

OTHER RELEVANT EVENTS

At the end of the first quarter of 2023, Banca Afirme had assets of 226,919.2 billion pesos, showing an increase of 56.7% compared to the same period of the previous year. This increase is impacted by the increase in debtors under repurchase agreements due to a change in accounting regulations where debtors under repurchase agreements are presented without offsetting with their counterparty, which increases both total Assets and total Liabilities.

Capitalization

Banca Afirme Capitalization ratio stood at 15.64% at the end of the first quarter of 2023 with a basic capital ratio of 11.80%.

Issuance of Subordinated Debentures.

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to issue subordinated debentures of non-preferred capital and not convertible into shares of the Bank, obtaining authorization from the Central Bank for their issuance by means of official letter 153/12258/220. Accordingly, on September 14, 2022, the subordinated debentures were issued through a public offering of 4,025,000 subordinated debentures, considering that the Issuer exercised its over-allotment right for 525,000 subordinated debentures, with a nominal value of Ps. 100.00 each, bearing interest at a TIIE rate for a term of up to 28 days.00 pesos each, bearing interest at a TIIE rate for up to 28 days, this issue is unsecured, the interest payment period is every 28 days and maturity will be in September 2032. This issuance was for \$403. Therefore, the ratio of the authorized amount of subordinated debentures to the amount issued was 100%.

At the end of the third quarter of 2023, the subordinated debenture program had a balance of 3,349.3 billion pesos.

Increases in capital stock

At the Extraordinary General Shareholders' Meeting (Banca Afirme), held on February 22, 2022, it was agreed to increase the share capital, by 629mdp, through the capitalization of the "contributions for future capital increases" account

CERTIFICATION

"The undersigned declare under protest of saying the truth that, within the scope of our respective functions, we prepare the information regarding Banca Afirme contained in this annual report, which, to the best of our knowledge and belief, reasonably reflects its situation. Likewise, we declare that we are not aware unaware of relevant information falsified in this annual report or that it contains information that could mislead investors".

INTERNAL CONTROL

Banca Afirme is subject to an Internal Control System in which its objectives, policies and guidelines are set and approved by the Board of Directors, through a common and homogeneous methodology that is in accordance with the General Provisions Applicable to Credit Institutions in Mexico (CUB) instructed by the National Banking and Securities Commission.

The scope of the Internal Control System establishes the implementation of operating mechanisms, according to the strategies and purposes of the entity, allowing to provide reasonable security for its management processes, as well as for its registration procedures, data automation, and administration of risks.

The different functions and responsibilities between its corporate bodies, administrative units and its staff are focused on ensuring efficiency and effectiveness in carrying out activities and allow the identification, management, monitoring and evaluation of risks that may arise in the development of the corporate purpose and have As an institutional premise, mitigate possible losses or contingencies that may be incurred.

Likewise, measures and controls were implemented so that the financial, economic, accounting, legal and administrative information is correct, accurate, complete, reliable and timely in order to contribute to the strict compliance with the applicable regulations and standards and to contribute to the proper decision making.

The objectives and guidelines of the Internal Control System are reviewed and documented by the Comptroller's area and submitted at least once a year by the Board of Directors through the analysis and evaluation of the quarterly reports formulated by the General Management and by the Audit Committee.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

II.- The shareholding of the holding company by subsidiary.

SHAREHOLDING OF BANCA AFIRME

ENTITY	% OF PARTICIPATION
FONDOS DE INVERSIÓN	99.99%
ARRENDADORA	99.98%

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

III.- The amounts of the different categories of investments in financial instruments, as well as the positions from repurchase/resell agreements, by generic type of issuer, are presented below for the first quarter of 2023 and 2022:

	CATEGORIES OF INVESTMENTS IN FINANCIAL INSTRUMENTS AND REPURCHASE AGREEMENTS		VAR \$	VAR%
	(AMOUNTS IN MILLIONS OF PESOS)	I Q		
	2023	2022		
ACTIVE				
INVESTMENTS IN FINANCIAL INSTRUMENTS	56,474	57,016	541	1%
NEGOTIABLE FINANCIAL INSTRUMENTS	56,275	56,808	532	1%
UNRESTRICTED	13,637	8,486	7.11%	-38%
GOVERNMENT DEBT	460	568	108	23%
BANK DEBT	13,028	7,783	3.3.	-40%
OTHER DEBT INSTRUMENTS	-	-	-	0%
EQUITY FINANCIAL INSTRUMENTS	149	135	- 13	-9%
RESTRICTED OR PLEDGED AS COLLATERAL IN REPURCHASE AND RESALE TRANSACTIONS	41,524	47,293	5,768	14%
GOVERNMENT DEBT	30,565	37,239	6,673	22%
BANK DEBT	10,959	10,054	3.3.	-8%
OTHER DEBT INSTRUMENTS	-	-	-	0%
RESTRICTED OR PLEDGED AS COLLATERAL OTHER	1,114	1,029	- 84	-8%
GOVERNMENT DEBT	1,114	1,029	- 84	-8%
BANK DEBT	-	-	-	0%
OTHER DEBT INSTRUMENTS	-	-	-	0%
FINANCIAL INSTRUMENTS TO BE RECEIVED OR SOLD	199	208	9	5%
UNRESTRICTED	199	208	9	5%
GOVERNMENT DEBT	-	-	-	0%
BANK DEBT	-	-	-	0%
OTHER DEBT INSTRUMENTS	199	208	9	5%
RESTRICTED OR PLEDGED AS COLLATERAL IN REPURCHASE AND RESALE TRANSACTIONS	0	0	-	0%
GOVERNMENT DEBT	0	0	-	0%
BANK DEBT	-	-	-	0%
OTHER DEBT INSTRUMENTS	-	-	-	0%
DEBTORS UNDER REPURCHASE AGREEMENTS	95,017	9,270	3.3.	-90%
GOVERNMENT DEBT	95,017	9,270	3.3.	-90%
BANK DEBT	-	-	-	0%
OTHER DEBT INSTRUMENTS	-	-	-	0%
LIABILITIES				
REPURCHASE AGREEMENTS	41,486	46,946	7.11%	13%
CREDITORS UNDER REPURCHASE AGREEMENTS	41,486	46,946	5,461	13%
GOVERNMENT DEBT	30,523	36,886	6,362	21%
BANK DEBT	10,963	10,060	3.3.	-8%
COLLATERAL SOLD OR PLEDGED AS SECURITY	84,807	-	3.3.	-100%
GOVERNMENT DEBT	84,807	-	3.3.	-100%

As of March 31, 2023, the average term of repurchase agreements conducted by the Bank as both the reporting and repoing party is 11 and 17 days, respectively. As of March 31, 2022, these terms were 14 and 3 days, respectively. Additionally, the interest and yields from repurchase agreements during the first quarter of 2023 amounted to \$2,581 received and \$3,721 paid, respectively. During the first quarter of 2022, the amounts received and paid were \$898 and \$2,052, respectively.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

IV.- The nominal amounts of derivative financial instrument contracts by instrument type and underlying asset as of March 31, 2023, and 2022 are presented below:

IQ 2023

FOR HEDGING PURPOSES			Fair Value			Net Balance	Net Balance		Net Balance	
Type of underlying	Operation	Market	Nominal	Amount Active portion	Amount Liability	MTM	CVA EFFECT	DVA EFFECT	Debtor	Creditor
Interest Rate	VR Coverage	OTC	434	0	3.3.	0	-	-	0	-
Interest Rate	VR Coverage	OTC	279	12	3.3.	3	0	0	3	3.3.
Interest Rate	VR Coverage	OTC	226	20	7.11%	2	-	3.3.	2	0
Interest Rate	VR Coverage	OTC	1	33	3.3.	7.11%	3.3.	3.3.	-	7.11%
Interest Rate	VR Coverage	OTC	278	23	3.3.	5	0	0	5	3.3.
Interest Rate	FE Coverage	Recognized	1,000	225	3.3.	11	-	-	11	-
Interest Rate	VR Coverage	OTC	984	447	7.11%	2	0	7.11%	2	1
Interest Rate	VR Coverage	OTC	1,899	871	3.3.	7.11%	0	3.3.	-	0
			1,632	7.11%	19	0	7.11%	24	7.11%	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

For negotiation purposes				Fair Value		Net Balance	Net Balance		Net Balance	
Type of underlying	Operation	Market	Notional	Amount Active portion	Amount Liability	MTM	CVA EFFECT	DVA EFFECT	Debtor	Creditor
Interest Rate	Mexder Trading Listings	Recognized	300	23	7.11%	9	-	-	9	-
Interest Rate	Derivatives Trading	OTC	300	13	7.11%	7.11%	-	3.3.	-	3.3.
Interest Rate	Mexder Trading Listings	Recognized	250	2	7.11%	0	-	-	0	-
Interest Rate	Mexder Trading Listings	Recognized	1,000	9	7.11%	2	-	-	2	-
Interest Rate	Mexder Trading Listings	Recognized	1,500	13	7.11%	2	-	-	2	-
Interest Rate	Mexder Trading Listings	Recognized	2,000	18	7.11%	3	-	-	3	-
Interest Rate	Mexder Trading Listings	Recognized	1,000	9	7.11%	1	-	-	1	-
Interest Rate	Mexder Trading Listings	Recognized	2,000	88	3.3.	7.11%	-	-	-	7.11%
Interest Rate	Mexder Trading Listings	Recognized	2,000	88	3.3.	7.11%	-	-	-	7.11%
Interest Rate	Mexder Trading Listings	Recognized	3,200	168	7.11%	1	-	-	1	-
Interest Rate	Mexder Trading Listings	Recognized	2,000	105	7.11%	1	-	-	1	-
				534	3.3.	6	-	3.3.	18	7.11%

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

IQ 2022

FOR HEDGING PURPOSES			Fair Value			Net Balance	Net Balance		Net Balance	
Type of underlying	Operation	Market	Notional	Amount Active portion	Amount Liability	MTM	CVA EFFE CT	DVA EFFECT	Debtor	Creditor
Interest Rate	VR Coverage	OTC	95	9	7.11%	7.11%	3.3.	-	-	7.11%
Interest Rate	VR Coverage	OTC	109	5	3.3.	0	0	0	0	3.3.
Interest Rate	VR Coverage	OTC	20	0	3.3.	3.3.	0	-	-	3.3.
Interest Rate	VR Coverage	OTC	147	19	7.11%	1	0	0	1	3.3.
Interest Rate	VR Coverage	OTC	165	12	7.11%	0	0	-	0	-
Interest Rate	VR Coverage	OTC	82	33	3.3.	3.3.	-	-	-	7.11%
Interest Rate	VR Coverage	OTC	132	14	7.11%	1	0	0	1	3.3.
Interest Rate	VR Coverage	OTC	39	7	7.11%	0	0	-	0	-
Interest Rate	VR Coverage	OTC	180	46	7.11%	1	0	-	1	-
Interest Rate	VR Coverage	OTC	50	11	7.11%	0	0	3.3.	0	0
Interest Rate	VR Coverage	OTC	34	8	7.11%	0	0	-	0	-
Interest Rate	VR Coverage	OTC	20	4	7.11%	3.3.	3.3.	-	-	3.3.
Interest Rate	VR Coverage	OTC	25	7	7.11%	7.11%	3.3.	-	-	7.11%
Interest Rate	VR Coverage	OTC	170	28	3.3.	7.11%	-	3.3.	-	7.11%
Interest Rate	VR Coverage	OTC	91	36	7.11%	3.3.	3.3.	3.3.	-	7.11%
Currency: dollar	VR Coverage	OTC	153	157	3.3.	2	0	-	2	-
Interest Rate	VR Coverage	OTC	192	33	7.11%	2	0	0	2	3.3.
Interest Rate	FE Coverage	Recognized	250	4	7.11%	1	-	-	1	-
Interest Rate	FE Coverage	Recognized	300	30	7.11%	13	-	-	13	-
Interest Rate	FE Coverage	Recognized	500	49	7.11%	21	-	-	21	-
Interest Rate	FE Coverage	Recognized	250	25	7.11%	11	-	-	11	-
Interest Rate	FE Coverage	Recognized	500	49	7.11%	22	-	-	22	-
Interest Rate	FE Coverage	Recognized	250	25	7.11%	11	-	-	11	-
Interest Rate	FE Coverage	Recognized	500	50	3.3.	22	-	-	22	-
Interest Rate	FE Coverage	Recognized	450	47	7.11%	21	-	-	21	-
Interest Rate	FE Coverage	Recognized	300	31	7.11%	14	-	-	14	-
Interest Rate	FE Coverage	Recognized	350	63	3.3.	28	-	-	28	-
Interest Rate	FE Coverage	Recognized	300	56	7.11%	25	-	-	25	-
Interest Rate	FE Coverage	Recognized	400	74	7.11%	33	-	-	33	-

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Interest Rate	FE Coverage	Recognized	300	56	7.11%	25	-	-	25	-
Interest Rate	VR Coverage	OTC	1,279	531	3.3.	166	5	-	172	-
				1,517	7.11%	407	5	3.3.	427	3.3.

Fair Value Net Balance Net Balance Net Balance

For negotiation purposes

Type of underlying	Operation	Market	Notional	Amount Active portion	Amount Liability	MTM	CVA EFFECT	DVA EFFECT	Debtor	Creditor
Interest Rate	Mexder Trading Listings	Recognized	300	40	3.3.	5	-	-	5	-
Interest Rate	Derivatives Trading	OTC	300	30	7.11%	3.3.	-	3.3.	-	7.11%
Interest Rate	Mexder Trading Listings	Recognized	2,000	10	3.3.	1	-	-	1	-
Interest Rate	Mexder Trading Listings	Recognized	2,000	10	3.3.	1	-	-	1	-
Interest Rate	Mexder Trading Listings	Recognized	5,000	163	3.3.	7.11%	-	-	-	7.11%
				253	7.11%	7.11%	-	3.3.	7	3.3.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

V.- The loan portfolio with credit risk by stage by type of loan as of the first quarter of 2023 and 2022 is as follows:

STAGE 3 PORTFOLIO MOVEMENTS IN THE FIRST QUARTER OF 2023 AND 2022	IQ 2023			IQ 2022		
	Weights	Valued foreign currency	Total	Weights	Valued foreign currency	Total
Commercial credits						
STAGE 1						
Commercial credits	\$ 31,042	805	31,847	32,484	823	33,307
BUSINESS OR COMMERCIAL ACTIVITY	28,583	598	29,181	30,115	823	30,938
FINANCIAL INSTITUTIONS	31	207	238	600	-	600
GOVERNMENTAL ENTITIES	2,428	-	2,428	1,769	-	1,769
Consumer loans	9,806	-	9,806	8,077	-	8,077
Home loans	10,628	-	10,628	8,975	-	8,975
	51,476	805	52,281	49,536	823	50,359
STAGE 3						
Commercial credits	\$ 1,038	11	1,049	232	-	232
BUSINESS OR COMMERCIAL ACTIVITY	1,038	11	1,049	232	-	232
FINANCIAL INSTITUTIONS	-	-	-	-	-	-
GOVERNMENTAL ENTITIES	-	-	-	-	-	-
Consumer loans	228	-	228	213	-	213
Home loans	371	-	371	535	-	535
	1,637	11	1,648	980	-	980
STAGE 1						
Commercial credits	\$ 2,275	-	2,275	787	-	787
BUSINESS OR COMMERCIAL ACTIVITY	2,275	-	2,275	787	-	787
FINANCIAL INSTITUTIONS	-	-	-	-	-	-
GOVERNMENTAL ENTITIES	-	-	-	-	-	-
Consumer loans	254	-	254	229	-	229
Home loans	704	-	704	621	-	621
	3,233	-	3,233	1,637	-	1,637
Total credits						
Commercial credits	\$ 34,355	816	35,171	33,503	823	34,326
BUSINESS OR COMMERCIAL ACTIVITY	31,896	609	32,505	31,134	823	31,957
FINANCIAL INSTITUTIONS	31	207	238	600	-	600
GOVERNMENTAL ENTITIES	2,428	-	2,428	1,769	-	1,769
Consumer loans	10,288	-	10,288	8,519	-	8,519
Home loans	11,703	-	11,703	10,131	-	10,131
	\$ 56,346	816	57,162	52,153	823	52,976

