

A S S E T S		L I A B I L I 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	
Cash and cash equivalents	7,632	Deposit funding:	
Margin call accounts	50	Demand deposits	34,240
		Time deposits	26,339
		General public	24,199
		Money market	2,140
Investment securities		Marketable debt securities	232
Trading	110,214	Global deposit account without movements	82
Held-to-maturity	<u>217</u>		<u>60,893</u>
Debtors on repurchase/resell agreements	7,647	Bank and other borrowings:	
Derivatives financial instruments		Short-term	2,554
Trading purposes	17	Long-term	<u>4,111</u>
Hedging purposes	<u>232</u>		6,665
Current loan portfolio		Creditors on repurchase resell agreements	100,091
Commercial loans:	31,354	Derivatives financial instruments	
Business or commercial activity	28,441	Trading purposes	8
Financial entities	520	Hedging purposes	<u>87</u>
Government entities	<u>2,393</u>		95
Consumer loans	7,803	Other accounts payable:	
Residential mortgage loans:	8,238	Employee statutory profit sharing payable	26
Medium-income housing and residential	8,228	Sundry creditors and other accounts payable	<u>2,866</u>
Low-income housing	<u>10</u>		2,892
Total current loan portfolio	<u>47,395</u>	Subordinated debt issued	2,738
Past-due loan portfolio		Deferred credits	62
Commercial loans:		Total liabilities	<u>173,436</u>
Business or commercial activity	939	Stockholders' equity:	
Consumer loans	272	Paid-in capital:	
Residential mortgage loans:		Capital stock	3,026
Medium-income housing and residential	674	Premium on share subscription	263
Total past-due loan portfolio	<u>1,885</u>	Additional paid-in capital	629
Total loan portfolio	49,280	Earned capital:	
Less:		Statutory reserves	2,981
Allowance for loan losses	<u>2,334</u>	Result from valuation of cash flow	
Loan portfolio, net	46,946	hedgce instruments	122
Valuation adjustments of hedging financial assets	5	Remeasurement of defined employees' benefits	(22)
Other accounts receivable, net	2,262	Net income	<u>210</u>
Foreclosed assets, net	193	Total controlling interest	7,209
Premises, furniture and equipment, net	3,884	Non-controlling interest	-
Investments in subsidiaries	99	Total stockholders' equity	7,209
Deferred income tax, net	576	Total liabilities and stockholders' equity	<u>180,645</u>
Other assets:			
Other assets, deferred income charges and intangibles, net	671		
Total assets	<u>180,645</u>		
		Memorandum accounts:	
		Guarantees granted	1,158
		Loan commitments	8,524
		Assets in trust or under mandate	
		Trust	41,606
		Mandate	<u>42</u>
		Assets in custody or under management	283,645
		Collaterals received by the entity	51,427
		Collaterals received and sold or pledged by the entity	43,997
		Investments on behalf of customers, net	20,160
		Interest accrued but not collected of past-due loan portfolio	104
		Other memorandum accounts	<u>130,657</u>
			<u>581,320</u>

The consolidated balance sheet 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 balance sheet was approved by the Board of Directors under the responsibility of the following signing officers:  
The historical capital stock amounts \$2,752.

\_\_\_\_\_  
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.  
 Institución de Banca Múltiple, Afirme Grupo Financiero  
 Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N. L.  
 Consolidated Statement Income  
 Period from January 1, to June 30, 2021  
 Millions of Mexican pesos

Interest income		6,852
Interest expense		<u>(4,329)</u>
Financial margin		2,523
Allowance for loan losses		<u>(741)</u>
Financial margin for allowance for loan losses		1,782
Commissions and fees income	1,184	
Commissions and fees expense	(448)	
Financial intermediation income	10	
Other operating income, net	122	
Administrative and promotion expenses	<u>(2,377)</u>	<u>(1,509)</u>
Net operating income		273
Equity method in the results of operations of associates		<u>6</u>
Income before income tax		279
Current IT	(73)	
Deferred IT	<u>4</u>	<u>(69)</u>
Income before non-controlling interest		210
Non-controlling interest		<u>-</u>
Net income		<u><u>210</u></u>

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

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 JESÚS ANTONIO RAMÍREZ GARZA  
 Chief Executive Officer

\_\_\_\_\_  
 GUSTAVO MANUEL VERGARA ALONSO  
 Chief Financial Officer  
 Finance Controller

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 JESÚS RICARDO GÁMEZ DEL CASTILLO  
 Chief Financial Officer

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 DAVID GERARDO MARTÍNEZ MATA  
 Director of Internal Audit

**Banca Afirme, S. A.**  
**Institución de Banca Múltiple, Afirme Grupo Financiero**  
**Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N.L.**  
**Consolidated Statement of Changes Stockholders' Equity**  
**Period from January 1, to June 30, 2021**  
**(Millions of Mexican pesos)**

	Paid-in capital			Statutory reserves	Retained earnings	Earned capital Result from valuation of cash flow hedge instruments	Remeasurement of defined employees' benefits	Net income	Total controlling interest	Non-controlling interest
	Capital Stock	Additional paid-in capital	Premium on share subscription							
Balances as of December 31st, 2020	2,498	528	263	2,660	-	2	(22)	321	6,250	-
<b>Changes resulting from stockholders' resolutions:</b>										
Additional paid-in capital		629							629	
Capital increase	528	(528)	-						-	
Appropriation of prior year's result					321			(321)	-	
Constitution of statutory reserves				321	(321)				-	
<b>Changes related to the recognition of comprehensive income:</b>										
Net income								210	210	-
Result from valuation of cash flow hedge instruments						120			120	
Remeasurements of defined employees' benefits							-		-	
Balances as of June 30st, 2021	<u>3,026</u>	<u>629</u>	<u>263</u>	<u>2,981</u>	<u>-</u>	<u>122</u>	<u>(22)</u>	<u>210</u>	<u>7,209</u>	<u>-</u>

The consolidated statement 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

\_\_\_\_\_  
**JESUS RICARDO GAMEZ DEL CASTILLO**  
 Chief Financial Officer

\_\_\_\_\_  
**DAVID GERARDO MARTINEZ MATA**  
 Director of Internal Audit

**Banca Afirme, S. A.**  
**Institución de Banca Múltiple, Afirme Grupo Financiero**  
**Ave. Juárez No. 800 Sur, Zona Centro, Monterrey, N.L.**  
**Consolidated Statement of Cash flows**  
**Period from January 1, to June 30, 2021**  
**Millions of Mexican pesos**

Net income		210
<b>Adjustments for items not requiring cash flow</b>		
Result for valuation at fair value	(55)	
Depreciation and amortization	236	
Provisions	480	
Current and deferred income taxes	69	
Equity in earnings of unconsolidated affiliates	(6)	
Profit in the sale of furniture and equipment and assets under operating lease	-	724
		934
<b>Operating activities</b>		
Change in margin call accounts	496	
Change in investment securities	(13,278)	
Change in debtors on repurchase/resell agreements	(2,214)	
Change in loan portfolio	144	
Change in foreclosed assets	18	
Change in other operating assets	5,704	
Change in deposit funding	3,072	
Change in bank loans and other borrowings	218	
Change in creditors on repurchase/resell agreements	7,517	
Change in derivatives	(344)	
Change in subordinated debt issued	3	
Change in other operating liabilities	(2,381)	
Change in valuation adjustments for financial hedging assets	237	(808)
Net cash flows of operating activities		126
<b>Investment activities</b>		
Proceeds from the disposal of premises, furniture and equipment	189	
Payments for acquisition of premises, furniture and equipment	(604)	
Net cash flows of investment activities		(415)
<b>Finance activities</b>		
Net cash flows of additional paid-in capital	629	
Net cash flows of finance activities		629
Net increase in cash and cash equivalents		340
Cash and cash equivalents at the beginning of the period		7,292
Cash and cash equivalents at period end		7,632

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**JESUS ANTONIO RAMIREZ GARZA**  
 Chief Executive Officer

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**GUSTAVO MANUEL VERGARA ALONSO**  
 Chief Financial Officer  
 Finance Controller

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**JESUS RICARDO GAMEZ DEL CASTILLO**  
 Chief Financial Officer

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**DAVID GERARDO MARTINEZ MATA**  
 Director of Internal Audit

# Management Report

## Banca Afirme

June 2022

*Hoy creamos*

*Hoy creamos*

EMPIEZA A IMAGINARLO

 **AFIRME**  
El Banco de Hoy

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

### OPERATING RESULTS.

Comparative analysis of the period ended June 30, 2022, compared to the period ended June 30, 2021.

*Derived from the fact that from 2022 the change in the accounting regulation IFRS 9 and NIF D-5 was adopted, this report contains variations that are not comparative with previous years, for this reason such variations in some items are not explained.*

At the end of the second quarter of 2022, Banca Afirme's Profit totaled 137.7 million euros, 29.0% higher than the same period of the previous financial year, this result is impacted by the decrease in preventive reserves as a result of a better performance of the credit portfolio, on the other hand, the result by intermediation increases significantly.

### FINANCIAL MARGIN ANALYSIS

#### ***YIELDS GENERATED BY THE CREDIT PORTFOLIO***

At the end of the second quarter of 2022, the interest generated by the credit portfolio amounted to 1,652.2 million pesos, an increase of 20.4% compared to the same period of the previous year. This is mainly due to the behavior in the TIIE reference interest rates goes from 4.32% to 7.42% from June 2021 to June 2022.

Credit Portfolio Interests	II Q 21	I Q 22	II Q 22	Variation	% Var.
Business Credits	675.1	807.0	875.2	200.1	29.6%
Consumer loans	465.8	491.7	515.5	49.6	10.7%
Home loans	191.0	189.6	210.2	19.2	10.1%
Credits for Gubernamental Entities	31.3	42.4	36.7	5.4	17.3%
Credits for Financial Entities	8.9	12.3	14.5	5.6	62.3%
<b>Totals</b>	<b>1,372.2</b>	<b>1,542.9</b>	<b>1,652.2</b>	<b>280.0</b>	<b>20.4%</b>

During the aforementioned period, commissions for credit operations decreased by 13.7% per annum, this decrease is due to the fact that some loans were settled in advance during the previous year.

Commissions received for Credit Operations	II Q 21	I Q 22	II Q 22	Variation	% Var.
Business Credits	22.4	13.7	13.7	(8.7)	-38.9%
Consumer loans	30.2	28.5	31.4	1.2	4.1%
Home loans	5.6	5.4	5.7	0.1	2.0%
Credits for Gubernamental Entities	0.9	0.1	0.1	(0.7)	-87.2%
<b>Totals</b>	<b>59.1</b>	<b>47.7</b>	<b>51.0</b>	<b>(8.1)</b>	<b>-13.7%</b>

### **INCOME FROM INVESTMENTS IN SECURITIES, REPORTING OPERATIONS AND CASH AND CASH EQUIVALENTS.**

In the second quarter of 2022, the positions in securities at Banca Afirme have continued to be reduced, despite the above, given the increase in yield rates, unrestricted securities show an interest charge very similar to the same period of the previous year.

Interest income continues to increase significantly, mainly due to rising interest rates and the fact that the liquidity invested in crypto has remained at relevant volumes.

As a relevant strategy in the Institution, we continue with available liquidity to be able to respond to possible events related to the current crisis and the recovery from it, said strategy generates greater income due to availabilities.

Premium, interests and premium derivatives from securities and investments	II Q 21	I Q 22	II Q 22	Variation	% Var.
Not restricted titles to negotiate	1,279.4	1,840.7	1,290.1	10.7	0.8%
Cash and cash equivalents	35.7	96.8	98.8	63.1	176.6%
<b>Restricted and Repurchase Titles</b>					
Interests CHarged and premiums in favor for repurchase operations	511.9	898.3	1,039.9	528.0	103.1%
Income from covered opertations	10.9	58.4	31.9	21.0	192.3%
<b>Totals</b>	<b>1,837.9</b>	<b>2,894.2</b>	<b>2,460.7</b>	<b>622.8</b>	<b>33.9%</b>



## **PRIZES AND INTERESTS DERIVED FROM THE COLLECTION**

At the end of the second quarter of 2022, interest expenses showed a growth of 39.1% compared to the same period of the previous year, this increase is largely due to interest and cash prizes, which have a variation of 19.6%, while term deposits increased by 145.5% derived from the growth in the balance of this item on 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 reference rates and that we do not expect a decrease in volumes.

<b>Expenses from interests</b>	<b>II Q 21</b>	<b>I Q 22</b>	<b>II Q 22</b>	<b>Variation</b>	<b>% Var.</b>
Immediate enforceability deposits	154.3	213.7	284.8	130.5	84.5%
Fixed term deposits	222.5	414.5	546.3	323.8	145.5%
Subtracting Bank and other agencies	83.6	101.3	97.7	14.1	16.9%
Interests for subordinated liabilities	51.6	63.8	74.2	22.5	43.7%
Bursatile debt	28.5	44.6	45.9	17.4	61.0%
Interests and premiums from repurchase	1,532.5	2,052.4	1,833.0	300.4	19.6%
Expenses from covered operations	36.7	30.3	26.8	(9.9)	-27.0%
Interest from global accounts of funds raised	0.2	1.5	0.2	(0.0)	-9.6%
Lease interest expenses	0.0	31.3	31.5	31.5	0.0%
Others	24.4	26.1	27.7	3.3	13.5%
<b>Totals</b>	<b>2,134.5</b>	<b>2,979.6</b>	<b>2,968.1</b>	<b>833.6</b>	<b>39.1%</b>

## **FINANCIAL MARGIN RESULT**

As at the beginning of the year, in the financial margin comparison, we managed to increase interest income more than the interest paid grew, this thanks to being able to fix some of our collection costs, despite the crisis, and to charge fixed interest or referenced to inflation. Thus, improving the financial margin and profitability of the Institution.

<b>FINANCIAL MARGIN</b>	<b>II Q 21</b>	<b>I Q 22</b>	<b>II Q 22</b>	<b>Variation</b>	<b>% Var.</b>
Total of interests charged	3,269.2	4,484.9	4,163.9	894.6	27.4%
Total of interests paid	2,134.5	2,979.6	2,968.1	833.6	39.1%
<b>FINANCIAL MARGIN</b>	<b>1,134.8</b>	<b>1,505.3</b>	<b>1,195.8</b>	<b>61.0</b>	<b>5.4%</b>

## NON-FINANCIAL INCOME

### COMMISSIONS AND FEES DERIVED FROM THE PROVISION OF SERVICES

During the second quarter of 2022, there was a 20.6% increase in the commissions charged compared to the same period of the previous year, this variation is mainly due to the commissions charged in electronic banking, which shows an increase of 33.0% as a result of the increase in these services, highlighting operations at ATMs and POS terminals. The item of other commissions and fees shows an increase of 35.5% as a result of income related to remittances and correspondences, which had a significant increase during the second quarter of 2022.

