



# Investor Presentation

January 2023

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## **Mr. José Rión Cantú (Vice Chairman of the Board of Directors)**

Mr. Rión holds a Bachelor's degree in Industrial Engineering from Universidad Iberoamericana and a masters in business administration (M.B.A.) degree at Stanford University.

## **Mr. Eduardo Messmacher Henríquez (CEO & Board Member)**

Mr. Messmacher is a distinguished executive with over 21 years of experience in the financial sector; having worked with renowned institutions such as HSBC and McKinsey & Co. He holds a Degree in Electrical and Mechanical Engineering by the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM-CEM) and a master's of Science in Operations Research by the Massachusetts Institute of Technology (MIT).

## **Mr. Iván Barona González (CFO)**

Iván Barona has a bachelor degree in Administration and Finance at Universidad Panamericana, where he also studied a postgraduate in Risk Management. Mr. Barona has over 18 years of experience in the financial sector, and has collaborated in different companies of the private sector, including Grupo Bursátil Mexicano, as well as an independent consultant for companies in various industries.

# Summary of the Exchange Offer & Consent Solicitation<sup>1</sup>



The Company is offering each RegS Holder<sup>2</sup> of US\$161,637,000 FINDEP 8.00% Senior notes due on July 19, 2024 (ISIN:USP4173SAF13) to exchange their notes with the purpose of refinancing for a combination of cash and new notes, as described below:

## Consideration for the Exchange Offer



For each US\$1,000 in principal amount of Existing Notes, tendering Holders will receive, on the Settlement Date:

- i. US\$200 (20%) in cash
- ii. US\$800 (80%) in New Notes
- iii. US\$10 (1%) in cash as an exchange premium (for early tenders)
- iv. Accrued Interest in cash

## Minimum Denominations



- The Existing Notes may be tendered and will be accepted for exchange only in denominations of US\$ 200,000 principal amount and integral multiples of US\$1,000 in excess thereof.
- The New Notes will only be issued in minimum denominations of US\$160,000 and any integral multiple of US\$1,000 thereafter

(1) A concurrent consent solicitation was launched to eliminate substantially all of the restrictive covenants, the additional notes guarantees covenants and certain events of default of the existing notes;


Minimum participation: majority for consent solicitation; no minimum for exchange offer

(2) Offer only made to Eligible Holders having signed the Eligibility Letter

(3) The Company will also pay a processing dealer fee to qualifying brokers and dealers corresponding to US\$2.50 per US\$1,000 principal amount of Existing Notes validly tendered (and not validly withdrawn) accepted by the Company.

# Summary of New 10% Sr. Step-Up Notes



<b>Issuer</b>	Financiera Independencia, S.A.B. de C.V, SOFOM, E.N.R
<b>Amount</b>	Up to US\$129.31 million
<b>Format</b>	RegS only
<b>Ranking</b>	Sr. Unsecured
<b>Currency</b>	US Dollars
<b>Coupon</b>	New Notes will have a coupon of 10% per annum for the first three years, and 12% in years four and five, and will be payable in cash, semi-annually, in arrears on each March 1 and September 1, commencing on September 1, 2023.
<b>Maturity</b>	March 1, 2028 (5NC1)
<b>Optional Redemption</b>	At 100% after 1 year (in full or partial)
<b>Minimum Denomination</b>	US\$160,000 and any integral multiples of US\$1,000
<b>Covenant Package</b>	Standard HY covenant package – substantially similar to Existing Notes
<b>Expected Ratings (Fitch)</b>	BB- (stable outlook)
<b>Governing Law</b>	New York
<b>Dealer Manager</b>	 bcp Securities
<b>Information Agent</b>	D.F. King

# Timeline for exchange offer



Date & Time	Event
Tuesday, January 24 <sup>th</sup> , 2023	<b>Launch of the Exchange Offer</b> <ul style="list-style-type: none"> <li>Exchange offer is announced, and EOM is made available to Eligible Holders who have duly completed the Eligibility Letter.</li> </ul>
Friday, February 3 <sup>rd</sup> , 2023 at 5:00 p.m., New York City time	<b>Early Expiration Date</b> <ul style="list-style-type: none"> <li>Deadline for Eligible Holders to validly tender Existing Notes in the Exchange offer and to receive the Early Exchange Payment.</li> <li>FINDEP has the right to extend the Early Expiration Date at their discretion.</li> </ul>
Friday, February 17 <sup>th</sup> , 2023 at 5:00 p.m., New York City time	<b>Withdrawal Deadline</b> <ul style="list-style-type: none"> <li>The last time and date for Eligible Holders who have tendered their Existing notes to withdraw all or a portion of such tendered Existing notes.</li> </ul>
	<b>Expiration Date</b> <ul style="list-style-type: none"> <li>Deadline for Eligible Holders to validly tender Existing Notes in the Exchange offer.</li> <li>FINDEP has the right to extend the Expiration date at their discretion.</li> </ul>
Wednesday, March 1st, 2023	<b>Settlement Date</b> <ul style="list-style-type: none"> <li>T + 7</li> </ul>

## January

M	T	W	TH	F	S	D
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## February / March

M	T	W	TH	F	S	D
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	1	2	3	4	5

20	U.S. National Holiday (President's Day)
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# Findep at a Glance



Findep (the “Company”), a leader in bringing **financial inclusion to the underserved Hispanic communities in North America** through **responsible** lending and insurance products.

