

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

At the end of the first quarter of 2021, Banca Afirme has an asset level of 175.480, showing an increase of 11.8% compared to the previous year.

The credit titles issued have a balance as of March 31, 2021 of \$ 231.

Capitalization

Banca Afirme Capitalization ratio stood at 15.64% at the end of the first quarter of 2021 with a basic capital ratio of 11.91%.

Issuance of Subordinated Obligations.

At the Extraordinary General Shareholders' Meeting held on October 22, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital obligations and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153/12258/220. The issuance of the obligations was carried out through a public offering for up to 2,300,000 subordinated obligations with a nominal value of \$ 100 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 October 2030. Said issuance was for an amount of \$ 230, the proportion of the authorized amount of subordinated obligations compared to the amount issued was 100%.

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of subordinated obligations of preferred or non-preferred capital and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters OFI/003-29279. The issuance of the obligations was carried out through a public offering of up to 20,000,000 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 March 2030. Said issuance was for an amount of \$ 500, the proportion of the authorized amount of the subordinated obligations compared to the amount issued was 25%. At the close of fiscal year 2020, the subordinated obligation program has a balance of 2.734.

Paid-in capital for the increase of future capital

In the Ordinary General Assembly, held on March 29, 2021, the shareholders agreed to make an additional paid-in for the increase of future capital of \$ 604.

In the Ordinary General Assembly, held on August 26, 2020, the shareholders agreed to make an additional paid-in for the increase of future capital of \$ 223.

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 of relevant information that has been omitted or 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" for its acronym in Spanish) instructed by the National Banking and Securities Commission ("Banking 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

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of Directors through the analysis and evaluation of the quarterly reports formulated by the General Management and by the Audit Committee.

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

SHAREHOLDING OF BANCA AFIRME

ENTITY	% OF PARTICIPATION
FONDOS DE INVERSIÓN	99.99%
AFIRME	16.04%
CIRCULO DE CRÉDITO	18.00%
CECOBAN	2.82%
ARRENDADORA AFIRME	99.98%

III.- The current and past due portfolio by type of credit as of the first quarter of 2020 and 2021, is integrated as shown below:

CURRENT AND EXPIRED PORTFOLIO (AMOUNTS IN MILLIONS OF PESOS)						
TYPE OF CREDIT	CURRENT PORTFOLIO			PAST DUE PORTFOLIO		
	I QUARTER 2020	I QUARTER 2021	VAR%	I QUARTER 2020	I QUARTER 2021	VAR%
COMMERCIAL CREDITS	28,584.7	31,014.1	8.5%	815.5	945.1	15.9%
CORPORATE OR BUSINESS ACTIVITY	25,796.6	28,189.9	9.3%	815.5	945.1	15.9%
FINANCIAL INTERMEDIARIES	685.0	520.7	24.0%	0.0	0.0	0.0%
GOVERNMENT ENTITIES	2,103.2	2,303.5	9.5%	0.0	0.0	0.0%
CONSUMER CREDITS	8,115.4	7,762.6	-4.3%	252.9	231.0	-8.7%
HOUSING CREDITS	7,542.5	7,897.1	4.7%	400.3	633.7	58.3%
TOTAL	44,242.6	46,673.8	5.5%	1,468.7	1,809.8	23.2%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

PORTFOLIO CURRENT AND EXPIRED AS OF MARCH 31, 2021					
(AMOUNTS IN MILLIONS OF PESOS)					
TYPE OF CREDIT	CURRENT PORTFOLIO		PAST DUE PORTFOLIO		TOTAL PORTFOLIO
	NATIONAL CURRENCY	FOREIGN CURRENCY *	NATIONAL CURRENCY	FOREIGN CURRENCY *	
COMMERCIAL CREDITS	30,121.61	892.53	945.09		31,959.23
CORPORATE OR BUSINESS ACTIVITY	27,297.36	892.53	945.09	0.00	29,134.98
FINANCIAL INTERMEDIARIES	520.73	0.00	0.00	0.00	520.73
GOVERNMENT ENTITIES	2,303.52	0.00	0.00	0.00	2,303.52
CONSUMER CREDITS	7,762.64	0	231.04	0.00	7,993.68
HOUSING CREDITS	7,897.09	0	633.74	0.00	8,530.83
TOTAL	45,781.34	892.53	1,809.87	0.00	48,483.74

PORTFOLIO CURRENT AND EXPIRED AS OF MARCH 31, 2020					
(AMOUNTS IN MILLIONS OF PESOS)					
TYPE OF CREDIT	CURRENT PORTFOLIO		PAST DUE PORTFOLIO		TOTAL PORTFOLIO
	NATIONAL CURRENCY	FOREIGN CURRENCY *	NATIONAL CURRENCY	FOREIGN CURRENCY *	
COMMERCIAL CREDITS	27,247.54	1,337.15	815.45	0.03	29,400.17
CORPORATE OR BUSINESS ACTIVITY	24,459.40	1,337.15	815.45	0.03	26,612.03
FINANCIAL INTERMEDIARIES	684.98	0.00	0.00	0.00	684.98
GOVERNMENT ENTITIES	2,103.16	0.00	0.00	0.00	2,103.16
CONSUMER CREDITS	8,115.43	0	252.93	0.00	8,368.36
HOUSING CREDITS	7,542.54	0	400.28	0.00	7,942.82
TOTAL	42,905.51	1,337.15	1,468.66	0.03	45,711.35

FOREIGN CURRENCY AMERICAN DOLLARS VALUED TO PESOS AT THE EXCHANGE RATE OF THE END OF THE MONTH

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

IV.- The average interest rates for traditional deposits and for interbank loans and loans from other entities are presented below, by type of currency for the first quarter of 2020 and 2021.

AVERAGE INTEREST RATES				
CONCEPTS	NATIONAL CURRENCY		FOREIGN CURRENCY	
	I QUARTER 2020	I QUARTER 2021	I QUARTER 2020	I QUARTER 2021
BANCA AFIRME				
TRADITIONAL DEPOSITS	4.83%	2.85%	0.15%	1.47%
IMMEDIATE DEPOSITS	3.54%	1.87%	0.15%	0.01%
TERM DEPOSITS	6.76%	1.14%	0.00%	0.00%
INTERBANK LOANS AND LOANS FROM OTHER BODIES				
BANCA AFIRME	4.59%	4.10%	0.00%	0.00%
ARRENDADORA AFIRME	8.58%	7.40%	0.00%	0.00%

V.- The movements in the past due portfolio to the first quarter of 2020 and 2021, as well as the transfers to and from the current portfolio, are integrated as follows:

MOVEMENTS OF THE EXPIRED PORTFOLIO IN THE FIRST QUARTER OF 2020 AND 2021								
(AMOUNTS IN MILLIONS OF PESOS)								
CONCEPT	COMMERCIAL CREDITS		CONSUMER CREDITS		HOUSING CREDITS		TOTAL	
	I QUARTER 2020	I QUARTER 2021	I QUARTER 2020	I QUARTER 2021	I QUARTER 2020	I QUARTER 2021	I QUARTER 2020	I QUARTER 2021
INITIAL BALANCE	784.6	788.7	268.7	281.9	456.2	478.4	1,509.5	1,549.0
<u>TICKETS</u>								
TRANSFERS OF CURRENT PORTFOLIO	222.6	347.5	222.0	213.5	107.0	202.8	551.6	763.8
<u>DEPARTURES</u>								
RESTRUCTURES AND RENOVATIONS	13.9	31.2	0.2	4.1	19.4	18.9	33.5	54.2
LIQUIDATED CREDITS	48.4	44.2	19.4	20.7	112.6	9.2	180.4	74.1
PENALTIES	49.4	90.0	191.4	206.9	0.1	0.0	240.9	296.9
TRANSFERS TO CURRENT PORTFOLIO	80.0	25.7	26.7	32.6	30.8	19.2	137.5	77.5
PORTFOLIO SALE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINAL BALANCE	815.5	945.1	253.0	231.1	400.3	633.9	1,468.8	1,809.9

FOREIGN CURRENCY AMERICAN DOLLARS VALUED TO PESOS AT THE EXCHANGE RATE OF THE END OF THE MONTH

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

VI.- The amounts of the different categories of investments in securities, as well as the positions for repurchase agreements, by generic type of issuer are presented below for the first quarter of 2020 and 2021:

INVESTMENT CATEGORIES IN SECURITIES AND REPORTS				
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER		VAR \$	VAR%
	2020	2021		
ACTIVE				
INVESTMENTS IN SECURITIES	56,210.4	105,489.3	49,278.9	87.7%
SECURITIES TO NEGOTIATE	55,992.9	105,278.0	49,285.1	88.0%
WITHOUT RESTRICTIONS	-31,334.5	2,900.1	34,234.6	-109.3%
GOVERNMENT DEBT	-36,989.1	-484.8	36,504.4	-98.7%
BANKING DEBT	4,558.3	1,234.1	-3,324.2	-72.9%
OTHER DEBT SECURITIES	911.5	2,024.1	1,112.6	122.1%
EQUITY INSTRUMENTS	184.8	126.6	-58.2	-31.5%
RESTRICTED OR GIVEN IN GUARANTEE IN REPORT OPERATIONS	60,234.8	100,494.5	40,259.7	66.8%
GOVERNMENT DEBT	44,962.6	82,219.9	37,257.3	82.9%
BANKING DEBT	14,709.4	17,674.5	2,965.1	20.2%
OTHER DEBT SECURITIES	562.8	600.1	37.3	6.6%
RESTRICTED OR GIVEN UNDER GUARANTEE OTHERS	27,092.7	1,883.4	-25,209.2	-93.0%
GOVERNMENT DEBT	27,092.7	1,883.4	-25,209.2	-93.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT SECURITIES	0.0	0.0	0.0	0.0%
SECURITIES PRESERVED TO EXPIRATION	217.5	211.3	-6.2	-2.9%
WITHOUT RESTRICTIONS	91.9	211.3	119.4	130.0%
GOVERNMENT DEBT	0.0	0.0	0.0	0.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT SECURITIES	91.9	211.3	119.4	130.0%
RESTRICTED OR GIVEN IN GUARANTEE IN REPORT OPERATIONS	125.6	0.0	-125.6	-100.0%
GOVERNMENT DEBT	0.0	0.0	0.0	-100.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT SECURITIES	125.6	0.0	-125.6	-100.0%
DEBTORS BY REPORT	6,042.0	8,841.2	2,799.2	46.3%
GOVERNMENT DEBT	6,042.0	8,841.2	2,799.2	46.3%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT SECURITIES	0.0	0.0	0.0	0.0%
PASSIVE				
REPORT OPERATIONS	60,227.6	99,361.6	39,134.1	65.0%
REPORTER CREDITOR	60,227.6	99,361.6	39,134.1	65.0%
GOVERNMENT DEBT	44,817.1	81,087.5	36,270.4	80.9%
BANKING DEBT	14,713.9	17,674.1	2,960.2	20.1%
OTHER DEBT SECURITIES	696.6	600.0	-96.6	-13.9%
TITLES TO DELIVER	0.0	0.0	0.0	0.0%
GOVERNMENT DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT SECURITIES	0.0	0.0	0.0	0.0%

As of March 31, 2021, the average term of repurchase agreements carried out by the Bank in its capacity as reporting and reporting is 37 and 20 days respectively. As of March 31, 2020, these terms were 13 and 4 days. Likewise, interest and returns on repurchase agreements during the first quarter of 2021 were \$ 563.31, and \$ 1,587.51, in favor and in charge, respectively. And during the first quarter of 2020 the amounts in favor and charge were \$ 861.98 and \$ 7,135.57 respectively.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

VII.- The nominal amounts of derivative financial instrument contracts by type of instrument and underlying as of March 31, 2020 and 2021 are presented below:

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS							
AS OF MARCH 31, 2020							
(AMOUNTS IN MILLIONS OF PESOS)							
SWAPS	DAYS TO BEAT	AMOUNT and/or NOTIONAL	ACTIVE RATE	PASSIVE RATE	FLOWS TO RECEIVE	FLOWS TO DELIVER	NET FLOWS
FOR NEGOTIATION PURPOSES			receive	pay	proj		
RATE.- Swaps with rate coverage1	1,520	500	7.58%	7.77%	8.85	9.06	-0.21
RATE.- Swaps with rate coverage1	1,520	500	7.58%	7.77%	8.85	9.06	-0.21
RATE.- Swaps with rate coverage1	1,521	500	7.58%	7.75%	8.84	9.04	-0.20
RATE.- Swaps with rate coverage1	1,525	500	7.48%	7.78%	8.83	9.18	-0.35
RATE.- Swaps with rate coverage1	1,526	100	7.47%	7.60%	1.74	1.77	-0.03
RATE.- Swaps with rate coverage1	1,526	100	7.47%	7.57%	1.74	1.77	-0.02
RATE.- Swaps with rate coverage1	1,526	100	7.47%	7.57%	1.74	1.77	-0.02
RATE.- Swaps with rate coverage1	1,401	200	7.60%	7.41%	3.54	3.46	0.09
RATE.- Swaps with rate coverage1	1,346	130	7.59%	7.47%	2.28	2.24	0.04
RATE.- Swaps with rate coverage1	1,322	300	7.59%	7.30%	5.31	5.11	0.20
RATE.- Swaps with rate coverage1	1,304	130	7.46%	7.35%	2.26	2.23	0.04
RATE.- Swaps with rate coverage1	1,276	200	7.46%	7.03%	3.48	3.28	0.20
RATE.- Swaps with rate coverage1	1,520	1,000	7.58%	6.46%	17.70	15.08	2.62
RATE.- Swaps with rate coverage1	1,521	500	7.58%	6.46%	8.84	7.53	1.31
RATE.- Swaps with rate coverage1	1,525	500	7.48%	6.39%	8.83	7.54	1.28
RATE.- Swaps with rate coverage1	1,526	300	7.47%	6.45%	5.23	4.52	0.71
RATE.- Swaps with rate coverage1	1,276	200	7.46%	6.34%	3.48	2.96	0.52
RATE.- Swaps with rate coverage1	1,304	130	7.46%	6.34%	2.26	1.92	0.34
RATE.- Swaps with rate coverage1	1,346	130	7.59%	6.29%	2.28	1.89	0.39
RATE.- Swaps with rate coverage1	1,322	300	7.59%	6.29%	5.31	4.40	0.91
RATE.- Swaps with rate coverage1	1,401	200	7.60%	6.29%	3.54	2.94	0.61
TOTAL							
FEES.- NO FLOW EXCHANGE	3,103	227	7.45%	25.50%	4.44	5.60	-1.16
FEES.- NO FLOW EXCHANGE	1,125	277	8.57%	11.42%	7.77	5.34	2.43
FEES.- NO FLOW EXCHANGE	944	81	7.45%	12.67%	1.60	1.62	-0.02
FEES.- NO FLOW EXCHANGE	1,856	218	7.45%	10.17%	4.21	4.49	-0.28
FEES.- NO FLOW EXCHANGE	1,767	165	5.81%	8.38%	0.00	0.00	0.00
FEES.- NO FLOW EXCHANGE	1,127	82	7.43%	9.74%	0.00	0.00	0.00
FEES.- NO FLOW EXCHANGE	1,675	213	7.45%	10.08%	4.12	4.32	-0.20
FEES.- NO FLOW EXCHANGE	2,009	51	7.45%	9.50%	0.98	1.07	-0.09
FEES.- NO FLOW EXCHANGE	2,891	199	7.45%	8.45%	3.76	4.12	-0.36
FEES.- NO FLOW EXCHANGE	2,678	58	7.45%	14.13%	1.11	1.22	-0.12
FEES.- NO FLOW EXCHANGE	2,739	39	7.45%	8.62%	0.74	0.82	-0.07
FEES.- NO FLOW EXCHANGE	2,191	25	7.45%	9.67%	0.48	0.57	-0.09
FEES.- NO FLOW EXCHANGE	2,983	28	7.45%	9.33%	0.52	0.63	-0.11
FEES.- NO FLOW EXCHANGE	2,191	222	7.45%	9.03%	4.25	5.05	-0.80
FEES.- NO FLOW EXCHANGE	4,633	99	7.61%	9.44%	1.92	-2.36	4.28
FEES.- NO FLOW EXCHANGE	806	894	7.53%	4.08%	15.00	6.00	9.00
FEES.- NO FLOW EXCHANGE	2,221	255	7.45%	8.71%	4.88	5.23	-0.35
FOR COVERAGE PURPOSES							
OPTIONS *							
	822	46	10.00%		0.00	0.00	0.00

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS AS OF MARCH 31, 2021 (AMOUNTS IN MILLIONS OF PESOS)

SWAPS	DAYS TO BEAT	AMOUNT and/or NOTIONAL	ACTIVE RATE	PASSIVE RATE	FLWS	FLWS TO DELIVER	NET FLOWS
					TO RECEIVE		
FOR NEGOTIATION PURPOSES			receive	pay	proj		
RATE.- Swaps with rate coverage1	957	300	4.47%	6.29%	3.13	4.40	-1.28
RATE.- Swaps with rate coverage1	957	300	4.47%	7.30%	3.13	5.11	-1.98
RATE.- Swaps with rate coverage1	7	35,000	4.46%	4.43%	242.65	241.33	1.32
RATE.- Swaps with rate coverage1	83	2,000	4.29%	4.32%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	84	2,000	4.29%	4.33%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	84	3,000	4.29%	4.33%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	166	5,000	4.29%	4.37%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	166	5,000	4.29%	4.37%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	166	5,000	4.29%	4.37%	0.00	0.00	0.00
RATE.- Swaps with rate coverage1	167	3,000	4.29%	4.39%	0.00	0.00	0.00
TOTAL							
FOR COVERAGE PURPOSES							
FEES.- NO FLOW EXCHANGE	2,738	173	4.41%	9.40%	1.91	4.08	-2.17
FEES.- NO FLOW EXCHANGE	436	250	4.41%	4.58%	2.48	2.58	-0.10
FEES.- NO FLOW EXCHANGE	760	212	9.65%	7.30%	2.34	3.87	-1.53
FEES.- NO FLOW EXCHANGE	579	57	11.42%	7.56%	0.63	1.08	-0.45
FEES.- NO FLOW EXCHANGE	800	300	4.41%	4.73%	2.98	3.19	-0.22
FEES.- NO FLOW EXCHANGE	803	500	4.41%	4.70%	5.15	5.48	-0.33
FEES.- NO FLOW EXCHANGE	805	250	4.41%	4.71%	2.57	2.74	-0.17
FEES.- NO FLOW EXCHANGE	806	500	4.41%	4.69%	5.14	5.47	-0.33
FEES.- NO FLOW EXCHANGE	810	250	4.42%	4.69%	3.44	3.65	-0.21
FEES.- NO FLOW EXCHANGE	812	500	4.42%	4.63%	6.88	7.19	-0.31
FEES.- NO FLOW EXCHANGE	814	450	4.47%	4.62%	4.69	4.85	-0.16
FEES.- NO FLOW EXCHANGE	817	300	4.47%	4.59%	3.13	3.21	-0.08
FEES.- NO FLOW EXCHANGE	1,181	350	4.47%	4.75%	3.65	3.88	-0.23
FEES.- NO FLOW EXCHANGE	1,212	300	4.47%	4.67%	3.13	3.27	-0.14
FEES.- NO FLOW EXCHANGE	1,213	400	4.47%	4.67%	4.17	4.36	-0.19
FEES.- NO FLOW EXCHANGE	1,216	300	4.42%	4.70%	3.13	3.33	-0.20
FEES.- NO FLOW EXCHANGE	1,310	181	4.41%	7.81%	1.99	3.54	-1.54
FEES.- NO FLOW EXCHANGE	1,491	190	4.41%	7.95%	2.10	3.79	-1.69
FEES.- NO FLOW EXCHANGE	1,644	46	4.41%	8.11%	0.52	0.95	-0.43
FEES.- NO FLOW EXCHANGE	1,826	203	4.41%	8.86%	2.23	4.49	-2.26
FEES.- NO FLOW EXCHANGE	1,856	230	4.41%	7.98%	2.54	4.60	-2.06
FEES.- NO FLOW EXCHANGE	2,313	55	4.41%	8.24%	0.61	1.14	-0.53
FEES.- NO FLOW EXCHANGE	2,374	37	4.41%	8.18%	0.41	0.77	-0.35
FEES.- NO FLOW EXCHANGE	2,526	192	4.41%	8.16%	2.12	3.93	-1.81
FEES.- NO FLOW EXCHANGE	2,618	26	4.41%	9.02%	0.29	0.60	-0.31
FEES.- NO FLOW EXCHANGE	762	82	7.49%	9.74%	0.00	0.00	0.00
FEES.- NO FLOW EXCHANGE	1,402	164	6.08%	8.38%	0.00	0.00	0.00
FEES.- NO FLOW EXCHANGE	4,268	96	4.47%	9.36%	1.07	2.25	-1.17
FEES.- NO FLOW EXCHANGE	4,048	1,235	4.41%	5.65%	14	17	-4
FEES.- NO FLOW EXCHANGE	441	462	10.10%	6.73%	5	3	2
FEES.- NO FLOW EXCHANGE	1,826	23	4.41%	8.93%	0	1	0
OPTIONS *							
	425	17	10.00%		0	0	0

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

The necessary prospective and retrospective tests were performed to determine the level of efficiency of the hedges, entailing the following results:

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS
AS OF MARCH 31, 2020
 (AMOUNTS IN MILLIONS OF PESOS)

SWAPS

FOR COVERAGE PURPOSES	TYPE OF COVERAGE	LEVEL OF EFFECTIVENESS
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	107%
Swap with rate coverage	Fair value	95%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	97%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	99%
Swap with rate coverage	Fair value	100%
Swap with rate coverage	Fair value	99%
Options		
	Fair value	100%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS
AS OF MARCH 31, 2021
 (AMOUNTS IN MILLIONS OF PESOS)

SWAPS

FOR COVERAGE PURPOSES	TYPE OF COVERAGE	LEVEL OF EFFECTIVENESS
Swap with rate coverage	Fair value	100.00%
Swap with rate coverage	Fair value	99.96%
Swap with rate coverage	Fair value	99.94%
Swap with rate coverage	Fair value	103.60%
Swap with rate coverage	Fair value	93.30%
Swap with rate coverage	Fair value	99.92%
Swap with rate coverage	Fair value	100.09%
Swap with rate coverage	Fair value	100.03%
Swap with rate coverage	Fair value	102.28%
Swap with rate coverage	Fair value	100.03%
Swap with rate coverage	Fair value	100.00%
Swap with rate coverage	Fair value	100.03%
Swap with rate coverage	Fair value	99.91%
Swap with rate coverage	Fair value	100.84%
Swap with rate coverage	Fair value	100.01%
Swap with rate coverage	Fair value	103.11%
Swap with rate coverage	Fair value	100.06%
Swap with rate coverage	Cash Flow	99.96%
Swap with rate coverage	Cash Flow	99.93%
Swap with rate coverage	Cash Flow	99.23%
Swap with rate coverage	Cash Flow	98.39%
Swap with rate coverage	Cash Flow	99.23%
Swap with rate coverage	Cash Flow	98.39%
Swap with rate coverage	Cash Flow	99.23%
Swap with rate coverage	Cash Flow	99.45%
Swap with rate coverage	Cash Flow	99.51%
Swap with rate coverage	Cash Flow	99.11%
Swap with rate coverage	Cash Flow	99.51%
Swap with rate coverage	Cash Flow	100%
Swap with rate coverage	Cash Flow	100%
Fair value		100.00%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

VIII.- Valuation and sale results, by corresponding type of operation during the first quarter of 2020 and 2021:

RESULT FROM INTERMEDIATION				
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER		VAR \$	VAR%
	2020	2021		
RESULT BY VALUATION	5.8	43.8	37.9	648.7%
SECURITIES TO NEGOTIATE	-2.5	-48.2	-45.7	1795.6%
SECURITIES TO RECEIVE IN REPORT OPERATIONS				
SECURITIES TO DELIVER IN REPORT OPERATIONS				
DERIVATIVE FINANCIAL INSTRUMENTS	8.4	92.0	83.6	996.3%
PRIMARY POSITION ATTRIBUTABLE TO HEDGE RISK				
COLLATERALS SOLD	0.0	0.0	0.0	0.0%
RESULT FROM THE PURCHASE OF SECURITIES AND INSTRUMENTS	11.3	-81.5	-92.8	-823.6%
SECURITIES TO NEGOTIATE	10.9	1.5	-9.4	-86.0%
DERIVATIVE FINANCIAL INSTRUMENTS	0.3	-83.0	-83.4	-24460.4%
RESULT FROM THE PURCHASE OF FOREIGN CURRENCIES	29.8	31.8	1.9	6.5%
RESULT FROM SALE OF METALS	0.0	0.0	0.0	0.0%
TOTAL	47.0	-6.0	-52.9	-112.7%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

IX.- Amount and origin of the main items that make up the heading of other corresponding income and expenses during the first quarter of 2020 and 2021.

