Dream First Bank

Dream First Bank, N.A.

Credit Rating Agency

Financial Institutions
September 2, 2025
*A NRSRO Rating**

Dream First Bank
LT
HR BBB (G)
Stable Outlook

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Information Disclosure Form

Rule 17g-7

The Rating Action Commentary (RAC) associated with this disclosure form is an integral part of the form.

1. **Symbol, Number, or Score in the Rating Scale used by HR Ratings as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:**

Entity/Instrument	Rating Action	Rating Type	Rating Code
Dream First Bank, N.A.	Assigned	Long Term Rating	HR BBB (G) / Stable Outlook

2. **Version of the Procedure or Methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:**

The rating assigned by HR Ratings to the entity is based in accordance with the following methodologies established by the rating agency:

- U.S. Banks & Bank Holding Companies Methodology, June 25, 2025
www.hrratings.com/docs/metodologia/US_Banks__Bank_Holding_Companies_Methodology.pdf

3. Main assumptions and principles used in constructing the procedures and methodologies to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

HR Ratings' methodology allows the assignment of a credit rating that represents the ability of banking institutions established within the United States to cover their debt obligations in a timely manner, including their customers' deposits. This methodology considers the regulatory requirements applicable to banking institutions within the United States which may vary depending on the size of the banks as measured by the total assets they hold, the extent and complexity of their business models, their participation in non-banking activities, holding a federal charter versus holding a state charter, amongst other characteristics. Additionally, a section is established where the process used by HR Ratings to assign a credit rating to bank holding companies (BHC) is exposed.

The rating process is mainly based on a quantitative analysis grounded on an understanding of the bank's assets, considering trends, composition and concentration. Liabilities are also analyzed in terms of the bank's access to various sources of funding and liquidity, considering the composition of liabilities and the concentration of the main depositors. The currency and interest rate risk to which the bank is exposed, as well as its available hedging tools, are also considered. The effects of these concepts are studied using three main categories found in the financial model: (i) profitability and operational efficiency, (ii) solvency and capitalization, and (iii) liquidity. The standard rating process considers two years of historical information and the projection for the next eight quarters of a series of financial metrics in a Base Scenario and in a Stress Scenario. However, modified timeframes of analysis are available for recently established institutions that cannot yet comply with this requirement. The result of this quantitative analysis can be modified by the addition or subtraction of qualitative notches following the concepts established in this methodology to arrive at a credit rating.

HR Ratings may assign qualitative adjustments to the rating, in either direction, for factor that cannot be fully incorporated into the model, for example: (i) support from the authorities if the failure of the bank could imply a risk for the financial market where it operates, (ii) when the bank's historical information may not be representative of its future operation, and (iii) when the strength or weakness of an asset, liability, or any other quantitative factor cannot be fully incorporated into the financial model.

The rating considers a negative notch due to the recent acquisition of BancCentral by Dream First Bank, and the impact this could have on the Bank's efficiency and profitability metrics for following periods, including, among others, non-accrual loans performance and efficiency ratios evolution.

4. Potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- HR Ratings does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.
- Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default.
- The credit ratings do not opine on the liquidity of the issuer's securities or stock.

- The credit ratings do not consider the possible loss severity on an obligation default.
- The credit ratings are not an opinion of the market value of any issuer´s securities or stock, or the possibility that this value suffers a deterioration.

5. **Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7**

The Analysis Committee noted no material limitations on the reliability, accuracy and quality on the data relied on in determining the credit rating.

The Analysis Committee noted no lack of information on the scope of historical data that would have better informed any credit rating listed in this disclosure form.

6. **Use of third-party due diligence services as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7**

HR Ratings did not use third party due diligence services for the rating.

7. **Use of servicer or remittance reports to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7**

HR Ratings did not use Servicer or Remittance Reports for the rating.

8. **Description of types of data about any obligor, issue, security or money market instrument relied upon for determining credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7**

Among the main information used for the rating is:

- Dream First Bank´s Call Reports (FFIEC 041) from the 1Q21 to the 2Q25 obtained from public information.
- BancCentral´s Call Reports (FFIEC 041) from the 1Q23 to the 2Q25 obtained from public information.
- Company's profile, ownership structure, management team and board of directors' details obtained from public information.

