



FINANCIERA  
INDEPENDENCIA<sup>MR</sup>

**FINDEP**  
4Q23

## 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



#### Big underserved market

In Mexico, 51%<sup>1</sup> of the population is unbanked and in the US 29%<sup>2</sup> of Hispanics are either unbanked or underbanked



#### Growth with Risk Management

Business model that prioritizes portfolio's quality and profitability over size



#### In the forefront of technology

Digital transformation has resulted in more efficient, flexible, and scalable processes that ensure portfolio quality.



#### Profitability through various economic cycles

Profitability through the 1994 economic crisis

**30 Years**

of experience in microfinance

### Markets



### Subsidiaries



**Financiera  
Independencia  
(FISA)**



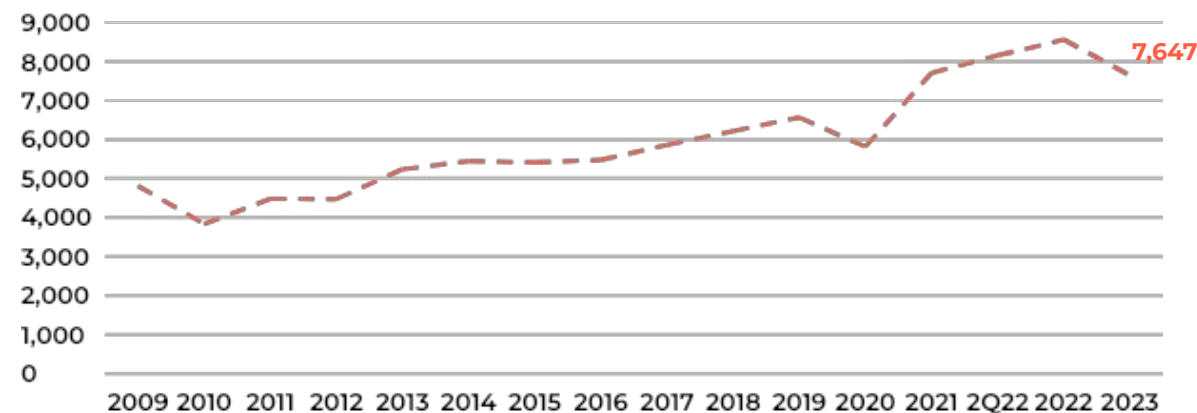
**Apoyo Económico  
Familiar  
(AEF)**



**Apoyo Financiero  
Inc.  
(AFI)**



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



1) Source: Instituto Nacional de Estadística y Geografía (INEGI)

2) Source: National Low Income Housing Coalition

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

## 4Q 2023 Highlights

### Highlights

Findep's strategy in **improving its maturities profile**, and **strengthening its balance sheet**, is reflected on this quarters results:

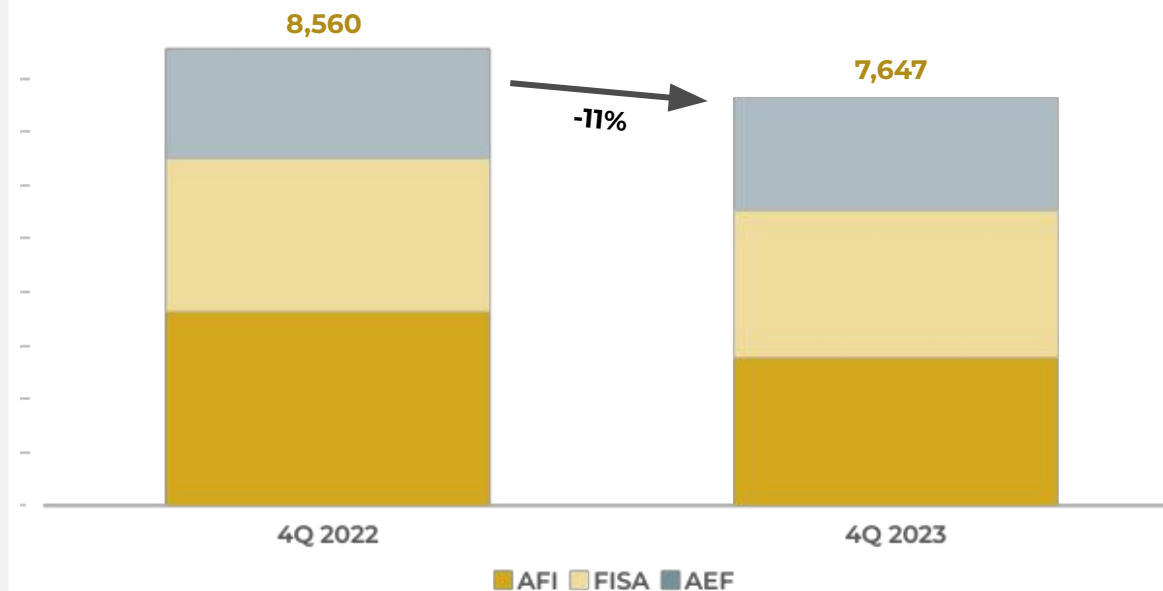
- 1 **Net Profit MX\$ 215 million**  
(+24% YoY) **Net Profit MX\$ 185 million**  
(+6% YoY)
- 2 **Liquidity (Cash & Equivalents) MX\$ 735 million**  
(-31% YoY)
- 3 **Net Debt MX\$ 3.1 billion**  
(-31 YoY)
- 4 **Equity-to-Asset-Ratio 50%**  
(+980 basis points YoY)
- 5 **Loan Portfolio MX\$ 7.6 billion**  
(-11% YoY)
- 6 **Loan Origination MX\$ 1.1 billion**  
(-15% YoY)
- 7 **NPL Ratio (Stage 3) 6.3%**  
(-40 basic points YoY)
- 8 **Write-Offs MX\$ 396 million**  
(+3% YoY)
- 9 **NPL's TTM Write-offs 23%**  
(+400 basic points YoY)