## Key Pillars



**Financial Inclusion** for customers in **Mexico & the United States**



**Growth with Risk Management oriented business model**, focused on prioritizing portfolio's quality and profitability over size



**Digital Transformation** has resulted in the Company's exponential growth & significant efficiency improvements

**29+ Years**

of experience in microfinance

**Proven profitability**

through various economic cycles

**Credit Rating**

**MOODY'S** B1 **FitchRatings** BB-

**Markets**

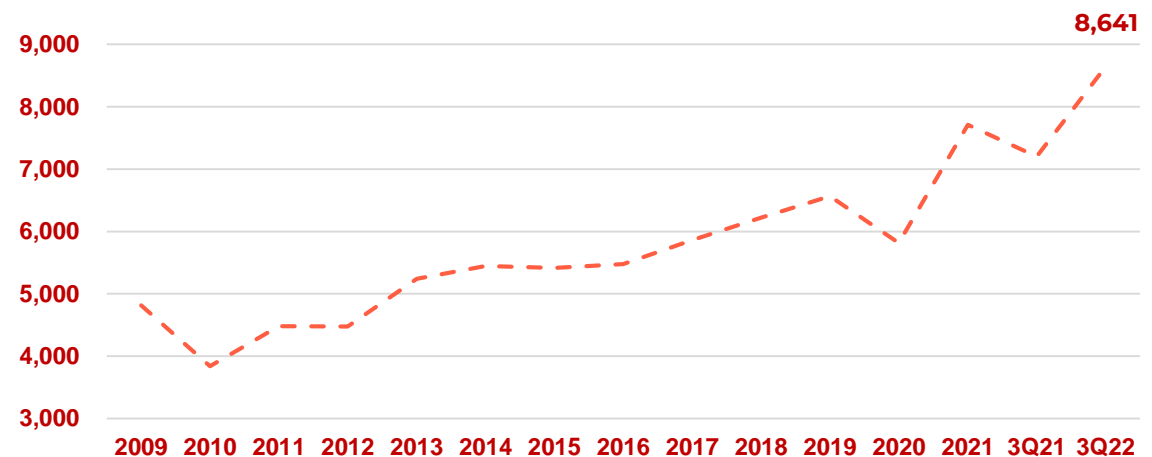


## Subsidiaries



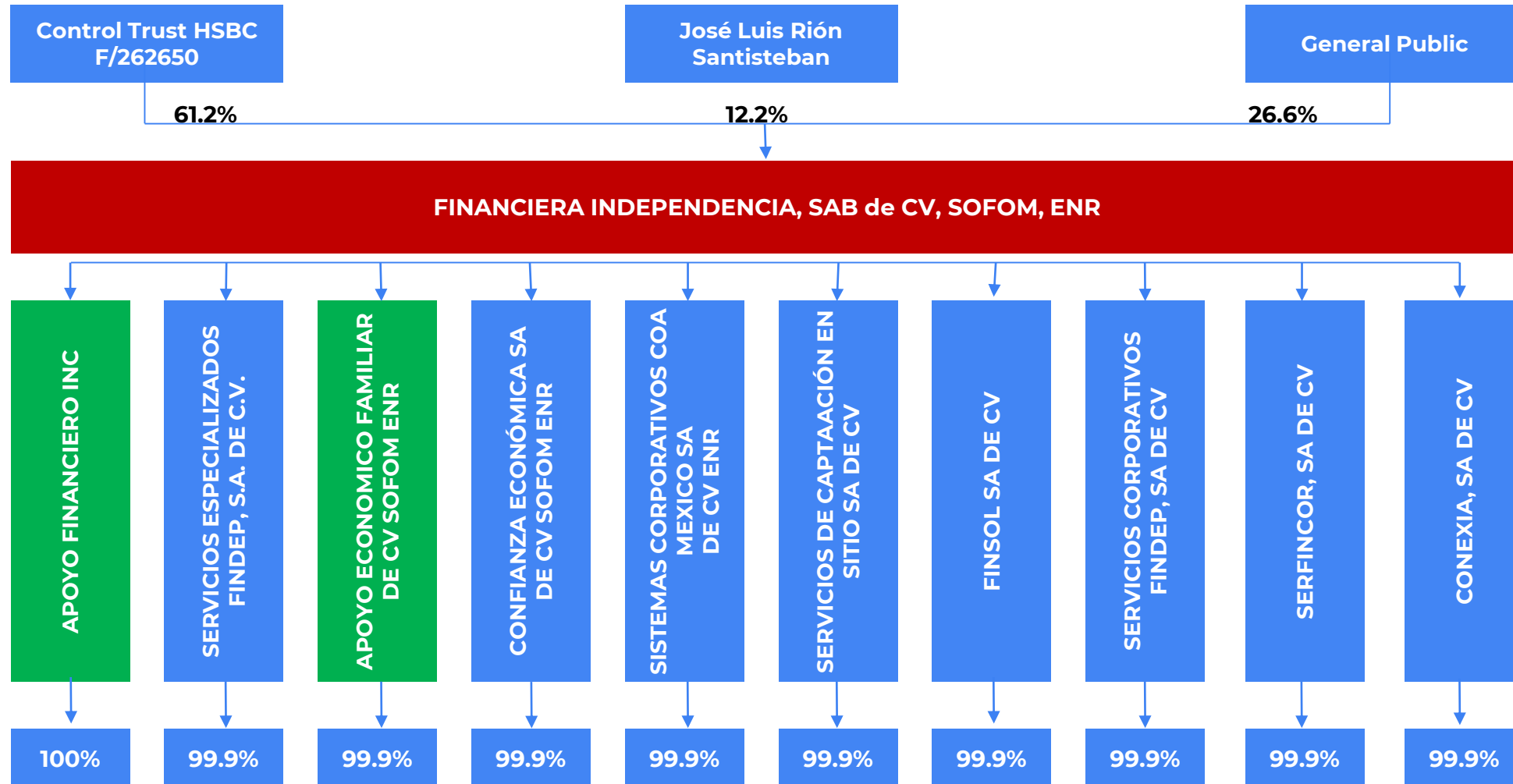
**Loan Portfolio (MX\$, mm)**

**U.S.\$ 429m**





# Corporate Structure



 Guarantors of new notes & main operating subsidiaries

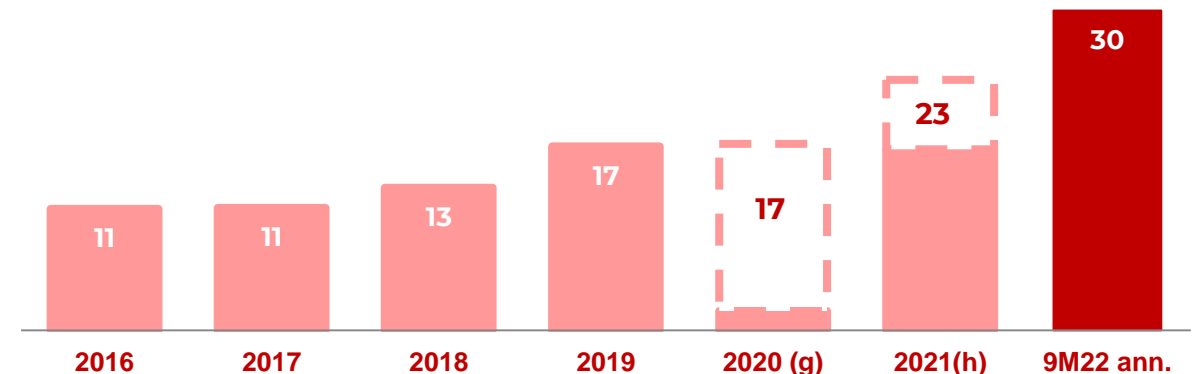
# Current Situation (Today vs. 2016)



- Highest Capitalization ratio and Loan Loss Reserve to NPLs ratio in FINDEP's history.
- We estimate that 2022 was our most profitable year ever.
- We expect to be a majority US business by receivables in the short term. Currently US Loan portfolio is 44% of total.
- Today we are focused on our core strength: unsecured individual loans (running 3 businesses instead of 6).
- The nature of our loans and the ability to control originations gives us great flexibility.

Million USD(a)	2016	3Q22	3Q22 vs. 2016
Tangible Assets (b)	513	537	5%
Total Portfolio (FISA+AEF+AFI)	266	429	62%
Net Debt (c)	331	246	-26%
Tangible Equity (d)	119	179	50%
Tangible Equity + Loan Loss Reserves	139	234	68%
Capitalization Ratio (e)	23%	33%	+10pp
LLR / NPLs	100%	264%	+164pp

**Net Income excluding one-off, non-cash effects on results (Million USD)(f)**



(a) For convenience, 2016 figures been translated at the rate of Ps.20.6194 per U.S.\$1.00, and 3Q22 figures at Ps. 20.1271 per U.S.\$1.00

