Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020, 2019 and 2018 and Independent Auditors' Report Dated March 31, 2021

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements 2020, 2019 and 2018

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Independent Auditors' Report to the Board of Directors and Stockholders of Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Opinion

We have audited the consolidated financial statements of Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries (the "Society"), which comprise the consolidated balance sheets as of December 31, 2020, 2019 and 2018, and the related consolidated statements of income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, as well as the explanatory notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Society were prepared in all material respects, in accordance with the accounting criteria established by the Mexican National Banking and Securities Commission ("Comisión Nacional Bancaria y de Valores de México" by its name in Spanish) (the "Commission") in the "General Provisions Applicable to Credit Institutions (the "Accounting Criteria" o the "Provisions").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have complied with all other ethical responsibilities in accordance with the IESBA Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

a) Due to its rapid global expansion and serious health impacts, on March 11, 2020 it was declared a "Global Pandemic" by the World Health Organization ("WHO") the new infectious disease caused by SARS-CoV-2 coronavirus ("COVID-19"). In response to this situation, at the governmental, business and individual levels, different containment measures have been stablished in order to stop the spread of this virus. These measures, coupled with the uncertainty regarding the development and duration of the Global Pandemic, have had impacts on the economic environment of the country, creating a contraction in Gross Domestic Product by 2020 of approximately 8.6%. As mentioned in Note 1 to the accompanying consolidated financial statements, during 2020 the Society adopted different special accounting criteria to support debtors who were unable to meet its credit commitments, it also adopted different measures which helped to control and minimize the effects of the Pandemic. Our opinion remains unchanged on this matter.

b) As mentioned in Note 1 of the accompanying consolidated financial statements, on January 1, 2018, the Society adopted the new Mexican Financial Reporting Standard ("NIF") C-16, *Impairment of financial instruments receivable* ("NIF C-16"). The adoption of this standard adjusted the model for the development of the estimation for the allowance for loan losses, which, as of such date requires that, Management use professional judgment in the assessment of qualitative and quantitative factors, which will be applied for the determination of probability of default, severity of loss and exposure to default. In accordance with NIF C-16, the effect of adoption of this standard should be recognized retrospectively, therefore, as of January 1, 2016, an increase in the allowance for loan losses of $64,589 was recognized in 'Result from prior years', net of deferred taxes. The consolidated financial statements for the years ended December 31, 2017 and 2016 were restated in order to be comparative with the consolidated financial statements as of December 31, 2018.

Other Matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

a) Allowance for loan losses

We consider the allowance for loan losses as a key audit matter, derivate that the methodology for the development for the allowance for loan matters was developed internally by the Management of the Society. The development of such methodology requires the application of professional judgement, that Management determines the quantitative and qualitative factors that are considered in the development of the probability of default, severity of loss and exposure to default.

Our audit procedures included a combination of control test and substantive tests or tests of balances.

1. In order to identify the controls implemented by Management to ensure the appropriate integration of information from loan files during loan originations and other management processes, we performed an internal control walk-through to verify the design and implementation of these controls. We observed that judgments made by executives responsible for this process reflect those detailed in the policies of the Society.

2. In order to validate the accuracy of the allowance for loan losses, we involved our firm's credit specialists to review the Society's internal model.

3. We reviewed the completeness of the loan portfolio information verifying that the total of the loan portfolio of the Society was the same which was utilized in the calculation of the allowance for loan losses.

We did not identify any exceptions in our tests of controls and substantive procedures.

b) Hedging derivatives

As discussed in Notes 2 and 3 to the consolidated financial statements, the Society has contracted securitized liabilities denominated in USD, which is exposed to a foreign currency exchange risk. However, with the objective to manage the exchange risk derived from these liabilities denominated in USD, the Society has contracted financial derivative instruments, which are described in Note 5 to the consolidated financial statements. Due to the complexity of the criteria that must be complied with, we have considered hedge accounting as a key audit matter.

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Our audit tests included a combination of internal control tests and substantive tests or amounts.

1. We conducted interviews with Management and those charged with governance to understand the risk management policy.
2. We obtained information regarding the derivative financial instruments contracted for hedging purposes and confirmed them with the respective counterparties.
3. We requested support from the firm's specialists to review the valuation of derivative financial instruments.
4. Our team of specialists also reviewed the compliance of the Society with the requirements established in the standard related to the designation of derivative financial statements as hedges.
5. We reviewed the accounting records for these instruments as of December 31, 2020.
6. We reviewed the presentation in the consolidated financial statements of the Society as of December 31, 2020.

We did not identify any exceptions in our tests of controls and substantive tests.

c) *Electronic systems used to process financial information*

We have considered the electronic systems used to process financial information as a key audit matter, given the nature of the transactions of the Society, there is an operating dependency on computer systems, consequently, the effectiveness of general computer controls are extremely relevant to ensure a proper information process.

Our audit work includes to identify the main systems used to generate financial information by performing transaction transactional walk-throughs from start to finish. Once these systems were identified, we evaluated general information technology controls and their management scope, including the general information security matters (the existence of access profiles, security at the server site, etc.) and change controls.

We did not identify any exceptions or any relevant issues to report.

Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information comprises the information included in the annual report. The annual report is expected to be made available for our reading after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter. We have nothing to report on this matter.

Responsibilities of Management and Those Charged with Governance of the Society in Relation to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Criteria, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, Management is responsible for assessing the Society´s ability to continue as a going concern, disclosing, as applicable, matters, related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society´s consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors´ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors´ report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Society, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.A. Ernesto Pineda Fresán
Mexico City, Mexico

March 31, 2021

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Consolidated Balance Sheets

Of the Society together with its subsidiaries as of December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

Assets

	2020	2019	2018
Funds available	$ 858,944	$ 452,529	$ 435,115
Derivatives:			
For hedging purposes	239,676	18,145	533,762
Performing loans:			
Consumer loans	6,656,460	8,261,049	7,755,350
Commercial loans	-	5,754	24,753
Total performing loans	6,656,460	8,266,803	7,780,103
Non-performing loans:			
Consumer loans	359,057	517,737	454,687
Total non-performing loans	359,057	517,737	454,687
Total loan portfolio	7,015,517	8,784,540	8,234,790
Allowance for loan losses	(687,724)	(577,673)	(556,435)
Total loan portfolio – net	6,327,793	8,206,867	7,678,355
Other accounts receivable – net	612,620	608,076	483,405
Property, furniture and equipment – net	180,319	271,158	267,037
Deferred taxes and profit sharing – net	930,911	1,030,002	928,266
Other assets:			
Goodwill	1,187,283	1,587,035	1,587,035
Intangibles	-	84,514	92,447
Deferred charges and prepaid expenses	291,248	259,214	242,539
Total assets	$ 10,628,794	$ 12,517,540	$ 12,247,961

Liabilities and Stockholders' Equity

	2020	2019	2018
Securitization certificates	$ 3,860,622	$ 4,702,420	$ 4,954,275
Borrowings from banks and from other entities:			
Short-term	1,823,797	2,721,825	2,128,105
Long-term	226,412	134,525	310,876
	2,050,209	2,856,350	2,438,981
Other accounts payable:			
Income taxes	15,021	17,758	22,969
Sundry creditors and other accounts payable	627,880	602,459	569,394
	642,901	620,217	592,363
Deferred credits and advance collections	24,181	23,248	15,287
Total liabilities	6,577,913	8,202,235	8,000,906

Stockholders' equity

	2020	2019	2018
Contributed capital:			
Common stock	157,191	157,191	157,191
Share premium	1,574,701	1,574,701	1,574,701
	1,731,892	1,731,892	1,731,892
Earned capital:			
Capital reserves	14,318	14,318	14,318
Result from prior years	2,714,061	2,398,263	2,143,957
Result from valuation of cash flow hedging instruments	(30,115)	(166,993)	65,552
Accumulated effect from translation of foreign subsidiaries	36,075	16,573	34,233
Remeasurement of defined employee benefits	(2,695)	(2,695)	(4,955)
Net result	(412,655)	323,947	262,058
	2,318,989	2,583,413	2,515,163
Total stockholders' equity	4,050,881	4,315,305	4,247,055
Total liabilities and stockholders' equity	$ 10,628,794	$ 12,517,540	$ 12,247,961

Memorandum accounts

	2020	2019	2018
Uncollected accrued interest derived from non-performing loan portfolio	$ 38,683	$ 56,400	$ 53,599
Tax losses	$ 2,241,976	$ 1,993,089	$ 1,661,478
Loan portfolio written-off	$ 448,952	$ 573,598	$ 567,639

See accompanying notes to these consolidated financial statements.

Ing. Eduardo Messmacher Henríquez Chief Executive Officer	Lic. Enrique Brockmann del Valle Chief Financial Officer	L.C. Adrián Orocio Barreto Comptroller	C.P. Juan García Madrigal Audit Director

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Consolidated Statements of Income

Of the Society together with its subsidiaries for the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos, except earnings per share)

	2020	2019	2018
Interest income	$ 4,827,218	$ 5,377,082	$ 5,031,923
Interest expense	(729,917)	(806,757)	(757,726)
Financial margin	4,097,301	4,570,325	4,274,197
Provision for loan losses	(1,716,027)	(1,416,123)	(1,216,618)
Financial margin adjusted for credit risks	2,381,274	3,154,202	3,057,579
Commission and fee income	296,471	437,995	464,335
Commission and fee expense	(77,141)	(81,402)	(71,218)
Trading income	380,821	2,428	8,195
Other operating income	130,876	197,045	179,437
Administrative and promotional expenses	(3,048,820)	(3,258,861)	(3,284,094)
Operating results	63,481	451,407	354,234
Equity in income of associates	37,247	-	-
Income before income taxes	100,728	451,407	354,234
Current income taxes	21,920	(119,019)	(56,357)
Deferred income taxes	(76,897)	(8,441)	(35,819)
	(54,977)	(127,460)	(92,176)
Income before discontinued operations	45,751	323,947	262,058
Discontinued operations	(458,406)	-	-
Consolidated net (loss) income	$ (412,655)	$ 323,947	$ 262,058
(Loss) Earnings per share	$ (1.6533)	$ 0.5560	$ 0.4005

See accompanying notes to these consolidated financial statements.

Ing. Eduardo Messmacher Henríquez
Chief Executive Officer

Lic. Enrique Brockmann del Valle
Chief Financial Officer

L.C. Adrián Orocio Barreto
Comptroller

C.P. Juan García Madrigal
Audit Director

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Consolidated Statements of Changes in Stockholders' equity

Of the Society together with its subsidiaries for the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

	Contributed capital		Earned capital						
	Common stock	Share premium	Capital reserves	Result from prior years	Result from valuation of cash flow hedging instruments	Accumulated effect from translation of foreign subsidiaries	Net result	Remeasurement of defined employee benefits	Total stockholders' equity
Balances as of December 31, 2017	$ 157,191	$ 1,574,701	$ 14,318	$ 1,993,315	$ 152,549	$ 50,742	$ 228,177	$ (4,109)	$ 4,166,884
Entries approved by stockholders -									
Transfer of net results to prior year results	-	-	-	228,177	-	-	(228,177)	-	-
Acquisition of proprietary shares and effect on reissuance of proprietary shares	-	-	-	(29,058)	-	-	-	-	(29,058)
	-	-	-	199,119	-	-	(228,177)	-	(29,058)
Comprehensive income -									
Net income	-	-	-	-	-	-	262,058	-	262,058
Result from valuation of cash flow hedging instruments	-	-	-	-	(86,997)	-	-	-	(86,997)
Effect from translation of foreign subsidiaries	-	-	-	-	-	(16,509)	-	-	(16,509)
Others	-	-	-	(48,477)	-	-	-	-	(48,477)
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	(846)	(846)
	-	-	-	(48,477)	(86,997)	(16,509)	262,058	(846)	109,229
Balances as of December 31, 2018	157,191	1,574,701	14,318	2,143,957	65,552	34,233	262,058	(4,955)	4,247,055
Entries approved by stockholders -									
Transfer of net results to prior year results	-	-	-	262,058	-	-	(262,058)	-	-
Acquisition of proprietary shares and effect on reissuance of proprietary shares	-	-	-	(5,492)	-	-	-	-	(5,492)
	-	-	-	256,566	-	-	(262,058)	-	(5,492)
Comprehensive income -									
Net income	-	-	-	-	-	-	323,947	-	323,947
Result from valuation of cash flow hedging instruments	-	-	-	-	(232,545)	-	-	-	(232,545)
Effect from translation of foreign subsidiaries	-	-	-	-	-	(17,660)	-	-	(17,660)
Remeasurement of defined employee benefits	-	-	-	(2,260)	-	-	-	2,260	-
	-	-	-	(2,260)	(232,545)	(17,660)	323,947	2,260	73,742
Balances as of December 31, 2019	157,191	1,574,701	14,318	2,398,263	(166,993)	16,573	323,947	(2,695)	4,315,305
Entries approved by stockholders -									
Transfer of net results to prior year results	-	-	-	323,947	-	-	(323,947)	-	-
Acquisition of proprietary shares and effect on reissuance of proprietary shares	-	-	-	(8,149)	-	-	-	-	(8,149)
	-	-	-	315,798	-	-	(323,947)	-	(8,149)
Comprehensive income -									
Net loss	-	-	-	-	-	-	(412,655)	-	(412,655)
Result from valuation of cash flow hedging instruments	-	-	-	-	136,878	-	-	-	136,878
Effect from translation of foreign subsidiaries	-	-	-	-	-	19,502	-	-	19,502
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	-	-
	-	-	-	-	136,878	19,502	(412,655)	-	(256,275)
Balances as of December 31, 2020	$ 157,191	$ 1,574,701	$ 14,318	$ 2,714,061	$ (30,115)	$ 36,075	$ (412,655)	$ (2,695)	$ 4,050,881

See accompanying notes to these consolidated financial statements.