Commissions and Fees Charged	II Q 21	I Q 22	II Q 22	Variation	% Var.
Credit operations	12.7	10.0	9.8	(2.9)	-23.1%
Funds transfer	6.6	7.2	7.6	1.0	15.9%
Trust Companies Activities	22.5	24.8	26.6	4.1	18.3%
Appraisals	2.0	1.3	2.8	0.8	41.1%
Account Management	13.3	13.7	18.0	4.7	35.5%
Electronic Banking	414.5	498.2	551.4	136.9	33.0%
Guarantee	0.2	0.1	0.2	(0.0)	-8.7%
Right to severance pay	19.4	28.4	21.8	2.4	12.5%
Insurance	47.2	23.5	0.0	(47.2)	-100.0%
Financial Advisory	0.0	0.1	0.1	0.0	80.2%
Other commissions and duties	87.5	108.8	118.5	31.0	35.5%
Social Wealth Batches	1.7	0.0	0.0	(1.7)	-100.0%
<b>Totals</b>	<b>627.5</b>	<b>716.1</b>	<b>756.7</b>	<b>129.1</b>	<b>20.6%</b>

### RESULT BY INTERMEDIATION

There was a very significant improvement in the sales results for the second quarter of 2022. The intermediation 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, the increase in the margin causes an even better result, registering a very profitable second quarter for the securities in position.

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.

RESULT BY INTERMEDIATION	II Q 21	I Q 22	II Q 22	Variation	% Var.
<b>Valuation Results to Fair Market Value and Reduction of Titles valued at cost</b>	<b>11.8</b>	<b>(24.2)</b>	<b>39.9</b>	<b>28.1</b>	<b>238.1%</b>
Titles to negotiate	11.8	(24.2)	39.9	28.1	237.9%
Derivatif instruments with coverage purposes	0.0	0.0	0.0	0.0	-100.0%
<b>Results from Sales and Purchase of Securities and Foreign Exchange</b>	<b>4.7</b>	<b>41.0</b>	<b>233.3</b>	<b>228.6</b>	<b>4,882.1%</b>
Titles to negotiate	(25.2)	(3.4)	197.0	222.2	-880.7%
Results for Sales and Purchase of Currency	29.9	44.5	36.3	6.4	21.5%
<b>Totals</b>	<b>16.5</b>	<b>16.9</b>	<b>273.2</b>	<b>256.7</b>	<b>1,557.4%</b>

#### OTHER INCOME (EXPENSES) FROM THE OPERATION

For the closing of the second quarter of 2022, the item of other income (expenses) of the operation presents a decrease of 20.2 million of pesos during the same period of the previous year, which represents 47.8%, explained mainly by the item Reserve for other overdue debits which increases 35.3 million pp mainly as a result of reserve for other overdue debits. interest receivable balance IETU, the item of reserves Release which is increased 12.5 million of pesos, on the other hand the item of "Other + funds" is increased 9.8 millions of pesos largely due to non-recurring income, recoveries decrease 14.0% 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 punished credits increases 19.1% as a result of better management.

Other Income (Expenses) of the Net Operation	II Q 21	I Q 22	II Q 22	Variation	% Var.
Recoveries	18.1	15.8	15.6	(2.5)	-14.0%
Debugging accounts payable	(1.0)	2.2	(1.3)	(0.3)	34.0%
Result from operating lease	1.3	(0.6)	(1.3)	(2.6)	-199.8%
Collection of written-off credits	33.7	42.1	40.1	6.4	19.1%
Advisory	0.0	0.0	0.0	0.0	0.0%
Release of reserves	0.0	95.5	12.5	12.5	0.0%
Release of reserves from other debts	0.1	0.4	0.4	0.3	408.0%
Sale of furniture and real estate	(0.3)	1.5	2.1	2.4	-719.6%
Bond from the use of Debit and Credit Cards	3.6	3.0	(0.3)	(3.9)	-108.2%
Other + funds	12.8	25.0	22.6	9.8	76.8%
Loss on portfolio sale	(0.8)	(0.8)	(1.0)	(0.2)	21.9%

Customer bonuses	(14.3)	(16.1)	(15.9)	(1.6)	11.0%
Miscellaneous bankruptcies	(5.0)	(0.9)	(7.0)	(2.0)	40.9%
Reserve for other overdue debts	(5.3)	(8.7)	(40.6)	(35.3)	669.1%
Reserve foreclosed assets	(0.1)	0.3	(2.4)	(2.3)	2,315.4%
Others	(0.4)	(0.8)	(1.4)	(0.9)	231.5%
<b>Totals</b>	<b>42.3</b>	<b>157.8</b>	<b>22.1</b>	<b>(20.2)</b>	<b>-47.8%</b>

## ADMINISTRATION EXPENSES

At the end of the second quarter of 2022, administrative expenses presented a variation of 14.1%, on the one hand, remuneration and benefits increased by 120.6 million pesos, that is, 38.0% this is mainly due to the performance of the financial desk, the item of other administrative expenses increases by 36.2% as a result of the increase in electronic banking operations, fees decrease by 41.5% mainly due to the effect of the transfer of outsourcing personnel to the payroll, depreciation increases 99.6 million pesos, that is, 88.3% (depreciation and Income impacted by NIF D5).

ADMINISTRATION EXPENSES	II Q 21	I Q 22	II Q 22	Variation	% Var.
Salaries and Claims	317.1	422.0	437.7	120.6	38.0%
Professional Fees	181.7	131.2	106.4	(75.3)	-41.5%
Leases	86.5	13.9	(0.8)	(87.3)	-100.9%
Marketing	59.7	29.7	31.7	(28.0)	-46.9%
Other administrative and operative expenses	296.0	437.8	403.2	107.1	36.2%
Multiple Taxes	53.6	80.4	72.2	18.7	34.8%
Depreciation and Amortization	112.8	285.2	212.4	99.6	88.3%
Nondeductible concepts for ISR	2.9	1.7	3.3	0.5	16.5%
IPAB Contribution	62.6	73.8	74.0	11.4	18.3%
Caused PTU	8.5	34.0	1.5	(7.0)	-82.5%
Deferred PTU	0.0	0.0	6.5	6.5	0.0%
<b>Totals</b>	<b>1,181.4</b>	<b>1,509.8</b>	<b>1,348.2</b>	<b>166.8</b>	<b>14.1%</b>

## INCURRED AND DEFERRED TAXES

Tax on Profit	II Q 21	I Q 22	II Q 22	Variation	% Var.
Caused ISR	(28.8)	0.0	0.0	28.85	-100.0%
Differed ISR	(2.5)	(32.0)	(32.0)	(29.46)	1,182.1%
<b>Totals</b>	<b>(31.3)</b>	<b>(32.0)</b>	<b>(32.0)</b>	<b>(0.6)</b>	<b>2.0%</b>

At the end of the second 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.

### *Debt level at the end of the second quarter of 2022*

The total liabilities of Banca Adige as of June 30, 2021, and 2022, were 173,434.4 million pesos and 122,085.2 million pesos, respectively.

## EVOLUTION OF THE BALANCE SHEET

The total assets of Banca Afirme show a decrease with respect to the same period of the previous year of -27.3% due mainly to the decrease in the balance of securities to negotiate which decreased by -57.0%.

The collection increases its balances mainly the term collection that increases by 39.6%, and the collection at sight increases by 16.4%, on the other hand, the balance in issued credit securities increases by 560 million pesos reaching an amount of 792 million pesos

RELEVANT INDICATORS					
	IIQ 21	IIIQ 21	IVQ 21	IQ 22	IIQ 22
NPL ratio (past due portfolio/total portfolio)	3.83%	3.62%	3.35%	3.09%	4.19%
Overdue portfolio coverage (preventive estimate/past due portfolio)	1.24	1.24	1.31	1.39	1.10
Operating efficiency (administration and promotion expenses/average total assets)	2.65%	2.81%	2.71%	3.75%	3.91%
ROE (return on equity)	5.98%	13.21%	11.60%	14.39%	7.41%
ROA (return on assets)	0.24%	0.52%	0.45%	0.65%	0.40%
Liquidity Ratio (liquid assets/liquid liabilities)	0.92	1.03	0.91	0.93	0.92
MIN (financial margin adjusted for credit risks/productive assets)	2.04%	2.52%	2.09%	3.39%	2.54%
<b>Banca Afirme</b>					
Credit Capitalization Index	21.51%	22.45%	20.59%	20.23%	19.52% (1)
Total Capitalization Ratio	15.78%	16.32%	15.33%	15.39%	15.26% (1)
Basic Capital Index	12.06%	12.62%	11.95%	11.81%	11.69% (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:

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 System when necessary. The Finance Department participates by evaluating the results of the different areas.

The Remuneration Manual applies to the Executive positions of the first two levels of the Staff Executive positions of the first three levels of the Deputy Directorate of Business and for the Money Market area.

For the 2022 financial year, the list of these positions is:

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

Resources Department this Committee to where appropriate, approval of and/or new variable schemes of the System when The Finance Department participates by results of the schemes areas.

Remuneration Manual Executive positions of levels of the Staff Executive positions of levels of the Deputy Directorate of Business Money Market area.

financial year, the list of is:

<b>MONEY DESK</b>	<b>DGA BUSINESS</b>	<b>STAFF</b>
DIRECTOR OF ECONOMIC STUDIES	DEPUTY MANAGING DIRECTOR OF BUSINESS	DIRECTOR SPECIALIZED BANKING
DIRECTOR OF FINANCIAL MARKETS	DIRECTOR OF ACQUISITION	HUMAN RESOURCE EXECUTIVE DIRECTOR
MONEY AND EXCHANGE MARKET DIRECTOR	COMMERCIAL PARTNERSHIP DIRECTOR	DGA RISK AND CREDIT MANAGEMENT
DIRECTOR OF INTERIOR DISTRIBUTION TABLE	DIRECTOR SELF-SERVICES	DIRECTOR OF PARAMETRIC CREDITS
FINANCIAL MARKET PROMOTION DIRECTOR	GOVERNMENT BANK DIRECTOR NUEVO LEON	EXECUTIVE DIRECTOR ADMIN. OF RISKS
DIRECTOR TREASURY	DIRECTOR DIGITAL BANKING	EXECUTIVE DIRECTOR CREDIT
DERIVATIVE DEPUTY DIRECTOR	BUSINESS BANKING DIRECTOR	DIRECTOR FACTORING
DEPUTY DIRECTOR OF PROMOTION	CAPTAINING DIRECTOR	FINANCE DIRECTOR
MONEY MARKET MANAGER	SME CENTERS DIRECTOR	MONEY MARKET CONTROLLER DIRECTOR
ADMINISTRATIVE DEPUTY MANAGER	COMMERCIAL DIRECTOR FOR THE TERRITORIAL FORCES	TREASURY BALANCE SHEET EXECUTIVE DIRECTOR
DIRECTOR ASSISTANT	MORTGAGE DIRECTOR	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 GOVERNMENT BANKING
CREDIT AND DEBIT CARD DIRECTOR	DIRECTOR CORP RELATIONS INSTI AND BCA GOB
	DIRECTOR ARCHITECTURE AND METHODOLOGY
	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
	DIRECTOR PREV. FRAUDS AND CLARIFICATIONS
	IT PROCESS AND ARCHITECTURE DIRECTOR
	CONTROLLER GENERAL
	AUDIT DIRECTOR
	DIRECTOR AUDIT IT, BRANCHES AND INV
	CONTROLLER DIRECTOR
	REGULATORY CONTROLLER DIRECTOR
	DIRECTOR OF OPERATIONAL CONTROL
	DIRECTOR OF INFORMATION SECURITY
	DIRECTOR OF SECURITY AND INTELLIGENCE
	DIRECTOR OF OPERATIONAL CONTROL
	EXECUTIVE PROJECTS DIRECTOR

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

DGA BUSINESS	STAFF
DEPUTY MANAGING DIRECTOR OF BUSINESS	DIRECTOR SPECIALIZED BANKING
DIRECTOR OF ACQUISITION	HUMAN RESOURCE EXECUTIVE DIRECTOR
COMMERCIAL PARTNERSHIP DIRECTOR	DGA RISK AND CREDIT MANAGEMENT
DIRECTOR SELF-SERVICES	DIRECTOR OF PARAMETRIC CREDITS
GOVERNMENT BANK DIRECTOR NUEVO LEON	EXECUTIVE DIRECTOR ADMIN. OF RISKS
DIRECTOR DIGITAL BANKING	EXECUTIVE DIRECTOR CREDIT
BUSINESS BANKING DIRECTOR	DIRECTOR FACTORING
CAPTAINING DIRECTOR	FINANCE DIRECTOR
SME CENTERS DIRECTOR	MONEY MARKET CONTROLLER DIRECTOR
COMMERCIAL DIRECTOR FOR THE TERRITORIAL FORCES	TREASURY BALANCE SHEET EXECUTIVE DIRECTOR
MORTGAGE DIRECTOR	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 GOVERNMENT BANKING
CREDIT AND DEBIT CARD DIRECTOR	DIRECTOR CORP RELATIONS INSTI AND BCA GOB
	DIRECTOR ARCHITECTURE AND METHODOLOGY
	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
	DIRECTOR PREV. FRAUDS AND CLARIFICATIONS
	IT PROCESS AND ARCHITECTURE DIRECTOR
	CONTROLLER GENERAL
	AUDIT DIRECTOR
	DIRECTOR AUDIT IT, BRANCHES AND INV
	CONTROLLER DIRECTOR
	REGULATORY CONTROLLER DIRECTOR
	DIRECTOR OF OPERATIONAL CONTROL
	DIRECTOR OF INFORMATION SECURITY
	DIRECTOR OF SECURITY AND INTELLIGENCE
	DIRECTOR OF OPERATIONAL CONTROL
	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 General Policies section Related to Ordinary Remuneration, in order to align it with the Manual of Diversity, Equity and Inclusion Policies and Guidelines. Additionally, it was established that the Remuneration Manual was applicable for both Banca Afirme and Banca de Inversión Afirme.

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 considered 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 Remuneration: 9.95674%  
Variable Remuneration: 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 second quarter of 2022, Banca Afirme had an asset level of 131,261 million pesos, showing a decrease of -27.3% compared to the same period of the previous year.

The credit notes issued have a balance as of June 30, 2022, of 792.1 million pesos.

### **Capitalization**

The Banca Afirme Capitalization Index stood at 15.26% at the end of the second quarter of 2022 with a core capital index of 11.69%.

## ***Issuance of Subordinated Bonds***

At the Extraordinary General Meeting of Shareholders held on March 17, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital obligations that are not eligible for conversion into shares, obtaining authorization from the Central Bank for their issuance through oficios 153/12258/220. 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 million pesos, the proportion of the authorized amount of the subordinated bonds compared to the amount issued was 100%.

As of June 30, 2021, and 2020, subordinated debentures do not have a discount or award rate.

At the Extraordinary General Meeting of Shareholders held on October 22, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital obligations that are not eligible for conversion into shares, obtaining authorization from the Central Bank for their issuance through oficios 153/12258/220. The issue of the bonds was carried out through a public offer 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 issue 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 Meeting of Shareholders held on March 17, 2020, the Shareholders agreed to carry out an issue of preferred or non-preferred subordinated capital obligations and not susceptible to becoming shares, obtaining authorization from the Central Bank for their issuance through oficios OFI/003-29279. The issue of the bonds was carried out through a public offer for 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 issue is not guaranteed, the interest payment period is every 28 days, and its maturity will be in March 2030. Such an issue was in the amount of 500million of pesos, the ratio keeping the authorized number of subordinated obligations to the issued amount was 25%.