9. **Overall assessment of quality of information available and considered in determining credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7**

The quality of the information provided by the entity is considered to be consistent with the quality observed within the asset class.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

This is an unsolicited rating, so HR Ratings did not receive any payment from the Entity for its issue. Unsolicited ratings are issued in accordance with the Agency's current methodologies and follow the same policies and procedures as for the requested ratings as applicable. HR Ratings may withdraw or change this rating at any time, without liability whatsoever. The following information can be found on our website at www.hrratings.com: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

11. Explanation or measure of potential volatility to the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule17g-7

1. Factors that are reasonably likely to lead to a change in the credit rating:

- **Increase of the solvency position, with CET1 and total risk-based capital ratios above sustained levels of 13.0% and 15.0%.** Strength of solvency levels through constant net income generation and without significant increase in risk-weighted assets. This weakening could result in a minimum positive impact of the credit rating.
- **Improvement in profitability levels, with ROA above 2.0%.** This could be due to a growth in the financial margin, as well as a controlled growth in administrative expenses in the following months. This weakening could result in a minimum positive impact of the credit rating.
- **Decrease in profitability for two consecutive periods with a ROA below 0.3%.** The Bank's profitability is due to operating deterioration caused by lower asset quality and/or higher than expected operating expenses. This weakening could result in a minimum negative impact of the credit rating.
- **Decrease of the solvency position, with CET1 and total risk-based capital ratios below levels of 10.0% and 12.0%.** In case that the Bank shows growth in its credit portfolio in the next 12 months and if it is not able to generate growth in the Bank's profitability, solvency metrics could be pressured and thus cause greater financial risk. This weakening could result in a minimum negative impact of the credit rating.
- **Increase in non-accrual ratio above the expected levels of 4.0%.** The Bank is expected to show a growth loans portfolio of 11.6% in the three projected years of our base scenario, but if the Bank does not have sufficient capacity to monitor loans, it could lead to a growth in its defaults, and with it a greater financial risk. This weakening could result in a minimum negative impact of the credit rating.

2. The magnitude of the change that could occur under different market conditions determined by HR Ratings to be relevant to the rating:

- **Weakening of the U.S. economy.** Economic weakness or a resurgence of recession and/or credit market turbulence often lead to deflation, market fluctuations, and liquidity issues. This can also result in declining home prices, higher loan delinquencies, and decreased commercial activity. This weakening could result in a moderate negative impact of the credit rating.

- **Inflation risk.** Inflation and rising market interest rates may decrease the value of the Company's investment securities, especially longer-term ones, and the cost of goods and services like electricity and utilities, which increases its expenses. Customers' ability to repay their loans might also be negatively impacted by inflation and rising costs. This could result in a moderate negative impact of the credit rating.

NOTE: The Credit Analysis Committee must convene to review and discuss the changes that could occur under different market conditions. All the ratings issued by HR Ratings must be approved by the Credit Analysis Committee in accordance with the applicable methodology and the information available at the time. However, the magnitude of a potential change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

Rating change impact	Number of notches
Minimum	(0-1)
Moderate	(2 - 3)
Strong	>3

12. Historical performance and expected probability of default and expected loss in event of default as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

For historical performance of each rating listed in the disclosure form, click on the link in the ratings table presented on the first page.

Our credit ratings need to be understood as rankings of the relative creditworthiness of different entities or credits. Creditworthiness takes into consideration both the ability and willingness to meet debt obligations in the manner prescribed in the relevant documentation. Default refers to the noncompliance of previously agreed obligations.

As our ratings measure relative creditworthiness, they do not necessarily reflect any specific statistical probability of default. However, HR Ratings provides to the market participants the default rate for historical default and loss statistics for the class or subclass of the credit rating. Although the default rate is not the expected probability of default or loss given default, we consider it the ratio that could be interpreted by market participants as such. The default rate for each of the asset classes in which HR Ratings provides ratings and for each rating category is publicly available for each calendar year at:
https://www.hrratings.com/regulatory_disclosure/transition_matrix.xhtml

13. Assumptions made by HR Ratings in determining announced credit ratings and examples of how assumptions impact the rating as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

1. Assumptions made in the ratings process that, without accounting for any other factor, would have the greatest impact on the credit rating if proven false or inaccurate:

HR Ratings bases its ratings and/or opinions on information obtained from sources that are believed to be accurate and reliable. The assumption is that the information provided is reliable and credible, however, does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.

