COMPREHENSIVE RISK MANAGEMENT

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

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

The key UAIR objectives are the following:

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

Banca Afirme has methodologies for risk management in its different phases, such as credit, legal, liquidity, market and operational. Risk evaluation and management has been divided into the following areas:

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

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

   a) Market risk
   b) Credit risk
   c) Liquidity risk

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

   a) Operational risk including:
      - Technological risk
      - Legal risk

II. Non-quantifiable risks, which are those derived from unforeseen events for which a statistical base cannot be established to measure potential losses.

(Mexican pesos in millions, except when otherwise indicated)

In order to identify, measure, monitor, limit, control and disclose the different types of risks that it faces in its daily activities, Banca Afirme in its daily processes in terms of Risk Management adheres to the "General provisions applicable to credit institutions "published in the Official Gazette of the Federation on December 2, 2005. Banca Afirme considers the modifications to said Provisions that are modified through Resolutions published in the aforementioned Official Gazette.

The updating and improvement of the policies and procedures for risk management has been a continuous process, in accordance with the established objectives and with the participation of all the areas involved, continuously maintaining the dissemination of the Risk Manual and its continuous updating, to through the Banca Afirme Intranet Network.

Market risk

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

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

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

This methodology is applied to all the portfolios that Banca Afirme has identified as Business Units and that are exposed to variations in risk factors that directly affect their valuation (domestic interest rates, surcharges, foreign interest rates, rates exchange, among others).

As of the third quarter of 2024, the *Money Market* portfolio has a position of 180,316 million pesos.

In order to show the behavior of the VaR during Q3 2024, the values at the end of the third quarter of 2024 are presented, as well as the comparison with the previous quarter, for each business unit of the portfolios shown.

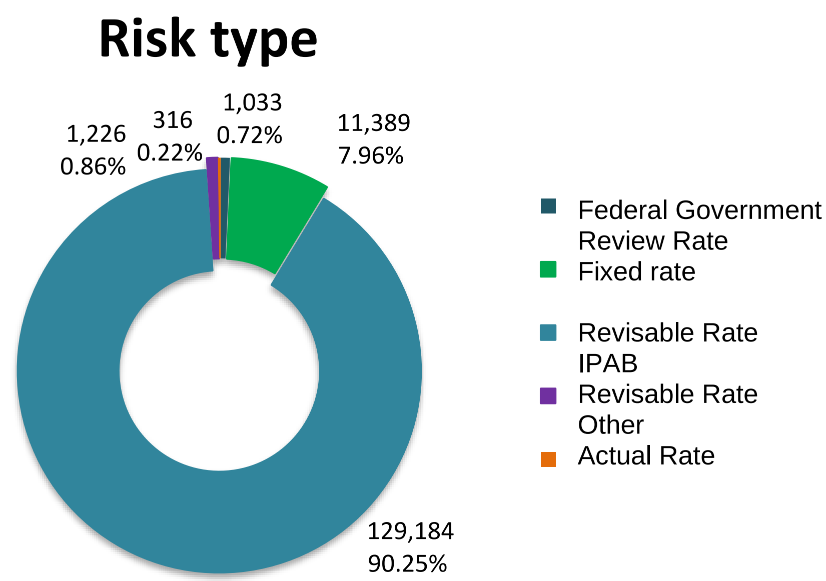
Trading Business Unit	VaR	
	June 2024	September 2024
Money table	(10.01)	(8.35)
Treasury	(0.93)	(1.11)
Global	**(9.89)**	**(8.48)**

Business Unit Held-to-maturity	VaR
	September 30, 2024
Treasury	(1.59)
Global	**(1.59)**

The following graph shows the composition of the Total portfolio for Banca Afirme at the end of Q3 2024 according to the Type of Risk:

(Mexican pesos in millions, except when otherwise indicated)

Risk Type	Amount *
Federal Government Review Rate	1,033
Actual Rate	316
Revisable Rate IPAB	129,184
Revisable Rate Other	1,226
Exchange rate	-
Fixed rate	11,389
Total	**143,147**



Note: *Within the portfolio composition at the close of 3Q 2024, 1,033 MDP from the issuance XR_BREMSR_251023 are considered, which is a Reportable Monetary Regulation Bond from the Bank of Mexico, with the purpose of regulating liquidity in the money market.

The average global VaR during the third quarter of 2024 was 8.28, which corresponds to 0.08% of the net capital. The following is the average Value at Risk for the corresponding quarter for the different business units.

Trading Business Unit	Average VaR Jul 2024 – Sep 2024
Money table	(7.98)
Treasury	(1.07)
Global	**(8.28)**

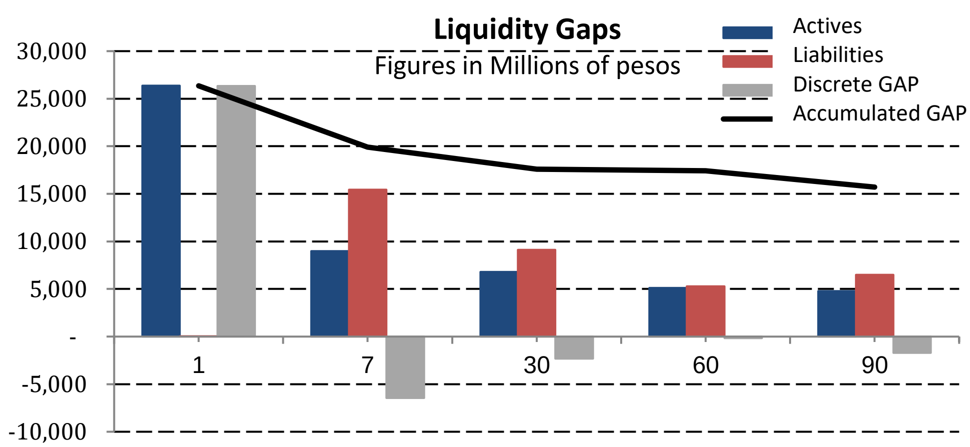
Business Unit Held-to-maturity	Average VaR Jul 2024 – Sep 2024

Money table	-
Treasury	(1.80)
Global	**(1.80)**

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) and the liquidity bands are determined, considering the nature of the assets and liabilities on the balance sheet over a period of time.

