Banco Azteca

S.A., Institución de Banca Múltiple

Banco Azteca LT
HR AA-
Stable Outlook

Banco Azteca ST
HR1

Financial Institutions
July 5, 2024
*A NRSRO Rating***

2022	2023	2024
HR AA	**HR AA-**	**HR AA-**
Stable Outlook	Stable Outlook	Stable Outlook

Roberto Soto
roberto.soto@hrratings.com
Financial Institutions / ABS Sr.
Executive Director
Lead Analyst

Natalia Sánchez Magallán
natalia.sanchez@hrratings.com
Analyst

Angel García
angel.garcia@hrratings.com
Financial Institutions / ABS Sr.
Executive Director

HR Ratings ratified its HR AA- with Stable Outlook and HR1 rating for Banco Azteca

Ratification of Banco Azteca[1] ratings is based on implicit support and the Bank's relationship with Grupo Elektra[2], an entity with a counterparty risk rating of HR AA with Stable Outlook and HR1, determined on April 26, 2024, for further information please visit: www.hrratings.com. The Bank's financial performance over the last 12 months (12m) reflects a solid solvency position with a 14.9% net capitalization ratio as of the first quarter of 2024 (1Q24) following capital contributions of P$2,350m over the last 12 months of P$2,350m (vs. 14.8% as of 1Q23 and 15.3% in a base scenario). The Bank also reported a 12m net income of P$3,310m through March 2024, so the average ROA closed at positive levels of 1.1% (vs. P$3,228m and 1.2% as of 1Q23; P$2,851m and 0.9% in the base scenario). Regarding portfolio quality, the delinquency ratio and adjusted delinquency ratio are moderate, closing at 3.7% and 12.7% as of 1Q24 (vs. 4.9% and 11.7% as of 1Q23; 5.2% and 11.6% in the base scenario). The main results are:

[1] Banco Azteca S.A. de C.V., Institución de Banca Múltiple (Banco Azteca and/or BAZ and/or the Bank).
[2] Grupo Elektra, S.A.B. de C.V. (Grupo Elektra and/or the Group).

Assumptions and Results: Banco Azteca

(Figures in Millions of Pesos and Percentages)	Quarterly		Annual			Base Scenario			Stress Scenario		
Period	**1Q23**	**1Q24**	**2021**	**2022**	**2023**	**2024P***	**2025P**	**2026P**	**2024P***	**2025P**	**2026P**
Total Portfolio	160,451	169,099	123,198	161,307	169,557	183,122	195,941	208,677	176,331	188,684	207,551
Current Portfolio	152,521	162,855	117,450	154,886	162,516	175,748	188,210	200,790	163,803	180,884	199,301
Non-Performing Loans Portfolio	7,930	6,244	5,748	6,421	7,041	7,375	7,731	7,887	12,528	7,799	8,251
Loan-loss Provisions 12m	14,845	17,955	10,385	13,243	17,946	17,712	17,682	17,913	21,487	13,180	14,172
Administration Expenses 12m	58,491	59,013	50,138	56,758	59,339	64,660	69,671	74,212	67,220	75,247	77,035
Net Income 12m	3,228	3,310	1,448	2,814	3,092	4,466	5,126	4,102	-9,163	-4,497	39
Delinquency Ratio	4.9%	3.7%	4.7%	4.0%	4.2%	4.0%	3.9%	3.8%	7.1%	4.1%	4.0%
Adjusted Delinquency Ratio	11.7%	12.7%	10.2%	10.2%	12.7%	10.9%	11.5%	11.2%	15.7%	13.8%	11.5%
Adjusted NIM	21.9%	22.6%	20.5%	21.5%	22.9%	23.1%	22.7%	22.1%	20.4%	22.8%	22.1%
Efficiency Ratio	75.2%	72.4%	80.0%	76.8%	72.8%	72.9%	73.6%	75.7%	83.9%	89.7%	84.4%
Average ROA	1.2%	1.1%	0.6%	1.1%	1.1%	1.5%	1.7%	1.3%	-3.2%	-1.5%	0.0%
Basic Capitalization Ratio	14.2%	14.3%	13.8%	13.7%	14.5%	14.8%	15.3%	15.4%	15.0%	11.0%	10.2%
Net Capitalization Ratio	14.8%	14.9%	14.2%	14.3%	15.0%	15.3%	15.9%	16.0%	15.5%	11.4%	10.5%
Adjusted Leverage Ratio	7.1	7.0	7.7	7.1	7.1	6.5	6.1	5.9	7.2	10.6	13.0
Current Loan Portfolio to Net Debt Ratio	1.2	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1
Rate Spread	27.0%	28.4%	24.9%	26.3%	28.8%	28.5%	27.9%	27.2%	27.4%	26.9%	26.3%
LCR	1296.9%	902.1%	666.4%	1088.0%	1054.6%	1047.7%	1012.3%	993.4%	1015.4%	944.5%	900.1%
NSFR (Net Stable Funding Ratio)	198.0%	193.8%	274.1%	214.6%	195.3%	282.0%	283.6%	283.8%	269.9%	263.5%	262.0%

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

Historical / Comparative Performance vs. Projections

- **Solid solvency position showing a 14.9% net capitalization ratio as of 1Q24 (vs. 14.8% as of 1Q23 and 15.3% in a base scenario).** Capitalization continues to be strong, supported by capital contributions of P$2,350m in the last 12m at the end of Q2 and Q3 2023.
- **Delinquency ratio and adjusted delinquency were moderate at 3.7% and 12.7% as of 1Q24 (vs. 4.9% and 11.7% as of 1Q23; 5.2% and 11.6% in a base scenario).** Adjusted delinquency levels increased due to higher write-offs in the last 12m as a result of new internal policies.
- **Profitability levels were stable with an average ROA of 1.1% as of 1Q24 (vs. 1.2% as of 1Q23 and 0.9% in a base scenario).** The improved financial margin kept the Bank's profitability stable.
- **Efficiency levels remained stable with a 72.4% efficiency ratio as of 1Q24 (vs. 75.2% as of 1Q23 and 78.3% in a base scenario).** The recovery in operating inflows improved the indicator, despite increased administration expenses (12m).

Expectations for Future Periods

- **Average total portfolio growth of 7.2% in the coming periods, closing at P$183,122m in 2024 and P$195,941m in 2025.** Continued consumer portfolio operating volume growth as its main line of business enabled portfolio growth and opportunities for new lines of business.
- **Portfolio quality was moderate, with adjusted delinquency and delinquency ratios of 4.0% and 10.9% as of 4Q24 (vs. 4.2% and 12.7% as of 4Q23).** We estimate that adjusted delinquency levels will decline in the first period as new internal policies for recording write-offs mature.

Additional Factors Considered

- **Support from Grupo Elektra's shareholders, with a long-term rating of HR AA with Stable Outlook and HR1.** This rating was reviewed by HR Ratings on April 26, 2024.
- **Moderate concentration of top customers with 20.0% portfolio concentration and 1.0x capital (vs. 15.0% and 0.7x as of 1Q23).** Top customer balances rose, increasing the sensitivity of the Bank's financial position should any of these customers default.
- **Related parties held a balance of P$9,465m, accounting for 5.6% of the total portfolio at the end of March 2024.** This balance currently covers 77.1% of the legal limit, so we consider it to be moderate.
- **Liquidity levels were solid with a Liquidity Coverage Ratio (LCR) of 902.1% and a stable financing ratio of 193.8% as of 1Q24.** We consider the Bank's liquidity to be one of its main strengths, as well as its high flexibility regarding the cost of funding.
- **Strength in corporate governance factors with an average environmental and social factor level.** The Bank has an adequately structured board of administration as well as sound internal regulatory and risk management policies.

Factors that Could Modify the Rating

- **Changes in Grupo Elektra's counterparty risk rating.** A change in Grupo Elektra's rating would directly affect the Bank's rating to the same extent and direction.

This follow-up rating report focuses on the analysis and evaluation of important events over the last few months that impact Banco Azteca's credit quality. For further information on the initial ratings assigned to Banco Azteca by HR Ratings, please see the initial report prepared on November 12, 2009 and subsequent reports. These reports are available on the website: http://www.hrratings.com.

Bank Profile

Banco Azteca is a financial institution offering consumer loans for goods, personal loans, group loans, secured loans with Presta Prenda, credit cards and interest earning deposit options starting at $1.0 that are commission-free, among other services. Banco Azteca is part of Grupo Elektra since the latter owns all of the Bank's shares.

Relevant Events

Changes in General Management and Chairman of the Board of Administration

There was a change in Chief Executive Officer in May 2024, as Alejandro Valenzuela, former Chief Executive Officer, is now Chairman of the Board of Administration after replacing his predecessor. Alejandro Valenzuela has a degree in economics from the University of California (UCLA) and a PhD in Management from the University of Paris. He was also a public servant at Banco de México (Bank of Mexico) and at the Ministry of Finance and Public Credit (SHCP) for over 13 years. He has also worked in the private sector in various positions as Chief Executive Officer of other banking institutions. From January 2015 to February 2024, he was head of the Bank’s General Management, as well as Azteca Servicios Financieros.

Conversely, Francisco Tonatiuh Rodríguez, Chief Executive Officer of Banco Azteca, has over 20 years of management experience in the financial sector working at institutions such as Afore XXI. Francisco Tonatiuh Rodríguez has a degree in economics from the Instituto Tecnológico Autónomo de México (Autonomous Technological Institute of Mexico) (ITAM), a master's degree in economics from the University of Warwick, and studied senior management at IPADE.

Observed vs. Projected Profit

The following is a historical analysis of Banco Azteca's financial position over the last twelve months compared with the financial position expected by HR Ratings, using base and stress scenarios, as projected in the rating report dated July 7, 2023.

Figure 1. Assumptions and Results: Banco Azteca

(Figures in Millions of Pesos and Percentages)	Observed Results		Projections 2023 Rating	
Period	1Q23	1Q24	1Q24 Base*	1Q24 Stress*
Total Portfolio	160,451	169,099	170,977	162,789
Current Portfolio	152,521	162,855	162,127	148,219
Non-Performing Loans Portfolio	7,930	6,244	8,850	14,569
Loan-loss Provisions 12m	14,845	17,955	14,360	15,137
Administration Expenses 12m	58,491	59,013	66,412	57,896
Net Income 12m	3,230	3,310	2,851	-5,152
Delinquency Ratio	4.9%	3.7%	5.2%	8.9%
Adjusted Delinquency Ratio	11.7%	12.7%	11.6%	16.0%
Adjusted NIM	21.9%	22.6%	22.5%	16.5%
Efficiency Ratio	75.2%	72.4%	78.3%	88.2%
Average ROA	1.2%	1.1%	0.9%	-1.8%
Basic Capitalization Ratio	14.2%	14.3%	14.7%	13.2%
Net Capitalization Ratio	14.8%	14.9%	15.3%	13.7%
Adjusted Leverage Ratio	7.1	7.0	7.3	8.0
Current Loan Portfolio to Net Debt Ratio	1.2	1.3	1.2	1.2
Rate Spread	27.0%	28.4%	27.0%	21.3%
Lending Rate	30.6%	33.3%	31.5%	26.4%
Borrowing Rate	3.6%	4.9%	4.5%	5.2%
LCR	1296.9%	902.1%	1271.9%	1261.7%
NSFR (Net Stable Funding Ratio)	198.0%	193.8%	278.3%	272.5%

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q23 under a base and stress scenario included in the annual review report dated July 7, 2023.

Loan Portfolio Evolution

The total loan portfolio grew 5.4% to P$169,099m at the end of March 2024 (vs. P$160,451m in March 2023 and P$170,977m in a base scenario). This growth has been driven by the consumer portfolio, its main line of business, as well as the business or commercial activity segment in the commercial portfolio.

