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

Consolidated Financial Statements

December 31, 2023 and 2022

(With Independent Auditor's Report thereon)

(Free translation from Spanish language original)

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

(Translation from Spanish language original)

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

(Thousands of Mexican pesos)

Opinion

We have audited the consolidated financial statements of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Subsidiaries (the Society), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Continued)

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Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.
Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.
Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.

Allowance for loan losses of $1,037,976 in the consolidated statement of financial position	
See notes 3(e) and 8(f) to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in our audit**
The calculation of the allowance for loan losses of the consumer portfolio involves the evaluation of various factors established in the methodology prescribed by the Commission, among which are included past-due days, the unpaid balance and recoveries, as well as the reliability in the documentation and updating of the information that use as input for the determination of the allowance for loan losses for the consumer loans portfolio. Therefore, we have determined that the allowance for loan losses of consumer portfolio as a key audit matter.	The audit procedures applied to the determination by the Management of the allowance for loan losses and its effect on the results of the year and accumulated, included the evaluation, through the participation of our specialists and through selective tests, both inputs used as the mechanics of calculation of the current methodology prescribed by the Commission for the consumer portfolio.

Goodwill impairment assessment	
See notes 3(q), 3(r) and 13(a) to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in our audit**
The goodwill recognized by the Society corresponds to two Cash Generating Units (CGU's) Apoyo Economico Familiar, S. A. de C. V., SOFOM, E. N. R. for $895,979 and Apoyo Financiero, Inc. for $112,816. The recovery value of CGUs, which is based on the higher of value in use or fair value less costs of disposal, has been derived from discounted cash flow projection models. These models use several key assumptions including estimating projected cash flows, perpetual growth rate, and weighted average cost of capital (discount rate). Therefore, we have identified the evaluation of the goodwill impairment analysis as a key audit matter due to the significant judgment required in determining the assumptions used to estimate the recovery value.	Our audit procedures included, among others, the following: - We evaluate the reasonableness of the projections for the next 5 years based on the strategy of the Society's Management, in particular, i) those related to interest income growth and ii) profit margins, on which the model is based discounted cash flow. - With the involvement of our valuation specialists, we analyze the methodology and assumptions used to determine the discount rate and the perpetual growth rate. - We compare the addition of the discounted cash flows at the date of the evaluation against the book value of the total assets of the CGUs, which includes the value of goodwill.

(Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the Society's Annual Report for the years ended December 31, 2023 and 2022, which will be provided to the Banking Commission and the Mexican Stock Exchange (the Annual Report), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

(Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group´s audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Cárdenas Dosal, S. C.

Ricardo Lara Uribe

Mexico City, April 12, 2024.

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

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

Consolidated statements of cash flows

Years ended December 31, 2023 and 2022

(Thousands of Mexican pesos)

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

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 1,007,640	900,867
Adjustments for items associated with investing activities:		
Depreciation and amortization	320,564	292,035
Impairment loss on investing activities	-	3,177
	1,328,204	1,196,079
Changes in operating activities:		
Change in hedging instruments, (of hedged items related to operating activities)	100,849	134,086
Change in loan portfolio, net	771,136	(659,903)
Change in other accounts receivable and other accounts payable	(18,944)	15,375
Change in banking and other borrowings	196,504	758,897
Change in International bond	(1,966,153)	(519,332)
Income tax payments	(254,718)	(66,649)
Net cash flows from operating activities	156,878	858,553
Investing activities:		
Payments for acquisition of property, furniture and equipment	(38,871)	(51,497)
Payments for the acquisition of intangible assets	(62,531)	(51,940)
Collections for discontinued operations	-	133,857
Net cash flows from investing activities	(101,402)	30,420
Financial activities:		
Acquisition of own shares	(90)	(37,383)
Lease liability payments	(254,783)	(212,418)
Net cash flows from financing activities	(254,873)	(249,801)
(Net decrease) net increase in cash and cash equivalents	(199,397)	639,172
Effects of changes in foreign currency translation	(125,602)	(31,917)
Cash and cash equivalents at beginning of the year	1,059,704	452,449
Cash and cash equivalents at end of the year	$ 734,705	1,059,704

See accompanying notes to consolidated financial statements.

"These consolidated statements of cash flows were formulated in accordance with the Accounting Criteria for Credit Institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Law on Credit Institutions, of general and mandatory observance, applied on a consistent basis, reflecting the cash inflows and cash outflows derived from the operations carried out by the institution during the aforementioned periods, which were carried out and valued in accordance with sound banking practices and legal provisions and applicable administrative."

"These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the executives who sign them."

Eduardo Messmacher Henríquez
General Director

José María Cid Michavila
Corporate Director of Finance

Adrián Orocio Barreto
Comptroller Director

Juan García Madrigal
Internal Audit Director

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

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

Consolidated statements of changes in stockholders' equity

Years ended December 31, 2023 and 2022

(Thousands of Mexican pesos)

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

	Paid-in capital		Earned capital					
	Capital stock	Share premium	Statutory reserves	Retained earnings	Result from valuation of cash flow hedge instruments	Cumulative translation adjustment	Remeasurements employee´s defined benefits	Total stockholders' equity
Balances as of January 1, 2022	$ 157,191	1,574,701	14,318	2,413,217	57,172	14,530	(2,695)	4,228,434
Stockholders' movements:								
Acquisition of own shares and effect on relocation of own shares (note 19a)	-	-	-	(37,383)	-	-	-	(37,383)
Comprehensive income:								
Net income	-	-	-	625,040	-	-	-	625,040
Other comprehensive income:								
Valuation effects of cash flow hedge instruments	-	-	-	-	(44,399)	-	-	(44,399)
Cumulative translation adjustment	-	-	-	-	-	(31,917)	-	(31,917)
Total	-	-	-	625,040	(44,399)	(31,917)	-	548,724
Balances as of December 31, 2022	157,191	1,574,701	14,318	3,000,874	12,773	(17,387)	(2,695)	4,739,775
Stockholders' movements:								
Acquisition of own shares and effect on relocation of own shares (note 19a)	-	-	-	(90)	-	-	-	(90)
Comprehensive income:								
Net income	-	-	-	709,993	-	-	-	709,993
Other comprehensive income:								
Valuation effects of cash flow hedge instruments	-	-	-	-	(12,773)	-	-	(12,773)
Cumulative translation adjustment	-	-	-	-	-	(125,602)	-	(125,602)
Total	-	-	-	709,993	(12,773)	(125,602)	-	571,618
Balances as of December 31, 2023	$ 157,191	1,574,701	14,318	3,710,777	-	(142,989)	(2,695)	5,311,303

See accompanying notes to consolidated financial statements.

"These consolidated statements of changes in stockholders' equity were formulated in accordance with the Accounting Criteria for Credit Institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law, of general and mandatory observance, applied on a consistent basis, reflecting all the movements in the stockholders' equity accounts derived from the operations carried out by the institution during the aforementioned periods, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the executives who sign them."

Eduardo Messmacher Henríquez General Director	José María Cid Michavila Corporate Director of Finance	Adrián Orocio Barreto Comptroller Director	Juan García Madrigal Internal Audit Director

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

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

Consolidated statements of comprehensive income

Years ended December 31, 2023 and 2022

(Thousands of Mexican pesos, except earning per share)

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

		2023	2022
Interest income (notes 6, 8 and 20)	$	4,813,630	4,748,011
Interest expense (notes 14, 15 and 20)		(623,266)	(577,151)
Financial margin		4,190,364	4,170,860
Allowance for loan losses (note 8f)		(1,409,728)	(1,382,678)
Financial margin adjusted by credit risks		2,780,636	2,788,182
Commission and fee income		571,097	603,877
Commission and fee expense (note 15)		(77,193)	(80,339)
Financial intermediation, net (note 21)		57,178	55,543
Other operating income, net (note 22)		167,385	121,081
Administrative and promotional expenses		(2,491,463)	(2,587,477)
Operating income, before income taxes		1,007,640	900,867
Current income taxes (note 18)		(322,269)	(250,850)
Deferred income taxes, net (note 18)		24,622	(21,800)
Net income before discontinued operations		709,993	628,217
Discontinued operations		-	(3,177)
Net income		709,993	625,040
Other comprehensive income:			
Result from valuation of cash flow hedge instruments		(12,773)	(44,399)
Cumulative translation adjustment		(125,602)	(31,917)
		(138,375)	(76,316)
Comprehensive income	$	571,618	548,724
Earning per share (note 19a)	$	2.3313	2.0398

See accompanying notes to consolidated financial statements.

"These consolidated statements of comprehensive income were formulated in accordance with the Accounting Criteria for Credit Institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Institutions Law of Credit, of general and mandatory observance, applied on a consistent basis, reflecting all the income and expenses derived from the operations carried out by the institution during the aforementioned periods, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of comprehensive income were approved by the Board of Directors under the responsibility of the executives who sign it."

Eduardo Messmacher Henríquez
General Director

José María Cid Michavila
Corporate Director of Finance

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

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

Consolidated statements of financial position

December 31, 2023 and 2022

(Thousands of Mexican pesos)

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

Assets	2023	2022
Cash and cash equivalents (note 6)	$ 734,705	1,059,704
Derivative financial instruments (note 7)		
For hedging purposes	-	113,622
Loan portfolio with stage 1 credit risk (note 8):		
Consumer loans	6,577,536	7,315,634
Loan portfolio with stage 2 credit risk (note 8):		
Consumer loans	590,701	674,393
Loan portfolio with stage 3 credit risk (note 8)		
Consumer loans	478,362	569,888
Loan portfolio	7,646,599	8,559,915
Deferred items (note 8)	27,868	-
(-) Less:		
Allowance for loan losses (note 8f)	1,037,976	1,152,288
Total loan portfolio, net	6,636,491	7,407,627
Other accounts receivable, net (note 9)	454,405	520,754
Prepayments and other assets, net (note 13b)	301,181	284,254
Property, furniture and equipment, net (note 10)	144,032	152,187
Assets for rights of use of property, furniture and equipment, net (note 11)	533,148	390,283
Permanent investments (note 12)	34,578	34,578
Deferred income tax asset, net (note 18)	707,783	713,833
Goodwill (note 13a)	1,008,795	1,008,795
Total assets	$ 10,555,118	11,685,637

Liabilities and stockholders' equity	2023	2022
Banking and other borrowings (note 15):		
Short-term	$ 377,228	1,562,995
Long term	2,198,938	816,667
	2,576,166	2,379,662
International bond (note 14)	1,300,728	3,266,881
Lease liability (note 11)		
Short-term	168,066	145,044
Long term	391,919	261,383
	559,985	406,427
Other accounts payable (note 17):		
Contributions payable	173,837	160,483
Sundry creditors and other accounts payable	438,224	472,954
	612,061	633,437
Income tax payable	69,135	151,699
Employee benefit liability (note 16)	121,882	103,211
Deferred credits and prepayments	3,858	4,545
Total liabilities	5,243,815	6,945,862
Stockholders' equity (note 19):		
Paid-in capital:		
Capital stock	157,191	157,191
Share premium	1,574,701	1,574,701
	1,731,892	1,731,892
Earned capital:		
Statutory reserves	14,318	14,318
Retained earnings	3,710,777	3,000,874
Other comprehensive income:		
Result from valuation of cash flow hedge instruments	-	12,773
Cumulative translation adjustment	(142,989)	(17,387)
Remeasurements employee's defined benefits	(2,695)	(2,695)
	3,579,411	3,007,883
Total stockholders' equity	5,311,303	4,739,775
Commitments and contingent liabilities (note 25)		
Subsequent events (note 26)		
Total liabilities and stockholders' equity	$ 10,555,118	11,685,637

Memorandum accounts (note 23):

	2023	2022
Interest earned but not collected arising from loan portfolio with stage 3 credit risk	$ 55,579	54,892
Tax write-downs	1,772,209	1,633,537
Loan portfolio written-off	303,277	207,218

See accompanying notes to consolidated financial statements.

"These consolidated statements of financial position were formulated in accordance with the Accounting Criteria for Credit Institutions and the criteria related to the basic financial statements for regulated multiple purpose financial companies, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Law on Credit Institutions, of general and obligatory observance, applied on a consistent basis, reflecting the operations carried out by the institution up to the aforementioned dates, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of financial position were approved by the Board of Directors under the responsibility of the executives who sign it."

Eduardo Messmacher Henriquez
General Director

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Corporate Director of Finance

Adrián Orocio Barreto
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(1) Activity and relevant events 2023 and 2022-

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (the Society), was established and began operations in accordance with Mexican laws on July 22, 1993, for an indefinite period, located at Prolongación Paseo de la Reforma Avenue, No. Ext. 600 Int. 420 Col. Santa Fé Peña Blanca, town hall Álvaro Obregón, Mexico City, it has authorization from the Ministry of Finance and Public Credit (SHCP) to operate as a multiple purpose financial institution, unregulated entity, in accordance with the Mexican Credit Institutions Law (LIC).

