



FINANCIERA INDEPENDENCIA

**CONTINUOUS INNOVATION, FOCUSED
ON PROFITABILITY AND ADAPTABILITY**

 2021 ANNUAL REPORT



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CONTENTS

6	INTRODUCTION	Message from the Chairman of the Board and the Chief Executive Officer
10	2021 HIGHLIGHTS	
12	CHAPTER ONE	Milestones in our history
20	CHAPTER TWO	Who we are and what we do
42	CHAPTER THREE	Our businesses
64	CHAPTER FOUR	A culture of risk management
74	CHAPTER FIVE	Comprehensive operating support
82	CHAPTER SIX	Digital transformation
92	CHAPTER SEVEN	Commitment to forming human capital
100	CHAPTER EIGHT	Our commitment to the community
112	CHAPTER NINE	Financial performance
132	Our Board of Directors	
134	Executive team	

INTRODUCTION

Message from
the Chairman
of the Board
and the Chief
Executive
Officer





IN 2021, FINANCIERA INDEPENDENCIA

INTENSIFIED ITS STRATEGIC
FOCUS ON UNDER-SERVED
HISPANIC MARKETS IN THE
USA THROUGH UNSECURED
PERSONAL LOANS.

THE RESULT OF THIS
INITIATIVE WAS THE
HIGHEST NET INCOME
IN THE PAST DECADE.
DESPITE CHALLENGES
SUCH AS THE PROLONGED
ECONOMIC IMPACT OF
COVID-19, THE CHANGE IN
THE METHODOLOGY FOR
CALCULATING RESERVES,
AND A TOUGH COMPETITIVE
CLIMATE.

Over the past five years, we have worked to develop distinctive skills for managing credit risk, using technology to stay afloat and thrive in the digital world while maintaining our brick-and-mortar branches and building a unique culture in which innovation is part of our day-to-day work. We have been able to maintain a balance between risk and efficiency that enables us to reap very attractive returns on equi-

ty in Mexico, and to continue investing in growth in the United States, where we are aiming at achieving the critical scale needed to maximize our profits.

Our results in 2021 were made possible by a continuing process of innovation focused on long-term profitability, balancing risk and scale, while remaining flexible enough to adapt to abrupt changes and tough times.

SOME OF THE STRENGTHS OF FINANCIERA INDEPENDENCIA THAT UNDERPIN THESE RESULTS:

1

Our talent. Our Unstoppable Force has an in-depth knowledge of the market and the segment we serve. We strive to create a meritocracy in which a person can develop as far as their talent and dedication can take them.

2

Innovation focused on maximizing our employees' impact through digital tools. Our attraction of customers begins, in most cases, with the first digital contact, and through mobile tools we help our employees expand our reach exponentially.

3

Reaffirmation of our business focus. We have concentrated on businesses in which our skill at managing credit risk and our digital innovation pave the way for attractive returns.

4

The inspiration we feel in serving people who are generally excluded from the traditional financial system, helping them meet their goals and achieve their dreams. For almost three decades, we have been committed to the well-being of families, entrepreneurs and small business owners who trust in the use of credit services. People, family and workers with whom we build long-term relations.



With this set of talents and capacities, **Financiera Independencia** will continue to bet on a strategic focus in which human, technological and innovative capacities enable us to expand the scope of our unsecured loans, to create the greatest economic and social value possible, always with exceptional corporate responsibility and a balance between growth and risk management.

All these conditions leave ample room for our growth and leverage our competitive position in the industry.

José L. Rión Santisteban
CHAIRMAN OF THE BOARD OF DIRECTORS

Eduardo Messmacher Henríquez
EXECUTIVE VICE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE GROUP



2021

HIGHLIGHTS

324,124

Total clients

Ps. 7.71
billion

Total loan portfolio

Ps. 347
million

Net profit

1.12
pesos

Earnings per share

4,735
Employees

353
Branches

4.4%
Non-performing
loan ratio

8.2%
Return on equity

42.0%
Solvency ratio

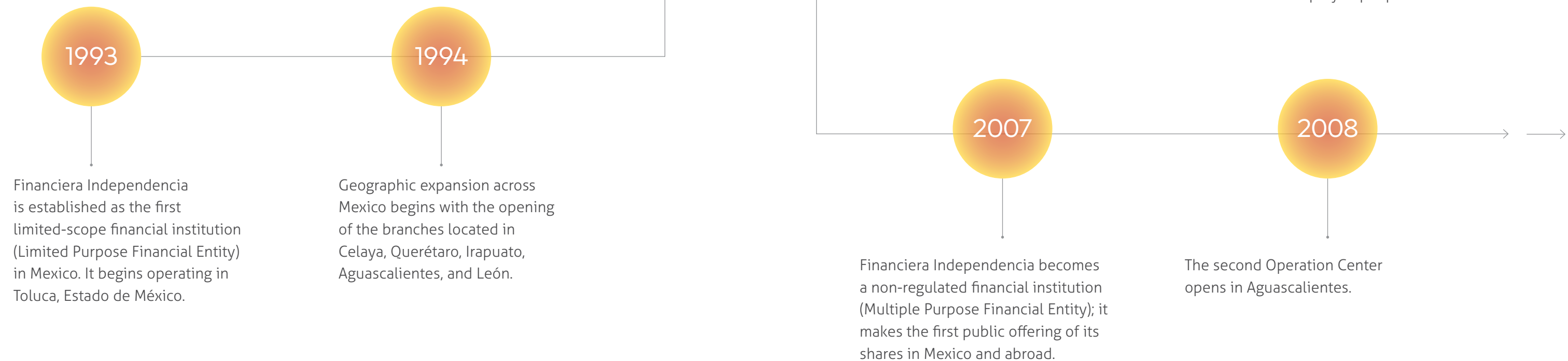
CHAPTER
ONE

The Milestones of our history



OVER 28 YEARS OF HISTORY,

FINANCIERA INDEPENDENCIA HAS BEEN A LEADING COMPANY WITHIN THE MEXICAN MICROCREDIT MARKET. WE ARE A LEADING COMPANY THAT PROVIDES FINANCIAL INCLUSION TO HISPANIC COMMUNITIES WHO ARE NOT WELL SERVED IN NORTH AMERICA. WE STAND OUT FOR OFFERING AN EXCELLENT SERVICE AND BY TREATING OUR CLIENTS IN A RESPECTFUL AND FAIR WAY.





2010

The acquisition of Financiera Finsol takes place, the second largest supplier for group microcredits in Mexico. Financiera Independencia becomes the first microcredit company in Latin America to enter the international debt market.



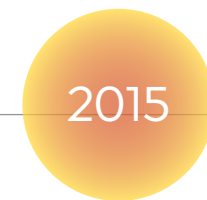
2011

Apoyo Financiero Inc. (AFI) and Apoyo Económico Familiar (AEF) acquisitions take place.



2013

The acquisition of group loans takes place.



2015

One million clients served across 499 branches in Mexico, 30 in Brazil, and 20 in California, USA.



2020

A strategy to confront the covid-19 pandemic is implemented. The Company focuses on its core business and desinvested from its Group Loans portfolio, strengthening itself on a structural level. An agreement on the sale of Más Nómina was announced.



2019

Operational integration into a single business platform.



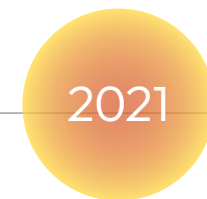
2018

Financiera Independencia celebrates its 25th anniversary.



2017

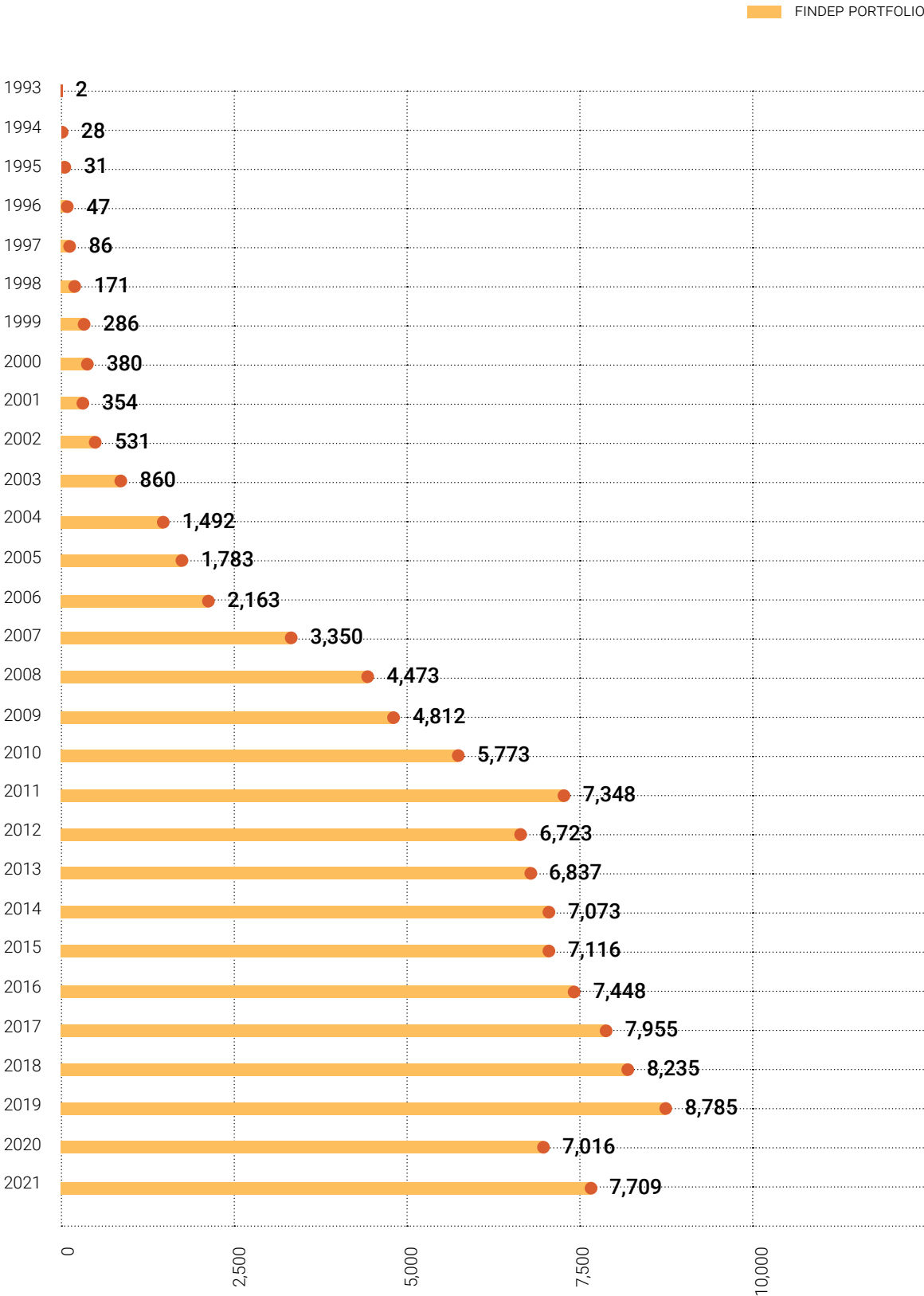
Financiera Independencia cancels its American Depositary Receipt program.



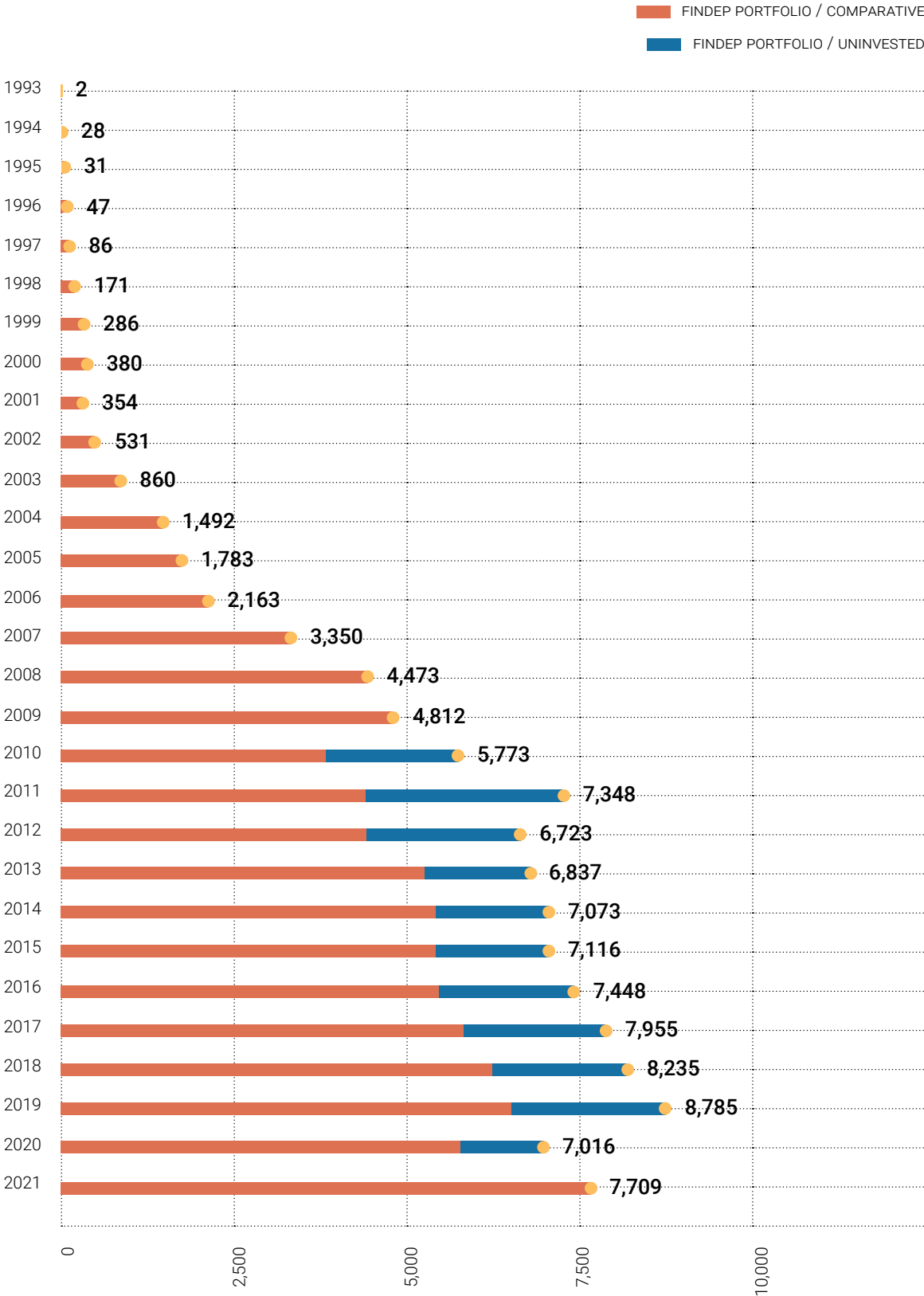
2021

An agreement for the sale of Finsol Brazil is announced.

TOTAL LOAN PORTFOLIO (MILLION PESOS)



TOTAL LOAN PORTFOLIO (MILLION PESOS)



CHAPTER
TWO

Who we
are and
what
we do





WE ARE A LEADING
COMPANY THAT PROVIDES
FINANCIAL SERVICES
TO PEOPLE WHO ARE
NOT SERVED BY TRADITIONAL
BANKS IN NORTH AMERICA
VIA SAFE AND RESPONSIBLE
CREDITS.

