

Management Report

Banca Afirme

September 2024

Hoy creamos

Hoy creamos

EMPIEZA A IMAGINARLO

AFIRME
El Banco de Hoy

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MANAGEMENT COMMENTS AND ANALYSIS ON THE RESULTS OF OPERATION AND FINANCIAL SITUATION OF BANCA AFIRME.

OPERATING RESULTS.

Comparative analysis of the period ending September 30, 2024 compared with the period ending September 30, 2023.

At the end of the third quarter of 2024, Banca Afirme's profit totaled 147.8 million pesos, 46.1% higher than the same period of the previous year, mainly due to a higher financial margin, on the other hand, due to a better result from intermediation; among other factors that will be analyzed later.

FINANCIAL MARGIN ANALYSIS

YIELDS GENERATED BY THE CREDIT PORTFOLIO

At the end of the third quarter of 2024, the interest generated by the credit portfolio amounts to 2,360.6 million pesos, an increase of 9.2% compared to the same period of the previous year. This is due, on one hand, to the behavior of the reference interest rates TIIE, the annual average goes from 11.50% to 10.95% from September 2023 to September 2024, on the other hand; the current portfolio (stages 1 and 2) which increases by 5.8% which together represents an increase of 3,311 million pesos.

Credit Portfolio Interests	III Q 23	II Q 24	III Q 24	Variation	% Var.
Business Credits	1,094.1	1,171.7	1,179.5	85.3	7.8%
Consumer loans	691.6	752.9	789.6	98.0	14.2%
Home loans	267.9	294.3	308.7	40.8	15.2%
Loans to government entities	94.2	85.9	67.9	(26.3)	-28.0%
Loans to Financial Institutions	13.1	11.4	14.9	1.8	14.1%
Totals	2,160.9	2,316.3	2,360.6	199.7	9.2%

During the mentioned period, commissions for credit operations show a 5.9% year-on-year decrease.

Commissions received for Credit Operations	III Q 23	II Q 24	III Q 24	Variation	% Var.
Business Credits	13.9	14.8	15.6	1.7	12.3%
Consumer loans	31.7	32.8	34.1	2.4	7.7%
Housing loans	2.9	2.4	1.6	(1.3)	-44.8%
Loans to Government Entities	0.1	0.1	0.1	0.0	19.5%
Totals	48.6	50.1	51.5	2.9	5.9%

INCOME FROM INVESTMENTS IN SECURITIES, REPURCHASES TRANSACTIONS AND CASH AND CASH EQUIVALENTS.

During the third quarter of 2024, awards, interest, and premiums for investments increased mainly because positions in securities were increased as a profitability strategy of the Institution. In the comparison of the third quarter of this year and the same period of the previous year, the growth in positions mentioned is reflected, so the results have reflected the change in the composition of the Financial Situation Statement.

As a relevant strategy in our Bank, we continue with liquidity to be able to respond to possible unexpected events and market stability, the above coupled with what was explained in the first paragraph causes an increase of 7.0% in the interest charged, mainly explained in the charge for negotiable securities that grew by 9.00%.

In summary, the growth of our liquidity and the increase in the Financial Situation Statement of values led to higher revenues in these areas.

The reduction in the interest charged for cash was because the amount of these operations did not change significantly, but the investment rate has been decreasing, remembering that in the third quarter of 2023 the reference rates of the Bank of Mexico were at 11.25%, at the end of this year's quarter they were at 10.75%.

