Banca Afirme, S. A.
Institución de Banca Múltiple. Afirme Grupo Financiero
Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N. L.
Consolidated Statement of Financial Position, March 31, 2022
(Millions of Mexican Pesos)

A S S E T S

CASH AND CASH EQUIVALENTS			13,919
MARGIN ACCOUNTS (DERIVATIVE FINANCIAL INSTRUMENTS)			12
INVESTMENTS IN FINANCIAL INSTRUMENTS			
NEGOTIABLE FINANCIAL INSTRUMENTS		56,808	
FINANCIAL INSTRUMENTS TO COLLECT PRINCIPAL AND INTEREST		208	57,016
DEBTORS ON REPURCHASE/RESELL AGREEMENTS			9,270
DERIVATIVES FINANCIAL INSTRUMENTS			
TRADING PURPOSES		7	
HEDGING PURPOSES		427	434
VALUATION ADJUSTMENTS OF HEDGING FINANCIAL ASSETS			(156)
LOAN PORTFOLIO WITH CREDIT RISK PHASE 1			
COMMERCIAL LOANS:		33,307	
BUSINESS OR COMMERCIAL ACTIVITY	30,938		
FINANCIAL ENTITIES	600		
GOVERNMENT ENTITIES	1,769		
CONSUMER LOANS		8,077	
RESIDENTIAL MORTGAGE LOANS:		8,975	
MEDIUM-INCOME HOUSING AND RESIDENTIAL	8,966		
LOW-INCOME HOUSING	9		
TOTAL LOAN PORTFOLIO WITH CREDIT RISK PHASE 1		50,359	
LOAN PORTFOLIO WITH CREDIT RISK PHASE 2			
COMMERCIAL LOANS:			
BUSINESS OR COMMERCIAL ACTIVITY		232	
CONSUMER LOANS		213	
RESIDENTIAL MORTGAGE LOANS:		535	
MEDIUM-INCOME HOUSING AND RESIDENTIAL	534		
LOW-INCOME HOUSING	1		
TOTAL LOAN PORTFOLIO WITH CREDIT RISK PHASE 2		980	
LOAN PORTFOLIO WITH CREDIT RISK PHASE 3			
COMMERCIAL LOANS:			
BUSINESS OR COMMERCIAL ACTIVITY		787	
CONSUMER LOANS		229	
RESIDENTIAL MORTGAGE LOANS:		621	
MEDIUM-INCOME HOUSING AND RESIDENTIAL	619		
LOW-INCOME HOUSING	2		
TOTAL LOAN PORTFOLIO WITH CREDIT RISK PHASE 3		1,637	
TOTAL LOAN PORTFOLIO		52,976	
(-) LESS:			
ALLOWANCE FOR LOAN LOSSES		2,273	
LOAN PORTFOLIO, NET			50,703
OTHER ACCOUNTS RECEIVABLE, NET			5,519
FORECLOSED ASSETS, NET			234
ADVANCE PAYMENTS AND OTHER ASSETS, NET			1,197
PROPERTY, FURNITURE AND EQUIPMENT, NET			4,252
RIGHT-OF-USE ASSET PROPERTY, FURNITURE AND EQUIPMENT, NET			1,712
INVESTMENTS IN SUBSIDIARIES			121
DEFERRED INCOME TAX ASSET, NET			553
RESULT FROM VALUATION OF CASH FLOW			
TOTAL ASSETS			144,786

L I A B I L I T T I E S A N D S T O C K H O L D E R S´ E Q U I T Y

DEPOSIT FUNDING:			
DEMAND DEPOSITS		37,198	
TIME DEPOSITS		34,728	
GENERAL PUBLIC	34,728		
MARKETABLE DEBT SECURITIES		843	
GLOBAL DEPOSIT ACCOUNT WITHOUT MOVEMENTS		74	72,843
BANK AND OTHER BORROWINGS:			
SHORT-TERM		2,437	
LONG-TERM		3,887	6,324
CREDITORS ON REPURCHASE RESELL AGREEMENTS			46,946
DERIVATIVES FINANCIAL INSTRUMENTS			
TRADING PURPOSES		11	
HEDGING PURPOSES		14	25
FINANCIAL LEASES			1,722
OTHER ACCOUNTS PAYABLE:			
CREDITORS FOR SETTLEMENT OF OPERATIONS		3,000	
CREDITORS FOR MARGIN ACCOUNTS		351	
CREDITORS FOR COLLATERALS RECEIVED IN CASH		1	
CONTRIBUTIONS PAYABLE		129	
SUNDRY CREDITORS AND OTHER ACCOUNTS PAYABLE		2,902	6,383
FINANCIAL INSTRUMENTS THAT QUALIFY AS LIABILITIES			
SUBORDINATED DEBT ISSUED			2,940
LIABILITTIES DEFERRED INCOME TAX, NET			31
EMPLOYEES BENEFITS			83
DEFERRED CREDITS AND ADVANCED CHARGES			69
TOTAL LIABILITIES			137,366
STOCKHOLDERS' EQUITY:			
PAID-IN CAPITAL:			
CAPITAL STOCK			3,655
PREMIUM ON SHARE SUBSCRIPTION			263
EARNED CAPITAL:			
STATUTORY RESERVES		368	
CUMULATIVE RESULTS		2,975	
OTHER COMPREHENSIVE INCOME			
RESULT FROM VALUATION OF CASH FLOW HEDGE INSTRUMENTS		176	
REMEASUREMENT OF DEFINED EMPLOYEES' BENEFITS		(17)	3,502
TOTAL CONTROLLING INTEREST			7,420
NON-CONTROLLING INTEREST			-
TOTAL STOCKHOLDERS' EQUITY			7,420
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			144,786

MEMORANDUM ACCOUNTS:		
GUARANTEES GRANTED		809
LOAN COMMITMENTS		8,015
ASSETS IN TRUST OR UNDER MANDATE		
TRUST	43,845	
MANDATE	32	43,877
ASSETS IN CUSTODY OR UNDER MANAGEMENT		######
COLLATERALS RECEIVED BY THE ENTITY		68,731
COLLATERALS RECEIVED AND SOLD OR PLEDGED BY THE ENTITY		59,651
INTEREST ACCRUED BUT NOT COLLECTED OF LOAN PORTFOLIO WHIT CREDIT RISCK PHASE 3		102
OTHER MEMORANDUM ACCOUNTS		######
		######

The consolidated statement of financial position was prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Law for Credit Institutions, general and compulsory enforcement consistently applied, reflecting the operations conducted by the Bank through the date mentioned above which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative rules.
This consolidated statement of financial position was approved by the Board of Directors under the responsibility of the following signing officers.
The historical capital stock amounts $3,382.

JESÚS ANTONIO RAMÍREZ GARZA
CHIEF EXECUTIVE OFFICER

GUSTAVO MANUEL VERGARA ALONSO
CHIEF FINANCIAL OFFICER
FINANCE CONTROLLER

JESÚS RICARDO GÁMEZ DEL CASTILLO
CHIEF FINANCIAL OFFICER

DAVID GERARDO MARTÍNEZ MATA
DIRECTOR OF INTERNAL AUDIT

Banca Afirme, S. A.
Institucion de Banca Multiple, Afirme Grupo Financiero
Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N. L.
Consolidated Statement Comprehensive Income
Period from January 1, to March 31, 2022
(Millions of Mexican pesos)

INTEREST INCOME		4,485
INTEREST EXPENSE		(2,980)
FINANCIAL MARGIN		1,505
ALLOWANCE FOR LOAN LOSSES		(224)
FINANCIAL MARGIN FOR ALLOWANCE FOR LOAN LOSSES		1,281
COMMISSIONS AND FEES INCOME	716	
COMMISSIONS AND FEES EXPENSE	(311)	
FINANCIAL INTERMEDIATION INCOME	17	
OTHER OPERATING INCOME, NET	158	
ADMINISTRATIVE AND PROMOTION EXPENSES	(1,510)	(930)
NET OPERATING INCOME		351
PARTICIPATION IN THE NET RESULTS REGARDING OTHER ENTITIES		11
INCOME BEFORE INCOME TAX		362
INCOME TAX		(100)
NET INCOME		262
OTHER COMPREHENSIVE INCOME		
RESULT FROM VALUATION OF CASH FLOW HEDGE INSTRUMENTS		36
COMPREHENSIVE INCOME		298
NET INCOME ATTRIBUTABLE TO:		
CONTROLLING INTEREST	262	
NON-CONTROLLING INTEREST	-	
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
CONTROLLING INTEREST	36	
NON-CONTROLLING INTEREST	-	298

The consolidated statement comprehensive income was prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Law for Credit Institutions, general and compulsory enforcement consistently applied, reflecting all the revenues and disbursements related to the transactions carried out by the Bank through the date mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative rules.

This consolidated statement comprenhensive income was approved by the Board of Directors under the responsibility of the following signing officers.

JESÚS ANTONIO RAMÍREZ GARZA
CHIEF EXECUTIVE OFFICER

GUSTAVO MANUEL VERGARA ALONSO
CHIEF FINANCIAL OFFICER
FINANCE CONTROLLER

JESÚS RICARDO GÁMEZ DEL CASTILLO
CHIEF FINANCIAL OFFICER

DAVID GERARDO MARTÍNEZ MATA
DIRECTOR OF INTERNAL AUDIT

AFIRME | El Banco de Hoy

Banca Afirme, S. A.
Institución de Banca Multiple, Afirme Grupo Financiero
Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N.L.
Consolidated Statement of Changes in Stockholders' Equity
(Millions of Mexican pesos)

	Paid-in capital				Earned capital					
	Capital Stock	**Additional paid-in capital**	**Premium on share subscription**	**Statutory reserves**	**Cumulative results**	**Result from valuation of cash flow hedge instruments**	**Remeasurement of defined employees' benefits**	**Total controlling interest**	**Non-controlling interest**	**Total stockholders' Equity**
Balances as of December 31, 2021	3,026	629	263	368	2,740	140	(17)	7,149	-	7,149
Retrospective adjustments for accounting changes					(27)			(27)		(27)
Adjusted Balance as of January 31, 2022	3,026	629	263	368	2,713	140	(17)	7,122	0	7,122
OWNERS' TRANSACTIONS										
Additional paid-in capital	629	(629)						-		-
RESERVE TRANSACTIONS										
Statutory reserves				-				-		-
Comprehensive income										
Net result					262			262	-	262
Result from valuation of cash flow hedge instruments						36		36		36
Remeasurements of defined employees' benefits							-	-		-
Balances as of March 31, 2022	3,655	-	263	368	2,975	176	(17)	7,420	-	7,420

The consolidated statemente of changes in stockholders' equity was prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Law for Credit Institutions, general and compulsory enforcement consistently applied, reflecting all the stockholders' equity account entries related to the transactions carried out by the Bank through the dates mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative rules.

This consolidated statement of changes in stockholders' equity was approved by the Board of Directors under the responsibility of the following signing officers.

JESUS ANTONIO RAMIREZ GARZA
CHIEF EXECUTIVE OFFICER

GUSTAVO MANUEL VERGARA ALONSO
CHIEF FINANCIAL OFFICER
FINANCE CONTROLLER

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DIRECTOR OF INTERNAL AUDIT

http://www.afirme.com.mx
https://www.afirme.com/Nuestro-Grupo/Banca-Afirme.html
http://www.cnbv.gob.mx

Banca Afirme, S. A.
Institución de Banca Multiple, Afirme Grupo Financiero
Av. Juárez No. 800 Sur, Zona Centro, Monterrey, N.L.
Consolidated Statement of Cash flows
Period from January 1, to March 31, 2022
Millions of Mexican pesos

INCOME BEFORE INCOME TAX		362
ADJUSTMENTS FOR ITEMS ASSOCIATED WITH INVESTING ACTIVITIES:		
RESULT FOR VALUATION AT FAIR VALUE	24	
DEPRECIATION OF PROPERTY, FURNITURE AND EQUIPMENT	205	
AMORTIZATIONS OF INTANGIBLE ASSETS	92	
EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES	(11)	310
		672
ADJUSTMENTS FOR ITEMS ASSOCIATED WITH FINANCING ACTIVITIES		
INTERESTS ASSOCIATED WITH BANK AND OTHER BORROWINGS	(1)	
INTERESTS ASSOCIATED WITH FINANCIAL INSTRUMENTS THAT QUALIFY AS CAPITAL	(4)	(5)
		667
CHANGE IN OPERATING ACTIVITIES		
CHANGE IN MARGIN ACCOUNTS (DERIVATIVE FINANCIAL INSTRUMENTS)	23	
CHANGE IN INVESTMENT IN FINANCIAL INSTRUMENTS (ASSETS) (NET)	46,309	
CHANGE IN DEBTORS ON REPURCHASE/RESELL AGREEMENTS (NET)	(1,996)	
CHANGE IN LOAN PORTAFOLIO (NET)	(1,126)	
CHANGE IN FORECLOSED ASSETS (NET)	15	
CHANGE IN OTHER OPERATING ASSETS (NET)	(5,866)	
CHANGE IN DEPOSIT FUNDING	9,373	
CHANGE IN BANK LOANS AND OTHER BORROWINGS	(611)	
CHANGE IN CREDITORS ON REPURCHASE/RESELL AGREEMENTS	(48,011)	
CHANGE IN DERIVATIVES	(107)	
CHANGE IN SUBORDINATED DEBT ISSUED	208	
CHANGE IN OTHER OPERATING LIABILITIES	6,162	
CHANGES IN LIABILITIES FOR EMPLOYEES BENEFITS	83	
CHANGE IN OTHER PROVISIONS	(406)	
CHANGE IN VALUATION ADJUSTMENTS FOR FINANCIAL HEDGING ASSETS	76	4,126
NET CASH FLOWS OF OPERATING ACTIVITIES		4,793
INVESTMENT ACTIVITIES		
PROCEEDS FROM THE DISPOSAL OF PREMISES, FURNITURE AND EQUIPMENT	115	
PAYMENTS FOR ACQUISITION OF PREMISES, FURNITURE AND EQUIPMENT	(362)	
NET CASH FLOWS OF INVESTMENT ACTIVITIES		(247)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,546
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		9,373
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,919

The consolidated statement of cash flows was prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Law for Credit Institutions, general and compulsory enforcement consistently applied, reflecting all the revenues and disbursements related to the transactions carried out by the Bank through the date mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative rules.

This consolidated statement of cash flows was approved by the Board of Directors under the responsibility of the following signing officers.

JESUS ANTONIO RAMIREZ GARZA
CHIEF EXECUTIVE OFFICER

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http://www.afirme.com.mx
https://www.afirme.com/Nuestro-Grupo/Banca-Afirme.html
http://www.cnbv.gob.mx

Administration Report

Banca Afirme

March 2022

Document index

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

OPERATING RESULTS.

Comparative analysis of the period ended March 31, 2022, compared to the period ended March 31, 2021.

Derived from the fact that as of 2022 the change in accounting regulation IFRS9 and NIF D-5 was adopted, this report contains variations that are not comparable with previous years, for this reason, said variations in some items are not explained.

At the end of the first quarter of 2022, the Profit of Banca Afirme totaled 262.2 million pesos, 61.7% higher than the same period of the previous year, this result is impacted by the decrease in preventive reserves as a result of a better performance of the loan portfolio Likewise, due to the increase in other income and expenses, which shows significant growth.

FINANCIAL MARGIN ANALYSIS

YIELDS GENERATED BY THE CREDIT PORTFOLIO

At the end of the first quarter of 2022, the interest generated by the loan portfolio amounts to 1,542.9 million pesos, an increase of 12.7% compared to the same period of the previous year. This is mainly due to the behavior of the TIIE reference interest rates, which went from 4.28% to 6.33% from March 2021 to March 2022.

Credit Portfolio Interests	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Business Credits	658.3	777.1	807.0	148.8	22.6%
Consumer Credits	465.0	476.5	491.7	26.7	5.8%
Housing Credits	205.3	184.8	189.6	(15.8)	-7.7%
Credits for Gubernamental Entities	31.7	26.2	42.4	10.6	33.6%
Credits for Financial Entities	8.9	10.6	12.3	3.4	38.7%
Total	**1,369.2**	**1,475.2**	**1,542.9**	**173.8**	**12.7%**

During the aforementioned period, commissions for credit operations show a marginal increase of 1.0% per year.

Commissions received for Credit Operations	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Business Credits	16.8	14.2	13.7	(3.1)	-18.3%
Customer Credits	25.2	30.3	28.5	3.3	13.3%
Housing Credits	4.4	4.8	5.4	1.0	21.8%
Credits for Gubernamental Entities	0.9	0.0	0.1	(0.7)	-87.2%
Total	**47.2**	**49.3**	**47.7**	**0.5**	**1.0%**

INCOME FROM INVESTMENTS IN SECURITIES, REPURCHASE OPERATIONS AND AVAILABILITIES.