**WE STAND OUT FOR
OFFERING AN EXCELLENT
SERVICE AND BY
TREATING OUR CLIENTS
IN A RESPECTFUL AND
FAIR WAY.**

OUR MARKET

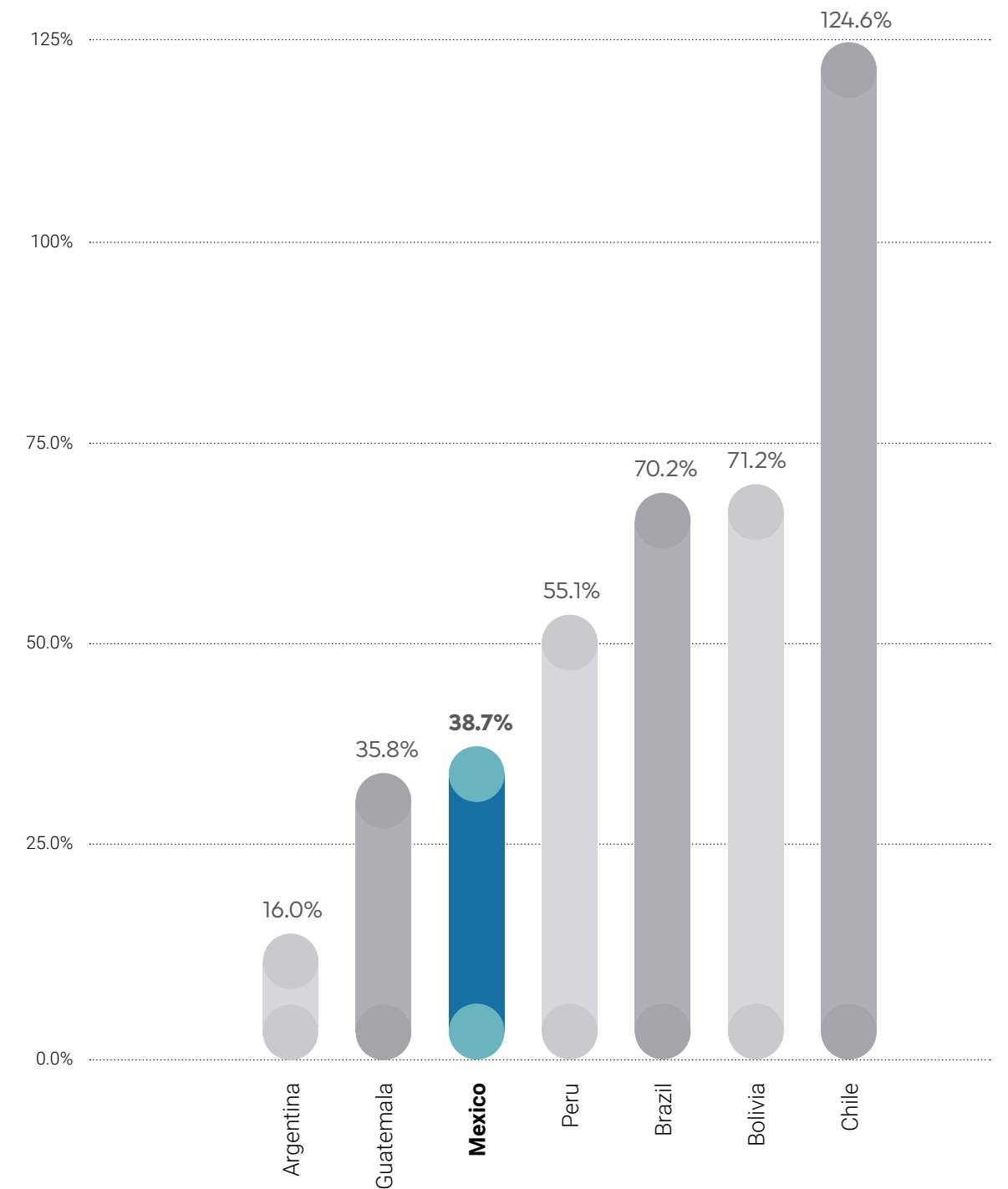
We offer micro-loans to customers in the middle- and lower-middle income segments who lack access to formal financial services or have been habitually under-served by the banking industry. This is a market with very low financial penetration, with a very encouraging scale and demographics, and it has solid foundations for building long-term growth for our company.

According to data published by the Asociación Mexicana de Agencias de Inteligencia de Mercado y Opinión Pública AC (AMAI), an estimated 30% of Mexican homes are classified into socio-economic levels C and C+, and 52% are in the D+, D and E categories. This means Financiera

Independencia can aim at reaching 82% of homes in the areas where it is present. In our country, lending to the private sector is equivalent to 38.7% of GDP, which is quite low compared to other Latin American countries like Peru, Brazil, Bolivia and Chile.

The 20-59 year old age group of the Mexican population is set to grow at a brisk pace in coming years, which should be reflected in rising demand for microloans. This is an attractive opportunity for growth and development of the company's businesses.

CREDIT TO THE PRIVATE SECTOR AS PERCENTAGE OF GDP

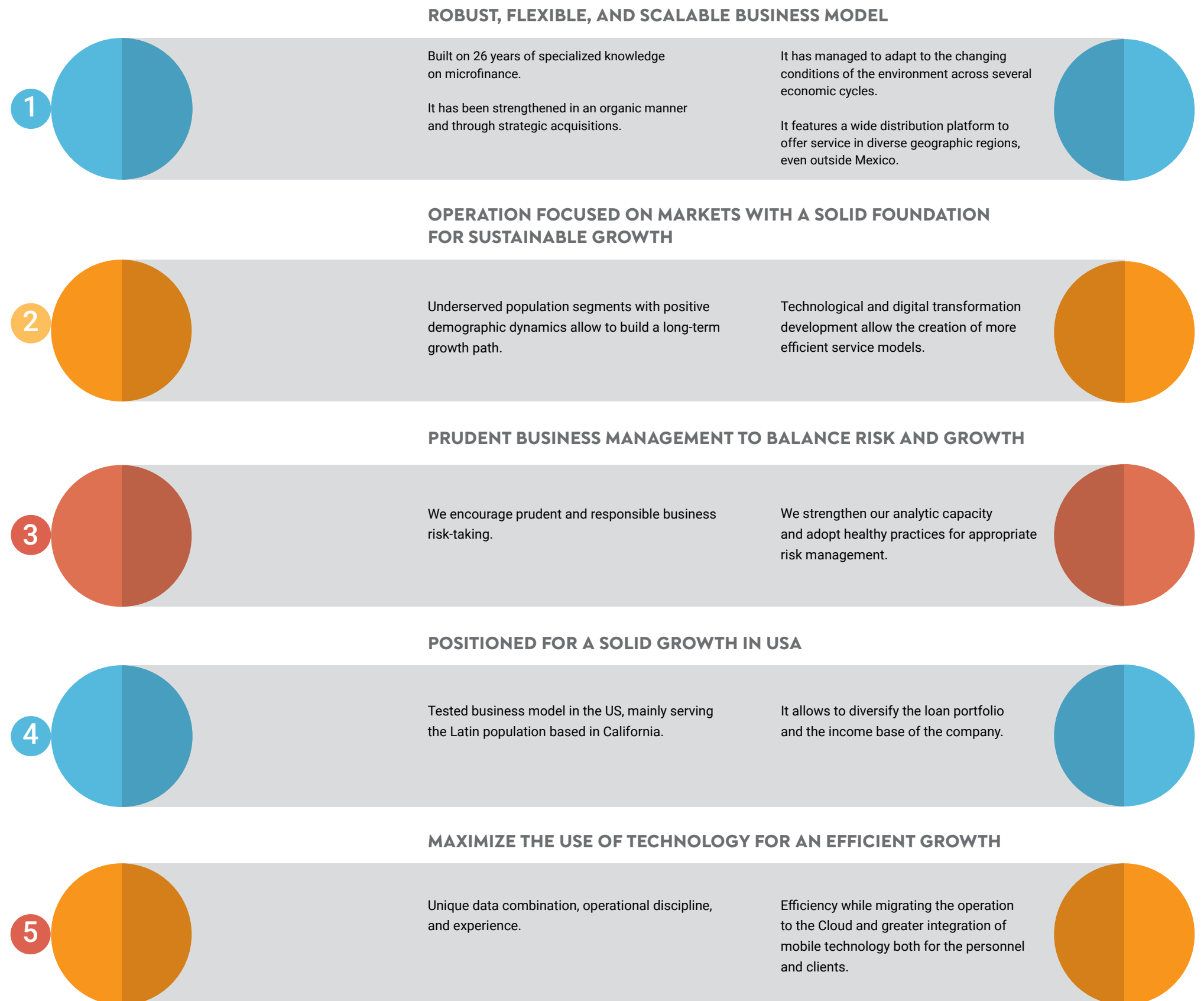


Source: The World Bank

OUR STRATEGIC APPROACH

The purpose of the company is to maintain its position as leading personal microloans supplier in Mexico and the United States and seize its knowledge, experience, and operating platform to offer its services to a share of the market in North America through multiple products, while keeping high profitability and efficiency levels.

THE STRATEGIC APPROACH THAT HAS BEEN EMPLOYED SINCE 2012 CONSISTS OF PRIVILEGING THE QUALITY AND PROFITABILITY OF THE LOAN PORTFOLIO OVER ITS SIZE THROUGH A BUSINESS MODEL BASED ON **FIVE PRINCIPLES**:



The Principles of Financiera Independencia

FINANCING THE DREAMS OF OUR CLIENTS BY OFFERING THE BEST PRODUCTS THROUGH BREAKTHROUGH TECHNOLOGY, AND EXCELLENT CUSTOMIZED ATTENTION.



THIS IS HOW WE ARE

1

THIS IS HOW WE ACT

2

THIS IS HOW WE STAND OUT

3

4

THIS IS HOW WE SUCCEED

5

THIS IS HOW WE DREAM

6

THIS IS OUR COMMITMENT

1 THIS IS
HOW
WE ARE

There are more than 50 million grown-up people in Mexico who do not have access to credit and who would surely be benefited from having it.

In Grupo FINDEP we know this. We believe in them, and we are their best choice.

We are sure that
THROUGH OUR FINANCIAL SERVICES, WE CONTRIBUTE TO OUR CLIENTS' PROGRESS

By helping them meet their personal needs and their microbusinesses', improving their life quality for their own wellbeing, their families', and the society in which they live.

WE TRANSFORM THE LIVES OF OUR CLIENTS AND CONTRIBUTORS, MAKING DREAMS COME TRUE.

2

THIS IS HOW WE ACT

We act righteously to achieve the most important credit:
THE ONE OUR CLIENTS PROVIDE US WHEN THEY BELIEVE AND PUT THEIR TRUST IN US.

COMMITMENT
We accept our challenges, always looking for excellence. We keep our promises and set a good example.

RESPECT
We treat others with dignity and fairness, regardless of their condition or if their way of thinking is different from ours.

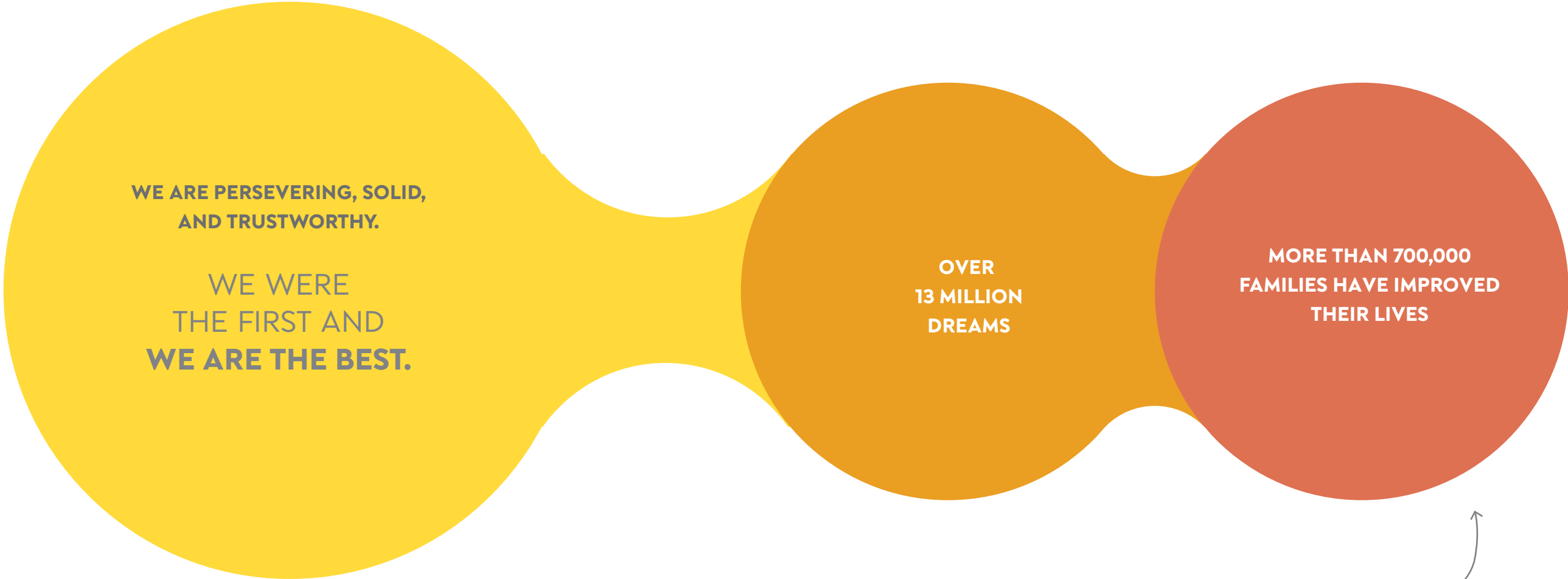
COLLABORATION
We accept and encourage new ideas and understand success as everyone's responsibility.

HIGH QUALITY SERVICE
We take service as a way of life, convinced that it is the foundation of our path to success.

HONESTY
We tell the truth and act honestly and righteously at all times.

3

THIS IS
HOW
WE STAND
OUT



WE ARE PROUD TO HAVE
MADE THE DREAMS OF MANY
PEOPLE COME TRUE.

4 THIS IS HOW WE SUCCEED

WE COMBINE THE BEST TECHNOLOGY WITH THE DEEPEST ANALYTIC KNOWLEDGE AND THE BEST TEAM TO OFFER A HUMAN TOUCH.

We are aware that our people are our foundation. We attract, keep, and develop the best people within an open and inclusive environment.

WE KNOW THAT, IN ORDER TO BE PROFITABLE, WE NEED:



Clients are our priority at all times. Listening to them is essential in order to offer the best service in the least amount of time possible. We are aware that requesting a loan places our clients in a vulnerable position and we take care of them.

Offering responsible loans to clients who have the intention of paying with amounts and conditions that lead to their success in a long-term relationship must be the foundation for the way we act.

Clients with good behavior reaffirm the trust we offered them. Our job is to accompany them through the whole process offering simple, personal, and fair attention.

We are aware that this is the most critical point of our service. An effective collection with a fair treatment allows us to establish a long-term relationship. We seek to offer our clients the most appropriate choices and channels to help them meet their commitments.

We search for a warm and customized treatment for our clients, supported by an efficient operational network and optimized processes.

WE COMBINE TECHNICAL, SYSTEMATIC, AND HUMAN ASPECTS IN ORDER TO BE THE BEST.