### Other Milestones

**Full early amortization**  
Of the 8.0% Senior Notes due July,  
2024

**HSBC credit line**  
Due November, 2026

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



## Current Situation

### Strengthened Balance Sheet



Million Pesos	2016	2022	2023	2023 vs. 2016	2022 vs. 2023
Total Assets	12,155	11,686	10,555	-13%	-10%
Tangible Assets (a)	10,568	10,677	9,546	-10%	-11%
Total Portfolio	7,448	8,560	7,647	3%	-11%
Total Portfolio (FISA+AEF+AFI)	5,476	8,560	7,647	40%	-11%
Net Debt (b)	6,825	4,587	3,142	-54%	-31%
Total Equity	4,050	4,740	5,311	31%	12%
Tangible Equity (c)	2,463	3,731	4,303	75%	15%
Tangible Equity + Loan Loss Reserves	2,873	4,883	5,341	86%	9%
Tangible Equity / Tangible Assets	23%	35%	45%	+22pp	+10pp
Tangible Equity / Net Debt	36%	81%	137%	+101pp	+56pp
Loan Loss Reserves / Non-performing loans	100%	202%	217%	+117pp	+15pp

\* Tangible Assets = Total Assets - Goodwill

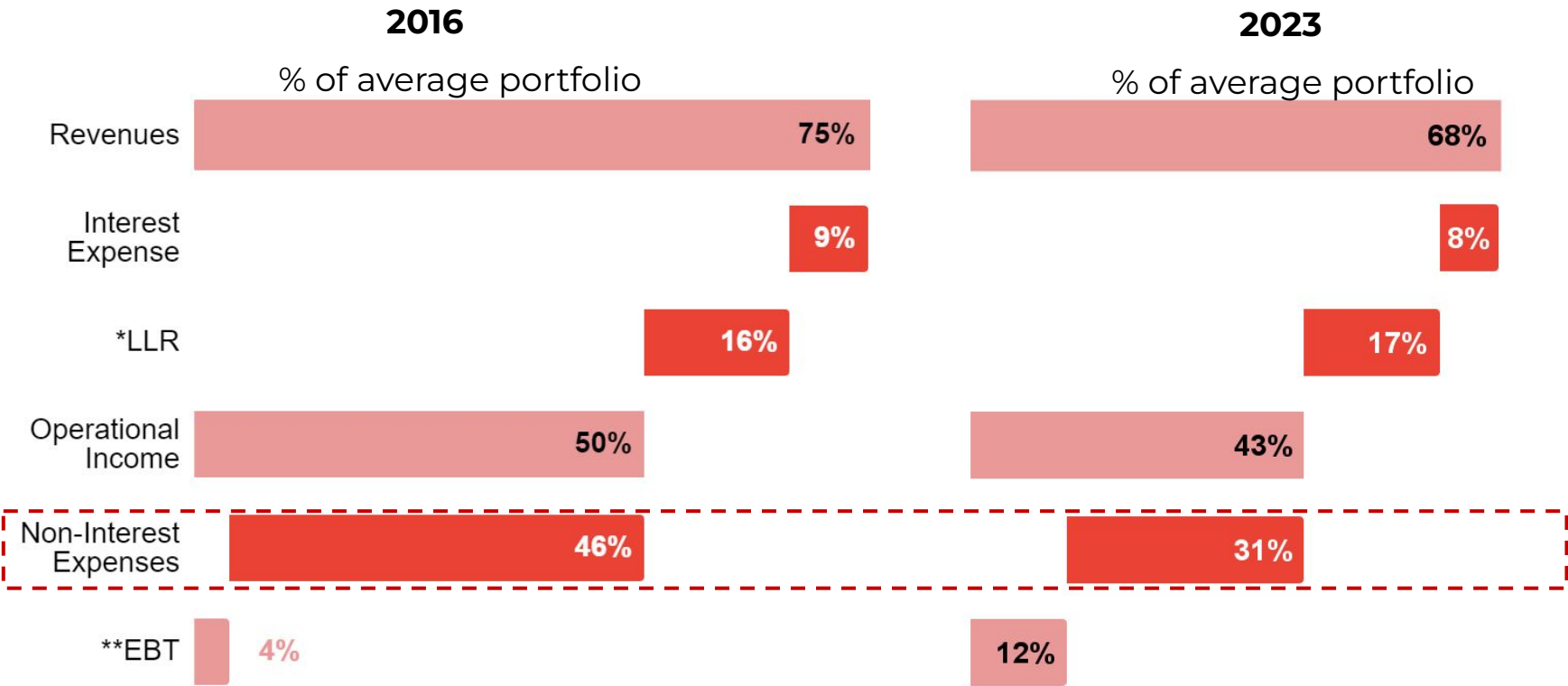
\*\* Net Debt = Long Term debt Issuance + Bank and Other Entities Loans - Cash