As of 2022, positions in securities in Banca Afirme have begun to reduce, despite the above, given the increase in yield rates, unrestricted securities show higher interest charges 19.2% higher than the same period of the previous exercise.

We were able to significantly increase interest income, mainly thanks to the rise in interest rates and the premiums charged for inflation, impacting repurchase agreements by 59.5%.

As a relevant strategy in the Institution, the available liquidity has been maintained to be able to respond to possible events related to the current crisis and its recovery, said strategy generates higher income from cash availability, 137.5% higher than the same period of the previous year .

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Premium, interests and premium derivatives from securities and investments	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Not restricted titles to negotiate	1,544.8	1,698.7	1,840.7	295.9	19.2%
Restricted Liquid Assets	40.8	71.0	96.8	56.1	137.5%
Restricted and Repurched Titles					
Interests Charged and premiums in favor for repurchase operations	563.3	720.3	898.3	335.0	59.5%
Income from covered opertations	17.3	15.9	58.4	41.1	236.8%
Total	**2,166.3**	**2,505.9**	**2,894.2**	**728.0**	**33.6%**

PRIZES AND INTERESTS DERIVED FROM THE COLLECTION

At the end of the first quarter of 2022, interest expenses show a growth of 35.8% in relation to the same period of the previous year, this increase is largely due to interest and premiums on repurchase agreements, which have a variation of 29.3% for their part. time deposits increased by 94.0% derived from the 88.7% growth in the balance of this item in the balance sheet and impacted by the increase in the reference rate mentioned above. It is to be expected that in the near future the interest paid will continue to grow due to the continuous increase in the reference rates.

Expenses from interests	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Immediate enforceability deposits	144.3	203.1	213.7	69.3	48.0%
Fixed term deposits	213.7	305.2	414.5	200.8	94.0%
Interbank and other businesses loans	85.0	90.6	101.3	16.3	19.2%
Interests for subordinated liabilities	51.9	57.3	63.8	12.0	23.0%
Bursatile debt	37.2	39.7	44.6	7.4	19.8%
Interests and premiums from repurchase	1,587.5	2,052.4	2,052.4	464.9	29.3%
Expenses from covered operations	49.0	61.8	30.3	(18.7)	-38.2%
Interest from global accounts of funds raised	1.4	1.2	1.5	0.1	10.8%
Other	0.0	0.0	31.3	31.3	0.0%
	24.3	24.9	26.1	1.9	7.7%
Total	**2,194.3**	**2,836.3**	**2,979.6**	**785.3**	**35.8%**

FINANCIAL MARGIN RESULT

In the comparison of the financial margin, we achieved that the interest income will increase more than the interest paid increased, thanks to being able to fix our deposit costs, despite the crisis, and to charge fixed or inflation-linked interest. Thus improving the financial margin and profitability of the Institution.

FINANCIAL MARGIN	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Total of interests charged	3,582.6	4,030.4	4,484.9	902.3	25.2%
Total of interests paid	2,194.3	2,836.3	2,979.6	785.3	35.8%
Financial Margin	**1,388.4**	**1,194.0**	**1,505.3**	**116.9**	**8.4%**

NON-FINANCIAL INCOME

COMMISSIONS AND FEES DERIVED FROM THE PROVISION OF SERVICES

During the first quarter of 2022, there is an increase of 28.6% in commissions charged compared to the same period of the previous year, this variation is mainly due to commissions charged in electronic banking, which shows an increase of 46.4% as a consequence of the increase in these services, highlighting ATM and POS operations. The item of other commissions and fees shows an increase of 60.8% as a result of income related to remittances and correspondents, which had a significant increase during the first quarter of 2022.

Commissions and Duties Paid	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Credit operations	11.8	9.8	10.0	(1.8)	-15.3%
Funds transfer	5.0	7.3	7.2	2.3	45.2%
Trust Companies Activities	27.4	39.1	24.8	(2.7)	-9.7%
Appraisals	3.1	2.8	1.3	(1.8)	-57.8%
Account Management	12.2	12.8	13.7	1.6	12.9%
Electronic Banking	340.4	505.4	498.2	157.8	46.4%
Guarantee	0.1	0.2	0.1	0.0	27.5%
Right to severance pay	23.4	17.9	28.4	5.1	21.7%
Insurance	64.1	66.2	23.5	(40.6)	-63.4%
Financial Advisory	0.1	0.1	0.1	(0.0)	-17.1%
Other commissions and duties	67.6	106.9	108.8	41.1	60.8%
Social Wealth Batches	1.7	0.0	0.0	(1.7)	-100.0%
Total	**556.9**	**768.6**	**716.1**	**159.2**	**28.6%**

RESULT BY INTERMEDIATION

The result from the sale and purchase of the first quarter of 2022 more than compensates the result of the valuation of our securities at market. The brokerage result was higher than the previous year due to the materialization of the purchase/sales of securities that had been revalued in 2021, in addition to this, the increase in the margin causes even better results, registering a very profitable first quarter for the securities.

The Institution continues to actively participate in the financial markets, including the Money Market and Foreign Exchange Operations, applying investment and operation strategies under the authorized risk limits.

Intermediate Results	I Q 21	IV Q 21	I Q 22	Variartion	% Var.
Valuation Results to Fair Market Value and Reduction of Titles valuated at cost	**59.3**	**(24.2)**	**(67.9)**	**-155.2%**	
Titles to negotiate	43.8	59.3	(24.2)	(67.9)	-155.2%
Derivatif instruments with coverage purposes	0.0	0.0	0.0	0.0	-100.0%
Results from Sales and Purchase of Securities and Foreign Exchange	**-49.7**	**18.2**	**41.0**	90.8	-182.5%
Titles to negotiate	(81.5)	(24.1)	(3.4)	78.1	-95.8%
Results for Sales and Purchase of Currency	31.8	42.3	44.5	12.7	39.9%
Total	**(6.0)**	**77.5**	**16.9**	**22.8**	**-383.0%**

OTHER INCOME (EXPENSES) FROM THE OPERATION

For the closing of the first quarter of 2022, the item of other income (expenses) of the operation presents an increase of 78.4 million pesos against the same period of the previous year, which represents 98.8%, mainly explained by the item Release of reserves, which is increases 95.5 million pesos, on the other hand, the item of other + funds increases 14.7 million pesos, largely due to non-recurring income, recoveries decrease 74.8% this as a result of the better performance in this item during the same period of the previous year, on the other hand the collection of written-off loans increased 37.2% as a result of better management.

Other income (expenses) from net operation	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Rescued Assets	62.7	21.5	15.8	(46.9)	-74.8%
Accounts Payable clearance	(3.3)	5.5	2.2	5.6	-166.0%
Results from operative loan	1.2	1.3	(0.6)	(1.8)	-153.1%
Collection of Loans	30.7	32.2	42.1	11.4	37.2%
Advisory	0.0	0.0	0.0	0.0	0.0%
Reserve clearance	1.3	417.0	95.5	94.3	7,419.1%
Reserve clearance from other loans	0.5	0.1	0.4	(0.1)	-22.6%
Sale of personal and real property	0.5	2.4	1.5	1.0	210.9%
Bond from the use of Debit and Credit Cards	0.0	4.9	3.0	3.0	0.0%
Other funds	10.2	21.3	25.0	14.7	144.1%
Losses from portfolio sales	(1.2)	(0.4)	(0.8)	0.4	-30.8%
Clients bonus	(13.0)	(16.1)	(16.1)	(3.1)	23.5%

Other losses	(1.4)	(15.9)	(0.9)	0.4	-32.1%
Reserve for other amounts debited	(6.5)	(14.7)	(8.7)	(2.2)	33.2%
Reserve from awarded goods	(2.0)	(5.8)	0.3	2.2	-112.7%
Other	(0.1)	(1.7)	(0.8)	(0.7)	506.3%
Total	**79.4**	**451.6**	**157.8**	**78.4**	**98.8%**

ADMINISTRATION EXPENSES

At the end of the first quarter of 2022, Administration expenses presented a variation of 26.3%, on the one hand, salaries and benefits increased by 111.7 million pesos, that is, 36.0%, mainly due to the performance of the financial desk, the item of other administrative expenses increases by 35.9% as a result of the increase in electronic banking operations, and other minor expenses, fees decrease by 28.7% mainly due to the effect of the transfer of outsourcing personnel to the payroll, depreciations increase by 178.7 million pesos, that is say 167.7% (depreciation and income impacted by NIF D5).

Administrative Expenses	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Salaries and Claims	310.2	432.5	422.0	111.7	36.0%
Professional Fees	184.0	69.4	131.2	(52.8)	-28.7%
Leases	94.3	86.2	13.9	(80.4)	-85.3%
Marketing	36.2	26.5	29.7	(6.4)	-17.8%
Other administrative and operative expenses	322.1	282.1	437.8	115.7	35.9%
Multiple Taxes	63.7	58.6	80.4	16.7	26.2%
Depresiation and Amortization	106.5	188.7	285.2	178.7	167.7%
Nondeductible concepts for ISR	0.7	(1.4)	1.7	1.0	138.7%
IPAB Contribution	63.1	67.8	73.8	10.7	17.0%
Caused PTU	14.7	28.8	34.0	19.3	131.2%
Total	**1,195.6**	**1,042.3**	**1,509.8**	**314.2**	**26.3%**

INCURRED AND DEFERRED TAXES

Tax on Profit	I Q 21	IV Q 21	I Q 22	Variation	% Var.
Caused ISR	(43.9)	(143.7)	0.0	43.90	-100.0%
Differed ISR	5.4	64.1	(100.4)	(105.81)	-1,946.1%
Total	**(38.5)**	**(79.6)**	**(100.4)**	**(61.9)**	**160.9%**

At the end of the third quarter of 2022, Banca Afirme submits its tax returns individually, and to date it has no pending tax credits or debts.

FINANCIAL SITUATION, LIQUIDITY AND CAPITAL RESOURCES

The Bank's internal sources of liquidity are made up of the issuance of its own paper, traditional deposits, and external sources from credit lines granted by financial institutions and development banks.

Indebtedness level at the end of the first quarter of 2022

The total liabilities of Banca Afirme as of March 31, 2021 and 2022, have been 168,449.0 million pesos and 135,365.6 million pesos, correspondingly.

EVOLUTION OF THE BALANCE SHEET

The total assets of Banca Afirme show a decrease of -17.5% regarding the same period of the previous year, mainly due to the decrease in the balance of trading securities.

Deposits increased their balances, mainly term deposits, which increased by 45.1%, and demand deposits increased by 11.2%. On the other hand, the balance in issued credit instruments increased by 612 million pesos, reaching an amount of 843 million pesos.

RELEVANT INDICATORS	IQ 21	IIQ 21	IIIQ 21	IVQ 21	IQ 22	
Debt Index (nonperforming loan portfolio / total portfolio)	3.73%	3.83%	3.62%	3.35%	3.09%	
covered nonperforming loan portfolio (preventive estimation/ non-performing loan portfolio)	1.26	1.24	1.24	1.31	1.39	
Operative efficiency (marketing and administrative expenses / total average of assets)	2.76%	2.65%	2.81%	2.71%	3.75%	
ROE (Capital Profitability)	6.26%	5.98%	13.21%	11.60%	14.39%	
ROA (Assets profitability)	0.24%	0.24%	0.52%	0.45%	0.65%	
Liquidity Index (Liquid Assets / Liquid Liability)	0.90	0.92	1.03	0.91	0.93	
MIN (Financial Margin adjusted for Loan Risk / Productive Assets)	2.23%	2.04%	2.52%	2.09%	3.39%	
Credit Capitalization Index	22.06%	21.51%	22.45%	20.59%	20.32%	(1)

Total Capitalization Index	15.64%	15.78%	16.32%	15.33%	15.46%	(1)
Basic Capital Index	11.91%	12.06%	12.62%	11.95%	11.88%	(1)
Assets subject to credit, market, and operative risks						
Credit	40,669	42,385	42,356	42,403	45,312	(1)
Market	8,726	7,000	7,316	6,147	5,617	(1)
Operative	7,971	8,382	8,580	8,403	8,619	(1)
Total	**57,366**	**57,767**	**58,252**	**56,953**	**59,548**	

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" 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 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 consisting 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
Chief Executive Officer
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 Executive positions of the first two levels of the Staff areas, for the Executive positions of the first three levels of the Deputy General Directorate of Business and for the Money Market area.

For fiscal year 2021, the list of these positions is:

Derived from the new legislation on Subcontracting, as of July 1, 2021, the staff of the Afirme Money Desk, was transferred to the company Banco de Inversión Afirme, so that by the second half of 2021 the participating staff in the Remuneration System of Banca Afirme it was as follows:

MONEY DESK	DGA BUSINESS	STAFF
DIRECTOR OF ECONOMIC STUDIES	GOVERNMENT BANK DIRECTOR NUEVO LEON	CONTROLLER GENERAL
DIRECTOR OF FINANCIAL MARKETS	DIRECTOR DIGITAL BANKING	DGA RISK AND CREDIT MANAGEMENT
MONEY AND EXCHANGE MARKET DIRECTOR	BUSINESS BANKING DIRECTOR	GOVERNMENT CREDIT ANALYSIS DIRECTOR
DIRECTOR OF INTERIOR DISTRIBUTION TABLE	CAPTAINING DIRECTOR	ARCHITECTURE AND METHODOLOGY DIRECTOR
FINANCIAL MARKET PROMOTION DIRECTOR	COMMERCIAL DIRECTOR FOR THE TERRITORIAL FORCES	AUDIT DIRECTOR
DERIVATIVE DEPUTY DIRECTOR	DIRECTOR OF MORTGAGE AND SELF-PLACEMENT	IT, BRANCHES AND INVEST AUDIT DIRECTOR
DEPUTY DIRECTOR OF PROMOTION	DIRECTOR OF NEW TECHNOLOGIES	GOVERNMENT BANKING DIRECTOR
MONEY MARKET MANAGER	ALLIANCES DEVELOPMENT DIRECTOR	DIRECTOR SPECIALIZED BANKING
ADMINISTRATIVE DEPUTY MANAGER	DIVISIONAL DIRECTOR	CONTROLLER DIRECTOR
DIRECTOR ASSISTANT	EXECUTIVE PARTNERSHIP AND TERRITORY DIRECTOR	MONEY MARKET CONTROLLER DIRECTOR
	COMMERCIAL EXECUTIVE DIRECTOR	DIRECTOR CORP RELATIONS INSTI AND BCA GOB
	EXECUTIVE DIRECTOR OF PRODUCTS	IT CORP, OPERATIONS AND PROCESSES DIRECTOR
	FACTORING DIRECTOR	DIRECTOR OF PARAMETRIC CREDITS
	DEPUTY MANAGING DIRECTOR OF BUSINESS	DIRECTOR OF DEVELOPMENT A
	PAYROLL AND PAYROLL CREDIT DIRECTOR	DIRECTOR OF INFRASTRUCTURE AND SERVICES
	CAPTAINING SEGMENT DIRECTOR	DIRECTOR OF INFORMATION SECURITY
	CONSUMER SEGMENT DIRECTOR	DIRECTOR OF SECURITY AND INTELLIGENCE
	BUSINESS SEGMENT DIRECTOR	SYSTEMS DEVELOPMENT DIRECTOR
		EXECUTIVE DIRECTOR ADMIN. OF RISKS
		EXECUTIVE DIRECTOR CREDIT
		EXECUTIVE OPERATIONS DIRECTOR
		EXECUTIVE PROCESS DIRECTOR
		EXECUTIVE PROJECTS DIRECTOR
		HUMAN RESOURCE EXECUTIVE DIRECTOR
		TREASURY BALANCE SHEET EXECUTIVE DIRECTOR
		TRUSTEE DIRECTOR

FINANCE DIRECTOR
DEPUTY MANAGING DIRECTOR INVESTMENTS
DEPUTY LEGAL DIRECTOR GENERAL AND FID.
GOVERNMENT AND INFRASTRUCTURE DIRECTOR
LEGAL DIRECTOR OF RECOVERY
LEGAL DIRECTOR AND TRUSTEE
BIA OPERATING DIRECTOR
IT PROCESSES DIRECTOR
PROJECT DIRECTOR
RISK DIRECTOR