(b) Tangible Assets = Total Assets - Goodwill

(c) Net Debt = Long Term debt Issuance + Bank and Other Entities Loans - Cash

(d) Tangible Equity = Total Equity – Goodwill

(e) Capitalization Ratio = Tangible Equity / Tangible Assets

(f) Ps to U.S\$: 2016: 20.6194, 2017: 19.6629, 2018: 19.6512, 2019: 18.8642, 2020: 19.9087, 2021: 20.5075, 3Q22: 20.1271

(g) Excluding write-off of Finsol Mexico's goodwill effect for U.S.\$22.5 million, and U.S.\$15.6 million in excess reserves, which became permanent reserves after adopting the CNBV methodology.

(h) Excluding write-off of Finsol Brazil's goodwill effect of U.S.\$6.5 million in 2021.

# Investment Highlights



- 1 Resilient Business Model**
  - Proven and profitable business model with 29 years of track record through all economic cycles
  - Knowledge of the business built through experience with over 14 million of loans originated
- 2 U.S Growth**
  - 27% CAGR in last 5 years of U.S. Loan Portfolio
  - Underserved U.S. Hispanic Market
  - Recently opened Texas and Arizona
- 3 Strong Balance Sheet**
  - Demonstrated ability to reduce origination and generate cash
  - >50% of Total Loan Portfolio is unencumbered
  - Conservative Loan Loss Provisioning
- 4 Efficiency Through Technology**
  - Mobile applications
  - New payment channels
  - Fewer employees and lower brick and mortar costs
- 5 Best Practices**
  - Committed shareholders - no dividends since 2010; reduced net debt by U.S.\$74 million from March to September 2020.
  - Adoption of CNBV methodology – same used by banks and all regulated financial institutions in Mexico.
  - Timely change of auditors to KPMG with a clean outcome

# 1 Resilient Business Model

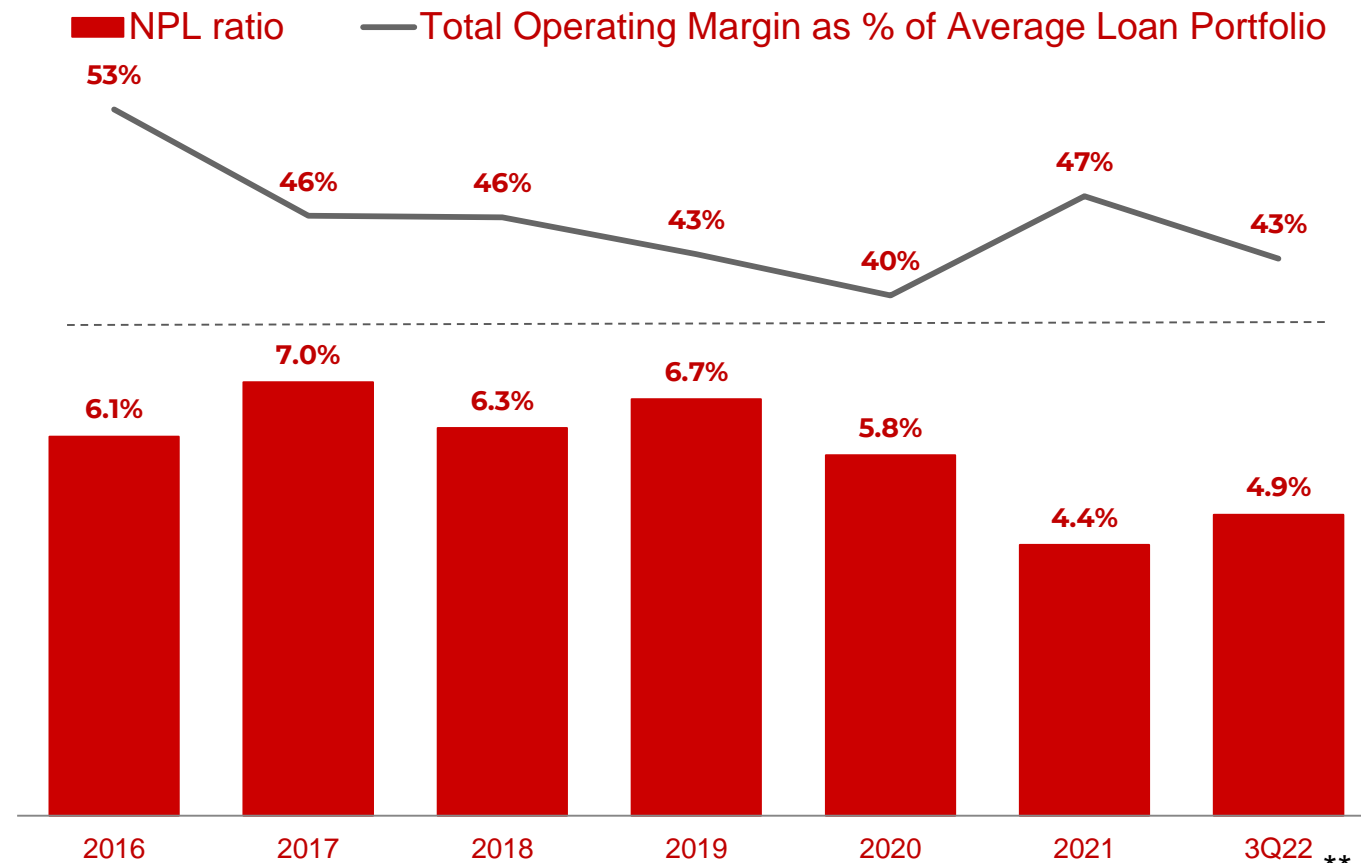
## Consistent profitability and low volatility through crises.