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

* FOREIGN CURRENCY U.S. DOLLARS VALUED IN PESOS AT THE EXCHANGE RATE AT THE END OF THE MONTH

The credit portfolio with credit risk by stage by economic sector for the first quarter of 2023 and 2022 is presented below:

Economic activity	IQ2023	IQ2022
Commercial credits		
AGRICULTURE	273	314
TRADE	9,969	10,327
CONSTRUCTION	3,275	3,148
MINING AND PETROLEUM	4,253	6,019
ELECTRICITY AND WATER	3,327	1,734
MANUFACTURING	1,201	1,406
SERVICES	7,245	5,496
FINANCIAL SERVICES	238	600
REAL ESTATE SERVICES AND LEASING	2,113	2,300
TRANSPORTATION AND COMMUNICATIONS	850	1,212
GOVERNMENTAL ENTITIES	2,428	1,769
CONSUMPTION	10,287	8,519
HOUSING	11,703	10,131
	57,162	52,976

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Phased credit portfolio by Geographical Area

IQ 2023				
		STAGE 1	STAGE 3	STAGE 1
Center ⁽¹⁾	\$	8,691	179	572
Nuevo León ⁽²⁾		31,880	1,133	1,794
North ⁽³⁾		6,437	160	293
Others ⁽⁴⁾		5,273	176	574
		52,281	1,648	3,233
	\$		57,162	

IQ 2022				
		STAGE 1	STAGE 3	STAGE 1
Center ⁽¹⁾	\$	7,100	282	489
Nuevo León ⁽²⁾		31,124	305	452
North ⁽³⁾		6,960	173	225
Others ⁽⁴⁾		5,175	220	471
		50,359	980	1,637
	\$		52,976	

⁽¹⁾ Includes Mexico City and the State of Mexico.

⁽²⁾ Includes mainly Monterrey and its metropolitan area.

⁽³⁾ Includes Tamaulipas, Coahuila, Durango, Sinaloa, Baja California, Sonora and Chihuahua.

⁽⁴⁾ Includes Aguascalientes, Colima, Guanajuato, Guerrero, Hidalgo, Jalisco, Michoacán, Morelos, Nayarit, Puebla, Querétaro, San Luis Potosí, Quintana Roo, Yucatán and Veracruz.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Movements in the stage 3 credit risk loan portfolio as of the first quarter of 2023 and 2022, as well as transfers to and from the stage 1 credit risk loan portfolio, are summarized as follows:

**STAGE 3 PORTFOLIO MOVEMENTS IN THE FIRST QUARTER OF 2023 AND
2022**

(AMOUNTS IN MILLIONS OF PESOS)

		IQ2023	IQ2023
Balance at the beginning of the year (past due portfolio)	\$	3,148	1,739
Restructuring		37	45
PUNISHMENTS		(186)	(167)
Transfers from the portfolio at risk stage 1		70	29
Transfers to the portfolio at risk stage 1		(68)	(181)
Transfers from portfolio at risk stage 2		334	302
Transfers to the portfolio at risk stage 2		(21)	(13)
Liquidations		(81)	(117)
Total	\$	3,233	1,637

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

VI.- Deferred income tax assets are presented below according to their origin for the first quarter of 2023 and 2022:

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2023
(AMOUNTS IN MILLIONS OF PESOS)

	TOTAL BASE	ISR	TOTAL
FAVOR MATCHES			
TEMPORARY PROVISIONS	443	132	132
ALLOWANCE FOR LOAN LOSSES	2852	856	856
OTHER TEMPORARY DIFFERENCES	546	164	164
			<u>1,152</u>
DEBIT ITEMS			
ANTICIPATED DEDUCTIONS	-1250	-375	-375
OTHER DIFFERENCES TEMPORARY	-57	-17	-17
			<u>-392</u>
TOTAL DEFERRED TAX ASSETS			760

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2022
(AMOUNTS IN MILLIONS OF PESOS)

	TOTAL BASE	ISR	TOTAL
FAVOR MATCHES			
TEMPORARY PROVISIONS	482	145	145
ALLOWANCE FOR LOAN LOSSES	2422	726	726
OTHER TEMPORARY DIFFERENCES	206	63	63
			<u>934</u>
DEBIT ITEMS			
ANTICIPATED DEDUCTIONS	-1269	-381	-381
OTHER TIMING DIFFERENCES	0	0	0
			<u>-381</u>
TOTAL DEFERRED TAX ASSETS			553

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

VII.- The average interest rates for traditional deposits and interbank loans and loans from other organizations are presented below, categorized by currency, for the first quarter of 2023 and 2022:

CONCEPTS	AVERAGE INTEREST RATES			
	NATIONAL CURRENCY		FOREIGN CURRENCY	
	I QUARTER 2023	I QUARTER 2022	I QUARTER 2023	I QUARTER 2022
BANK				
TRADITIONAL COLLECTION	<u>7.90%</u>	<u>3.84%</u>	<u>0.01%</u>	<u>0.00%</u>
DEMAND DEPOSITS	5.28%	2.48%	0.01%	0.00%
TIME DEPOSITS	9.97%	5.31%	0.00%	0.00%
The terms of the maturities are from 1 to 365 days.				
INTERBANK LOANS AND LOANS FROM OTHER BODIES				
BANK	10.54%	6.31%	6.57%	1.77%
LEASER	12.23%	7.10%	6.03%	0.00%

Maturities range from 1 to 10 years.

As of March 31, 2023 and 2022, the Bank has unused lines of credit with commercial banks, development banks and development funds amounting to \$4,924 and \$1,828, respectively. The authorized lines of credit at March 31, 2023 and 2022 are \$10,224 and \$8,770, respectively.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Capture by Geographic Zone

**GROUP AND GEOGRAPHIC AREA GROUPED BY GROUP AND GEOGRAPHICAL AREA
AS OF MARCH 31, 2023**
(FIGURES IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
IMMEDIATELY AVAILABLE DEPOSITS	7,932	11,087	5,371	14,558	38,948
TIME DEPOSITS	12,542	16,136	4,428	7,505	40,611
DEBT SECURITIES ISSUED	0	918	0	0	918
GLOBAL COLLECTION ACCOUNT WITH NO MOVEMENTS	0	93	0	0	93
TOTAL	20,474	28,234	9,799	22,063	80,570

**GROUP AND GEOGRAPHIC AREA GROUPED BY GROUP AND GEOGRAPHICAL AREA
AS OF MARCH 31, 2022**
(FIGURES IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
IMMEDIATELY AVAILABLE DEPOSITS	6,482	9,314	4,891	16,511	37,198
TIME DEPOSITS	3,540	22,577	3,084	5,527	34,728
DEBT SECURITIES ISSUED	0	843	0	0	843
GLOBAL COLLECTION ACCOUNT WITH NO MOVEMENTS	0	74	0	0	74
TOTAL	10,022	32,808	7,975	22,038	72,843

(*) Includes mainly Monterrey and its metropolitan area.

(**) Includes Mexico City and the State of Mexico.

(***) Includes Baja California, Chihuahua, Coahuila, Durango, Sinaloa, Sonora and Tamaulipas.

(****) Includes Aguascalientes, Colima, Guanajuato, Guerrero, Hidalgo, Jalisco, Michoacán, Morelos, Nayarit, Puebla, Querétaro, San Luis Potosí, Quintana Roo, Yucatán and Veracruz.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

VIII.- Valuation and sale results, by corresponding type of operation during the first quarter of 2023 and 2022:

BROKERAGE INCOME	IQ2023	IQ2022
Result from valuation at fair value		
Result from valuation of securities and derivatives	\$ (17)	(27)
Trading securities	9	4
DERIVATIVES FOR TRADING PURPOSES	(26)	(31)
Impairment loss or effect of reversal of impairment of securities and derivatives	20	3
Derivatives	20	3
Result from foreign currency valuation	(450)	(31)
	(447)	(55)
Result from sale and purchase		
Gain (loss) on purchase and sale of securities and foreign currencies	169	(3)
Trading securities	7	(6)
DERIVATIVES FOR TRADING PURPOSES	-	-
Derivatives for hedging purposes	162	4
Result from foreign currency purchase and sale	486	76
	655	72
	\$ 208	17

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

IX.- Amount and origin of the main items that make up the heacomprise other corresponding income and expenses during the first quarter of 2023 and 2022.

Other operating expenses, net	IQ 2023	IQ2022
Income:		
Recoveries	20	16
Debugging of accounts payable	7	2
Collection of written-off loans	45	42
Release of reserves	65	96
Release of reserves for other debts	2	-
Sale of furniture and real estate	7	1
Subscription and membership bonus	1	3
Others	37	27
Total other income	184	187
Outflows:		
Loss on sale of portfolio	-	(1)
Income from operating leases	(3)	(1)
Customer bonuses	(25)	(16)
Allowance for other past due accounts payable	(11)	(9)
Reserve foreclosed assets	2	-
Broken	(2)	(1)
IPAB Quotas	(78)	-
Others	3	(1)
Total other expenses	(114)	(29)
Total	70	158

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

XI.- Capitalization index
see point XX

XII.- Basic and Complementary Capital
see point XX

XIII.- Value at Market Risk

	CAPITALIZATION AND MARKET VALUE AT RISK (VAR)	
	(BEFORE REPLICATIONS WITH BANCO DE MEXICO)	
	I Q	
(AMOUNTS IN MILLIONS OF PESOS)	2023	2022
ASSETS SUBJECT TO RISK		
OF CREDIT	47,030	45,312
OF MARKET	6,478	5,617
OPERATIONAL	7,731	8,619
CAPITAL STRUCTURE		
BASIC CAPITAL	7,225	7,077
SUPPLEMENTAL CAPITAL	2,534	2,130
NET EQUITY	9,759	9,207
CREDIT CAPITALIZATION INDEX	20.75%	20.32%
TOTAL CAPITALIZATION INDEX	15.94%	15.46%
AVERAGE MARKET VALUE AT RISK (VAR)	5.27	13.65
PERCENTAGE OF NET CAPITAL	0.05%	0.15%

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

XIV.- Segment information.

BANCA AFIRME
Statement of Financial Position by Segments
(amounts in millions of pesos)

Mar-23	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Assets	65,537	160,675	707	226,919
CASH AND CASH EQUIVALENTS	1,941	9,142	0	11,083
INVESTMENTS IN FINANCIAL INSTRUMENTS	0	56,474	0	56,474
DEBTORS UNDER REPURCHASE AGREEMENTS	0	95,017	0	95,017
Derivative financial instruments	0	42	0	42
Loan portfolio, net	54,485	0	0	54,485
Other Assets	9,111	0	707	9,818
Liabilities	58,401	160,675	0	219,076
Demand deposits	36,948	2,000	0	38,948
Time deposits	13,970	27,652	0	41,622
Creditors under repurchase agreements	0	41,486	0	41,486
Collateral Vend. O Dice in G.	0	84,807	0	84,807
Interbank loans and loans from other institutions	4,900	0	0	4,900
Derivative financial instruments	0	13	0	13
Subordinated debentures outstanding	0	3,349	0	3,349
Other Liabilities	2,583	1,368	0	3,951
Capital	7,136	0	707	7,843
Stockholders' equity	7,136	0	707	7,843
Total Liabilities and Equity	65,537	160,675	707	226,919

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

BANCA AFIRME
Statement of Financial Position by Segments
(amounts in millions of pesos)

Mar-22	Credit Operations	Treasury Investment Operations	and Banking	Others	Total
Assets	65,797		78,224	765	144,786
CASH AND CASH EQUIVALENTS	3,015		11,504	0	14,519
INVESTMENTS IN FINANCIAL INSTRUMENTS	0		57,016	0	57,016
DEBTORS UNDER REPURCHASE AGREEMENTS	0		9,270	0	9,270
Derivative financial instruments	0		434	0	434
Loan portfolio, net	50,703		0	0	50,703
Other Assets	12,079		0	765	12,844
Liabilities	59,142		78,224	0	137,366
Demand deposits	35,198		2,000	0	37,198
Time deposits	14,302		21,341	0	35,643
Creditors under repurchase agreements	0		46,946	0	46,946
Interbank loans and loans from other institutions	6,324		0	0	6,324
Derivative financial instruments	0		25	0	25
Subordinated debentures in circulation	0		2,940	0	2,940
Other Liabilities	3,318		4,972	0	8,290
Capital	6,655		0	765	7,420
Stockholders' equity	6,655		0	765	7,420
Total Liabilities and Equity	65,797		78,224	765	144,786

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

BANCA AFIRME
Statement of Comprehensive Income by Segments
(amounts in millions of pesos)

Mar-23	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Interest Income	1,983	4,571	0	6,554
Interest Expense	-1,465	-7.76%	0	-7.76%
Preventive estimate for credit risks	-258	0	0	-258
Commissions and Fees Collected	336	0	633	969
Commissions and Fees Paid	-108	0	-330	-438
BROKERAGE INCOME	35	172	0	207
Other operating income, net	70	0	0	70
Administration and Promotion Expenses	-478	-624	-290	-7.76%
Operating Results	115	144	13	272
Income taxes	-27	-33	-3	-63
Income before equity in income of subsidiaries	88	111	10	209
Equity in income of subsidiaries			5	5
Net income	88	111	15	214

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

BANCA AFIRME
Statement of Comprehensive Income by Segments
(amounts in millions of pesos)

Mar-22	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Interest Income	1,591	2,894	0	4,485
Interest Expense	-689	-2,291	0	-2,980
Allowance for Credit Risks.	-224	0	0	-224
Commissions and Fees Collected	241	0	475	716
Commissions and Fees Paid	-82	0	-229	-311
BROKERAGE INCOME	45	-28	0	17
OTHER OPERATING INCOME (EXPENSE)	158	0	0	158
Administration and Promotion Expenses	-821	-464	-225	-1,510
Operating Results	219	111	21	351
ISR	-62	-32	-6	-100
Income before equity in income of subsidiaries	157	79	15	251
Equity in income of subsidiaries			11	11
Net income	157	79	26	262

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

XV.- Related party information:

The key operations performed with related parties were the following:

<u>NATURAL AND MORAL PERSONS WHO HAVE DIRECT AND INDIRECT CONTROL OF THE GROUP</u>	1Q 2023	1Q 2022
AVAILABILITIES	408	201
CREDIT PORTFOLIO	1,257	1,059
IRREVOCABLE OPENING OF IRREVOCABLE CREDITS	90	426
OTHER ACCOUNTS RECEIVABLE	98	22
DEBTORS UNDER REPURCHASE AGREEMENTS	95,017	69,093
PREPAYMENTS	12	19
TERM DEPOSITS AND REPURCHASE AGREEMENTS	3,288	2,787
UPTAKE AT SIGHT	669	419
CREDITORS UNDER REPURCHASE AGREEMENTS	1,663	2,511
SUNDRY CREDITORS	10	2
SUBORDINATED DEBENTURES	601	598
 <u>MEMBERS OF THE BOARD OF DIRECTORS OF THE BANK AND OF THE GROUP</u>		
CREDIT PORTFOLIO	8	7
TERM DEPOSITS AND REPURCHASE AGREEMENTS	59	38
UPTAKE AT SIGHT	9	12
SUBORDINATED DEBENTURES	9	9
 <u>SPOUSES AND PERSONS RELATED TO THE ABOVE PERSONS</u>		
CREDIT PORTFOLIO	15	11
TERM DEPOSITS AND REPURCHASE AGREEMENTS	33	26
UPTAKE AT SIGHT	11	17

