CRÉDITO REAL®

2019

Annual and Sustainability Report

OUR STRONG DRIVE

CONSOLIDATED FINANCIAL STATEMENTS

CONTENT

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

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

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

Deloitte.

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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 No Regulada and Subsidiaries

Opinion

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

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

Basis for Opinion

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

Other Matter

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

Key Audit Matters

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

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

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

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

- Test the design and implementation of the key controls used to identify, measure and record the Entity's derivative financial instruments.
- Involve Deloitte's internal expert valuation specialists to independently determine the fair value of a sample of derivative financial instruments, while also considering market data, which we matched with the values determined by management.
- At December 31, 2019, validate the correct presentation and disclosure of these instruments in the consolidated financial statements.

The results of our audit procedures were reasonable.

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

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

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

Our audit procedures to address this key audit matter included:

- We tested the design and implementation of the relevant controls with a focus on the review-type controls, addresssing the classification of the commercial loan portfolio into different groups, as well as consumer loans
- We reviewed the variables for the estimate of the probability of default for each type of loan.
- We tested the design and implementation of the determination of the credit rating and/or score, which are determined based on the quantitative factors related to the financial information of the borrower, credit bureau information and qualitative factors related to their environment, behavior and performance.
- We tested a sample of loans as of August 31 and December 31, 2019, assessing the reasonableness of the criteria and considerations used for the determination of the estimate based on an independent calculation procedure, compared the results against those recorded by the Entity with the aim of assessing any indication of error or management bias, and concluded that the results were within reasonable ranges.

The results of our audit procedures were reasonable.

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

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

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

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

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

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

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

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

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

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

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

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management´s use of the going concerns basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors´ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

C.P.C. Karen Jazmin Pérez Olvera

Mexico City, Mexico

February 27, 2020

CONSOLIDATED BALANCE SHEETS

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

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

LIABILITIES	2019	2018	2017
Notes payable (Securitized Certificates)	$ 1,260,978	$ 1,463,518	$ 1,000,000
Senior notes payable	24,636,734	17,018,849	13,543,874
	25,897,712	18,482,367	14,543,874
Bank loans:			
Short-term loans	7,597,612	7,359,690	2,927,873
Long-term loans	8,015,873	4,804,689	6,112,759
	15,613,485	12,164,379	9,040,632
Derivatives:			
Hedging purposes	765,329	-	137,637
	765,329	-	137,637
Other accounts payable			
Income taxes payable	313,630	263,951	390,906
Employee profit sharing payable	16,863	18,290	16,183
Accrued liabilities and other accounts payable	513,740	439,074	1,229,108
	844,233	721,315	1,636,197
Deferred taxes, net	2,407,056	2,258,849	1,781,022
Total liabilities	**$ 45,527,815**	**$ 33,626,910**	**$ 27,139,362**

STOCKHOLDERS' EQUITY	2019	2018	2017
Paid in Capital:			
Capital stock	660,154	660,154	660,154
Share subscription premium	1,192,265	1,407,522	1,462,618
Perpetual bond	4,206,685	4,206,685	4,206,685
	6,059,104	6,274,361	6,329,457
Earned Capital:			
Legal reserve	132,030	132,030	132,030
Retained earnings	7,664,422	6,561,118	5,442,351
Result from valuation of cash flow hedges, net	(708,201)	128,622	359,727
Cumulative translation adjustment	5,489	(30,074)	93,665
Re-measurements of employee defined benefits	(18,174)	5,611	1,087
Net income attributable to controlling interest	1,980,109	1,955,358	1,661,144
Non-controlling interest	949,098	908,524	748,890
Total stockholders' equity	10,004,773	9,661,189	8,438,894
Total stockholders' equity	**16,063,877**	**15,935,550**	**14,768,351**
Total liabilities and stockholders' equity	**$ 61,591,692**	**$ 49,562,460**	**$ 41,907,713**

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

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

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

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

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

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

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

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

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

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

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

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

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

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

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

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

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

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

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

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

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

Ing. Ángel Romanos Berrondo
DIRECTOR GENERAL

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. ACTIVITIES, REGULATORY ENVIRONMENT AND SIGNIFICANT EVENTS

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

Payroll loans

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

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

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

In accordance with the cooperation agreements, the government agencies and entities or unions process and grant the "discount codes" so that such agencies or entities can pay the loans by payroll directly (on behalf of the borrowers). Apart from making the payroll deductions and rendering payments directly to the collection trust in which the Entity is the beneficiary, the employers compile periodic reports to the distributors regarding the payroll deductions made on behalf of borrowers. The Distributors are responsible for coordinating with the different agencies and entities, so that the respective computer systems are accurate, and the payments are issued on a timely fashion. The employers do not intervene in any way in the negotiation, credit approval process or in the negotiations of the terms of the loan contract executed by the distributors with the affiliated workers.

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

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

PYMES loans

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

Used car loan

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

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

Consumer loans

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

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

Group loans

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

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

Regulatory environment

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

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

Significant events 2019

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

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

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

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

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

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

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

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

Significant events 2018

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

Explanation for translation into English -

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

Monetary unit of the consolidated financial statements -

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

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

Consolidation of financial statements -

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

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

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

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

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

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

CR-Fact, S.A.P.I. de C.V. (“CR-Fact”)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. Marevalley Corporation -

CRholdingint holds 70.00% of the shares of Marevalley Corporation, which is the holding company of the entities located in Costa Rica, Nicaragua and Panama operating under the brand "Instacredit".

Instacredit is a group of financial institutions which collectively offer loans geared to medium and low income segments, whose credit needs are poorly served by traditional banking institutions.

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

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

Crholdingint holds 99.99% of the shares of Crédito Real Honduras, is a company engaged in the provision of financing through factoring and has a commercial partnership with "CA Capital".

