	$	(537,570)
Cash flow hedge derivatives	**+1 exchange rate**		**-1 exchange rate**	
Foreign currency swap	$	541,349	$	(541,348)
Foreign currency option	$	(53,562)	$	45,410

Interest rate sensitivity of interest rate

Cash flow hedge derivatives	+100 bp interest rate		-100 bp interest rate	
Interest rate swap	$	129	$	(129)

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, 2017, the Entity elects to present the undiscounted future flows which represent a liability according to their maturity.

		2018	2019	2020	2021	2022	2023
Foreign currency swaps	$	(680,496)	69,737	(804,664)	(669,365)	(642,346)	370,658
Interest rate Swaps	$	38,626	30,481	21,067	21,782	26,864	19,279

7. LOAN PORTAFOLIO

At December 31, 2017, 2016 and January 1, 2016, the loan portfolio was comprised as follows:

	2017	2016	January 1, 2016
Loan portfolio			
Commercial portfolio	$ 27,052,994	$ 25,425,100	$ 20,793,042
Consumer portfolio	7,505,932	6,753,971	1,486,897
Performing loan portfolio	34,558,926	32,179,071	22,279,939
Less-			
Interest accrued on factoring operations	(6,129,035)	(8,748,522)	(5,069,765)
Gauging warranty	(20,072)	(20,534)	(16,624)
Performing Loan Portfolio	28,409,819	23,410,014	17,193,550
Non-performing loan portfolio	605,219	517,008	416,089
Loan Portfolio	29,015,038	23,927,022	17,609,639
Less			
Allowance for loan losses	(1,067,540)	(767,460)	(485,506)
Performing Loan Portfolio, net	**$ 27,947,498**	**$ 23,159,562**	**$ 17,124,133**

As of December 31, 2017, 2016 and January 1, 2016, there is a restricted current portfolio of $4,738,331, $2,260,406 and $1,233,350, respectively, in accordance with the collateral loan contracts.

The portfolio is comprised of 883,195, 783,546 y 619,000 customers at the end of 2017, 2016 and January 1, 2016, respectively.

The average loan balance is $35, $30 and $28 at December 31, 2017, 2016 and January 1, 2016, respectively, with an average term of 38, 38 and 34, 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, 2017, 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	$ 19,759,457	$ 739,641	$ 404,788	$ 20,903,886
Consumer loan	7,232,195	196,699	77,038	7,505,932
	$ 26,991,652	**$ 936,340**	**$ 481,826**	**$ 28,409,818**

At December 31, 2017, the non-performing loan portfolio that has balance with at least once day of aging is as follows:

	91 a 180
Commercial loan	$ 331,399
Consumer loan	273,821
	$ 605,220

8. ALLOWANCES FOR LOAN LOSSESS

At December 31, 2017, 2016 and January 1, 2016, the Entity maintained an allowance for loan losses equivalent to 176%, 148% and 161% of non-performing portfolio, respectively.

As of December 31, 2017, 2016 and January 1, 2016, changes in the allowance for loan losses were as follows:

	2017	2016	January 1, 2016
Opening balance	$ 767,460	$ 485,506	$ 420,131
Portfolio applications	(1,285,192)	(1,026,759)	(355,158)
CR USA, Creal Dallas and Controladora CR consolidation effect	242,129	477,120	74,905
Charge to results	1,343,143	831,593	22,279,939
Closing balance	**$ 1,067,540**	**$ 767,460**	**$ 485,506**

9. OTHER ACCOUNT RECEIVABLE, NET

As of December 31, 2017, 2016 and January 1, 2016, other accounts receivable were as follows:

	2017	2016	January 1, 2016
Other accounts receivable from distributors	$ 4,159,428	$ 2,707,174	$ 1,887,883
Value added tax (VAT) receivable	42,555	60,968	57,921
Other debtors	445,453	828,910	306,611
Recoverable income tax	13,947	11,351	42,500
	4,661,383	3,608,403	2,294,915
Allowance for other accounts receivable	(31,710)	(31,105)	(36,020)
	$ 4,629,673	**$ 3,577,298**	**$ 2,258,895**

As of December 31, 2017, 2016 and January 1, 2016, other accounts receivable from distributors were as follows:

	2017	2016	January 1, 2016
Interest accrued in advance period	$ 252,232	$ 113,247	$ 569,909
Advances to distributors	2,072,234	1,610,107	761,852
Joint and several liability of the distributor	802,014	409,307	442,074
Other debts	1,032,948	574,513	114,048
Total	**$ 4,159,428**	**$ 2,707,174**	**$ 1,887,883**

10. PROPERTY AND FURNITURE

At December 31, 2017, 2016 and January 1, 2016, property and equipment are as follows:

	Depreciation period (years)	2017	2016	January 1, 2016
Office Furniture and fixtures	10	$ 340,378	$ 175,833	$ 56,329
Computers	3	198,338	137,428	52,467
Transportation equipment	4	19,951	25,225	18,479
		558,667	338,486	127,275
Less - Accumulated depreciation		(246,112)	(173,594)	(56,496)
		312,555	164,892	70,779
Installation expenses	20 y 10	125,982	129,566	91,068
Less – Accumulated amortization		(96,367)	(32,332)	(12,732)
		29,615	97,234	78,336
Total		**$ 342,170**	**$ 262,126**	**$ 149,115**

11. INVESTMENT IN SHARES OF ASSOCIATES

At December 31, 2017, 2016 and January 1, 2016, investments in shares of associates are as follows:

		Book Value						Participation in results					
Entity	**% Ownership 2017, 2016 and 2015**	**2017**		**2016**		**January 1, 2016**		**2017**		**2016**		**January 1, 2016**	
Publiseg, S.A.P.I. de C.V. SOFOM (a)	49.00%	$	489,193	$	463,119	$	340,337	$	26,074	$	14,617	$	24,716
Grupo Empresarial Maestro S.A. de C.V. (a)	49.00%		512,568		502,949		418,037		120,533		114,043		33,364
Bluestream Capital, S.A. de C.V. (b)	23.00%		3,331		1,173		79		793		666		(639)
Cege Capital, S.A.P.I. de C.V., SOFOM ENR (c)	36.30%		95,493		89,245		56,445		11,042		13,830		13,831
Other	23.98%		164,737		1,335		20,526		19,302		(7,060)		(2,119)
		$	**1,265,322**	**$**	**1,057,821**	**$**	**835,624**	**$**	**177,743**	**$**	**136,096**	**$**	**69,153**

(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, 2017, 2016 and January 1, 2016, 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 257 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 37.98% of Cege's outstanding shares.

At the Extraordinary General Meeting of Shareholders held on December 17, 2014, 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, 2017, 2016 and January 1, 2016, other assets were as follows:

	2017		**2016**		**January 1, 2016**	
Goodwill (a)	$	1,414,780	$	1,053,517	$	1,022,536
Costs for issuance of securities and bank loans		43,675		40,400		85,076
Prepaid expenses (b)		327,573		205,502		178,587
Other long and short term assets (c)		315,057		441,961		251,317
		2,101,085		1,741,380		1,537,516
Intangible asset branch network (d)		80,640		80,641		80,641
Instacredit's Intangible Assets (See Note 1c)		1,052,750		1,052,750		-
Directodo's Intangible Assets		1,264,176		1,255,013		1,255,013
		2,397,566		2,388,404		1,335,654
Accumulated amortization		(44,432)		(77,676)		(34,949)
		2,353,134		2,310,728		1,300,705
Guarantee		4,274		3,062		12,585
	$	**4,458,493**	**$**	**4,055,170**	**$**	**2,850,806**

(a) The acquisition of 49.00% of Grupo Empresarial Maestro implied the recognition of goodwill of $580,158 for 2016, based on the book value and the price paid.

The acquisition of 23.86% 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.

The acquisition of 65% of AFS 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) 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.

(c) 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.

(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, 2017, 2016 and January 1, 2016, indebtedness was comprised as follows:

	Rate	Date of maturity	2017	2016	January 1, 2016
Notes payable (Securitized Certificates) (a)	TIIE + 2.70% 7.50% y	In the 2018	$ 1,000,000	$ 2,750,000	$ 3,605,000
Senior Notes	7.25%	Between March 2019 and July 2023	13,186,350	13,817,895	7,310,693
Accrued interest			357,524	320,548	29,229
Total			**$ 14,543,874**	**$ 16,888,443**	**$ 10,944,922**

(a) As of December 31, 2016 the stock certificates program ("Certificados Bursátiles") has unsecured securities with a value of $1,000,000.

