



FINANCIERA  
INDEPENDENCIA<sup>MR</sup>

**FINDEP**  
2Q23

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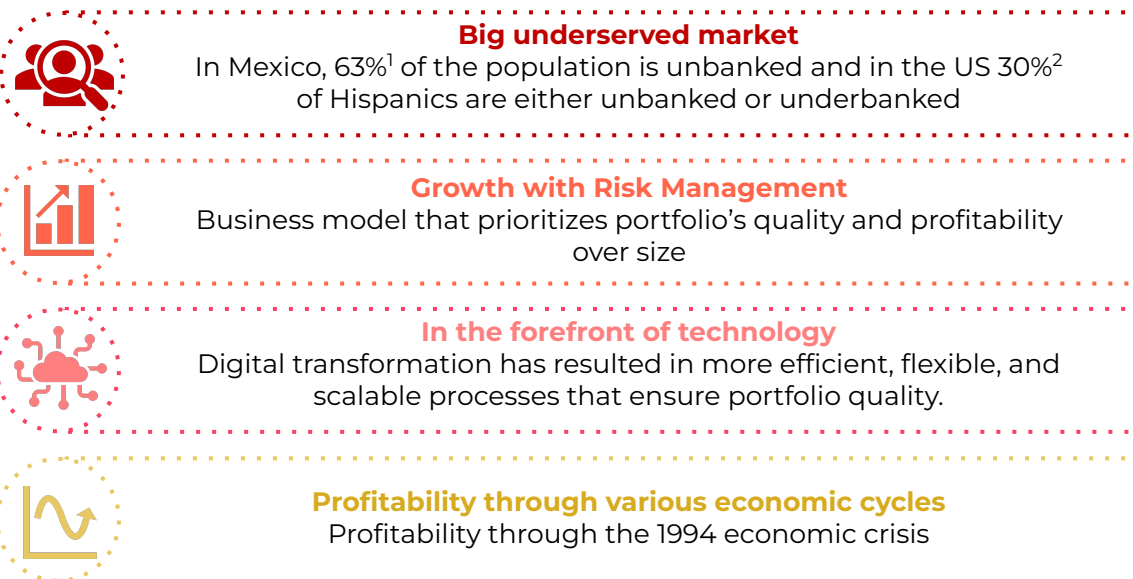
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## Company Overview

Findep (the “Company”), leader in bringing **financial inclusion to the underserved Hispanic communities in North America** through responsible lending and insurance products.

### Key Pillars



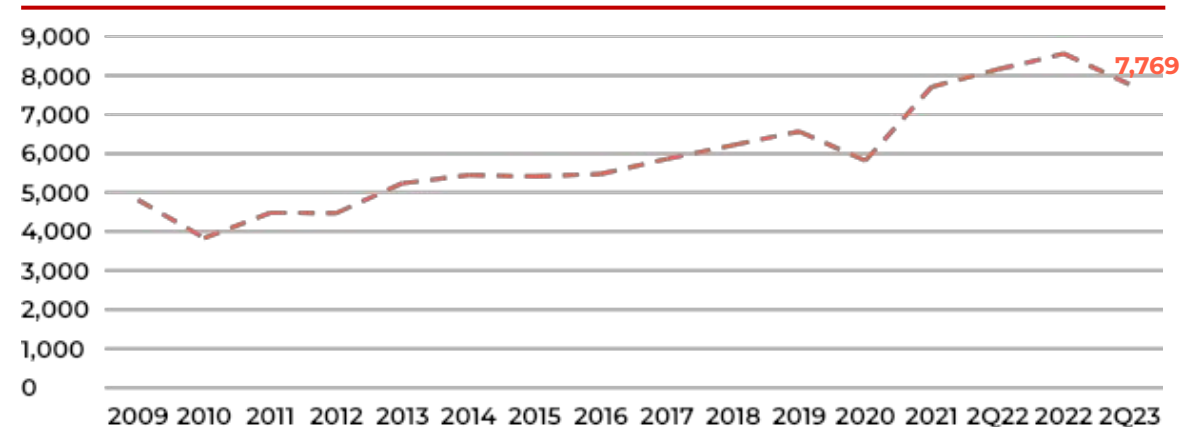
**29+ Years**  
of experience in microfinance

**47%**  
Equity-to-Asset Ratio

### Subsidiaries



### Loan Portfolio (MX\$, mm)



1) Source: Statista

2) Source: National Low Income Housing Coalition

All figures are on a “comparable basis”, meaning they only cover Independencia, AEF, and AFI's results

## 2Q 2023 Highlights

### Highlights

Findep's strategy in **improving its maturities profile, strengthening its balance sheet**, and **maintaining positive profitability trends**, is reflected on this quarter's results:

- 1 **Net Profit MX\$ 165 million**  
(+9% YoY)
- 2 **Net Debt Decrease of MX\$ 286 million**  
(QoQ)
- 3 **Cash and Cash Equivalents MX\$ 717 million**  
(+13% YoY)
- 4 **Equity-to-Asset-Ratio 47%**  
(+370 basis points QoQ)
- 5 **Loan Portfolio MX\$7.77 billion**  
(-5% YoY)
- 6 **Loan Origination MX\$1.1 billion**  
(-31% YoY)
- 7 **NPL Ratio (Stage 3) 6.5%**  
(+70 basis points YoY)
- 8 **Provision for Loan Losses MX\$336 million**  
(+7% YoY)
- 9 **Write-Offs MX\$405 million**  
(+4% YoY)