Premiums, interest and bonuses derived from investments in securities	III Q 23	II Q 24	III Q 24	Variation	% Var.
For unrestricted trading securities	4,501.5	5,176.1	4,907.1	405.6	9.0%
Cash and cash equivalents	174.4	160.7	147.1	(27.3)	-15.7%
Restricted securities and securities under repurchase agreements					
Interest received and premiums on securities under repurchase agreements	1,098.8	952.5	1,128.7	29.9	2.7%
Proceeds from hedging transactions	76.8	100.8	78.7	1.9	2.4%

Totals **5,851.5** **6,390.1** **6,261.6** **410.1** **7.0%**

PRIZES AND INTEREST DERIVED FROM THE CAPTURE OF

During the third quarter of 2024, interest expenses show a growth of 7.1% in relation to the previous year, this increase is largely due to the interest and premiums on repos, which have a variation of 14.8%, mainly explained by the increase in the position in securities. On the contrary, expenses for immediate demand deposits and interbank loans and from other organizations, significantly reduced given the rate reduction mentioned in the previous paragraphs, which reduced the cost of funding. Additionally, the leasing expense was reduced by 61.5% due to the reduction of this funding mechanism within the institution. The other items that did not have a substantial change in volume were reduced by the start of the decline in reference rates.

Interests Expenses	III Q 23	II Q 24	III Q 24	Variation	% Var.
Immediate callable deposits	561.5	397.2	478.5	(83.1)	-14.8%
Term deposits	1,193.4	1,170.1	1,187.1	(6.3)	-0.5%
Interbank and other institutions loans	173.4	107.3	110.0	(63.4)	-36.6%
Interest on subordinated debentures	126.2	121.8	122.1	(4.2)	-3.3%
Stock market liabilities	48.5	52.9	47.0	(1.5)	-3.2%
Interests and repurchase premiums	4,586.7	5,464.5	5,264.8	678.1	14.8%
Interest from global accounts of funds raised	(1.1)	1.8	2.4	3.5	-327.2%
Interest expenses on leases	43.0	19.9	16.6	(26.4)	-61.5%
Others	39.5	40.0	65.3	25.8	65.4%
Totals	6,810.0	7,375.4	7,293.8	483.8	7.1%

Maintaining balances in term deposits was due to the strategy that the Institution has maintained to stabilize its term collection in order to have an even more robust liquidity and give the Institution the capacity for growth.

FINANCIAL MARGIN RESULT

Based on what was explained in the previous points, the actions taken have allowed the margin compared to the third quarter of 2023 to grow by 10.3%, achieving the result due to the strategy proposed within the Institution.

FINANCIAL MARGIN	III Q 23	II Q 24	III Q 24	Variation	% Var.
Total Interest Collected	8,061.0	8,756.5	8,673.6	612.6	7.6%
Total Interest Paid	6,810.0	7,375.4	7,293.8	483.8	7.1%
FINANCIAL MARGIN	1,251.0	1,381.1	1,379.8	128.8	10.3%

NON-FINANCIAL INCOME

COMMISSIONS AND FEES DERIVED FROM THE PROVISION OF SERVICES

At the close of the third quarter of 2024, the commissions and fees charged show an increase of 2.6% compared to the same period of the previous year. This variation is mainly due to the commissions charged in electronic banking, which show an increase of 18.0%, largely due to an increase in electronic banking transactions (mainly POS and ATM). The commissions for fiduciary activities decrease by 54.8% as a result of extraordinary operations during the third quarter of the previous year. The item of other commissions decreases by 32.7% due to non-recurring commissions charged during the third quarter of 2023.

Commissions and Fees Collected	III Q 23	II Q 24	III Q 24	Variation	% Var.
Credit operations	6.2	8.4	8.0	1.7	28.0%
Transfers of funds	7.8	7.8	8.9	1.2	15.0%
Fiduciary activities	88.9	25.8	40.2	(48.7)	-54.8%
Appraisals	3.0	3.6	4.2	1.1	37.2%
Account Management	14.6	14.9	14.5	(0.1)	-0.5%
Electronic Banking	720.5	793.9	850.0	129.4	18.0%
Endorsements	0.4	0.3	0.4	0.0	6.8%
Royalty collection	19.9	15.4	15.3	(4.6)	-23.2%
Insurance	89.5	72.8	85.6	(3.9)	-4.4%
Financial Advisory	0.2	0.1	0.2	0.0	2.9%
Other commissions and fees	146.3	110.9	98.5	(47.9)	-32.7%
Totals	1,097.4	1,053.8	1,125.7	28.3	2.6%