Our portfolio has yielded consistently over 40% annually in Total Operating Margin even through the worst of the pandemic.

Likewise, NPLs have continued to decrease gradually.

### Consistent Profitability and Improving Asset Quality\*



\*These metrics consider historic performance of current operations comprised by Independencia, AEF, and AFI.

\*\*NPL ratio for 3Q22 is calculated under our legacy methodology, based on days past-due, for consistency purposes

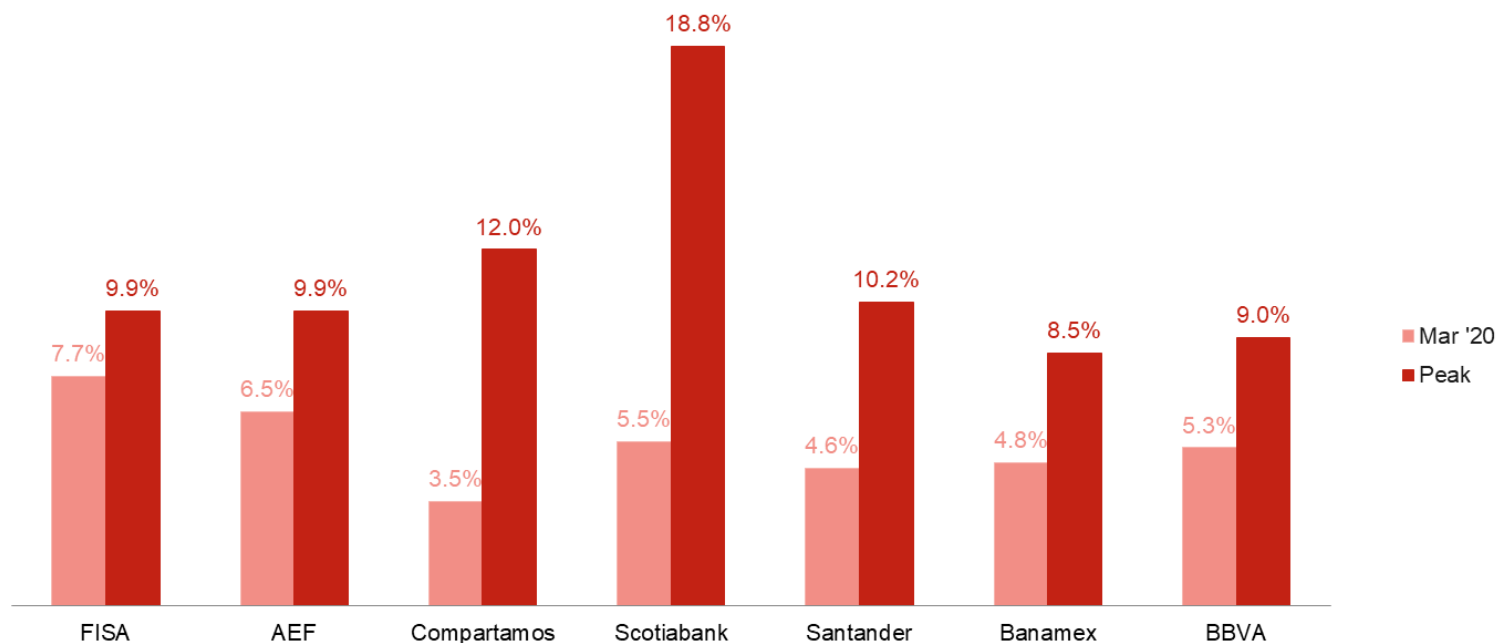
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# Resilient Business Model

During the pandemic FISA & AEF showed lower volatility and faster recovery vs the market.



Maximum increase in NPLs from 1Q20 to peak and time to regain pre-pandemic levels.



