Gentera, S. A. B. de C. V. and subsidiaries

Consolidated financial statements

December 31, 2020 and 2019

(With Independent Auditors’ Report Thereon)

(Translation from Spanish Language Original)

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Independent Auditor' Report

(Translation from Spanish Language Original)

The Board of Directors and Stockholders

Gentera, S. A. B. de C. V.

(Millions of pesos)

Opinion

We have audited the consolidated financial statements of Gentera, S. A. B. de C. V. and subsidiaries (Gentera), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Gentera, S. A. B. de C. V. and subsidiaries, have been prepared, in all material respects, in accordance with the Accounting Criteria for Credit Institutions in Mexico (the Accounting Criteria), set forth by the National Banking and Securities Commission (the Commission).

Basis for opinion

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

Emphasis of matter

We draw attention to note 11 to the consolidated financial statements, witch describes that on August 10, 2020, Gentera formalized the investment process to achive a majority shareholding in the companies Fin Útil, S. A. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada, Comfu, S. A. de C. V. and Talento Concrédito, S. A. de C. V., increasing its participation to 51% in all cases, allowing Gentera to direct its relevant activities, assuming control of strategic business decisions, as well as its financial and operating polices. As a result of the foregoing, as of August 2020, the investment in these subsidiaries is presented through the consolidation of the financial statements of such entities. Our opinion has not been modified in relation to this matter.

(Continued)

Key audit matters

The key audit matters are those that, according to our professional judgment, have been of the major relevance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for loan losses for $4,178 in the consolidated balance sheet

See notes 3(f) and 8 to the consolidated financial statements

Key audit matter	How the key Audit matter was treated in our audit
The consumer loan portfolio's allowance for loan losses involves the evaluation of different factors established in the methodologies set forth by the Commission, which include, among others, past-due billings, payments, balances reported in credit bureau, as well as the reliability in the documentation and update of information, which serves as an input for the determination of the allowance for loan losses. Therefore, we have determined the allowance for loan losses as a key audit matter.	The audit procedures applied to the determination by Management of the allowance for loan losses and the effect on income for the year included the assessment, through selective tests, of both the inputs used and the calculation method for the consumer loan portfolio, based on the methodology in force established by the Commission.

Calculation of labor obligations related to retirement and termination for $869 (liability)

See notes 3(q) and 16 to the consolidated financial statements

Key audit matter	How the key Audit matter was treated in our audit
Gentera has established defined benefit plans for its employees. The determination of the liability for labor obligations related to defined benefit was made through actuarial calculations that requires significant judgment in the selection of the assumptions used to determine the net liabilities for defined benefits of labor obligations related to retirement and termination. Therefore, we have determined the labor obligations related to defined benefits as a key audit matter.	Our audit procedures to address this key matter included, among others, the following: Through the involvement of our actuaries, both the reasonableness of the assumptions used by management to determine the net liability for defined benefits of the labor obligations related to retirement and termination, as well as the method of calculation used. In addition, selective items were tested to corroborate the suitable incorporation of the personnel data that were included as a base for the actuarial calculation.

(Continued)

Goodwill impairment test assessment for $5,052 (asset)	
See notes 3(m), 11 and 12 to the consolidated financial statements	
Key audit matter	**How the key Audit matter was treated in our audit**
During 2020, Gentera recognized goodwill arising from the acquisition of subsidiaries for $4,183. Such goodwill is subject to impairment testing which is performed through the use of valuation techniques that involve a significant judgment for the determination of the future cash flows estimated by Management. Most of the goodwill has been assigned to the cash flow generating units (CGUs) of the acquired businesses. The annual impairment test for goodwill is considered a key audit matter due to the complexity of the calculations and the significant judgments necessary in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs is derived from the predicted discounted cash flow models. These models use several key assumptions, including future sales prices, growth percentages of the terminal values and the weighted average cost of capital (discount rate).	Our audit procedures for this key matter included, among others, the following: - We involved our specialists to assist us in evaluating the appropriateness of the discount rates used, which included comparing the weighted-average cost of capital to the average of the sectors of the relevant markets in which the CGUs operate. - We assessed the appropriateness of the assumptions applied to key data such as volumes, operating costs, inflation and long-term growth rates, which included comparing such data to external sources as well as our evaluation based on our knowledge of the client and of the industry. - We carried out our own sensitivity analysis, which included assessments of the effects of possible reasonable reductions in growth rates and projected cash flows to evaluate the impact on the current difference between the goodwill originated and the value of the CGUs. - We also evaluated the appropriateness of the disclosures in the notes to the consolidated financial statements.

(Continued)

Current income taxes for $313 in the consolidated statement of income and deferred income tax asset for $2,570 and liability for $221, in the consolidated balance sheet	
See notes 3(k) and 17 to the consolidated financial statements	
Key audit matter	**How the key Audit matter was treated in our audit**
The determination of current and deferred income taxes is complex, because of the interpretation of the in-force legislation in the matter and judgment application is required mainly on the valuation of deferred income tax assets to assess factors, both current and future, that allow estimating the realization of such assets. Therefore, we have determined the current and deferred income taxes as a key audit matter.	The audit procedures applied in assessing the reasonableness of the calculations determined by Management for the recognition of current and deferred income taxes, included, among others, selective tests of the inputs used, as well as an assessment on the nature of the items that were part of the calculation, considering the in force legislation in tax matters. With involvement of our tax specialists, we assessed the reasonableness of important tax assumptions and the reverse period of temporary differences. In addition, we assessed the reasonableness of the taxable income projections determined by Management of Gentera that support the probability of materialization of deferred income tax assets.

Other information

Management is responsible for the other information. The other information includes the information included in the Annual Report of Gentera corresponding to the year ended December 31, 2020, to be presented to the National Banking and Securities Commission and the Mexican Stock Exchange (the Annual Report), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us after the date of this auditors' report.

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

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

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

(Continued)

Responsibilities of Management and those charged with governance in relation to the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gentera's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

(Continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or with conditions that may cast significant doubt on Gentera's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Gentera to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Gentera to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide to those charged with governance of the entity a statement that we have fulfilled the applicable requirements of ethics in relation with the independence and that we have communicated to them all the relationships and other matters from which it is possible to hope reasonably that they can affect our independence and, where appropriate, the actions taken to eliminate threatens or applicable safeguards.

Among the matters that have been an object of communication with those charged with governance, we determine those which have been of the major relevance in the audit of the consolidated financial statements of the current period and that are, in consequence, the key audit matters. We describe these matters in our auditor´s report unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report as it could be reasonably expected that the adverse consequences thereof would exceed its public interest benefits.

KPMG Cárdenas Dosal S. C.

Signature
Carlos Fernández Galguera

Mexico City, February 26, 2021.

Gentera, S. A. B. de C. V. and subsidiaries

Insurgentes Sur 1458, Colonia Actipan, C. P. 03230, Mexico City

Consolidated balance sheets

December 31, 2020 and 2019

(Millions of pesos)

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

Assets	**2020**	**2019**
Cash and cash equivalents (note 6)	$ 17,194	6,875
Investment securities (note 7):		
Trading	-	200
Available-for-sale securities	1,287	635
	1,287	835
Current loan portfolio (note 8):		
Commercial loans:		
Business and commercial	141	164
Consumer loans	38,338	40,363
Residential mortgages	1	2
Total current loan portfolio	38,480	40,529
Past-due loan portfolio (note 8):		
Commercial loans:		
Business and commercial	4	4
Consumer loans	2,205	1,159
Total past-due loan portfolio	2,209	1,163
Total loan portfolio	40,689	41,692
Less:		
Allowance for loan losses (note 8)	4,178	2,625
Loan portfolio, net	36,511	39,067
Other accounts receivable, net (note 9)	2,980	2,086
Property, furniture and equipment, net (note 10)	870	1,032
Investment in associated companies (note 11)	94	2,428
Long-lived assets available for sale, net (note 11)	-	241
Deferred income tax and employee statutory profit sharing, net (note 17)	2,570	1,505
Other assets, deferred charges and intangibles, net (note 12)	7,445	2,571
Total assets	$ 68,951	56,640

Liabilities and stockholders' equity	**2020**	**2019**
Liabilities:		
Deposit funding (note 13):		
Demand deposits	$ 2,939	2,138
Time deposits:		
General public	10,784	9,093
Money market	972	920
Debt securities issued	8,794	9,114
Global account of deposits with no movements	39	8
	23,528	21,273
Banking and other borrowings (note 14):		
Short-term	3,199	3,577
Long-term	14,591	7,042
	17,790	10,619
Creditors on repurchase/resell agreements	258	-
Obligations in securitization operations (note 15)	1,217	-
Other accounts payable:		
Income tax payable	39	553
Employee statutory profit sharing payable (note 17)	72	124
Sundry creditors and other accounts payable (note 18)	3,544	3,550
	3,655	4,227
Deferred income tax (note 17)	221	-
Total liabilities	46,669	36,119
Stockholders' equity (note 20):		
Paid-in capital:		
Capital stock	4,764	4,764
Additional paid-in capital	558	558
	5,322	5,322
Earned capital:		
Statutory reserves	1,845	1,888
Prior years' results	13,335	10,060
Valuation of available-for-sale securities	3	(1)
Cumulative translation adjustment	358	531
Remeasurements for employees' defined benefits	(388)	(612)
Net (loss) income	(1,592)	3,275
	13,561	15,141
Non-controlling interest	3,399	58
Total stockholders' equity	22,282	20,521
Commitments and contingent liabilities (note 21)		
Total liabilities and stockholders' equity	$ 68,951	56,640

Memorandum accounts	**2020**	**2019**
Contingent assets (note 6)	$ 6,759	808
Uncollected interest accrued on past-due loans (note 8)	207	107
Other memorandum accounts (note 14)	7,482	12,038

The historical capital stock as of December 31, 2020 and 2019, amounts to $4,764, in both years.

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated balance sheets were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission based on Article 78 of the "General Provisions Applicable to Issuers of Securities and Other Securities Markets Participants" applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Institution through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated balance sheets were approved by the Board of Directors under the responsibility of the following officers."

Signature	**Signature**	**Signature**	**Signature**
Enrique Majós Ramírez Chief Executive Officer	Mario Ignacio Langarica Ávila Chief Financial Officer	Marco Antonio Guadarrama Villalobos Controller	Oscar Luis Ibarra Burgos General Internal Auditor

Gentera, S. A. B. de C. V. and subsidiaries
Insurgentes Sur 1458, Colonia Actipan, C. P. 03230, Mexico City

Consolidated statements of income

Years ended December 31, 2020 and 2019

(Millions of pesos, except earning per share)

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

		2020	2019
Interest income (note 23)	$	19,352	22,809
Interest expense (note 23)		(2,302)	(2,076)
Financial margin		17,050	20,733
Allowance for loan losses (note 8)		(6,980)	(3,164)
Financial margin after allowance for loan losses		10,070	17,569
Commissions and fee income (note 23)		1,083	1,269
Commissions and fee expense (note 23)		(603)	(416)
Financial intermediation result		9	(9)
Other operating income (expenses), net (note 23)		376	(34)
Administrative and promotional expenses		(13,417)	(13,808)
Operating (loss) income		(2,482)	4,571
Equity method of associated companies (note 11)		79	199
Operating (loss) income before income tax		(2,403)	4,770
Current income tax (note 17)		(313)	(1,616)
Deferred income tax (note 17)		1,022	209
Net (loss) income before discontinued operations		(1,694)	3,363
Discontinued operations (note 11)		59	(54)
Net (loss) income		(1,635)	3,309
Non-controlling interest		43	(34)
Controlling interest net (loss) income	$	(1,592)	3,275
(Loss) earning per share (in pesos, see note 3(y))	$	(1.02)	2.08

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of income were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission based on Article 78 of the "General Provisions Applicable to Issuers of Securities and Other Securities Markets Participants" applied on a consistent basis. Accordingly, they reflect the revenues and disbursements relating to the transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of income were approved by the Board of Directors under the responsibility of the following officers".

Signature	**Signature**	**Signature**	**Signature**
Enrique Majós Ramírez Chief Executive Officer	Mario Ignacio Langarica Ávila Chief Financial Officer	Marco Antonio Guadarrama Villalobos Controller	Oscar Luis Ibarra Burgos General Internal Auditor

Gentera, S. A. B. de C. V. and subsidiaries
Insurgentes Sur 1458, Colonia Actipan, C. P. 03230, Mexico City

Consolidated statements of changes in stockholders' equity

Years ended December 31, 2020 and 2019

(Millions of pesos)

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

	Paid-in capital		**Earned capital**							
	Capital stock	**Additional paid-in capital**	**Statutory reserves**	**Prior years' results**	**Valuation of available-for-sale securities**	**Cumulative translation adjustment**	**Remeasurements for employees´ defined benefits**	**Net (loss) income**	**Non-controlling interest**	**Total stockholders´ equity**
Balances as of December 31, 2018	$ 4,764	558	1,948	7,699	(54)	642	(489)	2,965	50	18,083
Changes resulting from stockholders' decisions:										
Resolutions agreed on April 20, 2019:										
Constitution of statutory reserve (note 20)	-	-	11		-	-	-	(11)	-	-
Appropriation of prior year's net income	-	-	-	2,954	-	-	-	(2,954)	-	-
Dividend payment (note 20)	-	-	-	(593)	-	-	-	-	(26)	(619)
Repurchase of shares	-	-	(71)	-	-	-	-	-	-	(71)
Total	-	-	(60)	2,361	-	-	-	(2,965)	(26)	(690)
Changes related to the recognition of comprehensive income:										
Net income	-	-	-	-	-	-	-	3,275	34	3,309
Valuation of available-for-sale securities, net of deferred taxes	-	-	-	-	53	-	-	-	-	53
Cumulative translation adjustment of subsidiaries, net	-	-	-	-	-	(111)	-	-	-	(111)
Remeasurements for employees' defined benefits, net of deferred taxes	-	-	-	-	-	-	(123)	-	-	(123)
Total	-	-	-	-	53	(111)	(123)	3,275	34	3,128
Balances as of December 31, 2019	4,764	558	1,888	10,060	(1)	531	(612)	3,275	58	20,521
Changes resulting from stockholders' decisions:										
Resolutions agreed on April 17, 2020:										
Appropriation of prior year's net income	-	-	-	3,275	-	-	-	(3,275)	-	-
Repurchase of shares	-	-	(43)	-	-	-	-	-	-	(43)
Total	-	-	(43)	3,275	-	-	-	(3,275)	-	(43)
Changes related to the recognition of comprehensive income:										
Net loss	-	-	-	-	-	-	-	(1,592)	(43)	(1,635)
Valuation of available-for-sale securities, net of deferred taxes	-	-	-	-	4	-	-	-	-	4
Cumulative translation adjustment of subsidiaries, net	-	-	-	-	-	(173)	-	-	-	(173)
Remeasurements for employees' defined benefits, net of deferred taxes	-	-	-	-	-	-	224	-	-	224
Total	-	-	-	-	4	(173)	224	(1,592)	(43)	(1,580)
Non-controlling interest	-	-	-	-	-	-	-	-	3,384	3,384
Balances as of December 31, 2020	$ 4,764	558	1,845	13,335	3	358	(388)	(1,592)	3,399	22,282

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission based on Article 78 of the "General Provisions Applicable to Issuers of Securities and Other Securities Markets Participants" applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers."

Signature	**Signature**	**Signature**	**Signature**
Enrique Majós Ramírez Chief Executive Officer	Mario Ignacio Langarica Ávila Chief Financial Officer	Marco Antonio Guadarrama Villalobos Controller	Oscar Luis Ibarra Burgos General Internal Auditor

Gentera, S. A. B. de C. V. and subsidiaries
Insurgentes Sur 1458, Colonia Actipan, C. P. 03230, Mexico City

Consolidated statements of cash flows

Years ended December 31, 2020 and 2019

(Millions of pesos)

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

		2020	2019
Net (loss) income	$	(1,592)	3,275
Adjustment for items not requiring cash flows:			
Losses of impairment associated with investment activities		29	132
Depreciation and amortization		687	661
Loss on sale of furniture and equipment		10	30
Provisions		920	959
Current and deferred income tax		(709)	1,407
Discontinued operations		(59)	17
Equity investment in associated companies		(79)	(199)
		799	3,007
Operating activities:			
Change in investment securities		(449)	172
Change in loan portfolio (net)		5,013	(5,577)
Change in other operating assets (net)		(1,109)	(675)
Change in deposit funding		2,255	3,321
Change in banking and other borrowings		6,591	(1,453)
Change in creditors on repurchase/resell agreements		258	-
Change in obligations in securitization operations		(83)	-
Change in other operating liabilities		(710)	(711)
Payments of income tax		(1,247)	(1,172)
		10,519	(6,095)
Net cash flows from operating activities		9,726	187
Investment activities:			
Proceeds from the disposal of furniture and equipment		8	25
Payments in the acquisition of furniture and equipment		(140)	(305)
Cash flow received (paid) for acquisition of subsidiary companies		588	(48)
Dividends received from associated companies		67	99
Increase in intangibles assets		(111)	(154)
Collections of disposal of long-lived assets available for sale		265	-
Net cash flows from (used in) investment activities		677	(383)
Financing activities:			
Payments associated to repurchase of own shares		(43)	(71)
Dividends payments in cash		-	(593)
Change in non-controlling interest		32	8
Net cash flows used in financing activities		(11)	(656)
Net increase (decrease) in cash and cash equivalents		10,392	(852)
Effects on changes in cash and cash equivalents		(73)	(68)
Cash and cash equivalents at the beginning of the year		6,875	7,795
Cash and cash equivalents at the end of the year	$	17,194	6,875

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of cash flows were prepared in accordance with the accounting criteria for credit institutions, issued by the National Banking and Securities Commission, based on Article 78 of the "General Provisions Applicable to Issuers of Securities and Other Securities Markets Participants" applied on a consistent basis. Accordingly, they reflect the cash inflows and outflows arising from transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the following officers."

Signature	Signature	Signature	Signature
Enrique Majós Ramírez Chief Executive Officer	Mario Ignacio Langarica Ávila Chief Financial Officer	Marco Antonio Guadarrama Villalobos Controller	Oscar Luis Ibarra Burgos General Internal Auditor

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

(1) Description of business -

Description of business -

Gentera, S. A. B. de C. V. (Gentera) is a Mexican corporation located in Insurgentes Sur 1458, Colonia Actipan, 03230, Mexico City, which purpose is to promote, organize and manage all types of civil or commercial entities, including but not limited to, multiple banking entities with the purpose of providing banking and credit services pursuant to the Law of Credit Institutions, as well as other financial entities, both domestic and foreign.