RESULT BY INTERMEDIATION

The income from valuation in the third quarter of 2024 had significant growth, given the new expectation of rates in the market and the fact that the Bank of Mexico effectively reduced the reference rate by 25 basis points during its last Monetary Policy decision. Regarding the result from buying/selling, it grew significantly due to the revaluation of securities in our position and their realization through sales, this revaluation is explained by the increased market demand for the securities held in our position.

Active participation in financial markets continues, including Money Market and Exchange Operations, applying investment and operation strategies within the authorized risk limits.

INTERMEDIATION RESULT	III Q 23	II Q 24	III Q 24	Variation	% Var.
Valuation Results to Fair Market Value and Reduction of Titles valued at cost	1.3	52.2	38.2	37.0	2,848.0%
Titles to negotiate	1.3	52.2	38.2	37.0	2,848.0%
Results from Sales and Purchase of Securities and Foreign Exchange	14.6	51.8	217.4	202.8	1,387.2%
Titles to negotiate	(22.1)	12.2	179.7	201.8	-913.9%
Results for Sales and Purchase of Currency	36.7	39.6	37.8	1.1	2.9%
Totals	15.9	104.0	255.7	239.8	1,506.3%

OTHER INCOME (EXPENSES) FROM THE OPERATION

At the close of the third quarter of 2024, the item of other operating income (expenses) shows a decrease of 8.4 million pesos compared to the same period of the previous year, which represents 19.4%, the purge of creditor accounts decreases the item of purge of accounts payable by 24.5 million pesos due to the fact that during the previous year there were extraordinary releases, bonuses to clients decreased by 105.0%, on the other hand, Due to changes in accounting criteria, some items are not comparable, such as the result from operating leases. .

Other Income (Expenses) of the Net Operation	III Q 23	II Q 24	III Q 24	Variation	% Var.
Recoveries	14.0	15.6	22.6	8.6	61.2%
Write-off of accounts payable	31.4	13.3	6.9	(24.5)	-78.1%
Income from operating leases	(33.6)	52.6	52.7	86.2	-257.0%
Collection of written-off loans	32.7	41.8	47.9	15.2	46.5%
Release of reserves	0.0	0.0	0.2	0.2	0.0%
Release of reserves for other accounts payable	0.0	0.0	0.1	0.1	>500%
Sale of furniture and real estate	17.7	(0.0)	5.4	(12.3)	-69.6%
Bond from the use of TDC and TDD	21.2	1.3	1.2	(19.9)	-94.2%
Other + funds	37.5	56.3	36.7	(0.8)	-2.1%
Loss on sale of portfolio	(0.0)	0.0	(0.2)	(0.2)	>500%
Customer bonuses	(26.0)	(38.0)	(53.3)	(27.3)	105.0%
Sundry losses	(8.0)	(4.8)	(15.1)	(7.1)	88.7%
Allowance for other past due accounts receivable	(16.5)	(5.7)	(2.9)	13.5	-82.1%
Reserve for foreclosed assets	0.3	(7.5)	(10.9)	(11.1)	-4,241.8%
IPAB fees	(89.9)	(88.1)	(90.1)	(0.2)	0.3%
Others	(1.6)	(2.0)	(2.8)	(1.2)	71.8%
Totals	(20.8)	34.8	(1.6)	19.2	-92.1%

ADMINISTRATIVE EXPENSES

During the third quarter of 2024, administrative expenses showed a variation of 31.7%, mainly in the category of other administrative expenses where an increase of 43.2% is shown, where expenses associated with the performance of digital banking previously explained are recorded, remunerations and benefits increase by 22.3% largely due to the performance of the financial table, depreciations increase by 54.5% which due to changes in accounting criteria are not comparable, fees increase by 44.5% mainly due to a higher requirement for specialized services.