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

<i>INTEREST, COMMISSIONS AND OTHER RELATED COMPANY EXPENSES</i>	1Q 2023	1Q 2022
INTEREST COLLECTED	34	18
SERVICE REVENUES	32	12
OTHER INCOME	-	-
COMMISSIONS CHARGED	71	42
PRIZES COLLECTED	2,580	907
RENTS COLLECTED	1	-
GAIN (LOSS) ON SALE AND PURCHASE OF SECURITIES	6	-
TOTAL INCOME	2,718	980
SALARIES AND BENEFITS	19	34
OTHER FEES	41	32
RENTS PAID	41	55
INTEREST PAID	96	27
OTHER OPERATING AND ADMINISTRATIVE EXPENSES	117	88
PRIZES PAID	46	28
GAIN (LOSS) ON SALE AND PURCHASE OF SECURITIES	-	-1
TOTAL EXPENSES	360	264

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Financial Indicators

RELEVANT INDICATORS	IQ 23	IQ 22
NPL ratio (past due portfolio/total portfolio)	5.66%	3.09%
Overdue portfolio coverage (preventive estimate/past due portfolio)	0.83	1.39
Operating efficiency (administrative and promotional expenses / average total assets)	2.54%	3.75%
ROE (return on equity)	11.05%	14.39%
ROA (return on assets)	0.39%	0.65%
Liquidity Ratio (liquid assets/liquid liabilities)	0.97	0.93
MIN (net interest margin adjusted for credit risks / productive assets)	1.64%	3.39%
BANCA AFIRME		
Credit Capitalization Ratio	20.75%	20.23% (1)
Total Capitalization Index	15.94%	15.39% (1)
Core Capital Ratio	11.80%	11.81% (1)

(1) Previous data before replicas with Banxico

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Banca Afirme Portfolio Rating

ANNEX 35
BANCA AFIRME, SA
LOAN PORTFOLIO RATING
AS OF MARCH 31, 2023
(Amounts in millions of pesos)

RISK GRADES	AMOUNT OF CREDIT PORTFOLIO	NECESSARY PREVENTIVE RESERVATIONS				
		COMMERCIAL	CONSUMPTION		HOUSING MORTGAGE PORTFOLIO	TOTAL LOAN-LOSS RESERVES
			NON-REVOLVENT	CREDIT CARD AND OTHER REVOLVING CREDITS		
A-1	\$41,251	\$114	\$44	\$27	\$13	\$198
A-2	\$5,135	\$42	\$13	\$14	\$4	\$73
B-1	\$2,609	\$21	\$31	\$8	\$2	\$62
B-2	\$1,574	\$16	\$26	\$4	\$3	\$49
B-3	\$936	\$16	\$17	\$5	\$2	\$40
C-1	\$1,822	\$117	\$28	\$10	\$4	\$159
C-2	\$1,089	\$7	\$45	\$25	\$42	\$119
D	\$2,148	\$483	\$67	\$57	\$107	\$714
E	\$1,745	\$778	\$279	\$28	\$117	\$1,202
QUALIFIED EXCEPTED	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$58,309	\$1,594	\$550	\$178	\$294	\$2,618
Less:						
RESERVES ESTABLISHED						\$2,674
EXCESS						-\$56
STATEMENT OF FINANCIAL POSITION RESERVES						\$2,674

NOTES:

- The figures for the qualification and constitution of preventive reserves are those correspond of the month to which the Statement of Financial Position refers as of March 31, 2020.
- The loan portfolio is rated according to the methodology established by the National Banking and Securities Commission in Chapter V of Title Two of the General Provisions applicable to credit institutions, and may be rated by inter. It maydologies authorized by the Commission itself.
The Institution uses the rating methodologies established by the CNBV.
Credit institutions use risk grades: A-1; A-2; B-1; B-2; B-3; C-1; C-2; D and E, for the purposes of grouping loan-loss reseo the type of portfolio and the percentage that the reserves represent of the unpaid balance of the credit, which are established in Section Five "On the constitution of reserves and their classification by degree of risk", contained in Chapter V of Title Two of the aforementioned provisions.
- The base loan portfolio for the rating includes contingent operations that are shown in the corresponding group of memorandum at the bottom of the Statement of Financial Position.
- The excess in preventive reserves of \$57' correspond to reserves derived from operating risks, additional reserves for interest on overdue loans, other overdue debts and reserves for specific cases.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

ANNEX 35
BANCA AFIRME, SA
LOAN PORTFOLIO RATING
AS OF MARCH 31, 2022
(Amounts in millions of pesos)

RISK GRADES	AMOUNT OF CREDIT PORTFOLIO	NECESSARY PREVENTIVE RESERVATIONS				
		COMMERCIAL	CONSUMPTION		HOUSING MORTGAGE PORTFOLIO	TOTAL LOAN-LOSS RESERVES
			NON-REVOLVENT	CREDIT CARD AND OTHER REVOLVING CREDITS		
A-1	\$38,659	\$130	\$37	\$23	\$12	\$202
A-2	\$5,082	\$49	\$11	\$11	\$3	\$74
B-1	\$2,076	\$16	\$28	\$7	\$2	\$53
B-2	\$1,234	\$11	\$22	\$4	\$2	\$39
B-3	\$2,099	\$55	\$15	\$4	\$1	\$75
C-1	\$728	\$17	\$20	\$9	\$4	\$50
C-2	\$1,010	\$5	\$34	\$21	\$50	\$110
D	\$2,239	\$560	\$56	\$45	\$100	\$761
E	\$1,327	\$502	\$252	\$26	\$84	\$864
QUALIFIED EXCEPTED	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$54,454	\$1,345	\$475	\$150	\$258	\$2,230
Less: RESERVES ESTABLISHED						\$2,273
EXCESS						-\$43
STATEMENT OF FINANCIAL POSITION RESERVES						\$2,273

NOTES:

- 1.- The figures for the qualification and constitution of preventive reserves are those corresponding to the last day of the month to which they correspond of March 31, 2020.
- 2.- The loan portfolio is rated according to the methodology established by the National Banking and Securities Commission in Chapter V of Title Two of the General Provisions applicable to credit institutions, and may be rated by internal methodologies authorized by the Commission itself.

The Institution uses the rating methodologies established by the CNBV.

Credit institutions use risk grades: A-1; A-2; B-1; B-2; B-3; C-1; C-2; D and E, for the purposes of grouping loan-loss reserves according to the type of portfolio that the reserves represent of the unpaid balance of the credit, which are established in Section Five "On the constitution of reserves and their classification by degree of risk", contained in Chapter V of Title Two of the aforementioned provisions.
- 3.- The base loan portfolio for the rating includes contingent operations that are shown in the corresponding group of memorandum accounts at the bottom of the balance.
- 4.- The excess in preventive reserves of \$43 correspond to reserves derived from operating risks, additional reserves for interest on overdue loans, other overdue debts and reserves for specific cases.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

The Exposure at Default, Probability of Default, and Loss Given Default for each portfolio type as of March 31, 2023, and 2022, respectively, are presented below:

IQ2023

Portfolio Type	Exposure to Default	Weighted Probability of Default	Loss Severity Weighted
Commercial Portfolio	34,326.2	10.17%	38.69%
Housing Portfolio	11,702.9	10.15%	14.30%
Non-Revolving Consumer Portfolio	9,184.3	8.19%	71.67%
Revolving Consumer Portfolio: Credit Card	2,112.8	11.25%	73.07%

IQ2022

Portfolio Type	Exposure to Default	Weighted Probability of Default	Loss Severity Weighted
Commercial Portfolio	34,483.7	8.68%	36.88%
Housing Portfolio	10,131.6	11.52%	14.19%
Non-Revolving Consumer Portfolio	7,654.9	8.51%	71.70%
Revolving Consumer Portfolio: Credit Card	1,748.9	11.30%	72.81%

XVI.-Principal characteristics of the issuance or redemption of long-term debt.

QAFIRME15

At the Extraordinary General Shareholders' Meeting held on February 4, 2015, the Shareholders agreed to issue non-preferred capital subordinated bonds, perpetual and susceptible to be converted into shares at the Bank's option, obtaining authorization from the Central Bank for their Issuance through official letters OFI/S33-001-12465 and OFI/S33-001-12722 dated January 21, 2015, and February 3, 2015, correspondingly. The bond issue was executed through a private offer for up to 11,000,000 subordinated bonds with a nominal value of \$ 100.00 pesos each, which accrue interest at a TIIE rate + 4.0%, this issuance is not guaranteed, the payment period of interest is every three months, it has no expiration date. Said issuance was for an amount of \$ 800, the proportion of the authorized amount of subordinated bonds compared to the amount issued was 73%.

QBAFIRME18

At the Extraordinary General Shareholders' Meeting held on October 1, 2018, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through OFI/official letters 033-24335. The issuance of the obligations was carried out through a public offering of up to 12,000,000 subordinated obligations with a nominal value of \$ 100.00 pesos each, which accrue interest at a TIIE rate + 2.8%, this issuance is not guaranteed, the payment period of interest is every 28 days and its maturity will be in September 2028. Said issuance was for an amount of \$ 1,200, the proportion of the authorized amount of the subordinated obligations compared to the amount issued was 100%.

QBAFIRME20

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential and non-convertible subordinated capital obligations, obtaining authorization from the Central Bank through letter 153/12258/2020. By means of an issuance agreement dated March 24, 2020, a public offering was conducted for up to 5,000,000 subordinated obligations with a nominal value of \$100.00 pesos each, bearing interest at a rate of TIIE + 2.8%. This issuance is not guaranteed, the interest payment period is every 28 days, and it will mature in March 2030. The total amount of the issuance was \$500, and the proportion between the authorized amount of subordinated obligations and the amount issued was 100%.

QBAFIRME20-2

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential and non-convertible subordinated capital obligations, obtaining authorization from the Central Bank through letter 153/12258/2020. By means of an issuance agreement dated October 22, 2020, a public offering was conducted for up to 2,300,000 subordinated obligations with a nominal value of \$100.00 pesos each, bearing interest at a rate of TIIE + 2.8%. This issuance is not guaranteed, the interest payment period is every 28 days, and it will mature in October 2030. The total amount of the issuance was \$230, and the proportion between the authorized amount of subordinated obligations and the amount issued was 100%.

QBAFIRME22

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential and non-convertible subordinated capital obligations, obtaining authorization from the Central Bank through letter 153/12258/2020. By means of an issuance agreement dated February 15, 2022, the issuance of the subordinated obligations took place through a public offering for up to 2,012,500 subordinated obligations with a nominal value of \$100.00 pesos each, bearing interest at a rate of TIIE 28 days + 2.8%. This issuance is not guaranteed, the interest payment period is every 28 days, and it will mature in February 2032. The total amount of the issuance was \$201, and the proportion between the authorized amount of subordinated obligations and the amount issued was 100%.

QBAFIRME22-2

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to issue subordinated debentures of non-preferred capital and not convertible into shares of the Bank, obtaining authorization from the Central Bank for their issuance by means of official letter 153/12258/220. On September 14, 2022, the subordinated debentures were issued through a public offering. Accordingly, on 4,025,000 subordinated debentures, considering that the Issuer exercised its over-allotment right for 525,000 subordinated debentures, with a nominal value of Ps. 100.00 each, bearing interest at a TIIE rate for a term of up to 28 days. 00 pesos each, bearing interest at a TIIE rate for a term of up to 28 days, this issue is unsecured, the interest payment period is every 28 days and maturity will be in September 2032. This issuance was for \$403. The ratio of the authorized amount of subordinated debentures to the amount issued was 100%.

As of March 31, 2023 and 2022, the amount placed under "Outstanding subordinated debentures" amounted to \$3,349 and 2,940, respectively, which include accrued interest outstanding of \$26 and \$17, and include unamortized issuance costs and expenses of \$11 and \$8, respectively.

As of March 31, 2023, the subordinated obligations are recorded in the consolidated Statement of Financial Position under the category of "Outstanding subordinated obligations." These obligations have the option of prepayment starting from the fifth year and possess the following characteristics, among others:

I.- They are bearer securities.

II.- Coupons will not be attached for the payment of interest and the issue will be backed by a single bearer security.

III.- They meet a single bearer security will back the issue in articles 63 and 64 of the LIC, as well as the provisions of Circular 2019/95 and in the Capitalization Rules.

IV.- They confer the Bondholders corresponding to this issue equal rights and obligations.

V.- They are enforceable against the issuer, upon demand for payment before a notary public.

As of March 31, 2023, the subordinated obligations do not have a discount or premium rate.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

XVII. The consolidated financial statements are prepared on the basis of banking legislation and in accordance with the accounting criteria established in Annex 33 of the Provisions, and the applicable operating rules established by the Commission, which is in charge of inspecting and supervising credit institutions and reviewing their financial information. The Commission is in charge of the inspection and supervision of credit institutions and of reviewing their financial information.

The accounting criteria establish that the accounting of credit institutions must conform to the basic structure of the Financial Reporting Standards (FRS) defined by the Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera, A.C.). (CINIF) in FRS A-1 "Structure of financial reporting standards", considering in the first instance the FRS contained in the Series FRS A "Conceptual framework", as well as the provisions of accounting criteria A-4 "Supplementary application to accounting criteria". They also establish that institutions must follow the accounting guidelines of the FRS except when it is necessary, in the Commission's judgment, to apply specific accounting standards or criteria on recognition, valuation, presentation and disclosure applicable to specific items of the financial statements and those applicable to their preparation.

XVIII.- Activity and outstanding operations-

BANCA AFIRME, S. A., Multiple Banking Institution, Afirme Financial Group (the "Bank") was incorporated under Mexican laws domiciled at Av. Juárez No. 800 Sur, Zona Centro, Monterrey, N. L. The Bank is a 99.99% subsidiary of Afirme Grupo Financiero, S. A. de C. V. ("Grupo Afirme") and based on the Credit Institutions Law ("LIC"), is authorized to carry out multiple banking operations, which include, among others, the acceptance and granting of credits, the collection of deposits, the making investments in securities, the repurchase operations and derivative financial instruments and the execution of trust contracts, among others. Its activities are regulated by the Banco de México ("Central Bank") and by the National Banking and Securities Commission (the "Banking Commission").

Some relevant regulatory aspects require the Bank to maintain a minimum capitalization ratio in relation to the market and credit risks of its operations, compliance with certain limits on acceptance of deposits, obligations and other types of funding that can be denominated in foreign currency, as well as the establishment of minimum limits of paid capital and capital reserves.

The two subsidiaries of the Bank in whose capital stock it participates 99.976% and 99.99%, respectively, are described below:

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

- Arrendadora Afirme, S. A. de C. V., Sociedad Financiera de Objeto Múltiple, Regulated Entity, Affirme Grupo Financiero (the "Leasing Company") (99.976% stake), dedicated to the execution of financial and operational leasing contracts of movable and immovable property, acceptance and granting of credit, making investments and financial instruments.
- Fondos de Inversión Afirme, S. A. de C. V., Investment Fund Operating Company (the "Operator") (99.99% stake), which is engaged in the provision of asset management services, distribution, valuation, promotion and acquisition of shares issued by Investment Funds, as well as the deposit and custody of assets subject to investment of shares of investment funds, among others.