At the end of the second quarter of 2022, the subordinated obligations program had a balance of 2,944 million pesos.

## ***Capital increases***

At the Extraordinary General Shareholders' Meeting (Banca Afirme), held on February 22, 2022, it was agreed to increase the share capital, by 629million of pesos, through the capitalization of the "contributions for future capital increases" account

## **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. Jesús Antonio Ramírez Garza  
Chief Executive Officer

C.P. Gustavo M. Vergara Alonso  
General Director of Finance and Financial Controller

C.P.C. Jesús Ricardo Gámez del Castillo  
Chief Financial Officer

C.P. David Gerardo Martínez Mata  
Internal Audit Director

At the end of the second quarter of 2022, Banca Afirme had an asset level of 131,261 million pesos, showing a decrease of -27.3% compared to the same period of the previous year.

The credit notes issued have a balance as of June 30, 2022 of 792.1 million pesos.

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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) 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	3.80%
CÍRCULO DE CRÉDITO	18.00%
CECOBAN	2.82%
ARRENDADORA (LESSOR)	99.98%

**III.- The credit portfolio with credit risk in stages by type of credit to the second quarter of 2022, is integrated as shown below:**
**PHASED PORTFOLIO AS OF JUNE 30, 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 *	
<b>COMMERCIAL CREDITS</b>	<b>32,396.64</b>	<b>699.58</b>	<b>189.27</b>	<b>13.53</b>	<b>1,336.14</b>	<b>0.00</b>	<b>34,635.16</b>
CORPORATE OR BUSINESS ACTIVITY	30,162.67	699.58	189.27	13.53	1,336.14	0.00	32,401.19
FINANCIAL INTERMEDIARIES	529.98	0.00	0.00	0.00	0.00	0.00	529.98
GOVERNMENT ENTITIES	1,703.98	0.00	0.00	0.00	0.00	0.00	1,703.98
<b>CONSUMER CREDITS</b>	<b>8,474.70</b>	<b>0</b>	<b>197.08</b>	<b>0</b>	<b>257.95</b>	<b>0.00</b>	<b>8,929.74</b>
<b>HOUSING CREDITS</b>	<b>9,490.87</b>	<b>0</b>	<b>481.79</b>	<b>0</b>	<b>679.13</b>	<b>0.00</b>	<b>10,651.79</b>
<b>TOTAL</b>	<b>50,362.21</b>	<b>699.58</b>	<b>868.15</b>	<b>13.53</b>	<b>2,273.22</b>	<b>0.00</b>	<b>54,216.69</b>

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

IV.- Below are the average interest rates of traditional collection and interbank and other agency loans, by currency type for the second quarter of 2022 and 2021.

AVERAGE INTEREST RATES				
CONCEPTS	NATIONAL CURRENCY		FOREIGN CURRENCY	
	II Q 2021	II Q 2022	II Q 2021	II Q 2022

**BANKING**

<b>TRADITIONAL DEPOSITS</b>	<b><u>3.86%</u></b>	<b><u>4.63%</u></b>	<b><u>0.08%</u></b>	<b><u>3.14%</u></b>
DEPOSITS PAYABLE ON DEMAND	2.53%	6.33%	0.08%	0.00%
TERM DEPOSITS	5.63%	5.31%	0.00%	0.00%

The terms of the maturities are from 1 to 365 days.

**INTERBANK LOANS AND LOANS FROM OTHER BODIES**

BANKING	3.43%	4.45%	0.54%	0.00%
ARRENDADORA (LESSOR)	8.70%	7.70%	7.37%	0.00%

The terms of the maturities are from 1 to 10 years.

As of June 30, 2022, the Bank has unused credit lines with multiple banking institutions, development banking and development funds, amounting to \$3,108. The amount of credit lines authorized as of June 30, 2022 amounts to \$9,321.

V.- The movements in the credit portfolio with stage 3 credit risk to the second quarter of 2022, as well as the transfers to and from the credit portfolio with stage 1 and stage 2 credit risk, are integrated as follows:

<b>STAGE 3 PORTFOLIO MOVEMENTS IN THE SECOND QUARTER OF 2022</b>					
AMOUNTS IN MILLIONS OF PESOS					
CONCEPT	COMMERCIAL CREDITS		CONSUMER CREDITS	HOUSING CREDITS	TOTAL
	NATIONAL CURRENCY	FOREIGN CURRENCY	NATIONAL CURRENCY	NATIONAL CURRENCY	
<b>INITIAL BALANCE</b>	<b>788.08</b>	<b>0.00</b>	<b>228.94</b>	<b>620.81</b>	<b>1,637.82</b>
<b><u>INCOME</u></b>					
PORTFOLIO TRANSFERS STAGE 1	600.50	0.00	47.81	52.04	<b>700.35</b>
PORTFOLIO TRANSFERS STAGE 2	73.03	0.00	180.06	121.58	<b>374.67</b>
<b><u>OUTFLOW</u></b>					
RESTRUCTURES AND RENOVATIONS	18.56	0.00	4.42	44.43	<b>67.42</b>
LIQUIDATED CREDITS	21.63	0.00	9.80	31.48	<b>62.91</b>
PENALTIES	0.07	0.00	148.02	0.07	<b>148.15</b>
TRANSFERS TO PORTFOLIO STAGE 1	53.23	0.00	29.41	37.78	<b>120.42</b>
TRANSFERS TO PORTFOLIO STAGE 2	31.25	0.00	7.36	1.55	<b>40.16</b>
PORTFOLIO SALE	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>FINAL BALANCE</b>	<b>1,336.87</b>	<b>0.00</b>	<b>257.79</b>	<b>679.13</b>	<b>2,273.79</b>

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 financial instruments, as well as positions for crypto operations, by generic type of issuer are presented below for the second quarter of 2021 and 2022:

CATEGORIES OF INVESTMENTS IN FINANCIAL INSTRUMENTS AND RELATED				
AMOUNTS IN MILLIONS OF PESOS	II Q		VAR \$	VAR%
	2021	2022		
<b>ACTIVE</b>				
<b>INVESTMENTS IN FINANCIAL INSTRUMENTS</b>	<b>110,431.5</b>	<b>47,475.5</b>	<b>-62,956.0</b>	<b>-57.0%</b>
<b>NEGOTIABLE FINANCIAL INSTRUMENTS</b>	<b>110,214.4</b>	<b>47,261.0</b>	<b>-62,953.4</b>	<b>-57.1%</b>
<b>WITHOUT RESTRICTIONS</b>	<b>5,919.9</b>	<b>12,666.5</b>	<b>6,746.6</b>	<b>114.0%</b>
GOVERNMENT DEBT	-173.9	0.0	173.9	-100.0%
BANKING DEBT	4,524.4	12,527.9	8,003.5	176.9%
OTHER DEBT INSTRUMENTS	1,440.2	0.0	-1,440.2	-100.0%
<b>CAPITAL FINANCIAL INSTRUMENTS</b>	<b>129.1</b>	<b>138.6</b>	<b>9.5</b>	<b>7.4%</b>
<b>RESTRICTED OR GIVEN IN GUARANTEE IN REPURCHASE OPERATIONS</b>	<b>101,911.3</b>	<b>33,546.0</b>	<b>-68,365.3</b>	<b>-67.1%</b>
GOVERNMENT DEBT	85,363.7	28,666.9	-56,696.8	-66.4%
BANKING DEBT	15,746.7	4,879.1	-10,867.6	-69.0%
OTHER DEBT INSTRUMENTS	800.9	0.0	-800.9	-100.0%
<b>RESTRICTED OR GIVEN UNDER GUARANTEE OTHERS</b>	<b>2,383.2</b>	<b>1,048.5</b>	<b>-1,334.8</b>	<b>-56.0%</b>
GOVERNMENT DEBT	2,383.2	1,048.5	-1,334.8	-56.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	0.0	0.0	0.0	0.0%
<b>FINANCIAL INSTRUMENTS TO BE CASHED IN OR SOLD</b>	<b>217.1</b>	<b>214.5</b>	<b>-2.6</b>	<b>-1.2%</b>
<b>WITHOUT RESTRICTIONS</b>	<b>217.1</b>	<b>214.5</b>	<b>-2.6</b>	<b>-1.2%</b>
GOVERNMENT DEBT	0.0	0.0	0.0	0.0%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	217.1	214.5	-2.6	-1.2%
<b>RESTRICTED OR GIVEN IN GUARANTEE IN REPURCHASE OPERATIONS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
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%
<b>DEBTORS BY REPURCHASE</b>	<b>7,647.1</b>	<b>12,588.4</b>	<b>4,941.3</b>	<b>64.6%</b>
GOVERNMENT DEBT	7,647.1	12,588.4	4,941.3	64.6%
BANKING DEBT	0.0	0.0	0.0	0.0%
OTHER DEBT INSTRUMENTS	0.0	0.0	0.0	0.0%
<b>LIABILITIES</b>				
<b>REPURCHASE OPERATIONS</b>	<b>100,091.5</b>	<b>33,181.1</b>	<b>-66,910.4</b>	<b>-66.8%</b>
<b>CREDITORS FOR REPURCHASE</b>	<b>100,091.5</b>	<b>33,181.1</b>	<b>-66,910.4</b>	<b>-66.8%</b>
GOVERNMENT DEBT	83,542.9	28,298.8	-55,244.2	-66.1%
BANKING DEBT	15,748.3	4,882.3	-10,866.0	-69.0%
OTHER DEBT INSTRUMENTS	800.2	0.0	-800.2	-100.0%

As of June 30, 2022, the average term of the reporting operations carried out by the Bank in its reporting and reporting capacity is 19 and 5 days respectively. As of June 30, 2021, these deadlines were 44 and 4 days. Likewise, interest and returns on reporting operations during the second quarter of 2022 were \$1,039.87, and \$1,832.98, in favor and in charge respectively. And during the second quarter of 2021, the amounts in favor and charge were \$511.89 and \$1,532.54 respectively.

VII.- The nominal amounts of derivative financial instrument contracts by instrument type and underlying as of June 30, 2022 and 2021 are presented below:

DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS AS OF JUNE 30, 2021 AMOUNTS IN MILLIONS OF PESOS							
SWAPS	DAYS TO BEAT	AMOUNT and/or NOTIONAL	ACTIVE RATE	LIABLE RATE	FLOWS RECEIVABLE	FLOWS TO DELIVER	NET FLOWS
<b>FOR NEGOTIATION PURPOSES</b>			receive	pay	proj		
RATE.- Swaps with rate coverage1	75	5,000	4.28%	4.37%	49.97	50.93	-0.95
RATE.- Swaps with rate coverage1	75	5,000	4.28%	4.37%	49.97	50.93	-0.95
RATE.- Swaps with rate coverage1	75	5,000	4.28%	4.37%	49.97	50.93	-0.95
RATE.- Swaps with rate coverage1	76	3,000	4.28%	4.39%	29.98	30.73	-0.75
RATE.- Swaps with rate coverage1	79	5,000	4.29%	4.35%	16.66	16.92	-0.25
RATE.- Swaps with rate coverage1	104	3,000	4.28%	4.35%	19.98	20.30	-0.32
RATE.- Swaps with rate coverage1	105	3,000	4.28%	4.36%	19.98	20.35	-0.37
RATE.- Swaps with rate coverage1	107	2,000	4.28%	4.37%	13.33	13.58	-0.25
RATE.- Swaps with rate coverage1	866	300	4.28%	6.29%	4.00	5.87	-1.87
RATE.- Swaps with rate coverage1	866	300	4.28%	7.30%	4.00	6.81	-2.81
RATE.- Swaps with rate coverage1	82	5,000	4.28%	4.37%	0.00	0.00	0.00
<b>FOR COVERAGE PURPOSES</b>							
FEES.- NO FLOW EXCHANGE	345	250	4.28%	4.58%	2.50	2.67	-0.17
FEES.- NO FLOW EXCHANGE	488	49	4.28%	7.56%	0.54	0.95	-0.41
FEES.- NO FLOW EXCHANGE	669	191	4.28%	7.30%	2.07	3.53	-1.45
FEES.- NO FLOW EXCHANGE	709	300	4.28%	4.73%	3.00	3.31	-0.31
FEES.- NO FLOW EXCHANGE	712	500	4.29%	4.70%	5.00	5.48	-0.48
FEES.- NO FLOW EXCHANGE	715	500	4.28%	4.69%	5.00	5.47	-0.47
FEES.- NO FLOW EXCHANGE	719	250	4.28%	4.69%	2.50	2.73	-0.24
FEES.- NO FLOW EXCHANGE	721	500	4.28%	4.63%	5.00	5.40	-0.40
FEES.- NO FLOW EXCHANGE	723	450	4.28%	4.62%	4.34	6.47	-2.13
FEES.- NO FLOW EXCHANGE	726	300	4.28%	4.59%	4.00	4.28	-0.28
FEES.- NO FLOW EXCHANGE	1,090	350	4.28%	4.75%	4.67	5.17	-0.50
FEES.- NO FLOW EXCHANGE	1,121	300	4.29%	4.67%	3.00	3.27	-0.27
FEES.- NO FLOW EXCHANGE	1,122	400	4.29%	4.67%	4.00	4.36	-0.36
FEES.- NO FLOW EXCHANGE	1,125	300	4.29%	4.70%	2.96	3.25	-0.28
FEES.- NO FLOW EXCHANGE	1,219	171	4.28%	7.81%	1.86	3.38	-1.52
FEES.- NO FLOW EXCHANGE	1,400	181	4.28%	7.95%	1.97	3.65	-1.68
FEES.- NO FLOW EXCHANGE	1,553	45	4.28%	8.11%	0.49	0.93	-0.44
FEES.- NO FLOW EXCHANGE	1,735	196	4.28%	8.86%	2.13	4.40	-2.27
FEES.- NO FLOW EXCHANGE	1,735	22	4.28%	8.93%	0.24	0.51	-0.27
FEES.- NO FLOW EXCHANGE	1,765	223	4.28%	7.98%	2.42	4.50	-2.08
FEES.- NO FLOW EXCHANGE	2,222	54	4.28%	8.24%	0.59	1.14	-0.54
FEES.- NO FLOW EXCHANGE	2,283	36	4.28%	8.18%	0.40	0.76	-0.36
FEES.- NO FLOW EXCHANGE	2,435	190	4.28%	8.16%	2.06	3.93	-1.87
FEES.- NO FLOW EXCHANGE	2,527	26	4.28%	9.02%	0.28	0.60	-0.31
FEES.- NO FLOW EXCHANGE	2,647	157	4.28%	9.40%	2	4	-2
FEES.- NO FLOW EXCHANGE	3,957	1,261	4.28%	5.65%	14	18	-4
FEES.- NO FLOW EXCHANGE	4,177	95	4.29%	9.36%	1	2	-1
FEES.- NO FLOW EXCHANGE	350	301	4.28%	2.94%	158	154	4
FEES.- NO FLOW EXCHANGE	714	250	4.28%	4.71%	2	-3	5
FEES.- NO FLOW EXCHANGE	1,311	165	4.28%	8.38%	0	0	0
FEES.- NO FLOW EXCHANGE	671	82	4.28%	9.74%	0	0	0

**DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS**
**AS OF JUNE 30, 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
<b>FOR NEGOTIATION PURPOSES</b>			receive	pay	proj		
RATE.- Swaps with rate coverage1	57	5,000	6.58%	7.14%	76.73	83.30	-6.57
RATE.- Swaps with rate coverage1	76	5,000	7.22%	7.70%	28.07	29.94	-1.87
RATE.- Swaps with rate coverage1	82	5,000	6.90%	7.48%	80.51	87.27	-6.76
RATE.- Swaps with rate coverage1	501	300	6.73%	6.29%	6.28	5.87	0.41
RATE.- Swaps with rate coverage1	501	300	6.73%	7.30%	6.28	6.81	-0.53
TOTAL							
<b>FOR COVERAGE PURPOSES</b>							
FEES.- NO FLOW EXCHANGE	123	17	6.90%	7.56%	0.30	0.33	-0.03
FEES.- NO FLOW EXCHANGE	3592	1279	6.90%	5.65%	22.31	18.27	4.04
FEES.- NO FLOW EXCHANGE	2,282	89	6.90%	9.40%	1.55	2.12	-0.57
FEES.- NO FLOW EXCHANGE	1,035	143	6.90%	7.95%	2.51	2.89	-0.38
FEES.- NO FLOW EXCHANGE	304	101	6.90%	7.30%	1.76	1.86	-0.10
FEES.- NO FLOW EXCHANGE	854	128	6.90%	7.81%	2.24	2.53	-0.30
FEES.- NO FLOW EXCHANGE	1,188	38	6.90%	8.11%	0.68	0.80	-0.12
FEES.- NO FLOW EXCHANGE	2,070	179	6.90%	8.16%	3.12	3.70	-0.57
FEES.- NO FLOW EXCHANGE	1,370	167	6.90%	8.86%	2.92	3.74	-0.83
FEES.- NO FLOW EXCHANGE	1,857	49	6.90%	8.24%	0.87	1.04	-0.17
FEES.- NO FLOW EXCHANGE	1,918	33	6.90%	8.18%	0.59	0.70	-0.11
FEES.- NO FLOW EXCHANGE	2,162	24	6.90%	9.02%	0.43	0.56	-0.13
FEES.- NO FLOW EXCHANGE	3,812	90	6.57%	9.36%	1.56	2.22	-0.66
FEES.- NO FLOW EXCHANGE	1,400	189	6.90%	7.98%	3.30	3.82	-0.52
FEES.- NO FLOW EXCHANGE	1,370	19	6.90%	8.93%	0.34	0.45	-0.10
FEES.- NO FLOW EXCHANGE	946	164	8.38%	8.38%	0.00	0.00	0.00
FEES.- NO FLOW EXCHANGE		82	8.52%	9.74%	0.00	0.00	0.00
<b>OPTIONS *</b>							
	850	48	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 JUNE 30, 2021**

AMOUNTS IN MILLIONS OF PESOS

**SWAPS**

FOR COVERAGE PURPOSES	TYPE OF COVERAGE	LEVEL OF EFFECTIVENESS
Swap with rate coverage	Fair value	100.02%
Swap with rate coverage	Fair value	99.90%
Swap with rate coverage	Fair value	99.83%
Swap with rate coverage	Fair value	100.05%
Swap with rate coverage	Fair value	95.28%
Swap with rate coverage	Fair value	99.92%
Swap with rate coverage	Fair value	99.89%
Swap with rate coverage	Fair value	99.97%
Swap with rate coverage	Fair value	100.57%
Swap with rate coverage	Fair value	99.96%
Swap with rate coverage	Fair value	99.96%
Swap with rate coverage	Fair value	99.97%
Swap with rate coverage	Fair value	99.96%
Swap with rate coverage	Fair value	101.16%
Swap with rate coverage	Fair value	100.00%
Swap with rate coverage	Fair value	101.47%
Swap with rate coverage	Fair value	99.95%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%
Swap with rate coverage	Cash Flow	100.01%

**DERIVATIVE FINANCIAL INSTRUMENT CONTRACTS**
**AS OF JUNE 30, 2022**

AMOUNTS IN MILLIONS OF PESOS

**SWAPS**

FOR COVERAGE PURPOSES	TYPE OF COVERAGE	LEVEL OF EFFECTIVENESS
Swap with rate coverage	Fair value	100.13%
Swap with rate coverage	Fair value	98.51%
Swap with rate coverage	Fair value	80.86%
Swap with rate coverage	Fair value	100.15%
Swap with rate coverage	Fair value	90.81%
Swap with rate coverage	Fair value	99.87%
Swap with rate coverage	Fair value	99.89%
Swap with rate coverage	Fair value	100.03%
Swap with rate coverage	Fair value	100.36%
Swap with rate coverage	Fair value	99.99%
Swap with rate coverage	Fair value	99.90%
Swap with rate coverage	Fair value	100.03%
Swap with rate coverage	Fair value	99.82%
Swap with rate coverage	Fair value	103.47%
Swap with rate coverage	Fair value	103.21%
Swap with rate coverage	Fair value	99.97%



VIII.- Results by valuation and by purchase and sale, by type of operation corresponding during the second quarter of 2022 and 2021:

<b>RESULT FROM INTERMEDIATION</b>				
AMOUNTS IN MILLIONS OF PESOS				
	II Q		VAR \$	VAR%
	2021	2022		
<b>PROFIT FROM MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE</b>	<b>11.8</b>	<b>39.9</b>	<b>28.1</b>	<b>237.9%</b>
NEGOTIABLE FINANCIAL INSTRUMENTS	-1.1	13.7	14.7	-1367.2%
DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES	12.9	26.2	13.4	103.7%
<b>PROFIT ON THE SALE AND PURCHASE OF FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>-25.2</b>	<b>197.0</b>	<b>222.2</b>	<b>-880.7%</b>
NEGOTIABLE FINANCIAL INSTRUMENTS	-28.2	-69.5	-41.3	146.4%
DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES	3.0	266.5	263.5	8902.8%
<b>RESULTS FOR SALES AND PURCHASE OF CURRENCY</b>	<b>29.9</b>	<b>36.3</b>	<b>6.4</b>	<b>21.5%</b>
<b>TOTAL</b>	<b>16.5</b>	<b>273.2</b>	<b>256.7</b>	<b>1556.9%</b>

IX.- Amount and origin of the main items that make up the item of other income and corresponding expenses during the second quarter of 2022 and 2021.

<b>Other Income (Expenses) of the Net Operation</b>	II Q		AMOUNT VAR	% VAR
	21	22	IIT 21 VS IIT 22	IIT 21 VS IIT 22
Recoveries	18.1	15.6	(2.5)	-14%
Debugging accounts payable	(1.0)	(1.3)	(0.3)	34%
Result from operating lease	1.3	(1.3)	(2.6)	-200%
Collection of written-off credits	33.7	40.1	6.4	19%
Release of reserves	0.0	12.5	12.5	0%
Release of reserves from other debts	0.1	0.4	0.3	408%
Sale of furniture and real estate	(0.3)	2.1	2.4	-720%
Bond from the use of Debit and Credit Cards	3.6	(0.3)	(3.9)	-108%
Other + funds	12.8	22.6	9.8	77%
Loss on portfolio sale	(0.8)	(1.0)	(0.2)	22%
Customer bonuses	(14.3)	(15.9)	(1.6)	11%
Miscellaneous bankruptcies	(5.0)	(7.0)	(2.0)	41%
Reserve for other overdue debts	(5.3)	(40.6)	(35.3)	669%
Reserve foreclosed assets	(0.1)	(2.4)	(2.3)	2,315%
Others	(0.4)	(1.4)	(0.9)	232%
<b>Totals</b>	<b>42.3</b>	<b>22.1</b>	<b>(20.2)</b>	<b>-47.8%</b>

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

DEFERRED TAX AMOUNT ACCORDING TO ITS ORIGIN AS OF JUNE 30, 2021			
AMOUNTS IN MILLIONS OF PESOS			
	TOTAL BASE	ISR	TOTAL
<b>FAVOR MATCHES</b>			
TEMPORARY PROVISIONS	270.4	81.1	81.1
PREVENTIVE ESTIMATION FOR CREDIT RISKS	2463.1	738.9	738.9
OTHER TEMPORARY DIFFERENCES	251.8	75.5	75.5
			895.6
<b>MATCHES CHARGED</b>			
EARLY DEDUCTIONS	-164.7	-349.4	-349.4
OTHER TEMPORARY DIFFERENCES	98.6	29.6	29.6
			-319.8
<b>TOTAL DEFERRED TAXES IN FAVOR</b>			<b>575.8</b>

DEFERRED TAX AMOUNT ACCORDING TO ITS ORIGIN AS OF JUNE 30, 2022			
AMOUNTS IN MILLIONS OF PESOS			
	TOTAL BASE	ISR	TOTAL
<b>FAVOR MATCHES</b>			
TEMPORARY PROVISIONS	658.3	197.5	197.5
PREVENTIVE ESTIMATION FOR CREDIT RISKS	2442.7	732.8	732.8
OTHER TEMPORARY DIFFERENCES	405.1	122.9	122.9
			1053.2
<b>MATCHES CHARGED</b>			
EARLY DEDUCTIONS	-1622.6	-486.8	-486.8
OTHER TEMPORARY DIFFERENCES	21.0	6.3	6.3
			-480.5
<b>TOTAL DEFERRED TAXES IN FAVOR</b>			<b>572.77</b>

XI.- Capitalization index  
see point XX

XII.- Basic and Complementary Capital  
see point XX

XIII.- Value at Market Risk

CAPITALIZATION AND MARKET VALUE AT RISK (VAR)		
(BEFORE REPLICATIONS WITH BANCO DE MEXICO)	II Q	
AMOUNTS IN MILLIONS OF PESOS	2021	2022
<b>ASSETS SUBJECT TO RISK</b>		
OF CREDIT	42,384.8	46,710.0
MARKET	7,000.1	4,298.1
OPERATIONAL	8,382.1	8,722.0
<b>CAPITAL STRUCTURE</b>		
BASIC CAPITAL	6,964.7	6,981.5
COMPLEMENTARY CAPITAL	2,151.3	2,134.0
NET CAPITAL	9,116.0	9,115.5
<b>CREDIT CAPITALIZATION INDEX</b>	21.51%	19.52%
<b>TOTAL CAPITALIZATION INDEX</b>	15.78%	15.26%
<b>AVERAGE MARKET VALUE AT RISK (VAR)</b>	15.42	15.56
<b>PERCENTAGE OF NET CAPITAL</b>	0.17%	0.17%

## XIV.- Information by segments.

<b>Banca Afirme</b>				
<b>Balance Sheet by Segments</b>				
amounts in millions of pesos				
<b>June 21</b>	<b>Credit Operations</b>	<b>Treasury and Investment Banking Operations</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>	<b>54,857.7</b>	<b>125,289.7</b>	<b>497.5</b>	<b>180,644.9</b>
Liquid Assets	1,970.3	6,181.8	0.0	8,152.1
Investments in securities	0.0	0.0	0.0	0.0
Restricted trading securities	0.0	110,431.5	0.0	110,431.5
Debtors by repurchase	0.0	7,647.1	0.0	7,647.1
Operations with Securities and Derivatives	0.0	248.9	0.0	248.9
Credit card	46,430.6	0.0	0.0	46,430.6
Other assets	6,456.8	780.5	497.5	7,734.7
<b>Liabilities</b>	<b>48,144.7</b>	<b>125,289.7</b>	<b>0.0</b>	<b>173,434.4</b>
View catchment	32,240.1	2,000.0	0.0	34,240.1
Collection Term	7,914.4	18,738.1	0.0	26,652.5
Creditors for repurchase	0.0	100,091.5	0.0	100,091.5
Collaterals Vend. Or Given in Guarantee	0.0	0.0	0.0	0.0
Interbank Loans	6,664.6	0.0	0.0	6,664.6
Operations with Securities and Derivatives	0.0	95.1	0.0	95.1
Subordinated bonds	0.0	2,737.5	0.0	2,737.5
Other liabilities	1,325.7	1,627.5	0.0	2,953.1
<b>Capital</b>	<b>6,713.0</b>	<b>0.0</b>	<b>497.5</b>	<b>7,210.4</b>
Stockholders' Equity	6,713.0	0.0	497.5	7,210.4
<b>Total Liabilities and Capital</b>	<b>54,857.7</b>	<b>125,289.7</b>	<b>497.5</b>	<b>180,644.9</b>

<b>Banca Afirme</b>				
<b>Statement of Financial Position by Segments</b>				
amounts in millions of pesos				
<b>June 22</b>	<b>Credit Operations</b>	<b>Treasury and Investment Banking Operations</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>	<b>62,208.9</b>	<b>68,564.7</b>	<b>487.5</b>	<b>131,261.1</b>
Cash and cash equivalents	1,897.8	8,235.0	0.0	10,132.8
Investments in financial instruments	0.0	47,475.5	0.0	47,475.5
Debtors by repurchase Operations with Securities and Derivatives	0.0	12,588.4	0.0	12,588.4
Credit card	50,958.5	0.0	0.0	50,958.5
Other assets	9,352.6	0.0	487.5	9,840.2
<b>Liabilities</b>	<b>55,301.7</b>	<b>68,564.7</b>	<b>0.0</b>	<b>123,866.4</b>
View catchment	37,852.3	2,000.0	0.0	39,852.3
Collection Term	8,388.1	29,239.6	0.0	37,627.7
Creditors for repurchase Collaterals Vend. Or Given in Guarantee	0.0	33,181.1	0.0	33,181.1
Interbank Loans	0.0	0.0	0.0	0.0
Operations with Securities and Derivatives	5,611.8	0.0	0.0	5,611.8
Subordinated bonds	0.0	19.6	0.0	19.6
Other liabilities	0.0	2,944.1	0.0	2,944.1
	3,449.5	1,180.3	0.0	4,629.8
<b>Capital</b>	<b>6,907.2</b>	<b>0.0</b>	<b>487.5</b>	<b>7,394.7</b>
Stockholders' Equity	6,907.2	0.0	487.5	7,394.7
<b>Total Liabilities and Capital</b>	<b>62,208.9</b>	<b>68,564.7</b>	<b>487.5</b>	<b>131,261.1</b>

<b>Banca Afirme</b>				
<b>Income Statement by Segments</b>				
amounts in millions of pesos				
<b>June 21</b>	<b>Credit Operations</b>	<b>Treasury and Investment Banking Operations</b>	<b>Others</b>	<b>Total</b>
Interest Income	1,431.30	1,837.94	0.00	3,269.24
Income from Warehousing Services	0.00	0.00	0.00	0.00
Interest Expense	-385.07	-1,749.40	0.00	-2,134.47
Result by Monetary Position	0.00	0.00	0.00	0.00
Preventive Estimation for Credit Risks.	-261.54	0.00	0.00	-261.54
Commissions and Fees Charged	239.28	0.00	388.26	627.54
Commissions and Fees Paid	-99.36	0.00	-151.05	-250.40
Result by intermediation	29.92	-13.43	0.00	16.49
Other income (expenses) from the operation	42.33	0.00	0.00	42.33
Administration and Promotion Expenses	-882.86	-69.68	-228.81	-1,181.36
Operating Result	114.00	5.43	8.40	127.83
Other Expenses and Products	0.00	0.00	0.00	0.00
ISR	-27.96	-1.33	-2.06	-31.35
Result before participation of subsidiaries	86.03	4.10	6.34	96.48
Participation in the results of subsidiaries			9.91	9.91
<b>Net profit</b>	<b>86.0</b>	<b>4.1</b>	<b>16.2</b>	<b>106.4</b>