At December 31, 2020 and 2019, except otherwise noted, Gentera and its consolidated subsidiaries are comprised of:

i. Banco Compartamos, S. A., Institución de Banca Múltiple (the Bank) which in accordance with the Law for Credit Institutions, is authorized to carry out multiple banking activities which comprise, among others, granting loans, receipt of deposits, acceptance of borrowings, operation with securities and other financial instruments in Mexico.

ii. Compartamos, S. A. (Compartamos Guatemala) is an entity incorporated in Guatemala, which main activity is, among others, granting any type of loans and financing to individuals or entities with own funds in Guatemala, as well as granting or obtaining loans or financing of any nature.

iii. Compartamos Financiera, S. A. (Compartamos Financiera) is an entity incorporated under the regulations of the Republic of Peru, which purpose is to operate as a financial services entity, and is allowed to carry out all transactions and provide all services, by any means that result applicable and correspond, in accordance with established legal provisions that regulate entities of this nature in conformity with Peruvian legislation. On April 8, 2020, Compartamos Financiera increased its shareholding in Pagos Digitales Peruanos, S.A. with an increase in capital stock of 11,835,075 Peruvian soles for the subscription of 62,237,237 shares, for which it acquired control of such entity and increased its shareholding to 55.56%, therefore as of that date this entity is consolidated.

iv. Red Yastás, S. A. de C. V. (Red Yastás), is an entity incorporated in Mexico, which purpose is: a) to enter into agreements to provide services, either mandates or commercial commission with credit institutions to engage with other people on behalf of the aforementioned credit institutions, the commissions or services mandated, complying with applicable regulation on each transaction or banking service, b) to service credit institutions as manager of commission agents with the purpose of organizing service providers' networks or banking commission agents to carry out certain activities and c) to receive, process and distribute all types of funds or economic resources through electronic, manual or telephonic transfers or directly online through any other means of communication, among others.

v. Compartamos Servicios S. A. de C. V. (Compartamos Servicios), is an entity incorporated in Mexico, which purpose is to provide human resources services and personnel to the entities of the group, as well as to provide advisory in planning, organization and management of companies, among other activities.

(Continued)

vi. Controladora AT, S. A. P. I. de C. V. (Controladora AT), is an entity incorporated in Mexico, which consolidates Aterna, Agente de Seguros y Fianzas, S. A. de C. V. (Aterna). Controladora AT has as a purpose the purchase, sale, transfer, assessment, and in general the marketing in any way with shares, stocks, rights and interests in commercial corporations, and any other entities, domestic and foreign, either as a founder or by acquiring shares in companies that were previously constituted. Aterna is an entity incorporated in Mexico, which purpose is to act as insurance and bonding agent under the terms of the General Law for Insurance and Mutual Insurance Companies, Federal Bonding Institutions Act and Regulation of Insurance Agents and Bonding.

vii. Fin Útil, S. A. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (Fin Útil), a consolidated subsidiary beginning August 10, 2020 (see note 11), is a financial institution established in Mexico, which main activity is granting commercial and personal loans to individuals. For such purpose, Fin Útil obtains financing from Mexican financial institutions and from issuances of stock certificates through public trust Fideicomisos Irrevocables de Emisión de Certificados Bursátiles Fiduciarios, Administración y Pago numbers F/00925 and F/01064 (Issuer Trusts), backed by Fin Útil's loans. These trusts, which are detailed below, are consolidated by Fin Útil considering that it acts as portfolio manager and second trustee, and therefore has the power over them to direct their relevant activities, and is exposed and entitled to variable yields from the remaining portfolio of the trust when settling the totality of the trust certificates to the investing public.

- Fideicomiso Irrevocable de Emisión de Certificados Bursátiles Fiduciarios, Administración y Pago number F/00925, which main purpose is to issue stock certificates and manage the Trust's assets, which are contributed by Fin Útil.

- Fideicomiso Irrevocable de Emisión de Certificados Bursátiles Fiduciarios, Administración y Pago number F/01064, which main purpose is to issue stock certificates and manage the Trust's assets contributed by Fin Útil.

- Fideicomiso Irrevocable de Administración CIB/591, which main purpose is to establish a mechanism to facilitate the administration of the collection in compliance with the obligations of Fin Útil with respect to the Trustees, derived from the loan agreement and other financing documents.

viii. Comfu, S. A. de C. V. (Comfu), a subsidiary consolidated beginning August 10, 2020 (see note 11), is a company established in Mexico which main activity is the sale, distribution, purchase, import, export, sale or acquisition of all kinds of articles, merchandise and consumer products such as household appliances, kitchen and dining appliances, electronics, cell phones, among other services that are provided to Fin Útil's customers.

ix. Talento Concrédito, S. A. de C. V. (Talento Concrédito), consolidated subsidiary beginning August 10, 2020 (see note 11), is a company established in Mexico which main activity is providing personnel supply, recruitment, training and management services for the companies Fin Útil and Comfu.

(Continued)

(Millions of pesos)

(2) Authorization and basis of presentation-

Authorization

On February 26, 2021, the Board of Directors and the following officers approved the issuance of the accompanying consolidated financial statements and their related notes:

Enrique Majós Ramírez	Chief Executive Officer
Mario Ignacio Langarica Ávila	Chief Financial Officer
Marco Antonio Guadarrama Villalobos	Controller
Oscar Luis Ibarra Burgos	General Internal Auditor

The Stockholders of Gentera are empowered to modify the consolidated financial statements after its issuance.

Basis of preparation

a) Statement of compliance

The "General regulations applicable to securities issuers and other securities market participants" which establishes that securities issuers which, through its subsidiaries, carry out mainly financial activities subject to the supervision of Mexican authorities, are required to prepare and audit its financial statements under the same basis applicable to such subsidiaries, with the purpose of ensuring that the financial information of both entities is comparable.

The aforementioned is determined when such activities represent more than 70% of consolidated assets, liabilities or total revenues at the prior year-end, it is deemed required to have three fiscal years in which the activity represents less than 50% of the total consolidated assets, liabilities or revenues of an issuer, or, in the fiscal year immediately preceding the fiscal year in question, represents less than 20% of such activity. Consequently, since the Bank comprises 52% and 73% of the consolidated assets and revenues, respectively, as of and for the year ended December 31, 2020 (56% and 77% respectively, in 2019), the accompanying consolidated financial statements have been prepared in conformity with the Accounting Criteria for Credit Institutions in Mexico (Accounting Criteria) established in Article 33 of the General Provisions applicable to Credit Institutions issued by the Commission.

The Accounting Criteria establish that the accounting of Credit Institutions must comply with the basic structure of the Mexican Financial Reporting Standards (MFRS) defined by the Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera, A. C. - CINIF) in MFRS A-1 "Structure of Financial Reporting Standards"., considering in first instance the MFRS contained in the MFRS A Series "Conceptual framework", as well as the provisions of accounting criteria A-4 "Supplementary application to accounting criteria". Likewise, Accounting Criteria establish that institutions must observe the accounting guidelines of the MFRS except when it is necessary, in the Commission's judgment, to apply specific accounting standards or criteria on recognition, valuation, presentation and disclosure applicable to specific items of the financial statements and those applicable to their preparation, considering that entities carry out specialized transactions.

(Continued)

Likewise, the Accounting Criteria points out that in the absence of specific accounting criteria from the Commission and in a broader context the MFRS, supplementary use of Mexican MFRS A-8 will be followed and only in the event that the International Financial Reporting Standards (IFRS), referred to by Mexican MFRS A-8 do not provide guidance to the accounting treatment, another set of established accounting standards may be used in the following order: generally accepted accounting principles in the United States of America ("US GAAP") or any accounting standard that is part of a formal and recognized set of standards, provided that it meets the requirements of the Commission's criteria A-4 "Supplementary application to accounting criteria".

b) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

Judgments and assumptions and estimation uncertainties

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 3(f), 3(g), 8 and 9 – Determination of the allowance for loan losses and recoverability of other accounts receivable: assumptions and inputs for its determination.
- Notes 3 (m), 10, 11 and 12 – Impairment assessment of book value of properties, furniture and equipment, intangibles, permanent investments and goodwill: key assumptions for the recoverable amount, including recoverability of development costs, measurement of impairment of investment in associated companies.
- Notes 3 (k) and 17 – Recognition of deferred tax assets: availability of future taxable profits and materialize of deferred tax asset.
- Notes 3 (q) and 16 – Measurement of defined benefit obligations: key actuarial assumptions.
- Notes 3 (i) and 11 – Investment in associated companies: whether Gentera has significant influence.
- Note 3 (b) – Consolidation: whether the Company has factual control over an investee.

a) Functional and reporting currency and translation of financial statements for foreign operations.

The consolidated financial statements are presented in Mexican peso reporting currency.

The financial statements of the foreign subsidiaries have been translated into Mexican pesos (reporting currency) considering that their recording and functional currency are the same, resulting in the use of the following exchange rates: a) year-end for monetary and non-monetary assets and liabilities ($5.4981 Mexican pesos per Peruvian sol and $2.5544 Mexican pesos per Guatemalan quetzal as of December 31, 2020, b) historical for stockholder's equity and c) weighted average of the period ($6.8315 Mexican pesos per Peruvian sol and $2.8693 Mexican pesos per Guatemalan quetzal) for revenues, costs and expenses, translation effects are presented as part of stockholders' equity.

The exchange rates used in 2019 were: a) year-end for monetary and non-monetary assets and liabilities ($5.6923 Mexican pesos per Peruvian sol and $2.4501 Mexican pesos per Guatemalan quetzal, b) historical for stockholder's equity and c) weighted average of the period ($5.77410 Mexican pesos per Peruvian sol and $2.49880 Mexican pesos per Guatemala quetzal) for revenues, costs and expenses, translation effects are presented as part of stockholders' equity.

For purposes of disclosure in the notes to the consolidated financial statements, pesos or "$" refers to millions of Mexican pesos, and when reference is made to dollars, it means dollars of the United States of America, when reference is made to soles, it means soles of the Republic of Peru, and when reference is made to quetzales, it means quetzales of the Republic of Guatemala.

b) Transactions at the trade date

The consolidated financial statements of Gentera recognize assets and liabilities arising from investment securities on the trade date, regardless of the settlement date.

(3) Summary of significant accounting polices-

The following summarizes the most important accounting criteria followed during the preparation of the consolidated financial statements, which have been applied consistently during the years presented.

(a) Recognition of the effects of inflation-

The accompanying consolidated financial statements include the recognition of inflation effects in the financial information through December 31, 2007, based on the measurement factor derived from the value of the Investment Unit (UDI – Spanish abbreviation) which is an index, whose value is determined by Banco de México (the Central Bank) derived from inflation, given that beginning in 2008, in accordance with the Mexican MFRS B-10 "Effects of Inflation", Gentera and subsidiaries operate on a non-inflationary economic environment (accumulated inflation in the prior three-year period less than 26%).

(Continued)

(Millions of pesos, except UDI value)

The percentage of accumulated inflation in the prior three-year period, yearly inflation and the value of UDI at each of the year-end are shown as follows:

		Inflation	
December 31	**UDI**	**Yearly**	**Cumulative**
2020	$ 6.605597	3.23%	11.31%
2019	6.399018	2.77%	15.03%
2018	6.226631	4.92%	15.71%
	=======	=====	======

(b) Basis of consolidation-

The accompanying consolidated financial statements as of and for the years ended December 31, 2020 and 2019, include the balances of Gentera and its subsidiaries mentioned below. The financial statements of the subsidiaries have been converted, prior to consolidation, to Accounting Criteria set-forth by the Commission. All significant balances and transactions between Gentera and the subsidiaries have been eliminated upon consolidation:

Entity	Participation	Functional currency
Banco	99.98%	Mexican pesos
Compartamos Guatemala	99.99%	Guatemalan quetzal
Compartamos Financiera (1)	99.99%	Peruvian soles
Red Yastás	99.99%	Mexican pesos
Compartamos Servicios	99.99%	Mexican pesos
Controladora AT (2)	50.00%	Mexican pesos
Fin Útil (3)	51.00%	Mexican pesos
Comfu (4)	51.00%	Mexican pesos
Talento (4)	51.00%	Mexican pesos

(1) Compartamos Financiera consolidates its financial statements with Pagos Digitales Peruanos, S.A.

(2) Controladora AT is consolidated because Gentera has control on the financial policies and operating decisions of the subsidiary.

(3) Consolidated subsidiaries beginning August 10, 2020 (see note 11), which in turn consolidates the Issuer Trusts.

(4) Consolidated subsidiaries beginning August 10, 2020 (see note 11).

(Continued)

(c) Cash and cash equivalents-

This caption comprises, bank accounts in local and foreign banks and restricted cash which are recognized at face value, and cash and cash equivalents in foreign currency are valued at the exchange rate issued by the Central Bank at the date of presentation of the consolidated financial statements. Interest earned from cash and cash equivalents is recognized in the consolidated income statement on an accrual basis (note 6).

The restricted cash and cash equivalents include documented bank loans with original maturities of up to three days ("Call Money"), deposit auctions and the deposit of monetary regulation, both with the Central Bank in accordance with the Law, in order to regulate the money market liquidity, such deposit bears interest at interbank funding rate. Also, this caption includes the saving fund of Gentera's employees and guarantee deposits with financial institutions in Peru.

The foreign exchange currencies acquired and agreed to be settled at later date to the purchase/sale transaction are recognized as restricted cash (foreign currency to be received), while foreign currency sold is recorded as cash outflow (currency to be delivered). The rights and obligations arising from the foreign exchange sales and purchases are recorded in the captions "Other accounts receivable" and "Sundry creditors and other accounts payable", respectively.

(d) Investment securities-

Investment securities consist of equity instruments, government and banking securities, listed and unlisted, which are classified in accordance with the intention of use that Gentera assigns at the date of their acquisition as follows:

Trading securities-

Trading securities which are held for operation in the market are recorded at fair value using current prices obtained from specialists in the supply and price calculation to value securities portfolios, authorized by the Commission, known as "price vendors", and in case of unlisted securities, market prices of financial instruments with similar characteristics are used as reference, which uses prices calculated based on formal and widely accepted valuation techniques. The fair value is the amount at which interested parties are willing to exchange for the financial instrument, in an uninfluenced transaction. Valuation effects of this category are directly recognized in the consolidated income statement of the year under the caption "Financial intermediation result".

Expenses incurred in the acquisition of trading securities are recognized in the income of the year. Interest income is recognized in the consolidated income statement as accrued.

Available-for-sale securities-

Available-for-sale securities are comprised of equity instruments, whose intention is not to obtain profits derived from the differences in prices resulting from trading transactions, and therefore represent a residual category, that is, they are acquired with a different intention from trading or held-to-maturity securities.

At the moment of acquisition, these securities are recorded at fair value plus acquisition costs for the transaction, which represents the cost of acquisition for Gentera and are subsequently valued in the same way as trading securities; the valuation effect is recognized in stockholders' equity under "Unrealized gain or loss from valuation of available-for-sale securities", net of deferred taxes, which is cancelled to recognize in income the difference between the net value of realization and acquisition cost at the time of the sale.

The yield on debt securities is recorded in accordance with the effective interest method as appropriate according with the nature of the instrument; such income is recognized as realized in the consolidated income statement under "Interest income".

The cash dividends of the stock securities are recognized in the consolidated income of the year in the same period in which the right to receive the payment is generated.

Securities impairment-

When there is objective evidence that an available-for-sale security is impaired, the book value of the security is modified and the amount of the loss is recognized in the consolidated results for the year.

Reclassifications between categories-

Reclassifications of securities from trading to available-for-sale could be only permissible with the express authorization of the Commission.

(e) Loan portfolio-

Represents the outstanding balances of the amounts granted to borrowers, plus uncollected interest and commissions earned in accordance with the payment scheme. Outstanding loan and interest balances are classified as past-due according to the following criteria:

Commercial loans with principal and interest periodic partial payments – 90 or more days after due date.

Commercial loans with a single payment of principal and interest at maturity - 30 or more calendar past-due days.

Consumer and mortgage loans – 90 or more days past due.

Other revolving loans – Unpaid for two monthly normal billing periods, or 90 or more past-due calendar days.

(Continued)

Residential mortgages – When the outstanding loan balance presents installments payments not fully collected for 90 or more due days.

Loans are granted based on an analysis of the customer's application and the consultations made at the credit information bureaus. In some cases, as required, an analysis is conducted of the borrower's financial position and other general characteristics established in the applicable laws, Gentera's manuals and internal policies.

Loans, mainly non-revolving consumer portfolio, are controlled by periodic visits to the clients by Gentera personnel, and by daily monitoring of the payments through the system, where the relevant personnel can follow-up on late payments.

Loans are collected weekly, biweekly or monthly. According with the contracted credit, clients make loan payments through deposits in banking accounts contracted by Gentera with other multiple banking institutions solely for that purpose, as well as its correspondents to conduct this type of operations and through its branch offices.

Evaluation on the credit risk of each client is handled by verifying their credit history with Gentera, and checking clients' credit ratings with the credit bureau.

Gentera's policy for avoiding risk concentration is based mainly on setting maximum amount limits on loans by the borrower.

Interests are recognized in income as accrued. However, the accumulation of interests is suspended when a loan is transferred to past due loan portfolio recording interest in memorandum accounts. When such interest is collected, these are recognized as income. Reserves are created for the total balance of non-collected accrued ordinary interest, related to the loans transferred to past due loans, at the moment of transfer.

Past due loans are transferred to current loans when the outstanding balances of past-due loans (principal and interest, among others) are totally settled or that existed evidence of sustained payments.

It is considered that there is sustained payment when the borrower shows compliance of the payment without delay for the total amount of principal and interest, for at least three consecutive installment payment of the loan payment scheme.

In the case of sale, cession or derecognition of financial assets, where substantially all the risks and rewards of the financial assets are transferred, Gentera derecognizes such financial assets from its consolidated financial statements, recognizes the amount received in the transaction and recognizes the gain or loss on the transaction in consolidated income for the year.

(Continued)

Commissions on late payment of loans are recognized in the consolidated income statement when the delay occurs.

As of December 31, 2020 and 2019, Gentera had mainly a short-term consumer loan portfolio (note 8).

In the event of sale of loan portfolio previously written-off, Gentera´s internal policy corresponding to such process, provides that participants be unrelated parties having as purpose obtaining the best possible market price. In addition, economic and reputational assessment of each participant is performed to make the best decision.

