(4) Risk management

The function of identifying, measuring, monitoring, controlling, and reporting the different types of risk to which Banca Afirme is exposed, is in charge of the Comprehensive Risk Management Unit (UAIR), which reports to the Risk Policies Committee, an entity instituted by the Banca Afirme Board of Directors to monitor the comprehensive risk management process.

The Risk Policies Committee establishes risk policies and strategies, monitors them, and monitors their compliance.

The key UAIR objectives are the following:

- Standardize risk measurement and control.
- Protect the institution's capital against unexpected losses due to market movements, credit defaults, liquidity of resources, and operational, legal, and technological risks.
- Develop valuation models for the different types of risks.
- Execute diagnoses based on Comprehensive Risk Management, availability, and quality of risk information.

Banca Afirme has methodologies for risk management in its different phases, such as credit, legal, liquidity, market, and operational. It has divided risk assessment and control into the items detailed below:

(I) I. Quantifiable risks are those for which it is possible to form statistical bases that allow measuring potential losses, and within these are the following:

1. Discretionary risks are those resulting from taking a risk position, such as:

   - Credit risk
   - Liquidity risk
   - Market risk

2. 2. non-discretionary risks are those resulting from the operation of the business, but which are not the result of taking a risk position, such as:

   - Operational risks including:

     - Technological risk
     - Legal risk

(II) non-quantifiable risks, are those derived from unforeseen events for which a statistical base cannot be established to measure potential losses. The updating and improvement of the policies and procedures for risk management have been a continuous process, in accordance with the set objectives and with the participation of all the areas involved, continuously maintaining the dissemination of the Risk Manual and its constant updating, through the Banca Afirme Intranet Network.

To support the Risk Management function, the UAIR has market, credit, and liquidity risk measurement systems:

- In the case of the market risk system, it can generate historical scenarios that it applies to the complete valuation of the positions and generates other risk measures such as sensitivities and Marginal VaR. On the other hand, by having the possibility of using scenario analysis, they are also used to generate stress scenarios authorized by the authorized bodies.

- For credit risk, the system used allows the loading of all positions subject to credit risk, as well as risk parameters such as probabilities of default and their volatility, segmented by economic sectors, geographical areas, rating, and product.

- In the case of liquidity risk, there is a system to generate liquidity and repricing gaps, and there is the possibility of including financial variable scenarios. In addition, the Liquidity Coverage Ratio (CCL) is monitored daily, since it allows the Institution to keep liquid assets of free disposal and high credit quality to withstand a stress scenario for 30 days, being a fundamental indicator to observe possible liquidity risk.

- The application used to measure operational risk allows the inclusion of records of incidents and the materialization of operational risks. Said information generates the VaR of operational risk under the compound Poisson distribution.

Interest rate risk

The Bank's balance sheet is exposed to interest rate movements that affect the relationship between interest charged and interest paid. To measure this effect, the methodology based on the repricing of assets, liabilities, and derivatives that are in the Institution's balance sheet under the "Earnings at Risk" approach is used; in this methodology, the effect of an increase in rates is calculated of interest in the positions, assuming that this effect affects them in the period between their repricing date and one year. Therefore, all assets and liabilities are grouped into bands in the repricing gap, and a movement in interest rates is simulated. It is assumed that there is a parallel movement in interest rates, and there is no base or reference curve risk. Liabilities that do not have a specific expiration date are considered differently depending on whether they have a cost. If the liabilities have a price, they are included in band 1 (1 day) of the repricing gap, while if they have no charge, they are in a band more significant than 1 year.

In this sense, applying the aforementioned methodology, there is a sensitivity that before an increase of 50 basis points in the interest rate (TIIE), there would be a profit of 9 million pesos; if symmetry is assumed, a reduction of 50 points base would have the opposite effect.

Credit risk

It is defined as the volatility of income due to potential credit losses due to non-payment by a borrower or counterparty.

Therefore, since credit risk is the failure of customers to pay their obligations, its proper management is essential to maintain a quality credit portfolio.

The credit management process is documented through the credit manual prepared by the Bank, the observance of which is of a general nature. The structure of the processes that make up credit management is summarized below:

- Marketing
- Evaluation
- Authorization
- Formalization
- Operation
- Management
- Recovery

Following is a brief description of the main policies and procedures for granting:

Credit policies and procedures-

The Bank has policies and procedures regarding credit and risks that are based on the different provisions and definitions that the Banking Commission and the internal Corporate Governance bodies have issued in this regard.

Adherence to the following policies is mandatory for all officials who participate in the credit process and their objective is to maintain a portfolio in accordance with sound banking practices, diversified and with prudent and controlled risk.