### Other Milestones

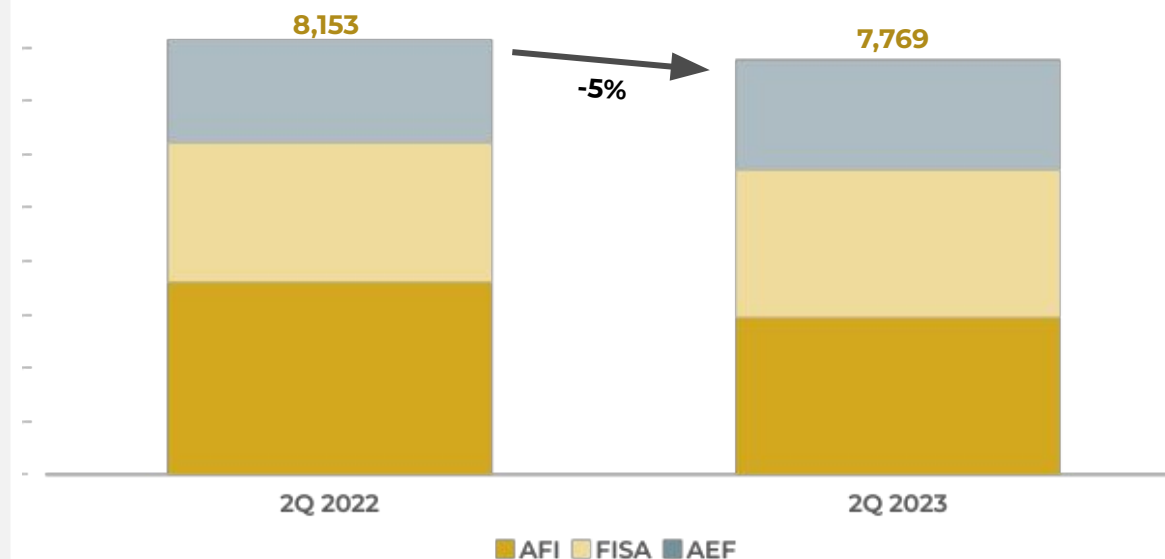
#### Highest Net Profit

For a second quarter in the history of the company

#### Net debt retreated 25% YoY

From MX\$4.7 billion in 2Q22 to MX\$3.5 billion in 2Q23

### Loan Portfolio (MX\$, mm)



## Current Situation

### Strengthened Balance Sheet



Million Pesos	2016	2022	2Q23	2Q23 vs. 2016	2022 vs. 2Q23
Total Assets	12,155	11,686	10,544	-13%	-10%
Tangible Assets (a)	10,568	10,677	9,535	-10%	-11%
Total Portfolio	7,448	8,560	7,769	4%	-9%
Total Portfolio (FISA+AEF+AFI)	5,476	8,560	7,769	42%	-9%
Net Debt (b)	6,825	4,587	3,540	-48%	-23%
Total Equity	4,050	4,740	4,945	22%	4%
Tangible Equity (c)	2,463	3,731	3,936	60%	5%
Tangible Equity + Loan Loss Reserves	2,873	4,883	4,963	73%	2%
Tangible Equity / Tangible Assets	23%	35%	41%	+18pp	+6pp
Tangible Equity / Net Debt	36%	81%	111%	+75pp	+30pp
Loan Loss Reserves / Non-performing loans	100%	202%	202%	+102pp	+0pp

\* Tangible Assets = Total Assets - Goodwill

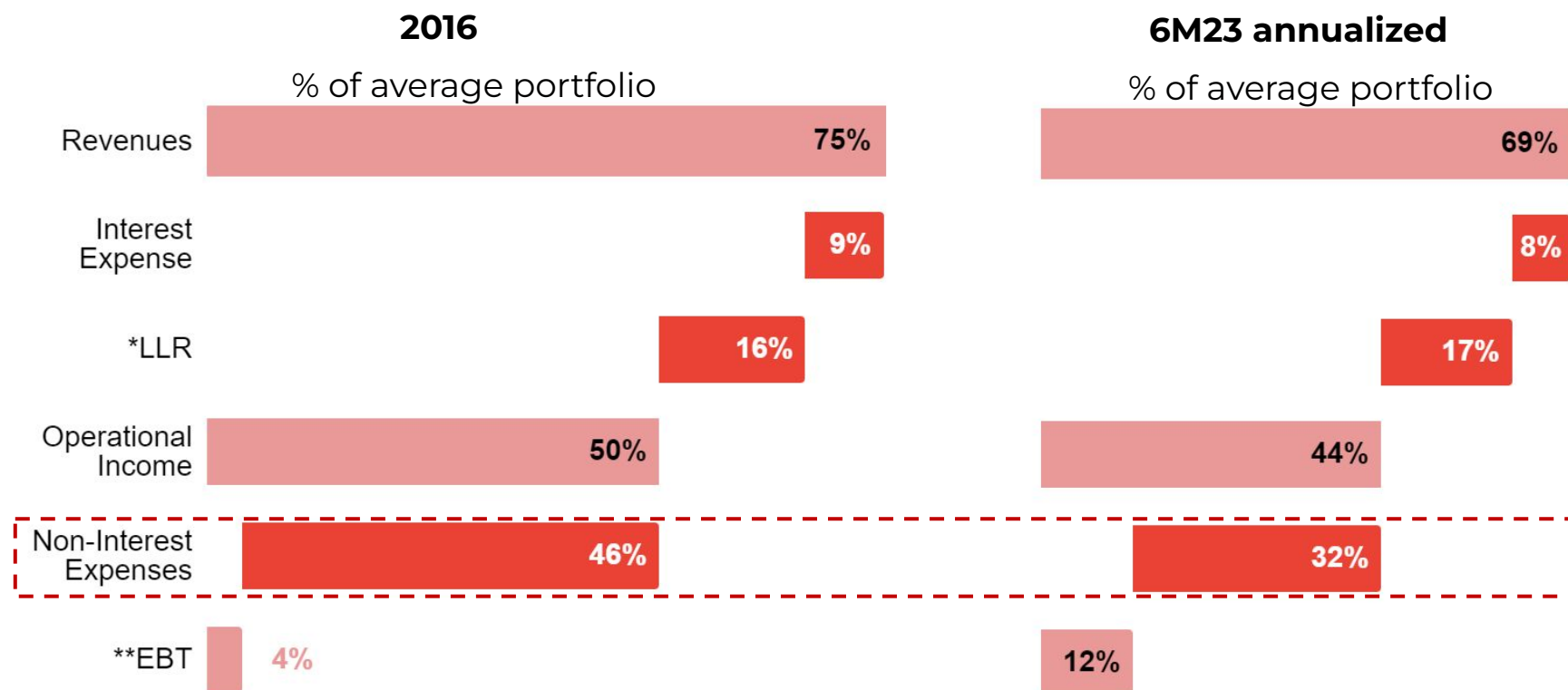
\*\* Net Debt = Long Term debt Issuance + Bank and Other Entities Loans - Cash

\*\*\* Tangible Equity = Total Equity - Goodwill

# Current Situation

## Benefiting from operating efficiencies

### Principal lines of Income Statement



\*LLR methodology is not comparable as we implemented the CNBV methodology in 1Q22. As a proxy, TTM write-offs to average portfolio decreased from 17.6% in 2016 to 14.7% in 6M23 on an annualized basis.