Ing. Eduardo Messmacher Henríquez	Lic. Enrique Brockmann del Valle	L.C. Adrián Orocio Barreto	C.P. Juan García Madrigal
Chief Executive Officer	Chief Financial Officer	Comptroller	Audit Director

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries

Consolidated Statements of Cash Flows

Of the Society together with its subsidiaries for the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

	2020	2019	2018
Consolidated net (loss) income	$ (412,655)	$ 323,947	$ 262,058
Adjustments for items not requiring cash flows:			
Depreciation and amortization	115,363	92,969	96,634
Remeasurement of defined employee benefits	-	2,260	(845)
Current and deferred income taxes	60,066	127,460	92,176
Discontinued operations	458,406	-	-
	221,180	546,636	450,023
Operating activities:			
Loan portfolio	1,778,414	(528,512)	(317,264)
Bank loans and securitization certificates	(1,647,937)	165,514	32,846
Other assets and operating liabilities	109,720	(34,981)	(113,345)
Net cash flows from operating activities	461,377	148,657	52,260
Investing activities:			
Acquisitions of fixed assets	(34,281)	(89,157)	(53,673)
Deferred charges and prepaid expenses	(32,034)	(16,675)	123,120
Net cash flows from investing activities	(66,315)	(105,832)	69,447
Financing activities:			
Acquisition of proprietary shares, net	(8,149)	(5,492)	(29,597)
Other concepts	-	(2,259)	-
Net cash flows from financing activities	(8,149)	(7,751)	(29,597)
Net increase in funds available	386,913	35,074	92,110
Effect from translation of foreign subsidiaries	19,502	(17,660)	(16,508)
Funds available at the beginning of the year	452,529	435,115	359,513
Funds available at the end of the year	$ 858,944	$ 452,529	$ 435,115

See accompanying notes to these consolidated financial statements.

Ing. Eduardo Messmacher Henríquez
Chief Executive Officer

Lic. Enrique Brockmann del Valle
Chief Financial Officer

L.C. Adrián Orocio Barreto
Comptroller

C.P. Juan García Madrigal
Audit Director

1. Activities

Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (the "Society") was established and began operations in accordance with Mexican laws on July 22, 1993, for an indefinite period, and with headquarters in Mexico City. It has authorization from the Ministry of Finance and Public Credit ("SHCP") to operate as a multiple purpose financial institution, unregulated entity, in accordance with the Mexican Credit Institutions Law ("LIC").

Its main activity is to grant loans to individuals for the consumption of goods and services. The resources necessary to fund its operation have been obtained from the stockholders and through market operations and contracting liabilities from domestic financial institutions.

The General Law on Credit Organizations and Auxiliary Activities ("LGOAAC"), applicable to Multiple Purpose Financial Institutions ("Sofom/Sofomes"), allows such entities to grant loans, factoring services and financing leases. The Sofomes may or may not be regulated by the Comisión Nacional Bancaria y de Valores de México (the "Commission"). Unregulated entities ("E.N.R.") are entities which do not have equity relationships with credit institutions or holding societies of financial groups of which credit institutions form part, and those which do not issue debt instruments or fiduciary certificates registered in the National Registry of Securities in accordance with the Stock Market Law, or when they are issued, the respective compliance with the obligations embodied in such securities or instruments does not depend partially or totally on such entities, for which reason they are not subject to oversight by the Commission.

On October 18, 2007, the stockholders approved the adoption of the legal form of Sociedad Anónima Bursátil (S.A.B.), for which reason as of November 1, 2007, the Society was registered as a public stock corporation on the Mexican Stock Market (the "BMV") and listed with the ticker symbol "FINDEP".

During the process of listing its shares on the BMV, the Society carried out a public offering share in Mexico.

The Society, in its capacity as an S.A.B., applies the provisions of the General Law of Business Corporations and, if applicable, the relevant provisions of the Stock Market Law, as well as General Provisions Applicable to Issuers of Securities and Other Stock Market Participants.

Actions and impacts of the SARS-CoV-2 Pandemic ("COVID-19")

The emergence of coronavirus COVID-19 in China and its global expansion to a large number of countries including Mexico, led to the outbreak being described as a global pandemic by the World Health Organization since March 11, 2020. The pandemic has affected and continues to adversely affect the world economy and the country's activity and economic conditions, and the Commission, therefore, on the basis of Article 175 of the "General Provisions Applicable to Credit Institutions" (the "Provisions"), published in the Daily Official Journal on December 2, 2005 and their respective amendments, and in view of the "Agreement establishing the COVID-19 epidemic in Mexico, as a serious priority care disease, as well as establishing the activities to prepare and respond to this epidemic", published in the Daily Official Journal on March 23, 2020, and the negative impact that is generating on various activities of the economy, issued on a temporary basis the Special Accounting Criteria ("CCE") in the face of the contingency of COVID-19, applicable to credit institutions with respect to consumer, housing and commercial credit portfolios.

The Society carried out during the second quarter of 2020 and in compliance with the Special Accounting Criteria the following actions:

1. Capital and interest payment rest scheme for a period of 1 to maximum 3 months, for customers with individual credit products.
2. Capital payment rest scheme from 1 to maximum 6 amortizations, for customers with group credit products.
3. Other schemes previously used by the Society, such as time-extension restructurs to reduce interest payments and interest and accessory write-off programs.

As of June 30, 2020, 82% of the credit portfolio received no specific solutions to COVID-19; the remaining 18% of the portfolio was subject of a specific solution; and of which 12% ended their implementation period and the remaining 6% continued active at the end of the quarter.

In implementing these customer relief measures ("specific solutions") granted by the Society, without the change in accounting policies which are stablished, the Society made the decision to constitute additional prudential reserves up to an amount of 441.6 million to provide coverage for a possible future impairment of the loan portfolio, given the multiple negative economic effects generated by the COVID-19 contingency.

On the other hand, other actions were also carried out in the Society to counteract the effects of COVID-19 with the intention to mitigate the potential negative impacts of the environment on business objectives and the loan portfolio, considering the following objectives: (1) to promote liquidity and cash flow generation of the Society and (2) to protect, from our area of responsibility the health of managers and collaborators, to ensure their family well-being and ensure business continuity, for example:

1. Positive generation of operating cash flow, due to good collection performance, reduction in the origination of new credits, limited credit renewal to customers with good payment history, and implementation of savings and spending reduction expenses.
2. Carry out the revolvence of resources of the different funding lines contracted with commercial banks and development banks.
3. Work from home for a key part of our employees.
4. Safety and hygiene measures to support the operation of our branches.

The actions implemented have generated important learning and advances to the Society regarding the safety and effectiveness of remote work supported by technological tools; they have also identified different ways to serve to our customers. All this gives us the possibility to adapt our product offering, the offering ways and collection of credits, as well as applying policies and standards that boost productivity on a permanent basis.

We develop technological tools that have allowed us to accelerate the digital transformation of the Society to execute the operation in a non-face-to-face way. We have strengthened our capabilities to conduct the customer prospecting process remotely using digital media; we carry out the renewal of credits digitally without requiring the transfer of customers to branches, and we make electronic collection using payment channels with 24/7 service.

The establishment of additional prudential reserves during the second quarter provided broad support to deal with unrecoverable portfolio defaults, so that the negative effects were successfully absorbed, thereby closing the year with a stable and healthy credit portfolio, making a firm floor to support growth once the conditions permit.

Significant events 2020

On October 9, 2020, the Society formalized the sale of the entire group loan portfolio, in force and expired up to 179 days, of the subsidiary Financiera Finsol, S.A. de C.V., SOFOM, E.N.R. ("Finsol Mexico"), as part of a corporate strategy to strengthen its business model and improve its profitability, The transmission of the loan portfolio and certain assets of Finsol Mexico (including the "Finsol" brand in Mexico) was made to TE CREEMOS HOLDING, S.A.P.I. DE C.V. ("Te Creemos Holding") and some of its subsidiaries.

As a result of the sale of Finsol Mexico's portfolio, 450.3 million pesos of intangible assets were eliminated in the Society, including a Goodwill for the acquisition of Finsol Mexico in 2010, and the Finsol brand in Mexico.

On December 3, 2020, the Society reported that by agreement of the Extraordinary General Assembly of Stockholders the subsidiary "Financiera Finsol, S.A. de C.V., SOFOM, E.N.R.", held that day, approved, among others, the change of its social name so that from this date it is "Apoyo Económico Familiar de México, S.A. de C.V., SOFOM, E.N.R.", restating to the effect the article of its social statutes.

Significant events 2019

The Society formalized a business alliance with Casanueva Pérez, S.A.P.I. de C.V. and Interprotección, Agente de Seguros y Fianzas, S.A. de C.V., through a minority investment in one of its subsidiaries, with the purpose that since January 2020, that subsidiary will act as intermediary for the insurance that the Society and its affiliates, Apoyo Económico Familiar de México, S.A. de C.V., SOFOM, E.N.R. (previously Financiera Finsol, S.A. de C.V., SOFOM, E.N.R.) and Apoyo Económico Familiar, S.A. de C.V., SOFOM, E.N.R., finance for their clients as part of their activities.

Significant events 2018

On January 1, 2018, the Society adopted the new Mexican Financial Reporting Standard (“NIF”) C-16, *Impairment of financial instruments receivable* (“NIF C-16”). The adoption of this standard adjusted the model for the development of the estimation for the allowance for loan losses, which, as of such date requires that, Management use professional judgment in the assessment of qualitative and quantitative factors, which will be applied for the determination of probability of default, severity of loss and exposure to default. In accordance with NIF C-16, the effect of adoption of this standard should be recognized retrospectively, therefore, as of January 1, 2016, an increase in the allowance for loan losses of $64,589 was recognized in ‘Result from prior years’, net of deferred taxes. The consolidated financial statements for the years ended December 31, 2017 and 2016 were restated in order to be comparative with the consolidated financial statements as of December 31, 2018.

2. Basis for presentation

a. ***Explanation for translation into English-*** The accompanying consolidated financial statements have been translated from the original statements prepared in Spanish into English for use outside of Mexico. The accounting criteria to prepare the accompanying consolidated financial statements of the Society conform to the financial reporting requirements prescribed by the Commission, but do not conform to Mexican Financial Reporting Standards (“MFRS or NIF”) and may differ in certain significant respects from the financial reporting standards accepted in the country of use.

b. ***Monetary unit of the consolidated financial statements*** - The consolidated financial statements and notes as of December 31, 2020, 2019 and 2018 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the three-year periods ended December 31, 2020, 2019 and 2018 were 14.43%, 15.69% and 12.71%, respectively, accordingly, the economic environment is not inflationary in either such year and no inflationary effects were recognized in the accompanying consolidated financial statements. The accumulated inflation for the last 3 years ended December 31, 2020 was 10.81%. Inflation rates for the years ended December 31, 2020, 2019 and 2018 were 3.15%, 2.83% and 4.83%, respectively.

c. ***Consolidation of financial statements*** - The accompanying consolidated financial statements include the financial statements of the Society and those of its subsidiaries in which control is exercised as of December 31, 2020, 2019 and 2018 and for the years then ended. All significant intercompany balances and transactions have been eliminated.

The Society's consolidated subsidiaries as of December 31, 2020, 2019 and 2018 are detailed below:

Subsidiaries	Percentage 2020	2019	2018	Activity
Serfincor, S.A. de C.V. ("Serfincor")	99.99%	99.99%	99.99%	Service provider
Conexia, S.A. de C.V. ("Conexia")	99.99%	99.99%	99.99%	Call center, promotional and marketing services
Fisofo, S.A. de C.V., SOFOM, E. N. R. ("Fisofo")	99.99%	99.99%	99.99%	Granting consumer loans
Confianza Económica, S.A. de C.V, Sofom, E.N.R. ("Confianza Económica")	99.00%	99.00%	99.00%	Granting consumer loans
Apoyo Económico Familiar de México S.A. de C.V., SOFOM, E.N.R. (previously Financiera Finsol, S.A. de C.V., SOFOM, E.N.R.) ("AEF de México")	99.99%	99.99%	99.99%	Granting consumer loans
Finsol, S.A. de C.V. ("Finsol")	99.99%	99.99%	99.99%	Service provider
Instituto Finsol, IF	-	-	99.99%	Granting consumer loans
Independencia Participações, S. A. y subsidiaria (Indepar)	99.99%	99.99%	99.99%	Granting consumer loans
Apoyo Económico Familiar, S.A. de C.V., SOFOM, E.N.R. ("AEF")	99.99%	99.99%	99.99%	Granting consumer loans
Servicios Corporativos AEF, S.A. de C.V. ("SCAEF")	99.99%	99.99%	99.99%	Service provider
Apoyo Financiero, Inc. ("AFI")	100.00%	100.00%	100.00%	Granting consumer loans
Sistemas Corporativos COA, S.A. de C.V. (SICOA)	99.95%	99.95%	99.95%	Service provider
Sistemas de Captación en SITIO, S.A. de C.V.	99.99%	99.99%	99.99%	Administrative services
Management trust number 851-01161	100.00%	100.00%	100.00%	Acquisition of collection rights of the consumer loan portfolio

d. ***Conversion of foreign currency financial statements of subsidiaries –*** The operations from the foreign subsidiaries are modified in the recording currency to be presented in accordance with the accounting criteria of the Commission. The consolidated financial statements are subsequently translated to Mexican pesos using the following methodology:

Foreign operations whose functional currency is the same as the recording currency in which transactions use the following exchange rates: 1) the closing exchange rate for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in other comprehensive income (loss) within stockholders' equity.

As of December 31, 2020, 2019 and 2018 the exchange rates used in the different translation processes are as follows:

Company	Currency	Exchange rate to translate Mexican pesos		
		2020	2019	2018
Independencia Participações, S.A. y subsidiaria ("Indepar")	Real/ USD	5.1967	4.0301	3.8748
Instituto Finsol, IF	Real/ USD	-	-	3.8748
Apoyo Financiero Inc. ("AFI")	USD	19.9087	18.8642	19.6512

As the Society has investments in foreign operations, whose functional currency is not the Mexican peso, it is exposed to exchange fluctuation risk. It has contracted monetary liabilities in USD and, during the regular course of business, is exposed to an exchange fluctuation risk attributable to its commercial operations.

