

Beyond your limits

Profit & Loss

Ps. million	3Q21	3Q20	(%) Var.	3Q21 (million dollars) ¹	9M21	9M20	(%) Var.	9M21 (million dollars) ¹
Interest income	3,196.6	2,523.3	26.7	155.5	8,745.3	7,615.5	14.8	425.3
Interest expense	(1,567.4)	(1,107.9)	41.5	(76.2)	(4,502.3)	(3,369.0)	33.6	(219.0)
Financial margin	1,629.1	1,415.4	15.1	79.2	4,243.0	4,246.5	(0.1)	206.3
Net provision for loan losses	(550.1)	(504.4)	9.1	(26.8)	(1,359.0)	(1,368.8)	(0.7)	(66.1)
Risk-adjusted margin	1,079.0	911.0	18.4	52.5	2,884.0	2,877.7	0.2	140.3
Commissions and fees collected	-	37.2	-	-	0.1	115.6	-	-
Commissions and fees paid	(71.2)	(62.7)	13.5	(3.5)	(216.8)	(181.9)	19.2	(10.5)
Intermediation income	35.7	(31.5)	-	1.7	(18.6)	31.7	-	(0.9)
Other income from operations	354.9	308.9	14.9	17.3	1,110.0	702.4	58.0	54.0
Administrative and promotion expenses	(901.9)	(794.8)	13.5	(43.9)	(2,728.5)	(2,352.3)	16.0	(132.7)
Depreciation expense	(148.6)	(179.9)	(17.4)	(7.2)	(379.6)	(334.6)	13.5	(18.5)
Operating result	348.0	188.2	84.9	16.9	650.5	858.6	(24.2)	31.6
Income taxes	(107.6)	(21.6)	-	(5.2)	(180.7)	(174.6)	3.5	(8.8)
Income before participation in the results of subsidiaries	240.4	166.6	44.3	11.7	469.7	684.0	(31.3)	22.8
Participation in the results of subsidiaries, associates and non-controlling participation	(36.8)	32.3	-	(1.8)	16.5	(48.4)	-	0.8
Net income	203.6	198.9	2.4	9.9	486.2	635.7	(23.5)	23.6

Balance Sheet

Ps. million	3Q21	3Q20	(%) Var.	3Q21 (million dollars) ¹	4Q20	(%) Var.
Cash and cash equivalents	910.7	399.6	-	44.3	1,097.4	(17.0)
Investments in securities	741.1	2,144.3	(65.4)	36.0	1,091.7	(32.1)
Securities and derivatives transactions	3,820.5	5,246.8	(27.2)	185.8	1,964.5	94.5
Total performing loan portfolio	52,295.8	47,664.9	9.7	2,543.3	45,920.8	13.9
Total non-performing loan portfolio	2,092.1	850.4	-	101.7	1,589.1	31.7
Loan portfolio	54,387.9	48,515.3	12.1	2,645.0	47,509.9	14.5
Less: allowance for loan losses	2,766.7	1,847.8	49.7	134.6	2,031.6	36.2
Loan portfolio (net)	51,621.2	46,667.5	10.6	2,510.5	45,478.3	13.5
Factoring Loan Portfolio	-	1,525.4	-	-	701.4	-
Other accounts receivable (net)	8,411.6	7,965.3	5.6	409.1	8,677.9	(3.1)
Foreclosed assets (net)	1,418.6	32.2	-	69.0	1,343.1	5.6
Property, furniture and fixtures (net)	3,018.8	3,307.8	(8.7)	146.8	3,512.2	(14.0)
Long-term investments in shares	1,465.8	1,252.5	17.0	71.3	1,244.3	17.8
Debt insurance costs, intangibles and others	5,657.3	5,404.8	4.7	275.1	5,206.0	8.7
Total assets	77,065.6	73,946.3	4.2	3,747.9	70,316.9	9.6
Notes payable	3,205.3	859.9	-	155.9	761.0	-
Senior Notes payable	33,928.7	30,095.8	12.7	1,650.0	27,705.9	22.5
Bank loans and borrowings from other entities						
Short-term	10,079.6	12,204.3	(17.4)	490.2	13,780.3	(26.9)
Long-term	7,628.1	9,273.7	(17.9)	370.5	7,578.9	0.5
Total Bank loans	17,697.7	21,478.0	(17.6)	860.7	21,359.3	(17.1)
Total debt	54,831.8	52,433.7	4.6	2,666.6	49,826.1	10.0
Income taxes payable	(12.4)	333.3	-	(0.6)	323.9	-
Securities and derivatives transactions	-	96.0	-	-	619.7	-
Other accounts payable	1,954.2	941.1	-	95.0	1,691.2	15.6
Deferred taxes	1,804.1	2,362.8	(23.6)	87.7	1,787.4	0.9
Total liabilities	58,577.7	56,166.9	4.3	2,848.8	54,248.4	8.0
Capital stock	1,722.1	1,731.2	(0.5)	83.8	1,649.5	4.4
Perpetual notes	4,206.7	4,206.7	-	204.6	4,206.7	-
Retained earnings	9,708.0	9,670.3	0.4	472.1	9,407.9	3.2
Result from valuation of cash flow hedges, net	1,217.6	(150.8)	-	59.2	(1,054.0)	-
Cumulative translation adjustment	159.6	523.4	(69.5)	7.8	69.9	-
Controlling position in subsidiaries	987.6	1,163.0	(15.1)	48.0	1,032.3	(4.3)
Net income	486.2	635.7	(23.5)	23.6	756.4	(35.7)
Total stockholders' equity	18,487.9	17,779.4	4.0	899.1	16,068.5	15.1
Total liabilities and stockholders' equity	77,065.6	73,946.3	4.2	3,747.9	70,316.9	9.6