Regarding portfolio quality, the non-performing loan portfolio decreased from P$7,930m in March 2023 to P$6,244m in March 2024 (vs. P$8,850m in a base scenario). This decrease was due to there being fewer customers in default, going from two commercial portfolio customers for a total amount of P$2,294m as of 1Q23 to one commercial portfolio customer in the financial sector for P$388m as of 1Q24. In addition, there were increased write-offs in the last 12m due to new internal policies. In line with the above, the delinquency ratio closed at 3.7% as of 1Q24 (vs. 4.9% as of 1Q23 and 5.2% in a base scenario).

However, the adjusted delinquency ratio increased 100 basis points to 12.7% as of 1Q24 (vs. 11.7% as of 1Q23 and 11.6% in a base scenario) due to write-offs LTM assumed for an amount of P$17,390m as of the end of March 2024 (vs. P$12,189m in March 2023 and P$12,332m in the base scenario). This is due to the fact that portfolio cancellations went from 31 to 29 weeks; therefore, cancellations in the last six months have been made for the 30th and 31st week in advance, increasing the indicator. HR Ratings considers delinquency levels moderate and in line with its business model.

Bank Coverage

Regarding the 12m loan-loss provisions, the Bank reported a balance of P$18,081m, which is up from the previous period (vs. P$17,490m in March 2023 and P$19,519m in a base scenario). As a result, the non-performing loans portfolio coverage ratio closed at 2.9x as of 1Q24 (vs. 2.2x as of 1Q23 and 2.2x in a base scenario), mainly due to the decrease in the non-performing loans portfolio. HR Ratings believes that the coverage ratio is very prepared for potential portfolio deterioration.

Inflows and Expenditure

Regarding the Bank's Income by interest generation, 12m income by interest amounted to P$92,955m in March 2024, equivalent to a 14.7% annual increase (vs. P$81,061m in March 2023 and P$89,871m in the base scenario). The increase in income by interest was mainly due to higher volume of operations, mainly in consumer portfolio and, to a lesser extent, to increased consumer product lending rate. As a result, the lending rate was 33.3% as of 1Q24 (vs. 30.6% as of 1Q23 and 31.5% in a base scenario).

The Bank's 12m interest expenditure amounted to P$11,906m as of the end of March 2024, an annual increase of 44.4% compared to the previous period (vs. P$8,248m in March 2023 and P$11,215m in the base scenario). As a result, the borrowing rate increased to 4.9% as of 1Q24 as a result of increased rates for demand products such as "inversión azteca" and term deposits for the general public (vs. 3.6% as of 1Q23 and 4.5% in the base scenario). Despite this increase, the interest rate spread improved as a result of the increase in the bank's lending rate, which closed at 28.4% as of 1Q24, resulting in higher levels (vs. 27.0% as of 1Q23 and 27.0% in a base scenario).

12M Loan Loss Provisions for Credit Risks increased by P$17,955m in March 2024 (vs. P$14,845m in March 2023 and P$14,360m in a base scenario). Despite the increase in the 12m loan-loss provisions, the financial margin allowed the Adjusted NIM to increase to 22.6% as of 1Q24 (vs. 21.9% as of 1Q23 and 22.5% in a base scenario).

12M net commissions increased 23.3% to P$2,728m at the end of March 2024. This is due to an increase in commissions charged due to higher ATM transaction fees and exchange fees (vs. P$2,213m in March 2023 and P$2,263m in the base scenario). 12M Income from Intermediation decreased for an amount of P$2,739m at the end of March 2024, mainly due to the operation with derivative financial instruments and foreign exchange fluctuation (vs. P$4,043m in March 2023 and P$5,178m in the base scenario). Other income (expense) from operations 12m reported a loss of -P$5,008m at the end of March 2024, mainly due to the P$5,198m loss on loan portfolio sale LTM with two customers and, to a lesser extent, Institute for the Protection of Bank Savings (IPAB) contributions of P$853m LTM (vs. -P$1,290m in March 2023 and -P$1,251m in a base scenario).

Finally, administration expenses 12m remained stable and grew 0.9%, accumulating an amount of P$59,013m at the end of March 2024 (vs. P$58,491m in March 2023 and P$66,412m in the base scenario) mainly comprising personnel, operating and IT consulting expenditure. Expenditures were also made to strengthen digital and institutional banking. As a result of stability in both 12m administration expenses and the increase in 12m total operating revenues, the efficiency ratio stood at 72.4% as of 1Q24, improving its position (vs. 75.2% as of 1Q23 and 78.3% in a base scenario).

Profitability and Solvency

Regarding 12m net income, there was an accumulated profit of P$3,310m in March 2023 (vs. P$3,230m in March 2023 and P$2,851m in a base scenario). This effect is reflected in the stability of the average ROA at 1.1% as of 1Q24 due to the increase in operating volume along with the loss due to other expenses and Income from Intermediation (vs. 1.2% as of 1Q23 and 0.9% in a base scenario). Regarding the Bank's solvency, the basic and net capitalization ratios were stable, closing at 14.3% and 14.9% as of 1Q24 (vs. 14.2% and 14.8% as of 1Q23; 14.7% and 15.3% in a base scenario, respectively). The stability of the

Bank's solvency is supported by increased capital contributions LTM of P$2,350m made at the end of 2Q and 3Q 2023, offsetting the increase in total assets at risk as a result of total portfolio growth.

Funding and Leverage

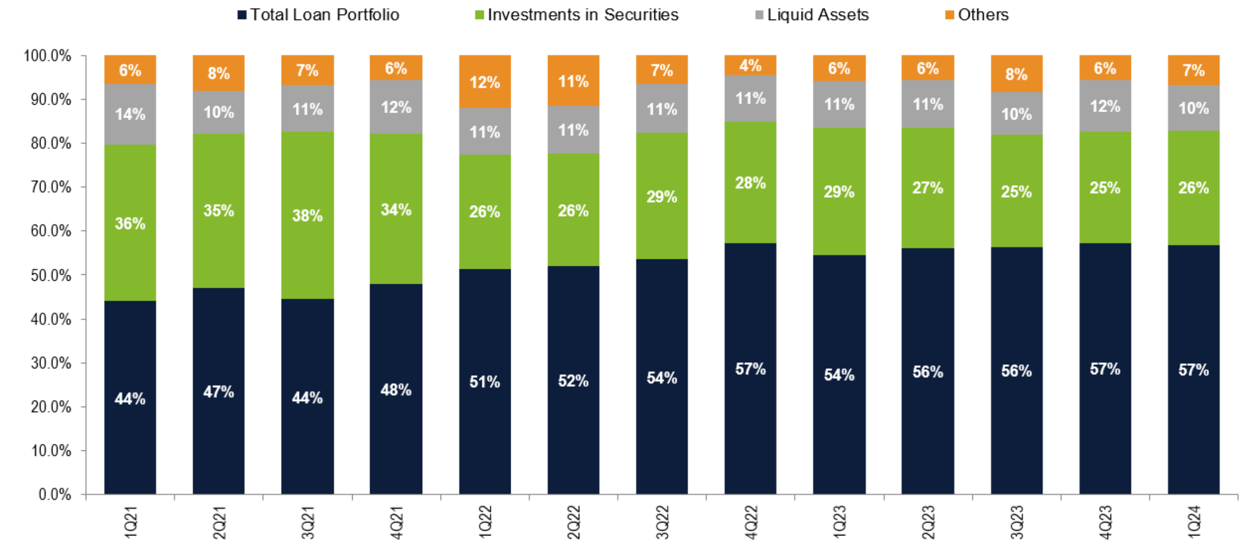
The adjusted leverage ratio was stable, reflecting the result of equity growth in line with increased cost liabilities. It had a level of 7.0x at the end of 1Q24, maintaining adequate levels (vs. 7.1x as of 1Q23 and 7.3x in a base scenario). The current portfolio to net debt ratio was stable at 1.3x as of 1Q24 (vs. 1.2x as of 1Q23 and in a base scenario, respectively).

Analysis of Productive Assets and Funding

Analysis of Inflows by Asset

Loan portfolio remains the Bank's main asset due to its asset distribution, accounting for 56.8% at the end of March 2024, with a balance of P$169,099m (vs. P$160,451m and 54.5% in March 2023). Investments in securities and liquid assets remained at a similar ratio compared to the previous year, maintaining the lower liquidity strategy. These account for 26.1% and 10.4% as of 1Q24 (vs. 29.1% and 10.6% as of 1Q23). Conversely, other assets accounted for 6.7% as of 1Q24 (vs. 5.8% as of 1Q23). A small equity interest is maintained as a result of lower security and derivative operations at the end of March 2024.

Figure 2. Asset Distribution



Source: HR Ratings based on internal Bank information as of 1Q24.

Delinquency Buckets

The most significant change for delinquency buckets was the increase in portfolio with zero days delinquency of 84.4% as of 1Q24 (vs. 83.4% as of 1Q23) due to a decrease in one to thirty days default and non-performing loans portfolio, accounting for 9.1% and 4.1% as of 1Q24 (vs. 9.8% and 4.3% as of 1Q23). HR Ratings considers the Bank's delinquency buckets to be moderate, in line with the fact that the consumer sector is the Bank's main line of business.

Figure 3. Delinquency Buckets

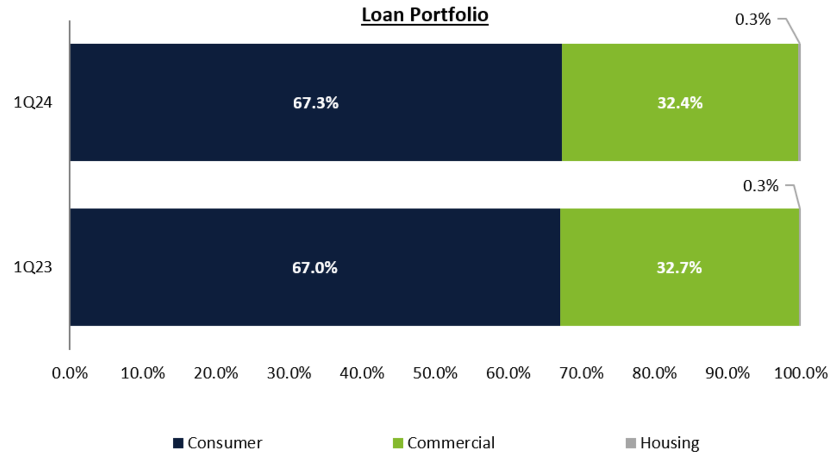
Days in Arrears	Amount as of	% of Total	Amount as of	% of Total
0	134,184	83.4%	143,129	84.4%
1 - 30	15,792	9.8%	15,419	9.1%
31 - 60	2,477	1.5%	2,371	1.4%
61 - 90	1,596	1.0%	1,670	1.0%
Non-Performing Loans Portfolio	6,840	4.3%	6,974	4.1%
TOTAL	**160,889**	**100.0%**	**169,563**	**100.0%**

Source: HR Ratings based on internal Bank information as of 1Q24.
*Figures in millions of pesos.

Total Portfolio Distribution

Portfolio distribution is in line with the Bank's business model with the consumer portfolio maintaining the largest share of 67.3% as of 1Q24 (vs. 67.0% as of 1Q23). Personal loans were the most prevalent in the consumer portfolio, accounting for 52.4% of the total (vs. 56.2% as of 1Q23). The rest of the consumer portfolio consists of by others incomes, such as "Gold" credit cards, "Presta Prenda" secured loans, among others. Meanwhile, the commercial portfolio had 32.4% as of 1Q24 (vs. 32.7% as of 1Q23) with the corporate portfolio, the most significant, with 56.1% as of 1Q24 (vs. 67.3% as of 1Q23), followed by the portfolio with financial and government entities, accounting for 17.7% and 10.2%, respectively, as of 1Q24 (vs. 19.4% and 13.3% as of 1Q23). Finally, the housing portfolio maintained its equity interest with 0.3% as of 1Q24 (vs. 0.3% as of 1Q23). HR Ratings considers the Bank's portfolio diversification adequate.