- **ROA.** In a base scenario projected by HR Ratings, the Bank is expected to continue with positive net profits for the next three years, which would help show an ROA ratio at levels of 1.2% for 2025 and 1.0% for 2027. With this, positive net profits would be due to a mixture of growth in the loan portfolio and moderate growth in the non-accruing loan portfolio and administrative expenses.
- **Non-Accrual ratio.** In our base scenario, HR Ratings project that loans portfolio growth in the $cagr_{2024-2027}$ of 11.6%, and the non-accrual ratio it would be at levels of 2.0% in 2025, therefore, in the event that the Bank does not have adequate follow-up in the loans portfolio originated, it could cause an increase in the default of its customers, which would result in pressure for the generation of a net interest income after provision for credit losses in the following periods.
- **Solvency.** In a baseline scenario projected by HR Ratings, the Bank is expected to show growth in its solvency levels, with the CET1 and total risk-based ratios it would be at levels of 12.1% and 13.5% in 2025. This is despite the expected growth of 11.6% in its loan portfolio, since the Bank will have growth in its profits at an average rate of 7.5% in the next three years and with this the capital will be strengthened.
- **Liquidity Ratio.** Despite growth in the credit portfolio in a base scenario, the Bank will have sufficient liquidity tools such as cash and due from banks with an amount of USD$15.8m in 2025 and Investment securities with an amount of USD$135.2m in 2025, which will benefit the increase in the Bank's liquidity ratio, going from a level in 2024 of 17.6% to 23.7% in 2025.
- **Performing Loan Portfolio/Net Debt.** In a base scenario, limited growth in the Bank's non-accruing loans is expected, as a result of an adequate origination and collection process, which would maintain the current portfolio at levels of 98.0% in 2025; likewise, net debt would go with an increasing trend in the three years, closing in 2025 with an amount of USD$598.8m, however, the growth is correlated with the credit portfolio so the performing loan portfolio to net debt ratio would result in 1.0x in the three projected years.

2. Analysis, using specific examples, of how each of the assumptions identified in the preceding paragraph impacts the credit rating:

- Constant generation of profits, through growth in its net interest income after provision for credit losses and a moderate growth in its administrative expenses, which would help ROA to be above 2.0%, it could positively impact the credit rating
- If the Bank shows a deterioration in its non-accrual loans ratio for a period of 12 months, and this leads to a ratio above 4.0%, it could negatively impact the credit rating.

- In the case of impairment in the Bank's capital because of a growth in the loan portfolio without the same proportion of growth in its capital and CET1 is below 10.0% and risk-based capital ratio is below 12.0% on a sustained basis, it could negatively impact the credit rating.
- In the case of the Bank which shows liquidity ratio below 6.0% derived from accelerated growth in assets subject to risk and/or pressures in the generation of free cash flow derived from lower net interest income after provision for credit losses generation, the rating could be negatively impacted.
- In the case of the Bank shows a growth in delinquency levels, as well as higher net debt in the following periods, and that this results with a performing loan portfolio to net debt ratio equal to or less than 0.8x consistently, it would imply a downgrade in the rating.

14. Representations, warranties and enforcement mechanisms available to investors as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The reporting of representations, warranties, and enforcement mechanisms does not apply to any of the credit ratings listed in the disclosure form.

Credit Rating Attestation

I, Roberto Soto, Financial Institutions / ABS Sr. Executive Director, have the responsibility for this rating action and, to the best of my knowledge:

- No part of the credit rating was influenced by any other business activities.
- The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and
- The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument

Mexico City, September 2, 2025

/s/ Roberto Soto
Financial Institutions / ABS
Sr. Executive Director
HR Ratings de México, S.A. de C.V.

Media Contact

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