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

Irrevocable issuance, management and payment Trust No. 3200

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

Irrevocable issuance, management and payment Trust No. 3670

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

Irrevocable issuance, administration and payment trust No. 4217

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

Conversion of financial statements of subsidiaries in foreign currency

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

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

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

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

Comprehensive income and loss

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

Classification of costs and expenses

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

Results of operations

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Changes accounting issued by the Comission

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

Changes accounting issued by the CINIF

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

NIF D-5, *Leases* -
The accounting recognition defined for the leaseholder establishes a sole lease recognition model that eliminates the classification of leases as operating or capital. Accordingly, assets and liabilities are recognized for all leases with a duration of more than 12 months (unless the

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

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

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

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

Reclassifications -

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

Recognition of the effects of inflation -

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

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

Cash and cash equivalents -

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

Investments in securities -

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

Impairment in the value of investments in securities -

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

Transactions with derivative financial instruments -

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

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

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

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

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

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

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

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

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

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

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

Foreign currency transactions -

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

Performing and non-performing loan portfolio -

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

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

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

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

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

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

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

Restructurings and renewals -

A restructuring is a transaction which derives from any of the following situations:

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

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

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

Interest rate: when the interest rate is agreed.

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

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

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

Classification of loan portfolio -

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

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

Allowance for loan losses -

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

Methodology for commercial loan portfolio -

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

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

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

Where:

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

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

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

For purposes of the above:

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

$$\text{Total Credit Score}_i = \alpha \times (\text{Quantitative credit score}_i) + (1 - \alpha) \times (\text{Qualitative Credit Score}_i)$$

Where:

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

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

Unsecured loans

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

a. 45%, for Preferential Positions.

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

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

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

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

$$EI_i = S_i$$

II. For the other lines of credit:

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

Where:

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

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

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

Methodology for consumer loan portfolio -

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

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

Determination of the following items for each credit operation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Where:

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

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

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

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

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

Where:

PI_i^M = Probability of monthly noncompliance nth for the loan.

ATR_i^M = Number of observed late payments at the date of calculation of new reserves, which are derived from the application of the following formula:

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

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

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

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

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

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

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

Loan portfolio acquisitions -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Memorandum accounts (see Note 22)

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

4. CASH AND CASH EQUIVALENTS

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

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

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

5. INVESTMENTS IN SECURITIES

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

	2019		
	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 410,654	6.78%	$ 410,654
Government paper	743,179	7.33%	743,179
Commercial paper	47,329	6.29%	47,329
Total securities to trade in pesos	$ 1,201,162		$ 1,201,162
Investments in foreign currency USD (b)			
Bank promissory notes			
Total securities to trade in dollars	$ 93,196	2.38%	$ 93,196
Total investments in securities	**$ 1,294,358**		**$ 1,294,358**
	2018		
	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 724,048	7.55%	$ 724,048
Government paper	80,004	8.16%	80,004
Commercial paper	55,214	5.00%	55,214
Total securities to trade in pesos	859,266		859,266
Investments in foreign currency USD (b)			
Bank promissory notes	81,599	4.50%	81,599
Total securities to trade in dollars	81,599		81,599
Total investments in securities	$ 940,865		$ 940,865
	2017		
	Amount invested	Rate	Amount
Investments in Mexican pesos (a)			
Bank promissory notes	$ 208,614	6.96%	$ 208,614
Government paper	38,404	6.98%	38,404
Commercial paper	203,810	7.48%	203,981
Total securities to trade in pesos	450,828		450,999
Investments in foreign currency USD (b)			
Bank promissory notes	78,769	3.06%	78,769
Total securities to trade in dollars	78,769		78,769
Total investments in securities	**$ 529,597**		**$ 529,768**

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

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

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

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

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

6. FINANCIAL DERIVATIVE INSTRUMENTS

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

Margin Call

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

Derivatives for hedging purposes

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

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

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

Senior notes maturing in 2019 (in thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Option Detail	BNP ID MD21303775	
Option style:	European	
Option style:	Buy USD / Sell USD	
	Call Long/ Call Short	
Morgan Stanley OZNJJ	**Credit Suisse 9003793**	
Currency and sell amount:	USD 25,000	
Minimum Exchange rate:	$ USD 25,000	
Tasa mínima:	$	19.49
Rate ceiling:	$	27.00
Maturity date:	20 de julio de 2023	
Payment date:	20 de Julio de 2023	
Premium:	-	
Market value MXN (thousands)	$	50,150
Market value USD (thousands)	$	2,658

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Senior Notes with maturity in 2026 (figures in thousands)

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

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

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

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

Characteristics of CCS	Barclays ID 9010142	Goldman Sach ID SDBB7MM3333PLZHZZP111
Currency A:	Dólares (USD)	Dólares (USD)
Currency B:	Pesos mexicanos (MXN)	Pesos mexicanos (MXN)
Required to pay floating rate amounts in currency A:	Barclays	Goldman Sach
Required to pay fixed rate amounts in currency B:	CR	CR
Transaction date:	26 de febrero de 2019	27 de febrero de 2019
Reference exchange amount in both currencies:	N/A	N/A

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

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

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

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

Senior Notes with maturity in 2027 (figures in thousands)

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

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

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

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

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

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

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

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

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

Securitized portfolio

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

Nature and degree of risks arising from the derivatives

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

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

Sensitivity analysis

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

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

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

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

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

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

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

Maturity analysis

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

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

7. LOAN PORTAFOLIO

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

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

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

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

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

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

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

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

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

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

8. ALLOWANCES FOR LOAN LOSSESS

As of December 31, 2019, 2018 and 2017, the Entity maintained an allowance for loan losses equivalent to 220%, 173% and 176% of non-performing portfolio, respectively.

As of December 31, 2019, 2018 and 2017, changes in the allowance for loan losses were as follows:

	2019	2018	2017
Opening balance	$ 1,067,924	$ 1,067,540	$ 767,460
Portfolio applications	(1,084,795)	(1,758,642)	(1,285,192)
Recoveries	268,895	260,400	262,101
Charge to results	**1,138,022**	**1,498,623**	**1,323,171**
Closing balance	**$ 1,390,046**	**$ 1,067,923**	**$ 1,067,540**

9. OTHER ACCOUNT RECEIVABLE, NET

As of December 31, 2019, 2018 and 2017, other accounts receivable were as follows:

	2019	2018	2017
Other accounts receivable from distributors	$ 6,016,786	$ 4,546,336	$ 4,159,428
Value added tax (VAT) receivable	35,449	37,380	42,555
Other debtors	405,233	493,521	445,453
Recoverable income tax	343,920	304,821	13,947
	6,801,388	5,382,058	4,661,383
Allowance for other accounts receivable	(4,478)	(3,256)	(31,710)
	$ 6,796,910	**$ 5,378,802**	**$ 4,629,673**