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

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

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

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

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

The consolidated financial statements as of December 31, 2023 and 2022, and for the years ended on these dates include those of Financiera Independencia S. A. B. de C. V and its Subsidiaries. The description of the main activity of its subsidiaries and the percentage of its shareholding are described in the following page.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

Subsidiaries of Financiera Independencia-

The main subsidiaries of Financiera Independencia are the following:

	Shareholding	Main activity and location
Serfincor, S. A. de C. V. (Serfincor)	99.99%	Service provider in Mexico.
Conexia, S. A. de C. V. (Conexia)	99.99%	Call Center services, promotion and marketing in Mexico.
Confianza Económica, S. A. de C. V, (Confianza Económica)	99.99%	Service provider in Mexico.
Servicios Especializados FINDEP, S. A. de C.V. (SEFINDEP)	99.99%	Service provider in Mexico.
Finsol, S. A. de C. V. (Finsol)	99.99%	Service provider in Mexico.
Apoyo Económico Familiar, S. A. de C. V., SOFOM, E.N.R. (AEF)	99.99%	Granting consumer loans In Mexico
Servicios Corporativos FINDEP, S. A. de C. V. (SECOFI)	99.99%	Service provider in Mexico.
Apoyo Financiero, Inc. (AFI)	100.00%	Granting consumer loans in USA
Sistemas Corporativos COA, S. A., de C. V. (SICOA)	99.95%	Service provider in Mexico.
Servicios de Captación en SITIO, S. A. de C. V.	99.99%	Service provider in Mexico.

Relevant events 2023

On January 24, 2023, the Society announced an offer outside of Mexico to exchange its preferred unsecured debt instruments called “senior notes” with a rate of 8.000% and maturity in 2024 that are in circulation, for new “senior notes” at be issued with a rate of 10% and maturing in 2028, plus a cash payment.

On February 3, 2023, the Society announced the extension of the early acceptance period for the offer outside Mexico announced on January 24, 2023, to February 17, 2023.

On February 10, 2023, it was announced that its extraordinary general meeting of shareholders approved, among other matters, the offering outside of Mexico to exchange (the “Exchange Offer”) each and every unsecured debt instrument preferred bonds called “senior notes”, as well as a request for consent to the holders to make certain modifications to the terms and conditions of the Existing Notes (the “Consent Request”).

On February 17, 2023, the Exchange Offer and Request were validly accepted for a principal amount of U.S.$104,150,000.00 of the Existing Notes, representing approximately 64.43% of the total principal amount of such notes.

On March 1, 2023, Fitch Rating (“Fitch”) reaffirmed Financiera Independencia's credit rating at 'BB-' and reduces outlook from 'stable' to 'negative'. It was considered that the Society's financial and business profiles remain consistent with the ratings and that the Society has been taking precautionary measures to address its refinancing risks.

(Continued)

On June 23, 2023, the Society announced that as of August 1, 2023, Mr. José María Cid Michavila, who holds the position of General Director of Apoyo Financiero Inc., a direct subsidiary of the Society; in addition to the position he holds, he will hold the position of Corporate Finance Director of the Society and will be in charge of the Investor Relations area.

On July 26, 2023, HR Ratings affirmed the HR A and HR2 ratings for the Society and modified the In Progress Review to a Negative Outlook.

On October 3, 2023, Fitch has lowered the Society's long-term foreign and local currency Issuer Default Ratings (IDRs) from 'BB-' to 'B+', and Long-Term Senior Unsecured Debt Ratings Term from 'BB-' to 'B+'. Additionally, Fitch lowered the Society's national Long-Term ratings from 'A-(mex)' to 'BBB(mex)', and the national Short-Term ratings from 'F1(mex)' to 'F3(mex)'. The rating agency assigned a Recovery Rating of 'RR4' to the Society's unsecured notes. These ratings and the Short-Term IDRs of 'B' were placed on Rating Watch (RWN). According to Fitch's statement, the Society's solid profitability is anchored to controlled operating costs and a net interest margin. Furthermore, the rating agency expects the Society to maintain high profitability considering its strategy of strengthening its operations through its digital transformation, which will strengthen its origination process and increase its efficiency.

On October 9, 2023, the Society announced that Fitch modified the Outlook on the Society's rating as a Primary Administrator of Credit Financial Assets to Negative from Stable and affirms the rating at 'AAFC3+(mex)'.

On November 10, 2023, the Society announced its intention to carry out the cash redemption of its preferred unsecured debt instruments called “senior notes” with a rate of 8.000% and maturity in 2024 that are in circulation, on December 15, 2023.

On November 24, 2023, the Society formalized a credit line agreement with HSBC México, S.A. Multiple Banking Institution, Grupo Financiero HSBC, for an amount of up to 1,400 million pesos with maturity in November 2026. This line replaced the lines of credit that were had with HSBC for $1,200 million pesos and $16 million dollars, with maturities in April 2024 and December 2024, respectively.

On December 20, 2023, the Society announced that Fitch has affirmed the Society's Long-Term Local and Foreign Currency Issuer Default Ratings (IDRs) at 'B+', Short-Term Local and Foreign Currency IDRs at ' B' and the Long Term senior unsecured debt ratings at 'B+'/'RR4'. In addition, Fitch affirmed that the Society's national Long-Term ratings at 'BBB (mex)', and the national Short-Term ratings at 'F3(mex)'. The rating agency removed all Watch Negative (RWN) ratings and assigned a Stable Outlook to the Long-Term IDRs and Long-Term national ratings. Fitch withdrew the rating of the Society's 8% Senior Notes due to their cash redemption.

(Continued)

On December 26, 2023, the Society announced that Moody's Investors Service ("Moody's") has withdrawn the global scale ratings of the Issuer and the Society's Senior Global Notes. Since the Society has global scale ratings from Fitch, which allows it to cover its requirements from external funders.

Relevant events 2022

On February 1, 2022, the Society obtained a borrowing from Banco Santander México, S. A., Institución de Banca Múltiple, Grupo Financiero Santander México, for an amount of $200,000 maturing on January 31, 2025. This borrowing represents an increase of 8 % in the availability of banking lines settled as of September 30, 2021. The closing of this transaction is due to the Society's strategy to diversify its funding sources to maintain the efficient growth of loan portfolio.

On March 3, 2022, the Arizona Department of Insurance and Financial Institutions granted AFI a license to operate as a “Consumer Lender” in the State of Arizona, United States of America, which will allow to grant credits of up to 10 thousand dollars.

On April 5, 2022, the Society formalized a credit line agreement with HSBC México S. A., I. B. M, Grupo Financiero HSBC, for an amount of up to $1,200,000 maturing in April 2024. This line replaces the current credit lines with HSBC for $462,500 and $615,000, maturing in November 2022 and March 2023, respectively. The amount of this line of credit represents 74% of the balance of banking and other borrowings, reported by the Society in the consolidated statement of financial position as of December 31, 203 and 2022.

On May 2, 2022, the Society obtained regulatory authorizations in Brazil from the Central Bank, for which the operations that were previously announced to the public investor on October 1, 2021, regarding the sale of its subsidiary INDEPENDÊNCIA PARTICIPAÇÕES SA to OMNI SA - CREDIT, FINANCING AND INVESTMENT (“Omni“). INDEPENDÊNCIA PARTICIPAÇÕES SA, is the owner of FINSOL SOCIEDADE DE CREDITO AO MICROEMPREENDEDOR EA EMPRESA DE PEQUENO PORTE SA, which carries out the Microcredit operation in Brazil. The sale implies the exit of the Society from its operations in Brazil and does not qualify as a corporate restructuring in terms of the General Provisions applicable to Issuers of Securities and other participants of the Securities Market.

On June 27, 2022, the Society officially began operations in the state of Texas, United States of America, with the placement of its first credit. This is another step in the growth plan in the United States market.

On December 2, 2022, Fitch affirmed the long-term issuer default ratings (IDRs) in foreign and local currency and the international scale senior unsecured debt issuance at 'BB-' with a stable outlook.

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(2) Authorization and basis for presentation-

Authorization

On April 12, 2024, Eduardo Messmacher Henríquez (General Director), Adrián Orocio Barreto (Comptroller Director), José María Cid Michavila (Corporate Director of Finance) and Juan García Madrigal (Internal Audit Director), authorized the issuance of the accompanying consolidated financial statements and related notes.

In accordance with the General Corporation Law, the provisions of the Commission and the Society's bylaws, the shareholders and the Commission have the power to modify the consolidated financial statements after their issuance. The unconsolidated financial statements for 2023, which are issued separately on this same date, will be submitted for approval at the next Shareholders' Meeting of the Society.

Basis of presentation

a) Statement of compliance

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

The accounting criteria establish that the accounting of credit institutions must conform to the basic structure of the Financial Information Standards (NIF) defined by the Mexican Council of Financial Information Standards, AC (CINIF) in NIF A-1 "Conceptual Framework", as well as the provisions of accounting criterion A-4 "Supplementary application to accounting criteria". Likewise, they establish that the institutions must observe the accounting guidelines of the NIF except when it is necessary, in the opinion of the Commission, to apply a regulation or specific accounting criteria on the recognition, valuation, presentation and disclosure applicable to specific items of the consolidated financial statements. and those applicable to its preparation.

The Accounting Criteria indicate that in the absence of specific accounting criteria from the Commission for credit institutions, or in a broader context, from the NIF, the supplementary bases provided for in chapter 90 “Suppletory” of the NIF A will be applied. -1 “Conceptual Framework of financial reporting standards”, and only in the event that the International Financial Reporting Standards (IFRS) referred to in chapter 90 “Supplementary” of NIF A-1 “Conceptual framework of financial reporting standards” of financial information” do not provide a solution to the accounting recognition, a supplementary standard may be chosen that belongs to any other regulatory scheme, provided that it complies with all the requirements indicated in the aforementioned NIF and the same accounting criteria, and the supplementary standard must be applied in the following order: accounting principles generally accepted in the United States of America (US GAAP) and any accounting standard that is part of a formal and recognized set of standards, as long as it meets the requirements of the criterion A-4 “Supplementary application to the accounting criteria” of the Commission.”

(Continued)

b) Use of estimates and judgments

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

Judgments

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

- Note 7 – Derivatives: determination of whether the financial instruments are for trading or are designated for hedging purposes.

Assumptions and estimation uncertainties

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

- Notes 3 (d) and 7 – Valuation of derivative financial instruments: key assumptions to determine the market value, especially those complex derivatives or without an active market.
- Notes 3(e), 3(f), 8 and 9 – Determination of allowance for loan losses and recoverability of accounts receivable: assumptions and inputs used in determination.
- Notes 3 (o) and 16 – Measurement of defined benefit obligations: key actuarial assumptions.
- Notes 3(k) and 18 –Recognition of deferred tax assets and employee profit sharing (ESPS): availability of future taxable profits and the materialization of deferred taxes and ESPS.
- Notes 3(q), 3(r) and 13 – Impairment tests for the value of intangible assets and goodwill: key assumptions for the determining the recoverable, including the recoverability of development costs.
- Notes 3(g) and 11 Leases: determining whether an arrangement contains a lease.

Determination of fair value

Some of the Society's accounting policies and disclosures require the measurement of the fair values of both financial and non-financial assets and liabilities.

The Society has a control framework established in relation to the measurement of fair values. This includes the authorization by the Board of Directors to hire a price provider.

When measuring the fair value of an asset or liability, the Society uses observable market data whenever possible. Fair values are classified into different levels within a fair value hierarchy that is based on the input data (observability of inputs) used in valuation techniques, as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities, which corresponds to the highest level, corresponding to prices obtained exclusively with Level 1 input data.

(Continued)

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. from prices) that correspond to prices obtained with level 2 input data.
Level 3: data or inputs to measure the asset or liability that are not based on observable market data (unobservable input data), which corresponds to the lowest level, for those prices obtained with level 3 input data.

In accordance with the provisions of the Provisions, the Society determines the fair value of the following financial instruments through direct vector valuation, which consists of applying to the position in securities or contracts of the Society the updated price for valuation provided by a provider of prices:

I. Securities registered in the national securities registry or authorized, registered or regulated in markets recognized by the Commission.
II. Derivative financial instruments that are listed on national derivatives exchanges or that belong to markets recognized by the Bank of Mexico (the Central Bank).

Note 16 “Employee benefit liabilities” includes additional information on the assumptions made when measuring fair values.

c) Functional and reporting currency

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

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

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

d) Comprehensive income

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

e) Recognition of financial assets and liabilities on the date of execution

The consolidated financial statements recognize assets and liabilities from currency purchase and sale operations, investments in financial instruments and derivative financial instruments on the date the operation is concluded, regardless of its settlement date.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

(3) Summary of significant accounting policies-

The accounting policies shown below have been consistently applied in the preparation of the consolidated financial statements presented.