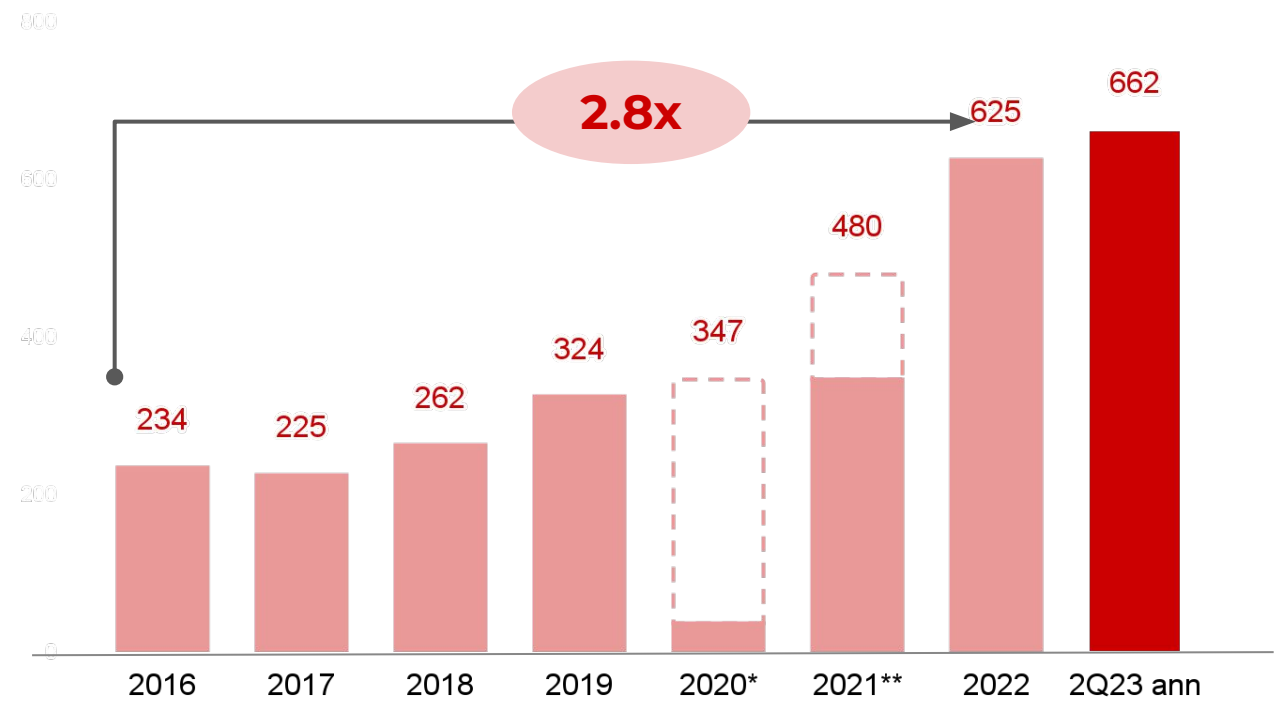
\*\* EBT = Earnings Before Taxes

# Current Situation

Our strategy and execution have yielded consistent gains in net income



Net Income excluding one-off, non-cash effects on results  
(Million Pesos)



\* Excluding write-off of Finsol Mexico’s goodwill effect for MXN 448 m in 2020, and MXN 311 m in excess discretionary reserves, which became permanent reserves after adopting the CNBV methodology.

\*\*Excluding write-off of Finsol Brazil’s goodwill effect of MXN 133 million in 2021.

## Our strategy and execution have yielded consistent gains in net income



### Excluding one-offs non-cash events

	1Q	2Q	3Q	4Q	Total
2012	34	(38)	8	(120)	<b>(116)</b>
2013	51	56	66	81	<b>254</b>
2014	101	63	78	76	<b>318</b>
2015	60	39	63	47	<b>209</b>
2016	53	40	81	60	<b>234</b>
2017	68	66	60	30	<b>225</b>
2018	27	82	74	80	<b>262</b>
2019	63	89	76	97	<b>324</b>
2020*	69	(57)	(29)	*53	<b>36</b>
2021**	113	121	121	**123	<b>479</b>
2022	147	151	153	174	<b>625</b>
2023	166	165			<b>331</b>

\* Excluding Ps. 448 million- Finsol Mexico

\*\* Excluding Ps. 136 million- Finsol Brazil



**1**  
**Unique  
Business  
Model**

- Stable and profitable throughout economic cycles
- Knowledge of the segment and the business built through experience with millions of loans originated
- Demonstrated ability to reduce origination and generate cash

**2**  
**Balance risk  
and growth**

- Continued investment in analytics
- Focus on businesses where we have deep expertise
- Management of all dimensions of risk

**3**  
**Growth in  
the US**

- Proven business for an expanding addressable market in the US
- Diversify portfolio and enhance asset quality and perception
- Future credit rating

**4**  
**Efficiency  
through  
technology**

- Migration of operations to the cloud
- Higher adoption of mobile technology by workforce and customers