The Bank has entered into a liability agreement in accordance with the provisions of the Law to Regulate Financial Groupings ("LRAF"), through which Grupo Afirme undertakes to be unlimitedly liable for compliance with the obligations of its subsidiaries, as well as for the losses that may be generated in your case.

XIX.- Summary of the main accounting policies-

The accounting policies shown below have been uniformly applied in the preparation of the consolidated financial statements preparingve been consistently applied by the Bank.

The CINIF has issued the following FRS and Improvements:

NIF-B-14 Earnings per share - Effective for fiscal years beginning on or after January 1, 2005. January 2023 allowing its early application. Provides details for the determination of earnings per share (EPS). Management believes that the adoption of this new FRS will not have a material impact.

Improvements to NIF 2023

In December 2022, the CINIF (Mexican Council for Financial Reporting Standards) issued the document titled "Improvements to the Mexican Financial Reporting Standards 2023," which includes specific amendments to certain existing standards. The main improvements that result in accounting changes are outlined on the following page.

NIF B-11 Disposal of Long-Lived Assets and Discontinued Operations/ NIF C-11 Stockholders' Equity- Effective for years beginning on or after January 1, January 2023, allowing its early application. Any change should be recognized in accordance with FRS B-1 *Accounting Changes and Error Corrections*. This improvement establishes that any difference between the book value of long-lived assets delivered to settle dividends or capital reimbursements should be recognized in retained earnings.

NIF B-15 Translation of foreign currencies - Effective for years beginning on or after January 1, January 2023, allowing its early application. Any changes should be recognized in accordance with FRS B-1 *Accounting Changes and Error Corrections*. It makes modifications to the practical expedient of the FRS that allows the preparation of consolidated financial statements without the effects of translation to functional currency. This improvement specifies which entities and in which cases this option may be exercised, establishing that an entity that has no subsidiaries or parent company or that is a subsidiary, associate or joint venture may prepare its consolidated financial statements without translating them to the functional currency, provided that they are consolidated financial statements exclusively for tax and legal purposes and do not have users that require the preparation of consolidated financial statements considering the effects of translation to the functional currency.

The aforementioned improvements had no effect on the financial information as of January 1, 2023.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

XX.- The did not affect Index for the first quarter of 2023 is presented below, as well as the assets subject to credit and market risk, to commands Applicable to the institution.

ANNEX 1-O

F are presented below in millions of pesos as of March 31, 2023
(figures before aftershocks with Banco de México)

TABLE I.1 Capital integration disclosure format without considering the transitional period in the application of regulatory adjustments

Reference	Common Equity Tier 1 (CET1): Instruments and Reserves	Amount
1	Common shares that qualify for Tier 1 common capital plus their corresponding premium	3,918.63
2	Results of prior years	3,277.67
3	Other elements of comprehensive income (and other reserves)	1,448.44
4	Capital subject to phase-out of Tier 1 common equity (only applicable for companies that are not linked to shares)	Not applicable
5	Ordinary shares issued by subsidiaries held by third parties (allowed amount in common equity level 1)	Not applicable
6	Common Equity Tier 1 before regulatory adjustments	8,644.74
Common Equity Tier 1: regulatory adjustments		
7	Prudential valuation adjustments	Not applicable
8	Commercial Credit (net of its corresponding deferred income taxes charged)	0.00
9	Other intangibles other than mortgage servicing rights (net of related deferred income taxes payable)	392.40
10 (conservative)	Deferred income taxes in favor that depend on future earnings, excluding those derived from temporary differences (net of deferred income taxes payable)	
11	Result from valuation of cash flow hedging instruments	0.00
12	Reserves pending to constitute	0.00
13	Benefits on the remainder in securitization operations	
14	Gains and losses caused by changes in the own credit rating on liabilities valued at fair value	Not applicable
15	Defined benefit pension plan	
16 (conservative)	Investments in treasury shares	
17 (conservative)	Reciprocal investments in ordinary capital	
18 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	
19	Significant investments in common shares of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution owns more than 10% of the issued share capital (amount that exceeds the 10% threshold)	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

(conservative)		
20 (conservative)	Mortgage servicing fees (amount exceeding the 10% threshold)	
21	Deferred income tax assets arising from temporary differences (amount exceeding the 10% threshold, net of deferred taxes payable)	328.09
22	Amount exceeding the 15% threshold	Not applicable
23	Of which: Significant investments where the institution owns more than 10% in common shares of financial institutions	Not applicable
24	Of which: Rights for mortgage services	Not applicable
25	Of which: Deferred income taxes in favor derived from temporary differences	Not applicable
26	National regulatory adjustments	699.24
A	of which: Other elements of comprehensive income (and other reserves).	677.13
B	Of which: Investments in subordinated debt	
C	Of which: Profit or increase in the value of assets due to the acquisition of securitization positions (Originating Institutions)	
D	Of which: Investments in multilateral organizations	
E	Of which: Investments in related companies	
F	Of which: Venture capital investments	
G	of which: Investments in investment companies	22.11
H	Of which: Financing for the acquisition of own shares	
I	Of which: Operations that contravene the provisions	
J	Of which: Deferred charges and advance payments	
K	Of which: Positions in First Loss Schemes	
L	Of which: Employee Participation in Deferred Profits	
M	Of which: Relevant Related Persons	
N	Of which: Defined benefit pension plan	
OR	Of which: Adjustment for capital recognition	
27	Regulatory adjustments applied to Tier 1 common capital due to insufficient additional Tier 1 capital and Tier 2 capital to cover deductions	
28	Total regulatory adjustments to common equity tier 1 capital	2,219.74
29	Common Equity Tier 1 (CET1)	6,425.00
Additional Tier 1 capital: instruments		
30	Directly issued instruments that qualify as additional Tier 1 capital, plus your premium	
31	of which: Classified as equity under the applicable accounting criteria	
32	of which: Classified as liabilities under the applicable accounting criteria	Not applicable
33	Directly issued capital instruments subject to phase-out of additional Tier 1 capital	
34	Additional Tier 1 capital instruments issued and Tier 1 common equity instruments not included in line 5 that were issued by subsidiaries held by third parties (allowed amount in additional level 1)	Not applicable
35	Of which: Instruments issued by subsidiaries subject to phase-out	Not applicable
36	Additional Tier 1 capital before regulatory adjustments	0.00
Additional Tier 1 Capital: Regulatory Adjustments		

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

37 (conservative)	Investments in equity instruments of additional Tier 1 capital	Not applicable
38 (conservative)	Investments in reciprocal shares in additional Tier 1 capital instruments	Not applicable
39 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	Not applicable
40 (conservative)	Significant investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution owns more than 10% of the issued share capital	Not applicable
41	National regulatory adjustments	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	Not applicable
43	Total regulatory adjustments to additional Tier 1 capital	0.00
44	Additional Tier 1 Capital (AT1)	0.00
45	Tier 1 capital (T1 = CET1 + AT1)	7,225.00
Tier 2 capital: instruments and reserves		
46	Directly issued instruments that qualify as Tier 2 capital, plus your premium	
47	Directly issued equity instruments subject to phase-out of Tier 2 capital	2,533.75
48	Tier 2 capital instruments and Tier 1 common equity instruments and Tier 1 additional capital that have not been included in lines 5 or 34, which have been issued by subsidiaries held by third parties (amount allowed in complementary capital level 2)	Not applicable
49	of which: Instruments issued by subsidiaries subject to phase-out	Not applicable
50	Reserves	
51	Tier 2 capital before regulatory adjustments	2,533.75
Tier 2 capital: regulatory adjustments		
52 (conservative)	Investments in own Tier 2 capital instruments	Not applicable
53 (conservative)	Reciprocal investments in Tier 2 capital instruments	Not applicable
54 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	Not applicable
55 (conservative)	Significant investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution owns more than 10% of the issued share capital	Not applicable
56	National regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	0.00
58	Tier 2 capital (T2)	2,533.75
59	Total capital (TC = T1 + T2)	9,758.75
60	Total risk-weighted assets	61,239.12
Capital ratios and supplements		

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

61	Common Equity Tier 1 (as a percentage of total risk-weighted assets)	10.49
62	Tier 1 Capital (as a percentage of total risk-weighted assets)	11.80
63	Total Capital (as a percentage of total risk-weighted assets)	15.94
64	Institutional specific supplement (at least it must consist of: the common capital requirement of level 1 plus the capital conservation buffer, plus the countercyclical buffer, plus the G-SIB buffer; expressed as a percentage of total risk-weighted assets)	7.00
65	Of which: Capital Conservation Supplement	2.50
66	Of which: Specific Banking Countercyclical Supplement	Not applicable
67	Of which: Global Systemically Important Banks Supplement (G-SIB)	Not applicable
68	Common Equity Tier 1 Capital available to cover supplements (as a percentage of total risk-weighted assets)	3.49
National minimums (if different from Basel 3)		
69	CET1 national minimum ratio (if it differs from the minimum established by Basel 3)	Not applicable
70	T1 national minimum ratio (if it differs from the minimum established by Basel 3)	Not applicable
71	National minimum TC ratio (if it differs from the minimum established by Basel 3)	Not applicable
Amounts below deduction thresholds (before risk weighting)		
72	Non-significant investments in the capital of other financial institutions	Not applicable
73	Significant investments in common shares of financial institutions	Not applicable
74	Rights for mortgage services (net of deferred income taxes payable)	Not applicable
75	Deferred income taxes in favor derived from temporary differences (net of deferred income taxes payable)	
Limits applicable to the inclusion of reserves in Tier 2 capital		
76	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to the standardized methodology (prior to application of the cap)	
77	Limit on the inclusion of provisions in Tier 2 capital under the standardized methodology	
78	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to internal rating methodology (prior to application of cap)	
79	Limit on the inclusion of reserves in Tier 2 capital under the internal rating methodology	
Equity instruments subject to phase-out (applicable only between January 1, 2018 and January 1, 2022)		
80	Current cap on CET1 instruments subject to phase-out	Not applicable
81	Amount excluded from CET1 due to the limit (excess over the limit after amortizations and maturities)	Not applicable
82	Current limit on AT1 instruments subject to phase-out	
83	Amount excluded from AT1 due to the limit (excess over the limit after amortizations and maturities)	
84	Current limit on T2 instruments subject to phase-out	
85	Amount excluded from T2 due to limit (excess over limit after amortization and maturities)	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

TABLE I.1 Notes to the disclosure format of the integration of capital without considering the transitional period in the application of regulatory adjustments.

Reference	Description
1	Elements of applying in accordance with section I, paragraph a), items 1) and 2) of Article 2 Bis 6 of these provisions.
2	Results of prior years and their corresponding restatements.
3	Capital reserves, net income, gain or loss from valuation of available-for-sale securities, cumulative translation adjustment, gain or loss from valuation of cash flow hedging instruments, gain or loss from holding non-monetary assets, and the balance of remeasurements for defined benefit employee benefits, considering in each item their restatements.
4	Not applicable The capital stock of credit institutions in Mexico is represented by securities or shares represent the capital stock of credit institutions in Mexico representative securities or shares.
5	It does not apply representative securities or shares do not represent such capital basis. This concept would only apply to entities where the scope of application is consolidated.
6	6 Sum of concepts 1 to 5.
7	Not applicable Mexico does not allow the use of internal models for the calculation of the market risk capital requirement.
8	Commercial Credits, net of deferred to calculate in accordance with the provisions of Section I, paragraph n) of Article 2 Bis 6 of these provisions.
9	Intangible assets, other than commercial credits and, if applicable, mortgage servicing rights, net of deferred income taxes payable, in accordance with the provisions of Section I, paragraph n) of Article 2 Bis 6 of these provisions.
10	Deferred income tax credits arising from tax loss carryforwards and tax credits in accordance with Section I, paragraph p) of Article 2 Bis 6 of these provisions. This treatment is more conservative than that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011, as it does not allow offsetting against deferred income taxes payable.
11	Result from valuation of cash flow hedging instruments corresponding to hedged items that are not valued at fair value.
12	Reserves pending constitution in accordance with the provisions of Separagraph k) of Article 2 Bis 6 of these provisions. This treatment is more conservative than that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011, as it deducts from Common Equity Tier 1 the preventive reserves pending to be constituted, in accordance with the provisions of Chapter V of Title Two of these provisions, as well as those in the case of institutions that use methods based on internal ratings to determine their capital requirements, it does not only deduct the positive difference between Total Expected Losses minus Total Eligible Reserves, but also those reserves charged to accounting accounts that are not part of the income statement or stockholders' equity.
13	Benefits on the remainder of securitization transactions in accordance with the provisions of Section I, paragraph c) of Article 2 Bis 6 of these provisions.
14	Not applicable
15	Investments made by the defined benefit pension fund that correspond to resources to which the Institution does not have unrestricted and unlimited access. These investments will be considered net of plan liabilities and any applicable deferred income tax expense that has not been applied in any other regulatory adjustment.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

16	The amount of the investment in any own shares acquired by the Institution: in accordance with the provisions of the Law as set forth in Section I, paragraph d) of Article 2 Bis 6 of these provisions; through the securities indexes provided for in Section I, paragraph e) of Article 2 Bis 6 of these provisions; and through the investment funds considered in Section I, paragraph i) of Article 2 Bis 6 of these provisions. This treatment is more conservative than that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011 because the deduction for this item is made from Common Equity Tier 1, regardless of the level of capital invested.
17	The Bank may also invest in other financial entities that are members of the group to which the Institution belongs or of their financial subsidiaries in accordance with the provisions of Section I, paragraph j) of Article 2 Bis 6 of these provisions, including those investments corresponding to investment funds considered in Section I, paragraph i) of Article 2 Bis 6. This treatment is more conservative than the one established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011 because the deduction for this concept is made from common equity tier 1 capital, regardless of the level of capital invested, and additionally because any type of entity is considered, not only financial institutions.
18	Investments in shares, where the Institution owns up to 10% of the capital stock of financial entities referred to in Articles 89 of the Law and 31 of the Law to Regulate Financial Groupings in accordance with the provisions of section I, paragraph f) of Article 2 Bis 6 of these provisions. I paragraph f) of Article 2 Bis 6 of these provisions, including those investments made through the investment funds referred to in section I paragraph i) of Article 2 Bis 6. The above investments exclude those made in the capital of multilateral development or international development organizations that have a credit rating assigned to the issuer by one of the rating agencies, equal to or better than Risk within the long term. This treatment is more conservative than that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011 because the deduction for this concept is made from Common Equity Tier 1, regardless of the level of capital in which it has been invested, and additionally because the total recorded amount of the investments is deducted.
19*	Investments in shares, where the Institution owns more than 10% of the capital stock of the financial entities referred to in Articles 89 of the Law and 31 of the Law to Regulate Financial Groupings in accordance with the provisions of section I, paragraph f) of Article 2 Bis 6 of these provisions. I paragraph f) of Article 2 Bis 6 of these provisions, including those investments made through the investment funds referred to in section I paragraph i) of Article 2 Bis 6. The above investments exclude those made in the capital of multilateral development or international development organizations that have a credit rating assigned to the issuer by one of the rating agencies, equal to or better than Risk Grade 2 in the long term. This treatment is more conservative than that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011 because the deduction for this concept is made from Common Equity Tier 1, regardless of the level of capital in which it has been invested, and additionally because the total recorded amount of the investments is deducted.
20*	Mortgage service fees will be deducted for the total amount recorded if such fees exist. This treatment is more conservative than the one established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011 due to the fact that the total amount recorded is deducted from the rights.
21	The amount of deferred income taxes in favor arising from temporary differences less the corresponding deferred income taxes payable not considered to offset other adjustments, which exceeds 10% of the difference between reference 6 and the sum of references 7 to 20.
22	Not applicable The items were deducted from equity in their entirety. See notes 19, 20 and 21.
23	Not applicable The concept was deducted from capital in its entirety. See note to reference 19.
24	Not applicable The concept was deducted from capital in its entirety. See note to reference 20.
25	Not applicable The concept was deducted from capital in its entirety. See note in reference 21.
	National adjustments considered as the sum of the following items.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