Figure 4. Total Portfolio Distribution by Type of Credit



Source: HR Ratings based on internal Bank information.

Top Customers in the Common Risk Group

Top customers increased in the accumulated balance at the end of March 2024, with an amount of P$35,304m, and the portfolio concentration increased to 20.9%. Concentration to capital increased to 1.0x (vs. P$24,075m, 15.0%, 0.7x as of 1Q23). All borrower characteristics were already part of the Bank's portfolio, thereby increasing their credit lines. HR Ratings considers that the Bank has concentrated a higher percentage of its top customers compared to previous year's equity and loan portfolio.

Related Parties

At the end of March 2024, three borrowers were considered related parties with a total balance of P$9,465m, accounting for 5.6% of the total portfolio (vs. P$10,239m and 6.4% in March 2023). Related parties also had an accounts receivable balance of P$27m. Therefore, the related parties total was P$9,780m, accounting for 77.1% of the legal limit of 35% of net capital established with related parties (P$10,509m and 89.8% as of 1Q23).

Investments in Securities

Investments in securities decreased 9.5% with a P$77,639m balance at the end of March 2024 (vs. P$85,771m in March 2023). The government position is maintained, accounting for 98.0% (vs. 99.2% in March 2023), in line with the Bank's risk profile and its internal risk limits, which do not allow investments in securities other than government securities, equal to or greater than 5.0% of net capital. HR Ratings considers the Bank to have low credit risk exposure.

Figure 5. Investments in Securities

Financial Assets	Acquisition Cost	Carrying amount	Equity interest
Unrestricted Position			
Government Bonds	47,842	47,839	61.5%
Certificates of Deposit	1,500	1,510	1.9%
Other Securities	53	47	0.1%
Restricted Position			
Government Bonds	28,244	28,426	36.5%
TOTAL	**77,639**	**77,822**	**100%**
vs. 1Q23	**85,771**	**85,762**	**100%**

Source: HR Ratings based on internal Bank information as of 1Q24.

*Figures in millions of pesos.

Funding Tools

There were no funding tool agreements with any banking institution at the end of March 2024. In line with the above and the historical trend, all funding was traditional capture with a weighted average rate of 4.1% as of 1Q24 (vs. 3.0% as of 1Q23).

Traditional capture was at P$214,793m at the end of March 2024, down 0.3%. The observed decrease was due to the reduction in demand products, specifically "Inversión Azteca" from P$56,787m in March 2023 to P$52,558m in March 2024 due to higher rates offered on term deposits. However, the Bank's two main products continue to be "Guardadito" and "Inversión Azteca", both easy access products, accounting for 34.1% and 24.5% as of 1Q24 (vs. 33.8% and 26.4% as of 1Q23). Cost of funding has increased as a result of higher rates offered by "Inversión Azteca" on demand products, as well as the increased term deposit rate.

Figure 6. Traditional Capture

	1Q23			1Q24		
	Accounting Balance	Average Rate	% Capture	Accounting Balance	Average Rate	% Capture
Demand Products	**174,383**	**2.16%**	**81.0%**	**170,938**	**2.70%**	**79.6%**
Inversión Azteca (Azteca Investments)	56,787	4.9%	26.4%	52,558	6.7%	24.5%
"Guardadito" (savings account)	72,834	0.0%	33.8%	73,236	0.0%	34.1%
Payroll	9,112	0.0%	4.2%	9,372	0.0%	4.4%
Non-interest-bearing concentrating accounts	10,370	0.0%	4.8%	10,731	0.0%	5.0%
Interest-bearing concentrating accounts	19,704	4.9%	9.2%	20,362	5.4%	9.5%
Government program concentrating accounts	5,576	0.0%	2.6%	4,679	0.0%	2.2%
Term Deposits	**40,945**	**6.5%**	**19.0%**	**43,855**	**9.5%**	**20.4%**
General public	40,945	6.5%	19.0%	43,855	9.5%	20.4%
Money market	4	0.0%	0.0%	-	0.0%	0.0%
Total	**215,332**	**3.0%**	**100.0%**	**214,793**	**4.1%**	**100.0%**

Source: HR Ratings based on internal Bank information as of 1C

*Figures in millions of pesos.

Main Savers

The 10 main savers had a balance of P$13,320m at the end of March 2024, accounting for 6.2% of traditional capture (vs. P$12,362m and 5.7% in March 2023). The balance increase was part of the exchange of main savers and the increased balance of other savers compared to the previous period. However, the Bank maintains a low concentration of its main savers, implying low dependence on funding.

Figure 7. Main Savers

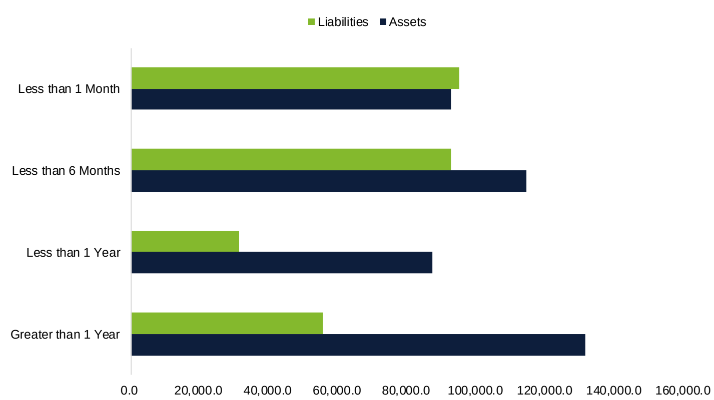
Saver	Balance*	% of Capture
Saver 1	4,756	2.2%
Saver 2	2,398	1.1%
Saver 3	1,618	0.8%
Saver 4	1,276	0.6%
Saver 5	705	0.3%
Saver 6	652	0.3%
Saver 7	505	0.2%
Saver 8	495	0.2%
Saver 9	486	0.2%
Saver 10	430	0.2%
TOTAL	**13,320**	**6.2%**
vs. 1Q23	**12,362**	**5.7%**

Source: HR Ratings based on internal Bank information as of 1Q24.
*Figures in millions of pesos.

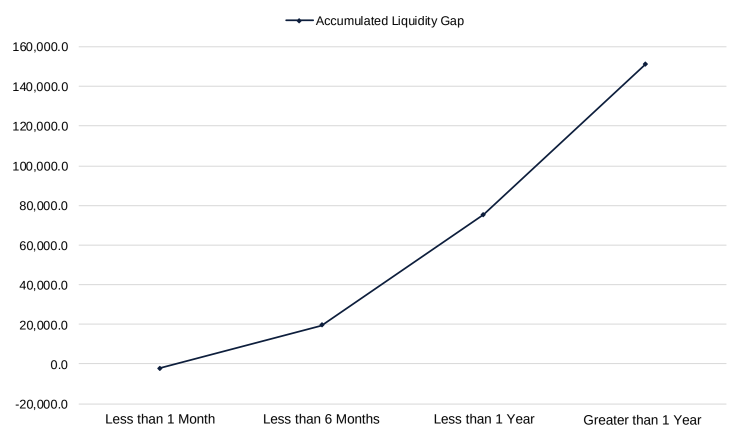
Liquidity Gaps

The Bank has a liquidity gap mismatch for under one month due to a high percentage of demand deposits, but its net stable financing ratio of 193.8% as of 1Q24, which means it has nearly doubled the required stable funding (vs. 198.0% as of 1Q23). All other terms are aligned, and by the end of March 2024, the accumulated gap stood at P$151,219m, with an asset-liability gap of 31.4% and a capital gap of 70.2%. (vs. P$173,437m, 11.2% and 33.8% as of 1Q23). HR Ratings considers the Bank to have low liquidity risk.

Figure 8. Liquidity Gaps



Source: HR Ratings based on internal Bank information as of 1Q24.



Source: HR Ratings based on internal Bank information as of 1Q24.

Rates and Exchange Rate Risk

The Bank holds a dollar-denominated position in its loan portfolio, totaling an equivalent of P$11,430m, primarily allocated to the commercial portfolio, accounting for 6.8% of the total portfolio as of 1Q24. All of the liabilities are in pesos. Banco Azteca also has hedging instruments covering P$18,804m, resulting in low exchange rate exposure. Regarding interest rate risk, both liabilities and assets are variable, except for the consumer portfolio. However, due to the high revolving nature of this portfolio, we consider that the Bank has significant flexibility to adjust rates in response to economic conditions.

Figure 9. Foreign Exchange Risk

Foreign Exchange Risk*		Interest Rate Risk*	
Peso Portfolio	157,669	Fixed Rate Portfolio	113,796
U.S. Dollar Portfolio	11,430	Variable Rate Portfolio	55,303
Liabilities in Pesos	214,793	Fixed Rate Liabilities	-
Liabilities in U.S. Dollars	-	Variable Rate Liabilities	214,793
Hedging Instruments	18,804	Hedging Instruments	4,407
Amount Exposed	-	Amount Exposed	155,083

Source: HR Ratings based on internal Bank information.
*Figures in millions of pesos.

Hedging Instruments

The Bank has various derivative instruments making it possible to reduce risk exposure. These instruments protect the loan portfolio, liquid assets and investments in securities holding positions in foreign currency. At the end of March 2024, the net dollar position amounted to P$286m, with all items fully covered by hedging instruments. The Bank holds derivatives for negotiation purposes, with the profits of these operations reflected in income from intermediation. Below is a breakdown of the structure of derivatives used for hedging purposes.

Figure 10. Hedging Derivatives

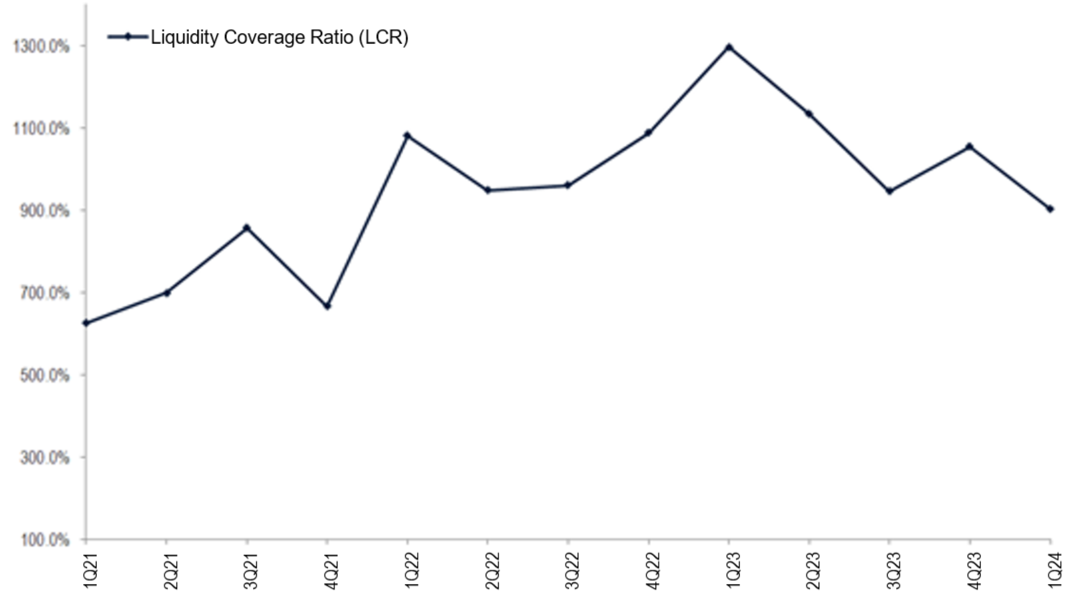
Hedging Derivatives			
Hedging Derivative Instruments at Fair Value			
Type of Derivative	**Hedged item**	**Value of Hedged Item**	**Hedged Risk**
Forward	Commercial Portfolio	1,964	Exchange Rate
SWAP Cross-Currency Swap (CCS)	Commercial Portfolio	3,980	Interest Rate & Exchange Rate
SWAP Cross-Currency Swap (CCS)	Investments in Securities	427	Interest Rate & Exchange Rate
Future	Investments in Securities	34	Exchange Rate
Future	Call Money	4,612	Exchange Rate
Future	Liquid Assets	2,562	Exchange Rate
TOTAL		**13,579**	
Derivative Transactions Forwards and Futures			
Type of Derivative	**Position**	**Notional Amount**	**Hedged Risk**
Forward	Sale	1,958	Exchange Rate
Future	Sale	7,208	Exchange Rate
TOTAL		**9,166**	
SWAPS derivative transactions			
Type of Derivative		**Net balance**	**Hedged Risk**
CCS		19	N/A
CCS		394	Exchange Rate
CCS		72	Exchange Rate
TOTAL		**485**	

Source: HR Ratings based on internal Bank information as of 1Q24.
*Figures in millions of pesos.