In order to manage the exchange fluctuation risk derived from its securitization liabilities in USD, the Society has contracted the derivative financial instruments described in Note 5.

Comprehensive result - The amount of comprehensive income presented in the statement of changes in stockholders' equity is the effect of transactions other than those carried out with the stockholders of the Society during the period and is represented by the effect of translation, result from the valuation of available securities for sale, result from valuation of hedging instruments, remeasurements for defined benefits to employees and the net result.

Going Concern **–** The consolidated financial statements have been prepared by Management under the assumption that the Society will continue as a going concern.

On March 11, 2020, the infectious disease caused by the coronavirus known as COVID-19 was declared a Global Pandemic by the World Health Organization (WHO). Its recent global spread has resulted in the implementation of containment measures in the different geographic areas where the Society operates. Likewise, a series of sanitary measures has been implemented by the Mexican authorities and by the governments of the different countries where the Society operates as a means of halting the spread of the virus. Derived from the uncertainty and duration of this pandemic, the Society adopted different measures described in Note 1, therefore determined the assumption of continuing as a going concern

3. Summary of significant accounting policies

The significant accounting policies applied by the Society comply with the accounting criteria established by the Commission in the Provisions, which are considered a Special Purpose Framework. These policies require Management to make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and their related disclosures; however, actual results may differ from such estimates. The Management upon applying professional judgment, considers that estimates made, and assumptions used were appropriate under the circumstances.

On September 19, 2008, the Commission issued an amendment to the General Provisions for Issuers, whereby Sofomes, E.N.R. which are public stock corporations must prepare their consolidated financial statements in conformity with the accounting criteria which, pursuant to article 87-D of the LGOAAC, are applicable to regulated Sofomes. This article states that regulated Sofomes are subject to the provisions established for credit institutions and finance entities, as the case may be, in the LIC, and in the Commission's Law.

In accordance with accounting criterion A-1 of the Commission, the accounting framework applied by entities shall be adjusted to conform to NIF issued by the Mexican Financial Reporting Standards Board (“CINIF”), except when, in the Commission's judgment, a specific accounting provision or standard must be applied, bearing in mind that the companies under its regulation carry out specialized operations.

Accounting changes –

Improvements to the 2020 Mexican Financial Reporting Standards (NIF) that generate accounting changes:

NIF D-4, *Income taxes* and NIF D-3, *Employee benefits*– Include paragraphs on uncertain tax treatments when considering the basis used to determine income tax (ISR) and employee statutory profit-sharing (PTU), while also assessing the probability whereby the tax or labor authorities may or may not accept an uncertain tax treatment.

NIF D-4, Income taxes – Clarifies the accounting recognition of income taxes incurred by the distribution of dividends as regards the transaction that generated distributable profits.

The significant accounting policies of the Society are as follows:

Funds available- Are recorded at nominal value. Funds available in foreign currency are valued at the closing exchange rate issued by Banco de México (Central Bank) at the end of the year.

Financial derivatives- The Society carries out hedging transactions with derivative financial instruments currency swaps (*cross currency swaps*). Its objective is to mitigate the risk of volatility in the exchange rate. Note 5 contains more detailed information on these instruments.

The Society recognizes all derivatives as assets or liabilities (depending on the rights or obligations they contain) in the consolidated balance sheet initially at fair value on the date in which the derivative contract is subscribed and subsequently at fair value at the end of the reporting period. The gain or loss is recognized in results immediately unless the derivative is designated and effective as a hedging instrument, in which case the opportunity for recognition in the results will depend on the nature of the hedging relationship.

Hedge accounting

As of December 31, 2020, 2019 and 2018 Management of the Society entered into transactions with derivatives for hedging purposes using swaps.

Financial assets and liabilities which are designated and fulfill the requirements to be designated as hedged items, as well as financial derivatives which form part of a hedging relationship, are recognized in conformity with the hedge accounting provisions for the recognition of the gain or loss on the hedging instrument and of the hedged item in accordance with Accounting Criterion B-5, Derivatives and hedging transactions, issued by the Commission.

A hedge relationship qualifies for designation as such when all of the following conditions are fulfilled:

- Formal designation and sufficient documentation of the hedging relationship.
- The hedge is highly effective in achieving the offsetting of the changes in fair value or in the cash flows attributable to the risk covered.
- For cash flow hedges, the forecast transaction proposed for hedging is very likely to occur.
- The hedge is reliably measurable.
- The hedge is valued continuously (at least quarterly).

All derivatives used for hedging purposes are recognized as assets or liabilities (depending on the rights and/or obligations they contain) on the consolidated balance sheet at fair value. Note 5 contains more detailed information on these instruments.

The result of offsetting the asset and liability positions, whether debit or credit, is presented separately from the primary position hedged and forms part of the caption “Derivatives” on the consolidated balance sheet and the interest accrued is recorded in the consolidated statement of income under the caption “Interest income” or “Interest expense”.

Derivatives transactions for hedging purposes are valued at fair value and the effect is recognized depending on the type of accounting hedge, as follows:

a. *Fair value hedges* - Represents a hedge against exposure to changes in the fair value of recognized assets or liabilities or of firm commitments not recognized, or a portion of both, which is attributable to a specific risk and which may affect the results for the period.

   The primary position of the risk hedged and the derivative hedge instrument are valued at fair value, with the net effect recorded in results of the period under the account “Trading income”.

   In fair value hedges, the adjustment to the carrying amount for the valuation of the hedged item is presented in a separate item on the consolidated balance sheet.

b. *Cash flow hedges* – Represents a hedge against exposure to variations in the cash flows of a forecast transaction which (i) is attributable to a specific risk associated with a recognized asset or liability, or with a highly probable event, and which (ii) may affect the result of the period. The hedged derivative instrument is valued at fair value. The effective portion of the gain or loss on the hedge instrument is recorded in the comprehensive profit and loss account as part of stockholders’ equity and the ineffective portion is recorded in the results of the year as part of the “Trading income”.

   The effective hedge component recognized in stockholders’ equity associated with the hedged item, is adjusted to equal the lower (in absolute terms) of the accumulated gain or loss on the hedge derivative financial instrument since its inception, and the accumulated change in the present value of the future cash flows expected from the hedged item since the inception of the hedge.

   Any residual gain or loss on the hedge instrument is recognized in the results for the period.

The Society ceases hedge accounting when the derivative has matured, when it is sold, when it is canceled or exercised, when the derivative is not sufficiently effective to offset the changes in the fair value or cash flows from the hedged item, when it is determined that the forecast transaction will not occur.

As of December 31, 2020, 2019 and 2018, the Society only has derivatives contracted for cash flow hedging purposes.

Loan portfolio - Represents the amounts disbursed to borrowers plus uncollected accrued interest. The "allowance for loan losses" is presented as a deduction from the portfolio's balances.

Credit is granted based on a credit analysis which uses the internal policies and operating manuals established by the Society.

The unpaid balance of the loans is recorded as a non-performing portfolio when the respective installments have not been fully settled under the original terms established, considering the following:

- If the borrowings consist of loans with partial periodic payments of principal and interest and are 90 or more calendar days in arrears.

- If the borrowings consist of revolving credits and are two monthly billing periods past due, or, when the billing period is not monthly, when the credits are 60 or more calendar days past due.

When a loan is considered non-performing, the related accrual of interest is suspended. As long as the loan is classified within non-performing portfolio, the control of the uncollected accrued interest or accrued financial revenue is maintained in memorandum accounts. With regard to uncollected accrued interest on the non-performing portfolio, an estimated allowance is recorded for an amount equivalent to the total of such interest at the time it is transferred to non-performing portfolio. If past due interest is collected, it is recognized directly in results for the year.

Non-performing loans in which the unpaid balances (principal and interest, among others) are fully settled are returned to performing portfolio, in accordance with the Provisions.

Restructured loans are classified and presented as non-performing portfolio, so long as there is no evidence of sustained payment, which is considered to occur when there is timely payment of three consecutive repayments. Additionally, the probability of default of this portfolio in the model reserve is 100%.

Annual fee commissions collected from customers are recognized as revenues on a deferred basis and are amortized using the straight-line method over a year in the credit term. The commissions collected for the initial granting of the loan and its associated costs are not deferred over the term of the loan, due to Management believes that their effect is not material or significant given that the loans have short-term maturities. Commissions for borrowings on lines of credit and collection expenses are recognized in results at the time they are collected.

Allowance for loan losses - In official notification 310-85406/2009 dated March 2, 2009, the Commission informed the Society that it must calculate the allowance for loan losses based on the different methodologies established by the Commission for credit institutions, using the general methodology or the internal methodologies established in the Provisions, which, in the case of the latter, does not require approval by the Commission. As a result of this, since such date the Society rates its loan portfolio using an internal methodology based on the probability of default by the borrowers and on the severity of the credit loss, as established in article 124 of the Provisions.

The Society recognizes an Allowance for Loan Losses (EPRC) for impairment of the loan portfolio based on an evaluation of credit risk. The EPRC is estimated based on all possible events of default in the loan portfolio.

The Society determines the EPRC individually for the loans that have particular characteristics that require this type of evaluation, in the event that it is impractical to carry out an individual evaluation, homogeneous loans are grouped based on common characteristics and evaluated on a collective basis.

For the commercial portfolio, the Society estimates the EPRC based on its experience of past credit losses, current changes in the behavior of its clients and future economic forecasts, for which it classifies its portfolio by degree of arrears in payment and allocates different amounts of EPRC to each of the segments of its portfolio.

When determining the EPRC, the Society considers the risk that a credit loss will occur, even when the probability of its occurrence is very low. When there is already a verified default, the Probability of Default (PD) is 100%.

The Society carries out the following procedure to calculate the EPRC estimate for impairment of the loan portfolio: i) determine the PD factor, ii) determine the Severity of Loss factor (SL) and iii) apply the PD and SL factors to the loan portfolio, thereby obtaining the amount that should be recognized as EPRC for the loan portfolio.

PD can be increased by reasonable and sustainable forecasts of future quantifiable adverse events, such as the fact that a segment of the credit portfolio is facing a difficult economic situation due to extraordinary circumstances or natural causes.

The SL is determined considering historical experience, current conditions and reasonable and supportable forecasts of quantifiable future events. Therefore, the severity of loss is the one which would result from not collecting part or all of the cash flows related to the loan portfolio. When determining the SL, the Society considers collateral and other credit enhancements that may be held.

The Society considers a decrease in the PD and SL factors when it has evidence that there is an improvement in the collection and in the credit risk of the loan portfolio or in some segment thereof.

When the Society's Management concludes there is zero probability of collecting a loan, it derecognizes the net carrying amount and related EPRC. If the estimate is insufficient, the difference affects the net profit or loss of the period.

The procedure to estimate the EPRC of the FIRPI takes into account that the estimated life is usually greater than that of the accounts receivable and that their PD.

The Society determines the EPRC individually for the loans that have particular characteristics (generally, commercial portfolio) that require this type of evaluation. In the event that it is impractical to carry out an individual evaluation, homogeneous loans are grouped based on common characteristics and evaluated on a collective basis.

When increases in credit risk in a segment are significant, even when there is no evidence that there are such increases at the level of individual loans, an evaluation can be made on a collective basis, considering information that allows for the identification of significant increases in credit risk at the segment level of the loan portfolio. This is to ensure that the objective of recognizing the EPRC throughout the life of the loan portfolio is met.

To calculate the EPRC estimate, Management first determines the credit risk stage of the loans and then the recoverable amount, considering the time value of the money.

The credit risk stages of the loan portfolio are as follows:

1. *Low credit risk.* Loans for which credit risk has not increased significantly since initial recognition until the date of the consolidated financial statements.
2. *Significant increase in credit risk.* Are those that have shown a significant increase in credit risk since initial recognition as of the date of the consolidated financial statements; and
3. *High credit risk.* Loans that are impaired due to one or more events having occurred that negatively impact the expected future cash flows of the loan portfolio.

Once the credit risk is determined, based on the SP and the PI, the recoverable amount (MR) of the portfolio with credit risk is calculated, valuating the cash flows that are estimated to be recovered at their present value. The accumulated amount of the EPRC results from comparing the recoverable amount against the gross value of the loan or the loan segment that is being evaluated.

The EPRC is recognized as an expense under "Provision for loan losses" in the statements of income when determined, and in case of duly supported favorable changes in the credit quality of the IFCPI, the excess EPRC must be reversed in the period in which such changes occur against the same item in the statement of income. Professional judgment should be used to determine the amount to be reversed. In the event that an amount previously written off is recovered, the corresponding effect is also recorded in such account.

Evidence of sustained payment of the loan –This is considered to have occurred when timely payment is received from the borrower for the total amount of principal and interest payable, at least three consecutive repayments of the credit payment scheme, or in the case of loans with repayments covering periods greater than 60 natural days, the payment of an exhibition.

In the case of loans with a single payment of principal at maturity, irrespective of whether the interest payment is periodic or at maturity, it is considered that there is a sustained payment of the loan when one of the following criteria is met:

a) The borrower has covered at least 20% of the original loan amount at the time of restructuring or renewal, or,
b) The amount of accrued interest has been covered in accordance with the payment scheme for restructuring or renewal corresponding to a period of 90 days.

Restructuring and loan renewals - A restructuring is an operation which is derived from any of the following situations:

a) Extension of guarantees that cover the loan in question, or
b) Modifications to the original conditions of the loan or to the payment scheme, including:

    - Change in the interest rate established for the remaining term of the loan;
    - Change of currency or unit of account.
    - Granting a waiting period for compliance with payment obligations in accordance with the original terms of the loan, unless such concession is granted after the originally agreed period has expired, in which case it will be a renewal.
    - Extension of the term of the loan.

