



FINANCIERA INDEPENDENCIA

TECHNOLOGICAL TRANSFORMATION, THE
ENGINE OF EXTRAORDINARY PERFORMANCE

2022 ANNUAL REPORT

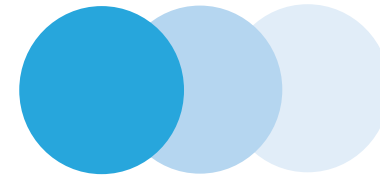




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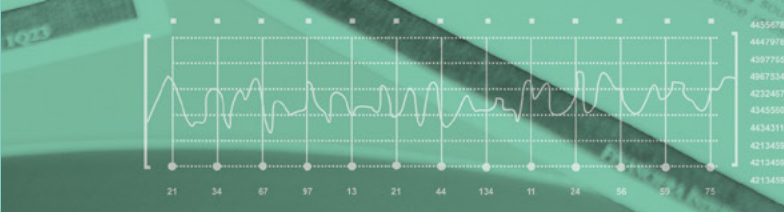
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INTRODUCTION

Message from the Chairman of the Board and Chief Executive Officer



IN 2022, OUR STRATEGY TRANSLATED INTO THE BEST RESULTS IN THIS GROUP'S HISTORY.

Our focus on the personal loan market for the Hispanic population of North America led to healthy portfolio growth and a stronger balance sheet.

In a challenging global environment, where inflation reached levels unseen for decades, we were able to be there for our customers while maintaining the quality of our portfolio and containing the impact on our expenses. We were also able to mitigate the impact of rate increases on our profit margins.

We continued to work on developing unique skills for managing credit risk, using technology to achieve an effective coexistence between the digital world and our bricks-and-mortar branches, and building a singular culture where innovation is part of our day-to-day work.

We have achieved a balance between risk and efficiency that brings in very attractive returns on equity in Mexico and allows us to continue investing

in growth in the United States, where significant opportunities in our niche will allow us to maximize returns.

Our results are the product of an ongoing process of innovation focused on long-term profitability, balancing risk and scale, with the flexibility to adapt to abrupt changes and difficult times.

These are just some of the aspects of Financiera Independencia that have made these results possible: First, our talent. Our unstoppable force has an in-depth knowledge of the market and the segment that we serve. We strive to create a meritocracy where personal advancement is limited solely by one's own talent and dedication.

Second, the reaffirmation of our business approach. We have concentrated on businesses in which our skill at managing credit risk and our digital innovation are rewarded by attractive returns.

Third, innovation aimed at maximizing our employees' impact through digital tools. Our acquisition of customers begins in most cases with an initial digital contact; then, using mobile tools, our employees help us to magnify our reach.

Fourth and finally, the inspiration that comes from serving people who have been typically excluded from the traditional financial system, helping them to meet their goals and make their dreams come true. For almost three decades, we have been committed to

the well-being of families, women entrepreneurs and small businesses that rely on the use of our credit services. People, families and workers with whom we forge long term relationships.

We are grateful to all our employees for their day-to-day work and to our board members for their valuable strategic guidance and confidence, which are crucial to Financiera Independencia's ability to continue generating unparalleled economic and social value.

José L. Rión Santisteban
CHAIRMAN OF THE BOARD OF DIRECTORS

Eduardo Messmacher Henríquez
CHIEF EXECUTIVE OFFICER

2022
HIGHLIGHTS

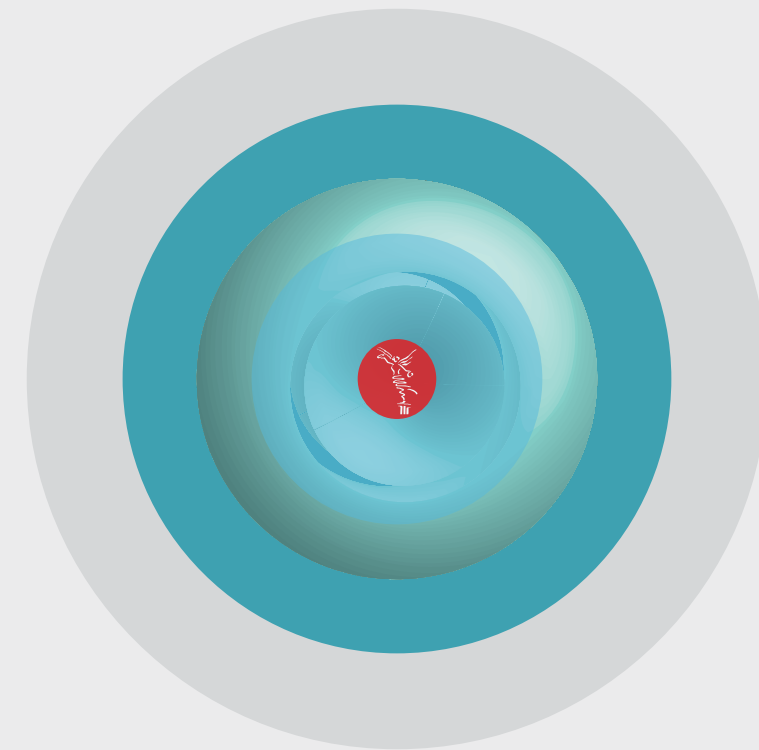
320,405
TOTAL CLIENTS

PS. 8,560
MILLIONS
TOTAL LOAN PORTFOLIO

4,658
EMPLOYEES

346
BRANCHES

1.85
PESOS
EARNINGS
PER SHARE



6.7%
NON-PERFORMING
LOAN RATIO

13.6%
RETURN
ON EQUITY

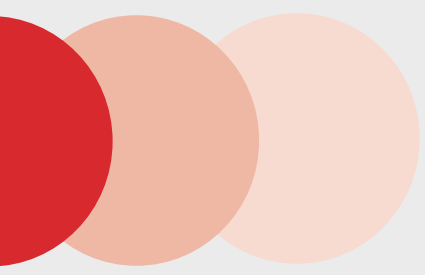
PS. 625
MILLIONS
NET INCOME

40.6%
SOLVENCY RATIO

CHAPTER ONE

Milestones of our history

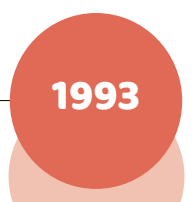




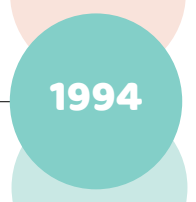
THROUGHOUT ITS 29-YEAR HISTORY,

Financiera Independencia has been a leader in Mexico's microfinance market. Its success has led it to cross borders, bringing its business model to the United States to serve customers in other countries with the same passion and quality for which it has always been known.

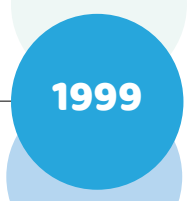
Financiera Independencia is established as the first limited-purpose financial institution (Sofol) in Mexico. Begins operations in Toluca, Mexico State



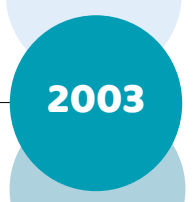
Begins its geographic expansion in Mexico by opening branches in Celaya, Querétaro, Irapuato, Aguascalientes and León.



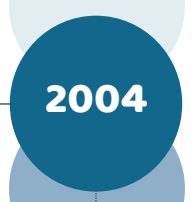
Opens the first Operations Center in León, Guanajuato.



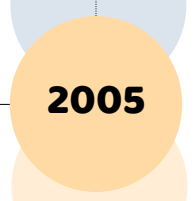
Earns Socially Responsible Enterprise (SRE) distinction.

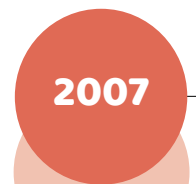


Enters the market for micro-loans to the self-employed.



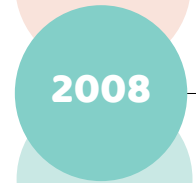
One million loans granted.





2007

Financiera Independencia becomes an unregulated multipurpose financial institution (Sofom); floats its initial public offering of stock in Mexico and abroad.



2008

Opens the second Operations Center in Aguascalientes.



2010

Acquires Financiera Finsol, Mexico's second largest supplier of group micro-loans. Financiera Independencia becomes the first microfinance company in Latin America to access the international debt market.



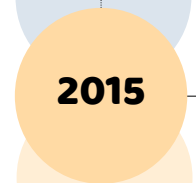
2011

Acquires Apoyo Financiero Inc. (AFI) and Apoyo Económico Familiar (AEF).



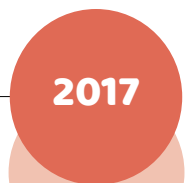
2013

Acquires Finsol SCMEPP, a Brazilian firm dealing in group loans.



2015

One million customers served through 499 branches in Mexico, 30 in Brazil and 20 in California.



2017

Financiera Independencia cancels its program of American Depositary Receipts (ADRs).



2018

Financiera Independencia celebrates its 25th anniversary.



2019

Integrates operations into a single business platform.



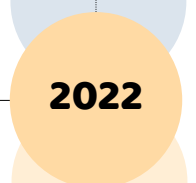
2020

Implements a strategy to deal with the COVID-19 pandemic. Re-centers on its "core" business, successfully divesting of its group loan business and strengthening its structure and balance sheet. Announces an agreement to sell the payday loan business.



2021

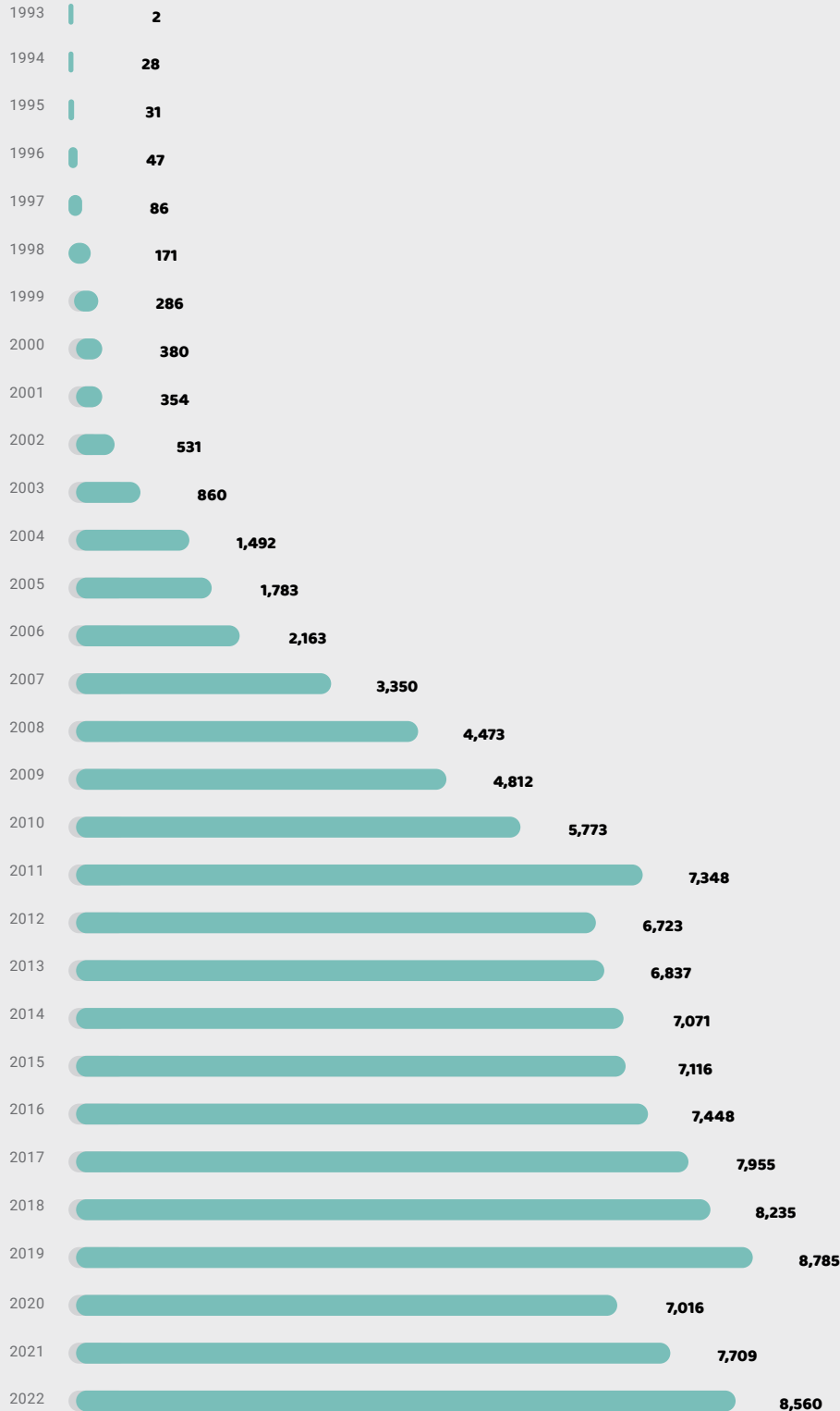
Announces an agreement to sell Finsol Brazil. Apoyo Financiero Inc. (AFI) obtains a license as Consumer Lender in Arizona.



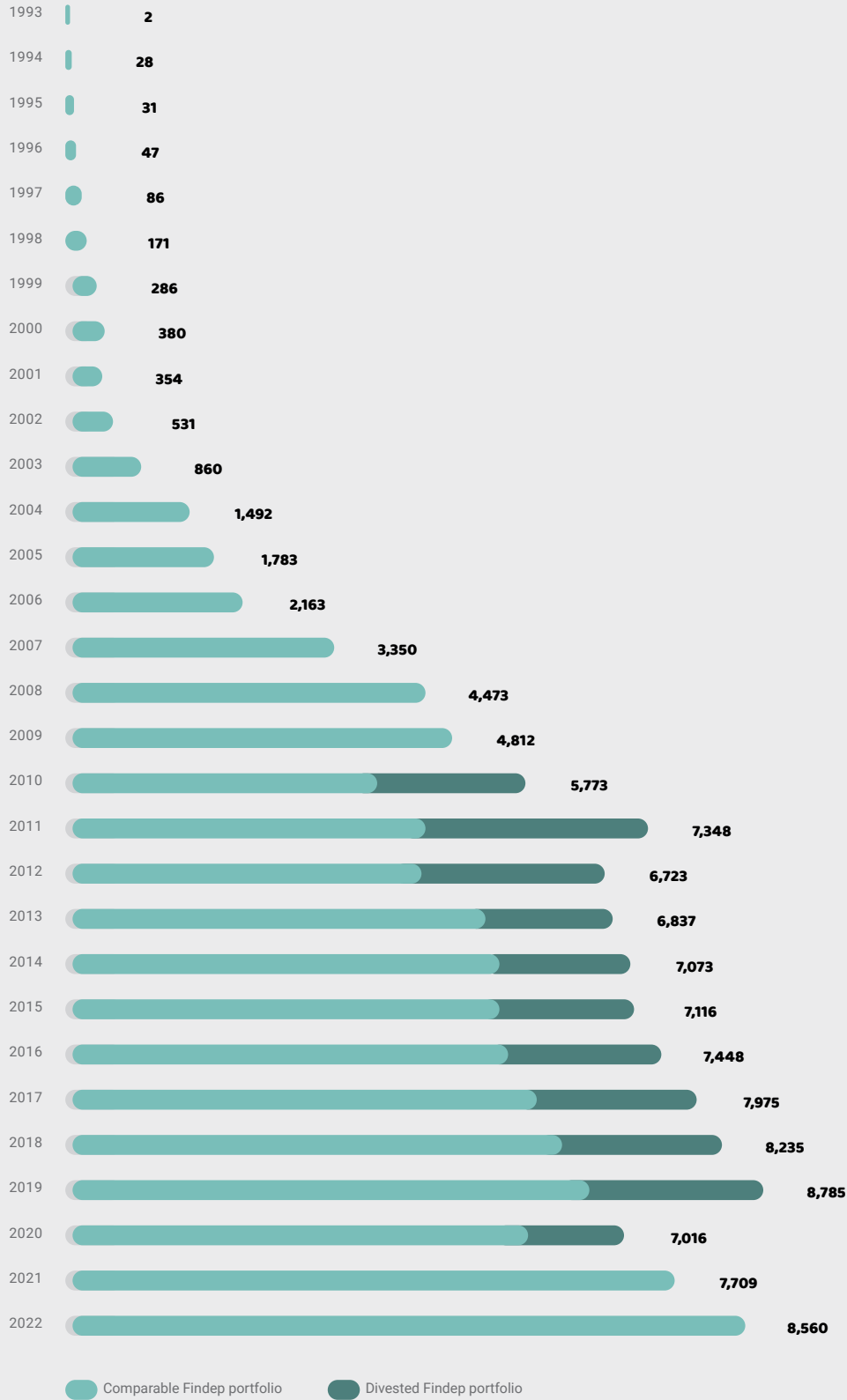
2022

Apoyo Financiero Inc. (AFI) is licensed to act as Regulated Lender in the state of Texas. Financiera Independencia reports the best results in its history, with the strongest balance sheet ever.