The accumulated band at 60 days of Banca Afirme was $17,436 million pesos at the close of 3Q 2024, 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 the end of September 2024, the Liquidity Coverage Ratio is 174.07%. In order to show the behavior of the CCL, the closing values for Q3 2024 are presented below, compared to the previous quarter.

CCL evolution	June 2024	September 2024
Computable Liquid Assets (Weighted)	28,441	28,987
Net Exits at 30 days	16,278	16,652
CCL	**175%**	**174%**

* Information before replicas from Banxico.

(Mexican pesos in millions, except when otherwise indicated)

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

Computable Liquid Assets Evolution (Unweighted)	June 2024	September 2024
Liquid Assets Level 1	27,088	27,419
Liquid Assets Level 2	1,593	1,845
Total Liquid Assets	**28,680**	**29,264**

* Information before replicas from Banxico.

As of the end of September 2024, the Net Stable Funding Ratio is 148.78%.

Net Stable Funding Ratio	June 2024	September 2024
Amount of Stable Financing Required	64,965	61,718
Amount of Stable Financing Available	105,742	91,823
CFEN	**163%**	**149%**

* Information before replicas from Banxico.

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 Q3 2024 are presented below compared to the previous quarter.

Trading Business Unit	Liquidity-adjusted VaR	
	June-2024	September-2024
Money table	(31.65)	(26.40)
Treasury	(2.94)	(3.50)
Global	**(31.29)**	**(26.80)**

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
	Jul 2024 – Sep 2024
Money table	(25.23)
Treasury	(3.39)
Global	**(26.18)**

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 End of September 2024	
Immediate enforceability deposits	41,800
Fixed term deposits	44,686
Credit Securities Issued	-
Capture without movements	182
Total	**86,668**

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

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

Credit risk

Credit Risk is defined as a potential loss in credit due to non-payment of a borrower or counterparty.

Therefore, since Credit Risk is the risk that clients do not comply with their payment obligations, its correct administration is essential to maintain a quality credit portfolio.

The objectives of Credit Risk Management at Affirme Banking are:

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

The methodology used by the Bank to determine the expected and unexpected losses of the loan portfolio is based on the *Enhanced Credit Risk* + model (a variant of the original *Credit Risk* + from Credit Suisse). This model generates calculations taking into account the diversification of the portfolio by sectors, as well as the risk considering the correlation of the sectors in which it has participation, that is, the risk taking into account the client's participation within different sectors.

For the probability of default of the loan portfolio, the criteria are applied in accordance with the general rating methodology established in the provisions issued by the National Banking and Securities Commission. For this calculation, only the Banca Afirme portfolio is considered (without subsidiaries/affiliates).
The result of our Exhibition, Expected Loss with *Recover* (Recovery Factor) and Credit VaR with *Recover* at the close of 3Q 2024 is as follows:

(Mexican pesos in millions, except when otherwise indicated)

VaR as of September 30, 2024

Portfolio	Exposition	Expected Loss (Without Recover)	Recover	Expected Loss (With Recover)	VaR @ 99% (With Recover)
Commercial	38,393	2,819	64%	1,011	2,222
Mortgage	13,636	1,306	94%	81	105
Personal Loans	4,857	570	21%	448	506
Credit card	1,572	272	25%	203	218
Self-term	5,363	311	42%	179	210
Total	**63,821**	**5,278**		**1,922**	**3,261**

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

As can be observed, the VaR was set at $3,261 million, which represented a consumption of 108.7% of the authorized limit of $3,000 million. It should be noted that any excess is notified to the Council through the Institution's collegiate bodies where it is determined whether the excess is acceptable or not.

The following shows the composition of Banca Afirme's portfolio at the end of September 2024, according to the credit quality of the various counterparts:

Exposure by Credit Quality
(Emissions and derivatives)

Instrument	Sovereign Risk	Development Banking Risk	Non-Sovereign Risk
Fixed rate	536	-	10,853
Reviewable Rate Govt. Federal	1,033	-	-
Revisable Rate IPAB	129,184	-	-
Actual Rate	70	245	-
Revisable Rate Other	-	18,651	-17,424
Total	**130,823**	**18,896**	**6,572**

Note: Within the portfolio composition at the close of 3Q 2024, 1,033 MDP from the issuance XR_BREMSR_251023 are considered, which is a Reportable Monetary Regulation Bond from the Bank of Mexico, with the purpose of regulating liquidity in the money market.

Non-Sovereign Risk Issuance Rating			
Rating agency			Market Value
Fitch	S&P	Moodys	
	mxA-1+		528
AAA (mex)	mxAAA		443
F1+ (mex)			123
	mxAAA		1,193
Total			2,287

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

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

Interest rate risk

The Bank's balance is exposed to interest rate movements that affect the relationship between interest charged and interest paid, as well as the present value of assets and liabilities. Likewise, the sensitivity of the financial margin and economic value of capital is calculated considering an impact of +/- 50 basis points on interest rates.