DGA BUSINESS	STAFF
DEPUTY MANAGING DIRECTOR OF BUSINESS	DIRECTOR SPECIALIZED BANKING
ACQUISITION DIRECTOR	HUMAN RESOURCE EXECUTIVE DIRECTOR
COMMERCIAL PARTNERSHIP DIRECTOR	DGA RISK AND CREDIT MANAGEMENT
SELF-SERVICE DIRECTOR	DIRECTOR OF PARAMETRIC CREDITS
GOVERNMENT BANK DIRECTOR NUEVO LEON	EXECUTIVE DIRECTOR ADMIN. OF RISKS
DIRECTOR DIGITAL BANKING	EXECUTIVE DIRECTOR CREDIT
BUSINESS BANKING DIRECTOR	FACTORING DIRECTOR
CAPTAINING DIRECTOR	FINANCE DIRECTOR
SME CENTERS DIRECTOR	MONEY MARKET CONTROLLER DIRECTOR
COMMERCIAL DIRECTOR FOR THE TERRITORIAL FORCES	TREASURY BALANCE SHEET EXECUTIVE DIRECTOR
MORTGAGE MANAGER	DEPUTY MANAGING DIRECTOR INVESTMENTS
DIRECTOR OF NEW TECHNOLOGIES	GOVERNMENT CREDIT ANALYSIS DIRECTOR
DIVISIONAL DIRECTOR	LEGAL EXECUTIVE DIRECTOR
COMMERCIAL AND DIGITAL EXECUTIVE DIRECTOR	FIDUCIARY STRUCTURING DIRECTOR
EXECUTIVE DIRECTOR OF PRODUCTS	TRUSTEE DIRECTOR
EXECUTIVE DIRECTOR BUSINESS BUSINESSES	DEPUTY LEGAL DIRECTOR GENERAL AND FID.
PAYROLL AND PAYROLL CREDIT DIRECTOR	GOVERNMENT AND INFRASTRUCTURE DIRECTOR
CAPTAINING SEGMENT DIRECTOR	LEGAL DIRECTOR OF RECOVERY
CONSUMER SEGMENT DIRECTOR	LEGAL STRUCTURING BUSINESS DIRECTOR
BUSINESS SEGMENT DIRECTOR	DIRECTOR OF PROCESSES AND SEC CREDITS STRUCT.
SME SEGMENT DIRECTOR	DIRECTOR OF GOVERNMENT BANKING
CREDIT AND DEBIT CARD DIRECTOR	DIRECTOR CORP RELATIONS INSTI AND BCA GOB
	ARCHITECTURE AND METHODOLOGY DIRECTOR
	IT CORP, OPERATIONS AND PROCESSES DIRECTOR
	DIRECTOR OF DEVELOPMENT CENTRAL SERVICES AND TRADITIONAL CHANNELS
	DIRECTOR OF INFRASTRUCTURE AND SERVICES
	CORPORATE SERVICES DEVELOPMENT DIRECTOR
	EXECUTIVE DIRECTOR OPERATIONS AND PROCESSES
	PREV. DIRECTOR FRAUD AND CLARIFICATIONS
	IT PROCESS AND ARCHITECTURE DIRECTOR
	CONTROLLER GENERAL
	AUDIT DIRECTOR
	IT, BRANCHES AND INV AUDIT DIRECTOR
	CONTROLLER DIRECTOR
	REGULATORY CONTROLLER DIRECTOR

OPERATING COMPTROLLER DIRECTOR
DIRECTOR OF INFORMATION SECURITY
DIRECTOR OF SECURITY AND INTELLIGENCE
OPERATING COMPTROLLER DIRECTOR
EXECUTIVE PROJECTS DIRECTOR

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

The Remuneration System considers as eligible personnel the Executive positions of the first two levels of the Staff areas, the Executive positions of the first three levels of the Deputy General Directorate of Business and the Money Market area.
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 a subsection was added in the section on General Policies Regarding Ordinary Remuneration, in order to align it with the Manual of Policies and Guidelines for Diversity, Equity and Inclusion . Additionally, it was established that the Remuneration Manual would be applicable to both Afirme Banking and Afirme Investment Banking.

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) The variable remuneration to be paid to the Money Market area is calculated by applying 35% to the result generated in each quarter. As a result, the direct expenses identified in this area are deducted, thus determining the total amount to be paid.

To the amount of the variable remuneration resulting from the previous paragraph, 20% is applied and is paid within thirty calendar days after the close of each quarter, the remaining 80% is paid in the four immediately following quarters, applying the equivalent of 20 % in each of the four quarters, as long as the maximum amount of accumulated deferred variable remuneration does not exceed the established retention limits, so once this limit is reached, the amount of the applicable variable remuneration will be paid within 30 calendar days after the end of each quarter.

In the event that the results of the period are negative for the Money Market area, these results will be offset with deferred variable remuneration until they are exhausted.

g) 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: 89

1. Number of covered bonds: 3
   Percentage: 0.17205%
2. Number of bonds awarded: 68
   Percentage: 5.00806%
3. Number of compensation and settlements: 1
   Percentage: 0.07841%
4. Bonds pending to be awarded in cash: 0
   Percentage: 0%
5. Fixed + Variable Compensation of personnel subject to SR
   Total: 16.45000%

c)

1. Fixed Compensation: 9.95674%
   Variable Compensation: 5.00806%
2. Transferred: 0%
   Not Transferred: 5.00806%
3. Pecuniary: 4.83601%

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 31.94479% .

OTHER RELEVANT EVENTS

At the end of the third quarter of 2022, Banca Afirme has an asset level of 144,787.00 million pesos, showing a decrease of -17.5 % compared to the same period in the previous year.

The credit titles issued have a balance as of March 31, 2021 of $ 843.0 million pesos.

Capitalization

Banca Afirme Capitalization ratio stood at 15.46% at the end of the first quarter of 2022 with a basic capital ratio of 11.88%.

Issuance of Subordinated Bonds

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153 / 12258/220. By means of an issuance certificate dated February 15, 2022, the issuance of the subordinated bonds was carried out through a public offering of up to 2,012,500 subordinated bonds with a nominal value of $100.00 pesos each, which accrue interest at a TIIE 28 rate. 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 million pesos, the proportion of the authorized amount of the subordinated bonds compared to the amount issued was 100%.

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

At the Extraordinary General Shareholders' Meeting held on October 22, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153/12258/220. The bond issues was performed through a public offering for up to 2,300,000 subordinated bonds with a nominal value of $ 100 pesos each, which accrue interest at a TIIE rate + 2.8%, 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 million pesos, the proportion of the authorized amount of the subordinated bonds 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 bonds 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 bonds 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 bonds compared to the amount issued was 25%.

At the end of the third quarter of 2022, the subordinated bonds program has a balance of 2,940 million pesos.

Capital increases

At the Extraordinary General Shareholders' Meeting (Banca Afirme) held on Feb 22, 2022, it was agreed to increase the share capital, by 629 million pesos, by capitalizing the account of "additional paid-in capital"

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".

Jesus Antonio Ramirez Garza
Chief Executive Officer

Gustavo M. Vergara Alonso
Chief Financial Officer / Financial Controller

Jesus Ricardo Gamez del Castillo
Chief Financial Officer

David Gerardo Martinez Mata
Director of Internal Audits

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Capital increases

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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.

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.

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

SHAREHOLDING OF BANCA AFIRME	
ENTITY	**% OF PARTICIPATION**
INVESTMENT FUNDS	99.99%
AFIRME	4.09%
CRÉDIT CIRCLE	18.00%
CECOBAN	2.82%
ARRENDADORA (LESSOR)	99.98%

III.- The loan portfolio with credit risk by stages by type of loan to the first quarter of 2022, is integrated as shown below:

CREDIT PORTFOLIO WITH CREDIT RISK BY STAGES AS OF MARCH 31, 2022
AMOUNTS IN MILLIONS OF PESOS

TYPE OF CREDIT	STAGE 1		STAGE 2		STAGE 3		TOTAL PORTFOLIO
	NATIONAL CURRENCY	FOREIGN CURRENCY *	NATIONAL CURRENCY	FOREIGN CURRENCY *	NATIONAL CURRENCY	FOREIGN CURRENCY *	
COMMERCIAL CREDITS	**32,484.98**	**823.07**	**232.48**	**0.00**	**787.34**		**34,327.88**
CORPORATE OR BUSINESS ACTIVITY	30,115.28	823.07	232.48	0.00	787.34	0.00	31,958.17
FINANCIAL INTERMEDIARIES	600.44	0.00	0.00	0.00	0.00	0.00	600.44
GOVERNMENT ENTITIES	1,769.26	0.00	0.00	0.00	0.00	0.00	1,769.26
CONSUMER CREDITS	**8,077.10**	**0**	**212.48**	**0**	**229.11**	**0.00**	**8,518.68**
HOUSING CREDITS	**8,975.04**	**0**	**535.79**	**0**	**620.81**	**0.00**	**10,131.64**
TOTAL	**49,537.12**	**823.07**	**980.74**	**0.00**	**1,637.26**	**0.00**	**52,978.20**

* 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 2022 and 2021.

AVERAGE INTEREST RATES				
CONCEPTS	NATIONAL CURRENCY		FOREIGN CURRENCY	
	I Q 2021	I Q 2022	I Q 2021	I Q 2022
BANKING				
TRADITIONAL DEPOSITS	**3.03%**	**3.84%**	**2.00%**	**2.00%**
DEPOSITS PAYABLE ON DEMAND	1.95%	2.48%	0.01%	0.00%
TERM DEPOSITS	4.49%	5.31%	0.00%	0.00%
Maturity terms are from 1 to 365 days.				
INTERBANK LOANS AND LOANS FROM OTHER BODIES				
BANKING	2.44%	2.41%	0.00%	0.00%
ARRENDADORA (LESSOR)	8.22%	7.10%	0.00%	0.00%
The terms of the maturities are from 1 to 10 years.				

As of March 31, 2022, the Bank has unused credit lines with commercial banks, development banks and development funds, amounting to $1,828. The amount of the credit lines authorized as of March 31, 2022 amounts to $8,770.

V.- The operations in the loan portfolio with stage 3 credit risk to the first quarter of 2022, as well as the transfers to and from the loan portfolio with stage 1 credit risk, are integrated as follows:

OPERATIONS OF THE CREDIT PORTFOLIO WITH STAGE 3 CREDIT RISK IN THE FIRST QUARTER OF 2022
AMOUNTS IN MILLIONS OF PESOS

CONCEPT	COMMERCIAL CREDITS		CONSUMER CREDITS	HOUSING CREDITS	TOTAL
	NATIONAL CURRENCY	FOREIGN CURRENCY *	NATIONAL CURRENCY	NATIONAL CURRENCY	
INITIAL BALANCE	**857.26**	**0.00**	**259.43**	**622.61**	**1,739.30**
INCOME					
CREDIT PORTFOLIO TRANSFERS WITH CREDIT RISK STAGE 1	147.26	0.00	184.78	112.55	**444.60**
OUTFLOW					
RESTRUCTURES AND RENOVATIONS	35.95	0.00	2.03	21.66	**59.64**
LIQUIDATED CREDITS	101.50	0.00	16.12	15.79	**133.42**
PENALTIES	7.72	0.00	158.83	0.15	**166.70**
CREDIT PORTFOLIO TRANSFERS WITH CREDIT RISK STAGE 1	71.48	0.00	38.30	76.74	**186.52**
PORTFOLIO SALE	0.00	0.00	0.00	0.00	**0.00**
FINAL BALANCE	**787.88**	**0.00**	**228.93**	**620.81**	**1,637.62**

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

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 2021 and 2022:

INVESTMENT CATEGORIES IN FINANCIAL INSTRUMENTS AND REPORTS	I Q			
AMOUNTS IN MILLIONS OF PESOS	2021	2022	VAR $	VAR%
ACTIVE				
INVESTMENTS IN FINANCIAL INSTRUMENTS	**105,489.3**	**57,015.7**	**-48,473.6**	**-46.0%**
NEGOTIABLE FINANCIAL INSTRUMENTS	**105,278.0**	**56,807.8**	**-48,470.2**	**-46.0%**
WITHOUT RESTRICTIONS	**2,900.1**	**8,485.7**	**5,585.6**	**192.6%**
GOVERNMENT DEBT	-484.8	567.9	1,052.7	-217.2%
BANKING DEBT	1,234.1	7,782.5	6,548.4	530.6%
OTHER DEBT INSTRUMENTS	2,024.1	0.0	-2,024.1	-100.0%
CAPITAL FINANCIAL INSTRUMENTS	126.6	135.3	8.6	6.8%
RESTRICTED OR GIVEN IN GUARANTEE IN REPURCHASE OPERATIONS	**100,494.5**	**47,292.8**	**-53,201.7**	**-52.9%**
GOVERNMENT DEBT	82,219.9	37,238.5	-44,981.4	-54.7%
BANKING DEBT	17,674.5	10,054.4	-7,620.2	-43.1%
OTHER DEBT INSTRUMENTS	600.1	0.0	-600.1	-100.0%
RESTRICTED OR GIVEN UNDER GUARANTEE OTHERS	**1,883.4**	**1,029.3**	**-854.2**	**-45.4%**
GOVERNMENT DEBT	1,883.4	1,029.3	-854.2	-45.4%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	0.0	0.0	0.0	0.0%
FINANCIAL INSTRUMENTS TO COLLECT OR SELL	**211.3**	**207.9**	**-3.4**	**-1.6%**
WITHOUT RESTRICTIONS	211.3	**207.9**	-3.4	-1.6%
GOVERNMENT DEBT	0.0	0.0	0.0	0.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	211.3	207.9	-3.4	**-1.6%**
RESTRICTED OR GIVEN IN GUARANTEE IN REPURCHASE OPERATIONS	**0.0**	**0.0**	**0.0**	**0.0%**
GOVERNMENT DEBT	0.0	0.0	0.0	0.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	0.0	0.0	0.0	0.0%
DEBTORS BY REPURCHASE	**8,841.2**	**9,269.9**	**428.7**	4.8%
GOVERNMENT DEBT	8,841.2	9,269.9	428.7	4.8%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	0.0	0.0	0.0	0.0%
LIABILITIES				
REPURCHASE OPERATIONS	**99,361.6**	**46,946.4**	**-52,415.2**	**-52.8%**
CREDITORS FOR REPURCHASE	**99,361.6**	**46,946.4**	**-52,415.2**	**-52.8%**
GOVERNMENT DEBT	81,087.5	36,885.7	-44,201.8	-54.5%
BANKING DEBT	17,674.1	10,060.7	-7,613.4	-43.1%
OTHER DEBT INSTRUMENTS	600.0	0.0	-600.0	-100.0%

As of March 31, 2022, the average term of repurchase agreements carried out by the Bank in its capacity as reporting and reporting is 14 and 3 days correspondingly. As of March 31, 2021, these terms were 37 and 20 days. Likewise, interest and returns on repurchase agreements during the first quarter of 2022 were $ 898.26, and $ 2,052.44 in favor and in charge, correspondingly. And during the first quarter of 2020 the amounts in favor and charge were $ 861.98 and $ 7,135.57 correspondingly.