Risk concentration management

The Risk Committee is the decision-making body empowered to establish the policies related to Concentration Risk Management and establishes the analyses, reports, and limits it deems appropriate for concentration risk management, as well as the methodology to limit and monitor the concentration risk at the proposal of the UAIR. The concentration limits are defined based on the Institution's risk appetite, considering the current concentration profile and the environment in which the Institution operates. The UAIR is the area responsible for concentration monitoring under the terms established by the Risk Committee. The most relevant aspects of the concentration are included in the Risk Management reports to the Board of Directors. The definition of a significant position will be established by the Risk Committee.

For the regulatory limits established in article 54 of the Provisions, the information of the previous month of the capitalization index, amount of stockholders' equity and amount of basic capital is taken, to be considered in the calculation in accordance with current regulations and is reported in the first days of the month to the credit and business analysis areas, the applicable financing limits for a person or group of people that represent common risk.

The Bank has established credit limits per borrower and/or economic group; as well as the maximum limit for unsecured credits; activities or lines of business that are the exclusive power of a certain level of resolution; the activities or businesses and regions in which the placement of credit should be promoted; indicators of exposure to credit risk, concentrations by activity and region and their possible variations, considering the nature of the portfolio. The limits and indicators are submitted annually to the authorization of the Board of Directors and their evolution is monitored and reported monthly to the Risk Committee.

Origination, control, evaluation, and monitoring of credit risk

The Bank's business area, through its promotion executives, manages and structures the different credit proposals, which are sent to the credit area for analysis and resolution.

The resolution levels are defined by a power matrix based on the credit amount and initial risk rating. The levels that exist are the Board of Directors, the Executive Committee of the Board of Directors, the Board's Credit Committee, the Public Sector Financing Committee, the Credit Steering Committee, and joint powers for loans of less than 2 million UDIs analyzed by a parametric method.

The Bank's credit area evaluates the customer's credit quality by preparing a credit study in which it analyzes the financial situation, source of payment, legal and administrative capacity, credit history through the credit bureau, external references, of internal payment, the economic environment, guarantees and quality of information. For high-risk customers with a credit risk of less than 2 million UDI, the credit area evaluates the proposals using a "Statistical" decision model in which credit history is analyzed through the credit bureau, internal payment history and the profile of the client through the analysis of Financial and Economic variables, as well as evaluation of payment capacity, account statements, type and size of business, Economic Sector and guarantees, among others.

Additionally, the Risk Management Unit monitors the loan portfolio with the performance of the financial situation through the review carried out by the credit area in accordance with the policies, as well as the quarterly qualification process and the monthly updating of reserves. following the guidelines established in the internal rating methodology.

Portfolio Recovery

The Bank has defined the collection procedures based on the escalation in the delinquency of the payment. Likewise, there are recovery processes and schemes, authorized for the administrative and judicial collection areas, validated by the Assets at Risk Management Committee in accordance with the Recovery Manual.

The credit area issues delinquency reports to monitor the management of overdue debts, in the same way the Administrative and Judicial Recovery areas generate quarterly reports that they present to the Extended Business Committee and the Assets at Risk Management Committee. , through which a timely follow-up is given to the recovery budgets.

The Bank evaluates the performance, efficiency and moral solvency of the external firms, agencies or managers contracted for the recovery of the portfolio in terms of the internal regulations established in the Contracting and Evaluation Manual for External Judicial Collection Firms.

(Mexican pesos in millions, except when otherwise indicated)

There are programmed procedures to ensure the timely transfer and registration of the overdue portfolio and the identification of commercial loans with recovery problems.

The objectives of credit risk management at the Bank are:

- Calculate credit risk exposure over time, considering and evaluating the concentration of exposures by risk ratings, geographic regions, economic activities, currencies, and type of product.
- Create diversification strategies for the credit portfolio, defining limits for it.
- Implementation of a global credit risk management supervising all operations and aspects related to credit risk.

The methodology used by the Bank to determine the expected and unexpected losses of the loan portfolio is based on the Credit Risk + methodology, with a confidence level of 99%. Said methodology is a default model in which it is assumed that the default events of the different debtors have an independent Bernoulli-type distribution.

For the probability of default of the loan portfolio, the criteria are applied in accordance with the general rating methodology established in the provisions issued by the Banking Commission.

Additionally, rating institutions are used to assess the credit risk of securities issued by financial institutions, companies, and governments. In particular, the agencies Fitch, Standard & Poor's and Moody's are used for any operation through financial instruments that imply some credit risk, mainly the purchase of bonds as well as the operation with derivative instruments.

