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

Consolidated Financial Statements

December 31, 2021
(With comparative amounts as of December 31, 2020)

(With Independent Auditor's Report thereon)
(Free translation from Spanish language original)

KPMG Cárdenas Dosal, S.C.
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Independent Auditors' Report

(Translation from Spanish language original)

The Board of Directors and Stockholders
Financiera Independencia, S. A. B. de C. V., Sociedad Financiera
de Objeto Múltiple, Entidad No Regulada:

(Thousands of Mexican pesos)

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 sheet as of December 31, 2021, the consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries, and subsidiaries, have been prepared, in all material respects, in accordance with the Accounting Criteria for Credit Institutions in Mexico (the Accounting Criteria), issued by the National Banking and Securities Commission (the Commission).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

(Continued)

Allowance for loan losses of $653,918 in the consolidated balance sheet.	
See notes 3(f) and 7(d) to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in our audit**
The calculation of the allowance for loan losses of the consumer portfolio involves the evaluation of various factors established in the methodology prescribed by the Commission, among which are included pas due days, the unpaid balance and recoveries, as well as the reliability in the documentation and updating of the information that use as input for the determination of the allowance for loan losses for the consumer loans portfolio. Therefore, we have determined that the allowance for loan losses of consumer portfolio as a key audit matter.	The audit procedures applied to the determination by the Management of the allowance for loan losses and its effect on the results of the year, included the evaluation, through the participation of our specialists and through selective tests, both of the inputs used as the mechanics of calculation of the current methodology prescribed by the Commission for the consumer portfolio.

Goodwill impairment assessment of $1,008,795 in the consolidated balance sheet.	
See notes 3(q) and 11(a) to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in our audit**
The goodwill recognized by the Society corresponds to two Cash Generating Units (CGU's) Apoyo Economico Familiar, S. A. de C. V., SOFOM, E. N. R. for $895,979 and Apoyo Financiero, Inc. for $112,816. The recovery value of CGUs, which is based on the higher of value in use or fair value less costs of disposal, has been derived from discounted cash flow projection models. These models use several key assumptions including estimating projected cash flows, perpetual growth rate, and weighted average cost of capital (discount rate). Therefore, we have identified the evaluation of the goodwill impairment analysis as a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions used to estimate the recovery value.	Our audit procedures included, among others, the following: - We evaluate the reasonableness of the projections for the next 5 years based on the strategy of the Society's Management, in particular, i) those related to interest income growth ii) and profit margins, on which the model is based discounted cash flow. - With the involvement of our valuation specialists, we analyze the methodology and assumptions used to determine the discount rate and the perpetual growth rate. - We compare the addition of the discounted cash flows at the date of the evaluation against the book value of the total assets of the CGUs, which includes the value of goodwill.

(Continued)

Derivative financial instruments not listed on recognized markets with a debit balance of $292,107 in the consolidated balance sheet.	
See notes 3(d) and 6 to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in our audit**
The fair value determination at the date of the consolidated balance sheet of certain derivative financial instruments not listed on recognized markets in hedging transactions, is carried out through the use of valuation techniques that involve a significant Management´s judgement, mainly when the use of inputs from various sources or unobservable markets data and complex valuation models is required. Therefore, we have determined the valuation of derivative financial instruments as a key audit matter.	As part of our audit procedures, we obtained evidence of the approval, by the Society's Risk area, of the valuation models for derivative financial instruments not listed on recognized markets in hedging transactions, used by Management. Likewise, with the involvement of our specialists, we evaluate the reasonableness of this models, the inputs used and the appropriate determination of the fair value of the hedging derivative financial instruments, as well as the appropriate compliance with the documentation requirements to be considered as such, and its effectiveness.

Other information

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report for the year ended December 31, 2021 which will be provided to the Banking Commission and the Mexican Stock Exchange (the Annual Report), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us 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 available and, in 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 of this other information, we are required to report that fact to those charged with governance.

(Continued)

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the Accounting Criteria issued by the Commission, 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.

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 financial reporting process.

Auditors' responsibilities for the audit of the consolidated 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 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 judgement and maintain professional skepticism throughout the audit. We also:

– Identify and assess 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 the 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.

(Continued)

– 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, then 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 Bank to cease to continue as a going concern.

– 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´s 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to remove threats or safeguards applied.

From the matters communicated with those charged with governance, 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.

Other Matters

The consolidated financial statements of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries, as of December 31, 2020 and for the year ended on that date, were audited by other auditors, who, on the date of March 31, 2021, issued an unqualified opinion.

KPMG Cárdenas Dosal, S. C.

Ricardo Lara Uribe

Mexico City, April 18, 2022.

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

Prol. Paseo de la Reforma 600 int. 420, Col. Peña Blanca Santa Fe, Álvaro Obregón, C.P. 01210, Ciudad de México.

Consolidated balance sheets

December 31, 2021

(With comparative amounts as of December 31, 2020)

(Thousands of Mexican pesos)

These consolidated financial statements have been translated from the Spanish language original solely for the convenience of foreign / English-speaking readers

Assets		**2021**	**2020**
Cash and cash equivalents (note 5)	$	452,449	858,944
Derivatives (note 6):			
Hedging		292,107	239,676
Current loan portfolio (note 7a):			
Consumer loans		7,371,759	6,656,460
Past-due loan portfolio (note 7b):			
Consumer loans		337,556	359,057
Loan portfolio		7,709,315	7,015,517
Less:			
Allowance for loan losses (note 7d)		(653,918)	(687,724)
Total loan portfolio, net		7,055,397	6,327,793
Other accounts receivable, net (note 8)		555,787	612,620
Property, furniture and equipment, net (note 9)		147,391	180,319
Permanent investments (note 10)		43,539	43,539
Long-live assets available for sale (note 1)		137,036	-
Deferred income taxes and employee statutory profit sharing, (ESPS) net (note 15)		710,426	930,911
Other assets:			
Goodwill (note 11a)		1,008,795	1,187,283
Deferred charges, prepaid expenses and intangibles (note 11b)		196,088	247,709
		1,204,883	1,434,992
Total assets	$	10,599,015	10,628,794

Liabilities and stockholders' equity		**2021**	**2020**
Bank and other borrowings (note 13):			
Short-term	$	1,620,764	1,823,797
Long-term		-	226,412
		1,620,764	2,050,209
Securitization liabilities (note 12)		3,786,213	3,860,622
Other accounts payable (note 14)		710,741	627,880
Income tax payable		21,620	15,021
		732,361	642,901
Deferred credits and prepayments		5,242	24,181
Total liabilities		6,144,580	6,577,913
Stockholders' equity (note 17):			
Paid-in capital:			
Capital stock		157,191	157,191
Share premium		1,574,701	1,574,701
		1,731,892	1,731,892
Earned capital:			
Statutory reserves		14,318	14,318
Retained earnings		2,292,315	2,714,061
Result from valuation of cash flow hedge instruments		57,172	(30,115)
Cumulative translation adjustment		14,530	36,075
Remeasurements employee´s defined benefits		(2,695)	(2,695)
Net income		346,903	(412,655)
		2,722,543	2,318,989
Total stockholders' equity		4,454,435	4,050,881
Commitments and contingent liabilities (note 23)			
Subsequent events (note 24)			
Total liabilities and stockholders' equity	$	10,599,015	10,628,794

Memorandum acounts (note 21):		**2021**	**2020**
Interest earned but not collected arising from past-due loan portfolio	$	40,237	38,683
Tax losses		2,186,261	2,241,976
Loan porffolio written-off		169,005	448,952

See accompanying notes to consolidated financial statements.

"These consolidated balance sheets were prepared in accordance with the accounting criteria for credit institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on Articles 99, 101 and 102 of the Law for Credit Institutions, which are of a general and mandatory, nature and have been applied on a consistent basis, accordingly they reflect the transactions carried out by the Institution through the dates noted above, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

These consolidated balance sheets were approved by the Board of Directors under the responsibility of the following officers.

Eduardo Messmacher Henríquez General Director	Enrique Brockmann del Valle Administration and Finance Director	Adrián Orocio Barreto Comptroller Director	Juan García Madrigal Internal Audit Director

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

Prol. Paseo de la Reforma 600 int. 420, Col. Peña Blanca Santa Fe, Álvaro Obregón, C.P. 01210, Ciudad de México.

Consolidated statements of income

Year ended December 31, 2021

(With comparative amounts for the year ended December 31, 2020)

(Thousands of Mexican pesos, except earning per share)

These consolidated financial statements have been translated from the Spanish language original solely for the convenience of foreign / English-speaking readers

		2021	2020
Interest income (notes 5, 7 and 18)	$	4,232,682	4,827,218
Interest expense (notes 12, 13 and 18)		(526,780)	(729,917)
Financial margin		3,705,902	4,097,301
Allowance for loan losses (note 7)		(849,742)	(1,716,027)
Financial margin adjusted by credit risks		2,856,160	2,381,274
Commission and fee income		434,587	296,471
Commission and fee expense		(68,227)	(77,141)
Financial intermediation, net (note 19)		(26,225)	380,821
Other operating income, net (note 20)		165,928	130,876
Administrative and promotional expenses		(2,703,518)	(3,048,820)
Net operating income		658,705	63,481
Equity in the results of associated companies		-	37,247
Income before income taxes		658,705	100,728
Current income taxes (note 15)		(50,170)	21,920
Deferred income taxes, net (note 15)		(128,264)	(76,897)
Net income before discontinued operations		480,271	45,751
Discontinued operations		(133,368)	(458,406)
Net income (loss)	$	346,903	(412,655)
Earning per share (note 17a)	$	1.1201	(1.6533)

See accompanying notes to consolidated financial statements.

"These consolidated statements of income were prepared in accordance with the accounting criteria for credit institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on Articles 99, 101 and 102 of the Law for Credit Institutions, which are of a general and mandatory, nature and have been applied on a consistent basis, accordingly they reflect the transactions carried out by the Institution through the dates noted above, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

These consolidated statements of income were approved by the Board of Directors under the responsibility of the following officers.

Eduardo Messmacher Henríquez
General Director

Enrique Brockmann del Valle
Administration and Finance Director

Adrián Orocio Barreto
Comptroller Director

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

Prol. Paseo de la Reforma 600 int. 420, Col. Peña Blanca Santa Fe, Álvaro Obregón, C.P. 01210, Ciudad de México.

Consolidated statements of changes in stockholders' equity

Year ended December 31, 2021

(With comparative amounts for the year ended December 31, 2020)

(Thousands of Mexican pesos)

These consolidated financial statements have been translated from the Spanish language original solely for the convenience of foreign / English-speaking readers

	Paid-in capital		Earned capital						
	Capital stock	**Share Premium**	**Statutory reserves**	**Retained earnings**	**Result from valuation of cash flow hedge instruments**	**Cumulative translation adjustment**	**Net income (loss)**	**Remeasurements employee´s defined benefits**	**Total stockholders' equity**
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
Changes resulting from stockholders' resolutions:									
Appropriation of the prior year net income	-	-	-	323,947	-	-	(323,947)	-	-
Acquisition of proprietary shares and effect on reissuance of proprietary shares (note 17 (a))	-	-	-	(8,149)	-	-	-	-	(8,149)
Total	-	-	-	315,798	-	-	(323,947)	-	(8,149)
Changes related to the recognition of comprehensive loss (note 2 (e)):									
Net loss	-	-	-	-	-	-	(412,655)	-	(412,655)
Valuation effects of cash flow hedge instruments	-	-	-	-	136,878	-	-	-	136,878
Cumulative translation adjustment	-	-	-	-	-	19,502	-	-	19,502
Total	-	-	-	-	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
Changes resulting from stockholders' resolutions:									
Appropriation of the prior year net income	-	-	-	(412,655)	-	-	412,655	-	-
Acquisition of proprietary shares and effect on reissuance of proprietary shares (note 17(a))	-	-	-	(9,091)	-	-	-	-	(9,091)
Total	-	-	-	(421,746)	-	-	412,655	-	(9,091)
Changes related to the recognition of comprehensive income:									
Net income	-	-	-	-	-	-	346,903	-	346,903
Valuation effects of cash flow hedge instruments	-	-	-	-	87,287	-	-	-	87,287
Cumulative translation adjustment	-	-	-	-	-	(21,545)	-	-	(21,545)
Total	-	-	-	-	87,287	(21,545)	346,903	-	412,645
Balances as of December 31, 2021	$ 157,191	1,574,701	14,318	2,292,315	57,172	14,530	346,903	(2,695)	4,454,435

See accompanying notes to consolidated financial statements.

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for credit institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on Articles 99, 101 and 102 of the Law for Credit Institutions, which are of a general and mandatory, nature and have been applied on a consistent basis, accordingly they reflect the transactions carried out by the Institution through the dates noted above, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers.

Eduardo Messmacher Henríquez General Director	Enrique Brockmann del Valle Administration and Finance Director	Adrián Orocio Barreto Comptroller Director	Juan García Madrigal Internal Audit Director

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

Prol. Paseo de la Reforma 600 int. 420, Col. Peña Blanca Santa Fe, Álvaro Obregón, C.P. 01210, Ciudad de México.

Consolidated statements of cash flows

Year ended December 31, 2021

(With comparative amounts for the year ended December 31, 2020)

(Thousands of Mexican pesos)

These consolidated financial statements have been translated from the Spanish language original solely for the convenience of foreign / English-speaking readers

	2021	2020
Net income (loss)	$ 346,903	(412,655)
Items not requiring cash flow:		
Depreciation and amortization	143,855	115,363
Current and deferred income taxes	178,434	60,066
Discontinued operations	(137,036)	-
Impairment loss on investing activities	133,368	458,406
	665,524	221,180
Operating activities:		
Change in derivatives (asset)	(52,431)	(221,530)
Change in loan portfolio, net	(727,604)	1,778,414
Change in other accounts receivable and other accounts payable	214,525	194,375
Change in bank and other borrowings	(429,445)	(806,142)
Change in securitization liabilities	(74,409)	(841,798)
Change in hedging instruments (of hedged items related to operating activities)	87,287	136,878
Net cash flows from operating activities	(316,553)	461,377
Investing activities:		
Payments for acquisition of property, furniture and equipment	(23,921)	(34,281)
Payments for disposal of other long-lived assets	(35,385)	(32,034)
Net cash flows from investing activities	(59,306)	(66,315)
Net cash flows from financing activities for payments associated with the repurchase of proprietary shares	(9,091)	(8,149)
(Decrease) increase net in cash and cash equivalents	(384,950)	386,913
Effects of changes in foreign currency translation	(21,545)	19,502
Cash and cash equivalents at beginning of the year	858,944	452,529
Cash and cash equivalents at end of the year	$ 452,449	858,944

See accompanying notes to consolidated financial statements.