VII.- The nominal amounts of derivative financial instrument contracts by type of instrument and underlying as of March 31, 2022 and 2021 are shown below:

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

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

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS
AS OF MARCH 31, 2022
AMOUNTS IN MILLIONS OF PESOS

SWAPS	DAYS TO BEAT	AMOUNT and/or NOTIONAL	ACTIVE RATE	LIABLE RATE	FLOWS RECEIVABLE	FLOWS TO DELIVER	NET FLOWS
FOR NEGOTIATION PURPOSES			receive	pay	proj		
RATE.- Swaps with rate coverage1	592	300	5.57%	7.30%	3.90	5.11	-1.21
RATE.- Swaps with rate coverage1	592	300	5.57%	6.29%	3.90	4.40	-0.51
RATE.- Swaps with rate coverage1	13	2,000	5.89%	5.74%	27.48	26.79	0.69
RATE.- Swaps with rate coverage1	7	2,000	5.57%	5.66%	25.99	26.41	-0.43
RATE.- Swaps with rate coverage1	148	5,000	6.23%	7.14%	0.00	0.00	0.00
TOTAL							
FOR COVERAGE PURPOSES							
RATES.- NO FLOW EXCHANGE	3,903	91	5.56%	9.36%	1.25	2.10	-0.85
RATES.- NO FLOW EXCHANGE	3,683	1,279	5.89%	5.65%	18.87	18.07	0.80
RATES.- NO FLOW EXCHANGE	2,373	95	5.89%	9.40%	1.57	2.50	-0.93
RATES.- NO FLOW EXCHANGE	2,253	24	5.89%	9.02%	0.37	0.57	-0.20
RATES.- NO FLOW EXCHANGE	2,161	180	5.89%	8.16%	2.69	3.72	-1.03
RATES.- NO FLOW EXCHANGE	2,009	34	5.89%	8.18%	0.51	0.71	-0.20
RATES.- NO FLOW EXCHANGE	1,948	50	5.89%	8.24%	0.75	1.05	-0.30
RATES.- NO FLOW EXCHANGE	1,491	192	5.89%	7.98%	2.92	3.95	-1.03
RATES.- NO FLOW EXCHANGE	1,461	19	5.89%	8.93%	0.30	-0.46	0.76
RATES.- NO FLOW EXCHANGE	1,461	169	5.89%	8.86%	2.58	3.88	-1.30
RATES.- NO FLOW EXCHANGE	1,279	39	5.89%	8.11%	0.60	0.82	-0.22
RATES.- NO FLOW EXCHANGE	1,126	147	5.89%	7.95%	2.27	3.06	-0.79
RATES.- NO FLOW EXCHANGE	945	132	5.89%	7.81%	2.06	2.72	-0.67
RATES.- NO FLOW EXCHANGE	851	300	5.87%	4.70%	4.11	3.29	0.83
RATES.- NO FLOW EXCHANGE	848	400	5.58%	4.67%	5.20	4.36	0.84
RATES.- NO FLOW EXCHANGE	847	300	5.57%	4.67%	3.90	3.27	0.63
RATES.- NO FLOW EXCHANGE	816	350	5.57%	4.48%	4.55	3.88	0.67
RATES.- NO FLOW EXCHANGE	452	300	5.57%	4.59%	3.90	3.21	0.69
RATES.- NO FLOW EXCHANGE	449	450	5.57%	4.62%	5.84	4.85	0.99
RATES.- NO FLOW EXCHANGE	447	500	5.73%	4.63%	8.92	7.19	1.72
RATES.- NO FLOW EXCHANGE	445	250	5.73%	4.69%	4.45	3.65	0.81
RATES.- NO FLOW EXCHANGE	441	500	5.89%	4.69%	6.87	5.47	1.40
RATES.- NO FLOW EXCHANGE	440	250	5.89%	4.71%	3.44	2.74	0.69
RATES.- NO FLOW EXCHANGE	438	500	5.89%	4.70%	6.96	5.55	1.41
RATES.- NO FLOW EXCHANGE	435	300	5.89%	4.73%	4.12	3.31	0.81
RATES.- NO FLOW EXCHANGE	395	109	5.89%	7.30%	1.84	2.27	-0.44
RATES.- NO FLOW EXCHANGE	214	19	5.89%	7.56%	0.38	-0.48	0.86
RATES.- NO FLOW EXCHANGE	71	250	5.89%	4.58%	3.44	2.67	0.76
RATES.- NO FLOW EXCHANGE	76	153	5.73%	2.94%	2.22	1.13	1.10
RATES.- NO FLOW EXCHANGE	1,037	164	8.61%	8.38%	0.00	0.00	0.00
RATES.- NO FLOW EXCHANGE	397	82	8.36%	9.74%	0.00	0.00	0.00
OPTIONS *							
	61	1	10.00%		0.00	0.00	0.00

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, 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%

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS
AS OF MARCH 31, 2022
AMOUNTS IN MILLIONS OF PESOS

SWAPS

FOR COVERAGE PURPOSES	TYPE OF COVERAGE	LEVEL OF EFFECTIVENESS
Swap with rate coverage	Fair value	99.95%
Swap with rate coverage	Fair value	99.62%
Swap with rate coverage	Fair value	107.12%
Swap with rate coverage	Fair value	99.97%
Swap with rate coverage	Fair value	98.89%
Swap with rate coverage	Fair value	99.56%
Swap with rate coverage	Fair value	99.83%
Swap with rate coverage	Fair value	99.87%
Swap with rate coverage	Fair value	101.62%
Swap with rate coverage	Fair value	99.86%
Swap with rate coverage	Fair value	99.82%
Swap with rate coverage	Fair value	99.88%
Swap with rate coverage	Fair value	99.76%
Swap with rate coverage	Fair value	101.96%
Swap with rate coverage	Fair value	99.72%

Swap with rate coverage	Fair value	102.69%
Swap with rate coverage	Fair value	99.86%
Swap with rate coverage	Cash Flow	99.13%
Swap with rate coverage	Cash Flow	99.00%
Swap with rate coverage	Cash Flow	99.95%
Swap with rate coverage	Cash Flow	99.95%
Swap with rate coverage	Cash Flow	99.95%
Swap with rate coverage	Cash Flow	99.95%
Swap with rate coverage	Cash Flow	99.95%
Swap with rate coverage	Cash Flow	99.53%
Swap with rate coverage	Cash Flow	99.00%
Swap with rate coverage	Cash Flow	99.47%
Swap with rate coverage	Cash Flow	99.00%
Swap with rate coverage	Cash Flow	99.00%
Swap with rate coverage	Cash Flow	99.00%

VIII.- Valuation and sale results, by corresponding type of operation during the first quarter of 2022 and 2021:

RESULT FROM INTERMEDIATION AMOUNTS IN MILLIONS OF PESOS	I Q 2021	I Q 2022	VAR $	VAR%
RESULT DUE TO VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE	**43.8**	**-24.2**	**-67.9**	**-155.2%**
NEGOTIABLE FINANCIAL INSTRUMENTS	-48.2	4.4	52.6	-109.2%
DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES	92.0	-28.6	-120.6	-131.1%
RESULT FROM PURCHASE AND SALE OF FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS	**-81.5**	**-3.4**	**78.1**	**-95.8%**
NEGOTIABLE FINANCIAL INSTRUMENTS	1.5	-6.4	-7.9	-516.2%
DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES	-83.0	2.9	86.0	-103.5%
RESULT FROM THE PURCHASE OF FOREIGN CURRENCIES	**31.8**	**44.5**	**12.7**	**39.9%**
TOTAL	**-6.0**	**16.9**	**22.8**	**-383.3%**

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 2022 and 2021.

Other Income (Expenses) of the Net Operation	I Q 21	I Q 22	AMOUNT VAR IT 21 VS IT 22	% VAR IT 21 VS IT 22
Recoveries	62.7	15.8	(46.9)	-75%
Debugging accounts payable	(3.3)	2.2	5.6	-166%
Result from operating lease	1.2	(0.6)	(1.8)	-153%
Collection of written-off credits	30.7	42.1	11.4	37%
Release of reserves	1.3	95.5	94.3	7,419%
Release of reserves from other debts	0.5	0.4	(0.1)	-23%
Sale of movable and real estate	0.5	1.5	1.0	211%
Bond from the use of Debit and Credit Cards	0.0	3.0	3.0	0%
Other + funds	10.2	25.0	14.7	144%
Loss on portfolio sale	(1.2)	(0.8)	0.4	-31%
Customer bonuses	(13.0)	(16.1)	(3.1)	24%
Miscellaneous bankruptcies	(1.4)	(0.9)	0.4	-32%
Reserve for other overdue debts	(6.5)	(8.7)	(2.2)	33%
Reserve foreclosed assets	(2.0)	0.3	2.2	-113%
Others	(0.1)	(0.8)	(0.7)	506%
Totals	**79.4**	**157.8**	**78.4**	**98.8%**

X.- Deferred income tax assets are presented below according to their origin for the first quarter of 2022 and 2021:

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2021 AMOUNTS IN MILLIONS OF PESOS				
	TOTAL BASE	**ISR**	**PTU**	**TOTAL**
ITEMS IN FAVOR				
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
				893.0
ITEMS CHARGED				
EARLY DEDUCTIONS	-1053.9	-316.2	0.0	-316.2
OTHER TEMPORARY DIFFERENCES	73.8	22.1	0.0	22.1
				-294.0
TOTAL DEFERRED TAXES IN FAVOR				**599.0**

AMOUNT OF DEFERRED TAXES ACCORDING TO THEIR ORIGIN AS OF MARCH 31, 2022 AMOUNTS IN MILLIONS OF PESOS			
	TOTAL BASE	**ISR**	**TOTAL**
ITEMS IN FAVOR			
TEMPORARY PROVISIONS	480.1	144.0	144.0
PREVENTIVE ESTIMATION FOR CREDIT RISKS	2421.6	726.5	726.5
OTHER TEMPORARY DIFFERENCES	206.1	63.2	63.2
			933.7
ITEMS CHARGED			
EARLY DEDUCTIONS	-1268.5	-380.6	-380.6
OTHER TEMPORARY DIFFERENCES	0.0	0.0	0.0
			-380.6
TOTAL DEFERRED TAXES IN FAVOR			**553.12**

XI.- Capitalization index
see item XX

XII.- Basic and Complementary Capital
see item XX

XIII.- Value at Market Risk

CAPITALIZATION AND MARKET VALUE AT RISK (VAR)		
(BEFORE REPLICATIONS WITH BANCO DE MEXICO)	I Q	
AMOUNTS IN MILLIONS OF PESOS	2021	2022
ASSETS SUBJECT TO RISK		
OF CREDIT	40,668.4	45,312.0
MARKET	8,724.3	5,617.2
OPERATIONAL	7,971.0	8,618.8
CAPITAL STRUCTURE		
BASIC CAPITAL	6,830.9	7,077.0
COMPLEMENTARY CAPITAL	2,138.7	2,130.4
NET CAPITAL	8,969.6	9,207.4
CREDIT CAPITALIZATION INDEX	22.06%	20.32%
TOTAL CAPITALIZATION INDEX	15.64%	15.46%
AVERAGE MARKET VALUE AT RISK (VAR)	14.03	13.65
PERCENTAGE ON NET CAPITAL	0.16%	0.15%

XIV.- Information per segments.

Banca Afirme
Balance Sheet per Segments
amounts in millions of pesos

Mar-21	Credit Operations	Treasury and Investment Banking Operations	Other	Total
Assets	**54,252.2**	**120,753.0**	**474.4**	**175,479.6**
Cash and cash equivalents	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 repurchase	0.0	8,841.2	0.0	8,841.2
Operations with Securities and Derivatives	0.0	155.1	0.0	155.1
Loan Portfolio	45,741.2	0.0	0.0	45,741.2
Other assets	6,357.9	781.8	474.4	7,614.2
Liabilities	**47,696.0**	**120,753.0**	**0.0**	**168,449.0**
Demand on Assets	31,438.3	2,000.0	0.0	33,438.3
Time Collection Term	8,656.1	15,612.6	0.0	24,268.7
Creditors for repurchase	0.0	99,361.6	0.0	99,361.6
Sales Collaterals given in Guarantee	0.0	0.0	0.0	0.0
Interbank Loans	6,320.3	0.0	0.0	6,320.3
Operations with Securities and Derivatives	0.0	151.0	0.0	151.0
Subordinated Debt Issued	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**

Banca Afirme
Statement of Financial Position by Segments
amounts in millions of pesos

mar-22	Credit Operations	Treasury and Investment Banking Operations	Others	Total
Assets	**65,798.2**	**78,223.8**	**765.0**	**144,787.0**
Cash and cash equivalents	3,014.8	11,504.2	0.0	14,519.0
Investments In Financial Instruments	0.0	57,015.7	0.0	57,015.7
Debtors by repurchase	0.0	9,269.9	0.0	9,269.9
Operations with Securities and Derivatives	0.0	434.0	0.0	434.0
Loan Portfolio	49,949.5	0.0	0.0	49,949.5
Other assets	12,833.9	0.0	765.0	13,599.0
Liabilities	**59,141.8**	**78,223.8**	**0.0**	**137,365.6**
Demand on Assets	35,198.3	2,000.0	0.0	37,198.3
Time Collection Term	14,302.5	21,341.0	0.0	35,643.5
Creditors for repurchase	0.0	46,946.4	0.0	46,946.4
Sales Collaterals given in Guarantee	0.0	0.0	0.0	0.0
Interbank Loans	6,324.4	0.0	0.0	6,324.4
Operations with Securities and Derivatives	0.0	25.1	0.0	25.1
Subordinated Debt Issued	0.0	2,939.9	0.0	2,939.9
Other liabilities	3,316.6	4,971.4	0.0	8,288.0
Capital	**6,656.4**	**0.0**	**765.0**	**7,421.4**
Stockholders' Equity	6,656.4	0.0	765.0	7,150.1
Total Liabilities and Capital	**65,798.2**	**78,223.8**	**765.0**	**144,787.0**

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
Allowance for Loan Losses	-479.23	0.00	0.00	-479.23
Commissions and Fees (Income)	247.65	0.00	309.26	556.91
Commissions and Fees (Expense)	-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
Administrative 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
Income Tax	-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**

Banca Afirme
Income Statement by Segments
amounts in millions of pesos

Mar-22	Credit Operations	Treasury and Investment Banking Operations	Other	Total
Interest Income	1,590.66	2,894.24	0.00	4,484.90
Income from Warehousing Services	0.00	0.00	0.00	0.00
Interest Expense	-688.39	-2,291.16	0.00	-2,979.56
Result by Monetary Position	0.00	0.00	0.00	0.00
Allowance for Loan Losses	-224.41	0.00	0.00	-224.41
Commissions and Fees (Income)	241.32	0.00	474.78	716.10
Commissions and Fees (Expense)	-81.39	0.00	-229.29	-310.68
Result by intermediation	44.45	-27.58	0.00	16.87
Other income (expenses) from the operation	157.81	0.00	0.00	157.81
Administrative and Promotion Expenses	-820.03	-464.37	-225.41	-1,509.82
Operating Result	220.02	111.12	20.08	351.23
Other Expenses and Products	0.00	0.00	0.00	0.00
Income Tax	-62.87	-31.76	-5.74	-100.37
Result before participation of subsidiaries	157.14	79.37	14.34	250.86
Participation in the results of subsidiaries			11.29	11.29
Net profit	**157.14**	**79.37**	**25.63**	**262.15**

Below is the loan portfolio with credit risk by stages by economic sector for the first quarter of 2022:

CREDIT PORTFOLIO WITH STAGE 1 CREDIT RISK GROUPED BY ECONOMIC SECTOR AMOUNTS IN MILLIONS OF PESOS	I Q 2022
AGRICULTURE	290.9
COMMERCE	9,891.1
CONSTRUCTION	3,077.4
ELECTRICITY AND WATER	6,016.9
MANUFACTURING	1,709.8
MINING AND OIL	1,318.4
SERVICES	5,231.8
FINANCIAL AND REAL ESTATE SERVICES	2,876.8
TRANSPORT AND COMMUNICATIONS	1,125.6
MUNICIPAL, STATE AND FEDERAL GOVERNMENT	1,769.3
CONSUMPTION	8,077.1
HOUSING	8,975.0
TOTAL	**50,360.2**

CREDIT PORTFOLIO WITH STAGE 2 CREDIT RISK GROUPED BY ECONOMIC SECTOR AMOUNTS IN MILLIONS OF PESOS	I Q 2022
AGRICULTURE	12.2
COMMERCE	59.2
CONSTRUCTION	1.4
MINING AND OIL	0.9
ELECTRICITY AND WATER	24.1
MANUFACTURING	0.0
SERVICES	75.7
FINANCIAL AND REAL ESTATE SERVICES	1.5
TRANSPORT AND COMMUNICATIONS	57.5
GOVERNMENT ENTITIES	0.0
CONSUMPTION	212.5
HOUSING	535.8
TOTAL	**980.7**

CREDIT PORTFOLIO WITH STAGE 3 CREDIT RISK GROUPED BY ECONOMIC SECTOR	
AMOUNTS IN MILLIONS OF PESOS	**I Q 2022**
AGRICULTURE	10.5
COMMERCE	376.6
CONSTRUCTION	69.4
MINING AND OIL	1.4
ELECTRICITY AND WATER	0.0
MANUFACTURING	87.8
SERVICES	188.4
FINANCIAL AND REAL ESTATE SERVICES	23.3
TRANSPORT AND COMMUNICATIONS	29.4
GOVERNMENT ENTITIES	0.0
CONSUMPTION	229.1
HOUSING	620.8
TOTAL	**1,636.8**

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

Loan portfolio by stages by Geographical Zone

CREDIT PORTFOLIO WITH STAGE 1 CREDIT RISK GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL AREA
AS OF MARCH 31, 2022
(AMOUNTS IN MILLIONS OF PESOS)

	MEXICO CITY (**)	MONTERREY (*)	NORTH (***)	CENTER (****)	TOTAL
CONSUMER CREDITS	783.14	4,683.61	1,479.09	1,131.25	8,077.10
BUSINESS OR COMMERCIAL ACT	2,886.38	21,642.90	3,665.80	2,743.27	30,938.35
MIDDLE AND RESIDENTIAL HOUSING	1,506.46	2,920.55	1,808.48	2,730.75	8,966.25
OF SOCIAL INTEREST	0.00	8.80	0.00	0.00	8.80
FINANCIAL ENTITIES	0.00	570.47	0.00	29.97	600.44
GOVERNMENT ENTITIES	0.00	1,296.80	7.15	465.30	1,769.26
TOTAL	**5,175.98**	**31,123.13**	**6,960.53**	**7,100.55**	**50,360.19**

CREDIT PORTFOLIO WITH STAGE 2 CREDIT RISK GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL AREA
AS OF MARCH 31, 2022
(AMOUNTS IN MILLIONS OF PESOS)