A renewal is a transaction in which the balance of a loan is partially or totally settled through the increase in the original amount of the loan, or with the proceeds from another loan contracted with the same entity in which one of the parties is the same debtor or another individual or entity with equity stockholding relationships thereby constituting a joint risk.

Notwithstanding the foregoing, a loan will not be considered renewed due to the provisions made during the term of a pre-established credit line, provided that the borrower has settled all the payments required by the original terms of the loan.

The specific rules regarding the recognition of restructurings and renewals are as follows:

1. Non-performing loans that are restructured or renewed will remain in the non-performing portfolio, as long as there is no evidence of sustained payment.

2. Loans with single payment of principal at maturity, regardless of whether the interest is paid periodically or at maturity, restructured during its term or renewed at any time, will be considered as non-performing portfolio until there is evidence of sustained payment.

3. Loans granted under a credit line, revolving or not, that are restructured or renewed at any time, may be maintained in the performing portfolio provided that there are elements that justify the ability of the borrower to pay. Additionally, the borrower must have:

    a) Paid all accrued interest, and
    b) Covered the totality of the payments to which it committed under the terms of the contract at the date of the restructuring or renewal.

4. In the case of credit disbursements made under one line, when they are restructured or renewed independently of the line of credit that covers them, they shall be evaluated in accordance with this section, taking into account the characteristics and conditions applicable to the disbursement or restructured or renewed borrowings. When it is concluded from such analysis that one or more of the loans granted under a credit facility must be transferred to the non-performing portfolio as a result of a restructuring or renewal and such loans, individually or as a whole, represent at least the 25% of the total outstanding balance of the line of credit at the date of the restructuring or renewal, said balance, as well as its subsequent loans must be transferred to the non-performing portfolio as long as there is no evidence of sustained payment of the loans that originated the transfer to the non-performing portfolio, and the total of the loans granted under the credit line have complied with the obligations required at the date of the transfer to the performing portfolio.

5. Current loans with characteristics different from those indicated in the preceding paragraphs 2 to 4 that are restructured or renewed, without at least 80% of the original term of the loan having elapsed, will be considered to remain classified as a performing portfolio only when:

   a) The borrower has covered all the interest accrued at the date of the renewal or restructuring, and
   b) The borrower is current on the principal of the original loan amount as of the date of the renewal or restructuring.

   In the case that all of the aforementioned conditions are not met, the loan will be classified as non-performing since the moment of the restructuring or renewal until there is no evidence of sustained payment.

6. In the case of current loans with characteristics different from those indicated in subparagraphs 2 to 4 that are restructured or renewed during the course of the final 20% of the original term of the loan, these will be classified as performing loans only when the borrower has:

   a) Paid all accrued interest on the date of the renewal or restructuring;
   b) Is current with respect to payments on the principal at the date of the renewal or restructuring, and
   c) Covered 60% of the original loan amount.

If the aforementioned conditions are not met, the loan will be classified as non-performing from the moment they are restructured or renewed and until there is evidence of sustained payment.

The requirement referred in subparagraphs 5 and 6 above in its corresponding paragraphs a) will be considered fulfilled, when the accrued interest has been covered at the last cut-off date, the period elapsed between that date and the restructuring or renewal does not exceed the minor between half of the current payment period and 90 days.

Current loans with partial periodic payments of principal and interest that are restructured or renewed on more than one occasion may remain in the performing portfolio if, in addition to the conditions established in subparagraphs 5 or 6 above, as applicable, the payment capacity of the borrower can be supported. In the case of commercial loans, such evidence supporting payment capacity must be duly documented and integrated into the credit file.

In the event that through a restructuring or renewal, various loans granted by the Society to the same borrower are consolidated, each of the consolidated loans must be analyzed as if they were restructured or renewed separately and, if such analysis concludes that one or more of such loans would have been transferred to the non-performing portfolio as a result of the restructuring or renewal, then the total balance of the consolidated loan must be transferred to the non-performing portfolio.

The foregoing shall not apply to those restructurings that, at the date of the transaction, present payment fulfillment for the total amount of principal and interest payable and only modify one or more of the following original credit conditions:

- Guarantees: only when they imply the extension or replacement of guarantees by others of better quality.
- Interest rate: when the borrower's interest rate is improved.
- Currency or unit of account: as long as the corresponding rate is applied to the new currency or unit of account.
- Payment date: only in the case that the change does not imply exceeding or modifying the periodicity of the payments. In no case shall the change in the payment date allow the omission of payment in any period.

Penalties, eliminations and recoveries of loan portfolio- The Society periodically evaluates whether a non-performing loan should remain in the balance sheet or be written-off. Such write-off is made by canceling the unpaid balance of the loan against the allowance for loan losses. When the loan to be written-off exceeds the balance of the related allowance, before the penalty takes place, such allowance is increased to eliminate the difference prior to the write off.

Any recovery derived from loans previously written-off or eliminated is recognized in the results of the year under provision for loan losses.

Other accounts receivable- Accounts receivable different from the Society's loan portfolio represent recoverable tax balances, among others. The accounts receivable related to identified debtors with more than 90 calendar days and 60 calendar days for unidentified debtors in arrears require the creation of an allowance that reflects the degree of non-collectability. This allowance is not created for recoverable tax balances.

Property, furniture and equipment- Are recorded at acquisition cost. The assets derived from acquisitions as of December 31, 2007 were restated by applying factors derived from the Investment Unit (UDI) up to that date.

The related depreciation and amortization is recorded by applying a percentage determined based on the estimated useful life of the assets to the cost restated up to that date.

Depreciation is determined on the cost or restated cost up to 2007 by using the straight-line method, as of the following month of the respective purchase, applying the rates detailed below:

	Rate
Real property	5%
Computers	25%
Automatic cash dispensers (ATMs)	15%
Furniture and equipment	10%
Vehicles	25%
Leasehold improvements	5% to 20%

Other assets- Technology-related development costs and intangible assets are initially recorded at the nominal value paid. The amortization of technology-related development costs and intangible assets with a definite life are calculated using the straight-line method, applying the respective rates to the restated expense.

Goodwill - Goodwill is mainly attributable to the excess of the purchase price paid over the fair value of the assets of:

a) Apoyo Económico Familiar de México, S.A. de C.V., SOFOM, E.N.R., (previously Financiera Finsol, S.A. de C.V., Sofom, E.N.R.), Finsol, S.A. de C.V. and Instituto Finsol – IF, acquired on February 19, 2010.

b) Apoyo Económico Familiar, S.A. de C.V., Sofom, E.N.R., acquired on March 15, 2011.

c) Servicios Corporativos AEF, S.A. de C.V., acquired on February 28, 2011.

d) Apoyo Financiero Inc., acquired on February 28, 2011 and December 18, 2013.

Goodwill is not amortized but is subject to impairment tests at least once a year.

Impairment of long-lived assets in use- The Society reviews the carrying amount of long-lived assets in use, in the presence of any indicator of impairment that shows that the carrying amount may not be recoverable considering the higher of the present value of the future net cash flows or the net selling price in the case of their eventual disposal. Impairment is recorded if the carrying amount exceeds the higher of the aforementioned values. The indicators of impairment considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results which, in percentage terms, in relation to revenues, are substantially superior to those from previous years, services rendered, competition and other economic and legal factors. The Society has carried out an evaluation in accordance with NIF C-15, *Impairment in the Value of Long-lived Assets and their Disposal*, and no impairment was identified in the value of long-lived assets.

Income taxes - Income Tax (“ISR”), is recorded in results of the year in which it is incurred. The Society determines deferred tax by considering temporary differences, tax losses and credits, when these items are initially recognized and at the end of each period. The deferred tax derived from temporary differences is recognized by the asset and liability method, which compares the accounting and tax values of assets and liabilities.

***Securitization certificates* -** They are represented by the issuance of debt instruments known as Securitized Certificates ("Cebures") and are measured based on outstanding principal and unpaid accrued interest for the days elapsed to the date of preparation of the consolidated financial statements in results of the year.

Issuance costs are recognized initially as deferred charges and are amortized against results for the year, taking the term of their underlying instruments as their basis.

***Borrowings from banks and from other entities*-** Refer to credit lines and other loans obtained from other entities, which are recorded at the contractual value of the obligation, with interest recognized in results as are accrued.

***Sundry creditors and other accounts payable*-** Are recognized when there is a present obligation derived from a past event which will probably result in the outlay of economic resources and can be reasonably estimated.

Foreign currency transactions- Foreign currency transactions are recorded at the exchange rate in effect on the transaction date. Assets and liabilities denominated in foreign currency are adjusted at the year-end exchange rates determined and published by the Central Bank.

Revenues and expenses from foreign currency transactions are translated at the exchange rate in effect on the transaction date, except for transactions carried out by the foreign subsidiaries, which are translated at the fix exchange rate at the end of each period.

Foreign exchange fluctuations are recorded in the statements of income of the year in which they occur.

Financial margin- The Society's financial margin is composed of the difference between total interest income and total interest expense.

The interests income on the loans granted are recognized in the statement of income as it is accrued, based on the terms and interest rates established in the contracts signed with the borrowers. The interests on non-performing portfolio are recognized in results only when it is actually collected.

Interest expenses refers to bank loans and other entities, as well as issuance expenses and the discount on debt issuance. The amortization of the costs and expenses associated with the initial credit granted forms part of the interest expense.

***Memorandum accounts* -** Memorandum accounts record assets or commitments which do not form part of the Society's balance sheet because the related rights are not acquired or such commitments are not recognized as a liability of the entities until such eventualities materialize, respectively. The accumulated amounts in the memorandum accounts have only been subject to audit testing when an accounting record derives from their information.

***Employee benefits* -** Employee benefits are those granted to personnel and/or their beneficiaries in exchange for the services rendered by the employee, which include all kinds of remuneration earned, as follows:

i. *Direct employee benefits* - Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly commissions, bonus and other incentives.

ii. *Post-employment benefits* - Liabilities for seniority premiums, pensions and severance for voluntary or involuntary termination benefits are recorded as accrued and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

iii. *Employee benefits from termination* - The benefits from termination of the employment relationship which do not generate assumed obligations are recorded at the time that: a) the Society no longer has any real alternative other than to fulfill the payments of such benefits or cannot withdraw an offer or b) the Society fulfills the conditions established for a restructuring.

iv. *Statutory employee profit sharing ("PTU")* - PTU is recorded in the results of the year in which it is incurred. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

As of December 31, 2020, 2019 and 2018, PTU is determined based on taxable income, according to Section I of Article 9 of the Income Tax Law.

Earnings per share- Basic earnings per common share are calculated by dividing consolidated net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are determined only when there is income from continuing operations by adjusting consolidated net income and common shares on the assumption that the Society's commitments to issue or exchange its own shares are to be met.

Stock Option Plan (SOP) - The Society has a SOP plan for certain eligible employees and officers. The SOP plan was implemented through a trust managed by a Mexican bank as trustee, in accordance with Mexican laws. This plan allows for qualifying employees to acquire common stock shares through the trust. The Society finances the trust through contributions, so that the trust in turn acquires common stock shares by means of purchases on the open market through the BMV. The options awarded under the plan are generally acquired in equivalent partial distributions over a five-year period. The trust purchases sufficient shares on the stock market to handle all the awards of shares at the time they are granted, not when they are acquired. If an employee forfeits the right to an option before it is acquired, the shares represented by such options will be held in the trust until the requirements are fulfilled for their allocation to another beneficiary. The trust currently has 25,000,000 ordinary common stock shares. Historically, no share contributions have ever been made to the trust through the issuance of new shares and currently there are no plans to do so. The share price as of December 31, 2020, 2019 and 2018 was $7.35, $8.50 and $2.36, respectively.

4. Funds available

The account of funds available is composed mainly cash on hand, bank deposits and immediately realizable investments, which are highly liquid and with little risk of changes in their value, as shown below:

	2020	2019	2018
Cash on hand	$ 54,699	$ 63,026	$ 76,322
Mexican banks	368,731	232,255	303,019
Immediately realizable investments	435,514	157,248	55,774
	$ 858,944	$ 452,529	$ 435,115

Immediately realizable investments refer to the investment of treasury surpluses with the purpose to obtain a better short-term return. These investments are made through securities firms and investment funds which trade on the Mexican market.

As of December 31, 2020, 2019 and 2018 the average rates of the investments were 4.7%, 7.9% and 6.6%, respectively. Furthermore, for the years ended December 2020, 2019 and 2018 interest income on the investments was $19,722, $13,749 and $11,415, respectively. In 2020, 2019 and 2018 the maturities of these investments were between one and three days. As of December 2020, 2019, and 2018 restricted investments were $50,211, $64,988 and $53,713, respectively.

5. Transactions with financial derivatives

The Society's activities expose it to a wide range of financial risks: market risks (including exchange risk and interest rate risk, principally), credit risk and liquidity risk. The risk management practice takes into account the unpredictable nature of the financial markets and seeks to minimize the potential negative effects in the Society's financial performance. Based on the guidelines issued by the Board of Directors, the Society implemented the use of financial derivatives to hedge certain exposures to market risks, particularly, a significant rise in the exchange rate of the Mexican peso vs USD.