ADMINISTRATIVE EXPENSES	III Q 23	II Q 24	III Q 24	Variation	% Var.
Compensations and Benefits	495.5	594.4	605.9	110.4	22.3%
Fees	72.8	104.5	105.1	32.4	44.5%
Income	3.3	16.1	14.1	10.8	326.0%
Promotion	59.3	45.9	40.1	(19.2)	-32.4%
Other operating and administrative expenses	407.0	466.7	583.0	176.0	43.2%
Miscellaneous Taxes	80.8	87.9	77.0	(3.9)	-4.8%

Depreciation and Amortization	170.4	258.2	263.2	92.8	54.5%
Items not deductible for income tax	7.4	4.1	19.9	12.5	170.5%
PTU Accrued	23.9	10.5	22.6	(1.4)	-5.8%
PTU Deferred	(14.1)	5.3	(9.8)	4.2	-30.1%
Totals	1,306.3	1,593.6	1,721.0	414.7	31.7%

INCURRED AND DEFERRED TAXES

Tax on Profit	III Q 23	II Q 24	III Q 24	Variation	% Var.
Caused ISR	(72.2)	3.1	(72.4)	(0.27)	0.4%
Differed ISR	41.1	(37.6)	44.0	2.87	7.0%
Totals	(31.0)	(34.5)	(28.4)	2.6	-8.4%

At the end of the third quarter of 2024, Banca Afirme individually presents its tax returns, and to date has no outstanding tax credits or debts.

FINANCIAL SITUATION, LIQUIDITY AND CAPITAL RESOURCES

The internal sources of liquidity for Banca Afirme are constituted both by the issuance of its own paper, traditional collection, and external sources coming from credit lines granted by financial institutions and development banking.

Debt level at the end of the third quarter of 2024

The total liabilities of Banca Afirme as of September 30, 2023 and 2024, were 256,621.8 billion pesos and 286,421.3 billion pesos respectively, the main component of the liabilities being the operations of the Financial Desk.

Total Liabilities	Sep 23	June 24	Sep 24	Go	%
Traditional Fund Raising	87,069.7	85,176.6	86,520.6	(549.1)	-0.6%
Debit securities issued	1,494.4	1,790.2	1,195.9	(298.5)	-20.0%
Interbank Loans and Other Organizations	5,861.2	3,996.8	3,934.5	(1,926.7)	-32.9%
Repurchase Agreements	154,287.0	183,992.5	186,873.0	32,586.0	21.1%

Other Accounts Payable	2,552.3	2,286.2	2,638.8	86.5	3.4%
Deferred Credits	78.6	120.9	107.6	29.0	36.8%
Lease Liabilities	1,772.2	1,539.3	1,490.9	(281.3)	-15.9%
Other Liabilities	3,506.4	3,564.0	3,660.1	153.7	4.4%
Total Liability	256,621.8	282,466.5	286,421.3	29,799.5	11.6%

EVOLUTION OF THE FINANCIAL SITUATION STATEMENT

The total assets of Banca Afirme show an increase compared to the same period of the previous year of 11.5%, impacted by the increase in financial instruments and repo debtors which together increase by 11.3% as a result of a larger operation of the financial desk.

The collection decreases its balances mainly the sight collection which decreases by 1.8%, the term collection shows a marginal growth of 0.3%, on the other hand, the balance in issued credit titles decreases by 298.5 million pesos showing a balance as of September 30, 2024 of 1,195.9 million pesos.