26	<p>A. The sum of the cumulative exchange adjustment and the result from holding non-monetary assets considering the amount of each of these items with the opposite sign to that considered for inclusion in reference 3, i.e. if they are positive in this item they will be included as negative and vice versa.</p> <p>B. Investments in subordinated debt instruments, in accordance with the provisions of Section I, paragraph b) of Article 2 Bis 6 of these provisions.</p> <p>C. The amount that results if as a result of the acquisition of securitization positions, the originating institutions record a profit or an increase in the value of their assets with respect to the assets previously recorded in their Statement of Financial Position, in accordance with the provisions of section I, paragraph c) of Article 2 Bis 6 of these provisions.</p> <p>D. Investments in the capital of multilateral development or international development organizations in accordance with the provisions of Section I, paragraph f) of Article 2 Bis 6 of these provisions, which have a credit rating assigned by one of the rating agencies to the issuer, equal to or better than Risk Grade 2 in the long term.</p> <p>E. Investments in shares of companies related to the Institution under the terms of Articles 73, 73 Bis and 73 Bis 1 of the Law, including the corresponding amount of investments in mutual funds and investments in indexes as established in section I, paragraph g) of Article 2 Bis 6 of these provisions.</p> <p>G. Investments in shares, other than fixed capital, of listed investment funds in which the Institution holds more than 15 percent of the stockholders' equity of the investment fund, in accordance with Section I (i) of Article 2 Bis 6, which have not been considered in the above references.</p>
	<p>H. Any type of contribution whose resources are destined to the acquisition of shares of the controlling company of the financial group, of the other financial entities that are members of the group to which the Institution belongs or of their financial subsidiaries in accordance with the provisions of section I, paragraph l) of Article 2 Bis 6 of these provisions. I. Operations that contravene the provisions, in accordance with the provisions of Section I, paragraph m) of Article 2 Bis 6 of these provisions. J. Deferred charges and prepayments, net of deferred income taxes payable, as established in Section I paragraph n) of Article 2 Bis 6 of these provisions. K. Positions related to the First Loss Scheme in which risk is retained or credit protection is provided up to a certain limit of a position in accordance with Section I (o) of Article 2 Bis 6. L. Employees' deferred profit sharing payable pursuant to Section I, paragraph p) of Article 2 Bis 6 of these provisions. M. The aggregate amount of the Transactions Subject to Credit Risk by Relevant Related Persons in accordance with section I paragraph s) of Article 2 Bis 6 of these provisions. N. The difference between the investments made by the defined benefit pension fund in accordance with Article 2 Bis 8 minus reference 15. O. Adjustment for recognition of Net Equity. The amount shown corresponds to the amount recorded in cell C1 of the format included in section II of this appendix. P. Investments or contributions, directly or indirectly, in the capital of companies or in the assets of trusts or other similar types of entities whose purpose is to compensate and settle transactions carried out on the stock exchange, except for the participation of such companies or trusts in the latter in accordance with paragraph f) section I of Article 2 Bis 6.</p>
27	<p>Not applicable There are no regulatory adjustments for additional Tier 1 capital or supplementary capital. All regulatory adjustments are made to Common Equity Tier 1. 28 Sum of lines 7 to 22, plus lines 26 and 27. 29 Section 6 minus Section 28.</p>
30	<p>The corresponding amount of the securities representing the capital stock (including the premium on the sale of shares) that have not been considered in the Fundamental Capital and the Capital Instruments, which meet the conditions set forth in Exhibit 1-R of these provisions in accordance with the provisions of Section II of Article 2 Bis 6 of these provisions. 31 Amount of line 30 classified as equity under applicable accounting standards.</p>
32	<p>Not applicable Directly issued instruments that qualify as additional Tier 1 capital, plus their premium, are recorded for accounting purposes as capital.</p>
33	<p>Subordinated debentures computable as Non-Core Basic Capital, in accordance with the provisions of the Third Transitory Article of Resolution 50a, which amends the general provisions applicable to credit institutions (Resolution 50a).</p>
34	<p>Not applicable See note in reference 5.</p>
35	<p>Not applicable See note in reference 5.</p>
36	<p>Sum of Sections 30, 33 and 34.</p>
37	<p>Not applicable The deduction is made in full from Common Equity Tier 1.</p>

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

38	Not applicable The deduction is made in full from Common Equity Tier 1.
39	Not applicable The deduction is made in full from Common Equity Tier 1.
40	Not applicable The deduction is made in full from Common Equity Tier 1.
41	National adjustments considered: Adjustment for recognition of Net Equity. The amount shown corresponds to the amount recorded in cell C1 of the format included in section II of this appendix.
42	Not applicable There are no regulatory adjustments for supplementary capital. All regulatory adjustments are made to Common Equity Tier 1.
43	Sum of Section 37 to 42.
44	Section 36, minus Section 43.
45	Section 29, plus Section 44.
46	The corresponding amount of the securities representing the capital stock (including the premium on the sale of shares) that have not been considered in the Fundamental Capital or in the Non-Fundamental Basic Capital and the Capital Instruments, which comply with Exhibit 1-S of these provisions in accordance with the provisions of Article 2 Bis 7 of these provisions.
47	Subordinated debentures computable as supplementary capital, in accordance with the provisions of the Third Transitory Article of Resolution 50a.
48	Not applicable See note in reference 5.
49	Not applicable See note in reference 5.
50	Provisions for credit risk up to the sum of 1.25% of the assets weighted by credit risk, corresponding to the Transactions in which the Standardized Method is used to calculate the capital requirement for credit risk; and the positive difference of the Total Allowable Reserves minus the Total Expected Losses, up to an amount not to exceed 0.6 percent of the assets weighted by credit risk, corresponding to the Operations in which the method based on internal ratings is used to calculate the capital requirement for credit risk, in accordance with section III of Article 2 Bis 7.
51	Sum of Section 46 to 48, plus Section 50.
52	Not applicable The deduction is made in full from Common Equity Tier 1.
53	Not applicable The deduction is made in full from Common Equity Tier 1.
54	Not applicable The deduction is made in full from Common Equity Tier 1.
55	Not applicable The deduction is made in full from Common Equity Tier 1.
56	National adjustments considered: Adjustment for recognition of Net Equity. The amount shown corresponds to the amount recorded in cell C4 of the format included in section II of this appendix.
57	Sum of Sections 52 to 56.
58	Section 51, minus Section 57.
59	Section 45, plus Section 58.
60	Weighted Assets Subject to Total Risk
61	Section 29 divided by Section 60 (expressed as a percentage).
62	Section 45 divided by Section 60 (expressed as a percentage).
63	Section 59 divided by Section 60 (expressed as a percentage).
64	Report the sum of the percentages expressed in items 61, 65, 66 and 67.
65	Report 2.5%.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

66	Percentage corresponding to the Countercyclical Capital Supplement referred to in paragraph c), section III of Article 2 Bis 5.
67	The SCCS amount in row 64 (expressed as a percentage of risk-weighted assets) that relates to the systemic capital supplement of the multiple banking institution, in terms of paragraph b), section III of Article 2 Bis 5.
68	Section 61 minus 7%.
69	Not applicable The minimum is the same as that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011.
70	Not applicable The minimum is the same as that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011.
71	Not applicable The minimum is the same as that established by the Basel Committee on Banking Supervision in its document "Basel III: Global Regulatory Framework for Strengthening Banks and Banking Systems" published in June 2011.
72	Not applicable The concept was deducted from capital in its entirety. See note in reference 18.
73	Not applicable The concept was deducted from capital in its entirety. See note to reference 19.
74	Not applicable The concept was deducted from capital in its entirety. See note to reference 20.
75	The amount, not to exceed 10% of the difference between reference 6 and the sum of references 7 to 20, of deferred income taxes in favor arising from temporary differences less the corresponding deferred income taxes payable not considered to offset other adjustments.
76	Provisions for credit risk corresponding to the Operations in which the Standardized Approach is used to calculate the capital requirement for credit risk.
77	1.25% of the assets weighted by credit risk, corresponding to the Transactions in which the Standardized Approach is used to calculate the capital requirement for credit risk.
78	Positive difference of Total Eligible Reserves minus Total Expected Losses for Transactions where the internal ratings-based approach is used to calculate the capital requirement for credit risk.
79	0.6 percent of the credit risk weighted assets, corresponding to the Operations in which the method based on internal ratings is used to calculate the capital requirement for credit risk.
80	Not applicable There are no instruments subject to transition that are included in Common Equity Tier 1.
81	Not applicable There are no instruments subject to transition that are included in Common Equity Tier 1.
82	Balance of the instruments that computed as capital in the basic portion as of December 31, 2012 for the corresponding limit of the balance of such instruments.
83	Balance of instruments computed as equity in the basic portion as of December 31, 2012 less line item 33.
84	Balance of the instruments that computed as capital in the supplementary part as of December 31, 2012 for the corresponding limit of the balance of such instruments.
85	Balance of instruments computed as capital in the supplementary part as of December 31, 2012 less line 47.
70	T1 national minimum ratio (if it differs from the minimum established by Basel 3)
71	National minimum TC ratio (if it differs from the minimum established by Basel 3)
Amounts below deduction thresholds (before risk weighting)	
72	Non-significant investments in the capital of other financial institutions
73	Significant investments in common shares of financial institutions
74	Rights for mortgage services (net of deferred income taxes payable)
75	Deferred income taxes in favor derived from temporary differences (net of deferred income taxes payable)

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Limits applicable to the inclusion of reserves in Tier 2 capital	
76	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to the standardized methodology (prior to application of the cap)
77	Limit on the inclusion of provisions in Tier 2 capital under the standardized methodology
78	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to internal rating methodology (prior to application of cap)
79	Limit on the inclusion of reserves in Tier 2 capital under the internal rating methodology
Equity instruments subject to phase-out (applicable only between January 1, 2018 and January 1, 2022)	
80	Current cap on CET1 instruments subject to phase-out
81	Amount excluded from CET1 due to the limit (excess over the limit after amortizations and maturities)
82	Current limit on AT1 instruments subject to phase-out
83	Amount excluded from AT1 due to the limit (excess over the limit after amortizations and maturities)
84	Current limit on T2 instruments subject to phase-out
85	Amount excluded from T2 due to limit (excess over limit after amortization and maturities)

TABLE II.1

Capital concepts	No adjustment for capital recognition			Capital recognition adjustment			With adjustment for capital recognition			
	DATA	% WASTR	DATA	DATA	% WASTR	DATA	% WASTR	DATA		
1 Basic Capital	A	6,425	B1 = A / F	10.49%	C1	0	A' = A - C1	0	B1' = A' / F'	0
2 Basic Capital	B	800	B2 = B/F	1.31%	C2	0	B' = B - C2	0	B2' = B' / F'	0
Basic Capital	C = A + B	7,225	B3 = C/F	11.80%	C3 = C1 + C2	0	C' = A' + B'	0	B3' = C' / F'	0
Complementary Capital	D	2,534	B4 = D / F	4.14%	C4	0	D' = D - C4	0	B4' = D' / F'	0
Net Capital	E = C + D	9,759	B5 = E / F	15.94%	C5 = C3 + C4	0	E' = C' + D'	0	B5' = E' / F'	0
Weighted Assets Subject to Total Risk (WASTR)	F	61,239	Not applicable		Not applicable		F' = F	0	Not applicable	
Capitalization index	G = E / F	15.94	Not applicable		Not applicable		G' = E' / F'	0	Not applicable	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Statement of financial position line items	Amount presented in the statement of financial position
Active	226,919.22
Availabilities	11,082.69
Margin accounts	31.13
Investments in securities	56,473.94
Debtors under repurchase agreements	95,016.74
Securities Lending	0.00
Derivatives	42.25
Valuation adjustments for hedging of financial assets	-7.17
Totalloan portfolio (net)	54,484.91
Benefits to be received in securitization operations	0.00
Other accounts receivable (net)	1,350.68
Foreclosed assets (net)	228.82
Property, furniture, and equipment (net)	4,542.84
Permanent investments	161.36
Long - term assets available for sale	0.00
Deferred income taxesand employees' profit sharing (net)	760.29
Otherassets	2,750.73
Liabilities	219,074.33
Traditional collection	80,569.23
Interbank loansand loans from other institutions	4,900.15
Accounts payableunder repurchase/resell agreements	41,485.74
Securities lending	0.00
Colaterales sold or pledged	84,807.36
Derivatives	13.42
Valuation adjustments for coverage of financial liabilities	0.00
Obligationsin securitization transactions	0.00
Otheraccounts payable	2,538.92
Subordinated debenturesoutstanding	3,349.28
Deferred income taxesand employees' profit sharing (net)	1,322.76
Deferred creditsand prepayments	87.46
Stockholders' equity	7,844.74
Contributed capital	3,918.63
Earned capital	3,926.11

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Memorandum accounts	727,096.44
Guarantees granted	848.24
Contingent assets and liabilities	0.00
Credit commitments	9,523.30
Assets held in trust or mandate	54,454.94
Financial agent of the federal government	0.00
Assets in custody or under administration	362,804.57
Collateral received by the entity	94,422.77
Collateral received and sold or pledged as a guarantee by the entity	85,990.03
Investment banking operations on behalf of third parties (net)	0.00
Uncollected accrued interest from past due loan portfolio	157.82
Other memorandum accounts	118,894.77

TABLE II.2 Regulatory concepts considered for the calculation of the components of Net Capital

Identifier	Regulatory concepts considered for the calculation of the components of Net Capital	Reference of the disclosure format of the capital integration of section I of this annex	Amount in accordance with the notes to the table	Reference(s) of the item of the Statement of Financial Position and amount related to the regulatory concept considered for the calculation of the Net Capital from the mentioned reference.
Assets				
1	Commercial Credit	8	0.00	BG16
2	Other Intangibles	9	392.40	BG16

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

3	Deferred income tax (in favor) from losses and tax credits	10	0.00	BG15
4	Benefits on the remainder in securitization operations	13	0.00	BG09
5	Investments of the pension plan for defined benefits without unrestricted and unlimited access	15	0.00	
6	Investments in shares of the institution itself	16	0.00	
7	Reciprocal investments in ordinary capital	17	0.00	
8	Direct investments in the capital of financial entities where the Institution does not own more than 10% of the issued capital stock	18	0.00	
9	Indirect investments in the capital of financial entities where the Institution does not own more than 10% of the issued capital stock	18	0.00	
10	Direct investments in the capital of financial entities where the Institution owns more than 10% of the issued share capital	19	0.00	
11	Indirect investments in the capital of financial entities where the Institution owns more than 10% of the issued share capital	19	0.00	
12	Deferred income tax (in favor) from temporary differences	21	328.09	
13	Reserves recognized as complementary capital	50	0.00	BG8
14	Investments in subordinated debt	26 - B	0.00	
15	Investments in multilateral organizations	26 - D	0.00	
16	Investments in related companies	26 - E	0.00	
17	Venture capital investments	26 - F	0.00	
18	Investments in mutual funds	26 - G	22.11	BG13
19	Financing for the acquisition of own shares	26 - H	0.00	
20	Deferred charges and advance payments	26 - J	0.00	
21	Deferred employee profit sharing (net)	26 - L	0.00	
22	Investments in the defined benefit pension plan	26 - N	0.00	
23	Investments in clearing houses	26 - P	0.00	BG13