Restructurings

Loans with periodic payments of principal and interest, which are subject to restructuring, may be considered as in force at the time that such act is carried out, regardless the following requirements be applicable to them:

- Current loans that are restructured, without at least 80% of the original loan term of the loan having elapsed, shall be deemed to be current, only when they meet the criteria mentioned below:

  i. The borrower has covered all the interest accrued as of the date of the restructuring, and
  ii. The borrower would have covered the principal of the original loan amount, which at the date of the restructuring should have been covered.
  iii. If all the conditions described in the previous paragraph are not met, they will be considered as due from the time they are restructured and until there is no evidence of sustained payment.

- In the case of current loans that restructure during the course of the final 20% of the original term of the loan, these will be considered valid only when the borrower has:

  a) Liquidated all the interest accrued as of the date of the restructuring

  b) Covered the principal of the original loan amount, which at the date of the restructuring should have been covered, and

  c) Covered 60% of the original loan amount.

If all the conditions described in the previous paragraph are not met, they will be considered as due from the time they are restructured and until there is no evidence of sustained payment.

(Millions of pesos)

(f) Allowance for loan losses -

An allowance for loan losses is booked which, in Management's opinion, is sufficient to cover for credit risks associated with the loan portfolio, as well as other credit risks.

Allowances for loan losses are based on analytical studies of the portfolio in accordance with the "General dispositions applicable to credit institutions" (the Dispositions) issued by the Commission, which include the following:

Commercial loan portfolio-

Allowances for loan losses for commercial loan portfolio are based on the individual assessment of the credit risk and classification of the costumers in accordance with the Dispositions issued by the Commission.

The loan portfolio with companies and individuals with business activity, with annual income or net sales less than 14 million UDIS is rated by the methodology described in Annex 20 and 21 of the Dispositions. Such methodology is based on the expected loss, which considers the probability of default, loss given default and exposure at default.

Allowances for loan losses booked at December 31, 2020 and 2019 were determined in conformity with the degree of risk and the corresponding percentage ranges of allowance as shown below:

Degree of risk	Percentage ranges of allowance
"A-1"	0 to 0.9
"A-2"	0.901 to 1.5
"B-1"	1.501 to 2.0
"B-2"	2.001 to 2.5
"B-3"	2.501 to 5.0
"C-1"	5.001 to 10.0
"C-2"	10.001 to 15.5
"D"	15.501 to 45.0
"E"	More than 45.0

Troubled loans – Commercial loans with a high probability of not being totally collected

(Continued)

(Millions of pesos)

Consumer loan portfolio-

The consumer loan portfolio is divided into two groups for the calculation of the allowance for loan losses: (a) non-revolving portfolio and (b) other revolving portfolio. The calculation is made in conformity with the current dispositions issued by the Commission, which model of expected loss establishes that the allowance for loan losses is based on the probability of default, loss given default and exposure at default, considering for the calculation of the allowance the figures at the last day of each month.

For the non-revolving portfolio, the inputs considered in such model to determine the probability of default are comprised of: i) number of billings past due, ii) maximum number of billings past due, iii) payment made, iv) balance reported in the credit information companies, v) amount demandable reported in the credit information companies, vi) seniority of the borrower at Gentera, vii) months elapsed since the last late payment in the last thirteen months reported in the credit information companies, viii) number of members of the group, ix) group cycles of the borrower, and x) original loan amount.

Additionally, when non-revolving consumer loans have collaterals, the covered and exposed parts must be segregated, considering an assignment in the given default loss of 10% to the covered part if related to cash collateral and /or liquid collateral and in case of mortgage collaterals a loss given default of 60% to the covered part may be assigned.

In the case of the other revolving portfolio, the allowance for loan losses is calculated using the figures of the latest known payment period of each other revolving loan and considering the following factors: i) balance due, ii) payment made, iii) credit line, iv) minimum payment requirement, v) payment default, vi) amount payable, vii) amount due reported to credit information institutions as well as, viii) borrower’s seniority in the entity.

The allowance for loans losses for consumer loan portfolio as of December 31, 2020 and 2019, is determined by the degree of risk assigned to the loan, as shown below:

Degree of risk	**Percentage ranges of allowance**	
	Non-revolving	**Other revolving loans**
“A-1”	0 to 2.0	0 to 3.0
“A-2”	2.01 to 3.0	3.01 to 5.0
“B-1”	3.01 to 4.0	5.01 to 6.5
“B-2”	4.01 to 5.0	6.51 to 8.0
“B-3”	5.01 to 6.0	8.01 to 10.0
“C-1”	6.01 to 8.0	10.01 to 15.0
“C-2”	8.01 to 15.0	15.01 to 35.0
“D”	15.01 to 35.0	35.01 to 75.0
“E”	35.01 to 100.0	More than 75.01

(Millions of pesos)

Mortgage loan portfolio-

The allowance for loan losses for residential mortgages is determined using the corresponding balances at the last day of each month. Furthermore, factors such as: i) outstanding amount, ii) payment made, iii) value of property, iv) loan balance, v) past-due days, vi) loan denomination and vii) completeness of the file are considered. The total amount of allowance for each loan assessed is the result of multiplying the probability of default by the loss given default and exposure at default.

Degree of risk and percentages of allowance for loan losses at December 31, 2020 and 2019 are as shown below:

Degree of risk	Percentage ranges of allowance
"A-1"	0 to 0.50
"A-2"	0.501 to 0.75
"B-1"	0.751 to 1.00
"B-2"	1.001 to 1.50
"B-3"	1.501 to 2.00
"C-1"	2.001 to 5.00
"C-2"	5.001 to 10.00
"D"	10.001 to 40.00
"E"	40.001 to 100.00

Write-offs - Gentera has the policy to write-off the non-revolving consumer loans and other revolving consumer loans portfolio that has 180 days and 120 days, respectively, after being considered past-due, except for those loans in process of judicial collection, given that during that period and once carried out all recovery efforts, its practical impossibility of recovery is determined, except in cases where management determines that a loan or group of loans must be written-off prior to this number of days. Such write off is carried out during the first days of each month, considering the loans that comply with the aforementioned term until the last day of the immediate previous month, canceling the unpaid balance of the loan against the allowance for loan losses. In the event that the loan balance to be write-off exceeds its corresponding allowance, prior to the write-off, such allowance is increased up to the amount of the difference.

In the case of commercial loans and residential mortgages the policy of write-off fits the moment once its recovery is determined to be impractical.

Recoveries related to written-off loans from the consolidated balance sheet are recognized in the consolidated statement of income of the year under the caption of "Allowance for loan losses".

(Continued)

Write-downs, cancellations and discounts, i.e., the amount written-down on partial or total loan payments, are charged to income under the allowance for loan losses; in the event that the amount of these exceeds the balance of the allowance associated with the loan, allowances are previously recorded up to the amount of the difference.

(g) Other accounts receivable-

This caption represents, among others, receivables from employees, accounts receivable from correspondents, recoverable income taxes and items directly related to the loan portfolio, which an allowance for doubtful receivables is determined based on the same percentage of risk assigned to the associated loan.

For the other receivables, including accounts receivable from correspondents, related to identified debtors with maturity exceeding 90 calendar days, a provision is created for the total unpaid balance (60 days if balances are unidentified), except for those related to recoverable tax balances and clearing accounts.

Management considers that the reserve for doubtful accounts is sufficient to absorb losses in accordance with Gentera's policies.

(h) Property, furniture and equipment-

Property, furniture and equipment, including acquisitions from capitalized leases, are stated as follows:

i) Acquisitions conducted from January 1, 2008 at their historical cost, and

ii) Acquisitions made up to December 31, 2007 at their restated values, determined applying factors derived from the UDI, to their acquisition costs up to December 31, 2007.

Depreciation is calculated using the straight-line method, based on the estimated assets' useful life determined by Gentera's Management

The leases are capitalized if the contract terms substantially transferred all inherent risks and benefits of ownership of the leased asset. The capitalized value is the value of the leased asset or the present value of minimum lease payments, whichever is less at lease inception. In the case of capital lease agreements, the interest rate used for calculating the present value of minimum payments is implicit in the related agreement. If interest rate is not available, the incremental rate is used.

(Continued)

The related liability with the lessor is included in the consolidated balance sheet as an obligation for capitalized lease. The financial costs of the financing granted by the lessor to acquire the leased assets are recognized in the consolidated income statement as accrued. Lease payments are allocated between finance charges and reduction of the lease obligation in order to achieve a constant interest rate on the remaining balance of the liability. Assets held under capitalized leases are included within furniture and equipment and computer equipment captions, and its depreciation is calculated according to the term of the lease.

(i) Permanent investment-

Permanent investments in associated companies, in which Gentera has no significant influence or control, are valued using the equity method, through which the participation in the results and in the stockholders' equity of these companies is recognized using the financial statements of the Company. Same date and for the same Gentera period.

The other permanent investments made by the Group are recorded at cost.

(j) Long-lived assets available for sale-

Long-lived assets are classified as intended to be sold if they meet all the following requirements:

i) Gentera’s governance that approves this activity has committed to a sales plan.

ii) The assets are available for immediate sale, in their current conditions, subject exclusively to the usual and customary terms for the sale of those assets and their sale is highly probable.

iii) Actions to locate the buyer and other activities to complete the plan are underway. If the buyer is not located, at least the potential market has been identified.

iv) It is expected that the sales plan will be completed in less than a year. This requirement is not met in the cases in which the entity enters into sales agreements that are essentially purchase options and sale contracts with a return lease. An extension of the one-year period to complete the sale does not prevent the asset from being classified as held for sale, if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed with a plan to sell the asset.

v) There is an adequate estimate of the prices to be received in exchange for the asset or group of assets.

vi) It is not probable that there will be significant changes to the sale plan or it will be canceled. Assets for sale that meet the requirements of the preceding paragraph, must be evaluated on the date of approval of the sale plan at their net book value or the net sale price, the lower. If applicable, the impairment loss should be applied to the results of the year.

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

The current IT and ESPS are determined according to current tax legislation (note 17).

Deferred IT and ESPS are recognized using the assets and liabilities method, which compares their accounting and tax values. Deferred IT and ESPS (assets and liabilities) are recognized for future tax consequences attributable to temporary differences between the value reflected in the consolidated financial statements of existing assets and liabilities and their respective tax bases, as well as for operating loss carryforwards and other recoverable tax credit.

Deferred IT and ESPS (assets and liabilities) are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered. The effect of changes in tax rates on deferred IT and ESPS are recognized in consolidated results of the period in which they were enacted.

The current and deferred IT and ESPS are presented and classified to the consolidated results of the period, except for those originated from a transaction that was recognized directly in stockholders' equity.

(l) Other assets, deferred charges and intangibles-

This caption is mainly comprised of guarantee deposits, insurance and expenses paid in advance, intangibles, goodwill and expenses for debt issuance. Amortization is accounted for using the straight-line method during the life of each transaction.

The expenses paid in advance as of December 31, 2020 and 2019, do not present impairment losses nor reversals of impairment losses, since these still have the capacity to generate economic future benefits.

Intangible assets with defined useful life are recorded at acquisition or development cost, and are amortized using the straight-line method, based on the estimated intangible's useful life determined by Management.

(m) Impartment of long-lived assets-

Gentera periodically assesses the net carrying amount of property, furniture and equipment, intangibles assets, investment in associated companies and goodwill, to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, Gentera records the necessary provisions. When Gentera has the intention to sell such assets, these are reported in the consolidated balance sheet at the lower of net carrying amount or realizable value.

Long-lived assets, both tangible and intangible, are subject to impairment testing, in the case of assets with an indefinite life and goodwill, impairment testing is performed annually and assets with a definite life are only subject to impairment testing when there are signs of impairment.

(n) Deposit funding-

Liabilities arising from deposit funding including demand deposits, time deposits, debt securities issued and global account of deposits with no movements are recorded at placement cost, plus interest expense, determined using the straight-line method as accrued.

Those securities issued at a price different from the face value, shall recognize a deferred charge or credit for the difference between the face value of the security and the amount of cash received, which will be recognized in the consolidated income statement as an interest income or expense as accrued, taking into account the maturity of the security.

Issuance expenses are initially recognized as deferred charges and amortized against the consolidated results for the period, according to the term of the debt issuance from which they derived.

(o) Banking and other borrowings-

Banking and other borrowings comprise borrowings from banks and financing provided by development banking institutions and development funds specialized in financing economic, productive or development activities. The banking and other borrowings are recorded at the value of the contractual obligation; interest is recognized on an accrual basis in the income statement. The balance of unused credit lines received is recorded in memorandum accounts.

(p) Provisions-

Liability provisions represent present obligations as a consequence of past events in which the outflows are probable in the short-term. These provisions have been recorded under the best estimate carried out by Management.

(q) Employee benefits-

The benefits granted by Gentera to its employees are described as follows:

Short-term direct benefits-

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

Long-term direct benefits-

Gentera's net obligation in relation to the direct long-term benefits and which is expected to pay at least twelve months after the date of the most recent consolidated balance sheet presented, is the amount of future benefits that the employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination benefits -

A liability is recognized for termination benefits along with a cost or expense when Gentera has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefits are not expected to be settled within twelve after the date of the most recent consolidated balance sheet presented, then they are discounted.

Post-employment benefits-

Gentera has implemented a pension plan, which consists of a mixed scheme in which the benefit is derived from two components that are a defined benefit plan and a defined contribution plan.

The defined benefit plan is funded entirely by Gentera, and the defined contribution plan is funded with the contributions from both Gentera and the employees.

The cost of defined benefit plan is determined in accordance with provisions of the MFRS D-3 "Employee benefits" and the cost of the defined contribution plan is equivalent to the amount of the contributions that Gentera makes to the individual employees' bank account.

Gentera records a provision to meet obligations for severance and seniority premiums. The recording of the provision is recognized in the results of each year based on actuarial calculations under the projected unit credit method using nominal interest rates and considering projected salaries.

(Continued)

Remeasurements (known before as actuarial gains and losses), resulting from differences between projected and actual actuarial assumptions at the end of the period, are recognized in the period when incurred under the caption "Remeasurements for employee defined benefits" within stockholders' equity.

(r) Stockholders´ equity-

Capital stock, statutory reserves and prior years' results are stated as follows: i) movements made beginning January 1, 2008 at their historical cost, and ii) movements made prior to January 1, 2008, at their restated values determined by applying factors derived from UDIS to their historical values through December 31, 2007.

(s) Repurchase of shares-

The own shares acquired are shown as a decrease in the fund for the repurchase of own shares, included in the consolidated financial statements under the statutory reserves. Dividends received are recognized by decreasing their cost.

With respect to the sale of repurchased shares, the amount obtained in excess or deficit of their restated cost is recognized as additional paid-in capital.

(t) Cumulative translation adjustment-

Represents the difference arising from translating foreign operations from the recording and functional currency, which are the same, to the reporting currency.

(u) Comprehensive (loss) income-

Comprehensive income comprises the net (loss) income, cumulative translation adjustment of subsidiaries, remeasurements for employees defined benefits and unrealized gain from valuation of available-for-sale securities, as well as, items required by specific accounting standards to be included in the stockholders' equity, such items do not constitute capital contributions, reductions or distributions.

(v) Revenue recognition-

Interest earned from cash and cash equivalents, investments in securities are recognized in the consolidated income statement as accrued, as per the effective interest method; while equity instruments are recognized at the time the right to receive payment is generated, against the consolidated results for the year.

(Continued)

Loan portfolio interest is recognized as accrued, except for those related to past-due portfolio, which are recognized in income when collected. Commissions are recognized when earned under the caption "Commissions and fee expense" in the consolidated income statement.

Amortization of premiums for the issuance of debt securities is also considered as income.

Income from sales of furniture and equipment is recognized in the consolidated income statement when all of the following requirements are met: a) the risks and benefits of the goods have been transferred to the buyer and no significant control thereon is retained; b) income, costs incurred or costs to be incurred are determined on a reliable basis, and c) Gentera is likely to receive economic benefits from the sale.

(w) Interest expense-

This caption comprises interest accrued on financing received to fund the operations of Gentera and the interest accrued from the demand and time deposits and the global account of deposits without movements, debt securities issued and banking and other borrowings, as well as the effects on changes in cash and cash equivalents.

(x) Other operating income (expense)-

This caption includes income and expenses such as financing cost of capital lease, charges for doubtful accounts, write-offs, donations, impairment losses of long-lived assets and result in the sale of furniture and equipment.

(y) (Loss) or earning per share-

This caption represents the result of dividing the net result for the period by the weighted average of current shares during the period. For the years ended on December 31, 2020 and 2019, the (loss) and earning per share is ($1.02) Mexican pesos and $2.08 pesos, respectively.

(z) Contributions to the Banks Savings Protection Institute (IPAB for its acronym in Spanish)-

Contributions made by multiple banking institutions to the IPAB are made in order to establish a system to protect the banking savings of parties conducting guaranteed operations in the terms and with the restrictions stipulated in the Bank Savings Protection Law, as well as to regulate the financial support granted to multiple banking institutions for the protection of the interests of the savings of the public.

Contributions made for this concept for the years ended December 31, 2020 and 2019, amounted to $89 and $65, respectively, which were charged directly to consolidated results of the year.

(Continued)

(aa) Foreign currency transactions-

The accounting records are maintained in both Mexican pesos and foreign currencies, which for consolidated financial statement presentation purposes, currencies other than dollars are translated to the dollar equivalent and subsequent to Mexican pesos as established by the Commission. For the dollar translation into Mexican pesos, the exchange rate determined by the Central Bank for the settlement in Mexico of transactions denominated in foreign currencies is used. Exchange gains and losses are recognized on accrual basis in the consolidated results of the year.

(bb) Financial intermediation result-

Arises from the difference between the exchange rate used to buy or sell foreign currencies, including the adjustment to the final position, valued at the exchange rate referred to in the preceding paragraph, as well as the valuation at fair value of trading securities.

(cc) Contingencies-

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

(dd) Segment information-

The accounting criteria prescribed by the Commission establishes that multiple banking institutions must segregate their activities in order to identify the different operating segments, which as minimum include: i) loan operations; ii) treasury and investment banking operations, and iii) operations conducted on behalf of third parties. In addition, due to materiality, additional operating segments and sub-segments can be identified (note 23).

(4) Accounting changes and reclassification-

2020 accounting changes-

(a) Special accounting criteria issued by the Commission derived from the pandemic by COVID-19

As a result of the sanitary contingency caused by COVID-19 and the negative impact on the economy, on March 27, 2020, the Commission temporarily issued special accounting criteria for credit institutions in Mexico with respect to the consumer and commercial loan portfolio, for customers that have been affected and that were classified as current as of February 28, 2020 (except for those granted to related parties as provided in Articles 73, 73 Bis and 73 Bis 1 of the Law of Credit Institutions).