As of December 31, 2019, 2018 and 2017, other accounts receivable from distributors were as follows:

	2019	2018	2017
Interest accrued in advance period	$ 297,333	$ 200,518	$ 252,232
Advances to distributors	2,848,563	2,311,271	2,072,234
Joint and several liability of the distributor	1,390,566	509,708	802,014
Other debts	1,480,324	1,524,839	1,032,948
Total	**$ 6,016,786**	**$ 4,546,336**	**$ 4,159,428**

10. PROPERTY, FURNITURE AND FIXTURES

At December 31, 2019, 2018 and 2017, property, furniture and equipment are as follows:

	Vida útil (años)	2019	2018	2017
Building (a)	10	$ 189,452	$ -	$ -
Office Furniture and fixtures (a)	10	357,614	347,186	340,378
Computers (a)	3	191,560	202,305	198,338
Transportation equipment (a)	4	89,847	20,350	19,951
		828,473	569,841	558,667
Less - Accumulated depreciation		(496,007)	(256,490)	(246,112)
		332,466	313,351	312,555
Installation expenses	20 y 10	362,143	128,501	125,982
Less – Accumulated amortization		(69,283)	(100,399)	(96,367)
		292,860	28,102	29,615
		$ 625,326	**$ 341,453**	**$ 342,170**

(a) During 2019, the Entity adopted the NIF D-5 Leases, the effects of such adoption, are presented below so that the rights of use for leased assets are presented as part of the Property, furniture and fixtures.

Lease right-of-use assets

	Buildings	Transportation, Office Furniture and fixtures	Computer equipment	Total
Investment:				
Initial recognition at January 1, 2019	$ 189,452	$ 144,313	$ -	$ 333,765
Contracts executed during 2019	-	-	6,908	6,908
	-	-	-	-
Balances at December 31, 2019	189,452	144,313	6,908	340,673
Accumulated depreciation:				
Balances at the start of 2019	-	-	-	-
Depreciation of the year	**(31,540)**	**(34,700)**	**(959)**	**(67,199)**
Accumulated depreciation at December 31, 2019	**$ (31,540)**	**(34,700)**	**(959)**	**(67,199)**
Balances at December 31, 2019	**$ 157,912**	**109,613**	**5,949**	**273,474**

At December 31, 2019, the Entity recorded expenses in results for the amount of $ 6,069 in relation to short- term, low-value leases, that were not included in the lease liability valuation.

a) As of December 31, 2019 the entity recorded expenses in results for the 12 months of 2019 as follows:

	Importe
Interest expense derived from lease liabilities	$ 23,592
Depreciation of lease right-of-use expense	67,199
Expense derived from lease contracts with a duration of less than one year and low-value assets	6,069
	$ 96,860

11. INVESTMENT IN SHARES OF ASSOCIATES

At December 31, 2019, 2018 and 2017, investments in shares of associates are as follows:

Entity	% Ownership 2019, 2018 and 2017	Book Value			Ownership in results		
		2019	2018	2017	2019	2018	2017
Publiseg, S.A.P.I. de C.V. SOFOM (a)	49.00%	$ 506,061	$ 484,852	$ 489,193	$ 25,875	$ 33,446	$ 26,074
Grupo Empresarial Maestro S.A. de C.V. (a)	49.00%	524,772	546,367	512,568	67,408	109,298	120,533
Bluestream Capital, S.A. de C.V. (b)	23.00%	4,722	4,666	3,331	56	1,544	793
Cege Capital, S.A.P.I. de C.V., SOFOM ENR (c)	36.30%	74,419	96,407	95,493	(28,998)	333	11,042
Otros (Camino Financial INC., CR-Arrendamiento, CAT-60)	-	163,583	61,120	164,737	(1,140)	10,094	19,301
		$ 1,273,557	$ 1,193,412	$ 1,265,322	$ 63,201	$ 154,715	$ 177,743

(a) Directodo, Publiseg, and Grupo Empresarial Maestro, are the Entity's principal distributors, and their origination efforts are performed exclusively for the Entity. As of December 31, 2019, 2018 and 2017, these companies have cooperation agreements executed with different unions around the country, including several chapters of the National Education Workers' Union, the National Social Security Workers' Union, the Union of the Federal Public Education Department and the Health Workers' Union. Their operations began in 2006, 2005 and 2002, respectively, and their work forces have a nationwide presence and they have over 342 branches.

(b) By unanimous resolutions adopted at shareholders' meeting held on January 14, 2014, the Entity subscribed and paid 29,862 no par value, Class II common shares of Bluestream, which represent 23% of Bluestrem's outstanding shares.

(c) In the Ordinary General Meeting of Shareholders held on March 31, 2014, the shareholders authorized the subscription and payment of 245,000 no par value, Class I, Series "B" common shares of Cege, which accounts for 36.30% of Cege's outstanding shares.

At the Extraordinary General Meeting of Shareholders held on December 17, 2015, the subscription and payment of 100,000,000 Series "C" preferred shares was approved, which is part of the variable capital of Cege, which was paid on December 29, 2014.

12. OTHER ASSETS

At December 31, 2019, 2018 and 2017, other assets were as follows:

	2019	2018	2017
Goodwill (a)	$ 1,800,213	$ 1,978,716	$ 1,414,780
Costs for issuance of securities and bank loans	176,302	112,830	43,675
Other long and short term assets (b)	150,993	48,771	327,573
Prepaid expenses (c)	345,590	340,125	315,057
	2,473,098	2,480,442	2,101,085
Intangible asset branch network (d)	80,641	80,641	80,640
Instacredit's intangible assets	1,052,750	1,052,750	1,052,750
Directodo's intangible assets	1,263,680	1,267,380	1,264,176
	2,397,071	2,400,771	2,397,566
Accumulated amortization	(51,086)	(47,053)	(44,432)
	2,345,985	2,353,718	2,353,134
Guarante	22,443	8,333	4,274
	$ 4,841,526	$ 4,842,493	$ 4,458,493

(a) The acquisition of 49.00% of Grupo Empresarial Maestro implied the recognition of goodwill of $580,223 for 2014, based on the book value and the price paid.