Currently the Entity has two issues of Senior Notes, which is unsecured debt issued abroad for a total amount of US $759 million.

The first issue was carried out on March 13, 2014, for US $425 million, bears interest of 7.50% a year payable on a semiannual basis on March 13 and September 13 of each year until maturity on March 13, 2019. In July 2016, the option was taken to make a partial prepayment, for which reason the remaining balance as of December 31, 2017 is US $134 million.

This first issue was rated by Standard & Poor's, which granted a long-term global rating of "BB", which rose to "BB+", on February 3, 2015. By the same token, HR Ratings on May 27, 2015 assigned the rating of HR BB+ (G), which rose to HR BBB-(G), on May 25, 2016.

The second 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.

This second 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+(EXP)"; and by HR Ratings, which granted a rating of HR BB-(G).

The Securities were issued and offered in accordance with Rule 144A and Regulation S of the US Securities Act of 1933. Principal will be paid at maturity of the instruments or, as the case may be, on the date of their advance redemption.

14. BANK LOANS AND OTHER LOANS

At December 31, 2017, 2016 and January 1, 2016, debt was comprised as follows:

	Rate	Date of maturity	2017	2016	January 1, 2016
Bank Loans in MXN (a)	TIIE + spread	Between 2018 and 2020	$ 3,751,315	$ 2,502,786	$ 3,696,902
Bank Loans in USD (b)	LIBOR + spread	In the 2018	5,129,177	5,147,597	2,794,000
Accrued Interest			160,140	49,670	8,029
Total			**$ 9,040,632**	**$ 7,700,053**	**$ 6,498,931**

(a) As of December 31, 2017, the Entity has bank loans guaranteed with portfolio for $4,056,133 and unsecured bank loans for $4,685,888. Such lines were granted by 13 institutions to finance the growth of the loan portfolio and increase working capital. The loans are granted by financial institutions widely recognized in the Mexican Financial System. The lines of credit have maturity dates of between 90 days and three years and pay interest at a variable rate.

(b) As of December 31, 2017, the Entity has two syndicated bank loans in foreign currency for a total of US $110 million, which, valued at the close of the year, represents MX $2,114,172 and pays interest at a variable LIBOR rate plus percentage points.

Contractual maturities of debt are as follows:

	Amount
2018	$ 6,616,447
2019	4,128,506
2020	1,110,015
2021	11,411,633
Accrued interest	317,905
Total	**$ 23,584,506**

15. ACCRUED LIABILITIES AND OTHER ACCOUNTS PAYABLE

At December 31, 2017, 2016 and January 1, 2016, accrued liabilities and other accounts payable are integrated as follows:

	2017	2016	January 1, 2016
Provisions for various obligations	$ 575,294	$ 125,215	$ 61,381
Liability for employee retirement obligations	37,684	29,615	24,891
Taxes payable	39,949	50,472	38,316
Dividends payable	2,361	2,361	158,712
Other accounts payable to distributors	142,961	208,087	287,845
Value Added Tax (VAT) payable	65,332	15,812	53,743
Accrued liabilities	365,527	17,359	17,210
	$ 1,229,108	**$ 448,921**	**$ 642,098**

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 $5,301, $5,236 and $4,553 on 2017, 2016 and January 1, 2016, 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, 2017, 2016 and January 1, 2016, the balance of the defined benefits plan fund was $319, $307 and $289, respectively

As of December 31, 2017, 2016 and January 1, 2016, the Entity amortizes the variations in actuarial assumptions for seniority premiums over approximately 4.28, 4.29 and 3.37 years, respectively, based on the average remaining years of employee services..

The accounting changes generated by the initial application of NIF D-3 were recognized retrospectively and therefore the consolidated financial statements were reformulated for an accounting change as established in NIF B-1 "Accounting changes and error corrections".