# 1 Unique Business Model

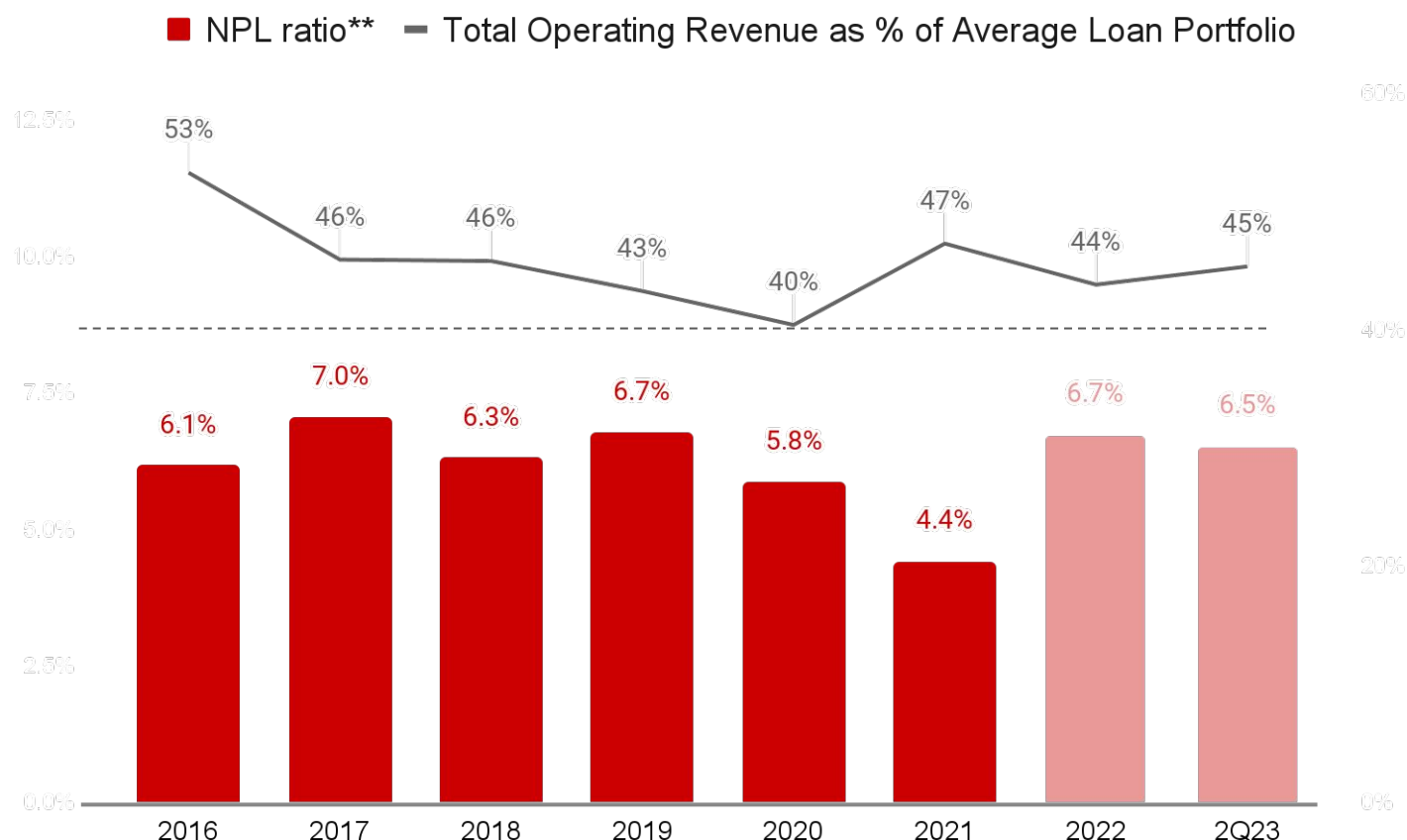
## Consistent profitability and low volatility through crises.



Our portfolio has yielded consistently over 40% annually in Total Operating Revenue even through the worst of the pandemic.

Likewise, NPLs have continued to decrease gradually.

### Consistent Profitability and Improving Asset Quality\*



\*Considering the historical performance of current operations, Independencia, Apoyo Económico Familiar and Apoyo Financiero Inc.

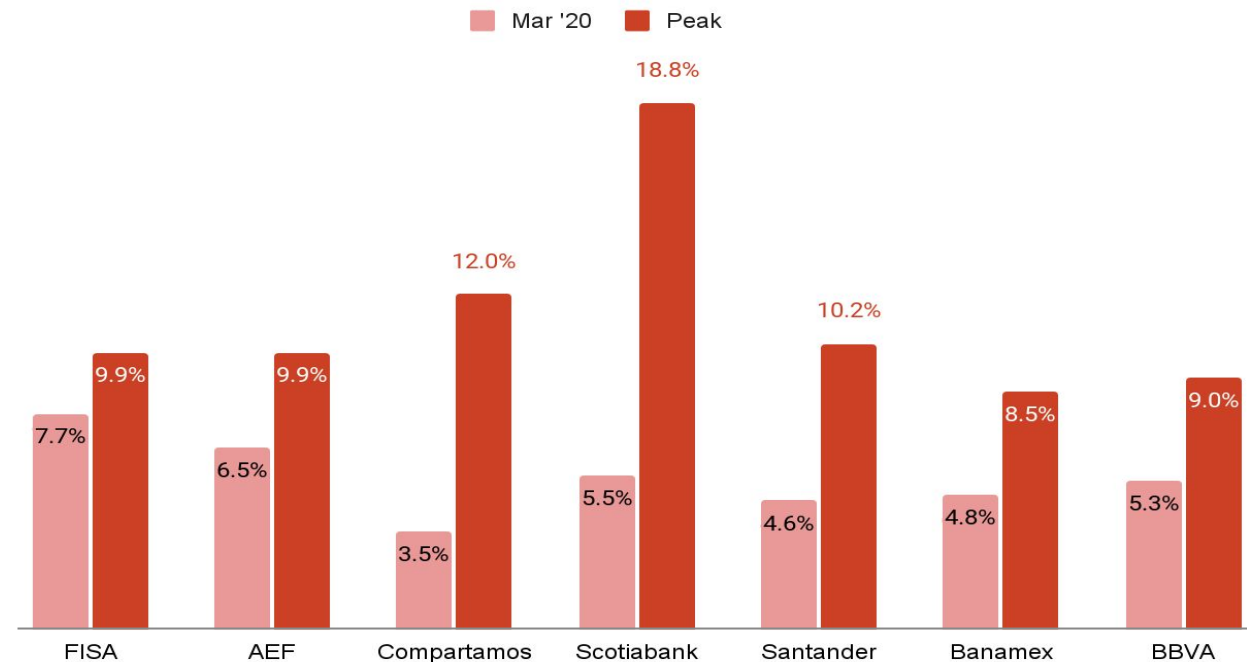
\*\*NPL- Legacy Methodology, based on the delayed days from 2016 to 2021, for 2022 and 2023 it considers Stage 3 Portfolio

# 1 Unique Business Model

FISA & AEF showed the lowest volatility and fastest recovery in the market.



Maximum increase in NPLs from 1Q20 to peak and time to regain pre-pandemic levels.