The Society's policy is not to carry out speculative transactions with derivative financial instruments. Below is a summary of the transactions performed with financial derivatives:

2020									
Type of instrument	**Notional amount hedged**		**Annual interest rate**						
Swap	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**		**Fair value**
Currency and interest rate hedge (a)	USD $53,633	MXN $1,034,446	30-jun-20	19-jul-22	19.2875	8.00%	14.56800%	$	7,780
Currency and interest rate hedge (a)	USD $30,747	MXN $537,765	24-feb-20	19-jul-24	17.4900	8.00%	13.9050%		79,224
Currency and interest rate hedge (a)	USD $42,410	MXN $744,181	30-jun-20	19-jul-24	17.5473	8.00%	13.8650%		110,912
Interest rate hedge	USD $10,000	USD $10,000	10-ene-20	10-jan-21	N/A	LIBOR 3M + 3.20	5.0500%		(800)
Currency and interest rate hedge	USD $10,000	R $40,554	10-ene-20	10-jan-21	4.0672	5.9412%	9.6700%		42,560
							Total	$	239,676

2019									
Type of instrument	**Notional amount hedged**		**Annual interest rate**						
Swap	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**		**Fair value**
Currency and interest rate hedge	USD $53,633	MXN $1,034,446	19-jul-19	19-jul-22	19.2875	8.00%	14.56800%	$	(116,938)
Currency and interest rate hedge	USD $48,247	MXN $843,840	30-apr-19	19-jul-24	17.4900	8.00%	13.9050%		71,497
Currency and interest rate hedge	USD $71,476	MXN $1,254,211	29-mar-19	19-jul-24	17.5473	8.00%	13.8650%		44,462
Interest rate hedge	USD $14,807	USD $14,807	10-jan-19	10-jan-20	N/A	LIBOR 3M + 3.20	6.1000%		(627)
Currency and interest rate hedge	USD $14,807	R $55,094	10-jan-19	10-jan-20	3.7208	7.1765%	11.3000%		19,751
							Total	$	18,145

2018									
Type of instrument	**Notional amount hedged**		**Annual interest rate**						
Swap	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**		**Fair value**
Currency and interest rate hedge	USD $56,758	MXN $1,078,402	7-sep18	19-jul-19	19.0000	7.50%	7.4026%	$	64,776
Currency and interest rate hedge	USD $52,058	MXN $910,494	28-nov-18	19-jul-24	17.4900	8.00%	13.9050%		200,613
Currency and interest rate hedge	USD $74,250	MXN $1,302,887	20-dec-18	19-jul-24	17.5473	8.00%	13.8650%		223,222
Interest rate hedge	USD $14,807	USD $14,807	10-jan-18	10-jan-19	17.5473	LIBOR + 3.20%	5.2250%		343
Currency and interest rate hedge	USD $14,807	R $48,093	09-jan-18	10-jan-19	3.2480	6.1471%	11.30%		44,808
							Total	$	533,762

Trading markets and eligible counterparties

The financial markets through which the Society performs derivative financial transactions are known as “over the counter” (“OTC”). The Society only utilizes commonly utilized financial derivatives on OTC markets, which can be listed with two or more financial institutions to ensure optimum contracting conditions. Given that swaps are traded with financial institutions with good credit ratings, the risk of default regarding the obligations and rights acquired with counterparties is deemed to be low.

Margin, collateral and credit line policies

Margin, collateral and credit line policies are defined by the Society according to applicable policies and procedures manuals, which adhere to the guidelines, terms and conditions detailed in outline agreements, establishing warranties for the settlement of agreed payments.

Considering the type of transactions, the Society has not faced any adverse situations such as changes to the value of the underlying asset or reference variables. These changes could mean that contracted financial derivatives differ from the situation for which they were originally considered, significantly modify their scheme, imply a partial or total hedge loss and require that the contracting parties assume new obligations, commitments or cash flow variances that could affect their liquidity (e.g., due to margin calls).

Regarding warranties or collaterals as of the date, the Society has not delivered collateral to its counterparties. Finally, no defaults have been reported as regards the contracts executed at that date.

The Society monthly values its derivative financial instruments contracts at fair value. The fair value of a swap is considered as the difference between the net present value of the asset and liability legs. In order to calculate the current net value of each leg, the Society initially determines future cash flows based on the interest rate detailed in the confirmation letter. These cash flows are subsequently discounted at their current value according to an interest rate (curve) that reflects the currency in which they are denominated. This fair value is reported by the institutions or counterparties with which contracts are executed. Valuations are determined according to the Society's methodologies and by utilizing valuation procedures, techniques and models recognized by the market.

The Society periodically applies effectiveness tests through the hypothetical derivative method, which involves measuring the change in fair value of the hypothetical derivative reflecting the primary position against the change in fair value of hedge swaps. Accordingly, as of December 31, 2020, 2019 and 2018, the hedging relationship is highly effective.

Hedging

(a) ***Hedging contracted for the foreign currency bonds issued in 2017***

In order to mitigate foreign exchange risk on the international bond for USD $250 million issued in 2017 (see Note 11), the Society contracted three exchange rate Cross Currency Swaps (CCSs), two of them in June 2020, with HSBC and with Barclays (the counterparties), through which the Society receives six-monthly fixed-rate flows of 8.00% and pays six-monthly 13.9050% fixed rate flows with HSBC, 14.5680% and 13.8650% with Barclays, on notional amounts equivalent in pesos. The life of both derivative financial instruments is tied at the maturity of the Bond; In addition, at the expiration of the issuance of the bond, an exchange of the contracted securities will be made, with the sole purpose of setting the exchange rate in 2024 at $17.49, $19.2875 and $17,5473, respectively, Mexican pesos per dollar, eliminating the exchange risk.

During March and June 2020, repurchases of the bond issued for USD $250 million were made, with USD $184.4 million as a circulation amount. For this reason, the Society made partial cancellations of two of the three derivatives it maintains for this coverage, maintaining the conditions agreed at the beginning, such as rates, payment dates and maturity. The derivative with Barclays decreased its notional by USD $29.06 million, remaining USD $42.41 million and the derivative with HSBC decreased its notional by USD $17.5 million, remaining USD $30.74 million. These cancellations were made in order to maintain the risk management strategy where derivatives are used to cover approximately 70% of the bond and the rest is naturally covered with dollars that are kept in cash. Because the partial cancellation of derivatives corresponds to a decrease in the covered position, the net effect of the partial cancellation of the derivatives that was hosted in ORI was immediately recorded in results, at the same time that the covered position affected results.

Sensitivity analysis:

The Society only contracts financial derivatives for hedging purposes. All these derivatives are intended to mitigate the risk for which they were contracted. The financial derivatives maintained in the Society's position do not lose their hedging effectiveness at any variance level. In this regard, any change to the fair value of the contracted instrument does not affect its nature, use or effectiveness level.

The periods where the cash flows are expected to occur and will affect the results are as follows: On July 2022 Barclays Swap, July 2024 Barclays Swap and July 2024 HSBC Swap.

Market risk

As the acquired CCS are denominated in the same currency as the hedged primary position, the effectiveness ratio is high regardless of the sensitivity or stress scenario utilized. This is the case because changes to financial derivatives are offset by the cash flow changes of the primary position.

As an additional risk management measure, the Society applies sensitivity tests to the exchange risk factor to which it is exposed based on its market risk. The sensitivity percentages used are based on the scenarios that can reasonably be expected to arise, bearing in mind the historical volatility of this risk factor. As Management utilizes this sensitivity analysis, it does not have a policy for performing Value at Risk (VaR) calculations.

Under a scenario whereby the depreciation of the Mexican peso versus the USD adversely affects debt principal by $250,000, however, the hedged portion would be covered with the exchange fluctuation by contracted swap coupons, so the effect in results derived from these coupons would be offset for an amount of up to the hedged debt percentage.

Liquidity risk

As of December 31, 2020, the Society is not exposed to liquidity risk for its derivative financial instruments because at the review date they show a surplus.

Credit risk

The Society manages the credit risk related to its derivatives portfolio by only performing transactions with acknowledged counterparties with good credit ratings. As of December 31, 2020, the counterparty credit risk is immaterial.

6. Loan portfolio

The classification of the performing and non-performing loan portfolio is comprised as follows:

	2020	2019	2018
Performing loans:			
Consumer loans	$ 6,656,460	$ 8,261,049	$ 7,755,350
Commercial loans	-	5,754	24,753
Total performing loans	6,656,460	8,266,803	7,780,103
Non-performing loans:			
Consumer loans	359,057	517,737	454,687
Total non-performing loans	359,057	517,737	454,687
	$ 7,015,517	$ 8,784,540	$ 8,234,790

	2020	2019	2018
Consumer loans:			
Performing principal	$ 6,419,048	$ 7,994,709	$ 7,471,797
Performing accrued interest	237,412	266,340	283,553
Performing consumer loans	6,656,460	8,261,049	7,755,350
Non-performing principal	300,287	432,705	377,529
Non-performing accrued interest	58,770	85,032	77,158
Non-performing consumer loans	359,057	517,737	454,687
Allowance for consumer loan losses	(687,724)	(577,673)	(556,435)
Total consumer loans, net	6,327,793	8,201,113	7,653,602
Commercial loans:			
Performing commercial loans	-	5,754	24,753
Total commercial loans, net	-	5,754	24,753
Total loans, net	$ 6,327,793	$ 8,206,867	$ 7,678,355

As of December 31, 2020, 2019 and 2018 the restricted portfolio amounts to $1,951,073, $2,718,828 and $1,490,113, respectively.

As of December 2020, 2019, and 2018 the restructured and renewed portfolio is as follows:

	2020		
Restructured portfolio	**Performing**	**Non-performing**	**Total**
Consumer loans	$ 2,799	$ 1,483	$ 4,282

	2019		
Restructured portfolio	**Performing**	**Non-performing**	**Total**
Consumer loans	$ 9,109	$ 4,800	$ 13,909

	2018		
Restructured portfolio	**Performing**	**Non-performing**	**Total**
Consumer loans	$ 7,041	$ 4,530	$ 11,571

The loan portfolio segmented by credit type is detailed below:

	2020		2019		2018	
Credit type	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Performing portfolio:						
CrediInmediato	$ 1,547,992	23	$ 1,766,704	22	$ 1,903,034	24
Grupal	330,619	5	1,132,475	14	1,177,522	15
CrediPopular	269,544	4	335,016	4	414,050	5
Tradicional	1,698,133	26	1,793,726	22	1,648,542	22
CrediMamá	17,540	-	20,799	-	25,330	-
CrediConstruye	-	-	31	-	250	-
Plan celular	5,270	-	26,209	-	52,887	1
AFI	1,939,248	29	2,172,852	26	1,760,850	23
Más Nómina	848,114	13	1,013,237	12	772,885	10
Commercial loans (Siempre Creciendo)	-	-	5,754	-	24,753	-
	$ 6,656,460	100	$ 8,266,803	100	$ 7,780,103	100

	2020		2019		2018	
Credit type	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Non-performing portfolio:						
CrediInmediato	$ 93,049	26	$ 185,930	36	$ 169,485	37
Grupal	5,034	1	58,759	11	51,280	11
CrediPopular	19,639	6	33,729	7	36,077	8
Tradicional	140,586	39	149,089	29	139,852	31
CrediMamá	827	-	1,593	-	1,483	-
CrediConstruye	-	-	15	-	17	-
PlanCelular	423	-	2,254	-	3,627	1
AFI	84,690	24	69,920	14	39,116	9
Más Nómina	14,809	4	16,448	3	13,750	3
	359,057	100	517,737	100	454,687	100
Total loan portfolio	$7,015,517	100	$ 8,784,540	100	$ 8,234,790	100

As of December 31, 2020, 2019 and 2018 the types of loans held by each entity are as follows:

Financiera Independencia loans

- CrediInmediato: is a revolving credit line of between $3 and $20, which is available to natural persons who earn at least the minimum wage in Mexico City. As of December 31, 2020, 2019 and 2018, the amount of unused credit lines was (unaudited) $488 million, $419 million and $325 million, respectively.

- CrediPopular: is a loan focused on the informal sector of the Mexican economy. Loans are granted for amounts ranging from $1.8 to $4.8, for an average of 26- week period, which can be renewed based on the borrower's credit behavior.

- CrediMamá: is a loan focused for mothers with at least one child under the age of 18. These loans are initially granted for amounts ranging from $1.8 to $2.4, for an average 26-week period, which can be renewed based on the borrower's credit behavior.

- CrediConstruye: is a loan available for natural persons who earn at least the monthly minimum wage in Mexico City, which is intended to finance housing improvements. These loans are initially granted for amounts ranging from $3 to $20, for a maximum two-year period.

- MásNómina: is a loan which is discounted via the payroll and is intended for the employees of public or private institutions affiliated with the Society. These loans are granted for amounts ranging from $3 to $80, for a maximum three-year period.

- PlanCelular: is a loan available for natural persons who are formally self-employed, and is intended to finance a cell phone and/or cell phone plan, for an amount of up to $6. It has a maximum term of eighteen monthly installments.

Commercial loans

The Society acquired, under the factoring model and through a Trust contract executed with Banco Regional de Monterrey, S.A. de C.V., Institución de Banca Múltiple, Banregio Grupo Financiero, División Fiduciaria, a portion of the commercial portfolio of Siempre Creciendo, S.A. de C.V., SOFOM, E.N.R. ("Siempre Creciendo"). The Society will receive the principal payment plus portfolio returns from the Trust. The Trust will remain in effect until the date in which the portfolio is fully collected by the Society. At the end of 2020, the portfolio was collected entirely.

Finsol loans

- Group: is a loan focused to clients which should their own and independent productive, commercial or service activity. This product is granted to groups of between 4 and 60 members for amounts ranging from $0.5 to $24, for an average 16-week period. Based on each group's credit behavior, the loan amount can be increased at the end of each cycle.

AEF loans

- Traditional: is a loan focused for natural persons who can certify their revenues as employees or based on their own businesses. This product involves a loan of between $1.5 and $50. The average loan period is 18 months, which can be renewed based on the credit behavior of each customer.

- Preferential: is a loan available for natural persons who can certify their revenues through payroll receipts or by an independent account; they must also demonstrate an excellent credit history as a loan amount of up to $80 can be granted for a maximum 36-month period.

AFI loans

These loans are granted for amounts ranging from USD $ 3,000 and USD $ 10,000 to individuals who can certify their revenues as employees. In this case, the average loan period is 15 months.