\*\*\* 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 17.4% in 2023 on an annualized basis.

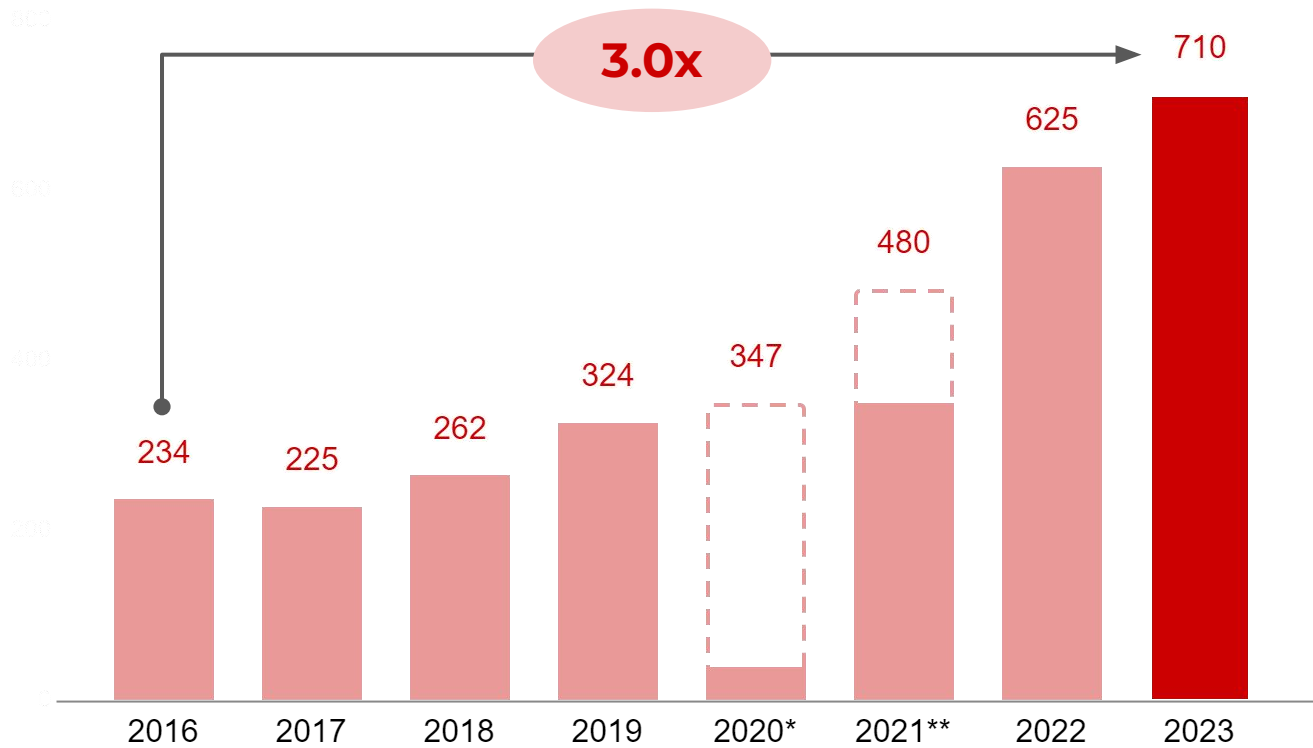
\*\* EBT = Earnings Before Taxes

# 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	163	215	<b>710</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