The acquisition of 36.11% of Credilikeme implied the recognition of goodwill of $11,887 for 2015, based on the book value and the price paid.

The acquisition of 55.21% of RTD implied the recognition of goodwill of $242,288 for 2015, based on the book value and the price paid. By the end of December 2019, with the entry of 2 shareholders to RTD and by the sale of 21,692 shares of RTD, and our participation was diluted from 60 to 36.07%, as of December 31, 2019 a goodwill of $ 208,997 was recognized.

The acquisition of 100% of CR-USA finance (formerly AFS Acceptance) implied the recognition of goodwill of $99,412 for 2015, based on the book value and the price paid.

The acquisition of 70% of Marevalley resulted in the recognition of goodwill of $30,981 for 2016, in accordance with the fair value and the purchase price paid.

(b) The other short- and long-term assets represent an inventory of 799 automobiles derived from consolidating the figures with Creal Dallas; the balance at the close of December 2017 in is $10,538 US dollars.

(c) Is comprised of licenses acquired for the portfolio system and expenses incurred for the execution of the loan portfolio operation and acquisition agreement with Fondo H, which will be amortized during the life of the portfolio acquired.

(d) In a contract dated December 26, 2006, between the Entity and Crediplus, S.A. de C.V. (an affiliated Entity), the Entity acquired Crediplus' branch network, which originated and issued loans, as well as the know how developed by Crediplus regarding its branch network. This know how consists of: (i) analyzing and studying markets (ii) analyzing and studying customers; (iii) analyzing and studying demographic and socio-demographic profiles of zones; (iv) analyzing and studying area flows; (v) analyzing and studying backgrounds of zones; (vi) analyzing and studying competition; (vii) designing branches internally and externally; (viii) preparing operating and policies and procedures manuals; (ix) developing and implementing advertising schemes, and (x) preparing market strategies. The Entity also registered the Crediplus trademark and commercial advertisements with the Mexican Institute of Industrial Property. Such intangible was defined by Management as having a definite life of 20 years, for which reason it is being amortized over such term beginning May 2007.

13. INDEBTEDNESS

At December 31, 2019, 2018 and 2017, indebtedness was comprised as follows:

	Rate	Date of maturity	2019	2018	2017
Notes payable (Securitized Certificates)	TIIE + 2.70%	2018	$ -	$ -	$ 1,000,000
Notes payable (Securitized Certificates)	TIIE + 2.25% y 2.15%	Between November 2022 and October 2024	1,248,487	-	1,431,729
Senior Notes	2.875%, 7.25%, 9.5% y 5%	Entre febrero 2022 y febrero 2027	24,596,271	16,824,892	13,186,350
Accrued interest			52,954	225,746	357,524
Total			**$ 25,897,712**	**$ 18,482,367**	**$ 14,543,874**

As of December 31, 2019, there are two unsecured issues of Senior Notes for $1,550,000. Both issues were classified by Fitch Ratings, which gave an "AAA (mex) " rating, and by HR Ratings, which gave a "HR AAA (E)" rating, both with a stable outlook.

Currently, the Entity has two issues of Senior Notes, which is unsecured debt issued abroad for a total amount of US $827 million.

The first issue was made on July 20, 2016, for US $625 million, bearing interest of 7.25% a year payable on a semiannual basis on January 20 and July 20 of each year until maturity on July 20, 2023, and may be prepaid as of the fourth year of the issue. In October 2019, the option to partially prepaid was taken, the remaining amount as of December 31, 2019 is $427 million USD. This issue was rated by Standard & Poor's, which granted a long-term global rating of "BB+"; by Fitch Ratings, which granted a rating of "BB+"; and by HR Ratings, which granted a rating of HR BB-(G).

The second issuance took place on February 7, 2019 for the amount of USD $400 million, with interest payable half-yearly at the annual 9.5% rate on February 7 and August 7 of each year until reaching maturity on February 7, 2026. This second issuance was rated by Standard & Poor's, which issued a long-term global rating of "BB+"; Fitch Ratings issued a rating of "BB+" and HR Ratings issued a rating of HR BB-(G).

On October 1, 2019, the Entity made its debut on the Eurobond market with an issuance valued at EUR €350 million, with interest payable half-yearly at the annual 5% rate on February 1 and August 1 of each year until reaching maturity on February 1, 2027. This issuance was rated by Standard & Poor's, which issued a long-term global rating of "BB+", while Fitch Ratings issued a rating of "BB+"

The securities were issued and placed according to Rule 144A Regulation S of the 1933 US Securities Act. Principal will be payable at maturity or if these instruments are settled ahead of time.

14. BANK LOANS AND OTHER LOANS

At December 31, 2019, 2018 and 2017, debt was comprised as follows:

Rate		Date of Maturity		2019		2018		2017
Bank Loans in MXN (a)	TIIE + spread	Between 2020 and 2024	$	8,658,028	$	6,553,913	$	3,751,315
Bank Loans in USD (b)	LIBOR + spread	In the 2019		6,913,072		5,576,540		5,129,177
Accrued Interest				42,385		33,926		160,140
Total			$	**15,613,485**	$	**12,164,379**	$	**9,040,632**

(a) As of December 31, 2019, the Entity has bank loans guaranteed with portfolio for $9,205,954 and unsecured bank loans for $6,365,146. Such lines were granted by 34 institutions to finance the growth of the loan portfolio and increase working capital. The loans are granted by Mexican and foreign financial institutions widely recognized. The lines of credit have maturity dates of between 90 days and four years and pay interest at a variable rate.

(b) As of December 31, 2019, the Entity has three syndicated bank loans in foreign currency, two of them are syndicated for a total of US $154 million, which, valued at the close of the year, represents MX $2,971,360 pesos and the second, for a total of US $30 million which, valued at the close of the year, represents MX $572,074, both paying interest at several percentage points above the variable LIBOR rate.