<b>Banca Afirme</b>				
<b>Statement of Comprehensive Income by Segments</b>				
amounts in millions of pesos				
<b>June 22</b>	<b>Credit Operations</b>	<b>Treasury Investment Banking Operations</b>	<b>and Others</b>	<b>Total</b>
Interest Income	1,703.18	2,460.70	0.00	4,163.88
Income from Warehousing Services	0.00	0.00	0.00	0.00
Interest Expense	-888.24	-2,079.85	0.00	-2,968.10
Result by Monetary Position	0.00	0.00	0.00	0.00
Preventive Estimation for Credit Risks.	-391.19	0.00	0.00	-391.19
Commissions and Fees Charged	236.20	0.00	520.45	756.65
Commissions and Fees Paid	-93.46	0.00	-261.54	-355.00
Result by intermediation	36.34	236.89	0.00	273.23
Other income (expenses) from the operation	22.10	0.00	0.00	22.10
Administration and Promotion Expenses	-552.48	-548.40	-247.28	-1,348.16
Operating Result	72.44	69.34	11.64	153.43
Other Expenses and Products	0.00	0.00	0.00	0.00
ISR	-15.09	-14.44	-2.42	-31.95
Result before participation of subsidiaries	57.36	54.90	9.21	121.48
Participation in the results of subsidiaries			15.8	15.8
<b>Net profit</b>	<b>57.36</b>	<b>54.90</b>	<b>25.02</b>	<b>137.28</b>

Next, the loan portfolio with credit risk is presented in stages by economic sector for the second quarter of 2022:

CREDIT PORTFOLIO WITH CREDIT RISK STAGE 1 GROUPED BY ECONOMIC SECTOR	
AMOUNTS IN MILLIONS OF PESOS	II Q 2022
AGRICULTURE	251.7
COMMERCE	10,105.3
CONSTRUCTION	3,093.3
ELECTRICITY AND WATER	4,562.5
MANUFACTURING	1,905.7
MINING AND OIL	1,443.4
SERVICES	6,171.5
FINANCIAL AND REAL ESTATE SERVICES	2,797.7
TRANSPORT AND COMMUNICATIONS	1,061.3
MUNICIPAL, STATE AND FEDERAL GOVERNMENT	1,704.0
CONSUMPTION	8,474.7
HOUSING	9,490.9
<b>TOTAL</b>	<b>51,061.8</b>

CREDIT PORTFOLIO WITH CREDIT RISK STAGE 2 GROUPED BY ECONOMIC SECTOR	
AMOUNTS IN MILLIONS OF PESOS	II Q 2022
AGRICULTURE	11.8
COMMERCE	63.7
CONSTRUCTION	41.9
MINING AND OIL	0.8
ELECTRICITY AND WATER	19.6
MANUFACTURING	0.0
SERVICES	58.3
FINANCIAL AND REAL ESTATE SERVICES	1.5
TRANSPORT AND COMMUNICATIONS	5.2
GOVERNMENT ENTITIES	0.0
CONSUMPTION	197.1
HOUSING	481.8
<b>TOTAL</b>	<b>881.7</b>



**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

CREDIT PORTFOLIO WITH CREDIT RISK STAGE 3 GROUPED BY ECONOMIC SECTOR	
AMOUNTS IN MILLIONS OF PESOS	II Q 2022
AGRICULTURE	12.8
COMMERCE	361.0
CONSTRUCTION	65.9
MINING AND OIL	480.2
ELECTRICITY AND WATER	0.0
MANUFACTURING	85.1
SERVICES	221.9
FINANCIAL AND REAL ESTATE SERVICES	23.3
TRANSPORT AND COMMUNICATIONS	85.8
GOVERNMENT ENTITIES	0.0
CONSUMPTION	258.0
HOUSING	679.1
<b>TOTAL</b>	<b>2,273.2</b>

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

## Phased credit portfolio by Geographical Area

**CREDIT PORTFOLIO WITH CREDIT RISK STAGE 1 GROUPED BY CREDIT TYPE AND GEOGRAPHICAL AREA  
AS OF JUNE 30, 2022**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY ( ** )</u>	<u>MONTERREY ( * )</u>	<u>NORTH ( *** )</u>	<u>CENTER ( **** )</u>	<u>TOTAL</u>
CONSUMER CREDITS	790.23	5,138.74	1,433.79	1,111.93	8,474.70
BUSINESS OR COMMERCIAL ACT	2,863.17	22,073.13	3,531.69	2,394.26	30,862.25
MIDDLE AND RESIDENTIAL HOUSING	1,557.13	3,150.68	1,886.68	2,886.32	9,480.81
OF SOCIAL INTEREST	0.00	10.06	0.00	0.00	10.06
FINANCIAL ENTITIES	0.00	500.10	0.00	29.88	529.98
GOVERNMENT ENTITIES	0.00	1,258.06	6.95	438.97	1,703.98
<b>TOTAL</b>	<b>5,210.54</b>	<b>32,130.77</b>	<b>6,859.11</b>	<b>6,861.36</b>	<b>51,061.79</b>

**CREDIT PORTFOLIO WITH CREDIT RISK STAGE 2 GROUPED BY CREDIT TYPE AND GEOGRAPHICAL AREA  
AS OF JUNE 30, 2022**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY ( ** )</u>	<u>MONTERREY ( * )</u>	<u>NORTH ( *** )</u>	<u>CENTER ( **** )</u>	<u>TOTAL</u>
CONSUMER CREDITS	36.75	91.77	36.53	32.04	197.08
BUSINESS OR COMMERCIAL ACT	63.82	68.22	39.15	31.62	202.81
MID AND RESIDENTIAL	235.65	-47.61	106.20	184.55	478.80
OF SOCIAL INTEREST	0.00	2.99	0.00	0.00	2.99
FINANCIAL ENTITIES	0.00	0.00	0.00	0.00	0.00
GOVERNMENT ENTITIES	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>336.22</b>	<b>115.37</b>	<b>181.88</b>	<b>248.21</b>	<b>881.68</b>

**CREDIT PORTFOLIO WITH CREDIT RISK STAGE 3 GROUPED BY CREDIT TYPE AND GEOGRAPHICAL AREA  
AS OF JUNE 30, 2022**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY ( ** )</u>	<u>MONTERREY ( * )</u>	<u>NORTH ( *** )</u>	<u>CENTER ( **** )</u>	<u>TOTAL</u>
CORPORATE OR BUSINESS ACTIVITY	18.26	138.19	61.77	39.73	257.95
CONSUMER CREDITS	329.37	635.44	97.41	273.92	1,336.14
MID AND RESIDENTIAL	66.21	319.28	67.66	225.19	678.34
OF SOCIAL INTEREST	0.00	0.79	0.00	0.00	0.79
<b>TOTAL</b>	<b>413.85</b>	<b>1,093.69</b>	<b>226.85</b>	<b>538.83</b>	<b>2,273.22</b>

## Deposit funding by Geographic Zone

**DEPOSITS GROUPED BY GROUP AND GEOGRAPHICAL ZONE**
**AS OF JUNE 30, 2021**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY ( ** )</u>	<u>MONTERREY ( * )</u>	<u>NORTH ( *** )</u>	<u>CENTER ( **** )</u>	<u>TOTAL</u>
IMMEDIATE AVAILABLE DEPOSITS	7,232.92	10,147.21	4,336.65	12,604.92	34,321.70
TERM DEPOSITS	3,015.63	15,509.03	3,247.44	4,566.51	26,338.61
CREDITS SECURITIES ISSUED	0.00	232.30	0.00	0.00	232.30
<b>TOTAL</b>	<b>10,248.55</b>	<b>25,888.54</b>	<b>7,584.09</b>	<b>17,171.43</b>	<b>60,892.61</b>

**DEPOSITS GROUPED BY GROUP AND GEOGRAPHICAL ZONE**
**AS OF JUNE 30, 2022**

(AMOUNTS IN MILLIONS OF PESOS)

	<u>MEXICO CITY ( ** )</u>	<u>MONTERREY ( * )</u>	<u>NORTH ( *** )</u>	<u>CENTER ( **** )</u>	<u>TOTAL</u>
IMMEDIATE AVAILABLE DEPOSITS	10,019.41	9,688.86	5,250.23	14,970.99	39,929.49
TERM DEPOSITS	3,658.01	23,695.94	3,558.81	5,845.71	36,758.47
CREDITS SECURITIES ISSUED	0.00	792.08	0.00	0.00	792.08
<b>TOTAL</b>	<b>13,677.42</b>	<b>34,176.89</b>	<b>8,809.04</b>	<b>20,816.70</b>	<b>77,480.04</b>

( \* ) MONTERREY AND ITS METROPOLITAN AREA

( \*\* ) MEXICO CITY AND ITS METROPOLITAN AREA

( \*\*\* ) BAJA CALIFORNIA, CHIHUAHUA, COAHUILA, DURANGO, SINALOA, SONORA AND TAMULIPAS

( \*\*\*\* ) AGUASCALIENTES, COLIMA, GUANAJUATO, GUERRERO, HIDALGO, JALISCO, MICHOACAN, NAYARIT, PUEBLA, QUERETARO, SAN LUIS POTOSI, VERACRUZ

XV.- Information on related parties:

The key operations performed with related parties were the following:

<b>CREDITS AND TRANSACTIONS WITH OTHER RELATED COMPANIES</b>		
	<b>II Q</b>	
<b>AMOUNTS IN MILLIONS OF PESOS</b>	<b>2021</b>	<b>2022</b>
<b>NATURAL AND MORAL PERSONS WHO HAVE DIRECT AND INDIRECT CONTROL OF THE GROUP</b>		
CASH AND CASH EQUIVALENTS	201.5	203.84
CREDIT CARD	1,174.0	993.4
OPENING OF IRREVOCABLE CREDITS	10.0	431.4
OTHER ACCOUNTS RECEIVABLE	58.4	36.3
DEBTORS BY REPURCHASE	51,754.8	79,508.5
ADVANCE PAYMENTS	40.6	14.0
TERM CAPTURE AND REPORTS	1,696.8	2,644.5
EYE CATCHING	583.6	478.6
CREDITORS FOR REPURCHASE	873.6	1,920.0
VARIOUS CREDITORS	27.3	28.0
DERIVATIVES FOR TRADING PURPOSES	-	-
SUBORDINATED BONDS	602.5	599.2
<b>MEMBERS OF THE BANK AND GROUP BOARD OF DIRECTORS</b>		
CREDIT CARD	7.5	7.9
TERM CAPTURE AND REPORTS	56.2	57.5
EYE CATCHING	14.7	15.2
SUBORDINATED BONDS	9.0	9.0
<b>SPOUSES AND PEOPLE RELATED TO THE PREVIOUS PEOPLE</b>		
CREDIT CARD	11.6	13.7
TERM CAPTURE AND REPORTS	28.9	23.9
EYE CATCHING	11.4	25.6

<b>INTEREST, COMMISSIONS AND OTHER EXPENSES OF RELATED COMPANIES</b>		
<b>AMOUNTS IN MILLIONS OF PESOS</b>	<b>II Q</b>	
	<b>2021</b>	<b>2022</b>
INTEREST CHARGED	15.1	21.9
SERVICE REVENUES	22.9	27.6
FEES CHARGED	55.5	9.8
AWARDS COLLECTED	511.0	1037.9
INCOME COLLECTED	0.4	0.4
<b>TOTAL REVENUES</b>	<b>604.9</b>	<b>1097.7</b>
SALARIES AND BENEFITS	25.8	0.0
OTHER FEES	182.0	44.6
COMMISSIONS PAID	10.0	0.0
RENT PAID	35.8	49.5
INTEREST PAID	17.6	42.3
OTHER ADMINISTRATIVE AND OPERATIVE EXPENSES	46.0	108.1
AWARDS PAID	8.3	36.1
INCOME FROM VALUATION OF DERIVATIVES	0.0	0.0
RESULT FOR PURCHASE-SALE OF SECURITIES	25.1	40.5
<b>TOTAL EXPENSES</b>	<b>350.6</b>	<b>321.1</b>

## Financial indicators

RELEVANT INDICATORS	IQ21	IIQ21	IIQ22
NPL ratio (past due portfolio/total portfolio)	3.73%	3.09%	4.19%
Overdue portfolio coverage (preventive estimate/past due portfolio)	1.26	1.39	1.10
Operating efficiency (administration and promotion expenses/average total assets)	2.76%	3.75%	3.91%
ROE (return on equity)	6.26%	14.39%	7.41%
ROA (return on assets)	0.24%	0.65%	0.40%
Liquidity Ratio (liquid assets/liquid liabilities)	0.90	0.93	0.92
MIN (financial margin adjusted for credit risks/productive assets)	2.23%	3.39%	2.54%
<b>Banca Afirme</b>			
Credit Capitalization Index	22.06%	20.23%	19.52% (1)
Total Capitalization Ratio	15.64%	15.39%	15.26% (1)
Basic Capital Index	11.91%	11.81%	11.69% (1)

(1) Previous data before replicas with Banxico

**Banca Afirme Portfolio Rating**

**ANNEX 35**  
**BANCA AFIRME, SA**  
**CREDIT PORTFOLIO RATING**  
**AS OF JUNE 30, 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-REVOLVENT	CREDIT CARD AND OTHER REVOLVING CREDITS		
A-1	\$38,814	\$124	\$39	\$26	\$12	\$201
A-2	\$5,041	\$42	\$11	\$12	\$4	\$70
B-1	\$2,715	\$25	\$30	\$7	\$2	\$64
B-2	\$1,226	\$9	\$22	\$4	\$3	\$38
B-3	\$1,169	\$29	\$15	\$4	\$2	\$50
C-1	\$1,696	\$115	\$21	\$8	\$4	\$149
C-2	\$984	\$8	\$37	\$19	\$42	\$107
D	\$2,718	\$669	\$57	\$42	\$105	\$872
E	\$1,358	\$516	\$270	\$25	\$99	\$909
<b>EXCEPTED QUALIFIED</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$55,719</b>	<b>\$1,536</b>	<b>\$504</b>	<b>\$148</b>	<b>\$273</b>	<b>\$2,461</b>
Less: RESERVES CONSTITUTED						<b>\$2,510</b>
<b>EXCESS BALANCE RESERVATIONS</b>						<b>\$50.</b>
						<b>\$2,510</b>

**GRADES:**

- 1.- The figures for the qualification and constitution of preventive reserves are those corresponding to the last day of the month referred to in the balance sheet as of June 30, 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 in the preventive reserves constituted by \$ 50', correspond to reserves derived from operational risks, additional reserves for interest on overdue loans, other overdue debits and reserves for specific cases.