The result of our Exposure, Expected Loss with Recover (Recovery Factor) and Credit VaR with Recover as of December 31, 2021, and 2020 is as follows:

VaR as of December 31, 2021

Portfolio	Exposition	Expected Loss (No Recover)	Recover	Expected Loss (With Recover)	VaR @ 99% (With Recover)
Commercial	33,809	3,564	65%	1,231	2,673
Mortgage	9,861	1,161	94%	72	92
Personal loans	3,579	400	21	316	363
Credit card	844	132	26%	97	112
Self-term	2,113	96	42%	55	64
Total	**50,207**	**5,353**		**1,772**	**3,304**

** VaR @ 99% [Credit Risk + Methodology]*

VaR as of December 31, 2020

(Mexican pesos in millions, except when otherwise indicated)

Portfolio	Exposition	Expected Loss (Without Recover)	Recover	Expected Loss (With Recover)	VaR @ 99% (With Recover)
Commercial	35,669	2,060	0.7	709	1,869
Mortgage	8,381	943	0.9	59	78
Personal loans	3,720	442	0.2	349	395
Credit card*	784	177	0.3	130	148
Self-term	627	17	0.4	16	17
Total	**49,181**	**3,650**		**1,262**	**2,508**

** VaR @ 99% [Credit Risk + Methodology]*

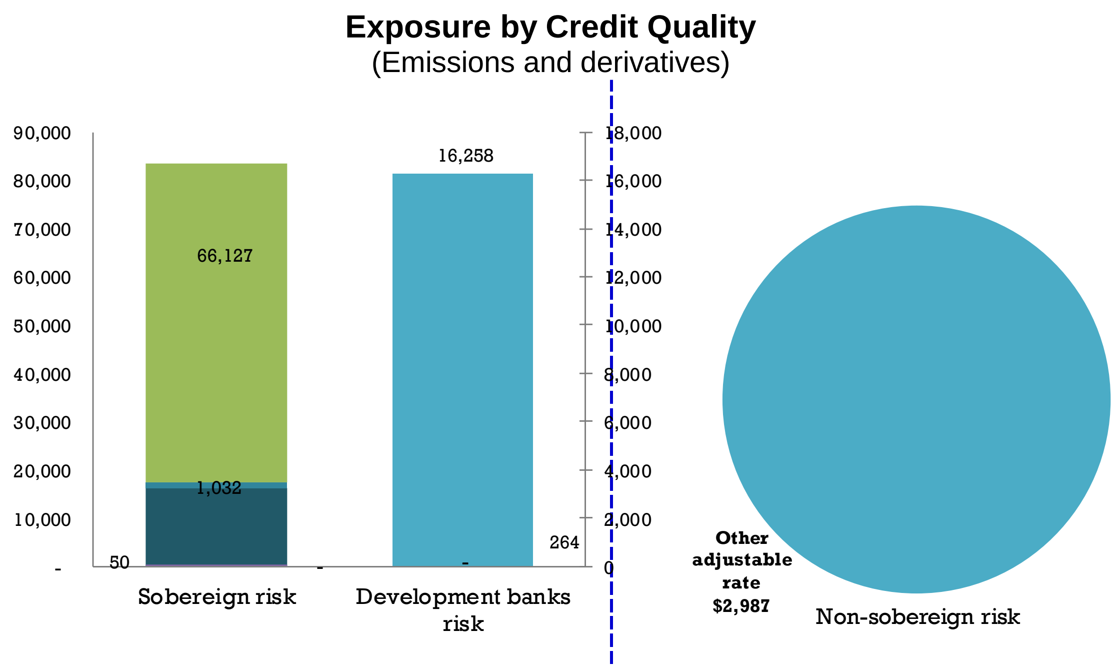
At the end of the months of December 2021 and 2020, the Credit VaR with the recovery effect (Recover) amounts to $3,304 and $2,508, respectively.

Credit VaR is calculated with a monthly time horizon and a confidence level of 99%. The VaR can be interpreted as the maximum possible monthly loss that could be generated in the credit portfolio, under the assumption of a probabilistic distribution.

As can be seen, the VaR stood at $3,304 million, which meant a consumption of 110.1% of the authorized limit of $3,000 million. It should be noted that any excess is notified to the Council through the Institution's collegiate bodies where it is determined whether the excess is acceptable or not.

Below is the composition of the Banca Afirme portfolio as of December 31, 2021, and 2020 according to the credit quality of the various counterparties:

December 31, 2021



Non-Sovereign Risk Issuance Rating			
Rating agency			Market Value
Fitch	S&P	Moodys	
AAA (mex)	mxAAA		1
F1 (mex)	mxA-2		250
F1+ (mex)	mxA-1+	MX-1	150
		MX-1	104
			201
	mxA-1+		28
	mxAA		60
Total			794