5

THIS IS
HOW
WE DREAM

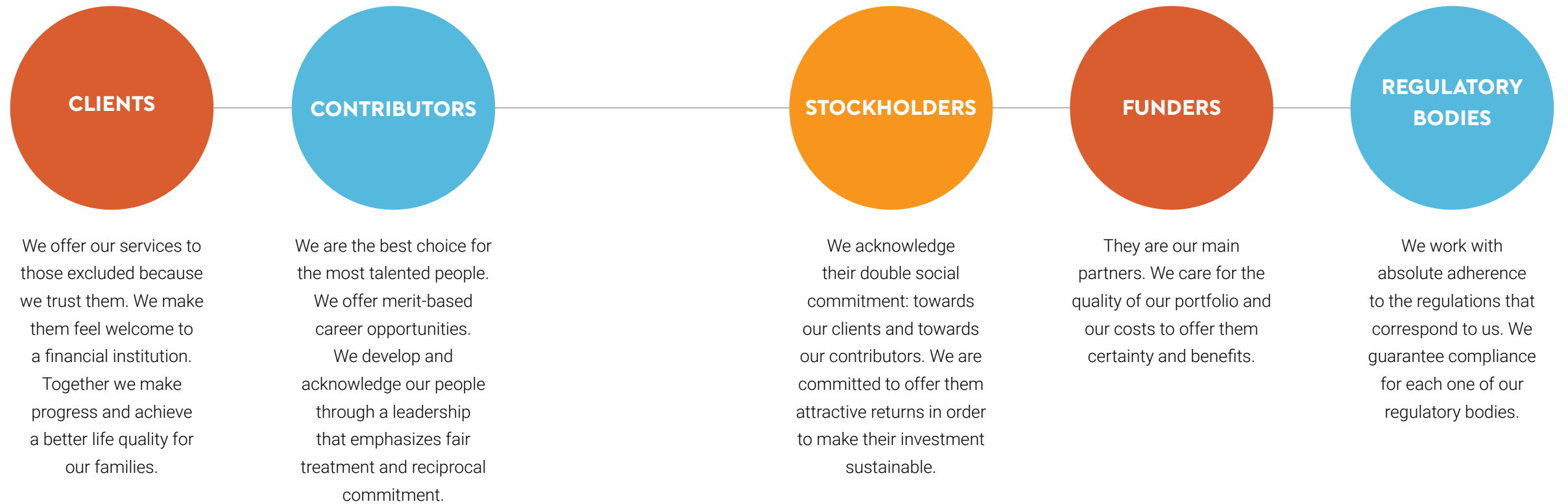
**FOR A BETTER
COUNTRY**
HELPING A
POPULATION SEGMENT
THAT NEEDS IT AND
NEEDS US.

**FOR AN EXEMPLARY
COMPANY**
WITH A LEADERSHIP THAT
MAKES EXTRAORDINARY
THINGS THROUGH ITS
PEOPLE, IN THE RIGHT WAY.

WE
GO
FURTHER!

6 THIS IS OUR COMMITMENT

WE WORK TO BE THE BEST CHOICE FOR:



**WE ARE COMMITTED TO MAINTAINING
A LONG-TERM APPROACH
AND TO DO THE RIGHT THING
TO RECIPROCATE YOUR TRUST.**

CHAPTER
THREE

Our businesses



Financiera Independencia (FISA)

WE PROVIDE LOANS FOR PEOPLE FROM 18 TO 69 YEARS OF AGE, WHETHER ACTIVELY EMPLOYED, RETIRED OR WORKING FOR THEMSELVES.

WITH OUR LOANS WE HELP PEOPLE COVER UNEXPECTED EXPENSES, FINANCE PROJECTS, MAKE THEIR DREAMS A REALITY.

187,083
Total clients

Ps. 2.48 billion
Total loan portfolio

2,932
Employees

161
Branches

Ps. 1.86
billion
Loans originated in 2021

151
million
Operating income in 2021

32%
Of total FINDEP loan portfolio



Financiera Independencia provides unsecured loans to individuals who can demonstrate a regular income through wages or salaries as employees, or pensions as retirees. These are considered “formal sector” borrowers. We also serve people who have their own businesses or are self-employed, who are classified as “informal sector” or “self-employed.”

Financiera Independencia was a pioneer of Mexico’s microcredit business, and since 1993 it has been offering financial services to segments of the population that were under-served or excluded from traditional banking, by giving them the opportunity to build a healthy credit record and make their dreams a reality.

In applying for a loan from Financiera Independencia, they just submit documents and fill out a credit form. Their application is resolved within 48 hours.

OUR SERVICE MODEL

Financiera Independencia has 161 branch offices for customer service; visitors can request information, process their loans and, if these are approved, they receive a check to cash at any affiliated banking institution. They can also receive their loan payout through a wire transfer or payment order.

People have the option of pre-filling a loan form through one of our call centers or the internet.

Borrowers make payments on their

loans at the Financiera Independencia branch offices or with affiliated merchants. In some cases, they can make payments with credit or debit cards.

In the interests of providing the ease of self-service access, in 2021, Financiera Independencia kept 81 ATMs in operation at a number of branch offices. If client’s card has a magnetic strip, they are able to withdraw available cash from their loans and make payments 24/7.

OUR PRODUCTS AND SERVICES

In 2021, Financiera Independencia continued offering loans to formal-sector borrowers formal its Credilnmediato product.

New Financiera Independencia clients can acquire a Credilnmediato Simple loan started at Ps. 3,000 pesos; loans can be used to purchase goods or services and are repaid in 12 to 48 biweekly installments.

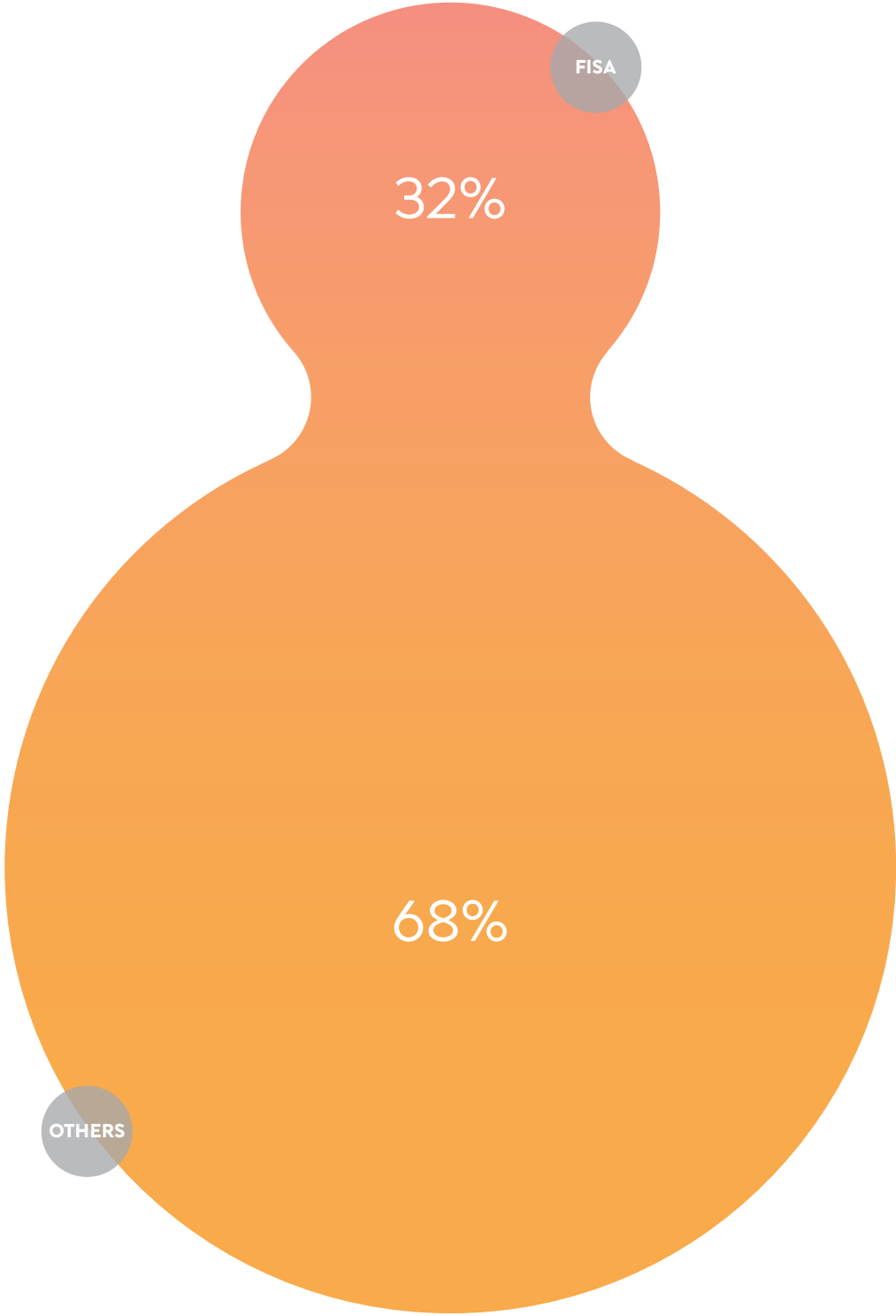
As clients maintain a good record of repayment, they have the option of renewing loans and switching to the Credilnmediato Revolvente product, which is a revolving line of credit, giving them flexibility to

access their loans and to make advance payments and pay down principal without penalties.

During the year, Financiera Independencia also maintained its offering of loans to informal-sector borrowers through the CrediPopular, CrediMamá, and CrediConstruye products.

Among the value-added services Financiera Independencia clients enjoy are financing life and unemployment insurance at affordable prices, and credit plans for cell phones.

WEIGHT IN FINDEP LOAN PORTFOLIO



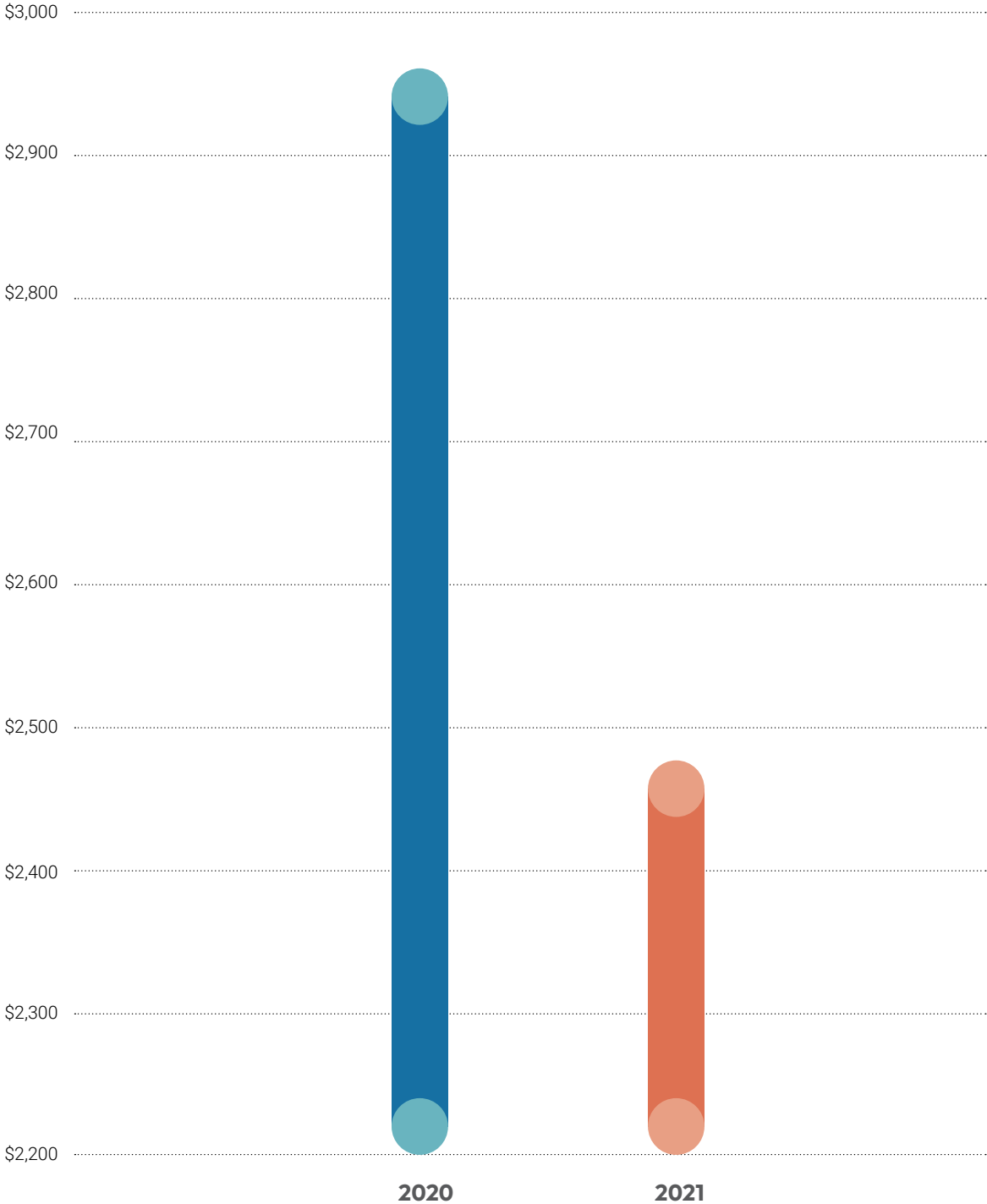
HIGHLIGHTS

In 2021, Financiera Independencia paid out Ps. 1.86 billion in loans, benefiting more than 89,000 clients.

As of December 31, 2021, Financiera Independencia had a total loan portfolio of Ps. 2.48 billion, 16.3% less than it reported on December 31 of the previous year. In 2021, FISA reduced the number of its branches from 167 to 161.

OUTLOOK AND GOALS

FISA continues to optimize the operating model for its branch network and developing technological tools to support its sales force while simplifying paperwork for its clients and providing quality service.



Apoyo Económico Familiar (AEF)

WE OFFER LOANS TO PEOPLE WITH JOBS OR WHO RUN THEIR OWN BUSINESSES.

MORE THAN A LOAN, WE GIVE CLIENTS A CHANCE TO HAVE ACCESS TO FINANCING OR THEIR WHOLE LIVES.

IF THEY KEEP UP WITH THEIR PAYMENTS, WE WILL RENEW THEIR LOANS A MANY TIMES AS THEY NEED.

105,947

Total clients

Ps. 1.88 billion

Total loan portfolio

1,630

Employees

165

Branches

Ps. 1.26 billion

Loans originated in 2021

29.4 million

Operating income in 2021

24%

Of FINDEP's overall loan portfolio

OUR CLIENTS

Apoyo Económico Familiar extends personal loans to men and women who can prove an income as an employee, or who own their own microbusiness. No co-signer or collateral is required, nor does the applicant have to pawn any personal property.

Since 2005, Apoyo Económico Familiar has financed the dreams of thousands of people—home remodeling, a *quinceañera* for their daughter, a special family trip, improving their corner store, opening a taco stand, and many others.

To obtain an AEF loan an applicant completes a simple procedure and receives a response in 24 hours or less.