As of December 31, 2017, 2016 and January 1, 2016, he gains and losses recorded in the OCI are presented net of their deferred tax liability (asset), which amounted to $1,088, $2,459 and $(1,155), 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, 2017, 2016 and January 1, 2016, 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:

	2017	2016	January 1, 2016
Obligations from defined benefits	$ (35,985)	$ (30,037)	$ (28,363)
Fair value of plan assets	318	307	289
Overfunded (underfunded) status	(35,667)	(29,730)	(28,074)
Unamortized items:			
Unrecognized plan improvements	-	-	1,501
Unrecognized actuarial losses	-	-	1,682
Projected net liability	**$ (35,666)**	**$ (29,730)**	**$ (24,891)**

Net periodic cost is composed as follows:

	2017	2016	January 1, 2016
Services cost for the year	$ 2,692	$ 2,899	$ 2,500
Financial cost	2,636	2,361	2,087
Expected yield on assets	(27)	(24)	(34)
Services cost for the year	**5,301**	**5,236**	**4,553**

Interest rated used in actuarial calculation in nominal terms for 2017, 2016 and January 1, 2016 were as follows:

	2017	2016	January 1, 2016
Discount rate	9.00%	9.00%	8.50%
Percentage increase in wages	4.75%	4.75%	4.75%

The movement of the projected net liability was as follows

	2017	2016	January 1, 2016
Opening balance	$ (29,730)	$ (24,891)	$ (19,953)
Re-measurements recognized in ORI	(138)	180	(470)
Provision of the year	(5,301)	(5,019)	(4,468)
Projected net liability	**$ (35,666)**	**$ (29,730)**	**$ (24,891)**

17. 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) Transactions with related parties, carried out in the ordinary course of business were as follows:

	2017	2016	January 1, 2016
Assets:			
Corporate loan portfolio	$ 2,888,524	$ 2,441,264	$ 982,856
Receivables for services provided	6,267	10,032	9,091
Total Assets	**$ 2,894,791**	**$ 2,451,296**	**$ 991,947**

Liabilities:			
Intercompany loans	(2,888,524)	(2,441,264)	(982,856)
Payables for services received	(6,267)	(10,032)	(9,091)
Total Liabilities	**$ (2,894,791)**	**$ (2,451,296)**	**$ (991,947)**
	2017	**2016**	**January 1, 2016**
Results:			
Positive interest accrued	$ 889,587	$ 704,933	$ 560,318

18. STOCKHOLDERS' EQUITY

Capital stock as of December 31, 2017, 2016 and January 1, 2016, 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

A Stockholders' Ordinary Meeting held on March 1, 2017 agreed that because the individual financial statements approved by such Meeting reported net income of $1,714,001 in fiscal year 2016, the following application should be made:

The transfer of $1,714,001 of the Entity's individual income was transferred to the account "Result from previous years".

As of December 31, 2017, 2016 and January 1, 2016 common stock is $660,154, 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 $597,223 refers to variable capital, represented by 354,664,034 Unique Series, Class II ordinary, no par value shares.

A Stockholders' Ordinary General Meeting held March 1, 2017 declared the payment of dividends for $96,800, which was applied with a charge to "Results from previous years". The dividend was distributed to the stockholders, based on their current equity percentage, 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 2017, 2016 and 2015, the amount of repurchased shares is $141,963, $75,570 and $51,203 equivalent to 5,259,479, 2,612,248 and 1,342,516 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 2017, 2016 and January 1, 2016, 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
2014	$ 85,000	$ 168,655	$ -	$ 168,655
2015	$ -	$ 156,888	$ 156,888	$ -
2017	$ -	$ 96,800	$ 96,800	$ -

The balances of the stockholders' equity tax accounts as of December 31, 2017, 2016 and January 1, 2016, are:

	2017	2016	January 1, 2016
Net tax income account	$ 18,470	$ 16,894	$ 98,122
Contributed capital account	$ 2,800,162	$ 2,622,611	$ 2,537,356

19. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

a. The monetary position of foreign currencies as of December 31, 2017, 2016 and January 1, 2016 is:

	2017	2016	2015
USD Dollars:			
Monetary assets	**471,792**	390,012	103,131
Monetary liabilities	**(209,241)**	(257,494)	(86,788)
Position (short) long	**262,551**	132,518	16,343
Equivalent in pesos	**$ 5,162,514**	$ 2,732,495	$ 281,896

b. Transactions in foreign currencies were as follows:

	2017	2016	2015
	(USD Dollars)		
Interest expenses	144,012	107,182	12,088
Interest income	(20,612)	(18,173)	(1,771)

c. Exchange rates in pesos wing force date of the financial statements and the date of the auditor's report were as follows:

	December 31 of			
	2017	2016	2015	February 28 2018
Dollar, banking	$ 19.6629	$ 20.6198	$ 17.2487	$ 18.8331

20. OTHER OPERATING INCOME

As December 31, 2017, 2016 and 2015, the other income from the operation, were as follow:

	2017	2016	2015
Other revenue Central America	**$ 159,791**	$ 143,932	$ -
Other revenue US	**104,077**	108,393	-
Other revenue management services	**86,294**	14,926	36,241
	$ 350,162	$ 267,251	$ 36,241

21. INCOME TAXES

The Entity is subject to ISR. According with the ISR law, the rate is 30% in 2017, 2016 and 2015 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:

	2017	2016	2015
ISR:			
Current	**$ (92,722)**	$ (234,046)	$ (85,927)
Deferred	**(435,575)**	(270,356)	(335,659)
Stock deferred	**$ (77,590)**	$ (98,335)	$ -

As of December 31 2017, 2016 and January 1, 2016, the deferred tax balance is as follows:

	2017	2016	January 1, 2016
Deferred ISR assets:			
Allowance for loan losses	$ 656,687	$ 497,977	$ 320,761
Furniture and fixtures	79,069	22,950	41,473
Provisions	22,220	17,152	19,518
Tax loss carryforwards	485,465	369,168	89,863
Other assets, net	83,696	37,078	1,968
Deferred ISR	1,327,135	944,325	473,583
Deferred ISR (liability):			
Other accounts receivable, net (a)	(2,021,103)	(1,749,544)	(1,456,761)
Advance payments	(250,679)	(167,109)	(113,328)
Derivative financial instruments	(439,443)	(373,585)	-
Deferred ISR liability	(2,711,225)	(2,290,238)	(1,570,089)
Deferred ISR (net)	$ (1,384,088)	$ (1,345,913)	$ (1,096,506)

(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 2017, 2016 and 2015, 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:

	2017	2016	2015
Statutory rate	30%	30%	30%
Effects of inflation	(1%)	-%	(3%)
Interest accrued in advance period	(1%)	(6%)	(1%)
Allowance for loan losses	2%	1%	2%
Advance payments	2%	1%	2%
Others	(9%)	1%	(6%)
Effective rate	23%	27%	24%

Tax loss carry forwards – As of December 31, 2017, the Entity has tax loss carry forwards for ISR purposes:

Maturity Date		2017
2024	$	309,553,109
2026		1,279,362,413
	$	**1,588,915,522**

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 06-2016-13558, 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 $38,090, 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 Court of the Federal Tax Court which, through a ruling dated September 1, 2016, accepted the case, and assigned it docket number 17549/15-17-01-8.

On November 3, 2017, Crédito Real reached an agreement which ordered the trial closed, so that the Metropolitan Regional Chamber of the Federal Tax Court can then issue the verdict.

Management and its outside legal advisors consider it very unlikely that the tax liability assessed will be confirmed.

22. 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.

23. COMPARATIVE TABLE OF MAIN ASSET AND LIABILITY MATURITIES

Below are the maturity dates of the main assets and liabilities as of December 31, 2017:

	Until 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
Cash and cash equivalents	$ 810,662	$ -	$ -	$ 810,622
Investment in securities	490,442	39,326	-	529,768
Derivative financial instruments	-	-	1,920,898	1,920,898
Loan portfolio,(net)	3,806,449	2,998,767	21,142,282	27,947,498
Other accounts receivable	631,007	497,114	3,501,552	4,629,673
Total assets	**$ 5,738,520**	**$ 3,535,207**	**$ 26,564,732**	**$ 35,838,459**
Notes payable and Senior Notes	$ (294,503)	$ (1,038,065)	$ (13,211,306)	$ (14,543,874)
Bank loans	(3,122,226)	(2,479,599)	(3,438,807)	(9,040,632)
Derivative financial instruments	-	-	(137,637)	(137,637)
Other accounts payable	(1,931,475)	-	(101,656)	(2,033,131)
Total liabilities	(5,348,204)	(3,517,664)	(16,889,406)	(25,755,274)
Assets less liabilities	**$ 390,316**	**$ 17,543**	**$ 9,675,326**	**$ 10,083,188**