Other Income (Expenses) of the Net Operation	AMOUNT VAR			
	IQ 2020	I Q21	IQ 20 VS IQ 21	% VAR IQ 20 VS IQ 21
Recoveries	20.5	62.7	(42.2)	-205.6%
Debugging accounts payable	0.7	(3.3)	4.0	595.8%
Result from operating lease	1.8	1.2	0.6	34.7%
Collection of written-off credits	29.7	30.7	(1.0)	-3.2%
Release of reserves	0.0	1.3	(1.3)	0.0%
Release of reserves from other debts	33.0	0.5	32.6	98.6%
Sale of furniture and real estate	2.0	0.5	1.6	76.8%
Subscription and membership bonus	85.0	0.0	85.0	0.0%
Other + funds	8.8	10.2	(1.4)	-16.4%
Loss on portfolio sale	(27.3)	(1.2)	(26.1)	95.6%
Customer bonuses	(11.0)	(13.0)	2.0	-17.9%
Miscellaneous bankruptcies	(3.4)	(1.4)	(2.0)	59.1%
Reserve for other overdue debts	(38.8)	(6.5)	(32.3)	83.1%
Reserve foreclosed assets	(9.9)	(2.0)	(7.9)	79.9%
Others	(0.3)	(0.1)	(0.2)	56.9%
Totals	90.9	79.4	11.5	-12.7%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

X.- Deferred taxes are presented below according to their origin for the first quarter of 2020 and 2021:

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2020
 (AMOUNTS IN MILLIONS OF PESOS)

	TOTAL BASE	ISR	PTU	TOTAL
FAVOR MATCHES				
TEMPORARY PROVISIONS	193.9	58.2	0.0	58.2
PREVENTIVE ESTIMATION FOR CREDIT RISKS	1708.6	512.6	0.0	512.6
OTHER TEMPORARY DIFFERENCES	424.1	127.2	0.0	127.2
				<u>698.0</u>
MATCHES CHARGED				
EARLY DEDUCTIONS	-807.6	-242.3	0.0	-242.3
OTHER TEMPORARY DIFFERENCES	142.7	42.8	0.0	42.8
				<u>-199.5</u>
TOTAL DEFERRED TAXES IN FAVOR				498.5

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2021
 (AMOUNTS IN MILLIONS OF PESOS)

	TOTAL BASE	ISR	PTU	TOTAL
FAVOR MATCHES				
TEMPORARY PROVISIONS	249.6	74.9	0.0	74.9
PREVENTIVE ESTIMATION FOR CREDIT RISKS	2357.1	707.1	0.0	707.1
OTHER TEMPORARY DIFFERENCES	370.1	111.0	0.0	111.0
				<u>893.0</u>
MATCHES CHARGED				
EARLY DEDUCTIONS	-1053.9	-316.2	0.0	-316.2
OTHER TEMPORARY DIFFERENCES	73.8	22.1	0.0	22.1
				<u>-294.0</u>
TOTAL DEFERRED TAXES IN FAVOR				599.0

Notes on the Consolidated Financial Statements (figures in Millions of 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 QUARTER	
(AMOUNTS IN MILLIONS OF PESOS)	2020	2021
ASSETS SUBJECT TO RISK		
OF CREDIT	41,900.9	40,668.4
MARKET	6,349.7	8,724.3
OPERATIONAL	7,487.2	7,971.0
CAPITAL STRUCTURE		
BASIC CAPITAL	5,700.4	6,830.9
COMPLEMENTARY CAPITAL	1,628.9	2,138.7
NET CAPITAL	7,329.3	8,969.6
CREDIT CAPITALIZATION INDEX	17.49%	22.06%
TOTAL CAPITALIZATION INDEX	13.15%	15.64%
AVERAGE MARKET VALUE AT RISK (VAR)	2.77	14.03
PERCENTAGE OF NET CAPITAL	0.04%	0.16%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XIV.- Information by segments.

Banca Afirme				
Balance Sheet by Segments				
(amounts in millions of pesos)				
Mar-20	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Assets	51,655.5	104,436.2	815.8	156,907.5
	0.0	0.0	0.0	
Availabilities	1,856.3	4,958.8	0.0	6,815.1
Investments in securities	0.0	0.0	0.0	0.0
Restricted trading securities	0.0	56,210.4	0.0	56,210.4
Debtors by report	0.0	6,074.3	0.0	6,074.3
Operations with Securities and Derivatives	0.0	0.0	0.0	0.0
Credit card	43,650.2	0.0	0.0	43,650.2
Other assets	6,149.0	37,192.7	815.8	44,157.5
Passive	46,593.4	104,436.2	0.0	151,029.6
View catchment	30,819.8	2,765.6	0.0	33,585.3
Collection Term	10,691.2	17,960.8	0.0	28,652.0
Reporter creditor	0.0	54,174.8	0.0	54,174.8
Sales collaterals or given in guarantee	0.0	0.0	0.0	0.0
Interbank Loans	4,005.1	0.0	0.0	4,005.1
Operations with Securities and Derivatives	0.0	447.8	0.0	447.8
Subordinated obligations	0.0	2,509.4	0.0	2,509.4
Other liabilities	1,077.4	26,577.8	0.0	27,655.2
Capital	5,062.1	0.0	815.8	5,877.9
Stockholders' Equity	5,062.1	0.0	815.8	5,877.9
Total Liabilities and Capital	51,655.5	104,436.2	815.8	156,907.5

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Banca Afirme				
Balance Sheet by Segments				
(amounts in millions of pesos)				
Mar-21	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Assets	54,252.2	120,753.0	474.4	175,479.6
Availabilities	2,153.0	5,485.6	0.0	7,638.6
Investments in securities	0.0	0.0	0.0	0.0
Restricted trading securities	0.0	105,489.3	0.0	105,489.3
Debtors by report	0.0	8,841.2	0.0	8,841.2
Operations with Securities and Derivatives	0.0	155.1	0.0	155.1
Credit card	45,741.2	0.0	0.0	45,741.2
Other assets	6,357.9	781.8	474.4	7,614.2
Passive	47,696.0	120,753.0	0.0	168,449.0
Deposits	31,438.3	2,000.0	0.0	33,438.3
Deposits Term	8,656.1	15,612.6	0.0	24,268.7
Reporter creditor	0.0	99,361.6	0.0	99,361.6
Sales collaterals or given in guarantee	0.0	0.0	0.0	0.0
Interbank lending	6,320.3	0.0	0.0	6,320.3
Operations with Securities and Derivatives	0.0	151.0	0.0	151.0
Subordinated obligations	0.0	2,734.2	0.0	2,734.2
Other liabilities	1,281.2	893.6	0.0	2,174.8
Capital	6,556.2	0.0	474.4	7,030.6
Stockholders' Equity	6,556.2	0.0	474.4	7,030.6
Total Liabilities and Capital	54,252.2	120,753.0	474.4	175,479.6

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Banca Afirme				
Income Statement by Segments				
(amounts in millions of pesos)				
Mar-20	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Interest Income	1,538.16	1,971.23	0.00	3,509.39
Income from Warehousing Services	0.00	0.00	0.00	0.00
Interest Expense	-567.45	-1,916.70	0.00	-2,484.15
Result by Monetary Position	0.00	0.00	0.00	0.00
Preventive Estimation for Credit Risks.	-265.99	0.00	0.00	-265.99
Commissions and Fees Charged	240.15	0.00	275.76	515.91
Commissions and Fees Paid	-59.44	0.00	-104.18	-163.62
Result by intermediation	29.85	17.11	0.00	46.96
Other income (expenses) from the operation	90.93	0.00	0.00	90.93
Administration and Promotion Expenses	-841.30	-67.19	-165.63	-1,074.12
Operating Result	164.90	4.45	5.95	175.31
Other Expenses and Products	0.00	0.00	0.00	0.00
ISR	-44.64	-1.21	-1.61	-47.45
Result before participation of subsidiaries	120.26	3.25	4.34	127.86
Participation in the results of subsidiaries			3.12	3.12
Net profit	43.75	23.20	6.94	131.0

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Banca Afirme				
Income Statement by Segments				
(amounts in millions of pesos)				
Mar-21	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Interest Income	1,416.38	2,166.26	0.00	3,582.64
Income from Warehousing Services	0.00	0.00	0.00	0.00
Interest Expense	-368.61	-1,825.64	0.00	-2,194.25
Result by Monetary Position	0.00	0.00	0.00	0.00
Preventive Estimation for Credit Risks.	-479.23	0.00	0.00	-479.23
Commissions and Fees Charged	247.65	0.00	309.26	556.91
Commissions and Fees Paid	-56.23	0.00	-141.47	-197.70
Result by intermediation	31.77	-37.74	0.00	-5.96
Other income (expenses) from the operation	79.39	0.00	0.00	79.39
Administration and Promotion Expenses	-763.33	-268.85	-163.40	-1,195.57
Operating Result	107.79	34.04	4.40	146.24
Other Expenses and Products	0.00	0.00	0.00	0.00
ISR	-28.35	-8.95	-1.16	-38.46
Result before participation of subsidiaries	79.44	25.09	3.24	107.78
Participation in the results of subsidiaries			-3.79	-3.79
Net profit	79.44	25.09	-0.55	104.0

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

The current and past due portfolio by economic sector for the first quarter of 2020 and 2021 is presented below:

CURRENT CREDIT PORTFOLIO GROUPED BY ECONOMIC SECTOR				
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER			
	2020	2021	VAR \$	VAR%
AGRICULTURE	191.6	216.5	24.9	13.0%
COMMERCE	10,345.5	9,852.9	-492.6	-4.8%
BUILDING	3,324.7	3,010.3	-314.3	-9.5%
ELECTRICITY AND WATER	1,314.6	4,722.9	3,408.3	259.3%
MANUFACTURING	1,715.8	1,637.3	-78.5	-4.6%
MINING AND OIL	1,235.4	1,243.6	8.2	0.7%
SERVICES	8,413.0	6,470.0	-1,943.0	-23.1%
FINANCIAL AND REAL ESTATE SERVICES	2,788.3	3,020.4	232.1	8.3%
TRANSPORT AND COMMUNICATIONS	1,142.0	1,093.5	-48.5	-4.2%
MUNICIPAL, STATE AND FEDERAL GOVERNMENT	2,103.2	2,303.5	200.4	9.5%
CONSUMPTION	4,126.2	5,205.9	1,079.7	26.2%
HOUSING	7,542.5	7,897.1	354.6	4.7%
TOTAL	44,242.7	46,673.9	2,431.2	5.5%

EXPIRED CREDIT PORTFOLIO GROUPED BY ECONOMIC SECTOR				
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER			
	2020	2021	VAR \$	VAR%
AGRICULTURE	3.6	4.3	0.7	18.5%
COMMERCE	400.3	431.4	31.1	7.8%
BUILDING	82.6	104.9	22.2	26.9%
MINING AND OIL	0.0	0.0	0.0	0.0%
ELECTRICITY AND WATER	0.0	0.0	0.0	0.0%
MANUFACTURING	119.8	101.6	-18.2	-15.2%
SERVICES	248.5	338.9	90.3	36.4%
FINANCIAL AND REAL ESTATE SERVICES	4.4	8.6	4.2	94.3%
TRANSPORT AND COMMUNICATIONS	46.2	41.8	-4.4	-9.5%
GOVERNMENT ENTITIES	0.0	0.0	0.0	0.0%
CONSUMPTION	162.9	144.7	-18.2	-11.2%
HOUSING	400.3	633.7	233.5	58.3%
TOTAL	1,468.7	1,809.9	341.2	23.2%

FOREIGN CURRENCY AMERICAN DOLLARS VALUED TO PESOS AT THE EXCHANGE RATE OF THE END OF THE MONTH

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Loan Portfolio by Geographic Zone