LCR

At the end of March 2024, the LCR stood at 902.1% (vs. 1,296.9% as of Q123), significantly exceeding the regulatory minimum of 100.0%. The decline is attributed to a reduction in cash inflows from unsecured transactions, from P$18,237m in March 2023 to P$16,424m in March 2024. HR Ratings considers the Bank to have low liquidity risk, viewing it as one of its key strengths.

Figure 11. Liquidity Coverage Ratio



Source: HR Ratings with information provided by the Bank.

Risk Management and VaR Management

Regarding risk management, the Bank has concentration limits set for each type of investment. At the end of March 2024, treasury operations complied with internal market risk and credit risk limits. For credit risk, reserves cover expected losses and the realization of operational risk accounted for less than 1.0% of net capital. The market risk exposure is shown below.

Figure 12. Risk Management

	VaR	Limit*	Limit Consumption
Money Market	79	371	21.2%
Derivatives	60	557	10.7%
Currencies and Metal	107	928	11.5%

Source: HR Ratings based on internal Bank information as of 1Q24.

*Figures in millions of pesos.

Analysis of ESG Factors

Analysis of Environmental Factors

The Bank's Environmental Policies and Approach: *Average*

On one hand, Banco Azteca adheres to the Banking Sustainability Protocol established by the Mexican Bank Association (ABM), which is defined as a voluntary agreement among financial institutions and guidelines are set to formalize the banking sector's commitment to Mexico's Sustainable Development and to promote the country's transition toward the responsible and conscious use of its resources.

On the other hand, the Bank has credit policies for loan origination meeting certain environmental criteria. These include investments in green projects such as renewable energy development and energy efficiency, consumer loans for products meeting energy efficiency standards and green mobility, as well as consumer loans for purchasing electric motorcycles and/or bicycles. In 2023, green loans were granted at similar percentages to previous periods, with two customers receiving funding equivalent to 4.3% of the portfolio. HR Ratings considers the Bank to have an average label, as its credit policies incorporate environmental criteria, but these account for a relatively small portion of the total portfolio.

Exposure to Natural Phenomena and Environmental Regulation: *Average*

The Bank has extensive geographic diversification, allowing it to minimize exposure to natural phenomena. The Bank has also implemented the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) across all its business units to mitigate financial stability risks associated with climate change. The TCFD seeks to make sure the financial sector discloses essential information to facilitate early assessment of climate-related risks and opportunities, as well as improve the pricing of climate-related risks and lead to more informed capital allocation. Furthermore, the Bank aligns with Grupo Salinas' sustainable lines of action, which include:

- Commitment to the circular economy
- Energy efficiency in operations
- Reduction of consumer impacts
- Support for climate action
- Promotion of a culture of environmental respect

HR Ratings considers the Bank to be labeled average, as it has established protocols to mitigate financial losses resulting from climate change.

Analysis of Social Factors

Social Business Approach: *Average*

One of the Bank's key contributions to social development is providing loans to segments of the population that are underserved by mainstream banking. Customers receive complete information on financial product conditions. To this end, in March 2024, more than 30 million customers were integrated into the formal financial system through simple digital products and 2,014 branches in 800 municipalities. In the case of 200 of them, it is the only bank with a branch there. The Bank’s main strategies as a responsible financial institution include:

Figure 13. Savings and Loan Products

Savings and Loan Products	
Inclusive Capture	"Guardadito" is a savings account that can be opened with as little as 1 peso. Customers have access to their money whenever they need it, with no account management fees or minimum balances.
Productive Credit	Loans for entrepreneurs and small businesses through the products: "Mi Negocio Azteca" and "Empresario Azteca."
Financial Education	Through the "Aprende y Crece" (Learn and Grow) Program, financial education is fostered within the bank's target groups.

Source: HR Ratings with internal information provided by the Bank.

HR Ratings considers that the Bank is labeled average in this item, since despite the fact that the Bank seeks to encourage and add underserved sectors to the financial system, it offers one of the highest rates in the sector.

Human Capital and Reputational Risk: *Average*

The Bank's personnel selection and recruitment process is standardized at Group level, focusing on skills and knowledge. The guidelines are part of the Talent Attraction Manual, as well as the inclusion and non-discrimination policy.

In line with the above, in 2023, 71.9% of the Bank's employees were women and of this total, 27.0% held managerial positions.

In addition, the Bank is guided by the Group's high-performance management model. In 2023, the average length of service was 3 years and 11 months. Moreover, the Bank has an adequate turnover rate of 9.1% as of 1Q24 (vs. 11.9% as of 1Q23).

Finally, the Bank has a career and training plan with specific evaluation models for each Department. Corporate is divided into three stages: definition and evaluation of objectives, mid-term evaluation and final evaluation and feedback.

A multidimensional evaluation is available for branch employees, consisting of productivity measurement and team trainer feedback. Training programs are available online and in-person, with a total of 26.4 hours of training per employee in 2023 (vs. 20.8 in 2022). Training programs are focused and specialized for each of the Bank's departments.

HR Ratings considers that the Bank is labeled average since it has formal policies for personnel onboarding, training and career plans; however, there is an area of opportunity involving monitoring and measuring objectives.

Analysis of Corporate Governance Factors

Integrity Standards and Policies: *Average*

The Bank has the following seven operating committees: risk management, compensation, investments, transfer pricing, regulations and best practices, internal audit and integrity. The Board of Administration has 11 members with 45.5% independence and the directors receive remuneration, approved at the Shareholders' Meeting. The Bank has a related party policy in place to prevent conflicts of interest and internal and external controls have been established, as well as sanctions for noncompliance. The Bank also adheres to the Group's code of ethics and conduct, this code's guidelines are in accordance with the Ethics, Integrity and Compliance Program (PEIC). HR Ratings considers the Bank to be labeled average as it has formalized internal regulations.

Quality of Senior Management: *Superior*

The key executives have shown stability and continuity in achieving business plans. In addition, they are highly experienced in the sector and there has been no significant turnover in recent years. HR Ratings considers the bank to have a superior label in this item due to the depth of industry experience and historical performance of key executives, as well as low senior management turnover.

Operational and Technological Risks: *Superior*

The Board of Administration sets exposure limits for each type of risk and monitors compliance with these limits, primarily in terms of capital adequacy, risk profile, capitalization and liquidity. In addition, senior management evaluates risk management, information security and operations; there is also an Integral Risk Management Unit that meets monthly to manage risks by monitoring operations in compliance with global risk exposure limits approved by the Board of Administration.

The Bank uses the services of the Group's information security company for technological risks, and it also has its own Cybersecurity Committee, which defines and evaluates measures in response to risks and to comply with legislation. The information security and safety system instruments are based on the ISO 27001:2001 standard as a preventive measure[3]. Finally, Banco Azteca's mobile application has 2 clearing houses, which ensures 24/7 platform operation. HR Ratings considers that the Bank has a superior label, since it has the technological resources to maintain its operating capacity.

Transparency and Compliance History: *Superior*

The Bank has not received any significant fines from the CNBV, Banxico or CONDUSEF in the last 12m and has a history of filing its financial statements with the appropriate regulatory authorities on time. In addition, it periodically submits the follow-up information required by HR Ratings. Furthermore, it has policies and codes providing the necessary information on product and service characteristics, rates and payment terms, all in compliance with CONDUSEF regulations. In September 2023, the Bank obtained a rating of 8.0 in compliance with CONDUSEF records, 9.6 in the User Service Performance Index (IDATU) rating. HR Ratings considers that the Bank has a superior label, since it delivers information in a timely manner, in addition to complying with product transparency.

Regulatory and Macroeconomic Framework Risk: *Superior*

The Bank has all its indicators aligned with those established by the regulatory authorities. In addition, there are clear strategies for managing market, credit, operational, liquidity and capitalization risks. It also has limits established for each type of risk, as outlined below:

[3] It is an international standard that ensures the security, confidentiality and integrity of data and information and the systems that process them.

- **Capitalization:** Capitalization Ratio higher than 12.0%
- **Liquidity:** LCR higher than 100%
- **Market Risk:**
    - **Money market:** 1% of net capital
    - **Exchange market:** 2.5% of net capital
    - **Trading derivatives:** 1.5% of net capital
- **Credit risk:** expected loss limit 5% of net capital
- **Hedging effectiveness (derivatives):** ratio fluctuating between 80% and 125%.

HR Ratings considers that the Bank has the necessary resources to face regulatory and macroeconomic risks, and therefore assigns a superior label.