RELEVANT INDICATORS					
	IIIQ 23	IVQ 23	IQ24	IIQ 24	IIIQ 24
Delinquency rate (stage 3 portfolio / total portfolio)	5.82%	5.13%	5.22%	5.42%	5.52%
Non-performing loan coverage (allowance for loan losses / stage 3 portfolio)	0.67	0.70	0.69	0.69	0.69
Operating efficiency (administration and promotion expenses/average total assets)	2.01%	2.18%	2.11%	2.21%	2.35%
ROE (return on equity)	5.04%	5.63%	6.33%	6.02%	6.89%
ROA (return on assets)	0.16%	0.18%	0.18%	0.17%	0.20%
Liquidity Ratio (liquid assets/liquid liabilities)	0.98	0.96	0.97	0.97	0.95
MIN (financial margin adjusted for credit risks/productive assets)	1.31%	1.39%	1.32%	1.49%	1.42%
Banca Afirme					
Credit Capitalization Index	20.99%	20.81%	20.36%	20.98%	21.18% (1)
Total Capitalization Ratio	15.42%	15.20%	14.93%	15.26%	15.54% (1)
Basic Capital Index	11.65%	11.49%	11.36%	11.67%	11.96% (1)

(1) Preliminary data before replicas with Banxico

Note: The details of the assets at risk are included in the financial notes.

TREASURY POLICIES

The Treasury is governed by internal policies in accordance with the regulations issued by various authorities, as well as prudential risk levels defined by internal collegiate bodies, among others, regarding the following:

- Assets and Liabilities operations;
- Accounting record of transactions;
- Liquidity ratios;
- Capacity of payment systems; and
- Market, liquidity and credit risks.

The main objective of the Treasury is to level the funding requirements or surpluses between the different business units to maximize profitability, taking care of the adequate management of the risks to which it is affected, in accordance with the official regulations in force.

INTERNAL CONTROL

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

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

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

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

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

Qualitative Information System Remuneration

- a) For all positions there is a fixed remuneration that consists of a monthly base salary and guaranteed benefits that can be annual or monthly, such as:
- Christmas bonus, 30 days a year.
 - Vacation Premium, 25% of vacation days according to the LFT table.
 - Savings Fund, 10% monthly with legal limit.

Management positions have bonus schemes for meeting business objectives and/or goals, profitability, improvement and efficiency projects, service level evaluations, etc.

- b) The Remuneration Committee was integrated into the Risk Committee and its function is to evaluate and, where appropriate, authorize the necessary adjustments to the remuneration schemes of eligible personnel, in compliance with the regulations issued for that purpose.

The Risk and Compensation Committee is composed of:

President
Independent Director
Adviser
Independent Director
Managing Director
Head of Comprehensive Risk Management
Deputy General Director of Risk and Credit Management
Deputy General Director Corporate Administration
Secretary
Legal and Trustee Director
Independent Expert
Guest with voice, without vote

The Human Resources Department participates in this Committee to inform and, where appropriate, request the approval of modifications and/or new variable compensation schemes of the Remuneration System when necessary. The Finance Department participates by evaluating the results of the schemes of the different areas.

The Remuneration Manual applies to the Management positions of the first two levels of the Staff areas, and to the Management positions of the first three levels of the Deputy General Business Management.

For the 2024 financial year, the list of these positions is:

STAFF	BUSINESS
EXECUTIVE DIRECTOR MONEY MARKET	DIVISIONAL DIRECTOR
DEPUTY MANAGING DIRECTOR INVESTMENTS	GOVERNMENT BANK DIRECTOR NUEVO LEON
CORPORATE SERV. DEVELOPMENT DIRECTOR	PEOPLE SEGMENT DIRECTOR
FINANCE DIRECTOR	DIRECTOR DIGITAL BANKING
MONEY MARKET CONTROLLER EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR OF PRODUCTS
DIRECTOR FACTORING	MORTGAGE DIRECTOR
IT CORP, OPERATIONS AND PROCESSES DIRECTOR	BANKING RECRUITMENT AND CORRESPONDENCE DIRECTOR
GOVERNMENT CREDIT ANALYSIS DIRECTOR	DIRECTOR SELF-SERVICES
EXECUTIVE DIRECTOR. OPERATIONS AND PROCESSES	PAYROLL AND PAYROLL CREDIT DIRECTOR
LEGAL AND APPRAISALS EXECUTIVE DIRECTOR	DIRECTOR OF ACQUISITION
DIRECTOR CORP RELATIONS INSTI AND BCA GOB	BUSINESS BANKING MONTERREY EXECUTIVE DIRECTOR
DIRECTOR PREV. FRAUDS AND CLARIFICATIONS	DEPUTY MANAGING DIRECTOR OF BUSINESS
LEGAL DIRECTOR OF RECOVERY	CREDIT AND DEBIT CARD DIRECTOR
EXECUTIVE PROJECTS DIRECTOR	BUSINESS DEVELOPMENT CENTERS DIRECTOR
CONTROLLER GENERAL	BILLU DIRECTOR
DIRECTOR OF INFRASTRUCTURE AND SERVICES	ESTATE SEGMENT DIRECTOR
IT PROCESS AND ARCHITECTURE DIRECTOR	SPECIALIZED SALES EXECUTIVE DIRECTOR
DIRECTOR OF SECURITY AND INTELLIGENCE	BANKING INSURANCE EXECUTIVE DIRECTOR
DIRECTOR OF INFORMATION SECURITY	CORPORATE COMMERCIAL AND DIGITAL DIRECTOR
MONEY MARKET DIRECTOR	COMMERCIAL PARTNERSHIP DIRECTOR
CONTROLLER DIRECTOR	BUSINESS SEGMENT DIRECTOR
AUDIT DIRECTOR	DGA BUSINESS DEVELOPMENT IN BANKING
GOVERNMENT AND INFRASTRUCTURE DIRECTOR	SME SEGMENT DIRECTOR
TRUSTEE DIRECTOR	REGIONAL COMMERCIAL DIRECTOR
LEGAL STRUCTURING BUSINESS DIRECTOR	BUSINESS BANKING DIRECTOR
REGULATORY CONTROLLER DIRECTOR	
EXECUTIVE DIRECTOR CREDIT	
ADMINISTRATIVE RECOVERY AND CALL CENTER DIRECTOR	
DGA RISK AND CREDIT MANAGEMENT	
DIRECTOR OF PARAMETRIC CREDITS	
HUMAN RESOURCE EXECUTIVE DIRECTOR	
NON-CREDIT RISK EXECUTIVE DIRECTOR	
DIRECTOR SPECIALIZED BANKING	
TREASURY BALANCE SHEET EXECUTIVE DIRECTOR	
DEPUTY LEGAL DIRECTOR GENERAL AND FID.	

CENTER SERVICES DEVELOPMENT AND TRAD CHANNELS DIRECTOR
DIRECTOR GOVERNMENT BANKING
WORKS AND MAINTENANCE DIRECTOR
ADMINISTRATIVE CONTROL AND PURCHASES DIRECTOR
CREDIT RISK EXECUTIVE DIRECTOR
CALL CENTER DIRECTOR
RECOVERY CONSUMPTION AND TRADE DIRECTOR.
PERIMETER SECURITY DIRECTOR
CORPORATE SERVICES DEVELOPMENT DIRECTOR

- c) Banca Afirme operates a Remuneration System that promotes and is consistent with effective risk management.

The Compensation System considers as eligible personnel the Managerial positions of the first two levels of the Staff areas and the Managerial positions of the first three levels of the Deputy General Business Management. The personnel included were chosen based on the fact that the decisions they make in their daily activities may involve a risk for the Institution.

The extraordinary remuneration schemes established for eligible personnel are subject to analysis by the Comprehensive Risk Management Unit in order to propose adjustments or deferrals to them.

On the other hand, the Comprehensive Risk Management Unit will deliver the analysis described above to the Remuneration Committee, including scenarios and projections on the effects of the materialization of the risks inherent to the activities of the people subject to the Remuneration System and the application of remuneration schemes on the stability and solidity of the Institution.