To measure the effect of the financial margin, this uses the methodology based on the repricing of assets, liabilities, and derivatives that are on the Institution's balance sheet under the "Earnings at Risk" approach. In this methodology, assuming a constant balance and a time margin of 12 months. Therefore, all assets and liabilities are grouped into bands in the repricing gap and a movement in interest rates is simulated. For the position that does not have a specific expiration date, they are considered differently depending on whether they have a cost or not. If the liabilities have a cost, they are integrated in 1 day, while if they have no cost, they are placed in a band higher than 1 year. For the sensitivity of the economic value of capital, consider the total expected flows assuming a static balance, that is, without any additional assumption in assets and liabilities. For both cases, a parallel movement in interest rates is calculated and there is no base risk or reference curve.

In this regard, and applying the previously mentioned methodology, there is a sensitivity to the financial margin in the event of a 50 basis point increase in the interest rate (TIIE). This would result in a profit of $6.9 million pesos and a loss of $287.0 million pesos to the sensitivity of the economic value of capital. If symmetry is assumed, a reduction of 50 basis points would have the opposite effect.

Non-Discretionary Risk Management

The Institution has implemented a procedure for the daily report of operational incidents that are registered in a database. Each incident is evaluated at the operating unit level where its owners are responsible for its processes and risk mitigation mechanisms. Any incident that originates an accounting loss constitutes an operational risk event that is recorded in said database, which is controlled by the Comprehensive Risk Management Unit.

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

This procedure is an aid in determining the level of risk tolerance. However, the Risk Policies Committee is the body that proposes to the Board the level of tolerance by type of risk for the entire financial year. This tolerance level is segregated by type of non-discretionary risk, that is, there is a tolerance level for operational risk, one for legal risk and another for technological risk, highlighting that image risk, also known as risk Reputational risk is considered an integral element of operational risk. The tolerance level is periodically monitored against events that have led to an accounting loss and are dealt with in the Risk Policies Committee.

The following table shows a summary of the authorized tolerance level and the amount of risk effectively materialized as of September 30, 2024.

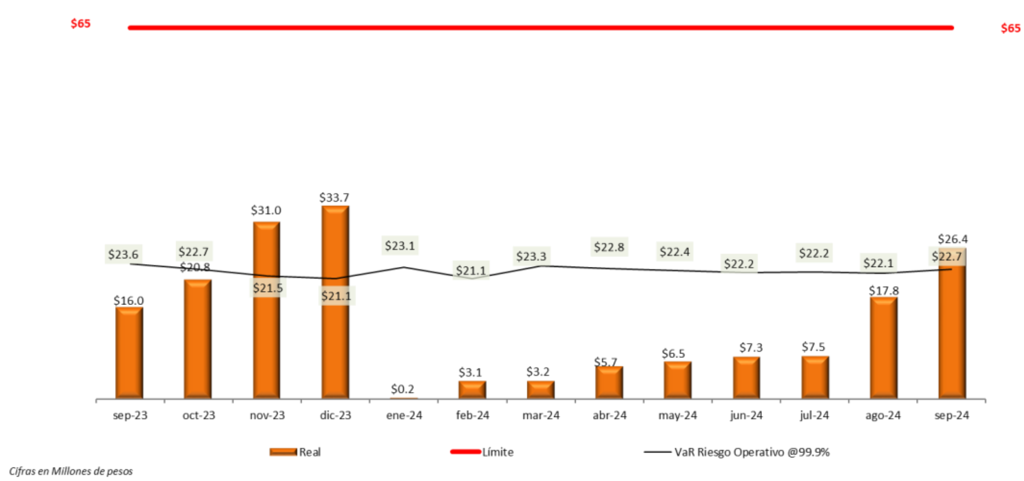
Tolerance Level Table

Total Authorized Level In millions	Real In millions
$65.0	$26.4

The monthly average amount of the last twelve months amounts to $ 3.7 million pesos and incorporates the three types of non-discretionary risk mentioned above.

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

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



The Operational Risk VaR has been estimated at $22.7 million at a confidence level of 99.9% at the close of 3Q2024. In accordance with the materialized risk events, the actual losses amounted to $26.4 million pesos and represent 40.61% of the level authorized by the Board.

Non-Quantifiable Risk Management

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

During the 3rd quarter of 2024, Hurricane Jhon hit the southern coast of the Mexican Pacific, however, the presence of Afirme branches in the state of Guerrero did not suffer major impacts, so the entity continued its operations as usual.

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

(Mexican pesos in millions, except when otherwise indicated)

Main indicators of assets at risk

Based on the Law of Credit Institutions, Banxico requires credit institutions to have a minimum percentage of capitalization over assets at risk. The required capitalization percentage is 10.5 percent.

As of the end of September 2024, the Institution successfully met this requirement. Next, the assets at risk and capitalization index are presented.

	3Q 2024*	2Q 2024	Variation%
Assets at Credit Risk	52,409.5	51,891.6	1.00%
Assets at Market Risk	8,907.9	9,834.4	-9.42%
Assets at Operational Risk	10,097.2	9,644.8	4.69%
Total Assets at Risk	71,414.6	71,370.9	0.06%
Basic Capital	8,538.5	8,331.9	2.48%
Complementary Capital	2,562.4	2,556.9	0.22%
Net Capital	11,101.0	10,888.8	1.95%
Capitalization Index	15.5%	15.3%	1.89%

* Information before replicas from Banxico.