Scenario Analysis

The quantitative risk analysis performed by HR Ratings includes analysis of Banco Azteca's financial metrics and cash-on-hand to determine its payment capacity. HR Ratings performed a financial analysis of the Banco Azteca's payment capacity using economic base and stress scenarios. Both scenarios determine the Bank's payment capacity and its ability to meet its credit obligations in a timely manner. The assumptions and results obtained in the base and stress scenarios are shown below:

Figure 14. Assumptions and Results: Banco Azteca

(Figures in Millions of Pesos and Percentages)	Annual			Base Scenario			Stress Scenario		
Period	2021	2022	2023	2024P*	2025P	2026P	2024P*	2025P	2026P
Total Portfolio Growth	19.0%	30.9%	5.1%	8.0%	7.0%	6.5%	4.0%	7.0%	10.0%
Income by Interest 12m Growth	14.9%	23.6%	22.2%	3.5%	1.4%	1.4%	-2.7%	-0.3%	4.2%
Administration Expenses 12m Growth	11.3%	13.2%	4.5%	9.0%	7.8%	6.5%	13.3%	11.9%	2.4%
Net Income	1,448	2,814	3,092	4,466	5,126	4,102	-9,163	-4,497	39
Delinquency Ratio	4.7%	4.0%	4.2%	4.0%	3.9%	3.8%	7.1%	4.1%	4.0%
Adjusted Delinquency Ratio	10.2%	10.2%	12.7%	10.9%	11.5%	11.2%	15.7%	13.8%	11.5%
Adjusted NIM	20.5%	21.5%	22.9%	23.1%	22.7%	22.1%	20.4%	22.8%	22.1%
Efficiency Ratio	80.0%	76.8%	72.8%	72.9%	73.6%	75.7%	83.9%	89.7%	84.4%
Average ROA	0.6%	1.1%	1.1%	1.5%	1.7%	1.3%	-3.2%	-1.5%	0.0%
Net Capitalization Ratio	14.2%	14.3%	15.0%	15.3%	15.9%	16.0%	15.5%	11.4%	10.5%
Adjusted Leverage Ratio	7.7	7.1	7.1	6.5	6.1	5.9	7.2	10.6	13.0
Current Portfolio to Net Debt Ratio	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1
Rate Spread	24.9%	26.3%	28.8%	28.5%	27.9%	27.2%	27.4%	26.9%	26.3%
Lending Rate	26.9%	29.4%	33.5%	33.4%	32.2%	30.9%	32.3%	31.2%	30.2%
Borrowing Rate	2.0%	3.2%	4.8%	4.8%	4.3%	3.8%	4.9%	4.3%	3.8%
LCR	666.4%	1088.0%	1054.6%	1047.7%	1012.3%	993.4%	1015.4%	944.5%	900.1%
NSFR (Net Stable Funding Ratio)	274.1%	214.6%	195.3%	282.0%	283.6%	283.8%	269.9%	263.5%	262.0%

Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

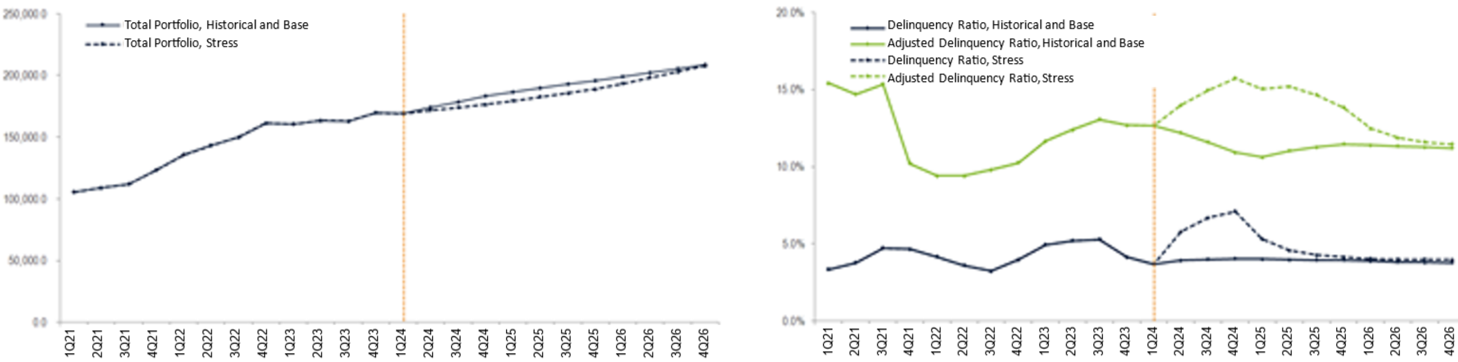
Base Scenario

Portfolio Quality

We expect the Bank to increase operating volume while maintaining the consumer portfolio as its main line of business, combined with sector penetration by digitalizing applications offered by the Bank. Therefore, we forecast 8.0% and 7.0% average total portfolio growth over the next few years and a total portfolio amount of P$183,122m in 2024 and P$195,941m in 2025 (vs. P$169,557m in 2023).

Regarding portfolio quality, we believe that the non-performing loans portfolio will continue to grow organically due to increased operating volume and aligned with the business model, which is focused on the consumer portfolio. However, total loan portfolio growth would allow the delinquency ratio to reach 4.0% as of 4Q24 and 3.9% as of 4Q25 (vs. 4.2% as of 4Q23). In terms of write-offs, we expect the ratio to remain the same, with an adjusted delinquency ratio of 10.9% as of 4Q24 and 11.5% as of 4Q25 (vs. 12.7% as of 4Q23).

Figure 15. Total Portfolio vs. Delinquency Ratios (Historical, Base and Stress)



Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

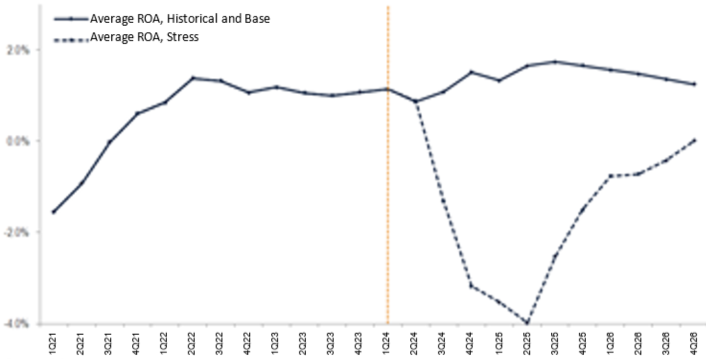
Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

Income and Expenditure

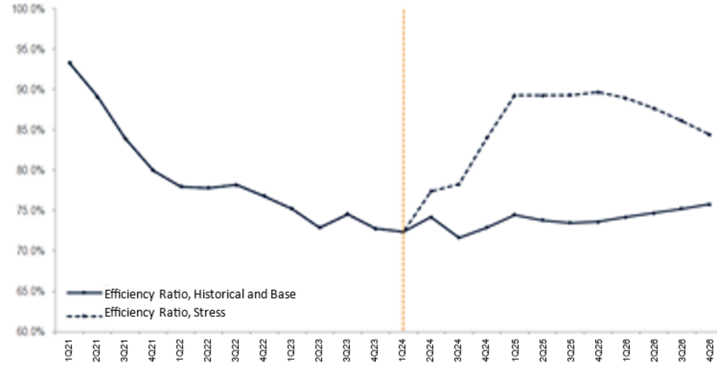
Regarding the interest rate spread, we expect it to increase in 2024 to 28.5% and 27.9% as of 4Q25 (vs. 28.8% as of 4Q23). As for loan-loss provisions, we expect them to remain in line with the total portfolio increase, allowing the Adjusted NIM to increase to 23.1% as of 4Q24 and 22.7% as of 4Q25 (vs. 21.9% as of 4Q23). Net commissions would increase in line with operating volume growth, accumulating an amount of P$2,723m in 2024 and P$3,026m in 2025 (vs. P$2,618m in 2023). Conversely, intermediation income would remain stable rising to P$2,121m in 2024 and P$4,031m in 2025 (vs. P$2,993m in 2023); while other operating income (expense) would show a lower loss in 2024 by not acquiring losses from the sale of the loan portfolio in future years, profit of P$227m in 2024 and P$1,400m in 2025 (vs. -P$5,380 in 2023).

Administration expenses will increase in line with collection efforts, accumulating an amount of P$64,660m in 2024 and P$69,671m in 2025 (vs. P$59,339m in 2023). As a result, the efficiency ratio will be 72.9% in 4Q24 and 73.6% in 4Q25 (vs. 72.8% as of 4Q23). Finally, we expect net income in the coming years of P$4,466m in 2024 and P$5,126m in 2025, reporting an ROA of 1.5% as of 4Q24 and 1.7% as of 4Q25 (vs. 1.1% as of 4Q23).

Figure 16. Average ROA vs. Efficiency Ratio (Historical, Base and Stress)



Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

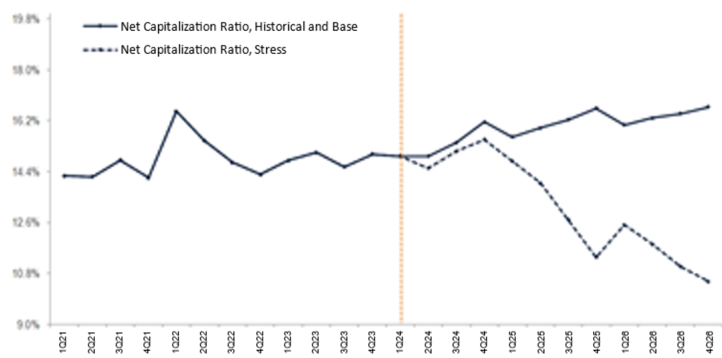


Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

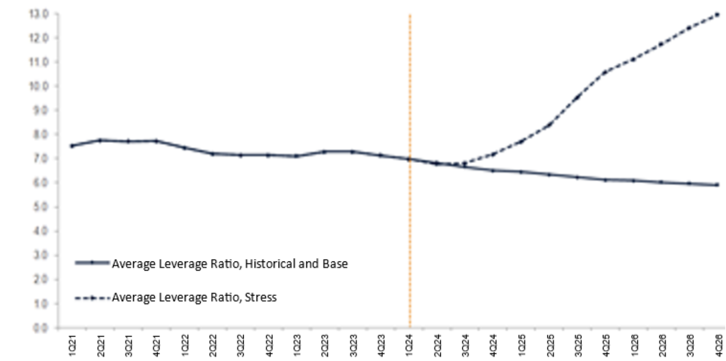
Capitalization and Leverage Ratio

Regarding solvency position, equity would increase steadily due to consistent net profit generation. As a result, the basic and net capitalization ratios would close at 14.8% and 15.3% as of 4Q24, respectively; and 15.3% and 15.9% as of 4Q25 (vs. 14.5% and 15.0% as of 4Q23). Finally, adjusted leverage ratio would decline as a result of the strength acquired by equity in the coming periods, closing at 6.5x as of 4Q24 and 6.1x as of 4Q25 (vs. 7.1x as of 4Q23).

Figure 17. Capitalization Ratio vs. Adjusted Leverage Ratio (Historical, Base and Stress)



Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.



Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base and stress scenario.

Stress Scenario

We consider a negative economic context in a stress scenario, mainly affecting the consumer sector's payment capacity, and the Bank's liquidity could be affected by a lower demand for savings. Furthermore, expenditures would decrease as a result of lower collection processes.

- Reduced placement as a result of the economic downturn would be reflected in lower total portfolio growth averaging 7.5% for the next three periods, accumulating a total portfolio amount of P$176,331m in 2024 and P$188,684m in 2025 (vs. P$183.274m in a base scenario).
- Portfolio quality will deteriorate as the consumer portfolio will be affected the most with a non-performing loan portfolio of P$12,528m in 2024 and P$7,799m in 2025; this results in a delinquency and adjusted delinquency ratios of 7.1% and 15.7% as of 4Q24; and 4.1% and 13.8% as of 4Q25 (vs. 4.0% and 10.9% in a base scenario).
- Adjusted NIM pressure to a level of 20.4% and 22.8% as of 4Q24 and 4Q25 as a result of a lower increase in operating volume (vs. 23.1% in a base scenario).
- Increase in administration expenses as a result of increased commercial efforts and collection management. This, along with lower operating income, would increase the efficiency ratio to 83.9% as of 4Q24 and 89.7% as of 4Q25 (vs. 72.9% in a base scenario).
- Net income losses of -P$9,163m in 2024, -P$4,497m in 2025 and P$39 in 2026. As a result, the Bank's ROA would show values of -3.2% as of 4Q24 and -1.5% as of 4Q25 (vs. P$4,466m and P$5,126m; 1.5% and 1.7% in a base scenario).
- Continued losses would put pressure on the Bank's solvency. As a result, basic and net capitalization ratios will close at 10.2% and 10.5% as of 4Q26 (vs. 15.4% and 16.0% in a base scenario).

