

Management Report

Banca Afirme

June 2024



EMPIEZA A IMAGINARLO

AFIRME
El Banco de Hoy

Document Index

OPERATING RESULTS.	2
FINANCIAL MARGIN ANALYSIS	2
YIELDS GENERATED BY THE CREDIT PORTFOLIO	2
INCOME FROM INVESTMENTS IN SECURITIES REPURCHASES OPERATIONS AND	
CASH AND CASH EQUIVALENTS	3
PRIZES AND INTERESTS DERIVED FROM THE COLLECTION	4
FINANCIAL MARGIN RESULT	5
NON-FINANCIAL INCOME	5
COMMISSIONS AND FEES DERIVED FROM THE PROVISION OF SERVICES	5
INTERMEDIATION	6
OTHER OPERATING INCOME (EXPENSE)	6
ADMINISTRATIVE EXPENSES	7
CURRENT AND DEFERRED TAXES	8
FINANCIAL SITUATION, LIQUIDITY AND CAPITAL RESOURCES	8
EVOLUTION OF THE FINANCIAL SITUATION STATEMENT	9
TREASURY POLICIES	10
INTERNAL CONTROL	10
RISKS AND REMUNERATION COMMITTEE	11
OTHER RELEVANT EVENTS	15
CERTIFICATION	17

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

OPERATING RESULTS.

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

At the end of the second quarter of 2024, Banca Afirme's profit totaled 125.8 million pesos, 70.0% higher than the same period of the previous year, mainly due to a higher margin and, to a lesser extent, the result from intermediation, among other factors that will be analyzed later.

FINANCIAL MARGIN ANALYSIS

YIELDS GENERATED BY THE CREDIT PORTFOLIO

At the end of the second quarter of 2024, the interest generated by the credit portfolio amounts to 2,316.3 million pesos, an increase of 13.9% compared to the same period of the previous year. This is due, on one hand, to the behavior of the TIIE benchmark interest rates, the annual average goes from 11.45% to 11.20% from June 2023 to June 2024. On the other hand, the stage 1 portfolio increases by 10.6% and the stage 2 portfolio decreases by 13.7%, which together represents an increase of 5,620 million pesos, that is, 10.5%.

Credit Portfolio Interest	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Business Loans	1,055.2	1,154.3	1,171.7	116.5	11.0%
Consumer loans	642.6	725.7	752.9	110.3	17.2%
Housing loans	253.1	287.0	294.3	41.2	16.3%
Loans to government entities	70.7	107.3	85.9	15.3	21.6%
Loans to financial institutions	11.4	10.7	11.4	0.0	0.2%
Totals	2,033.0	2,285.0	2,316.3	283.3	13.9%

During the mentioned period, commissions for credit operations show a marginal decrease of 0.4% year-on-year.

Commissions on Credit Transactions	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Business Loans	13.0	13.4	14.8	1.8	14.2%
Consumer loans	32.7	28.0	32.8	0.2	0.5%
Housing loans	4.6	1.9	2.4	(2.2)	-47.9%
Loans to government entities	0.1	0.1	0.1	0.0	18.8%
Totals	50.3	43.4	50.1	(0.2)	-0.4%

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

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

As a relevant strategy in our Bank, we continue with liquidity to be able to respond to possible unexpected events and market stability, the above, coupled with what was explained in the first paragraph, causes an increase of 25.5% in the interest charged, mainly explained in the charge for negotiable securities that grew by 95.7%.

In summary, the growth of our liquidity and the increase in the Financial Situation Statement of values led to higher revenues in these items, so the change is significant.

The reduction in the interest charged for repurchase agreements was due to the fact that, at the same time as the position of live securities was increased, the purchase of repurchase agreements was reduced in a certain proportion, since our position allows us to be the investment vehicle with a lesser need to buy repurchase agreements in the market, for customer service. Therefore, this item decreased by 56.5%.