CURRENT CREDIT PORTFOLIO GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2020

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
CONSUMER CREDITS	950.85	3,384.64	2,229.56	1,550.38	8,115.43
BUSINESS OR COMMERCIAL ACT	1,974.70	17,540.83	3,898.39	2,382.64	25,796.56
MIDDLE AND RESIDENTIAL HOUSING	1,254.91	3,053.15	1,318.59	1,902.26	7,528.91
OF SOCIAL INTEREST	0.00	13.62	0.00	0.00	13.62
FINANCIAL ENTITIES	3.99	680.99	0.00	0.00	684.98
GOVERNMENT ENTITIES	0.00	1,170.69	33.33	899.13	2,103.15
TOTAL	4,184.45	25,843.92	7,479.87	6,734.41	44,242.64

CURRENT CREDIT PORTFOLIO GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2021

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
CONSUMER CREDITS	892.18	3,660.52	1,867.51	1,342.43	7,762.64
BUSINESS OR COMMERCIAL ACT	2,612.54	19,972.27	3,532.65	2,072.43	28,189.89
MIDDLE AND RESIDENTIAL	1,352.24	2,939.18	1,357.83	2,236.63	7,885.88
OF SOCIAL INTEREST	0.00	11.21	0.00	0.00	11.21
FINANCIAL ENTITIES	0.43	520.30	0.00	0.00	520.73
GOVERNMENT ENTITIES	0.00	1,021.16	323.23	959.14	2,303.53
TOTAL	4,857.38	28,124.63	7,081.22	6,610.63	46,673.88

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

**EXPIRED CREDIT PORTFOLIO GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2020**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
CORPORATE OR BUSINESS ACTIVITY	378.91	137.37	81.59	217.61	815.48
CONSUMER CREDITS	26.03	133.41	56.67	36.83	252.93
MIDDLE AND RESIDENTIAL	76.93	116.64	44.88	161.83	400.28
TOTAL	481.87	387.42	183.14	416.27	1,468.70

**EXPIRED CREDIT PORTFOLIO GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2021**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
CORPORATE OR BUSINESS ACTIVITY	488.66	67.53	105.42	283.48	945.09
CONSUMER CREDITS	32.52	90.15	59.74	48.64	231.04
MIDDLE AND RESIDENTIAL	112.07	298.66	50.83	172.18	633.74
TOTAL	633.25	456.34	215.98	504.30	1,809.87

(*) MONTERREY AND ITS METROPOLITAN AREA

(**) MEXICO CITY AND MEXICO STATE

(***) BAJA CALIFORNIA, CHIHUAHUA, COAHUILA, DURANGO, SINALOA, SONORA AND TAMAULIPAS

(****) AGUASCALIENTES, COLIMA, GUANAJUATO, GUERRERO, HIDALGO, JALISCO, MICHOACAN, MORELOS, NAYARIT, PUEBLA, QUERETARO, SAN LUIS POTOSI, VERACRUZ

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Deposit funding by Geographic Zone

DEPOSITS GROUPED BY GROUP AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2020
 (AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
IMMEDIATE AVAILABILITY DEPOSIT	5,438.65	14,095.91	2,684.97	10,719.63	32,939.16
TERM DEPOSITS	2,697.47	13,243.96	2,731.03	3,807.47	22,479.93
SECURITIES OF CREDITS ISSUED	0.00	765.56	0.00	0.00	765.56
TOTAL	8,136.12	28,105.43	5,416.00	14,527.10	56,184.65

DEPOSITS GROUPED BY GROUP AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2021
 (AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY (**)</u>	<u>MONTERREY (*)</u>	<u>NORTH (***)</u>	<u>CENTER (****)</u>	<u>TOTAL</u>
DEPOSITS FOR IMMEDIATE AVAILABILITY	7,125.97	11,825.30	3,147.93	11,440.60	33,539.79
TERM DEPOSITS	2,712.38	13,400.58	3,320.74	4,502.13	23,935.83
SECURITIES OF CREDITS ISSUED	0.00	231.46	0.00	0.00	231.46
TOTAL	9,838.35	25,457.34	6,468.66	15,942.73	57,707.08

(*) MONTERREY AND ITS METROPOLITAN ZONE

(**) MEXICO CITY AND STATE OF MEXICO

(***) BAJA CALIFORNIA, CHIHUAHUA, DURANGO, SINALOA, SONORA AND TAMAULIPAS

(****) AGUASCALIENTES, COLIMA, GUANAJUATO, GUERRERO, HIDALGO, JALISCO, MICHOACAN, MORELOS, NAYARIT, PUEBLA, QUERETARO, SAN LUIS POSTOSI, VERACRUZ.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XV.- Information on related parties:

The key operations performed with related parties were the following:

CREDITS AND TRANSACTIONS WITH OTHER RELATED COMPANIES		
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER	
	2020	2021
NATURAL AND MORAL PERSONS WHO HAVE DIRECT AND INDIRECT CONTROL OF THE GROUP		
AVAILABILITIES	190.6	186.16
CREDIT CARD	1,159.9	1,196.3
OPENING OF IRREVOCABLE CREDITS	10.0	10.0
TERM DEPOSITS AND REPORTS	1,476.1	1,370.4
DEMAND DEPOSITS	521.0	499.2
DEBTORS BY REPORT	72,410.6	55,001.4
REPORTER CREDITOR	1,217.5	732.7
VARIOUS CREDITORS	-	9.7
VARIOUS DEBTORS	85.1	42.0
DERIVATIVES FOR TRADING PURPOSES	-	-
MEMBERS OF THE BANK AND GROUP BOARD OF DIRECTORS		
CREDIT CARD	5.0	6.8
TERM DEPOSITS AND REPORTS	47.6	45.3
DEMAND DEPOSITS	7.1	16.7
SPOUSES AND PEOPLE RELATED TO THE PREVIOUS PEOPLE		
CREDIT CARD	12.5	11.8
TERM DEPOSITS AND REPORTS	25.6	30.1
DEMAND DEPOSITS	10.4	13.4

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

INTEREST, COMMISSIONS AND OTHER EXPENSES OF RELATED COMPANIES			
(AMOUNTS IN MILLIONS OF PESOS)	I QUARTER		
	2020	2021	
INTEREST CHARGED	20.0	15.7	
SERVICE REVENUES	57.6	25.7	
INCOME COLLECTED	0.5	0.5	
FEES CHARGED	60.9	79.3	
AWARDS COLLECTED	812.4	209.0	
RESULT FROM PURCHASE AND SALE OF INVESTMENTS IN SECURITIES	-	12.5	3.6
TOTAL REVENUES	938.9	333.8	
SALARIES AND BENEFITS	23.8	23.8	
OTHER FEES	144.2	174.5	
RENT PAID	32.2	40.2	
INTEREST PAID	28.4	77.9	
OTHER OPERATING AND ADMINISTRATION EXPENSES	39.9	42.6	
AWARDS PAID	17.6	3.0	
RESULT FROM VALUATION OF DERIVATIVES	-	9.8	0.0
TOTAL EXPENSES	276.4	362.1	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Financial indicators

RELEVANT INDICATORS	IQ 20	IIQ 20	IIIQ 20	IVQ 20	IQ 21
NPL ratio (past due portfolio/total portfolio)	3.21%	2.86%	2.68%	3.15%	3.73%
Overdue portfolio coverage (preventive estimate/past due portfolio)	1.04	1.22	1.47	1.36	1.26
Operating efficiency (administration and promotion expenses/average total assets)	3.18%	2.53%	2.49%	2.52%	2.76%
ROE (return on equity)	9.04%	3.98%	6.76%	1.84%	6.26%
ROA (return on assets)	0.39%	0.15%	0.25%	0.07%	0.24%
Liquidity Ratio (liquid assets/liquid liabilities)	0.73	0.82	0.88	0.85	0.90
MIN (financial margin adjusted for credit risks/productive assets)	3.04%	1.89%	2.20%	1.51%	2.23%
Banca Afirme					
Credit Capitalization Index	17.49%	17.39%	18.25%	18.32%	22.05%
Total Capitalization Ratio	13.15%	13.13%	13.20%	14.06%	15.64%
Basic Capital Index	10.23%	10.20%	10.32%	10.51%	11.91%
Assets subject to credit, market and operational risk					
of credit	41,901	42,469	42,702	44,168	40,685
market	6,350	6,646	8,795	5,628	8,722
operating	7,487	7,124	7,541	7,761	7,971
Total	55,738	56,238	59,038	57,557	57,378

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Banca Afirme Portfolio Rating

ANNEX 35
BANCA AFIRME, SA
CREDIT PORTFOLIO RATING
AS OF MARCH 31, 2020
(Amounts in millions of pesos)

DEGREES OF RISK	AMOUNT OF CREDIT PORTFOLIO	NECESSARY PREVENTIVE RESERVATIONS				TOTAL PREVENTIVE RESERVES
		COMMERCIAL	CONSUMPTION		HOUSING MORTGAGE PORTFOLIO	
			NON-REVOLVENT	CREDIT CARD AND OTHER REVOLVING CREDITS		
A-1	\$29,301	\$108	\$35	\$17	\$9	\$169
A-2	\$7,517	\$75	\$9	\$11	\$3	\$98
B-1	\$3,122	\$33	\$23	\$7	\$2	\$65
B-2	\$1,366	\$12	\$21	\$4	\$4	\$41
B-3	\$1,737	\$51	\$16	\$4	\$2	\$73
C-1	\$956	\$17	\$23	\$10	\$10	\$59
C-2	\$868	\$10	\$43	\$23	\$25	\$102
D	\$1,705	\$382	\$72	\$52	\$77	\$584
E	\$437	\$25	\$224	\$27	\$17	\$293
EXCEPTED QUALIFIED	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$47,010	\$713	\$467	\$157	\$148	\$1,485
Less:						
RESERVES CONSTITUTED						\$1,523
EXCESS						-\$38
BALANCE RESERVATIONS						\$1,523

GRADES:

- 1.- The figures for the qualification and constitution of preventive reserves are those corresponding to the last day of the month to which the balance sheet refers as 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 preventive reserves according to 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.
- 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 sheet.
- 4.- The excess of preventive reserves constituted by \$ 38', correspond to reserves derived from operational risks, additional reserves for interest on overdue loans, other overdue debts and reserves for specific cases.

Banca Afirme Portfolio Rating

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

ANNEX 35
BANCA AFIRME, SA
CREDIT PORTFOLIO RATING
AS OF MARCH 31, 2021
(Amounts in millions of pesos)

DEGREES OF RISK	AMOUNT OF CREDIT PORTFOLIO	NECESSARY PREVENTIVE RESERVATIONS					TOTAL PREVENTIVE RESERVES
		COMMERCIAL	CONSUMPTION		HOUSING MORTGAGE PORTFOLIO		
			NON-REVOLVENT	CREDIT CARD AND OTHER REVOLVING CREDITS			
A-1	\$29,218	\$92	\$33	\$20	\$10	\$154	
A-2	\$8,986	\$90	\$10	\$10	\$3	\$113	
B-1	\$3,131	\$36	\$25	\$6	\$2	\$69	
B-2	\$2,024	\$24	\$25	\$3	\$4	\$56	
B-3	\$1,778	\$46	\$15	\$4	\$2	\$67	
C-1	\$1,000	\$26	\$25	\$9	\$8	\$67	
C-2	\$861	\$11	\$38	\$21	\$30	\$100	
D	\$2,071	\$444	\$83	\$43	\$116	\$686	
E	\$531	\$57	\$216	\$32	\$49	\$354	
EXCEPTED QUALIFIED	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL	\$49,601	\$826	\$470	\$147	\$223	\$1,666	
Less: RESERVES CONSTITUTED						\$2,282	
EXCESS						-\$615	
BALANCE RESERVATIONS						\$2,282	

GRADES:

- 1.- The figures for the qualification and constitution of preventive reserves are those corresponding to the last day of the month to which the balance sheet refers as of March 31, 2021.
- 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 preventive reserves according to 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.
- 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 sheet.
- 4.- The excess of preventive reserves constituted by \$ 615', correspond to reserves derived from operational risks, additional reserves for interest on overdue loans, other overdue debts and reserves for specific cases.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

The following shows for each type of portfolio, the Exposure to Default, the Probability of Default and the Severity of the Loss as of March 31, 2020:

Portfolio Type	Exposure to Default	Weighted Probability of Default	Loss Severity Weighted
Commercial Portfolio	29,406.2	5.93%	37.39%
Housing Portfolio	7,942.8	9.98%	13.73%
Non-Revolver Consumer Portfolio	7,509.3	8.60%	71.85%
Revolving Consumer Portfolio: Credit Card	1,558.3	13.29%	73.18%

The following shows for each type of portfolio, the Exposure at Default, the Probability of Default and the Severity of the Loss as of March 31, 2021:

Portfolio Type	Exposure to Default	Weighted Probability of Default	Loss Severity Weighted
Commercial Portfolio	31,971.5	6.34%	35.02%
Housing Portfolio	8,530.8	12.37%	14.17%
Non-Revolver Consumer Portfolio	7,241.0	8.99%	71.78%
Revolving Consumer Portfolio: Credit Card	1,540.5	12.60%	72.61%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XVI.-Main characteristics of the issuance or amortization of long-term debt.