OUR SERVICE MODEL

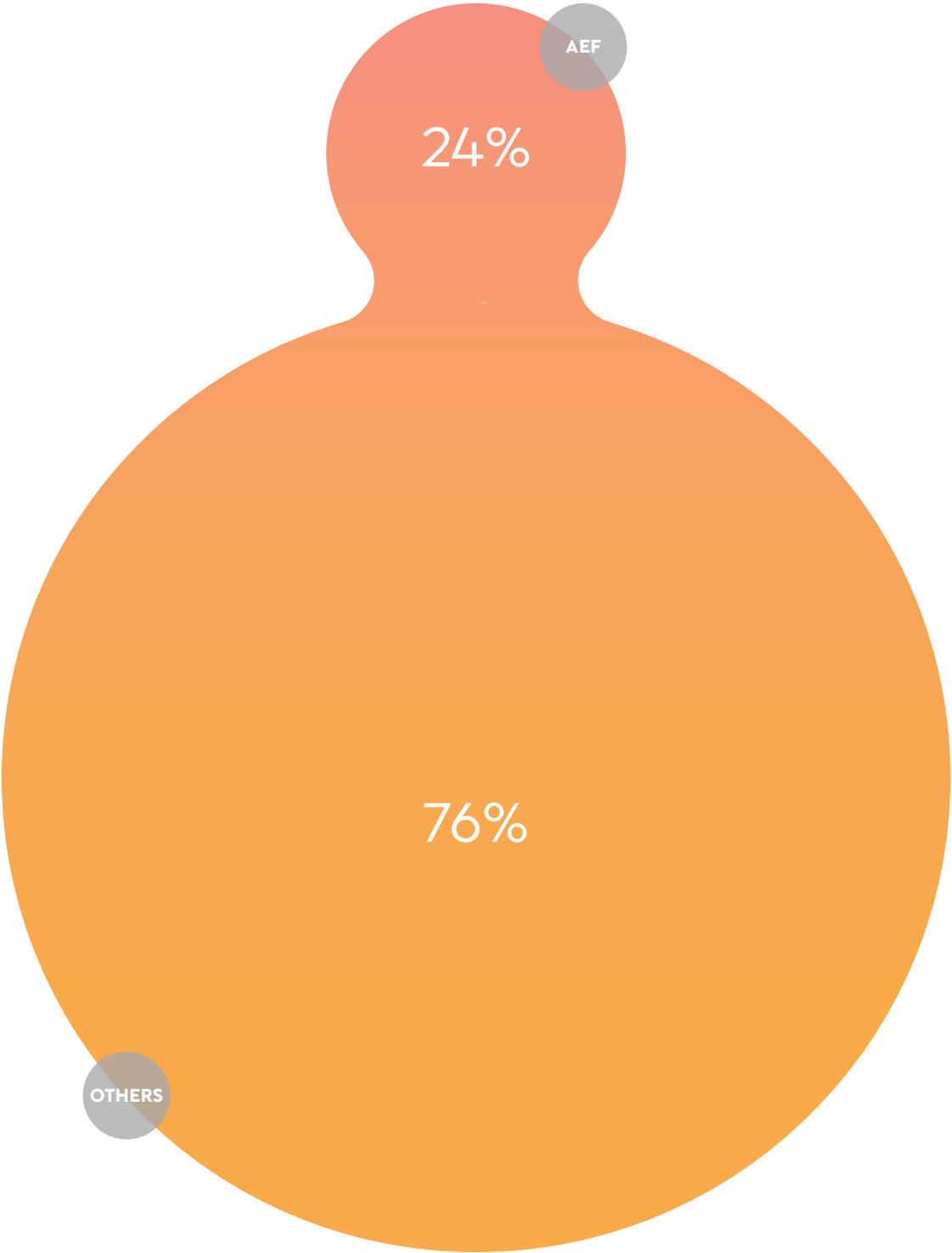
AEF has promotional campaigns on the internet and social media. It has 165 branches where people can request information and fill our loan applications. AEF provides a toll-free hotline for customers and offers them the convenience of filling out their loan application online.

Once the loan is approved, the borrower can go to the branch to pick up the check, which can be cashed at various affiliate commercial banks.

AEF also allows customers to personalize their loan: they can choose weekly, biweekly or monthly payments, depending on how they receive their income. If the payment is weekly, they can choose the day on which to make the payment.

AEF offers various channels for loan repayment—directly at the AEF branch, or with affiliated merchants.

WEIGHT IN OVERALL FINDEP PORTFOLIO



OUR PRODUCTS AND SERVICES

Personal loans from AEF range from Ps. 1,500 to Ps. 150,000, depending on the person's payment capacity. The minimum term of a loan is 13 weeks and the maximum is 156 weeks.

AEF also allows clients to have a family member co-sign and add their revenues to their own to make it easier to qualify for a loan.

If the borrower keeps up with their payment schedule, they're given the chance to renew the loan so they can build a credit record with the company over various credit cycles.

AEF clients also enjoy other value-added services like life and unemployment insurance at affordable prices, and credit plans for cell phones.

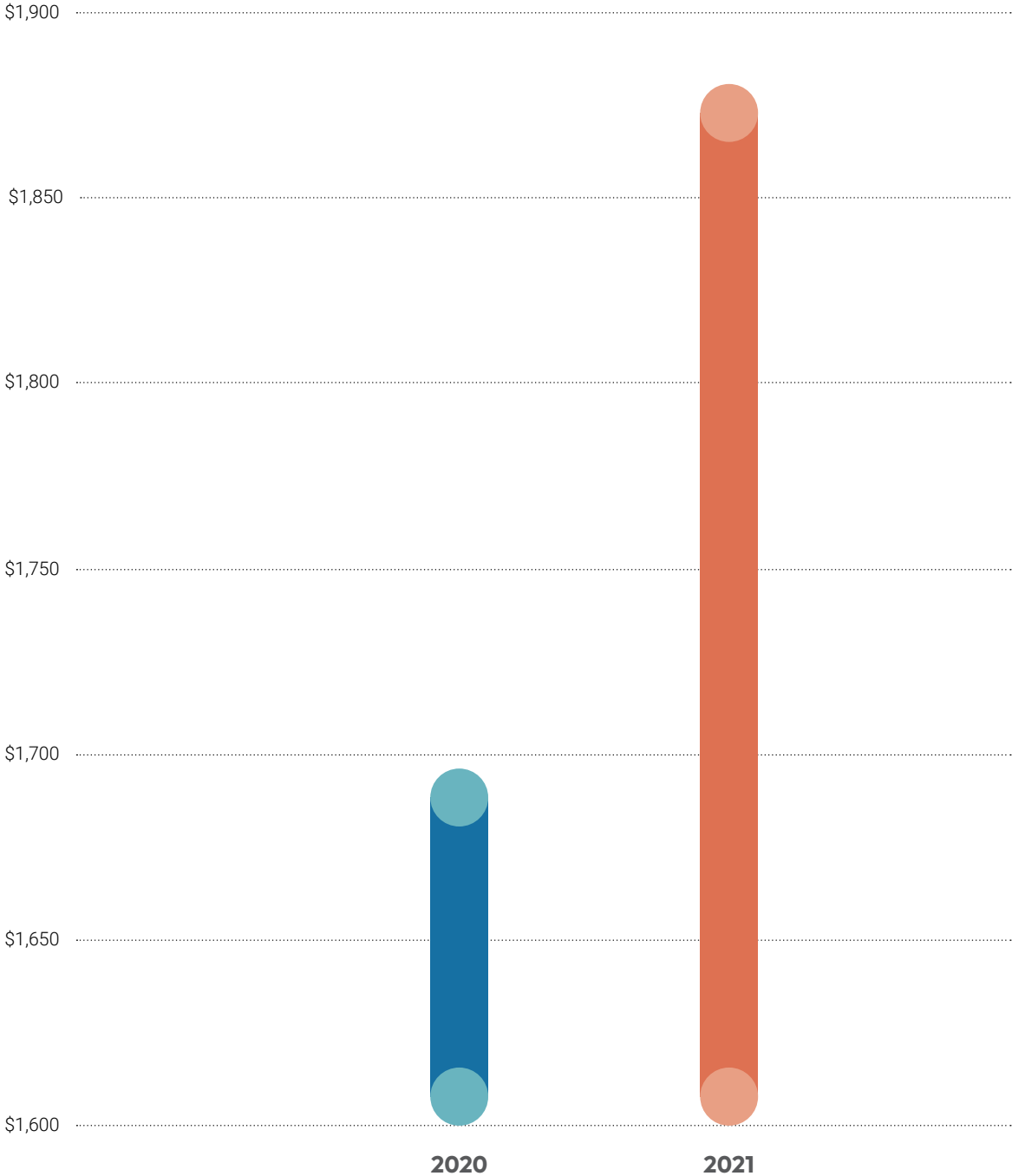
HIGHLIGHTS

In 2021, AEF paid out more than Ps. 1.26 billion in personal loans, benefiting more than 107,000 clients in 18 states of Mexico.

At the close of 2021, the AEF loan portfolio totaled Ps. 1.88 billion, 10.8% higher than in December 2020.

OUTLOOK AND GOALS

AEF continues optimizing its branch operation model, aiming at improved efficiency and profitability indexes and maintaining high quality service for its customers.



Apoyo Financiero (AFI)

**WE OFFER PRODUCTS WITH
EXCEPTIONAL SERVICE,
SO OUR CLIENTS CAN SEIZE
OPPORTUNITIES AND MEET
THEIR GOALS.**

WE ARE POSITIONED WITHIN
AN ATTRACTIVE MARKET IN
THE UNITED STATES, OFFERING
SERVICES TO THE LATIN
AMERICAN POPULATION IN
CALIFORNIA.

31,094
Total clients

Ps. 3.35 billion
Total loan portfolio

173
Employees

27
Branches

Ps. 4,18
billion
Loans originated in the year

Ps. 11.8
million
Operating income in 2021

44%
Of total FINDEP loan portfolio

OUR CLIENTS

AFI grants loans to people who can prove their income as employees or as owners of a microbusiness in the state of California, United States, and who have a social security number.

Many AFI clients belong to the Latin American community in the United States. This is a segment of the population that values the ability to access credit without having to pawn their property.

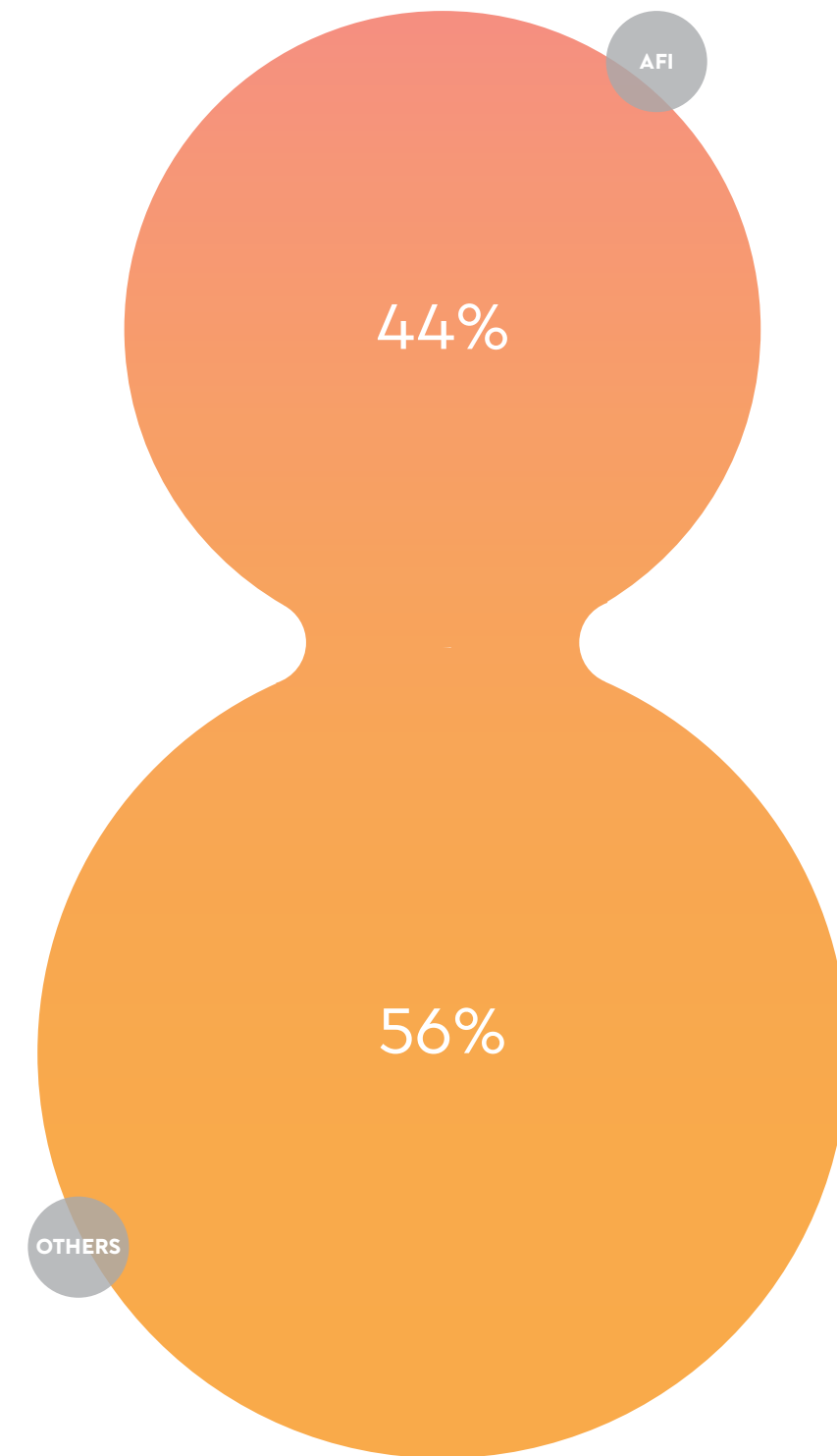
To apply for an AFI loan, the client submits documents, fills out a loan application form, and receives a quick response.

OUR SERVICE MODEL

Apoyo Financiero contacts people through a network of 27 branch offices or from its call center in Mexico. The information and loan application form are submitted by clients at the branch office or online. When the loan is approved, clients are given a check at the branch office or can also have it deposited to their debit card.

Borrowers can make their loan payments at AFI branch offices or with affiliated merchants, either in cash or personal check. Or they can make payments using our mobile app.

WEIGHT IN
OVERALL
FINDEP
PORTFOLIO



OUR PRODUCTS AND SERVICES

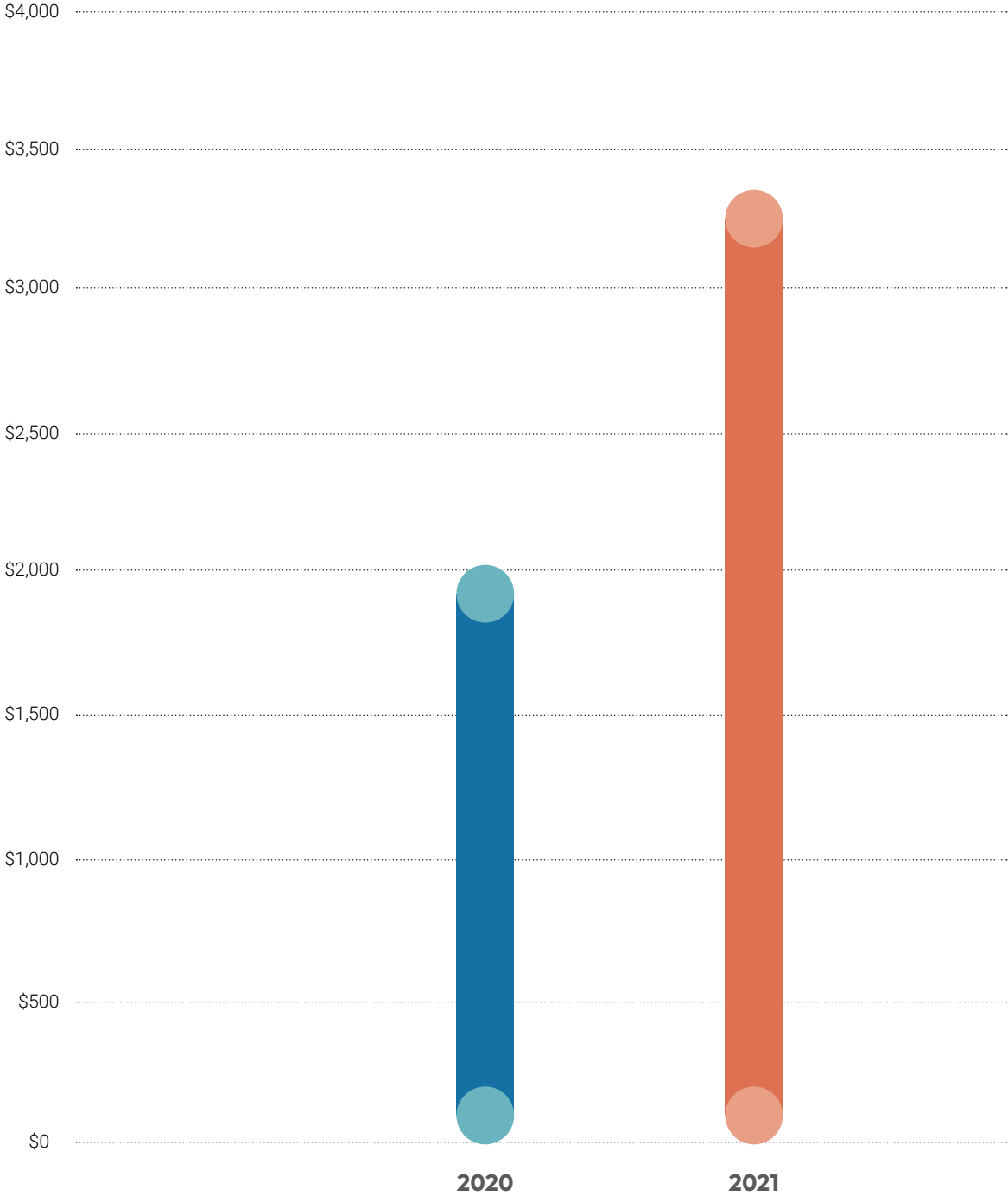
Loans offered by Apoyo Financiero are in dollars and range from USD 750 to USD 10,000, depending on the clients' payment possibilities and of credit history. Loan terms range from four to 60 months and are paid every 14 days, bimonthly or monthly, depending on what best fits the client's income frequency.