Premiums, interest and bonuses derived from investments in securities	II Quar 23	I Quar 24	II Quar 24	Variation	% Var.
For unrestricted trading securities	2,645.4	4,853.8	5,176.1	2,530.7	95.7%
Cash and cash equivalents	209.5	172.5	160.7	(48.9)	-23.3%
Restricted securities and securities under repurchase agreements					
Interest received and premiums on securities under repurchase agreements	2,190.8	811.5	952.5	(1,238.2)	-56.5%
Proceeds from hedging transactions	44.9	89.0	100.8	55.9	124.6%
Totals	5,090.6	5,926.9	6,390.1	1,299.5	25.5%

PRIZES AND INTEREST DERIVED FROM THE CAPTURE OF

During the second quarter of 2024, interest expenses show a growth of 23.1% in relation to the previous year, this increase is largely due to the interest and premiums on repos, which have a variation of 37.7%, mainly explained by the increase in the position in securities. The other items that did not have a substantial change in volume were significantly reduced by the start of the decline in reference rates during this quarter.

Interest expense	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Immediate callable deposits	474.6	428.9	397.2	(77.4)	-16.3%
Term deposits	1,153.4	1,237.3	1,170.1	16.6	1.4%
Interbank loans and loans from other institutions	138.7	131.8	107.3	(31.4)	-22.6%
Interest on subordinated debentures	124.4	123.9	121.8	(2.6)	-2.1%
Stock market liabilities	35.6	53.8	52.9	17.3	48.7%
Interest and premiums on repurchase agreements	3,969.7	4,917.3	5,464.5	1,494.8	37.7%
Interest on global deposit account	0.0	1.7	1.8	1.8	0.0%
Interest expense on leases	52.0	25.8	19.9	(32.1)	-61.8%
Other	44.0	61.9	40.0	(4.0)	-9.1%
Immediate callable deposits					
Totals	5,992.3	6,982.4	7,375.4	1,383.1	23.1%

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

FINANCIAL MARGIN RESULT

Based on what was explained in the previous points, the actions taken have allowed the margin compared to the second quarter of 2023 to grow by 16.9%, achieving the result due to the strategy proposed within the Institution.

FINANCIAL MARGIN	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Total Interest Collected	7,173.9	8,255.3	8,756.5	1,582.5	22.1%
Total Interest Paid	5,992.3	6,982.4	7,375.4	1,383.1	23.1%
Financial Margin	1,181.6	1,272.9	1,381.1	199.5	16.9%

NON-FINANCIAL INCOME

COMMISSIONS AND FEES DERIVED FROM THE PROVISION OF SERVICES

At the close of the second quarter of 2024, the commissions and fees charged show an increase of 8.2% compared to the same period of the previous year. This variation is mainly due to the commissions charged in electronic banking, which show an increase of 15.0%, mostly due to an increase in electronic banking transactions (POS and ATM, mainly). Insurance commissions increase by 18.4% due to a higher placement of these services, while the item of other commissions decreases by 23.2% due to non-recurring commissions charged during the second quarter of 2023.

Commissions and Fees Collected	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Credit operations	9.4	7.3	8.4	(1.0)	-10.5%
Transfers of funds	7.4	7.3	7.8	0.4	5.1%
Fiduciary activities	22.0	31.7	25.8	3.8	17.1%
Appraisals	3.1	3.6	3.6	0.5	15.1%
Account management	14.3	14.3	14.9	0.5	3.8%
Electronic banking	690.3	791.0	793.9	103.6	15.0%

Endorsements	0.2	0.4	0.3	0.1	35.7%
Royalty collection	21.5	24.3	15.4	(6.1)	-28.4%
Insurance	61.5	71.7	72.8	11.3	18.4%
Financial advisory	0.1	0.1	0.1	0.0	9.3%
Other commissions and fees	144.3	143.3	110.9	(33.5)	-23.2%
Totals	974.1	1,094.9	1,053.8	79.7	8.2%

RESULT BY INTERMEDIATION

Revenue from valuation in the second quarter of 2024 had significant growth, given the new rate expectations in the market and the fact that the Bank of Mexico effectively reduced the reference rate by 25 basis points. Regarding the result from buying/selling, it remained very similar to the last quarter.