TOTAL LOAN PORTFOLIO (MILLIONS OF PESOS)



TOTAL LOAN PORTFOLIO (MILLIONS OF PESOS)



Comparable Findep portfolio Divested Findep portfolio

CHAPTER TWO

Who we are and what we do



We are leaders in bringing financial inclusion to underserved Hispanic communities in North America, through responsible and secure lending. We are known for our excellent service, respectful treatment and fairness toward our customers.

OUR MARKET

We offer micro-loans to middle- and lower-middle income customers who lack access to formal financial services or have been underserved by traditional banking. This is a market with very little financial penetration, but with an encouraging scale and demographic dynamics, which offer solid foundations on which to build a long-term growth story for our company.

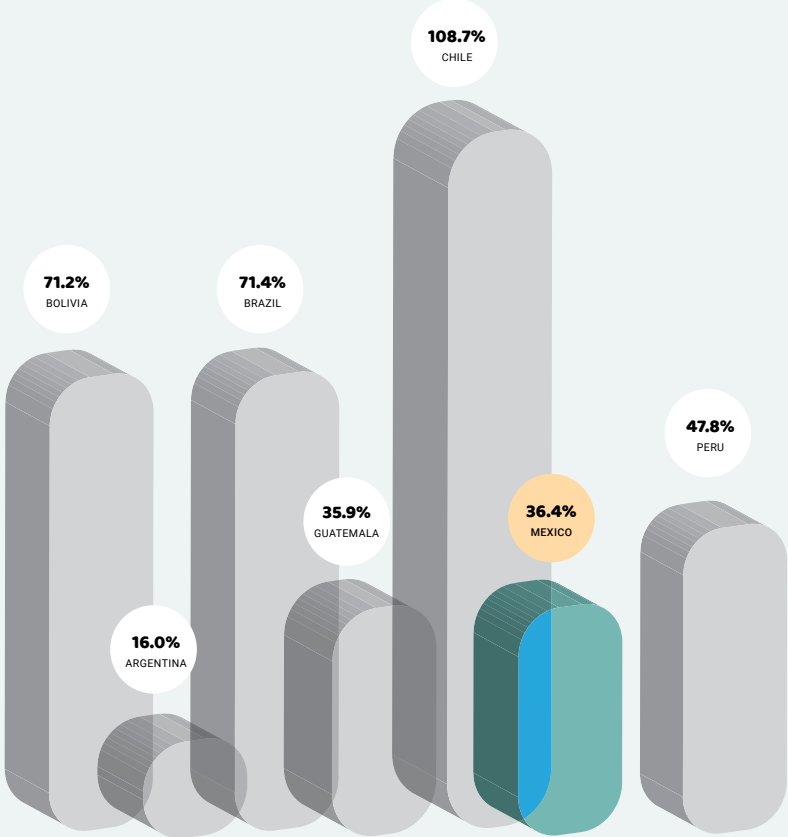
Our target market consists primarily of people earning between one and two times the minimum wage in Mexico City (currently MXN7,812-15,624 per month). Based on information compiled by The National Institute of Statistics and Geography (INEGI), there are 27.2 million people in this segment, or more than 52.1% of Mexico’s economically active population, and we estimate that we have penetrated less than 3.3% of this target market to date. We believe that this low rate of financial service penetration will support stronger demand for our products going forward.

In our country, private-sector lending is equivalent to only 36.4% of GDP, which signals a relatively low level of financial service penetration compared to other Latin American countries like Peru, Bolivia, Brazil and Chile.

The 25- to 69-year-old age group in Mexico is a fast-growing segment of the population, and this means higher potential demand for micro-loans in the coming years, an attractive opportunity for the growth and development of this company’s business.

In the United States, we work primarily with members of the Hispanic community who are underserved by banks and other financial institutions, and who need a loan to start up their own business or send money to their home country to acquire assets or durable goods. If all the Latin Americans living in the United States were a standalone economy, their gross domestic product, or GDP, would have been the fifth largest in the world in 2020, according to the 2022 US Latino GDP report published by the Latino Donor Collaborative. Despite this, around 30% of the US Hispanic population is either unbanked or under-banked.

PRIVATE-SECTOR LENDING IN PROPORTION TO GDP



Source: World Bank

STRATEGIC APPROACH

The Company's strategic approach has always been to remain a leading supplier of personal microloans in Mexico, with a growing share of the microfinance market in the United States, while maintaining a high level of profitability and efficiency. The Company believes that there is significant growth potential for its operations in Mexico and the United States.

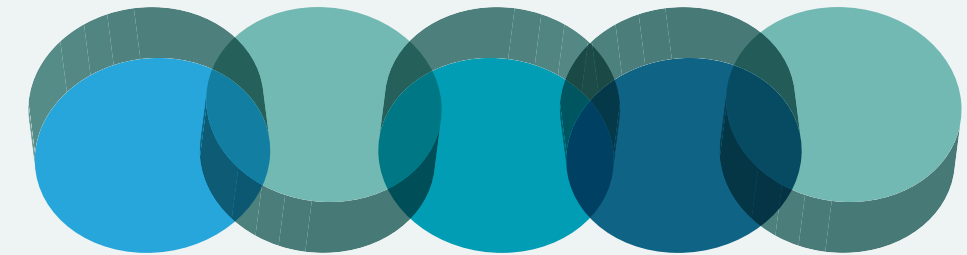
FINANCIERA INDEPENDENCIA'S STRATEGIC APPROACH TO PROFITABLE GROWTH STANDS ON 5 PILLARS:

1

Capitalizing on more than 29 years of industry experience, a proprietary database of more than 14.7 million loans granted, an operating model based on analytic capacity, and a broad-based distribution platform.

2

Continuing to operate in markets where population dynamics and financial service penetration provide a solid footing for growth.



3

Maintaining a balance between growth and risk, support by teams of analysts and investments in technology that ensure appropriate risk management.

4

Continuing to position ourselves for solid growth in the US, serving primarily the Latin American population in California.

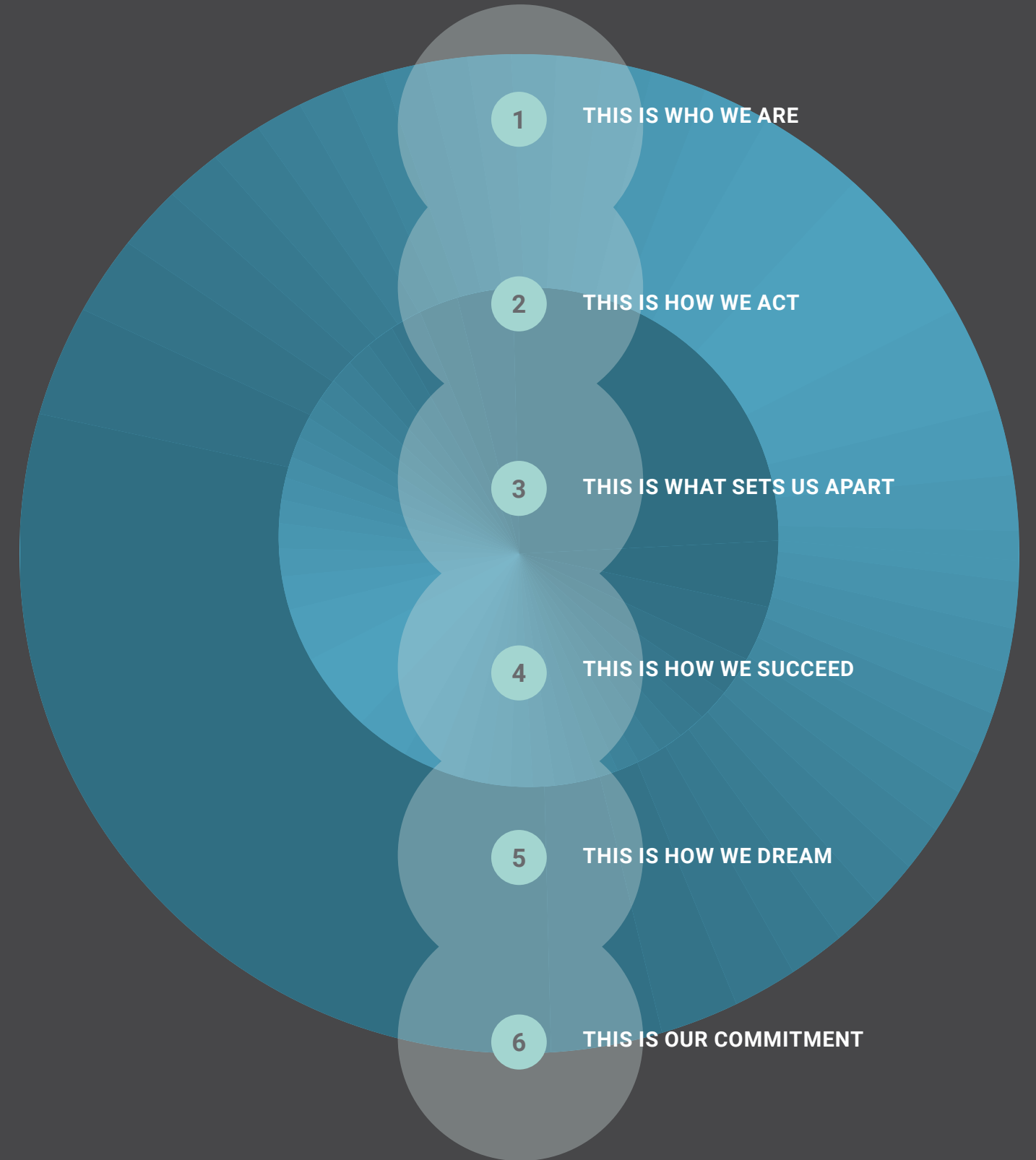
5

Maximizing the use of cutting-edge technology to improve efficiency and grow profitably.



FINANCIERA INDEPENDENCIA PRINCIPLES

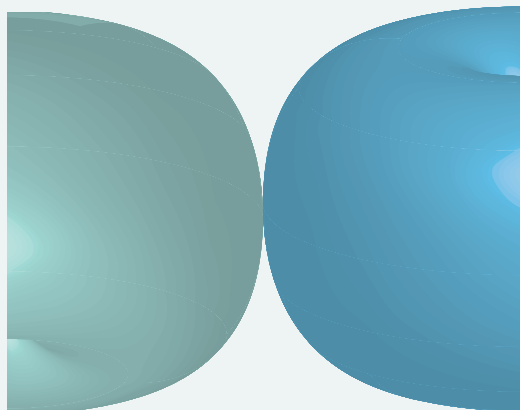
FINANCING OUR
CUSTOMERS' DREAMS
WITH THE BEST PRODUCTS,
THROUGH TECHNOLOGY
AND EXCELLENT,
PERSONALIZED SERVICE





THIS IS WHO WE ARE

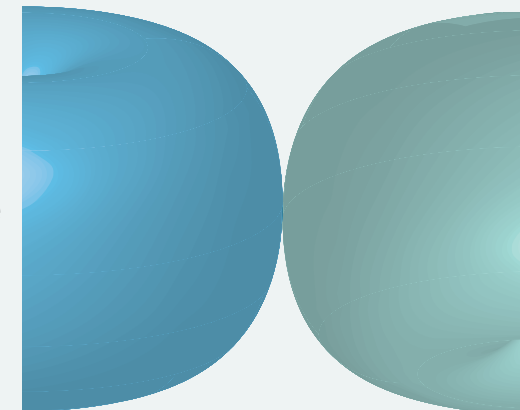
In Mexico there are more than 50 million adults without loans, and who might find it very useful to have one.



Grupo FINDEP knows this; we believe in them, and we are their best option.



We are convinced that our financial services contribute to our customers' advancement.



We help them meet their personal needs and to start and grow their own businesses, improving quality of life for themselves, their family and those around them.

WE TRANSFORM THE LIVES OF OUR CUSTOMERS AND ASSOCIATES, MAKING DREAMS COME TRUE.

2

THIS IS HOW WE ACT

By conducting ourselves honorably, we earn the greatest return:

OUR CUSTOMERS' TRUST IN US.



COMMITMENT

We face our challenges, always in the pursuit of excellence, keeping our promises and leading by example.



RESPECT

We treat others with dignity and fairness, regardless of their condition or whether they think differently from us.



COOPERATION

We welcome new ideas, and we understand that success is everyone's responsibility.



SERVICE QUALITY

Service is a way of life for us; it is the bedrock of our path to success.



HONESTY

We tell the truth; we behave in an honorable and forthright manner at all times.

3

THIS IS WHAT SETS US APART

We are constant, solid and trustworthy.

WE WERE THE FIRST
AND WE ARE THE BEST.



More than
13 million
dreams
come true



A better life
for more than
700,000 families

WE ARE PROUD
OF HAVING MADE
MILLIONS OF DREAMS
COME TRUE

4

THIS IS HOW WE SUCCEED

We combine the best technology with the most thorough analytical knowledge and the best team to ensure a human touch.

We know that our people are our greatest asset. We recruit, retain and promote the best, in an open, inclusive environment.

WE COMBINE TECHNICAL, SYSTEMIC, AND HUMAN ASSETS TO BE THE BEST.



We know that to be profitable, we need:



A FOCUS ON CUSTOMER SERVICE

The customer should always come first. Listening to them is essential for offering them the best service in the least amount of time. We are aware that applying for a loan may make the customer feel vulnerable, and we are sensitive to their needs.



QUALITY ORIGINATION

Lending responsibly to customers with a strong commitment to repayment, in amounts and on terms that ensure a successful long-term relationship, is at the heart of everything we do.



A FOCUS ON RETENTION

A client that maintains a good payment record rewards us for the trust we have placed in them. Our work is to assist them throughout the process with straightforward, personal and fair dealings.



FAIR AND EFFECTIVE COLLECTIONS

This is the most critical phase of our service. Effective collection and fair dealings make for solid long-term relationships with our customers. We help them find the most appropriate options and channels so they can keep their commitments.



EFFICIENCY

We aim for a warm, one-on-one relationship with customers, supported by an efficient operating network and optimized processes.

5

THIS IS HOW WE DREAM

FOR A BETTER COUNTRY

Helping people who need it,
and need us.

FOR AN EXEMPLARY COMPANY

With a leadership that makes
extraordinary things happen, in
the right way, through people.

WE GO
FURTHER!

6

THIS IS OUR COMMITMENT

WE PLEDGE TO MAINTAIN
A LONG-TERM VISION
AND DO THE RIGHT THING
TO REPAY THE TRUST
PLACED IN US.