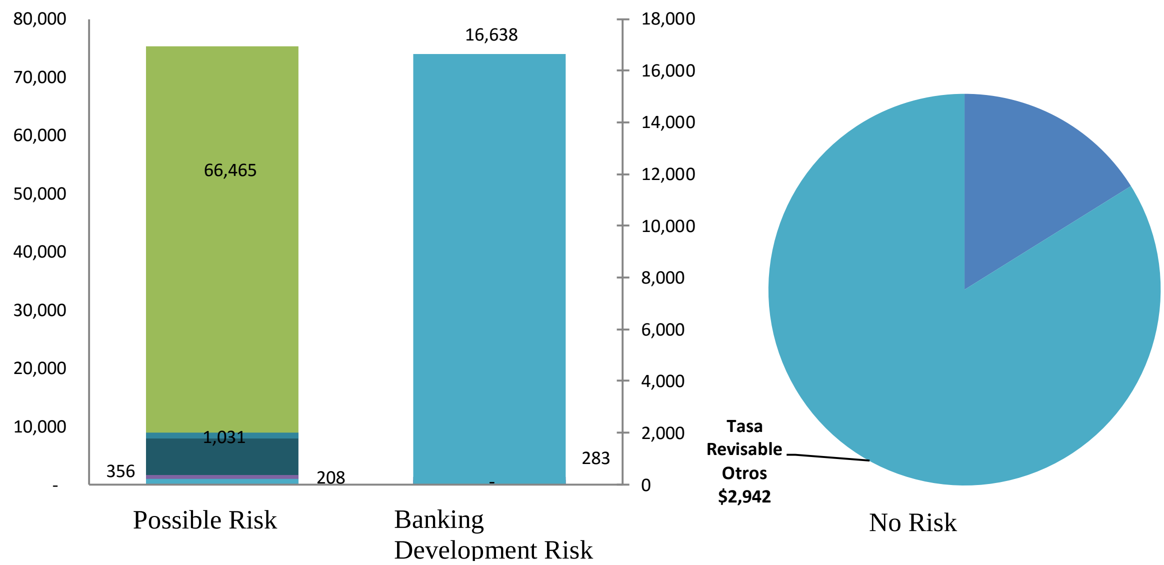
Note: Development Bank issues are not considered within the exposure by rating.

Notes to the Consolidated Financial Statements

(Mexican pesos in millions, except when otherwise indicated)

December 31, 2020

Exposure by Credit Quality
(Emissions and derivatives)



Non-Sovereign Risk Issuance Rating			
Rating agency			Market Value
Fitch	S&P	Moodys	
AAA (mex)		aaa.mx	50
F1 (mex)	mxA-1		-
F1+ (mex)	mxA-1+		-
		MX-1	554
			-
	mxA-2		200
	mxA-2		100
	mxA-1		-
	mxA-1+		1583
	mxAAA		403
Total			2,891

Note: Development Bank issues are not considered within the exposure by rating.

For operations with financial instruments that imply credit risk (bonds and derivatives), public information regarding the counterparty is sought through the three international rating agencies, taking the one that represents the highest risk.

Like the loan portfolio, the VaR and the expected loss are calculated for financial instruments in the debt market and derivative operations. For this purpose, default curves and recovery factors published by the rating agencies are used and are the risk factors that are applied to the CreditRisk + model referred to above.

In addition to the current legal limits, the Bank has a structure of loan portfolio concentration limits, with the Risk Committee having the power to approve risk limits by economic sector, geographical area, and type of loan, with the aim that the allocation of resources to the different business areas is consistent with the level of risk approved by the Board of Directors.

In order to comply with the First Section of Chapter III of the Second Title of the Provisions, referring to the diversification of risks in carrying out active operations, the Bank carries out an analysis of the borrowers and/or financing that it has on the existence of the "Risk common" and the impact on its capital, likewise, the Bank has information and documentation to verify if a person or group of persons represent a common risk, adjusting to the maximum limit of financing that results from applying to the basic capital a factor that is linked with the level of capitalization of the Bank.

On the other hand, in relation to raising funds from the public, the Bank diversifies its risks, based on the placement of the raised resources.

Liquidity risk

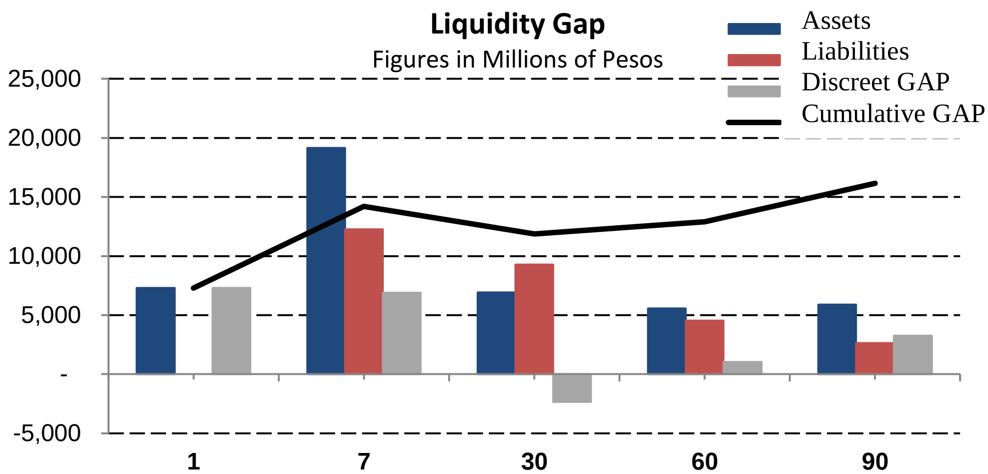
It is defined as the potential loss due to the impossibility of renewing liabilities or contracting others under normal conditions for the Bank or due to the early or forced sale of assets at unusual discounts to meet its obligations.