	MEXICO CITY (**)	MONTERREY (*)	NORTH (***)	CENTER (****)	TOTAL
CONSUMER CREDITS	29.39	97.65	51.84	33.63	212.51
BUSINESS OR COMMERCIAL ACT	48.81	75.15	30.03	78.46	232.45
MID AND RESIDENTIAL	141.62	132.09	90.82	169.90	534.43
OF SOCIAL INTEREST	0.00	1.36	0.00	0.00	1.36
FINANCIAL ENTITIES	0.00	0.00	0.00	0.00	0.00
GOVERNMENT ENTITIES	0.00	0.00	0.00	0.00	0.00
TOTAL	**219.81**	**306.24**	**172.69**	**281.99**	**980.74**

CREDIT PORTFOLIO WITH STAGE 3 CREDIT RISK GROUPED BY TYPE OF CREDIT AND GEOGRAPHICAL AREA
AS OF MARCH 31, 2022
(AMOUNTS IN MILLIONS OF PESOS)

	MEXICO CITY (**)	MONTERREY (*)	NORTH (***)	CENTER (****)	TOTAL
CORPORATE OR BUSINESS ACTIVITY	24.71	109.42	49.32	45.66	229.11
CONSUMER CREDITS	292.98	177.10	103.55	213.70	787.34
MID AND RESIDENTIAL	153.20	165.05	72.39	228.65	619.29
OF SOCIAL INTEREST	0.00	1.52	0.00	0.00	1.52
TOTAL	**470.88**	**453.10**	**225.26**	**488.02**	**1,637.26**

(*) 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

Deposit funding by Geographic Zone

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

	MEXICO CITY (**)	MONTERREY (*)	NORTH (***)	CENTER (****)	TOTAL
IMMEDIATE AVAILABLE DEPOSITS	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
CREDITS SECURITIES 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**

DEPOSITS GROUPED BY GROUP AND GEOGRAPHICAL ZONE
AS OF MARCH 31, 2022
(AMOUNTS IN MILLIONS OF PESOS)

	MEXICO CITY (**)	MONTERREY (*)	NORTH (***)	CENTER (****)	TOTAL
IMMEDIATE AVAILABLE DEPOSITS	6,481.97	9,391.41	4,890.91	16,510.78	37,275.06
TERM DEPOSITS	3,539.68	22,573.22	3,083.80	5,526.97	34,723.68
CREDITS SECURITIES ISSUED	0.00	843.05	0.00	0.00	843.05
TOTAL	**10,021.65**	**32,807.67**	**7,974.71**	**22,037.75**	**72,841.79**

(*) MONTERREY Y SU AREA METROPOLITANA
(**) CIUDAD DE MÉXICO Y ESTADO DE MÉXICO
(***) BAJA CALIFORNIA, CHIHUAHUA, COAHUILA, DURANGO, SINALOA, SONORA Y TAMAULIPAS
(****) AGUASCALIENTES, COLIMA, GUANAJUATO, GUERRERO, HIDALGO, JALISCO, MICHOACAN, MORELOS, NAYARIT, PUEBLA, QUERETARO, SAN LUIS POTOSI, VERACRUZ

XV.- Information on related parties:
The key operations performed with related parties were the following:

CREDITS AND TRANSACTIONS WITH OTHER RELATED COMPANIES		
	I Q	
AMOUNTS IN MILLIONS OF PESOS	2021	2022
NATURAL AND COMPANIES WHO HAVE DIRECT AND INDIRECT CONTROL OF THE GROUP		
CASH AND CASH EQUIVALENT	186.2	201.35
LOAN PORTFOLIO	1,196.3	1,059.4
OPENING OF IRREVOCABLE CREDITS	10.0	426.3
TERM DEPOSITS AND REPURCHASE	1,370.4	2,750.4
DEMAND DEPOSITS	499.2	419.4
DEBTORS BY REPURCHASE	55,001.4	69,093.0
CREDITORS FOR REPURCHASE	732.7	2,511.0
VARIOUS CREDITORS	9.7	22.4
VARIOUS DEBTORS	42.0	2.2
SUBORDINATED BONDS	502.3	598.0
MEMBERS OF THE BANK AND GROUP BOARD OF DIRECTORS		
LOAN PORTFOLIO	6.8	7.2
TERM DEPOSITS AND REPURCHASE	45.3	37.5
DEMAND DEPOSITS	16.7	12.2
SPOUSES AND PEOPLE RELATED TO THE PREVIOUS PEOPLE		
LOAN PORTFOLIO	11.8	10.8
TERM DEPOSITS AND REPURCHASE	30.1	25.8
DEMAND DEPOSITS	13.4	17.4

INTEREST, COMMISSIONS AND OTHER EXPENSES OF RELATED COMPANIES		
	I Q	
AMOUNTS IN MILLIONS OF PESOS	2021	2022
INTEREST CHARGED	15.7	17.7
SERVICE REVENUES	25.7	11.8
INCOME COLLECTED	0.5	0.4
FEES CHARGED	79.3	42.4
AWARDS COLLECTED	209.0	907.3
RESULT FROM PURCHASE AND SALE OF INVESTMENTS IN SECURITIES	3.6	-0.7
TOTAL REVENUES	**333.8**	**978.9**
SALARIES AND BENEFITS	23.8	34.3
OTHER FEES	174.5	32.3
RENT PAID	40.2	54.9
INTEREST PAID	77.9	27.2
OTHER OPERATING AND ADMINISTRATION EXPENSES	42.6	88.1
AWARDS PAID	3.0	27.9
RESULT FROM VALUATION OF DERIVATIVES	-	0.0
TOTAL EXPENSES	**362.1**	**264.8**

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

Financial indicators

RELEVANT INDICATORS	IVQ21	IQ21	IQ22	
Default rate (portfolio with stage 3 credit risk / total portfolio)	3.35%	3.73%	3.09%	
Coverage of loan portfolio with stage 3 credit risk (precautionary estimate / loan portfolio with stage 3 credit risk)	1.31	1.26	1.39	
Operating efficiency (administration and promotion expenses/average total assets)	2.71%	2.76%	3.75%	
ROE (return on equity)	11.60%	6.26%	14.39%	
ROA (return on assets)	0.45%	0.24%	0.65%	
Liquidity Ratio (liquid assets/liquid liabilities)	0.91	0.90	0.93	
MIN (financial margin adjusted for credit risks/productive assets)	2.09%	2.23%	3.39%	
Banca Afirme				
Credit Capitalization Index	20.59%	22.06%	20.32%	(1)
Total Capitalization Ratio	15.33%	15.64%	15.46%	(1)
Basic Capital Index	11.95%	11.91%	11.88%	(1)
Assets subject to credit, market and operational risk				
of credit	42,403	40,669	45,312	(1)
market	6,147	8,726	5,617	(1)
operating	8,403	7,971	8,619	(1)
Total	**56,953**	**57,366**	**59,548**	

(1) Previous data before Banxico replies

Banca Afirme Portfolio Rating

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

DEGREES OF RISK	AMOUNT OF CREDIT PORTFOLIO	NECESSARY PREVENTIVE RESERVATIONS					
		COMMERCIAL	CONSUMPTION		HOUSING MORTGAGE PORTFOLIO	TOTAL LOAN-LOSS RESERVES
			NON-REVOLVING	CREDIT CARD AND OTHER REVOLVING CREDITS		
A-1	$38,659	$130	$37	$23	$12	$202
A-2	$5,082	$49	$11	$11	$3	$73
B-1	$2,076	$16	$28	$7	$2	$53
B-2	$1,234	$11	$22	$4	$2	$39
B-3	$2,099	$55	$15	$4	$1	$76
C-1	$728	$17	$20	$9	$4	$51
C-2	$1,010	$5	$34	$21	$50	111
D	$2,239	$560	$56	$45	$100	$761
E	$1,327	$502	$252	$26	$84	$864
EXCEPTED RATED	$0	$0	$0	$0	$0	$0
TOTAL	**$54,455**	**$1,346**	**$477**	**$149**	**$258**	**$2,230**
Less: **CONSTITUTED RESERVES**						**$2,273**
EXCESS						**-$42**
BALANCE RESERVES						**$2,273**

GRADES:

1.- The figures for the rating 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, 2022.

2.- The loan portfolio is rated according to the methodology established by the National Banking and Securities Commission in Chapter V of Title Two of the General Provisions applicable to credit institutions and may be rated by internal methodologies authorized by the Commission itself.

The Institution uses the rating methodologies established by the CNBV.

Credit institutions use risk grades: A-1; A-2; B-1; B-2; B-3; C-1; C-2; D and E, for the purposes of grouping loan-loss reserves according to the type of portfolio 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 loan-loss reserves constituted by $ 42', correspond to reserves derived from operational risks, additional reserves for interest on overdue loans, other overdue debts and reserves for specific cases.

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, 2022:

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

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

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

QBAFIRME18
At the Extraordinary General Shareholders' Meeting held on October 1, 2018, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through OFI/official letters 033-24335. The bond issue was performed through a public offering of up to 12,000,000 subordinated bonds 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 December 2028. Said issuance was for an amount of $ 1,200, the proportion of the authorized amount of the subordinated bonds compared to the amount issued was 100%.

QBAFIRME20

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153 / 12258/2020. The bond issue was executed through a public offering of up to 5,000,000 subordinated bonds 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 bonds 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 bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153/12258/220. The bond issue was executed through a public offering of up to 2,300,000 subordinated bonds 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 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 subordinated non-preferred capital bonds and not susceptible to being converted into shares, obtaining authorization from the Central Bank for their issuance through official letters 153 / 12258/220. By means of an issuance certificate dated February 15, 2022, the issuance of the subordinated bonds was carried out through a public offering of up to 2,012,500 subordinated bonds with a nominal value of $100.00 pesos each, which accrue interest at a TIIE 28 rate. 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, 2022, 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, 2022, the subordinated debentures do not have a discount or premium rate.

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

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

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

- Arrendadora Afirme, S. A. de C. 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. 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.

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*** **-**

Through publication in the Official Gazette dated December 4, 2020, the CNBV announced the obligation as of the 1st. January 2022, for the adoption of the following FRS issued by the CINIF: B-17 "Determination of fair value", C-3 "Accounts receivable", C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Financial instruments to collect principal and interest", D-1 "Income from contracts with customers", D-2 "Costs from contracts with customers" and D-5 "Leases". According to the transitory articles mentioned in the Provisions, and as a practical solution, the credit institutions in the application of the accounting criteria contained in annex 33 that are modified, may recognize on the date of initial application, that is, on January 1, 2022, the cumulative effect of the accounting changes. Likewise, the basic (consolidated) quarterly and annual financial statements that are required from the institutions, in accordance with the Provisions corresponding to the period ended December 31, 2022, should not be presented comparatively with each quarter of the year 2021 and for the year ended. on December 31, 2021.

Below is a summary of the FRS adopted:

"NIF B-17 "Determination of fair value"- . NIF B-17 must be applied in determining the fair value. This FRS establishes the valuation and disclosure standards in the determination of the fair value, in its initial and subsequent recognition, if the fair value is required or permitted by other particular FRS. Where applicable, changes in valuation or disclosure should be recognized prospectively. This FRS must be applied, except for what is established in the particular criteria defined in the Single Official Document of Banks

Some specific details for credit institutions are:

Entities may not classify as Level 1 the updated prices for valuation that they determine through the use of internal valuation models.

Additionally, they must disclose:

- The type of virtual asset and/or financial instrument to which an internal valuation model is applicable.

- When the volume or level of activity has decreased significantly, they must explain the adjustments that, if any, have been applied to the updated price for valuation.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

The initial impact due to the entry into force of this standard mainly represents the effects of disclosure of information in the financial statements.

NIF C-2 *"Investment in financial instruments"* - The Accounting Criteria issued by the Commission "Investments in securities" (B-2) is repealed and it is established that NIF C-2 must be applied, regarding the application of the rules related to the registration, valuation and presentation in the financial statements of its investments in financial instruments as follows:

- The classification of financial instruments eliminates the concept of intention to acquire and use an investment in a financial instrument to determine its classification and instead adopts the business model of managing investments in financial instruments to obtain cash flows. With this change, the categories of held-to-maturity and available-for-sale instruments are eliminated. They must determine the business model they will use to manage their investments, classifying them in one of the following three categories: Negotiable financial instruments (IFN), Financial instruments to collect or sell (IFCV), or Financial instruments to collect principal and interest (IFCPI).

- It establishes the valuation of investments in financial instruments also according to the business model, indicating that each model will have its own item in the statement of comprehensive income.

- It adopts the principle that all financial instruments are valued on initial recognition at fair value.

- The valuation results that are recognized before the investment is redeemed or sold will be unrealized and, consequently, will not be subject to capitalization or distribution of dividends among its shareholders, until they are made in cash.

- Credit institutions, for the identification and recognition of adjustments for impairment, must adhere to the provisions of NIF C-2 "Investment in financial instruments", issued by the CINIF.

In the application of NIF C-2, the Commission establishes the following considerations:

- The exception to irrevocably designate, in its initial recognition, a financial instrument to collect or sell, to be subsequently valued at its fair value with effects on the net result referred to in paragraph 32.6 of NIF C, will not be applicable to entities.

- The expected credit losses due to the impairment of investments in financial instruments as indicated in section 45 of NIF C-2 must be determined in accordance with the provisions of NIF C-16. In this regard, although the CNBV does not establish specific methodologies for its determination, it would be expected that the expected credit losses due to the deterioration of the securities issued by a counterparty be consistent with the deterioration determined for loans granted to the same counterparty.

Reclassifications

- Entities that carry out reclassifications of their investments in financial instruments under section 44 of NIF C-2, must report this fact in writing to the CNBV within 10 business days following its determination, detailing the change in the business model that justifies them. Said change must be authorized by the entity's Risk Committee.

The Institutions must consider the Updated Price for Valuation provided by the Price Provider they have contracted, for the following:

a) Securities registered in the Registry or authorized, registered or regulated in markets recognized by the Commission through general provisions.

b) Derivative Financial Instruments that are listed on national derivatives exchanges or that belong to markets recognized by the Bank of Mexico.

c) Underlying assets and other financial instruments that are part of the Structured Operations or Derivative Packages, in the case of Securities or financial instruments provided for in a) and b).

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

The initial impact due to the entry into force of this standard mainly represents effects of presentation and disclosure of information in the financial statements.

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".

NIF C-16 "Impairment of financial instruments receivable"-. When observing the criteria indicated in NIF C-16 "Impairment of financial instruments receivable", credit institutions should not consider the assets derived from the operations referred to in criterion B-6 - Credit Portfolio, issued by the Banking Commission, since the standards for the valuation, presentation and disclosure of such assets are contemplated in the aforementioned criterion, for the rest of the assets the expected losses due to impairment must be recognized considering the following:

- It establishes that the impairment losses of an IFC must be recognized when, as the credit risk has increased, it is concluded that part of the future cash flows of the IFC will not be recovered.

- It proposes that the expected loss be recognized based on the historical experience of the credit loss entity, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of the future cash flows of the IFCs. .

- In the case of interest-bearing IFCs, it establishes how much and when it is estimated to recover the amount of the IFC, since the recoverable amount must be at its present value.

- It establishes that, if the IFCPI was not withdrawn due to the renegotiation, it is appropriate to continue valuing the financial instrument using the original effective interest rate, which should only be modified due to the effect of the renegotiation costs.

The Commission establishes certain specifications for the application of NIF C-16 as follows:

- For those accounts receivable other than those related to the credit portfolio, entities must create, where appropriate, an estimate that reflects their degree of irrecoverability, applying the provisions of section 42 of NIF C-16.

- Overdrafts in the checking accounts of the entity's clients, who do not have a line of credit for such purposes, will be classified as overdue debts and the entities must establish simultaneously with said classification an estimate for the total amount of said overdraft, at the time such an event occurs.

- Regarding the operations with uncollected immediate collection documents referred to in criterion B-1 "Cash and cash equivalents", 15 calendar days following the date on which they have been transferred to the item that gave them origin, they will be classified as overdue debts and their estimate must be constituted simultaneously for the total amount of the same.

- The collection rights acquired by the entity that are in the cases provided for in paragraph 23 of criterion B-6 – Credit portfolio, must be considered as financial instruments receivable with high credit risk (stage 3), and may not be transferred. to another stage for any after effect.

- For purposes of determining the amount of the expected credit loss referred to in paragraph 45.1.1 of NIF C-16, the effective interest rate used to determine the present value of the cash flows to be recovered must be adjusted when chooses to modify said rate periodically in order to recognize the variations in the estimated cash flows to be received.

- The constitution of reserves is established for the total debt and specific terms at the time of applying the practical solutions referred to in paragraph 42.6 of NIF C-16.

- Additionally, an estimate of expected credit losses will not be constituted for balances in favor of taxes, and creditable value added tax.