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

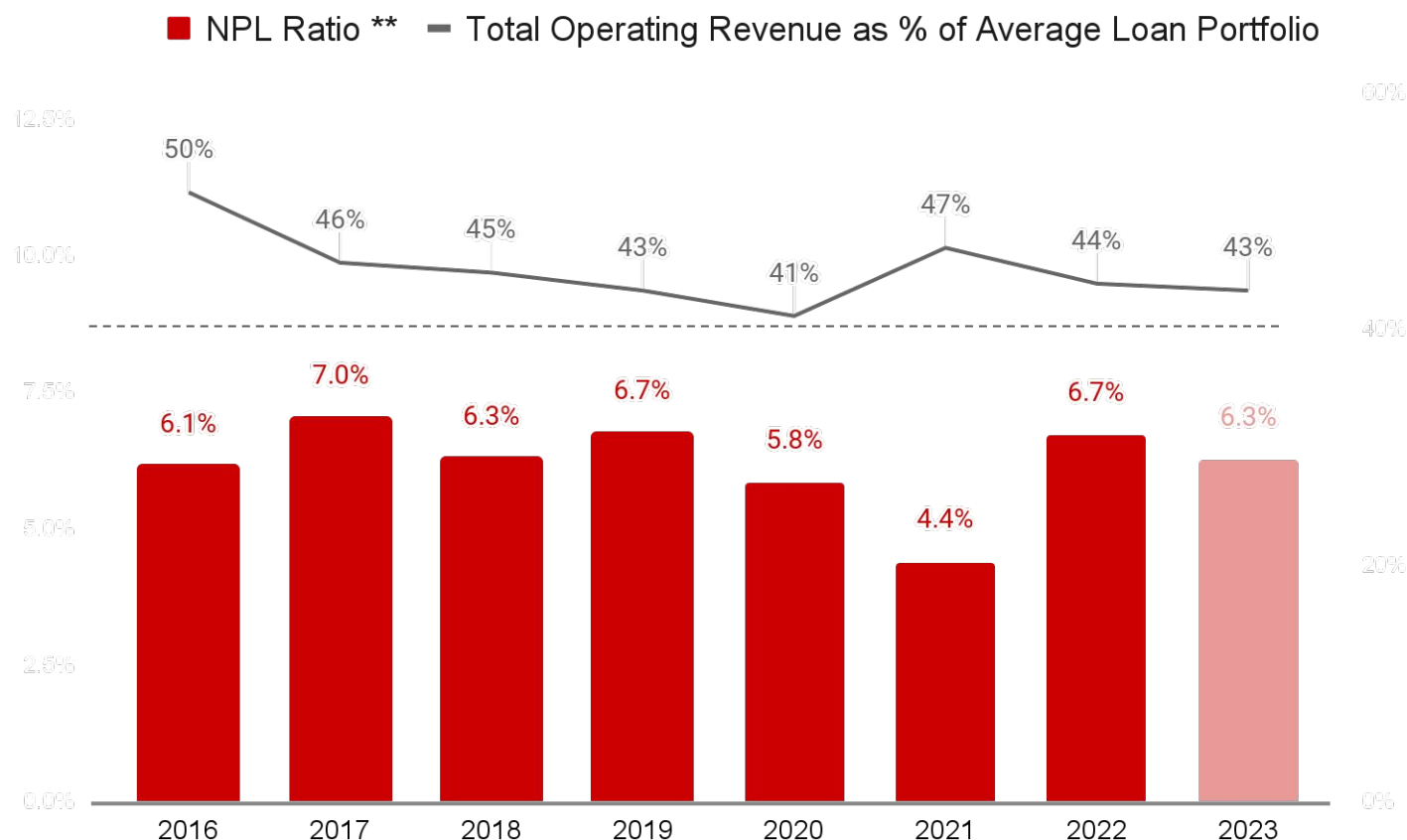
## Consistent profitability and low volatility through crises