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Liabilities				
24	Taxes on deferred income (payable) associated with goodwill	8	0.00	
25	Deferred income taxes (payable) associated with other intangibles	9	0.00	
26	Liabilities of the pension plan for defined benefits without unrestricted and unlimited access	15	0.00	
27	Deferred income taxes (payable) associated with the defined benefit pension plan	15	0.00	
28	Deferred income taxes (payable) associated with others other than the above	21	0.00	
29	Subordinated obligations amount that complies with Schedule 1-R	31	0.00	
30	Subordinated obligations subject to transitory status that are computed as basic capital 2	33	0.00	
31	Subordinated obligations amount that complies with Schedule 1-S	46	0.00	
32	Subordinated obligations subject to transitory status that are computed as complementary capital	47	0.00	
33	Deferred income taxes (payable) associated with deferred charges and prepayments	26 - J	0.00	
Stockholders' equity				
34	Contributed capital that complies with Schedule 1-Q	1	3,918.63	BG29
35	Results of previous years	2	3,277.67	BG30
36	Result from valuation of instruments for cash flow hedging of items recorded at fair value	3	0.00	BG30
37	Other elements of earned capital other than the above	3	1,448.44	BG30
38	Contributed capital that complies with Schedule 1-R	31	0.00	
39	Contributed capital that complies with Schedule 1-S	46	0.00	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

40	Result from valuation of instruments for cash flow hedging of items not recorded at fair value	3, 11	0.00	
41	Cumulative effect of conversion	3, 26 - A	0.00	
42	Result from holding non-monetary assets	3, 26 - A	0.00	
Memorandum accounts				
43	Positions in First Loss Schemes	26 - K	0.00	
Regulatory concepts not considered in the Statement of Financial Position				
44	Reserves pending to constitute	12	0.00	
45	Profit or increase in the value of assets due to the acquisition of securitization positions (Originating Institutions)	26 - C	0.00	
46	Operations that contravene the provisions	26 - I	0.00	
47	Operations with Relevant Related Persons	26 - M	0.00	
48	Capital recognition adjustment	26 - O, 41, 56	0.00	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

TABLE III.1 Positions exposed to market risk by risk factor

Concept	Amount of equivalent positions	Capital requirement
Transactions in local currency with nominal rate	4,904	392
Transactions in local currency debt securities with a surcharge and a revisable rate	1,324	106
Transactions in local currency with real rate or denominated in UDIs	86	7
Operations in national currency with a rate of return referred to the growth of the General Minimum Wage	0	0
Positions in UDI's or with performance referred to the INPC	3	0
Positions in national currency with a rate of return referred to the growth of the general minimum wage	0	0
Foreign currency transactions with nominal rate	66	5
Positions in foreign currencies or with yields indexed to the exchange rate	91	7
Positions in Gold	5	0
Positions in shares or with yield indexed to the price of a share or group of shares	0	0

TABLE IV.2

Concept	Risk-weighted assets	Capital requirement
Group III (weighted at 20%)	644.86	51.59
Group III (weighted at 50%)	297.84	23.83
Group III (weighted at 100%)	0.25	0.02
Group IV (weighted at 20%)	179.94	14.40
Group V (weighted at 20%)	172.33	13.79
Group V (weighted at 50%)	554.93	44.39
Group V (weighted at 150%)	73.22	5.86
Group VI (weighted at 50%)	1,350.97	108.08
Group VI (weighted at 75%)	668.91	53.51
Group VI (weighted at 100%)	7,684.62	614.77

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Group VI (weighted at 115%)	395.37	31.63
Group VI (weighted at 150%)	335.91	26.87
Group VII_A (weighted at 20%)	1,185.21	94.82
Group VII_A (weighted at 50%)	49.73	3.98
Group VII_A (weighted at 100%)	29,414.73	2,353.18
Group IX (weighted at 100%)	3,803.75	304.30
Group IX (weighted at 115%)	217.67	17.41

TABLE III.3 Weighted assets subject to operational risk

Risk-weighted assets	Capital requirement
7,731	618

Average credit and market risk requirement for the last 36 months	Average positive annual net income for the last 36 months
N/A	4,758

As of the end of March 2023, Banca Afirme is classified as Category I, in accordance with the provisions applicable to capital requirements issued by the National Banking and Securities Commission to multiple banking institutions under Article 50 of the General Law of Credit Institutions, Chapter I of Article First Bis.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

ANNEX 1-O Bis

(Before replies with Banco de México)

DISCLOSURE OF INFORMATION REGARDING THE REASON FOR LEVERAGE

I.- Integration of the main sources of leverage

II.- Comparison between total assets and Adjusted Assets

III. - Reconciliation between total assets and on-Statement of Financial Position exposure

IV. Analysis of the most important variations of the elements (numerator and denominator) of the Leverage Ratio.

I. Integration of the main sources of leverage

Institutions must disclose the integration of the main sources of leverage, according to Table I.1

Table I.1

Reference	ITEM	AMOUNT
1	On-Statement of Financial Position items (excluding derivative financial instruments and securities lending and repurchase agreements -SFTs- but including collateral received as guarantee and recorded on the Statement of Financial Position)	149,769
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	3.3.
3	On-Statement of Financial Position exposures (Net) (excluding derivative financial instruments and SFTs, sum of lines 1 and 2)	149,739
	Exposure to derivative financial instruments	
4	Annual replacement cost associated with all derivative financial instrument transactions (net of allowable cash variation margin)	58
5	Amounts of additional factors for potential future exposure associated with all transactions with derivative financial instruments.	-
6	Increase in Collateral contributed in operations with derivative financial instruments when said collateral is removed from the Statement of Financial Position in accordance with the operational accounting framework	-
7	(Deductions to accounts receivable for variation margin in cash contributed in operations with derivative financial instruments)	-
8	(Exposure for operations in derivatives financial instruments on behalf of clients, in which the clearing partner does not grant its guarantee in case of breach of the debt of the Central Counterpart)	-
9	Adjusted effective notional amount of subscribed credit derivative financial instruments	-
10	(Compensations made to the adjusted cash notional of the subscribed credit derivative financial instruments and deductions of the additional factors for the subscribed credit derivative financial instruments)	-
11	Total exposures to derivative financial instruments (sum of lines 4 to 10)	58
	Total exposures to derivative financial instruments (sum of lines 4 to 10)	

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

12	Gross SFT assets (without recognition of offsetting), after adjustments for sales accounting transactions	-
13	(Accounts payable and receivable from SFT cleared)	-
14	Counterparty Risk Exposure per SFT	485.70
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing transactions (sum of lines 12 to 15)	486
	Capital and total exposures	
17	Off-Statement of Financial Position exposure (gross notional amount)	-
18	(Adjustments for translation to credit equivalents)	-
19	Off-Statement of Financial Position items (sum of items 17 and 18)	-
	Capital and total exposures	
20	Tier 1 capital	2,105
21	Total exposures (sum of lines 3, 11, 16 and 19)	150,283
	Leverage ratio	
22	Basel III Leverage Ratio	1.40%

TABLE II.1

Reference	ITEM	AMOUNT
1	Total assets	151,004
2	Adjustment for investments in the capital of banking, financial, insurance or commercial entities that are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3	Adjustment related to trust assets recognized in the Statement of Financial Position according to the accounting framework, but excluded from the measurement of the exposure of the leverage ratio	-
4	Adjustment for derivative financial instruments	0
5	Adjustment for securities lending and repurchase transactions	692
6	Adjustment for memorandum items recognized in memorandum accounts	-
7	Other adjustments	-
8	Leverage ratio exposure	150,312

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

TABLE III.1

Reference	ITEM	AMOUNT
1	Total assets	151,004
2	Transactions in derivative financial instruments	58.23
3	Securities lending and repurchase agreements and securities lending transactions	1,177.73
4	Trust assets recognized in the Statement of Financial Position in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	0
5	Exhibits in the Statement of Financial Position	149,769

TABLE IV.1

MAIN CAUSES OF THE MOST IMPORTANT ELEMENT VARIATIONS
(NUMERATOR AND DENOMINATOR) OF THE LEVERAGE REASON

CONCEPT/QUARTER	T-1	T	VARIATION (%)
Basic Capital 1/	2,063	2,105	2.1%
Adjusted Assets 2/	152,402	150,283	-1.4%
Leverage Ratio 3/	1.35%	1.40%	3.50%

1/ Reported in row 20, 2/ Reported in row 21 and 3/ Reported in row 22 of Table I.1.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Characteristics of the obligations

Reference	Characteristic	QAFIRME-15 Options	BAFIRME-18 Options	BAFIRME-20 Options	BAFIRME-20-2 Options	BAFIRME-22 Options	BAFIRME-22-2 Options
1	Transmitter	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.
2	ISIN, CUSIP or Bloomberg identifier	N/A	N/A	N/A	N/A	N/A	N/A
3	Legal framework Regulatory treatment	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular	Law of Credit Institutions Credit Institutions, Circular Única de Bancos, Single Banking Circular
4	Capital level with transience	Basic 2	Complementary	Complementary	Complementary	Complementary	Complementary
5	Capital level without transience	Basic 2	Complementary	Complementary	Complementary	Complementary	Complementary
6	Instrument level	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries
7	Type of instrument	Subordinated Capital Obligation Non-Preferential, Perpetual and Susceptible to be Converted into Shares.	Subordinated Non-Preferred Capital Debentures Not Convertible into Shares	Subordinated Non-Preferred Capital Debentures Not Convertible into Shares	Subordinated Non-Preferred Capital Debentures Not Convertible into Shares	Subordinated Non-Preferred Capital Debentures Not Convertible into Shares	Subordinated Non-Preferred Capital Debentures Not Convertible into Shares
8	Amount recognized in regulatory capital	800.00 MDP Recognized as part of non-core capital.	2,534.12 MDP Recognized within supplementary capital.	2,534.12 MDP Recognized within supplementary capital.	2,534.12 MDP Recognized within supplementary capital.	2,534.12 MDP Recognized within supplementary capital.	2,534.12 MDP Recognized within supplementary capital.
9	Instrument nominal value	\$ 100.00 (One hundred pesos 00/100 MN) each.	\$ 100.00 (One hundred pesos 00/100 MN) each.	\$ 100.00 (One hundred pesos 00/100 MN) each.	\$ 100.00 (One hundred pesos 00/100 MN) each.	\$ 100.00 (One hundred pesos 00/100 MN) each.	\$ 100.00 (One hundred pesos 00/100 MN) each.
9A	Instrument currency	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos
10	Accounting classification	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost
11	Date of issue	04/02/2015	11/10/2018	27/03/2020	22/10/2020	15/02/2022	14/09/2022
12	Instrument term	Perpetuity	Maturity	Maturity	Maturity	Maturity	Maturity

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

13	Expiration date	Without caducity	September 28, 2028	March 15, 2030	10/10/2030	03/02/2032	01/09/2032
14	Advance payment clause	Yes	Yes	Yes	Yes	Yes	Yes
15	First advance payment date	From the fifth year.	From the fifth year.	From the fifth year.	From the fifth year.	From the fifth year.	From the fifth year.
15A	Regulatory or tax events	No	No	No	No	No	No
15B	Settlement price of the advance payment clause	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment
16	Subsequent advance payment dates	NA	NA	NA	NA	NA	NA
	<i>Yields / dividends</i>						
17	Yield/dividend type	Variable Yield	Variable Yield	Variable Yield	Variable Yield	Variable Yield	Variable Yield
18	Cup of Interest/Dividend	Interest Rate: 91-day TIIE + 4.00%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%
19	Dividend cancellation clause	NA	NA	NA	NA	NA	NA
20	Discretion in payment	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Interest increase clause	NA	NA	NA	NA	NA	NA
22	Yield/dividends	Performance	Performance	Performance	Performance	Performance	Performance
23	Instrument convertibility	Convertibles	Non Convertibles	Non Convertibles	Non Convertibles	Non Convertibles	Non Convertibles
24	Convertibility conditions	NA	NA	NA	NA	NA	NA
25	Degree of convertibility	NA	NA	NA	NA	NA	NA
26	Conversion rate	NA	NA	NA	NA	NA	NA
27	Type of instrument convertibility	NA	NA	NA	NA	NA	NA
28	Type of convertibility financial instrument	NA	NA	NA	NA	NA	NA

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

29	Instrument emitter	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.
30	Decrease in value clause <i>(Write-Down)</i>	NA	NA	NA	NA	NA	NA
31	Conditions for decrease in value	NA	NA	NA	NA	NA	NA
32	Degree of loss of value	NA	NA	NA	NA	NA	NA
33	Temporality of the decline in value	NA	NA	NA	NA	NA	NA
34	Time value decrease mechanism	NA	NA	NA	NA	NA	NA
35	Position of subordination in case of liquidation	Subordinated Capital Obligation Non-Preferential, Perpetual and Susceptible to be Converted into Shares.	Subordinated non-preferred capital debentures not convertible into shares	Subordinated non-preferred capital debentures not convertible into shares	Subordinated non-preferred capital debentures not convertible into shares	Subordinated non-preferred capital debentures not convertible into shares	Subordinated non-preferred capital debentures not convertible into shares
36	Non-compliance characteristics	No	No	No	No	No	No
37	Description of default characteristics	NA	NA	NA	NA	NA	NA

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

LIQUIDITY COVERAGE RATIO DISCLOSURE

In compliance with Annex 5 of Article 8 stipulated in Section III of the General Provisions on Liquidity Requirements for Multiple Banking Institutions, the format for disclosing the liquidity coverage ratio for the first quarter of 2023 is detailed below:

LIQUIDITY COVERAGE COEFFICIENT DISCLOSURE FORM			
LIQUIDITY COVERAGE COEFFICIENT DISCLOSURE FORM (Figures in millions of Mexican Pesos)		Unweighted amount (average)	Weighted amount (average)
COMPUTABLE LIQUID ASSETS			
1	Total Computable Liquid Assets	Not applicable	21,626
CASH OUTFLOWS			
2	Unsecured Retail Financing	25,635	2,009
3	Stable funding	11,096	555
4	Less stable financing	14,539	1,454
5	Unsecured wholesale funding	37,580	17,212
6	Operational deposits	0	0
7	Non-operational deposits	37,211	16,843
8	Unsecured debt	368	368
9	Guaranteed Wholesale Financing	Not applicable	633
10	Additional requirements:	11,157	1,829
11	Outputs related to derivative financial instruments and other collateral requirements	1,358	1,257
12	Outputs related to losses from the financing of debt instruments	0	0
13	Lines of credit and liquidity	9,799	572
14	Other contractual financing obligations	3	3
15	Other contingent financing obligations	0	0
16	TOTAL CASH OUTPUTS	Not applicable	21,686
CASH INPUTS			
17	Cash inflows for guaranteed operations	98,664	132
18	Cash inflows for unsecured operations	7,361	4,961
19	Other cash inflows	6,235	6,235
20	TOTAL CASH INPUTS	112,261	11,328
			Adjusted amount
21	TOTAL COMPUTABLE LIQUID ASSETS	Not applicable	21,626
22	TOTAL NET OF CASH OUTPUTS	Not applicable	10,358
23	LIQUIDITY COVERAGE COEFFICIENT	Not applicable	210.26%

	Average First Quarter 2023
Average daily individual CCL for the quarter	210.27%
Quarterly consolidated daily CCL average	210.26%

- 90 calendar days of the quarter corresponding to January - March 2023 are considered.
- During the period under review, the main change was due to cash inflows from other cash inflows and a decrease in non-operating deposits.
- The evolution of the composition of Eligible and Computable Liquid Assets was as follows:

January	February	March
12.99%	-11.83%	19.95%

- Banca Afirme has no foreign currency mismatch.
- The centralization of liquidity management is concentrated in Banca Afirme.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

- Within the flows reported in the form as informative, the flows for the quarter for Inputs and Outputs are detailed:

Month	Exits	Tickets
January	12.4	12.7
February	39.4	39.3
March	0.6	0.6

*figures in millions of pesos

DISCLOSURE OF NET STABLE FUNDING RATIO

In compliance with Annex 10 of Article 8 stipulated in Section III of the General Provisions on Liquidity Requirements for Multiple Banking Institutions, the disclosure format of the net stable funding ratio for the first quarter 2023 is detailed.