The Administration recognized in the Statement of Financial Position as of January 31, 2022, the initial effect due to the entry into force of this standard, which represents an increase in the estimate for irrecoverability (credit) within the Accounts Receivable category for $21 and a debit to the Retained Earnings item for the same amount, as well as a credit for $8, corresponding to the deferred tax generated by said recognition.

NIF C-19 "Payable Financial Instruments " - The main characteristics issued for this FRS 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.

The Commission establishes certain specifications for the application of NIF C-19 as follows:

Traditional deposits

The characteristics of the issuance of the credit titles issued must be disclosed in notes to the financial statements: amount; number of titles in circulation; nominal value; discount or premium; rights and form of redemption; guarantee; expiration; interest rate; effective interest rate; amortized amount of the discount or premium in results; amount of issuance expenses and other related expenses and proportion of the authorized amount compared to the amount issued.

Specific aspects are established to be disclosed for the collection of resources whose destination is the assistance of communities, sectors or populations derived from natural catastrophes.

Subtracting Bank and other agencies

The total amount of interbank loans must be disclosed, as well as that of other entities, indicating for both the type of currency, as well as the maturity terms, guarantees and weighted average rates to which, if applicable, they are subject, identifying the interbank promissory note and interbank loans agreed for a term less than or equal to 3 business days.

For credit lines received by the entity in which not all the authorized amount has been exercised, the unused part of the same should not be presented in the statement of financial position. However, entities must disclose through notes to the financial statements the unused amount, in accordance with the provisions of criterion A-3, regarding the disclosure of financial information. The letters of credit contracted by the entity are included in the lines referred to in this paragraph.

Restricted application resources received from the Federal Government

The resources that the development banking institutions receive from the Federal Government for a specific purpose, and that according to their economic substance are not considered as stockholders' equity in terms of the provisions of the FRS, will be recognized on the date they are received. in the statement of financial position in the caption of resources of restricted application received from the Federal Government against the corresponding restricted assets according to the nature of said resources.

Initial recognition of a financial instrument payable

The provisions of paragraph 41.1.1 number 4 of NIF C-19 will not apply, regarding using the market rate as the effective interest rate in the valuation of the financial instrument payable when both rates are substantially different.

Financial instruments payable valued at fair value

The exception to irrevocably designate in its initial recognition a financial instrument payable to be subsequently valued at its fair value with effect on the net result referred to in section 42.2 of NIF C-19 will not be applicable to entities.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

The initial impact due to the entry into force of this standard mainly represents effects of presentation and disclosure of information in the financial statements.

NIF C-20 "Financial instruments to collect principal and interest" - The main characteristics issued for this FRS 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.

For the purposes of NIF C-20, the assets originating from the operations referred to in criterion B-6, issued by the CNBV, should not be included, since the recognition, valuation, presentation and disclosure standards for the initial recognition and of such assets, are contemplated in said criterion. The Commission establishes certain specifications for the application of NIF C-20 as follows:

Initial recognition of a financial instrument to collect principal and interest

The provisions of paragraph 41.1.1 number 4 of NIF C-20 will not apply regarding using the market rate as the effective interest rate in the valuation of the financial instrument to collect principal and interest when both rates are substantially different.

Collection rights

For purposes of recognition of effective interest, the effective interest rate of the collection rights may be adjusted periodically in order to recognize the variations in the estimated cash flows to be received.

Fair Value Option

The exception to irrevocably designate in its initial recognition a financial instrument to collect principal and interest, to be subsequently valued at its fair value with effect on the net result referred to in paragraph 41.3.4 of the NIF C-20.

Loans to officers and employees

The interest originated from loans to officials and employees will be presented in the statement of comprehensive income in the caption of other income (expenses) of the operation.

Loans to retirees

Loans to retirees will be considered as part of the credit portfolio, and must adhere to the guidelines established in criterion B-6, except when, as with active employees, the collection of said loans is carried out in a direct, in which case they will be recorded in accordance with the guidelines applicable to loans to officials and employees

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

The initial impact due to the entry into force of this standard mainly represents effects of presentation and disclosure of information in the financial statements.

NIF C-10 "Derivative financial instruments and hedging relationships"- Its objective is to establish the valuation, presentation and disclosure standards for the initial and subsequent recognition of derivative financial instruments (DFI) and hedging relationships, in the financial statements. Company financials.
This standard focuses on establishing the following specific objectives of a hedging relationship:

- Define and classify the permissible models of recognition of hedging relationships;

- Establish both the conditions that a financial instrument, derivative or non-derivative, must meet to be designated as a hedging instrument, as well as the conditions that the hedged items must meet to be designated in one or more hedging relationships;

- Define the concept of alignment of an entity's risk management strategy to designate a hedging relationship; Y

- Establish the methods that serve to evaluate the effectiveness of a hedging relationship and the possibility of rebalancing it

The Commission establishes certain specifications for the application of NIF C-10 as follows:

- Adds to the glossary of terms the definitions of Synthetic Operations with derivative financial instruments and Spot Price.

- Likewise, institutions must observe the following criteria:
  - ✓ Credit Derivative Financial Instruments
  - ✓ Structured operations and packages of derivative financial instruments

In addition, it establishes some clarifications on the recognition and valuation of derivative financial instruments that are listed below:

- Packages of derivative financial instruments listed on a recognized market as a single financial instrument
- Derivative financial instruments not listed on recognized markets or exchanges
- *Fair value hedge for interest rate risk of a portion of a portfolio made up of financial assets or financial liabilities (establishes specific conditions for this type of coverage)*

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

The initial impact due to the entry into force of this standard mainly represents effects of presentation and disclosure of information in the financial statements.

NIF D-1 "Income from contracts with customers" - The key characteristics issued for this FRS 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.
- It establishes requirements and guidance on how to value the variable consideration and other aspects, when performing the income valuation.

Annex 33 establishes the acknowledgment in accordance with the provisions of this NIF for the following:

- Commission income from the granting of guarantees (B-8 Guarantees)
- Income derived from custody or administration services (B-9 Custody and Administration of assets)

- Income from management of Trusts (B-10 Trusts), including the suspension of the accumulation of said income, at the moment in which the debt for these presents 90 or more calendar days of non-payment, and may be accumulated again when the debt pending payment is settled in full.
- Operations carried out by development banking institutions as Financial Agent of the Federal Government (B-10 Trusts)

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.

Management recognized the initial effect of the entry into force of these standards, which it considers immaterial for the purposes of the financial statements as a whole.

Changes in Criterion B-6 "Loan Portfolio":

Among the main changes are:

- The modification in the way of classifying financial instruments in assets, since the concept of intention to acquire and hold them is discarded to determine their classification, instead the concept of business model of the administration and preparation of tests of financial instruments whose purpose is Only to Collect Principal and Interest (SPPI). The need for tests on the determination of these types of instruments is established.
- The Current and Past Due portfolio classification is eliminated, and the measurement of the portfolio is incorporated in three stages
    - **Portfolio with stage 1 credit risk.-** These are all those loans whose credit risk has not increased significantly from their initial recognition to the date of the financial statements and that are not in the assumptions to be considered stage 2 or 3 in terms of the Exhibit 33.

   - **Portfolio with stage 2 credit risk.-** Includes those loans that have shown a significant increase in credit risk from their initial recognition to the date of the financial statements in accordance with the provisions of the models for calculating the preventive estimate for established credit risks. or permitted in the Provisions, as well as the provisions of Annex 33.
   - **Portfolio with stage 3 credit risk.-** Are those loans with credit deterioration caused by the occurrence of one or more events that have a negative impact on the future cash flows of said loans in accordance with the provisions of Annex 33.

- The evaluation of origination costs in a straight line is modified and measurement and valuation methods are incorporated:
   - Amortized Cost: It is the present value of the contractual cash flows receivable from the credit portfolio, plus the transaction costs to be amortized, using the effective interest method and subtracting the preventive estimate for credit risks.
   - Effective Interest Rate: It is the rate that exactly discounts the estimated future cash flows that will be collected during the expected life of a loan in determining its amortized cost. Its calculation must consider the contractual cash flows and the relative transaction costs.
   - Amortized origination costs with effective rate

On September 23, 2021, through publication in the Official Gazette of the Federation, the Commission allows financial entities to continue using the contractual interest rate, as well as the straight line method, in the recognition of accrued interest on their loan portfolio. for the recognition of commissions charged and transaction costs as indicated in the current criterion B-6 "Loan Portfolio", in force until December 31, 2021; such circumstance must be disclosed in the quarterly and annual financial statements for said fiscal year. To do this, they had to notify the National Banking and Securities Commission in writing, before December 31, 2021, explaining in detail the reasons why they will not be in a position to apply the aforementioned effective interest rate, during the year of 2022. , in addition to indicating the program to which they will be subject for its implementation

The credit institutions in the recognition and disclosure of the effects for the initial application of the effective interest method and the effective interest rate that they carry out in the year of 2023, must adhere to the provisions of the Financial Information Standard B-1 " Accounting changes and corrections of errors", applicable to credit institutions by virtue of the provisions of criterion A-2 "Application of particular rules", contained in Annex 33 of the General Provisions applicable to credit institutions.

The Entity, through an official letter filed on December 27, 2021, notified the National Banking and Securities Commission of the deferral of the application of said methodology.

Preventive reserves for credit risks

The Institutions, for the purpose of calculating and establishing the preventive reserves for credit risks, must qualify from their initial recognition the credits of their Credit Portfolio based on the criterion of significant increase in credit risk. This criterion will be applied from the moment of origination and throughout the life of the credit, even when it has been renewed or restructured.

Institutions may choose one of the following approaches:

I. The Standard Approach, which will be applicable to consumer, commercial and mortgage loan portfolios. Institutions that opt for this approach to calculate their preventive reserves must abide by the requirements and procedures contained in Chapter V Bis, which describes the General Standard Methodologies by type of loan portfolio.

This approach introduces new criteria for the classification and measurement of financial instruments, which are based on the joint consideration of the Business Model (ie way in which the Entity manages its assets to obtain the contractual cash flows) and the analysis of the characteristics of the contractual flows of said instruments (ie SPPI test for its acronym in English: "Solely Payments of Principal and Interests"). Likewise, it introduces the concept of "Significant Increase in Risk" for which the reserves must be estimated for the contractual life of the loan. For those who have not presented an increase in risk, the expected loss at 12 months can be estimated. The usual approach to estimate credit losses in collective loans is by estimating the Expected Loss (EP) that uses the parameters of Probability of Default (PI), Severity of Loss (SP) and Exposure to Default (EI). This calculation must also include the possible impact on credit risk due to prospective information.

II. The Internal Approach, which is applicable to all modelable portfolios, using the Internal Reserve Methodologies based on NIF C-16 referred to in Chapter V Bis 1, which refers to two models (Basic and Advanced) . In this case, the

Institutions will comply with the requirements contained in the aforementioned chapter and in Annex 15 Bis."

Internal approach – Basic model, each credit institution will perform its own calculation of the Probability of Default (PI) considering its positions subject to credit risk, and in the case of Severity of Loss (SP) and Exposure to Default (EI) in accordance with the provisions of the Commission's Standard Methodology. (applicable only to Commercial Credit Portfolio).

Internal approach – Advanced model, in which the Institutions must estimate their own PI, SP and EI. (Applicable to Commercial Credit, Consumer and Home Mortgage Portfolios.
Loans belonging to portfolios that are not included in the relevant Modelable Portfolios will be rated according to the General Standard Methodology.

For the application of the internal approach, two main requirements are established in Annex 15 Bis, which are:

1) Implementation plan: Which establishes notifying the commission by free writing, 90 days in advance of the implementation, as well as stipulating within the writing the knowledge and authorization of the Council, it must be signed by the Director General or in his absence, by the legal representative empowered to commit the Institution's resources. Additionally, specific requirements are established for its monitoring and measurement.

2) It requires some basic conditions such as having systems and infrastructures that support the applicability of the methodology, annual monitoring of reviews of the implemented models, among others.

Credit institutions must identify and classify the Credit Portfolio, as defined in the General Provisions applicable to credit institutions, by level of credit risk, in accordance with what is indicated below:

a) Stage 1 to loans that do not present evidence of an increase in the level of credit risk, when they do not show any of the assumptions to be classified in this stage in accordance with the corresponding General Standard Rating Methodology, in accordance with this Resolution.

b) Stage 2, when at the time of rating the credits present evidence of an increase in the level of credit risk to be classified in this stage in accordance with the corresponding General Standard Rating Methodology, in accordance with this instrument.
c) Stage 3 to the credits that at the time of qualification meet the requirements to be classified in Stage 3 in accordance with the General Standard Methodology of qualification that corresponds to them, in accordance with this Resolution.

Credit institutions, in order to constitute the amount of preventive reserves for credit risks, may choose to:

I) They will recognize in stockholders' equity, within the result of previous years, as of January 31, 2022, the initial accumulated financial effect derived from applying the corresponding credit portfolio rating methodology for the first time and will disclose in quarterly and annual financial statements the data relevant to this operation requested by the Commission.

II) Constitute the amount of preventive reserves for credit risks at 100%, within a period of 12 months, counted from January 31, 2022. The institution will disclose in quarterly and annual financial statements the relevant data of this operation requested by the Commission.

The Administration recognized in the Statement of Financial Position as of January 31, 2022, the initial effect due to the entry into force of this standard, which represents an increase (credit) in the Preventive Estimate for Credit Risks for an amount of $23 against Results of Periods above within Stockholders' Equity (debit) for the same amount, as well as a credit of $9 for the corresponding deferred tax.

NIF D-5 "Leases"- The application of this NIF for the first time generates accounting changes in the financial statements mainly for the lessee and grants different options for its recognition. Among the main changes are mentioned below:

- 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.

- It is established that a lease liability in a sale-leaseback transaction must include both fixed payments and estimated variable payments and includes details of the procedure to be followed in accounting recognition.
- The accounting recognition by the lessor has no changes in relation to the previous Bulletin D-5, and only some disclosure requirements are added. such as the addition of clarifications to the disclosures for short-term and low-value leases for which a right-of-use asset was not recognized.
- incorporates the possibility of using a risk-free rate to discount future lease payments and thus recognize the lease liability of a lessee. Restricts the use of the practical expedient to prevent significant, identifiable non-lease components from being included in the measurement of right-of-use assets and lease liabilities.

In the application of NIF D-5, the Commission establishes the following considerations:

The provisions of this FRS will not apply to credits granted by the Entity for financial leasing operations, being the subject of criterion B-6, except for the provisions of paragraph 67 of said Criterion B-6.

For the purposes of the provisions of paragraph 42.1.4 subparagraph c) and subparagraph d) of NIF D-5, it will be understood that the term of the lease covers most of the economic life of the underlying asset, if said lease covers at least 75% of its useful life. Likewise, the present value of the lease payments is substantially the entire fair value of the underlying asset, if said present value constitutes at least 90% of said fair value.

Credit institutions that act as lessees in leases previously recognized as operating leases must initially recognize the lease liability in accordance with subparagraph a) of paragraph 81.4 of the Financial Information Standard D-5 "Leases", and the asset for right of use, in accordance with the provisions of numeral ii), subsection b) of paragraph 81.4 of NIF D-5.

Operating leases

Accounting for the lessor

For the amount of the amortizations that have not been settled within a period of 30 calendar days following the payment due date, the lessor must create the corresponding estimate, suspending the accumulation of rents, taking control of it in memorandum accounts in the heading of other registry accounts.

The lessor must present in the statement of financial position the account receivable in the caption of other accounts receivable, and the rental income in the caption of other income (expenses) of the operation in the statement of comprehensive income.

The Administration recognized in the Statement of Financial Position as of January 31, 2022, the initial effect due to the entry into force of this standard, which represents the recognition of an asset for right of use and a liability for leases for $1,713.