Portfolio Rating:

The Bank carries out its portfolio qualification process applying the Methodology established in Chapter V "Credit Portfolio Qualification" of the Provisions issued by the Commission.

In accordance with the Provisions, the Bank uses, for the purposes of rating the commercial portfolio, information related to the quarters ending in the months of March, June, September and December and records preventive reserves in the accounting at the end of each quarter. corresponding, considering the balance of the debt registered on the last day of the aforementioned months.

For the two months after the close of each quarter, the rating corresponding to the credit in question that has been used at the close of the quarter immediately prior to the balance of the debt recorded on the last day of the aforementioned months may be applied. However, when they have an intermediate rating after the end of said quarter, the latter may be applied to the aforementioned balance.

To comply with article 138 of the Sole Circular, the consumer, housing and commercial loan portfolio is presented below by degree of risk A-1, A-2, B-1, B-2, B-3, C- 1, C-2, D and E:

(Mexican pesos in millions, except when otherwise indicated)

Risk level	June 2022		September 2021	
	Portfolio	Reserves	Portfolio	Reserves
A-1	48,529	222	48,475	233
A-2	6,070	86	6,238	79
B-1	2,987	75	2,674	70
B-2	1,285	45	1,320	48
B-3	739	35	871	42
C-1	1,964	166	1,902	161
C-2	1,209	132	1,380	145
D	2,049	686	2,042	678
E	1,289	861	1,364	906
Except	0	0	0	0
Total	**66,121**	**2,308**	**66,266**	**2,362**

According to article 129 of the Unique Circular, as of December 31, 2013, the classification of preventive reserves of the loan portfolio is as follows:

PERCENTAGE OF PREVENTIVE RESERVES				
RISK GRADES	COMMERCIAL PORTFOLIO	HOUSING PORTFOLIO	CONSUMER PORTFOLIO	
			Non-Revolving Consumption	Revolving Consumption
A-1	0 to 0.9	0 to 0.50	0 to 2.0	0 to 3.0
A-2	0.901 to 1.5	0.501 to 0.75	2.01 to 3.0	3.01 to 5.0
B-1	1,501 to 2.0	0.751 to 1.0	3.01 to 4.0	5.01 to 6.5
B-2	2.001 to 2.50	1,001 to 1,50	4.01 to 5.0	6.51 to 8.0
B-3	2,501 to 5.0	1,501 to 2.0	5.01 to 6.0	8.01 to 10.0
C-1	5.001 to 10.0	2001 to 5.0	6.01 to 8.0	10.01 to 15.0
C-2	10.001 to 15.5	5.001 to 10.0	8.01 to 15.0	15.01 to 35.0
D	15.501 to 45.0	10.001 to 40.0	15.01 to 35.0	35.01 to 75.0
E	Greater than 45.0	40.001 to 100.0	35.01 to 100.0	Greater than 75.01

As of January 2022, the NIF C16 standard (IFRS 9) came into force for the calculation of preventive reserves for credit risks according to the Provisions, classifying the credit portfolio into risk stages and calculating the preventive reserves under the expected losses model and full-life reserves according to the following:

- Current portfolio - risk stage 1 and risk stage 2 - Reserve expected loss
  - $\boldsymbol{Reservas\ Etapa\ 1\ o\ 3_i = PI_i^X \times SP_i^X \times EI_i^X}$
- Overdue portfolio - risk stage 3 - takes the maximum value between the expected loss Reserve and full life reserve
  - $\boldsymbol{Reservas\ Etapa\ 2_i = Max\left(Reservas\ Vida\ Completa_i, PI_i^X \times SP_i^X \times EI_i^X\right)}$

Commercial portfolio

As of December 2013, the Institution is rating the business portfolio and the portfolio in charge of federal government entities and decentralized federal, state and municipal agencies with the methodology established by the C.N.B.V. which was published in the DOF of June 24, 2013 and applying the modifications of the new methodology for rating the commercial portfolio and calculating the preventive reserves published on March 13, 2020.

With the new rating methodology, reserves are determined considering the probability of default, the severity of the loss and the exposure to default, in accordance with the provisions of the Sole Banking Circular and analyzing the quantitative and qualitative factors applying the following rating Annexes:

Portfolio to Companies:

Annex 21.- Rating model for the portfolio in charge of legal entities and individuals with business activity with net sales or annual net income less than 14 million Udis, which considers exclusively quantitative factors, analyzing the following risk factors: payment experience according to information from the credit information society, payment experience with the credit institution, credit risk, credit risk, etc.

Annex 22.- Model to qualify the portfolio in charge of legal entities and individuals with business activity with net sales or annual net income greater than 14 million Udis, analyzing the following risk factors as appropriate: a) Quantitative factors: payment experience, according to information from the credit information society, payment experience with the Institution and financial risk, b) Qualitative Factors: country and industry risk, customer dependence, transparency and standards, organizational and shareholder structure.

Portfolio to Financial Institutions:

A as of March 2014, the Institution is rating the portfolio in charge of financial entities with the new methodology established by the C.N.B.V. which was published in the DOF of June 24, 2013 and applying the modifications to the qualification methodology published on March 13, 2020:

Annex 20.- Model to qualify the portfolio in charge of financial institutions, analyzing the following risk factors as appropriate: a) Quantitative factors: payment experience, according to information from the credit information society, payment experience with the Institution and financial risk, b) Qualitative factors: business context, organizational structure and management competence.