(Amounts in millions of pesos)	Individual Figures					Consolidated Figures					
	Unweighted amount by residual term				Weighted amount	Unweighted amount by residual term				Weighted amount	
	Without caducity	< 6 month	From 6 months to < 1 year	≥ 1 year		Without caducity	< 6 month	From 6 months to < 1 year	≥ 1 year		
ELEMENTS OF THE AMOUNT OF STABLE FINANCING AVAILABLE											
1	Capital:	8,604	-	-	2,536	11,140	8,604	-	-	2,536	11,140
2	Fundamental capital and non-fundamental basic capital.	8,604	-	-	-	8,604	8,604	-	-	-	8,604
3	Other capital instruments.	-	-	-	2,536	2,536	-	-	-	2,536	2,536
4	Retail deposits:	-	24,150	403	19	22,887	-	24,150	403	19	22,887
5	Stable deposits.	-	20,621	301	5	19,439	-	20,621	301	5	19,439
6	Less stable deposits.	-	3,529	102	14	3,448	-	3,529	102	14	3,448
7	Wholesale financing:	-	44,051	2,859	50	19,549	-	44,051	2,859	50	19,549
8	Operational deposits.	-	-	-	-	-	-	-	-	-	-
9	Other wholesale financing.	-	44,051	2,859	50	19,549	-	44,051	2,859	50	19,549
10	Interdependent liabilities	-	-	-	-	-	-	-	-	-	-
11	Other liabilities:	3,867	139,347	158	4,832	28,022	3,867	139,347	158	4,832	28,022
12	Liabilities for derivatives for purposes of the Financing Coefficient Stable Net	Not applicable	-	-	-	Not applicable	Not applicable	-	-	-	Not applicable
13	All liabilities and own resources not included in the categories previous.	3,867	139,347	158	4,832	28,022	3,867	139,347	158	4,832	28,022
14	Total Amount of Stable Financing Available	Not applicable	Not applicable	Not applicable	Not applicable	81,599	Not applicable	Not applicable	Not applicable	Not applicable	81,599

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

ELEMENTS OF THE REQUIRED STABLE FINANCING AMOUNT											
15	Total liquid assets eligible for purposes of the Coefficient of Net Stable Financing.	Not applicable	Not applicable	Not applicable	Not applicable	600	Not applicable	Not applicable	Not applicable	Not applicable	600
16	Deposits with other financial institutions for purposes operational.	-	-	-	-	-	-	-	-	-	-
17	Current loans and securities:	-	338,564	10,211	28,944	54,513	-	338,950	10,579	29,163	55,124
18	<i>Guaranteed financing granted to financial institutions with liquid assets level I eligible.</i>	-	319,800	26	251	15,988	-	319,800	26	251	15,988
19	<i>Guaranteed financing granted to financial institutions with different eligible liquid assets level I.</i>	-	-	-	-	-	-	-	-	-	-
20	<i>Guaranteed financing granted to counterparties other than financial institutions, the which:</i>	-	16,217	9,722	28,041	37,481	-	16,656	10,090	28,258	38,066
21	<i>They have a credit risk weighting less than or equal to 35% according to the Basel Standard Method for Credit Risk II.</i>	-	11,258	5,938	24,381	29,222	-	11,491	6,025	24,444	29,436
22	<i>Housing loans (in force), of which:</i>	-	-	-	75	50	-	-	-	76	76
23	<i>They have a credit risk weighting less than or equal to 35% according to the Standard Method established in the Provisions.</i>	-	324	724	9,684	8,755	-	324	724	9,684	8,755
24	<i>Debt and equity securities other than Eligible Liquid Assets (that are not in default).</i>	-	2,547	464	577	993	-	2,494	464	577	993
25	Interdependent assets.	-	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

26	Other Assets:	13,627	12,067	2,123	422	8,203	13,628	11,335	2,168	444	8,146
27	Physically traded commodities, including gold.	-	-	-	-	-	-	-	-	-	-
28	Initial margin awarded in transactions in derivative financial instruments and contributions to the loss absorption fund of central counterparties	Not applicable	-	-	-	-	Not applicable	-	-	-	-
29	Assets by derivatives for purposes of the Net Stable Financing Coefficient.	Not applicable	-	-	-	-	Not applicable	-	-	-	-
30	Liabilities for derivatives for purposes of the Net Stable Financing Coefficient before deduction for the change in the initial margin	0.5	-	-	-	0.4	0.4	-	-	-	0.4
31	All assets and operations not included in the above categories.	13,627	12,067	2,123	422	8,203	5,834	2,115	113	83	8,145
32	Off-balance sheet operations.	Not applicable	-	-	-	-	Not applicable	-	-	-	-
33	Total Amount of Stable Financing Required.	Not applicable	Not applicable	Not applicable	Not applicable	63,316	Not applicable	Not applicable	Not applicable	Not applicable	63,870
34	Net Stable Financing Coefficient (%).	Not applicable	Not applicable	Not applicable	Not applicable	128.88%	Not applicable	Not applicable	Not applicable	Not applicable	127.76%

	Average First Quarter 2023
Average individual CFEN for the quarter	128.88%
Average consolidated CFEN for the quarter	127.76%

The evolution of the composition of the Available Stable Funding Amount and Stable Funding Required is as follows:

Net Stable Funding Ratio	January 2023	February 2023	March 2023
Amount of Stable Financing Required	65,126.10	63,586.63	62,897.68
Amount of Stable Financing Available	84,295.58	80,504.47	79,997.88

**figures in millions of pesos*

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

AFIRME GRUPO FINANCIERO ENTITIES THAT COULD RECEIVE FINANCIAL SUPPORT

In accordance with Annex 11 of the Liquidity Provisions, the entities listed below, members of Afirme Grupo Financiero may receive financial support up to the amount indicated in accordance with the approval of the Board of Directors' meeting held on April 25th, 2023:

Name of the Entities	Amount of Financing	Type of operation
Arrendadora Afirme, SA de CV, SOFOM	\$2,000	Line of credit derived from a term loan agreement
Factoraje Afirme, SA de CV, SOFOM	\$1,000	Line of credit derived from a term loan agreement
Almacenadora Afirme, S.A. de C.V., Auxiliary Credit Organization	\$3,190	Line of credit derived from a term loan agreement
Afirme Insurance	\$25	CCC for firm deposits and overdrafts
Banco de Inversión Afirme, SA de CV, Multiple Banking Institution	\$6,085	Call money line

The entities listed below, which are members of Afirme Grupo Financiero, are the ones that consolidate for the calculation of the ratios:

Name of the Entities	Amount of Financing
Arrendadora Afirme, SA de CV, SOFOM	\$2,000
Factoraje Afirme, SA de CV, SOFOM	\$1,000

In addition, to address liquidity problems, the Institution has a Contingency Plan for Banca Afirme that was approved by the Board of Directors on April 25th, 2023, which contains corrective actions to address liquidity stress situations.

Principal Sources of Financing

In general, the financing needs of the Institution's loan portfolio are covered by traditional fundraising; however, other liquidity elements are maintained in case they are required, such as lines of credit and the capacity to issue bank paper in the market, with no legal, regulatory, or operational limitations.

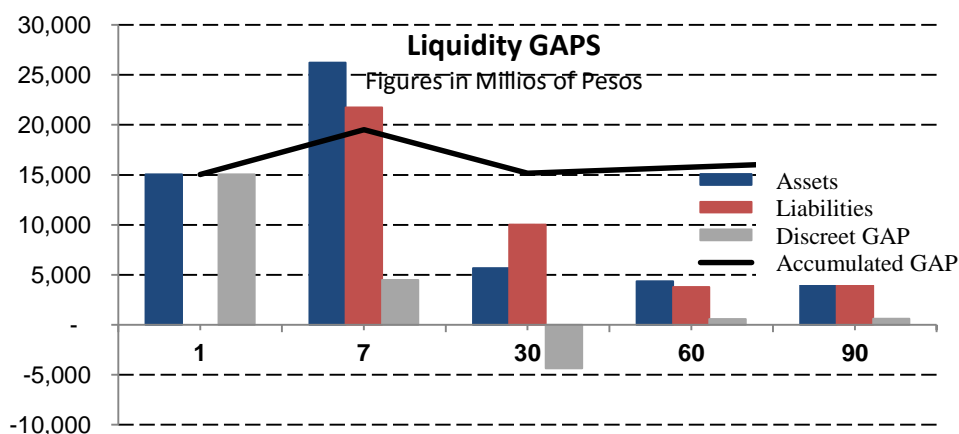
Traditional Capture March 31, 2023	
Demand deposits	38,960
Time deposits	40,652
Debt Securities Issued	-
Capture without movement	93
Total	79,705

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Liquidity Risk

Liquidity Risk is defined as the potential loss due to the impossibility of renewing liabilities or contracting others under normal conditions for Banca Afirme due to the premature or forced sale of assets at unusual discounts to meet its obligations. To measure liquidity risk, the Liquidity Coverage Ratio (LCR) and liquidity bands are determined, considering the nature of the assets and liabilities of the Statement of Financial Position over a period of time.

Banca Afirme accumulated 60-day band was \$ 15,766 million pesos at the end of 1Q 2023, a level that respected the established limit. The bands per term up to 90 days would be as follows:



On a daily basis, the Liquidity Coverage Ratio (LCR) is monitored to comply with the requirements imposed by the Supervisory Authority. The LCR sets a minimum threshold to promote short-term resilience of the liquidity risk profile, ensuring that the institution holds sufficient high-quality liquid assets to withstand a significant stress scenario over a 31-day period.

As of March 31, 2023, the Liquidity Coverage Ratio stands at 174%. In order to illustrate the behavior of the LCR, the following values are presented, comparing the closing values of 1Q 2023 to the previous quarter.

CCL Evolution	December 2022	March 2023
Computable Liquid Assets (Weighted)	27,454	29,617
Net 31-day outflows	17,055	16,978
CCL	161%	174%

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

Below is the evolution of Computable Liquid Assets compared to the immediately preceding quarter:

Evolution of Computable Liquid Assets (Unweighted)	December 2022	March 2023
Liquid Assets Level 1	27,454	29,181
Liquid Assets Level 2	-	513
Total Liquid Assets	27,454	29,617

As of March 31, 2023, the Net Stable Funding Ratio is 127.19%.

Net Stable Funding Ratio	December 2022	March 2023
Amount of Stable Financing Required	57,035	62,898
Amount of Stable Financing Available	79,979	79,998
CFEN	140%	127%

The liquidity-adjusted market VaR is interpreted as the loss incurred by the bank for the time it would take to liquidate the securities position in the market, for which the liquidity-adjusted VaR is estimated as the product of the daily market VaR times the square root of 10.

In order to show the behavior of the VaR adjusted for liquidity, the values at the end of Q1 2022 compared to the previous quarter are presented below.

Trading Business Unit	VaR adjusted for liquidity	
	31-Dec-2022	Mar 31, 2023
Money Desk	(10.67)	(10.76)
Treasury	(17.55)	(16.25)
Global	(17.02)	(12.62)

Below is the average Value at Risk adjusted for liquidity of the monthly closings of the corresponding quarter of the different business units.

Trading Business Unit	VaR adjusted for average liquidity
	jan 2023 - mar 2023
Money Desk	(13.43)
Treasury	(15.02)
Global	(16.65)

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

In general, the financing needs of the Institution's loan portfolio are covered by traditional fundraising; however, other liquidity elements are maintained in case they are required, such as lines of credit and the capacity to issue bank paper in the market, with no legal, regulatory or operational limitations.

Traditional Capture March 31, 2023	
Demand deposits	38,960
Time deposits	40,652
Debt Securities Issued	-
Capture without movement	93
Total	79,705

It is important to mention that the financial desks use a strategy of financing through repurchase agreements of live positions, except for those securities that remain in order to maintain an adequate level of liquid assets.

Liquidity risk management is executed in the Treasury and Risk Management areas.

The Treasury area performs daily monitoring of current and future liquidity requirements, taking the necessary steps to ensure that the necessary resources are available. On the other hand, the Risk Management area performs liquidity risk analysis by analyzing liquidity gaps and repricing, as well as the effects on the structural balance of possible adverse scenarios. Both areas have a constant coordination.

To monitor the various risks to which the Institution is exposed, in particular liquidity risk, it has an organizational structure the following decision-making areas and bodies participate in:

- The Treasury area as the one in charge of managing resources.

- The Risk Management area as the area in charge of monitoring and reporting to the Risk Policy Committee on liquidity risk measurements and stress tests, as well as reporting to the Board of Directors on compliance with the established limits by said Council.
- The Assets and Liabilities Committee is in charge of monitoring the Statement of Financial Position and proposing balance management strategies, as well as authorizing hedging strategies.
- The Risk Policies Committee is in charge of approving risk measurement methodologies, stress test scenarios, risk monitoring and, where appropriate, establishing courses of action.
- The Board of Directors establishes the maximum tolerance to the risks to which the Institution is exposed, as well as authorizing contingency action plans in case of requiring liquidity.

As mentioned before, the Treasury and Risks areas generate reports that are distributed and presented to the Committees in charge of liquidity risk management, such as cash flow gaps, repricing gaps, stress test analysis and uptake compared to portfolio structure.

The bank's liquidity strategy is based mainly on two main objectives, the first is to maintain an amount of liquid assets that is significantly higher than the bank's liquidity needs and; the second is to extend the term of its collection. With the foregoing, all its clients and counterparties are guaranteed compliance with the commitments assumed by the bank.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

The bank's centralized financing strategy is based on traditional deposits through the commercial network. With this strategy, fund-raising generates greater diversification and stability. The bank has significant incentives to generate higher deposits, particularly in terms of term. Our network has been increased to be able to penetrate with new clients in different geographical areas, deconcentrating our clients. In addition to the above, there are sources of financing in the formal market, as they have ample credit lines.

The monitoring of the different indicators mitigates the liquidity risk since these indicators induce the diversification of the deposits, to extend the term of the same, increase the liquid assets and punish the concentration both in term and in clients and the reduction of the liquid assets.

Stress tests consist of applying scenarios where there are situations that could be adverse for the Institution and thus being able to verify the Institution's capacity to face the realization of said scenarios. In the particular case of liquidity risk, scenarios are made based on variables characteristic of financial crises that affect the liquidity of banks in general. This evidence is presented to the Risk Policy Committee on a monthly basis for analysis. The variables used to build adverse scenarios are overdue portfolio, interest rates and sources of financing, mainly.