Maximum Increase in NPLs	29%	52%	277%	242%	124%	73%	68%
Months from 1Q20 to Peak	6	7	8	12	10	11	9
Months from Peak to Recovery	3	5	5	17	9	6	5

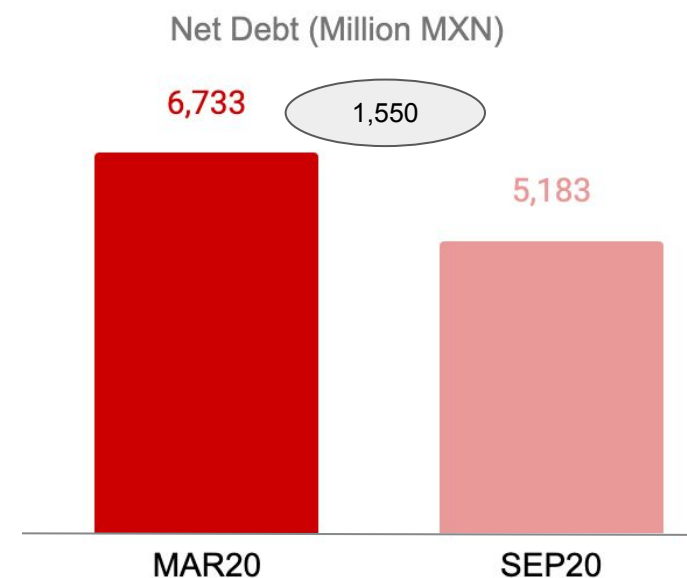
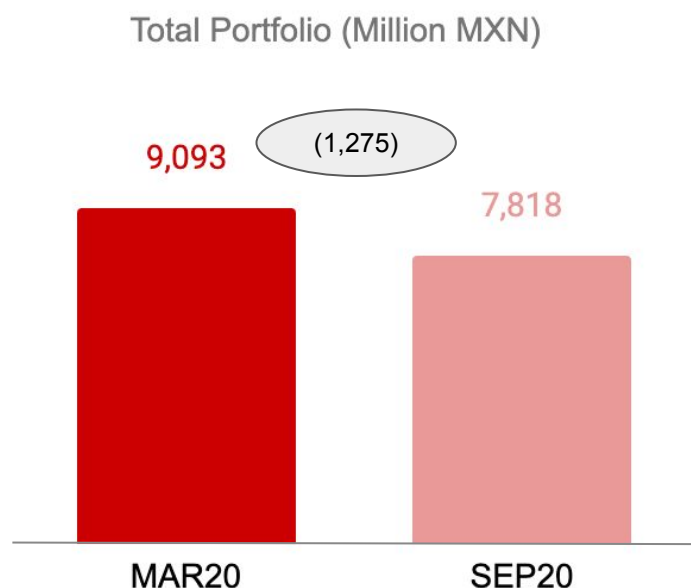
Source of non-FINDEP information: CNBV

# 1 Unique Business Model

## Proven ability to generate cash and de-lever the Company

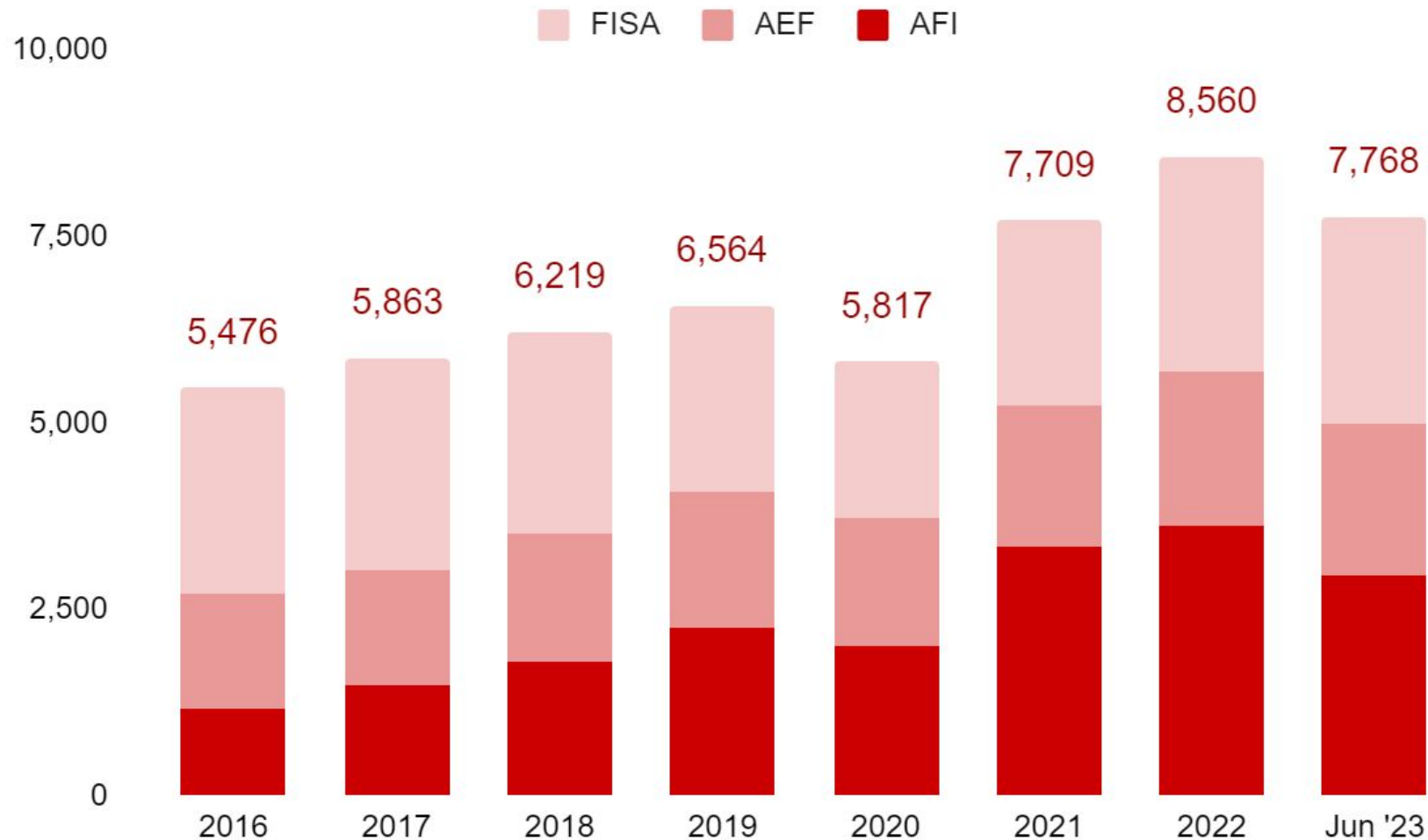


- Quarterly collection (principal, interest and accessories) is above 25% of loan portfolio
- We can decide to deleverage by reducing origination and contracting the portfolio, as exemplified between March and September 2020