"These consolidated statements of cash flows were prepared in accordance with the accounting criteria for credit institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on Articles 99, 101 and 102 of the Law for Credit Institutions, which are of a general and mandatory, nature and have been applied on a consistent basis, accordingly they reflect the transactions carried out by the Institution through the dates noted above, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the following officers.

Eduardo Messmacher Henríquez
General Director

Enrique Brockmann del Valle
Administration and Finance Director

Adrián Orocio Barreto
Comptroller Director

Juan García Madrigal
Internal Audit Director

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(1) Activity and relevant events 2021-

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, located at Prolongación Paseo de la Reforma Avenue, No. Ext. 600 Int. 420 Col. Santa Fé Peña Blanca, town hall Álvaro Obregón, 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).

The 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 National Banking and Securities Commission (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 Rules Applicable to Issuers of Securities and Other Stock Market Participants.

The consolidated financial statements as of December 31, 2021 and 2020 and for the years ended on those dates include those of Financiera Independencia S. A. B. de C. V and its Subsidiaries. The description of the main activity of its subsidiaries and the percentage of its shareholding are described in the following page.

(Continued)

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

Notes to the consolidated financial statements

(Thousands of Mexican pesos)

Subsidiaries of Financiera Independencia-

The main subsidiaries of Financiera Independencia are the following:

	Shareholding		
	2021	**2020**	**Main activity and location**
Serfincor, S. A. de C. V. (Serfincor)	99.99%	99.99%	Service provider in Mexico.
Conexia, S. A. de C. V. (Conexia)	99.99%	99.99%	Call Center services, promotion and marketing in Mexico.
Fisofo, S. A. de C. V., SOFOM, E. N. R. (Fisofo)	-	99.99%	Granting consumer loans in Mexico.
Confianza Económica, S. A. de C. V, SOFOM, E.N.R. (Confianza Económica)	99.99%	99.99%	Granting consumer loans in Mexico.
Financiera Independencia de México, S. A. de C. V., SOFOM, E.N.R. (before Apoyo Económico Familiar de México, S. A. de C. V, SOFOM, E.N.R.)	99.99%	99.99%	Granting consumer loans in Mexico.
Finsol, S. A. de C. V. (Finsol)	99.99%	99.99%	Service provider in Mexico.
Independencia Participações, S. A. y subsidiaria (Indepar)	99.99%	99.99%	Granting consumer loans in Brazil.
Apoyo Económico Familiar, S. A. de C. V., SOFOM, E.N.R. (AEF)	99.99%	99.99%	Granting consumer loans in Mexico.
Servicios Corporativos FINDEP, S. A. de C. V. (SECOFI) (before Servicios Corporativos AEF, S. A. de C. V. (SCAEF))	99.99%	99.99%	Service provider in Mexico.
Apoyo Financiero, Inc. (AFI)	100.00%	100.00%	Granting consumer loans in USA.
Sistemas Corporativos COA, S. A., de C. V. (SICOA)	99.95%	99.95%	Service provider in Mexico.
Servicios de Captación en SITIO, S. A. de C. V.	99.99%	99.99%	Administrative services in Mexico.
Fideicomiso de administración número 851-01161	-	100.00%	Acquisition of collection rights of the consumer loan portfolio

Relevant events 2021

On March 5, 2021, the Society sales of Fisofo's entire individual credit portfolio with discount via payroll in favor of Grupo Consubanco, S. A. de C. V. (Consupago) and, therefore, the operations that were previously announced to the investing public on December 23, 2020 have taken effect. Likewise, the sale of all the shares representing the share capital of Fisofo in favor of Consupago. As a result of the transaction, as of this date, Fisofo ceased to be the guarantor of the FINDEP24 Bond.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

On June 2, 2021, as a result of the reforms published on April 23, 2021 in the Official Gazette of the Federation (DOF), to the Federal Labor Law, the Social Security Law, the Law of the National Workers Housing Fund Institute, the Federal Tax Code, the Income Tax Law and the Value Added Tax Law, as of June 2021, the Society carried out the transfer of the employees who were contracted by its subsidiary companies.

The main movements of personnel between the Society and its subsidiaries are shown below:

Origin company	Original Benefits	Destination company	New features scheme
SICOA	By law	Financiera Independencia	By law
SECOFI	By law	AEF	By law
SECOFI	By law	SECOFI	Higher
Serfincor	Higher	Financiera Independencia	Higher
Serfincor	Higher	SECOFI	Higher
SICOA	By law	Conexia	By law

On October 1, 2021, a contract was signed for the sale of Indepar shares to OMNI, S. A. - Crédito, financiamento e Investimento (Omni), Indepar owns Finsol Sociedade de Crédito ao Microempreendedor e a Empresa de Pequeno Porte, S.A., which carry out the Microcredit operation in Brazil. The sale agreement was closed at a value of 1.3 times the value of Indepar's stockholders' equity at the end of June 2021. The effects of the aforementioned transaction are subject, among other issues, to regulatory approvals by the Central Bank in Brazil. The aforementioned sale implies the exit of the Society from its operations in Brazil and does not qualify as a corporate restructuring in terms of the General Provisions applicable to Securities Issuers and other participants in the Stock Market. The effect from this operation as of December 31, 2021, an amount of $137,036 was reclassified to the caption of "Long-lived assets available for sale". On March 30, 2022, the Central Bank of Brazil through official letter 7223/2022-BCB/Deorf/GTSP1 approved said operation.

Relevant events 2020

On October 9, 2020, the Society formalized the sale of the entire group loan portfolio, current and past due to 179 days, of the subsidiary 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 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.

(Continued)

(2) Authorization and basis for presentation-

Authorization

On April 18, 2022, Eduardo Messmacher Henríquez (General Director), Enrique Brockmann del Valle (Administration and Finance Director), Juan García Madrigal (Internal Audit Director), and Adrián Orocio Barreto (Comptroller Director), authorized the issuance of the accompanying consolidated financial statements and related notes.

In accordance with the General Corporation Law, the provisions of the Commission and the Company's bylaws, the shareholders and the Commission have the power to modify the consolidated financial statements after their issuance. The unconsolidated financial statements for 2021, which are issued separately on this same date, will be submitted for approval at the next Shareholders' Meeting of the Society.

Basis of presentation

a) Statement of compliance

On January 12, 2015, the DOF published the resolution that modified the general provisions applicable to Regulated SOFOMES, where it is established that those SOFOMES that have debt securities registered in the National Securities Registry, as is the case of the Society, for the registration of its operations, the accounting criteria for credit institutions in Mexico (the Accounting Criteria) established by the Commission in Appendix 33 of the general provisions applicable to credit institutions (the Accounting Criteria) will apply. (Provisions), except for series "D" of said criteria, since they must apply series "D", of the criteria related to the basic financial statements for SOFOMES, in force as of 2015.

The accounting criteria provide that in the absence of an specific accounting criterion of the Banking Commission for credit institutions, and in a wider context the Mexican Financial Reporting Standards (MFRS), issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF), the suppletory process as established by MFRS A-8 shall be applicable, and only when the International Financial Reporting Standards (IFRS) referred to by MFRS A-8 do not resolve the accounting treatment, the suppletory application of an accounting standard pertaining to other regulatory framework may be opted for, providing all the requirements set out by the MFRS are met by the standard. The suppletory application shall be in the following order: U.S. Generally Accepted Accounting Principles (US GAAP), and later any other formal and recognized accounting standard, provided they do not contravene the accounting criteria of the Banking Commission.

b) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

(Continued)

Judgments

Information about judgments made in applying of accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in the notes to the consolidated financial statements mentioned below.

— Note 6 – Derivatives: determination of whether the financial instruments are for trading or are designated for hedging purposes.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the following notes to the consolidated financial statements:

— Notes 3 (d) and 6 – Valuation of derivative financial instruments: key assumptions to determine the market value, especially those complex derivatives or without an active market.
— Notes 3(f), 3(g), 7(d) and 8 – Determination of allowance for loan losses and recoverability of accounts receivable: assumptions and inputs used in determination.
— Notes 3 (o) and 16 – Measurement of defined benefit obligations: key actuarial assumptions.
— Notes 3(k) and 15 – Recognition of deferred tax assets and employee profit sharing (ESP): availability of future taxable profits and the materialization of deferred taxes and ESPS.
— Notes 3(q), 3(r) and 11 – Impairment tests for the value of intangible assets and goodwill: key assumptions for the determining the recoverable, including the recoverability of development costs.

c) Functional and reporting currency

The aforementioned consolidated financial statements are presented in Mexican pesos, which is the same as the recording currency and the functional currency; Most of the subsidiaries have the Mexican peso as their functional currency.

The financial statements of the foreign subsidiaries were converted from their recording currency and functional currency to the reporting currency Mexican pesos, prior to their consolidation.

For purposes of disclosure in the notes to the consolidated financial statements, “pesos” or “$” means thousands of Mexican pesos except where otherwise indicated and when reference is made to thousands of USD or dollars, it means United States of America.

d) Comprehensive income

Comprehensive income is made up of the net income for the year plus the increase and/or decrease in the Society's equity from those items that are presented directly in stockholders' equity in accordance with the Accounting Criteria, such as the result from valuation. of hedging financial instruments, remeasurements for defined benefits to employees and the cumulative translation adjustment.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

(3) Summary of significant accounting policies-

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements:

Recognition of the effects of inflation-

The accompanying financial statements were prepared in accordance with accounting criteria, which since the Society operate in a non-inflationary economic environment as established by MFRS B-10 "Effects of inflation", include the recognition of the effects of inflation until December 31, 2007 based on the value of the Investment Unit (UDI), which is a unit of account whose value is determined by the Bank of Mexico (Central Bank) in function of inflation. The cumulative inflation percentage of the three preceding years, the inflation for the year and the UDI values used for calculating inflation are shown below:

		Inflation	
December 31	**UDI**	**Yearly**	**Cumulative**
2021	7.108233	7.61%	14.16%
2020	6.605597	3.23%	11.31%
2019	6.399018	2.77%	15.03%

(a) Principles of consolidation-

The consolidated financial statements include the accounts of the Society and those of its subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of the issuing companies as of December 31, 2021 and 2020, which have been prepared in accordance with the Accounting Criteria established by the Commission for those entities regulated by it and in accordance with FRS for non-regulated entities, as appropriate. In those cases, in which the subsidiaries do not record their operations in accordance with the Accounting Criteria, the most important approvals were made in order to standardize the information.

(b) Translation of foreign currency financial statements-

The financial statements are translated to Mexican pesos, considering the following methodologies:

The recording and functional currencies of foreign operations are the same, so they convert their financial statements using the following exchange rates: 1) closing for assets and liabilities and 2) historical for stockholders' equity and 3) the the accrual date for income, costs and expenses. Translation effects are recorded in stockholders' equity.

The exchange rates used as of December 31, 2021 and 2020 in the translation process are those shown on the following page.

(Continued)

Company	Currency	2021	2020
Indepar	Real/USD	5.5805	5.1967
AFI	USD	20.5075	19.9087

As the Society maintains 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 dollars, the Society has contracted derivative financial instruments which are detailed in note 6.

(c) Cash and cash equivalents-

This caption comprises, cash, bank accounts in local and foreign banks represented in cash and correspondents, revealing those items within the caption that have restrictions in terms of availability. The cash and cash equivalents are recognized at nominal value, and cash and cash equivalents in foreign currency are valued at the exchange rate issued by the Central Bank.

Earned interest is included in income for the year as it accrues as part of "Interest income." The results from valuation are recognized in the " Financial intermediation, net".

(d) Operations with derivative instruments financial and hedging accounting-

Based on the intent of the Management, the Society classifies its derivative operations as shown below:

— For hedging purposes - Consists of buying or selling derivative financial instruments in order to mitigate the risk of a transaction or set of transactions.

The recognition in the consolidated financial statements of the assets and/or liabilities arising from operations with derivative financial instruments is made on the date on which the operation is arranged, regardless of the settlement date.

The result of the compensation of asset and liability positions, whether debtor or creditor, is presented separately from the hedged primary position as part of the "Derivatives" caption of the consolidated balance sheet and the accrued interest is recorded in the consolidated income statement. Said debit or credit balances are offset as long as they comply with the rules for offsetting financial assets and liabilities.

Transaction costs that are directly attributable to the acquisition of the derivative are recognized directly in income under " Financial intermediation, net".

All derivatives are subsequently valued at fair value without deducting the transaction costs incurred for their sale or other types of disposal; this valuation effect is then recognized in the results of the period under "Financial intermediation, net".

Derivatives must be presented under a specific asset or liability caption depending on whether their fair value (as a consequence of the rights and/or obligations they embody) results in a debit or credit balance, respectively.

Hedging transactions-

Hedging derivatives are valued at market value, and the effect is recognized depending on the type of hedge accounting, as follows:

If they are fair value hedges, the primary hedged position and the net effect of the derivative hedge instrument which is measured at fair value is recorded in results of the period under ""Financial intermediation, net".

If they are cash flow hedges, the hedge derivative is measured at fair value and the valuation of the effective part of the hedge is recorded under "Result from valuation of cash flow hedges" in stockholders' equity. The ineffective portion is recorded in results of the period under the caption "Financial intermediation, net".

(e) Loan portfolio-

Represents the outstanding balances of the amounts granted to borrowers plus uncollected accrued interest. The allowance for loan losses is presented deducting the loan portfolio balances.

Credit is granted based on a credit analysis in accordance with internal policies and operating manuals established by the Society.