In accordance with the regulations applicable to credit institutions, the Institution has liquidity contingency plans in case situations arise that could affect the Institution. These plans contain the functions of the personnel who would participate in the necessary actions, the authorization levels and the required information flow. The aforementioned actions are specifically identified and designed to generate liquidity, considering the Bank's structure for this purpose and are divided according to the severity of possible scenarios.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

ANNEX 35



CERTIFICATE

Mr. Mario Alberto Chapa Martinez, as in my official capacity as the Pro-Secretary of the Board of Directors of Banca Afirme S.A., Institución de Banca Múltiple, Afirme Grupo Financiero, I hereby provide the formal certification for the purpose of general decisions regarding liquidity requirements for multiple banking institutions. Accordingly, at the board of Directors meeting held on January 24, 2023, the Board of Directors of the aforementioned institution determined that the following entities, which are members of Afirme Grupo Financiero, are eligible to receive support up to the respective amounts indicated in the following table:

Entities Denomination	Financial Amount	Type of Operation
Arrendadora Afirme, SA de CV SOFOM	\$2,000	Line of credit derived from a contract with a term.
Factoraje Afirme SA de CV SOFOM	\$1,000	Line of credit derived from a contract with a term.
Almacenadora Afirme SA de CV Organización Auxiliar de Crédito	\$3,190	Line of credit derived from a contract with a term.
Seguros Afirme	\$25	CCC for time deposits and overdrafts.
Banco de Inversión Afirme SA de CV Institución de Banca Múltiple	\$6,085	Call Money Line

Figures in Millios of Pesos

Furthermore, the Board of Directors determined that, due to the nature of the financial entities within the Financial Group, the following financial entities shall be consolidated for the calculation of the coefficients, as listed in the table below:

Entities Denomination	Financial Amount
Arrendadora Afirme, SA de CV SOFOM	\$2,000
Factoraje Afirme SA de CV SOFOM	\$1,000

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

As a result of this determination, the Board of Directors hereby states that there is no explicit or implicit commitment, and it is not foreseen to provide financial support by the Institution to the financial entities within the Group that have not been included in the aforementioned list, in the event that they face an adverse liquidity scenario. This includes the provision of financing or engaging in buy-sell transactions with said financial entities, when such operations could have a negative impact on the liquidity position of the Institution itself.

Sincerely,

[Signature]

Mr. Mario Alberto Chapa Martínez

Pro-Secretary of the Board of Directors

Banca Afirme, S.A., Institución de Banca Múltiple, Afirme Grupo Financiero

Derivatives

Derivatives are used for Statement of Financial Position management, that is, to achieve stability and balance in terms of financial risks. This implies the assurance of minimum (objective) levels of margin, with a consequent release of capital requirements, hedging can be executed with two approaches, either accounting or economic:

- Hedging is understood as derivatives that are directly linked to assets or liabilities, called primary position, these derivatives offset the effects of market variables in the primary position. The compensation must be such that it meets the criteria established in the applicable regulations, which establish the minimum and maximum percentages of compensation to be considered as hedges, which is called efficiency. When derivatives are considered hedging, they have a different accounting treatment.
- On the other hand, derivatives can be made for trading purposes (*Trading*), for which it must adhere to the risk limits established by the Risk Committee, as well as the Business Plan that is approved annually by the Risk Committee, in which the qualitative and quantitative goals of the operation of these instruments are established. These operations can be used as hedges, although they are not recorded as such, since they are not directly linked to assets and liabilities, but they are contrary to what is intended to be hedged, in such a way that, in the event of a movement in the market variables, the compensation generated by the derivatives does not necessarily meet the criteria established in the regulations, but they have the opposite effect, reducing the effects on the primary position.

Specific objectives include:

- Reduce repricing risks in the case of positions funded at market rates, but with a different review than the review of loans granted.
- Risk reduction and determination of margins in credit positions granted at fixed rates and funded in the market at variable rates.
- Cost reduction and use of special conditions by achieving assets and liabilities in currencies other than those used in the primary position of operations.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

- Reduce the duration gaps for the portfolio of assets and liabilities with rigorous market valuation.
- Reduction of capital requirements in positions subject to determining fixed margins, with the consequent use of alternative business opportunities.

The Institution has contemplated the use of financial instruments called *swaps*, either interest rate or foreign currency. These operations are subject to different risks including:

- Interest rate market risk, mainly to the TIIE reference curve.
- Market risk of foreign interest rates, if there were exchange rate operations, there would be an exposure to the reference curve of the underlying currency.
- Exchange rate market risk.
- Credit risk due to default of counterparties.

The instruments traded in the Institution are mainly interest rate *swaps* referenced to the TIIE as well as referenced to foreign currencies. When these instruments are used for hedging purposes, a strategy is developed to better replicate the flows, terms and amounts of the asset or liability to be hedged, so that the hedging strategy is a mirror of the hedging object. All hedging operations are authorized by a Committee with powers for this purpose, in addition the strategy is analyzed in a particular way by the decision-making staff that are members of the Committee. The negotiation of the hedging operations is carried out through the quotation, with the authorized counterparties, of the operations with the particular characteristics of each operation (once approved by the corresponding Committee) that is intended to be hedged and is accepted or not depending on the conditions market. On the other hand, the negotiation of *trading* operations is the quotation with the counterparties of the standard conditions of the operations by observing the quotations of the *brokers* in the market.

Currently, Banca Afirme operates in the domestic over-the-counter (OTC) market for these instruments and the eligible counterparties are only domestic or foreign banking institutions with which it has ISDA contracts (local or international) and with which it has granted a line of credit to the Institution. In addition, as of December 2016, the Institution has operations in the Derivatives Exchange associated with Asigna, the clearinghouse that acts as the central counterparty. Currently, trading with clients or brokerage firms is not allowed.

In the case of derivatives that are operated through the over-the-counter market, Banca Afirme agrees with each counterpart who would be the calculation agent, usually it is agreed that the calculation agent is the counterparty with which the operations are carried out, which which is documented in the framework contracts signed with the counterparties, although the valuations reported by the counterparties are monitored and in the event that relevant differences arise, there are procedures established in the same contracts to determine the corresponding valuation. These procedures even contemplate making quotes with third parties.

With the counterparties, margin calls are contemplated in the guarantee contracts in order to reduce exposure to credit risk and in particular; In OTC markets, the counterparties with which they are traded are analyzed and a line of credit is granted.

Contracts are signed in which the counterparties are obliged to make margin calls, in said contracts the types of admissible guarantees are established. These guarantees include cash and government financial instruments to which a discount established in the contracts would be applied depending on their term. In the entire period of time, the margin calls have been made in cash, therefore, no discounts have been made.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

For all trading positions, the market risk value is measured under the historical VaR methodology. Global limits are established on this VaR, for the *Trading* portfolio and for the derivatives portfolio. For the *trading* and derivatives portfolio, the limits are authorized by the Risk Committee. The hedging derivatives are not part of these portfolios and as they are managed in a particular way, compared to the assets or liabilities that are hedged, they are not subject to the market risk limits mentioned above.

The Institution has established internal controls regarding the operation, documentation and management of derivative instruments. In terms of operation and documentation, there are procedures aligned with the applicable regulations, in particular with the 31 requirements of the Bank of Mexico, as well as with sound market practices.

Regarding the risk management of these instruments, there are VaR, sensitivity, counterparty and *stop loss* limits, in order to monitor the operation of these instruments in a timely manner. All limits are applicable to positions classified as trading and in the case of counterparty risk, they are consolidated with hedging operations. In the event that there is any excess to the established limits, these are reported to the corresponding officials and decision-making bodies for the preparation of the corresponding actions. The transactional system has the aforementioned limits implemented, so monitoring is continuous.

The positions, results, risk measures and monitoring of the limits are included in the daily reports issued by the UAIR, and said report is sent to the operating personnel, as well as to Senior Management. Procedures are continuously reviewed internally and annually by a third party within the process of auditing the 31 requirements of the Bank of Mexico.

The operation of derivatives in the Institution was authorized by the Board of Directors, and it is the Risk Committee that annually authorizes the business plan regarding these instruments in which the goals, objectives and use of derivatives are documented.

The valuation of interest rate *swaps* is performed through the projection of the cash flows of each instrument and the sum of the present values of each of the projected flows is calculated. To perform the projection, the method of *forward* rates is used, for which the interest rate curves published by the price provider are considered. Valuation by this method assumes no arbitrage.

The valuation of foreign currency *swaps* is performed by calculating the present value of the projected cash flows in each currency and corresponding rate.

The valuation of financial instruments is performed daily and internally in the Institution's transactional system.

When it comes to hedging instruments, it is necessary to monitor hedging efficiency. This efficiency is determined at least quarterly and two types of efficiency are generated, retrospective and prospective. The method depends on whether the hedge is fair value or cash flow. In all cases, for it to be considered efficient, the efficiency indicators must be between 80% and 125%.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

If the hedge is of fair value: the retrospective efficiency is calculated by comparing the ratio of the change observed in the valuation of the derivative and the change observed in the valuation of the hedged asset; while the prospective one projects valuation scenarios with the simulation of rates that generate changes in the present value of the future flows of the hedging derivative against the changes in the present value of the future flows of the primary position. With the data series, the correlation coefficient (R-squared) and the sign of the independent variable of a linear regression are determined to determine its compensation capacity.

If the hedge is cash flow: the retrospective efficiency is calculated by verifying the ratio of the flows realized in the hedged position and the cash flows observed in the *swap*; while the prospective one uses the fair value method to the accumulated changes to the future flows of the variable leg of the hedging instrument against the future flows of the primary position, valued with the rates of simulated scenarios.

Currently all hedging derivatives are within the established ranges to continue to be considered as hedging derivatives.

Based on our internal funding sources, which primarily consist of our stable clients, we have the capacity to meet any derivative-related requirements. These clients provide us with a current liquidity of over 26.5 billion, which more than adequately covers any liquidity risk, including derivative operations. In addition, we have ample external capabilities with credit lines exceeding 15 billion, of which only 1.5 billion is currently utilized. Hence, we can conclude that Banca Afirme has very adequate liquidity to address liquidity requirements, including those related to derivative operations.

During the quarter, no significant changes were observed in exposure to the major risks mentioned earlier.

The underlying instrument to which we were exposed during the first quarter of 2023 was the Interbank Interest Rate (TIIE), which experiences daily fluctuations in line with market movements. However, these changes did not result in significant new obligations or affect the institution's liquidity.

The impact on cash flow as of the close of 1Q 2023 is presented below:

	Amount
Interest Paid	4,268
Interest Collected	50,055
Net effect	45,787

Amounts in thousands of pesos

The following table shows the impact on Derivatives Valuation Results for 1Q 2023:

	Balance December 2022	Balance March 2023	Quarterly effect
Swaps Trading	4,108	3.3.	7.11%
Swaps Hedging	3.3.	19,738	33,171
Cap	1	-	7.11%

Amounts in thousands of pesos

During this quarter, 2 interest rate *swaps* matured, 6 transactions were carried out and 5 derivative financial instruments were discontinued.

Notes to the Consolidated Financial Statements (Amounts in Millions of Mexican pesos)

The comparison between the exposure per counterparty and the collateral received is performed on a daily basis; and in the event that a spread above the *Threshold* and the rounding agreed with each counterparty is detected, a margin call is made. This process is generated continuously generating various margin calls during the quarter. These margin calls have been made both in favor of the counterparties and in favor of the Institution and at all times the calls have been covered in cash so there is no additional exposure to market risk. In addition, the credit risk of the counterparty (cva) and that of the entity itself (dva) are calculated on a daily basis.

There have been no breaches in the contracts related to these instruments.

At the end of the quarter, there were the following derivative operations in which guarantee contracts with the counterparties were contemplated:

Summary of Derivative Financial Instruments								
Figures in thousands of pesos as of March 31, 2023								
Type of derivative	End	Notional	Asset value		Fair value		Maturity amounts	
			Current quarter	Previous quarter	Current quarter	Previous quarter	2023	Later
SWAP TIIE	Coverage	4,372,063	11.52	10.77	16,176	213,909	8,775	4,363,287
SWAP TIIE	Negotiation	15,250,000	11.52	10.77	16,535	44,147	15,250,000	-
SWAP TIIE* SWAP	Negotiation	300,000	11.52	10.77	- 10,539	- 12,267	300,000	-

* **Affirm takes short position, in the rest of the trades takes long position. Fair value considers the value per cva and dva.**

Considering the implemented methodology, the sensitivity of the *Trading* portfolio is calculated assuming a parallel change in the interest rates in all the curves that intervene in the valuation of the instruments. These movements cause the value of the derivatives to change and depending on the net position you have, it will result in a profit or a loss.

Rate Sensitivity Derivatives				
Figures in thousands of pesos as of March 31, 2023				
25 BP ^{1/}	50 PB	100 PB	150 PB	200 PB
7,877	15,753	31,507	47,260	63,013

^{1/} PB: basis points

The hedging efficiency measures have been kept within the efficiency levels because the hedging instruments used in the hedging strategies seek to replicate the cash flow structure, so these strategies efficiently protect the hedged positions before changes in the risk factors that affect, either in the valuation or in the cash flows. It is important to mention that the efficiency methodology does not consider the margin of credit positions and deposits as inefficiency since it is precisely what it is desired to cover. Considering the above, under stressful situations with significant fluctuations in risk factors, acceptable coverage levels will continue to be maintained.

Annex - Breakdown of appropriations

Current Accumulated

March 31, 2023

Figures in millions of pesos

Type of Credit / Institution	Foreign Institution (Yes/No)	Date of signature/contract	Expiration date	Interest rate and/or surcharge	Designation [axis].																			
					National currency [member].					Foreign currency [member].														
					Time interval [axis].					Time interval [axis].														
Current year [member].	Up to 1 year [member].	Up to 2 years [member].	Up to 3 years [member].	Up to 4 years [member].	Up to 5 years or more [member].	Current year [member].	Up to 1 year [member].	Up to 2 years [member].	Up to 3 years [member].	Up to 4 years [member].	Up to 5 years or more [member].													
Breakdown of appropriations (line items).																								
Bankers [synopsis].																								
BAJIO																								
BANCA AFIRME																								
BANCA AFIRME																								
TOTAL																								
With guarantee (banking)																								
TOTAL																								
Commercial Bank																								
TOTAL																								
Other banking																								
NAFIN	No		Indefinite	TIE + 1	458	-	-	-	-	-	1	-	-	-	-									
BANCOMEXT	No		Indefinite	TIE + 1	-	-	40	6	1,053	-	-	-	-	-										
FIRA	No		Indefinite	TIE + 0.50	1,782	100	95	230	1,122	-	-	-	13	-										
TOTAL													-	2,240	100	135	236	2,175	-	1	-	-	13	-
Total banking													-	2,240	100	135	236	2,175	-	1	-	-	13	-
Stock exchanges and private placements [synopsis].																								
Listed securities (unsecured).																								
STOCK CERTIFICATES			Various	Several	918																			
SUBORDINATED DEBENTURES			sep-32	tile 2.80%	15				3,334															
TOTAL													933					3,334						
Listed securities (with guarantee)																								
TOTAL																								
Private placements (unsecured)																								
TOTAL																								
Private placements (with guarantee)																								
TOTAL																								
Total stock market listings and private placements													933						3,334					
Other current and non-current liabilities with cost [synopsis].																								
Other current and non-current liabilities with cost																								
VISUAL PICKUP			Various	Several	36,726					2,234														
TERM CAPTURE			Various	Several	38,275	1,056	77	1	1,243															
TOTAL													75,001	1,056	77	1	3,478							
Total other current and non-current liabilities with cost													75,001	1,056	77	1	3,478							
Suppliers [synopsis].																								
Suppliers																								
TOTAL																								
Total suppliers																								
Other current and non-current liabilities without cost [synopsis].																								
Other current and non-current liabilities at no cost																								
TOTAL																								
Total other current and non-current non-cost liabilities																								
Total credits													75,934	3,296	177	136	236	5,509	3,478	1	-	-	13	-