To measure this risk, the CCL and the Liquidity Gap are determined. The CCL, which considers the nature of freely available assets and high credit quality, which are kept meeting their obligations and liquidity needs for 30 days. As of December 2021, and 2020, the determination of the CCL was 192.46% and 135.91%, respectively.

The Liquidity Gap, which consists of grouping the nominal amounts according to the expiration dates and repricing of assets and liabilities on the balance sheet at fixed intervals of time, is the metric monitored by the Risk Policies Committee, the band accumulated at 60 days of Banca Afirme was 12,896 million as of December 31, 2021, a level that respected the established limit.

The bands by term up to 90 days would be the ones shown below:

(Mexican pesos in millions, except when otherwise indicated)



Derived from the limits on this type of risk, the Bank's 60-day cumulative band amounts to $12,896 and $2,899 as of December 31, 2021, and 2020 (unaudited figures), respectively, a level that respected the established limit.

Every month, the Comprehensive Risk Management Unit generates two scenarios that show the behavior in the gaps under assumptions in which it is assumed that deposits have gone out and increase in delinquency to contrast the impact on the band accumulated to 60 days.

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

The average Value at Risk-adjusted for liquidity corresponds to 2021 and 2020 for the different business units (unaudited figures).

Business Unit	2021	2020
Trading Money Desk	54	(28)
Treasury Money Desk	3	2
Global	**51**	**(26)**

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.

(Mexican pesos in millions, except when otherwise indicated)

Traditional Catchment	2021	2020
Immediate availability deposits	34,877	34,039
Fixed term deposits	27,486	23,286
Titles of issued credits	-	-
Capture without movements	74	111
Total	**62,437**	**57,436**

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

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

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

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

- The Treasury area as the one in charge of managing resources.
- The Risk Management area as the area in charge of monitoring and reporting to the Risk Policy Committee on liquidity risk measurements and stress tests, as well as reporting to the Board of Directors on compliance with the established limits by said Council.
- The Assets and Liabilities Committee is in charge of monitoring the 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 credit lines.

The monitoring of the different indicators mitigates the liquidity risk since these indicators induce the diversification of the deposits, to extend the term of the same, increase the liquid assets and punish the concentration both in terms 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 verifying the Institution's capacity to face the realization of said scenarios. In the particular case of liquidity risk, plans are made based on variables characteristic of financial crises that affect banks' liquidity in general. Said tests are presented to the Risk Committee every month for its analysis. The variables used to build adverse scenarios are an overdue portfolio, interest rates, and financing sources.

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

Market risk

It is defined as the volatility of income due to changes in the market, which affect the valuation of positions for active, passive, or contingent liability operations, such as interest rates, exchange rates, price indices, etc.

To measure market risk, the Bank applies the non-parametric historical simulation methodology to calculate the Value at Risk (VaR), considering a confidence level of 97.5% and a time horizon of 1 day with a history of 260 days.

The meaning of the VaR, under this method, is the potential overnight loss that could be generated in the valuation of the portfolios on a specific date, under the assumption that the 259 immediate historical scenarios are repeated in the future, these scenarios are arranged from more significant loss to greater profit, and the VaR is determined based on the confidence level of 97.5%.

This methodology is applied to all the Bank's portfolios identified as business units and exposed to variations in the risk factors that directly affect their valuation (domestic and foreign interest rates, surcharges, and exchange rates, among others).