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.

Intermediation Result	II Quar 23	I Quar 24	II Quar 24	Variation	% Var.
Result from Fair Value Valuation and Decrease from Securities Valued at Cost.	4.9	52.0	52.2	47.3	966.3%
Trading Securities	4.9	52.0	52.2	47.3	966.3%
Results from purchase and sale of securities and foreign currencies	45.8	51.5	51.8	6.0	13.2%
Trading securities	8.0	10.3	12.2	4.2	52.5%
Exchange trading results	37.8	41.2	39.6	1.8	4.8%
Totals	50.7	103.5	104.0	53.3	105.3%

OTHER INCOME (EXPENSES) FROM THE OPERATION

At the end of the second quarter of 2024, the item of other operating income (expenses) shows a decrease of 8.4 million pesos compared to the same period of the previous year, which represents 19.4%, mainly explained by the accounts payable cleanup item where during the first quarter of the previous year there was a greater cleanup showing a decrease of 72.7%, customer bonuses decreased by 47.2%, on the other hand, Due to changes in accounting criteria, some items are not comparable, such as the result from operating leases. .

Other Net Operating Income (Expenses)	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Recoveries	16.6	17.6	15.6	(1.0)	-5.8%
Write-off of accounts payable	48.6	0.4	13.3	(35.3)	-72.7%
Income from operating leases	(15.5)	61.2	52.6	68.1	-439.8%
Collection of written-off loans	42.8	72.0	41.8	(1.0)	-2.4%
Release of reserves	0.0	1.0	0.0	0.0	0.0%
Release of reserves for other accounts payable	0.1	0.3	0.0	(0.1)	-69.3%
Sale of furniture and real estate	3.6	1.9	(0.0)	(3.7)	-100.7%
Bonus use of TDC and TDD	4.4	1.3	1.3	(3.1)	-70.8%
Other + funds	57.4	44.7	56.3	(1.1)	-1.9%
Loss on sale of portfolio	0.0	(0.3)	0.0	0.0	0.0%
Customer bonuses	(25.8)	(34.4)	(38.0)	(12.2)	47.2%
Sundry losses	(11.0)	(3.8)	(4.8)	6.2	-56.4%
Allowance for other past due accounts receivable	9.5	(0.7)	(5.7)	(15.1)	-160.2%
Reserve for foreclosed assets	1.9	(5.6)	(7.5)	(9.4)	-498.2%
IPAB fees	(85.3)	(91.0)	(88.1)	(2.8)	3.3%
Other	(4.2)	(1.3)	(2.0)	2.2	-51.6%
Totals	43.1	63.3	34.8	(8.4)	-19.4%

ADMINISTRATIVE EXPENSES

During the second quarter of 2024, administrative expenses showed a variation of 50.7%, mainly in the category of other administrative expenses where an increase of 117.2% is shown. This is due to the fact that during the second quarter of 2023 provisions were released, remunerations and benefits increased by 23.3% largely due to the performance of the financial table, depreciations increased by 50.1% which due to changes in accounting criteria are not comparable, fees increased by 99.4% mainly due to a higher requirement for specialized services.

Administrative Expenses	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Compensation and Benefits	482.3	540.7	594.4	112.1	23.3%
Fees	52.4	88.6	104.5	52.1	99.4%
Income	2.0	22.9	16.1	14.2	725.7%
Promotion	45.6	41.2	45.9	0.3	0.6%
Other Operating and Administrative Expenses	214.8	427.5	466.7	251.8	117.2%
Miscellaneous Taxes	81.4	87.6	87.9	6.5	8.0%
Depreciation and Amortization	171.9	262.7	258.2	86.2	50.1%
Items not deductible for income tax purposes	5.6	2.1	4.1	(1.5)	-26.8%
PTU Accrued	(12.7)	13.3	10.5	23.2	-182.1%
PTU Deferred	14.1	0.0	5.3	(8.7)	-62.0%
Totals	1,057.4	1,486.7	1,593.6	536.2	50.7%