Recognition of the effects of inflation-

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

		Inflation	
December 31	**UDI**	**Yearly**	**Cumulative**
2023	7.981602	4.38%	20.83%
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%

(a) Principles of consolidation-

The consolidated financial statements include the accounts of the Society and those of its subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of the issuing companies as of December 31, 2023 and 2022, which have been prepared in accordance with the Accounting Criteria established by the Commission for those entities regulated by it and in accordance with FRS for non-regulated entities, as appropriate. In those cases, in which the subsidiaries do not record their operations in accordance with the Accounting Criteria, the most important approvals were made to standardize the information.

(b) Translation of foreign currency financial statements-

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

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

The exchange rates used as of December 31, 2023 and 2022, in the translation process are those shown following:

Company	Currency	Exchange rate
AFI	USD	$16.9666

(Continued)

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

In order to manage the exchange fluctuation risk derived from its securitization liabilities in dollars, the Society had contracted derivative financial instruments, however, for the end of December 2023 there were no hedges contracted (note 7).

(c) Cash and cash equivalents-

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

Cash equivalents are initially recognized at fair value. These include short-term, highly liquid securities, easily convertible into cash that are subject to insignificant value risks (where the latter are those whose maturity is expected within a maximum of 48 hours from their acquisition). and investments available on demand.

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

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

Based on the business model of the Management, the Society classified its derivative operations as shown below:

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

The recognition in the consolidated financial statements of the assets and/or liabilities from operations with Derivative Financial Instruments (DFI) is made on the date the operation is completed, regardless of the date of settlement or delivery of the asset.

The Society recognizes all financial assets or liabilities resulting from the rights and obligations established in the DFI contracts, initially at their fair value, which, presumably, corresponds to the transaction price, that is, the price of consideration received or delivered. The transaction costs that are directly attributable to the acquisition of the DFI are recognized directly in results within the "Financial intermediation, net".

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

(Continued)

Derivatives are presented in the consolidated statement of financial position in a specific asset or liability item, depending on whether their fair value corresponds to a debit balance or a credit balance, respectively. Said debit or credit balances are offset as long as they comply with the rules for offsetting financial assets and liabilities.

The result of the compensation of the active and passive positions, whether debtor or creditor, is presented separately from the primary hedged position as part of the "Derivatives" caption of the consolidated statement of financial position and the accrued interest is recorded in the consolidated statement of comprehensive income.

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

Subsequently, all derivatives are valued at their fair value, without deducting the transaction costs that could be incurred in the sale or other type of disposal, recognizing said valuation effect in the results of the period under the heading "Financial intermediation, net".

The Society designates certain DFIs as hedging instruments to hedge the risk exposure of a transaction or set of transactions associated with highly probable forecast transactions that arise from changes in exchange rates and interest rates and certain derivative financial liabilities.

At the beginning of the designated hedging relationships, the Society documents the objective and risk management strategy to carry out the hedging. The Society also documents the economic relationship between the hedged item and the hedging instrument whose exposures are presented in the consolidated statement of financial position, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other. each other.

Derivatives for hedging purposes, which meet all the conditions, are valued at fair value and the effect is recognized depending on the type of hedge, as shown below:

- Fair value hedges. They cover the exposure to changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment, or a component of any of the above items, or an aggregate exposure. The primary hedged position and the hedging derivative instrument are valued at their fair value, registering the net effect in the results of the period under the caption "Financial intermediation, net".

- Cash flow hedges. They cover the exposure to the variability of cash flows attributable to a particular risk associated with a recognized asset or liability, a portfolio or a component thereof, or one or more highly probable forecast transactions or portions thereof, or an aggregate exposure. The hedging derivative instrument is valued at fair value and the valuation corresponding to the effective part of the hedge is recorded in the "Valuation of cash flow hedge derivative financial instruments" account in Other Comprehensive Income. The ineffective part is recorded in results for the period under the caption "Financial intermediation, net".

(Continued)

A hedging relationship should be prospectively discontinued when it no longer meets the criteria for recognizing a hedging relationship, this includes when the hedging instrument is sold, expires, terminated or exercised, as well as after it has been considered or carried out. any rebalancing in the hedging relationship is carried out and the hedging relationship turns out to be ineffective or does not meet the Society's risk management objective.

(e) Loan portfolio-

The loan portfolio consists of financing granted to clients by the Society through credit agreements, which are recognized when they are originated. Loans is granted based on a credit analysis in accordance with internal policies and operating manuals established by the Society.

The loan portfolio includes:

Loan portfolio valued at amortized cost. The business model of this loan portfolio is to hold it to collect contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to principal and interest payments on the amount of outstanding principal. It is initially recognized at fair value as the transaction price, that is, the net amount financed resulting from adding to or subtracting from the original amount of loan, insurance financed, transaction costs, commissions, interest and other items charged in advance. For subsequent recognition, the loan portfolio is valued at its amortized cost. Amortized cost corresponds to the present value of contractual cash flows receivable from the loan portfolio, plus transaction costs to be amortized, using the effective interest method and subtracting the allowance for loan losses.

The transaction costs referred to include, among others, commissions paid and the credit evaluation of the debtor.

Special Accounting Criteria derived from the floods and damages caused by Hurricane OTIS.

Through official letters P-307/2023 dated October 27, 2023 and P-318/2023 dated November 10, 2023, the Commission issued, on a temporary basis, the special accounting criteria (SCC) for credit institutions with respect to the consumer, mortgage and commercial credit portfolio, for clients who have been affected in the areas indicated by the competent authority in the Declaration of Emergency, or those indicated in the Declaration of Natural Disaster, and whose credits were classified accounting as a credit portfolio with Stage 1 or Stage 2 credit risk as of October 24, 2023. The deadline to carry out renewal or restructuring procedures will end no later than April 30, 2024.

Derived from the application of the special accounting criteria issued by the Commission as of December 31, 2023, the Society made a charge to results for $46,608, within the item "Allowance for loan losses" in the consolidated statement of comprehensive income (see note 8f).

(Continued)

The support program consists of granting borrowers a partial or total deferral of capital and/or interest payments for up to 6 months and will be applicable to the following types of loans and clients: a. Revolving and non-revolving credits, directed to individuals and b. Individual microcredits.

The following loans were considered to apply this partial or total payment deferral support program:

- Portfolio with 0 days past due and 1 to 29 days past due.
- Portfolio 30 to 89 days past due with payment intention.

<u>Loan portfolio classification</u>

The loan portfolio is presented in the consumer category, as described below:

Consumer loans. They are direct loans granted to individuals, derived from personal loans, microcredits and credits for the acquisition of durable consumer goods.

The evaluation of the credit risk of each client is carried out by verifying the credit history with the Society, as well as by consulting the behavior of said client in one of the two credit information companies.

The Society's policies to avoid credit risk concentrations are mainly based on the establishment of maximum credit amounts per borrower.

<u>Loan portfolio business model</u>

The determination of the business model for the loan portfolio is based on the history of how the Society manages it. The Society considers the following:

a) The way in which the performance of the loan portfolio is determined and reported to the Board of Directors, for example, on yields associated with contractual collection.
b) The risks that affect the performance of the business model and the loan portfolio and how those risks are managed.
c) The guidelines on which the remuneration of the credit management is based, which is based on collecting its contractual flows.

The Society also considers the frequency, value, and timing of loan portfolio sales in prior periods, the reasons for such sales, as well as expectations regarding future sales activity within the context and conditions in which they occurred, and the influence they have on the way in which the objective of the entity to administer or manage the loan portfolio is achieved and, specifically, on how the cash flows are made.

(Continued)

Reclassifications of the valuation method

As of December 31, 2023, the Society did not reclassify the valuation method for the business model.

<u>Renegotiations</u>

Renegotiations are the restructurings and renewals of loan portfolio operations, which are described below:

Restructuring. It is a renegotiation from which any modification to the original conditions of the loan is derived, among which are:
- change of the interest rate established for the remaining term of the loan;
- currency or unit of account exchange (for example, VSM, UM or UDI);
- granting of a waiting period regarding the fulfillment of the payment obligations according to the original terms of the loan;
- credit term extension;
- modification to the agreed payment scheme, or
- extension of guarantees that cover the loan in question.

Renewal. It is a renegotiation in which the balance of a credit is partially or totally liquidated by the debtor, their joint and several obligors or another person who, due to their patrimonial ties, constitutes common risks with the debtor, through an increase in the original amount of the credit, or with the proceeds from another loan contracted with the same entity or with a third party that, due to its patrimonial ties with the latter, constitute common risks.

Notwithstanding the foregoing, the Society does not consider a loan renewed for the drawdowns made during the term of a pre-established line of credit, if the borrower has paid all the payments that are required under the original conditions of the loan.

For the restructurings, as well as for the renewals with which the original loan is partially settled, the Society recognizes a profit or loss for the difference between the cash flows of the new loan discounted at the original effective interest rate and the book value of the original credit at the date of the renegotiation, without considering its allowance for loan losses.

For the purposes of the foregoing, the book value is the amount actually borrowed, adjusted for accrued interest, other financed concepts, principal and interest collections, as well as for write-offs and forgiveness, rebates and discounts that have been granted, and, where appropriate, the financial income or expenses to be accrued.

(Continued)

<u>Credit risk level of the loan portfolio</u>

The loan portfolio is evaluated periodically in order to determine the credit risk, which represents the potential loss due to the non-payment of a borrower or counterparty in the operations carried out by the Society, including the real or personal guarantees granted to them, as well as any other mitigation mechanism used by the entities. The level of credit risk of the loan portfolio is classified by stages that are, in ascending order of risk level, Stage 1, Stage 2 and Stage 3.

Stage 1

It refers to a loan portfolio whose credit risk has not increased significantly from its initial recognition to the date of the consolidated financial statements, that is, it is not in the assumptions to be considered in stages 2 and 3 that are mentioned later.

Additionally, in accordance with the provisions of the Provisions for the determination of the preventive estimate for credit risks, the Society considers the following criteria to define when the loan are in Stage 1:

- On non-revolving consumer loans (for the acquisition of durable consumer goods or ABCD, Auto, Payroll, Personal and Others), when they are up to one month late.
- For other revolving loans, when you present up to a default in the immediately preceding consecutive periods.
- In the case of microcredits, when they are up to one month late.

Stage 2

Includes loan that have shown a significant increase in risk since their initial recognition and up to the date of the consolidated financial statements according to the calculation models of the preventive allowance for credit risks.

Additionally, in accordance with the Provisions for the determination of allowance fon loan losses, the Society considers the following criteria to define when the loans are in Stage 2:

- For non-revolving consumer loans, when they present arrears of more than one month and up to three months.
- In the case of other revolving loans, when they present more than one and up to three defaults in immediately preceding consecutive periods.
- Microcredits, when they present arrears of more than one month and up to three months.

Loans that being in Stage 2 have fully settled the outstanding receivable balances, or that having been restructured or renewed have complied with the sustained payment, are reclassified to Stage 1.

(Continued)

Stage 3

It corresponds to the loan portfolio with credit impairment originated by the occurrence of one or more of the events, which have a significant impact on the future cash flows of said loans. Specifically, the loans at this stage are considered as follows:

1. Those for which the Society is aware that the borrower has been declared commercial.

   Without prejudice to the provisions of the foregoing, the loans that continue to receive payment in terms of the provisions of section VIII of article 43 of the Law on Commercial Bankruptcy (LCM), as well as the loans granted under article 75 in relation to sections II and III of article 224 of the aforementioned Law, are transferred to loan portfolio with Stage 3 credit risk when they incur the assumptions provided for in paragraph 2 below.

2. In the case of non-revolving consumer loans and microcredits, which have been partially paid, when the maturities of their debts are as follows:

   a. Periodic partial payments of principal and interest, when they are 90 calendar days (three calendar months) or more past due in principal or interest.

3. Loans other than those mentioned in the previous numeral, whose amortizations have not been fully settled under the originally agreed terms, when the due dates of their debts are as follows:

   a. Periodic partial payments of principal and interest, when they are 90 calendar days (three calendar months) or more past due in principal or interest.

For consumer loans in which the payment conditions established in the contract establish payments with a periodicity of less than one calendar month, the Society considers the following equivalences:

Periodicity paid contractual	**Equivalence**	
	30 days	**90 days**
Biweekly	2 fortnights	More than 6 fortnights
Fourteenth	2 fourteen	More than 6 fourteen
Weekly	4 weeks	More than 13 weeks

(Continued)

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, the Society considers the following criteria to define when loans are in Stage 3:

- For non-revolving consumer loans when it presents arrears greater than three months.
- On other revolving loans, when they have more than three defaults in immediately preceding consecutive periods.
- Microcredits, when they present arrears greater than three months.

Loans that being in Stage 3 have fully settled the outstanding receivable balances, or that having been restructured or renewed have complied with the sustained payment, are reclassified to Stage 1.

Effect of renegotiations on the level of credit risk.