Special Accounting Criteria (SAC), derived from the health contingency due to COVID-19 applied in the year 2020

Through official communication number P-285/2020 and 026/2020 issued by the Commission, dated on March 26 and April 15, 2020, respectively, the Commission determined to issue on a temporary basis, the SAC applicable to the support programs granted by the Society. Subsequently, through official communication number P-325/2020 dated June 23, 2020, the Commission indicated the following:

- The SAC will be applied in a general way to customers who have been affected and whose credits were classified as current as of March 31, 2020.

- The deadline to carry out the restructuring or renewal procedures must conclude no later than July 31, 2020.

The Society carried out during the second quarter of 2020 and in compliance with the SAC 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 2020.

Past-due loans and interest-

Outstanding loans and interest balances are classified as past-due according to the following criteria: If debts consist of loans with principal and interest periodic partial payments, including mortgage loans, have 90 or more calendar past-due days. If debts consist of revolving loans, and unpaid for two monthly normal billing periods or, where the billing period is other than monthly, when have 60 or more calendar past-due days;

When a loan is transferred to the past-due portfolio, accrual of interest is discontinued and record thereof is kept in memorandum accounts. Once collected, such interest is recognized directly in consolidated income statement under "Interest income".

Past-due loans are reclassified as current when the unpaid balances have been fully paid by the debtor (principal and interest, etc.), except for restructured loans or renewed, which are transferred to current portfolio when sustained payment has been made. At the time the loan is reclassified to the "Current Portfolio", the accrued interest recorded in memorandum accounts is recognized in income.

The Society periodically evaluates if a past-due loan should remain in the consolidated balance sheet or be written-off, provided a provision has been created for 100% of the loan amounts. Such write-off is made by cancelling the unpaid loan balance against the allowance for loan losses previously created for each loan.

(Continued)

Sustained payments-

It is considered that there is sustained payment when the borrower shows compliance of the payment without delay for the total amount of principal and interest, for at least three consecutive amortizations of the loan payment scheme.

Restructuring and renewals-

A loan is considered restructured when the borrower makes any of the following requests to the Society:

a) Loan guarantee extension or,

b) Changes to the loan original conditions or payment scheme, among which are:

   i. Change in the interest rate for the remaining term of the loan contract;
   ii. Change in the currency;
   iii. Granting of a waiting period for the compliance of payment obligations agreed upon in the original terms of the contract, or
   iv. Credit term extension.

A renewal is a transaction which extends the loan duration at the maturity date or when the credit is paid at any time by using the proceeds generated by another loan contracted with the same entity in which one of the parties is the same debtor or another individual or entity with equity shareholding relationships thereby constituting a joint risk.

Unless there is evidence of sustained payments, past-due loans restructured or renewed shall remain within the past-due loan portfolio.

Loans with a single payment of principal at maturity and periodic interest payments, as well as loans with a single payment of principal and interest at maturity being restructured during the term of the loan or renewed anytime shall be considered as past-due, while there is no evidence of sustained payment.

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.

(Continued)

(f) Allowance for loan losses-

An allowance for loan losses is maintained, which, in the opinion of the Society's Management, is sufficient to cover any loss of the loans included in its credit portfolio.

The Criteria issued by the Commission integrate internal methodologies, which are methods that institutions use to calculate their preventive reserves based on the estimation of credit risk parameters. There are two approaches to internal methodologies: the basic approach and the advanced approach.

The Society has a methodology with an advanced approach, which incorporates the necessary basic elements, in accordance with the definitions stipulated by the Commission.

The internal rating system with an advanced approach is made up of the following three components:

- Probability of Default (PD)
- Severity of Loss (SL)
- Exposure to Default (ED)

These components of the model support the generation of a measure of credit risk, based on the portfolio, portfolio and days past due, for each of the loans in position. The foregoing helps to monitor and identify in a timely manner the detriment of borrowers' ability to pay.

The rating system was designed through the following stages:

a) Collection of historical information on balances and days in arrears for each of the borrowers of the portfolios in position.

b) Application of inferential statistical techniques to timely approximate the increase in credit risk associated with the portfolio, through the evolutionary analysis of the historical payment experience of the portfolio.

c) Contrast analysis of reserve estimates for credit risk, with respect to the general standard methodology, proposed by the Commission.

Risk Quantification

The model generates measurements about the Credit Risk associated with the portfolio in position; for this, it incorporates the estimation of historical Probabilities of Default, Severity of Loss and Exposure to default. The foregoing, based on a segmentation of the portfolio based on the following variables i) portfolio, ii) payment frequency, and iii) past due days.

The model incorporates the use of historical information on borrowers' payment experience, which allows estimating medium and long-term Probabilities of Default. The approach of the methodology is inferential, so the expected payment dynamics will always depend on the performance observed in the periods prior to the analysis date.

The quantification of risk is highly sensitive with respect to the propensity to pay, so this consideration is essential for the rating system, since in its structure it incorporates transitions between default states, also called "Flow Rates".

The parameters that make up the rating system are mentioned below:

Probability of Default. This parameter is estimated according to the payment frequency of the borrowers, segmenting the portfolio by non-payment periods, to determine the "Flow Rates".

Based on the aforementioned, the probability of default is defined as the probability that one weight of the accounting portfolio becomes an accounting charge-off.

The considerations in the methodology for determining the Probability of Default are:

i. The past-due portfolio is assigned a "Flow Rate" of 100%.
ii. The restructured loans are isolated from the general portfolio, since their treatment for the calculation of the Probability of Default is based on an analysis of 24-month write-off harvests.

Severity of Loss. This parameter is determined considering the following assumptions:

a. There is no guarantee or collateral associated with the credit.
b. Accounting for the cash flows recovered after the accounting breach event.
c. There are expenses and costs associated with the portfolio recovery management process for sale or collection.

The Severity of the Loss is the percentage of the portfolio classified as write-off that ends up being a loss after considering the recovery of the portfolio through different mechanisms (extrajudicial collection and sale of the portfolio), as well as the expenses incurred in said processes.

Exposure to default. Represents the accounting balance of the credits divided by payment frequencies and by the default period numbers.

(g) Other accounts receivable, net-

Accounts receivable other than the Society's credit portfolio represent, among others, balances in favor of taxes. For accounts receivable relating to identified debtors with a maturity greater than 90 calendar days and 60 days for unidentified debtors, an estimate is created that reflects their degree of irrecoverability. Said estimate is not constituted by balances in favor of taxes.

(Continued)

(Thousands of Mexican pesos)

(h) Property, furniture, equipment and improvements to leased premises, net-

Premises, furniture and equipment are recorded at acquisition cost. Those assets acquired before December 31, 2007 were adjusted by using factors based on the UDI value from the date of acquisition through that date, which recognition of the effects of inflation on the financial information was suspended according to the MFRS. The components acquired in foreign currency are recorded at the historical exchange rate, that is, the exchange rates in force on the date the asset was acquired.

Depreciation is determined using the straight-line method, based on the estimated useful lives by the Society's Management of the corresponding assets. The total useful lives and the annual depreciation rates of the main groups of assets are mentioned below:

	Years	**Depreciation rate**
Building	20 years	5%
Automatic teller machine (ATMs)	6.66 years	15%
Transportation equipment	4 years	25%
Furniture and equipment	10 years	10%
Leasehold improvements	20 to 5 years	5% to 20%
Computer equipment	4 years	25%

Improvements to leased premises are amortized considering the shorter of the lease term or useful period of the improvement.

Maintenance and minor repair expenses are recorded in income when incurred.

(i) Permanent investments-

Investments in affiliated and associated companies are valued using the equity method, recognizing changes in results for the year. This item also includes other permanent investments in which there is no significant influence, which are recognized at acquisition cost.

Dividends, if any, received from these investments are recognized in consolidated of income caption, except if these relate to periods prior to the acquisition, in which case are decreased from the permanent investment.

(j) Other assets, Deferred income charges, prepaid expenses and intangibles-

They are originally recorded at the nominal value disbursed. The amortization of computer developments and intangible assets with a defined life is calculated on a straight line by applying the corresponding rates to the updated expense.

(Continued)

It includes deferred charges for costs and expenses associated with the making of the loan, expenses for issuing securities and other deferred charges. It also includes advance payments for interest, commissions, sales and others, as well as provisional tax payments. Additionally, computer developments and intangible assets are recognized, mainly for software licenses net of their amortization.

(k) Income tax (IT) and employee statutory profit-sharing (ESPS)-

IT and ESPS and recorded in the results of the year as incurred in accordance with current tax provisions.

Income taxes payable are presented as liability in the consolidated balance sheet; when the tax prepayments exceed the income tax payable, the difference corresponds to an account receivable.

Deferred IT and ESPS are recorded for under the asset and liability method. Deferred IT and PTU assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for operating loss carry forwards and other recoverable tax credits. Deferred IT and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred IT and ESPS assets and liabilities of a change in tax rates is recognized on the statement of income in the period that includes the enactment date.

The IT and ESPS deferred asset is periodically valuated creating, where appropriate, valuation allowance for those temporary differences which might exist an uncertain recovery.

The IT and ESPS, current and deferred, are presented and classified in the results of the period, except those that originate from a transaction recognized under "Other Comprehensive Income" (OCI) or directly in an item of stockholders' equity. ESPS accrued and deferred are recognized under the caption "Administration and promotion expenses" in the consolidated statement of income.

(l) Securitization certificates-

They are represented by the issuance of debt instruments known as Securitized Certificates 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.

(m) Bank and other borrowings-

Refer to credit lines and other loans obtained from other entities, which are recorded at the contractual value of the obligation. Interest is recognized on an accrual basis under the caption "Interest expenses".

(n) Sundry creditors and other accounts payable-

Sundry creditors and other accounts payable include short-term and long-term employee benefit liabilities, provisions and other accounts payable, asset acquisition creditors, transferred value-added tax (VAT) and other taxes and duties payable.

The Society's liabilities are recognized in the consolidated balance sheet when they meet the characteristic of being a present obligation, where the transfer of assets or provision of services is virtually unavoidable, arises as a result of a past event and its amount and maturity are clearly established.

(o) Employees' benefits-

Short-term direct benefits

Short-term direct employee benefits were recognized in income of the period in which the services rendered are accrued. A liability is recognize for the amount expected to be paid if the Society has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

Long-term direct benefits

The Society's net obligation in relation to direct long-term benefits (except for deferred ESPS - see subsection (k) Income taxes and employee statutory profit sharing), and which the Society is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination benefits

A liability is recognized for termination benefits along with a cost or expense when the Society has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefit are not expected to be settled wholly within 12 months of the end of the annual financial year, then they are discounted.

(Continued)

Defined contribution plans

The Society´s net obligation relating to defined benefit pension plans, seniority premiums, benefits upon death, sports club benefits and statutory severance payments, is calculated on a separate basis for each plan, estimating the amount of future benefits earned by employees and in the current and previous years, deducting and deducing the fair value of the plan assets from such amount.

The obligations for defined benefit plans are calculated annually by actuaries using the projected unit credit method. When the calculation results in a possible asset for the Society, the recognized asset is limited to the present value of the economic benefits available in the form of future refunds of the plan or reductions in future contributions thereto. To calculate the present value of economic benefits, any minimum financing requirement should be considered.

The labor cost of current service, which represents the periodic cost of retirees for having completed one more year of working life based on the benefit plans, is recognized in administrative and promotional expenses.

The Society determines the net interest expense (income) on the net defined benefit liability (asset) for the period by multiplying the discount rate used to measure the defined benefit obligation by the beginning balance of the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments.

Modifications to the plans that affect past service cost are recognized in income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income of the period.

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of “Administrative and promotional expenses” in the consolidated income statement.

(p) Cumulative currency translation effect-

Represent the difference resulting from the translation of the functional currency of foreign operations into the reporting currency. This item is presented within the OCI.

(Continued)

(q) Impairment of long-lived assets in use-

The Society tests the net carrying value of long-live assets in order to determine the existence of impairment indicators that such value exceeds its recovery value. The recovery value represents the potential amount of net income that it is reasonably expected to be obtained as a consequence of the use or realization of such assets. If it is determined that net carrying value exceeds recovery value, the Group records the required allowances. When it is intended to sell the assets, these are recorded in the consolidated financial statements at the lower of net carrying value or realizable value.

(r) Goodwill-

Goodwill represents the future financial benefits arising from other acquired assets that are not individually identifiable or separately recognizable. Goodwill is subject to impairment tests at the end of the reporting period and when there is an indication of impairment.

(s) Revenue recognition -

Interest on loans granted is recorded in income as earned. Interest on past-due loans is recognized in income upon collection.

The interest and commissions collected in advance are recorded under the caption " Deferred credits and prepayments" and are applied to the results of the year as they accrue.

Annuity fees charged to customers are recognized as income on a deferred basis and are amortized using the straight-line method over one year or over the life of the loan. The commissions charged for the initial granting of the loan and its associated costs are not deferred during the term of the loan, since Management considers that its effect is not material or significant since the maturities of the loans are short-term.

(t) **Business and credit concentration-**

The Society's credit portfolio as of December 31, 2021 and 2020, is made up of many clients, without significant concentration in any specific client. Interest and commission income represents 97% in 2021 and 91% in 2020 of the Society's total income.

The main funders of the Society are financial institutions, with whom it has contracted approximately 30% in 2021 and 35% in 2020 of the funding in national and foreign currency. The Society has a stock market liability that represents 70% in 2021 and 65% in 2020 of the funding in dollars.

(Continued)

(u) Earning per share-

Represents the result of dividing the net result for the year by the weighted average number of shares outstanding at the end of the year. For the years ended December 31, 2021 and 2020, profit and loss per share is $1.1201 pesos and $1.6533 pesos, respectively.

(v) Memorandum accounts-

Assets or commitments that are not part of the Society's consolidated balance sheet are recorded in the memorandum accounts, since their rights are not acquired or said commitments are not recognized as liabilities of the entities as long as said eventualities do not materialize, respectively.

– *Uncollected accrued interest derived from past due-portfolio:*

The interest accrued in memorandum accounts is recorded from the time a loan is transferred to past due portfolio.

(w) Contingencies-

Liabilities or important losses related to contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent income, earnings or assets are not recognized until their realization is assured.