Credits to Federative Entities, Municipalities and their Decentralized Organizations:

As of October 2011, the Institution is grading the portfolio of Federal Entities and Municipalities with the new methodology established by the C.N.B.V. applying the new Annex 18 - Qualification and provisioning method applicable to loans held by Federal Entities and Municipalities, which was published in the DOF of October 5, 2011 and applying the modifications to the qualification methodology published on March 13, 2020. With the new rating methodology, reserves are determined by considering the probability of default, the severity of the loss and the exposure to default, in accordance with the provisions of the Single Circular and analyzing the following risk factors: a) Quantitative: payment experience with credit information companies, payment experience with the Institution itself and financial risk, b) Qualitative: financial strength and transparency.

Housing mortgage portfolio

As of March 2011, the Institution is qualifying the housing mortgage portfolio with the new methodology established by the C.N.B.V. and published in the DOF in October and November 2010, which establishes that the reserves will be determined considering the probability of default, the severity of the loss and the exposure to default for each loan, in accordance with the provisions of the Sole Circular, and analyzing the following factors: number of arrears to the rating date, maximum historical delay, willingness to pay, current loan to value, integration of the credit file and the type of currency; Likewise, in the DOF of January 6, 2017 modifications to the rating methodology were published, which were applied as of June 2017, incorporating into the model variables of the borrower on their credit behavior registered in the Credit Information Societies such as months elapsed since the last delay greater than thirty days and applying the modifications os the new rating methodology and precautionary reserves calculation publishes on March 13th, 2020.

Consumer loans

As of March 2011, the Institution is rating the non-revolving consumer portfolio with the new methodology established by the CNBV and published in the DOF in October and November 2010, which establishes that the reserves will be determined considering the probability of default, the severity of the loss and the exposure to default for each loan, in accordance with the provisions of the Sole Circular, and analyzing the following factors according to the type of credit in question: number of arrears on the rating date, maximum historical delay, willingness to pay, percentage representing the credit balance, original amount of the credit, arrears index, percentage that the remaining term represents of the total term of the credit, number of times the borrower pays the original value of the asset, type of credit, and in group credits among other factors, considering the number of arrears on the rating date, the willingness to pay, the number of people that make up the group to which the borrower belongs and the average number of cycles of the group the borrower belongs to. Likewise, in the DOF of January 6, 2017 modifications to the rating methodology were published, which were applied as of June 2017, incorporating variables of the borrower on their credit behavior registered in the Credit Information Companies into the model. such as months elapsed since the last delay greater than thirty days, amount to be paid to the Institution, amount to be paid reported in the credit information companies, balance reported in the credit information companies, debt levels, monthly income of the borrower, seniority of the Borrower in the Institution, seniority of the Borrower with Institutions.

In accordance with the modifications made by the Commission to the Provisions published in the DOF on August 12, 2009, the Bank rates the revolving consumer portfolio related to credit card operations considering the following factors: balance to be paid, payment made , credit limit, minimum payment required, default of payment; Likewise, in the DOF of December 16, 2015 modifications to the rating methodology were published, which were applied as of April 2016, incorporating variables of the borrower on their credit behavior registered in the Credit Information Societies into the model. such as the amount to be paid to the Institution, the amount to be paid reported in the credit information companies, months that have elapsed since the last delay of more than one day from the borrower in his credit commitments, as well as the length of time of the borrower at the Institution. The amount of the credit card reserves will be determined considering the probability of default, the severity of the loss and the exposure to default, in accordance with the provisions of the Provisions.

Likewise, the modifications of the new rating methodology and calculation of preventive reserves published on March 13, 2020 were applied.

Below is the portfolio rating table of the total portfolio of the Bank with figures as of September 30, 2024:

DEGREES OF RISK	Commercial Portfolio		Housing Portfolio		Non-Revolving Consumer Portfolio		Revolving Consumer Portfolio: Credit Card		TOTAL PORTFOLIO	
	Portfolio	Reserves	Portfolio	Reserves	Portfolio	Reserves	Portfolio	Reserves	Portfolio	Reserves
A-1	31,391	134	10,657	16	5,834	48	593	35	48,475	233
A-2	4,640	41	658	4	612	15	328	19	6,238	79
B-1	1,147	20	266	2	1,122	38	139	10	2,674	70
B-2	250	6	270	3	735	33	65	6	1,320	48
B-3	261	10	142	3	411	23	57	6	871	42
C-1	1,152	112	238	7	434	31	78	11	1,902	161
C-2	62	7	700	54	504	55	114	29	1,380	145
D	1,041	389	506	130	372	83	123	76	2,042	678
E	571	402	163	95	571	359	59	50	1,364	906
Except	0	0	0	0	0	0	0	0	0	0
Total qualified portfolio	**40,515**	**1,121**	**13,600**	**314**	**10,595**	**685**	**1,556**	**242**	**66,266**	**2,362**
Other concepts:										
Interest cobrados for anticipantin	-79	0	0	0	0	0	0	0	-79	0
Qualified Contingent Credits Adjustment (Letters of Credit and Guarantees Granted)	-1,772	0	0	0	0	0	0	0	-1,772	0
Total	**38,664**	**1,121**	**13,600**	**314**	**10,595**	**685**	**1,556**	**242**	**64,415**	**2,362**
Qualified Credit Portfolio without Contingencies	**38,743**	**1,121**	**13,600**	**314**	**10,595**	**685**	**1,556**	**242**	**64,494**	**2,362**

Additional Reserves		**90**
Total Reserves Balance		**2,452**

Figures in millions of pesos

The following table shows the movement of the 3rd. quarter of the fiscal year 2024 of the preventive reserves of the Institution's portfolio:

		Commercial					
		Commercial activities	**Financial entities**	**Governmental entities**	**Consumption**	**Housing**	**Total**
Stage 1							
Balance at the beginning of the year	$	226	0	8	497	71	802
Creation / Release of Reserves in Results		9	3	-4	-11	-16	-18
Liberation due to change of methodology-Commercial Portfolio		0	0	0	0	0	0
Reserves due to change of methodologies		0	0	0	0	0	0
Punishments		0	0	0	-2	0	-2
		235	4	4	485	55	782
Stage 2							
Balance at the beginning of the year		48	0	0	159	33	237
Creation / Release of Reserves in Results		-19	0	0	50	18	50
Liberation due to change of methodology-Commercial Portfolio		0	0	0	0	0	0
Reserves due to change of methodologies		0	0	0	0	0	0
Punishments		0	0	0	-4	0	-4
		29	0	0	205	48	282
Stage 3							
Balance at the beginning of the year		821	0	0	293	243	1,357
Creation / Release of Reserves in Results		76	0	0	281	5	361
Liberation due to change of methodology-Commercial Portfolio		0	0	0	0	0	0
Reserves due to change of methodologies		0	0	0	0	0	0
Punishments		-12	0	0	-318	0	-329
		885	0	0	256	248	1,388
Total stages 1 to 3	$	1,149	4	4	945	350	2,452

Figures in millions of pesos

The estimation of preventive reserves for the commercial portfolio by economic sector as of June 30, 2024 and September 30, 2024 is presented below:

Economic Sector	Reserve Balance June 2024	Balance Reserve Sep'2024
Mining and Petroleum	303	302
Commerce	265	288
Services	217	231
Electricity and Water	115	113
Manufacturing	52	63
Others	117	124
Total	**1,069**	**1,121**

Figures in millions of pesos

The following table presents a comparison as of September 30, 2024, of exposures with credit risk, reported credit reserves, and those derived from gross exposures, without considering the effects of credit risk hedging techniques, broken down by the main types of credit portfolio:

Concept:	Portfolio	Exposure to Default	Reserves	Bookings *	Gross Exposures
Portfolio to Companies with sales of less than 14 million UDIs	12,919	12,919	659	1,284	11,635
Portfolio to Companies with sales greater than 14 million UDIs	24,068	24,068	455	757	23,311
Portfolio to Government Sector Entities	1,703	1,703	4	9	1,694
Portfolio to Financial Institutions	53	53	3	4	49
Total Commercial Credit Portfolio *	**38,743**	**38,743**	**1,121**	**2,054**	**36,689**
Housing Portfolio	13,600	13,600	314	314	13,285
Non-Revolving Consumer Portfolio: Auto	10,595	10,595	685	685	9,910
Revolving Consumer Portfolio: Credit Card	1,555	2,796	242	242	2,554
Total Loan Portfolio	**64,494**	**65,734**	**2,362**	**3,296**	**62,439**

* Reserve without considering Risk mitigants
Figures in millions of pesos

The following is the geographical distribution of credit exposures broken down into the main federal entities, with figures as of September 30, 2024:

Federal entity	Commercial Portfolio	Housing Portfolio	Non-Revolving Consumer Portfolio	Revolving Consumer Portfolio: Credit Card	Total Loan Portfolio
Nuevo León	27,111	4,510	3,472	782	35,875
Mexico City	2,297	1,520	844	81	4,742
Coahuila	1,670	822	873	130	3,495
Jalisco	1,560	907	507	49	3,023
Baja California	1,617	605	376	32	2,630
Others	4,488	5,236	4,523	482	14,729
Total	**38,743**	**13,600**	**10,595**	**1,556**	**64,494**

Figures in millions of pesos

The following table presents the distribution by economic sectors of the exposures of the commercial portfolio, with figures as of September 30, 2024:

Economic Sector	Commercial Portfolio
Commerce	11,031
Services	8,233
Electricity and Water	5,051
Construction	4,622
Manufacturing	2,788
Transport and Communications	2,000
Others	5,018
Total	**38,743**

Figures in millions of pesos

The following is the distribution of remaining terms for credit exposures, with figures as of September 30, 2024:

Deadline to expire	Commercial Portfolio	Housing Portfolio	Non-Revolving Consumer Portfolio	Revolving Consumer Portfolio: Credit Card	Total Loan Portfolio
Credits with terms already overdue	1,344	7	72	0	1,423
1 to 184 days	10,745	4	1,185	0	11,934
185 to 366 days	1,672	5	307	0	1,984
From 367 to 731 days	3,327	28	1,128	0	4,483
732 to 1,096 days	4,012	47	2,716	0	6,775
1,097 to 1,461 days	2,051	99	2,219	0	4,369
1,462 to 1,827 days	4,138	174	2,571	0	6,883
More than 1,827 days	11,454	13,236	397	1,556	26,643
Total	**38,743**	**13,600**	**10,595**	**1,556**	**64,494**

Figures in millions of pesos

The following table shows the age of the portfolio in stage 3 of the total portfolio of the Bank with figures as of September 30, 2024:

Range of days past due	Commercial Portfolio	Housing Portfolio	Non-Revolving Consumer Portfolio	Revolving Consumer Portfolio: Credit Card	Total
Default from 1 to 180 days	178	155	204	49	586
Default from 181 to 365 days	202	180	69	0	451
Delay greater than 365 days	2,088	420	9	0	2,517
Total Overdue Portfolio	**2,468**	**755**	**282**	**49**	**3,554**