CURRENT AND DEFERRED TAXES

Taxes on Profit	II Quart 23	I Quart 24	II Quart 24	Variation	% Var.
Accrued Income Taxes	(12.3)	(42.8)	3.1	15.45	-125.3%
Deferred Income Taxes	5.7	0.0	(37.6)	(43.28)	-760.5%
Totals	(6.6)	(42.8)	(34.5)	(27.8)	419.8%

At the end of the second quarter of 2024, 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 internal sources of liquidity for Banca Afirme are constituted both by the issuance of its own paper, traditional collection, and external sources coming from credit lines granted by financial institutions and development banking.

Level of indebtedness at the end of the second quarter of 2024

The total liabilities of Banca Afirme as of June 30, 2023 and 2024, were 247,793.7mdp and 282,466.5mdp respectively, the main component of the liabilities being the operations of the Financial Desk.

Total Liabilities	Jun 23	Mar 24	Jun 24	Var	%
Traditional Fund Raising	88,757.9	84,522.5	85,176.6	(3,581.2)	-4.0%
Debt securities issued	1,493.3	1,736.0	1,790.2	296.9	19.9%
Interbank Loans and Other Organizations	5,351.4	4,843.4	3,996.8	(1,354.6)	-25.3%
Repurchase Receivables	144,615.9	178,492.0	183,992.5	39,376.5	27.2%
Other accounts payable	2,416.4	2,668.7	2,286.2	(130.3)	-5.4%
Deferred Credits	108.5	104.7	120.9	12.5	11.5%
Lease Liabilities	1,525.5	1,605.0	1,539.3	13.8	0.9%
Other Liabilities	3,524.7	3,550.7	3,564.0	39.3	1.1%
Total Liabilities	247,793.7	277,523.0	282,466.5	34,672.8	14.0%

EVOLUTION OF THE FINANCIAL SITUATION STATEMENT

The total assets of Banca Afirme show an increase of 13.8% compared to the same period of the previous year, impacted by the increase in financial instruments and repo debtors, which together increase by 18.0% as a result of a larger operation of the financial desk.

The collection decreases its balances mainly the sight collection which decreases by 8.6%, the term collection shows a marginal growth of 0.2%, on the other hand, the balance in issued credit titles increases by 296.9mdp showing a balance as of June 30, 2024 of 1,790.2mdp.

RELEVANT INDICATORS	IIQ 23	IIIQ 23	IVQ 23	IQ 24	IIQ 24
Delinquency rate (stage 3 portfolio / total portfolio)	5.87%	5.82%	5.13%	5.22%	5.42%
Coverage of non-performing loans (allowance for loan losses / portfolio stage 3)	0.70	0.67	0.70	0.69	0.69
Operational efficiency (administrative and promotion expenses / average total assets)	1.75%	2.01%	2.18%	2.11%	2.21%

ROE (return on capital)	3.76%	5.04%	5.63%	6.33%	6.02%
ROA (return on assets)	0.12%	0.16%	0.18%	0.18%	0.17%
Liquidity Ratio (liquid assets / liquid liabilities)	0.99	0.98	0.96	0.97	0.97
MIN (credit risk adjusted net interest margin / earning assets)	0.92%	1.31%	1.39%	1.32%	1.49%

Banca Afirme

Credit Capitalization Ratio	21.37%	20.99%	20.81%	20.36%	20.89% (1)
Total Capitalization Ratio	15.38%	15.42%	15.20%	14.93%	15.26% (1)
Basic Capital Ratio	11.53%	11.65%	11.49%	11.36%	11.68% (1)

(1) Previous data before replicas with Banxico

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

TREASURY POLICIES

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

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

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

INTERNAL CONTROL

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

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

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

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

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

Qualitative Information System Remuneration

- a) For all positions there is a fixed remuneration 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
Managing Director
Head of Comprehensive Risk Management
Deputy General Director of Risk and Credit Management
Deputy General Director Corporate Administration
Secretary
Legal and Trustee Director
Independent Expert
Guest with voice, without vote