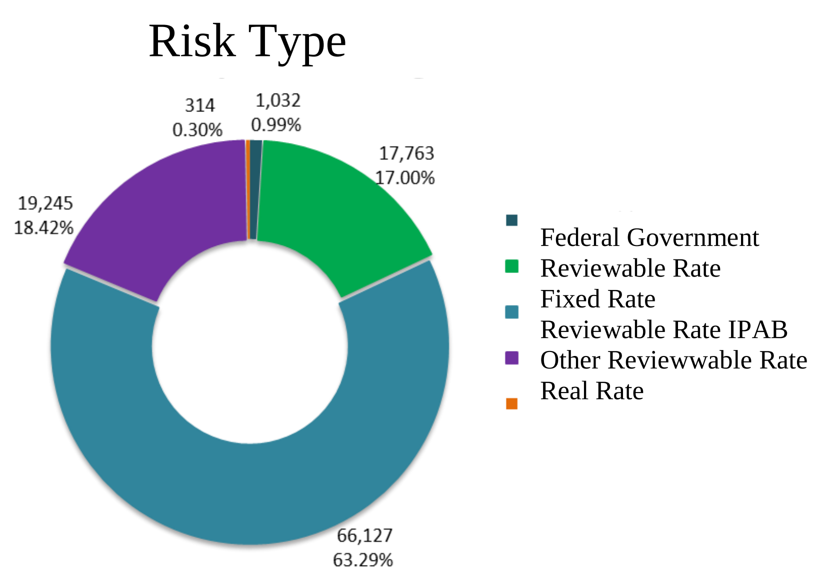
Below is an analysis of the VaR as of December 31, 2021, and 2020 (unaudited figures in thousands of pesos):

Business Unit	VaR	
	2021	2020
Trading Money Desk	(11,810)	9,132.
Treasury Money Desk	(1,921)	(780)
Global	**(11,637)**	**(8,751)**

The following graph shows the composition of the Banca Afirme portfolio as of December 31, 2021, and 2020 according to the Type of Risk:

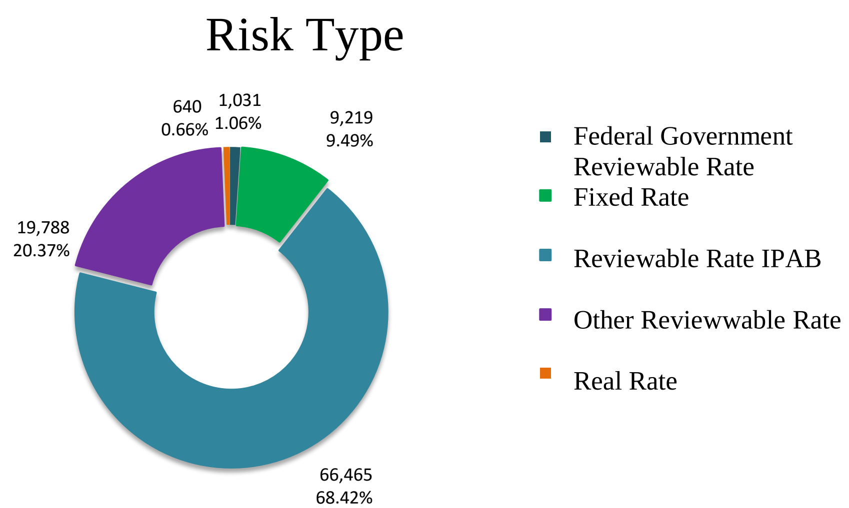
Risk Type	2021	2020
Federal Government Review Rate	1,032	1,031
Real Rate	314	640
Reviewable Rate IPAB	66,127	66,465
Reviewable Rate Others	19,245	19,788
Fixed rate	17,763	9,219
Total	**104,481**	**97,143**

2021



(Mexican pesos in millions, except when otherwise indicated)

2020



Below is the average Value at Risk corresponding to 2021 and 2020 for the different business units (unaudited figures):

Business Unit	Average VaR 2021	Average VaR 2020
Trading Money Desk	(17)	(.9)
Treasury Money Table	(.9)	(.8)
Global	**(17)**	**(.8)**

In relation to the sensitivity of rates, prices and exchange rates on a monthly basis, the Comprehensive Risk Management Unit generates an analysis in which the movements in the risk factors of the main crises that have had a relevant effect on the Mexican market.

The sensitivity of the positions of the Trading Desk, as of December 31, 2021, is $16, assuming a change of 25 basis points in the reference rates.

Non-Discretionary Risk Management

Currently, a procedure is followed for the daily report of operational incidents that are recorded in a database. The registration process includes a detailed classification of the incidents reported in the operations of the Bank and subsidiaries. This means that each incident is evaluated at the operating unit level where its owners are responsible for their processes and risk mitigation mechanisms. Any incident that gives rise to an accounting loss is recorded in said database, which is controlled at all times by the Comprehensive Risk Management Unit.

Each incident is classified according to its origin and particular characteristics, for which purpose it is identified against previously established risk factors. Next, a probability of occurrence and a level of economic impact are assigned that is scaled to the type of impact and its importance based on internal statistics that allows generating a risk indicator.

There is a measurement and control mechanism for the maximum operating loss that the Bank is willing to tolerate, called the “Tolerance Level”. This tolerance level is segregated by type of non-discretionary risk, that is, there is a tolerance level for operational risk, one for legal risk and another for technological risk, highlighting that image risk, also known as risk Reputational risk, is considered an integral element of operational risk. The tolerance level is periodically monitored against operational events that have meant an accounting loss, which are presented and treated by our Risk Committee. For subsidiaries, no event of loss is considered tolerable, so if one occurs, it is immediately managed by the subsidiary and its respective operating units to later present to the Risk Committee the reasons that gave rise to the event, as well as solutions proposed to prevent its recurrence.