Loans with stage 2 or stage 3 credit risk that are restructured or renewed are not reclassified to a stage with lower credit risk due to their restructuring or renewal, as long as there is no evidence of sustained payment.

Loans with a single payment of principal at maturity, regardless of whether interest is paid periodically or at maturity, that are restructured during their term or are renewed at any time, are transferred to the next immediate category with the highest credit risk, and they remain in that stage until there is evidence of sustained payment.

The lines of credit available, which have been restructured or renewed at any time, are transferred to the next immediate category with greater credit risk, except when there are elements that justify the borrower's ability to pay and the following has been met:

a) All interest payable has been settled, and
b) All the payments to which it is obligated in terms of the contract at the date of the restructuring or renewal have been covered.

In the case of credit drawdowns made under a credit facility, when they are restructured or renewed independently of that facility, they are evaluated in accordance with the applicable rules for restructuring and renewals described above, considering the characteristics and conditions of the drawdown or restructured or renewed provisions.

If, after the evaluation described in the previous paragraph, it is concluded that one or more drawdowns granted under a credit facility should be transferred to the next immediate category with the greater credit risk as a result of said restructuring or renewal and such drawdowns, in a manner individually or as a whole, represent at least 25% of the total balance drawn from the credit facility at the date of the restructuring or renewal, the total balance drawn, as well as its subsequent drawdowns, are transferred to the next immediate category with greater credit risk.

(Continued)

Loans with credit risk in stage 1 and stage 2, other than credits referring to i) credits with a single payment of principal at maturity, regardless of whether interest is paid periodically, ii) drawn credit lines, and iii) credit drawdowns Made under credit lines, which have been restructured or renewed, of which at least 80% of the original term of the credit has not elapsed, they remain in the same category only if they comply with the following:

a) the borrower has covered all interest accrued at the date of renewal or restructuring, and
b) The borrower has covered the principal of the original amount of the loan, which at the date of the renewal or restructuring should have been covered.

On the same type of loans mentioned in the previous paragraph, with Stage 1 and 2 credit risk, but which have been restructured or renewed during the final 20% of the original term of the loan, are transferred to the next immediate category, with greater credit risk, except if they meet the following:

a) all interest accrued at the date of renewal or restructuring has been settled
b) the principal of the original amount of the loan, which at the date of the renewal or restructuring should have been covered, has been covered, and
c) 60% of the original amount of the loan has been covered.

If all the conditions described in the previous two paragraphs are not met, as appropriate, the loan is transferred to the next immediate category with the highest credit risk from the time it is restructured or renewed and until there is evidence of sustained payment.

The requirement of subparagraphs a) of the two preceding paragraphs is considered fulfilled when, having covered the interest accrued on the last cut-off date, the period elapsed between that date and the restructuring or renewal does not exceed the lesser between half of the current payment period and 90 days.

Loans with Stage 1 and 2 credit risk that are restructured or renewed on more than one occasion, are transferred to portfolio with Stage 3 credit risk, except when the Society has elements that justify the debtor's ability to pay. In the case of commercial portfolio, such elements are duly documented and integrated into the credit file.

Loans classified at Stage 2 credit risk as a result of a restructuring are periodically evaluated in order to determine whether there is an increase in their risk that causes them to be transferred to Stage 3 credit risk, as described in the first paragraph of subsection "Stage 3" of this note.

(Continued)

The loans are not transferred to a category with greater credit risk, because of their restructuring, if at the date of or the operation they present payment compliance for the total amount of principal and interest due and only modify one or more of the original credit conditions mentioned below, they will not be reclassified to the "Stage 3" category.

- Guarantees: only when they involve the extension or replacement of guarantees with others of better quality.
- Interest rate: when the agreed interest rate is improved to the creditor.
- Currency or unit of account: if the rate corresponding to the new currency or unit of account is applied.
- Payment date: only if the change does not involve exceeding or modifying the periodicity of payments. In no case does the change in the payment date allow the omission of payment in any period.
- Extension of the credit line: only in the case of consumer loans granted through revolving credit lines.

Accumulation of accrued interest from credit operations must be suspended at the time the unpaid balance of the credit is considered as having stage 3 credit risk. Likewise, the balance pending amortization of transaction costs must be recognized, and if any, the effect of the profit or loss in renegotiation pending amortization against the results of the year.

As long as the loan remains in the portfolio with stage 3 credit risk, interest control is kept in memorandum accounts. If such interest is collected, it is recognized directly in the results of the year under the caption "Interest income".

Sustained payment of the credit-

Sustained payment is deemed to exist when the creditor covers the total amount of principal and interest payable without delay, as follows:

a) In the case of amortizations less than or equal to 60 days, a minimum of three consecutive amortizations of the credit payment scheme is covered.
b) For credits with periods of between 61 and 90 calendar days, the payment of two amortizations is made.

When the amortization periods agreed in the restructuring or renewal are not homogeneous, the number of periods that represent the longest term, as described above, is considered.

For restructurings in which the periodicity of payment to shorter periods is modified, for the determination of whether there is sustained payment, the number of amortizations that would correspond to the original credit scheme is considered.

The early payment of repayments of restructured or renewed credits, other than those with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, is not considered to be sustained payment. Such is the case for repayments of restructured or renewed loans that are paid without the expiration of the calendar days equivalent to the periods required under the first paragraph of this subsection.

The loans that as a result of a restructuring or renewal are transferred to a category with greater credit risk, in all cases remain a minimum of three months in said until they prove sustained payment and consequently be transferred to the next immediate stage with less credit risk. The foregoing except for loans with payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, in which what is previously described for these cases applies.

In any case, for the Society to demonstrate that there is sustained payment, in addition to ensuring that the borrower complies with the sustained payment guidelines indicated in the preceding paragraphs, it must have at the disposal of the Commission evidence that justifies that the borrower has the capacity to pay at the time the restructuring or renewal is carried out to respond to the new credit conditions. The minimum evidence to obtain is as follows:

a. probability of intrinsic non-compliance of the creditor,
b. guarantees granted to the restructured or renewed loan,
c. priority of payment over other creditors and,
d. The liquidity of the borrower before the new financial structure of the financing.

Deferred items

It is made up of the net amount between transaction costs and commissions for granting loan.

Recognition of revenues, costs and expenses

The effective interest determined by applying the effective interest rate is recognized as it accrues. The effective interest includes the accrual of portfolio interest presented in the caption "Interest income".

Allowance for loan losses-

The determination of the allowance for loan losses of each category of the loan portfolio is made based on the general methodologies established in the Provisions, which are based on the Expected Loss approach, which is determined by multiplying the Probability of Default (PD) by the product of the Loss Given Default (LGD) and Exposure to Default (ED).

PD is the probability expressed as a percentage that either or both of the following circumstances will occur in relation to a specific debtor determined according to the standard methodology contained in the Provisions.

a) The debtor is in arrears for 90 calendar days or more with respect to any credit obligation to the Institution or said credit obligation meets the assumptions to be classified as Stage 3 credit risk, described above

b) It is considered likely that the debtor will not pay all its credit obligations to the Society.

(Continued)

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

Notes to the consolidated financial statements

(Thousands of Mexican pesos)

The LGD in case of Default corresponds to the intensity of the loss in case of default expressed as a percentage of the ED, once the value of the guarantees and the costs associated with the realization processes (judicial, administrative collection and deed, among others) have been taken into account; is determined in accordance with the standard methodology contained in the Provisions.

The ED is the expected gross reserve position of the loan transaction if the debtor defaults. The ED may not be less than the amount drawn down from the transaction at the time of calculation of the reserve or capital requirement; is determined in accordance with the standard methodology contained in the Provisions.

On the loans with Stage 3 credit risk, in which in their restructuring the capitalization of the accrued interest not previously recorded in memorandum accounts is agreed, the Society recognizes an estimate for 100% of said interest, which it cancels when there is evidence of sustained payment.

Consumer portfolio

The allowance for loan losses of the consumer loan portfolio is determined in accordance with the general methodology established by the Commission, which initially considers the level of credit risk at which the loans are classified.

Allowance for loan losses of other revolving loans are calculated on a loan per loan basis, using the figures corresponding to the last known payment period and mainly considering factors such as: i) balance payable, ii) payment made, iii) credit limit, iv) minimum required payment, v) non-payment, vi) amount payable to the Society, (vii) amount payable reported to credit information societies; as well as, viii) seniority of the borrower in the Society. The total amount of the reserve to be constituted for each loan is the result of multiplying the probability of default by the severity of the loss and exposure to default or the different rules set out in the Provisions.

Additionally, the calculation of the allowance for loan losses corresponding to the non-revolving consumer loan portfolio mainly considers the following: (i) amount due, (ii) payment made, (iii) arrears, (iv) seniority of the borrower in the Society, (v) seniority of the borrower with institutions, (vi) amount to be paid to the Society, (vii) amount payable reported in the credit information companies, (viii) balance reported in credit information societies, (ix) indebtedness (xi) original amount of loan, (xii) loan balance.

Degree of risk of allowance for loan losses

The allowance for loan losses constituted by the Society is classified according to their degree of risk, as listed in the table show in the next page.

(Continued)

(Thousands of Mexican pesos)

Degree risk	Consumer			
	Non-revolving		Other revolving loans	
	From	To	From	to
A-1	0.00%	2.00%	0.00%	3.00%
A-2	2.01%	3.00%	3.01%	5.00%
B-1	3.01%	4.00%	5.01%	6.50%
B-2	4.01%	5.00%	6.51%	8.00%
B-3	5.01%	6.00%	8.01%	10.00%
C-1	6.01%	8.00%	10.01%	15.00%
C-2	8.01%	15.00%	15.01%	35.00%
D	15.01%	35.00%	35.01%	75.00%
E	35.01%	100.00%	75.01%	100.00%

Write-offs, write-downs and recoveries of loan portfolio

The Society periodically evaluates whether a loan with stage 3 credit risk should remain in the statement of financial position or be written off. The write-off is recognized by canceling the credit balance determined by the Management, against the allowance for loan losses. When the loan to be written off exceeds the amount of the estimate, before making the write-off, the Society recognizes an estimate up to the amount of the difference.

In any case, the Society has evidence of the formal collection procedures that have been exercised with respect to these loans, as well as the elements that prove the practical impossibility of recovering the loan in accordance with its internal policies established in the credit manual.

Additionally, the Society carries out the write-downs of loans with risk in stage 3 in which its preventive estimate for credit risks is 100%, even when they do not meet the conditions described above. The elimination is recognized by canceling the unpaid balance of the credit against the allowance for loan losses.

Any recovery derived from loans previously is recognized in the consolidated results of the year under the heading "Allowance for loan losses".

The costs and expenses incurred by the recovery of the loan portfolio must be recognized as an expense under the caption “Other income (expenses) from the operation”.

Withdrawals, forgiveness, bonuses and discounts on the portfolio

The deductions on the amount forgiven from the payment of the loan in partial or total form that the Society makes to the borrowers will be made by canceling the unpaid balance of the credit against the allowance for loan losses associated with the loan and, if this is less than the amount forgiven, the Society previously constitutes estimates up to the amount of the difference.

(Continued)

The cancellation of the allowance for loan losses on the withdrawals, forgiveness, bonuses and discounts on the portfolio, is applicable to the amounts forgiven derived from increases in credit risk, otherwise they must be reduced from the income that gave rise to it.

Cancellation of surpluses in the allowance for loan losses-

The surplus of the allowance for loan losses must be canceled from the consolidated statement of financial position against the results of the year, affecting the caption "Allowance for loan losses".

(f) Other accounts receivable, net-

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

(g) Leases-

Acting as a lessee

At inception of a contract, the Society assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Society uses the definition of a lease in MFRS D-5.

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Society has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Society recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Society by the end of the lease term or the cost of the right-of-use asset reflects that the Society will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental financing rate of the Society or the risk-free rate determined with reference to the lease term. Generally, the Society uses its incremental interest rate as the discount rate.

The Society determines its incremental financing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease (such as the term of the lease and the currency in which the payments are denominated) and the type of asset leased.

Lease payments included in the valuation of lease liabilities include the following:

- fixed payments, including fixed payments in substance;
- variable lease payments dependent on an index or rate, initially valued using the index or rate on the start date;
- amounts expected to be paid under a residual value guarantee; and
- the exercise price under a call option that the Society is reasonably certain to exercise, lease payments in an optional renewal period if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Society presents right-of-use assets that do not meet the definition of investment property under "Assets for the right to use property, furniture and equipment", and lease liabilities under "Leasing liabilities", both in the statement of financial position.

(Continued)

(Thousands of Mexican pesos)

Short-term leases and leases of low-value assets

The Society has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Society recognizes lease payments associated with these leases as a straight-line expense over the term of the lease.