As of December 31, 2020, 2019 and 2018 loan portfolio aging based on the number of days of maturity is as follows:

	2020							
	0 days	01-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Total
Performing	$ 5,478,277	$ 839,769	$ 226,399	$ 112,015	$ -	$ -	$ -	$ 6,656,460
Non-performing	-	17	363	21,922	116,341	107,388	113,026	359,057
Total	$ 5,478,277	$ 839,786	$ 226,762	$ 133,937	$ 116,341	$ 107,388	$ 113,026	$ 7,015,517

	2019							
	0 days	01-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Total
Performing	$ 6,651,750	$ 1,146,792	$ 288,184	$ 180,077	$ -	$ -	$ -	$ 8,266,803
Non-performing	-	-	1,480	38,775	185,844	157,376	134,262	517,737
Total	$ 6,651,750	$ 1,146,792	$ 289,664	$ 218,852	$ 185,844	$ 157,376	$ 134,262	$ 8,784,540

	2018							
	0 days	01-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Total
Performing	$ 6,108,624	$ 1,166,777	$ 326,504	$ 178,198	$ -	$ -	$ -	$ 7,780,103
Non-performing	-	-	1,110	42,062	156,465	141,869	113,181	454,687
Total	$ 6,108,624	$ 1,166,777	$ 327,614	$ 220,260	$ 156,465	$ 141,869	$ 113,181	$ 8,234,790

Ordinary and penalty interest income associated with the loan portfolio and detailed by product is comprised as follows:

	2020		2019		2018	
Credit type	Amount	%	Amount	%	Amount	%
CrediInmediato	$ 1,475,434	30	$ 1,660,416	31	$ 1,624,812	31
Grupal	618,194	13	930,702	17	967,049	20
CrediPopular	274,544	6	354,369	7	388,373	8
Tradicional	1,329,432	28	1,338,884	25	1,150,199	23
CrediMamá	17,286	-	20,512	-	23,360	-
CrediConstruye	6	-	102	-	334	-
AFI	746,125	16	694,105	13	530,309	11
MásNómina	346,475	7	364,243	7	336,072	7
	$ 4,807,496	100	$ 5,363,333	100	$ 5,020,508	100

7. Allowance for loan losses

The following table indicates the percentages used to generate the allowance for loan losses as of December 31, 2020, 2019 and 2018 which were determined according to the probability of noncompliance and severity of the loan portfolio loss.

	Period	2020 Amount	2020 Allowance (%)	2020 Amount	2019 Amount	2019 Allowance (%)	2019 Amount	2018 Amount	2018 Allowance (%)	2018 Amount
Weekly										
	0	$ 87,215	0.6%	$ 497	$ 65,318	0.6%	$ 387	$ 46,812	0.6%	$ 286
	1	15,055	1.9%	280	15,701	2.0%	322	8,437	2.2%	187
	2	9,405	3.6%	335	8,439	3.3%	274	6,902	2.9%	202
	3	4,971	7.4%	369	4,448	7.2%	321	4,263	7.4%	315
	4	3,382	11.7%	396	4,435	11.9%	529	4,014	12.7%	511
	5	1,870	15.9%	297	3,018	16.2%	490	2,768	17.3%	478
	6	1,635	19.3%	316	1,900	19.2%	366	2,801	20.5%	575
	7	1,257	26.3%	330	2,127	27.3%	581	1,150	30.8%	355
	8	1,271	30.4%	386	1,948	32.1%	626	2,147	36.7%	787
	9	1,481	34.2%	507	1,986	35.9%	714	2,154	40.5%	873
	10	1,053	35.2%	371	1,648	36.4%	600	1,317	40.9%	538
	11	886	43.0%	381	1,746	44.8%	782	1,298	51.4%	667
	12	1,149	45.5%	522	1,951	48.3%	943	1,539	56.0%	862
	13	1,131	47.6%	539	1,810	50.2%	908	1,732	58.1%	1,007
	14	749	50.1%	375	1,681	52.9%	889	955	61.8%	590
	15	783	57.1%	447	1,182	59.8%	707	1,059	69.6%	737
	16	621	58.5%	363	1,811	62.2%	1,127	1,106	73.1%	809
	17	759	59.9%	454	1,768	62.9%	1,112	1,330	73.4%	976
	18 or more	5,570	85.8%	4,778	12,429	87.9%	10,917	8,472	100.0%	8,472
Total		$ 140,243	8.5%	$ 11,943	$ 135,346	16.7%	$ 22,595	$ 100,256	19.2%	$ 19,227

	Period	2020 Amount	2020 Allowance (%)	2020 Amount	2019 Amount	2019 Allowance (%)	2019 Amount	2018 Amount	2018 Allowance (%)	2018 Amount
Biweekly										
	0	$ 1,157,842	0.3%	$ 3,823	$ 1,401,277	0.4%	$ 5,325	$ 1,517,295	0.4%	$ 6,394
	1	153,863	1.7%	2,568	245,796	1.7%	4,216	269,306	1.7%	4,599
	2	59,745	6.0%	3,613	108,121	6.6%	7,093	138,241	7.2%	9,917
	3	25,490	12.0%	3,063	44,930	12.6%	5,657	57,786	13.4%	7,766
	4	20,162	19.4%	3,906	47,085	20.9%	9,864	64,081	23.9%	15,328
	5	12,000	29.4%	3,532	32,819	30.6%	10,055	34,825	33.7%	11,720
	6	14,858	35.8%	5,313	37,914	37.9%	14,350	42,113	43.9%	18,478
	7	11,783	47.7%	5,618	30,374	49.0%	14,895	26,397	55.0%	14,508
	8	12,152	51.5%	6,264	36,929	54.0%	19,935	33,490	62.8%	21,046
	9	8,967	60.4%	5,413	27,469	61.2%	16,804	21,468	68.5%	14,697
	10	9,381	63.7%	5,974	29,363	65.8%	19,311	27,792	75.5%	20,970
	11	8,786	72.0%	6,326	18,990	72.8%	13,834	15,880	81.9%	13,007
	12	7,842	74.7%	5,860	25,225	76.3%	19,253	25,422	87.3%	22,182
	13 or more	-	85.8%	-	-	87.9%	-	-	100.0%	-
Total		$ 1,502,871	4.1%	$ 61,273	$ 2,086,292	7.7%	$ 160,592	$ 2,274,096	7.9%	$ 180,612

	Period	2020 Amount	2020 Allowance (%)	2020 Amount	2019 Amount	2019 Allowance (%)	2019 Amount	2018 Amount	2018 Allowance (%)	2018 Amount
Monthly										
	0	$ 165,450	0.3%	$ 557	$ 204,707	0.4%	$ 795	$ 224,110	0.5%	$ 1,014
	1	17,772	3.9%	691	29,936	4.2%	1,265	35,079	4.8%	1,679
	2	4,857	14.6%	710	8,651	16.3%	1,407	10,959	19.4%	2,124
	3	2,331	30.7%	715	5,719	33.2%	1,900	5,420	39.7%	2,150
	4	1,717	47.7%	819	4,269	50.6%	2,158	4,669	60.1%	2,808
	5	1,264	59.6%	754	3,108	62.5%	1,942	3,046	72.6%	2,210
	6	390	71.9%	281	793	73.4%	583	913	84.5%	773
	7	-	85.8%	-	-	87.9%	-	-	100.0%	-
	8	-	85.8%	-	-	87.9%	-	-	100.0%	-
	9 or more	-	85.8%	-	-	87.9%	-	-	100.0%	-
Total		$ 193,781	2.3%	$ 4,527	$ 257,183	3.9%	$ 10,050	$ 284,196	4.5%	$ 12,758

	2020			2019			2018		
	Amount	Allowance (%)	Amount	Amount	Allowance (%)	Amount	Amount	Allowance (%)	Amount
Skip a Payment portfolio:									
Simple with arrears	32,097	85.8%	27,532	-	0%	-	-	0%	-
Simple without arrears	13,625	85.8%	11,687	-	0%	-	-	0%	-
Revolving with arrears	60,869	85.8%	52,213	-	0%	-	-	0%	-
Revolving without arrears	142,984	42.0%	60,100	-	0%	-	-	0%	-
Accelerated Punishments	6,768	85.8%	5,806	-	0%	-	-	0%	-
	$ 256,343		$ 157,338	$ -		$ -	$ -		$ -
Restructured portfolio	$ 4,281	22.1%	$ 948	$ 13,909	24.5%	$ 3,410	$ 11,571	28.5%	$ 3,302
Commercial portfolio	$ -	0.0%	$ -	$ 5,754	0.0%	0.0%	$ 24,753	0.0%	$ -
MásNómina portfolio	$ 862,923	0.5%	$ 4,385	$ 1,029,685	0.6%	$ 6,505	$ 786,634	1.0%	$ 7,859
Group portfolio	$ 335,653	7.6%	$ 25,440	$ 1,191,234	8.7%	$ 103,878	$ 1,228,802	6.8%	$ 83,386
AEF portfolio	$ 1,695,484	13.2%	$ 223,036	$ 1,822,365	9.5%	$ 173,255	$ 1,724,516	11.3%	$ 194,276
AFI portfolio	$ 2,023,938	9.8%	$ 198,834	$ 2,242,772	4.3%	$ 97,388	$ 1,799,966	3.1%	$ 55,015
Total loan portfolio	$ 7,015,517		$ 687,724	$ 8,784,540		$ 577,673	$ 8,234,790		$ 556,435

The movements of the allowance for loan losses during the years ended of December 31, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Balances as of January 1	$ 577,673	$ 556,435	$ 593,545
Add:			
Increase of the allowance for loan losses charged to results	1,852,561	1,558,144	1,331,444
Less:			
Loans written-off during the period	(1,742,510)	(1,536,906)	(1,368,554)
Balance at the end of the year	$ 687,724	$ 577,673	$ 556,435

As of December 31, 2020, 2019 and 2018, the restructured portfolio amounted to $4,281, $13,909 and $11,571, respectively. As long as the loan portfolio remains restructured, the Society classifies and presents this portfolio as non-performing loans.

On 27 December 2017, the Commission issued an amendment decision to Accounting Criteria B-6 "Credit Portfolio" and D-2 "Statement of Results" of the Provisions, through which amendments were made so that credit institutions can cancel in the period in which they occur, surpluses in the balance of preventive estimates of credit risks, as well as to recognize the recovery of credits previously defaulted against the account of "Preventive estimation for credit risks". The entry in force of these amendments was from January 1, 2019. Pursuant to IFRS B-1, *Accounting Changes and Error Corrections* the application of this change in accounting criteria was applied retrospectively. The Society recognized in the account "Preventive estimation for credit risks" of the consolidated statement of income as of December 31, 2020 and 2019 $136,534 and $142,020, respectively, for previously defaulted portfolio recoveries and as of December 31, 2018 it reclassified from "Other income from the transaction" to that account $114,846 for the same concept.

8. Other accounts receivable - net

As of December 31, 2020, 2019 and 2018, the other accounts receivable account is comprised as follows:

	2020	2019	2018
Recoverable ISR	$ 164,803	$ 127,786	$ 116,604
Value Added Tax (VAT)	203,402	192,941	177,744
Recoverable IETU	-	-	2,790
Te creemos (a)	133,257	-	-
Sundry debtors	17,371	107,445	22,967
Other recoverable taxes	543	633	1,599
Oxxo collection	7,629	61,551	47,154
MásNómina correspondents	43,838	47,745	54,083
Insurance receivables	41,777	69,975	60,464
	$ 612,620	$ 608,076	$ 483,405

(a) Account receivable with Te Creemos Holding and subsidiaries for the sale of Financial Finsol portfolio and brand described in the relevant event in Note 1.

9. Property, furniture and equipment

As of December 31, 2020, 2019 and 2018 property, furniture and equipment are comprised as follows:

	2020	2019	2018
Assets:			
Leasehold improvements	$ 801,846	$ 859,885	$ 799,398
Computer equipment	307,159	352,370	337,048
Office furniture and equipment	201,282	231,748	220,811
Building	47,644	47,644	47,644
Vehicles	14,342	16,617	16,429
ATMs	9,837	9,837	10,074
	1,382,110	1,518,101	1,431,404
Less: accumulated depreciation and amortization	(1,202,656)	(1,247,808)	(1,165,232)
	179,454	270,293	266,172
Land	865	865	865
	$ 180,319	$ 271,158	$ 267,037

For the years ended December 31, 2020, 2019 and 2018 the depreciation and amortization charged to results of those years amounted to $125,120, $85,036 and $88,701, respectively.

As of December 31, 2020, 2019 and 2018, certain assets have been totally depreciated for the amounts of $925,433, $892,012 and $807,844, respectively.

10. Goodwill and intangibles assets

This account is composed as follows:

	2020	2019	2018	Annual amortization rate (%)
With a defined life:				
Customer relations	$ -	$ 39,667	$ 47,600	7
With an indefinite life:				
Trademarks	-	44,847	44,847	
Goodwill	1,187,283	1,587,035	1,587,035	
	$ 1,187,283	$ 1,671,549	$ 1,679,482	

The Society has performed an evaluation to detect the impairment of its long-lived assets, as required by NIF C-15, *Impairment of Long-lived Assets and their Disposal* and did not identify any impaired assets.

Derived from the sale of portfolio and brand of the subsidiary Financiera Finsol described in the relevant event in Note 1, an accelerated amortization was made in the fiscal year of the customer relationship and the amount for the brand was canceled. For the financial years ended December 31, 2019 and 2018, the amortization charged to results of those years amounted to $7,935 in both years.

11. Securitization certificates

	Total amount in USD	Issuance date	Maturity	Interest rate	2020	2019	2018
International Bond (1)	$ 250,000	Jul-2017	Jul-2024	8.0% USD (12.0430% swap weighted MXP)	$ 3,670,487	$ 4,460,553	$ 4,768,678
				Accrued interest	190,135	241,867	185,597
				Total	$ 3,860,622	$4,702,420	$ 4,954,275

(1) On July 2017, the Society placed bonds in the international bond market for USD $250 million, which were issued under rule 144A/Reg. with a term of seven years and an annual interest rate of 8.00%, payable semiannually and can be paid in advance as of July 2021. The bonds are unconditional and irrevocably guaranteed by AEF de México, AEF, Fisofo and AFI.