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

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

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

STAFF	BUSINESS
EXECUTIVE DIRECTOR MONEY MARKET	DIVISIONAL DIRECTOR
DEPUTY MANAGING DIRECTOR INVESTMENTS	GOVERNMENT BANK DIRECTOR NUEVO LEON
CORPORATE SERV. DEVELOPMENT DIRECTOR	PEOPLE SEGMENT DIRECTOR
FINANCE DIRECTOR	DIRECTOR DIGITAL BANKING
MONEY MARKET CONTROLLER EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR OF PRODUCTS
DIRECTOR FACTORING	MORTGAGE DIRECTOR
IT CORP, OPERATIONS AND PROCESSES DIRECTOR	BANKING RECRUITMENT AND CORRESPONDENCE DIRECTOR
GOVERNMENT CREDIT ANALYSIS DIRECTOR	DIRECTOR SELF-SERVICES
EXECUTIVE DIRECTOR. OPERATIONS AND PROCESSES	PAYROLL AND PAYROLL CREDIT DIRECTOR
LEGAL AND APPRAISALS EXECUTIVE DIRECTOR	DIRECTOR OF ACQUISITION

DIRECTOR CORP RELATIONS INSTI AND BCA GOB	BUSINESS BANKING MONTERREY EXECUTIVE DIRECTOR
DIRECTOR PREV. FRAUDS AND CLARIFICATIONS	DEPUTY MANAGING DIRECTOR OF BUSINESS
LEGAL DIRECTOR OF RECOVERY	CREDIT AND DEBIT CARD DIRECTOR
EXECUTIVE PROJECTS DIRECTOR	BUSINESS DEVELOPMENT CENTERS DIRECTOR
CONTROLLER GENERAL	BILLU DIRECTOR
DIRECTOR OF INFRASTRUCTURE AND SERVICES	ESTATE SEGMENT DIRECTOR
IT PROCESS AND ARCHITECTURE DIRECTOR	SPECIALIZED SALES EXECUTIVE DIRECTOR
DIRECTOR OF SECURITY AND INTELLIGENCE	BANKING INSURANCE EXECUTIVE DIRECTOR
DIRECTOR OF INFORMATION SECURITY	CORPORATE COMMERCIAL AND DIGITAL DIRECTOR
MONEY MARKET DIRECTOR	COMMERCIAL PARTNERSHIP DIRECTOR
CONTROLLER DIRECTOR	BUSINESS SEGMENT DIRECTOR
AUDIT DIRECTOR	DGA BUSINESS DEVELOPMENT IN BANKING
GOVERNMENT AND INFRASTRUCTURE DIRECTOR	SME SEGMENT DIRECTOR
TRUSTEE DIRECTOR	REGIONAL COMMERCIAL DIRECTOR
LEGAL STRUCTURING BUSINESS DIRECTOR	BUSINESS BANKING DIRECTOR
REGULATORY CONTROLLER DIRECTOR	
EXECUTIVE DIRECTOR CREDIT	
ADMINISTRATIVE RECOVERY AND CALL CENTER DIRECTOR	
DGA RISK AND CREDIT MANAGEMENT	
DIRECTOR OF PARAMETRIC CREDITS	
HUMAN RESOURCE EXECUTIVE DIRECTOR	
NON-CREDIT RISK EXECUTIVE DIRECTOR	
DIRECTOR SPECIALIZED BANKING	
TREASURY BALANCE SHEET EXECUTIVE DIRECTOR	
DEPUTY LEGAL DIRECTOR GENERAL AND FID.	
CENTER SERVICES DEVELOPMENT AND TRAD CHANNELS DIRECTOR	
DIRECTOR GOVERNMENT BANKING	
WORKS AND MAINTENANCE DIRECTOR	
ADMINISTRATIVE CONTROL AND PURCHASES DIRECTOR	
CREDIT RISK EXECUTIVE DIRECTOR	
CALL CENTER DIRECTOR	
RECOVERY CONSUMPTION AND TRADE DIRECTOR.	
PERIMETER SECURITY DIRECTOR	
CORPORATE SERVICES DEVELOPMENT DIRECTOR	

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

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

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

On the other hand, the Comprehensive Risk Management Unit will deliver the analysis described above to the Remuneration Committee, including scenarios and projections on the effects of the materialization of

the risks inherent to the activities of the people subject to the Remuneration System and the application of remuneration schemes on the stability and solidity of the Institution.