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

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

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

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

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

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

(i) Permanent investments-

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

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

(j) Prepayments and other assets-

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

(Continued)

It includes deferred charges for costs and expenses associated with the making of the loan (until 2022), expenses for issuing securities and other deferred charges. It also includes advance payments for interest, commissions, sales and others, as well as provisional tax payments and deferred ESPS. Additionally, computer developments and intangible assets are recognized, mainly for software licenses net of their amortization.

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

IT and ESPS incurred in the year are determined in accordance with the tax regulations in effect.

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

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

(l) Securitization certificates-

They are represented by the issuance of a debt instrument and is recorded based on the value of the obligation it represents. Interest is recognized in accordance with the effective interest method in the results of the year under the caption “Interest expense”. Expenses incurred to issue a financial instrument that qualifies as a liability must be deducted from the amount of the liability and must be considered in determining the effective interest rate.

(m) Banking and other borrowings-

This item records direct loans received from national and foreign banks and financing through development funds. Interest is recognized in income as it accrues under the caption “Interest expense”.

Loans must be recognized initially at the transaction price, transaction costs must be added or subtracted, as well as other items paid in advance, such as commissions and interest, the Society must determine the future value of the estimated cash flows to be paid for principal and contractual interest, during the remaining term of the loan or in a shorter term, if there is a probability of prepayment or other circumstance that requires using a shorter term.

(Continued)

The Society must determine the effective interest rate, for the calculation the Society must estimate the expected cash flows considering all the contractual terms of the FIP (such as prepayment, extension, early repayment and other similar options), additionally, it must evaluate if the determined effective interest rate is within the market, comparing it with an interest rate that considers the value of money over time and the inherent risks of payment for similar financing, to which the entity has access.

(n) Sundry creditors and other accounts payable-

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

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

(o) Employees' benefits-

Short-term direct benefits

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

Long-term direct benefits

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

Termination benefits

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

Defined contribution plans

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

(Continued)

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

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

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

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

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of “Administrative and promotional expenses” in the consolidated statement of comprehensive income. As of December 31, 2023 and 2022, the balance of remeasurements for defined employee benefits recognized in OCI pending recycling in the results of the year amounts to $2,695.

(p) Cumulative currency translation effect-

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

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

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

(Continued)

(r) Goodwill-

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

(s) Revenue recognition-

The interest generated by the loans granted is recognized in results as it is accrued. The interest accrued on the portfolio in stage 3 is recognized in results until it is collected.

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

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

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

The Society's credit portfolio as of December 31, 2023 and 2022, is made up of many clients, without significant concentration in any specific client. For the years ended December 31, 2023 and 2022, interest and commission income represents 96% and 97%, respectively, of the Society's total income.

The main funders of the Society are financial institutions, with whom funding in national and foreign currency has been contracted for approximately 66% by December 31, 2023 and 42% for 2022. The Society has a stock market liability in dollars as of December 31, 2023 and 2022, which represents 34% and 58%, respectively, of the funding.

(u) Earning per share-

Represents the result of dividing the net result for the year by the weighted average number of shares outstanding at the end of the year. For the years ended December 31, 2023 and 2022, earning per share is $ 2.3313 and $2.0398 pesos, respectively.

(v) Memorandum accounts-

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

– *Accrued interest not collected derived from credit portfolio in stage 3:*

Interest accrued in memorandum accounts is recorded from the moment a loan is transferred to the credit portfolio in stage 3.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

(w) Contingencies-

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

(4) Accounting changes-

i. Accounting criteria issued by the Commission

By a confirmation letter response to criterion No. DGDR-15556/2021 dated September 30, 2021, the Commission informed the credit institutions that, in adopting the effective interest method of the loan portfolio to determine the initial cumulative effect, in the application of the retrospective or partial retrospective method in accordance with NIF B-1, "Accounting changes and corrections of errors", there may be institutions that conclude that it is impractical to obtain detailed historical information for the different portfolios, such as, transaction costs, commissions collected identified credit by credit, etc., so its adoption would be prospective.

Based on the foregoing, the Society determined an immaterial amount for the effects of adopting amortized cost, so it carried out the implementation of amortized cost using the effective interest method prospectively.

(5) Foreign currency position-

As of December 31, 2023 and 2022, the foreign currency position of the Society and its subsidiaries is analyzed below:

	2023	2022
Assets	160	203
Liabilities	(187)	(302)
Liability position, net in dollars	**(27)**	**(99)**

As of December 31, 2023, the Society does not have contracted exchange rate hedges.

The exchange rate relative to the U.S. dollar as of December 31, 2023 and 2022, was $16.9666 and $19.5089 pesos per dollar, respectively, and on April 12, 2024, authorization issuance date of the accompanying consolidated financial statements, was $16.6545 pesos per dollar.

(Continued)

(Thousands of Mexican pesos)

(6) Cash and cash equivalents-

Cash and cash equivalents as of December 31, 2023 and 2022, are as shown below:

		2023	2022
Cash in hand	$	76,656	61,324
Deposits in domestic banks		585,221	434,086
Immediate collection investments		72,828	564,294
	$	**734,705**	**1,059,704**

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

As of December 31, 2023 and 2022, the average investment rates (unaudited) were 10.1% and 6.2%, respectively. Likewise, for the years ended December 31, 2023 and 2022, interest income from investments was $69,625 and $37,742, respectively (note 20). During 2023 and 2022, the maturity terms of these investments were from one to three days, in both years. As of December 31, 2023 and 2022, the restricted investments derived from the credit line with Nacional Financiera, S.N.C. (NAFINSA) amount to $63,299 and $56,611, respectively.

(7) Derivative financial instruments-

Derivatives for hedging purposes

During fiscal year 2023, the Society carried out early terminations of its DFIs for hedging purposes, due to the settlement of the hedged item in advance, therefore the valuation effects in the OCI were recycled to results for the year for $12,773. Below is the integration of the DFIs for hedging purposes in force as of December 31, 2022:

			Fair value Level 2		Net balance	
Instrument	**Operation**		**Assets**	**Liabilities**	**Debtor**	**Creditor**
Cash flow hedge						
SWAP	Buys	$	113,622	-	113,622	-

(Continued)

Cash flow hedge

			Hedged notional (b)					Annual interest rate					
Coverage description	**Instruments designated as hedge**	**Nature of risks covered**	**Receives**	**Pay**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pay**	**Fair value**	**Item of the statement of comprehensive income affected**	**Covered item**	**Gains (losses) recognized in OCI in the year 2022**
Currency and interest rate hedge (a)	Cross Currency Swaps USD/MXN	Exchange rate risk	18,334 USD	$320,662	13-jun-22	19-jul-24	17.4900	8.00%	13.9050%	$ 38,329	Expenses for interest payments and exchange fluctuation of the bond	Bond issued in US dollars	$ 32,425
Currency and interest rate hedge (a)		Exchange rate risk	42,410 USD	$744,181	30-jun-20	19-jul-24	17.5473	8.00%	13.8650%	$ 79,255			$ 16
Currency and interest rate hedge (a)		Exchange rate risk	$81,848	4,000 USD	11-ene-22	11-ene-23	20.4620	TIIE + 5.50	5.6950%	$ (3,962)			$ 31,018

(a) The Society issued a bond in USD, therefore, it contracted Cross Currency Swaps (CCS) whose purpose is to mitigate the risk to which it is exposed and give certainty to the results, therefore, it uses risk management to mitigate exposure to volatility from adverse situations in interest rates and exchange rates.

(b) Nationals are presented in thousands of dollars

During the year ended December 31, 2022, a reclassification of comprehensive income to income for the year was made for $3,963.

Trading Markets and Eligible Counterparties

The financial markets through which the Society carried out derivative financial operations are known as “over the counter” (OTC). The Society only used derivative financial instruments commonly used in the OTC markets and may be quoted with two or more financial institutions to ensure the best contracting conditions. Swaps were negotiated with financial institutions with good credit quality, so the risk of non-compliance with the obligations and rights acquired with the counterparties was considered low.

(Continued)

Margin, collateral and credit line policies

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

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

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

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

The Society periodically applied effectiveness tests through the hypothetical derivative method, which involves measuring the change in fair value of the hypothetical derivative reflecting the primary position against the change in fair value of hedge swaps. Accordingly, as of December 31, 2022, the hedging relationship was highly effective.

(a) Hedge of the foreign currency bond issued in 2017

In order to mitigate the exchange risk on the international bond for 250 million dollars issued in 2017 (see note 14), the Society contracted three exchange rate cross currency swaps (CCS). The hedge designation date was July 19, 2017, the date that coincided with the contracting of derivatives, being HSBC and Barclays (the counterparties), through which the Society received semi-annual flows at a fixed rate of 7.5% and another two at 8.00% and paid semi-annually flows on a fixed rate of 7.40426% and 13.9050% with HSBC and 13.8650% with Barclays, on the equivalent notional amounts in pesos.

(Continued)

(b) CCS hedging instruments updated as of December 31, 2023 and 2022

As of December 31, 2023, there are no hedges contracted, the terms for the end of December 2022, of the two swaps that make up the hedging strategy, are as follows:

Reference	**9012325**	**6175212MX**
Bank	Barclays	HSBC
Amount ref. USD (millions)	42,410,000	18,334,000
Amount ref. MXN	$744,181	$320,662
celebration date	30-Jun-20	13-Jun-22
Start date	19-Jul-20	13-Jun-22
Expiration date	19-Jul-24	19-Jul-24
First Coupon Start Date	19-Jul-20	19-Jan-22
Rate to receive (USD)	8.0%	8.0%
Rate to pay (MXN)	13.8650%	13.9050%
Initial exchange	-	-
Final exchange	USD 42,410,000 $744,181	USD 18,334,000 $320,662
Qualification	Long term: AAA and short term:F1+	Long Term: BBB+ and short term:F1

During the years from 2018 to 2022, repurchases of the bond issued were carried out for USD $250 million, leaving USD $161.6 million as outstanding value. In order to maintain the effectiveness of the originally proposed coverage, “partial unwind” operations were carried out on the contracted swaps, with which the reference amounts were adjusted to USD $60.7 million, a figure that allowed correspondence with the bond and the dynamics that the behavior of AFI's assets had presented.

During 2023, taking into account market situations and the results of the exchange offer of the notes maturing in July 2024, the total early maturity of the contracted positions was carried out.

Sensitivity analysis (unaudited):

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

(Continued)

Market risk

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

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

Liquidity risk

As of December 31, 2022, the Society is not exposed to liquidity risk for its derivative financial instruments because at the review date they show a surplus. The maturities of the related financial liabilities were shown in notes 14 and 15.

Credit risk

The Society manages the credit risk related to its derivatives portfolio by only performing transactions with acknowledged counterparties with good credit ratings. As of December 31, 2022, the counterparty credit risk was immaterial.

(8) Loan portfolio-

The loan portfolio is mainly made up of revolving and non-revolving consumer loans and microcredits granted in national currency and dollars by its subsidiary abroad.

The Society provides financial inclusion to hispanic communities through responsible and secure credits, where the applicant in a credit application must meet the requirements established by the general and specific credit policies of the product he is requesting. All credit applications must go through the validation stages defined by the Society, which through the defined procedure and guidelines, grants the final resolution of approval or rejection of the requested credit.

(Continued)

(Thousands of Mexican pesos)

Restricted loans

As of December 31, 2023 and 2022, the balance of the restricted portfolio amounts to $1,819,367 and $2,894,003, respectively, and corresponds to guarantees granted to funders and banking institutions that finance a loan.

a) Loan portfolio business model

The loan portfolio is valued at amortized cost because the Society's business model is recovery through the collection of cash flows in accordance with the terms and conditions established in the contracts.

The Society concludes that the loan portfolio is not valued at amortized cost when its business model is different in fact, by evaluating the existence of a history of holding frequent sales of loan portfolio, whether of a specific type of portfolio, a product or a portion thereof that meets specific criteria with which the Society considers its collection through the contractual flows and therefore resorts to their sale, likewise, the expectation on future sales is considered, such as management plans regarding the conclusion of this type of operations, and the presence of conditions that would imply that the Society requires sales to cover risk parameters established in its policies, such as the level of liquidity required at a date to meet its commitments, in scenarios where the Society would be more likely to enter into loan portfolio sales.

b) Integration and analysis of the loan portfolio

The classification of the loan portfolio in the different risk stages as of December 31, 2023 and 2022, valued at amortized cost (using the contractual interest rate), analyzed by type of credit and monetary unit, is presented as follows:

2023		**Pesos**	**Valued foreign currency**	**Total**
Loans				
Stage 1	$	4,083,246	2,494,290	6,577,536
Stage 2		472,115	118,586	590,701
Stage 3		327,436	150,926	478,362
	$	**4,882,797**	**2,763,802**	**7,646,599**

(Continued)

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2022		**Pesos**	**Valued foreign currency**	**Total**
Loans				
Stage 1	$	4,070,635	3,244,999	7,315,634
Stage 2		503,519	170,874	674,393
Stage 3		354,448	215,440	569,888
	$	**4,928,602**	**3,631,313**	**8,559,915**

Loans portfolio concentration

The composition of the credit portfolio by product and its concentration percentage as of December 31, 2023 and 2022, is analyzed below:

		2023		**2022**	
Economic activity		**Amount**	**Concentration**	**Amount**	**Concentration**
Loan portfolio					
Consumer loans:					
CrediInmediato	$	1,920,633	25%	2,040,305	24%
CrediPopular		291,641	4%	262,881	3%
Tradicional		2,117,999	28%	2,074,027	24%
CrediMamá		15,405	-	17,275	-
PlanCelular		91	-	776	-
AFI		2,763,802	36%	3,631,313	43%
Micronegocios		537,028	7%	533,338	6%
	$	**7,646,599**	**100%**	**8,559,915**	**100%**

As of December 31, 2023 and 2022, the types of credit that each entity are shown in the next page.