Below are for each type of portfolio, the Default Exposure, the Probability of Default and the Severity of the Loss as of June 30, 2022:

Portfolio Type	Exposure to Default	Weighted Probability of Default	Loss Severity Weighted
Commercial portfolio	34,771.8	9.86%	37.12%
Housing portfolio	10,651.8	11.11%	14.43%
Non-Revolution Consumer Portfolio	7,962.0	8.65%	71.68%
Revolving Consumer Portfolio: Credit Card	1,908.9	10.28%	72.68%

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 issue of the bonds was carried out through a public offer for 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 issue is not guaranteed, the interest payment period is every 28 days and its maturity will be in December 2028. Such an issue was in the amount of \$1,200, the ratio keeping the authorized amount of subordinated obligations to the issued amount was 100%



**QBAFIRME20**

At the Extraordinary General Shareholders' Meeting held on March 27, 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 Meeting of Shareholders held on October 22, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital obligations that are not eligible for conversion into shares, obtaining authorization from the Central Bank for their issuance through oficios 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 Meeting of Shareholders held on March 17, 2020, the Shareholders agreed to carry out an issue of non-preferred subordinated capital obligations that are not eligible for conversion into shares, obtaining authorization from the Central Bank for their issuance through oficios 153/12258/220. 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 June 30, 2022, subordinated obligations are registered in the Consolidated Statement of Financial Position 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 June 30, 2022, 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. ("IFRS"), it will be observed, the process of supplementation, established in NIF A-8 "Supplementation", and only in case the International Financial Reporting Standards ("IFRS") referred to in NIF A-8 "Supplementation", do not provide a solution to accounting recognition, an additional standard may be chosen that belongs to any other regulatory scheme, provided that it meets all the requirements indicated in the aforementioned NIF, the supplementation should be applied in the following order: the principles of the International Financial Reporting Standards ("IFRS"), which refers to the NIF A-8 "Supplementation", do not provide a solution to accounting recognition, an additional standard may be chosen that belongs to any other regulatory scheme, provided that it meets all the requirements indicated in the aforementioned NIF, the supplementation should be applied in the following order: generally accepted accounting standards in the United States of America ("US GAAP") and then any accounting standard that is part of a formal and recognized set of standards, provided that 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., Multiple Banking Institution, Afirme Financial Group (the "Bank") was incorporated under Mexican laws domiciled at Av. Juarez No. 800 Sur, 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%, respectively, are described below:

- Arrendadora Afirme, S. A. de C. V., Sociedad Financiera de Objeto Múltiple, Regulated Entity, Afirme Grupo Financiero (the "Leasing Company") (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. V., Investment Fund Operating Company (the "Operator") (99.99% stake), which is engaged in the provision of asset management services, distribution, valuation, promotion and acquisition of shares issued by Investment Funds, as well as the deposit and custody of assets subject to investment of shares of investment funds, 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 -**

By publication in the Official Gazette dated December 04, 2020, the CNBV announced the mandatory from the 1st. of January 2022, for the adoption of the following IFRS issued by the IFRIC: 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 for contracts with customers" and D-5 "Leases". In accordance with the transitional articles mentioned in the Provisions, and as a practical solution, 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, January 1, 2022, the cumulative effect of the accounting changes. Likewise, the quarterly and annual basic (consolidated) financial statements that are required of the institutions, in accordance with the Provisions corresponding to the period ended December 31, 2022, should not be presented comparative with each quarter of the 2021 financial year and for the year ended December 31, 2021.

Below is a summary of the adopted IFRS:

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

Some specific clarifications for credit institutions are:

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

In addition, 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 applicable, 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 of the entry into force of this standard mainly represents disclosure effects in the financial statements.

**TIN C-2 "*Investment in financial instruments*"**- The Accounting Criterion issued by the Securities Investments Commission (B-2) is repealed and it is established that IFRS C-2 must be applied, regarding the application of the rules regarding the registration, valuation and presentation in the financial statements of their 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 adopts instead the business model of managing investments in financial instruments to obtain cash flows. This change eliminates the categories of instruments held to maturity and available for sale. Having to determine the business model they will use to manage their investments, classifying them into 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).
- Establishes the valuation of investments in financial instruments according also to the business model, indicating that each model will have its different item in the statement of comprehensive income.
- It adopts the principle that all financial instruments are measured at their initial recognition at fair value.
- The valuation results that are recognized before the investment is redeemed or sold will have the character of unrealized and consequently, they will not be subject to capitalization or distribution of dividends among their shareholders, until they are made in cash.

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

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

- The exception to irrevocably designate, on initial recognition, a financial instrument to be cashed in or sold, to be subsequently valued at its fair value with effects on net income referred to in paragraph 32.6 of IFRS C-2, will not be applicable to institutions.
- The expected credit losses due to the impairment of investments in financial instruments as indicated in paragraph 45 of IFRS C-2 must be determined in accordance with the provisions of IFRS 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 impairment of securities issued by a counterparty, be consistent with the impairment determined for loans granted to the same counterparty.

#### Reclassification

- Entities that carry out reclassifications of their investments in financial instruments under paragraph 44 of NIF C-2 must inform the CNBV of this fact in writing within 10 working days following its determination, explaining in detail the change in the business model that justifies them. Such a change must be authorized by the entity's Risk Committee.

Institutions should 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 by means of general provisions.
- b) Derivative Financial Instruments listed on national derivatives exchanges or belonging to markets recognized by the Banco de México.
- c) Underlying assets and other financial instruments forming part of Structured Transactions 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 of the entry into force of this standard mainly represents presentation and disclosure effects 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".

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

- It establishes that impairment losses of an IFC must be recognized when, as the credit risk has increased, it is concluded that a part of the future cash flows of the IFC will not be recovered.
- It proposes that the expected loss be recognized based on the entity's historical experience of credit losses, current conditions and reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows of the IFC.
- In the case of interest-bearing IFC, it is necessary to determine how much and when it is estimated to recover from the IFC amount, since the recoverable amount must be at its present value.
- It establishes that, if the IFCPI was not deregistered due to the renegotiation, it is appropriate to continue valuing the financial instrument using the original effective interest rate, which should only be modified by the effect of the costs of the renegotiation.

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

- For those accounts receivable other than those related to credit portfolio, institutions must create, where appropriate, an estimate that reflects their degree of irrecoverability, applying the provisions of paragraph 42 of NIF C-16.
- Overdrafts in the checking accounts of the entity's clients, who do not have a credit line for such purposes, will be classified as overdue debits and the entities must simultaneously constitute an estimate for the total amount of said overdraft, at the time such event occurs.
- With regard to transactions with uncollected immediate collection documents referred to in criterion B-1 "Cash and cash equivalents", within 15 calendar days from the date on which they have been transferred to the item that gave rise to them, they will be classified as overdue debits and their estimate for the total amount of the same must be constituted simultaneously.
- The receivables 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 subsequent effect.
- For the purposes of determining the amount of the expected credit loss referred to in paragraph 45.1.1 of IFRS C-16, the effective interest rate used to determine the present value of the cash flows to be recovered must be adjusted when choosing to modify said rate periodically in order to recognize variations in the estimated cash flows to be received.
- The constitution of reserves for the total of the debt and specific deadlines is established at the time of applying the practical solutions referred to in paragraph 42.6 of NIF C-16
- Additionally, no estimate of expected credit losses due to balances in favor of taxes, and creditable value added tax will be constituted

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



**TIN C-19 "Financial instruments payable"** - The main characteristics issued for this TIN, 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 consolidated statement of 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 clarifications for the application of NIF C-19 as follows:

***Traditional catchment***

The characteristics of the issue of the issued credit securities must be disclosed in notes to the financial statements: amount; number of outstanding securities; nominal value; discount or award; rights and form of redemption; guarantees; maturity; interest rate; effective interest rate; amortized amount of the discount or award in results; amount of issuance expenses and other related expenses and proportion that keeps the authorized amount against the issued amount.

Specific aspects are established to be revealed by the capture of resources whose destination is the assistance of communities, sectors or populations derived from natural disasters.

***Subtracting Bank and other agencies***

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

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

***Restricted enforcement resources received from the Federal Government***

The resources that development banking institutions receive from the Federal Government for a specific purpose, and that according to their economic substance are not considered as accounting capital in terms of the provisions of the IFRS, will be recognized on the date they are received in the statement of financial position in the item of restricted application resources received from the Federal Government against the restricted asset that corresponds according to the nature of said resources.

***Initial recognition of a financial instrument payable***

The provisions of paragraph 41.1.1 numeral 4 of NIF C-19 will not be applicable, with respect to using the market rate as the effective interest rate in the valuation of the financial instrument payable when both rates were substantially different.

***Financial instruments payable measured at fair value***

The exception to irrevocably designate a financial instrument payable on initial recognition to be subsequently measured at fair value with effect on net income referred to in paragraph 42.2 of IFRS C-19 will not be applicable to institutions.

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 of the entry into force of this standard mainly represents presentation and disclosure effects in the financial statements.

**TIN C-20 "Financial instruments for collecting principal and interest"**- The main characteristics issued for this TIN, are shown below:

- The way of classifying financial instruments in the asset is modified, since the concept of acquisition intention and holding of these is discarded to determine their classification, instead the concept of management 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 originated by the operations referred to in criterion B-6, issued by the CNBV, should not be included, since the recognition, valuation, presentation and disclosure rules for the initial and subsequent recognition of such assets are contemplated in that criterion. The Commission establishes certain clarifications for the application of NIF C-20 as follows:

### **Initial recognition of a financial instrument to charge principal and interest**

The provisions of paragraph 41.1.1 numeral 4 of NIF C-20 will not be applicable with respect to using the market rate as the effective interest rate in the valuation of the financial instrument to charge principal and interest when both rates were substantially different.

### **Collection rights**

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

### **Fair Value Option**

The exception to irrevocably designate on initial recognition a financial instrument to charge principal and interest, to be subsequently measured at fair value with effect on net income referred to in paragraph 41.3.4 of IFRS C-20, will not be applicable to institutions.

### **Loans to officials and employees**

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

### **Loans to pensioners**

Loans to retirees will be considered as part of the credit portfolio, having to adhere to the guidelines established in criterion B-6, except when, as to active employees, the collection of such loans is carried out directly, in which case they will be recorded in accordance with the guidelines applicable to loans to civil servants and employees of the company.

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 of the entry into force of this standard mainly represents presentation and disclosure effects in the financial statements.

**NIF C-10 "Derivative financial instruments and hedging relationships"**- Its objective is to establish the valuation, presentation and disclosure rules for the initial and subsequent recognition of derivative financial instruments (IFDs) and hedging relationships in the Company's financial statements.

This standard focuses on establishing the following specific objectives of a coverage relationship:

- Define and classify the permissible models of recognition of coverage relationships;
- Establish both the conditions that a financial instrument, derivative or non-derivative, must meet to be designated as a hedging instrument, and the conditions that covered items to be designated in one or more hedging relationships must meet;
- Define the concept of alignment of an entity's risk management strategy to designate a hedging relationship; and

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

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

- It adds to the glossary of terms the definitions of Synthetic Operations with derivative financial instruments and Spot price.
- In addition, the institutions must observe the following criteria:
  - ✓ Financial Instruments Credit Derivatives
  - ✓ Structured transactions and packages of derivative financial instruments

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

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

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 of the entry into force of this standard mainly represents presentation and disclosure effects 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.
- Establishes requirements and guidance on how to value the variable consideration and other aspects, when performing the valuation of income.

Within Annex 33, the recognition of conformity to those established in this NIF is established 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 Property)
- The income from trust management (B-10 Trusts), including the suspension of the accumulation of said income, at the moment when the debt for these presents 90 or more calendar days of non-payment, being able to accumulate again when the outstanding debt is settled in full.
- Operations carried out by development banking institutions as a Financial Agent of the Federal Government (B-10 Trusts)

**TIN D-2 "Costs for 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 for 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 "Credit Portfolio":**

Among the main changes are:

- The modification in the way of classifying financial instruments in the asset, since the concept of acquisition intention and holding of these 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) is adopted. The need for evidence on the determination of these types of instruments is established.
- The Current and Expired portfolio classification is eliminated, and portfolio measurement is incorporated in three stages
  - o **Portfolio with credit risk stage 1.-** They are all those credits whose credit risk has not increased significantly since their initial recognition until the date of the financial statements and which are not in the assumptions to be considered stage 2 or 3 in terms of Annex 33.

- **Portfolio with credit risk stage 2.-** It includes those credits 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 credit risks established or permitted in the Provisions, as well as the provisions of Annex 33.
  - **Portfolio with credit risk stage 3.-** They are those credits with credit deterioration caused by the occurrence of one or more events that have a negative impact on the future cash flows of said credits in accordance with the provisions of Annex 33.
- The straight-line origination cost assessment 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 discounts exactly the estimated future cash flows that will be charged over the expected life of a credit in determining its amortized cost. Its calculation should take into account contractual cash flows and 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 institutions to continue using the contractual interest rate in the recognition of accrued interest on their credit portfolio, as well as the straight-line method for the recognition of commissions charged and transaction costs as indicated in the current criterion B-6 "Credit Portfolio", in force until December 31, 2021; having to disclose, in the quarterly and annual financial statements of that year, such circumstance. 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 2022 financial year, in addition to indicating the program to which they will be subjected for its implementation.

Credit institutions in the recognition and disclosure of the effects of the initial application of the effective interest method and the effective interest rate that they carry out in the 2023 financial year, must adhere to the provisions of Financial Reporting 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, by means of a letter of formal notice 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 constituting 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 apply from the moment of origination and throughout the life of the credit, even if it has been renewed or restructured.

Institutions, may opt for any of the following approaches:

- i. The Standard Approach, which will be applicable to consumer, commercial and mortgage credit portfolios. Institutions that choose this approach for the calculation of their preventive reserves must comply with the requirements and procedures contained within Chapter V Bis, which describes the General Standard Methodologies by type of credit 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 (i.e. the way in which the Entity manages its assets to obtain contractual cash flows) and the analysis of the characteristics of the contractual flows of these instruments (i.e. SPPI test ("Solely Payments of Principal and Interests")). It also introduces the concept of "Significant Increase in Risk" for which reserves have to be estimated by the contractual life of the credit. For those who have not presented an increased risk, the expected 12-month loss 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 Default Exposure (EI). This calculation must also include the possible impact on credit risk due to the forward-looking 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 Vais 1, which refers to two models (Basic and Advanced). In this case, the



Institutions will comply with the requirements contained in the referred chapter and in Annex 15Bis.”

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

**Internal Approach - Advanced model**, in which the Institutions must estimate the PI, SP and EI, their own. (Applicable to Commercial Credit, Consumer and Home Mortgage Portfolios.

Credits belonging to portfolios that are not included in the relevant Modelable Portfolios will be graded according to the Standard General Methodology.