The last update of the Remuneration System was carried out in July 2021, where an subsection was added in the General Policies section Related to Ordinary Remuneration, in order to align it with the Manual of Diversity, Equity and Inclusion Policies and Guidelines.

The salaries of the participating personnel in the Risk, Audit and Compliance areas are based on the fulfillment of their own and specific objectives in their areas.

- d) The main risks considered when applying remuneration measures are market and credit risks.

These types of risk are a function of the institution's risk appetite and are defined in its respective policy.

Excesses to the established limits are monitored, and the risk levels are taken into account for the final allocation of the deferral and retention of remuneration.

The risk limits to which the operations are subject are established according to the risk appetite of the Institution.

- e) The main performance parameters for the institution, the business units and the individual staff are related to profitability, operating profit, budget compliance with sales goals, portfolio quality, level of customer service, among others.

Individual remunerations are related to the total performance of the institution to the extent that the purse for its payment must be generated with the fulfillment of the budgetary goals.

Remuneration can be adjusted, deferred or canceled based on non-compliance with risk parameters, codes of conduct, breaches of regulations and for not reaching the minimum percentage of compliance with the budget goal.

- f) Variable remuneration in the institution is paid in cash as a concept within the Payroll for all employees who participate in the Remuneration System.

Quantitative Information System Remuneration

- a) Number of meetings of the Risk and Remuneration Committee during the year: 4 on a quarterly basis.

- b) Number of employees: 81

- 1. Number of covered bonds: 4
Percentage: 0.14141%
- 2. Number of bonds awarded: 71
Percentage: 4.42111%
- 3. Number of compensation and settlements: 6
Percentage: 0.66826%
- 4. Bonds pending to be awarded in cash: 0
Percentage: 0%
- 5. Fixed + Variable Compensation of personnel subject to SR
Total: 14.92296%

- c)

- 1. Fixed Remuneration: 8.98235%
Variable Remuneration: 4.56252%
- 2. Transferred: 0%
Not Transferred: 4.56252%
- 3. Pecuniary: 4.42111%

- d)

- 1. Percentage exposed to subsequent adjustments: 0%
- 2. Percentage of reductions made due to adjustments: 0%

Note: The percentage that the account 6410 of Banca Afirme represents regarding the account 6400 (Administration and Promotion Expenses) is 36.9868%.

OTHER RELEVANT EVENTS

At the end of the third quarter of 2024, Banca Afirme has an asset level of 295,141.4 million pesos, showing an increase of 11.5% against the same period of the previous year. This variation is impacted by the increase in

financial instruments resulting from the transfer of operations from Afirme Investment Bank to Banca Afirme, which increases both total Assets and Liabilities.

Capitalization

The Capitalization Index of Banca Afirme was at 15.54% at the end of September 2024 with a basic capital index of 11.96%.

Contribution for future capital increases

At the Ordinary General Shareholders' Meeting held on July 29, 2024, the shareholders agreed to make a contribution for future capital increases of 425 million pesos, of which a payment of 259 million pesos was made in September 2024.

Issuance of Subordinated Bonds

QAFIRME15

At the Extraordinary General Shareholders' Meeting held on February 4, 2015, the Shareholders agreed to issue non-preferred capital subordinated bonds, perpetual and susceptible to be converted into shares at the Bank's option, obtaining authorization from the Central Bank for their Issuance through official letters OFI/S33-001-12465 and OFI/S33-001-12722 dated January 21, 2015, and February 3, 2015, correspondingly. The issuance of the bonds was carried out through a private offer for up to 11,000,000 subordinated bonds with a face value of \$100 pesos each, which accrue interest at a TIIE + 4.0% rate, this issuance is not guaranteed, the interest payment period is every three months, it has no maturity date. Said issuance was for an amount of \$ 800, the proportion of the authorized amount of subordinated bonds compared to the amount issued was 73%.