The following table shows a summary of the tolerance level authorized for the Bank, as well as the amount of risk actually materialized during the twelve months of the fiscal year ended December 31, 2020, and 2019, respectively.

2021

Tolerance level

Total Authorized Level	Real
In millions	In millions
$65.0	$25.6

2020

Tolerance level

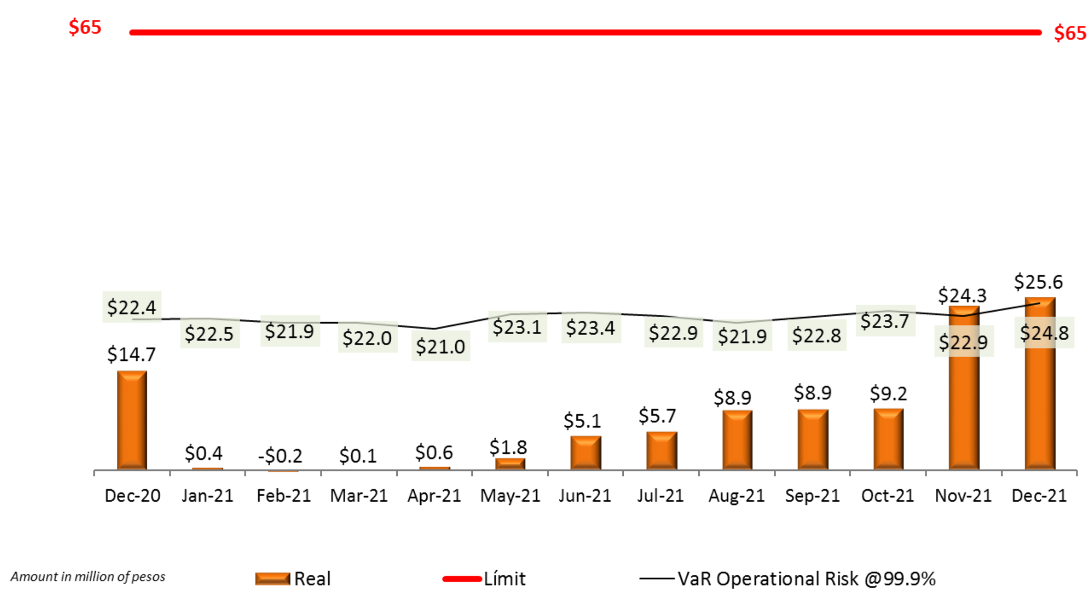
Total Authorized Level	Real
In millions	In millions
$65.0	$14.7

The average monthly amount for the years 2021 and 2020 is $2 and $1, respectively, and includes the three types of non-discretionary risk mentioned above.

In order to estimate the losses that the materialization of non-discretionary risks would generate for the Bank, a VaR model has been established that is based on the probability of occurrence and degree of impact of the risk events observed historically. This VaR is treated monthly in the Risk Committee and is based on statistics collected in the aforementioned database and is fully managed by the Risk Management Unit.