The maturities of the debt are as follows:

		Amount
2020	$	7,726,137
2021		4,688,581
2022		5,243,659
2023		8,150,786
2024		402,094
2026		7,774,564
2027		7,430,037
Accrued interest		95,338
Total	$	**41,511,197**

15. ACCRUED LIABILITIES AND OTHER ACCOUNTS PAYABLE

At December 31, 2019, 2018 and 2017, accrued liabilities and other accounts payable are integrated as follows:

		2019		2018		2017
Provisions for various obligations	$	34,318	$	185,932	$	575,294
Lease liability		275,016		-		-
Liability for employee retirement obligations		60,754		36,838		37,684
Taxes payable		48,848		46,323		39,949
Dividends payable		2,350		2,350		2,361
Other accounts payable to distributors		64,434		59,770		142,961
Value Added Tax (VAT) payable		21,765		48,713		65,332
Accrued liabilities		6,255		59,148		365,527
	$	**513,740**	$	**439,074**	$	**1,229,108**

Liabilities from leased assets

At December 31, 2019, the Entity has short-term lease liabilities of $62,952, together with long-term lease liabilities of $210,522. The maturity by year of long-term lease liabilities is as follows:

Year ending December 31,		
2020	$	62,952
2021		52,586
2022		46,362
2023		44,149
2024		43,330
Subsequent years		24,095
	$	**273,474**

The Entity's asset leasing activities include assets utilized for placements and to manage financing. According to the lease contracts recorded at December 31, 2019, the Entity has no future cash disbursements derived from residual value guarantees, extension options and contract terminations, restrictions imposed by leaseholders or sales transactions subject to leaseback agreements.

16. LABOR OBLIGATIONS

Under the Federal Labor Law, the Entity has obligations for severance and seniority premiums payable to employees who cease rendering services under certain circumstances, as well as other obligations derived from a labor agreement.

Net periodic cost for the obligations derived from seniority premium and severance payments for obligations assumed was $7,077 $6,352 and $5,301 on 2019, 2018 and 2017, respectively.

The Entity each year records the net periodic cost to create a fund to cover the net projected liability for seniority premiums, pensions and severance, thereby increasing the related liability, in accordance with actuarial calculations made by independent actuaries. These calculations are based on the projected unit credit method. Therefore, a provision is being created for the liability which at present value will cover the defined benefits obligation at the estimated retirement date of all the covered employees.

As of December 31, 2019, 2018 and 2017, the balance of the defined benefits plan fund was $342, $335 and $319, respectively.

As of December 31, 2019, 2018 and 2017, the Entity amortizes the variations in actuarial assumptions for seniority premiums over approximately 4.85, 4.75, and 4.28 years (approximately), respectively, based on the average remaining years of employee services.

As of December 31, 2019, 2018 and 2017, he gains and losses recorded in the OCI are presented net of their deferred tax liability (asset), which amounted to $18,174, $5,611 and $1,087, respectively.

The actuarial gains and losses at the time of adoption were recognized in the equity account Other Comprehensive Income and Loss. This amount will be recycled in the results for the year over the remaining average labor life.

As of December 31, 2019, 2018 and 2017, the balances and movements of the liabilities related to the Entity's defined benefits plan, which includes the pension plan, seniority premiums and severance payments, are shown below:

		2019		2018		2017
Obligations from defined benefits	$	(61,096)	$	(37,173)	$	(35,985)
Fair value of plan assets		342		335		319
Projected net liability	**$**	**(60,754)**	**$**	**(36,838)**	**$**	**(35,666)**

Net periodic cost is composed as follows:

		2019		2018		2017
Services cost for the year	$	3,507	$	3,223	$	2,692
Financial cost		3,595		3,157		2,636
Expected yield on assets		(25)		(102)		(27)
Services cost for the year	**$**	**7,077**	**$**	**6,278**	**$**	**5,301**

Interest rated used in actuarial calculation in nominal terms for 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Discount rate	7.50%	10.00%	9.00%
Percentage increase in wages	4.75%	4.75%	4.75%

The movement of the projected net liability was as follows:

	2019	2018	2017
Opening balance	$ (36,838)	$ (35,683)	$ (29,730)
Loss recognized	-	-	(635)
Gains recognized	-	-	138
Re-measurements recognized in ORI	(18,861)	4,485	(138)
Provision of the year	(7,190)	(6,260)	(5,301)
Payments with a charge to the reserve	2,135	620	-
Projected net liability	**$ (60,754)**	**$ (36,838)**	**$ (35,666)**

17. STOCKHOLDERS' EQUITY

Capital stock as of December 31, 2019, 2018 and 2017, was comprised as follows:

	Number of Shares (Class I) Fixed Capital	Number of Shares (Class II) Variable Capital	Total stocks
"Unique" Series shares at no par value	37,555,390	354,664,034	392,219,424

Pursuant to a resolution of the Stockholders' Ordinary Meeting held on March 1, 2019 the financial statements were approved which reported net income of $1,955,358 in the fiscal year 2018 and the following application was made:

a. The transfer of $1,955,358 of the Entity's separate net income was transferred to the account "Result from previous years".

As of December 31, 2019, 2018 and 2017 common stock is $657,238, of which $62,931, refers to fixed capital (with no right of withdrawal), represented by 37,555,390 Unique Series, Class I ordinary, no par value shares, while $594,307 refers to variable capital, represented by 354,664,034 Unique Series, Class II ordinary, no par value shares. The restatement effect recognized in common stock as of December 31, 2007 is $2,916. On January 25, 2019, the Stockholders' Ordinary General Meeting resolved to approve the cancellation of 12,551,534 ordinary, nominative Single Series, Class II shares representing the Issuer's variable capital, which have been acquired by the Issuer through its repurchase fund. On February 12, 2019, the Entity requested that the shares representing its common stock be updated in the National Securities Registry, a process that is currently underway.

The Stockholders' Annual Ordinary General Meeting of April 17, 2019 declared a dividend payment of $265,768; this amount was applied as a charge to the "Results of prior years" account. The dividend was distributed to stockholders based on their current shareholdings and was taken from the Net Tax Income Account ("CUFIN").

The Stockholders' Annual Ordinary General Meeting of April 24, 2018 declared a dividend payment of $193,436; this amount was applied as a charge to the "Results of prior years" account. The dividend was distributed to stockholders based on their current shareholdings and was taken from the Net Tax Income Account ("CUFIN").