QAFIRME15

At the Extraordinary General Shareholders' Meeting held on February 4, 2015, the Shareholders agreed to carry out an issuance of non-preferred equity subordinated debt securities 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, respectively. The issuance of the obligations was carried out through a private offer for up to 11,000,000 subordinated obligations 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 obligations 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 obligations 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 27, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital obligations and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153 / 12258/2020. The issuance of the obligations was carried out through a public offering of up to 5,000,000 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 March 2030. Said issuance was for an amount of \$ 500, the proportion of the authorized amount of the subordinated obligations compared to the amount issued was 100%.

QBAFIRME20-2

At the Extraordinary General Shareholders' Meeting held on October 22, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital obligations and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153/12258/220. The issuance of the obligations was carried out through a public offering of up to 2,300,000 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 October 2030. Said issuance was for an amount of \$ 230, the proportion of the authorized amount of subordinated obligations compared to the amount issued was 100%.

As of March 31, 2021, the subordinated obligations are recorded in the Consolidated Balance Sheet under the heading of "Outstanding subordinated obligations", which have the option of prepayment from the fifth year and have, among others, the following characteristics:

I.- They are bearer titles.

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 the requirements and contain the mentions referred to 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 enjoy executive action against the issuer, upon request for payment before a notary public.

As of March 31, 2021 and 2020, the subordinated obligations do not have a discount or premium rate.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XVII.- The consolidated financial statements are prepared based on banking legislation, in accordance with the accounting criteria and operating rules for credit institutions in Mexico (the "Accounting Criteria"), established by the Banking Commission, who has in charge of the inspection and surveillance of credit institutions and conducts the review of their financial information.

The Accounting Criteria indicate that in the absence of an express accounting criterion in them and in a broader context of the Mexican Financial Information Standards ("NIF") issued by the Mexican Council of Financial Information Standards, A. C. ("CINIF"), it will be observed, the supplementary process, established in NIF A-8 "Supplementary", and only in the event that the International Financial Reporting Standards ("IFRS") referred to in NIF A- 8 "Supplementation", do not provide a solution to the accounting recognition, you may opt for a supplementary rule that belongs to any other regulatory scheme, provided that it meets all the requirements indicated in the aforementioned NIF, the supplementation must be applied in the following order: Generally Accepted Accounting Principles in the United States of America ("US GAAP") and then any accounting standard that is part of a formal and recognized set of standards, as long as it does not contravene criterion A-4 "Qualitative characteristics of the financial statements" of the Banking Commission.

XVIII.- Activity and outstanding operations-

BANCA AFIRME, S. A., Institución de Banca Múltiple, Afirme Grupo Financiero (the "Bank") was incorporated under Mexican law with address 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 operation of repos 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.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

With an effective date of July 1, 2018, the Bank (current holding) acquired from Grupo Afirme 99.976% of the shares that the latter owned in the Lessor, therefore, as of the aforementioned date, the consolidated financial statements include the following Balances and operations of the Lessor.

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

- Arrendadora Afirme, S. A. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Afirme Grupo Financiero ("La Arrendadora") (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., Sociedad Operadora de Fondos de Inversión ("La Operadora") (99.99% participation), which is dedicated to the provision of asset management services, distribution, valuation, promotion and acquisition of shares issued by the Investment Funds, as well as the deposit and custody of investment assets of investment company shares, 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.

DISCLOSURE SPECIAL ACCOUNTING CRITERIA

On March 11, 2020, the World Health Organization declared the SARS Cov-2 ("COVID-19") outbreak a pandemic given its rapid spread around the world. Governments of different countries are taking increasingly strict measures to help contain this virus. By virtue of the foregoing, on March 23, 2020, the "Agreement by which the General Health Council recognizes the SARS Cov-2 virus epidemic ("COVID- 19") in Mexico, as a serious disease of priority attention and the activities of preparation and response to said epidemic are established" (the Agreement). In response to the Agreement, on March 26, 2020 the National Banking and Securities Commission public in the DOF, on a temporary basis, the "Special Accounting Criteria" (CCE) applicable to credit institutions with respect to loans for construction of housing, as well as individual loans with mortgage guarantee, revolving and non-revolving loans aimed at individuals such as: car loans, personal loans, payroll loans, credit cards and microcredit; as well as for commercial credits aimed at legal entities, individuals with business activity in its different modalities, for customers who have been affected and who were classified as effective as of March 31, 2020, with the exception of those credits granted to related persons as provided in articles 73, 73 Bis and 73 Bis 1 of the Credit Institutions Law. According to an official letter issued by the Commission dated October 8, 2020, it is established that the restructures, renewals and removals exercised in accordance with the CCE must be duly formalized within a period that will expire on the 31st of January 2021.

As of the second quarter of 2020, in order to support its clients, Banca Afirme decided to apply the CCEs issued by the National Banking and Securities Commission, granting all those clients registered to the program a deferral scheme in the payment of the 4 or 6 monthly payments, granting a payment term ranging from 12 to 72 months depending on the type of product; without this affecting your credit history or the accumulation of delinquent interest. The foregoing instead of applying the provisions of bulletin B-6 "Credit Portfolio" issued by the Commission. Additionally, the CCEs granted the regulatory facility of not registering the restructured loans as past due or past due portfolio, which made it possible not to increase the reserves during the payment deferral.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

As of March 31, 2021, the payment deferral terms for those credits adhered to the aforementioned programs have concluded; the detail of the same by type of portfolio that are still active at that date is as follows:

PORTFOLIO TYPE	NUMBER OF CREDITS	AMOUNT
Commercial portfolio	1,495	\$ 4,365
Consumer portfolio	12,349	1,062
Portfolio to housing	1,653	2,540
Total	15,497	\$ 7,967

As of March 31, 2021, the amounts that would have been recorded and presented both in the balance sheet and in the income statement by portfolio type, if the special accounting criteria issued by the Commission had not been applied, would be as follows:

BALANCE SHEET

BILL	AMOUNT WITH PROGRAM	AMOUNT WITHOUT PROGRAM	CCE EFFECT
Current loan portfolio			
Commercial credits	\$ 31,014	\$ 30,796	\$ (218)
Consumer loans	7,763	7,710	(53)
Home loans	7,897	7,770	(127)
Total current loan portfolio	\$ 46,674	\$ 46,276	\$ (398)
credit portfolio is expired			
Commercial credits	\$ 945	\$ 1,163	\$ 218
Consumer loans	231	284	53
Home loans	634	761	127
Total overdue loan portfolio	\$ 1,810	\$ 2,208	\$ 398
Less			
Preventive estimate for credit risks^①	\$ 2,282	\$ 2,282	\$ -
Net loan portfolio	\$ 46,202	\$ 46,202	\$ -

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

INCOME STATEMENT

BILL	AMOUNT WITH PROGRAM	AMOUNT WITHOUT PROGRAM	CCE EFFECT
Interest income	\$ 3,582	\$ 3,576	\$ (6)
Preventive estimate for credit risks ^①	\$ 479	\$ 479	\$ -
Income taxes	\$ (38)	\$ (36)	\$ 2
Net result	\$ 104	\$ 100	\$ (4)

① If the CCEs issued by the Commission had not been applied, a preventive estimate for credit risks would have been generated for an amount of \$ 119, however, the Bank has registered additional reserves as of March 31, 2021 for an amount of \$ 559.

Both the classification of the current and past due portfolio submitted in the balance sheet and the calculation of the preventive estimate for credit risks that would have been recorded both in the balance sheet and in the income statement had the CCE issued by the Commission not been applied. This was based on the estimate made by the Administration on the possible non-compliance that the credits adhered to the Bank's support programs would have had, considering, among other factors, the payment history of the borrowers and the status of the credit portfolio at the moment of its restructuring.

AS OF March 31, 2021, these are the effects that would have occurred in the calculation of the Bank's ICAP, if the CCE had not been applied:

Concept	With CCE	Without CCE	Difference
ASR Credit	40,668	40,700	31
ASR Market	8,724	8,724	0
ASR Operational	7,971	7,971	0
ASRT	57,364	57,395	31
Capital requirement for credit risk	3,253	3,256	2
Capital requirement for market risk	698	698	0
Capital requirement for operational risk	638	638	0
Total capital requirement	4,589	4,592	2
NET CAPITAL	8,970	8,970	0
ICAP	15.64	15.63	-0.01
Net result	80.34	76.34	-4

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XIX.- Summary of the main accounting policies-

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

a) Accounting criteria -

On January 4, 2018, the Commission released, through the Official Gazette of the Federation ("DOF"), the sole transitory article of an amending resolution, which establishes the incorporation of new NIF issued by the CINIF within of the accounting criterion A-2 "Application of Particular Standards" contained in Annex 33 of the Provisions, where the application and entry into force for credit institutions of the aforementioned NIFs was established as of January 1, 2019, however On November 4, 2019, the Commission announced through the DOF the amendment to the aforementioned transitory article, which established its application and entry into as of January 1, 2021. Subsequently, through a subsequent amendment to said article published in the DOF on November 9, 2020, January 1, 2022 was established as the date of application and entry into force of said NIF. The NIFs that are incorporated into accounting criteria A-2 of the aforementioned amending resolution are those mentioned below:

NIF B-17 "Determination of fair value" - Defines fair value as the exit price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that fair value is a determination based on the market and not on a specific value of an asset or a liability and that, when determining fair value, the entity must use assumptions that market participants would use when setting the price of an asset or a liability under current market conditions at a given date, including risk-related assumptions. As a result, the entity's intention to hold an asset or settle, or otherwise satisfy a liability, is not relevant in determining fair value.

NIF C-3 "Accounts receivable" - The key characteristics issued for this NIF are shown below:

- Cancels Bulletin C-3 "Accounts Receivable".
- Specifies that accounts receivable that are based on a contract represent a financial instrument, while some of the other accounts receivable generated by a legal or tax provision may have certain characteristics of a financial instrument, such as earning interest, but they are not in themselves financial instruments.
- It establishes that the allowance for doubtful accounts for trade receivables is recognized from the moment the income is accrued, based on the expected credit losses.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

It establishes that, from the initial recognition, the value of money must be considered over time, therefore, if the effect of the present value of the account receivable is important in view of its term, it must be adjusted based on said present value. The effect of the present value is material when the collection of the account receivable is agreed, totally or partially, for a term greater than one year, since in these cases there is a financing operation.

NIF C-9 "Provisions, contingencies and commitments" - Cancels Bulletin C-9 "Liabilities, provisions, assets and contingent liabilities and commitments", its scope is reduced by relocating the issue related to the accounting treatment of financial liabilities in the NIF C-19 "Financial instruments payable" and the definition of a liability is modified by eliminating the qualification of "virtually unavoidable" and including the term "probable". The first time application of this FRS will not generate accounting changes in the financial statements.

NIF C-16 "Impairment of financial instruments receivable" - It indicates that, to determine the recognition of the expected loss, the historical experience that the entity has of credit losses, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from financial instruments receivable (IFC).

It also indicates that the expected loss should be recognized when, as credit risk has increased, it is concluded that a part of IFC's future cash flows will not be recovered. The accounting changes that arise should be recognized retrospectively.