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\*

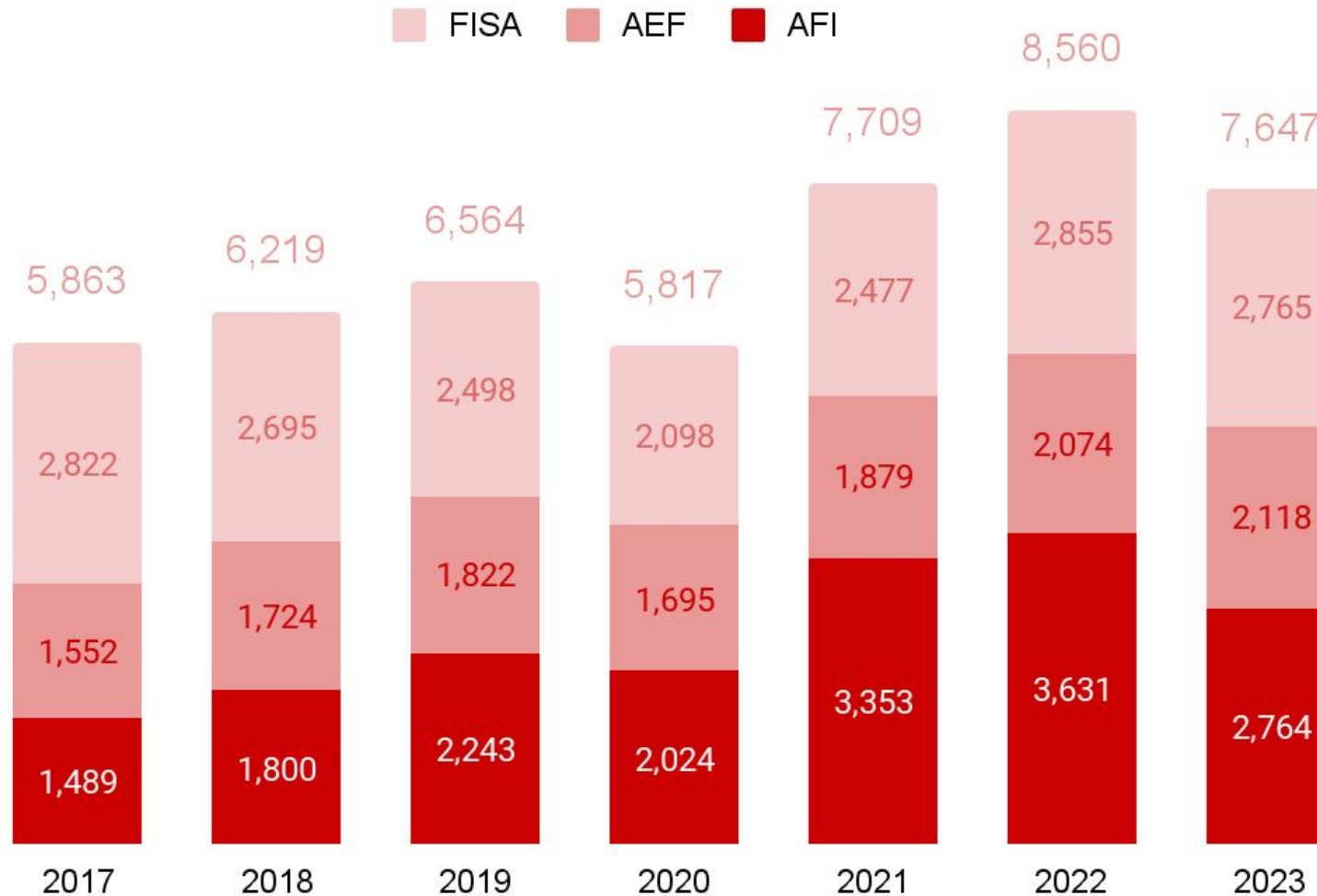


\*Considering the historical performance of current operations, Independencia, Apoyo Económico Familiar and Apoyo Financiero Inc.