The Entity has a share buyback program up to the amount of net income, including the retained earnings from the immediately preceding year. At the close of the year 2019, 2018 and 2017, the amount of repurchased shares is $140,467, $221,785 and $141,963 equivalent to 5,884,677, 12,551,534, and 5,259,479 shares, respectively.

In accordance with the General Corporate Law, at least 5% of the net profits for the year must be set aside to form the legal reserve until reaching 20% of common stock at par value. The legal reserve may be capitalized, but cannot be distributed unless the Entity is dissolved, and must be replenished when it is decreased for any reason. As of December 31 2019, 2018 and 2017, the legal reserve established by the Entity amounts to $132,030.

Stockholders' equity, except restated paid-in capital and tax-retained earnings, will incur income tax payable by the Entity at the rate in effect when the dividend is distributed. Any tax paid on such distribution may be credited against income tax of the year in which the dividend tax is paid and, in the following two years, against tax for the year and the related estimated payments.

Dividends paid from the profits generated from January 1, 2014 to residents in Mexico and to nonresident shareholders may be subject to an additional tax of up to 10%, which will be withheld by the Entity.

Retained earnings that may be subject to withholding of up to 10% on distributed dividends is as follows:

Period	Amount	Distributed earnings	Reinvested earnings	Amount not subject to withholding
2017	$ -	$ 96,800	$ 96,800	$ -
2018	$ -	$ 193,436	$ 193,436	$ -
2019	**$ -**	**$ 265,768**	**$ 265,768**	**$ -**

The balances of the stockholders' equity tax accounts as of December 31, 2019, 2018 and 2017, are:

	2019	2018	2017
Cuenta de utilidad fiscal neta	$ 957,649	$ 1,097,116	$ 18,470
Cuenta de capital de aportación	$ 3,018,189	$ 2,935,410	$ 2,800,162

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Entity, its subsidiaries and affiliates perform transactions between related parties including investments, credit and the provision of services, among others, the majority of which generate income for one entity and expenses for another. Transactions and balances with consolidated entities consolidate were eliminated and those of entities which do not consolidate are reflected in these consolidated financial statements.

a) The balances with related parties as of December 31, are:

	2019	2018	2017
Assets:			
Corporate loan portfolio	$ 2,856,692	$ 2,942,097	$ 2,888,524
Receivables for services provided	5,278	5,247	6,267
Total Assets	**$ 2,861,970**	**$ 2,947,344**	**$ 2,894,791**
	2019	**2018**	**2017**
Liabilities:			
Intercompany loans	$ (2,856,692)	$ (2,942,097)	$ (2,888,524)
Payables for services received	(5,278)	(5,247)	(6,267)
Total Liabilities	**$ (2,861,970)**	**$ (2,947,344)**	**$ (2,894,791)**

b) Transaction with related parties, carried out in the ordinary course of business was as follow:

	2019	2018	2017
Results:			
Positive interest accrued	$ 1,194,875	$ 1,142,960	$ 889,587

19. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

a. The monetary position of foreign currencies as of December 31, 2019, 2018 and 2017 is:

	2019	2018	2017
USD Dollars:			
Monetary assets (1)	620,638	466,620	471,792
Monetary liabilities (1)	(366,327)	(267,767)	(209,241)
Position (short) long	254,311	198,853	262,551
Equivalent in pesos	**$ 4,797,367**	**$ 3,907,702**	**$ 5,162,514**

(1) The monetary position corresponds to the balances of subsidiaries in USA and Central America which are presented in UD dollars.

b. Transactions in foreign currencies were as follows:

	2019	2018	2017
		(USD Dollars)	
Interest expenses	195,797	163,421	144,012
Interest income	(39,690)	(26,564)	(20,612)

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

	February 27,	December 31 of		
	2020	2019	2018	2017
Dollar, banking	$ 19.3973	$ 18.8642	$ 19.6512	$ 19.6629

20. OTHER OPERATING INCOME

As December 31, 2019, 2018 and 2017, the other income from the operation, were as follows:

	2019	2018	2017
Other revenue Central America	$ 28,391	$ 58,366	$ 51,337
Other revenue USA	10,014	69,553	30,686
Other revenue management services (a)	88,192	36,822	6,139
	$ 126,597	**$ 164,742**	**$ 88,162**

(a) It corresponds mainly to commissions collected in RTD and fixed assets sales.

21. INCOME TAXES

The Entity is subject to ISR. According with the ISR law, the rate is 30% in 2019, 2018 and 2017 and it will continue at 30% thereafter.

ISR is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on values in constant pesos, increased or reduced by the effect of inflation on certain monetary assets and liabilities through the annual inflation adjustment.

The provision of ISR results is as follows:

	2019	2018	2017
ISR:			
Current	**$ (587,737)**	**$ (355,306)**	**$ (92,722)**
Deferred	**$ (148,207)**	**$ (295,295)**	**$ (435,574)**
Stock deferred	**$ (117,683)**	**$ (126,704)**	**$ (77,590)**

As of December 31 2019, 2018 and 2017, the deferred tax balance is as follows:

	2019	2018	2017
Deferred ISR assets:			
Allowance for loan losses	$ 596,015	$ 407,366	$ 638,198
Furniture and fixtures	24,310	23,227	52,619
Provisions	9,828	18,606	254,836
Tax loss carryforwards	2,091	75,520	161,326
Other assets, net	4,597	21,291	83,695
Deferred ISR	**636,841**	**546,010**	**1,190,674**
Deferred ISR (liability):			
Other accounts receivable, net (a)	(2,899,389)	(2,566,439)	(2,281,574)
Advance payments	(232,212)	(153,666)	(250,679)
Derivative financial instruments	87,704	(84,754)	(439,443)
Deferred ISR liability	**(3,043,897)**	**(2,804,859)**	**(2,971,696)**
Deferred ISR (net)	**$ (2,407,056)**	**$ (2,258,849)**	**$ (1,781,022)**

(a) Mainly advance earned income in the first period loan amortization.

Value-added tax - Pursuant to the Value-Added Tax Law, in order to obtain a credit for the value-added taxes paid by the Entity in the years 2019, 2018 and 2017, the Entity determined the amount of the credit considering the total of its taxed activities compared to the total activities subject to that tax. As a result, the Entity determined tax that was non-creditable and deductible for income tax purposes in the amount of $55, $82 and $26, respectively, which was recognized in results of such year.