24. RATING (UNAUDITED)

As of December 31, 2017, the ratings assigned to the Entity are as follows:

Rating agency	Short term	Long term	Perspective	Date
Standard & Poor's				
Foreign currency	mxA-1	‘mxA+	Stable	Febraury 15, 2018
Fitch Ratings				
Stock certificates	F1(mex)	A+(mex)	Stable	Febraury 16, 2018
Fiduciary stock certificates	-	AAA(mex)	-	October 3, 2017

25. CONTINGENCIES

As of December 31, 2017, 2017 and January 1, 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.

26. COMMITMENTS

The Entity at December 31 2017, 2016 and January 1, 2016, has its own commitments and the operation mentioned in Note 13 “Indebtedness” and Note 14 “Bank Loans and other loans”.

27. SUBSEQUENT EVENTS

On January 26, 2018, the Entity fully redeemed the outstanding principal and accrued interest of long-term notes with ticker symbol “CREAL 16”, the amount of MX $1,000,000,000 (1 billion Mexican pesos), issued on March 31, 2016 in accordance with the terms of such notes.

On January 3, 2018, the Entity requested the cancellation of the preliminary registration with the National Securities Commission of short-term notes and the revolving short and long-term notes program for a total amount of MX $7,500,000,000 (7 billion 500 million Mexican pesos).

As of January 31, 2018, the Entity announced the issue of bonds maturing in the year 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 the transactions in a market regulated in the European Economic Area or in any other outside it, and will be listed exclusively on the SIX Swiss (Stock Market in Switzerland).

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.

	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	2,317,811	-	2,713,963
Total	**$ 22,301,916**	**$ 2,317,811**	**$ 4,612,722**	**$ 29,015,038**
	2016			
	Mexico	**USA**	**Central America**	**Total**
Payroll loans	$ 14,530,433	$ -	$ 4,390,736	$ 18,921,169
Group loans	418,402	-	-	418,402
Durable goods loans	440,381	-	-	440,381
Small business loans	1,368,462	-	-	1,368,462
Used car loans	460,797	2,317,811	-	2,778,608
Total	**$ 17,218,475**	**$ 2,317,811**	**$ 4,390,736**	**$ 23,927,022**
	January 1, 2016			
	Mexico	**USA**	**Central America**	**Total**
Payroll loans	$ 12,952,957	$ -	$ -	$ 12,952,957
Group loans	304,785	-	-	304,785
Durable goods loans	1,028,362	-	-	1,028,362
Small business loans	1,485,472	-	-	1,485,472
Used car loans	366,628	1,471,435	-	1,838,063
Total	**$ 16,138,204**	**$ 1,471,435**	**$ -**	**$ 17,609,639**

The loan portfolio which shows arrears in excess of 90 calendar days, and up to 180 calendar days, at the end of December 2017, 2016 and January 1, 2016, was $705,811, $926,315 y $687,168, respectively. By the same token, the joint and several liability of the distributors for overdue loans as of those dates is $100,592, $409,309 y $271,078, respectively, and is presented under other accounts receivable. Accordingly, as of December 31 2017, 2016 and January 1, 2016, the overdue loan portfolio was $605,219, $517,006 y $416,090, respectively.

29. NEW ACCOUNTING PRINCIPLES

As of December 31, 2017, the CINIF has issued the following NIFs and Improvements to NIFs which may affect the consolidated financial statements of the Entity:

a. Improvements to NIF 2018 – The following improvements were issued which generate accounting changes effective as of January 1, 2018:

NIF B-2*, Statement of cash flows* **–** For liabilities from financing activities, requires disclosure of the relevant changes in cash flows, and preferably the initial and closing balances of such items should be reconciled.

NIF B-10*, Effects of inflation* **–** Also requires disclosure of the accumulated inflation percentage for three years, which includes the previous two years and the period referred to in the current financial statements, that will be used as the basis to classify the economic environment in which the entity will operate in the following year.