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

## 2 Balance risk and growth

### Mexico and US Portfolio Performance



**4Q23  
vs.  
4Q20  
+24%**

**AFI  
4Q23  
vs  
4Q20  
+37%**

**MEX  
4Q23  
vs  
4Q20  
+29%**

#### 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.

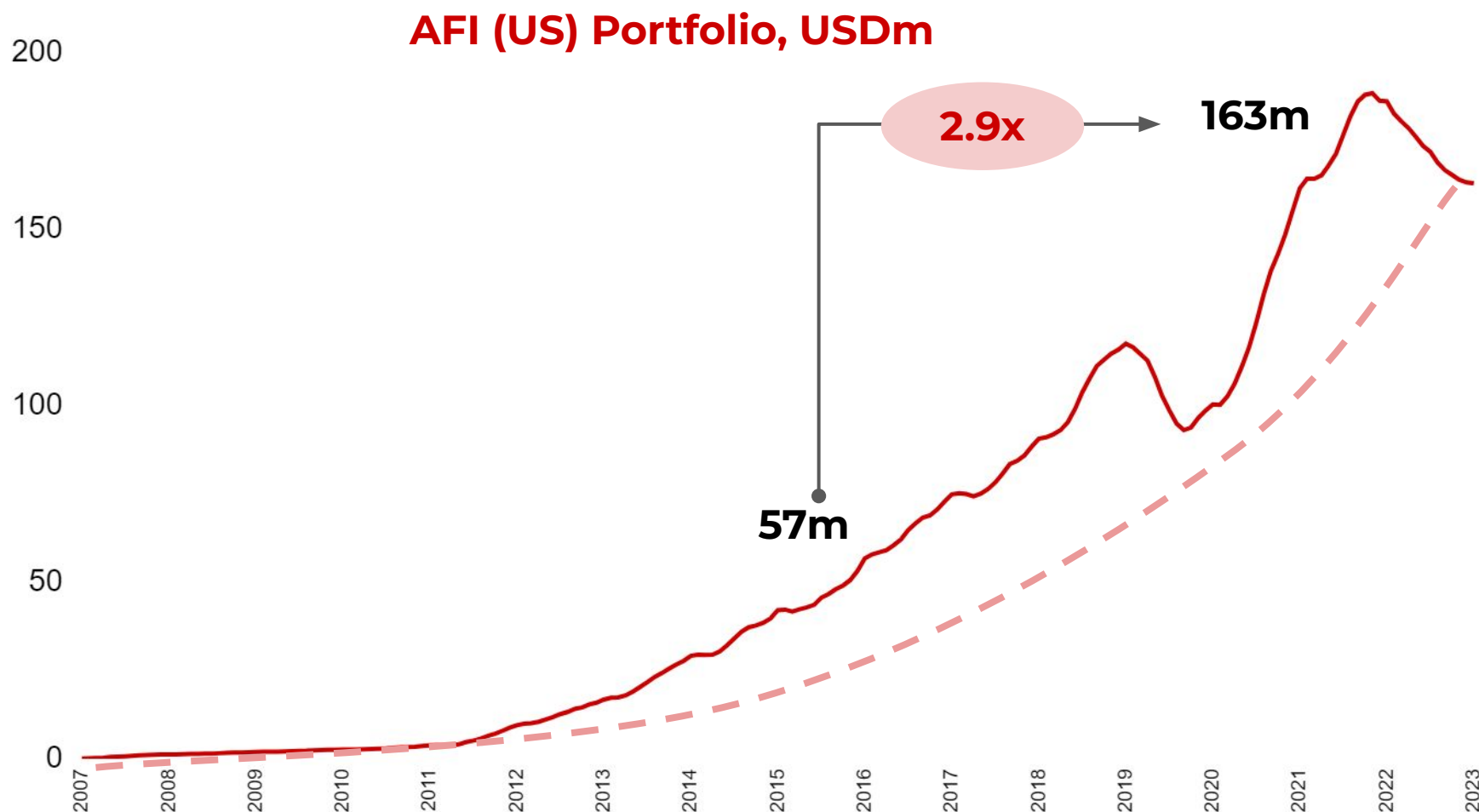
- Clear message of long term commitment to debt investors on behalf of equity holders.
- Better position to navigate challenging market.
- Exchange Offering for outstanding 2024 bonds extending their maturity to 2028.
- Cash redemption of remaining outstanding 8% Senior Notes due 2024.
- Refinancing of debt with HSBC Mexico for 1,400 million pesos maturing in 2026.