HIGHLIGHTS

Apoyo Financiero has found the proper conditions for its growth in the USA. In 2021, it increased its client base by 65.7%, bringing its total loan portfolio to 3.35 billion as of December 31, 2021. AFI's loan portfolio accounts for 44% of the company's total.

OUTLOOK AND GOALS

Apoyo Financiero will continue to work on building solid foundations for its growth; investing in technology to improve customer service quality and analyzing the possibility of expanding its geographic presence to other states in the US.



CHAPTER
FOUR

Risk management culture





WE ARE A COMPANY
SPECIALIZED IN CREDIT
RISK TAKING WITHIN
THE MICROFINANCE
SECTOR.

Our business is to lend money, and thus every day we carry out financial intermediation activities: we use financial resources generated by the company and we complement them with resources that come from banks and investors to channel them in the form of loans to our clients. As an organization we take risks in this intermediation activity, which we have learned to identify, measure, and manage in an increasingly effective way, through the promotion and strengthening of a risk management culture.

For 28 years, we have acquired specialized knowledge on the dynamics and

risks posed by the microfinancing sector in Mexico and more recently, in Brazil and California. We have set up a database with information of more than 15 million clients and 10.8 million loans, which, when combined with our analytical models, allows us to have a better understanding of the risks in our business and how to manage them.

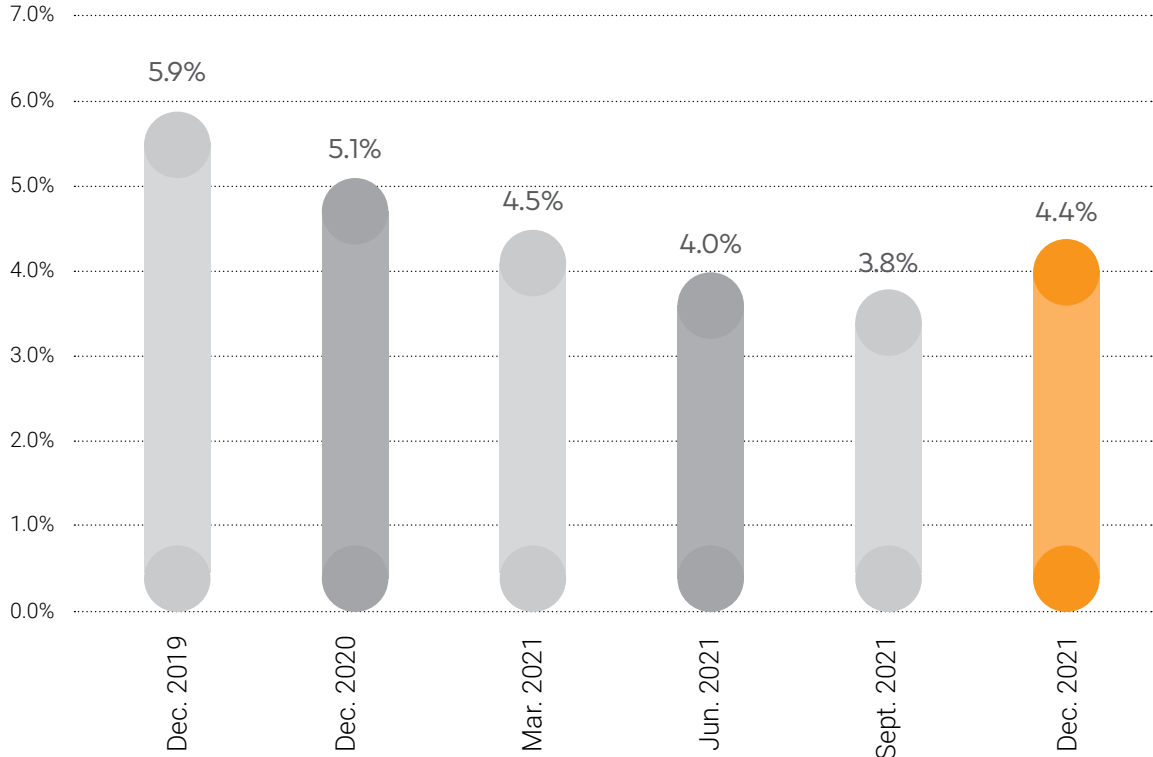
We have learned to assess moral solvency and payment capacity for each person who submits a loan application form, often with limited information, since this is a characteristic of the market we serve.

OUR CREDIT POLICIES ARE CONSERVATIVE AND WE MANAGE RISKS IN A PRUDENT MANNER.

In Financiera Independencia we stand out for applying conservative credit policies for managing new clients; for giving close follow up to collection and for managing risks in a prudent way through operational discipline, which has allowed us to grow in quality for the past years.

Proof of this is that we ended 2021 with a 4.4%NPL ratio, which compares favorably with respect to average past due loans indicators observed in banking products in Mexico, such as personal loans and credit cards.

NON-PERFORMING LOANS RATIO (% FINDEP)



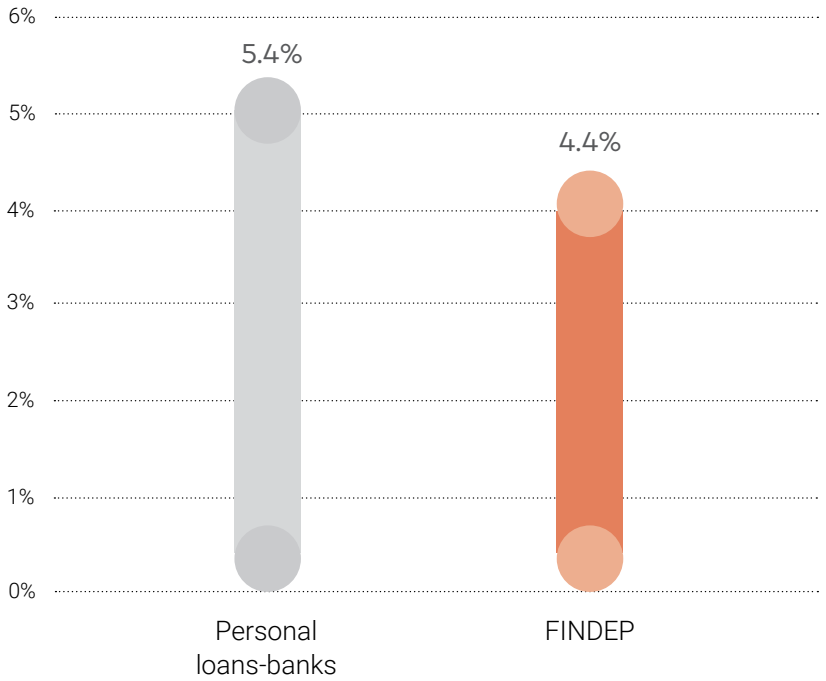
DIVERSIFICATION IS A KEY ELEMENT FOR BUILDING A SOLID FOUNDATION FOR GROWTH.

The robustness of Financiera Independencia’s business model is explained, to a large extent, by the wide client diversification, by geographical presence, and segments. The loan portfolio is pulverized in over 300 thousand loans. As of De-

cember 31st, 2021, no state concentrated more than 20% of Mexico’s loan portfolio; the three states with greater participation were Estado de Mexico, Mexico City, and Veracruz, representing 19.3%, 9.5%, and 5%, respectively.

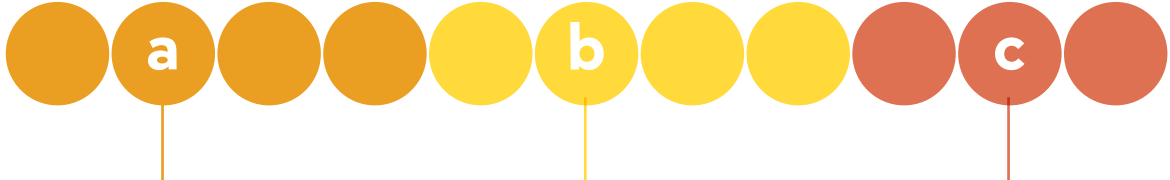
Diversification constitutes a protection mechanism to face the risks in the business and allows for solid foundations to be built for long term growth. We consider that the growth of Apoyo Financiero in the United States will contribute to further diversify the loan portfolio, allowing for the credit profile to improve as a whole, which shall be reflected in a better rating on behalf of rating agencies.

NON-PERFORMING LOANS INDEX



RELEVANT ACTIONS IN RISK MANAGEMENT

IN 2021 WE CONTINUED TO STRENGTHEN OUR RISK MANAGEMENT CULTURE THROUGH THE FOLLOWING ACTIONS:



We updated the profiling process of our clients, by applying new analysis criteria, a better segmentation and selection, which allows us to identify and remove high risk clients and low profitability products.

We promoted operational discipline to assess the risk profile of each loan applicant, through objective criteria.

We strengthened credit and operational policies by adding stricter document requirements, in addition to identification and references for filling out loan application forms. We have managed to transform the document verification process into a formal risk analysis, we increased field visits and verification phone calls, applying the same credit approval criteria both to new clients and to those who renovated their loans.



We strengthened performance in the collection area, designating our best collection agents to follow up on loans with few days in payments arrears, with the purpose of anticipating events with greater payment delay. This approach has allowed us to get better collection results and control the past due portfolio more efficiently.

We modified the incentive scheme for the sales, operation, and collection teams, so their assessment and compensation are determined based on the profitability and quality reached by the loan portfolio in branch offices. In this way, we managed to align individual goals with the company's interests of privileging quality (acceptable risks) and profitability of the portfolio over its size.

We began the transformation of the risk feature for a comprehensive responsibility role to group level.

OTHER RISKS POSED BY THE BUSINESS

The main risk in Financiera Independencia is on credit matters, but it is also exposed to other types of risk: exchange rate risk of pesos against dollars or Brazilian reais; discrepancy between loan interest rate which are fixed and liabilities which are sometimes reviewable; liquidity gaps created by the difference between collection flows and obligation payments, operational and legal risks, among others.




WE ARE CONVINCED THAT **EFFECTIVE RISK MANAGEMENT IS A FUNDAMENTAL PART OF OUR SUCCESS** AND WILL ALLOW US TO CONTINUE TO GROW IN A NOTABLE MANNER IN THE FUTURE.

CHAPTER
FIVE

Comprehensive
operational
support





A CONSIDERABLE AMOUNT
OF THE SUCCESS IN
FINANCIERA INDEPENDENCIA'S
BUSINESS MODEL LIES IN
THE EFFECTIVENESS OF
THE OPERATIONAL
SUPPORT SERVICES.

PERSONALIZED AND HIGH-QUALITY CUSTOMER SERVICE

Financiera Independencia works to build long-term relations with our clients and attract new prospects by offering them fair dealings and excellent one-on-one service. From our Aguascalientes Operating Center (AOC) we administer various phases of the company's lending process on a centralized basis, from prospecting customers to approval and collection of the loans.

In 2021, to expedite the credit origination process and reduce customer wait times, we introduced a hybrid operating model which, depending on the type of product, the origin of the sale and even the rating of the branch, the loan application can be incorporated via centralized process at the AOC, or by the authority of the branch manager, while preserving credit origination quality at all times.

We work to ensure that the AOC provides robust, comprehensive operating support for the growth of our business. We have assigned increasingly key functions to it, which it carries out on a mass basis,

for example telephone verifications and assembly of digital files, through Crowd platform innovation, which helps to segment complete tasks. Crowdworkers use the crowdsourcing platform, which allows for a faster response, higher quality and innovation in the way verifications are conducted, avoiding fraud and preserving information security, because the crowdworker sees only the information necessary to carry out their assigned microtask.

The AOC is responsible for telephone customer service monitoring service quality, and the processes of the AOC itself as well as some in-person processes, and the telemarketing areas of Independencia, AEF and AFI.

In 2021, the AOC increased its level of support to AFI, which enabled this company to improve its efficiency in credit origination activities, customer service, telemarketing and collections, and reduced the operating cost of back-office processes.

CENTRALIZED PROCESSES TO DRIVE GROWTH THROUGH SAFETY AND EFFICIENCY

In 2021 we continued to work to strengthen centralized and standardized processes in COA for application attention, verifications, and credit approvals, in addition to loan renovations and collection, seeking to raise safety and efficiency standards in order to offer quality service to our clients. We also worked on the standardization of the company's technological infrastructure, including data management systems.

We have a centralized management training process, which provides us flexibility to open offices in a short time and begin

operations in new locations at a relatively low cost. Through this methodology we have been able to broaden our distribution network in a sustainable way and will continue working to improve processes and adopt the technology that allows us to capture synergies and be more efficient.

In 2021 we managed to move forward significantly on the integration of operation support processes in central offices, for example, in relation to managing human resources, financial resources, purchases, treasury, accounting, among others.

INDEPENDENCE FROM THIRD PARTY BANKING SERVICES

We own a distribution network which, along with our centralized collection processes, allows us to monitor operations with our clients in an efficient way, without depending on banking institutions for payment collection.

Credits granted by us are originated through our offices and payments made by our clients directly in our offices or through one of the 81 ATMs we own. We have agreements with commercial establishments so they act as collection points for our credits and we have worked to enable alternative no-contact means of payment like direct debit.

Our challenge is to offer more safe payment options to our clients by using digital means, which will allow us to lower costs and obtain benefits in a permanent way. We also seek to deliver loans through means different than checks, even in a no-contact manner, for which we have established a technology investment plan.

In 2021, we established further alliances with external suppliers to provide our clients with the best service available. This can guarantee our operations with ever-available mobile devices and the combination of both home office and in-site structures.

NETWORK OPERATIONAL SUPPORT SYSTEM

Our network offers 24/7 support. Based on a first and second level of response, we focus on the solving of any problem regarding computing systems, printing equipment and general services, as well as any credit, contract and payments information that our clients require.



IN 2021, WE FOCUSED ON THE **STANDARDIZATION OF ALL OPERATIONS** WITHIN THE DIFFERENT COMPANIES OF THE GROUP UNDER THE SAME PLATFORM, AS WELL AS THE INCREASING OF EFFICIENCY IN ALL CENTRAL OFFICES.