NIF C-6*, Property, plant and equipment and* NIF C-8*, Intangible assets* **–** The depreciation and amortization method based on revenues cannot be used, except where the revenues and the consumption of the economic benefits from the assets follow a similar pattern.

NIF C-14*, Transfer and cancellation of financial assets* **–** To avoid contradictions in the standard, it is clarified that the transferor should continue recognizing any revenue and loss from impairment originated from the asset transferred up to the degree of its continuous involvement and should recognize any expense related with the associated liability. If the transferred asset continues to be recognized at amortized cost, the associated liability should not be valued at fair value.

b. Improvements to NIF 2018 – The following improvements do not generate accounting changes:

NIF B-7*, Business acquisitions* **–** It is clarified that a contingent liability of a business acquired should be recognized at the purchase date as a provision, if such item represents a present obligation for the business acquired as a result of past events.

NIF B-15*, Translation of foreign currencies* **–** In financial statements where the functional currency is different from the Mexican peso, the entity should, among others, determine in its functional currency: a) the fair value of the items in which it is applicable, b) conduct impairment tests on the value of the asset and c) determine the deferred tax liabilities or assets, etc.

NIF C-2*, Investment in financial instruments;* NIF C-3*, Accounts receivable;* NIF C-10*, Financial derivatives and hedging relationships;* NIF C-16*, Impairment of financial instruments receivable;* NIF C-19*, Financial instruments payable; and* NIF C-20*, Financial instruments receivable* **–** These six new NIF related to financial instruments are not yet effective; however, clarifications were made to unify and standardize the terms used therein so as to ensure consistency.

c. The following NIF were issued and are effective January 1, 2018:

Con entrada en vigor a partir del 1 de enero de 2018:

NIF B-17, *Determination of fair value*
NIF C-2, *Investments in financial instruments*
NIF C-3, *Accounts receivable*
NIF C-9, *Provisions, contingencies and commitments*
NIF C-10, *Financial derivatives and hedging relationships*
NIF C-16, *Impairment of financial instruments receivable*
NIF C-19, *Financial instruments payable*
NIF C-20, *Financial instruments receivable*
NIF D-1, *Revenues from contracts with customers*
NIF D-2, *Costs from contracts with customers*

Effective January 1, 2019:

NIF D-5, Leases

Following is included a brief description of each new NIF:

NIF B-17, *Determination of fair value* **–** Defines fair value as the *exit price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date (in other words, a current value based on an exit price)*. To determine the fair value the following must be considered: a) The specific asset or liability being valued; b) for a nonmonetary asset, the highest and best use of the asset, and, if the asset is used in combination with other assets or on an independent basis; c) the market in which an orderly transaction would take place for the asset or the liability; and d) the appropriate valuation technique or techniques to determine the fair value, which should maximize the use of relevant observable entry data and minimize non-observable entry data.

NIF C-2, *Investment in financial instruments (FI)* **–** The main change in this standard is the classification of the FI in which the investment is made. The intention of acquisition and utilization of an investment in an FI is discarded for purposes of determining its classification, and is replaced by the business model concept for the management of investments in FI to procure cash flows, which may be obtaining a contractual return from an FI, from the collection of contractual returns and/or sale or obtaining profits from their purchase and sale, with the aim of classifying the different FI. Furthermore, the investments in FI cannot be reclassified between the different categories (loans and receivables, financial liabilities at fair value and trading), unless the business model changes, which is considered unlikely to occur.

NIF C-3, *Accounts receivable* **–** The main changes consist of specifying that: a) the accounts receivable based on a contract represent a financial instrument; b) the allowance for bad debts for commercial accounts is recognized from the time the revenue is accrued, based on the expected credit losses; c) the time value of money should be considered as of the initial recognition; consequently, if the effect of the present value of the account receivable is material based on its term, it should be adjusted based on such present value, and d) required disclosures include an analysis of the change between the opening and closing balances of the allowance for bad debts.

NIF C-9, *Provisions, contingencies and commitments* – The term *probable* replaced the term *virtually avoidable* in the definition of liabilities. The first-time application of this NIF does not generate accounting changes in the financial statements.