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

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

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

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

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

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

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

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

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

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

Quantitative Information System Remuneration

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

- b) Number of employees: 81

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

Total: 14.92296%

c)

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

d)

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

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

OTHER RELEVANT EVENTS

At the end of the second quarter of 2024, Banca Afirme has an asset level of 290,911.0mdp, showing an increase of 13.8% against the same period of the previous year. This variation is impacted by the increase in financial instruments resulting from the transfer of operations from Afirme Investment Bank to Banca Afirme, which increases both total Assets and Liabilities.

Capitalization

The Capitalization Index of Banca Afirme was at 15.26% at the end of June 2024 with a basic capital index of 11.68%.

Issuance of Subordinated Bonds

QAFIRME15

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

QBAFIRME18

At the Extraordinary General Shareholders' Meeting held on October 1, 2018, the Shareholders agreed to carry out an issue of non-preferred subordinated capital bonds not convertible into shares, obtaining authorization from the Central Bank for their issuance through official letter OFI/033-24335. The issuance of the bonds was carried out through a public offering of up to 12,000,000 subordinate bonds with a face value of \$100 pesos each, which earn interest at a TIIE + 2.8% rate, this issuance is not secured, the interest payment period is every 28 days and its maturity will be in September 2028. Said issuance was for an amount of \$ 1,200, the proportion of the authorized amount of the subordinated obligations compared to the amount issued was 100%.

QBAFIRME20

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital bonds not convertible into shares, obtaining authorization from the Central Bank for their issuance through official letter 153/12258/2020. Through an issuance act dated March 24, 2020, it was carried out through a public offer of up to 5,000,000 subordinated obligations with a nominal value of \$100.00 pesos each, which accrue interest at a TIIE + 2.8% rate, this issue is not guaranteed, the interest payment period is every 28 days and its maturity will be in March 2030. Said issuance was for an amount of \$ 500, the proportion of the authorized amount of the subordinated bonds compared to the amount issued was 100%.

QBAFIRME20 - 2

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital bonds not convertible into shares, obtaining authorization from the Central Bank for their issuance through official letter 153/12258/2020. Through an issuance deed dated October 22, 2020, a public offer was carried out for up to 2,300,000 subordinated bonds with a nominal value of \$100.00 pesos each, which accrue interest at a TIIE + 2.8% rate. This issuance is not guaranteed, the interest payment period is every 28 days and its maturity will be in October 2030. Said issuance was for an amount of \$ 230, the proportion of the authorized amount of subordinated bonds compared to the amount issued was 100%.

QBAFIRME22

At the Extraordinary General Shareholders' Meeting held on March 17, 2020, the Shareholders agreed to carry out an issuance of non-preferential subordinated capital bonds that cannot be converted into shares, obtaining

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

QBAFIRME22-2

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

BAFIRME 23

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

At the end of the second quarter of 2024, the subordinated obligations program has a balance of 3,356.9 million pesos.

CERTIFICATION

"The undersigned declare under protest of saying the truth that, within the scope of our respective functions, we prepare the information regarding Banca Afirme contained in this annual report, which, to the best of our knowledge and belief, reasonably reflects its situation. Likewise, we declare that we are not aware of relevant information that has been omitted or falsified in this annual report or that it contains information that could mislead investors".

C.P. Jesus Antonio Ramirez Garza

Chief Executive Officer

B.A. Alejandro Garay Espinosa

General Corporate Financial Director
Finance Controller

B.A. Luis Arturo Arias Medina

Chief Financial Officer

C.P. David Gerardo Martínez Mata

Internal Audit Director