WE WERE ABLE TO ACHIEVE THIS, ON A LARGE SCALE, BY FOCUSING ON THE INDIVIDUAL, NON GUARANTEE CREDIT BUSINESS.

CHAPTER
SIX

Digital transformation



WE ARE A COMPANY THAT BETS ON TECHNOLOGY AND INNOVATION

Throughout our history, we have pioneered many credit products with innovative features that have earned us a leadership position in the microfinance market.

In recent years, we decided to create a digital transformation plan for the company to take advantage of the latest advances in information and communication technologies to improve the quality of the services we offer our clients, so that we can extend the reach of financial inclusion to more people and raise the company's labor productivity and operating efficiency.

We also broadened our operating scope to develop the capacities of a FinTech firm to support sales. What differentiates us is our capacity to maximize the capacity of our branches through extraordinary technological skills.

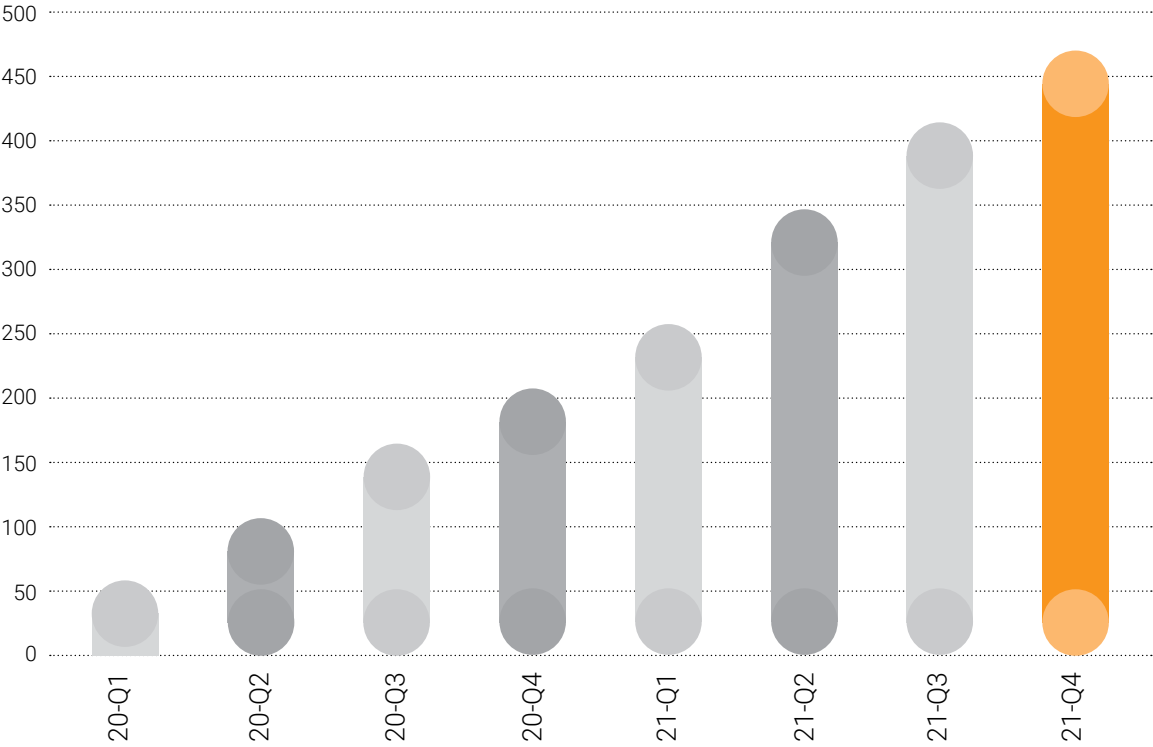
In 2021 we developed the foundations and multiple capacities of digital origina-

tion and collection. With an event-driven architecture, we were able to resolve some of the problems of close microservice coordination, error and retry management, and coordinate between development teams.

Over the course of the year we developed more than 470 microservices, enabling rapid, frequent and reliable development of complex applications by using a limited-function design for basic applications in isolated and self-scalable containers. We also developed microfronts—semi-independent interfaces connected through microservices that can be built by multiple teams with a standard design.

All of our developments consider security and quality from conception of the source code. We execute automated unit testing and static code analysis to evaluate best security practices from the source code level.

MICROSERVICES

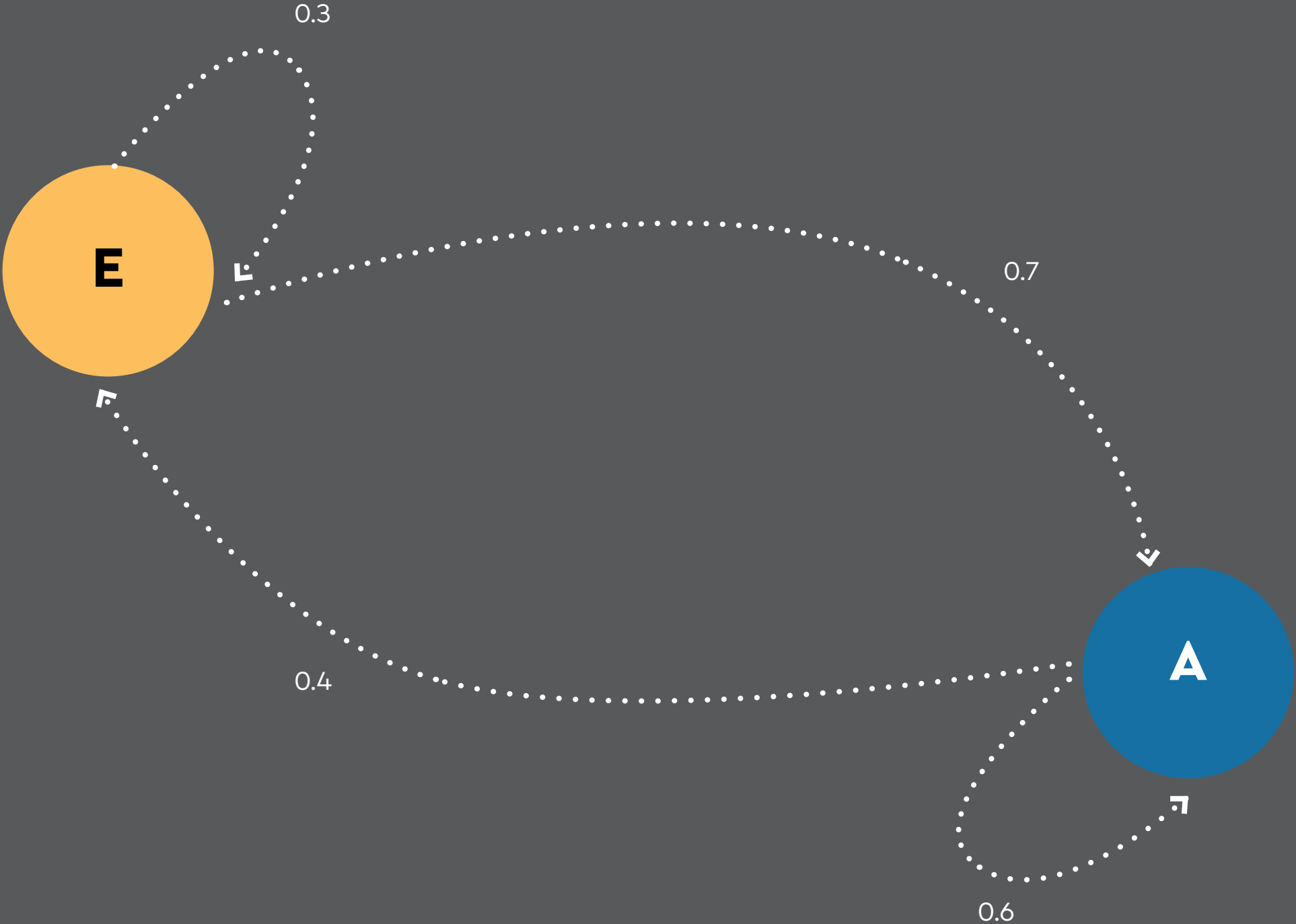


To build our solutions, we developed interdisciplinary work cells that eliminate the concept of the systems department and bring together engineers, risk and product analysts, collections, marketing and operations specialists who work as self-managed

teams to develop new systems capacities. With a culture of funnel monitoring and real-time metrics, these can introduce new functionalities, experiment with and week out continuous improvement.

FINITE-STATE MACHINE

- Stores data
- Reports changes
- Receives updates
- Groups information
- Searches



DECISION MACHINE

- Score
- Prescore
- Risk
- Adds microtasks
- Evaluates microtasks

IN 2021, WE AMPED UP WORK ON FINITE-STATE AND DECISION MACHINES TO DEVELOP NEW PRODUCTS WITH 100% DIGITAL AND HYBRID JOURNEYS.

Our concept of microtasks refers to an executable action or check within an origination or collection process.



BUSINESS CAPACITY

Modeled around business needs.



SINGLE-PURPOSE

They do only one thing, minimal training, traceability, success, correction or rejection.



PARALLELS

Can be executed in parallel and can declare dependencies.



HIGH YIELD

Highly maintainable and assessable; can be released independently.



CLEARABLE

Can be retried and offset with another microtask.



REVERSIBLE

An error or correction does not affect the whole request.

OUR TECHNOLOGICAL PORTFOLIO ALREADY INCLUDES MORE THAN 50 MICROTASKS THAT CAN BE COMBINED IN VARIOUS ORIGINATION PROCESSES.

From the digital collection perspective, we developed new payment methods to achieve a total coverage of 45,000 points, including supermarkets, drugstores and banks. We also introduced a service for using virtual CLABE accounts that allow for SPEI electronic transfers, and developed an autopay machine with in-house business intelligence that seeks out the best forms of collection in autopay models.

In 2021 we continued to develop our Mobile Teller, incorporating collection tools and intelligent paths. "Caja Móvil" collects almost 20 million pesos a month: Collections staff receive payments in cash; the Mobile Teller applies them in real time and covers each of the 45,000 points to deposit the collected payments.



THROUGHOUT OUR HISTORY,
WE HAVE PIONEERED MANY
CREDIT PRODUCTS WITH
INNOVATIVE FEATURES THAT
HAVE EARNED US **A LEADERSHIP
POSITION IN THE MICROFINANCE
MARKET.**



We also launched a new mobile tool called **Gestiona** which boosts the productivity of collections staff in our network of branches. **Gestiona** brings together real-time data from any channel, with intelligent paths, collections tools, integration with the mobile teller, 360° client view, and tools for managing the entire collections force.



CHAPTER
SEVEN

Commitment to forming human capital



TALENT MANAGEMENT IS AN ONGOING ACTIVITY

One of the greatest challenges of our Human Resources Department is to supply the talent we need for specific duties throughout every area of the company: in headquarters and branches, in Mexico City and elsewhere in the country, for business generation and operating support functions; to create the management team and general staff. Talent management must adapt dynamically to business performance.

In 2021, the companies that make up Grupo FINDEP adapted to new laws on employment, social security and taxes, all of which were published in the Official Gazette of the Federation on April 23, 2021. This effort included operators of the SO-FOM branches and the creation of a specialized service company to support the entire group (Servicios Corporativos FINDEP).

	2021	2020	%CHGE.
Total workforce	4,087	5,484	- 34.2%
Servicios Corporativos FINDEP	736	0	100%
Independencia	1,887	3,286	- 74.1%
Apoyo Económico Familiar	1,434	1,725	- 20.3%
Finsol Brasil	0	271	- 100%
Apoyo Financiero Inc.	30	194	- 546.7%

In 2021, we continued to protect our employees from COVID-19. The health and safety measures we introduced when the pandemic began at our branches, operating center and offices remained in place, along with assistance for employees who fell ill with COVID-19.

WE STRENGTHENED STAFF TRAINING PROGRAMS

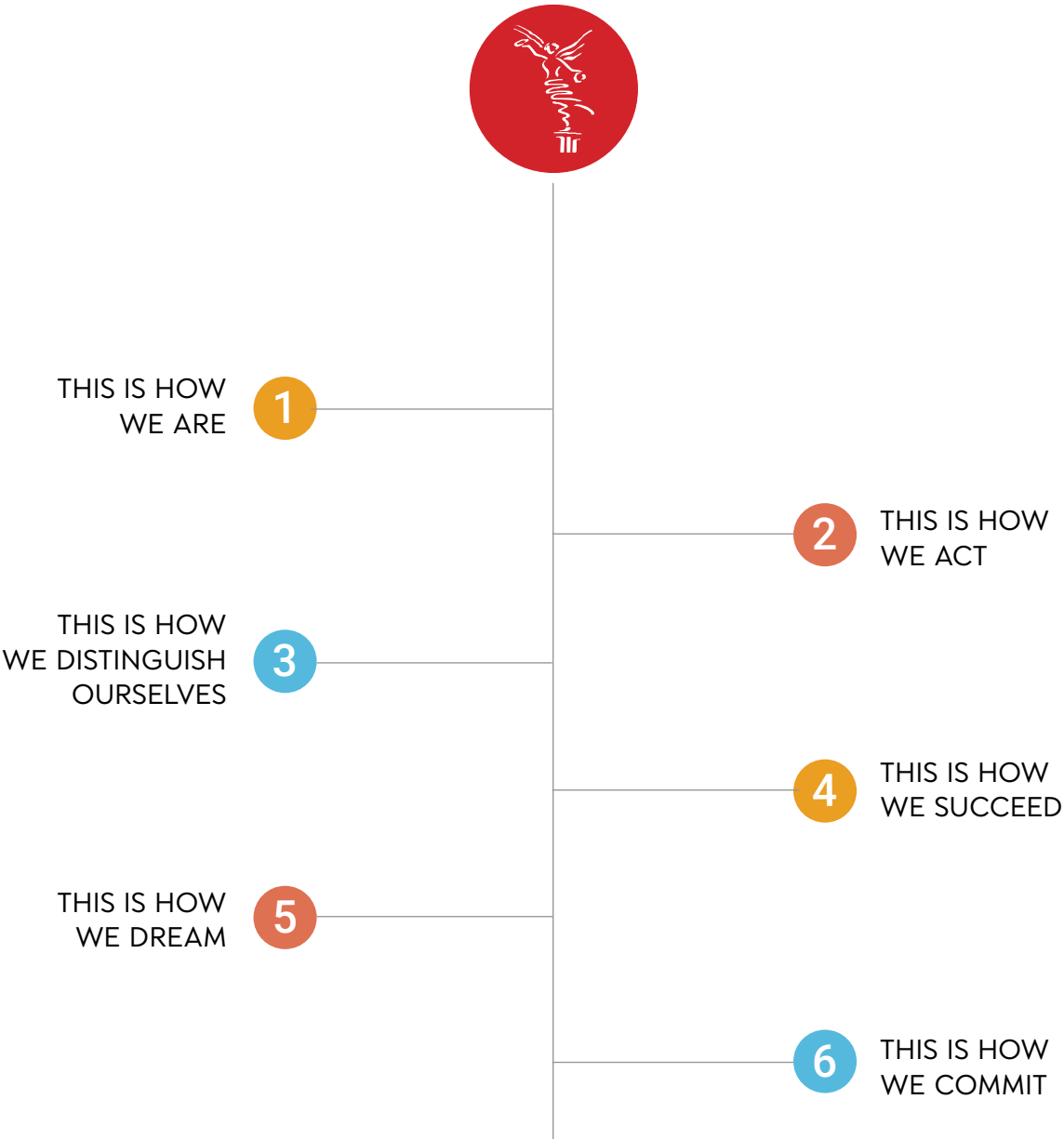
We updated and improved onboarding programs and material for new hires, reinforcing the Group’s organizational philosophy and offering concrete practical content for all job levels. In the case of our corporate offices, these programs include branch visits to learn and be more aware of the operating needs of the business.