(4) Foreign currency position-

As of December 31, 2021 and 2020, the foreign currency position of the Society and its subsidiaries is analyzed below:

	Millions of Dollars	
	2021	**2020**
Assets	163	99
Liabilities	(310)	(258)
Liability position, net in dollars	**(147)**	**(159)**

	Millions of Reales	
	2021	**2020**
Assets	133	128
Liabilities	(104)	(101)
Asset position, net in Reales	**29**	**27**

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

The exchange rate relative to the U.S. dollar at December 31, 2021 and 2020, was $20.5075 pesos per dollar and $19.9087 pesos per dollar, respectively and $5.5805 and $5.1967 pesos per real, respectively, and on April 18, 2022, authorization issuance date of the accompanying consolidated financial statements, was $19.7967 pesos per dollar and $4.19131 pesos per real.

(5) Cash and cash equivalents

Cash and cash equivalents at December 31, 2021 and 2020 are as shown below:

		2021	**2020**
Cash in hand	$	60,346	54,699
Deposits in banks of the country		304,589	368,731
Immediate realization investments		87,514	435,514
	$	**452,449**	**858,944**

Immediate realization investments correspond to the investment of treasury surpluses, in order to obtain a better return in the short term. These investments are made through brokerage houses and investment companies that operate in the Mexican financial market.

As of December 31, 2021 and 2020, the average investment rates (unaudited) were 3.2% and 4.7%, respectively. Likewise, for the years ended December 31, 2021 and 2020, income from interest on investments was $19,662 and $19,722, respectively (note 18). During both years the maturity terms of these investments were from one to three days. As of December 31, 2021 and 2020, restricted investments amount to $52,449 and $50,211, respectively.

(6) Derivatives-

Derivatives for hedging purposes

The Society's activities expose it to a variety of financial risks: market risk (mainly including exchange risk and interest rate risk), credit risk and liquidity risk. Considering the unpredictability of the financial markets, Management seeks to minimize through risk management the potential negative effects on the financial performance of the Society. In accordance with the guidelines of the Board of Directors, the use of derivative financial instruments was implemented to hedge some exposures to market risks, specifically a significant rise in the exchange rate of the Mexican peso against the US dollar, as well as the Brazilian Real.

The Society's policy is not to carry out speculative operations with derivative financial instruments. As of December 31, 2021 and 2020, the Society carried out a cash flow hedging program, the designated derivative instruments are Cross Currency Swaps. The following page summarizes the operations with current derivative instruments.

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December 31, 2021

		Notional amount hedged					Annual interest rate		
Hedge description	**Nature of risks hedge**	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**	**Fair value**
Currency and interest rate hedge (a)	Exchange rate risk	2,880 USD	$55,548	28-oct-21	19-jul-22	19.2875	8%	14.568%	$ 3,696
Currency and interest rate hedge (a)	Exchange rate risk	30,747 USD	$537,765	24-feb-20	19-jul-24	17.4900	8%	13.9050%	127,436
Currency and interest rate hedge (a)	Exchange rate risk	42,410 USD	$744,181	30-jun-20	19-jul-24	17.5473	8%	13.8650%	172,377
Currency and interest rate hedge (a)	Exchange rate risk	139,328 USD	7,000 USD	11-jan-21	11-jan-22	19.9040	TIIE + 5.50	5.7720%	(11,402)
									$ 292,107

See explanation of (a) on page 23.

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December 31, 2020

		Notional amount hedged					Annual interest rate		
Hedge description	**Nature of risks hedge**	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**	**Fair value**
Currency and interest rate hedge (a)	Exchange rate risk	53,633 USD	$1,034,446	30-jun-20	19-jul-22	19.2875	8%	14.5680%	$ 7,780
Currency and interest rate hedge (a)	Exchange rate risk	30,747 USD	$537,765	24-feb-20	19-jul-24	17.4900	8%	13.9050%	79,224
Currency and interest rate hedge (a)	Exchange rate risk	42,410 USD	$744,181	30-jun-20	19-jul-24	17.5473	8%	13.8650%	110,912
Interest rate heage (a)	Exchange rate risk	10,000 USD	10,000 USD	10-jan-20	10-ene-21	N / A	LIBOR 3M + 3.20	5.0500%	(800)
Currency and interest rate hedge (a)	Exchange rate risk	10,000 USD	40,554 R	10-jan-20	10-ene-21	4.0672	5.9412%	9.6700%	42,560
									$ 239,676

See explanation of (a) on page 23.

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, 2021 and 2010, the hedging relationship is highly effective.

(Continued)

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 12), the Society settled four 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 third was settled with HSBC on January 11, 2021, from which it receives flows of 5.772% and pays flows on a rate of TIIE +5.5%. The fourth was settled on October 28, 2021, from which it receives flows of 14.5680% and pays flows on a fixed rate of 8.00%. 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, $17.5473 and $19.9040 Mexican pesos per dollar, respectively, eliminating the exchange risk.

During 2021 and 2020, repurchases of the bond issued for 250 million dollars were made, with 176.9 million dollars as a circulation amount (184.4 million dollars in 2020). For this reason, the Society made partial cancellations in one out three derivatives that 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 24.22 million dollars, remaining at 2.88 million dollars (29.06 million dollars in 2020). 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 OCI was immediately recorded through results, at the same time that the covered position affected results.

Sensitivity analysis (unaudited):

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.

(Continued)

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, 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. The maturities of the related financial liabilities are shown in note 12.

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, 2021, the counterparty credit risk is immaterial.

(7) Loan portfolio-

a) Integration and analysis of the loan portfolio

The classification of the current and past due consumer credit portfolio as of December 31, 2021 and 2020, analyzed by type of currency, is presented on the following page.

(Continued)

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		2021		2020	
		Current	**Past-due**	**Current**	**Past-due**
Local currency:					
Consumer loans	$	4,076,132	280,386	4,386,592	269,333
Valued foreign currency					
Consumer loans		3,295,627	57,170	2,269,868	89,724
		7,371,759	**337,556**	**6,656,460**	**359,057**
		$ 7,709,315		**7,015,517**	

As of December 31, 2021 and 2020, the restricted balance consumer portfolio amounted to $1,690,145 and $1,951,073, respectively.

The composition of the credit portfolio by product and its concentration percentage as of December 31, 2021 and 2020, is analyzed below:

		2021		2020	
Economic activity		**Amount**	**Concentration**	**Amount**	**Concentration**
Current portfolio					
Consumer loans					
CrediInmediato	$	1,758,846	24%	1,547,992	23%
Grupal		-	-	330,619	5%
CrediPopular		257,347	3%	269,544	4%
Tradicional		2,041,666	28%	1,698,133	26%
CrediMamá		16,792	-	17,540	-
PlanCelular		1,481	-	5,270	-
AFI		3,295,627	45%	1,939,248	29%
Más Nómina		-	-	848,114	13%
Subtotal current portfolio, to the next page	$	7,371,759	100%	6,656,460	100%

(Continued)

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	2021		2020	
Economic activity	**Amount**	**Concentration**	**Amount**	**Concentration**
Subtotal current portfolio, from the previous page	$ 7,371,759	100%	6,656,460	100%
Past-due portfolio:				
Consumer loans				
CrediInmediato	78,844	23%	93,049	26%
Grupal	-	-	5,034	1%
CrediPopular	12,075	4%	19,639	6%
Tradicional	188,654	56%	140,586	39%
CrediMamá	762	-	827	-
PlanCelular	51	-	423	-
AFI	57,170	17%	84,690	24%
Más Nómina	-	-	14,809	4%
	337,556	100%	359,057	100%
Total loan portfolio	**$ 7,709,315**		**7,015,517**	

As of December 31, 2021 and 2020, the types of credit that each entity are shown below:

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, 2021 and 2020, the amount of unused credit lines was (unaudited) $579 millions of Mexican pesos and $419 millions of Mexican pesos, 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.

(Continued)

– 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.

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 3,000 and 10,000 dollars to individuals who can certify their revenues as employees. In this case, the average loan period is 15 months.

Finsol loans

- Group Loans: until October2021, was 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.

The distribution of the consumer loan portfolio at December 31, 2021 and 2020, by geographical region is shown as following page.

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	2021		2020	
Country/State:	**Total portfolio**	**Interest income**	**Total portfolio**	**Interest Income**
Mexico				
Aguascalientes	$ 57,654	$ 42,781	$ 49,144	$ 44,585
Baja California	120,686	102,093	130,420	102,183
Baja California Sur	59,131	44,328	61,049	51,774
Campeche	52,355	39,085	50,268	53,525
Chiapas	134,926	105,539	190,451	139,102
Chihuahua	19,086	14,396	18,027	16,917
Coahuila	157,953	119,603	151,071	130,178
Colima	58,940	44,493	53,510	42,892
Ciudad de México	421,232	309,348	674,635	403,724
Durango	35,829	27,364	29,800	35,850
Estado de México	839,470	594,209	752,673	591,582
Guanajuato	266,016	203,760	240,296	201,177
Guerrero	133,196	97,961	122,041	133,101
Hidalgo	115,177	82,634	140,530	101,816
Jalisco	237,497	167,436	190,528	171,527
Michoacán	130,835	100,116	110,866	110,265
Morelos	120,859	88,647	115,241	92,536
Nayarit	37,266	27,535	30,653	30,320
Nuevo León	3,030	374	-	28,505
Oaxaca	62,909	50,085	93,097	93,883
Puebla	76,236	57,912	73,064	97,924
Querétaro	117,802	89,163	112,077	100,728
Quintana Roo	137,420	101,566	144,423	135,695
San Luis Potosí	95,366	72,346	106,425	103,104
Sinaloa	63,569	47,688	70,516	59,262
Sonora	82,903	62,020	90,926	76,587
Tabasco	28,873	25,462	95,726	67,551
Tamaulipas	260,536	196,537	265,131	229,319
Tlaxcala	46,114	34,063	39,989	38,988
Veracruz	219,941	174,177	291,363	268,001
Yucatán	128,511	92,841	132,639	107,753
Zacatecas	35,202	26,199	29,347	28,356
Subtotal	4,356,520	3,241,761	4,655,926	3,888,710
Brazil	-	122,316	335,653	172,662
USA	3,352,795	848,943	2,023,938	746,124
Total	**$ 7,709,315**	**$ 4,213,020**	**$ 7,015,517**	**$ 4,807,496**

(Continued)

(Thousands of Mexican pesos)

Income from interest and arrears recorded in the financial margin for the years ended December 31, 2021 and 2020, segmented by type of credit, is analyzed as follows:

	2021			2020		
Type of credit		**Amount**	**%**		**Amount**	**%**
CrediInmediato	$	1,411,386	34	$	1,475,435	30
Grupal		122,436	3		618,194	13
CrediPopular		228,539	5		274,544	6
Tradicional		1,307,993	32		1,212,809	26
Micronegocios		222,805	5		116,623	2
CrediMamá		14,954	-		17,286	-
CrediConstruye		-	-		6	-
AFI		848,943	20		746,124	16
MásNómina		55,964	1		346,475	7
	$	**4,213,020**	**100**	**$**	**4,807,496**	**100**

b) Integration and analysis of the past-due loan portfolio

As of December 31, 2021 and 2020, aging of the past-due loan portfolio is as follows:

		1 to 30 days	31 to 60 days	61 to 89 days	90 to 120 days	121 to 150 days	151 to 180 days	Total
2021	$	26	259	22,864	126,136	102,232	86,039	337,556
2020	$	17	363	21,922	116,341	107,388	113,026	359,057

The movement in the past-due loan portfolio for the years ended December 31, 2021 and 2020, is summarized below:

		2021	2020
Balance at beginning of the year	$	359,057	517,737
Settlements		(162,347)	(229,126)
Write-offs and write-downs		(829,363)	(1,269,726)
Net increase, for transfers from and to current loans		969,054	1,340,573
Foreign exchange fluctuation		1,155	(401)
Balance at the end of the year	**$**	**337,556**	**359,057**

(Thousands of Mexican pesos)

The interest on the past-due loan portfolio not recognized in results of operations for the year ended December 31, 2021 amounted to $40,237 ($38,683 in 2020), which are recorded in memorandum accounts.

For the years ended December 31, 2021 and 2020, the Society obtained recoveries from written-off loans represented a profit of $104,807 and $136,534, respectively, which were recorded in the caption "Allowance for loan losses" in the consolidated statement of income.

c) Restructuring and renovations

Restructured and renewed consumer loans as of December 31, 2021 and 2020 are integrated as shown below:

Restructuring loans		Current		Past-due		Total
2021	$	1,271	$	907	$	2,178
2020	$	2,799	$	1,483	$	4,282

As long as the credit portfolio remains restructured, the Society classifies and presents this portfolio as past-due loans.