We work to be the best option for:

CLIENTS

We serve people who have been excluded by others, because we trust in them. We make them feel welcome in our financial institution. Together we can achieve progress and a better quality of life for our families.

EMPLOYEES

We are the best option for the most talented people. We offer merit-based career opportunities. We develop and recognize our people through leadership that rewards fair dealings and reciprocal commitment.

SHAREHOLDERS

We recognize their twofold social commitment: to our clients and to our employees. We are committed to offering them attractive returns for a sustainable investment.

FUND SUPPLIERS

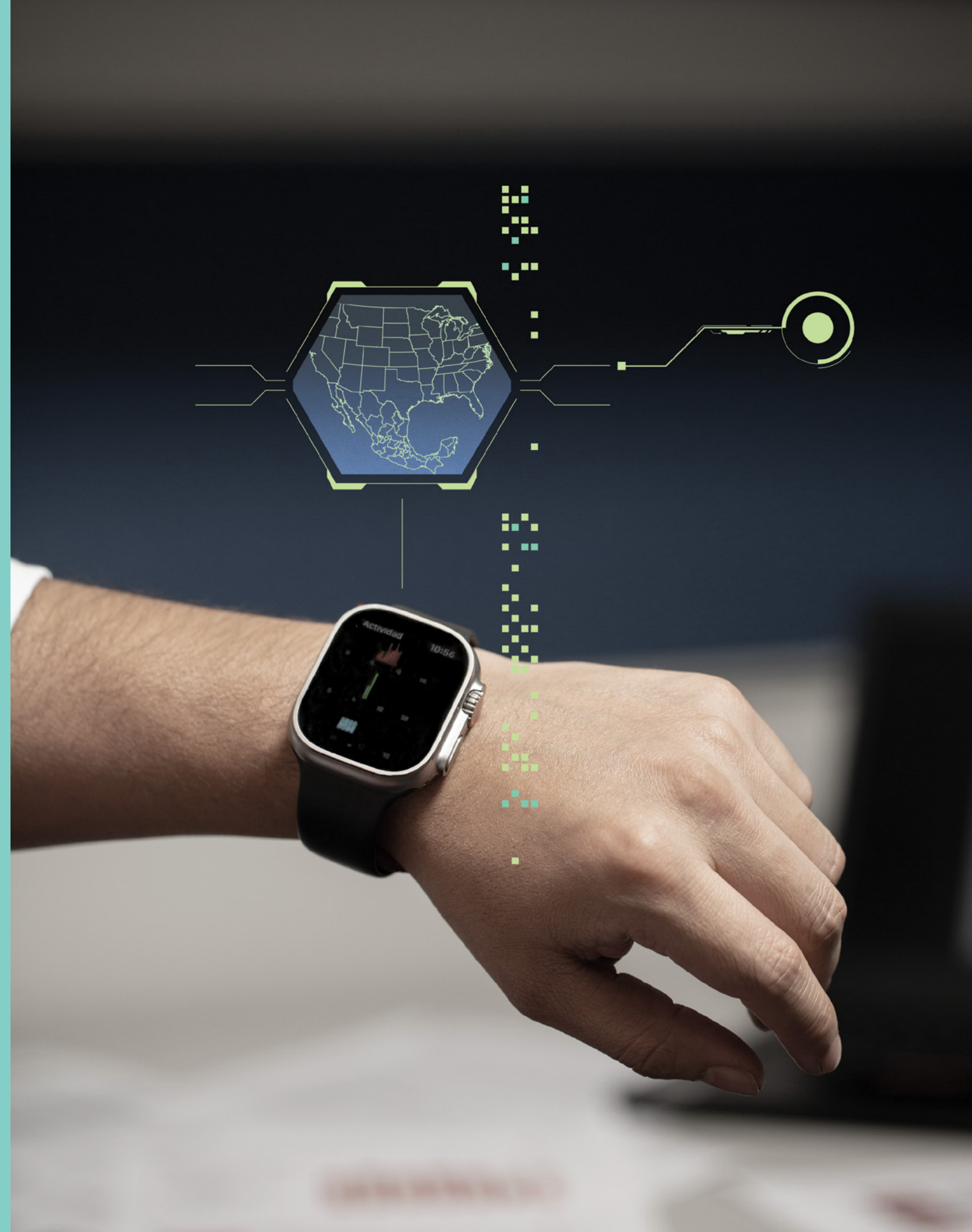
They are our main partners. We protect our portfolio quality and costs to offer them certainty and benefits.

REGULATORS

We operate in full respect for the laws and regulations governing us. We guarantee compliance to every one of our regulators.

CHAPTER THREE

Our businesses



Personal loan business/ Mexico

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."

TOTAL
CLIENTS

181,651

TOTAL LOAN PORTFOLIO

PS. 2.85
BILLION

EMPLOYEES

2,878

BRANCHES

163

LOANS ORIGINATED
IN 2022

PS. 2.07
BILLION

OPERATING INCOME
IN 2022

PS. 514
MILLION

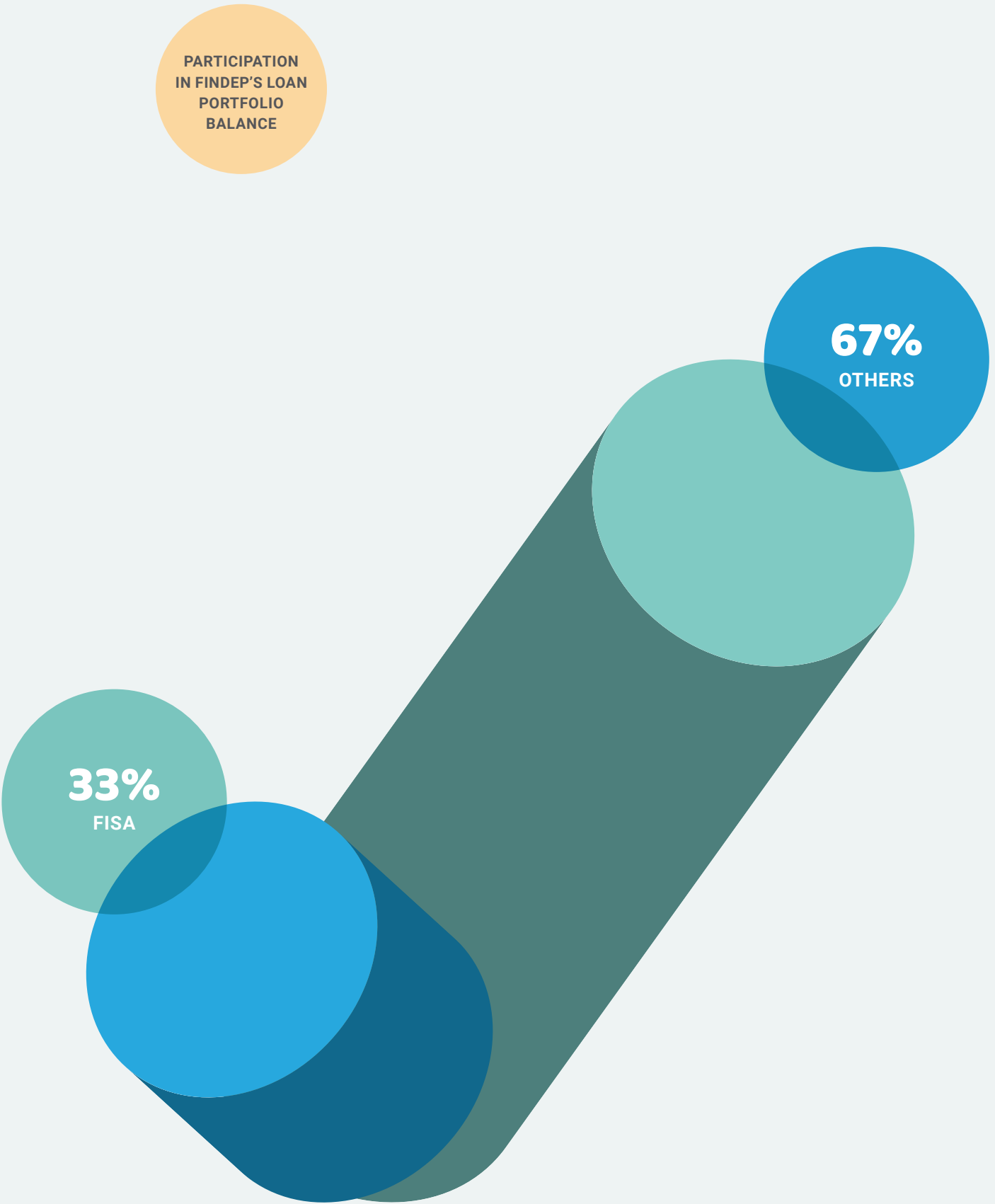
33%

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.

To apply for a loan from Financiera Independencia, all they have to do is submit their documents and fill out a credit form, and they receive an answer within 48 hours.



OUR SERVICE MODEL

Financiera Independencia has 163 branch offices for customer service; customers 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.

They can also choose to pre-fill a loan application 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.

OUR PRODUCTS AND SERVICES

In 2022, Financiera Independencia continued offering loans to formal-sector borrowers through its Credilnmediato product.

New Financiera Independencia clients can acquire a Credilnmediato Simple loan starting at Ps. 3,000; loans can be used to purchase goods or services and are repaid in 12 to 96 biweekly installments.

If clients maintain a good payment record, 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 CrediPersonal, MicroNegocio, Crédito Simple and PYMEfectivo products.

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

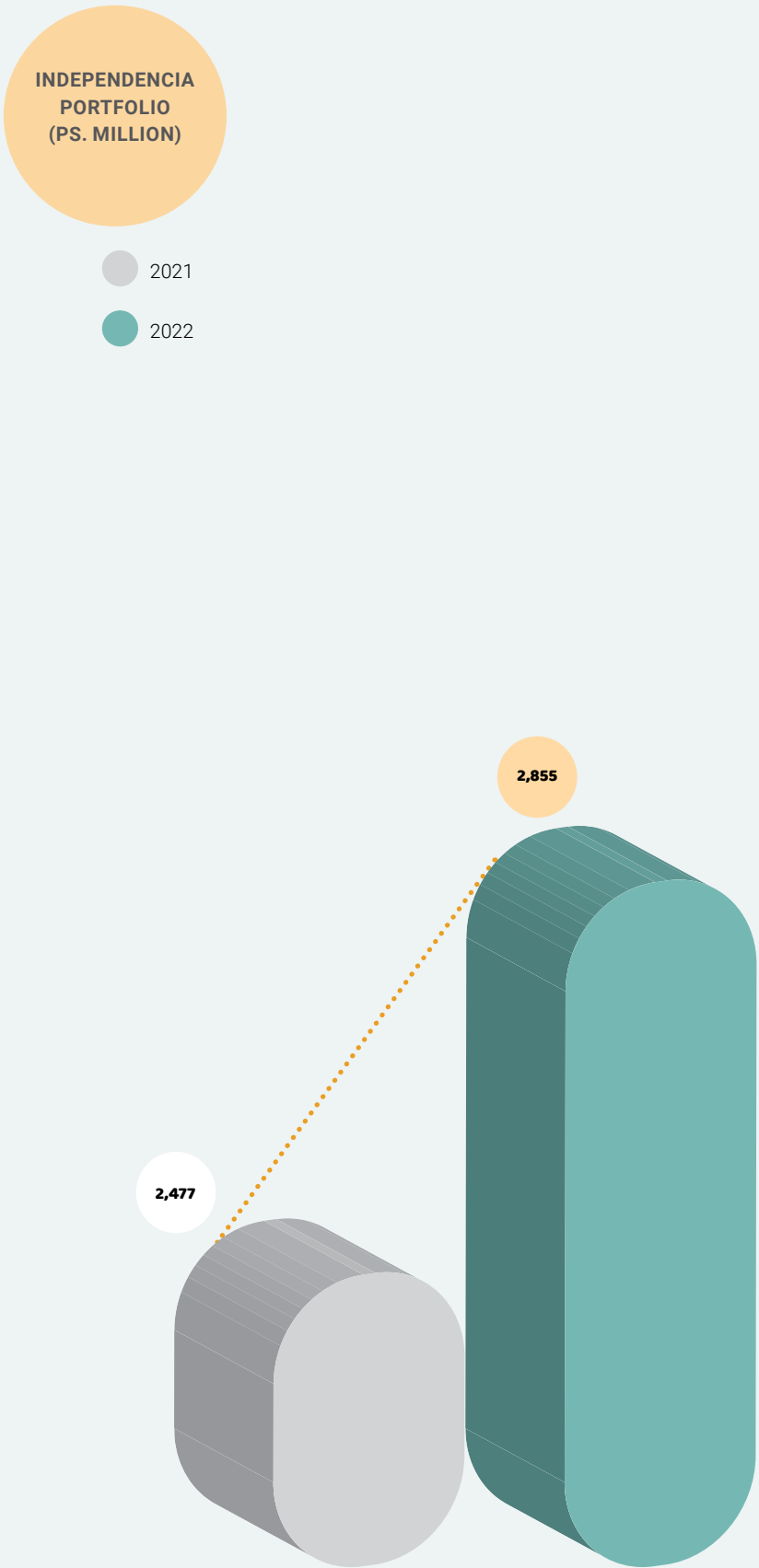
OUTLOOK AND GOALS

FISA continues optimizing 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.

HIGHLIGHTS

In 2022, Financiera Independencia paid out Ps. 2.07 billion in loans, benefiting more than 94,000 clients.

As of December 31, 2022, Financiera Independencia had a total loan portfolio of Ps. 2.85 billion, 15% more than it reported on December 31 of the previous year. In 2022, FISA expanded its branch network from 161 to 163.



Individual Credit Business / Mexico

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 for their whole lives. If they keep up with their payments, we will renew their loans as many times as they need.