### 3 Growth in the US

## AFI has grown 2.9x since 2016



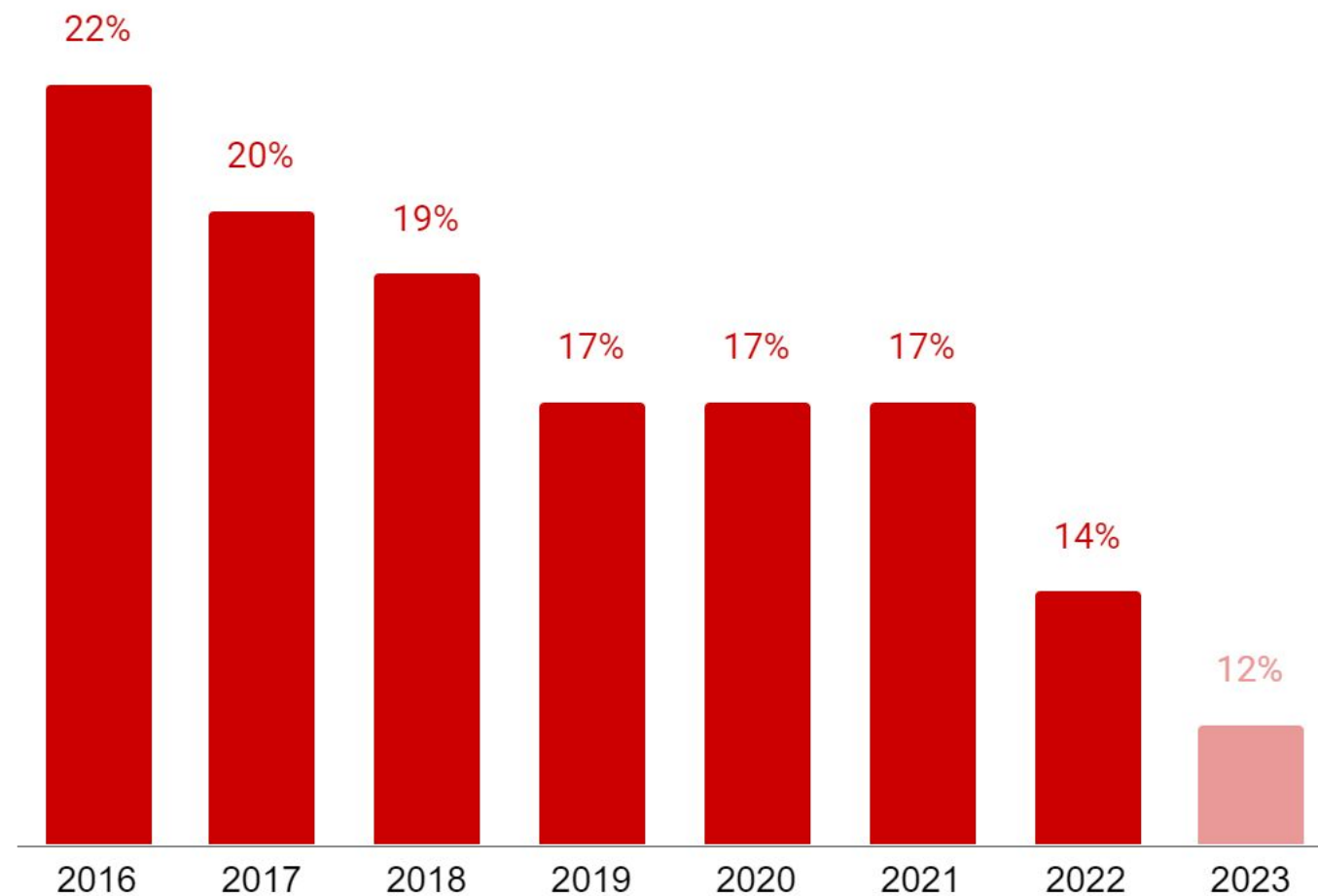
- Our US portfolio has grown 2.9x in the last 7 years, a 16.3% CAGR, mostly in California.
- Unserved Hispanic market (62m) in the US, with California being the largest market.
- Proven business model poised for growth.
- Opportunities in efficiency based on scale
- Presence in California, Texas and Arizona