(Continued)

In accordance with such special accounting criteria, there were no considered as restructured loans or as past-due loans in accordance to the accounting criteria B-6, the loans that at February 28, 2020 were classified as current for accounting purposes and that were subsequently restructured or renewed, for which the procedures were concluded within 120 calendar days following the aforementioned date, and for which the new maturity date was not greater than 6 months from the date on which the loans would have matured of the following loans:

1. Loans with periodic payments of principal and interest consisting of:

   i. No having elapsed at least 80% of the original term of the loan, when the borrower has covered:
      a) all accrued interest, and,
      b) the principal of the original amount of the loan, which at the date of the renewal of restructuring should have been paid.

   ii. During the course of the final 20% of the original term of the loan, when the borrower has:
      a) settled all accrued interest,
      b) paid al lof the original amount of the loan that at the date of renewal or restructuring should have been paid, and
      c) covered 60% of the original amount of the loan.

For the application of the special accounting criteria described above, the Institution granted a freeze on the amounts due to its clients for a period of up to ten weeks, considering the following:

i) Without affecting the days in arrears to its borrowers.

ii) No calculation of additional interest computed to the customer during those periods.

iii) No contractual modifications on interest capitalization.

iv) No commissions charged.

The benefits granted by the Institution in relation to the aforementioned special accounting criteria were recognized during 2020, benefiting 2,731,021 clients with payment deferrals, which represented a loan portfolio balance of $23,704. As of December 31, 2020, there is no current loan portfolio with benefits from the special accounting criteria.

Additionally, 377,297 borrowers were granted loans under the payment plan benefit, which represented a loan portfolio balance of $5,616 during 2020. The payment plan consists of a restructuring in terms of the special accounting criteria; however, it does not meet the criteria of accounting criteria B-6 "Loan portfolio".

(b) 2020 MFRS and 2020 MFRS improvements-

On January 1, 2020, MFRS B-11 "Disposal of long-lived assets and discontinued operations" became effective. Management considers that the entry into force of this MFRS did not generate significant effects on the financial position of the Institution.

On December 2019, the CINIF issued the document called "Improvements to MFRS 2020", which contains specific amendments to MFRS D-3 "Employee Benefits" and MFRS D-4 "Income Taxes". The Improvements to the applicable MFRS, which became effective on January 1, 2020, did not have a material effect on the financial statements.

(c) Reclasification-

The consolidated balance sheet as of December 31, 2019 was reclassified to conform to the presentation used in the consolidated balance sheet as of December 31, 2020. The reclassification was made from the caption "Commercial loans - Business or commercial activity" current to the caption "Consumer loans" current, and from the caption "Commercial loans - Business or commercial activity" past-due to the caption "Consumer loans" past-due.

(Continued)

(Millions of pesos)

		Previously Reported figures	Reclassification	Reclassified figures
Current loan portfolio				
Commercial loans	$	5,009	(4,845)	164
Consumer loans		35,518	4,845	40,363
Residential mortages		2	-	2
		40,529	-	40,529
Past-due loan portfolio				
Commercial loans		138	(134)	4
Consumer loans		1,025	134	1,159
		1,163	-	1,163
Total loan portfolio		**41,692**	**-**	**41,692**

(5) Foreign currency position-

In the case of the Bank, the Central Bank regulations establish the standards and limits for operations in foreign currencies carried out by the credit institutions as follows:

1. The (short or long) position in US dollars must not exceed a maximum of 15% of the Bank's basic capital.

2. The foreign currency position must not exceed 2% of net capital, except for the dollar or currencies referred to the dollar, which can reach up to 15% of the basic capital of the Bank.

3. The net foreign currency position must not exceed 1.83 times the Bank's basic capital.

4. The foreign currency operations investment regulations make it necessary to hold a minimum amount of liquid assets, in accordance with a calculation mechanism established by the Central Bank, based on the maturity of operations in foreign currency.

(Continued)

At December 31, 2020 and 2019, the Bank complies with the limits and standards established by Central Bank.

Foreign currency position (figures in millions) of Gentera and subsidiaries as of December 31, 2020 and 2019 is analyzed as follows:

	2020			2019		
	Dollars		**Pesos**	**Dollars**		**Pesos**
Assets						
National Banks	5	$	100	1	$	11
Foreign Banks	6		119	10		187
Accounts receivable	284		5,654	1		13
Long position – net	**295**	$	**5,873**	**12**	$	**211**

	2020			2019		
	Guatemalan Quetzals		**Pesos**	**Guatemalan Quetzals**		**Pesos**
Assets	282	$	720	337	$	827
Liabilities	(64)		(163)	(39)		(95)
Long position – net	**218**	$	**557**	**298**	$	**732**

	2020			2019		
	Peruvian Soles		**Pesos**	**Peruvian soles**		**Pesos**
Assets	3,785	$	20,805	3,156	$	17,967
Liabilities	(3,042)		(16,725)	(2,476)		(14,096)
Long position – net	**743**	$	**4,080**	**680**	$	**3,871**

As of December 31, 2020, the exchange rate determined by Central Bank and used by Gentera to value foreign currency assets was $19.9087 pesos per dollar ($18.8642 pesos per dollar in 2019). As of February 25, 2021, the exchange rate is $20.8523 pesos per dollar.

(Millions of pesos)

(6) Cash and cash equivalents-

At December 31, 2020 and 2019, cash and cash equivalents consist of the following:

		2020	2019
Cash on hand	$	1,690	1,937
Mexican banks		3,884	1,776
Foreign banks		501	589
Restricted funds:			
Monetary regulation deposit with the Central Bank*		2	308
Bank loans with original maturity up to three days *		-	500
Deposit with the Central Bank (Actions)*		6,758	-
Other restricted funds		4,359	1,765
	$	**17,194**	**6,875**

* Included as part of the caption "Contingent assets" in memorandum accounts.

For the years ended on December 31, 2020 and 2019, interest earned from cash and cash equivalents, amounted to $592 and $378, respectively, recorded under the caption "Interest income" in the consolidated statement of income (see note 23) and are comprised as follows:

The interest earned from Mexican and foreign banks amounted to $180 and $132 for the years ended on December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the monetary regulation deposit with Central Bank has no established term and bears interest at the rate of bank deposit funding. For the years ended December 31, 2020 and 2019, the interest income earned from monetary regulatory deposit amounted to $14 and $25, respectively.

At December 31, 2020, the average annual rate of interbank loans with maturity up to 3 days was 5.84% (8.05% in 2019). For the years ended on December 31, 2020 and 2019, the interest income earned from Call Money transactions amounted to $44 and $143, respectively.

At December 31, 2020, the average annual rate of trusts administrated was 2.85%. For the period from August 10 to December 31, 2020, the interest income earned from trusts administrated amount to $2.

At December 31, 2020, and 2019, the average annual rate of the deposit auction with the Central Bank with an average term of 1 and 91 days was 4.53% and 7.52%, respectively. For the years ended on December 31, 2020 and 2019, the interest income amounted to $352 and $78, respectively.

As of December 31, 2020, the other restricted funds correspond to Gentera's employees savings fund for $7, Mexican pesos time deposits of Gentera for $14, Compartamos Financiera for $2,649, Compartamos Servicios for $349, Red Yastás for $109, Aterna for $87, Finútil for $551, Comfu for $231 and Talento for $40, with an average term of 5 days, and an average rate of 4.06%. As well as for the balances of Fin útil in the Trusts for $ 322 used to cover the debt recognition agreements of 3 months of interest and expenses with Trusts. As of December 31, 2019, the other restricted funds correspond to Gentera's employees savings fund for $7 and Mexican pesos time deposits of Gentera for $37, Compartamos Financiera for $1,141, Compartamos Servicios for $415, Red Yastás for $55 and Aterna for $110, with an average term of 5 days, and an average rate of 6.78%.

At December 31, 2020 and 2019, Gentera has no coined precious metals.

(7) Investment securities-

Cash surpluses resulting from Gentera operations are invested in debt and equity instruments, searching for the best available rate with the authorized counterparties.

Investments in securities are subject to different types of risks directly related to the market in which they operate, such as interest rates and credit and market liquidity inherent risks.

Risk management policies, as well as the analysis of the risks which Gentera is exposed to are described in note 24.

As of December 31, 2019, investment securities classified as trading are comprised of a Certificate of Deposit (CEDE) with a fair value of $200, at a rate of 8.01% with a term of 168 days.

As of December 31, 2020 and 2019, this caption is comprised of certificates of deposit of the Central Bank of the Republic of Peru for $1,239 and $620, respectively and by Peruvian Treasury Bills for $48 and $4, respectively. At December 31, 2019, available-for-sale securities are comprised of 550,318 shares corresponding to net equity instruments, with a market value of $11.

For the years ended December 31, 2020 and 2019, the caption of investment securities classified as available-for-sale securities recognized a net income in stockholders' equity net of deferred taxes, for $4 and $53, respectively.

At December 31, 2020 and 2019, the average annual rates of investments were 0.74% and 2.52%, respectively. For the years ended on December 31, 2020 and 2019, interest income from investments were to $15 and $50, respectively, recorded under the caption "Interest income" in the consolidated statement of income.

At December 31, 2020 and 2019, there were no transfer in securities between categories and there are no indicators of impairment over the value of the securities.

(Continued)

(Millions of pesos)

(8) Loan portfolio-

The loan portfolio is comprised mainly of non-revolving consumer loans, with an average term of four months with a fixed rate and joint guarantee of the borrowers. Principal and interest are mainly paid on a weekly basis.

As of December 31, 2020 and 2019, total loan portfolio (current and past-due loans) are comprised as follows:

2020		**Principal**	**Accrued interest**	**Total loan portfolio**
Current loans:				
Commercial loans:				
Business and commercial	$	137	4	141
Consumer loans		37,387	951	38,338
Residential mortgages		1	-	1
		37,525	955	38,480
Past-due loans:				
Commercial loans:				
Business and commercial		4	-	4
Consumer loans		1,924	281	2,205
		1,928	281	2,209
Total loan portfolio	$	**39,453**	**1,236**	**40,689**

2019		**Principal**	**Accrued interest**	**Total loan portfolio**
Current loans:				
Commercial loans:				
Business and commercial	$	163	1	164
Consumer loans		39,624	739	40,363
Residential mortgages		2	-	2
		39,789	740	40,529
Past-due loans:				
Commercial loans:				
Business and commercial		4	-	4
Consumer loans		1,043	116	1,159
		1,047	116	1,163
Total loan portfolio	$	**40,836**	**856**	**41,692**

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

At December 31, 2020 and 2019, the loans (current and past-due loans), broken-down by economic sector, are as follows:

		2020		2019	
Economic activity		**Amount**	**%**	**Amount**	**%**
Farming	$	307	0.8	337	0.8
Agriculture		1,017	2.5	1,119	2.7
Food and drinks		9,386	23.1	10,527	25.2
Rentals		131	0.3	831	2.0
Leather or fur items		80	0.2	95	0.2
Construction		441	1.1	462	1.1
Electronics, machinery and equipment		126	0.3	155	0.4
Exploitation and extraction		29	0.1	26	0.1
Hardware		189	0.4	222	0.5
Financial		9	-	5	-
Manufacturing industry		1,164	2.9	1,062	2.5
Jewelry		464	1.1	570	1.4
Wood		30	0.1	77	0.2
Metals		47	0.1	56	0.1
Furniture and decoration items		230	0.6	283	0.7
Other commerce		11,920	29.3	9,266	22.2
Other services		4,471	11.0	3,843	9.2
Stationery, books and printing		289	0.7	356	0.9
Plastic and rubber		101	0.2	119	0.3
Chemicals		1,235	3.0	1,469	3.5
Textiles, clothing, footwear and fabrics		8,673	21.3	10,403	25.0
Transport		350	0.9	409	1.0
Total	$	**40,689**	**100**	**41,692**	**100**

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The distribution of the consumer loan portfolio at December 31, 2020 and 2019, by geographical region is shown as follows:

		2020		2019	
In Mexico		**Current**	**Past-due**	**Current**	**Past-due**
Aguascalientes	$	105	4	132	3
Baja California		721	45	888	26
Baja California Sur		346	70	373	16
Campeche		168	7	195	5
Chiapas		1,030	41	1,150	41
Chihuahua		536	31	395	12
Coahuila		827	45	826	24
Colima		101	5	102	4
Mexico City		1,078	99	1,390	46
Durango		413	28	415	15
Estado de México		2,954	178	3,624	114
Guanajuato		582	28	684	20
Guerrero		787	52	973	25
Hidalgo		686	33	801	28
Jalisco		466	34	593	23
Michoacán		879	27	865	31
Morelos		345	15	413	15
Nayarit		208	11	185	5
Nuevo León		591	36	721	28
Oaxaca		792	28	933	24
Puebla		1,343	55	1,661	45
Querétaro		267	6	259	9
Quintana Roo		187	46	346	9
San Luis Potosí		343	9	375	9
Sinaloa		668	35	432	18
Sonora		710	45	592	18
Tabasco		764	31	689	15
Tamaulipas		995	49	1,087	20
Tlaxcala		531	21	645	15
Veracruz		2,581	92	2,632	75
Yucatán		220	17	303	6
Zacatecas		319	15	247	5
		22,543	1,238	24,926	749
Accrued interest		397	164	504	89
Total Mexico, to the next page	$	22,940	1,402	25,430	838

(Continued)

(Millions of pesos)

		2020		2019	
		Current	Past-due	Current	Past-due
Total Mexico, from previous page	$	22,940	1,402	25,430	838
Abroad:					
Guatemala		607	80	623	26
Peru		14,375	610	14,240	272
		14,982	690	14,863	298
Accrued interest		558	117	236	27
Total abroad		15,540	807	15,099	325
Total loan portfolio	$	**38,480**	**2,209**	**40,529**	**1,163**

As of December 31, 2020 and 2019, aging of the past-due loan portfolio is as follows:

		Aging				
		Days		Years		
2020		**1 to 180**	**181 to 365**	**1 to 2**	**More than 2**	**Total**
Commercial loans:						
Business and commercial	$	2	-	-	1	3
Consumer loans		2,088	59	24	35	2,206
	$	**2,090**	**59**	**24**	**36**	**2,209**

		Aging				
		Days		Years		
2019		**1 to 180**	**181 to 365**	**1 to 2**	**More than 2**	**Total**
Commercial loans:						
Business and commercial	$	1	1	1	1	4
Consumer loans		817	259	44	39	1,159
	$	**818**	**260**	**45**	**40**	**1,163**

(Continued)

(Millions of pesos, except otherwise noted)

Following is an analysis of the movements of the past-due loans, for the years ended December 31, 2020 and 2019:

		2020	2019
Past-due loans at the beginning of the year	$	1,163	975
Plus:			
Transfer from current loans		5,836	3,076
Past-due loans acquired (Fin Útil)		154	-
Less:			
Write-offs		4,405	2,685
Collections		516	94
Transfer to current loan portfolio		19	53
Sale of loan portfolio		-	47
Exchange rate fluctuation		4	9
Past-due loans at year-end	$	**2,209**	**1,163**

As of December 31, 2020 and 2019, Gentera had troubled loan portfolio of $427 thousand pesos and $24, respectively, from Compartamos Financiera, which is 100% reserved.

Due to the low probability of collection of the portfolio affected by COVID-19, as of December 31, 2020, Gentera anticipated the write-off of the past-due consumer loan portfolio for an amount of $498, which had an aging between 91 and 179 days.

Interest and commission income for the years ended December 31, 2020 and 2019, according to the type of loan is comprised as follows:

		2020			2019		
		Interest	**Commissions**	**Total**	**Interest**	**Commissions**	**Total**
Current loans:							
Commercial loans	$	948	17	965	869	24	893
Consumer loans		17,791	102	17,893	21,499	275	21,774
Residential mortgages		-	-	-	1	-	1
Subtotal		18,739	119	18,858	22,369	299	22,668
Past-due loans:							
Commercial loans		-	-	-	8	-	8
Consumer loans		6	-	6	4	-	4
Subtotal		6	-	6	12	-	12
	$	**18,745**	**119**	**18,864**	**22,381**	**299**	**22,680**

(Continued)

As of December 31, 2020, there is $1,607 of the loan portfolio transferred to guarantee the obligations in securitization operations (note 15).

Interest accrued not collected on past-due loans, which by accounting criteria is recorded in memorandum accounts and applied to income until collected, at December 31, 2020 and 2019, amounts to $207 and $107, respectively.

For the year ended December 31, 2020, the amount of recoveries from the previously written-off loan portfolio, represented a profit of $56 ($64 in 2019), which were recorded in the caption Allowance for loan losses in the consolidated statement of income.

The Compartamos Financiera's loan portfolio at December 31, 2020 and 2019, pledged as collateral for funding received for its operation, amounts to $2,114 and $1,225, respectively.

Loan management

The authorization of loans as responsibility of the Board of Directors is centralized in committees and empowered officers, whom in turn can delegate this authorization to the services office personnel.

For credit management, the general process is defined from the promotion to the recovery of the loan, specifying from each business unit policies, procedures and responsibilities of the officers involved and the tools to be used in each stage of the process.

The loan process is based on an in-depth analysis of loan applications in order to determine the overall risk of the borrower.

For the year ended December 31, 2020, and 2019, Compartamos Financiera and Fin Útil (for the period from August 10 to December 31, 2020) made restructurings; these restructurings did not include capitalization of interest.

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Restructuring loans:

As of December 31, 2020 and 2019, the restructuring loans consist of the following:

		2020	2019
Commercial loans	$	2	53
Consumer loans		477	49
	$	**479**	**102**

During the year 2020, restructuring of past-due loans were carried out, which remained in the past-due loan portfolio for $63.