The Society carried out in April, May and June 2020, repurchases of the "Senior Notes due 2024" issued in July 2017, for a total amount of USD $50.1 million.

12. Borrowings for banks and from other entities

As of December 31, 2020, 2019 and 2018 this account is composed as follows:

Entity	Total borrowing and currency	Maturity Date	Guarantee	2020	2019	2018
HSBC México, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC:						
Revolving credit	462,500 Mxp	November 2022	1.3 to 1.0	$ 276,500	$ 426,000	$ 300,000
Revolving credit	615,000 Mxp	March 2023	1.3 to 1.0	253,500	549,000	-
Revolving credit	25,000 USD	January 2021	1.3 to 1.0	199,087	279,323	290,976
Nacional Financiera, S. N. C. (NAFINSA)						
Revolving credit	750,000 Mxp	Undefined Date	Unsecured	111,167	249,939	525,606
Revolving credit	250,000 Mxp	Undefined Date	10% in cash	-	122,833	74,167
Revolving credit	500,000 Mxp	Undefined Date	10% in cash	431,775	368,933	358,829
Fideicomisos Instituidos en Relación con la Agricultura (FIRA):						
Revolving credit	600,000 Mxp	Undefined Date	Unsecured	-	35,000	280,000
BBVA Bancomer	168,000 Mxp	July 2021	Unsecured	150,000	180,000	140,000
Western Alliance	9,700 USD	March 2021	Letter of credit	153,297	111,299	125,768
ScotiaBank Inverlat, S.A.	295,000 Mxp	May 2021	1.2 to 1.0	137,025	242,944	151,722
Banco del Bajío, S.A.	100,000 Mxp	June 2022	1.25 to 1.0	100,000	65,000	-
Banco Monex, S.A.	100,000 Mxp	September 2021	1.25 to 1.0	-	100,000	30,000
Banco Ve por Más	70,000 Mxp	October 2021	1.3 a 1.0	20,000	-	-
Banco Safra S/A	1,500 R$	February 2021	2.0 a 1.0	5,746	-	-
Banco Safra S/A	1,500 R$	March 2021	2.0 a 1.0	5,746	-	-
Banco Safra S/A	2,000 R$	December 2021	1.5 a 1.0 in cash de 15%	7,662	-	-
Banco Safra, S/A	2,000 R$	April 2020	Back to Back R$	-	-	5,072
Banco Sofisa, S/A	30,000 R$	December 2021	1.2 a 1.0 in cash 15%	114,931	-	-
Banco Sofisa, S/A	23,000 R$	December 2020	1.2 a 1.0	-	107,659	54,773
Caixa Econômica Federal	20,000 R$	August 2024	1.0 a 1.0 in cash 15%	76,621	-	-
Fideicomiso del Fondo de Microfinanciamiento a Mujeres Rurales, (PRONAFIM)	120,000 MXP	February 2020	Pledge guarantee 1by 1 and 6% in cash	-	6,317	89,933
			Total	2,043,057	2,844,247	2,426,846
			Accrued Interest	7,152	12,103	12,135
			Total	$ 2,050,209	$ 2,856,350	$ 2,438,981

13. Sundry creditors and other accounts payable

As of December 31, 2020, 2019 and 2018, this account balance is composed as follows:

	2020	2019	2018
Other taxes	$ 206,349	$ 236,429	$ 202,398
Payable income tax	15,021	17,758	22,969
Sundry creditors	48,843	84,731	113,255
Other provisions	277,815	201,890	185,396
Provision for labor obligations	70,624	50,770	41,673
Insurance payable	20,241	23,915	20,880
Payable PTU	4,008	4,724	5,792
	$ 642,901	$ 620,217	$ 592,363

14. Employee benefits

a. Reconciliation of opening and closing balances of the current value of Defined Benefit Obligations (DBO) for 2020, 2019 and 2018:

	2020			2019			2018		
	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement
DBO as of January 1	$ 27,067	$ 13,922	$ 516	$ 20,095	$ 8,794	$ 516	$ 24,781	$ 8,018	$ 529
Add (less):									
Labor cost of current service	7,015	3,137	-	3,150	2,417	-	2,447	1,316	1
Labor cost of past service	-	-	-	-	-	-	-	-	-
Financial cost	2,369	937	-	1,733	838	-	1,504	490	1
Remeasurement of DBO	(516)	(1,404)	-	2,768	1,985	-	-	-	-
Advanced settlement (reduction) of obligations	-	-	-	-	-	-	268	(1,732)	-
Recognition of employee's length	-	-	-	-	-	-	2	1	-
Actuarial gains (losses) generated in the period and paid benefits - net	(3,072)	268	-	(679)	(112)	-	(6,435)	702	3
DBO as of December 31	$ 32,863	$ 16,860	$ 516	$ 27,067	$ 13,922	$ 516	$ 22,567	$ 8,795	$ 534

b. Reconciliation of DBO, Plan Assets (PA) and the Net Projected Liability (PNL).

The reconciliation of the current value of the DBO and fair value of the PA and PNL recognized in the balance sheet is detailed below:

	IL before retirement			PA before retirement			PA for retirement		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Employee benefit liabilities:									
BDO	$ 32,863	$ 27,067	$ 22,567	$ 16,860	$ 13,922	$ 8,795	$ 516	$ 516	$ 534
Financial situation	32,863	27,067	22,567	16,860	13,922	8,795	516	516	534
Add (less):									
Additional reserve	-	-	-	-	-	-	-	-	-
PNL	$ 32,863	$ 22,067	$ 22,567	$ 16,860	$ 13,922	$ 8,795	$ 516	$ 516	$ 534

The Society and some of its subsidiaries recognized labor liabilities as follows:

	2020	2019	2018
Financiera Independencia	$ 969	$ 969	$ 969
Fisofo	6,282	2,607	2,607
Financiera Finsol	1,061	1,061	1,061
	$ 8,312	$ 4,637	$ 4,637

c. Net projected cost

An analysis of the Net projected cost (NPC) by plan type is presented below:

	IL before retirement			PA before retirement			PA for retirement		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
NPC:									
Labor cost of current service	$ 7,015	$ 3,150	$ 2,447	$ 3,137	$ 2,417	$ 1,316	$ -	$ -	$ 1
Labor cost of past service	-	-	-	-	-	-	-	-	-
Financial cost	2,369	1,733	1,504	937	838	490	-	-	1
Net actuarial (losses) gains	(3,072)	(679)	114	268	(112)	943	-	-	3
Total	$ 6,312	$ 4,204	$ 4,065	$ 4,342	$ 3,143	$ 2,749	$ -	$ -	$ 5

d. The net cost of the period for the obligations related to the pensions' plan, the seniority premium and compensation payments derived from undertaken obligations was $10,654, $7,347 and $6,819 in 2020, 2019 and 2018, respectively.

e. Main actuarial hypotheses

Serfincor and SICOA

Expressed in absolute terms, the main actuarial hypotheses, discount rates, AP returns, salary increases and changes in ratios or other variables as of December 31, 2020, are as follows:

Seniority premium plan and benefit plan at the end of the work relationship

	Serfincor	**SICOA**
Mortality table :	EMSSAH 09	EMSSAH 09
Disability table:	EISS-97	EISS-97
Turnover table:	Booke 87-89 2 A.S. +225%	2003 SOA Pension Plan A.S. <2 +250%
	2020 (%) Serfincor	**2019 (%) SICOA**
Discount rate:	4.35	6.70
Salary increase rate:	5.50	5.50
Minimum wage increase rate:	8.40	6.77

SCAEF

Expressed in absolute terms, the main actuarial hypotheses, discount rates, PA returns, salary increases and changes in ratios or other variables as of December 31, 2020, are as follows:

Biometric:

Mortality table (active):	EMSSAH 09
Disability table:	EISS-97
Turnover table:	Boke 87-89 + 175%
Termination factor:	20%
Retirement	Age 65

f. Value of the DBO, PA and plan situation of the last five annual periods of Serfincor and SICOA.

The value of the DBO, the fair value of the PA, the situation plan and experience adjustments of the last five years are detailed below:

Seniority premium plan|

Year	**Historical values and DBO plan situation**
2020	$ 10,513
2019	9,407
2018	5,450
2016	5,351
2015	4,995

Benefit plan at the end of the work relationship

Year	Historical values and DBO plan situation
2020	$ 18,675
2019	11,936
2018	6,487
2016	7,778
2015	10,052

The value of the DBO, PA and plan situation of the last five annual periods of SCAEF and AEF:

Seniority premium plan

Year	Historical values and DBO plan situation
2020	$ 6,864
2019	5,031
2018	3,878
2016	3,196
2015	3,707

Benefit plan at the end of the work relationship

Year	Historical values and DBO plan situation
2020	$ 14,187
2019	15,131
2018	16,081
2016	20,200
2015	19,259

15. Income taxes

The Society is subject to income tax. The rate for 2020, 2019 and 2018 was 30% and it will remain at 30% for subsequent years.

ISR is calculated by considering certain effects of inflation, such as depreciation calculated according to values at constant prices, as taxable or deductible, while also accruing or deducting the effect of inflation and certain monetary assets and liabilities through the annual adjustment for inflation.

Income taxes are comprised as follows:

	2020	2019	2018
Current:			
ISR	$ 21,920	$ (119,019)	$ (56,357)
Deferred:			
ISR	(76,093)	(8,441)	(35,206)
PTU	(804)	-	(613)
	$ (54,977)	$ (127,460)	$ (92,176)

The ISR caused by the year ended December 31, 2020, is originated mainly from SICOA for an amount of $5,571, Serfincor for $9,487 and SCAEF for $1,058.

As of December 31, 2020, 2019 and 2018 the main temporary differences over which an asset was recognized by ISR and consolidated deferred PTU are analyzed below:

	2020	2019	2018
Loan reserve and allowance for loan losses	$ 1,243,739	$ 1,329,378	$ 1,224,053
Accrued arrears interest	-	654,492	687,031
Tax loss carryforwards	841,656	488,638	547,611
Valuation of derivative financial instruments	239,595	238,562	71,220
Fixed assets	304,262	379,898	335,282
Liability provisions	84,906	89,356	66,795
Prepaid expenses	(71,993)	51,585	(70,472)
Non-accrued commissions	(51,621)	(53,459)	19,124
Derivatives	(43,918)	(118,435)	(93,646)
Others	189,986	184,471	184,920
	$ 2,736,612	$ 3,244,486	$ 2,971,918
Deferred ISR asset	$ 820,983	973,346	891,575
Deferred ISR AFI and Finsol Brasil	104,619	51,797	32,180
Deferred PTU	5,309	4,859	4,511
Total	$ 930,911	$ 1,030,002	$ 928,266

As of December 31, 2020, the Society has accrued tax losses for a total amount of $841,656, which can be applied to future profits within the deadlines detailed below:

Year of Loss	Amount	Year of expiration
2015	237,773	2025
2016	126,698	2026
2017	82,253	2027
2018	8,315	2028
2019	57,868	2029
2020	328,749	2030
	$ 841,656	

The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before income tax, is as follows:

	2020	2019	2018
Legal rate	30%	30%	30%
Add (less) -			
Effect of non-deductible differences	19%	7%	7%
Annual adjustment for inflation	(2%)	(6%)	(5%)
Other effects	7%	(3%)	(6%)
Effective rate	54%	28%	26%

16. Stockholders' equity

As of December 31, 2020, 2019 and 2018 stockholders' equity is comprised as follows:

Number of Shares	Description	Amount
100,000,000	Series “A” (Class I)	$ 20,000
237,500,000	Series “A” (Class II)	51,588
337,500,000		
	Accrued increase due to update	85,603
	Common stock as of December 31, 2020, 2019 and 2018	$ 157,191

* Ordinary, nominative shares at no par value, fully subscribed and paid-in.

Series “A”, Class I shares represent fixed capital without withdrawal rights. Serie “A”, Class II shares represent the Society's variable capital.

A restriction is applicable to the declaration of dividends whenever this payment reduces the Society's capitalization level (defined as the ratio of stockholders' equity to total assets) less than 25%.

According to the Stock Market Law and the Society's corporate bylaws, it has de power to repurchase shares representing its common stock in the understanding that, while these shares are held by the Society, the respective voting or other related rights cannot be exercised at a Stockholders' Meeting or in any other way.

The Society has kept the repurchase share fund active. During the years 2020, 2019 and 2018 the total number of repurchased shares was 27,136,617, 26,179,553 and 91,480,269, of which 2,136,616, 1,179,553 and 63,495,704 shares or 0.6%, 0.3%, and 8.9%, of the total outstanding shares corresponding to the repurchase fund, respectively, 27,136,617 shares or 7.4% of the total outstanding shares correspond to the trust of the employee stock option plan, in both years.

During the years of 2020, 2019 and 2018, the net amounts of acquisitions and repositions of treasury stock (repurchase fund and share purchase option plan) were $8,149, 5,492 and $29,597, respectively. Dividends paid corresponding to the shares held in the repurchase fund and in the trusts of the share purchase option plan are returned to the Society.

The market price of the share of the Society reported by the BMV as of December 31, 2020, 2019 and 2018 was $7.35, $8.50, and $2.30 per share, respectively.

Stockholders' equity distribution, except restated paid-in capital and tax retained earnings will be subject to ISR by the Society at the rate in effect upon distribution. The tax paid on such distribution may be credited against income tax for the year in which the tax on dividends and the following two years, against the tax for the year and interim payments thereof is paid.

In the case of a capital reduction, the procedures detailed in the LISR establish that the tax treatment given to dividends must also be applied to any amount by which stockholders' equity exceeds the balances of contributed capital accounts, the same tax treatment was the applicable for dividends.