QBAFIRME18

At the Extraordinary General Shareholders' Meeting held on October 1, 2018, the Shareholders agreed to carry out an issue of non-preferred subordinated capital bonds not convertible into shares, obtaining authorization from the Central Bank for their issuance through official letter OFI/033-24335. The issuance of the bonds was carried out through a public offering of up to 12,000,000 subordinate bonds with a face value of \$100 pesos each, which earn interest at a TIIE + 2.8% rate, this issuance is not secured, the interest payment period 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 Shareholder's Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential subordinated capital bonds that cannot be converted into shares, obtaining authorization from the Central Bank for their issuance through official document 153/12258/2020. Through an issuance act dated March 24, 2020, it was carried out through a public offer of up to 5,000,000 subordinated obligations with a nominal value of \$100.00 pesos each, which accrue interest at a TIIE + 2.8% rate, this issue is not guaranteed, the interest payment period 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 bonds compared to the amount issued was 100%.

QBAFIRME20 - 2

At the Extraordinary General Shareholder's Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential subordinated capital bonds that cannot be converted into shares, obtaining authorization from the Central Bank for their issuance through official document 153/12258/2020. Through an issuance deed dated October 22, 2020, a public offer was carried out for up to 2,300,000 subordinated bonds with a nominal value of \$100.00 pesos each, which accrue interest at a TIIE + 2.8% rate. This issuance is not guaranteed, the interest payment period 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 bonds compared to the amount issued was 100%.

QBAFIRME22

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential subordinated capital bonds that cannot be converted into shares, obtaining authorization from the Central Bank for their issuance through document 153/12258/2020. By means of the act of issue dated February 15, 2022, the subordinated obligations were issued through a public offer for up to 2,012,500 subordinated obligations with a nominal value of \$ 100.00 pesos each, which accrue interest at a TIIE rate of 28 days + 2.8%, this issue is not guaranteed, the interest payment period is every 28 days and its maturity will be in February 2032. Said issuance was for an amount of \$ 201, the proportion of the authorized amount of the subordinated bonds compared to the amount issued was 100%. As of March 31, 2023 and 2022, the subordinated obligations do not have a discount rate nor a premium.

QBAFIRME22-2

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issue of non-preferred, non-convertible subordinated capital obligations of the Bank, obtaining authorization from the Central Bank for their issuance through official letter 153/12258/2020. On September 14, 2022, the subordinated debentures were issued through a public offering of 4,025,000 subordinated debentures, considering that the Issuer exercised its over-allotment right for 525,000 subordinated debentures, with a nominal value of Ps. 100.00 each, bearing interest at a TIIE rate for a term of up to 28 days.00 pesos each, bearing interest at a TIIE rate for a term of up to 28 days, this issue is unsecured, the interest payment period is every 28 days and maturity will be in September 2032. This issuance was for \$403.

BAFIRME 23

At the Extraordinary General Shareholders' Meeting held on November 27, 2023, the Shareholders agreed to carry out an issue of non-preferred, non-convertible subordinated capital obligations of the Bank, obtaining authorization from the CNBV for their issuance through official letter 153/5758/2023. Through an issuance act dated November 30, 2023, the issuance of subordinated obligations was carried out through a public offer for 12,000,000 subordinated obligations. The Issuer did not exercise the over-allotment right, with a nominal value of \$100.00 pesos each, which accrue interest at a TIIE rate for up to 28 days, this issuance is not guaranteed, the interest payment period is every 28 days and its maturity will be in November 2033. This issuance was for \$1,200. The proportion of the authorized amount of subordinated obligations to the issued amount was 47%. The authorized program is for a total amount of \$2,550.

At the end of the third quarter of 2024, the subordinated obligations program has a balance of 3,362.4 million pesos.

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".

C.P. Jesus Antonio Ramirez Garza

Chief Executive Officer

B.A. Luis Arturo Arias Medina

Chief Financial Officer

B.A. Alejandro Garay Espinosa

General Corporate Financial Director
Finance Controller

C.P. David Gerardo Martínez Mata

Audit Director