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d) Allowance for loan losses

As of December 31, 2021 and 2020, the classification of the evaluated portfolio and the allowance for loan losses are analyzed as follows:

	2021			2020		
Period	Evaluated portfolio	Weighted average	Allowance	Evaluated Portfolio	Weighted average	Allowance
Weekly						
0	$ 691,089	0.5%	$ 3,719	$ 493,990	0.3%	$ 1,411
1	82,144	1.8%	1,442	65,298	0.9%	587
2	67,269	4.9%	3,273	46,174	2.1%	960
3	37,560	9.2%	3,459	23,076	4.7%	1,092
4	34,227	14.6%	4,985	20,636	8.4%	1,739
5	22,986	20.6%	4,734	12,926	11.8%	1,523
6	16,246	34.7%	5,635	9,640	19.4%	1,873
7	16,107	40.9%	6,595	8,660	27.0%	2,334
8	15,850	48.7%	7,721	7,875	34.4%	2,712
9	14,459	54.5%	7,879	7,390	38.6%	2,850
10	11,745	73.2%	8,598	5,863	44.6%	2,612
11	11,624	75.5%	8,778	5,322	52.9%	2,815
12	12,919	77.5%	10,007	6,273	55.6%	3,490
13	11,835	79.3%	9,385	6,088	57.6%	3,509
14	10,135	97.1%	9,839	5,374	57.8%	3,108
15	10,852	96.8%	10,503	4,815	66.2%	3,185
16	11,666	96.8%	11,296	4,720	68.8%	3,246
17	12,965	96.5%	12,516	5,410	69.5%	3,760
18 or more	81,712	96.7%	78,999	35,051	94.6%	33,162
Weekly subtotal, to the next page	$ 1,173,390		$ 209,363	$ 774,581		$ 75,968

(Continued)

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	2021			2020		
Period	**Evaluated portfolio**	**Weighted average**	**Allowance**	**Evaluated Portfolio**	**Weighted average**	**Allowance**
Weekly subtotal, from the previous page	$ 1,173,390		$ 209,363	$ 774,581		$ 75,968
Biweekly						
0	$ 5,339,671	0.5%	$ 25,093	$ 3,713,892	0.6%	$ 23,981
1	445,245	3.2%	14,054	432,951	3.8%	16,245
2	179,624	12.0%	21,572	170,337	12.0%	20,477
3	80,263	29.9%	24,001	82,387	23.1%	19,038
4	59,965	44.3%	26,555	57,834	29.2%	16,861
5	44,601	66.8%	29,794	36,468	46.1%	16,800
6	40,855	74.6%	30,459	37,359	50.5%	18,871
7	29,184	98.5%	28,754	29,400	60.1%	17,659
8	35,503	98.3%	34,904	28,968	66.6%	19,300
9	23,037	98.6%	22,708	22,995	75.8%	17,436
10	28,609	98.0%	28,027	29,135	78.1%	22,768
11	22,661	98.0%	22,209	29,598	85.7%	25,368
12	23,863	98.0%	23,381	35,362	89.9%	31,796
	$ 6,353,081		**$ 331,511**	**$ 4,706,686**		**$ 266,600**
Monthly						
0	$ 579,693	0.6%	$ 3,282	$ 278,726	0.5%	$ 1,417
1	46,270	7.8%	3,610	28,457	4.9%	1,384
2	14,563	40.1%	5,833	8,906	21.3%	1,893
3	8,529	72.1%	6,150	4,602	41.7%	1,918
4	4,568	97.5%	4,451	3,301	58.1%	1,919
5	4,163	97.9%	4,075	2,990	71.1%	2,125
6	3,831	97.4%	3,732	1,679	78.8%	1,323
	$ 661,617		**$ 31,133**	**$ 328,661**		**$ 11,979**
Subtotal, to the next page	**$ 8,188,088**		**$ 572,007**	**$ 5,809,928**		**$ 354,547**

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	2021			2020		
	Evaluated portfolio	**Weighted average**	**Allowance**	**Evaluated Portfolio**	**Weighted average**	**Allowance**
Subtotal, from previous page	**$ 8,188,088**		**$ 572,007**	**$ 5,809,928**		**$ 354,547**
Skip a Payment portfolio:						
Simple with arrears	-	-	-	98,831	-	91,783
Simple without arrears	-	-	-	79,216	-	41,999
Revolving with arrears	-	-	-	60,869	-	52,213
Revolving without arrears	-	-	-	142,984	-	60,100
Accelerated Punishments	-	-	-	11,972	-	10,815
	-		-	393,872		256,910
Restructuring	178,993	45.76%	81,911	100,655	46.1%	46,442
Total portfolio with credit limit	8,367,081		653,918	6,304,455		657,899
Undrawn line of revolving credit	(657,766)	-	-	(487,514)	-	-
Total portfolio	7,709,315		653,918	5,816,941		657,899
Más Nómina	-	-	-	862,923	0.5%	4,385
Grupal	-	-	-	335,653	7.6%	25,440
Total	**$ 7,709,315**		**$ 653,918**	**$ 7,015,517**		**$ 687,724**

(Continued)

(Thousands of Mexican pesos)

The movement in the allowance for loan losses for the years ended December 31, 2021 and 2020 is summarized below:

		2021	2020
Balance at the beginning of the year	$	687,724	577,673
Plus:			
Provisions debited to results of operations		954,549	1,852,561
Less:			
Loans written off during the period		(988,355)	(1,742,510)
Balance at the end of the year	**$**	**653,918**	**687,724**

(8) Other accounts receivable, net-

As of December 31, 2021 and 2020, the other accounts receivable account is comprised as follows:

		2021	2020
Recoverable ISR	$	173,836	164,803
VAT		117,013	203,402
Finsol Brasil (a)		153,138	-
Te creemos (b)		-	133,257
Sundry debtors		19,151	17,371
Other recoverable taxes		-	543
OXXO collections		7,346	7,629
Más Nómina correspondents		-	43,838
Insurance receivables		85,303	41,777
	$	**555,787**	**612,620**

(a) The account receivable with Finsol Brasil corresponds to a sale agreement with OMNI (See note 1).
(b) Account receivable with Te Creemos Holding and subsidiaries for the sale of Financial Finsol portfolio and trademarket

(9) Property, furniture, equipment and improvements to leased premises, net-

As of December 31, 2021 and 2020, the analysis and integration of property, plant, equipment and improvements to leased premises is shown as following page.

(Continued)

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		2021	2020
Investment:			
Leasehold improvements	$	839,791	801,846
Computer equipment		269,006	307,159
Office furniture and equipment		199,985	201,282
Building		47,644	47,644
Transportation equipment		11,622	14,342
ATM		9,837	9,837
Land		865	865
		1,378,750	1,382,975
Accumulated depreciation and amortization		(1,231,359)	(1,202,656)
	$	**147,391**	**180,319**

For the years ended December 31, 2021 and 2020 the depreciation and amortization charged to results of those years amounted to $56,849 and $125,120, respectively.

As of December 31, 2020 and 2021, certain assets have been totally depreciated for the amounts of $1,038,560 and $925,433, respectively.

(10) Permanent investments-

The investment in associated companies is recognized at their acquisition cost.

As of December 31, 2021 and 2020, the associates are integrated as shown below:

		2021	2020
Investment:			
Se Listo Agente de Seguros y de Fianzas, S. A. de C. V.	$	43,538	43,538
MASA RSA (Acción preferente)		1	1
	$	**43,539**	**43,539**

(Continued)

(Thousands of Mexican pesos)

(11) Other assets-

a) Goodwill

Goodwill originated from the acquisition of the businesses shown and as of December 31, 2021 and 2020, is analyzed below:

		2021	2020
Indepar	$	-	178,488
AEF		895,979	895,979
AFI		112,816	112,816
	$	**1,008,795**	**1,187,283**

The Society has carried out a study to determine whether there is impairment in its long-lived assets in accordance with the provisions of FRS C-15 (Impairment in the value of long-lived assets and their disposal), and for the year ended December 31, 2021, a written off of $133,339 derived from the Indepar sale contract was recognized (operation subject to authorization by the Central Bank of Brazil, whose approval was received on March 30, 2022) recorded in the caption "Administration and promotion expenses" (see note 1), likewise, $45,149 were reclassified to "Long-lived assets available for sale" in the consolidated balance sheet.

b) Deferred income charges, prepaid expenses and intangibles

As of December 31, 2021 and 2020, the captions of other assets, deferred income charges, prepaid expenses and intangibles are integrated, as follows:

		2021	2020
Insurance and bond	$	84,655	39,391
System developments, net		64,701	68,727
Deposits in guarantee		14,479	20,534
Prepaid expenses		18,530	20,982
Tax advances		8,981	10,613
Licenses and software, net		3,262	6,998
Commission lines of credit		1,480	562
Others		-	79,902
	$	**196,088**	**247,709**

Amortization charged to income for the year ended December 31, 2021 and 2020, was $87,006 and $72,416, respectively.

(Thousands of Mexican pesos, except otherwise stated)

(12) Securitization certificates-

	Total amount In USD	Issuance date	Maturity	Interest date	2021	2020
International Bond (1)	250,000,000	Jul-2017	Jul-2024	8.0% USD (9.819% swap weighted MXN)	$ 3,628,044	$ 3,670,487
				Accrued interest	158,169	190,135
				Total	**$ 3,786,213**	**$ 3,860,622**

(1) On July 2017, the Society placed bonds in the international bond market for 250 million dollars, 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 and AFI.

The Society carried out repurchases during 2021 and 2020 of the "Senior Notes due 2024" issued in July 2017, for 7.5 and 50.1 million dollars, respectively.

For the years ended December 31, 2021 and 2020, interest expenses for secure certificates amount to $405,502 and $495,673, respectively, recorded in the caption "Interest expenses" in the consolidated income statement (note 18).

(Continued)

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(13) Bank and other borrowings-

As of December 31, 2021 and 2020, short-term and long-term Bank and other borrowings are as follows:

Institution	Total borrowing and Currency	Maturity date	Guarantee	2021	2020
Short-term					
Foreign currency loans:					
HSBC México, S. A.(HSBC)					
Revolving credit	25,000 USD	January 2022	1.3 to 1.0	$ 141,112	$ 200,467
Banco Safra S/A (Safra)					
Revolving credit	1,500 R$	February 2021	2.0 to 1.0	-	5,750
Revolving credit	1,500 R$	March 2021	2.0 to 1.0	-	5,750
Revolving credit	2,000 R$	December 2021	1.5 a 1.0 in cash 15%	-	7,728
Western Alliance	9,700 USD	March 2022	Letter credit	199,479	153,572
Caixa Econômica Federal	20,000 R$	August 2024	1.0 a 1.0 in cash 15%	-	34
Total short-term foreign currency				$ 340,591	$ 373,301
Local currency loans:					
HSBC					
Revolving credit	$ 462,500	May 2022	1.3 to 1.0	$ 220,000	$ 277,879
Revolving credit	615,000	June 2022	1.3 to 1.0	220,000	254,879
BBVA Bancomer, S. A. (BBVA Bancomer)	168,000	March 2022	1.2 to 1.0	100,000	150,000
Banco del Bajío, S. A. (Banco del Bajío)	100,000	February 2022	1.25 to 1.0	100,204	100,185
Banco Monex, S. A. (Monex)	100,000	April 2022	1.25 to 1.0	75,273	-
Banco Sofisa, S.A. (Sofisa)	30,000	December 2021	1.2 a 1.0 in cash 15%	-	115,286
Scotiabank Inverlat, S. A. (Scotiabank)	295,000	May 2022	1.2 to 1.0	178,387	137,304
Banco Ve por Más (Ve por Más)	70,000	December 2022	1.3 to 1.0	90,998	20,013
Nacional Financiera, S. N. C. (NAFINSA)					
Revolving credit	750,000	May 2022	Unsecured	113,566	111,509
Revolving credit	500,000	November 2022	In cash 10%	181,745	283,441
Total short-term foreign currency				$ 1,280,173	$ 1.450,496
Total short-term				**$ 1,620,764**	**$ 1,823,797**
Long term					
Foreign currency loans:					
Caixa Econômica Federal	20,000 R$	August 2024	1.0 to 1.0 in cash 15%	$ -	$ 76,621
Local currency loans:					
Nacional Financiera, S. N. C. (NAFINSA)					
Revolving credit	$ 500,000	Undefined date	In cash 10%	-	149,791
Total long-term				**$ -**	**$ 226,412**
Total bank and other borrowings				**$ 1,620,764**	**$ 2,050,209**

(Continued)

(Thousands of Mexican pesos)

For the years ended December 31, 2021 and 2020, the balance of bank commissions, lines of credit and services paid amounts to $68,227 and $77,141, respectively.

For the years ended December 31, 2021 and 2020, interest expenses for bank loans amount to $115,059 and $232,497, respectively (note 18).

(14) Other accounts payable-

As of December 31, 2021 and 2020, the balance of this item is made up as follows:

		2021	2020
Other taxes	$	144,515	206,349
Sundry creditors		45,656	48,843
Other provisions		410,671	277,815
Provision for labor obligations		56,051	70,624
Insurance payable		26,303	20,241
Payable ESPS		27,545	4,008
	$	**710,741**	**627,880**

(15) Income taxes (IT) and Employee Profit Sharing (ESPS)-

IT Law establishes an IT rate of 30%

a) IT

The income tax expense (benefit) for the years ended December 31, 2021 and 2020 is comprised as follows:

		2021	2020
In the results of the period:			
Carrent	$	50,170	(21,920)
Deferred		128,264	76,897
	$	**178,434**	**54,977**
OCI:			
Deferred	**$**	**37,408**	**58,662**

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The tax expense (benefit) attributable to income from continuing operations before income tax and OCI was different from that which would result from applying the 30% IT rate to income before income tax from discontinued operations and OCI as a result of the items mentioned below:

The Society does not consolidate the tax result with its subsidiaries, therefore the information presented below is for informational purposes only.

Current IT

The following is the determination of the current income tax by Mexican entities, through the reconciliation between the accounting result and the tax result for the years ended December 31, 2021 and 2020:

		2021	2020
Income before income taxes	$	598,186	100,728
Minus (plus) reconciling items:			
Adjustment for effects of inflation, net		(99,186)	(11,344)
Commissions for granting credit, net		1,707	9,144
Allowance for loan losses		732,868	1,270,655
Deductible loan write-offs		(900,473)	(1,249,072)
Valuation of financial instruments		-	309,603
Other deferred charges and prepayments, net		18,143	(23,187)
Accounting depreciation of property, furniture and equipment		50,097	133,899
Investment tax deduction		(175,153)	(176,469)
ESPS current and deferred		29,148	2,515
Employee benefits provision		35,061	3,255
Provisions		1,095	3,441
Others, net		(46,346)	(22,913)
Tax profit		245,147	350,255
Amortization of tax losses		(138,431)	(350,255)
Tax profit		106,716	-
Applicable rate		30%	30%
Current IT in Mexico		32,015	-
Current IT foreign companies		18,155	-
Total current IT	**$**	**50,170**	**-**

(Continued)

(Thousands of Mexican pesos)

Deferred tax

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2021 and 2020, are detailed below:

		2021	**2020**
Deferred tax			
Allowance for loan losses	$	251,655	373,122
Property, furniture and equipment		84,694	112,988
ESPS payable		4,964	1,202
Deferred ESPS		19,199	(1,089)
Employee benefits provision		14,832	21,720
Provisions		63,514	69,354
Issuance expenses for debt placement		-	14,070
Other deferred credits and advance collections		3,073	4,167
Other deferred charges and prepayments		(28,643)	(40,914)
Tax loss carryforward		184,182	252,497
Valuation of financial instruments		(24,502)	12,906
Others		67,545	105,578
Deferred IT asset, net	**$**	**640,513**	**925,601**

During 2021, the deferred income tax asset of the subsidiaries that were sold for an amount of $49,377 was written off.