According to NIF B-14, the profit per share is the result of dividing the net profit of the year by the weighted average of outstanding shares during the same period, as detailed below:

	2020	2019	2018
Earnings per Share (EPS):			
Net (loss) profit	$ (412,655)	$ 323,947	$ 262,058
Divided by:			
Average weighted number of shares	249,596,632	582,675,649	654,258,132
EPS (pesos)	$ (1,6533)	$ 0.5560	$ 0.4005

17. Foreign currency position

As of December 31, 2020, 2019 and 2018 the Society has assets and liabilities denominated in foreign currency, primarily USD, which are converted based on the exchange rate issued by the Central Bank of $19.9087, $18.8642 and $19.6512 for one USD and in Brazilian Reals at the exchange rate of 5.1967, 4.0301 and 3.8748 for one Brazilian Real, respectively, as follows:

	Thousands of USD		
	2020	2019	2018
Assets	$ 99	$ 117	$ 92
Liabilities	(258)	(334)	(319)
Liability position in USD, net	$ (159)	$ (217)	$ (227)

	Thousands of Reals		
	2020	2019	2018
Assets	$ 128	$ 110	$ 97
Liabilities	(101)	(84)	(74)
Asset position in Brazilian reals, net	$ 27	$ 26	$ 23

On March 31, 2020, the Society's foreign currency position (unaudited) is similar to its position at the end of year; the exchange rate in effect at that date is $20.4400 pesos for one USD and $3.5877 for Brazilian real, respectively.

18. Financial margin

As of December 31, 2020, 2019 and 2018 the main items composing the Society's financial margin correspond to income and interest expenses generated, are as follows:

	2020	2019	2018
Interest income			
Loan portfolio			
CrediInmediato	$ 1,475,435	$ 1,660,416	$ 1,624,812
Grupal	618,194	930,702	967,049
CrediPopular	274,544	354,369	388,373
Tradicional	1,329,431	1,338,884	1,150,199
CrediMamá	17,286	20,512	23,360
CrediConstruye	6	102	334
AFI	746,125	694,105	530,309
MásNómina	346,475	364,243	336,072
	4,807,496	5,363,333	5,020,508
Security investments	19,722	13,749	11,415
Total interest income	4,827,218	5,377,082	5,031,923

	2020	2019	2018
Interest expenses:			
Borrowings from banks:			
HSBC	(92,488)	(92,125)	(64,422)
NAFINSA	(65,470)	(97,114)	(71,441)
FIRA	(5,322)	(16,760)	(26,573)
Ve por Más	(1,666)	-	-
ScotiaBank Inverlat	(21,169)	(19,621)	(20,770)
BBVA Bancomer	(15,182)	(18,349)	(2,462)
Pronafin	(39)	(4,925)	(5,438)
Chubb	-	-	(355)
Monex	(6,015)	(3,548)	(3,720)
Banco del Bajio	(8,871)	(4,624)	(2,269)
OIKO Credit	-	-	(3,725)
Bridge Bank	(8,011)	(7,029)	(10,918)
Safra	(670)	(140)	(349)
Sofisa	(7,594)	(4,113)	(3,290)
Itaú	-	-	(735)
Subtotal	(232,497)	(268,348)	(216,467)
International bond	(495,673)	(536,982)	(541,259)
Securitization certificates	(1,747)	(1,427)	-
Total interest expenses	(729,917)	(806,757)	(757,726)
Financial margin	$ 4,097,301	$ 4,570,325	$ 4,274,197

19. Collected and paid commissions and fees

As of December 31, 2020, 2019 and 2018, the main items for which the Society recorded collected and paid commissions in the consolidated statement of income are as follows:

	2020	2019	2018
Commissions and fees collected:			
Withdrawal commissions	$ 241,013	$ 318,306	$ 313,400
Collection expense commission	55,458	119,689	150,935
	$ 296,471	$ 437,995	$ 464,335
Commissions and fees expense:			
Bank commissions	$ (27,988)	$ (31,028)	$ (23,498)
Credit line commissions	(9,073)	(8,262)	(7,379)
Service commissions	(40,080)	(42,112)	(40,341)
	$ (77,141)	$ (81,402)	$ (71,218)

20. Trading income

As of December 31, 2020, 2019 and 2018, the main items composing the Society's trading income are as follows:

	2020	2019	2018
Exchange rate fluctuation	$ (5,151)	$ (3,969)	$ (1,159)
Derivative financial instruments	385,972	6,397	9,354
	$ 380,821	$ 2,428	$ 8,195

21. Other operating income

Other operating income is as follows:

	2020	2019	2018
Banregio Trust	$ 1,172	$ 4,321	$ 6,505
Other items	51,906	64,260	29,088
Service and insurance commissions	77,798	128,464	143,844
	$ 130,876	$ 197,045	$ 179,437

22. Information by segments

As of December 31, 2020, 2019 and 2018, the Society has identified the operating segments of its different activities and considers each as a component within its internal structure, together with its particular return risks and opportunities. These components are regularly reviewed with the objective to assign adequate monetary resources for their operation and evaluate their performance.

The total credit portfolio and interest income by geographical region is detailed below:

	2020		2019		2018	
State:	Total Loans	Interest income	Total loans	Interest income	Total loans	Interest income
Aguascalientes	$ 49,144	$ 44,585	$ 60,886	$ 52,093	$ 60,461	$ 45,351
Baja California	130,420	102,183	144,259	111,837	158,094	106,107
Baja California Sur	61,049	51,774	76,885	59,931	79,010	58,591
Campeche	50,268	53,525	87,950	76,968	96,911	73,920
Chiapas	190,451	139,102	251,073	154,677	200,313	121,378
Chihuahua	18,027	16,917	24,497	21,226	29,795	22,308
Coahuila	151,071	130,178	204,696	198,288	224,971	195,469
Colima	53,510	42,892	60,298	48,101	70,978	51,535
Ciudad de México	674,635	403,724	809,347	421,749	759,297	517,910
Durango	29,800	35,850	50,850	44,974	54,740	44,180
Estado de México	752,673	591,582	854,862	586,717	819,456	550,896
Guanajuato	240,296	201,177	290,739	238,986	262,414	221,267
Guerrero	122,041	133,101	206,066	166,320	202,247	154,266
Hidalgo	140,530	101,816	161,243	106,774	144,111	88,369
Jalisco	190,528	171,527	245,823	199,971	269,868	204,653
Michoacán	110,866	110,265	144,334	106,328	175,147	106,751
Morelos	115,241	92,536	138,646	107,031	144,197	98,942
Nayarit	30,653	30,320	43,441	35,643	47,786	37,420
Nuevo León	-	28,505	54,795	26,177	45,712	31,269
Oaxaca	93,097	93,883	147,868	108,539	145,053	84,538
Puebla	73,064	97,924	162,536	124,829	159,592	121,791
Querétaro	112,077	100,728	135,893	103,177	128,879	99,070
Quintana Roo	144,423	135,695	215,081	159,647	203,085	155,636
San Luis Potosí	106,425	103,104	143,130	63,218	137,543	59,401
Sinaloa	70,516	59,262	103,128	82,476	127,288	79,323
Sonora	90,926	76,587	118,724	96,537	134,546	89,990
Tabasco	95,726	67,551	159,918	72,262	72,833	56,023
Tamaulipas	265,131	229,319	345,773	307,900	312,131	244,261
Tlaxcala	39,989	38,988	55,162	44,583	57,562	46,522
Veracruz	291,363	268,001	459,486	327,639	464,779	301,657
Yucatán	132,639	107,753	167,025	134,850	177,066	127,816
Zacatecas	29,347	28,356	38,098	32,474	42,712	35,620
Subtotal México	4,655,926	3,888,710	6,162,512	4,421,922	6,008,577	4,232,230
Brazil	335,653	172,662	379,256	243,753	426,247	257,970
United States	2,023,938	746,124	2,242,772	697,658	1,799,966	530,308
Total	$7,015,517	$4,807,496	$8,784,540	$5,363,333	$8,234,790	$5,020,508

23. Commitments and contingencies

As of December 31, 2020, the Society is subject to certain labor, civil and criminal lawsuits. However, Society´s Management and its attorneys consider that these lawsuits arose during the normal course of business and that unfavorable verdicts would not significantly affect the Society's financial position and results. As of December 31, 2020, 2019 and 2018, the provision for lawsuits increase to $31,011, $21,261 and $25,484, respectively.

The Society has executed a series of lease contracts for the rental of the offices, ATMs and branches used for its operations. These contracts have terms of between 3 to 5 years. The total amount payable for rentals over the following five years is $168,419 in 2021, $120,379 in 2022, $61,649 in 2023, $34,619 in 2024 and in subsequent years of $4,696.

24. Subsequent events

- On December 23, 2020, the Society announced the sign of a contract with Grupo Consupago, S.A. de C.V. ("Consupago") as well as Consubanco, S.A. I.B.M ("Consubanco"), for the sale of the individual credit portfolio with payroll discount of subsidiary Fisofo, S.A. de C.V., SOFOM, E.N.R. ("Fisofo") and the sale of all shares representative of Fisofo's capital stock in favor of Consupago and Mr. José Ramón Chedraui I.

  On March 5, 2021, the Society formalized and carried out the operations announced to the public investor on December 23, 2020. As a result of the transaction, from this date Fisofo ceased to be a guarantor of the FINDEP24 Bonus.

- During the months of January and February 2021, the Society received outstanding payments from the accounts receivable with Te Creemos Holding described in note 8, for the event described in Note 1.

25. New accounting principles

As of December 31, 2020 the CINIF has issued the following NIF and Improvements to NIF which may affect the consolidated financial statements of the Society.

Effective as of January 1, 2021, although early adoption is permitted during 2020:

NIF C-17, *Investment properties* (“NIF C-17”) – Given the absence of a NIF establishing the bases used for the accounting recognition of investment properties (held to obtain rental income or for capital appreciation purposes), entities have applied the guidance set forth in Circular 55 issued by the Accounting Principles Commission of the Mexican Institute of Public Accountants, which only allows the use of the acquisition cost model for valuation purposes. The main change detailed in NIF C-17 involves the possibility whereby investment properties held for capital appreciation purposes may be optionally valued at their acquisition cost or fair value. If the entity opts to apply the fair value model, at each financial statement closing date, investment properties shall be valued at their fair value determined in accordance with NIF B-17, Determination of fair value. The losses or gains derived from valuation adjustments must be recognized in comprehensive income or other comprehensive income (“OCI”) of the period in which they arise. When the entity disposes of the asset in question, OCI must be recycled to results.

This NIF establishes that investment properties must be recognized in the consolidated statement of financial position when asset definitions are fulfilled; i.e., when, for the entity, investment properties:

a) Are an economic resource to which it is entitled;
b) Have the potential to generate economic benefits;
c) Are under its control; i.e., when it is able to manage its utilization and obtain the respective future economic benefits, while restricting third-party access to this control and economic benefits; and
d) Arose as a result of past events that affected the entity economically.

NIF C-22, *Cryptocurrencies* (“NIF C-22”) – Establishes valuation, presentation and disclosure standards for the recognition of the following items in the consolidated financial statements:

a) Investments in cryptocurrencies;
b) Accounts receivable and accounts payable denominated in cryptocurrencies;
c) If applicable, mining expenses incurred to obtain cryptocurrencies;
d) The cryptocurrencies which the entity does not own, but which it holds in custody.

Cryptocurrencies must be initially recognized at their acquisition cost. Subsequently, at the date of the statement of financial position, they shall be valued at their fair value in conformity with NIF B-17, Determination of fair value, while valuation effects shall be recognized in results. However, the absence of an active market for trading cryptocurrency implies that its recovery is unlikely as there is no other way of obtaining its economic benefits. Accordingly, NIF C-22 requires that a cryptocurrency valuation utilize a Level 1 fair value and, if applicable, Level 2, but only if it is determined in accordance with NIF B-17. If these determinations cannot be made, the total fair value of a cryptocurrency must be considered to be equal to zero.

NIF, which took effect as of January 1, 2021, although early adoption in 2020 was permitted:

Improvements to the 2021 NIF that generate accounting changes:

NIF C-2, *Investment in financial instruments* – Provides the option of valuing investments in negotiable capital instruments through net profit or loss in such a way that subsequent fair value changes affect other comprehensive income (OCI); this option enhances convergence with IFRS 9, *Financial instruments*.

NIF D-5 *Leases* – a) Specifies the differences between disclosures of the expense related to short-term and low-cost leases and for which a right-of-use asset has not been recognized; b) Given that NIF C-17, Investment properties, establishes that a right-of-use asset does not fulfill the definition of an investment property, NIF D-5 eliminates the disclosure in this regard; c) clarifies that the lease liability derived from a sales transaction with a leaseback agreement must include the fixed payments and any estimated variable payments; d) mentions that lease payments must be included in the initial recognition of the net lease investment.

The Improvements to the 2021 NIF 2021 include improvements that do not generate accounting changes and which are essentially intended to enhance the accuracy and clarity of regulatory principles.

Homologation of Accounting Criteria by the Commission:

In the Daily Official Journal as of December 4, 2020 by an Amendment Resolution, the Commission established that IFRS B-17, *Fair Value Determination*, 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, *Revenue from contracts with clients*, D-2, *Costs for contracts with clients* and D-5, *Leases*, issued by the Mexican Financial Reporting Standards Board, A.C. and referred to in paragraph 3 of Criterion A-2 "Application of particular rules" of Appendix 33 as amended by this instrument, shall enter into force on January 1, 2022.

As of the date of issuance of these consolidated financial statements, the Society is in the process of evaluating and determining the effects of these new standards on its financial information.

26. Authorization to issue the consolidated financial statements

As the issuance of the accompanying consolidated financial statements for the year ended December 31, 2020 was authorized on March 31, 2021 by Lic. Enrique Brockmann del Valle, Chief Executive Officer, they do not reflect any event arising after that date. Furthermore, the consolidated financial statements are subject to the approval of the ordinary meeting of the Society's stockholders, which may request their modification according to the General Corporate Law.

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