<b>Maximum Increase in NPLs</b>	<b>29%</b>	<b>52%</b>	<b>277%</b>	<b>242%</b>	<b>124%</b>	<b>73%</b>	<b>68%</b>
<b>Months from 1Q20 to Peak</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>9</b>
<b>Months from Peak to Recovery</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>17</b>	<b>9</b>	<b>6</b>	<b>5</b>

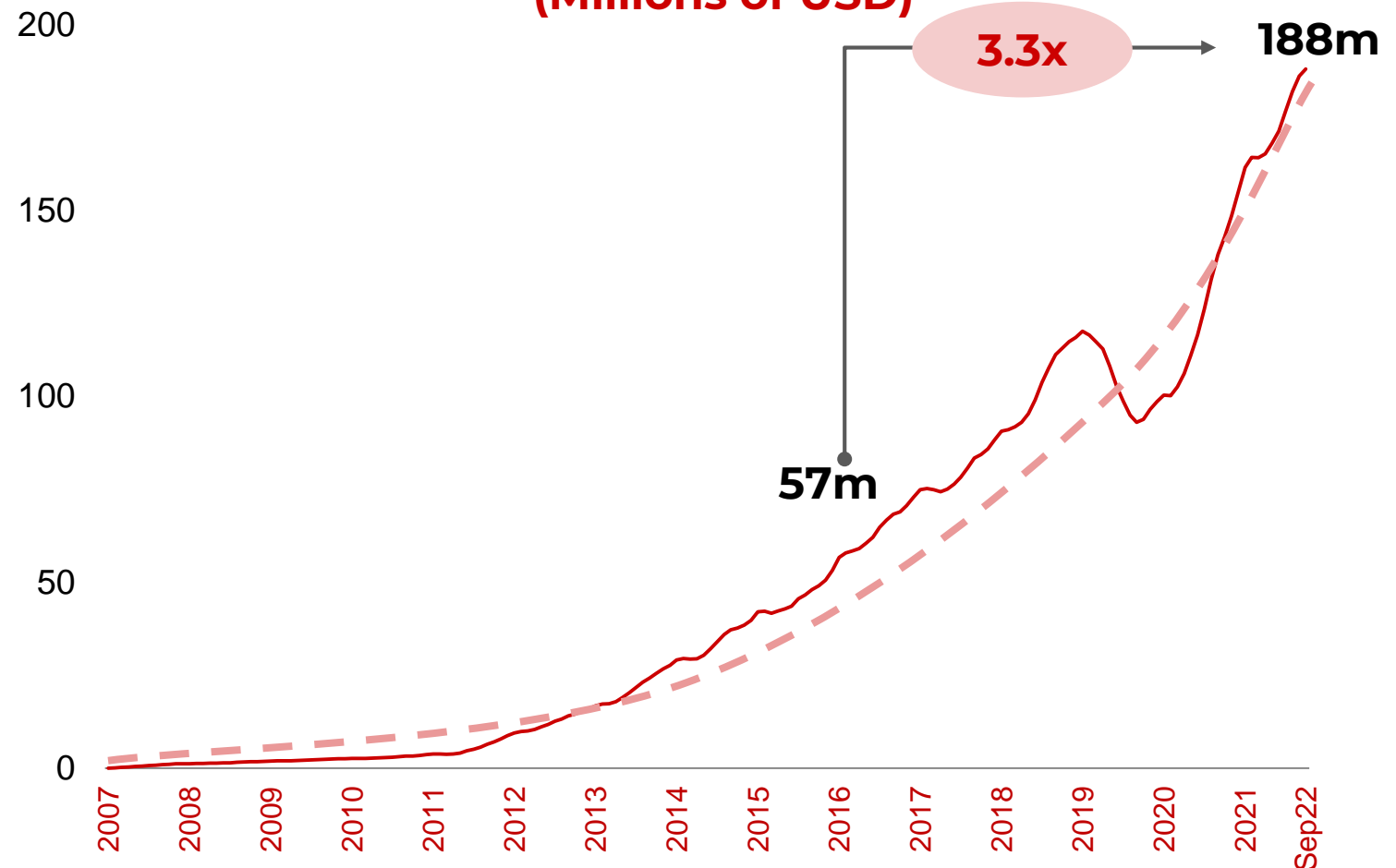
Source of non-FINDEP information: CNBV

## 2 Growth in the US Portfolio Overview



- Our US portfolio has grown 3.3x in the last 5 years, a 27% CAGR, mostly in California.
- Unserved Hispanic market (62m) in the US, with California being the largest market.
- Proven business model poised for growth.
- Opportunities in efficiency based on scale.
- Recently opened Texas and Arizona

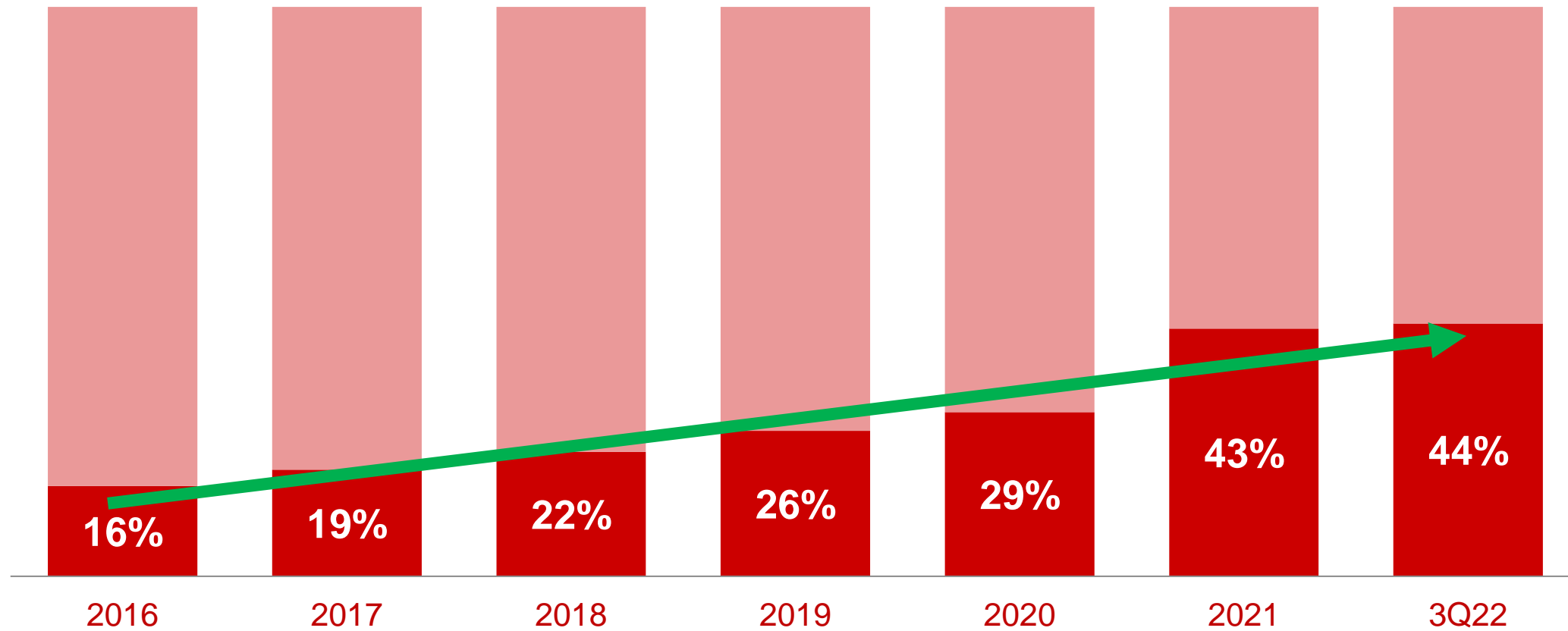
### Apoyo Financiero Inc. Loan Portfolio (Millions of USD)