The final realization of deferred assets depends on the generation of taxable income in the periods in which the temporary differences are deductible. In carrying out this evaluation, Management considers the expected reversal of deferred liabilities, projected taxable profits and planning strategies.

As of December 31, 2021, tax loss carryforwards expire as shown below:

Year		**Updated amount as of December 31, 2021**
2026	$	263,806
2027		5,007
2028		16,829
2029		18,361
2030		297,203
2031		127,556
	$	**728,762**

(Thousands of Mexican pesos)

b) ESPS

The ESPS expense for the years ended December 31, 2021 and 2020, is integrated as shown below:

		2021	2020
In the results of the period:			
Current	$	27,545	3,268
Deferred		2,351	804
	$	**29,896**	**4,072**

The temporary differences that originate significant portions of the assets and liabilities of deferred ESPS, as of December 31, 2021 and 2020, are detailed below:

		2021	2020
Deferred ESPS			
Allowance for loan losses	$	54,434	-
Property, furniture and equipment		17,451	-
Employee benefits provision		2,817	6,409
Provisions		439	349
Other deferred credits and advance collections		929	(428)
Other deferred charges and prepayments		(6,157)	(1,020)
Deferred ESPS asset, net	**$**	**69,913**	**5,310**

The changes in the determination of the ESPS caused by the decree published on April 23, 2021 by the Federal Government, the Institution determined the deferred ESPS applying to the temporary differences of the deferred ESPS, a proportional rate of ESPS caused of 6.49%, which in turn is the result of dividing the ESPS equivalent to the ESPS cap indicated in section III of article 127 of the Federal Labor Law for financial companies and the cap indicated in section VIII of the same numeral for non-financial companies, divided by ESPS caused determined following the procedure established in the IT Law.

(Continued)

(Thousands of Mexican pesos)

(16) Employees' benefits-

a) Direct benefits in the short and long term:

The Society offers its employees the benefits stipulated in the Federal Labor Law: the seniority premium that is equivalent to 12 days of salary for each year of service (the salary is capped at twice the minimum salary) and the legal compensation that consists of three months salary plus twenty days for each year of service.

b) Post-employment benefits

On April 23, 2021, a decree was issued by the Federal Government to regulate labor subcontracting. As a consequence of this decree and to comply with said regulation, the Society, on July 1, 2021, carried out an employer substitution with the subsidiaries that offered it personnel services, incorporating various employees into its workforce, so that in on that date, employee benefits were increased against their 2021 results as shown below:

Employee benefits Coming from employer substitution		**2021**
Seniority bonus	$	11,496
Legal compensation and termination benefits		20,250
	$	**31,746**

Detail by group company:

Concept		**SICOA**	**Serfincor**	**SECOFI**	**AEF**	**Financiera Independencia**	**Conexia**	**Total**
Transfers (cash in)	$	-	-	14,011	9,109	7,169	1,457	31,746
Transfers (cash out)		(8,699)	(13,938)	(9,109)	-	-	-	(31,746)

Cash flows- The group does not have funds to finance the obligations. The payments of the valued benefits were charged directly to income.

The components of the defined benefits cost for the years ended December 31, 2021 and 2020, are shown on the following page.

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(Continued)

(Thousands of Mexican pesos)

		Seniority premium		Legal compensation	
		2021	**2020**	**2021**	**2020**
Current service labor cost	$	*2,244*	*3,138*	*3,956*	*7,016*
Net interest on the DBNL or (DBNA*)		*730*	*937*	*1,278*	*2,369*
Labor cost of the past service generated in the year		*3,541*	-	*11,179*	-
Recycling of PNBD remeasurements recognized in OCI		*(5,404)*	*(1,135)*	*(11,713)*	*(3,589)*
Net cost for the period	**$**	***1,111***	***2,940***	***4,700***	***5,796***
Cost of defined benefits					
Beginning balance of DBNL or (DBNA) *	$	*17,378*	*14,438*	*32,862*	*27,066*
Cost (income) of defined benefits		*1,111*	*2,940*	*4,700*	*5,796*
Ending balance of DBNL or (DBNA)*	**$**	***18,489***	***17,378***	***37,562***	***32,862***

(*) Defined Benefit Net Liability (DBNL) or Defined Benefit Net Assets (DBNA).

Derived from the employer substitution, as of December 31, 2021, all remeasurement effects were recognized in results for the year.

The financing situation of the defined benefit obligation as of December 31, 2021 and 2020 is detailed below.

		Seniority premium		Legal compensation	
		2021	**2020**	**2021**	**2020**
Defined benefit obligations (DBO)	$	*18,489*	*17,378*	*37,562*	*32,862*
Plan assets		-	-	-	-
	$	***18,489***	***17,378***	***37,562***	***32,862***

As of December 31, 2021 and 2020, the most important assumptions used in determining the net liability for defined benefits and the net cost of the period of the plans are those shown on the following page.

(Continued)

(Thousands of Mexican pesos)

	2021	**2020**
Nominal discount rate used to reflect the present value of the obligations		
Servicios Corporativos FINDEP	7.30%	4.60%
Sistemas Corporativos COA	7.15%	4.35%
SerfinCor	7.15%	4.35%
Apoyo Económico Familiar	7.50%	NA
Financiera Independencia	7.25%	NA
Conexia	7.15%	NA
Nominal rate of increase in salary levels		
Servicios Corporativos FINDEP	5.50%	5.00%
Sistemas Corporativos COA	5.50%	5.50%
Serfincor	5.50%	5.50%
Apoyo Económico Familiar	5.50%	NA
Financiera Independencia	5.50%	NA
Conexia	5.50%	NA

(17) Stockholders’ equity-

The main characteristics of the accounts that make up stockholders' equity are described below.

a) ***Structure of capital stock-***

The capital stock as of December 31, 2021 and 2020, is made up of 337,500,000 nominative ordinary shares, without par value, fully subscribed and paid, divided into two series: 100,000,000 series "A" shares (Class I), which correspond to the fixed portion of the capital stock without withdrawal rights and 237,500,000 series "A" shares (Class II), which correspond to the variable portion of the capital stock, whose amounts for each series are $20,000 and $51,588, respectively, plus the accumulated increase due to updating as of December 31, 2007 of $85,603; therefore, the capital stock as of December 31, 2021 and 2020 amounts to $157,191.

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 share repurchase fund active. During 2021 and 2020, the total number of shares repurchased was 28,335,149 and 27,136,617, respectively, which are equivalent to 8.4% and 8%, respectively, of the total shares outstanding and correspond to the stock option plan trust, in both years.

(Thousands of Mexican pesos, except otherwise stated)

During fiscal years 2021 and 2020, the net amounts of the acquisitions and relocations of own shares (repurchase fund and stock option plan) were $9,091 and $8,149, respectively. The dividends paid corresponding to the shares held in the repurchase fund and in the trusts of the stock option plan are returned to the Society.

The market price of the Society's shares reported by the BMV as of December 31, 2021 and 2020 was $8.00 and $7.35 pesos per share, respectively.

Stockholders' equity distribution, except restated paid-in capital and tax retained earnings will be subject to IT 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 Law IT 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 FRS 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:

		2021	**2020**
Earnings per Share (EPS):			
Profit (loss) net	$	346,903	(412,655)
Divided by:			
Average weighted number of shares		309,707,935	249,596,632
EPS (Mexican pesos)	**$**	**1.1201**	**(1.6533)**

b) Restrictions on stockholders' equity-

The General Corporations Law requires Society to separate annually 5% of their profits to constitute the statutory reserve until it reaches 20% of the capital stock.

(18) Financial Margin-

For the years ended December 31, 2021 and 2020, the main concepts composing the financial margin correspond to interest income and expenses originated as shown on the following page.

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		2021	2020
Interest income:			
Loan portfolio (note 7):			
CrediInmediato	$	1,411,386	1,475,436
Grupal		122,436	618,194
CrediPopular		228,539	274,544
Tradicional		1,307,993	1,212,809
Micronegocios		222,805	116,623
CrediMamá		14,954	17,285
CrediConstruye		-	6
AFI		848,943	746,124
MásNómina		55,964	346,475
		4,213,020	4,807,496
Investments in securities (note 5)		19,662	19,722
Total Interest income	**$**	**4,232,682**	**4,827,218**
Interest expenses:			
Borrowings from banks:			
HSBC	$	(46,508)	(92,488)
NAFINSA		(27,091)	(65,470)
FIRA		-	(5,322)
Ve por Más		(3,545)	(1,666)
Scotiabank		(7,423)	(21,169)
BBVA Bancomer		(8,100)	(15,182)
Pronafin		-	(39)
Monex		(273)	(6,015)
Banco del Bajío		(6,407)	(8,871)
Western Alliance		(6,801)	(8,011)
Safra		(1,250)	(670)
Sofisa		(7,661)	(7,594)
Subtotal borrowings from banks (note 13)		(115,059)	(232,497)
International bond (note 12)		(405,502)	(495,673)
Securitization certificates		(6,219)	(1,747)
Total interest expenses	**$**	**(526,780)**	**(729,917)**
Financial margin	**$**	**3,705,902**	**4,097,301**

(Continued)

(Thousands of Mexican pesos)

(19) Financial intermediation-

For the years ended December 31, 2021 and 2020, the main items that make up the financial intermediation are:

		2021	2020
Exchange rate fluctuation, net	$	(16,479)	(5,151)
Derivatives		(9,746)	385,972
	$	**(26,225)**	**380,821**

(20) Other operating income-

For the years ended December 31, 2021 and 2020, the main items that make up the other operating income item are:

		2021	2020
Income Finsol Brasil	$	3,419	-
Income Fisofo		25,236	-
Banregio trust		-	1,172
Other income		43,826	51,906
Service and insurance commissions		93,447	77,798
	$	**165,928**	**130,876**

(21) Memorandum accounts-

As of December 31, 2021 and 2020, the main items that make up the item of memorandum accounts are shown below:

		2021	2020
Uncollected accrued interest derived from past-due portfolio	$	40,237	38,683
Tax losses pending deduction		2,186,261	2,241,976
Written off portfolio		169,005	448,952

(Continued)

(Thousands of Mexican pesos)

(22) Related parties-

During the normal course of business, the Society carries out transactions with related parties

Related parties are defined as either individuals or entities holding direct or indirect control of 2% or more of the shares representing Society's capital and the members of the Board of Directors. Also considered as related parties are entities, as well as the advisors and officers of the subsidiaries.

As of December 31, 2021 and 2020, there are no balances with related parties.

(23) Commitments and contingent liabilities-

(a) The Society rents the premises that occupy its administrative offices and warehouses, as well as computers and transportation equipment, in accordance with lease contracts with defined terms. The total rental expense is included in administrative expenses in the consolidated statement of income. The amount of the annual rents payable, derived from the lease contracts with a defined term until 2026, is as follows:

		Amount
2022	$	137,690
2023		82,994
2024		52,326
2025 and more		43,998
	$	**317,008**

(b) In the normal course of their operations, some subsidiaries have commitments derived from service contracts and for the purchase of various goods, which, in some cases, establish conventional penalties in case of non-compliance.

(c) There is a contingent liability derived from employee benefits, which is mentioned in note 3(o).

(d) As of December 31, 2021, there are lawsuits against the Society for labor, civil and criminal lawsuits that, in the opinion of Management and its internal and external lawyers, said lawsuits are an ordinary part of the business and, in case of failures in against, they will not significantly affect its financial situation and results. As of December 31, 2021, and 2020, the provision for labor lawsuits decreases to $19,113 and $31,011, respectively, recorded in the caption "Other accounts payable".

(e) In accordance with current tax legislation, the authorities have the power to review up to five fiscal years prior to the last IT.

(f) In accordance with the IT Law, companies that carry out operations with related parties are subject to tax limitations and obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties. in comparable operations. In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to the collection of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100%. on the updated amount of contributions.

(24) Subsequent event-

In relation to the contract for the sale of Indepar shares to OMNI mentioned in note 1, authorization for the operation was obtained on March 30, 2022 from the Central Bank of Brazil through official letter 7223/2022-BCB/ Deorf/GTSP1.

(25) Regulatory pronouncements recently issued-

I. Regulatory changes in the adoption of FRSs

Pursuant to publications in the Official Gazette dated December 4, 2020 dated December 21, 2021, the National Surveillance Commissions announced the obligation, effective January 1, 2022, to adopt the following Mexican FRS issued by the CINIF: B-17 "Fair value measurement", 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 from contracts with clients" and D-5 "Leases". Also the application of Mexican FRS C-2 "Investment in financial instruments", Mexican FRS C-10 "Derivative financial instruments and hedging relationships" and Mexican FRS C 14 "Derecognition and transfer of financial assets" replacing accounting criteria B-2 "Investments in securities", B-5 "Derivatives" and Accounting Criteria to Specific Criteria of the C series. Pursuant to the transitory articles mentioned in the Banking Regulations, and as a practical solution, credit institutions, in the application of the accounting criteria in exhibit 33, that are modified, may recognize on the date of initial application, that is, on January 1, 2022, the cumulative effect of the accounting changes. Also, the basic (consolidated) quarterly and annual financial statements required from institutions under the Banking Regulations relating to the period ended December 31, 2022, should not be presented with comparisons with each quarter of the year 2021 and for the year ended December 31, 2021.

It is worth mentioning that on September 23, 2021, the Official Gazette of the Federation issued the Resolution that modifies the General regulations applicable to Credit Institutions, published on March 13, 2020, to continue using, during 2022, the contractual interest rate for the accrual of interest on the loan portfolio, as well as the application of the straight-line method for the recognition of origination fees and the accrual of transaction costs, as provided by accounting criteria B-6 in force until December 31, 2021, with such circumstance required to be disclosed in the 2022 quarterly and annual financial statements.