XX.- The Capitalization Index for the first quarter of 2022 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, 2022
(Figures before replies with 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	3,918.63
2	Results of past exercises	2,713.06
3	Other elements of comprehensive income (and other reserves)	814.40
4	Capital subject to phase-out of Tier 1 common equity (only applicable for companies that are not linked to shares)	Not applicable
5	Ordinary shares issued by subsidiaries held by third parties (allowed amount in common equity level 1)	Not applicable
6	**Tier 1 common capital before regulatory adjustments**	7,446.09
	Tier 1 Common Capital: Regulatory Adjustments	
7	Prudential valuation adjustments	Not applicable
8	Commercial Credit (net of its corresponding deferred income taxes charged)	0.00
9	Other intangibles other than rights for mortgage services (net of their corresponding deferred income taxes payable)	350.89
10 (conservative)	Deferred income taxes in favor that depend on future earnings, excluding those derived from temporary differences (net of deferred income taxes payable)	
11	Result from valuation of cash flow hedging instruments	0.00
12	Reserves pending to constitute	0.00
13	Benefits on the remainder in securitization operations	
14	Gains and losses caused by changes in the own credit rating on liabilities valued at fair value	Not applicable
15	Defined benefit pension plan	
16 (conservative)	Investments in treasury shares	
17 (conservative)	Reciprocal investments in ordinary capital	
18 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	
19 (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)	
20 (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)	**176.01**
22	Amount exceeding the 15% threshold	Not applicable
23	Of which: Significant investments where the institution owns more than 10% in common shares of financial institutions	Not applicable

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

24	Of which: Rights for mortgage services	Not applicable
25	Of which: Deferred income taxes in favor derived from temporary differences	Not applicable
26	National regulatory adjustments	642.19
TO	Of which: Other elements of comprehensive income (and other reserves)	621.93
B	Of which: Investments in subordinated debt	
C	Of which: Profit or increase in the value of assets due to the acquisition of securitization positions (Originating Institutions)	
D	Of which: Investments in multilateral organizations	
E	Of which: Investments in related companies	
F	Of which: Venture capital investments	
G	Of which: Investments in mutual funds	20.26
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**	1,169.09
29	**Common Equity Tier 1 (CET1)**	6,277.00
	Additional Tier 1 Capital - Instruments	
30	Directly issued instruments that qualify as additional Tier 1 capital, plus your premium	800.00
31	of which: Classified as equity under the applicable accounting criteria	
32	of which: Classified as liabilities under the applicable accounting criteria	Not applicable
33	Directly issued capital instruments subject to phase-out of additional Tier 1 capital	
34	Additional Tier 1 capital instruments issued and Tier 1 common equity instruments not included in line 5 that were issued by subsidiaries held by third parties (allowed amount in additional level 1)	Not applicable
35	Of which: Instruments issued by subsidiaries subject to phase-out	Not applicable
36	**Additional Tier 1 capital before regulatory adjustments**	800.00
	Additional Tier 1 Capital: Regulatory Adjustments	
37 (conservative)	Investments in equity instruments of additional Tier 1 capital	Not applicable
38 (conservative)	Investments in reciprocal shares in additional Tier 1 capital instruments	Not applicable
39 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	Not applicable
40 (conservative)	Significant investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution owns more than 10% of the issued share capital	Not applicable
41	National regulatory adjustments	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	Not applicable
43	**Total regulatory adjustments to additional Tier 1 capital**	0.00
44	**Additional Tier 1 Capital (AT1)**	800.00
45	**Tier 1 capital (T1 = CET1 + AT1)**	7,077.00

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

	Tier 2 capital: instruments and reserves	
46	Directly issued instruments that qualify as Tier 2 capital, plus your premium	2,130.41
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)	Not applicable
49	of which: Instruments issued by subsidiaries subject to phase-out	Not applicable
50	Reserves	
51	**Tier 2 capital before regulatory adjustments**	2,130.41
	Tier 2 capital: regulatory adjustments	
52 (conservative)	Investments in own Tier 2 capital instruments	Not applicable
53 (conservative)	Reciprocal investments in Tier 2 capital instruments	Not applicable
54 (conservative)	Investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution does not have more than 10% of the issued capital stock (amount that exceeds the 10% threshold)	Not applicable
55 (conservative)	Significant investments in the capital of banks, financial institutions and insurance companies outside the scope of regulatory consolidation, net of eligible short positions, where the Institution owns more than 10% of the issued share capital	Not applicable
56	National regulatory adjustments	
57	**Total regulatory adjustments to Tier 2 capital**	**0.00**
58	**Tier 2 Capital (T2)**	2,130.41
59	**Total capital (TC = T1 + T2)**	9,207.41
60	**Total risk-weighted assets**	59,548.04
	Capital ratios and supplements	
61	Common Tier 1 Capital (as a percentage of total risk-weighted assets)	10.54
62	Tier 1 Capital (as a percentage of total risk-weighted assets)	11.88
63	Total Capital (as a percentage of total risk-weighted assets)	15.46
64	Institutional specific supplement (at least it must consist of: the common capital requirement of level 1 plus the capital conservation buffer, plus the countercyclical buffer, plus the G-SIB buffer; expressed as a percentage of total risk-weighted assets)	7.00
65	Of which: Capital Conservation Supplement	2.50
66	Of which: Specific Banking Countercyclical Supplement	Not applicable
67	Of which: Global Systemically Important Banks Supplement (G-SIB)	Not applicable
68	Common Tier 1 Capital available to cover supplements (as a percentage of total risk-weighted assets)	3.54
	National minimums (if different from Basel 3)	
69	CET1 national minimum ratio (if it differs from the minimum established by Basel 3)	Not applicable
70	T1 national minimum ratio (if it differs from the minimum established by Basel 3)	Not applicable
71	National minimum TC ratio (if it differs from the minimum established by Basel 3)	Not applicable
	Amounts below deduction thresholds (before risk weighting)	
72	Non-significant investments in the capital of other financial institutions	Not applicable
73	Significant investments in common shares of financial institutions	Not applicable

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

74	Rights for mortgage services (net of deferred income taxes payable)	Not applicable
75	Deferred income taxes in favor derived from temporary differences (net of deferred income taxes payable)	
	Limits applicable to the inclusion of reserves in Tier 2 capital	
76	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to the standardized methodology (prior to application of the cap)	
77	Limit on the inclusion of provisions in Tier 2 capital under the standardized methodology	
78	Reserves eligible for inclusion in Tier 2 capital with respect to exposures subject to internal rating methodology (prior to application of cap)	
79	Limit on the inclusion of reserves in Tier 2 capital under the internal rating methodology	
	Equity instruments subject to phase-out (applicable only between January 1, 2018 and January 1, 2022)	
80	Current cap on CET1 instruments subject to phase-out	Not applicable
81	Amount excluded from CET1 due to the limit (excess over the limit after amortizations and maturities)	Not applicable
82	Current limit on AT1 instruments subject to phase-out	
83	Amount excluded from AT1 due to the limit (excess over the limit after amortizations and maturities)	
84	Current limit on T2 instruments subject to phase-out	
85	Amount excluded from T2 due to limit (excess over limit after amortizations and maturities)	

TABLA II.1

Conceptos de capital	Sin ajuste por reconocimiento de capital	DATOS	% APSRT	DATOS	Ajuste por reconocimiento de capital	DATOS	Con ajuste por reconocimiento de capital	DATOS	% APSRT	DATOS
Capital Básico 1	A	6,277	B1 = A / F	10.54%	C1	0	A' = A - C1	0	B1' = A' / F'	0
Capital Básico 2	B	800	B2 = B / F	1.34%	C2	0	B' = B - C2	0	B2' = B' / F'	0
Capital Básico	C = A+ B	7,077	B3 = C / F	11.88%	C3=C1+C2	0	C' = A' + B'	0	B3' = C' / F'	0
Capital Complementario	D	2,130	B4 = D / F	3.58%	C4	0	D' = D - C4	0	B4' = D' / F'	0
Capital Neto	E = C + D	9,207	B5 = E / F	15.46%	C5=C3+C4	0	E' = C' + D'	0	B5' = E' / F'	0
Activos Ponderados Sujetos a Riesgo Totales (APSRT)	F	59,548	No aplica		No aplica		F' = F	0	No aplica	
Indice capitalización	**G = E / F**	15.46	**No aplica**		**No aplica**		**G' = E' / F'**	0	**No aplica**	

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
	Assetd	**144,786.98**
BG1	Liquid Assets	13,918.56
BG2	Margin accounts	11.60
BG3	Investments in securities	57,015.72
BG4	Debtors by repurchase	9,269.87
BG5	Securities Loan	0.00
BG6	Derivatives	433.96
BG7	Valuation adjustments for hedging financial assets	-155.78
BG8	Total loan portfolio (net)	50,705.68
BG9	Benefits to be received in securitization operations	0.00
BG10	Other accounts receivable (net)	5,519.17
BG11	Foreclosed assets (net)	233.55
BG12	Property, furniture, and equipment (net)	5,963.37
BG13	Permanent Investment	121.22
BG14	Long - term assets available for sale	0.00
BG15	Deferred taxes and employee profit sharing (net)	553.12
BG16	Other assets	1,196.96
	Liabilities	**137,365.57**
BG17	Traditional deposits	72,841.78
BG18	Interbank and other agencies loans	6,324.38
BG19	Creditors for Repurchase	46,946.39
BG20	Securities Loan	0.00
BG21	Collateral sold or pledged	0.00
BG22	Derivatives	25.05
BG23	Valuation adjustments for hedging financial assets	0.00
BG24	Debt in Securitization Transaction	0.00
BG25	Other accounts payable	6,383.59
BG26	Subordinated bonds issued	2,939.92
BG27	Deferred taxes and employee profit sharing (net)	1,835.44
BG28	Deferred credits and early collections	69.01

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

	Stockholders' equity	**7,421.27**
BG29	Contributed capital	3,918.63
BG30	Earned capital	3,502.64
	Memorandum accounts	**592,661.54**
BG31	Guarantees granted	809.15
BG32	Contingent assets and liabilities	0.00
BG33	Credit commitments	8,014.90
BG34	Assets in trust or mandate	43,877.71
BG35	Financial agent of the federal government	0.00
BG36	Assets in custody or management	302,491.20
BG37	Collaterals received by the entity	68,731.23
BG38	Collaterals received and sold or delivered as collateral by the entity	59,650.80
BG39	Investment banking operations on behalf of third parties (net)	0.00
BG40	Uncollected accrued interest from past due loan portfolio	100.77
BG41	Other registration accounts	108,985.77

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

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

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.
	Assets			
1	Commercial Loans	8	0.00	BG16
2	Other Intangibles	9	350.89	BG16
3	Deferred income tax (in favor) from losses and tax credits	10	0.00	BG15
4	Benefits on the remainder in securitization operations	13	0.00	BG09
5	Investments of the pension plan for defined benefits without unrestricted and unlimited access	15	0.00	
6	Investments in shares of the institution itself	16	0.00	
7	Reciprocal investments in ordinary capital	17	0.00	
8	Direct investments in the capital of financial entities where the Institution does not own more than 10% of the issued capital stock	18	0.00	
9	Indirect investments in the capital of financial entities where the Institution does not own more than 10% of the issued capital stock	18	0.00	
10	Direct investments in the capital of financial entities where the Institution owns more than 10% of the issued share capital	19	0.00	

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

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	176.01	
13	Reserves recognized as complementary capital	50	0.00	BG8
14	Investments in subordinated debt	26 - B	0.00	
15	Investments in multilateral organizations	26 - D	0.00	
16	Investments in related companies	26 - E	0.00	
17	Venture capital investments	26 - F	0.00	
18	Investments in mutual funds	26 - G	20.26	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
	Liabilities			
24	Taxes on deferred income (payable) associated with the Commercial Credit	8	0.00	
25	Deferred income taxes (payable) associated with other intangibles	9	0.00	
26	Liabilities of the pension plan for defined benefits without unrestricted and unlimited access	15	0.00	
27	Deferred income taxes (payable) associated with the defined benefit pension plan	15	0.00	
28	Deferred income taxes (payable) associated with others other than the above	21	0.00	
29	Subordinated bonds amount that complies with Schedule 1-R	31	0.00	

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

30	Subordinated bonds subject to transitory status that are computed as basic capital 2	33	0.00	
31	Subordinated bonds amount that complies with Schedule 1-S	46	0.00	
32	Subordinated bonds subject to transitory status that are computed as complementary capital	47	0.00	
33	Deferred income taxes (payable) associated with deferred charges and prepayments	26 - J	0.00	
	Stockholders' equity			
34	Contributed capital that complies with Schedule 1-Q	1	3,918.63	BG29
35	Results of previous years	2	2,713.06	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	814.40	BG30
38	Contributed capital that complies with Schedule 1-R	31	800.00	
39	Contributed capital that complies with Schedule 1-S	46	2,130.41	
40	Result from valuation of instruments for cash flow hedging of items not recorded at fair value	3, 11	0.00	
41	Cumulative effect of conversion	3, 26 - A	0.00	
42	Result from holding non-monetary assets	3, 26 - A	0.00	
	Memorandum accounts			
43	Positions in First Loss Schemes	26 - K	0.00	
	Regulatory concepts not considered in the 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	

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	4,651	372
Operations with debt securities in national currency with a surcharge and a reviewable rate	803	64
Operations in national currency with a real rate or denominated in UDI's	89	7
Operations in national currency with a rate of return referred to the growth of the General Minimum Wage	0	0
Positions in UDI's or with performance referred to the INPC	4	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	10	1
Positions in currencies or with yield indexed at the exchange rate	60	5
Gold Positions	0	0
Positions in shares or with yield indexed to the price of a share or group of shares	0	0
	5,617	449

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

TABLE IV.2

Concept	Risk-weighted assets	Capital requirement
Group III (weighted at 20%)	894.57	71.57
Group III (weighted at 50%)	516.97	41.36
Group III (weighted at 100%)	250.91	20.07
Group IV (weighted at 20%)	93.57	7.49
Group V (weighted at 20%)	64.72	5.18
Group V (weighted at 50%)	323.78	25.90
Group V (weighted at 150%)	468.79	37.50
Group VI (weighted at 50%)	1,633.87	130.71
Group VI (weighted at 75%)	857.16	68.57
Group VI (weighted at 100%)	5,692.29	455.38
Group VI (weighted at 115%)	320.33	25.63
Group VI (weighted at 150%)	449.50	35.96
Group VII_A (weighted at 20%)	1,218.50	97.48
Group VII_A (weighted at 50%)	249.77	19.98
Group VII_A (weighted at 100%)	29,532.31	2,362.58
Group IX (weighted at 100%)	2,495.99	199.68
Group IX (weighted at 115%)	207.56	16.60
Securitizations with Risk Grade 1 (weighted at 20%)	41.43	3.31

TABLE III.3 Weighted assets subject to operational risk

Risk-weighted assets	Capital requirement
8,619	690

Average of the requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
N/A	4,312

Banca Afirme at the end of March 2022 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

(Before replies with Banco de México)

DISCLOSURE OF INFORMATION REGARDING THE REASON FOR LEVERAGE

I.- Integration of the main sources of leverage
II.- Comparison between total assets and Adjusted Assets
III. - Reconciliation between total assets and on-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 operations and securities loans -SFT for its acronym in English- but including collaterals received as collateral and recorded on the balance sheet)	134,358
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	- 1,169
3	On-balance sheet exposures (Net) (excluding derivative financial instruments and SFT, sum of lines 1 and 2)	133,189
	Exposures to derivative financial instruments	
4	Annual replacement cost associated with all operations with derivative financial instruments (net of allowable cash variation margin)	253
5	Amounts of additional factors for potential future exposure, associated with all operations with derivative financial instruments.	42
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 derivatives financial instruments on behalf of clients, in which the clearing partner does not grant its guarantee in case of breach of the debt of the Central Counterpart)	-
9	Adjusted effective notional amount of subscribed credit derivative financial instruments	-
10	(Compensations made to the adjusted cash notional of the subscribed credit derivative financial instruments and deductions of the additional factors for the subscribed credit derivative financial instruments)	-
11	Total exposures to derivative financial instruments (sum of lines 4 to 10)	295.20
	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	9,270
13	(Accounts payable and receivable from SFT cleared)	-
14	Counterparty Risk Exposure by SFT	1,099
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing operations (sum of lines 12 to 15)	10,369
	Capital and total exposures	
17	Off-balance sheet exposure (gross notional amount)	8,824
18	(Adjustments for conversion to credit equivalents)	- 8,419
19	Off-balance items (sum of lines 17 and 18)	405
	Capital and total exposures	
20	Tier 1 Capital	7,077
21	Total exposures (sum of lines 3, 11, 16, and 19)	144,257
	Leverage ratio	
22	Basel III leverage ratio	**4.91%**

TABLE II.1

Reference	ITEM	AMOUNT
1	Total assets	144,062
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	- 642
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	- 392
5	Adjustment for repurchase operations and securities loan	1,099
6	Adjustment for items recognized in memorandum accounts	405
7	Other settings	- 351
8	Leverage ratio exposure	144,180

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

TABLE III.1

Reference	ITEM	AMOUNT
1	Total assets	144,062
2	Operations in derivative financial instruments	- 433.96
3	Repo operations and securities loans	- 9,269.87
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	134,358

CONCEPT/QUARTER	T-1	T	VARIATION (%)
Basic Capital 1/	6,808	7,077	3.9%
Adjusted Assets 2/	177,676	144,257	-18.8%
Leverage Ratio 3/	3.83%	4.91%	28.03%

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	BAFIRME-22 Options
1	Issuer	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.
2	ISIN, CUSIP or Bloomberg identifier	N/A	N/A	N/A	N/A	N/A
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	Credit Institutions Law Credit Institutions, Unique Circular of Banks
	Regulatory treatment					
4	Capital level with transience	Basic 2	Complementary	Complementary	Complementary	Complementary
5	Capital level without transience	Basic 2	Complementary	Complementary	Complementary	Complementary
6	Instrument level	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries	Credit institution unconsolidated subsidiaries
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	Subordinated Obligation of Non-Preferential Capital and Not Susceptible to be Converted into Shares
8*	Amount recognized in regulatory capital	$ 810.77 million pesos 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.	$ 2,130.41 are recognized within complementary capital.