NIF C-10, *Financial derivatives and hedging relationships* – a) the hedging relationships must be aligned with the risk management strategy so that they qualify as hedging relationships. Otherwise, they would not qualify as such and shall not be recognized as hedging relationships; b) specific measures are eliminated (between 80% and 125% in relation to the effectiveness of the hedged item) to determine whether a hedge is effective and any effectiveness is recognized immediately in results; c) the restriction on being able to establish a hedging relationship for the assets and liabilities valued at fair value was eliminated; d) the hedging relationship is only discontinued if the hedge instrument or the hedged item cease to exist or if the risk management strategy changes, which would be unusual and infrequent; e) the hedging percentage must be rebalanced if there is ineffectiveness, either by increasing or decreasing the hedged item or the hedging instrument; f) any embedded financial derivatives that exist cannot be separated when the host instrument is a financial asset; and g) a net position for revenues and expenses may be designated as a hedged item, as long as such designation reflects the risk management strategy of the entity.

NIF C-16, *Impairment of financial instruments receivable (FIR)* – Determine when and how the expected losses from impairment of FIR should be recognized; this is when, as result of an increase in the credit risk, it is concluded that a part of the future cash flows from the FIR will not be recovered, and proposes that the expected loss should be recognized based on the historical experience of credit losses, current conditions and reasonable and sustainable forecasts of the various quantifiable future events that might affect the amount of the future recoverable cash flows of the FIR, which means that estimates must be made and should be periodically adjusted based on past experience. Furthermore, in relation to interest-bearing FIR, enitites shall estimate the amount and timing for the cash flows expected to be recovered, as the recoverable amount must be recognized at present value.

NIF C-19, *Financial instruments payable* – Establishes: a) the possibility of valuing, after their initial recognition, certain financial liabilities at fair value, when certain exceptional conditions are fulfilled; b) the valuation of long-term liabilities at their present value at initial recognition, considering their present value when their term exceeds one year or outside normal credit conditions, and c) when a liability is restructured, but the future cash flows to settle the liability are not substantially modified, the costs and commissions disbursed in this process will affect the amount of the liability and will be amortized based on a modified effective interest rate, instead of directly affecting the net income or loss.

NIF C-20, *Financial instruments receivable* – Specifies the classification of financial instruments in the assets, based on the business model: a) if the intention is to generate a profit through a contractual return, predetermined in a contract, they are recognized at amortized cost; b) if they are also used to generate a profit based on their purchase and sale, they are recognized at fair value. Any embedded financial derivative that modifies the cash flows of principal and interest from the host instrument will not be separated; instead, all will be valued at fair value, as if it were a negotiable financial instrument.

NIF D-5, Leases – The accounting recognition for the lessor remains the same and only disclosure requirements are added. For the lessee it introduces a single recognition model for leases which eliminates their classification as operating or capital leases, so the latter should recognize the assets and liabilities of all leases of over 12 months (unless the underlying asset is low value). Consequently, the most important impact will be an increase in the assets leased and in the financial liabilities of a lessee when recognizing an asset for the right to use the underlying asset leased and a lease liability which reflects the obligation of the lease payments at present value. The following aspects should be considered when this NIF is applied: a) a lease is defined as a contract which transfers to the lessee the right to use an asset for a determined period of time in exchange for a consideration; therefore, it should be evaluated, at the start of the contract, whether the right to control the use of an identified asset for a determined period of time is obtained; b) it changes the nature of the expenses related with leases, by replacing the expense for operating lease in accordance with Bulletin D-5, with an expense for depreciation or amortization of the assets for the right of use (in operating costs) and an interest expense on the lease liabilities (in comprehensive financing result); c) it modifies the presentation in the statement of cash flows when reducing the cash flows from operating activities, with an increase in outlays of cash flows from financing activities to reflect the payments of the lease liabilities; d) it modifies the recognition of the gain or loss when a vendor-lessee transfers an asset to another entity and leases that asset back.

At the date of issuance of these consolidated financial statatements, the Entity has not completed its evaluation of the potential effects of adopting this new standard on its financial information.

30. AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance on February 28, 2018, by the Director General of the Entity and are subject to approval by the Board of Directors and Shareholders, who may be modified in accordance with the provisions in the General Law of Commercial Companies.

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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.