NIF C-19 "Financial instruments payable" - The main characteristics issued for this NIF are shown below:

- The possibility of valuing, subsequent to their initial recognition, certain financial liabilities at fair value is established, when certain conditions are met.
- Valuing long-term liabilities at their present value on initial recognition.
- When restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions incurred in this process will affect the amount of the liability and will be amortized over a modified effective interest rate, instead of directly affecting the net profit or loss.
- It incorporates the provisions of IFRIC 19 "Extinction of Financial Liabilities with Capital Instruments", an issue that was not included in the existing regulations.
- The effect of extinguishing a financial liability must be presented as a financial result in the statement of comprehensive income.
- Introduces the amortized cost concepts to value financial liabilities and the effective interest method, based on the effective interest rate.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

NIF C-20 "Financial instruments to collect principal and interest" - The main characteristics issued for this NIF are shown below:

The way to classify financial instruments in assets is modified, since the concept of intention to acquire and hold them is discarded to determine their classification, instead the concept of the Administration's business model is adopted.

- In this classification are grouped the financial instruments whose objective is to collect the contractual cash flows and obtain a profit for the contractual interest that they generate, having a loan characteristic.
- They include both financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

NIF D-1 "Income from contracts with customers" - The key characteristics issued for this NIF are shown below:

- The transfer of control, the basis for the opportunity to recognize income.
- The identification of the obligations to fulfill in a contract.
- The allocation of the transaction price between the obligations to be fulfilled based on the independent sales prices.
- The introduction of the concept of conditioned accounts receivable.
- The recognition of collection rights.
- The valuation of income.

NIF D-2 "Income, costs from contracts with customers" - The main change in this standard is the separation of the regulations relating to the recognition of revenue from contracts with customers from the regulations corresponding to the recognition of costs from contracts with customers.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

NIF D-5 "Leases" - It comes into force for the fiscal years that start from the 1st. January 2022. Cancels Bulletin D-5 "Leases". The first time application of this FRS generates accounting changes in the financial statements mainly for the lessee and grants different options for their recognition. Among the main changes are the following:

Eliminates the classification of leases as operating or capitalizable for a lessee, and the lessee must recognize a lease liability at the present value of payments and a right-of-use asset for the same amount, of all leases with a duration greater than 12 months , unless the underlying asset is of low value.

An expense is recognized for depreciation or amortization of right-of-use assets and an expense for interest on lease liabilities.

- It modifies the presentation of related cash flows since the outflows of cash flows from operating activities are reduced, with an increase in the outflows of cash flows from financing activities.
- It modifies the recognition of profit or loss when a seller-lessee transfers an asset to another entity and leases that asset on the way back.
- The accounting recognition by the lessor has no changes in relation to the previous Bulletin D-5, and only some disclosure requirements are added.

b) Improvements to FRS 2021

In December 2020, the CINIF issued the document called "Improvements to NIF 2021", which contains specific modifications to some existing NIFs. The main improvements that generate accounting changes are the following.

NIF B-1 "Accounting changes and error corrections" - To converge with IAS 8 of the International Financial Reporting Standards, prospective application is incorporated when it is impractical to determine the accumulated effects of an accounting change or the correction of an error. In those cases, the entity should recognize the effects of the change in the error correction in the current accounting period.

The amendment to this NIF comes into effect for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized through prospective application.

NIF C-19 "Financial instruments payable" - Establishes that now the proceeds from forgiveness received or granted must be presented within the results related to operating activities, instead of being presented in comprehensive income.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

NIF C-20 "Financial instruments to collect principal and interest" - Establishes that now the effects of the renegotiation of an IFCPPI must be presented within the results related to operating activities, instead of being presented in comprehensive income.

NIF D-5 "Leases" - 1) establishes that the mandatory disclosures of the expense related to short-term and low-value leases for which the right-of-use asset has not been recognized, separately. 2) It incorporates the method to determine the proportion that corresponds to the rights of use retained by the seller-lessee, as well as their accounting recognition

To date, the Bank's Administration is in the process of evaluating the impact that, on the financial statements, the adoption of the aforementioned NIFs, foreseen by the Banking Commission for January 1, 2022 will have. The improvements to the aforementioned FRS will be evaluated together, with the adoption of the aforementioned FRS.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

XX.- The Capitalization Index for the first quarter of 2021 is presented below, as well as the assets subject to credit and market risk, to comply with the General Provisions Applicable to the institution.

ANNEX 1-O

Figure in millions of pesos as of March 31, 2021
(Before replicas with the Banco de México)

TABLE I.1 Disclosure format for capital integration without considering transitory 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	3,893.62
2	Results of past exercises	321.47
3	Other elements of comprehensive income (and other reserves)	2,741.77
4	Capital subject to phase-out of Tier 1 common equity (only applicable for companies that are not linked to shares)	Does not apply
5	Ordinary shares issued by subsidiaries held by third parties (allowed amount in common equity level 1)	Does not apply
6	Tier 1 common capital before regulatory adjustments	6,956.86
Tier 1 Common Capital: Regulatory Adjustments		
7	Prudential valuation adjustments	Does not apply
8	Goodwill (net of its corresponding deferred income taxes charged)	0.00
9	Other intangibles other than rights for mortgage services (net of their corresponding deferred income taxes payable)	293.68
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	Does not apply
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 (conservative)	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)	
twenty (conservative)	Mortgage servicing fees (amount exceeding the 10% threshold)	
21	Deferred income taxes in favor from temporary differences (amount exceeding the 10% threshold, net of deferred taxes payable)	0.00
22	Amount exceeding the 15% threshold	Does not apply
23	Of which: Significant investments where the institution owns more than 10% in common shares of financial institutions	Does not apply

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

24	Of which: Rights for mortgage services	Does not apply
25	Of which: Deferred income taxes in favor derived from temporary differences	Does not apply
26	National regulatory adjustments	716.17
TO	Of which: Other elements of comprehensive income (and other reserves)	698.10
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	
AND	Of which: Investments in related companies	
F	Of which: Venture capital investments	
G	Of which: Investments in mutual funds	18.06
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 Tier 1 common capital	1,009.84
29	Common Equity Tier 1 (CET1)	5,947.02
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	Does not apply
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)	Does not apply
35	Of which: Instruments issued by subsidiaries subject to phase-out	Does not apply
36	Additional Tier 1 capital before regulatory adjustments	0.00
Additional Tier 1 Capital: Regulatory Adjustments		
37 (conservative)	Investments in equity instruments of additional Tier 1 capital	Does not apply
38 (conservative)	Investments in reciprocal shares in additional Tier 1 capital instruments	Does not apply
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)	Does not apply
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	Does not apply
41	National regulatory adjustments	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	Does not apply
43	Total regulatory adjustments to additional Tier 1 capital	0.00
44	Additional Tier 1 Capital (AT1)	0.00

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

45	Tier 1 capital (T1 = CET1 + AT1)	5,947.02
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 from Tier 2 capital	
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)	Does not apply
49	of which: Instruments issued by subsidiaries subject to phase-out	Does not apply
50	Bookings	
51	Tier 2 capital before regulatory adjustments	0.00
Tier 2 capital: regulatory adjustments		
52 (conservative)	Investments in own Tier 2 capital instruments	Does not apply
53 (conservative)	Reciprocal investments in Tier 2 capital instruments	Does not apply
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)	Does not apply
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	Does not apply
56	National regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	0.00
58	Tier 2 Capital (T2)	0.00
59	Total capital (TC = T1 + T2)	5,947.02
60	Total risk-weighted assets	57,363.73
Capital ratios and supplements		
61	Common Capital Tier 1 (as a percentage of total risk-weighted assets)	10.37
62	Tier 1 Capital (as a percentage of total risk-weighted assets)	10.37
63	Total Capital (as a percentage of total risk-weighted assets)	10.37
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	Does not apply
67	Of which: Global Systemically Important Banks Supplement (G-SIB)	Does not apply
68	Common Tier 1 Capital available to cover supplements (as a percentage of total risk-weighted assets)	3.37
National minimums (if different from Basel 3)		
69	CET1 national minimum ratio (if it differs from the minimum established by Basel 3)	Does not apply
70	T1 national minimum ratio (if it differs from the minimum established by Basel 3)	Does not apply
71	National minimum TC ratio (if it differs from the minimum established by Basel 3)	Does not apply
Amounts below deduction thresholds (before risk weighting)		

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

72	Non-significant investments in the capital of other financial institutions	Does not apply
73	Significant investments in common shares of financial institutions	Does not apply
74	Rights for mortgage services (net of deferred income taxes payable)	Does not apply
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	Does not apply
81	Amount excluded from CET1 due to the limit (excess over the limit after amortizations and maturities)	Does not apply
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 amortizations and maturities)	

TABLE II.1

Capital concepts	No adjustment for capital recognition	DATA	% WASTR	DATA	Capital recognition adjustment	DAT A	With adjustment for capital recognition	DAT A	% WASTR	DAT A
Basic Capital 1	TO	6,021	B1 = A / F	10.50 %	C1	0	A' = A - C1	0	B1' = A' / F'	0
Basic Capital 2	B	810	B2 = B / F	1.41%	C2	0	B' = B - C2	0	B2' = B' / F'	0
Basic Capital	C = A + B	6,831	B3 = C / F	11.91 %	C3 = C1 + C2	0	C' = A' + B'	0	B3' = C' / F'	0
Complementary capital	D	2,139	B4 = D / F	3.73%	C4	0	D' = D - C4	0	B4' = D' / F'	0
Net capital	E = C + D	8,970	B5 = E / F	15.64 %	C5 = C3 + C4	0	E' = C' + D'	0	B5' = E' / F'	0
Weighted Assets Subject to Total Risk (WASTR)	F	57,364	Does not apply		Does not apply		F' = F	0	Does not apply	
Capitalization index	G = E / F	15.64	Does not apply		Does not apply		G' = E' / F'	0	Does not apply	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

TABLE II.1 Balance sheet figures

Balance sheet items reference	Balance sheet items	Amount presented on the balance sheet
	Active	175,479.62
BG1	Availabilities	7,117.89
BG2	Margin accounts	202.47
BG3	Investments in securities	105,489.29
BG4	Debtors by report	8,841.18
BG5	Securities Lending	0.00
BG6	Derivatives	155.12
BG7	Valuation adjustments for hedging financial assets	59.83
BG8	Total loan portfolio (net)	46,202.12
BG9	Benefits to be received in securitization operations	0.00
BG10	Other accounts receivable (net)	2,158.27
BG11	Foreclosed assets (net)	204.04
BG12	Infurniture, furniture and equipment (net)	3,781.91
BG13	Investment permanent	88.87
BG14	A long - term assets available for sale	0.00
BG15	Deferred taxes and employee profit sharing (net)	598.99
BG16	Other active	579.64
	Passive	168,449.01
BG17	Traditional deposits	57,707.08
BG18	Subtracting Bank and other agencies	6,320.31
BG19	To creators for repurchase	99,361.61
BG20	Securities lending	0.00
BG21	Collateral sold or pledged	0.00
BG22	Derivatives	150.95
BG23	Valuation adjustments for coverage of financial liabilities	0.00
BG24	Obligations from securitization operations	0.00
BG25	Other accounts payable	2,120.31
BG26	Subordinated Obligations Outstanding	2,734.24
BG27	Deferred taxes and employee profit sharing (net)	0.00
BG28	Deferred credits and early collections	54.50
	Stockholders' equity	7,030.45
BG29	Contributed capital	3,893.62
BG30	Earned capital	3,136.83
	Memorandum accounts	514,388.98
BG31	Guarantees granted	1,027.28

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

BG32	Contingent assets and liabilities	0.00
BG33	Credit commitments	7,705.99
BG34	Assets in trust or mandate	41,687.88
BG35	Financial agent of the federal government	0.00
BG36	Assets in custody or administration	190,041.18
BG37	Collaterals received by the entity	54,783.64
BG38	Collaterals received and sold or delivered as collateral by the entity	46,070.47
BG39	Investment banking operations on behalf of third parties (net)	19,958.14
BG40	Uncollected accrued interest derived from past due loan portfolio	93.11
BG41	Other registration accounts	153,021.29

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 Regulatory concepts considered for the calculation of the Net Capital components	Reference(s) of the item of the balance sheet and amount related to the regulatory concept considered for the calculation of the Net Capital from the mentioned reference.
Active				
1	Goodwill	8	0.00	BG16
2	Other Intangibles	9	293.68	BG16
3	Deferred income tax (in favor) from losses and tax credits	10	0.00	BG15
4	Benefits on the remainder in burzatilization 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	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