Accounting-tax reconciliation - The main items that affected the determination of the Entity's tax result were those related to the annual adjustment for inflation, interest accrued in advance period, advance payments and the allowances for loan losses which have not been deductible.

Following is a reconciliation of the statutory ISR rate and the effective rate expressed as a percentage of income before ISR:

	2019	2018	2017
Statutory rate	30%	30%	30%
Effects of inflation	(1%)	(2%)	(1%)
Interest accrued in advance period	(3%)	(6%)	(4%)
Allowance for loan losses	1%	1%	2%
Advance payments	2%	3%	2%
Others	(4%)	-	(2%)
Effective rate	**25%**	**25%**	**28%**

Review and tax matters

Action for annulment filed against the unpaid tax liability for rejection of deductions for the year 2007.

On July 9, 2015, the Entity filed an action for annulment against the Federal Tax Court to challenge official notice 900 06-2018-13558, dated April 29, 2015, whereby the Central Administrator for Inspection of the Financial Sector of the General Administration for Large Taxpayers of the Tax Administration Service, assessed against the Entity an unpaid tax liability for $38,000,000, related to income tax payable for fiscal year 2007, plus the respective restatements, surcharges and fines. Such lawsuit was turned over to the First Metropolitan Regional Chamber of the Federal Tax Court, which in a ruling of September 1, 2015, admitted it under docket number 17549/15-17-01-8.

On January 4, 2018, the First Metropolitan Regional Chamber of the Federal Tax Court issued a verdict on the aforementioned proceeding for annulment filed by the Entity, declaring it null and void, because it considers illegal the tax liability determined in official notice 900 06-2015-13558, dated April 29, 2015, but also declared as valid the rejection of the deduction taken by the Entity in the year 2007.

On August 17, 2018 the Entity filed a protection lawsuit with the Circuit Appeals Court in Mexico City against the verdict declaring the partial nullity of the tax liability originated from the rejection of the deduction taken by the Entity in the year 2007.

The Entity is currently waiting for the final verdict to be issued by the Circuit Appeals Court in Mexico City, México.

Furthermore, the Entity has a surety that was offered and accepted by the authorities on February 7, 2018 through official notice 400-73-02-05-2018-16444 dated December 13, 2017, issued by the General Collections Administration.

22. EARNINGS PER SHARE

The amounts used to determine diluted earnings per share were as follows:

		2019		
		Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$	1,980,109	392,219,424	$ 5.04
		2018		
		Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$	1,955,358	392,219,424	$ 4.99
		2017		
		Income	Number of shares	Mexican pesos per share
Net income attributable to common stock	$	1,661,144	392,219,424	$ 4.24

23. MEMORANDUM ACCOUNTS

Memorandum accounts for purposes of presentation required by the Commission in accounting policies are an integral part of the balance sheet, however, the memorandum accounts were only subject of external audit and relate to operations that have a direct bearing on the balance sheet accounts, however, these are not reviewed.

	2019	2018	2017
Credit Commitments	$ 227,878	$ 354,728	$ 300,573
Uncollected interest earned on non-performing portfolio	$ 151,125	$ 366,701	$ 290,276
Unarranged Credit Lines	$ 131,904	$ 156,023	$ 1,999,177

24. COMPARATIVE TABLE OF MAIN ASSET AND LIABILITY MATURITIES

Below are the maturity dates of the main assets and liabilities as of December 31, 2019:

	Until 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
Cash and cash equivalents	$ 1,180,867	$ -	$ -	$ 1,180,867
Investment in securities	1,218,642	75,716	-	1,294,358
Derivative financial instruments	-	-	-	-
Loan portfolio, net	6,835,252	4,947,036	33,786,059	45,568,347
Other accounts receivable	6,796,910			6,796,910
Total assets	**$ 16,031,671**	**$ 5,022,752**	**$ 33,786,059**	**$ 54,840,482**
	Until 6 months	**From 6 months to 1 year**	**From 1 year to 5 years**	**Total**
Notes payable and senior notes	$ 138,408	$ 85,455	$ 25,673,849	$ 25,897,712
Bank loans	5,614,376	1,983,236	8,015,873	15,613,485
Other accounts payable	844,233	-	-	844,233
Total liabilities	**6,597,017**	**2,068,691**	**33,689,722**	**42,355,430**
Assets less liabilities	**$ 9,434,654**	**2,954,061**	**96,337**	**12,485,052**

25. RATING (UNAUDITED)

Al 31 de diciembre de 2019, las calificaciones asignadas a la Entidad son las siguientes:

Rating agency	Short term	Long term	Perspective	Date
Standard & Poor's				
Foreign currency	-	BB+	Negative	March 4, 2019
National issue	mxA-1	mxA+	Negative	March 4, 2019
Fitch Ratings				
Foreign currency	B	BB+	Stable	November 22, 2019
Stock certificates	F1(mex)	A+(mex)	Stable	November 22, 2019
HR Ratings				
Foreign currency	-	HR BBB-	Stable	July 30, 2019
Stock certificates	HR1	HR AA-	Stable	July, 30 2019
Japan Credit Rating				
Fiduciary stock certificates		BBB-	Stable	September 9, 2019

26. CONTINGENCIES

As of December 31, 2019, 2019 and 2017, management and its legal, tax and labor internal and external advisers, consider that it has not received any legal claims or has not been subject to lawsuits that arise in the recognition of a contingent liability by the Entity.

27. COMMITMENTS

The Entity at December 31 2019, 2018 and 2017, has its own commitments and the operation mentioned in Note 13 "Indebtedness" and Note 14 "Bank Loans and other loans".

28. BUSINESS SEGMENT INFORMATION

Currently, the Entity has one operating segment, the loan portfolio, which represents the Entity's sole strategic business unit. Operating segment information is determined based on the information used by management to assess performance and allocate resources. The following presents information for each business unit determined by Management. In addition, information is presented by products and geographical area.