Financial Ratios

	3Q21	3Q20	(%) Var.	9M21	9M20	(%) Var.
Total Yield	24.5%	21.6%	2.9	23.4%	21.9%	1.5
Yield	23.9%	21.1%	2.8	22.6%	21.1%	1.5
Net Interest Margin	12.2%	11.8%	0.4	11.0%	11.8%	(0.8)
Return on Average Loan Portfolio	1.5%	1.7%	(0.1)	1.3%	1.8%	(0.5)
ROAA: Return on average assets	1.1%	1.1%	-	0.9%	1.2%	(0.3)
ROAE: Return on average stockholders' equity	4.5%	4.5%	0.1	3.7%	4.8%	(1.1)
ROAE: Return on average stockholders' equity (excluding Perpetual Notes)	5.9%	5.8%	0.1	4.9%	6.3%	(1.3)
Debt to Equity Ratio	3.0x	2.9x	0.1			
Debt to Equity Ratio (excluding Perpetual Notes)	3.8x	3.9x	(0.1)			
Average cost of funds	11.3%	8.4%	2.9	11.0%	9.1%	1.9
Efficiency ratio	53.0%	54.2%	(1.2)	59.2%	53.6%	5.6
Capitalization Ratio (Loan portfolio)	34.0%	36.6%	(2.7)			
Capitalization Ratio (Total portfolio)	32.3%	33.8%	(1.4)			
Capitalization Ratio (Total portfolio and excluding Perpetual Notes)	25.0%	25.8%	(0.8)			
Provisions for loan losses as a percentage of total loan portfolio	4.0%	4.2%	(0.2)	3.3%	3.8%	(0.5)
Allowance for loan losses as a percentage of total past-due loan portfolio	132.2%	217.3%	(85.1)			
Total past-due loan portfolio as a percentage of total loan portfolio	3.8%	1.8%	2.0			