(Continued)

Financiera Independencia loans

– CrediInmediato: is a revolving credit line of between $3 and $20, which is available to natural persons who earn at least the minimum wage in Mexico City.

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

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

– PlanCelular: It is a credit available to natural persons with formal economic activity and self-employment whose purpose is to finance a cellular equipment and/or cellular plan for an amount of up to $6. It has a maximum term of eighteen months.

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

AEF loans

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

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

AFI loans

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

The loans portfolio and interest income segmented by geographical region as of December 31, 2023 and 2022, is shown as following page.

(Continued)

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		2023		2022	
Country/State:		**Total portfolio**	**Interest income**	**Total portfolio**	**Interest income**
Mexico					
Aguascalientes	$	62,270	49,564	67,182	49,355
Baja California		146,948	114,147	140,351	101,411
Baja California Sur		62,111	47,975	65,658	47,441
Campeche		48,744	39,646	51,170	38,706
Chiapas		136,827	112,268	144,531	108,583
Chihuahua		20,953	17,198	22,664	15,983
Coahuila		167,632	133,504	179,738	127,005
Colima		67,766	55,308	70,269	51,221
Mexico City		484,138	351,029	465,977	319,045
Durango		43,644	34,677	43,540	31,733
Estado de México		985,164	752,846	943,675	673,782
Guanajuato		291,500	231,184	305,565	229,284
Guerrero		155,416	116,088	154,171	108,512
Hidalgo		139,707	102,569	130,688	88,983
Jalisco		251,619	201,105	280,398	193,481
Michoacán		158,167	127,054	157,048	117,045
Morelos		131,945	100,029	133,113	96,882
Nayarit		37,033	28,859	38,530	29,067
Nuevo León		4,955	3,135	5,586	2,378
Oaxaca		68,428	53,676	70,621	51,560
Puebla		90,673	66,586	92,333	64,871
Querétaro		118,339	98,716	131,789	97,123
Quintana Roo		163,234	119,042	150,736	109,765
San Luis Potosí		111,764	86,724	110,256	80,186
Sinaloa		70,416	54,018	75,146	53,439
Sonora		92,183	71,321	90,282	67,186
Tabasco		30,075	22,715	31,785	22,193
Tamaulipas		295,694	239,672	310,527	226,258
Tlaxcala		52,193	40,469	52,385	39,649
Veracruz		218,546	172,361	233,667	172,535
Yucatán		136,022	104,687	138,229	100,724
Zacatecas		38,691	31,328	40,992	30,497
		4,882,797	3,779,500	4,928,602	3,545,883
USA		2,763,802	964,505	3,631,313	1,164,386
Total	**$**	**7,646,599**	**4,744,005**	**8,559,915**	**4,710,269**

(Continued)

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

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Interest income recorded in the financial margin for the years ended December 31, 2023 and 2022, segmented by type of credit, is analyzed as follows:

	2023		2022	
Type of credit	**Amount**	**%**	**Amount**	**%**
CrediInmediato	$ 1,572,668	33%	$ 1,524,314	32%
CrediPopular	215,328	5%	213,946	5%
Tradicional	1,584,285	34%	1,458,773	31%
Micronegocios	393,538	8%	334,708	7%
CrediMamá	13,681	-	14,142	-
AFI	964,505	20%	1,164,386	25%
Total	**$ 4,744,005**	**100%**	**$ 4,710,269**	**100%**

The balance as of December 31, 2023, of the costs and expenses associated with the origination of credits recognized in the “Deferred items” item amounts to $27,868 within the consolidated statement of financial position.

Portfolio subject to support programs

Derived from the effects caused by Hurricane Otis in the state of Guerrero, on October 27, 2023, the Commission announced the Special Accounting Criteria (SCC) applicable to credit institutions. These SCC intend that financial entities can generate support programs for their borrowers, if they so require. This program is open to all loans that have been granted to people and companies that have their domicile or payment sources in the areas affected by the meteorological events of October 25, 2023.

As of December 31, 2023, the balance of the credits enrolled in program is presented below:

Days past due	**Agreements with deferral**	**Amount**
0	4,138	$ 103,800
1 a 29	350	6,192
30 a 59	7	116
TOTAL	**4,495**	**$ 110,108**

(Continued)

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Defaults on loans with payment periods of less than 30 days

The volume of loans with payment periods of less than 30 days that are in default, as well as the stage credit risk in which they are classified as of December 31, 2023 and 2022, is presented bellow:

	2023		
Number of defaults	**Stage 1**	**Stage 2**	**Stage 3**
Biweekly periodicity			
0	$ 154,157	2,382	405
1	6,828	1,048	175
2	4,153	931	167
3	-	2,410	111
4	-	2,339	135
5	-	1,693	122
6	-	1,542	456
7	-	-	1,193
8	-	-	1,566
9	-	-	1,165
10	-	-	1,300
11	-	-	946
12	-	-	531
Total	**$ 165,138**	**12,345**	**8,272**
Fourteenth periodicity			
0	$ 18,284	71	38
1	2,237	43	20
2	535	64	15
3	-	256	14
4	-	172	13
5	-	149	15
6	-	142	27
7	-	-	115
8	-	-	117
9	-	-	112
0	-	-	87
11	-	-	100
12	-	-	96
13	-	-	79
Total	**$ 21,056**	**897**	**848**

(Continued)

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	2023		
Number of defaults	**Stage 1**	**Stage 2**	**Stage 3**
Weekly periodicity			
0	$ 36,263	708	226
1 a 4	8,044	993	365
5 a 8	-	3,004	321
9 a 12	-	2,195	292
13 a 16	-	484	1,598
17 a 20	-	-	2,019
21 a 26	-	-	2,247
Total	**$ 44,307**	**7,384**	**7,068**

	2022		
Number of defaults	**Stage 1**	**Stage 2**	**Stage 3**
Biweekly periodicity			
0	$ 157,520	2,604	614
1	8,639	1,451	322
2	3,851	1,011	237
3	-	2,398	194
4	-	2,225	155
5	-	1,770	153
6	-	1,577	300
7	-	-	1,173
8	-	-	1,309
9	-	-	1,128
10	-	-	1,291
11	-	-	931
12	-	-	479
13	-	-	1
Total	**$ 170,010**	**13,036**	**8,287**

(Continued)

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	2022		
Number of defaults	**Stage 1**	**Stage 2**	**Stage 3**
Fourteenth periodicity			
0	$ 20,694	12	38
1	2,590	85	56
2	631	75	33
3	-	415	37
4	-	287	31
5	-	232	33
6	-	191	31
7	-	-	201
8	-	-	194
9	-	-	208
0	-	-	199
11	-	-	151
12	-	-	165
13	-	-	140
Total	**$ 23,915**	**1,297**	**1,517**
Weekly periodicity			
0	$ 41,037	1,115	499
1 a 4	14,227	1,618	779
5 a 8	-	4,426	515
9 a 12	-	3,348	509
13 a 16	-	773	2,550
17 a 20	-	-	3,048
21 a 26	-	-	3,448
Total	**$ 55,264**	**11,280**	**11,348**

(Continued)

(Thousands of Mexican pesos)

c) Business model reclassifications

During 2023 and 2022, there were no reclassifications of the business model.

d) Integration and analysis of the portfolio with stage 3 credit risk

The portfolio with stage 3 credit risk as of December 31, 2023 and 2022, shows the following age:

		From 1 to 180 days
December 31, 2023		
Consumer loans	$	478,362

		From 1 to 180 days
December 31, 2022		
Consumer loans	$	569,888

The following is an analysis of the movements of the portfolio with Stage 3 credit risk for the years ended December 31, 2023 and 2022:

		2023	2022
Balance at the beginning of the year	$	569,888	337,556
Restructuring		(34)	(525)
Write-downs		(16,870)	(40,005)
Write-offs		(1,564,368)	(1,236,224)
Transfers from the portfolio with stage 1 risk		1,817	7,700
Transfers to the portfolio with stage 1 risk		(119,686)	(179,146)
Transfers from portfolio with stage 2 risk		1,773,833	1,749,865
Transfers to the portfolio with stage 2 risk		(133,231)	(31,045)
Payments		(15,049)	(15,535)
Amortization		(17,938)	(22,753)
	$	**478,362**	**569,888**

As of December 31, 2023 and 2022, portfolio interests in stage 3 not recognized in results amounted to $55,579 and $54,892, respectively, these interests are recorded in memorandum accounts.

For the years ended December 31, 2023 and 2022, the Society obtained recoveries from written-off loans represented a profit of $93,459 and $84,135; respectively, which were recorded in the caption “Allowance for loan losses” in the consolidated statement of comprehensive income.

(Continued)

(Thousands of Mexican pesos)

e) Restructures and renovations

The restructured and renewed loans as of December 31, 2023 and 2022 are integrated as following;

2023		**Consumer loans**
Loans restructured or renewed in previous years		
Loans with stage 2 and stage 3 credit risk that were restructured or renewed	$	48,084
Loans restructured or renewed in the year		
Loans with stage 2 and stage 3 credit risk that were restructured or renewed		418,006
Total restructured loans	**$**	**466,090**

2022		**Consumer loans**
Loans restructured or renewed in previous years		
Loans with stage 2 and stage 3 credit risk that were restructured or renewed	$	53,210
Loans restructured or renewed in the year		
Loans with stage 2 and stage 3 credit risk that were restructured or renewed		467,823
Total restructured loans	**$**	**521,033**

f) Allowance for loan losses

As explained in note 3(e), the Society establishes preventive reserves to cover the risks associated with the recovery of the credit portfolio.

(Continued)

(Thousands of Mexican pesos)

For the years ended December 31, 2023 and 2022, the allowance for loan losses amounts to $1,037,976 and $1,152,288, respectively, and its origin was derived from the rating.

As a result of the application of the rating methodologies, the PD and LGD, obtained as a weighted average (unaudited), and the ED of each category as of December 31, 2023 and 2022, are as follows:

	2023		
Category	**PDI**	**LGD**	**ED***
Consumer loans	17.16%	71.39%	$7,863,301

	2022		
Category	**PDI**	**LGD**	**ED***
Consumer loans	17.64%	71.78%	$9,031,866

* Includes undrawn lines of credit for $216,702 and $471,951 as of December 31, 2023 and 2022, respectively.

The integration of the assessed portfolio and the allowance for loan losses derived from the rating, classified by risk grade as of December 31, 2023 and 2022, is presented bellow:

		2023		2022	
Grade		**Portfolio**	**Allowance**	**Portfolio**	**Allowance**
A-1	$	1,044,784	26,601	1,000,678	30,521
A-2		1,493,303	43,402	1,666,639	47,000
B-1		644,381	29,392	780,928	34,863
B-2		1,160,624	51,967	1,350,965	59,838
B-3		247,723	15,331	292,682	18,336
C-1		953,688	72,256	1,035,294	78,400
C-2		832,407	105,498	944,384	122,536
D		546,201	173,502	609,837	186,683
E		723,488	473,419	878,508	574,111
Additional allowance		-	46,608		-
	$	**7,646,599**	**1,037,976**	**8,559,915**	**1,152,288**

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Movements of the allowance for loan losses

Below is an analysis of the movements of the allowance for loan losses for the years ended December 31, 2023 and 2022.

		2023	2022
Stage 1			
Balance at the beginning of the year	$	464,785	311,472
Addition (cancelation) of reserves		(46,140)	44,630
Change in methodology effect		-	124,506
Write-offs		(11,384)	(15,823)
		407,261	464,785
Stage 2			
Balance at the beginning of the year		268,281	124,931
Addition (cancelation) of reserves		4,989	102,111
Change in methodology effect		-	74,425
Write-offs		(41,746)	(33,186)
		231,524	268,281
Stage 3			
Balance at the beginning of the year		419,222	217,515
Addition (cancelation) of reserves		1,497,729	1,320,072
Change in methodology effect		-	108,743
Write-offs		(1,564,368)	(1,227,108)
		352,583	419,222
		991,368	1,152,288
Additional allowance		46,608	-
	$	**1,037,976**	**1,152,288**

The total amount of write-off for the years 2023 and 2022, amounted to $1,617,498 and $1,276,117, respectively.