## 2 Growth in the US Portfolio Overview

### FINDEP's Total Portfolio By Country

■ US ■ Mexico

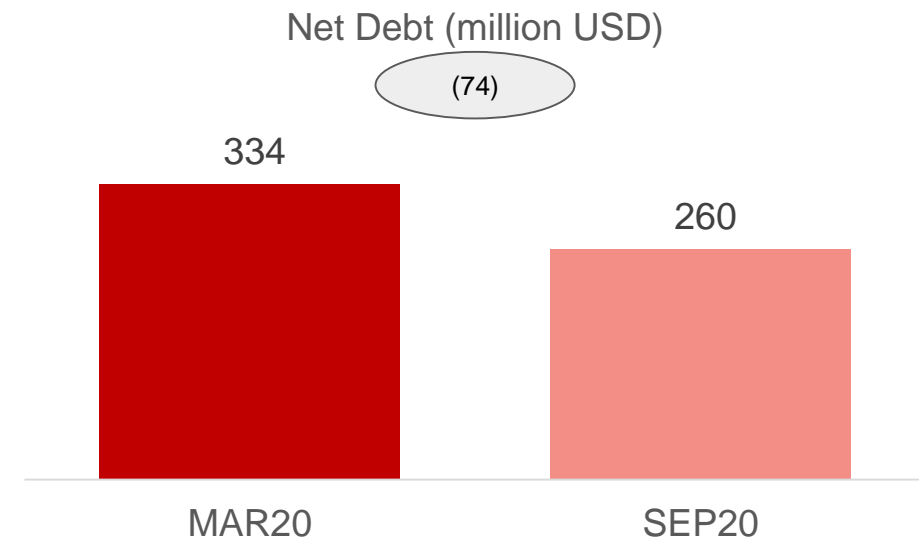
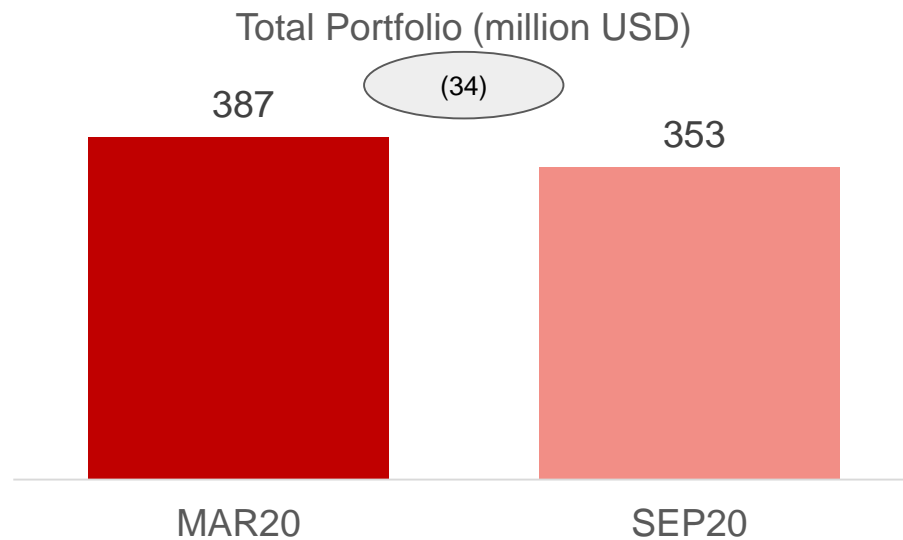


### 3 Strong Balance Sheet

## Proven ability to generate cash and de-lever the Company



- Quarterly collection (principal, interest and accessories) is above 25% of loan portfolio
- We can decide to deleverage by reducing origination and contracting the portfolio, as exemplified between March and September 2020