Figures in millions of pesos

Next, the Bank's commercial portfolio is presented, classified into Stage 1, Stage 2, and Stage 3 with figures as of September 30, 2024, sorted by risk levels, federal entities, and economic sectors:

Commercial Portfolio (Stage 1, Stage 2 and Stage 3) by risk grade:

Risk Grade	Commercial Portfolio Stage 1 and 2						Commercial Portfolio Stage 3		Total Portfolio	
	Commercial Portfolio Stage 1		Commercial Portfolio Stage 2		Total Commercial Portfolio Stage 1 and 2		Commercial Portfolio Stage 3			
	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations
A-1	30,646	134	0	0	30,646	134	0	0	30,646	134
A-2	3,633	41	0	0	3,633	41	0	0	3,633	41
B-1	1,128	20	0	0	1,128	20	0	0	1,128	20
B-2	250	6	0	0	250	6	0	0	250	6
B-3	259	10	2	0	261	10	0	0	260	10
C-1	145	11	6	0	151	11	1,000	100	1,151	112
C-2	15	2	38	4	53	6	10	1	63	7
D	64	15	70	19	134	34	907	355	1,041	389
E	8	4	11	5	19	9	552	393	571	402
Except	0	0	0	0	0	0	0	0	0	0
Total	**36,148**	**243**	**127**	**28**	**36,275**	**271**	**2,469**	**849**	**38,743**	**1,121**

Figures in millions of pesos

Commercial Portfolio (Stage 1, Stage 2 and Stage 3) by State:

State	Commercial Portfolio Stage 1 and 2						Commercial Portfolio Stage 3		Total Portfolio	
	Commercial Portfolio Stage 1		Commercial Portfolio Stage 2		Total Commercial Portfolio Stage 1 and 2		Commercial Portfolio Stage 3			
	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservation
Aguascalientes	118	1	4	1	122	2	1	1	123	3
Baja California	1,615	8	2	1	1,617	9	0	0	1,617	9
Campeche	4	0	0	0	4	0	0	0	4	0
Chihuahua	848	4	1	0	849	4	4	3	853	8
Ciudad de México	2,208	19	7	1	2,215	20	82	63	2,297	83
Coahuila	1,599	12	2	1	1,601	13	70	51	1,671	64
Colima	297	2	1	0	298	2	12	6	310	9
Durango	37	1	0	0	37	1	1	1	38	2
Estado de México	334	5	8	2	342	7	27	17	368	24
Guanajuato	277	2	0	0	277	2	3	1	280	3
Guerrero	86	1	3	1	89	2	5	4	94	5
Jalisco	1,433	10	32	5	1,465	15	95	60	1,560	76
Michoacán	407	5	0	0	407	5	8	6	415	10
Morelos	18	0	1	0	19	0	5	3	24	3
Nuevo León	24,975	156	58	15	25,033	171	2,078	586	27,111	756
Puebla	120	3	1	0	121	3	12	8	133	12
Querétaro	506	4	3	1	509	5	8	5	517	10
Quintana Roo	80	1	2	0	82	1	11	8	93	9
San Luis Potosí	62	1	0	0	62	1	19	7	81	7
Sinaloa	245	2	0	0	245	2	12	8	257	10
Sonora	163	1	0	0	163	1	5	4	168	5
Tamaulipas	414	4	2	0	416	4	10	6	426	11
Yucatán	302	1	0	0	302	1	1	1	303	2
Total	**36,148**	**243**	**127**	**28**	**36,275**	**271**	**2,469**	**849**	**38,743**	**1,121**

Figures in millions of pesos

Commercial Portfolio (Stage 1, Stage 2 and Stage 3) by Economic Sector:

Economic Sector	Commercial Portfolio Stage 1 and 2						Commercial Portfolio Stage 3		Total Portfolio	
	Commercial Portfolio Stage 1		Commercial Portfolio Stage 2		Total Commercial Portfolio Stage 1 and 2		Commercial Portfolio Stage 3			
	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations	Portfolio	Reservations
Agriculture	348	3	0	0	348	3	35	21	383	23
Trade	10,689	91	48	8	10,737	99	294	188	11,031	288
Construction	4,574	33	0	0	4,574	33	48	26	4,622	59
Electricity and Water	4,047	11	0	0	4,047	11	1,004	102	5,051	113
Financial Institutions	53	4	0	0	53	4	0	0	53	4
Government Entities	1,703	4	0	0	1,703	4	0	0	1,703	4
Manufacturing	2,702	19	28	6	2,730	25	58	37	2,788	63
Mining and Petroleum	188	1	0	0	188	1	755	302	942	302
Services	7,925	56	47	13	7,972	69	261	162	8,233	231
Real Estate and Rental Services	1,936	13	0	0	1,936	13	1	1	1,937	14
Transportation and Communications	1,983	8	4	1	1,987	9	13	10	2,000	20
Total	**36,148**	**243**	**127**	**28**	**36,275**	**271**	**2,469**	**849**	**38,743**	**1,121**

Figures in millions of pesos

The following table shows the movement of the 3st. third quarter of fiscal year 2024 of the preventive reserves of the commercial portfolio of Stage 3 of the Bank:

Concept:	Sep'2024
Balance at the beginning of the quarter	$787
Creation of reservations (current or previous period)	74
Applications by: Penalties and Remissions	-12
Balance at the end of the quarter	**$849**

Recoveries recorded in the quarter of written-off loans	-19

Figures in millions of pesos

Risk mitigation techniques

In general terms, Credit Risk is mitigated through the use of guarantees. The guarantee is a security that is offered with respect to an economic loss, it is a reinforcement measure that is added to a credit operation in order to mitigate the loss due to non-compliance with the payment obligation. The guarantee is an element to mitigate the severity of the operation in the event of default. Its purpose is to reduce the final loss in operations.