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

- 1) Implementation plan: Which establishes to notify the commission by free writing, 90 days in advance of the implementation, as well as stipulate within the written the knowledge and authorization of the Board, it must be signed by the Director General or in his absence, by the legal representative authorized to commit the resources of the Institution. In addition, specific requirements are established for its monitoring and measurement.
- 2) It requests some basic conditions such as having systems and infrastructures that support the applicability of the methodology, annual follow-up to reviews of the implemented models, among others.

Credit institutions shall identify and classify the Credit Portfolio, as defined in the General Provisions applicable to credit institutions, by credit risk level, in accordance with the following:

- a) Stage 1 to the credits 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 according to the General Standard Qualification Methodology that corresponds to them, in accordance with this Resolution.

b) Stage 2, when at the time of qualification the credits present evidence of an increase in the level of credit risk to be classified at this stage according to the General Standard Methodology of qualification that corresponds to them, 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 according to the General Standard Qualification Methodology 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 the accounting capital, 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 relevant data of this operation requested by the Commission.
  
- II) Constitute the amount of the 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 regulation, which represents an increase (credit) in the Preventive Estimate for Credit Risks in the amount of \$ 23 against Results of previous Years within the Accounting Capital (debit) for the same amount, as well as credit for \$9 for the corresponding deferred tax.

**TIN 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.
- 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 transaction with a return lease must include both fixed payments and estimated variable payments and includes clarifications to the procedure to be followed in the 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 incorporation of clarifications to disclosures for short-term and low-value leases for which an asset was not recognized by right of use.
- it incorporates the possibility of using a risk-free rate to discount future lease payments and thus recognize a lessee's lease liability. Restricts the use of the practical solution to prevent important and 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 NIF will not be applicable to the credits granted by the Entity for financial leasing operations, being the subject of criterion B-6, with the exception of the provisions of paragraph 67 of said Criterion B-6.

For the purposes of the provisions of paragraph 42.1.4, item c) and item d) of NIF D-5, it will be understood that the lease term covers most of the economic life of the underlying asset, if said lease covers at least 75% of its useful life. In addition, the present value of the lease payments is substantially the entire fair value of the underlying asset, if such present value constitutes at least 90% of such 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 Financial Reporting Standard D-5 "Leases", and the right-of-use asset, in accordance with the provisions of item ii), subparagraph 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 due date of the payment, the lessor must create the corresponding estimate, suspending the accumulation of rents, keeping its control in accounts of order in the heading of other registration accounts.

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

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

XX.- Next, the Capitalization Index for the second quarter of 2022 is presented, as well as the assets subject to credit and market risk, in order to comply with the General Provisions Applicable to the institution.

**ANNEX 1-O**

Figure in millions of pesos as of June 30, 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	2,635.33
3	Other elements of comprehensive income (and other reserves)	1,640.65
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	<b>Tier 1 common capital before regulatory adjustments</b>	8,194.60
<b>Tier 1 Common Capital: Regulatory Adjustments</b>		
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)	356.47
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)	<b>193.17</b>
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	663.49
TO	Of which: Other elements of comprehensive income (and other reserves)	642.54
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	20.95
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	<b>Total regulatory adjustments to Tier 1 common capital</b>	2,013.13
29	<b>Common Equity Tier 1 (CET1)</b>	6,181.47
<b>Additional Tier 1 Capital - Instruments</b>		
30	Directly issued instruments that qualify as additional Tier 1 capital, plus your premium	
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	<b>Additional Tier 1 capital before regulatory adjustments</b>	0.00
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>		
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	<b>Total regulatory adjustments to additional Tier 1 capital</b>	0.00
44	<b>Additional Tier 1 Capital (AT1)</b>	0.00
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	6,981.47

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

<b>Tier 2 capital: instruments and reserves</b>		
46	Directly issued instruments that qualify as Tier 2 capital, plus your premium	
47	Directly issued equity instruments subject to phase-out from Tier 2 capital	2,134.00
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	<b>Tier 2 capital before regulatory adjustments</b>	2,134.00
<b>Tier 2 capital: regulatory adjustments</b>		
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	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>0.00</b>
58	<b>Tier 2 capital (T2)</b>	2,134.00
59	<b>Total capital (TC = T1 + T2)</b>	9,115.47
60	<b>Total risk-weighted assets</b>	59,730.19
<b>Capital ratios and supplements</b>		
61	Common Tier 1 Capital (as a percentage of total risk-weighted assets)	10.35
62	Tier 1 Capital (as a percentage of total risk-weighted assets)	11.69
63	Total Capital (as a percentage of total risk-weighted assets)	15.26
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)	3.35
<b>National minimums (if different from Basel 3)</b>		
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
<b>Amounts below deduction thresholds (before risk weighting)</b>		
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)	
<b>Limits applicable to the inclusion of reserves in Tier 2 capital</b>		
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	
<b>Equity instruments subject to phase-out (applicable only between January 1, 2018 and January 1, 2022)</b>		
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 CET1 due to the limit (excess over the limit after amortizations and maturities)	

**TABLE II.1**

Capital concepts	No adjustment for capital recognition	DATA	% WASTR	DATA	Capital recognition adjustment	DATA	With adjustment for capital recognition	DATA	% WASTR	DATA
Basic Capital 1	A	6,181	B1 = A / F	10.35%	C1	0	A' = A - C1	0	B1' = A' / F	0
Basic Capital 2	B	800	B2 = B/F	1.34%	C2	0	B' = B - C2	0	B2' = B' / F	0
Basic Capital	C = A + B	6,981	B3 = C/F	11.69%	C3 = C1 + C2	0	C' = A' + B'	0	B3' = C' / F	0
Complementary Capital	D	2,134	B4 = D / F	3.57%	C4	0	D' = D - C4	0	B4' = D' / F	0
Net Capital	E = C + D	9,115	B5 = E / F	15.26%	C5 = C3 + C4	0	E' = C' + D'	0	B5' = E' / F	0
Weighted Assets Subject to Total Risk (WASTR)	F	59,730	Not applicable		Not applicable		F' = F	0	Not applicable	
Capitalization index	G = E / F	15.26	Not applicable		Not applicable		G' = E' / F'	0	Not applicable	

**TABLE II.1 Balance sheet figures**

Balance sheet items reference	Balance sheet items	Amount presented on the balance sheet
	<b>Active</b>	<b>131,261.13</b>
BG1	Liquid Assets	9,602.83



**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

BG2	Margin accounts	11.57
BG3	Investments in securities	47,475.50
BG4	Debtors by repurchase	12,588.36
BG5	Securities Lending	0.00
BG6	Derivatives	265.78
BG7	Valuation adjustments for hedging financial assets	-217.76
BG8	Total loan portfolio (net)	51,706.25
BG9	Benefits to be received in securitization operations	0.00
BG10	Other accounts receivable (net)	1,704.28
BG11	Foreclosed assets (net)	233.93
BG12	Property, furniture, and equipment (net)	3,940.61
BG13	Permanent Investment	137.02
BG14	Long - term assets available for sale	0.00
BG15	Deferred taxes and employee profit sharing (net)	572.77
BG16	Other assets	3,239.98
	<b>Liabilities</b>	<b>123,866.38</b>
BG17	Traditional deposits	77,480.04
BG18	Interbank and other agencies loans	5,611.77
BG19	Creditors for Repurchase	33,181.07
BG20	Securities lending	0.00
BG21	Colaterales sold or pledged	0.00
BG22	Derivatives	19.57
BG23	Valuation adjustments for coverage of financial liabilities	0.00
BG24	Obligations from securitization operations	0.00
BG25	Other accounts payable	2,766.79
BG26	Subordinated bonds issued	2,944.12
BG27	Deferred taxes and employee profit sharing (net)	1,781.23
BG28	Deferred credits and early collections	81.79
	<b>Stockholders' equity</b>	<b>7,394.60</b>
BG29	Contributed capital	3,918.63
BG30	Earned capital	3,475.97

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

	<b>Memorandum accounts</b>	<b>621,897.00</b>
BG31	Guarantees granted	854.63
BG32	Contingent assets and liabilities	0.00
BG33	Credit commitments	8,454.68
BG34	Assets in trust or mandate	44,466.40
BG35	Financial agent of the federal government	0.00
BG36	Assets in custody or management	310,057.07
BG37	Collaterals received by the entity	79,028.12
BG38	Collaterals received and sold or delivered as collateral by the entity	67,038.31
BG39	Investment banking operations on behalf of third parties (net)	0.00
BG40	Uncollected accrued interest from past due loan portfolio	102.53
BG41	Other registration accounts	111,895.26

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

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.
<b>Active</b>				
1	Commercial Credit	8	0.00	BG16
2	Other Intangibles	9	356.47	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	

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

<b>9</b>	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	
<b>10</b>	Direct investments in the capital of financial entities where the Institution owns more than 10% of the issued share capital	19	0.00	
<b>11</b>	Indirect investments in the capital of financial entities where the Institution owns more than 10% of the issued share capital	19	0.00	
<b>12</b>	Deferred income tax (in favor) from temporary differences	21	193.17	
<b>13</b>	Reserves recognized as complementary capital	50	0.00	BG8
<b>14</b>	Investments in subordinated debt	26 - B	0.00	
<b>15</b>	Investments in multilateral organizations	26 - D	0.00	
<b>16</b>	Investments in related companies	26 - E	0.00	
<b>17</b>	Venture capital investments	26 - F	0.00	
<b>18</b>	Investments in mutual funds	26 - G	20.95	BG13
<b>19</b>	Financing for the acquisition of own shares	26 - H	0.00	
<b>20</b>	Deferred charges and advance payments	26 - J	0.00	
<b>21</b>	Deferred employee profit sharing (net)	26 - L	0.00	
<b>22</b>	Investments in the defined benefit pension plan	26 - N	0.00	
<b>23</b>	Investments in clearing houses	26 - P	0.00	BG13
<b>Liabilities</b>				
<b>24</b>	Taxes on deferred income (payable) associated with goodwill	8	0.00	
<b>25</b>	Deferred income taxes (payable) associated with other intangibles	9	0.00	
<b>26</b>	Liabilities of the pension plan for defined benefits without unrestricted and unlimited access	15	0.00	
<b>27</b>	Deferred income taxes (payable) associated with the defined benefit pension plan	15	0.00	
<b>28</b>	Deferred income taxes (payable) associated with others other than the above	21	0.00	
<b>29</b>	Subordinated obligations amount that complies with Schedule 1-R	31	0.00	

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

<b>30</b>	Subordinated obligations subject to transitory status that are computed as basic capital 2	33	0.00	
<b>31</b>	Subordinated obligations amount that complies with Schedule 1-S	46	0.00	
<b>32</b>	Subordinated obligations subject to transitory status that are computed as complementary capital	47	0.00	
<b>33</b>	Deferred income taxes (payable) associated with deferred charges and prepayments	26 - J	0.00	
<b>Stockholders' equity</b>				
<b>34</b>	Contributed capital that complies with Schedule 1-Q	1	3,918.63	BG29
<b>35</b>	Results of previous years	2	2,635.33	BG30
<b>36</b>	Result from valuation of instruments for cash flow hedging of items recorded at fair value	3	0.00	BG30
<b>37</b>	Other elements of earned capital other than the above	3	1,640.65	BG30
<b>38</b>	Contributed capital that complies with Schedule 1-R	31	0.00	
<b>39</b>	Contributed capital that complies with Schedule 1-S	46	0.00	
<b>40</b>	Result from valuation of instruments for cash flow hedging of items not recorded at fair value	3, 11	0.00	
<b>41</b>	Cumulative effect of conversion	3, 26 - A	0.00	
<b>42</b>	Result from holding non-monetary assets	3, 26 - A	0.00	
<b>Memorandum accounts</b>				
<b>43</b>	Positions in First Loss Schemes	26 - K	0.00	
<b>Regulatory concepts not considered in the balance sheet</b>				
<b>44</b>	Reserves pending to constitute	12	0.00	
<b>45</b>	Profit or increase in the value of assets due to the acquisition of securitization positions (Originating Institutions)	26 - C	0.00	
<b>46</b>	Operations that contravene the provisions	26 - I	0.00	
<b>47</b>	Operations with Relevant Related Persons	26 - M	0.00	
<b>48</b>	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	3,210	257
Operations with debt securities in national currency with a surcharge and a reviewable rate	995	80
Operations in national currency with a real rate or denominated in UDI's	67	5
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	3	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	3	0
Positions in currencies or with yield indexed at the exchange rate	20	2
Gold Positions	0	0
Positions in shares or with yield indexed to the price of a share or group of shares	0	0

4,298	344
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**TABLE IV.2**

Concept	Risk-weighted assets	Capital requirement
Group III (weighted at 20%)	515.16	41.21
Group III (weighted at 50%)	240.61	19.25
Group III (100% weighted)	537.32	42.99
Group IV (weighted at 20%)	97.80	7.82
Group V (weighted at 20%)	63.37	5.07
Group V (weighted at 50%)	348.31	27.86
Group V (weighted at 150%)	360.83	28.87
Group VI (weighted at 50%)	1,560.63	124.85
Group VI (weighted at 75%)	782.56	62.60
Group VI (100% weighted)	6,245.72	499.66
Group VI (weighted at 115%)	312.48	25.00
Group VI (weighted at 150%)	382.02	30.56
Group VII_A (weighted at 20%)	1,065.44	85.23
Group VII_A (weighted at 50%)	249.72	19.98
Group VII_A (100% weighted)	31,035.40	2,482.83
Group IX (100% weighted)	2,681.34	214.51
Group IX (weighted at 115%)	188.99	15.12
Securitizations with Risk Grade 1 (weighted at 20%)	42.34	3.39

**TABLE III.3 Weighted assets subject to operational risk**

Risk-weighted assets	Capital requirement
8,722	698
<b>Average of the requirement for market and credit risk of the last 36 months</b>	<b>Average positive annual net income for the last 36 months</b>
N/A	4,510

Banca Afirme at the end of June 2022 is classified as Category I, in accordance with the provisions applicable to capitalization requirements, issued by the National Banking and Securities Commission to Multiple Banking institutions in terms of Article 50 of the SCI, Chapter I of Title One Bis.



**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)	117,630
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	- 1,213
3	On-balance sheet exposures (Net) (excluding derivative financial instruments and SFT, sum of lines 1 and 2)	116,417
	Exposures to derivative financial instruments	
4	Annual replacement cost associated with all operations with derivative financial instruments (net of allowable cash variation margin)	29
5	Amounts of additional factors for potential future exposure, associated with all operations with derivative financial instruments.	20
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)	49.11
	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	12,588
13	(Accounts payable and receivable from SFT cleared)	-
14	Counterparty Risk Exposure by SFT	1,198
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing transactions (sum of lines 12 to 15)	13,786
	Capital and total exposures	
17	Off-balance sheet exposure (gross notional amount)	9,309
18	(Adjustments for conversion to credit equivalents)	-
19	Off-balance sheet items (sum of lines 17 and 18)	8,882
	Capital and total exposures	427
20	Tier 1 Capital	6,981
21	Total exposures (sum of lines 3, 11, 16 and 19)	130,680
	Leverage ratio	
22	Basel III leverage ratio	<b>5.34%</b>

TABLE II.1

Reference	ITEM	AMOUNT
1	Total assets	130,484
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	- 663
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	246
5	Adjustment for repurchase operations and securities loan	1,198
6	Adjustment for items recognized in memorandum accounts	427
7	Other settings	- 356
8	Leverage ratio exposure	130,843

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

TABLE III.1

Reference	ITEM	AMOUNT
1	Total assets	130,484
2	Operations in derivative financial instruments	- 265.78
3	Repo operations and securities loans	- 12,588.36
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	117,630

CONCEPT/QUARTER	T-1	T	VARIATION (%)
Basic Capital 1/	7,077	6,981	-1.3%
Adjusted Assets 2/	144,257	130,680	-9.4%
Leverage Ratio 3/	4.91%	5.34%	8.90%

## Characteristics of the Debt

Reference	Characteristic	QAFIRME-15 Options	BAFIRME-18 Options	BAFIRME-20 Options	BAFIRME-20-2 Options	BAFIRME-22 Options
1	Transmitter	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
	<i>Regulatory treatment</i>					
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 MDP is recognized within the complementary capital.	\$1,923.71 MDP is recognized within the complementary capital.	\$1,923.71 MDP is recognized within the 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 caducity	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	Cup 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 emitter	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 <i>(Write-Down)</i>	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 second quarter 2022 is detailed.