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	0.00	
13	Reserves recognized as complementary capital	50	214.77	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	18.06	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
Passive				
24	Taxes on deferred income (payable) associated with goodwill	8	0.00	
25	Deferred income taxes (payable) associated with other intangibles	9	0.00	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

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	3,893.62	BG29
35	Results of previous years	2	321.47	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	2,741.77	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	
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	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Regulatory concepts not considered in the balance sheet				
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 on the Consolidated Financial Statements (figures in Millions of pesos)

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

Concept	Amount of equivalent positions	Capital requirement
Operations in national currency with nominal rate	5,345	428
Operations with debt securities in national currency with a surcharge and a reviewable rate	3,142	251
Operations in national currency with a real rate or denominated in UDI's	81	6
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	2	0
Positions in national currency with a rate of return referred to the growth of the general minimum wage	0	0
Operations in foreign currency with nominal rate	132	11
Positions in currencies or with yield indexed at the exchange rate	23	2
Gold Positions	0	0
Positions in shares or with yield indexed to the price of a share or group of shares	0	0
	8,724	698

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

TABLE IV.2

Concept	Risk-weighted assets	Capital requirement
Group I (weighted at 0%)	0.00	0.00
Group I (weighted at 10%)	0.00	0.00
Group I (weighted at 20%)	0.00	0.00
Group II (weighted at 0%)	0.00	0.00
Group II (weighted at 10%)	0.00	0.00
Group II (weighted at 20%)	0.00	0.00
Group II (weighted at 50%)	0.00	0.00
Group II (weighted at 100%)	0.00	0.00
Group II (weighted at 120%)	0.00	0.00
Group II (weighted at 150%)	0.00	0.00
Group III (weighted at 2.5%)	0.00	0.00
Group III (weighted at 10%)	0.00	0.00
Group III (weighted at 11.5%)	0.00	0.00
Group III (weighted at 20%)	701.63	56.13
Group III (weighted at 23%)	0.00	0.00
Group III (weighted at 50%)	187.88	15.03
Group III (weighted at 57.5%)	0.00	0.00
Group III (weighted at 100%)	0.00	0.00
Group III (weighted at 115%)	0.00	0.00
Group III (weighted at 120%)	0.17	0.01
Group III (weighted at 138%)	0.00	0.00
Group III (weighted at 150%)	0.00	0.00
Group III (weighted at 172.5%)	0.00	0.00
Group IV (weighted at 0%)	0.00	0.00
Group IV (weighted at 20%)	575.25	46.02
Group V (weighted at 10%)	0.00	0.00
Group V (weighted at 20%)	245.19	19.62
Group V (weighted at 50%)	350.12	28.01
Group V (weighted at 115%)	0.00	0.00
Group V (weighted at 150%)	30.24	2.42
Group VI (weighted at 20%)	0.00	0.00
Group VI (weighted at 50%)	2,124.58	169.97

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Group VI (weighted at 75%)	1,013.83	81.11
Group VI (weighted at 100%)	3,581.78	286.54
Group VI (weighted at 120%)	0.00	0.00
Group VI (weighted at 150%)	430.77	34.46
Group VI (weighted at 172.5%)	0.00	0.00
Group VI (weighted at 125%)	262.98	21.04
Group VII_A (weighted at 10%)	0.00	0.00
Group VII_A (weighted at 11.5%)	0.00	0.00
Group VII_A (weighted at 20%)	1,044.81	83.58
Group VII_A (weighted at 23%)	0.00	0.00
Group VII_A (weighted at 50%)	248.47	19.88
Group VII_A (weighted at 57.5%)	0.00	0.00
Group VII_A (weighted at 100%)	29,797.18	2,383.77
Group VII_A (weighted at 115%)	0.00	0.00
Group VII_A (weighted at 120%)	0.00	0.00
Group VII_A (weighted at 138%)	73.42	5.87
Group VII_A (weighted at 150%)	0.00	0.00
Group VII_A (weighted at 172.5%)	0.00	0.00
Group VII_B (weighted at 0%)	0.00	0.00
Group VII_B (weighted at 20%)	0.00	0.00
Group VII_B (weighted at 23%)	0.00	0.00
Group VII_B (weighted at 50%)	0.00	0.00
Group VII_B (weighted at 57.5%)	0.00	0.00
Group VII_B (weighted at 100%)	0.00	0.00
Group VII_B (weighted at 115%)	0.00	0.00
Group VII_B (weighted at 120%)	0.00	0.00
Group VII_B (weighted at 138%)	0.00	0.00
Group VII_B (weighted at 150%)	0.00	0.00
Group VII_B (weighted at 172.5%)	0.00	0.00
Group VII (weighted at 125%)	0.16	0.01
Group IX (weighted at 100%)	0.00	0.00
Group IX (weighted at 115%)	0.00	0.00
Group X (weighted at 1250%)	0.00	0.00
Securitized with Risk Grade 1 (weighted at 20%)	0.00	0.00
Securitized with Risk Grade 2 (weighted at 50%)	0.00	0.00
Securitized with Risk Grade 3 (weighted at 100%)	0.00	0.00

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Securizations with Risk Grade 4 (weighted at 350%)	0.00	0.00
Securizations with Risk Grade 4, 5, 6 or Not Qualified (weighted at 1250%)	0.00	0.00
	0.00	0.00
Re-securitizations with Risk Grade 1 (weighted at 40%)	0.00	0.00
Re-securitizations with Risk Grade 2 (weighted at 100%)	0.00	0.00
Re-securitizations with Risk Grade 3 (weighted at 225%)	0.00	0.00
Re-securitizations with Risk Grade 4 (weighted at 650%)	0.00	0.00
Re-securitizations with Risk grade 5, 6 or Not Qualified (weighted at 1250%)	0.00	0.00
	0.00	0.00

TABLE III.3 Weighted assets subject to operational risk

Risk-weighted assets	Capital requirement
7,971	638

Average of the requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
3,536	5,314

Banca Afirme at the end of March 2021 is classified as Category I, in accordance with the provisions applicable to the capitalization requirements, issued by the National Banking and Securities Commission to Multiple Banking Institutions in terms of article 50 of the LIC, Chapter I of Title First Bis.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

ANNEX 1-O Bis
DISCLOSURE OF INFORMATION REGARDING THE REASON FOR LEVERAGE
 (Before replicas with the Banco de México)

- I.- Integration of the main sources of leverage
- II.- Comparison between total assets and Adjusted Assets
- III. - Reconciliation between total assets and on-balance sheet 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	Items within the balance sheet (excluding derivative financial instruments and repurchase agreements and securities loans -SFT for its acronym in English- but including collaterals received as collateral and recorded on the balance sheet)	166,198
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	- 1,018
3	On-balance sheet exposures (Net) (excluding derivative financial instruments and SFT, sum of lines 1 and 2)	165,181
	Exposures to derivative financial instruments	
4	Annual replacement cost associated with all operations with derivative financial instruments (net of allowable cash variation margin)	59
5	Amounts of additional factors for potential future exposure, associated with all operations with derivative financial instruments.	41
6	Increase in Collateral contributed in operations with derivative financial instruments when said collateral is removed from the balance sheet 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 derivative financial instruments on behalf of clients, in which the clearing partner does not grant its guarantee in case of breach of the obligations of the Central Counterparty)	-
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)	0
	Total exposures to derivative financial instruments (sum of lines 4 to 10)	

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

12	Gross SFT assets (without offset recognition), after accounting transaction adjustments for sales	8,841
13	(Accounts payable and receivable from SFT cleared)	-
14	Counterparty Risk Exposure by SFT	1,457
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing operations (sum of lines 12 to 15)	10,299
	Capital and total exposures	
17	Off-balance sheet exposure (gross notional amount)	8,733
18	(Adjustments for conversion to credit equivalents)	8,220
19	Off-balance sheet items (sum of lines 17 and 18)	514
	Capital and total exposures	
20	Tier 1 Capital	6,832
21	Total exposures (sum of lines 3, 11, 16, and 19)	175,993
	Leverage ratio	
22	Basel III leverage ratio	3.88%

TABLE II.1

Reference	ITEM	AMOUNT
1	Total assets	175,195
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	- 720
3	Adjustment related to trust assets recognized in the balance sheet according to the accounting framework, but excluded from the measurement of the exposure of the leverage ratio	-
4	Adjustment for derivative financial instruments	41
5	Adjustment for repurchase agreements and securities lending	1,457
6	Adjustment for items recognized in memorandum accounts	514
7	Other settings	- 292
8	Leverage ratio exposure	176,195

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

TABLE III.1

Reference	ITEM	AMOUNT
1	Total assets	175,195
2	Operations in derivative financial instruments	- 155.12
3	Repo operations and securities loans	- 8,841.18
4	Trust assets recognized in the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	-
5	Exposures within the Balance Sheet	166,198

CONCEPT/QUARTER	T-1	T	VARIATION (%)
Basic Capital 1/	6,064	6,832	12.7%
Adjusted Assets 2/	172,574	175,993	2.0%
Leverage Ratio 3/	0.035140948	0.0388218	0.104744065

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Characteristics of the obligations

Reference	Characteristic	QAFIRME-15 Options	BAFIRME-18 Options	BAFIRME-20 Options	BAFIRME-20-2 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.
2	ISIN, CUSIP or Bloomberg identifier	N/A	N/A	N/A	N/A
3	Legal framework	Credit Institutions Law Credit Institutions, Unique Circular of Banks	Credit Institutions Law Credit Institutions, Unique Circular of Banks	Credit Institutions Law Credit Institutions, Unique Circular of Banks	Credit Institutions Law Credit Institutions, Unique Circular of Banks
	<i>Regulatory treatment</i>				
4	Capital level with transience	Basic 2	Complementary	Complementary	Complementary
5	Capital level without transience	Basic 2	Complementary	Complementary	Complementary
6	Instrument level	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 Obligation of Non-Preferential Capital and Not Susceptible to be Converted into Shares	Subordinated Obligation of Non-Preferential Capital and Not Susceptible to be Converted into Shares	Subordinated Obligation of Non-Preferential Capital and Not Susceptible to be Converted into Shares
8*	Amount recognized in regulatory capital	\$ 810.77 They are recognized within the basic non-fundamental capital.	\$ 1,923.71 are recognized within complementary capital.	\$ 1,923.71 are recognized within complementary capital.	\$ 1,923.71 are recognized within complementary 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.
9A	Instrument currency	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

10	Accounting classification	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//10/20
12	Instrument term	Perpetuity	Expiration	Expiration	Expiration
13	Expiration date	Without caducity	September 28, 2028	March 15, 2030	October 10, 1930
14	Advance payment clause	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.
15A	Regulatory or tax events	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
16	Subsequent advance payment dates	NA	NA	NA	NA
	<i>Returns/ dividends</i>				
17	Yield/dividend type	Variable Yield	Variable Yield	Variable Yield	Variable Yield
18	Cup of Interest/Dividend	Interest Rate: 91-day TIEE + 4.00%	Interest Rate: 28-day TIEE + 2.80%	Interest Rate: 28-day TIEE + 2.80%	Interest Rate: 28-day TIEE + 2.80%
19	Dividend cancellation clause	NA	NA	NA	NA
20	Discretion in payment	Mandatory	Mandatory	Mandatory	Mandatory

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

21	Interest increase clause	NA	NA	NA	NA
22	Yield/dividends	Performance	Performance	Performance	Performance
23	Instrument convertibility	Convertibles	Non Convertibles	Non Convertibles	Non Convertibles
24	Convertibility conditions	NA	NA	NA	NA
25	Degree of convertibility	NA	NA	NA	NA
26	Conversion rate	NA	NA	NA	NA
27	Type of instrument convertibility	NA	NA	NA	NA
28	Type of convertibility financial instrument	NA	NA	NA	NA
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.
30	Decrease in value clause <i>(Write-Down)</i>	NA	NA	NA	NA
31	Conditions for decrease in value	NA	NA	NA	NA
32	Degree of loss of value	NA	NA	NA	NA
33	Temporality of the decline in value	NA	NA	NA	NA

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

34	Time value decrease mechanism	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 obligation of non-preferential capital and not susceptible to be converted into shares	Subordinated obligation of non-preferential capital and not susceptible to be converted into shares	Subordinated obligation of non-preferential capital and not susceptible to be converted into shares
36	Non-compliance characteristics	No	No	No	No
37	Description of default characteristics	NA	NA	NA	NA

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

DISCLOSURE OF LIQUIDITY COVERAGE COEFFICIENT

In compliance with Annex 5 of Article 8 stipulated in section III of the General Provisions on liquidity requirements for Multiple Banking institutions, the disclosure format of the liquidity coverage ratio for the first quarter 2021 is detailed.