(Continued)

Also, it must apply the "Clarifications to Specific Rules", which the Regulator considers necessary given the specialized transactions of the financial sector. Identifying, as the most relevant, that the loan portfolio should not be included in the scope of Mexican FRS C-20 and shall follow the guidelines and modifications of the new criterion B-6 "Loan portfolio", the specifications to Mexican FRS C-16 in the scope and determination of the allowance for loan losses and clarifications to Mexican FRS D-5 "Leases".

i) Below is a brief description of the Mexican FRS effective on January 1, 2022, which are incorporated into the accounting criteria of the previous amending resolutions, together with the application of the Clarification to Specific Rules of the Accounting Criteria of the regulators and the Accounting Bulletins of particular rules:

Mexican FRS B-17 "Fair value measurement" – FRS B-17 must be applied in determining the fair value. This FRS provides for the valuation and disclosure standards in the determination of the fair value, in its initial and subsequent recognition, if the fair value is required or permitted by other specific FRSs. Where applicable, changes in valuation or disclosure should be recognized prospectively. It defines fair value as the exit price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that fair value is a determination based on the market and not on a specific value of an asset or a liability and that when determining fair value, the entity must use assumptions that market participants would use when setting the price of an asset or a liability under current market conditions at a given date, including assumptions about the risk. As a result, the Society's intention to hold an asset or liquidate, or otherwise satisfy a liability, is not relevant in the determination of fair value.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

In determining fair value, the following must be considered:

a) Updated prices for valuation determined using internal valuation models cannot be classified as Level 1.
b) With respect to the financial instruments referred to in sections I to III of Article 175 Bis 2 of the Banking Regulations, the provisions of this Mexican FRS shall not apply, and the provisions of Parts A and B of Chapter I, Section Two, Title Three, of the Banking Regulations.
c) With respect to financial instruments other than those indicated in the preceding paragraph, as well as virtual assets, in addition to the provisions of Part C of Chapter I, Section Two, Title Three, of the Banking Regulations, the provisions of Mexican FRS B-17 must be considered.

(Continued)

Additionally, the following disclosures are required:

i. The type of virtual asset and/or financial instrument to which an internal valuation model is applicable.

ii. When the volume or level of activity has decreased significantly, the adjustments that have been applied to the valuation adjusted price must be explained.

d) With respect to assets or liabilities other than those indicated in the previous sections, Mexican FRS B-17 must be applied when other specific Mexican FRS requires or allows fair value valuations and/or disclosures thereon.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-2 "Investment in financial instruments" – The Accounting Criteria issued by the Commission "Investments in securities" (B-2) is repealed and it is provided that the Mexican FRS C-2 must be applied, in connection with the application of the rules related to the registration, valuation and presentation in the financial statements of its investments in financial instruments as follows:

- Eliminates the concept of intention for the classification of instruments.

- The business model concept is adopted for the classification and measurement of financial instruments as follows:

  - f the business model is to generate a profit through receiving cash flows of a contractual return on financial instruments, they are recognized at amortized cost, and are called financial instruments to collect principal and interest.

  - If the business model is to generate a profit through a contractual return and sell them at the right time, they are recognized at fair value through OCI and are called financial instruments to collect or sell.

  - If the business model is to generate a profit based on their purchase and sale, these instruments are recognized based on their fair value, but through net profit or loss, and are called negotiable financial instruments.

- The reclassification of investments in financial instruments between the categories of financial instruments receivable, financial instruments to collect or sell and negotiable financial instruments is not allowed, unless the entity's business model changes.

- Adopts the principle that all financial instruments are valued on initial recognition at fair value. Therefore, if there is an acquisition of a financial instrument at a price other than observable market prices, said value must be adjusted to observable market prices immediately.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

- The exception to irrevocably designate, in its initial recognition, a financial instrument to collect or sell to be subsequently valued at fair value with effects on net income referred to in Mexican FRS C-2 will not be applicable to the entities.

- Expected loan losses due to impairment of investments in financial instruments to collect or sell must be determined in accordance with the provisions of Mexican FRS C-16.

Reclassifications:

Entities that carry out reclassifications of their investments in financial instruments under the Mexican FRS C-2 must report it in writing to the Commission within 10 business days following the authorization issued for such purposes by their Risk Committee, stating in detail the change in the business model that justifies them.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-3 "Accounts receivable" – This FRS will only be applicable to the "other accounts receivable" referred to in paragraph 20.1 of said FRS. The main characteristics issued for this Mexican FRS, are shown below:

- It cancels Bulletin C-3 "Accounts receivable".

- Specifies that accounts receivable that are based on a contract represent a financial instrument, while some of the other accounts receivable generated by a legal or fiscal provision may have certain characteristics of a financial instrument, such as generating interest, but they are not financial instruments in themselves.

- It states that the allowance for collectability for trade accounts receivable is recognized from the moment in which the income accrues, based on the expected credit losses.

- It states that, since the initial recognition, the value of money over time should be considered, so if the effect of the present value of the account receivable is important in consideration of its term, it should be adjusted based on said present value. The effect of the present value is material when the collection of the account receivable is agreed, totally or partially, for a term greater than one year, since in these cases there is a financing transaction. The accounting changes that arise must be recognized retrospectively; however, the valuation effects can be recognized prospectively.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

For the purposes of Mexican FRS C-3, accounts receivable from transactions that relate to the following should not be included:

Criteria B-3 "Repurchases", B-4 "Securities lending" and B-6 "Loan portfolio", issued by the Commission.

Those corresponding to acquired collection rights defined in Criterion B-6, and paragraph 72 of this criterion, relating to accounts receivable from operating leases.

This, since the applicable recognition, valuation, presentation and disclosure standards are already contemplated in them.

Transactions between the entity and its agencies and branches

Items resulting from transactions between the entity and its agencies and branches will be cleared at least at the end of each month, so they should not present any balance on that date.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Additionally, an allowance for loan losses will not be constituted for balances in favor of taxes and creditable VAT.

Mexican FRS C-9 "Provisions, contingencies and commitments" – It cancels Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments", its scope is reduced by relocating the topic related to the accounting treatment of financial liabilities in the Mexican FRS C-19 "Financial instruments payable" and the definition of liability is modified by eliminating the qualifier "virtually unavoidable" and including the term "probable".

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Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Socirty, are as follows:

- The provisions of Mexican FRS C-9 will not be applicable in determining the guarantees (*avales*) granted, in which case the provisions of B-8 "Guarantees" will apply.
- Credit Card

Letters of credit issued by the entity upon receipt of its amount are subject to Mexican FRS C-9.

The liability arising from the issuance of the letters of credit referred to in the preceding paragraph will be presented in the statement of financial position, under other accounts payable.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-13 "Related parties" – Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

For purposes of complying with the disclosure standards contained in Mexican FRS C-13, entities must additionally consider as related party:

a) the members of the board of directors of the holding company or financial entities and companies that are members of the Institution to which, if applicable, it belongs;

b) persons other than key management personnel or relevant executives or employees who, with their signature, may bind the entity;

c) legal entities in which key management personnel or relevant executives of the entity are directors or administrators or hold any of the first three hierarchical levels in said legal entities, and

d) legal entities in which any of the persons indicated in the preceding paragraphs, as well as in Mexican FRS C-13, have power of command, this being understood as the *de facto* capacity to decisively influence the resolutions adopted at shareholders' meetings or meetings of the board of directors or by the management, conduct and execute the business of the entity in question or of the legal entities it controls.

(Continued)

In addition to the disclosures required by Mexican FRS C-13, entities must disclose, in aggregate form, through notes to the financial statements, information of any transactions between related parties, including:

b) A generic description of the transactions, such as:

- loans made or received,
- transactions with financial instruments where the issuer and holder are related parties,

c) any other information necessary to fully understand the transaction, and

d) the full amount of employee benefits provided to key management personnel or relevant executives of the entity.

Disclosure is only required for transactions with related parties that represent more than 1% of the net capital of the month prior to the date of preparation of the relevant financial information. The net capital will be determined in accordance with the capital requirements in the Banking Regulations.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-14 "Derecognition and transfer of financial assets" – The main change in this standard related to the principle of transfer of risks and benefits of ownership of the financial asset, as a fundamental condition for derecognizing it. This means that when commercial, industrial and service entities discount accounts or documents receivable with recourse, they may not present the amount of the discount as a credit to the accounts and documents receivable, but rather as a liability. Similarly, financial entities may not derecognize the financial asset with a mere transfer of control over the asset.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

- With respect to the collateral received referred to in paragraph 44.7 of Mexican FRS C-14, the receiver is required to recognize the collateral received in memorandum accounts. In cases where the receiver has the right to sell or pledge the collateral, the transferor must reclassify the asset in its statement of financial position, presenting it as restricted.

<u>Recognition of financial assets</u>

Recognition rules exist for the receiving entity in cases where the transfer results in a derecognition of the financial asset by the transferor.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-16 "Impairment of financial instruments receivable" – It states that, to determine the recognition of the expected loss, the historical experience of the credit loss entity, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from financial instruments receivable (IFC) must be considered.

It also indicates that the expected loss should be recognized when, as the credit risk has increased, it is concluded that part of the financial instruments receivable's future cash flows will not be recovered.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

- For the purposes of Mexican FRS C-16, assets derived from transactions referred to in B-6, issued by the Commission, should not be included, since the standards for the valuation, presentation and disclosure of such assets are contemplated in the aforementioned criterion.

- Allowance for expected loan losses. It states that for accounts receivable other than a credit portfolio, allowances must be established that reflect the degree of irrecoverability in accordance with Mexican FRS C-16.

- Overdrafts in checking accounts of the entity's clients, who do not have a line of credit for such purposes, will be classified as past due debts and the entities are required to establish, simultaneously with said classification, an allowance for the full amount of said overdraft, at the time such an event occurs.

- Regarding transactions with uncollected documents for immediate collection referred to in B-1 "Cash and cash equivalents", 15 calendar days following the date on which they have been transferred to the item that originated them, they will be classified as past due debts and their allowance must be established simultaneously for the full amount thereof.

- For purposes of determining the amount of the expected credit loss referred to in paragraph 45.1.1 of Mexican FRS C-16, the effective interest rate used to determine the present value of the cash flows to be recovered must be adjusted when it is decided to modify said rate in accordance with the provisions of paragraph 61 of this criterion. When the entity uses the practical solutions referred to in paragraph 42.6 of Mexican FRS C-16, the creation of allowances shall be for the full amount of the debt and shall not exceed the following terms:

    a) 60 calendar days after their initial registration, when they relate to unidentified debtors, and

b) 90 calendar days after their initial registration, when they relate to identified debtors, no allowance for expected loan losses will be created for:
   - balances for taxes payable, and
   - accreditable value added tax.

Expected loan losses due to the impairment of investments in financial instruments as indicated in section 45 of Mexican FRS C-2 must be determined in accordance with the provisions of Mexican FRS C-16. In this regard, although the Commission does not establish specific methodologies for their determination, it would be expected that the expected loan losses due to the impairment of securities issued by a counterparty are consistent with the impairment determined for loans made to the same counterparty.

With respect to the determination of the estimated impact on the Financial Statements on the transition date, the Society will apply the rating methodologies to make up the amount of reserves of financial assets under Bulletin B-6 "Loan Portfolio" and the guidelines for the Banking Regulations applicable as of January 1, 2022.

Regarding the determination of the impairment applicable to investments in financial instruments as indicated in section 45 of Mexican FRS C-2, the Management has determined the loan losses in accordance with the provisions of Mexican FRS C-16 and is consistent with the loan portfolio rating methodology. Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-19 "Financial instruments payable" – The main characteristics issued for this Mexican FRS are shown below:

- Provides for the possibility of valuing certain financial liabilities at fair value, upon satisfaction of certain conditions, after their initial recognition.

- Value long-term liabilities at their present value at initial recognition.

- When restructuring a liability, without substantially modifying the future cash flows to settle the same, the costs and commissions paid in this process will affect the amount of the liability and be amortized over a modified effective interest rate, instead of affecting directly the net profit or loss.

- Incorporates the provisions of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", a topic not included in the existing regulations.

- The effect of extinguishing a financial liability must be presented as a financial result in the statement of comprehensive income.

- Introduces the concepts of amortized cost to value the financial liabilities and the effective interest method, based on the effective interest rate.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

- For the purposes of Mexican FRS C-19, the liabilities related to the transactions referred to in B-3 and B-4 are not included, as they are already contemplated in said criteria.

Initial recognition of a financial instrument payable

The provisions of paragraph 41.1.1, number 4, of Mexican FRS C-19 will not apply regarding the use of the market rate as the effective interest rate in the valuation of the financial instrument payable when both rates are substantially different.

Financial instruments payable valued at fair value.

The exception to irrevocably designate in its initial recognition a financial instrument payable to be subsequently valued at fair value with effects on the net result referred to in section 42.2 of Mexican FRS C-19 will not be applicable to entities.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS C-20 "Financial instruments to collect principal and interest" – The main characteristics issued for this Mexican FRS, are shown below:

- The manner of classifying financial instruments in assets is modified, as the concept of intention to acquire and hold them is discarded to determine their classification, instead the concept of management's business model is adopted.

- This classification groups financial instruments the purpose of which is to collect the contractual cash flows and obtain a gain for the contractual interest they generate, having a loan characteristic.

- They include financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

- For the purposes of Mexican FRS C-20, the assets originated by the transactions referred to in B-6, issued by the Commission, should not be included, since the recognition, valuation, presentation and disclosure standards for the initial and subsequent recognition of such assets are already contemplated in said criterion.

- Initial recognition of a financial instrument to collect principal and interest. The provisions of paragraph 41.1.1 number 4 of Mexican FRS C-20 will not apply regarding the use of the market rate as the effective interest rate in the valuation of the financial instrument to collect principal and interest when both rates are substantially different.

Fair Value Option

The option to irrevocably designate in its initial recognition a financial instrument to collect principal and interest, to be subsequently valued at fair value with effects on the net result referred to in paragraph 41.3.4 of the Mexican FRS C-20, will not be applicable.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS D-4 "Income Tax"

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

Regarding the disclosure required under Mexican FRS D-4 of temporary differences, those differences related to the financial margin and the main transactions of the entities must also be disclosed.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS D-1 "Revenue from contracts with clients" – The main characteristics issued for this Mexican FRS are shown below:

- The transfer of control, basis for the opportunity of revenue recognition.
- The identification of the obligations to fulfill in a contract.
- The allocation of the transaction price between the obligations to be fulfilled based on the independent sale prices.