Base Scenario: Banco Azteca Financial Balance

Banco Azteca (In Millions of Pesos)	Annual						Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
ASSET	**257,014**	**281,227**	**296,058**	**304,567**	**320,574**	**338,999**	**294,503**	**297,840**
Liquid Assets	**31,661**	**29,846**	**34,400**	**27,749**	**28,292**	**29,689**	**31,338**	**30,874**
Investments in Securities	**87,892**	**77,482**	**75,337**	**79,230**	**83,102**	**87,164**	**85,762**	**77,821**
Securities for trading	87,826	77,482	75,337	79,230	83,102	87,164	85,762	77,821
Securities available for sale	66	0	0	0	0	0	0	0
Operations with Securities and Derivatives	**1,654**	**2,138**	**1,423**	**4,977**	**3,367**	**2,357**	**2,082**	**7,323**
Debtor balances under repurchase agreements	900	500	0	3,639	2,182	1,309	619	5,857
Operations with derivative financial instruments	754	1,638	1,423	1,338	1,185	1,049	1,463	1,466
Margin Accounts	**600**	**2,285**	**752**	**651**	**776**	**925**	**973**	**759**
Total Net Loan Portfolio	**111,805**	**144,957**	**152,160**	**161,736**	**173,522**	**185,805**	**142,961**	**151,018**
Total Loan Portfolio	**123,198**	**161,307**	**169,557**	**183,122**	**195,941**	**208,677**	**160,451**	**169,099**
Current Loan Portfolio	**117,450**	**154,886**	**162,516**	**175,748**	**188,210**	**200,790**	**152,521**	**162,855**
Commercial loans	42,505	53,475	55,112	59,403	65,344	71,878	50,120	54,334
Business or commercial activity	26,002	34,734	38,883	42,694	46,964	51,660	32,980	39,051
Financial entities	9,954	12,630	10,269	10,582	11,640	12,804	10,170	9,679
Government entities	6,549	6,111	5,960	6,127	6,740	7,413	6,970	5,604
Consumer Loans	74,496	100,951	106,885	115,747	122,210	128,189	101,922	107,964
Housing Loans	449	460	519	597	657	723	479	557
Non-performing Loan Portfolio	**5,748**	**6,421**	**7,041**	**7,375**	**7,731**	**7,887**	**7,930**	**6,244**
Non-performing Commercial loans	0	654	420	785	1,031	1,309	2,294	388
Business or commercial activity	0	654	420	785	1,031	1,309	2,294	388
Financial entities	0	0	0	0	0	0	0	0
Government entities	0	0	0	0	0	0	0	0
Non-performing Consumer Loans	5,735	5,743	6,589	6,551	6,657	6,534	5,619	5,832
Non-performing Housing Loans	13	24	32	38	42	44	17	24
Loan-loss Provisions for Credit Risks	-11,393	-16,350	-17,397	-21,386	-22,419	-22,872	-17,490	-18,081
Other Assets	**23,402**	**24,519**	**31,986**	**30,224**	**31,515**	**33,058**	**31,387**	**30,045**
Other Accounts Receivable[1]	3,062	2,939	6,112	5,189	5,464	5,754	4,744	4,236
Foreclosed Assets	0	0	571	555	535	515	584	570
Property, Furniture and Equipment	8,367	12,106	11,810	11,788	11,635	11,605	11,804	11,768
Permanent Equity Investments	5	7	10	14	19	25	7	11
Deferred Taxes (receivable)	4,017	273	1,105	1,545	1,621	1,700	672	1,130
Other Assets, Misc.[2]	**7,951**	**9,194**	**12,378**	**11,132**	**12,240**	**13,458**	**13,576**	**12,330**
Deferred charges, advance payments and intangibles.	7,951	3,494	7,317	6,813	7,491	8,237	7,712	7,239
Right-of-use assets for property, furniture and equipment	0	5,700	5,061	4,319	4,749	5,221	5,864	5,091
LIABILITY	**231,488**	**250,140**	**261,085**	**266,629**	**279,009**	**294,831**	**262,329**	**263,062**
Traditional capture	**183,721**	**215,137**	**214,536**	**217,948**	**226,250**	**237,750**	**215,332**	**214,793**
Demand Deposits	159,928	178,052	164,693	167,485	170,750	175,000	174,383	170,938
Term Deposits	23,793	37,085	49,843	50,464	55,500	62,750	40,949	43,855
From the general public	23,793	37,085	49,843	50,464	55,500	62,750	40,949	43,855
Money market	0	0	0	0	0	0	0	0
Loans from Banks and Other Institutions	**24**	**104**	**0**	**0**	**0**	**0**	**506**	**0**
Operations with Securities and Derivatives	**37,132**	**17,727**	**29,424**	**32,630**	**35,955**	**39,479**	**26,681**	**29,827**
Creditor Balances in Repo Transactions	36,367	17,121	29,179	32,357	35,716	39,270	26,354	29,525
Operations with derivative financial instruments	538	410	188	172	152	134	224	188
Collateral sold or pledged as guarantee	227	196	57	102	87	75	103	114
Other short term debts	**10,542**	**10,425**	**11,069**	**10,947**	**11,454**	**11,988**	**12,408**	**12,384**
ISR (income tax) and PTU (employee profit sharing)	1,236	467	447	450	432	415	383	485
Miscellaneous Creditors and Others[3]	9,306	9,354	9,751	9,622	10,103	10,607	11,354	11,223
Others	0	604	871	875	920	967	671	676
Deferred loans Advance Collections and Lease Liabilities	69	6,747	6,056	5,103	5,349	5,614	6,973	6,058
EQUITY	**25,526**	**31,087**	**34,973**	**37,939**	**41,565**	**44,167**	**32,174**	**34,778**
Majority capital	**25,526**	**31,087**	**34,973**	**37,939**	**41,565**	**44,167**	**32,174**	**34,778**
Contributed Capital	**12,186**	**12,186**	**14,536**	**14,536**	**14,536**	**14,536**	**12,186**	**14,536**
Capital stock	11,531	11,531	11,531	13,881	13,881	13,881	11,531	13,881
Contributions for future capital increases	0	0	2,350	0	0	0	0	0
Additional paid-in capital	655	655	655	655	655	655	655	655
Earned Capital	**13,340**	**18,901**	**20,437**	**23,403**	**27,029**	**29,631**	**19,988**	**20,242**
Capital Reserves	2,763	2,907	3,189	3,189	3,189	3,189	2,907	3,189
Profit from Previous Years	9,115	13,180	14,212	15,804	18,770	22,396	15,994	15,804
Result from Valuation of Available-for-Sale Securities	-1	0	0	0	0	0	0	0
Remediation for Defined Employee Benefits	15	0	-56	-56	-56	-56	0	-56
Majority Net Income	1,448	2,814	3,092	4,466	5,126	4,102	1,087	1,305
Net Debt	**99,670**	**123,502**	**132,800**	**121,916**	**126,310**	**132,886**	**123,337**	**128,602**

Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base scenario.
[1]Other accounts receivable: Includes recoverable taxes, intercompany accounts, collateral debts, and pending settlement of foreign currency sales.
[2]Other misc. assets: Includes administrative services and prepaid rents, provisional tax payments, advertising advances, right-of-use assets for properties, furniture, and equipment.
[3]Other short Term Debts: Includes purchase of securities pending settlement, intercompany accounts, taxes and settlements of foreign exchange transactions.

Memorandum accounts: Banco Azteca (In Millions of Pesos)	Annual						Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Assets in Custody or Administration / Investment Funds	229,606	299,094	226,418	260,171	286,061	314,527	279,369.0	250,777.0
Assets in Trust or Mandate	303,987	293,124	359,135	412,879	453,965	499,140	305,888.0	377,110.0

Source: HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base scenario.

Base Scenario: Banco Azteca Income Statement

Banco Azteca (In Millions of Pesos)			Annual				Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Income by Interest	61,371	75,869	92,713	95,957	97,278	98,624	22,410	22,692
Interest Expenditure (Less)	4,148	7,069	11,393	11,863	11,065	10,161	2,642	3,155
FINANCIAL MARGIN	**57,223**	**68,800**	**81,320**	**84,094**	**86,213**	**88,463**	**19,768**	**19,537**
Loan-loss Provisions for Credit Risks (Lower)	10,385	13,243	17,946	17,712	17,682	17,913	4,661	4,670
ADJUSTED FINANCIAL MARGIN FOR CREDIT RISK	**46,838**	**55,557**	**63,374**	**66,381**	**68,531**	**70,550**	**15,107**	**14,867**
Commissions and Fees Collected (Higher)	4,145	4,719	5,388	5,732	6,303	6,760	1,209	1,374
Commissions and Fees Paid (Lower)	2,134	2,523	2,770	3,008	3,278	3,481	683	738
Other Income and Results from Intermediation (Higher)	3,458	2,893	-2,387	1,894	5,431	6,235	730	848
Intermediation Income	2,237	4,027	2,993	2,121	4,031	4,635	779	525
Other Operating Income (Expenses)[1]	1,221	-1,134	-5,380	-227	1,400	1,600	-49	323
TOTAL OPERATING INCOME (EXPENSES)	**52,307**	**60,646**	**63,605**	**70,999**	**76,988**	**80,064**	**16,363**	**16,351**
Promotion and Administration expenses (Lower)	50,138	56,758	59,339	64,660	69,671	74,212	14,849	14,523
OPERATING INCOME	**2,169**	**3,888**	**4,266**	**6,339**	**7,316**	**5,851**	**1,514**	**1,828**
Accrued ISR and PTU (Lower)	1,217	1,079	1,177	1,877	2,195	1,755	427	524
Deferred ISR and PTU (Lower)	-504	0	0	0	0	0	0	0
PROFIT BEFORE EQUITY INTEREST IN SUBSIDIARIES AND ASSOCIATES	**1,456**	**2,809**	**3,089**	**4,462**	**5,121**	**4,096**	**1,087**	**1,304**
Equity interest in Profit of Subsidiaries and Associates (Higher).	-8	5	3	4	5	6	0	1
NET INCOME	**1,448**	**2,814**	**3,092**	**4,466**	**5,126**	**4,102**	**1,087**	**1,305**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

[1] Other Operating Income (Expenses): Brand usage, profit from portfolio assignment, other recoveries, result from valuation and gold trading, loss on foreclosed assets, Operative losses, result from sale of property, furniture, and equipment.