The guarantees aimed at ensuring the fulfillment of the payment of the credits granted to its borrowers can be real and/or personal:

- **Real Guarantees.-** They are those that are constituted on property (movable or immovable) or rights, concrete and determined. They are rights that assure the creditor the fulfillment of the main obligation through the special bond of a good. As a consequence of this special link, in the event of a breach of the guaranteed obligation, the creditor can realize the economic value of the asset through a regulated procedure and be collected with the amount obtained, the preference in the collection in this way being opposable over the rest of creditors.

- **Personal guarantees**.- These confer on the creditor a right of a personal nature or a power that is directed to the guarantor's own assets. The Personal Guarantee is the one that contributes or is derived from a natural or legal person, by virtue of the personal credit that it inspires or deserves.

Real Guarantees:

- The real guarantee is the one based on tangible assets, which the subject of the Credit grants to respond for the obligation contracted with the Credit.

- The collateral that supports a credit operation should be analyzed with respect to the following:

  a. Degree of cash convertibility

  b. Tax aspects that may affect your award

  c. Considering the nature of the asset given as collateral, an Appraisal must be obtained, which should preferably be prepared by a Valuation Expert authorized by the Institution, or a different Appraisal may be accepted in accordance with the established procedures; Likewise, in the case of guarantees located in places where there are no registered Afirme Grupo Financiero experts, the Appraisal prepared by third parties may be used, which could be validated by the Internal Appraisal Area if deemed necessary.

Main Guarantees accepted by the Institution:

Real Guarantees:

- **Mortgage**.- It is the one that is constituted on goods that are not delivered to the creditor and that entitles the latter, in the event that the guaranteed obligation is breached, to be paid the debt with the value of the goods object of the guarantee taking in consideration of the place and degree of preference in its assessment.

- **Pledge.-** The Pledge Guarantee of movable property must be established in accordance with the provisions of article 334 of the General Law of Titles and Credit Operations. The transmission of possession depends on the nature of the object good. The Credit Pledge may be authorized in books, which must be contained in the Credit Agreement and it must be stated that the Credits granted in Pledge are listed in notes or lists duly signed by the representatives of the borrower or the third guarantor.

- **Fiduciary**.- The patrimony of the Administration and Payment and Guarantee Trusts can be cash, real estate, furniture, accounts receivable, credit rights, etc.

- **Guarantee with Irrevocable Mandate**.- Liability in charge of the Institution (except at sight) or of any Credit Institution or Holding Companies, formalized through a trust, which are granted to support a Credit operation or, liability in charge of the Institution (except at sight) with Irrevocable Mandate on money of the Institution.

- **Insurance**.- These are contracts that are entered into with the Insurance Companies, which by paying a premium, are obliged to compensate for damage or to pay a sum of money in the event that the loss foreseen in the contract occurs.

- **Letter of Guarantee**.- It is the commitment that a company based abroad acquires to cover the Institution's capital, interests and expenses related to Credits granted to a subsidiary or subsidiary of the former, located in national territory, in the event that it incurs in the breach of its obligations. The foregoing when permitted by the Legal Provisions, requesting a review of said Letter of Guarantee from the Legal Area.

- **Participations in Federal Revenues.-** These are resources periodically received by the state and municipal governments from the national collection of federal revenues.

Personal Guarantees:

- **Guarantee.-** It is a unilateral declaration of the will of a natural or legal person to guarantee by signing the total or partial payment of a Credit title.

- **Solidarity Debt and / or Solidarity Bond.-** It is a document in which a person jointly and severally undertakes to guarantee the debts that the borrower contracts with the Institution, which is formalized through a contract.

- **Bond.-** It is a contract by which a person agrees with the creditor to pay for the debtor if he does not do so. It is an accessory contract in which a creditor, a principal debtor and a guarantor intervene through a contractual relationship. It is a contract by virtue of which a surety institution undertakes to guarantee compliance with obligations with an economic content, contracted by a natural or legal person before another private or public natural or legal person, in the event that that person does not comply.

Regarding the concentration of guarantees, the Institution's portfolio is guaranteed mainly by trusts, mortgages, guarantees granted by the Development Bank and cash guarantees.

In accordance with the rules of Annexes 24 and 25 of the Sole Banking Circular, Afirme considers real and personal guarantees to estimate the Loss Severity used in the standard qualification model of preventive reserves for credit risks reported in the Balance Sheet of the institution.

The following table presents the distribution of the aforementioned guarantees that apply to the commercial portfolio.

Guarantee Type	% Guarantee
Financial Real Guarantees	
- Liquid	3.36%
- BMV Stocks	0.00%
Non-Financial Real Guarantees	
- Trusts	51.22%
Mortgages	29.59%
- Pledge : Certificates	3.79%
- Other	1.66%
Personal Guarantees	
- Insurers and Others	3.87%
Development Bank	6.51%
Total	**100.00%**

The following table shows the total exposure amount that is covered by financial collateral, non-financial collateral, and admissible personal collateral:

Commercial Portfolio:

Guarantee Type	Indoor exhibition
Financial Real Guarantees	667
Non-Financial Real Guarantees	17,149
Guarantees granted by the Development Bank	1,294
Personal and Other Guarantees	770

Figures in millions of pesos