## Balance risk and growth

### Mexico and US Portfolio Performance



**2Q23  
vs.  
4Q20  
+32%**

**AFI  
2Q23  
vs  
4Q20  
+45%**

**MEX  
2Q23  
vs  
4Q20  
+27%**

#### Strategic view

- Individual unsecured loans can achieve efficiencies through digital transformation.
- Aligned with our expertise. Strong skills in Data Analytics, Risk Management, and Systematic Operation are key to succeed.
- Important synergies exist between businesses in Mexico and the United States focusing on the same business model.
- Credit risks are the main type of risk and are properly priced and reflected in the balance sheet through LLR. Our P&L is a strong proxy for cash flow.

#### Actions

- Divestment of group lending (Finsol, 2020), Payroll lending (Más Nómina 2021), and Brazil operations (2022).
- Continued investment in distinctive skills: risk teams, analytics, and lifecycle management.
- Centralization of US operations in Mexico; migration of functions to Mexico to better balance talent and cost (Analytics, Finance, Software Development).
- Investment in digital transformation, with focus on mobile technology.

## 2 Balance risk and growth

### Actions taken to support stakeholder confidence

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#### Strengthened Balance Sheet (No dividends since 2016)

- Clear message of long term commitment to debt investors on behalf of equity holders.
- Better position to navigate challenging market.

#### Adoption of CNBV reserves methodology

- Listened to stakeholders and switched to CNBV methodology.
- Same methodology used by banks and all regulated financial institutions in Mexico.
- Increased LLR to NPLs from 100% in 2016 to 238% in 2022.

#### Switched auditor to KPMG

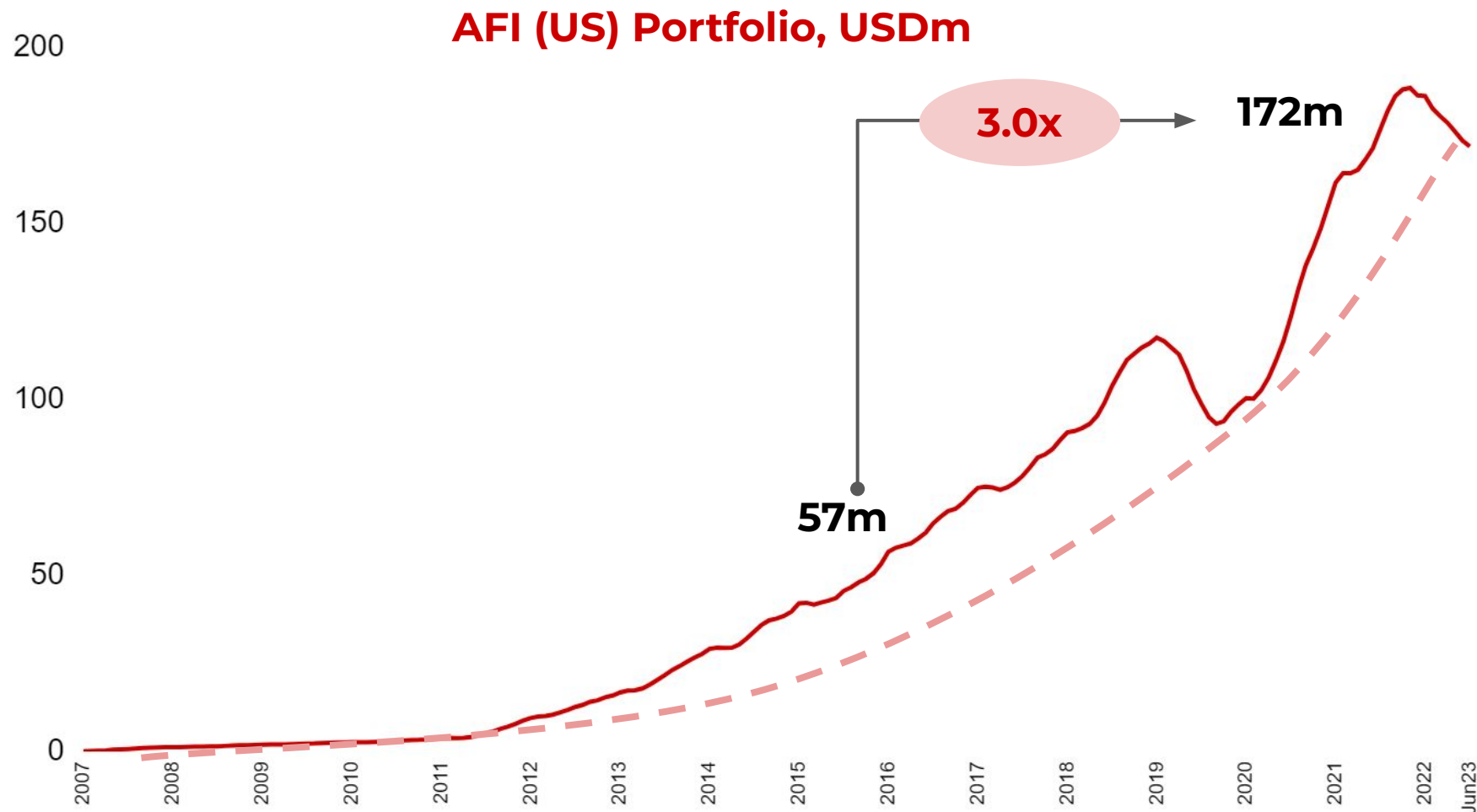
- Differentiate our corporate governance from competitors.
- Demonstrate integrity of financial information.
- No restatements were required during the first annual audit.