Allowance for loan losses

As of December 31, 2020 and 2019, the rating of the overall loan portfolio and the allowance created based on the actual risk for each year, are as follows:

2020		**Rated loan portfolio**				**Requiered allowance**			
Risk grade		**Commercial**	**Consumer**	**Residential**	**Total**	**Commercial**	**Consumer**	**Residential**	**Total**
"A-1"	$	13	20,191	1	20,205	-	269	-	269
"A-2"		5	1,126	-	1,131	-	40	-	40
"B-1"		41	273	-	314	1	15	-	16
"B-2"		26	12,451	-	12,477	1	514	-	515
"B-3"		8	547	-	555	-	33	-	33
"C-1"		24	1,363	-	1,387	2	100	-	102
"C-2"		3	779	-	782	-	94	-	94
"D"		25	962	-	987	6	283	-	289
"E"		-	2,851	-	2,851	-	2,054	-	2,054
Subtotal	**$**	**145**	**40,543**	**1**	**40,689**	**10**	**3,402**	**-**	**3,412**
For accrued past-due interest						-	84	-	84
For operational risks						-	2	-	2
Additional allowance for loans losses						-	680	-	680
Total	**$**	**145**	**40,543**	**1**	**40,689**	**10**	**4,168**	-	**4,178**

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

2019		Rated loan portfolio				Requiered allowance			
Risk grade		**Commercial**	**Consumer**	**Residential**	**Total**	**Commercial**	**Consumer**	**Residential**	**Total**
"A-1"	$	15	21,049	2	21,066	-	242	-	242
"A-2"		8	1,199	-	1,207	-	37	-	37
"B-1"		28	257	-	285	1	39	-	40
"B-2"		54	12,258	-	12,312	1	353	-	354
"B-3"		13	459	-	472	-	27	-	27
"C-1"		19	2,175	-	2,194	1	187	-	188
"C-2"		5	1,234	-	1,239	1	149	-	150
"D"		25	921	-	946	6	340	-	346
"E"		1	1,970	-	1,971	1	1,206	-	1,207
Subtotal	**$**	**168**	**41,522**	**2**	**41,692**	**11**	**2,580**	**-**	**2,591**
For accrued past-due interest						-	32	-	32
For operational risks						-	2	-	2
Total	**$**	**168**	**41,522**	**2**	**41,692**	**11**	**2,614**	**-**	**2,625**

The movements in the allowance for loan losses during the years ended December 31, 2020 and 2019, are as follows:

		2020	2019
Allowance for loan losses at the beginning of the year	$	2,625	2,224
Plus:			
Increase in the provision for loan losses		6,834	3,218
Beginning balance of estimate for acquisition of Fin Útil		122	-
Less application of reserves due to write-offs:			
From current loans (by death)		138	66
From past-due loans		4,405	2,685
Sale of loan portfolio		-	46
Cancellation and refunds of interest		664	-
Exchange rate fluctuation		196	20
Allowance for loan losses at year-end	**$**	**4,178**	**2,625**

(Continued)

(Millions of pesos, except otherwise noted)

During 2020, Gentera created additional allowances for loan losses for $2,538 (Bank for $2,295, Compartamos Financiera for $206 and Compartamos Guatemala for $37, respectively) which were charged to income for the year. The purpose of these provisions is to cover risks that are not foreseen in the different rating methodologies of the loan portfolio and that specifically address the portfolio affected by the COVID-19 pandemic during 2020. As of December 31, 2020, the balance of the allowance for loan losses includes $680 (Bank for $461, Compartamos Financiera for $206 and Compartamos Guatemala for $13, respectively) of such additional reserves.

Sales of loan portfolio-

As of December 31, 2019, Compartamos Financiera made an cession of rights in the amount of 163,602 Peruvian soles ($952 thousand pesos), the ceded portfolio had a book value of 8,168,215 Peruvian soles ($46), which was 99% reserved, such transaction was carried out in August 2019 and was recorded in "other operating income", in the consolidated statement of income.

(9) Other accounts receivable -

At December 31, 2020 and 2019, this caption is comprised as follows:

		2020	2019
Loan portfolio accessories	$	211	230
Other receivables:			
Sundry debtors (1)		559	878
Debit from transactions with correspondents		1,000	1,059
Recoverable balance of taxes		1,290	-
		3,060	2,167
Less allowance for doubtful accounts		(80)	(81)
	$	**2,980**	**2,086**

(1) Includes balances with related parties and associated companies for $59 and $637 in 2020 and 2019, see (note 22).

(Millions of pesos, except otherwise noted)

(10) Property, furniture and equipment-

At December 31, 2020 and 2019, this caption is comprised as follows:

2020	Original cost	Depreciation and amortization annual rate (%)	Accumulated depreciation and amortization	Net value
Land	$ 4	-	$ -	4
Constructions	22	5	(12)	10
Office furniture and equipment	356	10 and 20	(221)	135
Transportation equipment	238	25	(149)	89
Computer equipment	412	15 to 67	(328)	84
Others:				
Leasehold improvements	1,411	*	(996)	415
Telecommunications equipment	342	10	(209)	133
	$ 2,785		**$ (1,915)**	**870**

2019	Original cost	Depreciation and amortization annual rate (%)	Accumulated depreciation and amortization	Net value
Land	$ 2	-	$ -	2
Constructions	21	5	(10)	11
Office furniture and equipment	344	10 and 20	(187)	157
Transportation equipment	218	25	(111)	107
Computer equipment	366	15 to 67	(271)	95
Others:				
Leasehold improvements	1,352	*	(859)	493
Telecommunications equipment	319	10	(152)	167
	$ 2,622		**$ (1,590)**	**1,032**

* The amortization rate of leasehold improvements is in accordance with the term of the lease agreement for each property.

(Millions of pesos)

For the year ended December 31, 2020, the charge to the consolidated income statement in the "Administrative and promotional expenses" caption, related to depreciation and amortization amounted to $229 and $126, respectively ($234 and $121 in 2019, respectively).

		Original cost	
		2020	**2019**
Fully depreciated assets			
Constructions	$	5	4
Office furniture and equipment		57	50
Transportation equipment		35	22
Computer equipment		189	181
Leasehold improvements		377	298
Telecommunications equipment		42	28
	$	**705**	**583**

The property, furniture and equipment owned by Gentera, is not pledged or restricted for its use or disposal.

Gentera as lessee has capitalized leases for transportation equipment, mobile devices and automated teller machines with terms of 3 to 4 years with purchase option. The lease of furniture and transportation equipment was recognized as capitalized because the present value of minimum lease payments exceeds 90% of fair market value of the asset at the beginning of the agreement.

At December 31, 2020 and 2019, assets leased through capitalized leases are comprised as follows:

		2020	**2019**
Office furniture and equipment	$	3	-
Transportation equipment		40	33
Less accumulated depreciation		30	18
	$	**13**	**15**

(Millions of pesos)

The payable liability related to capitalized leases is as follows (see note 18):

		2020			2019		
		Future minimum payments	**Discounted interest**	**Present value**	**Future Miminum payments**	**Discounted interest**	**Present value**
Less than one year	$	30	(1)	29	9	(1)	8
Between one and five years		13	-	13	9	(1)	8
	$	**43**	**(1)**	**42**	**18**	**(2)**	**16**

Interest expense from capitalized leases during the years ended December 31, 2020, and 2019, was $2 and $2, respectively, which is recorded under the caption of "Other operating income (expenses), net" in the consolidated statements of income (see note 23).

(11) Permanent investment-

At December 31, 2020 and 2019, the permanent investment is comprised as follows:

		2020	2019
Associated companies	$	30	2,323
Other permanent investments at acquisition cost		64	105
	$	**94**	**2,428**

At December 31, 2020 and 2019, the investment in associated companies is valued by the equity method, considering the results and the stockholders´ equity of the companies whereby there is not control over the financial policies and the operating decisions are led by the controlling shareholders. The associated companies as follows:

December 31, 2020	Activities	% of participation		Stock Capital	Equity in net assets
Aflore	Microfinance	29.32	$	103	30

(Millions of pesos)

December 31, 2019	Activities	% of participation		Stock Capital	Equity in net assets
Aflore	Microfinance	26.67	$	130	35
Fin Útil (1)	Microfinance	36.80		1,655	609
Comfu (1)	Commercial	36.80		306	113
Talento Concrédito (1)	Services	37.26		31	12
			$	**2,122**	**769**

(1) As of December 31, 2019, the goodwill derived from the investment in Fin Útil and Comfu amounts to $1,524, same that is presented as part of the investment.

The participation in the result of associated companies for the years ended December 31, 2020 and 2019, is as follows:

December 31, 2020	% of participation		Net results	Equity in the results
Aflore	29.32	$	(47)	(14)
Fin Útil (2)	45.04		13	7
Comfu (2)	45.04		175	89
Talento Concrédito (2)	37.26		9	4
Pago Digitales Peruanos	55.56		(13)	(7)
		$	**137**	**79**

December 31, 2019	% of participation		Net results	Equity in the results
Aflore	26.67	$	(28)	(7)
Fin Útil	36.80		303	111
Comfu	36.80		238	88
Talento Concrédito	37.26		19	7
		$	**532**	**199**

(2) Equity method of associated until July 31, 2020.

During the year 2019, the associated company Fin Útil made dividend payments to Gentera for $99.

(Millions of pesos)

As of December 31, 2020 and 2019, the other permanent investments at acquisition cost are as follows:

		2020	2019
Avante.com.vc SOLUÇÖES E PARTICIPAÇÖES, S. A.[1] [2]	$	109	109
Epesos, S. A. P. I. de C. V.[1]		50	44
Reinventando el Sistema S.A.P.I de C.V.		21	21
Pagos digitales Peruanos, S. A. [2]		-	21
IDE345 III S.A.P.I de C.V.		19	19
IDE345 II, S. A. P. I. de C. V.		15	15
ALLVP Fund III,L.P.		8	6
Grupo Aliada MX, S. A. P. I. de C. V. [1] [2]		2	2
500 Luchadores, L.P.		1	-
Subtotal		225	237
Impairment reserve		(161)	(132)
	$	**64**	**105**

[1] As of December 31, 2020, an impairment reserve was recognized in these permanent investments equivalent to 100% of the investment amount ([2] as of December 31, 2019)

Business acquisition in stages-

On June 15, 2020, following a resolution at the Board of Directors' meeting held on October 31, 2017, the investment in the associates Fin Útil and Comfu was increased, through the conversion of loans for $657 granted to Fin útil and Comfu, therefore the percentage of ownership at June 30, 2020 had an increase from 36.74% to 45.04%, respectively.

On August 10, 2020, through a transaction covered with its own resources, Gentera formalized the investment process to achieve a majority shareholding in Fin Útil, Comfu and Talento Concrédito, increasing its participation to 51% through the payment of $506 and assuming control of strategic business decisions, as well as its financial and operating policies. The aforementioned entities are incorporated in Mexico with more than 12 years of experience in the granting of loans, with presence in 21 states of the country and a portfolio managed through a network of more than 41 thousand distributors. As of August 2020, Fin Útil, Comfu and Talento Concrédito are subsidiaries of Gentera and are therefore consolidated.

(Continued)

(Millions of pesos)

The following table summarizes the fair value of the total consideration transferred and each of its parts:

Value of previously acquired investment prior to acquisition of control	$	2,976
Payment made in cash on date of acquisition of control		506
Total consideration transferred	**$**	**3,482**

The estimated fair value as of August 10, 2020, of the assets acquired and liabilities assumed at the acquisition date is presented below:

Cash and cash equivalents	$	1,097
Loan portfolio, net		2,778
Other accounts receivable, net		142
Property, furniture and equipment, net		53
Other assets		249
Intangibles assets acquiried		764
Total assets acquiried		5,083
Securitization operations		1,281
Banking and other borrowings		580
Other accounts payable		348
Deferred income tax		229
Total liabilities assumed		2,438
Asset acquiried net	$	2,645

Measurement of fair values

The valuation techniques used to measure the fair value of property, plant and equipment acquired are as follows:

Asset acquiried	Valuation technique
Intangible asset	The multi-period excess return method considers the present value of the net cash flows expected to be generated by the relationships with credit dealers.

(Millions of pesos)

Accounts receivable include contractual amounts due of $2,900, which had an allowance for loan losses of $122 at the acquisition date.

From the $764 of intangible assets acquired, $73 was allocated to a trademark and $691 to the relationship with the credit distributor network, which has an estimated useful life of 10 years.

Goodwill arising from the acquisition has been recognized as shown below:

Consideration paid	$	3,482
Non-controlling interest, based on the proportional interest in the amounts recognized for assets and liabilities by the acquiree		3,346
Fair value of identifiable net assets		(2,645)
Goodwill	$	**4,183**

Long-lived assets available for sale - Sale of equity interest

On December 30, 2019, Gentera entered into a purchase and sale agreement whose purpose is the sale of 100% of its equity interest, therefore, as of December 31, 2019, the investment of Pagos Intermex is presented in "Long-lived assets available for sale, net" in the consolidated balance sheet, and the results obtained for the years ended December 31, 2020 and 2019, are presented in "Discontinued operations" in the consolidated statements of income. On June 30, 2020, Gentera formalized the sale of its Pagos Intermex business unit to TransNetwork L.L.C., with an effective date of transfer of the transaction on July 1, 2020. The sale for 100% of the capital stock of INTERMEX was for $241 which was adjusted to $306. The transaction includes 27 branches where the largest percentage of remittances are generated, the assets and equipment necessary for their proper operation and more than 2,600 correspondent agents.

Until the completion of the sale, Gentera had recognized the net investment subject to this transaction within "Long-lived assets available for sale, net" on the consolidated balance sheet as of December 31, 2019 and the equity in the results of Pagos Intermex as a discontinued operation in the consolidated statement of income for the six months ended June 30, 2020 and for the year ended December 31, 2019.

(Continued)

(Millions of pesos)

As of December 31, 2019, the long-lived assets available for sale are analyzed as shown below:

		Amount
Cash and cash equivalents	$	128
Other accounts receivable		228
Goodwill		40
Other assets		101
Income tax payable		(6)
Other accounts payable		(143)
Deferred income tax and employee statutory profit sharing		(6)
Deferred charges and prepayments		(4)
Subtotal		338
Impairment loss to adjust to realization value		(97)
long-lived assets available for sale, net	$	**241**

As of December 31, 2019, the long-term assets available for sale are analyzed as shown below:

		Amount
Interest income	$	7
Commissions and fee income		190
Commissions and fee expense		(72)
Other operating income		(11)
Administrative and promotional expenses		(35)
Current income tax		(26)
Deferred tax asset		1
Subtotal		54
Impairment loss to adjust to realization value		(97)
Accrued expenses		(11)
Discontinued operations	$	**(54)**

For the six months ended June 30, 2020, net income from discontinued operations amounted to $59.

(Millions of pesos)

(12) Other assets, deferred charges and intangibles-

At December 31, 2020 and 2019, this caption is comprised as follows:

		2020	2019
Goodwill (a)	$	5,052	873
Gurantee deposits (b)		59	57
Insurance (c)		28	6
Electronic banking system, intangibles and licenses (d)		2,770	2,727
Trademark Concrédito (e)		73	-
Intangible for relationship with distributors (e)		691	-
Advance payments		248	154
Debt issuance costs (Cebures)		37	20
		8,958	3,837
Less:			
Accumulated amortization of intangible		1,513	1,266
	$	**7,445**	**2,571**

a) Arises from business acquisitions of Compartamos Financiera for $843, Fin Útil for $3,646, Comfu for $535 and Talento Concrédito for $28, which is subject to impairment tests.

b) Not amortizable deposit, subject to recovery upon expiration of each leasing agreement for the respective service office.

c) Insurance is amortized according to the duration of each policy. The amount charged to the consolidated income statement for the years ended on December 31, 2020 and 2019, amounted to $38 and $54, respectively.

d) Investment in intangibles includes the development of an electronic system for the control and management of banking operation, licenses and acquisition of software. The estimated useful life of the intangible asset and software is ten and seven years, respectively. The amortization of intangible assets and software for the years ended as of December, 31, 2020 and 2019, amounted to $332 and $306, respectively.

e) Derived from the acquisition of Fin Útil, the Concrédito brand was recorded as intangible assets with an indefinite life, which is subject to impairment tests, and the network of distributors with a useful life of 10 years. Amortization charged to income during the period from August 10 to December 31, 2020 amounted to $28.

(Continued)

(13) Deposit funding -

Deposit funding includes deposits on demand, time deposits and debt securities issued in Mexican pesos and global account of deposits with no movements. As part of the deposit funding, demand deposits for $1,331 and $1,088, as of December 31, 2020 and 2019, respectively, $39 and $8 for the global deposit account with no movement as of December 31, 2020 and 2019, correspond to the Bank and 293 and 184 million of Peruvian soles correspond to Compartamos Financiera at December 31, 2020 and 2019, respectively (equivalent to $1,608 and $1,050 at December 31, 2020 and 2019, respectively). At December 31, 2020 and 2019, time deposits from general public include $1,382 and $1,282, respectively, from the Bank, as well as 1,710 and 1,392 million of Peruvian soles at December 31, 2020 and 2019, respectively (equivalent to $9,402 and $7,811, respectively).

The weighted average rates (non-audited) of the different deposits funding products during the years ended on December 31, 2020 and 2019, are analyzed as follows:

	2020	**2019**
Demand deposits	1.90%	1.44%
Time deposits	5.17%	4.96%
Money market	1.05%	3.62%

At December 31, 2020 and 2019, Compartamos Financiera issued money market certificates of deposit (cedes) in soles for 177 and 125, respectively (equivalent in Mexican pesos to $972 and $719), maturing in one year. Interest expense on the CEDES for the years ended December 31, 2020 and 2019, amounts to $32 and $36, respectively (see note 23). As of December 31, 2019, the Bank held one time deposit (CEDE) for $201, with a term of 168 days.

Compartamos Financiera, carried out a public offer on November 13, 2019, for series "A" corporate bonds for 70 million of Peruvian soles, at a fixed annual nominal interest rate of 4.40625% plus 203 basis points points, and a term of 2 years. The current program was registered in the Public Registry of the Securities Market of the Superintendency of the Securities Market of Peru. As of December 31, 2020 and 2019, the balance equivalent in Mexican pesos amounts to $386 and $558, respectively. The interest expense recognized by the Corporate Bonds as of December 31, 2020 and 2019 amounts to $23 and $18, respectively (see note 23).

(Continued)

(Millions of pesos)

At December 31, 2020 and 2019, long term unsecured Cebures were issued in Mexican pesos, under the current issuance program approved by the Commission for an amount of $15,000 and $9,000, respectively. The current issued Cebures are as follows:

				2020			
Cebures		**Amount of issuance**	**Date of issuace**	**Maturity date**	**Interest rate**		**Balance**
COMPART 16-2	$	2,000	October 2016	October 2023	Fixed 7.50%	$	2,000
COMPART 18		2,500	October 2018	September 2022	TIIE 28 Days + 42 bp		2,500
COMPART 19		2,000	May 2019	May 2024	TIIE 28 Days + 45 bp		2,000
COMPART 20		1,860	June 2020	June 2025	Fixed 8.09%		1,860
							8,360
Interest payable							48
Total debt issuance						$	**8,408**

				2019			
Cebures		**Amount of issuance**	**Date of issuace**	**Maturity date**	**Interest rate**		**Balance**
COMPART 15	$	2,000	September 2015	August 2020	TIIE 28 Days + 50bp	$	2,000
COMPART 16-2		2,000	October 2016	October 2023	Fixed 7.50%		2,000
COMPART 18		2,500	October 2018	September 2022	TIIE 28 Days + 42 bp		2,500
COMPART 19		2,000	May 2019	May 2024	TIIE 28 Days + 45 bp		2,000
							8,500
Interest payable							56
Total debt issuance						$	**8,556**

Interest accrued derived from Cebures for the year ended on December 31, 2020, amounted to $574 ($730 in 2019), see note 23.