Development programs were designed and implemented for all operational positions, which strengthened both technical and soft skills for participants. In the case of our corporate offices, general management skill programs were offered to team leaders.

WE REINFORCED AWARENESS OF FINDEP’S PRINCIPLES AND VALUES

Financiera Independencia conducts itself on the basis of principles and values that center on respect, commitment, honesty, cooperation and service to suppliers and clients inside and outside of the organization.

In 2021, we continued to reinforce our six core values, refreshing our stance based on the following concepts:



We also maintained our efforts to promote inclusion and respect for diversity of all kinds.

At the same time we continued our “Unstoppable Force” campaign, the pur-

pose of which is to bolster a sense of pride and belonging among the employees of all the Group’s companies, to foster teamwork with a common purpose called FINDEP.

ADVANCES IN JOB PERFORMANCE MEASUREMENT

In 2021, we continued to hold weekly meetings to communicate and follow up on the results of the Group's companies. The meetings were headed by our CEO and attended by management team and the leaders of the organization's various strategic projects. In this meeting, information was shared in our progress against business goals and priorities, so that we could all align efforts and renew our commitments.

During the year, we continued applying our performance evaluation methodolo-

gy, in which each employee sets strategic goals and targets for the year, aligned with the company's strategic goals. Starting this year, progress evaluations are carried out each quarter, leveraging the initiatives with the greatest impact on business results. We conducted performance evaluations while promoting direct feedback from supervisor to employee, an agile and effective tool for administrating and promoting a results-oriented work culture.



CHAPTER
EIGHT

Renewing our commitment to the community



All of us at Grupo FINDEP are proud of being known throughout our history for the commitment and concrete actions we take to help the environment, the most vulnerable people around us, and of course, our employees, whose overall development and well-being are our constant motivation.

ALL OF THIS BASED ON OUR UNIQUE VALUES.



Some examples of the actions we took to express this commitment in 2021 were:

UNSTOPPABLE HEART

AT GRUPO FINDEP, WE HAVE AN UNSTOPPABLE HEART



With biweekly donations of at least 10 pesos per employee, we raised Ps. 2,163,524.44 from the Unstoppable Force that participated in this campaign. The companies of Group FINDEP matched these donations, which meant a total of Ps. 4,327,048.88 that went to 67 charitable institutions that serve children, helping

6,967 kids in the various locations where we are present. Our Unstoppable Heart was behind every donation we made to these institutions, and was warmed by the joy and smiles of the children who benefited from them.

UNSTOPPABLE HEART: THE FORCE THAT BRINGS US TOGETHER!

UNCAPPING OUR HEARTS



ALMOST TWO METRIC TONS COLLECTED!

In November 2021, in an alliance with the institution Banco de Tapitas, we launched a campaign called “Destapemos el Corazón” (Uncapping our Hearts) to collect plastic bottlecaps to support children with cancer in our country.

Thanks to the hard work of branch and office staff, client, neighbors, friends and everyone else who pitched in, at the end of 2021 we had collected almost two metric tons of caps! We’re convinced that by the end of 2022 the results of our campaign will be even more extraordinary.

COVID-19: CARING FOR OUR UNSTOPPABLE HEART

The COVID-19 pandemic continued in 2021, so after beginning vaccination campaigns in our country under the slogans “Let’s care for our unstoppable force” and “Not yet,” our campaign to reduce the risks of contagion as much as possible became a permanent effort.

Last year we distributed information in the form of infographics, videos, press releases and gifs, on aspects such as:

- Prevention measures
- Continuous updating of COVID statistics for Mexico



- Vaccination periods according to population group
- Recommendations for safe vacations and holidays

In addition:

- We made physical adaptations to our various workplaces to reduce the risk of contagion as we returned to work in the office.
- We offered COVID testing in our workplaces, in keeping with the instructions of Mexican public health authorities.

EXCELLENCE AWARD



In 2021 we continue promoting and rewarding UNSTOPPABLE results through Excellence awards to employee children who obtained an average grade of 100% for the 2020-2021 school year.

54 children turned in their report cards, 48 of them from children obtaining the

award for the first time and six from kids who earned these high markets for the second year in a row. Children in the first group received a tablet for their extraordinary efforts, and those of the second group were given a "Sí Vale" voucher worth Ps. 1,800.

INTEGRA-T



Grupo FINDEP is constantly working to build a more inclusive organization and society, in keeping with our principles and our corporate values that guide our conduct.

On the basis of our principle of respect, since 2018 we have made an effort to raise awareness about inclusion and respect for all human beings through talks, infographics, videos and other actions.

Some of the topics we covered and publicized in 2021 were:

- Respect for freedom of religion
- Differences between diversity and inclusion.
- Pride Month
- Rights of People with Disabilities.
- International Human Rights Day.
- Respecting and valuing the elderly.

ANNUAL PILGRIMAGE



Faith is very important to the people at Grupo FINDEP, and clearly one of the elements that brings us together. That's why our annual pilgrimage to the Basilica of Guadalupe is one of the high points of the year for FINDEP staff in the Mexico City metropolitan area. With the difficulties we faced in 2020 and 2021, we knew that now more than ever, we had much to be grateful for.

In keeping with health care and COVID-19 contagion prevention measures, however, for the second year in a row we could not hold the physical event in 2021, so we held it online. With this we were also able to extend the invitation to all the em-

ployees of our branch network as well.

On Thursday, October 21, at 10:40 a.m., we transmitted a virtual mass live from the atrium of the Basilica. A few of our leaders and senior management attended the mass live, representing all of our Unstoppable Force in this very special event.

More than 500 employees linked in to the transmission, which shows how important this annual pilgrimage is to our employees.

Religious images were blessed at the Basilica, which we sent to our branches to be distributed to everyone who wished to have one.

**IN HARD TIMES, FAITH KEPT ON
SUSTAINING OUR UNSTOPPABLE FORCE!**

HEALTH MONTH

In 2021, the continuing challenges of the COVID-19 pandemic inspired us once again to bring our UNSTOPPABLE Health Month to all our employees online, reaching them wherever they were.

The slogan this year was "Healthy Smiles with Unstoppable Force," focusing on the oral and dental health of our entire Unstoppable Workforce using digital tools to bring numerous planned activities to every one of our employees. Some of these were:

- Two virtual informational sessions about dental health: the first on "oral health and its impact on our overall health," and the second on "oral consequences of office habits."



- In partnership with Dentalia, we offered dental clinic memberships at a discount to Grupo FINDEP employees through which they could obtain dental treatment at the many branches and affiliates of this group in Mexico.
- Over 20 days, we raffled off one free dental care plan per day. With this we benefited 20 Grupo FINDEP employees with memberships that will improve their dental health.
- We distributed infographics and videos with valuable information about the importance of dental health, what happens when we neglect it, prevention tips and treatments for the most common dental problems.

INTERNATIONAL BREAST CANCER AWARENESS DAY



To mark International Breast Cancer Awareness Day, which was on October 19, for the entire month of October we distributed infographics about early detection and risk factors for breast cancer.

Additionally, through an alliance with Fundación CIMA, we held an informational session to build awareness among our Unstoppable Workforce—both men and women—about the importance of prevention, checkups, early detection and follow-up to properly treat this health problem.

SUPPORT FOR EMPLOYEES IN NATURAL DISASTERS




For Grupo FINDEP, the well-being of our employees is a priority. There were several natural disasters in Mexico in 2021, and we provided economic support to employees whose homes were lost or damaged by

them. In all, we distributed Ps. 292,431.00 to 28 employees who suffered material losses from flooding, hurricanes, storms and earthquakes.

CHAPTER
NINE

Financial Performance





MANAGEMENT'S COMMENTS AND ANALYSIS OF THE COMPANY'S OPERATING RESULTS AND FINANCIAL POSITION

INTRODUCTION

The following are the highlights of the Company's operations during 2021, its financial position, and the results obtained, compared to the 2020 report, based on a variety of operating and financial data.

The financial statements for years 2021 and 2020 were prepared in accordance with the accounting bases and practices established by Mexico's National Banking and Securities Commission (CNBV, by its initials in Spanish) in the "Accounting criteria for multiple-purpose financial institutions, regulated entities," referred to generally as "Bank Accounting Criteria."

On January 1st, 2018, the Company adopted the new National Financial Reporting Standard C-16, Impairment of Receivable Financial Instruments (NIF C-16). Adoption of this standard required an adjustment

in the model used to calculate Loan-Loss Reserves, which now requires that management apply its professional judgement to determine the quantitative and qualitative factors that should be considered to calculate the loan portfolio's likelihood of default, the severity of loss, and exposure to default.

The results for the periods covered by this report include the following consolidated subsidiaries: Apoyo Económico Familiar (AEF), one of Mexico's leading micro-credit institutions; and Apoyo Financiero, Inc. (AFI), a microfinance company serving the unbanked Latin American community, mainly in California.

Unless otherwise stated, the financial information is expressed in millions of nominal Mexican Pesos.

2021 CONSOLIDATED RESULTS

	2021	2020
INFORMATION FROM THE INCOME STATEMENT		
Interest income	4,232.7	4,827.2
Interest expense	526.8	729.9
Net interest income	3,705.9	4,097.3
Loan-loss reserve	849.7	1,716.0
Net interest income after loan-loss reserve	2,856.2	2,381.3
Commissions and fees charged	434.6	296.5
Commissions and fees paid	68.2	77.1
Market-related income	(26.2)	380.8
Other operating income (expense)	165.9	130.9
Personnel and administrative expense	2,703.5	3,048.8
Net operating income	658.7	63.5

(in millions of pesos)



NET INTEREST
INCOME AFTER
LOAN-LOSS RESERVE

IN 2021, NET INTEREST INCOME AFTER LOAN-LOSS RESERVE GREW 19.9% COMPARED TO THE PS 2,381.3 MILLIONS REPORTED IN 2020, TO A TOTAL OF PS. 2,856.2 MILLION, DUE TO THE FOLLOWING:

INTEREST INCOME

Interest Income in 2021 totaled Ps. 4,232.7 million, 12.3% less than the Ps. 4,827.2 reported in 2020, affected by the divestitures of 2021 as well as the increased weight of AFI's operations in the company, because the lending rate in this subsidiary is lower.

Loans in the formal segment grew 13.5% in 2021, from Ps. 5,394.3 to Ps. 6,121.7 million, accounting for 79.4% of the total portfolio, compared to 76.9% in December 2020. This is mainly due to an advance of Ps. 1,328.9 million or 65.7% in the portfolio of AFI portfolio and a growth of Ps. 64.8 million or 7.5% in AEF's formal sector portfolio, which offset a Ps. 666.3 million or 26.6% drop in the formal sector portfolio of Independencia, affected by the sale of Fisofo during 1Q21.

Loans to the informal segment shrank by 2.1% in 2021, from Ps. 1,621.3 to Ps. 1,587.6 million, and now account for 20.6% of the total compared to 23.1% in Decem-

ber 2020. This is due chiefly to the divestiture of the Finsol Brasil portfolio, which totaled Ps. 335.7 million at the close of 2020. Organically, Independencia's loans to the informal segment grew by Ps. 183.1 million or 40.1%, and those of AEF rose by Ps. 118.9 million or 14.3%.

Independencia's total loan portfolio closed 2021 with a balance of Ps. 2,477 million, a 16.3% decline for the year, pressured by the divestiture of Fisofo. As of December 31, 2021, the breakdown of the loan portfolio was 74.2% formal and 25.8% informal; Independencia's portfolio accounted for 32.1% of the company's portfolio, compared to 42.2% in December 2020.

The loan portfolio of Apoyo Económico Familiar closed the year at Ps. 1,879.2 million, a 10.8% increase over 2020. AEF loans made up 24.4% of the company's total portfolio, compared to 24.2% one year earlier.

Apoyo Financiero Inc. closed 2021 with a portfolio of Ps. 3,352.8 million, up by 65.7% over the amount reported at year-end 2020, and accounting for 43.5% of the company's total portfolio, compared to 28.8% in 2020.

At Finsol Brazil, the loan portfolio was deconsolidated in 4Q21, following the announcement of its sale on October 1, 2021. At the close of 3Q21, its portfolio had amounted to Ps. 327.2 million, and it accounted for 4.3% of the company's total portfolio.

INTEREST EXPENSE

In 2021, Interest Expense was Ps. 526.8 million, 27.8% lower than the Ps. 729.9 million reported in 2020. This was attributable to the 110 basis point drop in the TIIE rate, which is the benchmark for setting funding costs of the company's bank lines of credit, along with a reduction in market

and bank liabilities. In 2021 the TIIE averaged 4.62%, compared to 5.72% in 2020.

LOAN-LOSS RESERVE

The company rates its portfolio using an in-house methodology based on the likelihood of borrower default and the severity of the credit loss,¹ and recognizes a Loan-Loss Reserve (LLR) for impairment of the loan portfolio considering its credit risk.

In 2021, LLR totaled Ps. 849.7 million, 50.5% lower than in the year 2020. In 2Q20, the company set aside additional prudential reserves amounting to Ps. 441.6 million for coverage against possible increases in non-performing loans. In 2020, LLR totaled Ps. 1.72 billion.



TOTAL OPERATING INCOME

In 2021, total operating income was Ps. 847.1 million, 24.1% above the 2020 figure on a comparable basis. Both Independencia and AEF reported YoY growth in their total operating income—19.8% and 19.5%, respectively—while AFI posted a decline of 0.1%.

Commissions and fees charged grew 46.6% AaA, from Ps. 296.5 million to Ps. 434.6 million; commissions and fees paid dropped 11.6% AaA, from Ps. 77.1 million to Ps. 68.2 million; this is because neither Fisofo nor Finsol México were consolidated in 2021. The net commission and fee result was thus Ps. 366.4 million.

Market-related income was negative by Ps. 26.2 million, associated mainly with the effect of hedges we have taken out to protect our income against fluctuations in the exchange rate.

Other Operating Income totaled Ps. 165.9 million in 2021, rising from Ps. 130.9 million in 2020, chiefly due to tax recoveries of Ps. 16.1 million in 2021.

OPERATING INCOME

In 2021, the company obtained Operating Income of Ps. 63.5 million, 85.9% below the Ps. 451.4 million reported in 2020.

ADMINISTRATION AND PERSONNEL EXPENSE

In 2021, administration and personnel expense declined by Ps. 297.8 million YoY, or 15.5%. Personnel expenses in 2021 were affected by the sale of Fisofo (payday loans) and the divestiture in Brazil. With this, the company cut its workforce by 13.7% over the course of 2021.

Promotional expenses came to Ps. 106.3 million, 140.8% higher than the Ps. 44.2 million reported in 2020. This was primarily the result of our strategy of seeking out new digital channels for lending.

NET INCOME

Income taxes, both incurred and deferred, totaled Ps. 127.4 million in 2021, compared to Ps. 55 million in 2020. After taxes, the company's 2021 net income was Ps. 346.9 million, compared to a net loss of Ps. 412.7 million in 2020.

The net earnings per share (EPS) in 2021 were Ps. 1.1201, compared to a net loss per share of Ps. (1.6533) in 2020.



FINANCIAL POSITION

TOTAL LOAN PORTFOLIO

The loan portfolio of Financiera Independencia stood at Ps. 7,709.3 million on December 31, 2021, compared to Ps. 7,015.5 million one year earlier—a year-over-year increase of 9.9%.

The number of clients closed 2021 at 324,124, 3,502 higher than the 320,622 served in 3Q21. The breakdown of our base of borrowers was as follows: Independencia, 187,803;² AEF 105,947; and AFI, 31,904.

The average loan balance per client increased 25% during the year, from Ps. 19,024 to Ps. 23,785, because of an increase in the proportion of formal-sector borrowers in the portfolio and the higher weight of AFI in the portfolio.

As of December 31, 2021, the Loan Portfolio accounted for 72.7% of the company's total assets, compared to 66.0% on December 31, 2020. All of the loans that make up this portfolio were extended at a fixed interest rate.