## 4 Efficiency Through Technology

### Technology has allowed us to do more with less



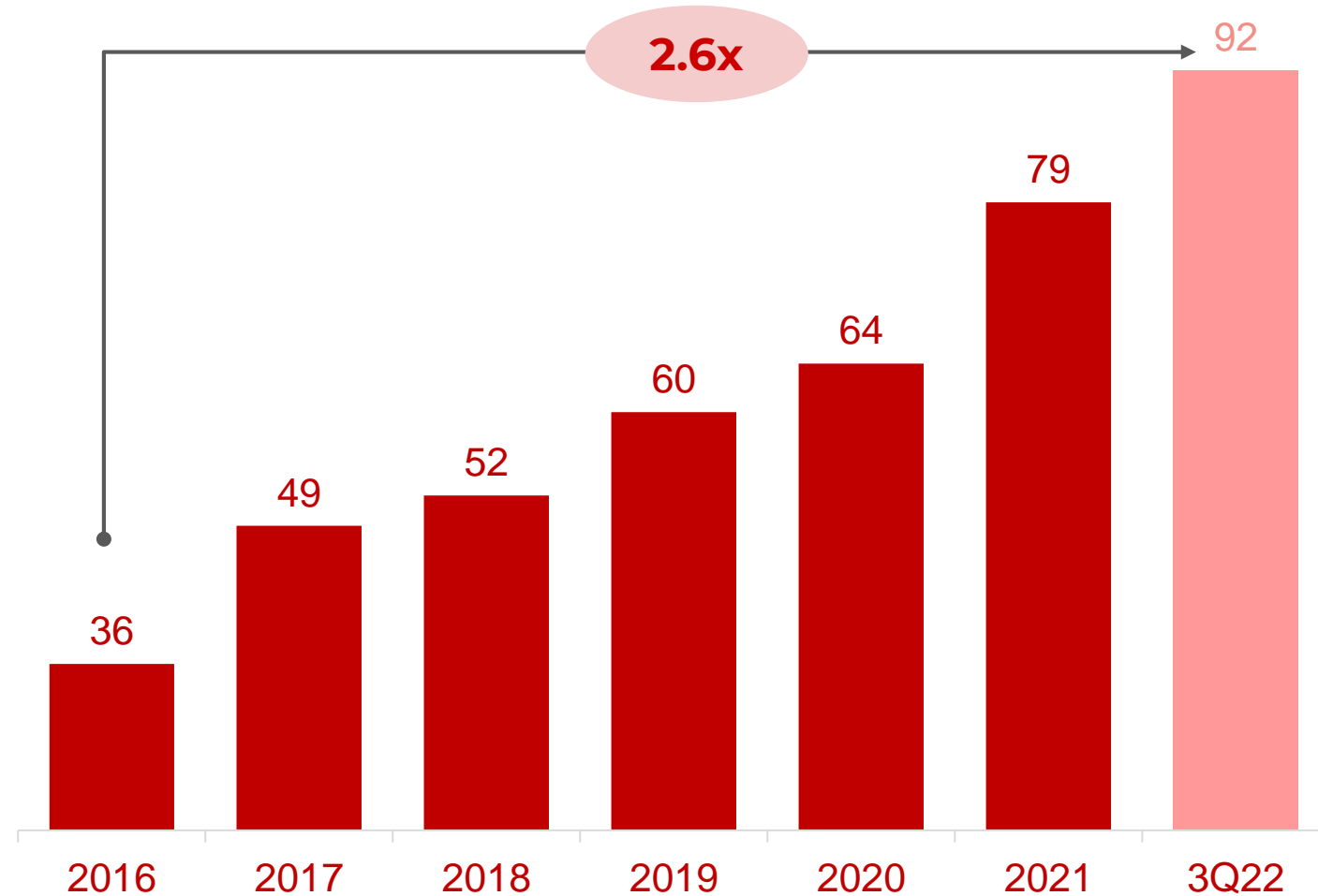
#### Initiatives

- Migrated IT platform to the cloud.
- Developed mobile tools to enable efficiency of Customer Service staff.
- Self service tools for our customers.

#### Outcome

- Our portfolio per employee has increased 2.5x.
- This represents significant gains in efficiency.

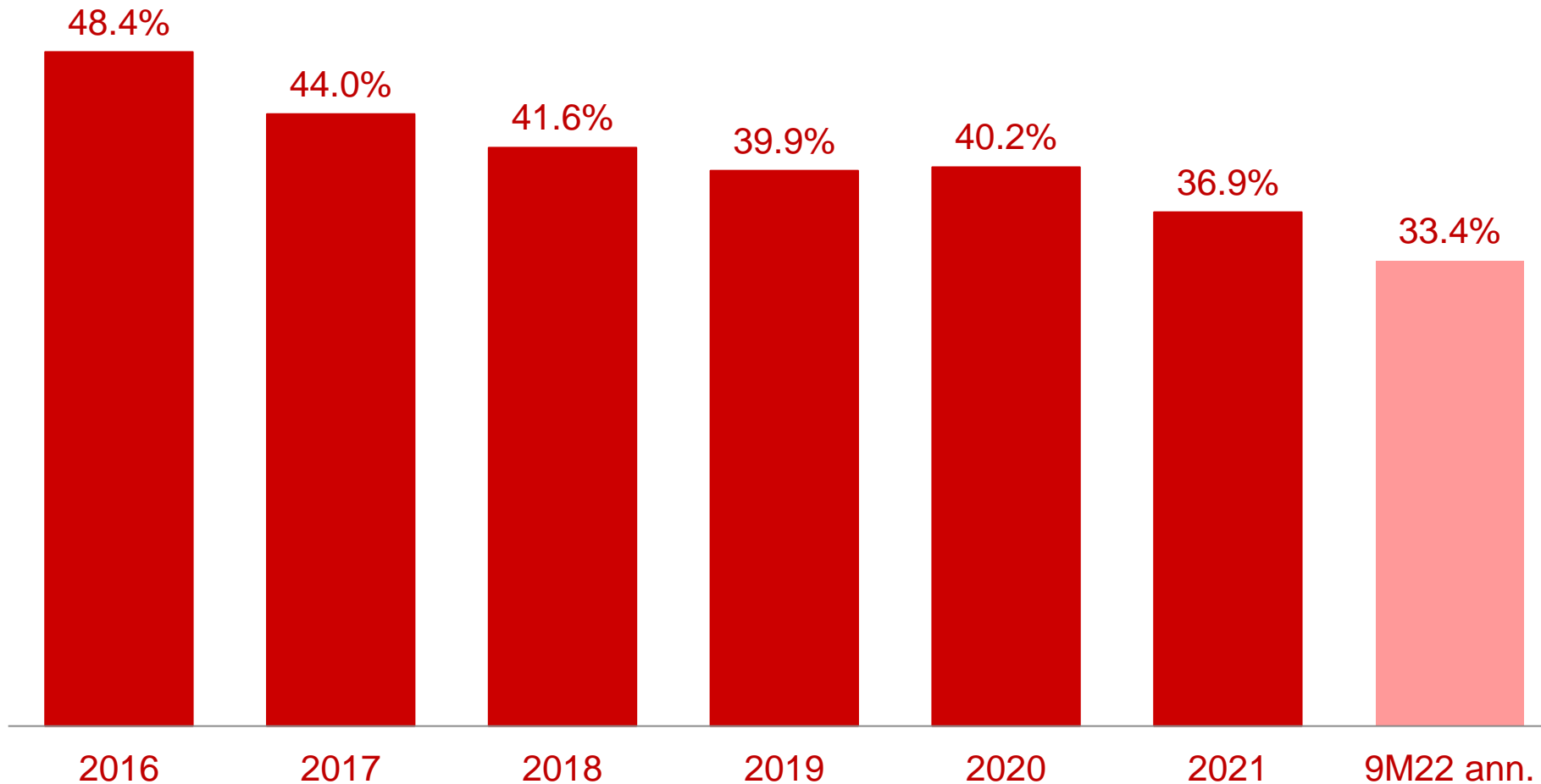
Loan Portfolio per Employee (Thousands USD)