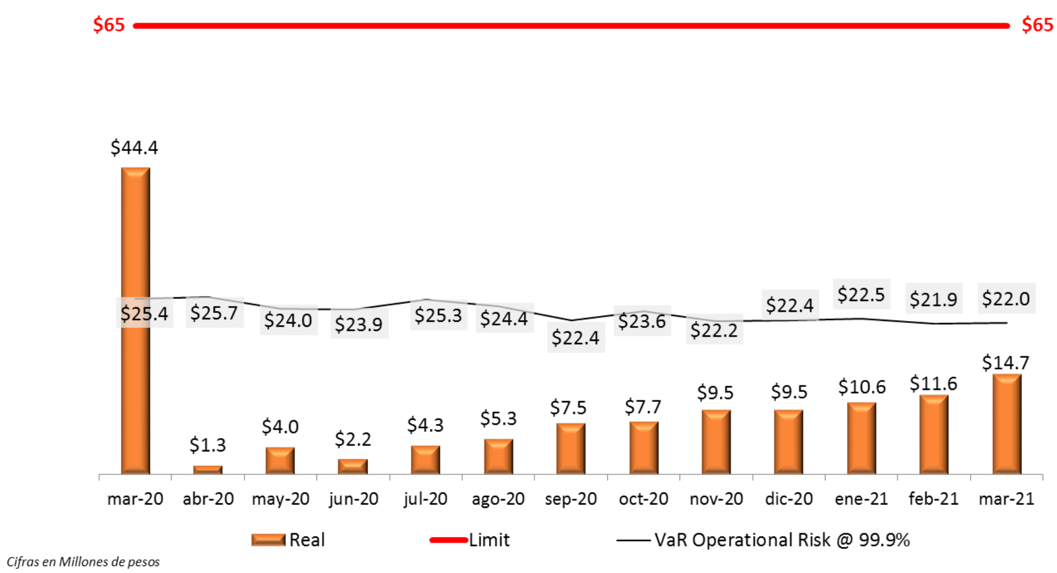
2021

Operating ("VaR" for its acronym in Spanish) Chart



2020

Operating ("VaR" for its acronym in Spanish) Chart



The VaR Operational Risk has been estimated at $24.8 million at a confidence level of 99.9%, at the end of December 2021. Based on materialized risk events, actual losses were $25.6, representing 39.3% of the authorized level for the year ended December 31, 2021.

Non-Quantifiable Risk Management

Non-quantifiable risks are those that originate from fortuitous events over which the institution has no control, such as hurricanes, earthquakes, floods, and other incidents classified as acts of God or force majeure.

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. Therefore, on March 23, 2020, the "Agreement whereby the General Health Council recognizes the SARS Cov-2 virus epidemic ("COVID- 19") in Mexico, as a serious disease of priority care and the preparation and response activities before said epidemic are established".

Afirme has promptly followed up on the events that occurred due to the pandemic and its evolution in the national territory. In this sense, we continue with the health security protocols implemented, among others, by the Federal Government, through the Ministry of Health; as well as rethinking and evaluating the measures and mechanisms necessary to safeguard the integrity and health of our clients, users, and staff. During fiscal year 2021, the Institution has followed the following actions, among others:

(Mexican pesos in millions, except when otherwise indicated)

a) Safety and hygiene protocols and standards have been strengthened, both in buildings and in branches, incorporating specialized suppliers and increasing the frequency of cleaning and disinfection in all areas.
b) Personnel considered vulnerable have been identified and protected, as well as the social distancing protocols have been continued.
c) * Work schemes were defined within the Institution which prioritize remote work, verifying that critical processes are adequately addressed.
d) In the case of the branches, they have been kept open and operating with the proper safety and hygiene measures.
e) The protocols and indications of the Federal Government have been followed, as well as the monitoring of covid traffic lights by state, in order, if possible, to opt for a healthy return of personnel to the facilities.

In addition, it is important to note that the institution has coverage of non-quantifiable risks through insurance policies that are reviewed annually and has established a contingency plan called "Disaster Recovery Plan" that provides for mitigating the effects of a force majeure event.

Main indicators of assets at risk

Regarding the evolution of the variations in the main indicators of assets at risk, below is a comparison of the assets at risk and capitalization index for the years ending in 2020 and 2021:

	2021	2020	Variation%
Assets at Credit Risk	42,556.5	44,167.6	3.79
Assets at Market Risk	6,065.7	5,628.1	-7.21%
Assets at Operational Risk	8,402.8	7,760.9	7.64%
Total Assets at Risk	57,025.1	57,556.6	.93%
	-	-	
Basic Capital	6,808.1	6,046.7	-11.18%
Complementary Capital	1,924.5	2,043.3	6.17%
Net Capital	8,732.6	8,090.0	-7.36%
Capitalization Index	**15.3%**	**14.1%**	**-8.21%**

*Information before Banxico replicas.

In relation to the credit risk of financial instruments and counterparty, the following is mentioned:

- Within the Bank's risk profile there is a specific item for assigning counterparty risk. This allocation is authorized by the Risk Committee and the Board of Directors.
- The operation of non-government securities is carried out under an investment regime that is approved by the Risk Committee.
- In relation to the determination of the maximum exposure by banking counterparty, there is a methodology based on the response asset generated by the ICAP of each counterparty. The

(Mexican pesos in millions, except when otherwise indicated)

derivatives sublimit is derived from this maximum exposure. This exposure is approved by the Risk Committee and the Credit Committee.

- It operates with banking counterparties and with Asigna, which is the clearing and settlement chamber of the Mexican derivatives market; the derivatives that are traded are interest rate derivatives. Due to the type of counterparty with which it operates, the risk of adverse correlation is minimized.

- With some counterparties there are guarantee contracts for derivative operations on which margin calls are made with respect to the value of the derivatives, offsetting the positions. Said margin calls are calculated by the UAIR on a daily basis and inform both the financial desks and the support areas so that they manage the delivery or request of guarantees.

The current exposure with the derivative counterparties is equal to $363, however, when incorporating the value added and calculated using the methodology established in Annex 1-L of the Provisions, the current discounted exposure was $377 million pesos.

On the other hand, we have what is shown below:

	Exposition current	Worth added	EAD
counterpart 1	-	0.8	0.8
counterpart 2	-	15.0	121.6
counterpart 3	-	1.8	1.8
counterpart 4	-	23.2	252.8