Financial Metrics: Banco Azteca	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Delinquency Ratio	4.7%	4.0%	4.2%	4.0%	3.9%	3.8%	4.9%	3.7%
Adjusted Delinquency Ratio	10.2%	10.2%	12.7%	10.9%	11.5%	11.2%	11.7%	12.7%
Adjusted NIM	20.5%	21.5%	22.9%	23.1%	22.7%	22.1%	21.9%	22.6%
Efficiency Ratio	80.0%	76.8%	72.8%	72.9%	73.6%	75.7%	75.2%	72.4%
Average ROA	0.6%	1.1%	1.1%	1.5%	1.7%	1.3%	1.2%	1.1%
Basic Capitalization Ratio	13.8%	13.7%	14.5%	14.8%	15.3%	15.4%	14.2%	14.3%
Net Capitalization Ratio	14.2%	14.3%	15.0%	15.3%	15.9%	16.0%	14.8%	14.9%
Adjusted Leverage Ratio	7.7	7.1	7.1	6.5	6.1	5.9	7.1	7.0
Current Loan Portfolio to Net Debt Ratio	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.3
Rate Spread	24.9%	26.3%	28.8%	28.5%	27.9%	27.2%	27.0%	28.4%
Lending Rate	26.9%	29.4%	33.5%	33.4%	32.2%	30.9%	30.6%	33.3%
Borrowing Rate	2.0%	3.2%	4.8%	4.8%	4.3%	3.8%	3.6%	4.9%
LCR	666.4%	1088.0%	1054.6%	1047.7%	1012.3%	993.4%	1296.9%	902.1%
NSFR (Net Stable Funding Ratio)	274.1%	214.6%	195.3%	282.0%	283.6%	283.8%	198.0%	193.8%

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

Base Scenario: Banco Azteca Cash Flow

Banco Azteca (In Millions of Pesos)	Annual						Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
OPERATING ACTIVITIES								
Net income for the period	**1,448**	**2,814**	**3,092**	**4,466**	**5,126**	**4,102**	**1,087**	**1,305**
Items Recognized in Profits that did not Generate or Require Cash	**14,158**	**22,202**	**26,639**	**25,067**	**27,252**	**32,482**	**8,721**	**6,347**
Preventive Provisions for Credit Risks	10,385	13,243	17,946	17,712	17,682	17,913	4,661	4,670
Depreciation and Amortization	3,035	5,138	7,575	6,835	9,575	14,575	3,633	1,154
Equity interest in profit of unconsolidated subsidiaries and associates	8	-5	-3	-4	-5	-6	0	-1
Cash Flow Generated by Net Income	**15,606**	**25,016**	**29,731**	**29,533**	**32,378**	**36,584**	**9,808**	**7,652**
Investments in Securities	-8,851	10,410	2,145	-3,893	-3,872	-4,061	-8,280	-2,484
Net Operations with Securities and Derivatives	13,316	-19,889	12,551	-405	4,935	4,534	9,103	-5,554
Margin Accounts and Valuation Adjustment of Financial Assets	230	-1,685	1,533	101	-125	-149	1,312	-7
Increase in Loan Portfolio	-26,630	-46,395	-25,150	-27,288	-29,468	-30,196	-2,666	-3,528
Other Accounts Receivable	-409	1,617	-10,461	1,608	-1,458	-1,587	-9,138	1,779
Foreclosed Assets	0	0	-571	16	20	20	-584	1
Capture	11,672	31,416	-601	3,412	8,302	11,500	195	257
Bank Loans	-97	80	-104	0	0	0	402	0
Other Short Term Debts	2,250	5,482	-1,362	-587	507	534	2,119	850
Increase from Items Related to Operations	**-8,519**	**-18,964**	**-22,020**	**-27,990**	**-20,913**	**-19,142**	**-7,537**	**-8,686**
Resources Generated from Operations	**7,087**	**6,052**	**7,711**	**1,543**	**11,465**	**17,442**	**2,271**	**-1,034**
FINANCING ACTIVITIES	**0**	**-3,500**	**850**	**-1,500**	**-1,500**	**-1,500**	**0**	**-1,500**
Cash Received from Issuance of Shares	0	0	2,350	0	0	0	0	0
Payment of cash dividends	0	-3,500	-1,500	-1,500	-1,500	-1,500	0	-1,500
INVESTMENT ACTIVITIES	**-4,463**	**-4,367**	**-4,007**	**-6,694**	**-9,422**	**-14,545**	**-779**	**-992**
Acquisition of Furniture and Equipment	-3,959	-4,367	-4,007	-6,694	-9,422	-14,545	-779	-992
CHANGE IN CASH	**2,624**	**-1,815**	**4,554**	**-6,651**	**543**	**1,397**	**1,492**	**-3,526**
Liquid Assets at beginning of period	29,037	31,661	29,846	34,400	27,749	28,292	29,846	34,400
Liquid Assets at End of period	**31,661**	**29,846**	**34,400**	**27,749**	**28,292**	**29,689**	**31,338**	**30,874**
Free Cash Flow	**9,842**	**20,863**	**1,332**	**16,374**	**14,778**	**18,070**	**-841**	**5,837**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

Free Cash Flow (Millions of Pesos)	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Net Income	**1,448**	**2,814**	**3,092**	**4,466**	**5,126**	**4,102**	**1,087**	**1,305**
+ Non-Cash Items in Net Income	14,158	22,202	26,639	25,067	27,252	32,482	8,721	6,347
- Write-offs	7,605	11,252	16,576	14,181	16,649	17,460	3,630	4,444
+ Decrease (Increase) in Other Accounts Receivable	-409	1,617	-10,461	1,608	-1,458	-1,587	-9,138	1,779
+ Increase (Decrease) in Other Short Term Debts	2,250	5,482	-1,362	-587	507	534	2,119	850
Free Cash Flow	**9,842**	**20,863**	**1,332**	**16,374**	**14,778**	**18,070**	**-841**	**5,837**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

Stress Scenario: Banco Azteca Financial Balance

Banco Azteca (In Millions of Pesos)			Annual				Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
ASSET	**257,014**	**281,227**	**296,058**	**284,433**	**313,644**	**342,861**	**294,503**	**297,840**
Liquid Assets	**31,661**	**29,846**	**34,400**	**24,190**	**29,467**	**32,284**	**31,338**	**30,874**
Investments in Securities	**87,892**	**77,482**	**75,337**	**74,820**	**78,476**	**82,311**	**85,762**	**77,821**
Securities for trading	87,826	77,482	75,337	74,820	78,476	82,311	85,762	77,821
Securities available for sale	66	0	0	0	0	0	0	0
Operations with Securities and Derivatives	**1,654**	**2,138**	**1,423**	**2,382**	**1,626**	**1,149**	**2,082**	**7,323**
Debt balances under repurchase agreements	900	500	0	1,693	1,015	609	619	5,857
Operations with derivative financial instruments	754	1,638	1,423	690	611	541	1,463	1,466
Margin Accounts	**600**	**2,285**	**752**	**553**	**660**	**787**	**973**	**759**
Total Net Loan Portfolio	**111,805**	**144,957**	**152,160**	**155,033**	**175,425**	**197,647**	**142,961**	**151,018**
Total Loan Portfolio	**123,198**	**161,307**	**169,557**	**176,331**	**188,684**	**207,551**	**160,451**	**169,099**
Current Loan Portfolio	**117,450**	**154,886**	**162,516**	**163,803**	**180,884**	**199,301**	**152,521**	**162,855**
Commercial loans	42,505	53,475	55,112	54,750	59,992	69,060	50,120	54,334
Business or commercial activity	26,002	34,734	38,883	39,350	43,117	49,635	32,980	39,051
Financial entities	9,954	12,630	10,269	9,753	10,687	12,302	10,170	9,679
Government entities	6,549	6,111	5,960	5,647	6,188	7,123	6,970	5,604
Consumer Loans	74,496	100,951	106,885	108,528	120,315	129,577	101,922	107,964
Housing Loans	449	460	519	525	578	664	479	557
Non-performing Loan Portfolio	**5,748**	**6,421**	**7,041**	**12,528**	**7,799**	**8,251**	**7,930**	**6,244**
Non-performing Commercial loans	0	654	420	1,467	1,022	994	2,294	388
Business or commercial activity	0	654	420	1,467	1,022	994	2,294	388
Financial entities	0	0	0	0	0	0	0	0
Government entities	0	0	0	0	0	0	0	0
Non-performing Consumer Loans	5,735	5,743	6,589	10,994	6,741	7,225	5,619	5,832
Non-performing Housing Loans	13	24	32	68	37	32	17	24
Loan-loss Provisions for Credit Risks	-11,393	-16,350	-17,397	-21,298	-13,259	-9,904	-17,490	-18,081
Other Assets	**23,402**	**24,519**	**31,986**	**27,454**	**27,990**	**28,682**	**31,387**	**30,045**
Other Accounts Receivable[1]	3,062	2,939	6,112	6,442	6,784	7,144	4,744	4,236
Foreclosed Assets	0	0	571	585	605	625	584	570
Property, Furniture and Equipment	8,367	12,106	11,810	10,467	9,702	8,977	11,804	11,768
Permanent Equity Investments	5	7	10	2	0	4	7	11
Deferred Taxes (receivable)	4,017	273	1,105	969	1,016	1,066	672	1,130
Other Assets, Misc.[2]	**7,951**	**9,194**	**12,378**	**8,989**	**9,883**	**10,867**	**13,576**	**12,330**
Deferred charges, advance payments and intangibles.	7,951	3,494	7,317	5,277	5,802	6,380	7,712	7,239
Right-of-use assets for property, furniture and equipment	0	5,700	5,061	3,711	4,081	4,487	5,864	5,091
LIABILITY	**231,488**	**250,140**	**261,085**	**260,123**	**293,831**	**323,009**	**262,329**	**263,062**
Traditional capture	**183,721**	**215,137**	**214,536**	**203,948**	**233,250**	**257,750**	**215,332**	**214,793**
Demand Deposits	159,928	178,052	164,693	159,735	178,500	190,250	174,383	170,938
Term Deposits	23,793	37,085	49,843	44,214	54,750	67,500	40,949	43,855
From the general public	23,793	37,085	49,843	44,214	54,750	67,500	40,949	43,855
Money market	0	0	0	0	0	0	0	0
Loans from Banks and Other Institutions	**24**	**104**	**0**	**0**	**0**	**0**	**506**	**0**
Operations with Securities and Derivatives	**37,132**	**17,727**	**29,424**	**34,399**	**37,919**	**41,648**	**26,681**	**29,827**
Creditor Balances in Repo Transactions	36,367	17,121	29,179	34,179	37,727	41,481	26,354	29,525
Operations with derivative financial instruments	538	410	188	88	78	69	224	188
Collateral sold or pledged as guarantee	227	196	57	132	113	97	103	114
Other short term debts	**10,542**	**10,425**	**11,069**	**14,503**	**15,178**	**15,888**	**12,408**	**12,384**
ISR (income tax) and PTU (employee profit sharing)	1,236	467	447	561	539	518	383	485
Miscellaneous Creditors and Others[3]	9,306	9,354	9,751	12,992	13,640	14,321	11,354	11,223
Others	0	604	871	950	998	1,049	671	676
Deferred Credits, Advance Payments and Lease Liabilities	**69**	**6,747**	**6,056**	**7,273**	**7,485**	**7,723**	**6,973**	**6,058**
EQUITY	**25,526**	**31,087**	**34,973**	**24,310**	**19,813**	**19,852**	**32,174**	**34,778**
Majority capital	**25,526**	**31,087**	**34,973**	**24,310**	**19,813**	**19,852**	**32,174**	**34,778**
Contributed Capital	**12,186**	**12,186**	**14,536**	**14,536**	**14,536**	**14,536**	**12,186**	**14,536**
Capital stock	11,531	11,531	11,531	13,881	13,881	13,881	11,531	13,881
Contributions for future capital increases	0	0	2,350	0	0	0	0	0
Additional paid-in capital	655	655	655	655	655	655	655	655
Earned Capital	**13,340**	**18,901**	**20,437**	**9,774**	**5,277**	**5,316**	**19,988**	**20,242**
Capital Reserves	2,763	2,907	3,189	3,189	3,189	3,189	2,907	3,189
Profit from Previous Years	9,115	13,180	14,212	15,804	6,641	2,144	15,994	15,804
Result from Valuation of Available-for-Sale Securities	-1	0	0	0	0	0	0	0
Remediation for Defined Employee Benefits	15	0	-56	-56	-56	-56	0	-56
Majority Net Income	1,448	2,814	3,092	-9,163	-4,497	39	1,087	1,305
Net Debt	**99,670**	**123,502**	**132,800**	**119,442**	**140,484**	**159,043**	**123,337**	**128,602**

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[1]Other accounts receivable: Includes recoverable taxes, intercompany accounts, collateral debts, and pending settlement of foreign currency sales.
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Assets in Trust or Mandate	303,987	293,124	359,135	396,460	415,835	436,157	305,888.0	377,110.0

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base scenario.