(Continued)

(Millions of pesos)

At December 31, 2020 and 2019, Cebures had the following maturity terms:

Expiration year		2020	2019
2020	$	-	2,056
2021		48	-
2022		2,500	2,500
2023		3,000	3,000
2024		1,000	1,000
2025		1,860	-
	$	**8,408**	**8,556**

(14) Banking and other borrowings-

At December 31, 2020 and 2019, Gentera had contracted the following borrowings in Mexican pesos and in Peruvian soles, translated into Mexican pesos, as follows:

		2020	2019
Short term:			
Borrowings from development banks	$	205	777
Borrowings from multiple banking institutions		1,788	1,827
Public trusts borrowings		47	23
Other institutions		1,159	950
Total short-term		3,199	3,577
Long term:			
Borrowings from development banks		3,950	1,500
Borrowings from multiple banking institutions		338	225
Public trusts borrowings		8,869	4,873
Other institutions		1,434	444
Total long term		14,591	7,042
Total banking and other borrowings	$	**17,790**	**10,619**

As of December 2020 and 2019, there is a liability related to interest accrued for the amount of $34 and $39, respectively.

For the year ended December 31, 2020, the accrued interest from banking and other borrowings amounted to $1,055 ($810 in 2019), see note 23.

(Continued)

(Millions of pesos)

As of December 31, 2020 and 2019, the maturities of interbank and other agencies long-term loans are shown below:

		2020	2019
Expiration			
2020	$	-	419
2021		-	3,262
2022		3,932	899
2023		2,718	304
More than 5 years		7,941	2,158
	$	**14,591**	**7,042**

Gentera´s received credit facilities as of December 31, 2020 and 2019, as well as the unused portion thereof, are shown below:

		2020	
Institution		**Credit facility received**	**Unused portion***
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$	10,500	1,585
Nacional Financiera, S. N. C. (NAFIN)		4,000	50
BBVA Bancomer, S. A.		150	-
Banco Nacional de México, S. A.		560	460
HSBC México, S. A.		550	550
Banco Mercantil del Norte, S. A.		800	613
Corporación Financiera de Desarrollo S. A. (COFIDE)		-	-
FONDEMI – COFIDE		55	13
Línea puno – COFIDE		4,071	2,200
Banco de la Nación		605	401
BBVA Banco Continental		697	147
Banco Interbank		239	239
Banco GNB Perú, S. A.		275	-
Citibank Perú, S. A.		495	165
Banco del Bajío, S. A.		500	500
Banco G&T Continental, S. A.		38	-
Caja Municipal de Ahorro y Crédito de Arequipa, S. A.		165	165
ICBC International Trade Processing Center		199	199
Foncodes		82	-
Banco Internacional, S. A.		38	-
Banco de Crédito del Perú, S. A.		239	45
Banco Ve por Mas, S. A		200	100
Banco Actinver, S.A.		200	50
CI Banco, S. A. y SOCADE, S.A.P.I. de C.V.		400	-
CARDIF S.A.		180	-
	$	**25,238**	**7,482**

* See explanation on the next page.

(Continued)

(Millions of pesos)

		2019	
Institution		**Credit facility received**	**Unused portion***
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$	8,000	3,105
Nacional Financiera, S. N. C. (NAFIN)		4,000	2,000
BBVA Bancomer, S. A.		150	150
Banco Nacional de México, S. A.		1,183	1,108
HSBC México, S. A.		556	556
Banco Mercantil del Norte, S. A.		800	800
Banco Santander (México), S. A.		500	350
Corporación Financiera de Desarrollo S. A. (COFIDE)		3,047	2,307
FONDEMI – COFIDE		68	68
Línea puno – COFIDE		24	24
Banco de la Nación		484	-
BBVA Banco Continental		538	-
Banco Interbank		226	226
Banco GNB Perú, S. A.		285	-
Citibank Perú, S. A.		943	374
Banco del Bajío, S. A.		500	500
Banco G&T Continental, S. A.		37	37
Caja Municipal de Ahorro y Crédito de Arequipa, S. A.		171	-
ICBC International Trade Processing Center		189	7
Banco Interamericano de Finanzas		189	189
Banco de Crédito del Perú, S. A.		228	-
Banco Ve por Mas, S. A.		200	200
Banco Internacional, S. A.		37	37
	$	**22,355**	**12,038**

* The amount of the unused credit facilities are recognized in memorandum accounts as part of the caption "Other memorandum accounts".

As of December 31, 2020, borrowings accrued interest at average annual interest rates (non-audited) in Mexican pesos of 9.76% (9.36% in 2019), in Guatemalan quetzals 7.25%, in Peruvian soles of 3.94% (4.53% in 2019).

(15) Obligations in securitization operations-

As of December 31, 2020, the balance of securitization operation are included in the following page.

(Millions of pesos)

Debt securities issued by Fin Útil corresponding to Cebures are summarized as follows:

Issuance	Trust	Amount of issuance	Rating	Maturity date	Interest rate		Amount
FUTILCB 19	F/00925	8,000	AAA / HR AAA	March -23	TIIE to _ days + 220 bp	$	800
FUTILCB 18	F/01064	5,000	MXAAA / AAA€	March -21	TIIE to _ days + 220 bp		417
						$	**1,217**

Each trust has a revolving period mentioned below, in which Fin Útil as Settlor and Trustee in second place has the right to discount the portfolio prior to the objective amortizations of each issue. As established in the contract of each trust, Fin Útil is entitled to receive back the assets and rights it contributed to the trust, as well as all the amounts and assets that are part of the Trust Estate, in the corresponding proportion according to the terms agreed in the contract, once the principal and interest and other amounts payable under the Certificados Bursátiles have been fully paid.

(16) Employees´ benefits-

Gentera has a pension plan in a mixed scheme, in which the benefit that is granted to the personnel is derived from two components: defined benefit plan and defined contribution plan. The retirement pension plan covers the permanent employees. The benefits are based on 10 years of service and 65 years of age on the integrated daily wage. The defined benefit plan is funded in its entirety by Gentera, and the defined contribution plan is funded with contributions from both Gentera and the employees.

(Continued)

(Millions of pesos)

Gentera granted for one time only in 2012 the right to a recognition bonus of $35 for employees who had at that date two or more years of service in Gentera, and who enrolled in the plan at the time of its establishment, for financing purposes the total amount of such bonus is provided annually into a trust during 10 years, provided that the employees stay employed. As of December 31, 2020, Gentera has contributed $26.

Cash flows

The contributions and benefits paid for the years ended December 31, 2020 and 2019, are as follows:

2020		**Contribution to the fund**	**Benefits paid from the fund**
Termination	$	-	141
Recognition bonus		2	-
Defined benefit		188	-
Total	$	**190**	**141**

2019		**Contribution to the fund**	**Benefits paid from the fund**
Termination	$	-	134
Recognition bonus		2	-
Defined benefit		60	-
Total	$	**62**	**134**

(Continued)

(Millions of pesos)

Obligations-

The components of the defined benefit cost for the years ended December 31, 2020 and 2019, are as follows:

		Legal compensation		**Seniority premium**		**Pension plan**	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
Current Service Cost (CSC)	$	55	52	16	13	132	89
Prior Service Labor (income) cost provided in the year		-	39	54	(5)	-	(122)
Net interest on defined benefit net liability (DBNL)		31	34	5	4	39	26
Reclassification of remeasurements of DBNL in OCI		54	138	2	4	17	67
Net cost for the period		140	263	77	16	188	60
Increase (decrease) in remeasurements of the DBNL or (DBNA) in OCI		269	(113)	6	9	(500)	233
Defined benefit cost	$	**409**	**150**	**83**	**25**	**(312)**	**293**
Beginning balance of DBNL or (DBNA) remeasurements	$	322	435	17	8	430	197
Remeasurements generated in the year		323	25	8	13	(483)	300
Reclassification of remeasurements recognized in OCI of the year		(54)	(138)	(2)	(4)	(17)	(67)
Ending balance of DBNL remeasurements		591	322	23	17	(70)	430
Increase (decrease) in remeasurements of the DBNL or (DBNA) in OCI	$	269	(113)	6	9	(500)	233
Beginning balance of DBNL	$	435	410	63	46	511	278
Acquisition effec for Talento Concrédito		7	-	3	-	-	-
Defined benefit cost		409	150	83	25	(312)	293
Contributions to the plan		-	-	-	-	(188)	(60)
Payments charge to DBNL		(129)	(125)	(13)	(8)	-	-
Ending balance of DBNL	$	**722**	**435**	**136**	**63**	**11**	**511**

As of December 31, 2020 and 2019, the financial situation of the obligation is as follows:

		Legal compensation		**Seniority premium**		**Pension plan**	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
Defined benefit obligations (DBO)	$	(722)	(435)	(136)	(63)	(513)	(818)
Plan assets		-	-	-	-	502	307
Financial position of the obligation	$	**(722)**	**(435)**	**(136)**	**(63)**	**(11)**	**(511)**

(Continued)

(Millions of pesos)

During November and December, 2020 and 2019, Gentera paid termination benefits to employees for an amount of $87 and $17, respectively, reducing the labor obligations liability with respect to the one actuarially determined.

The cost, obligations and other elements of pension plans, seniority premiums and legal termination benefits other than restructuring, mentioned in note 3(q), was determined based on calculations prepared by independent actuaries at December 31, 2020 and 2019.

Main actuarial assumptions-

The main actuarial assumptions used, expressed in absolute terms, as well as the discount rates, yield of the plan assets, salary increases and changes in the indexes or other variables referred, at December 31, 2020 and 2019, the same actuarial assumptions in both years, as indicated below:

Age	Death (%) Men	Death (%) Women	Disability (%)	Rotation (%) Sales	Rotation (%) CEAS	Retirement
20	0.00197	0.00093	0.00076	0.99999	0.99999	0.000000
25	0.00230	0.00095	0.00100	0.25465	0.33878	0.000000
30	0.00274	0.00099	0.00112	0.15442	0.20544	0.000000
35	0.00332	0.00105	0.00129	0.09701	0.12906	0.000000
40	0.00411	0.00116	0.00164	0.06208	0.08259	0.000000
45	0.00517	0.00132	0.00221	0.03709	0.04935	0.000000
50	0.00661	0.00158	0.00347	0.02051	0.02728	0.000000
55	0.00859	0.00199	0.00712	0.00866	0.01152	0.000000
60	0.01131	0.00270	0.00000	0.00000	0.00000	0.510062
65	0.01512	0.00396	0.00000	0.00000	0.00000	1.000000

	2020	2019
Discount rate:		
Compartamos Servicios Sales	6.74%	7.55%
Compartamos Servicios CEAS	6.74%	7.55%
Talento Concrédito	6.62%	-
Rate of salary increases:		
Compartamos Servicios Sales	5.00%	7.00%
Compartamos Servicios CEAS	8.00%	7.00%
Talento Concrédito	5.50%	-
Rate of increases to the minimum salary:		
Compartamos Servicios Sales	4.00%	4.00%
Compartamos Servicios CEAS	4.00%	4.00%
Talento Concrédito	3.50%	-

(Continued)

(Millions of pesos)

During the years of 2020 and 2019, the amount contributed to the defined contribution pension plan was $32 and $28, respectively.

(17) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)-

(a) IT

According to the current IT Law in Mexico, the IT rate for the fiscal years of 2020 and 2019 was 30%. The ESPS rate for the fiscal years of 2020 and 2019 was 10%. The IT rate in Peru for fiscal years of 2020 and 2019 was 29.5%. The IT rate in Guatemala for fiscal years of 2020 and 2019 was 25%.

The tax result differs from the accounting result, mainly in such items that are taxable or deductible differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well as such items that only affect either the accounting or tax results.

Gentera does not consolidate its subsidiaries for tax proposes carryforward, following is presented for informative purposes the expense (income) in the consolidated income statement related to current and deferred income taxes for the years ended December 31, 2020 and 2019:

		2020			2019		
		Current IT	**Deferred IT in OCI**	**Deferred IT**	**Current IT**	**Deferred IT in OCI**	**Deferred IT**
Banco	$	-	-	726	(1,039)	-	134
Gentera		-	-	(53)	-	-	(17)
Compartamos Financiera		-	(34)	239	(282)	4	34
Compartamos Servicios		(230)	(1)	(20)	(247)	(17)	81
Controladora AT		-	-	(23)	-	-	-
Red Yastás		(25)	-	-	(28)	-	(24)
Compartamos Guatemala		-	(3)	39	(20)	-	1
Fin Útil		10	-	109	-	-	-
Comfu		(65)	-	7	-	-	-
Talento Concrédito		(3)	-	(2)	-	-	-
	$	**(313)**	**(38)**	**1,022**	**(1,616)**	**(13)**	**209**

On the next page, the reconciliation between the current and effective IT tax rates of the Bank for the years ended on December 31, 2020 and 2019, which provision is the main consolidated IT expense, is shown.

(Continued)

(Millions of pesos)

		2020	2019
Bank's income before IT	$	-	3,247
IT at 30% rate on income before IT	$	-	(974)
Plus (less) the effect of IT on:			
Deductible annual inflation adjustment		-	68
Other, net		726	1
IT income (expense) in the Bank	$	**726**	**(905)**
Effective IT rate		35%	28%

At December 31, 2020 and 2019, the main temporary differences of Gentera on which deferred IT asset (liability) arises, are analyzed as follows:

		2020	2019
Allowance for loan losses	$	927	649
Furniture and equipment		69	57
Installation expenses		185	174
Employees' benefits		177	225
Provisions		201	268
Tax losses carryforward		1,274	439
Other		135	(17)
		2,968	1,795
Less:			
Valuation allowance *		(398)	(290)
Deferred IT asset, net	$	**2,570**	**1,505**

* As of December 31, 2020 and 2019, such reserve corresponds mainly to the deferred tax loss carryforwards of Gentera of $793 and $965, respectively, as well as the disposal on sale of shares of $525 as of December 31, 2020.

As of December 31, 2020, Gentera recognized a deferred tax liability arising from the recognition of intangible assets in the business acquisition (note 11), as shown below:

		2020	2019
Trademark Concrédito	$	22	-
Intangible for women entrepreneurs relations		199	-
Deffered liabilities	$	**221**	**-**

(Continued)

(Millions of pesos)

As of December 31, 2020 and 2019, a deferred liability relating to cumulative translation effect of subsidiaries was not recognized, given that the management intends to hold these equity investments.

For the year ended December 31, 2020, the deferred IT movement in Gentera represented a credit the year results for $1,022, a debit for $38 in OCI. Fort the year ended December 31, 2019, the deferred IT movement in Gentera represented a credit the year results for $209, a credit for $13 in OCI.

As of July 31, 2020, the deferred income tax charge (credit) of Fin Útil, Comfu and Talento Concrédito for $1 was recognized by the equity method under the caption "Equity method of associated companies".

As of December 31, 2020 and 2019, deferred tax asset derived from ESPS amounted to $150 and $149, respectively, deferred tax asset derived from ESPS at December 31, 2020 and 2019 is reserved at $143 and $149, respectively.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

(b) ESPS

For the years ended on December 31, 2020 and 2019, determinated ESPS amounts to $63 and $123, respectively, which was recognized under the "Administrative and promotional expenses" caption in the consolidated statement of income.

As of December 31, 2020 and 2019, the ESPS payable from previous years amounts to $9 and $1, respectively.

(18) Sundry creditors and other accounts payable-

At December 31, 2020 and 2019, the balance of this caption is comprised as follows:

		2020	**2019**
Capitalized lease liabilities (note 10)	$	42	16
Social security contributions		158	159
Other taxes		392	350
Labor liabilities (note 15) (1)		907	1,059
Sundry provisions		898	944
Sundry creditors		1,147	1,022
	$	**3,544**	**3,550**

(Continued)

(Millions of pesos)

(1) Includes $100 and $37, at December 31, 2020 and 2019, respectively, of labor liability mainly from the subsidiaries abroad.

Following is the analysis of the most significant provisions for the years ended December 31, 2020 and 2019:

Type of provision		Balance at January 1, 2020	Provisions for acquisition of bussines	Plus increases	Less applications	Less cancellations	Balance at December 31, 2020
Short term:							
Soundry provisions	$	944	72	1,712	1,573	257	898

Type of provision		Balance at January 1, 2019	Plus increases	Less applications	Less cancellations	Balance at December 31, 2019
Short term:						
Soundry provisions	$	922	1,823	1,717	84	944

Provisions represent present obligations for past events where it is more likely than not, there will be outflow of economic resources in the short-term.

Following are presented the main provision concepts at December 31, 2020 and 2019:

		2020	**2019**
Employees bonuses	$	293	244
Advisory and services		32	210
Legal provisions		58	52
Commissions		5	6
Other provisions		510	432
Total provisions	$	**898**	**944**

(Continued)

(19) Institute for the protection of bank saving (IPAB- for its acronym in Spanish)-

The System for the Protection of Bank Savings, in effect since 2005, comprises, among other changes, the protection of deposits from the general public amounting to the equivalent of 400,000 UDI (approximately $2.5 at December 31, 2020 and 2019), excluding interbank deposits and those payable to its stockholders and upper bank management, among others.

Fees paid to the IPAB during the years ended December 31, 2020 and 2019, amounted to $89 and $65, respectively, which were charged directly to the consolidated results of the year within the caption of "Administrative and promotional expenses".

(20) Stockholders´ equity-

(a) Structure of stock and movements of stockholders´ equity

Gentera was incorporated with a minimum fixed capital of fifty thousand Mexican pesos and an unlimited variable capital.

2020 movements-

At the Ordinary Annual General Shareholders' Meeting, held on April 17, 2020, it was approved i) transfer to the prior years' results the amount of $3,275 corresponding to the result of the 2019 year, ii) suspend the use of the fund for the acquisition of treasury stock until a new date to be defined by the Board of Directors, iii) Cancel 19,716,841 shares nominative ordinary shares without nominal value expression, wthout reducing capital stock.

The Commission, through official letter P286/2020 dated March 30, 2020, issued the recommendation that in view of the extraordinary situation caused by the pandemic generated by the virus called COVID-19 and in order for the Institution to continue with the responsibility of supporting the economy, seeking to channel such resources to strengthen the company itself while preserving its capital, it should refrain from what is indicated below:

"Agree to the payment to shareholders of dividends from the company, as well as any other act that implies the transfer of patrimonial benefits with respect to fiscal years 2020 and 2019, including the distribution of reserves."