TOTAL
CLIENTS

102,569

TOTAL LOAN PORTFOLIO

PS. 2.07
BILLION

EMPLOYEES

1,590

BRANCHES

156

LOANS ORIGINATED
IN 2022

PS. 1.37
BILLION

OPERATING INCOME
IN 2022

PS. 297
MILLION

24%

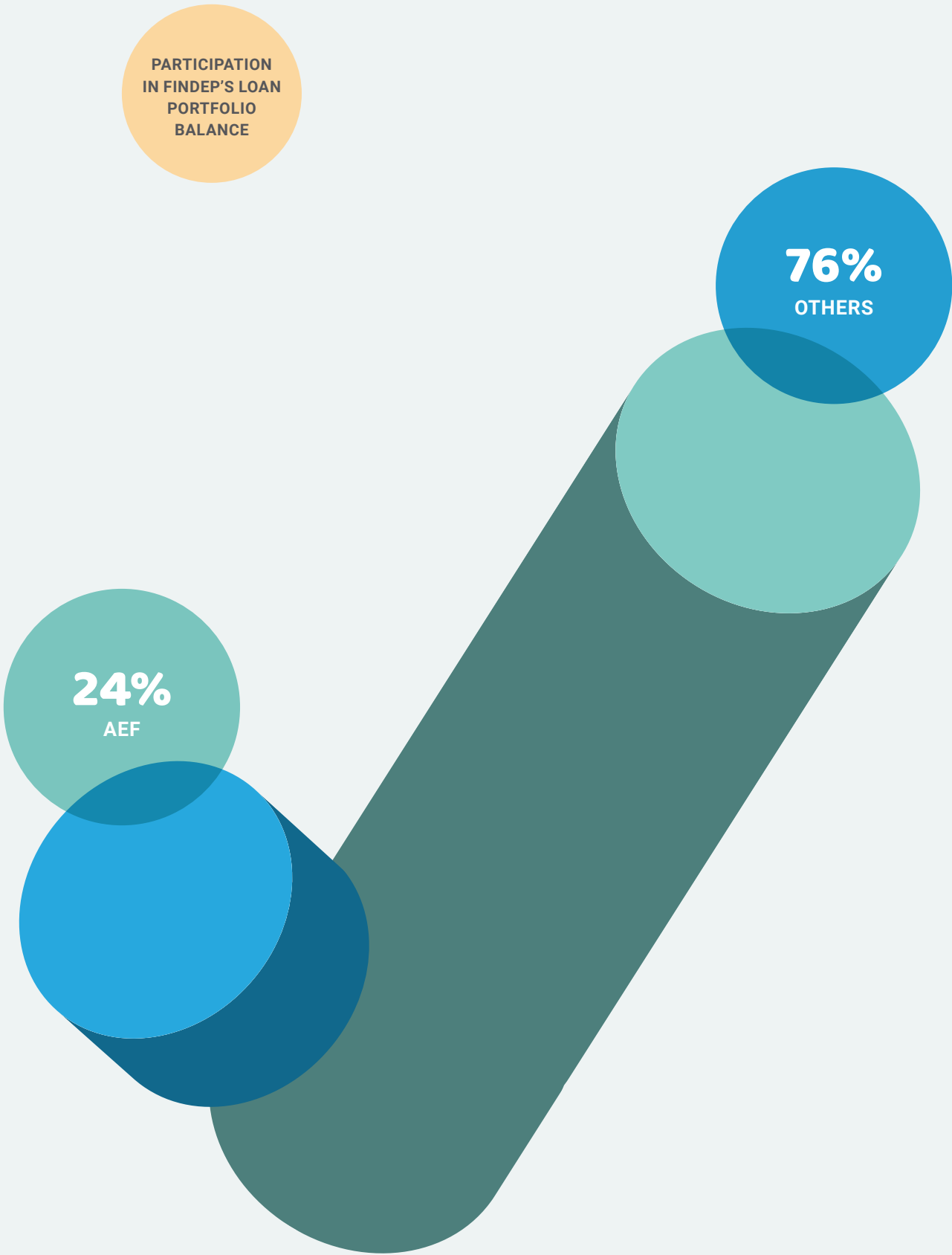
OF FINDEP'S OVERALL LOAN PORTFOLIO

**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, the 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 156 branches where people can request information and fill out loan applications. AEF provides a toll-free hotline for customers and offers them the convenience of pre-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, other bank branches, or with affiliated merchants.

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.

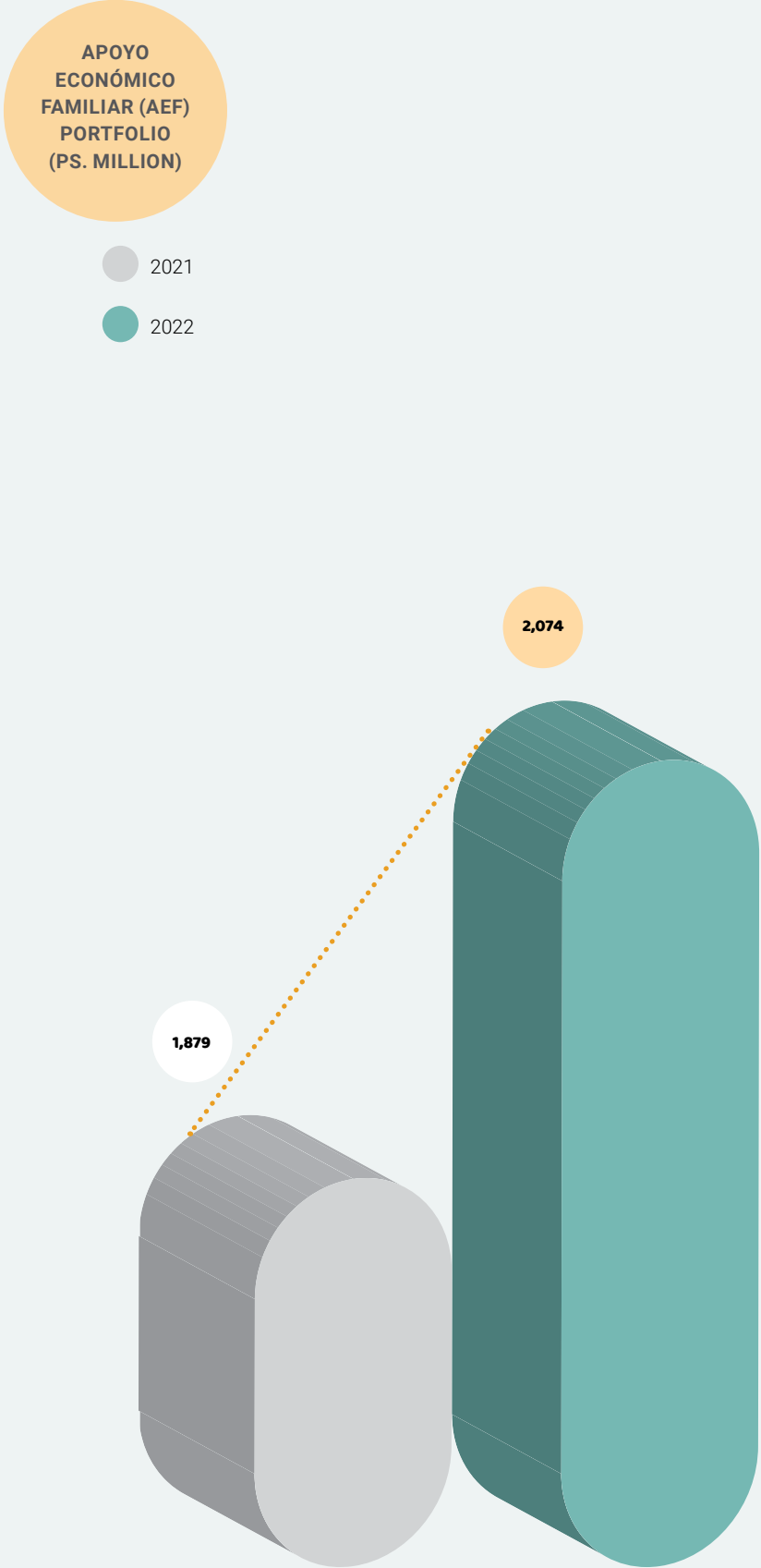
OUTLOOK AND GOALS

AEF continues optimizing its branch operation model, aiming to improve efficiency and profitability indexes and maintain high quality service for its customers.

HIGHLIGHTS

In 2022, AEF paid out more than Ps. 1.37 billion in personal loans, benefiting more than 115,000 clients in 19 states of Mexico.

At the close of 2022, the AEF loan portfolio totaled Ps. 2.07 billion, 10% higher than in December 2021.



Personal Loan Business / United States



APOYO FINANCIERO INC. (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.

TOTAL
CLIENTS

36,185

TOTAL LOAN PORTFOLIO

PS. 3.63
BILLION

EMPLOYEES

190

BRANCHES

27

LOANS ORIGINATED
IN THE YEAR

PS. 2.41
BILLION

OPERATING INCOME
IN 2022

PS. 68
MILLION

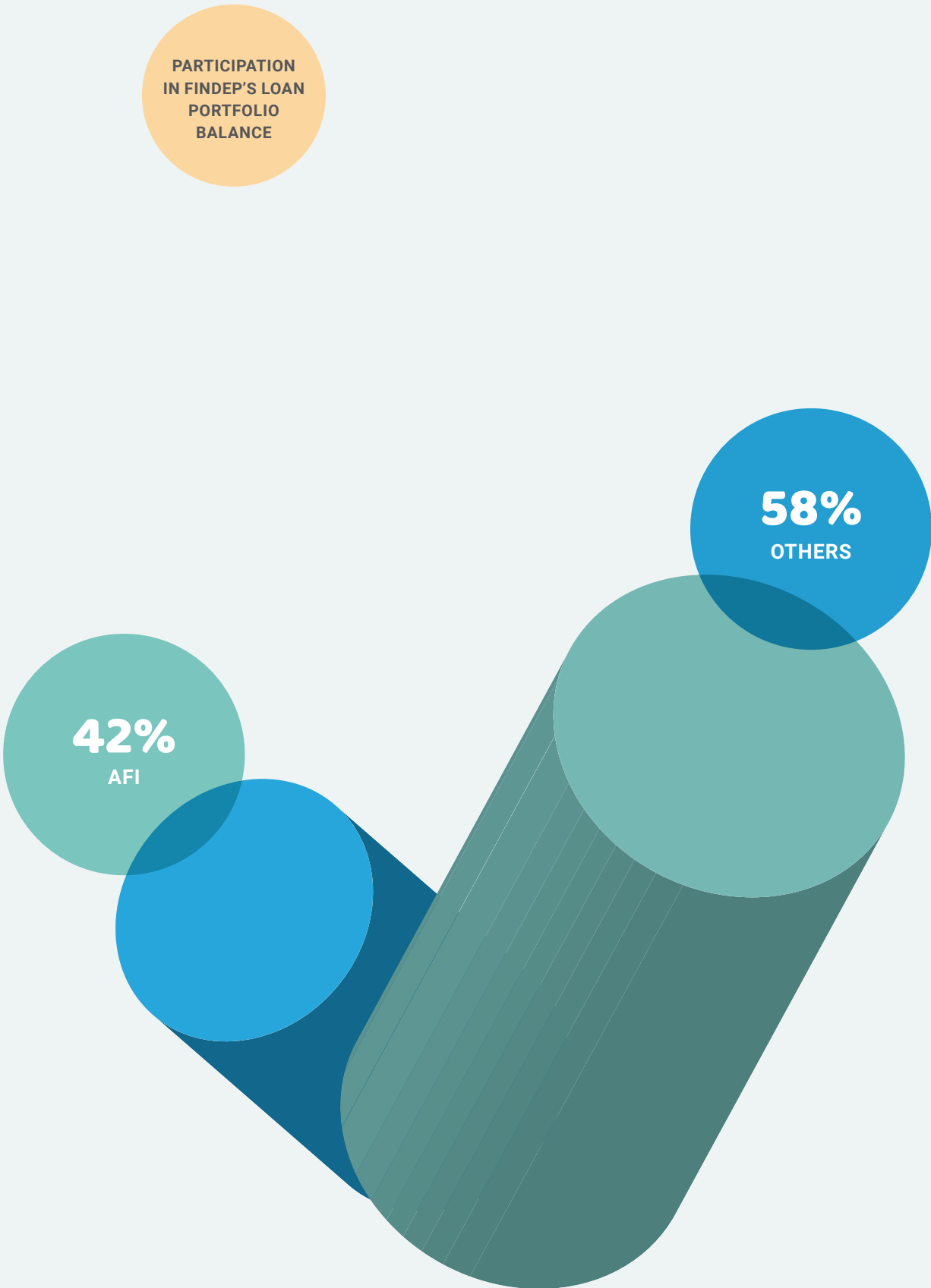
42%

OF TOTAL FINDEP LOAN PORTFOLIO

OUR CLIENTS

AFI grants loans to people who can prove their income, either as employees or as owners of a microbusiness, in the state of California, Arizona and Texas in the United States.

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 can pick up 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.

OUR PRODUCTS AND SERVICES

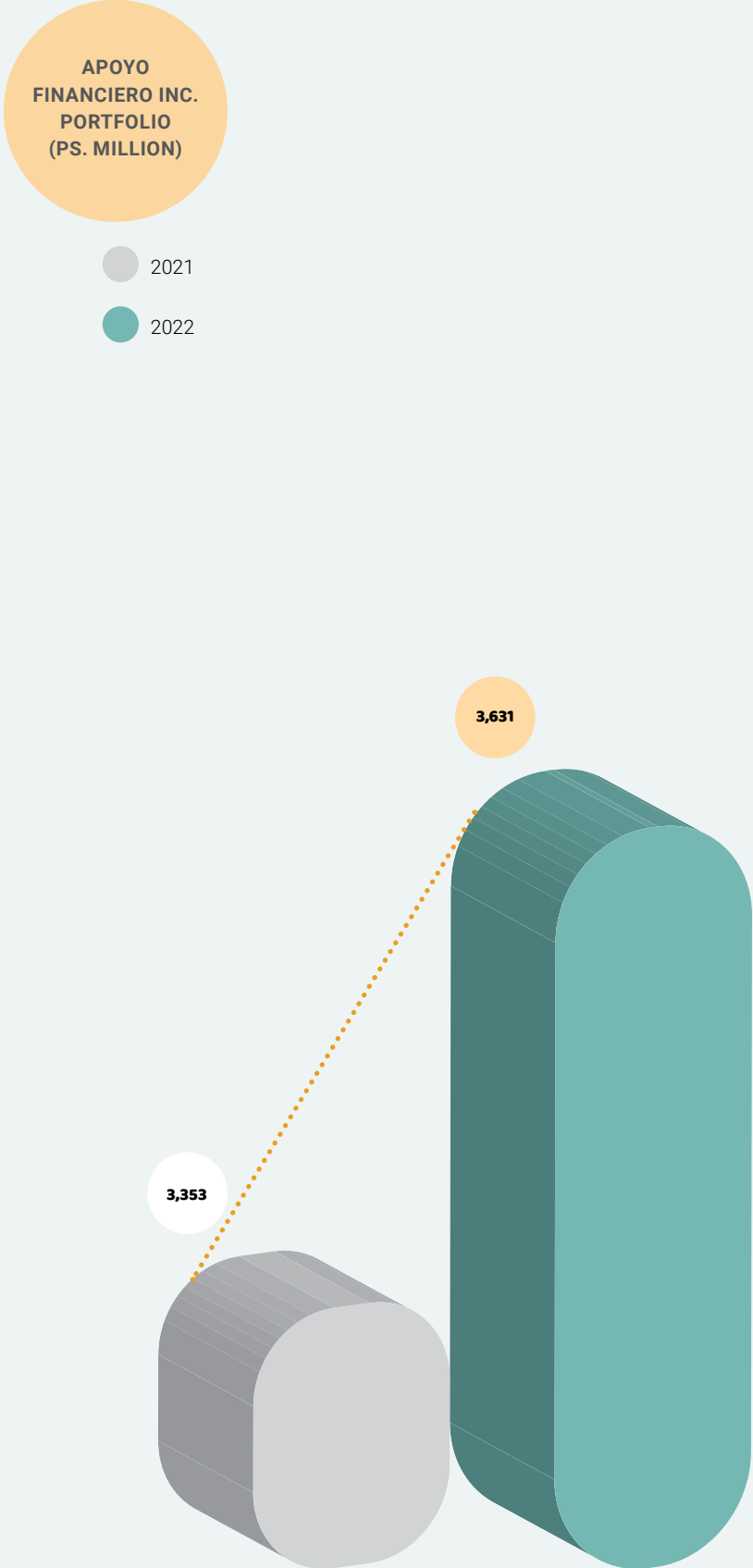
Loans offered by Apoyo Financiero are expressed in dollars and range from USD 750 to USD 20,000, depending on the clients' state of residence, payment possibilities and credit history. Loan terms range from four to 60 months and are paid every 14 days, bimonthly or monthly, whichever best corresponds to the client's income schedule.

OUTLOOK AND GOALS

Apoyo Financiero continues to work on building solid foundations for its growth. It invests in technology to improve customer service quality and is analyzing the possibility of expanding its geographic presence to other states in the US.

HIGHLIGHTS

Apoyo Financiero found favorable conditions for its growth in the USA. In 2022, it increased its client base by 8%, bringing its total loan portfolio to Ps. 3.63 billion as of December 31, 2022. AFI's loan portfolio accounts for 42% of the company's total.



CHAPTER FOUR

Risk management culture



We specialize in taking credit risk.