FORMATO DE REVELACIÓN DEL COEFICIENTE DE COBERTURA DE LIQUIDEZ			
FORMATO DE REVELACIÓN DEL COEFICIENTE DE COBERTURA DE LIQUIDEZ (Cifras en Millones de pesos Mexicanos)		Importe sin ponderar (promedio)	Importe ponderado (promedio)
<b>ACTIVOS LÍQUIDOS COMPUTABLES</b>			
<b>1</b>	<b>Total de Activos Líquidos Computables</b>	<b>No aplica</b>	<b>22,403</b>
<b>SALIDAS DE EFECTIVO</b>			
2	Financiamiento minorista no garantizado	22,585	1,766
3	Financiamiento estable	9,845	492
4	Financiamiento menos estable	12,740	1,274
5	Financiamiento Mayorista no garantizado	38,097	17,446
6	Depósitos operacionales	0	0
7	Depósitos no operacionales	38,097	17,446
8	Deuda no garantizada	0	0
9	Financiamiento Mayorista garantizado	No aplica	561
10	Requerimientos adicionales:	9,006	1,455
11	Salidas relacionadas a instrumentos financieros derivados y otros requerimientos de garantías	778	747
12	Salidas relacionadas a pérdidas del financiamiento de instrumentos de deuda	0	0
13	Lineas de crédito y liquidez	8,228	708
14	Otras obligaciones de financiamiento contractuales	12	12
15	Otras obligaciones de financiamiento contingentes	0	0
<b>16</b>	<b>TOTAL DE SALIDAS DE EFECTIVO</b>	<b>No aplica</b>	<b>21,240</b>
<b>ENTRADAS DE EFECTIVO</b>			
17	Entradas de efectivo por operaciones garantizadas	61,417	17
18	Entradas de efectivo por operaciones no garantizadas	7,024	4,761
19	Otras entradas de efectivo	5,502	5,502
<b>20</b>	<b>TOTAL DE ENTRADAS DE EFECTIVO</b>	<b>73,943</b>	<b>10,279</b>
			Importe ajustado
<b>21</b>	<b>TOTAL DE ACTIVOS LIQUIDOS COMPUTABLES</b>	<b>No aplica</b>	<b>22,403</b>
<b>22</b>	<b>TOTAL NETO DE SALIDAS DE EFECTIVO</b>	<b>No aplica</b>	<b>10,961</b>
<b>23</b>	<b>COEFICIENTE DE COBERTURA DE LIQUIDEZ</b>	<b>No aplica</b>	<b>206.64%</b>

- 91 calendar days of the quarter corresponding to April - June 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:

April	may	june
-17.34%	7.34%	13.69%

- 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
April	1	1



**may**

0

0

**june**

3

3

\*Amounts in millions of pesos

**DISCLOSURE OF THE NET STABLE FINANCING COEFFICIENT**

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	<6 month	From 6 months to < 1 year	> 1 year		Without caducity	<6 month	From 6 months to < 1 year	>1 year	
<b>ELEMENTS OF THE AMOUNT OF STABLE FINANCING AVAILABLE</b>											
1	Capital:	8,238	-	-	2,133	10,371	8,238	-	-	2,133	10,371
2	<i>Fundamental capital and non-fundamental basic capital.</i>	8,238	-	-	-	8,238	8,238	-	-	-	8,238
3	<i>Other capital instruments.</i>	-	-	-	2,133	2,133	-	-	-	2,133	2,133
4	Retail deposits:	-	22,268	352	28	21,065	-	22,268	352	28	21,065
5	<i>Stable deposits.</i>	-	19,220	255	10	18,073	-	19,220	255	10	18,073
6	<i>Less stable deposits.</i>	-	3,048	96	18	2,992	-	3,048	96	18	2,992
7	Wholesale financing:	-	44,012	2,546	1,036	20,169	-	44,012	2,546	1,036	20,169
8	<i>Operational deposits.</i>	-	-	-	-	-	-	-	-	-	-
9	<i>Other wholesale financing.</i>	-	44,012	2,546	1,036	20,169	-	44,012	2,546	1,036	20,169
10	Interdependent liabilities	-	-	-	-	-	-	-	-	-	-
11	Other liabilities:	-	102,942	129	91	21,618	-	102,942	129	91	21,618
12	<i>Liabilities for derivatives for purposes of the Financing Coefficient Stable Net</i>	Not applicable	-	-	-	Not applicable	Not applicable	-	-	-	Not applicable
13	<i>All liabilities and own resources not included in the categories previous.</i>	-	102,942	129	91	21,618	-	102,942	129	91	21,618
14	<b>Total Amount of Stable Financing Available</b>	Not applicable	Not applicable	Not applicable	Not applicable	73,224	Not applicable	Not applicable	Not applicable	Not applicable	73,224

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

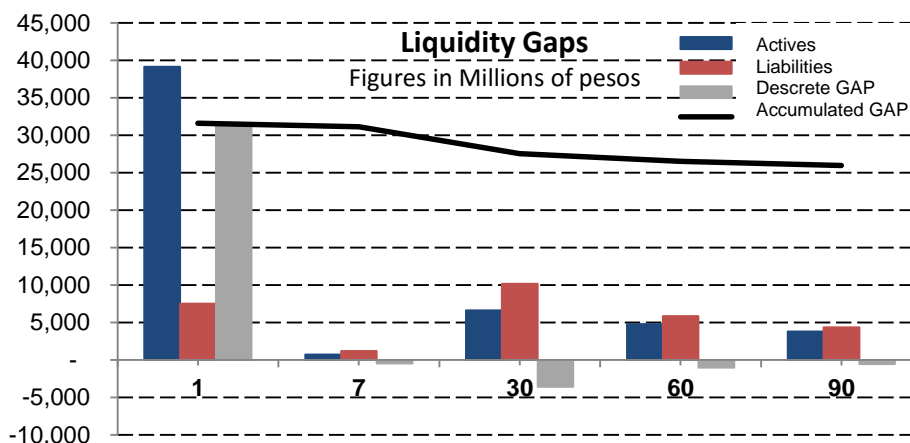
Amounts in millions of pesos	Individual Figures					Consolidated Figures					
	Unweighted amount by residual term				Weighted amount	Unweighted amount by residual term				Weighted amount	
	Without caducity	<6 month	From 6 months to < 1 year	> 1 year		Without caducity	<6 month	From 6 months to < 1 year	>1 year		
<b>ELEMENTS OF THE REQUIRED STABLE FINANCING AMOUNT</b>											
15	Total liquid assets eligible for purposes of the Coefficient of Net Stable Financing.	Not applicable	Not applicable	Not applicable	Not applicable	1,096	Not applicable	Not applicable	Not applicable	Not applicable	1,096
16	Deposits with other financial institutions for purposes operational.	-	-	-	-	-	-	-	-	-	-
17	Current loans and securities:	117	244,144	3,501	32,503	43,308	117	244,786	3,792	33,155	44,319
18	Guaranteed financing granted to financial institutions with liquid assets level I eligible.	-	161,046	-	-	11,472	-	161,046	-	-	11,472
19	Guaranteed financing granted to financial institutions with different eligible liquid assets level I.	-	68,018	-	-	-	-	68,018	-	-	-
20	Guaranteed financing granted to counterparties other than financial institutions, the which:	0	14,947	3,335	32,503	31,711	0	15,589	3,626	33,155	32,722
21	They have a credit risk weighting less than or equal to 35% according to the Basel Standard Method for Credit Risk II.	-	11,688	2,127	26,980	24,444	-	11,948	2,143	27,025	24,611
22	Housing loans (in force), of which:	-	-	-	-	-	-	-	-	-	-
23	They have a credit risk weighting less than or equal to 35% according to the Standard Method established in the Provisions.	-	290	215	9,225	6,249	-	290	215	9,225	6,249

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

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	<6 month	From 6 months to < 1 year	> 1 year		Without caducity	<6 month	From 6 months to < 1 year	>1 year		
24	<i>Debt and equity securities other than Eligible Liquid Assets (that are not in default).</i>	117	134	166	-	125.5	117	134	166	-	125
25	Interdependent assets.	-	-	-	-	-	-	-	-	-	-
26	Other Assets:	1,194.2	8,977	2,251	420	2,314	1,194.2	9,434	2,251	420	2,338
27	<i>Physically traded commodities, including gold.</i>	-	-	-	-	-	-	-	-	-	-
28	<i>Initial margin awarded in transactions in derivative financial instruments and contributions to the loss absorption fund of central counterparties</i>	Not applicable	12			10	Not applicable	12			10
29	<i>Assets by derivatives for purposes of the Net Stable Financing Coefficient.</i>	Not applicable	-	-	-	-	Not applicable	-	-	-	-
30	<i>Liabilities for derivatives for purposes of the Net Stable Financing Coefficient before deduction for the change in the initial margin</i>	0.1	-	-	-	0	0.1	-	-	-	0
31	<i>All assets and operations not included in the above categories.</i>	1,194	8,965	2,251	420	2,305	1,194	9,422	2,251	420	2,328
32	Off-balance sheet operations.	Not applicable	-	-	-	-	Not applicable	-	-	-	-
33	<b>Total Amount of Stable Financing Required.</b>	Not applicable	Not applicable	Not applicable	Not applicable	46,718	Not applicable	Not applicable	Not applicable	Not applicable	47,753
34	<b>Net Stable Financing Coefficient (%).</b>	Not applicable	Not applicable	Not applicable	Not applicable	156.7%	Not applicable	Not applicable	Not applicable	Not applicable	153.3%

The accumulated band at 60 days of Banca Afirme was \$ 26,511 million pesos at the end of Q2 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 June 30, 2022, the Liquidity Coverage Ratio is 180%. In order to show the behavior of the CCL, the values at the end of Q2 2022 compared to the previous quarter are presented below.

CCL evolution	March 2022	June 2022
Computable Liquid Assets (Weighted)	27,571	31,106
Net Exits at 30 days	13,923	17,310
<b>CCL</b>	<b>198%</b>	<b>180%</b>

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

Computable Liquid Assets Evolution (Unweighted)	March 2022	June 2022
Liquid Assets Level 1	27,571	31,063
Liquid Assets Level 2	-	50
<b>Total Liquid Assets</b>	<b>27,571</b>	<b>31,114</b>

As of June 30, 2022, the Net Stable Financing Coefficient is 146.98%,

Net Stable Financing Ratio	March 2022	June 2022
Stable Financing Amount Required	48,348	51,150
Stable Financing Amount Available	71,114	75,182
<b>CFEN</b>	<b>147%</b>	<b>147%</b>

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 VaR adjusted for liquidity, the values at the end of Q2 2022 compared to the previous quarter are presented below.

Trading Business Unit	Liquidity-adjusted VaR	
	31-mar-2022	30-jun-2022
Money table	(59.42)	(17.52)
Treasury	(16.69)	(13.90)
<b>Global</b>	<b>(64.70)</b>	<b>(17.28)</b>

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
	apr 2022 - jun 2022
Money table	(45.11)
Treasury	(16.76)
<b>Global</b>	<b>(49.22)</b>

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 June 30, 2022	
Immediate enforceability deposits	39,861
Fixed term deposits	36,784
Credit Securities Issued	-
Capture without movements	77
<b>Total</b>	<b>76,723</b>

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 counterparties.

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 the hedging operations is carried out through the quotation, with the authorized counterparties, 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 counterparty with which the operations are carried out, which which is documented in the framework contracts signed with the counterparties, although the valuations reported by the counterparties 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 UAIR, 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 carried out 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 26,500 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 second quarter of 2022 were the interbank interest rate (TIIE) and the currency (peso/dollar), which have daily movements according to the market's own movements. However, these changes did not generate new relevant obligations or affect the liquidity of the Institution.

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

The following is the impact that was obtained in Cash Flow at the end of Q2 2022:

	Amount
Interest paid	332,101
Interest charged	342,495
<b>Net effect</b>	<b>10,394</b>

*Amounts in thousands of pesos*

The following table shows the impact on Results by Valuation of Derivatives for Q2 2022:

	Balance March 2022		Balance June 2022		Quarter effect
<b>Trading swaps</b>	-	9,949	6,854		16,802.4
<b>Hedging swaps</b>		410	4,684		4,273.4
<b>Chap</b>		0	-	-	0.1

*Amounts in thousands of pesos*

During this quarter, 3 operations of *swap* of interest rates, 1 operations were carried out and 12 derivative financial instruments were discontinued.

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 counterparty (cva) and that of the entity itself (dva) are calculated on a daily basis.

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:

<b>Summary of Derivative Financial Instruments</b>								
Figures in thousands of pesos as of June 30, 2022								
Derivative type	End	Notional	Asset value		Fair value		Maturity amounts	
			Current quarter	Previous quarter	Current quarter	Previous quarter	2022	Later
TIIE SWAP	Coverage	2,733,528	8.03	6.72	229,762	410,312	11,305	2,722,223
TIIE SWAP	Negotiation	15,300,000	8.03	6.72	29,263	6,129	15,000,000	300,000
SWAP TIIE *	Negotiation	300,000	8.03	6.72	- 12,812	- 9,847	-	300,000

\* *Afirme takes short position, in the rest of the trades takes long position. Fair value considers the value per 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.

<b>Derivative Rate Sensitivity</b>				
Figures in thousands of pesos as of June 30, 2022				
<b>25 BP<sup>1/</sup></b>	<b>50 PB</b>	<b>100 PB</b>	<b>150 PB</b>	<b>200 PB</b>
5,710	11,420	22,840	34,260	45,680

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.

**Notes on the Consolidated Financial Statements**

(figures in millions of pesos)

At the end of the quarter, there were the following derivative operations in which guarantee contracts with the counterparties were contemplated:

<b>Summary of Derivative Financial Instruments</b>								
Figures in thousands of pesos as of June 30, 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 short position, in the rest of the trades takes long position. Fair value considers the value per 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.

<b>Derivative Rate Sensitivity</b>				
Figures in thousands of pesos as of June 30, 2022				
25 BP <sup>1/</sup>	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.