3Q21 Highlights

- Crédito Real's **financial margin** recorded double-digit growth (**24.5% QoQ and 15.1% YoY**), totaling Ps. 1,629.1 million in 3Q21, compared to Ps. 1,308.5 million in 2Q21 and Ps. 1,415.4 million in 3Q20.
- **2Q21 collections** figures continued to improve, posting a **10% increase QoQ** and reaching prepandemic levels as a result of our rebalancing of portfolio mix towards a stronger cash generation.
- **Consolidated NPL ratio stabilized** on a sequential basis even after Mexico faced tougher social restriction measures during early August. Collection efforts on salient non-performing loan showed significant sign of progress.
- During the year, **the Company have repurchased 10.8 million shares** at market price, through its **stock buyback program**, which accounts for approximately **2.9% of the total outstanding shares**. The foregoing, with the aim to strengthen the Company's positioning in the stock market given its stock's current market valuation.
- On **October 18th**, Crédito Real announced the payment of Ps. 695 million in assets corresponding to a non-performing loan granted to Nuncio Accpiens, S.A. de C.V., by means of a settlement agreement entered into by its subsidiary CREAL Arrendamiento, S.A. de C.V., in the presence of a certified mediator, with Nuncio Accpiens S.A. de C.V. through which the aforementioned company transferred all of its rights in relation to certain shares of Sistema Radiópolis S.A. de C.V. and Corporativo Coral, S.A. de C.V., as well as its collection rights against the latter entity.
- On **October 26th**, Crédito Real announced that it had agreed to sell part of its SMEs assets in Mexico. The sale price was agreed for the outstanding balance of the assets plus a premium, which is equivalent to up to approximately Ps. 1,500 million pesos, in line with the decision approved by the shareholders of the Company on September 10th.

Summary of Operations

Loan portfolio summary

	3Q21					3Q20					
	Portfolio ²	(%)	Customers	NPL's	Average Loan	Portfolio ²	(%)	Customers	NPL's	Average Loan	(%) Var. Portfolio
Payroll	32,621.9	57.1%	477,250	1.7%	68,354	29,414.4	55.9%	464,559	1.7%	63,317	10.9
SMEs ³	13,047.4	22.8%	3,923	11.5% ⁵	3,325,877	13,062.1	24.8%	2,951	0.6% ⁵	4,426,318	(0.1)
Used Cars	4,545.7	8.0%	22,492	1.2%	202,103	4,052.7	7.7%	22,300	0.9%	181,737	12.2
Personal	5,547.6	9.7%	172,075	5.1%	32,240	5,385.5	10.2%	154,268	4.1%	34,910	3.0
Other ⁴	1,389.2	2.4%	412,539	-	3,367	743.4	1.4%	261,444	5.9%	2,843	86.9
Total	57,151.8	100.0%	1,088,279	3.8%^{5 6}	52,516	52,658.1	100.0%	905,522	1.8%⁵	58,152	8.5

Origination summary

	3Q21			3Q20			9M21			9M20		
	Origination ²	(%)	(%) Var.	Origination ²	%	(%) Var.	Origination ²	(%)	(%) Var.	Origination ²	%	(%) Var.
Payroll	1,651.5	23.0%	11.3	1,483.9	18.7%	11.3	5,482.8	24.2%	51.6	3,617.4	15.1%	51.6
SMEs ³	1,747.0	24.3%	(50.4)	3,521.0	44.4%	(50.4)	5,435.3	23.9%	(52.1)	11,345.3	47.3%	(52.1)
Used Cars	649.2	9.0%	0.8	644.3	8.1%	0.8	2,159.7	9.5%	34.4	1,607.2	6.7%	34.4
Personal	1,145.6	15.9%	-	527.5	6.6%	-	3,082.0	13.6%	56.6	1,968.6	8.2%	56.6
Other ⁴	2,000.8	27.8%	13.8	1,757.5	22.2%	13.8	6,537.3	28.8%	20.3	5,433.1	22.7%	20.3
Total	7,194.1	100.0%	(9.3)	7,934.2	100.0%	(9.3)	22,697.1	100.0%	(5.3)	23,971.6	100.0%	(5.3)

(1) Figures are expressed in millions of dollars at period-end exchange rate: \$20.5623

(2) Figures are expressed in millions of pesos.

(3) Includes Ps. 2,763.9 million and Ps. 2,617.4 million from the leasing portfolio in 3Q21 and 3Q20, respectively, registered in fixed assets. Also, the factoring portfolio, which is included in the loan portfolio since the 1Q21, amounted Ps. 373.6 million in 3Q21, compared to Ps. 1,414.0 million in 3Q20

(4) Includes Group Loans and Durable Goods, as well as strategic alliances.

(5) Related to loan portfolio which excludes the leasing portfolio in 2021; and, leasing and factoring portfolios in 2020, previously detailed.

(6) It is worth noting that this metric was significantly impacted by a non-performing loan in the SMEs segment, excluding this loan, the NPL ratio would be 2.6% (as clarified in item #5, the NPL figure does not include the leasing portfolio).

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