(Continued)

(Thousands of Mexican pesos)

Additional allowance

As a result of Hurricane Otis, the decision was made to create prudential reserves, considering the following:

a) Portfolio from 0 to 29 days past due. This was the segment that initially received partial or total payment deferral aid programs; without considering those who, after the deferral period, maintain the intention to pay in full (meeting their installments) or partial (payments that are not enough to cover the amortizations).
b) Portfolio in default of 30 or more days past due; without considering those who have the intention to pay.
c) An estimate of reserves is made for each subgroup.

The additional preventive reserves for credit risks, derived from the aforementioned Hurricane, was recorded in the consolidated statement of comprehensive income for an amount of $46,608.

(9) Other accounts receivable, net-

As of December 31, 2023 and 2022, the other accounts receivable account is comprised as follows:

		2023	**2022**
Recoverable ISR	$	151,625	175,445
VAT		141,478	116,508
Insurance receivable		117,733	105,166
Finsol Brasil (a)		-	83,177
Sundry debtors		21,543	21,621
OXXO collection		22,026	18,837
	$	**454,405**	**520,754**

(a) The account receivable with Finsol Brasil corresponded to a sale agreement with OMNI

(Continued)

(Thousands of Mexican pesos)

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

As of December 31, 2023 and 2022, the analysis and integration of property, furniture, equipment and improvements to leased premises is shown bellow:

		2023	2022
Investment:			
Leasehold improvements	$	856,881	835,568
Computer equipment		313,531	301,229
Office furniture and equipment		219,048	211,539
Building		47,644	47,644
Transportation equipment		9,744	10,299
ATM		-	9,837
Land		865	865
		1,447,713	1,416,981
Accumulated depreciation and amortization		(1,303,681)	(1,264,794)
	$	**144,032**	**152,187**

For the years ended December 31, 2023 and 2022, the depreciation and amortization charged to results amounted to $47,026 and $46,701, respectively.

As of December 31, 2023 and 2022, certain assets have been totally depreciated for the amounts of $1,109,088 and $1,074,535, respectively.

(Continued)

(Thousands of Mexican pesos)

(11) Assets for rights of use of property, furniture and equipment, net-

The Society leases real estate, transportation equipment, and computer equipment, with variable contractual terms. The Society has recognized the right of use assets and the corresponding lease liabilities.

a) *Assets under leases (right-of-use assets)*

As of December 31, 2023 and 2022, the rights of use for leased assets shown below:

		Building	Transport equipment	Computer equipment	Total
Balances as of January 1, 2023	$	372,895	10,234	7,154	390,283
Contracts concluded 2023		289,575	21,440	2,646	313,661
Depreciation for the year 2023		(157,508)	(8,567)	(4,721)	(170,796)
Balances as of December 31, 2023	**$**	**504,962**	**23,107**	**5,079**	**533,148**
Balances as of January 1, 2022	$	159,432	784	1,754	161,970
Contracts concluded 2022		383,932	16,986	9,267	410,185
Depreciation for the year 2022		(170,469)	(7,536)	(3,867)	(181,872)
Balances as of December 31, 2022	**$**	**372,895**	**10,234**	**7,154**	**390,283**

Amounts recognized in results:

		2023	2022
Interest on lease liabilities	$	(41,757)	(26,690)
Leasing-related expenses		(42,230)	(24,771)
Depreciation of right-of-use assets		(170,796)	(160,957)

Total lease cash outflows during 2023 and 2022, were $254,783 and $212,418, respectively.

b) Lease liability

The capital lease liability payable as of December 31, 2023 and 2022, is presented in the next page.

(Continued)

(Thousands of Mexican pesos)

			2023			2022		
	Currency	**Average interest rate**	**Minimum payment**	**Interest**	**Present value**	**Minimum payment**	**Interest**	**Present value**
1 year	Pesos	7.68%	$ 206,002	(37,936)	168,066	166,067	(21,023)	145,044
2 years	Pesos	7.65%	160,005	(26,862)	133,143	118,296	(13,427)	104,869
3 years or more	Pesos	7.61%	307,218	(48,442)	258,776	168,747	(12,233)	156,514
Total			**$ 673,225**	**(113,240)**	**559,985**	**453,110**	**(46,683)**	**406,427**

(12) Permanent investments-

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

As of December 31, 2023 and 2022, investments in entities where there is no significant influence are integrated as follows:

Investment:		
Se Listo Agente de Seguros y de Fianzas, S. A. de C. V.	$	34,578

(13) Goodwill, prepayments and other assets-

a) Goodwill

Goodwill originated from the acquisition of the businesses shown and as of December 31, 2023 and 2022, is analyzed below:

AEF	$	895,979
AFI		112,816
	$	**1,008,795**

The Society has carried out a study to determine if there is impairment in its long-lived assets in accordance with the provisions of MFRS C-15 (Impairment in the value of long-lived assets and their disposal) and for the years ended on December 31, 2023 and 2022, there were no indications of impairment.

(Continued)

(Thousands of Mexican pesos, except otherwise stated)

b) Prepaid expenses and other assets

As of December 31, 2023 and 2022, the captions of prepaid expenses and other assets, are integrated, as follows:

		2023	2022
Insurance and bond	$	14,629	60,194
System developments, net		74,474	68,535
Deposits in guarantee		14,102	14,381
Prepaid expenses		45,673	21,213
Licenses and software, net		3,510	3,819
Deferred ESPS (note 18)		122,818	111,638
Commission lines of credit		4,268	4,474
Insurance and bond		21,707	-
	$	**301,181**	**284,254**

Amortization charged to income for the years ended December 31, 2023 and 2022, was $102,742 and $84,377, respectively.

(14) International bond-

International bond as of December 31, 2023 and 2022, are analyzed as follows:

						Valued in pesos	
	Total amount In USD	**Issuance date**	**Maturity**	**Interest rate**		**2023**	**2022**
International Bond (1)	250,000,000	Jul-2017	Jul-2024	8.0% USD (9.764% swap weighted MXN)	$	-	3,153,360
International Bond (2)	83,319,000	Mar-2023	Mar-2028	10.0% USD (9.190% swap weighted MXN)		1,258,769	-
				Accrued interest		41,959	113,521
				Total	**$**	**1,300,728**	**3,266,881**

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

(2) During the first quarter of 2023, an Exchange operation of the FINDEP24 bonds was carried out, which had an acceptance of 64.43%, reducing the notional of the FINDEP24 bond from USD $161.6 million to USD $57.5 million.

(3) On March 2023, the amount of the new FINDEP28 issue was USD $83.3 million, with a term of 5 years and an annual interest rate of 10.00%, payable semiannually. The Society carried out repurchases during 2023 and 2022 of the “Senior Notes due 2024” issued in July 2017, for USD $9 and USD $15.3 million, respectively.

(4) The Society carried out repurchases during 2023 of the “Senior Notes due 2028” issued in March 2023, for USD $9.1 million.

(5) Given the total redemption of the FINDEP24 bond, during the fourth quarter of 2023, the total early termination of the CCS coverage contracted with HSBC was carried out with a nominal of 18.3 million USD.

For the years ended December 31, 2023 and 2022, interest expenses for secure certificates amount to $251,830 and $336,917, respectively, recorded in the caption "Interest expenses" in the consolidated statement of comprehensive income (note 20).

(15) Banking and other borrowings-

As of December 31, 2023 and 2022, short-term and long-term Banking and other borrowings are show in the next page.

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Institution	Total borrowing and Currency	Credit provision maturity date	Guarantee	2023	2022
Short-term					
Foreign currency borrowings:					
(millions of dollar)					
HSBC México, S. A.(HSBC)	25 USD	jun-23	1.3 a 1.0	$ -	314,239
Western Alliance	18 USD	mar-23	Letter credit	-	190,321
Total short-term foreign currency				$ -	$504,560
Domestic currency borrowings:					
HSBC					
Revolving credit	$ 1,200,000	apr-24	1.3 a 1.0	$ -	288,126
Revolving credit	-	apr-24	1.3 a 1.0	900	100,110
BBVA Bancomer, S. A. (BBVA Bancomer)					
Revolving credit	100,000	jul-23	1.2 a 1.0	-	100,668
Revolving credit	100,000	jan-24	1.2 a 1.0	50,624	-
Banco del Bajío, S. A. (Banco del Bajío)	100,000	feb-24	1.25 a 1.0	100,564	100,779
Banco Monex, S. A. (Monex)					
Revolving credit	75,000	mar-23	1.3 a 1.0	-	75,893
Revolving credit	60,000	dec-24	1.3 a 1.0	60,225	-
Santander	200,000	feb-24	1.5 a 1.0	16,813	100,943
Sabadell	100,000	jun-23	1.3 a 1.0	-	100,118
Banco Ve por Más (Ve por Más)					
Revolving credit	140,000	aug-24	1.3 a 1.0	-	39,038
Revolving credit	140,000	aug-24	1.3 a 1.0	114,586	-
Revolving credit	45,000	may-24	1.3 a 1.0	25,052	-
Nacional Financiera, S. N. C. (NAFINSA)					
Revolving credit	750,000	Undefined time	Unsecured	5,073	90,625
Revolving credit	500,000	Undefined time	10% liquid	3,391	62,135
Total short-term domestic currency	$			$ 377,228	1,058,435
Total short term	**$**			**$ 377,228**	**1,562,995**
Long-term					
Domestic currency borrowings:					
HSBC					
Revolving credit	1,200,000	apr-24	1.3 a 1.0	$ -	800,000
Revolving credit	1,400,000	nov-26	1.3 a 1.0	1,000,000	-
Santander	200,000	jan-25	1.5 a 1.0	-	16,667
NAFINSA					
Revolving credit	750,000	Undefined time	Unsecured	736,562	-
Revolving credit	500,000	Undefined time	10% liquid	462,376	-
Total long term				**$ 2,198,938**	**816,667**
Total				**$ 2,576,166**	**2,379,662**

For the years ended December 31, 2023 and 2022, the balance of bank commissions, credits, lines of credit and services paid amounts to $77,193 and $80,339, respectively, recorded under the caption "Commissions and fees expense" in the consolidated statement of comprehensive income.

For the years ended December 31, 2023 and 2022, interest expenses for banking and other borrowings amount to $319,412 and $208,152, respectively (note 20).

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(16) Employees' benefits-

a) Direct benefits in the short and long term:

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

b) Post-employment benefits

In 2023, there were no personnel additions that require recognition of seniority, however, during 2022 an additional cost to results was generated for that recognition to Financiera Independencia, as detailed:

Employee benefits income transfers		**2022**
Seniority bonus	$	2,101
Legal compensation and termination benefits		1,586
	$	**3,687**

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

The components of the cost of defined benefits, as of December 31, 2023 and 2022, are shown below:

		Seniority premium		**Legal compensation**	
		2023	**2022**	**2023**	**2022**
Current service labor cost	**$**	*2,938*	*2,550*	*5,612*	*5,653*
Net interest on the DBNL or (DBNA*)		*1,917*	*1,142*	*2,737*	*2,100*
Labor cost of the past service generated in the year		*174*	*2,101*	*151*	*1,586*
Recycling of PNBD remeasurements recognized in OCI		*485*	*353*	*(1,202)*	*(8,690)*
Net cost for the period		***5,514***	***6,146***	***7,298***	***649***
Beginning balance of DBNL	$	*24,591*	*18,445*	*38,187*	*37,538*
Cost of defined benefits		*5,514*	*6,146*	*7,298*	*649*
Ending balance of DBNL*	**$**	***30,105***	***24,591***	***45,485***	***38,187***

(*) Defined Benefit Net Liability (DBNL).

(Continued)

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The financing situation of the defined benefit obligation as of December 31, 2023 and 2022, is detailed below.

		2023		2022	
Financial situation of the obligation		**Seniority premium**	**Legal compensation**	**Seniority premium**	**Legal compensation**
Defined benefit obligations (DBO)	$	*30,105*	*45,485*	*24,591*	*38,187*

As of December 31, 2023 and 2022, the most important assumptions used to determine the net liability for defined benefits and the net cost of the plan period are the following:

	2023	**2022**
Nominal discount rate used to reflect the present value of the obligations:		
Servicios Corporativos FINDEP	9.60%	9.30%
Apoyo Económico Familiar	9.45%	9.20%
Financiera Independencia	9.70%	9.40%
Conexia	9.85%	9.50%
Nominal rate of increase in salary levels:		
Servicios Corporativos FINDEP	5.50%	5.50%
Apoyo Económico Familiar	5.50%	5.50%
Financiera Independencia	5.50%	5.50%
Conexia	5.50%	5.50%
Average remaining working life (of all Subsidiaries)	2.79 years	2.74 years

The balance of the liabilities for labor obligations account is made up of $75,590 and $62,778 of the liability for defined benefits, and ESPS payable of $46,292 and $40,433, respectively, as of December 31, 2023 and 2022.