Therefore, Gentera did not declare dividends during 2020.

2019 movements-

At the general ordinary stockholder meeting held on April 12, 2019, the stockholders resolved to declare and pay dividends of $593, payable in one installments by wire transfer; the payment was made on July 31, 2019 and it was settled through S. D. Indeval, S. A. de C. V. (Institución para el Depósito de Valores). At the same meeting, it was resolved to increase the legal reserve for $11, and cancel 11,977,698 shares nominative ordinary shares without nominal value expression, without reducing capital stock.

(Continued)

(Millions of pesos, except otherwise noted)

Gentera's subscribed and paid capital at December 31, 2020 and 2019, is comprised as follows:

Series	Shares	Description		Amount
2020				
"Unique"	415,595,676	Minimum fixed capital with no withdrawal rights	$	1,201
	1,177,261,200	Variable capital		3,563
	1,592,856,876	**Capital Stock**	$	**4,764**

Series	Shares	Description		Amount
2019				
"Unique"	415,595,676	Minimum fixed capital with no withdrawal rights	$	1,201
	1,196,978,041	Variable capital		3,563
	1,612,573,717	**Capital Stock**	$	**4,764**

(b) Restrictions on stockholders' equity-

The General Corporations Law requires Gentera to separate annually 5% of their profits to constitute the statutory reserve until it reaches 20% of the capital stock.

Dividends paid are not subject to IT if they are paid from the net tax profit account (CUFIN -Spanish abbreviation). Any dividends paid in excess of this account will cause IT. The current tax will be payable by Gentera and may be credited against its IT in the same year or the following two years.

Dividends paid to individuals and residents abroad shall be subject to an additional tax of 10% with a definitive character, which shall be retained by the entities to distribute the dividends. The new rule applies only to the distribution of profits that are generated from January 1, 2014.

In the event of a capital reduction, the provisions of the IT Law state any excess of stockholders' equity over capital contributions, to be accounted with the same tax treatment as dividends.

(Continued)

(c) Capitalization requirements (unaudited)-

The Ministry of Finance and Public Credit (SHCP-Spanish acronym) requires banks in Mexico to have a percentage of capitalization on assets at risk, which are calculated by applying certain percentages depending on assigned risk. As of December 31, 2020 and 2019, the Bank had complied with the percentage.

Minimun capital stock-

The Bank's subscribed and paid-in minimum capital is equivalent, in Mexican pesos, to the value of ninety million UDIs. The minimum capital stock required for the Bank to operate must be subscribed and paid-in. When the capital stock exceeds the minimum, at least 50% must be paid-in, provided this percentage is not below the established minimum.

In order to comply with minimum capital requirements, the Bank can consider the net capital held, as per the provisions of article 50 of the Law of Credit Institutions. At no time net capital can be less than minimum capital.

Capitalization-

Net capital-

The Bank maintains a net capital related to the market, credit and operating risk to which it is exposed, and which is not lower than the sum of the capital requirements for the aforementioned risks, in terms of the Capitalization Requirement Rules for Multiple Banking Institutions issued by the SHCP.

At December 31, 2020 and 2019, the Bank is in compliance with the capitalization rules, which require the Institution to maintain a certain net capital in relation to market and credit risks incurred in its operations, which may not be lower than the total amount from adding up capital requirements for both types of risk.

Capitalization index -

Capitalization rules for financial institutions establish requirements for specific levels of net capital, such as a percentage of assets subject to market, credit or operational risk. The Bank's capitalization Index (ICAP by its acronym in Spanish) as of December 31, 2020 was 31.44% in accordance with current rules and 32.59% as of December 31, 2019.

The ICAP on assets subject to credit risk ("ASRC" by its acronym in Spanish) as of December 31, 2020 and 2019, is 38.59% and 39.51%, respectively.

(Continued)

(Millions of pesos)

Following are the most relevant items of the ICAP at December 31, 2020 and 2019:

		2020	2019
Assets in market risk	$	3,565	4,187
Assets in credit risk		24,094	27,551
Assets in operational risk		1,917	1,661
Total risk assets	$	**29,576**	**33,399**
Net capital	$	9,298	10,886
Ratio on assets subject to credit risk		38.59	39.51%
Ratio on assets subject to total risk		31.44%	32.59%

The Bank's net capital requirement derived from its exposure to credit risk must be at a minimum ICAP of 10.5%, which is the result of multiplying the weighted assets for which the standard method was used.

The net capital, is determined as follows:

		December 31, of	
		2020	**2019**
Stockholders' equity [1]	$	10,584	11,929
Deduction of intangibles and deferred expenses or costs		(1,286)	(1,043)
Basic capital		9,298	10,886
Complementary capital			-
Net capital	$	**9,298**	**10,886**

According to Article 220 of the Dispositions applicable to Credit Institutions, issued in the Official Gazette on December 2, 2005 and subsequent amendments, the Institution has as of December 31, 2019 Fundamental Capital Ratio (CCF by its acronym in Spanish) higher than 0.7 plus the sum of the Systemic Countercyclical Supplement Capital (SCCS by its acronym in Spanish) and the Countercyclical Supplement Capital Ratio (SCCI by its acronym in Spanish), a Ratio of Basic Capital higher than 0.085 for the years 2020 and 2019 plus the sum of SCCS and SCCI and an ICAP higher than 10.5%, for both years, plus the sum of SCCS and SCCI. Therefore the Institution is classified in the "I" category in accordance with the aforementioned provisions for both years.

[1] As of December 31, 2020 and 2019, the computation only considers the following capital accounts: i) capital stock, ii) statutory reserves, iii) prior years' results, iv) net income, v) valuation of available-for-sale securities and vi) remeasurements for employees defined benefits. All this in accordance with the modification of Article 2 Bis, Section I, subparagraph a) of the "General Provisions applicable to Credit Institutions", published in the Official Gazette on November 28, 2012.

(Continued)

(Millions of pesos)

The Ratio of Basic Capital 1 and the Ratio of Basic Capital, is determined as follows:

RBC1 = (Basic Capital 1 / Weighted Assets subject to Total Risks) / $ICAP_M$
RBC = [(Basic Capital 1 + Basic Capital 2) / Weighted Assets subject to Total Risks] - / $ICAP_M$
$ICAP_M$ = Ratio of minimum capitalization.

Multiple banking institutions will be notified by the Commission of their rating with respect to their categories, as well as the applicable minimum corrective measures and/or special additional measures.

Special additional corrective measures could be applied by the Commission in addition to minimum corrective measures, which, depending on the category, could include the requirement to issue more detailed reports to the Board of Directors of those institutions and the Commission, and hiring special auditors to deal with specific questions with external auditors authorized by the Commission, to the replacement of officers, directors, statutory auditors, the modification of interest rate policies and the withdrawal of the multiple banking institution's operating authorization.

Market risk-

The capital required for the position of assets at market risk as of December 31, 2020 and 2019, is as follows:

		Amount of the equivalent positions		Capital requirement	
Item		**2020**	**2019**	**2020**	**2019**
Operations at nominal rate in local currency	$	3,329.63	3,905.67	266.37	312.45
Operations at nominal rate in foreign currency		0.20	0.23	0.02	0.02
Shares and on shares positions		-	-	-	-
Positions in foreign currency or with return indexed to exchange rates		235.35	280.90	18.83	22.47
	$	**3,565.18**	**4,186.80**	**285.22**	**334.94**

(Millions of pesos)

Credit risk-

The amount corresponding to weighted assets subject to credit risk and their respective capital requirements as of December 31, 2020 and 2019 is shown below per risk group and item:

		Risk-weighted assets		**Capital requirements**	
		2020	**2019**	**2020**	**2019**
Risk group:					
From borrowers in loan portfolio:					
Group III (weighted at 20%)	$	463.089	237.828	37.047	19.026
Group III (weighted at 100%)		0.003	0.003	0.0003	0.0003
Group VI (weighted at 100%)		19,671.065	24,390.785	1,573.685	1,951.263
Group VII_A (weighted at 20%)		21.463	35.159	1.717	2.813
Group VIII (weighted at 115%)		293.851	201.132	23.508	16.091
For transactions with related persons:					
Group III (weighted at 100%)		78.331	-	6.267	-
Group III (weighted at 115%)		1,202.343	283.682	96.187	22.695
Of issuers of debt securities in position:					
Group III (weighted at 20%)		-	199.599	-	15.968
Permanent investments and other assets:					
Group III (weighted at 20%)		0.103	1.473	0.008	0.118
Group IV (weighted at 20%)		0.539	1.144	0.043	0.092
Group VII_A (weighted at 100%)		1,009.807	979.823	80.785	78.386
Group IX (weighted at 100%)		1,351.313	1,218.236	108.105	97.459
Group X (weighted at 1250%)		2.581	2.581	0.206	0.206
Total credit risk	$	**24,094.488**	**27,551.445**	**1,927.558**	**2,204.12**

Operational risk-

The capital requirement for its exposure to operational risk using the alternative standard method for the calculation of December 2020 is $153.3, while for 2019 it was $132.9.

Capital requirements are calculated periodically and the sufficiency of capital is evaluated. At December 31, 2020 and 2019, the Institution has maintained a capitalization index of 31.44% and 32.59%, respectively, higher than the current regulatory limit (10.5%).

(Continued)

(Millions of pesos)

(d) Leverage index of the bank-

The rule for calculating the leverage ratio established by the Commission, as of December 31, 2020 and 2019, considers the follows:

		2020	**2019**
Basic capital	$	9,298	10,886
Accounting assets		35,912	31,680
Deductions		850	1,044
Derivatives		-	-
Repurchase/resell agreements and loan of securities		-	-
Memorandum accounts – loan commitments		440	600
Leverage index		26%	35%

(e) Bank´s agencies crédit rating (unaudited)-

As of December 31, 2020 and 2019 the Bank obtained the following agencies credit rating in both years:

Agency	**Domestic ranking**	**Global ranking**
Fitch Ratings(1)	'AA+(mex) / F1+(mex)'	BBB- / F3
Standard&Poor´s (2)	'mxAAA/ mxA-1+'	BBB / A-2

(1) Modified rating on June 3, 2020.

(2) Modified rating on December 21, 2020.

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(f) Liquity coverage ratio (unaudited)-

2020		Unweighted amount (average)	Weighted amount (average)
Computable liquid assets			
Total computable liquid assets	$	N/A*	11,092
Cash outflows:			
Non-guaranteed retail financing		1,522	92
Stable financing		1,201	60
Less stable financing		321	32
Non-guaranteed wholesale financing		633	444
Operational deposits		-	-
Non-operational deposits		589	399
Unsecured debt		44	45
Guaranteed wholesale financing		N/A*	-
Additional requirements		440	22
Outflows related to derivative financial instruments and other guarantee requirements			
Outflows related to debt instrument financing losses		-	-
Lines of credit and liquidity		-	-
Other contractual financing obligations			
Other contingent financing obligations	$	440	22
		145	145
Total cash outflows		-	-
Cash inflows:		N/A*	702
Cash inflows from guaranteed transactions			
Cash inflows from non-guaranteed transactions			
		-	-
Other cash inflows		8,417	5,357
Total cash inflows			
		-	-
Total computable liquid assets		8,417	5,357
Total net cash outflows			
		N/A*	11,092
Liquidity coverage ratio		N/A*	176
		N/A*	7883.83%

* N/A= Not applicable, since the values subject to division are zero.

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

2019		Unweighted amount (average)	Weighted amount (average)
Computable liquid assets			
Total computable liquid assets	$	N/A*	2,685
Cash outflows:			
Non-guaranteed retail financing		1,364	86
Stable financing		1,003	50
Less stable financing		361	36
Non-guaranteed wholesale financing		500	287
Operational deposits		-	-
Non-operational deposits		419	206
Unsecured debt		82	82
Guaranteed wholesale financing		N/A*	-
Additional requirements		600	30
Outflows related to derivative financial instruments and other guarantee requirements		-	-
Outflows related to debt instrument financing losses		-	-
Lines of credit and liquidity		600	30
Other contractual financing obligations		134	134
Other contingent financing obligations	$	-	-
Total cash outflows		N/A*	538
Cash inflows:			
Cash inflows from guaranteed transactions		-	-
Cash inflows from non-guaranteed transactions		9,370	5,319
Other cash inflows		5	5
Total cash inflows		9,374	5,323
Total computable liquid assets		N/A*	2,685
Total net cash outflows		N/A*	134
Liquity coverage ratio		N/A*	2,095.59%

* N/A= Not applicable, since the values subject to division are zero.

(Continued)

The Liquidity Coverage Coefficient is calculated monthly, which is a regulatory requirement and determines the coverage provided by the Available Liquid Assets to cover the Net Cash Outflows in the next 30 days, The average presented considers the information corresponding to the period from October 1, to December 31, 2020 and 2019. During the fourth quarter of 2020 and 2019, no deviation was presented to the daily Liquidity Coverage Ratio, and the corresponding scenario according to the Liquidity Provisions was Scenario I.

(21) Commitements and contingent liabilities-

Compartamos Servicios entered into a lease agreement of a building for the exclusive use of corporate offices in Mexico, the amount of the rent is in dollars and it was translated into Mexican pesos as of April 1, 2013, date when conditions are met to occupy the building.

The term of the agreement is for a period of 126 months, starting on October 1, 2012, and ending on March 31, 2023, paying a total of 44,889,935 dollars at an exchange rate of $12.62 Mexican pesos per dollar, during the aforementioned period. For the payment of the rent Gentera has a grace period of six months to condition the property for its use beginning on October 1, 2012. Gentera entered into an amendment agreement dated October 29, 2018 for the return of floors 19, 20 and 21 with their respective terrace. The formal return of the aforementioned floors took place on April 30, 2019.

The total amount of lease payments, which will be made during the following five years amounts to $1,343 ($326 in 2021, $345 in 2022, $237 in 2023, $213 in 2024 and $222 in 2025).

The majority of the lease agreements for the service offices are based on Gentera’s templates, containing the following clauses: purpose, intent, duration, rent, guarantee deposit, form of payment, expense, additional obligations, rescission, returning of the building, maintenance and leasehold improvements, privation, non-compliance, contractual penalty, modifications, notices and notifications, assignment, absence of flaws and jurisdiction.

Most of the agreements establish the option of early termination for Gentera, prior notification to the lessor in writing.

For the most part, contract renewals require that the lessor respect the preemptive right established in the legislation, as well as signature of a new lease agreement in the same terms and conditions set forth in the expiring agreement. The lessor is to grant Gentera 60 days prior to expiration of the agreement to conduct the renewal.

Gentera will enjoy a term of 10 business days as from the first working date after the lesser delivers the agreement, in order for the former to decide whether or not to sign the agreement. Gentera does not sign lease agreements with an option to buy. All of the lease agreements are guaranteed with cash deposits, which are the equivalent to 1 or 2 months' rent, as the case may be. Under no circumstances does Gentera offer additional guarantees.

Rent agreements are paid on a monthly basis and are updated annually and increases are determined based on the National Consumer Price Index published by Central Bank the previous month prior to signing the agreement supporting said increase.

In most cases, the annual increase is capped to 10% of the rent price paid the prior year, in the event of macroeconomic contingencies, this percentage will be increased.

Rent increases must be supported through an amending agreement, to be signed 30 days prior to the date on which the rent is to be increased. Gentera's lease agreements do not consider caps on dividend payments and debt contracting.

For the years ended December 31, 2020 and 2019, lease payments were recorded in the consolidated income statement for $928 and $860, respectively.

The Bank is involved in several claims and trials, derived from the normal course of its operations. According to the opinion of its legal counsels and to the assessment made by the Management, there are elements of defense in which exists a probability to obtain a favorable outcome. As part of those claims up to date stands out the nullity trials and claims brought by the Mexican Internal Revenue Service (SAT-Spanish acronym) for fiscal years: 2007, 2014 and 2015, whose claim comes mainly from the difference in the criteria applied for expenses, deduction of write-off and loss from the sale of loan portfolio, respectively; the amounts observed by the SAT, amount to: $3, $1 and $371, respectively.

Compartamos Servicios is involved in several claims and labor trials, derived from the demands of ex-employees, whose effects are not expected to have material effect.

(Continued)

(Millions of pesos, except otherwise noted)

(22) Balances and operations with related parties-

During the normal course of operations, Gentera conducted transactions with related parties.

Related parties are defined as either individuals or entities holding direct or indirect control of 2% or more of the shares representing Gentera's capital and the members of the Board of Directors.

Also considered as related parties are entities, as well as the advisors and officers thereof, in which Gentera has direct or indirect control over 10% or more of their shares.

The total sum of operations with related parties did not exceed 50% of the basic portion of the Bank's net capital, as set out in article 50 of the Law of Credit Institutions.

For the years ended on December 31, 2020 and 2019, Gentera granted to key management personnel, short term direct benefits for $492 and $400, respectively.

The main transactions celebrated with related parties for the years ended on December 31, 2020 and 2019, are as follows:

		2020	**2019**
Donation expenses	$	-	23
Interest income from associated companies	$	1	86

As of December 31, 2020, there are no balances with related parties.

The main balances with related parties for the years ended December 31, 2020 and 2019, are shown below:

		2020	**2019**
Accounts receivable			
Aflore	$	-	13
Comfu*		-	14
Fin Útil*		-	606
C4 uno		-	4
Total	$	**-**	**637**

* As of December 31, 2020, these companies are subsidiaries of Gentera since on August 10, 2020, it formalized the investment process to achieve a majority shareholding (note 11).

(Continued)

(Millions of pesos)

(23) Additional segments information-

Gentera has consumer, commercial and mortgage loans, thus its source of income is derived from interest of the loan products offered, in addition to the products of treasury operations, such as interest from investments in securities and repurchase/resell agreements. Liability transactions include demand and time deposits, debt securities issued and bank and other loans, from which interest expenses arise.

Out of the total income earned by the Bank (main subsidiary) for the years ended December 31, 2020 and 2019, 97% came from its loan operation. Consequently, the resources of deposit funding and bank and other loans obtained during the year were primarily used for the placement of loans, therefore the accrued interest are identified by the credit segment, same trend is reflected in administrative expenses. The remaining operations are the treasury segment and commissions from insurance operations.