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	Does not apply	13,925
CASH OUTFLOWS			
2	Unsecured Retail Financing	23,323	1,731
3	Stable funding	12,026	601
4	Less stable financing	11,296	1,130
5	Unsecured wholesale funding	27,131	11,820
6	Operational deposits	0	0
7	Non-operational deposits	26,550	11,240
8	Unsecured debt	581	581
9	Guaranteed Wholesale Financing	Does not apply	232
10	Additional requirements:	7,704	611
11	Outputs related to derivative financial instruments and other collateral requirements	794	261
12	Outputs related to losses from the financing of debt instruments	0	0
13	Lines of credit and liquidity	6,910	350
14	Other contractual financing obligations	48	19
15	Other contingent financing obligations	0	0
16	TOTAL CASH OUTPUTS	Does not apply	14,413
CASH INPUTS			
17	Cash inflows for guaranteed operations	54,237	29
18	Cash inflows for unsecured operations	6,428	4,104
19	Other cash inflows	3,209	3,209
20	TOTAL CASH INPUTS	63,875	7,342
			Adjusted amount
21	TOTAL COMPUTABLE LIQUID ASSETS	Does not apply	13,925
22	TOTAL NET OF CASH OUTPUTS	Does not apply	7,071
23	LIQUIDITY COVERAGE COEFFICIENT	Does not apply	203.19%

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

- 90 calendar days of the quarter corresponding to January - March 2021 are considered.
- During the period in question, the main change was due to cash inflows from unsecured operations and the decrease in other non-contractual obligations.
- The evolution of the composition of the Eligible and Computable Liquid Assets was as follows:

January	February	March
-3.69%	-8.64%	24.44%

- Banca Afirme does not have a currency mismatch.
- The centralization of liquidity management is concentrated in Banca Afirme.
- Within the flows reported in the form as informative, the flows for the quarter for Inputs and Outputs are detailed:

Month	Departures	Tickets
January	4	3
February	4	4
March	2	2

*Amounts in millions of pesos

MAIN SOURCES OF FINANCING

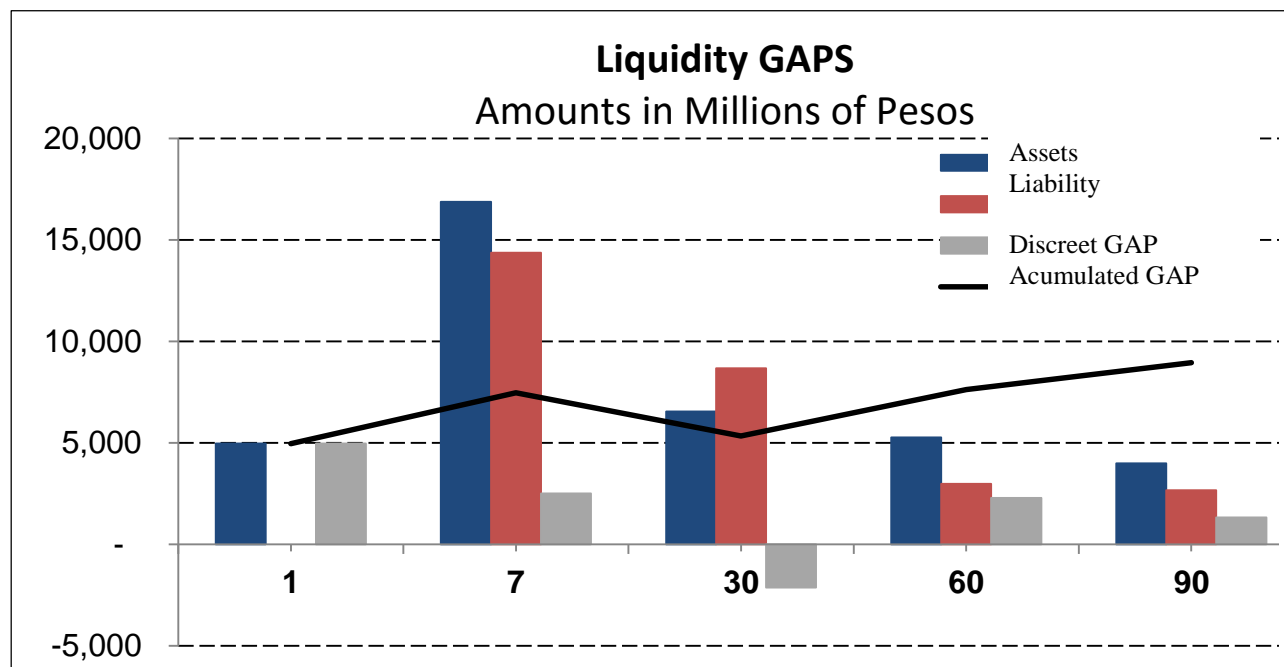
In general, the financing needs of the Institution's loan portfolio are covered by traditional fund-raising, however, other liquidity elements are maintained if required as credit lines and the ability to issue bank paper in the market, not encountering legal, regulatory or operational limitations.

Traditional Catchment March 31, 2021	
Deposits of immediate demand	33,451
Time deposits	23,952
Credit Securities Issued	-
Capture without movements	101
Total	57,505

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 the liquidity risk, the Liquidity Coverage Ratio ("CCL" for its acronym in Spanish) and the liquidity bands are determined, considering the nature of the assets and liabilities on the balance sheet over a period of time.

Banca Afirme accumulated 60-day band was \$ 7,618 at the end of 1Q 2021, a level that respected the established limit. The bands for term up to 90 days would be the following:

Notes on the Consolidated Financial Statements (figures in Millions of pesos)


On a daily basis, the Liquidity Coverage Coefficient (CCL) is monitored, since the Supervisory Authority imposes a minimum to promote the short-term resistance of the liquidity risk profile, guaranteeing that the Institution has sufficient high-quality liquid assets to overcome a significant stress scenario over a 30-day period.

As of March 31, 2021, the Liquidity Coverage Ratio is 178%. In order to show the behavior of the CCL, the values at the close of 1Q 2021 compared to the previous quarter are presented below.

CCL evolution	December 2020	March 2021
Computable Liquid Assets (Weighted)	15,572	18,660
Net Exits at 30 days	11,457	10,482
CCL	136%	178%

The evolution of Computable Liquid Assets compared to the immediately preceding quarter is shown below:

Computable Liquid Assets Evolution (Unweighted)	December 2020	March 2021
Liquid Assets Level 1	14,226	16,939
Liquid Assets Level 2	1,584	2,024
Total Liquid Assets	15,809	18,964

For its part, the market VaR adjusted for liquidity, which is interpreted as the loss that the bank would incur due to the time it would take to liquidate the position of the securities in the market, for this the VaR adjusted for liquidity is estimated as the product of the daily market VaR times the square root of 10.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

In order to show the behavior of the liquidity-adjusted VaR, the values at the end of 1Q 2021 are presented below compared to the previous quarter.

Trading Business Unit	Liquidity-adjusted VaR	
	Dec 31, 2020	Mar 31, 2021
Money table	(28.88)	(47.53)
Treasury	(2.47)	(1.70)
Global	(27.67)	(47.32)

The following shows the average liquidity-adjusted Value at Risk of the monthly closings of the corresponding quarter of the different business units.

Trading Business Unit	VaR adjusted for average liquidity
	Jan 2021 - Mar 2021
Money table	(48.01)
Treasury	(2.09)
Global	(44.38)

In general, the financing needs of the Institution's loan portfolio are covered by traditional fund-raising, however, other liquidity elements are maintained if required as credit lines and the ability to issue bank paper in the market, not encountering legal, regulatory or operational limitations.

Traditional Catchment March 31, 2021	
Deposits of immediate demand	33,451
Time deposits	23,952
Credit Securities Issued	-
Capture without movements	101
Total	57,505

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

Liquidity risk management is carried out 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.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

- The Assets and Liabilities Committee is in charge of monitoring the balance sheet 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.

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 lines of credit.

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. Said tests are presented to the Risk Policies Committee on a monthly basis for analysis. The variables used to build adverse scenarios are overdue portfolio, interest rates and sources of financing, mainly.

The institution, in accordance with the regulations applicable to Credit Institutions, has liquidity contingency plans in case at any time 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 for this purpose the Bank's structure and are divided according to the severity of possible scenarios.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

Derivatives

Derivatives are used for balance sheet 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.
- 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.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

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 the *trading* operations is the quotation with the counterparts the standard conditions of the operations observing the quotations of the *brokers* in the market. A Cap is kept in position for hedging purposes, however, the Institution does not operate this type of instrument continuously.

Currently, Banca Afirme operates in the national over-the-counter (OTC) market for these instruments and the eligible counterparties are only national or foreign Banking Institutions with which there are ISDA contracts (Local or International) and a line of credit has been granted in 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 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 on the Consolidated Financial Statements (figures in Millions of 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 Banco de México, 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 Integral Risk Management Unit ("UAIR" by its acronym in Spanish), 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 Banco de México.

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.

For the interest rate Cap (option), each *caplet* is valued using the *Black* model, for which the interest rate curves and the volatility surface published by the price provider are used. *Black*'s model is a widely recognized model for the valuation of these instruments and assumes a lognormal distribution for interest rates with the volatility obtained for caps.

The valuation of financial instruments is carried out 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 on the Consolidated Financial Statements (figures in Millions of 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.

Our internal sources of funding are mainly our stable clients, which give us the ability to meet any requirement related to derivative operations, these clients allow us to have a current liquidity greater than 14,000 million that more than cover any liquidity risk, including derivative operations. In addition to the above, we have extensive external capacities with lines exceeding 15,000 million of which currently only 1,500 million are used.

With the above, we can conclude that Banca Afirme has a very adequate liquidity to face periods of liquidity requirements, including the needs for derivative operations.

During the quarter, no significant changes were observed in exposure to the main risks mentioned above.

The underlying assets to which there was exposure during the first quarter of 2021 were the interbank interest rate (TIIE) and the currency (peso / dollar), which have daily movements according to market movements. However, these changes did not generate new relevant obligations or affect the liquidity of the Institution.

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

The impact on Cash Flow at the end of 1Q 2021 is presented below:

	Amount
Interest paid	44,386
Interest charged	13,917
Net effect	- 30,468

Amounts in thousands of pesos

The following table shows the impact on Derivatives Valuation Results for 1Q 2021:

	Balance 4Q 2020	Balance 1Q 2021	Quarter effect
Trading swaps	4,583	77,222	72,639
Hedging swaps	457	368	- 89
Chap	3	2	- 1

Amounts in thousands of pesos

During this quarter, 19 *interest rate swap* transactions matured and 8 derivative transactions were carried out.

The comparison between the counterparty exposure and the guarantees received is performed on a daily basis; and in the event that a differential greater than the threshold (*Threshold*) and the roundings agreed with each counterparty is detected, the 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.

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, 2021								
Derivative type	End	Notional	Asset value		Fair value		Maturity amounts	
			Current quarter	Previous quarter	Current quarter	Previous quarter	2021	Later
TIIE SWAP	Coverage	7,820,577	4.29	4.48	20,410	- 263,353	-	7,820,577
TIIE SWAP	Negotiation	25,300,000	4.29	4.48	- 15,416	- 255,254	25,000,000	300,000
SWAP TIIE *	Negotiation	35,300,000	4.29	4.48	11,353	159,569	35,000,000	300,000
TIIE CAP	Coverage	17,095	4.29	4.48	0	0	-	17,095
CCS USD-MXN	Coverage	462,997	20.44	19.90	- 12,179	- 3,079	-	462,997

* *Afirme takes a short position, in the rest of the operations it takes a long position*

Notes on the Consolidated Financial Statements (figures in Millions of pesos)

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.

Derivative Rate Sensitivity				
Figures in thousands of pesos as of March 31, 2021				
25 PB ^{1/}	50 PB	100 PB	150 PB	200 PB
19,811	39,623	79,245	118,865	158,484

^{1/} PB: base 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.