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

9	Instrument nominal value	$ 100.00 (One hundred pesos 00/100 MN) each.	$ 100.00 (One hundred pesos 00/100 MN) each.	$ 100.00 (One hundred pesos 00/100 MN) each.	$ 100.00 (One hundred pesos 00/100 MN) each.	$ 100.00 (One hundred pesos 00/100 MN) each.
9A	Instrument currency	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos	Mexican pesos
10	Accounting classification	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost	Liability at amortized cost
11	Date of issue	04/02/2015	11/10/2018	27/03/2020	22//10/20	15/02/2022
12	Instrument term	Perpetuity	Maturity	Maturity	Maturity	Maturity
13	Expiration date	Without maturity	September 28, 2028	March 15, 2030	October 10, 1930	03/02/2032
14	Advance payment clause	Yes	Yes	Yes	Yes	Yes
15	First advance payment date	From the fifth year.	From the fifth year.	From the fifth year.	From the fifth year.	From the fifth year.
15A	Regulatory or tax events	No	No	No	No	No
15B	Settlement price of the advance payment clause	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment	At a price equal to its nominal value plus accrued interest on the date of early repayment
16	Subsequent advance payment dates	NA	NA	NA	NA	NA
	Returns/					
	dividends					
17	Yield/dividend type	Variable Yield	Variable Yield	Variable Yield	Variable Yield	Variable Yield
18	Rate of Interest/Dividend	Interest Rate: 91-day TIIE + 4.00%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%	Interest Rate: 28-day TIIE + 2.80%

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

19	Dividend cancellation clause	NA	NA	NA	NA	NA
20	Discretion in payment	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Interest increase clause	NA	NA	NA	NA	NA
22	Yield/dividends	Performance	Performance	Performance	Performance	Performance
23	Instrument convertibility	Convertibles	Non Convertibles	Non Convertibles	Non Convertibles	Non Convertibles
24	Convertibility conditions	NA	NA	NA	NA	NA
25	Degree of convertibility	NA	NA	NA	NA	NA
26	Conversion rate	NA	NA	NA	NA	NA
27	Type of instrument convertibility	NA	NA	NA	NA	NA
28	Type of convertibility financial instrument	NA	NA	NA	NA	NA
29	Instrument issuer	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.	Banca Afirme, SA, Institución de Banca Múltiple, Afirme Grupo Financiero.
30	Decrease in value clause (*Write-Down*)	NA	NA	NA	NA	NA

31	Conditions for decrease in value	NA	NA	NA	NA	NA
32	Degree of loss of value	NA	NA	NA	NA	NA
33	Temporality of the decline in value	NA	NA	NA	NA	NA
34	Time value decrease mechanism	NA	NA	NA	NA	NA
35	Position of subordination in case of liquidation	Subordinated Capital Obligation Non-Preferential, Perpetual and Susceptible to be Converted into Shares.	Subordinated 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	Subordinated obligation of non-preferential capital and not susceptible to be converted into shares
36	Non-compliance characteristics	No	No	No	No	No
37	Description of default characteristics	NA	NA	NA	NA	NA

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 Coefficient for the first quarter 2022 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**	**20,477**
CASH OUTFLOWS			
2	Unsecured Retail Financing	23,833	1,789
3	Stable funding	11,895	595
4	Less stable financing	11,938	1,194
5	Unsecured wholesale funding	33,269	14,698
6	Operational deposits	0	0
7	Non-operational deposits	32,672	14,102
8	Unsecured debt	596	596
9	Guaranteed Wholesale Financing	Does not apply	315
10	Additional requirements:	9,056	985
11	Outputs related to derivative financial instruments and other collateral requirements	585	596
12	Outputs related to losses from the financing of debt instruments	0	0
13	Lines of credit and liquidity	8,471	516
14	Other contractual financing obligations	155	48
15	Other contingent financing obligations	0	0
16	**TOTAL CASH OUTPUTS**	**Does not apply**	**17,835**
CASH INPUTS			
17	Cash inflows for guaranteed operations	64,132	21
18	Cash inflows for unsecured operations	7,793	5,100
19	Other cash inflows	4,099	4,099
20	**TOTAL CASH INPUTS**	**76,024**	**9,220**
			Adjusted amount
21	**TOTAL COMPUTABLE LIQUID ASSETS**	**Does not apply**	**20,477**
22	**TOTAL NET OF CASH OUTPUTS**	**Does not apply**	**8,615**
23	**LIQUIDITY COVERAGE COEFFICIENT**	**Does not apply**	**272.29%**

- * 90 calendar days of the quarter corresponding to January - March 2022 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
-7.32%	17.64%	26.62%

- 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	Outflow	Income
January	9	9
February	49	49
March	22	0

**Amounts in millions of pesos*

DISCLOSURE OF NET STABLE FUNDING RATIO

	Amounts in millions of pesos	Individual Figures					Consolidated Figures				
		Unweighted amount by residual term				weighted amount	Unweighted amount by residual term				weighted amount
		Without caducity	(1) months	From 6 months to < 1 year	(1) year		Without caducity	(1) months	From 6 months to < 1 year	(1) year	
FINANCIAL RESOURCES FOR THE STABLE AMOUNT OF THE AVAILABLE FUNDING											
1	Capital	8,133	-	-	2,601	10,734	8,133	-	-	2,601	10,734
2	*Fundamental capital and non-fundamental capital.*	8,133	-	-	-	8,133	8,133	-	-	-	8,133
3	*Other capital instruments.*	-	-	-	2,601	2,601	-	-	-	2,601	2,601
4	Retail Deposits:	-	23,607	102	326	22,430	-	22,007	97	326	22,430
5	*Stable Deposits*	-	22,619	79	317	21,465	-	21,073	75	317	21,465
6	*Deposits less Liabilities*	-	988	23	9	966	-	934	22	9	966
7	Wholesale Funding:	-	39,536	1,838	734	13,351	-	12,221	813	317	13,351
8	*Operational deposits*	-	-	-	-	-	-	-	-	-	-
9	*Other wholesale funding*	-	39,536	1,838	734	13,351	-	12,221	813	317	13,351
10	Interdependent liabilities	-	-	-	-	-	-	-	-	-	-
11	Other liabilities	-	140,849	507	44	27,101	-	26,602	456	44	27,101
12	*Liabilities for Derivatives for End of Funding Ratio Net Assets*	Not applicable			-	Not applicable	Not applicable			-	Not applicable
13	*All liabilities and equity not included in the categories previous.*	-	140,849	507	44	27,101	-	26,602	456	44	27,101
14	**Total Amount of Stable Financing Available**	Not applicable	Not applicable	Not applicable	Not applicable	73,617	Not applicable	Not applicable	Not applicable	Not applicable	73,617

Amounts in millions of pesos		Individual Figures – Unweighted amount by residual term: Without caducity	(1) months	From 6 months to < 1 year	(1) year	weighted amount	Consolidated Figures – Unweighted amount by residual term: Without caducity	(1) months	From 6 months to < 1 year	(1) year	weighted amount
FINANCIAL RESOURCES FOR THE STABLE AMOUNT OF THE AVAILABLE AND REQUIERED FUNDING											
15	Total eligible liquid assets for purposes of the coefficient of Net Stable Financing.	Not applicable	Not applicable	Not applicable	Not applicable	755	Not applicable	Not applicable	Not applicable	Not applicable	755
16	Deposits in other financial institutions for purposes operational.	-	-	-	-	-	-	-	-	-	-
17	Current loans and securities:	1,194	282,476	3,634	30,020	44,727	1,194	282,476	3,634	30,020	44,727
18	*Guaranteed financing granted to financial entities with liquid assets Tier I eligible.*	-	198,551	-	-	13,311	-	198,551	-	-	13,311
19	*Guaranteed financing granted to financial entities with different eligible liquid assets level I*	-	67,330	-	-	-	-	67,330	-	-	-
20	*Guaranteed financing granted to counterparties other than financial entities, the which:*	1,078	13,505	3,507	25,333	27,253	1,078	13,505	3,507	25,333	27,253
21	*They have a credit risk weighting less than or equal to 35% according to the Basel Standard Method for credit risk II.*	-	10,236	2,064	19,839	19,045	-	10,236	2,064	19,839	19,045
22	*Housing Loans (current), of which:*	-	865	127	4,686	4,047	-	865	127	4,686	4,047
23	*They have a credit risk weighting less than or equal to 35% according to the Standard Method established in the Provisions.*	-	96	70	2,987	2,025	-	96	70	2,987	2,025
24	*Debt securities and shares other than Eligible Liquid Assets (that are not in default).*	116	2,226	-	-	116.2	116	2,226	-	-	116

		Individual Figures					Consolidated Figures				
Amounts in millions of pesos		Unweighted amount by residual term				weighted amount	Unweighted amount by residual term				weighted amount
		Without caducity	(1) months	From 6 months to < 1 year	(1) year		Without caducity	(1) months	From 6 months to < 1 year	(1) year	
25	interdependent assets.	-	-	-	-	-	-	-	-	-	-
26	Other assets	6,645.3	4,423	1,497	663	2,508	6,645.3	4,423	1,497	663	2,508
27	*Basic raw materials (commodities) physically traded, including gold.*	-	-	-	-	-	-	-	-	-	-
28	*initial margin awarded in transactions with derivative financial instruments and contributions to the loss absorption fund of central counterparties*	Not applicable	4			4	Not applicable	4			4
29	*assets by Derivatives for End of Net Stable Funding Ratio.*	Not applicable	-	-	-	-	Not applicable	-	-	-	-
30	*Liabilities for Derivatives for End of Net Stable Funding Ratio before deduction for initial margin variation*	0.2	-	-	-	0	0.2	-	-	-	0
31	*All assets and operations not included in the previous categories.*	6,645	4,419	1,497	663	2,504	6,645	4,419	1,497	663	2,504
32	Off-balance sheet transactions.	Not applicable	-	-	-	-	Not applicable	-	-	-	-
33	**Total Amount of Stable Financing Required.**	Not applicable	Not applicable	Not applicable	Not applicable	47,990	Not applicable	Not applicable	Not applicable	Not applicable	47,990
34	**Net Stable Funding Ratio (%).**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**153.4%**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**153.4%**

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

Net Stable Financial Ratio	**January 2022**	**February 2022**	**March 2022**
Amount of Stable Financing Required	48,826	47,486	48,298
Amount of Stable Financing Available	72,410	77,328	71,114

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

MAIN SOURCES OF FINANCING

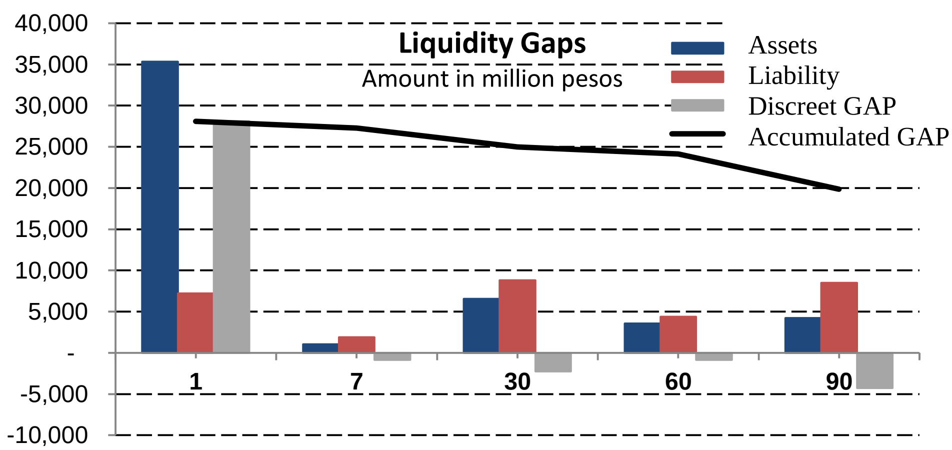
In general, the financing needs of the Institution's loan portfolio are covered by traditional fund-raising, however, other liquidity elements are maintained if required as credit lines and the ability to issue bank paper in the market, not encountering legal, regulatory or operational limitations.

Traditional Catchment March 31, 2022	
Deposits of immediate demand	37,207
Time deposits	34,817
Credit Securities Issued	-
Capture without movements	74
Total	**72,097**

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's accumulated 60-day band was $24,142 million pesos at the end of 1Q 2022, a level that respected the established limit. The bands for term up to 90 days would be the following:



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, 2022, the Liquidity Coverage Ratio is 198 % . In order to show the behavior of the CCL, the values at the close of 1Q 2022 compared to the previous quarter are presented below.

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

CCL evolution	December 2021	March 2022
Computable Liquid Assets (Weighted)	21,264	27,571
Net Exits at 30 days	11,048	13,923
CCL	**192%**	**198%**

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

Computable Liquid Assets Evolution (Unweighted)	December 2021	December 2021
Liquid Assets Level 1	21,264	27,571
Liquid Assets Level 2	-	-
Total Liquid Assets	**21,264**	**27,571**

As of March 31, 2022, the Net Stable Funding Ratio is 147.24%,

Net Stable Financial Ratio	December 2021	March 2022
Amount of Stable Financing Required	49,668	48,298
Amount of Stable Financing Available	69,025	71,114
CFEN	**139%**	**147%**

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.

In order to show the behavior of the liquidity adjusted VaR, the values at the end of 1Q 2022 are presented below compared to the previous quarter.

Trading Business Unit	Liquidity-adjusted VaR	
	Dec 31, 2021	Mar 31, 2022
Money Table	(37.35)	(59.42)
Treasury	(6.08)	(16.69)
Global	**(36.80)**	**(64.70)**

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 2022 – Mar 2022
Money Table	(40.51)
Treasury	(9.36)

Global	(43.16)

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, 2022	
Deposits of immediate demand	37,207
Time deposits	34,817
Credit Securities Issued	-
Capture without movements	74
Total	**72,097**

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 analysis by analyzing liquidity gaps and repricing, as well as the effects on the structural balance of possible adverse scenarios. Both areas have a constant coordination.
To monitor the various risks to which the Institution is exposed, in particular liquidity risk, it has an organizational structure the following decision-making areas and bodies participate in:

- The Treasury area as the one in charge of managing resources.
- The Risk Management area as the area in charge of monitoring and reporting to the Risk Policy Committee on liquidity risk measurements and stress tests, as well as reporting to the Board of Directors on compliance with the established limits by said Council.
- The Assets and Liabilities Committee is in charge of monitoring the 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 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 the Bank's structure for this purpose and are divided according to the severity of possible scenarios.

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 counterparts.

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 hedging operations is executed through the quotation, with the authorized counterparts, 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 counterpart with which the operations are executed, which is documented in the framework contracts signed with the counterparts, although the valuations reported by the counterparts 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.

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 performed daily and internally in the Institution's transactional system.

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

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 18,000 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 2022 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.

The impact on Cash Flow at the end of 1Q 2022 is presented below:

	Amount
Interest paid	25,795
Interest charged	56,768
Net effect	**30,973**

Amounts in thousands of pesos

The following table shows the impact on Derivatives Valuation Results for 1Q 2022:

	Balance December 2021	Balance March 2022	Quarter effect
Trading swaps	7,091	- 9,949	- 17,039.4
Hedging swaps	2,207	410	- 1,796.3
Chap	0	0	- 0.4

Amounts in thousands of pesos

During this quarter, 17 interest rate *swap* operations matured and 1 derivative transactions were executed.

The comparison between the counterpart 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 rounded figures agreed with each counterpart 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. In addition, the credit risk of the counterpart (cva) is calculated daily, as well as that of the entity itself (dva).

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, 2022

Derivative type	End	Notional	Asset value		Fair value		Maturity amounts	
			Current quarter	Previous quarter	Current quarter	Previous quarter	2022	Later
TIIE SWAP	Coverage	7,482,060	6.72	5.72	410,312	281,468	269,966	7,212,094
TIIE SWAP	Negotiation	9,300,000	6.72	5.72	6,129	32,518	9,000,000	300,000
SWAP TIIE *	Negotiation	300,000	6.72	5.72	-9,847	-5,173	-	300,000
TIIE CAP	Coverage	575	6.72	5.72	0	0	575	-
CCS USD-MXN	Coverage	156,150	19.89	20.51	2,297	-4,154	156,150	-

**** Afirme takes a short position, in the rest of the operations it takes a long position The fair value considers the value for cva and dva.***

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

Derivative Rate Sensitivity
Figures in thousands of pesos as of March 31, 2022

25 PB[1/]	50 PB	100 PB	150 PB	200 PB
4,738	9,476	18,953	28,429	37,905

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.