We're in the business of lending, so every day we engage in financial intermediation: we use the money we make and complement it with funds from banks and investors to channel it to loans to our clients. This work of intermediation necessarily entails risk, which we as an organization have learned to identify, measure and manage effectively, by fostering and strengthening a culture of risk management.

Over the past 29 years we have gained a specialized knowledge of the dynamics and risk of the microfinance industry in Mexico and the United States. We have built up a database of more than 14.7 million loans, and in combination with our analytical models, this gives us a deeper understanding of the risks in our portfolio and how to manage them.

We have learned to assess the creditworthiness and payment capacity of each loan applicant, many times with only limited information, because this is a common characteristic of the markets we serve.

Our loan policies are conservative and we manage risks prudently.

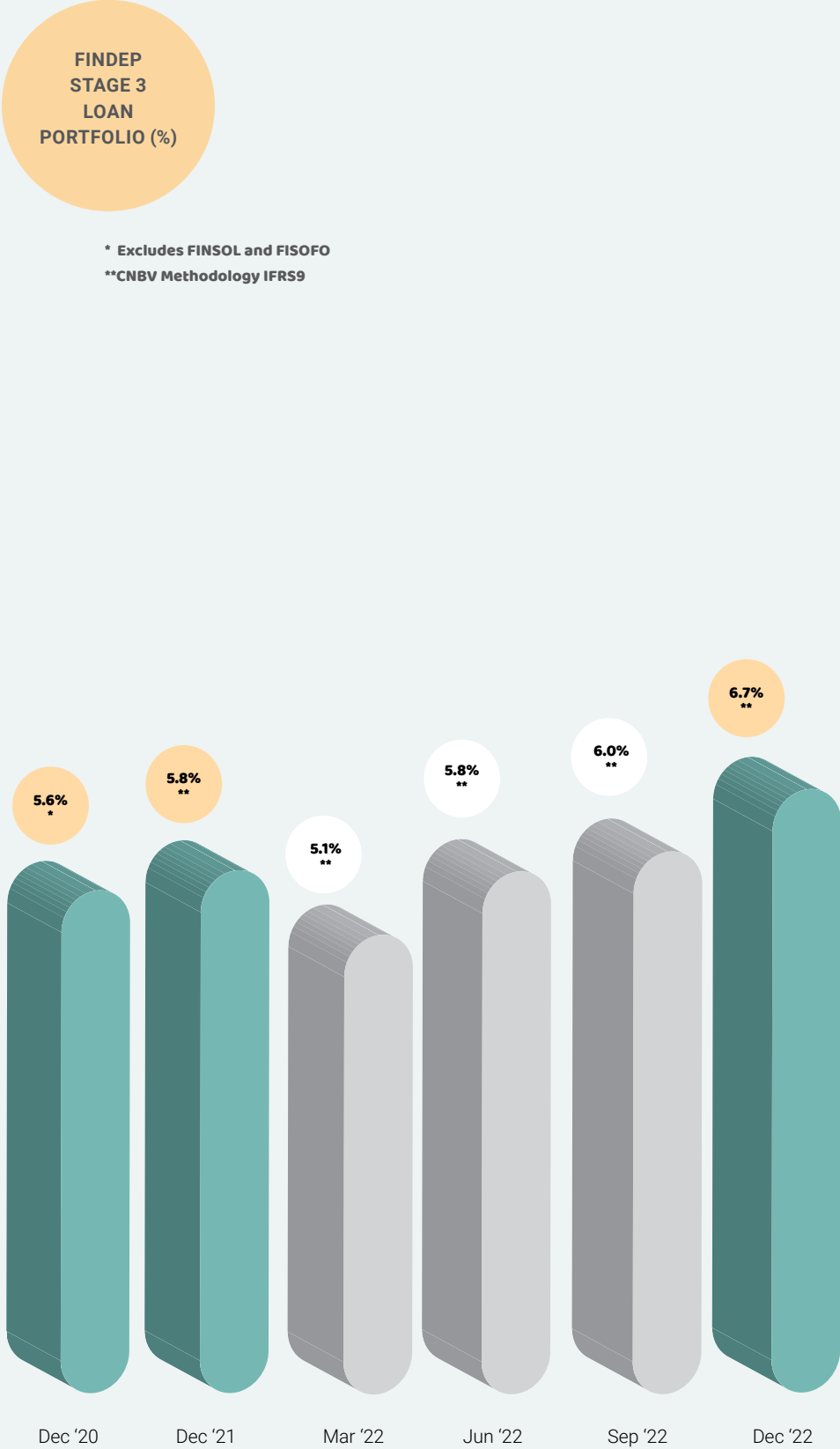
Financiera Independencia is known for applying conservative loan policies when accepting new clients, for closely tracking collections and prudently managing risk with operating discipline. All of this has enabled us to grow in recent years, while preserving asset quality.

In January 2022, we adopted the CNBV methodology of portfolio classification. Among other changes, this methodology requires grouping what were formerly termed non-performing loans into a set of "Stage 3" loans, based on new criteria, among them:

- 1**
90 days or more past due
- 2**
Restructured portfolio
- 3**
Loans that after 90 days or more past due where some payments have been made but the borrower still has not been able to bring the account current.

Our Stage 3 portfolio stood at 6.7% of the total at year-end 2022, an increase compared to 2021 due to the deterioration of the US portfolio caused by the high interest rates prevailing in that country, which made it more difficult for our clients to keep up with their payments.

In response to this situation, we worked to contain origination in segments where risk had risen so that by the first quarter of 2023 we could stop the rise in loan delinquency and possibly reduce it.



Diversification is key to building solid foundations for growth

The robustness of Financiera Independencia's business model lies largely in its broad diversification by client, geographic region and segment. Our portfolio is fragmented across more than two hundred thousand loans, and as of December 31, 2022, no state of Mexico accounted for more than 19.1% of loans in this country. The three largest shares pertained to Mexico State, Mexico City and Tamaulipas, representing 19.1%, 9.5% and 6.3%, respectively.

Diversification is one way we protect our portfolio against the risks of the business, and it helps us build strong foundations for long-term growth. We believe the expansion of Apoyo Financiero in the United States will help further diversify the loan portfolio and improve the credit profile of the company as a whole, possibly leading to an upgrade from rating agencies.



IN 2022, WE CONTINUED TO STRENGTHEN OUR RISK MANAGEMENT CULTURE WITH THE FOLLOWING ACTIONS:

- A** We improved our client profiling process, including new criteria, better segmentation and selection, to identify and remove high-risk clients or low-yield products.
- B** We promoted operating discipline to objectively assess the risk profile of every loan applicant.
- C** We strengthened lending and operating policies, incorporating stricter requirements on documentation, identification and references in filling out loan applications. We were able to transform the documentary support process into a formal risk assessment, increase verification visits and phone calls, and apply the same credit authorization criteria to new clients and to those requesting loan renewals.
- D** We strengthened performance in our collections area, assigning our best collection agents to follow up on loans that are only a few days past due, hopefully anticipating a further deterioration of the payment record. This approach has brought better results in collections and more effectively controlled loan delinquency.
- E** We modified incentive schemes for the sales, operating and collections teams, so that now their evaluations and compensation are based on the profitability and quality of the loan portfolio at our branches. With this we help align the personal performance goals of our employees with the interests of the company, by prioritizing quality (acceptable risk) and returns over the size of the portfolio.
- F** We began transforming risk responsibilities into an integral role of responsibility at the group level.

OTHER BUSINESS RISKS

Although credit risk is by far the greatest risk Financiera Independencia faces, we also manage exposure to other types of risk: exchange-rate risk, for example, relating to the peso/dollar parity; the mismatch between fixed-rate loans and floating-rate liabilities; liquidity gaps resulting from the difference between the flow of collections and payment of obligations; operating and legal risks; and others.

We are convinced that effective risk management is a fundamental part of our success, and will enable us to continue growing profitably in the future.

CHAPTER FIVE

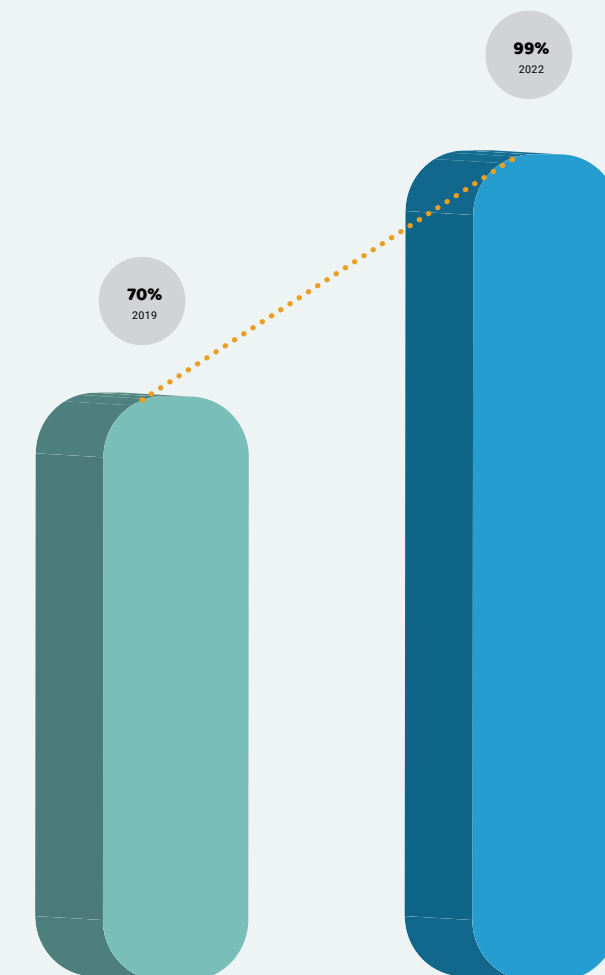
Comprehensive Operational Support



The Corporate Systems and Operations Department

works to keep systems available to our branch network day in and day out, so they can do their jobs efficiently. In 2022, average system availability rose to 99%, from 70% in 2019.

THIS MEANT MOVING FROM DAYS OF SYSTEM DOWNTIME TO MERE MINUTES EACH MONTH.



A total of 102 databases were migrated to the cloud, covering 100% of FISA's branches, improving closure processing speed and stability and allowing payments to continue coming in via Cajanet and OXXO, even if the branch is offline for reasons beyond the company's control—like the September 19th earthquake at the Tecoman branch.

We are continually stabilizing and strengthening infrastructure: last year, patches were applied, operating systems were updated and certified, and data was moved to machines with new disks and processors that reduced expenses and increased efficiency. To reduce storage space, we used a system of backups into Big Query tables stored in GCP (Google Cloud Platform), using Snappy-compressed Parquet-format files.

During the year, we executed automatic monthly closes for AFI and AEF (transactional databases) with squaring of accounting numbers.

In 2022 we created a Monitoring Center, which offers more than 99.9% technological platform availability to

the companies of Grupo FINDEP. It also monitors trends in business variables so that we can address operating incidents proactively and promptly.

With the information generated from new digital systems, we worked on extracting and transforming unstructured data from Mongo to tables structured in Big Query. Digital loan origination required us to set up a data mart for the process, which the various areas can use to look up, analyze and produce the necessary reports. One of the most important reports is the tracking of sales by landing for closure at the branch; this is sent out by e-mail every day.

Comprehensive payment reconciliation is enabled and carried out through various channels, so that inquiries into unregistered payments can be quickly addressed. This resulted in a 75% reduction in the volume of inquiries regarding incorrectly recorded payments, thanks to proactive attention.

- OXXO – more than 1.5 million payments (customers and mobile collections)
- SPEI – more than 400,000 payments

HR and payroll processes were formerly dispersed among legacy systems like SIC (from FISA) and CORE (from AEF), resulting in inefficiency, manual processing and a greater likelihood of error, and worse still, confusion and

a duplicated information for Group employees to deal with. To address this issue, a new platform was created to unify and facilitate processes for Grupo FINDEP employees, and to reflect the group's new technological architecture.

This platform was called Unstoppable Link, and it was launched in 2021, then evolved in 2022 to offer the following functionalities:

- One Group-wide login using the FINDEP e-mail address or username and password.
- Payroll, bonus and commission receipts
- Vacation requests and authorizations, according to structure.
- Group directories: branches and employees
- Contributions to "Unstoppable Heart"
- Download of training certificates
- Requests for uniforms for branch employees
- Branch attendance lists
- Employees' reports on branch incidents
- Talent inventory screens for organizational development (HR)

A Security Operation Center (SOC) was set up, with a team of specialists who worked 24-7 (based on SLAs) to monitor and analyze 2,473,497,252 events that occurred in technological components during the year and communicated alerts of possible security incidents. An intrusion detection system (IDS) was also created in the Google cloud to detect anomalous activities on the internet, which detected and blocked more than 28,400 threats (high and critical); and a web application firewall

(WAF) service to protect against online attacks, creating a role by which only traffic from the US and Mexico was permitted as valid (geofencing). This blocked traffic from more than 1,000 other IP addresses located in more than 30 countries.

Over the past 3 years FINDEP overhauled the stock of computer equipment in its branch network, replacing approximately 1,000 devices.

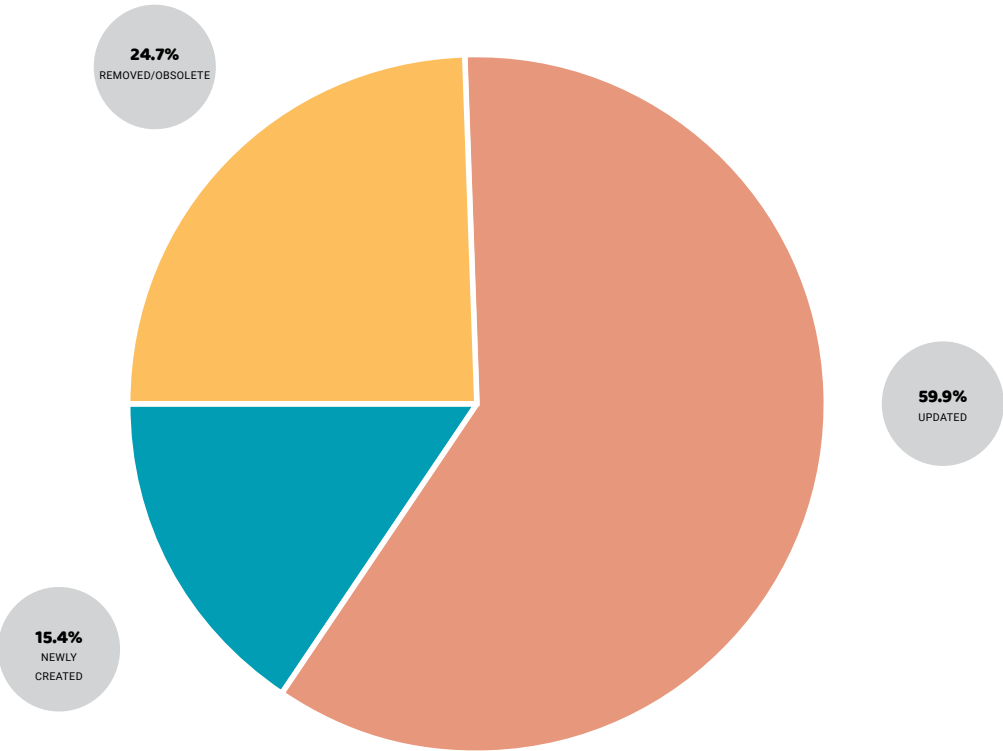
In the Documentation Department, we continued deploying our document management methodology based on ISO 9001:2018 standard, to standardize documentation of policies and procedures. We designed a new FINDEP Portfolio interface to improve user navigation and facilitate the search for key documents.

As part of our effort to foster a culture of documentation, in 2022 we launched a regulatory update campaign at FISA and AEF, reviewing and updating

90% of documents in order to purge obsolete information and ensure that documentation on policies and procedures reflected the current operating reality.

