

**FINANCIERA INDEPENDENCIA  
4Q24 EARNINGS CONFERENCE CALL  
FRIDAY FEBRUARY 21st, 2025**

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**Company Participants**

- Eduardo Messmacher, Chief Executive Officer
- José María Cid, Chief Financial Officer

**Operator**

Good morning, everyone and welcome to Financiera Independencia's 2024 Fourth Quarter Results Conference Call. My name is Andrea, and I will be your operator for today's call. At this time, all participants are in a listen only mode. After the speakers' remarks, there will be a question-and-answer session.

**(OPERATOR INSTRUCTIONS)**

As a reminder, this video conference is being recorded. Joining us today from Financiera Independencia is Mr. Eduardo Messmacher, Chief Executive Officer, and Mr. Jose Maria Cid, Chief Financial Officer. I would now like to turn the call over to Mr. Jose Maria Cid.

Mr. Cid, you may begin.

**Jose Maria Cid Michavila - Financiera Independencia – Chief Financial Officer**

Good morning. Thank you for joining FINDEP's Fourth Quarter Results 2024 conference call.

We published these results yesterday, which are available on our Investor Relations website, FINDEP.MX

I would like to remind you that the information shared during this conference call may include forward-looking statements, and as such, are subject to assumptions, uncertainties, risks, and other factors that could cause actual results to differ materially from those described, including risks that may be beyond the Company's control.

Now, I will turn the call over to Eduardo Messmacher.

**Eduardo Messmacher – Financiera Independencia – CEO**

Thank you, Jose Maria. Good morning, everyone.

We are pleased with this quarter's strong results, driven by the consistent execution of our strategy. We remain focused on our investment in technology to fuel our growth. Over the year, we have continued to successfully implement agile technological development that translates into tangible business impact.

Our platform supports continuous testing and learning. With our fully amortized investment in a scalable and flexible platform, we have navigated the complexities of system implementation, setting the stage for future business benefits as we unlock the platform's full potential.

Furthermore, our advancements in technological transformation continue to unlock further efficiencies, significantly supporting our results.

Let me now provide some performance highlights from our 4Q24 operations:

- Reported Net Profit for the quarter reached 234 million pesos, another quarter of strong results, 9% higher YoY and the highest quarter in the Company's history.
- The top line is strong with Interest Income up 5% from prior year and operating expenses well controlled. Costs as a percentage of average portfolio improved to 30% with the average portfolio increasing 9% versus the prior year and 1% under constant FX.
- Liquidity is strong with cash at \$1.1 billion pesos with Net debt decreasing 7% YoY.
- Our equity-to-asset ratio improved to 54% at quarter end, 3.3 percentage points above the same time last year.

Our portfolio based in Mexico grew approximately 4% YoY and our US portfolio was flat YoY in dollars terms.

In 4Q24, loan origination was \$1.2 billion pesos, an increase of 5% compared with last year but a decrease of 3% under a constant FX. Compared to the prior quarter total loan originations decreased 8% with originations in Mexico decreasing 16% and those in the US decreasing 6% in dollar terms. The

change in each of the portfolio's origination activities in the quarter continuing to reflect our responsiveness to the prevailing market and macroeconomic conditions.

The consolidated NPL ratio, measured as Stage 3 loan portfolio over the total portfolio, was at 5.9% in 4Q24 versus 5.8% in the prior quarter and improving 40 basis points against the prior year.

Findep's write-offs amounted to 394 million pesos in the quarter, increasing 13% from the prior quarter, and declining 0.5% from the prior year. Compared to the average portfolio, trailing twelve months' write-offs were 18% improving from 20% in the prior year.

NPLs plus trailing twelve-month write-offs over the total loan portfolio including trailing twelve-month write-offs was 20% compared with 23% in the prior year.

Now I would like to share some performance highlights from each of our businesses during the quarter.

- *Independencia* represents 33% of the total portfolio and its portfolio grew 2% YoY, with Net Interest income also increasing 5%.
- *Apoyo Economico Familiar* represents 26% of the total portfolio and experienced growth of 6% YoY with Net Interest Income growing 6% versus the prior year.
- *Apoyo Financiero* represents 40% of the total portfolio, increasing 23% YoY in pesos, marginally down 0.1% in dollars terms. Net Interest Income increased 3% in dollars versus the prior year.

Our focus on the Company's technological transformation continues to enhance both the quality of service we provide to our customers and the results we have achieved. We are thrilled to have delivered another solid quarter and a year of strong performance, remaining committed to executing our strategy.

I'll now hand over the discussion to Jose Maria who will provide additional details of our results.

**Jose Maria Cid Michavila – Financiera Independencia – CFO**

Thank you, Eduardo.

In 4Q24 Interest Income was \$1.3 billion pesos, an increase of 5% YoY with an 11% increase in the loan portfolio or 2% under constant FX.

Interest expense of \$154 million pesos decreased 8% YoY reflecting the continued and proactive management of debt and maturities.

Net Interest Income of \$1.12 billion pesos increased 7% YoY.

The Provision for Loan Losses or PLL, was \$364 million pesos in 4Q24, 7% lower compared to the prior quarter, and 5% lower versus the prior year. PLL to average loans was at 17%, an improvement of 180 basis points from the prior quarter and 250 basis points from the prior year.

Non-interest expenses were \$637 million pesos in 4Q24, increasing 0.5% from prior quarter, and at 30% as a percentage of the average portfolio, compared with 31% in the prior quarter and 30% in the prior year reflecting continued discipline and control in managing the expense base.

Interest bearing liabilities increased 4% YoY, but were down 4% under constant FX, compared to a 11% increase in the loan portfolio or 2% under constant FX. Compared to the prior quarter, interest bearing liabilities have increased 5%, 3% under constant FX.

The Company maintains a strong financial position with Cash and Cash Equivalents at \$1.1 billion pesos or 9% of Total Assets, and a Solvency Ratio (Equity to Total Assets) of 54%, improving 1.4 percentage points from the prior quarter and 3.3 percentage points higher than the prior year.

Net debt, measured as interest bearing liabilities minus cash and cash equivalents of \$2.9 billion pesos at the end of the quarter, was down \$220 million pesos or 7% from the prior year, a 16% decline under a constant FX rate, reflecting prudent portfolio and debt management. On a sequential basis, net debt decreased \$73 million pesos.

Our operating cash flow during 4Q24 was \$718 million pesos.

The Company's Coverage Ratio was 221%, measured as Allowances for Loan Losses over Stage 3 Loans, decreasing from 229% in the prior quarter and increasing from 217% in the prior year.

The Company's Return on Equity ratio for the quarter was 15.4%, decreasing 110 basis points from the prior year, and the Return on Assets ratio was 8.1%, increasing 20 basis points from the prior year. When considering Tangible Equity for the quarter, it decreased to 19.6% vs 21.4% in the prior year.

Overall, the Company again delivered strong and consistent results in the quarter and full year.

Operator, we'd like to open the call for questions at this time.

***Jose Maria Cid Michavila - Financiera Independencia – CFO***

Thank you very much for your time and interest in Financiera Independencia. My contact information is available on our website at [FINDEP.MX](http://FINDEP.MX), if you have any further questions.

Have a great day.

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