### 3 Growth in the US

## AFI has grown 3x since 2016



- Our US portfolio has grown 3x in the last 6 years, a 20% CAGR, mostly in California.
- Unserved Hispanic market (62m) in the US, with California being the largest market.
- Proven business model poised for growth.
- Opportunities in efficiency based on scale
- Recently opened Texas and Arizona

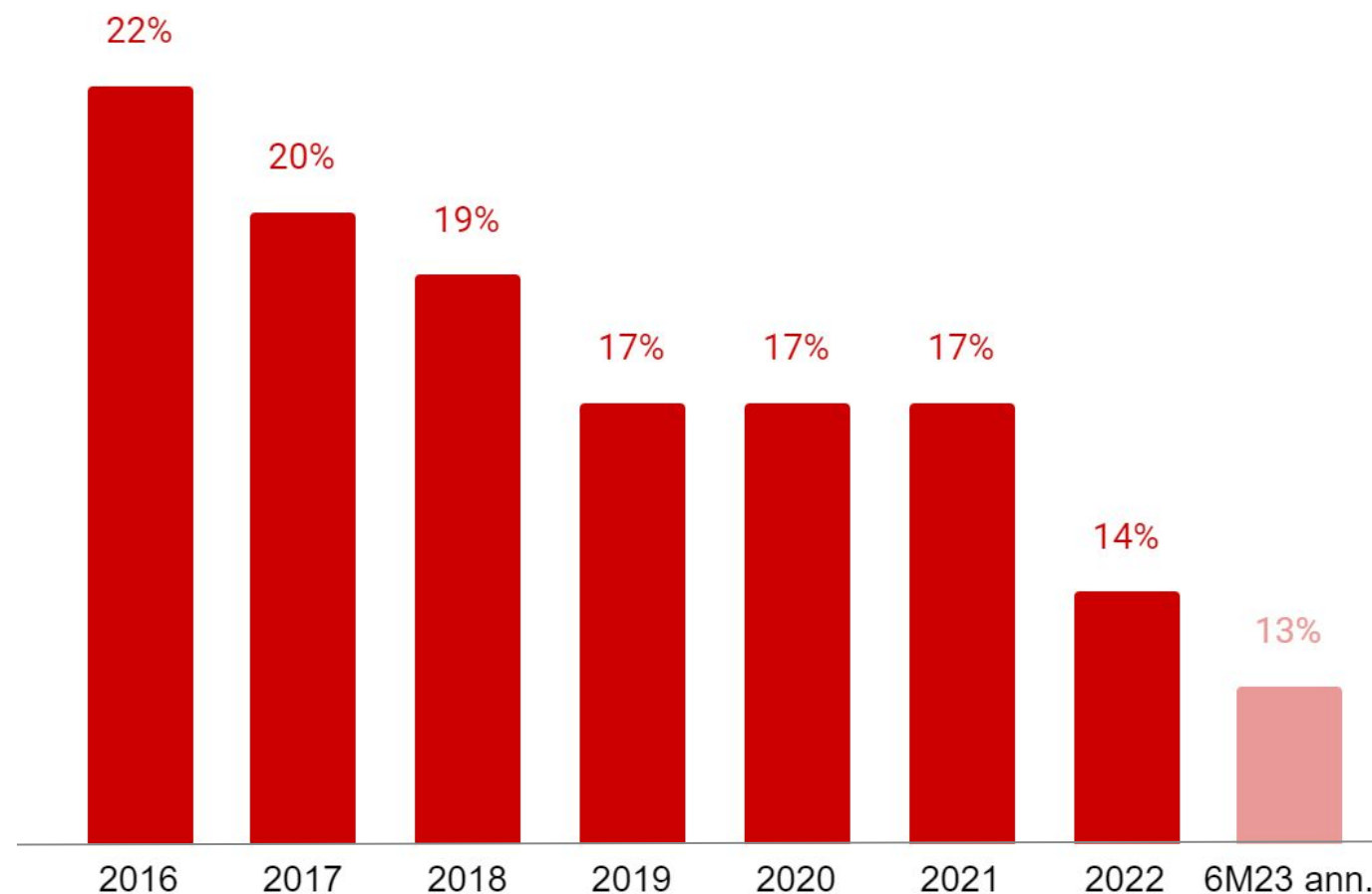




### 3 Growth in the US

An increase in operating leverage has yielded significant efficiency

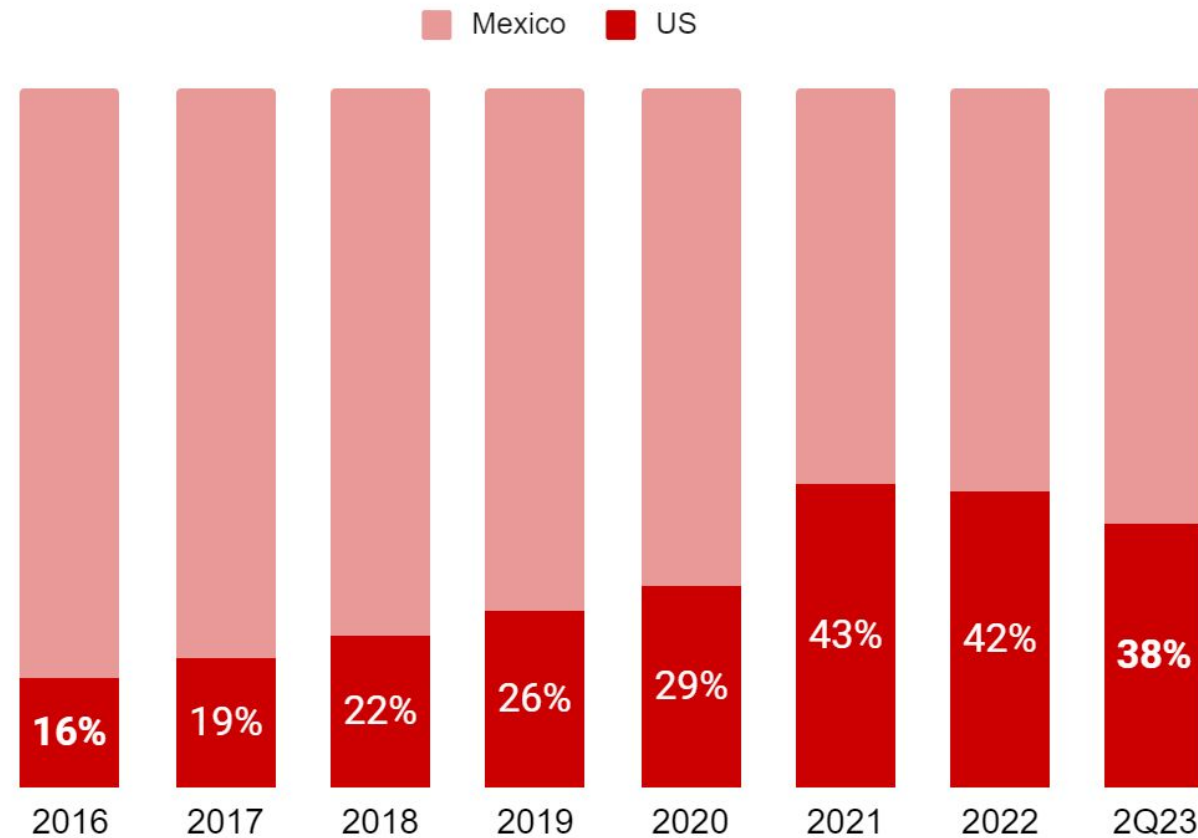
*AFI Non-Interest Expenses / Average Loan Portfolio*