This was reinforced through a communication campaign on the use of the FINDEP Portfolio, strengthening knowledge of the documentary structure (policies, procedures, instructions, manuals) and the importance of proper documentation.

AGE OF EQUIPMENT	2020	2021	2022
2018-2022	635	845	1,180
2010-2017	2,704	2,727	2,668
2009 and earlier	656	440	180



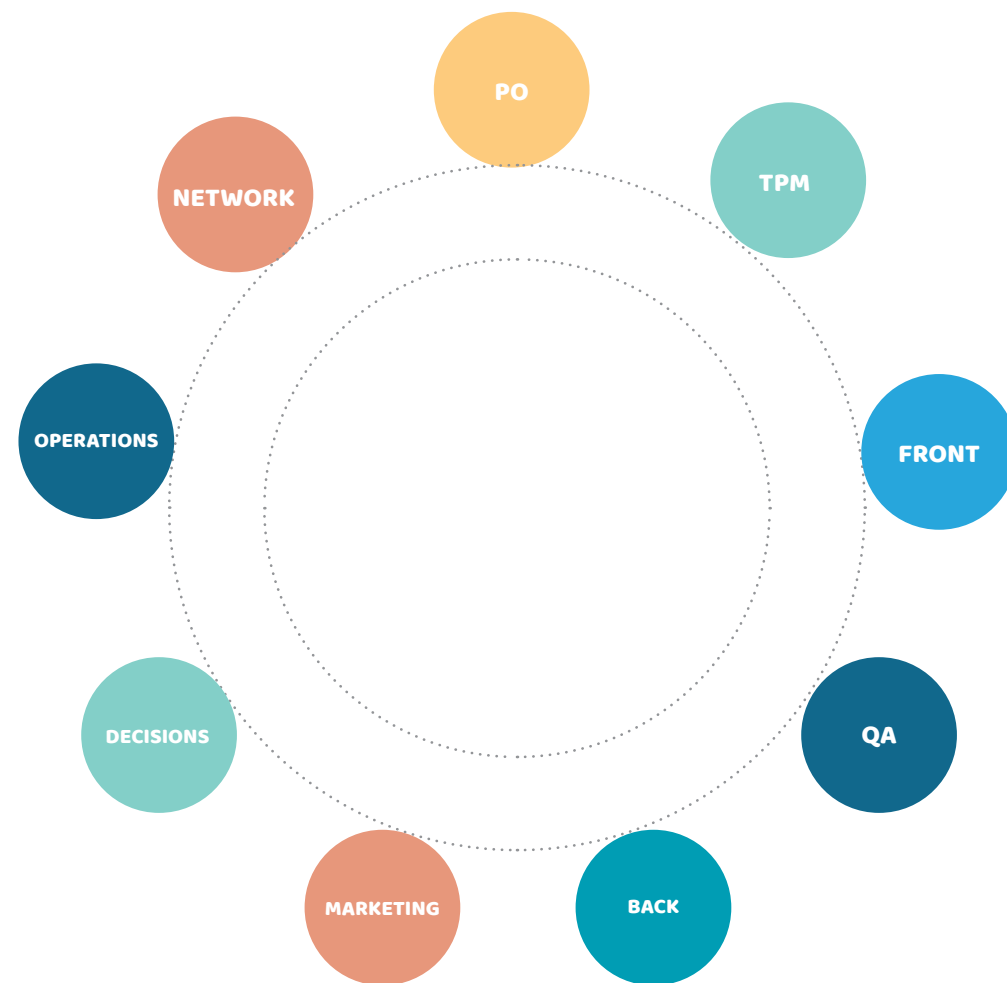
CHAPTER SIX

Digital transformation



In 2022, we extended the scope of our agile teams

to incorporate teams from all of the company's departments and focus their efforts on a specific part of the portfolio. Cells went from being "technology teams" to becoming an interdisciplinary team that works around one product, or a general activity.

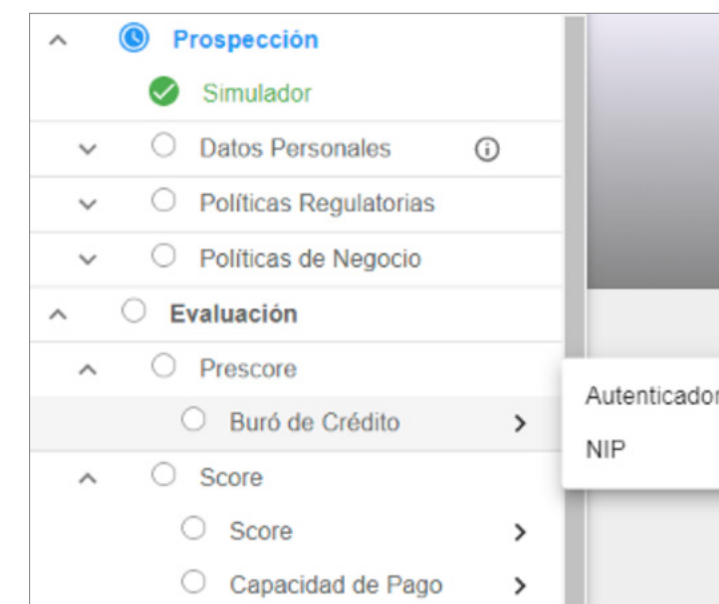


The development teams evolved what we call Autonomous Cells, and we defined cells for the Informal, Portfolio, Proprietary Channel, Third-Party Sales, Strategic Projects, Unstoppable Partners, Digital Branch, Mobile ATM, *Gestiona* and CRM portfolios.

With the autonomous cells, we found that although our first flow from digital origination was focused on automating credit origination activities to be able to originate loans in self-service and/or out-of-branch mode, we frequently needed multiple alternatives to complete an origination, and had to integrate various channels to work on a single application.

This was the starting point for an epic functionality we call the Dynamic Journey: a system that enables us to assemble a "dynamic file" that can be built in parallel with multiple microfronts and microservices that dramatically accelerate integration of a loan.

For the Dynamic File, our autonomous cells define a map of requirements and alternatives that can be executed across multiple platforms and channels. We call this map the Blueprint.



With this, we can manage loan applications that start or progress from our digital channels, branches, mobile applications and even our call center. Furthermore, verifications can be executed with any of our microtask flavors, always resulting in a custom-made product for the customer.

With the Dynamic File, we released multiple new digital products in the year, including a loan for pensioners in FISA and AEF, a revolving loan for AEF customers, the sale of renewals and formers from COA, digital renewals in AFI, and the start of operations in Texas and Arizona with a 100% digital presence. We closed the year poised to bring digital origination to our branch network and complete our digital transformation process.

In digital marketing, we began operations with TikTok and achieved very high traffic levels, although conversion rates are not as high as in other channels. We also introduced Google Performance Max to maximize our advertising capacities on Google platforms.

With Google Performance Max, we use artificial intelligence to pinpoint micro-



audiences and advertise on YouTube, Search, Maps, Discovery and Display. We went from a 50/50 distribution of investment between Facebook and Google to investing 70% in Google and the rest divided up between Facebook, Instagram and TikTok. We succeeded in cutting investment by 25% while holding digital origination levels steady.

We also developed numerous new functionalities to complement the needs of the autonomous cells, probably the most outstanding of which is the incorporation of artificial intelligence processes to analyze facial biometrics.

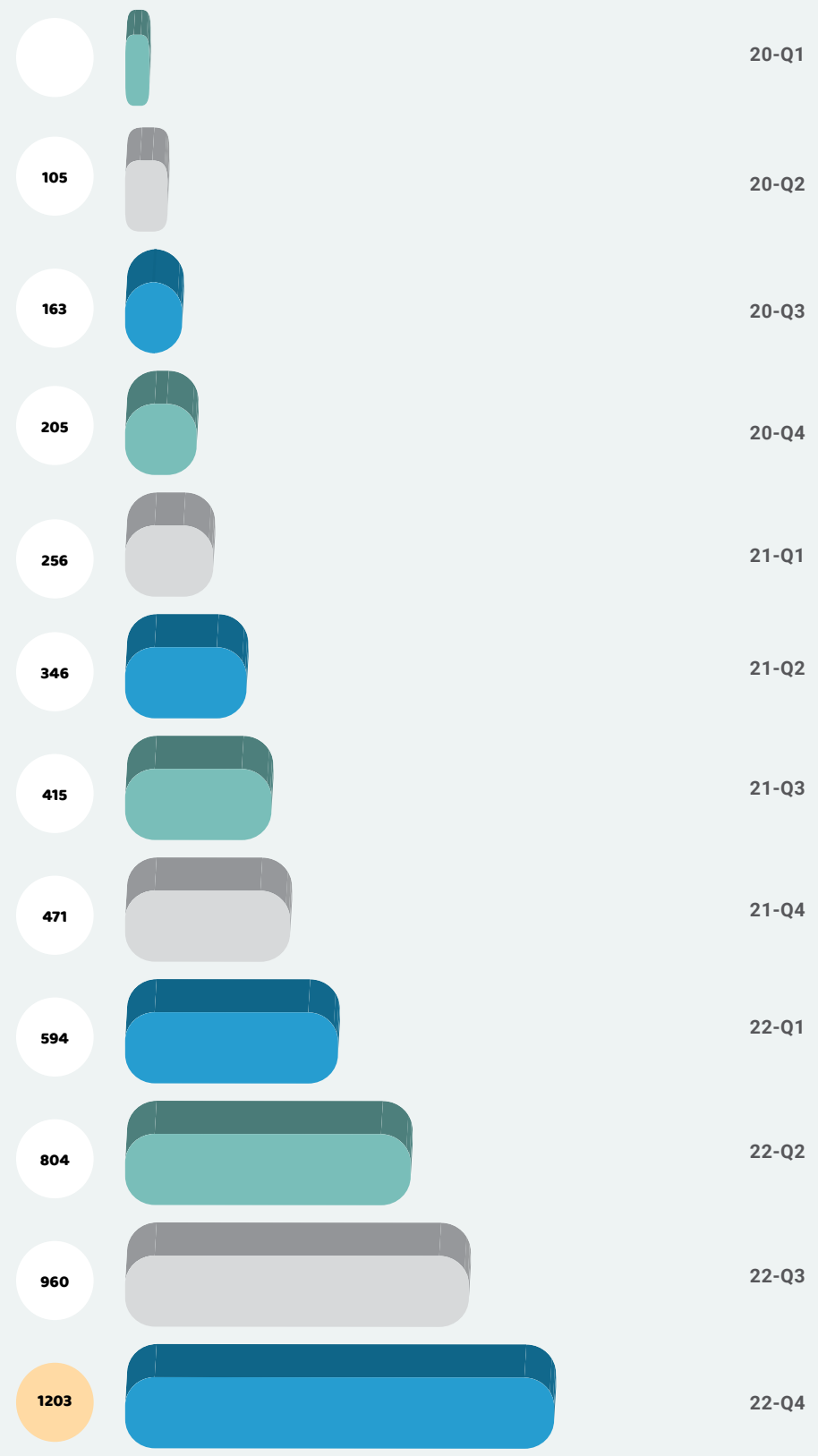
Our processes analyze more than 90 points on the faces of our prospects and store only numeric information that describes them. This enabled us to build a database that reduced digital fraud to zero in the last quarter. With this service, we can determine whether the customer is new, or in the case of a renewal or former, whether it is the same person that originated the application at the start.

Our collection teams worked on the launch of Formiik, developing a platform for managing collections in the field, which we call *Gestiona*, a tool that makes extraordinary use of our cloud infrastructure, supporting more than 1,000 users at the same time and offering all the functionality our employees need to do their jobs.

We also introduced a process of digital promissory note management by which we can not only create but also countersign documents using solely digital signatures. Our process has been validated by a national expert in the field, and it allows us to use digital promissory notes in our portfolio sale processes.

Finally, we expanded our digital collection channels by incorporating the Paynet network, where we can receive payments in real time through more than 54,000 points in Mexico.

We continued our strategy of migration toward a digital platform that unifies operations of all the companies under an event-driven architecture based on Microservices and Microfronts. We ended the year with more than 1,200 microservers being executed in production.

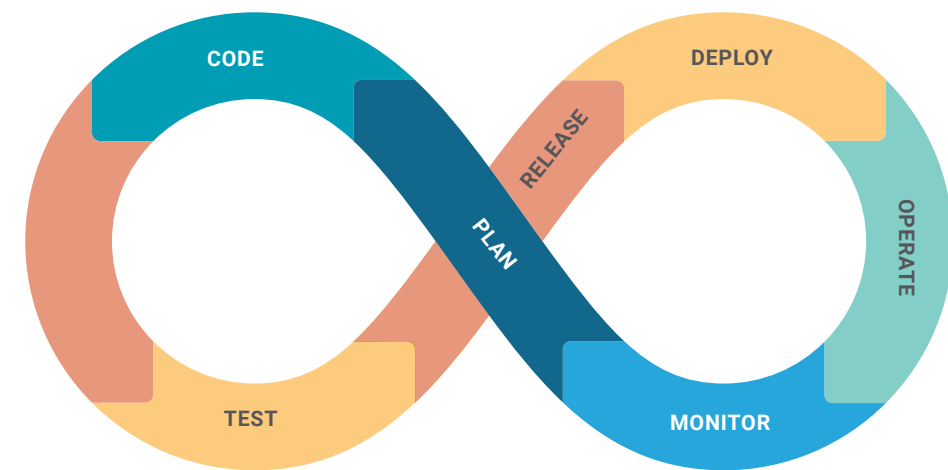


In the second half of the year, we decided to implement all the new microfronts in Flutter, a technology that lets us reuse our microfronts in multiple operating systems, extending our operating capacities to mobile and web devices in a unified manner and with a rapid development.



We also introduced a DevOps process based on cloud services, which allowed our agile teams to automate testing and release processes. At the end of the year, 70% of our releases were executed by automated pipelines.

Our DevOps processes incorporate the handling of user histories, incidents, code repositories, library repositories and automated testing, as well as release and rollback processes to both staging and production environments.



CHAPTER SEVEN

Commitment to Human Capital formation



Talent management is an ongoing activity

One of the greatest challenges of our Human Resources area is to supply and manage talent to meet the specific needs of various areas of the company: in headquarters or in branches; in Mexico City, in other states throughout the country, or in cities outside of Mexico where we are present; for business-generating jobs or for operating support; for senior management and for the general employee workforce. It is a fast-changing activity tied closely to the performance of our businesses and the goals we have set.

In 2022, the companies that make up Grupo FINDEP adapted to the new terms of the labor, social security and tax reform published by the government in the Official Gazette of the Federation on April 23, 2021, bringing in SOFOM branch operators and setting up a specialized service company to support the entire Group (Servicios Corporativos FINDEP).

	2021	2022	%Chge
Total workforce	4,735	4,658	-2%
Servicios Corporativos Findep	784	834	6%
Conexia	484	503	4%
Financiera Independencia	1,890	1,774	-6%
Apoyo Económico Familiar	1,433	1,402	-2%
Apoyo Financiero Inc	144	145	1%

This reform established the “legitimation of collective bargaining agreements” (published in the Official Gazette of the Federation on April 30, 2021), which means ensuring that workers are aware of the content of their collective bargaining agreement before voting on it, and that they support it by a majority of votes cast personally, freely, directly and secretly.

In 2022, the process of legitimating collective bargaining agreements began for Conexia. For Financiera Independencia and Apoyo Económico Familiar we have begun the process and are still within the time frame established by the law; the legitimation certificate has been obtained and we are thus in compliance with the requirements and rules of the Federal Labor Law and the established legitimation protocol.