2019				
	Mexico	USA	Central America	Total
Payroll loans	$ 27,405,184	$ -	$ 5,755,105	$ 33,160,289
Group loans	622,406	-	-	622,406
Durable goods loans	273,526	-	-	273,526
Small business loans	7,419,660	-	-	7,419,660
Used car loans	1,401,031	4,081,507	-	5,482,538
Total	$ 37,121,807	$ 4,081,507	$ 5,755,105	$ 46,958,420

2018								
		Mexico		USA		Central America		Total
Payroll loans	$	24,224,222	$	-	$	5,045,889	$	29,270,111
Group loans		70,531		-		-		70,531
Durable goods loans		353,616		-		-		353,616
Small business loans		3,676,684		-		-		3,676,684
Used car loans		917,690		2,030,484		-		2,948,174
Total	$	29,242,743	$	2,030,484	$	5,045,889	$	36,319,116

2017								
		Mexico		USA		Central America		Total
Payroll loans	$	19,307,798	$	-	$	4,612,722	$	23,920,520
Group loans		229,991		-		-		229,991
Durable goods loans		224,511		-		-		224,511
Small business loans		1,926,053		-		-		1,926,053
Used car loans		613,563		2,100,400		-		2,713,963
Total	$	22,301,916	$	2,100,400	$	4,612,722	$	29,015,038

The loan portfolio which shows arrears in excess of 90 calendar days, and up to 180 calendar days, at the end of December 2019, 2018 and 2017, was $799,171, $705,811 and $926,315, respectively. By the same token, the joint and several liability of the distributors for overdue loans as of those dates is $181,615, $100,592 and $409,309, respectively, and is presented under other accounts receivable. Accordingly, as of December 31 2019, 2018 and 2017, the overdue loan portfolio was $617,556, $605,219 and $517,006, respectively.

29. NEW ACCOUNTING PRINCIPLESS

As of December 31, 2019 the CINIF has issued the following NIF and Improvements to NIF which may affect the consolidated financial statements of the Entity

Improvements to NIF that generate accounting changes:

NIF C-16 Impairment of receivable financial instruments – Clarifies the effective interest rate to be utilized when renegotiating a financial instrument to collect principal and interest (IFCPI).

NIF C-19 Financial instruments payable, and NIF C-20 Financial instruments for collecting principal and interest – Specify that the effective interest rate need not be periodically recalculated when its amortization does not generate material effects.

NIF D-4 Income taxes, and NIF D-3 Employee benefits – Paragraphs have been included regarding uncertain tax treatments when considering the bases used to determine ISR and PTU, while also evaluating the probability whereby the tax or legal authority will accept or reject an uncertain tax treatment.

NIF D-4 Income taxes – Clarifies the accounting recognition of income taxes incurred by the distribution of dividends in relation to the transactions that generated distributable profits.

NIF D-5 Leases – a) Given the complexity that may arise when determining the discount rate, this NIF establishes the possibility of utilizing a risk-free rate to discount future lease payments and recognize the lessee's lease liability, and b) the use of a practical expedient to exclude material and identifiable components other than leases from the asset usage right measurement and lease liabilities was restricted.

Likewise, other improvements to NIF that do not generate accounting changes were also included and essentially clarify the purpose of each standard.

At the date of issuance of these consolidated financial statements, the Entity is in the process of determining the effects derived from its adoption of these new standards on its consolidated financial statements.

Homologation of Accounting Criteria by the Commission

On November 15, 2018, the National Banking and Securities Commission issued, through the Federal Official Gazette, a resolution modifying the Provisions published in the Federal Official Gazette on January 23, 2018. The most important changes in the resolution are outlined below:

The Financial Reporting Standards B-17 "Determination of fair value", C-3 "Accounts receivable", C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Financial instruments to collect principal and interest", D-1 "Revenues from contracts with customers", D-2 "Costs of contracts with customers" and D-5 "Leases", issued by the Mexican Financial Reporting Standards Board and referred to in paragraph 3 of Treatment A-2 "Application of specific standards" of Annex E will go into effect on January 1, 2020."

30. AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance on February 27,2020, by the Entity's CEO and Deputy CEO/CFO. For this reason, they do not reflect events that took place after such date and are subject to approval by the Stockholders' Annual Ordinary General Meeting, which may decide to modify them in accordance with the General Companies Law. The accompanying consolidated financial statements as of December 31, 2018 were approved at a Stockholders' Ordinary General Meeting held on April 24, 2019.

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102-53

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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.

INFORMATION FOR **INVESTORS**

102-1, 102-3, 102-5, 102-53

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This report may contain certain estimations in its statements. These statements are non-historic facts and are based on the current vision of Crédito Real, S.A.B. de C.V., SOFOM, E.N.R., of future economic circumstances, industry conditions, and the company's performance and financial results. The terms "anticipates", "believes", "estimates", "expects", "plans", and other similar expressions in relation to the company, are intended to identify estimate or forecasts. Statements related to declaring or paying dividends, implementing the main operation and financial strategies and plans for capital investments, the direction of future operations, and factors or trends which affect the financial situation, liquidity, or EBIT, are examples of estimated statements. Such statements reflect the current vision of the administration and are subject to risk and uncertainty. There is no guarantee that the expected events, trends, or results will actually occur. Statements are based on several assumptions and factors, including general economic and market conditions, industry conditions and operational factors. Any change in said assumptions or factors could cause actual results to differ materially from the expectations.

ACKNOWLEDGMENTS

ALL OUR DIVISIONS, BRANCHES, AND NUMEROUS PEOPLE HAVE MADE A SIGNIFICANT CONTRIBUTION TO THIS REPORT. WE WISH TO THANK THEM ALL, AS WELL AS THOSE EMPLOYEES AND STAKEHOLDERS WHO PARTICIPATED IN THE EVALUATION PROCESS BY SHARING THEIR COMMENTS AND CONTRIBUTING TO OUR CONTINUOUS IMPROVEMENT. WE WOULD ALSO LIKE TO THANK OUR CONSULTANTS FOR THEIR COMMENTS AND SUGGESTIONS, CONTRIBUTING TO OUR EFFORTS AIMED AT INCLUDING BEST PRACTICES IN OUR REPORTING.

IN ORDER TO PROTECT THE ENVIRONMENT, WE OPTED TO PUBLISH THE **2019 CRÉDITO REAL ANNUAL AND SUSTAINABILITY REPORT** EXCLUSIVELY IN A DIGITAL VERSION.

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