Stress Scenario: Banco Azteca Income Statement

Banco Azteca (In Millions of Pesos)	Annual						Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Income by Interest	61,371	75,869	92,713	90,167	89,889	93,678	22,410	22,692
Interest Expenditure (Less)	4,148	7,069	11,393	11,684	11,022	10,927	2,642	3,155
FINANCIAL MARGIN	**57,223**	**68,800**	**81,320**	**78,483**	**78,868**	**82,751**	**19,768**	**19,537**
Loan-loss Provisions for Credit Risks (Lower)	10,385	13,243	17,946	21,487	13,180	14,172	4,661	4,670
FINANCIAL MARGIN ADJUSTED FOR CREDIT RISK.	**46,838**	**55,557**	**63,374**	**56,996**	**65,688**	**68,579**	**15,107**	**14,867**
Commissions and Fees Collected (Higher)	4,145	4,719	5,388	4,841	5,752	7,072	1,209	1,374
Commissions and Fees Paid (Lower)	2,134	2,523	2,770	2,593	3,020	3,642	683	738
Other Income and Results from Intermediation (Higher)	3,458	2,893	-2,387	-656	2,332	5,062	730	848
Intermediation Income	2,237	4,027	2,993	3,071	3,532	4,062	779	525
Other Operating Income (Expenses)[1]	1,221	-1,134	-5,380	-3,727	-1,200	1,000	-49	323
TOTAL OPERATING INCOME (EXPENSES)	**52,307**	**60,646**	**63,605**	**58,589**	**70,752**	**77,070**	**16,363**	**16,351**
Promotion and Administration expenses (Lower)	50,138	56,758	59,339	67,220	75,247	77,035	14,849	14,523
OPERATING INCOME	**2,169**	**3,888**	**4,266**	**-8,631**	**-4,495**	**35**	**1,514**	**1,828**
Accrued ISR and PTU (Lower)	1,217	1,079	1,177	524	0	0	427	524
Deferred ISR and PTU (Lower)	-504	0	0	0	0	0	0	0
PROFIT BEFORE EQUITY INTEREST IN SUBSIDIARIES AND ASSOCIATES	**1,456**	**2,809**	**3,089**	**-9,155**	**-4,495**	**35**	**1,087**	**1,304**
Equity interest in Profit of Subsidiaries and Associates (Higher).	-8	5	3	-8	-2	4	0	1
NET INCOME	**1,448**	**2,814**	**3,092**	**-9,163**	**-4,497**	**39**	**1,087**	**1,305**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

[1]Other Operating Income (Expenses): Brand usage, profit from portfolio assignment, other recoveries, result from valuation and gold trading, loss on foreclosed assets, Operative losses, result from sale of property, furniture, and equipment.

Financial Metrics: Banco Azteca	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Delinquency Ratio	4.7%	4.0%	4.2%	7.1%	4.1%	4.0%	4.9%	3.7%
Adjusted Delinquency Ratio	10.2%	10.2%	12.7%	15.7%	13.8%	11.5%	11.7%	12.7%
Adjusted NIM	20.5%	21.5%	22.9%	20.4%	22.8%	22.1%	21.9%	22.6%
Efficiency Ratio	80.0%	76.8%	72.8%	83.9%	89.7%	84.4%	75.2%	72.4%
Average ROA	0.6%	1.1%	1.1%	-3.2%	-1.5%	0.0%	1.2%	1.1%
Basic Capitalization Ratio	13.8%	13.7%	14.5%	15.0%	11.0%	10.2%	14.2%	14.3%
Net Capitalization Ratio	14.2%	14.3%	15.0%	15.5%	11.4%	10.5%	14.8%	14.9%
Adjusted Leverage Ratio	7.7	7.1	7.1	7.2	10.6	13.0	7.1	7.0
Current Loan Portfolio to Net Debt Ratio	1.2	1.3	1.2	1.2	1.1	1.1	1.2	1.3
Rate Spread	24.9%	26.3%	28.8%	27.4%	26.9%	26.3%	27.0%	28.4%
Lending Rate	26.9%	29.4%	33.5%	32.3%	31.2%	30.2%	30.6%	33.3%
Borrowing Rate	2.0%	3.2%	4.8%	4.9%	4.3%	3.8%	3.6%	4.9%
LCR	666.4%	1088.0%	1054.6%	1015.4%	944.5%	900.1%	1296.9%	902.1%
NSFR (Net Stable Funding Ratio)	274.1%	214.6%	195.3%	269.9%	263.5%	262.0%	198.0%	193.8%

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.
*Projections made as of 2Q24 under a base scenario.

Stress Scenario: Banco Azteca Cash Flow

Banco Azteca (In Millions of Pesos)			Annual				Quarterly	
Period	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
OPERATING ACTIVITIES								
Net income for the period	**1,448**	**2,814**	**3,092**	**-9,163**	**-4,497**	**39**	**1,087**	**1,305**
Items Recognized in Profits that did not Generate or Require Cash	**14,158**	**22,202**	**26,639**	**29,422**	**23,514**	**29,501**	**8,721**	**6,347**
Preventive Provisions for Credit Risks	10,385	13,243	17,946	21,487	13,180	14,172	4,661	4,670
Depreciation and Amortization	3,035	5,138	7,575	7,403	10,333	15,333	3,633	1,154
Equity interest in profit of unconsolidated subsidiaries and associates	8	-5	-3	8	2	-4	0	-1
Cash Flow Generated by Net Income	**15,606**	**25,016**	**29,731**	**20,259**	**19,017**	**29,540**	**9,808**	**7,652**
Investments in Securities	-8,851	10,410	2,145	517	-3,657	-3,835	-8,280	-2,484
Net Operations with Securities and Derivatives	13,316	-19,889	12,551	3,959	4,276	4,206	9,103	-5,554
Margin Accounts and Valuation Adjustment of Financial Assets	230	-1,685	1,533	199	-107	-127	1,312	-7
Increase in Loan Portfolio	-26,630	-46,395	-25,150	-24,360	-33,571	-36,395	-2,666	-3,528
Other Accounts Receivable	-409	1,617	-10,461	3,075	-1,283	-1,393	-9,138	1,779
Foreclosed Assets	0	0	-571	-14	-20	-20	-584	1
Capture	11,672	31,416	-601	-10,588	29,302	24,500	195	257
Bank Loans	-97	80	-104	0	0	0	402	0
Other Short Term Debts	2,250	5,482	-1,362	2,969	675	710	2,119	850
Increase from Items Related to Operations	**-8,519**	**-18,964**	**-22,020**	**-23,028**	**-4,173**	**-12,115**	**-7,537**	**-8,686**
Resources Generated from Operations	**7,087**	**6,052**	**7,711**	**-2,769**	**14,844**	**17,424**	**2,271**	**-1,034**
FINANCING ACTIVITIES	**0**	**-3,500**	**850**	**-1,500**	**0**	**0**	**0**	**-1,500**
Cash Received from Issuance of Shares	0	0	2,350	0	0	0	0	0
Payment of cash dividends	0	-3,500	-1,500	-1,500	0	0	0	-1,500
INVESTMENT ACTIVITIES	**-4,463**	**-4,367**	**-4,007**	**-5,941**	**-9,567**	**-14,608**	**-779**	**-992**
Acquisition of Furniture and Equipment	-3,959	-4,367	-4,007	-5,941	-9,567	-14,608	-779	-992
CHANGE IN CASH	**2,624**	**-1,815**	**4,554**	**-10,210**	**5,277**	**2,817**	**1,492**	**-3,526**
Liquid Assets at beginning of period	29,037	31,661	29,846	34,400	24,190	29,467	29,846	34,400
Liquid Assets at End of period	**31,661**	**29,846**	**34,400**	**24,190**	**29,467**	**32,284**	**31,338**	**30,874**
Free Cash Flow	**9,842**	**20,863**	**1,332**	**8,260**	**-2,810**	**11,330**	**-841**	**5,837**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

Free Cash Flow (Millions of Pesos)	2021	2022	2023	2024P*	2025P	2026P	1Q23	1Q24
Net Income	**1,448**	**2,814**	**3,092**	**-9,163**	**-4,497**	**39**	**1,087**	**1,305**
+ Non-Cash Items in Net Income	14,158	22,202	26,639	29,422	23,514	29,501	8,721	6,347
- Write-offs	7,605	11,252	16,576	18,044	21,219	17,527	3,630	4,444
+ Decrease (Increase) in Other Accounts Receivable	-409	1,617	-10,461	3,075	-1,283	-1,393	-9,138	1,779
+ Increase (Decrease) in Other Short Term Debts	2,250	5,482	-1,362	2,969	675	710	2,119	850
Free Cash Flow	**9,842**	**20,863**	**1,332**	**8,260**	**-2,810**	**11,330**	**-841**	**5,837**

Source HR Ratings with quarterly and annual financial information audited by Castillo Miranda y Compañía provided by the Bank.

*Projections made as of 2Q24 under a base scenario.

Glossary

Performing Assets. Liquid Assets + Investments in Securities + Total Net Loan Portfolio - Loan-loss Provisions.

Assets at Risk. Investment Securities + Total Net Loan Portfolio.

Weighted A/P Gap. Weighted sum of the difference between assets and liabilities for each period / Weighted sum of the amount of liabilities for each period.

Weighted Gap to Capital. Weighted sum of the difference between assets and liabilities for each period / Equity at the end of the period evaluated.

Total Portfolio. Current Loan Portfolio + Non-Performing Loan Portfolio.

Current Portfolio to Net Debt. Current Portfolio / (Cost Liabilities - Investments in Securities - Liquid Assets).

Net Debt. Bank loans - Liquid Assets - Investments in securities

Free Cash Flow. Net Income + Loan-loss provisions - Write-offs + Depreciation and Amortization + Other Short Term Debts.

Capitalization Ratio. Equity / Total Assets at Risk.

Coverage Ratio. Loan-loss Provisions for Credit Risks / Non-performing loans portfolio

Efficiency Ratio. Administration Expenses 12m / Total Operating Revenue 12m + (Loan-Loss Provisions for Credit Risks 12m).

Operating Efficiency Ratio. Administration Expenses 12m / Average Total Assets 12m.

Delinquency Ratio. Non-Performing Loans Portfolio / Total Portfolio.

Adjusted Delinquency Ratio. (Non-Performing Loans Portfolio + Write-offs 12m) / (Total Portfolio + Write-offs 12m).

Adjusted NIM. Credit Risk Adjusted Financial Margin 12m / Average Productive Assets 12m.

Cost Liabilities. Bank loans and Loans from other Institutions + Traditional Capture.

Leverage Ratio. Average Total Liabilities 12m / Average Equity 12m.

Average ROA. Net Income 12m / Average Total Assets 12m.

Average ROE. Net Income 12m / Average Equity 12m.

Rate Spread. Lending Rate - Borrowing Rate.

Lending Rate. Income by interest 12m / Average Total Productive Assets 12m.

Borrowing Rate. Interest Expenditure 12m / Average Cost liabilities 12m.

Supplementary information in compliance with Section V, paragraph A), of Annex 1 of the General Provisions Applicable to Securities Rating Agencies

Methodologies used for the analysis*	General Methodological Criteria (Mexico), January 2023 Rating Methodology for Banks (Mexico), February 2021
Previous Rating	HR AA- / Stable Outlook / HR1
Date of last rating action	July 7, 2023
Period covered by the financial information used by HR Ratings for this rating.	1Q12 – 1Q24
List of sources of information used, including those provided by third parties.	Quarterly and annual financial information audited by Castillo, Miranda y Compañía, S.C. provided by the Bank.
Ratings granted by other Rating Agencies used by HR Ratings (if applicable)	N/A
For this Rating and any follow-up, HR Ratings considered mechanisms to align the incentives between the originator, Servicer and guarantor and the potential purchasers of such Securities (if any).	N/A
Ratings from other Rating Agencies for these Securities (if any)	N/A

***For further information regarding this methodology(ies), please visit https://hrratings.com/methodology/**

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Contacto con Medios

comunicaciones@hrratings.com