NON-PERFORMING LOANS

The non-performing loan portfolio stood at Ps. 337.6 million as of December 31, 2021, down from Ps. 359.1 million on December 31, 2020. This was a reduction of Ps. 21.5 million, or 0.3%. Total non-performing loans made up 4.2% of the loan portfolio at the close of 2021, compared to 5.1% at the end of December 2020.

In September 2021, the company shifted its strategy to prioritize portfolio quality and returns rather than its size, and introduced operating policies to adapt its business model to market conditions and the competitive context.

With this strategic approach, the company has been able to slow the growth of its loan portfolio while strengthening its financial position and keeping an appropriate balance of return and risk. Total portfolio growth in 2021 was 9.9%, compared to a reduction of 20.1% in 2020. The non-performing loan rate (NPLR) was 4.4% for 2021, while return on assets was 3.3%, recovering from a negative -3.6% in 2020.

The Coverage index³ in 2021 was 194%, in line with its level at the end of 2020. Since January 2013 the company has had a policy of keeping its coverage ratio above 100.0% at all times.

[2] Independencia will only report active clients with no loans that are more than 180 days past due.

[3] Coverage Index: Loan-Loss Reserves/Total Non-Performing Loans

LIABILITIES

As of December 31, 2021, total liabilities amounted to Ps. 6,144.6 million, a reduction of 6.6% compared to the Ps. 6,577.9 million shown in the 2020 report, reflecting adjustments by the company.

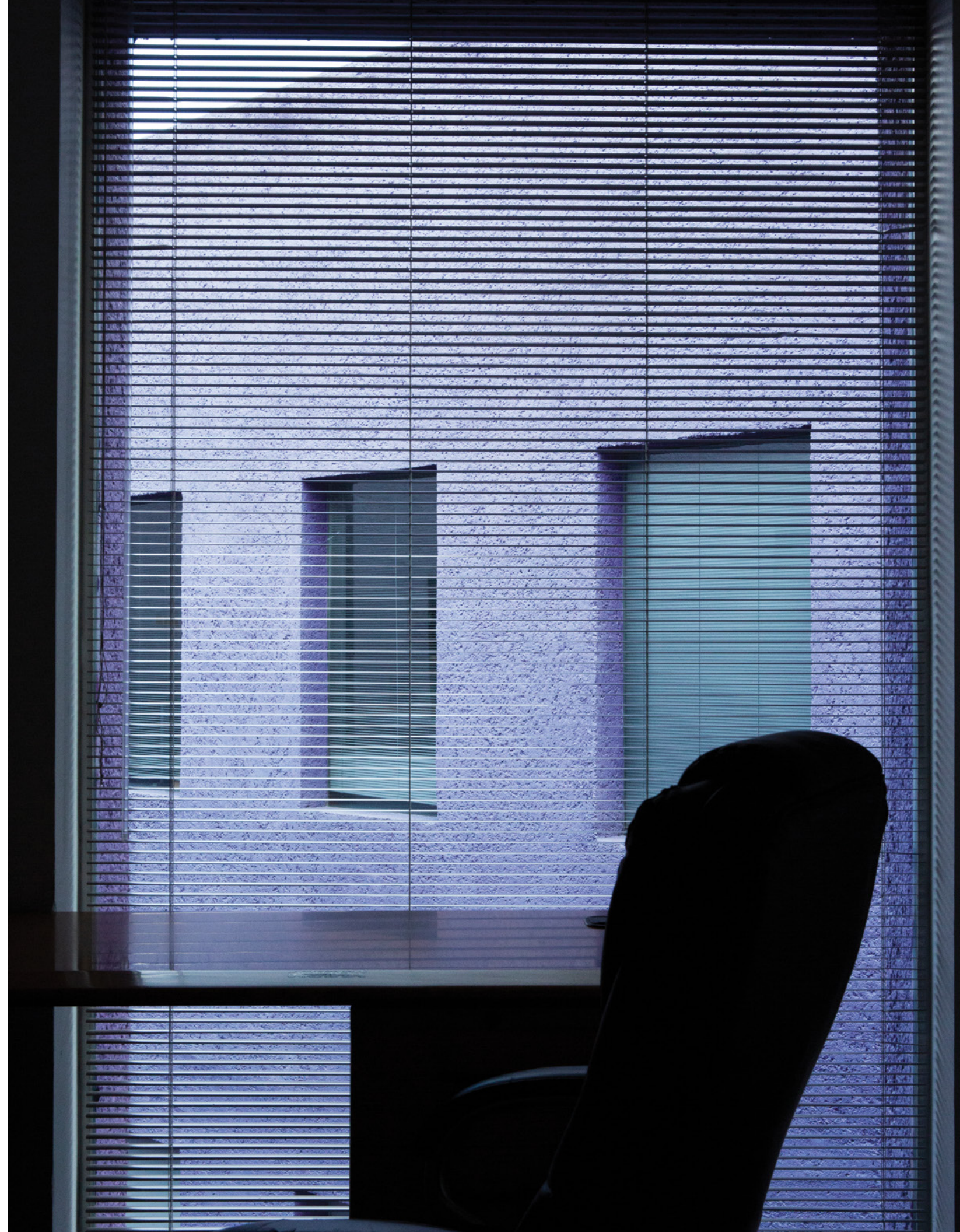
Debt at the close of 2021 included Ps. 3,786.2 million in securities-market liabilities, Ps. 1,620.8 million in loans from banks and other lenders, and Ps. 737.6 million in accounts payable. At the end of the year the company had Ps. 4,030 in committed lines of bank credit.

STOCKHOLDERS' EQUITY

The consolidated Stockholders' Equity of Grupo FINDEP closed December 31, 2021 at Ps. 4,454.4 million, an increase of 10% over the Ps. 4,050.9 million reported as of December 31, 2020. This change reflects a total of Ps. 759.6 million in positive effects

from Fiscal-Year Earnings, offset in part by a negative -Ps. 421.7 million in results from previous fiscal years; a YoY decline of Ps. 21.5 million in accrued foreign-exchange conversion effect, and a YoY increase of Ps. 87.3 million from valuation of derivative instruments.

Because of changes in the debt denominated in foreign currency and in the exchange-rate hedging position, stockholders' equity declined by Ps. 57.2 million from 2020 to the close of 2021. This was entered as derivative financial instruments. The effect will dissipate gradually as hedge contracts unwind and expire. The breakdown is as follows: a positive effect of Ps. 303.5 million from mark-to-market valuation of exchange-rate swaps, a negative effect of Ps. 221.8 million from revaluation of securities-market liabilities issued abroad, and a negative effect of Ps. 24.5 million from deferred taxes.





PROFITABILITY AND EFFICIENCY RATIOS

ROAE⁴/ROAA⁵

In 2021, the company reported a return on equity (RoE) of 9.2%, and a return on assets (RoA) of 3.5%. Excluding intangibles, adjusted RoE and RoA for 2021 would be 14.5% and 4.1%, respectively.

EFFICIENCY RATE⁶ AND OPERATING EFFICIENCY⁷

On December 31, 2021, the company was operating 353 branches in Mexico and the U.S. The breakdown is the following: 326 offices in Mexico (Independencia 161 and AEF 165) and 27 in California (AFI).

In the past 12 months, the company reduced its network by a net six branches,

offsetting this effect with greater operating efficiency and stronger digital tools. The workforce was reduced to 4,735 employees at the end of 2021, 4% less than the year before.

Our Efficiency Rate in 2021 was 80.4%, compared to 98.0% in 2020; Operating Efficiency was 25.4% in 2021 compared to 24.8% in the previous year. Both these indicators reflect a disciplined execution of the company's strategy, involving close control over spending and a streamlining of branches and workforce, without affecting the business goals.

This effort to contain expenses enabled us to focus resources on priority aspects of our efforts to strengthen the company.

[4] ROAE: Annual net income / Average stockholders' equity of the current and previous year.

[5] ROAA: Annual net income / Average total assets of the current and previous year.

[6] Efficiency rate: Non-interest expense / Net operating income.

[7] Operating efficiency: Non-interest expense / Average total assets for the current and previous year.



CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

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

(In thousands of pesos, except earnings per share)

	2021	2020
Interest Income	4,232,682	4,827,218
Interest Expense	(526,780)	(729,917)
Financial Margins	3,705,902	4,097,301
Provision for Loan Losses	(849,742)	(1,716,027)
Net interest income adjusted for loan loss reserve	2,856,160	2,381,274
Commissions and Fees Collected	434,587	296,471
Commissions and Fees Paid	(68,227)	(77,141)
Market Related Income, net	(26,225)	380,821
Other operating income, net	165,928	130,876
Administration and promotion expense	(2,703,518)	(3,048,820)
Operating income	658,705	63,481
Equity in subsidiaries and affiliates	-	37,247
Pretax earnings	658,705	100,728
Current income tax	(50,170)	21,920
Deferred income tax, net	(128,264)	(76,897)
Result from discontinued operations	480,271	45,751
Discontinued operations	(133,368)	(458,406)
NET INCOME	346,903	(412,655)
Earnings per share	1,1201	(1,6533)

CONSOLIDATED BALANCE SHEET

December 31, 2021

(With comparative figures as of December 31, 2020)

(In thousands of pesos)

ASSETS	2021	2020
Cash & equivalents	452,449	858,944
Derivatives for hedging purposes	292,107	239,676
Current loans:		
Consumer credit	7,371,759	6,656,460
Non-performing loans:		
Consumer credit	337,556	359,057
Credit portfolio	7,709,315	7,015,517
Minus:		
Credit risk estimations	(653,918)	(687,724)
Total loan portfolio, net	7,055,397	6,327,793
Other accounts receivable, net	555,787	612,620
Property, plant and equipment, net	147,391	180,319
Permanent investment in shares	43,539	43,539
Long-term assets available for sale	137,036	-
Deferred income tax and employee profit-sharing (PTU), net	710,426	930,911
OTHER ASSETS:		
Goodwill	1,008,795	1,187,283
Deferred, advance and intangible charges	196,088	247,709
	1,204,883	1,434,992
TOTAL ASSETS	10,599,015	10,628,794

LIABILITIES AND STOCKHOLDERS' EQUITY

	2021	2020
Loans from banks and other institutions:		
Short term	1,620,764	1,823,797
Long term	-	226,412
	1,620,764	2,050,209
Securities market liabilities	3,786,213	3,860,622
Other accounts payable	710,741	627,880
Income tax payable	21,620	15,021
	732,361	642,901
Deferred credits and advance payments	5,242	24,181
Total liabilities	6,144,580	6,577,913
Stockholders' equity:		
Contributed capital:		
Capital stock	157,191	157,191
Premium for stock sale	1,574,701	1,574,701
	1,731,892	1,731,892
Earned capital:		
Capital reserves	14,318	14,318
Results from prior fiscal years	2,292,315	2,714,061
Result from valuation of hedge instruments	57,172	(30,115)
Accumulated conversion effects	14,530	36,075
Restatement for defined employee benefits	(2,695)	(2,695)
Net income	346,903	(412,655)
	2,722,543	2,318,989
Total shareholders' equity	4,454,435	4,050,881
Contingent commitments and liabilities		
Subsequent events		
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	10,599,015	10,628,794



OUR BOARD OF DIRECTORS

THE BOARD OF DIRECTORS IS FORMED BY 10 PROPRIETARY MEMBERS APPOINTED FOR A ONE-YEAR TERM BY THE ORDINARY GENERAL STOCKHOLDERS' MEETING.

The Board of Directors meets at least four times per year and may meet as needed. In accordance with the Securities Market Law, at least 25% of the members in the Board of Directors shall be independent.



José Luis Rión Santisteban *

Roberto Alfredo Cantú López ● Carlos Morodo Santisteban

Héctor Ángel Rodríguez Acosta ** ● Ana Paula Rión Cantú

José Ramón Elizondo Anaya ** ● Carlos Javier de la Paz Mena **

José Rión Cantú ● Maite Rión Cantú

Eduardo Bernhart Messmacher
Henríquez ●

* President ** Independent counselor

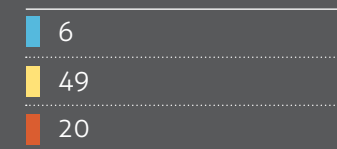


THE EXECUTIVE TEAM

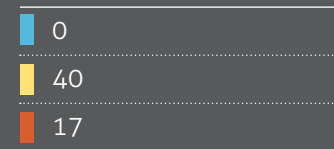
FINANCIERA INDEPENDENCIA HAS A HIGHLY EFFICIENT AND EXPERIENCED MANAGEMENT TEAM; ON AVERAGE, THE COMPANY'S TOP MANAGERS HAVE 16 YEARS OF EXPERIENCE WITHIN THE FINANCIAL SERVICES INDUSTRY IN MEXICO.

- YEARS ON FINDEP BY DECEMBER 31ST. 2021
- AGE
- EXPERIENCE ON THE FINANCIAL SECTOR

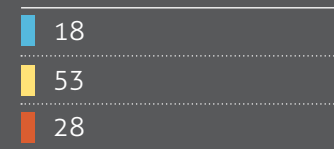
Eduardo Bernhart
Messmacher
Henríquez
EXECUTIVE VICE PRESIDENT
AND CEO FOR FINANCIERA
INDEPENDENCIA



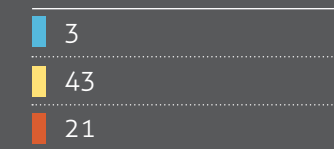
Iván Barona
González
CORPORATE DIRECTOR
OF FINANCE



Juan García
Madrigal
CORPORATE DIRECTOR
OF INTERNAL AUDIT



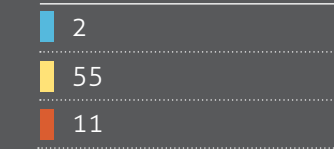
Fernando Rodríguez
García
DIRECTOR OF OPERATIONAL RISK
AND COMPLIANCE



Adrián Orocio
Barreto
CORPORATE DIRECTOR
OF COMPTROLLERSHIP



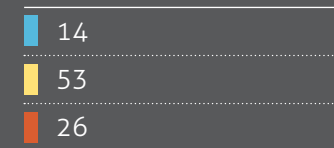
Gloria Gabriela Moncayo
Cisneros
CORPORATE DIRECTOR
OF IT AND OPERATIONS



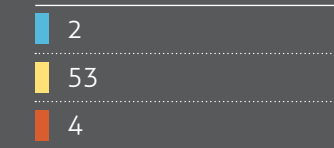
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Guerra
CORPORATE DIRECTOR
OF HUMAN RESOURCES



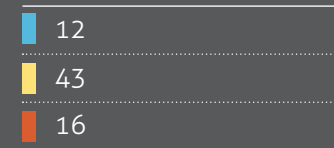
Rogelio Flores
Estrada
CORPORATE DIRECTOR
OF STRATEGIC SERVICES



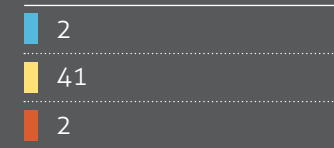
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Michavila
DIRECTOR OF APOYO
FINANCIERO INC.



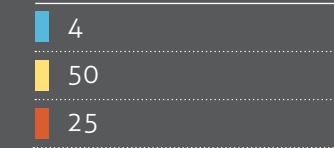
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Vázquez
CORPORATE DIRECTOR
OF LEGAL AND COMPLIANCE



Juan Román Escamilla
Montes
CORPORATE DIRECTOR
OF FINTECH



Carlos Enrique Ramírez
Macías
CORPORATE DIRECTOR OF
UNSECURED INDIVIDUAL
BUSINESS



Jorge Kenji Inukai
Salazar
DIRECTOR OF PRODUCT AND CRM





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