## 4 Efficiency Through Technology

Technology has allowed us to do more with less

### Non-interest expense as a % of average portfolio



## Best Practices

### Actions taken to support stakeholder confidence

#### Committed shareholders - no dividends since 2010

- Clear message of long term commitment to debt investors on behalf of equity holders.
- Better position to navigate challenging market.

#### Adoption of CNBV methodology

- Listened to stakeholders and switched to CNBV methodology.
- Same methodology used by banks and all regulated financial institutions in Mexico.
- Increased LLR to NPLs from 100% in 2016 to 264% in 3Q22.

#### Timely change of auditors with a clean outcome

- No restatements were required during the first annual audit.
- Differentiated our corporate governance from competitors.
- Demonstrated integrity of financial information.

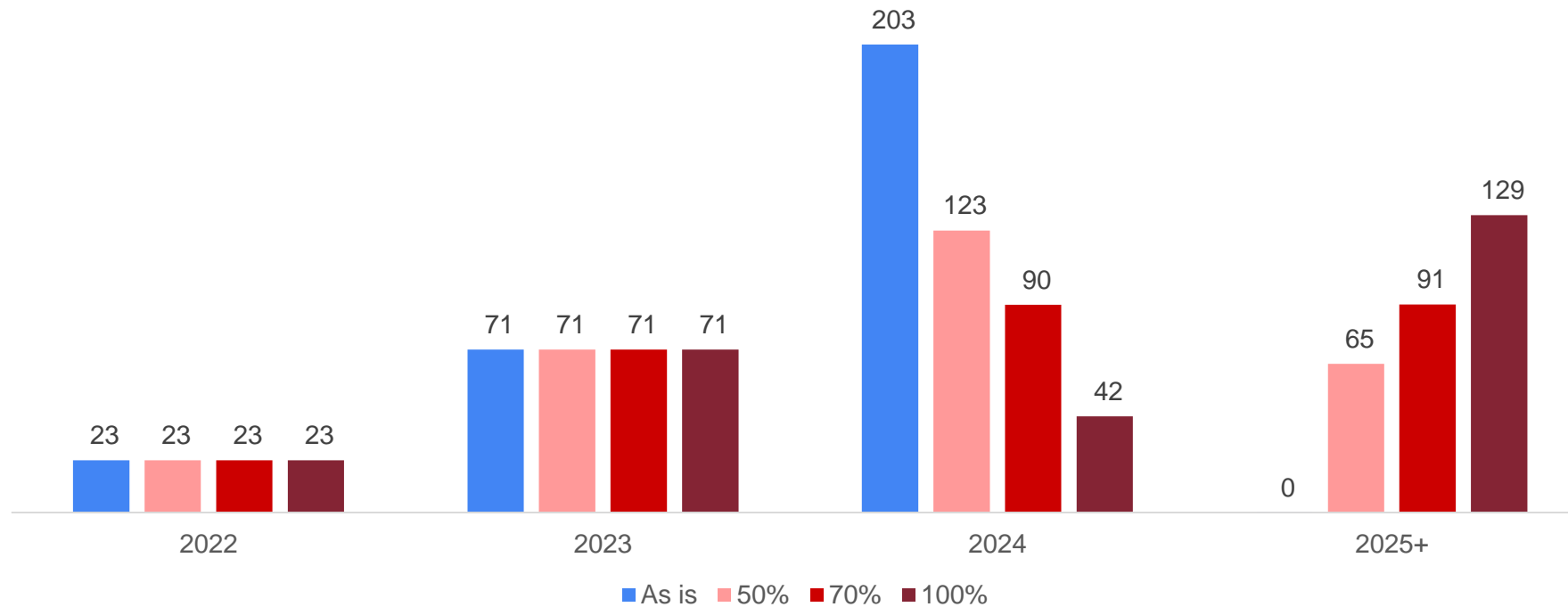
# Proforma Maturities Calendar



*As Is Maturities by year as of September 30, 2022*

*Proforma Maturities based on % of acceptance of proposed Exchange Offer*

*(figures in millions of USD)*



# Simplified Proforma Balance Sheet Based on different acceptance rates



(figures in millions of USD)

	<b>Assets</b>					<b>Liabilities and Equity</b>			
	As Is <sup>1</sup>	50%*	70%*	100%*		As Is <sup>1</sup>	50%*	70%*	100%*
Cash and Equivalents <sup>2</sup>	50.9	33.9	27.2	17.0	Findep 24 <sup>3</sup>	164.7	83.9	51.6	3.1
Net Portfolio	374.1	374.1	374.1	374.1	Step-Up Findep 28	-	64.7	90.5	129.3
Other Assets**	162.0	162.0	162.0	162.0	Banks	132.5	132.5	132.5	132.5
<b>Total Assets</b>	<b>587.0</b>	<b>570.1</b>	<b>563.3</b>	<b>553.1</b>	Other Liabilities	61.0	61.0	61.0	61.0
					<b>Total Liabilities</b>	<b>358.2</b>	<b>342.0</b>	<b>335.6</b>	<b>325.9</b>
					<b>Shareholders' Equity</b>	<b>228.8</b>	<b>228.8</b>	<b>228.8</b>	<b>228.8</b>

(1) As Is refers to September/22

(2) Does not includes transaction costs

(3) includes accrued interest on FINDEP 24s as of September 30th, 2022

\*Refers to % of acceptance

\*\*Does not consider impact on Derivatives