### 3 Growth in the US

We expect a majority of our assets to be located in the US

% of Findep total portfolio



## 4 Efficiency through technology

### Technology has allowed us to do more with less



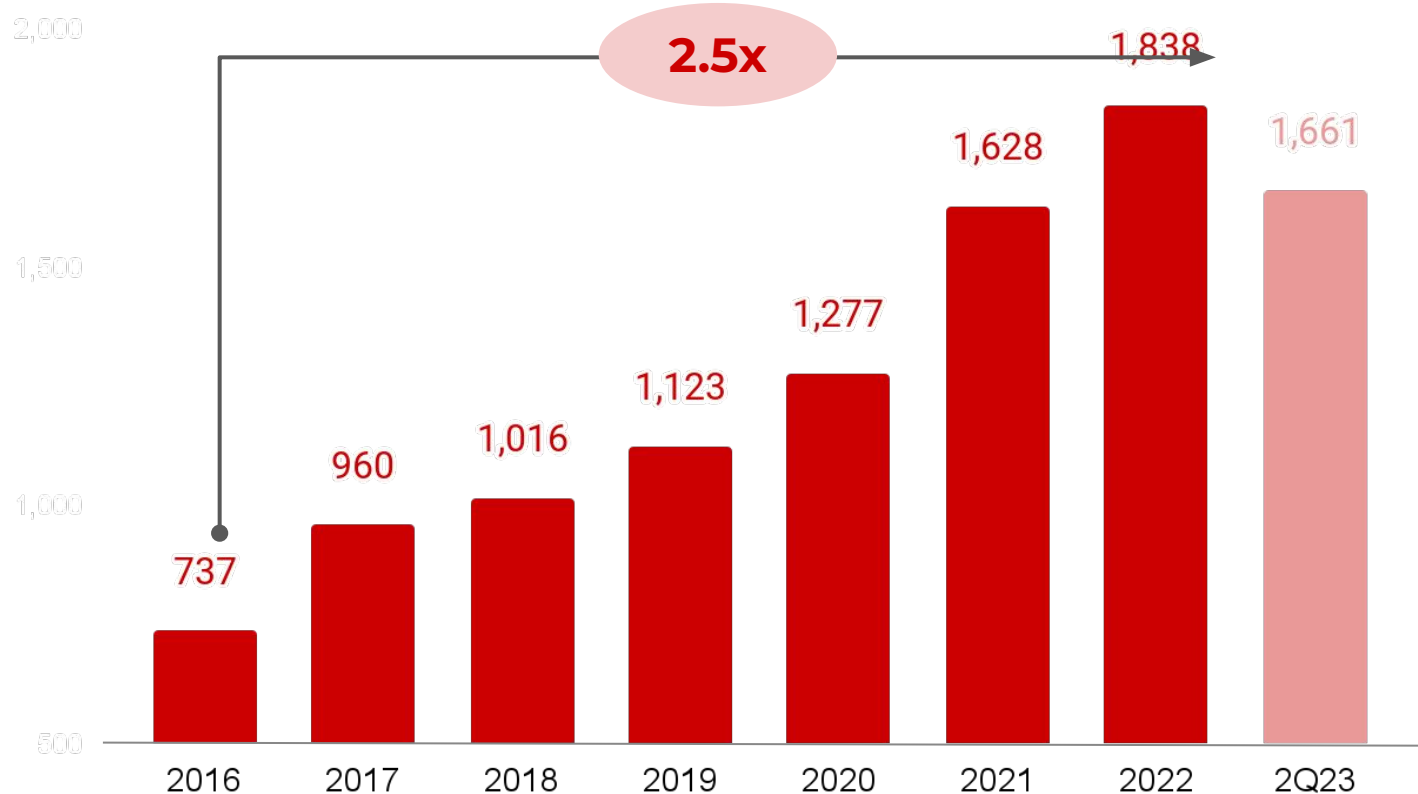
#### Initiatives

- Migrating IT platform to the cloud.
- Developed mobile tools to enable efficiency of Customer Service staff.
- Self service tools for our customers.

#### Outcome

- Our portfolio per employee has increased 2.5x.
- This represents significant gains in efficiency.

#### Loan Portfolio per Employee (Thousands MXN)



# Final Remarks

**We have plenty of time and options to refinance our 2024 bond...**



## Current Situation

Although recent concerns regarding the financial stability of other Mexican non-bank lenders are weighing on our bond...

- We have the strongest balance sheet in the company's history.
- We have the highest LLR to NPLs ratio in the Company's history.
- 2022 was the most profitable year in the Company's history.
- Our business is much simpler than in 2016.
- Our unique cash flow generation and ability to control originations give us great flexibility.

## 2024 Refinancing Options

- Extension of term of existing indebtedness.
- Private securitization of USD or MXN Portfolio.
- Syndicated loan with Banks.
- Slowdown portfolio growth and generate cash.
- Apply for bank license and raise deposits.



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