- The introduction of the concept of conditioned account receivable.
- The recognition of collection rights.
- The valuation of income.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

Mexican FRS D-5 "Leases" – The application for the first time of this Mexican FRS generates accounting changes in the financial statements mainly for the lessee and grants different options for recognition. Among the main changes are the following:

- Eliminates the classification of leases as operative or capitalizable for a lessee, and the latter must recognize a lease liability to the present value of the payments and an asset for the right of use for that same amount, of all the leases with a duration greater than 12 months, unless the underlying asset is of low value.
- An expense is recognized for depreciation or amortization of assets for right of use and an interest expense on lease liabilities.
- It modifies the presentation of the related cash flows since the cash flow outflows of the operating activities are reduced, with an increase in the outflows of cash flows from the financing activities.
- Modifies the recognition of the gain or loss when a seller-lessee transfers an asset to another entity and leases that asset back.

The accounting recognition by the lessor does not change in relation to the previous Bulletin D-5, and only some disclosure requirements are added.

Clarifications adjusting the specific rules of recognition, valuation, presentation and, where appropriate, disclosure of this Mexican FRS, which are mandatory to the Society, are as follows:

Finance leases

The provisions of this Mexican FRS will not be applicable to loans made by the entity for finance lease transactions, subject manner of B-6, with the exception of the provisions of paragraph 67 of B-6.

For the purposes of the provisions of paragraph 42.1.4, subsection c) and subsection d) of Mexican FRS D-5, it will be understood that the term of the lease covers most of the economic life of the underlying asset, if said lease covers the least 75% of its useful life. Also, the present value of the lease payments is substantially the entire fair value of the underlying asset, if said present value constitutes at least 90% of said fair value.

(Continued)

Operating leases

Accounting for lessor

In the amount of amortizations that have not been settled within a period of 30 calendar days following the due date of the payment, lessor must create the relevant allowance, suspending the accumulation of income, including control thereof in memorandum accounts under "Other registration accounts".

Lessor must present in the statement of financial position the account receivable under "Other registration accounts", and the rental income under "Other income (expenses)" of the transaction in the statement of comprehensive income.

Regarding the estimated impact on the Financial Statements on the transition date, the Group has chosen to apply the provisions of Article Transitory Eight of the Resolutions (Official Gazette of the Federation, December 4, 2020), which consists of recognizing lease liabilities in an amount equal at the current value of the future payments committed as of January 1, 2022. With respect to the asset, it has been decided to record right-of-use assets in an amount equal to the lease liabilities. As a result, the Group has determined that the initial impact and recognized right of-use assets and lease liabilities amounted $334,570 and $297,418, respectively. from office and branch leases.

ii) The main amendments to the Standards regarding recognition, valuation, presentation and disclosure applicable to specific items of the financial statements are detailed below:

A. B-1 "Cash and cash equivalents"

It states to include within this item of the financial statements the "cash equivalents", which are short-term, highly liquid securities, easily convertible into cash, subject to immaterial risks of changes in their value and held to meet short-term commitments other than for investment purposes; they can be denominated in Mexican or foreign currency; for example, interbank loan transactions agreed for a term of less than or equal to three business days, the purchase of foreign currency that are not considered derivative financial instruments as provided by the Central Bank in the applicable regulation, as well as other cash equivalents such as correspondents, documents of immediate collection, precious metals and highly liquid financial instruments.

Highly liquid financial instruments are securities the disposal of which is expected within a maximum of 48 hours from their acquisition, generate returns and have immaterial risks of changes in value.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the consolidated financial statements as a whole.

(Continued)

B. B-6 "Loan portfolio"

The main amendments to B-6 are as follows

- Definitions. New accounting definitions are included to ensure the incorporation of international accounting criteria, such as: Portfolio with stage 1, 2 and 3 credit risk, amortized cost, transaction costs, effective interest rate, effective interest method.

- Standards of recognition and valuation:

Business Model:

- In determining the business model (BM) used by the Entity to administer and manage the loan portfolio and whether contractual cash flows will be obtained from the flows, from the sale of the loan portfolio, or both. It states that the BM is a question of facts and not of an intention or affirmation.

- It states that the loan portfolio must be recognized under B-6 if the objective of the BM is to keep it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates that correspond only to payments of principal and interest on the principal amount outstanding. That if this is not fulfilled, it must be dealt with in accordance with the provisions of Mexican FRS C-2, "Investment in financial instruments".

- It provides for the criteria to identify the considerations to determine the realization of the contractual cash flows of the loan portfolio, either through collection or sale. Although it states that sales do not determine the BM, it clarifies that a historical analysis of past sales and expectations of future sales must be conducted.

- It states that the BM may be to keep the loan portfolio to collect its cash flows, even if the entity sells it when there is an increase in its credit risk and indicates that there is no inconsistency when sales are made of the high risk portfolio. In determining the business model (BM) used by the Entity to administer and manage the loan portfolio and whether the payments will come from contractual cash flows, from the sale of the loan portfolio, or from both. It states that the BM is a question of facts and not of an intention or affirmation.

Initial recognition:

- It states that the balance in the loan portfolio will be the amount effectively granted to the borrower and will be recorded separately from the transaction costs, as well as the items collected and defined in the bulletin, which will be recognized as a charge or deferred credit, as appropriate, and amortized against the results of the year during the life of the loan, according to the effective interest rate.

- It provides for the mechanism for determining and recording the effective interest rate.

- Regarding reclassifications of the loan portfolio measured at amortized cost, it will be allowed if the BM is changed. It indicates that these changes must be infrequent and determined by the highest authority of the entity. The modification of the BM must be communicated to the Commission (within 10 business days following its determination) and must be registered prospectively without modifying previously recognized results.

Subsequent recognition:

- It states that the loan portfolio must be valued at its amortized cost, which includes increases due to effective interest accrued, decreases due to the amortization of transaction costs and items collected in advance, as well as decreases due to collections of principal and interest and for the allowance for loan losses.

- It states that the commissions recognized after the making of the loan, as part of the maintenance of said loans, and those of loans that have not been placed, will be recognized against the results of the year on the date they are accrued.

Loan portfolio renegotiations:

- It states that, if an Entity restructures a loan with credit risk stages 1 and 2, or partially liquidates it through a renewal, it must determine the profit or loss in the renegotiation as follows:

a) It determines the carrying value of the loan without considering the allowance of loan losses;

b) It determines the new future cash flows on the restructured or partially renewed amount, discounted at the original effective interest rate, and

c) It recognizes the difference between the carrying value and the cash flows determined in subparagraph b) above as a deferred charge or credit against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

It provides for the categorization of the loan portfolio by level of credit risk:

Portfolio with stage 1 credit risk

Loans made and acquired by the entity will be recognized in this category, as long as they do not meet the categorization criteria referred to in the sections Transfer to loan portfolio with stage 2 credit risk and Transfer to loan portfolio with stage 3 credit risk.

(Continued)

Loans that meet the conditions to be considered stage 2 credit risk may remain in stage 1 when compliance with the requirements contained in the Banking Regulations is proven, which must be duly documented in the risk policies.

Transfer to loan portfolio with stage 2 credit risk

Loans must be recognized as a loan portfolio with stage 2 credit risk, in accordance with the provisions of the Banking Regulations, with the exception of the loans described in the paragraph corresponding to the guidelines for applying the registration of Transfer to loan portfolio with stage 3 credit risk.

Transfer to loan portfolio with stage 3 credit risk

The unpaid balance in accordance with the payment conditions in the loan agreement must be recognized as a loan portfolio with stage 3 credit risk, as provided in paragraph 91. It is worth mentioning that the revolving consumer portfolio product is modified to remain in this stage when it maintains 90 days of past due payments. (3 months).

Regarding the determination of the impact on the Financial Statements on the transition date, Management has completed the implementation of this criterion and the results obtained are described below:

It turned out that the Amortized Cost Business Model corresponds to the administration and management of almost the entire loan portfolio. Also, it complies with the evaluation if the contractual flows correspond only to payments of principal and interest in order to maintain it until maturity.

On the other hand, it is necessary to comment that Management opted for the facility issued by the regulator, as indicated in the second paragraph of this Note, so that the Society during 2022 can continue to use the contractual interest rate for the accrual of the interest of the loan portfolio, as well as the application of the straight-line method for the recognition of origination fees and the accrual of transaction costs, as provided in accounting criteria B-6 in force until December 31, 2021, disclosing such circumstance in the quarterly and annual financial statements for said fiscal year. This situation that has already been notified to the authority.

C. "Allowance for loan losses"

The Society, for the purpose of calculating and establishing the allowance for loan losses, must qualify from their initial recognition the credits of their Credit Portfolio based on the criterion of significant increase in credit risk. This criterion will be applied from the moment of origination and throughout the life of the credit, even when it has been renewed or restructured.

Society may choose one of the following approaches:

I. The Standard Approach, which will be applicable to consumer, commercial and mortgage loan portfolios. Institutions that opt for this approach to calculate their preventive reserves must abide by the requirements and procedures contained in Chapter V Bis, which describes the General Standard Methodologies by type of loan portfolio.

   This approach introduces new criteria for the classification and measurement of financial instruments, which are based on the joint consideration of the Business Model (i.e. the way in which the Entity manages its assets to obtain the contractual cash flows) and the analysis of the characteristics of the contractual flows of said instruments (i.e. SPPI test for its acronym in English: "Solely Payments of Principal and Interests"). Likewise, it introduces the concept of "Significant Increase in Risk" for which the reserves must be estimated for the contractual life of the credit. For those who have not presented an increase in risk, the expected loss at 12 months can be estimated. The usual approach to estimate credit losses in collective loans is by estimating the Expected Loss (EL) that uses the parameters of Probability of Default (PD), Severity of Loss (SL) and Exposure to Default (ED). This calculation must also include the possible impact on credit risk due to prospective information.

II. The Internal Approach, which is applicable to all modelable portfolios, using the Internal Reserve Methodologies based on FRS C-16 referred to in Chapter V Bis 1, which refers to two models (Basic and Advanced) . In this case, the Institutions will comply with the requirements contained in the aforementioned chapter and in Annex 15 Bis."

   Internal approach – Basic model, each credit institution will perform its own calculation of the Probability of Default (PD) considering its positions subject to credit risk, and in the case of Severity of Loss (SL) and Exposure to Default (ED) in accordance with the provisions of the Standard Methodology of the Commission (applicable only to Commercial Credit Portfolio).

   Internal approach – Advanced model, in which the Institutions must estimate their own PD, SL and ED. (Applicable to Commercial Credit, Consumer and Mortgage Portfolios.

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

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

1) Implementation plan: Which establishes notifying the Banking Commission by free writing, 90 days in advance of the implementation, as well as stipulating within the writing the knowledge and authorization of the Council, it must be signed by the General Director or in his absence, by the legal representative empowered to commit the Institution's resources. Additionally, specific requirements are established for its monitoring and measurement.

2) Request some basic conditions such as having systems and infrastructures that support the applicability of the methodology, annual monitoring of reviews of the implemented models, among others.

Credit Society must identify and classify the Credit Portfolio, as defined in the General Provisions applicable to credit institutions, by level of credit risk, in accordance with what is indicated below:

a) Stage 1 to loans that do not present evidence of an increase in the level of credit risk, when they do not show any of the assumptions to be classified in this stage in accordance with the corresponding General Standard Rating Methodology, in accordance with this Resolution.

b) Stage 2, when at the time of rating the credits present evidence of an increase in the level of credit risk to be classified in this stage in accordance with the corresponding General Standard Rating Methodology, in accordance with this instrument.

c) Stage 3 to the credits that at the time of qualification meet the requirements to be classified in Stage 3 in accordance with the General Standard Methodology of qualification that corresponds to them, in accordance with this Resolution.

Credit Society, in order to constitute the amount of preventive reserves for credit risks, may choose to:

I. They will recognize in stockholders' equity, within retained earnings, as of January 31, 2022, the initial accumulated financial effect derived from applying the corresponding credit portfolio rating methodology for the first time, and will disclose it in quarterly and annual financial statements. the relevant data of this operation requested by the Commission.

II. Constitute the amount of allowance loan losses at 100%, within a period of 12 months, counted from January 31, 2022. The institution will disclose in quarterly and annual financial statements the relevant data of this operation requested by the Commission.

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Management recognized the initial effect of the adoption of the new methodology for calculating reserves within " retained earnings " for a unfavorable amount of $245,816, which was recorded on January 1, 2022.

Improvements to 2022 Mexican FRS

In September 2021, the CINIF issued the document called "Improvements to 2022 Mexican FRS", which contains specific amendments to some existing Mexican FRSs. The main improvements that generate accounting changes are as follows:

Mexican FRS B-15 "Foreign currency conversion" - This improvement consists of incorporating within the FRS the practical solution for the preparation of complete financial statements for legal and tax purposes when the recording and reporting currency is the same, even when both are different from the functional currency, without carrying out the conversion to the functional currency, indicating the entities that can opt for this solution. This improvement repeals the Interpretation to FRS 15 "Financial statements the reporting currency of which is the same as the recording currency, but different from the functional currency" and comes into effect for the years beginning on or after January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

Mexican RFS D-3 "Benefits to employee"- It considers the effects on the determination of the deferred employee profit sharing (profit sharing) derived from the changes in the determination of the profit sharing incurred by the decree published on April 23, 2021 by the Federal Government. This improvement comes into force for the years that start on January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

Mexican FRS B-1 "Accounting changes and error corrections" - It eliminates the requirement to disclose *pro forma* information when there is a change in the structure of the economic entity. This improvement comes into force for the years that start on January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

Mexican FRS B-10 "Effects of inflation" - It modifies the disclosure requirement when the entity operates in a non-inflationary economic environment to limit them to being made when the entity considers it relevant. This improvement comes into force for the years that start on January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

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Mexican FRS B-17 "Fair value measurement" – It eliminates the requirement of disclosures for changes in an accounting estimate derived from a change in a valuation technique or in its application. This improvement comes into force for the years that start on January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

Mexican FRS C-6 "Property, plant and equipment" – It eliminates the requirement to disclose the planned time for construction in progress, when there are approved plans for it. This improvement comes into force for the years that start on January 1, 2022, allowing early application for the year 2021. The accounting changes that arise must be recognized prospectively as provided in FRS B-1 "Accounting changes and error corrections".

The Society´s Management estimates that the effects of adopting the improvements to the FRS shall not be material for the consolidated financial statements as a whole.

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