WE REINFORCED COMMUNICATION OF OUR FINDEP PRINCIPLES AND VALUES

WE STRENGTHENED EMPLOYEE DEVELOPMENT PROGRAMS

We updated and improved onboarding programs and materials for all new hires, reinforcing the Group's organizational philosophy and providing concrete, practical content for each job. In the case of new managerial-level employees at our corporate offices, the program included branch visits to give them a fuller knowledge and sensitivity to the operating needs of the business.

Development Programs were designed and put in place for all operating positions in the business, reinforcing both technical and soft skills for participants to help them do their jobs more effectively. In corporate offices, we held Management Skill Programs for team leaders. In both cases, the main topics reinforced were emotional intelligence, communication and feedback, planning and organization, leadership and negotiation.

FINDEP CULTURE DAY PROGRAM

Throughout 2022, the staff of all Grupo FINDEP branches and all teams at the Aguascalientes Operating Center took part in monthly activities as part of the FINDEP Culture Day Program. The program's goal is to promote and reinforce Grupo FINDEP principles and values among all employees of the Financiera Independencia branch network and subsidiaries, also fostering togetherness, a sense of belonging to the company, and teamwork.

The benefits of this activity lay in the fact that, through videos, fun and entertaining activities for employees, every month employees receive reinforcement on topics like self-esteem, individual responsibility, cooperation, creativity, honesty and many others that are part of the DNA and the organizational philosophy of Grupo FINDEP.

We also kept up our efforts to promote inclusion, equity and diversity through an annual campaign centering on respect for the person, merely because they are a person; and recognition that we are enriched by diversity. We will continue to work on these aspects and concepts in order to incorporate them more fully and firmly into our culture.

We also continued our "Unstoppable Force" campaign, by which we enhance the sense of pride and belonging for all employees of the Group's various companies, uniting the work of the entire team around the common purpose called FINDEP.

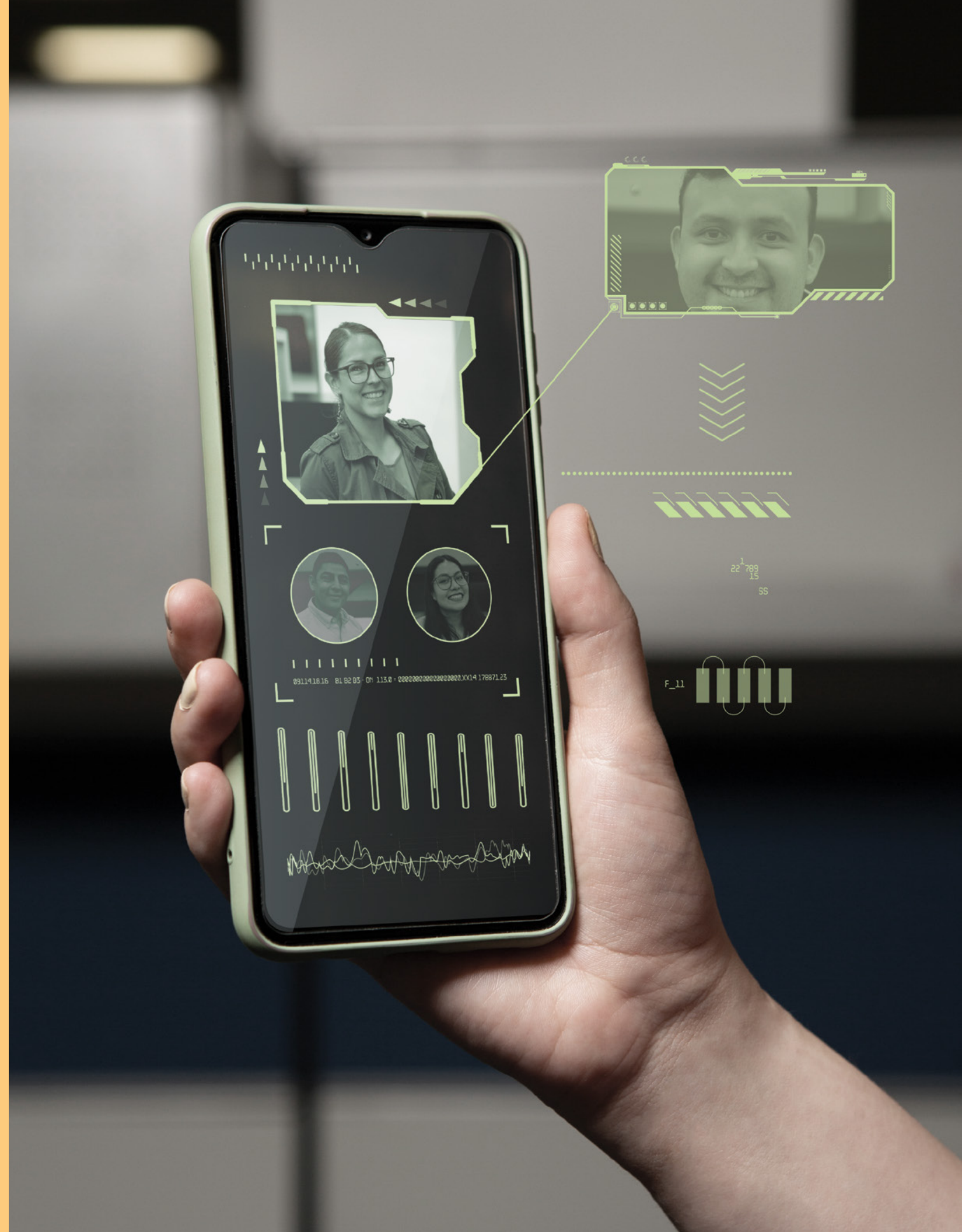
PROGRESS IN MEASURING JOB PERFORMANCE

Over the course of 2022, we continued to hold quarterly meetings to communicate and follow up on the results of the Group's companies. The meetings were led by the Chief Executive Officer, with the participation of the management team and various strategic project leaders from the organization. In these meetings, information was shared about our progress toward goals and business priorities, in order to align efforts and reinforce commitments.

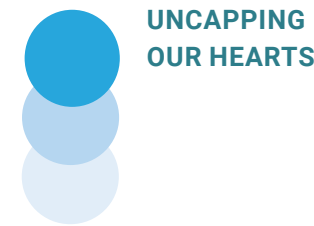
We also continued to apply our performance evaluation methodology in which each employee sets annual strategic goals and targets for themselves, aligned with the strategic goals of the company as a whole. Starting in 2021, progress is reviewed every quarter, so we can leverage our efforts on the initiatives that promise to have the most impact on business results. We conducted performance evaluations by encouraging direct feedback from supervisor to employee. This has served as an agile and effective tool for managing and promoting a results-oriented work culture.

CHAPTER EIGHT

Shoulder to shoulder with our community



Motivated by our values and convinced of the importance of helping those who need it most, working for and together with our people –our Unstoppable Force—in 2022 we continued our efforts to assist and collaborate with them toward their comprehensive well-being.



In 2021 we began a campaign called “Destapar Nuestro Corazón” (Uncapping our Hearts) at all Grupo FINDEP workplaces, to support children with cancer. This year, the commitment and hard work of our employees brought in **5,133 kilos of plastic caps, equivalent to Ps. 113,000**, enough to pay for 350 doses of methotrexate, a chemotherapy drug used for treating some types of cancer. The company matched these funds two for one, tripling **the total amount to Ps. 339,000, or 1,050 doses of methotrexate.**

Proud of this achievement, and more committed than ever to these children, we set ourself the challenge of collecting 10,000 kilos in 2022, a target we met and surpassed. Between

the 312 branches in Mexico, 27 in the United States, 3 corporate offices and the Aguascalientes Operations Center, we collected 11,763 kilos of plastic caps, equivalent to Ps. 246,000 or 797 doses of methotrexate. Recognizing the tremendous effort made by our employees to raise this amount, Grupo Findep once again double-matched the amount, so the amount of the donation was three times greater—**Ps. 738,000, enough to fund 2,391 doses of this life-saving drug.**

This campaign, executed in an alliance with Fundación Banco de Tapitas, is here to stay, because we’ve found in these little bits of plastic the best proof that working together can save lives.

THESE ARE JUST SOME OF THE CAMPAIGNS AND ACTIVITIES WE CARRIED OUT DURING THE YEAR:



11,763 KILOS OF PLASTIC CAPS, EQUIVALENT TO PS. 246,000 OR 797 DOSES OF METHOTREXATE

EXCELLENCE AWARDS



Grupo Findep recognizes and encourages the talent and effort of unstoppable boys and girls, and in July we launched our well-known "Excellence Award" campaign, in which we gave out prizes to employee children who obtained a straight-A average in primary school during the 2021-2022 school year.

We received 28 winning report cards—18 from kids who earned this recognition for the first time, 7 who kept up a straight-A average for two years in a row, and 3 for the third year. The first group received a kit of school supplies, the second a "Si Vale" gift card for Ps. 1,500 and the third group a Ps. 2,000 gift card.

SUPPORT FOR EMPLOYEES IN NATURAL DISASTERS



For Grupo FINDEP, the well-being of its employees is its highest priority. That is why we responded to the 2022 natural disasters in Manzanillo, Colima and Ciudad del Carmen, Campeche, with economic support to employees whose

homes were significantly damaged. We distributed a total of Ps. 210,500 to eleven employees who had suffered material losses from flooding and hurricanes.

INTEGRA-T




Grupo FINDEP is always working to build a more inclusive organization and society, consistent with our principles and corporate values.

That's why, since 2018, we have been sponsoring talks and publishing infographics, videos and other material about inclusion and respect for all persons simply as fellow human beings, convinced that by doing so we can turn these concepts into observable behavior within and beyond our organization.

Some of the topics we addressed and promoted in 2022 were:

- World Population Day
- Suicide prevention
- International Indigenous Women's Day
- Elimination of violence against women
- Cultural diversity
- Pride month
- Gender equality
- Respect for children's rights




ANNUAL PILGRIMAGE

For Grupo FINDEP, the Catholic faith is a crucial element that unifies and identifies us, independently of the respect we have for all beliefs. Our annual pilgrimage to the shrine of the Virgin of Guadalupe is one of the most popular and traditional events for our employees.

On October 1, 2022, after the Mexico City authorities eased some of the pandemic restrictions that had been in place for the past two years, a group of

150 employees and family members came together to walk in person to the atrium of the Basilica of Guadalupe in Mexico City. For the third year in a row we also broadcast a remote transmission for employees who preferred to be present for this event from their homes or branches.

Sacred images were blessed with prayers at the Basilica and given as gifts to all Group employees who wished to have one.

HEALTH MONTH

In August, Grupo FINDEP held its annual Health Month campaign, this time with the theme "Eat well, sleep better." Through various media and tools, we distributed information on how sound sleep and healthy eating are indispensable for staying in peak health condition.

Some of the activities during the month were:

- Two online information sessions with specialists: one on "Digestive Health and Nutrition" and one on "Sleep Disorders."
- We distributed information on topics like:
 - Probiotics: What are they, and why do we need them
 - Leading digestive disorders of adult Mexicans.



- Sleeping less than six hours a day can cause overweight and obesity
- Melatonin: the hormone that helps us sleep
- Insomnia and other sleep disorders.
- We also signed an agreement with Laboratorio Médico del Chopo by which employees received exclusive prices and benefits on the services and lab tests offered by this chain.

And to reinforce the lessons learned during the month, we invited employees to submit creative videos to compete in two categories: one on digestive health and another about sleep health. We received 15 entries based on the lessons of the infographics and informational sessions; these were evaluated by a committee and the creators of the two best videos were awarded tablets.



**INTERNATIONAL
BREAST CANCER
AWARENESS DAY**



In October, Grupo FINDEP once again joined in the battle against breast cancer.

All around the world, people came together in an effort to eradicate this devastating illness, and Grupo FINDEP shared infographics with key facts and figures about the disease in Mexico and the United States.

On October 13 we held an online informational session for employees, in collaboration with Fundación CIMA, and a trivia contest where participants could win "Unstoppable" kits.

To top off the month's activities, we invited all employees to wear pink on October 19, to show their support for the battle against breast cancer.

**FAMILY
DAY**



In 2022, after a two-year hiatus to avoid the spread of COVID19, when we were unable to bring our employees together in person, we once again held our traditional Family Day, the aim of which is to bring together branch employees and their families in activities that support the environment. Although

health requirements and restrictions remained in place in some communities, employees from almost 100 Financiera Independencia and Apoyo Económico Familiar branches came out to collect trash, whitewash and plant trees, and paint and restore green areas.

Social responsibility:
a fundamental and
unifying element of
Grupo FINDEP's
Unstoppable Force.

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 2022, its financial position and the results obtained, compared to the 2021 report, based on a variety of operating and financial data.

The financial statements for the years 2022 and 2021 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," contained in the Unified Bank Circular, 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 (NFR 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 consolidated subsidiaries of AEF and AFI.

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

2022
CONSOLIDATED
RESULTS

JANUARY 1 - DECEMBER 31

2022 2021
(IN MILLIONS OF PESOS)

Interest income	4,748.0	4,232.7
Interest expense	577.2	526.8
Net interest income	4,170.9	3,705.9
Loan-loss reserve	1,382.7	849.7
Net interest income after loan-loss reserve	2,788.2	2,856.2
Commissions and fees charged	603.9	434.6
Commissions and fees paid	80.3	68.2
Market-related income	55.5	(26.2)
Other operating income (expense)	121.1	165.9
Sales, general & administrative expense	2,587.5	2,703.5
Operating income	900.9	658.7
Minority interest	0.0	0.0
Pretax income	900.9	658.7
Income tax incurred	250.9	50.2
Deferred income tax	21.8	128.3
Income before discontinued operations	628.2	480.3
Discontinued operations	3.2	133.4
NET INCOME	625.0	346.9

NET INTEREST INCOME AFTER LOAN-LOSS RESERVE

IN 2022, NET INTEREST INCOME AFTER LOAN-LOSS RESERVE DECLINED BY 2.4%, TO A TOTAL OF PS. 2,788.2 MILLION,

from Ps. 2,856.2 million the year before, due to the following:

INTEREST INCOME

Interest Income in 2022 totaled Ps. 4,748.0 million, 12.2% more than the Ps. 4,232.7 million reported in 2021, driven mainly by an 11% increase in our loan portfolio.

Loans in the formal segment grew 9.1% in 2022, from Ps. 6,121.7 to Ps. 6,680.4 million, accounting for 78.0% of the total portfolio, compared to 79.4% in December 2021. This is mainly due to an advance of Ps. 202.6 million, or 11%, in the formal sector portfolio of Independencia and an 8.3% increase in both AEF's formal sector portfolio and the AFI portfolio, nominal increases of Ps. 77.6 million and Ps. 278.5 million, respectively.

Loans to the informal segment grew by 18.4% in 2022, from Ps. 1,587.6 to Ps. 1,879.5 million, and now account for 22.0% of the total compared to 20.6% in December 2021. This is due chiefly to increases of Ps. 174.6 million, or 27.3%, in the informal sector portfolio of Independencia, and Ps. 117.2 million, or 12.4%, in the informal segment portfolio of AEF.

Independencia's total loan portfolio closed 2022 with a balance of Ps. 2,854.6 million, a 15.2% increase for the year. As of December 31, 2022, the breakdown of the loan portfolio was 71.5% formal and 28.5% informal; Independencia's portfolio accounted for 33.3% of the company's portfolio, compared to 32.1% in December 2021.

The loan portfolio of Apoyo Económico Familiar closed the year at Ps. 2,074.0 million, a 10.4% increase over 2021. AEF loans made up 24.2% of the company's total portfolio, compared to 24.4% one year earlier.

Apoyo Financiero Inc. closed 2022 with a portfolio of Ps. 3,631.3 million, up by 8.3% over the amount reported at year-end 2021, and accounting for 42.4% of the company's total portfolio, down from 43.5% in 2021.