(17) Other accounts payable-

As of December 31, 2023 and 2022, the balance of this item is integrated as follows:

		2023	**2022**
Contributions	$	173,837	160,483
Various creditors		17,683	16,022
Other provisions		404,860	422,813
Insurance payable		15,681	34,119
	$	**612,061**	**633,437**

(Continued)

(Thousands of Mexican pesos)

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

IT Law establishes an IT rate of 30%.

a) IT

The income tax expense (benefit) for the years ended as of December 31, 2023 and 2022, is comprised as follows:

		2023	2022
In the results of the period:			
Current	$	322,269	250,850
Deferred		(24,622)	21,800
	$	**297,647**	**272,650**
OCI and retained earnings			
Deferred	**$**	**(5,267)**	**(85,108)**
Retained earnings			
Deferred	**$**	**35,939**	**-**

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

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

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Current IT

The following is the determination of the current income tax through the reconciliation between the accounting result and the tax result for the years ended December 31, 2023 and 2022:

		2023	2022
Income before income taxes	$	1,007,640	900,867
Minus (plus) reconciling items:			
Adjustment for effects of inflation, net		(116,373)	(149,829)
Commissions for granting credit, net		(688)	(698)
Allowance for loan losses		1,503,187	1,047,764
Deductible loan write-offs		(1,166,498)	(757,315)
Valuation of financial instruments		(103,720)	(13,316)
Other deferred charges and prepayments, net		13,893	(8,402)
Accounting depreciation of property, furniture and equipment		45,095	43,252
Investment tax deduction		(54,361)	(61,115)
ESPS current and deferre		(6,687)	(19,954)
Employee benefits provision		19,988	14,223
Provisions		(9,310)	21,150
Others, net		(30,910)	164,128
Tax profit		1,101,256	1,180,755
Amortization of tax los carry forward		(27,025)	(344,588)
Tax profit		1,074,231	836,167
Applicable rate		30%	30%
Total current IT	**$**	**322,269**	**250,850**

(Continued)

(Thousands of Mexican pesos)

Deferred tax

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2023 and 2022, are detailed below:

		2023	2022
Deferred tax			
Allowance for loan losses and write-offs for deduction	$	480,676	366,601
Property, furniture and equipment		88,201	87,766
Employee benefits provision		30,148	19,151
Provisions		70,010	67,792
Other deferred credits and advance collections		2,988	3,153
Other deferred charges and prepayments		(29,596)	(31,067)
Tax loss carryforward		107,856	109,475
Valuation of financial instruments		-	(5,412)
Others, mainly ESPS payable and deferre		(42,500)	96,374
Deferred IT asset, net	**$**	**707,783**	**713,833**

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

As of December 31, 2023, the tax loss carryforwards of the Society's subsidiaries expire as shown below:

Year		Updated amount as of December 31, 2023*
2029	$	37
2030		299,565
2031		127,079
2033		32
	$	**426,713**

*Includes tax losses fully reserved for deferred income tax purposes in the amount of $25,155.

(Continued)

(Thousands of Mexican pesos)

b) ESPS

The ESPS expense (benefit) for the years ended December 31, 2023 and 2022, is integrated as shown below:

		2023	2022
In the results of the period:			
Current	$	37,113	34,600
Deferred		(11,180)	(30,090)
	$	**25,933**	**4,510**

The temporary differences that originate significant portions of the assets and liabilities of deferred ESPS, as of December 31, 2023 and 2022, are detailed below:

		2023	2022
Deferred ESPS			
Allowance for loan losses		88,381	82,001
Property, furniture and equipment		19,193	16,323
Employee benefits provision		8,338	5,376
Provisions		14,637	14,202
Other deferred credits and advance collections		598	630
Other deferred charges and prepayments		(6,443)	(6,894)
Others		(1,886)	-
Deferred ESPS asset, net (note 13b)	**$**	**122,818**	**111,638**

The changes in the determination of the ESPS caused by the decree published on April 23, 2021 by the Federal Government, the Institution determined the deferred ESPS applying to the temporary differences of the deferred ESPS, a proportional rate of ESPS caused of 6.00% (average ESPS rate of the subsidiaries), which in turn is the result of dividing the ESPS equivalent to the ESPS cap indicated in section III of article 127 of the Federal Labor Law for financial companies and the cap indicated in section VIII of the same numeral for non-financial companies, divided by ESPS caused determined following the procedure established in the IT Law.

(Continued)

(19) Stockholders' equity-

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

a) *Structure of capital stock-*

The capital stock as of December 31, 2023 and 2022, is made up of 337,500,000 nominative ordinary shares, without par value, fully subscribed and paid, divided into two series: 100,000,000 series "A" shares (Class I), which correspond to the fixed portion of the capital stock without withdrawal rights and 237,500,000 series "A" shares (Class II), which correspond to the variable portion of the capital stock, whose amounts for each series are $20,000 and $51,588, respectively, plus the accumulated increase due to updating as of December 31, 2007 of $85,603; therefore, the capital stock as of December 31, 2023 and 2022 amount to $157,191.

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

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

The Society has kept the share repurchase fund active. During 2023 and 2022, the total number of shares repurchased was 26,173,954 and 32,940,569, which are equivalent to 4.2% and 9.8%, respectively, of the total shares outstanding and correspond to the stock option plan trust.

During 2023 and 2022, the net amounts of the acquisitions and relocations of own shares (repurchase fund and stock option plan) was $90 and $37,383, respectively. The dividends paid corresponding to the shares held in the repurchase fund and in the trusts of the stock option plan are returned to the Society.

The market price of the Society's shares reported by the BMV as of December 31, 2023 and 2022, was $10.00 and $8.00 per share, respectively.

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

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

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

		2023	2022
Earnings per Share (EPS):			
Profit net	$	709,993	625,040
Divided by:			
Average weighted number of shares		304,552,817	306,425,334
EPS (Mexican pesos)	**$**	**2.3313**	**2.0398**

b) Restrictions on stockholders' equity-

The General Corporations Law requires Society to separate annually 5% of their profits to constitute the statutory reserve until it reaches 20% of the capital stock. As of December 31, 2023 and 2022, the Society has a statutary reserve of $14,318, which meets 20% of the historical share capital.

(20) Financial Margin-

For the years ended December 31, 2023 and 2022, the main concepts composing the financial margin correspond to interest income and expenses originated as shown bellow:

		2023	2022
Interest income:			
Loan portfolio (note 8):			
Credilnmediato	$	1,572,668	1,524,314
CrediPopular		215,328	213,946
Tradicional		1,584,285	1,458,773
Micronegocios		.393,538	334,708
CrediMamá		13,681	14,142
AFI		964,505	1,164,386
		4,744,005	4,710,269
Investments in securities (note 6)		69,625	37,742
Total interest income to next page	**$**	**4,813,630**	**4,748,011**

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		2023	2022
Total interest income from previous page	**$**	**4,813,630**	**4,748,011**
Interest expenses:			
Banking borrowings			
HSBC	$	(177,109)	(105,779)
NAFINSA		(70,488)	(27,599)
Ve por Más		(9,490)	(7,368)
Scotiabank		-	(4,353)
Santander		(9,740)	(16,018)
Sabadell		(6,952)	(6,366)
BBVA Bancomer		(11,810)	(10,873)
Monex		(2,072)	(8,579)
Banco del Bajío		(14,555)	(10,658)
Western Alliance		(4,430)	(10,559)
Costs and expenses associated with granting the loan		(12,766)	-
Subtotal borrowings from banks (note 15)		(319,412)	(208,152)
International bond (note 14)		(251,830)	(342,308)
For leases		(41,757)	(26,691)
Others		(10,267)	-
Total interest expenses	**$**	**(623,266)**	**(577,151)**
Financial margin	**$**	**4,190,364**	**4,170,860**

(21) Financial intermediation-

For the years ended December 31, 2023 and 2022, the main items that make up the financial intermediation are:

		2023	2022
Exchange rate fluctuation, net	$	79,145	26,790
Derivatives valuation		(21,967)	28,753
	$	**57,178**	**55,543**

(22) Other operating income-

For the year ended December 31, 2023 and 2022, the main items that make up the other operating income item are:

		2023	2022
Income Finsol Brasil	$	155	5,571
Income Fisofo		113	6,631
Other income		78,852	29,558
Service and insurance commissions		87,558	79,002
Profit on sale of furniture and equipment		707	319
	$	**167,385**	**121,081**

(Continued)

(Thousands of Mexican pesos)

(23) Memorandum accounts-

As of December 31, 2023 and 2022, the main items that make up the item of memorandum accounts are shown below:

		2023	2022
Interest earned but not collected arising from loan Portfolio with the stage 3 credit risk	$	55,579	54,892
Tax write-downs*		1,772,209	1,633,537
Loan portfolio written-of*		303,277	207,218

*Includes historical portfolio write-offs with maturities between 180 and 365 days.

(24) Related parties-

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

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

As of December 31, 2023, the balances with related parties are shown below:

Lease assets (right of use assets)	**$**	96,851
Lease liabilities		(96,153)
Depreciation		(2,421)
Interest expense		(3,079)

During the year ended December 31, 2023, there were rental cash flows of $3,778 (in 2022 there were no balances or operations with related parties).

(25) Commitments and contingent liabilities-

(a) The Society rents the premises that occupy its administrative offices and warehouses, as well as computers and transportation equipment, in accordance with lease contracts with defined terms. The total rental expense is included in administrative expenses in the consolidated statement of comprehensive income.

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

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

(Continued)

(d) As of December 31, 2023 and 2022, there are lawsuits against the Society for labor, civil and criminal lawsuits that, in the opinion of Management and its internal and external lawyers, said lawsuits are an ordinary part of the business and, in case of failures in against, they will not significantly affect its financial situation and results. As of December 31, 2023 and 2022, the provision for labor lawsuits decreases to $43,794 and $45,720, respectively, recorded in the caption "Other accounts payable".

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

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

(26) Subsequent event-

On January 17, 2024, the Society announces that HR Ratings ratified the HR A and HR2 ratings for the Society and modified the negative outlook to stable. On January 19, 2024, the Society announces that its buyback fund acquired 9,999,998 class II shares (variable part) of the single series, with ticker symbol FINDEP*, which represents 2.9% of its entire share capital subscribed and paid.

(27) Recently issued financial reporting standards-

Improvements to FRS 2024

In December 2023, the CINIF issued a document called “2024 FRS Revisions” containing precise modifications to some of the existing FRS. This revision made to the FRS result in accounting changes in the annual financial statements, which are shown below:

FRS A-1 Conceptual Framework of Financial Reporting Standards - Becomes effective for years beginning on or after the 1st. January 2025, allowing its early application as of 2024 if the disclosures of the particular FRS applicable to the corresponding type of entity in question are adopted early. It includes the definition of public interest entities and requires disclosure of whether the entity is considered a public interest entity or a non-public interest entity. It divides the disclosure requirements of the FRS into: i) disclosures applicable to all entities in general (public interest entities and non-public interest entities), and ii) additional disclosures mandatory only for public interest entities. Any change that it generates must be recognized in accordance with FRS B-1 *Accounting changes and error corrections*.

FRS C-6, Property, plant and equipment. Effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. Any changes it generates must be recognized in accordance with FRS B-1 *Accounting changes and error corrections*.

(Continued)

FRS B-2, Statement of cash flows/FRS B-6, Statement of financial position/ FRS B-17, Determination of fair value/ FRS C-2, Investment in financial instruments/FRS C-16, Impairment of instruments financial receivable/ FRS C-20, Financial instruments to collect principal and interest/ IFRS 24, Recognition of the effect of the application of the new reference interest rates- Effective for fiscal years beginning on or after January 1, 2024, allowing its early application in 2023. Changes the term financial instruments to collect or sell to financial instruments to collect and sell. Any accounting change it generates must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS C-10, Derivative financial instruments and hedging relationships – Effective for years beginning on or after the 1st. January 2024, allowing its early application in 2023. Includes the accounting treatment of a hedge of equity financial instruments whose valuation at fair value is recognized in the OCI. Any change it generates must be recognized in accordance with *FRS B-1 Accounting changes and error corrections*.

FRS D-4, Income taxes - Effective for fiscal years beginning on or after the 1st. January 2024, allowing its early application in 2023. This Improvement clarifies the applicable rate that should be used to recognize current and deferred income tax assets and liabilities when there were benefits in tax rates of the period to encourage the capitalization of earnings (retained earnings). In these circumstances, current and deferred tax assets and liabilities should be determined at the rate that will be applicable to undistributed earnings in the period when they are paid as dividends in future periods. Any change it generates must be recognized in accordance with *FRS B-1 Accounting changes and error corrections*.

The Society's Management estimates that the MFRS and improvements will not have significant effects on the Society's financial information.