### 3 Growth in the US

An increase in operating leverage has yielded significant efficiency

*AFI Non-Interest Expenses / Average Loan Portfolio*



## 4 Efficiency through technology

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

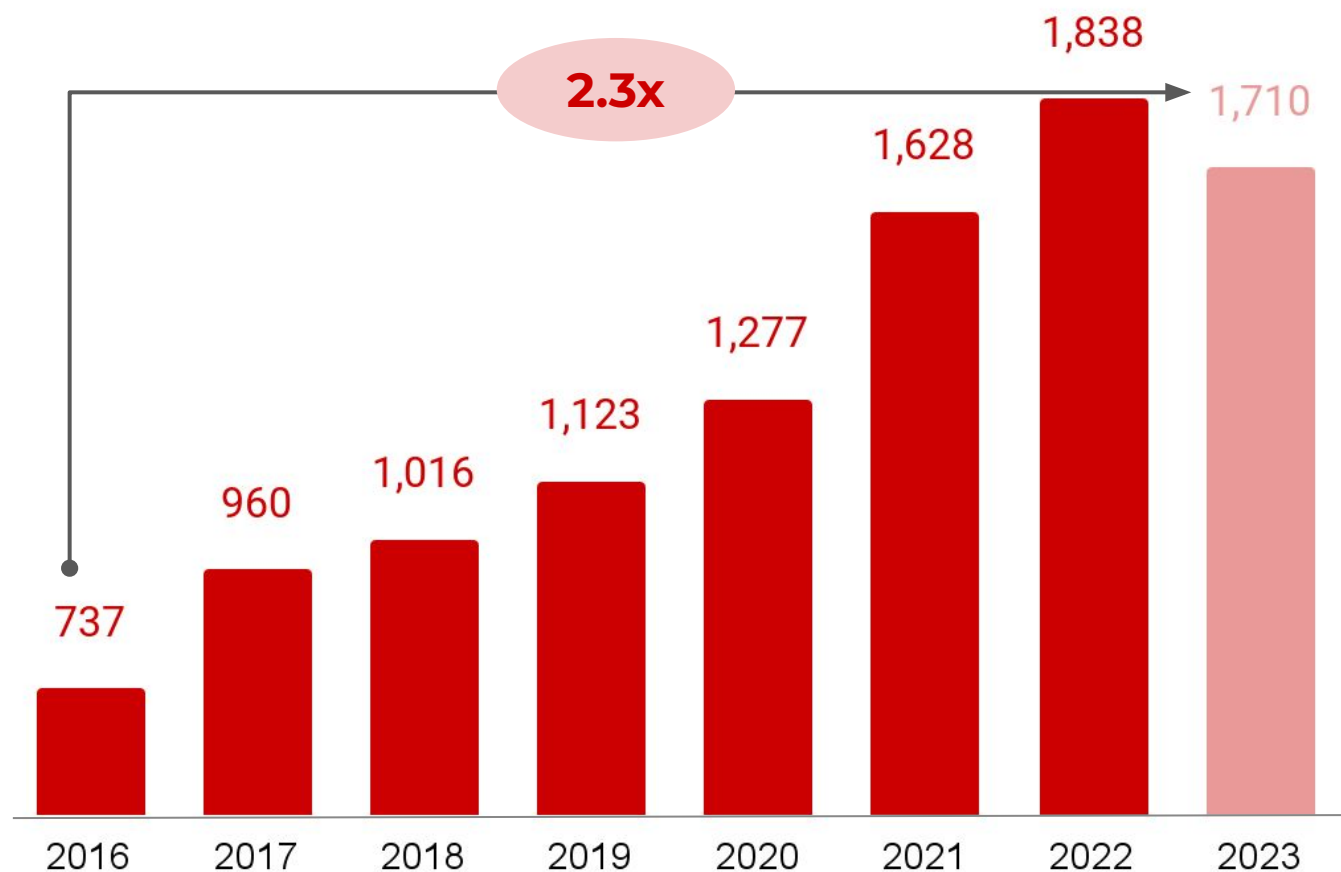
#### Initiatives

- 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 2.3x.
- This represents significant gains in efficiency.

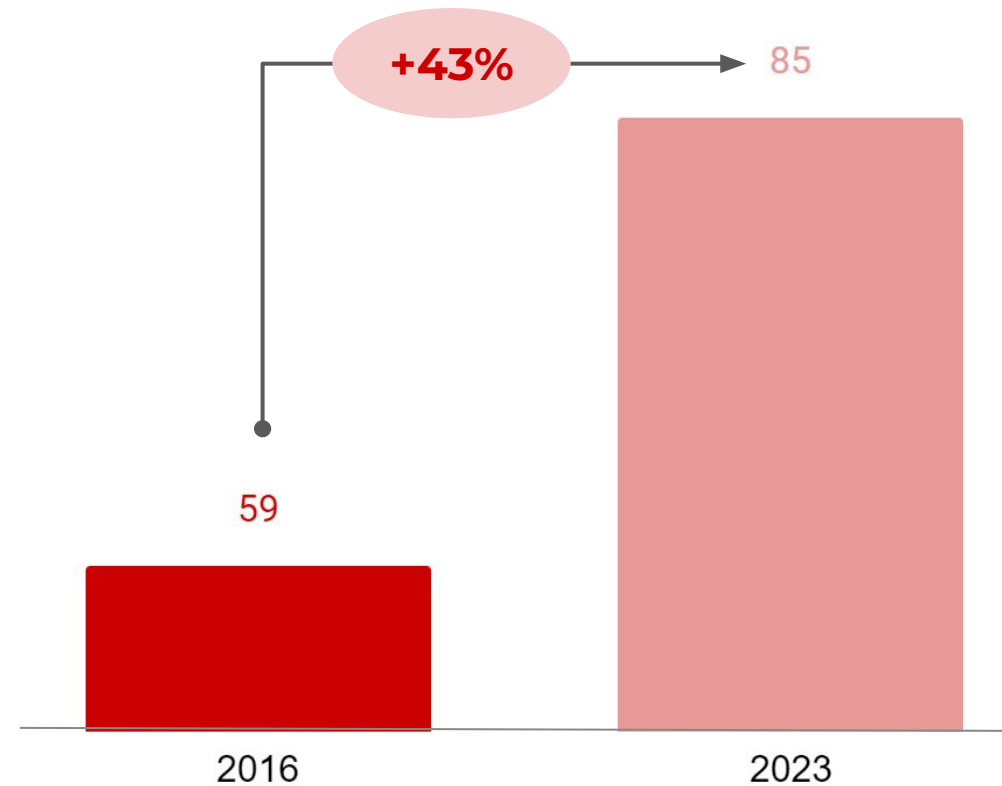
#### Loan Portfolio per Employee (Thousands MXN)



## 4 Efficiency through technology

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

*Monthly average origination per employee (Includes all FINDEP employees).  
Thousands MXN*







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