INTEREST EXPENSE

In 2022, Interest Expense was Ps. 577.2 million, 9.6% higher than the Ps. 526.8 million reported in 2021. This was attributable to the 505 basis-point increase 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 2022 the TIIE averaged 7.9%, compared to 4.6% in 2021.

LOAN-LOSS RESERVE

In 2022, the Company began to classify its portfolio into three stages depending on the level of impairment of the loans, according to the methodology required by the CNBV. It also recognizes a Loan-Loss Reserve (LLR) in line with those same criteria.

In 2022, LLR totaled Ps. 1,382.7 million, 62.7% higher than the Ps. 849.7 million reported at the close of 2021. Note that these figures are not entirely comparable due to differences in the 2021 and 2022 methodologies used to calculate them.

TOTAL OPERATING INCOME

IN 2022, TOTAL OPERATING INCOME WAS PS. 3,449.2 MILLION, 2.6% above the 2021 figure of Ps. 3,362.2 million. The following were the main factors in this result:

Commissions and fees charged grew 39.0% year-over-year (YoY), from Ps. 434.6 million to Ps. 603.9 million; commissions and fees paid rose 17.8% YoY, from Ps. 68.2 million to Ps. 80.3 million. Net commissions and fees were thus Ps. 523.5 million.

Market-related income ended the year at Ps. 55.5 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. 121.1 million in 2022, composed of: a tax refund of Ps. 22.9 million during the year, a Ps. 79.0 million benefit from insurance fees and services, a refund of Ps. 12.2 from administrative services billed to Fisofo and Finsol Brazil (formerly Findep subsidiaries), which are no longer consolidated in the financial statements, and other income of Ps. 7.0 million.

OPERATING INCOME

In 2022, the company obtained Operating Income of Ps. 900.9 million, 36.8% below the Ps. 658.7 million reported in 2021.

SALES, GENERAL & ADMINISTRATIVE EXPENSE

In 2022, personnel expenses declined by Ps. 297.8 million YoY, or 15.5%. Personnel expenses in 2022 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 the year.

Promotional expenses came to Ps. 106.3 million, 140.8% higher than the Ps. 44.2 million reported in 2021. 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. 272.6 million in 2022, compared to Ps. 127.4 million in 2021. With this, and after taxes, the company's 2022 net income was Ps. 625.0 million, compared to a net loss of Ps. 346.9 million in 2021.

Net earnings per share (EPS) in 2022 were Ps. 1.8520, compared to Ps. 1.0279 in 2021.

FINANCIAL POSITION

TOTAL LOAN PORTFOLIO

The loan portfolio of Financiera Independencia stood at Ps. 8,559.9 million at the close of 2022, an 11.0% YoY growth. Independencia, AEF and AFI reported portfolio growth of 15.2%, 10.4% and 8.3%, respectively.

In keeping with our strategic approach of prioritizing quality over growth, the number of customers declined 1.1% in 2022, closing at 320,405, of which 181,651 were customers of Independencia, 102,569 were AEF and 36,185 were AFI. The average loan balance per client increased 12.3% during the year, to Ps. 26,715.9.

As of December 31, 2022, the Loan Portfolio accounted for 73.3% of the company's total assets, compared to 72.7% on December 31, 2021. Cash and temporary investments made up another 9.1% of total assets, compared to 4.3% at the close of 2021.

NON-PERFORMING LOANS

Beginning in 2022 we have applied a new methodology, as required by the CNBV, in which we classify our portfolio by the expected-loss method, into three separate stages. Our Stage 1 portfolio accounted for 85.5% of the total, while the Stages 2 and 3 loans accounted 7.9% and 6.7%, respectively.

As of December 31, 2022, based on our previous methodology, in which loans were classified according to days past-due, the loan delinquency rate (LDR) was 5.7%, 130 basis points higher than the 4.4% rate at the close of 2021, on a comparable basis.

At the close of 2022, our coverage ratio—measured as the ratio of LLR to Stage 3 loans—was 202%. This number reflects an increase in provisioning as a result of our adoption of the CNBV methodology. Under the previous criteria, this ratio rose from 194% in 2021 to 238% in 2022.

LIABILITIES

As of December 31, 2022, total liabilities amounted to Ps. 6,945.9 million, a growth of 13.0% compared to the Ps. 6,144.6 million reported on December 31, 2021, reflecting adjustments by the company.

Debt at the close of 2022 included Ps. 3,266.9 million in securities-market liabilities, Ps. 2,379.7 million in loans from banks and other lenders, and Ps. 1,299.3 million in accounts payable. At the end of the year the company had Ps. 3,960 in committed lines of bank credit.

STOCKHOLDERS' EQUITY

Stockholders' Equity closed December 31, 2022 at Ps. 4,739.8 million, an increase of 6.4% over the Ps. 4,454.4 million reported as of December 31, 2021. This change reflects a total of Ps. 278.1 million in positive effects from Fiscal-Year Earnings, an increase of Ps. 83.5 million in results from previous fiscal years, a YoY decline of Ps. 31.9 million in accrued foreign-exchange conversion effect, and a YoY reduction of Ps. 44.4 million from valuation of derivative instruments maintained for hedging purposes.

Because of changes in the debt denominated in foreign currency and in the exchange-rate hedging position, as of December 31, 2022 the Company reported a valuation of Ps. 12.8 million in stockholders' equity, recorded as financial instruments - derivatives. The effect will dissipate gradually as hedge contracts unwind and expire. The breakdown is as follows: a positive effect of Ps. 141.6 million from mark-to-market valuation of exchange-rate swaps, a negative effect of Ps. 123.5 million from revaluation of securities-market liabilities issued abroad, and a negative effect of Ps. 5.3 million from deferred taxes.

PROFITABILITY AND EFFICIENCY RATIOS

ROAE/ROAA

In 2022, the company reported a return on average equity (RoAE) of 13.6%, compared to 8.2% in 2021. The return on average assets (RoAA) was 5.6% in 2022, compared to 3.3% in 2021.

EFFICIENCY RATE AND OPERATING EFFICIENCY

On December 31, 2022, the company was operating 346 branches in Mexico and the U.S. The breakdown is the following: 319 offices in Mexico (Independencia 163 and AEF 156) and 27 in California (AFI).

In the past 12 months, the company reduced its network by a net seven branches, offsetting this effect with greater operating efficiency and stronger digital tools. The workforce was reduced by 77 employees, or 1.6%, to 4,658 employees at the end of 2022 compared to 4,735 in 2021.

Our efficiency rate in 2022 was 73.9%, compared to 80.4% in 2021; excluding the loan-loss reserve, the operating efficiency rate in 2022 was 52.7%, compared to 64.2% in 2021. 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 move to contain expenses enabled us to focus resources on priority aspects of our efforts to strengthen the company.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED
DECEMBER 31, 2022
(IN THOUSANDS OF MEXICAN
PESOS, EXCEPT FOR
EARNINGS PER SHARE)

Interest Income	\$ 4,748,011
Interest Expense	(577,151)
NET INTEREST INCOME	4,170,860
Loan-Loss Reserve	(1,382,678)
NET INTEREST INCOME ADJUSTED FOR LOAN LOSS RESERVE	2,788,182
Commissions and fees charged	603,877
Commissions and fees paid	(80,339)
Market-Related Income, net	55,543
Other operating income, net	121,081
Sales, general & administrative expense	(2,587,477)
OPERATING INCOME BEFORE TAX	900,867
Income tax incurred	(250,850)
Deferred income tax, net	(21,800)
RESULTS BEFORE DISCONTINUED OPERATIONS	628,217
Discontinued operations	(3,177)
NET INCOME	625,040
Other comprehensive results:	
Valuation of derivatives for hedging cash flows	(44,399)
Accrued conversion effects	(31,917)
	(76,316)
COMPREHENSIVE INCOME	\$ 548,724
BASIC EARNINGS PER SHARE	\$ 2.0398

**CONSOLIDATED
BALANCE
SHEET**

DECEMBER 31, 2022
(IN THOUSANDS OF
MEXICAN PESOS)

ASSETS

Cash & equivalents	\$ 1,059,704
Derivative instruments: For hedging purposes	113,622
Stage 1 loan portfolio: Consumer credit	7,315,634
Stage 2 loan portfolio): Consumer credit	674,393
Stage 3 loan portfolio Consumer credit	569,888
Credit portfolio	8,559,915
(-) Minus: Loan-loss reserve	1,152,288
Total loan portfolio, net	7,407,627
Other accounts receivable	520,754
Advance payments and other assets	284,254
Property, plant and equipment, net	152,187
Assets from usage rights to property, plant and equipment net	390,283
Permanent investment in shares	34,578
Deferred income tax, net	713,833
Goodwill	1,008,795
TOTAL ASSETS	\$ 11,685,637

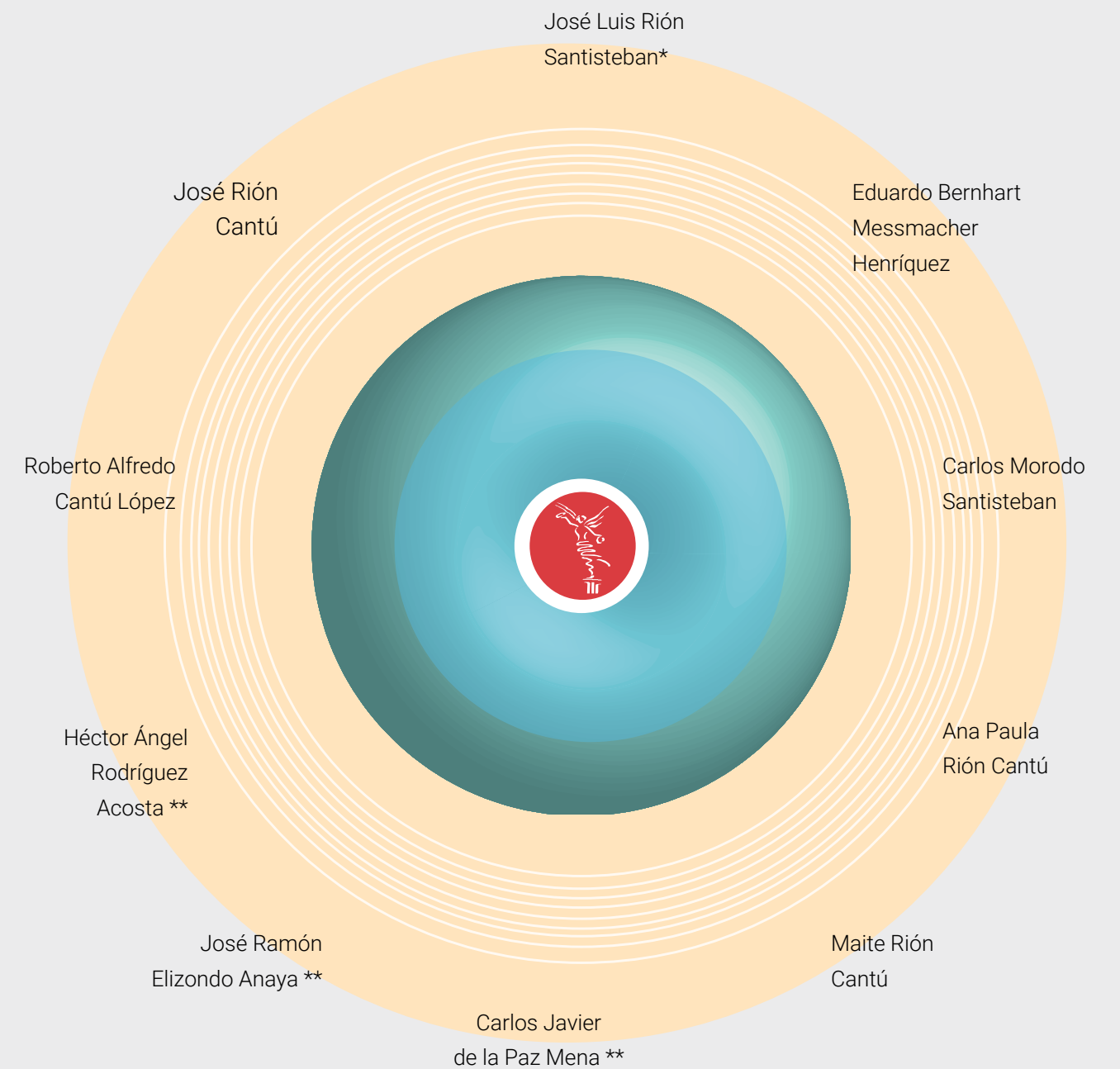
LIABILITIES AND STOCKHOLDERS' EQUITY

Loans from banks and other institutions:	
Short term	\$ 1,562,995
Long term	816,667
	2,379,662
Securities market liabilities	3,266,881
Leasing liabilities	
Short-term expiration	145,044
Long-term expiration	261,383
	406,427
Other accounts:	
Contributions payable	160,483
Sundry creditors and other accounts payable	472,954
	633,437
Income tax payable	151,699
Defined benefit plan obligations	103,211
Deferred credits and advance payments	4,545
TOTAL LIABILITIES	6,945,862
Stockholders' equity:	
Contributed capital:	
Capital stock	157,191
Premium for stock sale	1,574,701
	1,731,892
Earned capital:	
Capital reserves	14,318
Accrued results	3,000,874
Other comprehensive results:	
Valuation of derivatives for hedging cash flows	12,773
Accrued conversion effects	(17,387)
Restatement of defined-benefit plan obligations	(2,695)
	3,007,883
TOTAL STOCKHOLDERS' EQUITY	4,739,775
Commitments and contingent liabilities	
Subsequent events	
TOTAL LIABILITIES AND STOCKHOLDERS'S EQUITY	\$ 11,685,637

OUR BOARD OF DIRECTORS

THE BOARD OF DIRECTORS IS MADE UP OF 10 PROPRIETARY MEMBERS APPOINTED FOR A ONE-YEAR TERM BY THE ORDINARY GENERAL SHAREHOLDERS' 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 must be independent.



* Chairman
 ** Independent member

THE EXECUTIVE TEAM

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

		YEARS ON FINDEP BY DECEMBER 31ST, 2022	EXPERIENCE ON THE FINANCIAL SECTOR	AGE
				
Eduardo Bernhart Messmacher Henríquez	CHIEF EXECUTIVE OFFICER	6	21	50
Iván Barona González	CORPORATE DIRECTOR OF FINANCE	2	18	40
Juan García Madrigal	CORPORATE DIRECTOR OF INTERNAL AUDIT	18	28	54
Adrián Orcio Barreto	CORPORATE DIRECTOR OF COMPTROLLERSHIP	21	21	46
Gloria Gabriela Moncayo Cisneros	CORPORATE DIRECTOR OF IT AND OPERATIONS	2	11	56
María Teresa Garza Guerra	CORPORATE DIRECTOR OF HUMAN RESOURCES	7	19	57
Rogelio Flores Estrada	CORPORATE DIRECTOR OF STRATEGIC SERVICES	15	27	54
José María Cid Michavila	DIRECTOR OF APOYO FINANCIERO INC.	2	4	54
Francisco José Vázquez Vázquez	CORPORATE DIRECTOR OF LEGAL AND COMPLIANCE	12	16	43
Juan Román Escamilla Montes	CORPORATE DIRECTOR OF FINTECH	2	2	42
Carlos Enrique Ramírez Macías	CORPORATE DIRECTOR OF UNSECURED INDIVIDUAL BUSINESS	4	25	51
Jorge Kenji Inukai Salazar	DIRECTOR OF PRODUCT AND CRM	7	12	51
Fernando Rodríguez García	DIRECTOR OF OPERATIONAL RISK AND COMPLIANCE	4	22	44





PROJECT MANAGER
Aurora Ontiveros

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