Financial margin-

For the years ended on December 31, 2020 and 2019, the financial margin is shown below:

		2020	**2019**
Interest income:			
Loan portfolio interest	$	18,745	22,381
Interest on cash and cash equivalents		592	378
Interest arising from investments in securities		15	50
	$	**19,352**	**22,809**
Interest expense:			
Demand and time deposits	$	594	502
Certificates of deposit		32	-
Cebures (includes amortization of issuance expenses of $15 and $16 in 2020 and 2019, respectively)		589	746
Corporate bonds		23	18
Securitization operation		6	-
Banking and other borrowings		1,055	810
Repurchase/resell agreements operation		3	-
	$	**2,302**	**2,076**

(Continued)

(Millions of pesos)

Interests and commissions per type of loan-

Interests and commissions per type of loan, for the years ended on December 31, 2020 and 2019, are comprised as follows:

		2020		2019	
Interest income		**Current**	**Past-due**	**Current**	**Past-due**
Commercial loans:					
Business and commercial	$	948	-	993	8
Consumer loans		17,791	6	21,375	4
Residential mortgages		-	-	1	-
	$	**18,739**	**6**	**22,369**	**12**

For the years ended on December 31, 2020 and 2019, income and expense for commissions and fees, are comprised as follows:

		2020	**2019**
Commissions and fees income:			
Commercial loans	$	17	24
Consumer loans		102	275
Insurance operations		541	619
Correspondent		327	59
Other		96	292
	$	**1,083**	**1,269**
Commissions and fees expense:			
Bank fees	$	179	159
Brokers		202	190
Insurance operations		213	63
Borrowings received		9	4
	$	**603**	**416**

For the years ended December 31, 2020 and 2019, "Other operating income (expenses), net", is analyzed in the following page.

(Continued)

(Millions of pesos)

		2020	2019
Other operating income (expense), net:			
Allowance for bad debts, net	$	(61)	(57)
Miscellaneous losses		(62)	(19)
Donations		(16)	(44)
Resulton sales of furniture and equipment		(10)	(43)
Capitalized leases		(2)	(2)
Cancellarion of provisions		77	(32)
Other income (mainly insurance premiums)		450	163
Totales	$	**376**	**(34)**

Following is a condensed consolidated income statement (including intercompany balances eliminations) of Gentera and subsidiaries for the years ended on December 31, 2020 and 2019:

2020		Gentera	Bank	Compartamos Guatemala	Compartamos Financiera	Red Yastás	Compartamos Servicios	Controladora AT	Fin útil	Comfu	Talento	Total
Interest income	$	11	14,153	447	4,275	14	41	5	401	4	1	19,352
Interest expense		(31)	(1,391)	(4)	(799)	-	-	-	(77)	-	-	(2,302)
Financial margin	$	(20)	12,762	443	3,476	14	41	5	324	4	1	17,050
Financial Margin adjusted for credit risk	$	(20)	7,782	203	2,062	14	41	5	(22)	4	1	10,070
Operating result before discontinued operations	$	(32)	5,846	(265)	(505)	(46)	(7,443)	117	(147)	206	(213)	(2,482)
Discontinued operations	$	59	-	-	-	-	-	-	-	-	-	59
Net result	**$**	**60**	**6,572**	**(226)**	**(273)**	**(69)**	**(7,693)**	**94**	**(28)**	**146**	**(218)**	**(1,635)**

2019		Gentera	Bank	Compartamos Guatemala	Compartamos Financiera	Red Yastás	Compartamos Servicios	Controladora AT	Intermex	Total
Interest income	$	14	17,628	590	4,497	21	51	8	-	22,809
Interest expense		(47)	(1,395)	-	(634)	-	-	-	-	(2,076)
Financial margin	$	(33)	16,233	590	3,863	21	51	8	-	20,733
Financial Margin adjusted for credit risk	$	(33)	13,802	498	3,222	21	51	8	-	17,569
Operating result before discontinued operations	$	125	11,558	81	807	(31)	(7,904)	134		4,770
Discontinued operations	$	-	-	-	-	-	-	-	(54)	(54)
Net result	**$**	**108**	**10,654**	**64**	**558**	**(55)**	**(8,071)**	**105**	**(54)**	**3,309**

(24) Comprehensive risk managment (CRM) from the bank, main subsidiary (unaudited)-

The Bank recognizes that the essence of its business is to assume risks in seeking potential financial and social returns. Consequently, CRM is a core component of the business' strategy for identifying, measuring, overseeing and controlling the different types of risks faced during the normal course of operations.

The Bank's CRM is considered to be an on-going process involving all levels of management. The structure for the Bank's CRM is based on the following guidelines:

a. Commitment by Top Management and the Board of Directors to properly manage risks encountered.

b. Ongoing supervision of CRM policies and procedures.

c. Clear segregation of duties to ensure independence and objectivity in risk management.

d. Formal cooperation between the CRM structure and the business units.

e. Clear determination of responsibilities pertaining to CRM.

Continuous supervision of the Internal Control and Audit area, to ensure proper compliance with the CRM function.

The Board of Directors has set up a Risk Committee to ensure that operations are conducted in line with the objectives, policies and procedures for CRM, as well as with the exposure limits approved by said committee. This committee meets at least once a month and works in accordance with the guidelines set out in the General dispositions applicable to credit institutions.

The Risk Committee is aided by the Comprehensive Risk Management Unit (CRMU) for identification, measurement, oversight and disclosure of risks as per the General Provisions Applicable to Credit Institutions in effect and applicable best practices.

Credit of risk-

Credit risk management considers: identification, quantification, establishing of limits, risk policies and risk monitoring, potential losses due to borrower or counterparty default in operations with financial instruments.

The Bank's loan portfolio at December 31, 2020 and 2019 is made up in 95.4% and 99.1%, respectively, of loans made to individuals for a specific purpose (consumer portfolio) 4.61% and 0.9% with related parties in Mexican pesos. The consumer portfolio is sufficiently diversified to represent no concentration risk and there is a scarce value of individual positions. In accordance with the criteria indicated in paragraph 70 of "CRE30.21 of the Basel framework", most of the Bank's portfolio can be classified as retail portfolio.

(Continued)

(Millions of pesos, except otherwise noted)

As of December 31, 2020 and 2019, the portfolio is comprised for 2.4 and 3.1 million loans, respectively, as well the average outstanding balance in this dates has remained at approximately $9,147 and $8,519 Mexican pesos, respectively at an average term of five months, in both years.

As of December 2020 and 2019, the maximum authorized amount for a consumer loan is $202,411 and $202,400 Mexican pesos respectively, as a result of which, the maximum financing limits established in the provisions for one individual or group of individuals representing a common risk were complied with no exceptions. In addition, no operations were conducted with customers considered an individual or group of individuals who, comprising one or more liability operations payable by the Bank, exceeded 100% of the basic capital.

Analyses of quality of the loan portfolio and credit risk rating thereof are conducted at least monthly. Loans are rated as per the methodology mentioned in note 3(e).

Rating-based distribution of the loan portfolio, that could be interpreted as the risk profile of the bank's loan portfolio, shows its greatest concentration in rating A-1, current loan portfolio.

For comparative and sensitivity purposes, the following table is presented below considering the modification of the Article 129 of the Provisions:

Consumer loans	**Distribution of the loan portfolio by rating (data in percentages to the total loan portfolio)**			
	2020		**2019**	
Rating	**Balance**	**Average**	**Balance**	**Average**
"A-1"	70.1	61.8	67.0	66.7
"A-2"	3.5	6.5	4.3	4.5
"B-1"	0.4	0.4	0.9	0.8
"B-2"	6.6	5.7	6.5	7.3
"B-3"	2.0	1.6	1.7	1.9
"C-1"	6.1	5.9	8.3	8.1
"C-2"	3.0	3.5	4.3	3.9
"D"	1.3	1.9	1.7	1.6
"E"	7.0	12.7	5.3	5.2
Total	**100**	**100**	**100.0**	**100.0**

(Continued)

(Millions of pesos)

Probability of default and loss given default weighted for exposure

		2020	2019	Variation (%)
Exposure	$	22,093	26,268	(4,176)
Probability of default (weighted exposure) (%)		9.9	5.2	1.4
Loss given default (weighted exposure) (%)		75.7	76.4	0.2

The measurement methodology used to calculate the unexpected losses from the portfolio credit risk is an approximate of such loss through a Gamma distribution with parameters associated to the regulator model plus a calibration factor.

The expected loss is calculated, multiplying the exposure of the operation by the probability of default by the borrower, using the aforementioned rating model for assigning of probability of default, mentioned above.

Commercial loan portfolio			**Credit risk**		
Concept		**Balance 2020**	**Average 2020**	**Balance 2019**	**Average 2019**
Commercial loan portfolio:					
Total exposure	$	1,060	789	250	250
Expected loss	$	-	-	-	-
Unexpected loss at 95%		-	-	-	-
Expected loss/total exposure		N/A*	N/A*	N/A*	N/A*
Unexpected loss/total exposure		N/A*	N/A*	N/A*	N/A*

* N/A = It is not applicable, because the values subject to division are zero.

At December 31, 2020 and 2019, the quantitative information for credit risk of the consumer loan portfolio is shown as follow:

			Credit risk		
Concept		**Balance 2020**	**Average 2020**	**Balance 2019**	**Average 2019**
Consumer loan portfolio:					
Total exposure	$	22,093	21,266	26,268	25,738
Expected loss	$	3,261	5,040	3,316	3,192
Unexpected loss at 95%		3,276	5,055	3,321	3,197
Expected loss/total exposure		14.76%	23.70%	12.6%	12.4%
Unexpected loss/total exposure		14.83%	23.77%	12.6%	12.4%

(Continued)

(Millions of pesos)

The expected loss pertaining to the loan portfolio under consideration as of December 31, 2020 represents 14.7% of the overall balance exposed to default. The Bank has set up loan loss reserves totaling $2,181, equivalent to 9.4% of the balance of the overall portfolio. The loan portfolio is rated in accordance with the rules for rating the loan portfolio issued by the SHCP and the methodology established by the Commission. The Bank sets up allowance for loan losses in addition to those created as a result of the portfolio rating process, in compliance with Title Two, Chapter I, Section Four of Article 39 of the General Provisions Applicable to Credit Institutions; As of December 31, 2020 and 2019 additional reserves had been constituted by instruction of the Commission for $1.5, in both years.

Expected and unexpected losses are calculated on a monthly basis under different scenarios (sensitivity analyses), including stress scenarios. The results of the analysis are presented to the areas involved in portfolio risk management, to the Chief Executive Officer's Office and to the Risk Committee.

At December 31, 2020, interest income from loan operations amounted to $14,215, representing 96.7% of the Bank's total interest income, compared to the same item at December 31, 2019, the variation in income, in percentage terms is 21.0%.

Income from loan operations		**2020**	**2019**	**Variation (%)**
Loan interest income	$	13,739	17,384	19.5%
Total interest income		14,215	17,669	21.0%
Income from loan operations (%)		96.7	98.4	-

With respect to credit risk management for operations with financial instruments or counterparty risk, the credit risk exposure in operations with financial instruments, and the expected and unexpected loss thereof, are calculated on a monthly basis. As of December 31, 2020, there is no position in financial instruments subject to counterparty risks corresponding to direct commercial banking operations or call money operations. Likewise, there is no expected loss due to counterparty risk. In comparison, as of December 31, 2019, the position in financial instruments subject to counterparty risk totals $700; 29% correspond to direct commercial banking (Certificates of Deposits in the money market) while 71% correspond to call money transactions. The expected loss pertaining to counterparty risk is 0.001% of the overall exposure.

The methodology for managing credit risk in financial operations consists of an economic capital type model which generates an allocation of capital that must be available to cover the losses.

Probability of default: This information is obtained from the following sources: 1) Standard & Poors, rating granted to financial institutions based on their rating scale known as CAVAL over the long term; 2) Moody's, as with S&P, according to the rating granted over the long-term; 3) Fitch, is the third source for learning the rating granted by this agency, 4) HR Ratings and VERUM (these authorized rating agencies, according to the Appendix 1-B of the General Provisions for Banks), and 5) in the event the Institution has no rating from any of the three agencies, an average rating is assigned according to its group. The above grouping refers to the group to which it pertains in the market (P8, AAA, P12, other). In the event of rating differences, the lowest rating is used.

(Continued)

Gentera, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The exposure to counterparty risk for purchase / sale of securities and interbank loans as of December 31, 2019, as well as the maximum exposure to such risk during this year, is as follows:

		Exposure to counterparty risk at December 31, 2019		
		Amount at year-end	**Maximum exposure**	**Concentration at year-end (%)**
Total position	$	700.76	0.2	100%
Purchase/sale of securities				
Rating AAA		-	-	-
Rating AA		-	-	-
Rating A		-	-	-
Investment securities, trading and call money	$	**700.76**	**0.2**	**100%**

* The authorized counterparty risk limit is 8% of the product related to the ASRC of the Bank's latest known net capital. The ASRC product x ICAP of the period was $718.

Due to the nature of its business, it is the Bank's policy not to conduct brokerage operations or to act as issuer of derivative products.

Market risk-

Market risk management considers, at least, identification, quantification and establishing of limits and monitoring of risks arising from changes in the risk factors affecting the valuation or expected results of asset or liability operations or those giving rise to contingent liabilities.

The portfolio of financial instruments subject to market risk in the Institution is comprised solely of certificates of deposit transactions in the money market and call money in 2019. As a result, within the main risk factors that could affect the value of the investment portfolio are interest rates, spreads and the price of other financial instruments, mainly. It is important to note that the treasury operation of the Bank is limited to the investment of cash surpluses from credit operation.

The process for risk measurement of risk assumed by the Institution to manage this type of risk is the Value at Risk (VaR), which is calculated on a daily basis. VaR is an estimation of the potential loss in value of a determined period of time given the level of confidence. The method used by the Bank is the historical simulation method.

(Continued)

(Millions of pesos)

Parameters used in calculating the VaR.

- Method: Historical simulation
- Confidence level: 99%
- Investment horizon: one day
- Number of observations: 252 days
- Weighting of scenarios: Equally probable

The market risk quantitative information as of December 31, 2020, is shown as follows:

	Value at Risk, 1 day (VaR) on December 31, 2020			
Portfolio	**Market value**	**VaR at 99%**	**% Position**	**Use of limit (%)[1]**
Total position	$ 8,087.01	4.64	0.06	116
Money[2]	-	-	-	-
Purchase of securities	-	-	-	-
Call Money	-	-	-	-
Derivatives[3]	-	-	-	-
Foreign currencies	156.90	4.63	2.95	115
Equity	-	-	-	-

1. At December 31, 2020 the authorized risk limit is calculated based on the maximum exposure, with an exposure of $8,087.01 corresponds a limit of $4.

2. The positions subject to market risk referred to are certificates of deposits in the money market, call money and foreign currencies.

3. There are no derivative transactions for trading or hedging purposes.

Following is the quantitative information for market risk as of December 31, 2019.

	Value at Risk, 1 day (VaR) on December 31, 2019			
Portfolio	**Market value**	**VaR at 99%**	**% Position**	**Use of limit (%)[1]**
Total position	$ 888.02	2.09	0.18	41.71
Money[2]	200.76	0.004	0.002	0.008
Purchase of securities	-	-	-	-
Call Money	499.99	0.005	0.001	0.096
Derivatives[3]	-	-	-	-
Foreign currencies	187.27	2.09	1.12	41.78
Equity	-	-	-	-

(Millions of pesos)

1. At December 31, 2019 the authorized risk limit is calculated based on the maximum exposure, with an exposure of $888.02 corresponds a limit of $5.

2. The positions subject to market risk referred to are certificates of deposits in the money market, call money and foreign currencies.

3. There are no derivative transactions for trading or hedging purposes.

The market VaR is calculated on a daily basis including the main positions, asset and liability, subject to market risk of the balance sheet; which is also used to manage risk by interest rate. The average daily VaR during 2020 was $3.6, which corresponds to 92% of the limit calculated for the exposure as of December 31, 2020. The average daily VaR during 2019 was $2.1, corresponding to 42% of the last product of ASRM x ICAP known as of December 31, 2019.

As part of the market-risk management process, backtesting, sensitivity and stress scenario tests are conducted.

Backtesting is conducted monthly to compare the losses and gains that would have been observed had the same positions been maintained, considering only the change in value due to market movements, against the calculation of the VaR. This allows for evaluating the accuracy of the prediction. To date, testing has been highly effective by more than 98.81%.

The sensitivity analyses conducted periodically normally considers movements of ±100 base points in rates or risk factors. Whereas to generate stress scenarios, movements of ±150 base points are considered in rates or risk factors.

As of December 31, 2020 and 2019, sensitivity and stress tests are as follows:

		Sensitivity analysis as of December 31, 2020			
		Market value	**VaR at 99%**	**Sensitivity +100 bp**	**Stress +150bp**
Total position	$	8,087.01	4.64	7.88	11.82
Money:		-	-	-	-
Purchase of securities:		-	-	-	-
Call Money		-	-	-	-
Direct		-	-	-	-
Foreign currencies		156.90	4.63	7.88	11.82

(Millions of pesos)

		Sensitivity analysis as of December 31, 2019			
		Market value	**VaR at 99%**	**Sensitivity +100 bp**	**Stress +150bp**
Total position	$	888.02	2.09	9.86	14.73
Money:					
Purchase of securities:					
Call Money		499.99	0.005	0.03	0.04
Direct		200.76	0.04	0.043	0.12
Foreign currencies		187.27	2.09	9.93	14.89

Revenues from treasury operations at the end of 2020 were $477, representing 3.4% of the total interest income of the Institution; the variation with 2019 it was 67.2%.

		Income from treasury operations		
		2020	**2019**	**Variation (%)**
Income from treasury operations	$	476	285	67.2%
Total interest income		14,215	17,669	19.5%
Income from treasury operations (%)		3.3%	1.6%	

Interest rate risk-

Interest rate risk is defined as the impact that variations in interest rates may generate on the balance sheet products, which may affect the results and the current value of the Bank's positions.

Interest rate risk management is based on the generation of interest gaps with contractual and stress scenarios to measure the possible impact of a movement in interest rates. The CRMU carries out, through its own reports, the correct elaboration and consolidation of information for the analysis of results in the corresponding committees.

To monitor the interest rate risk, the following scenario is considered:

An increase in the reference interest rate of 1,000 basis points (bp) is assumed and applied to the total flow of liabilities, which will generate an additional cash flow for interest payments. As of December 31, 2020 this increase means an over run of $5,097.

Derived from the structure of the Bank's balance sheet, it was determined not to consider the deposits without maturity for their analysis of the interest rate. Additionally, as of December 31, 2020, the Bank has not outstanding loans that, due to their nature, need to simulate their early repayments.

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The Assets and Liabilities Committee (ALCO) conducts follow-up sessions that analyze market expectations, their possible impact on the Bank's interest rate and capital risk, as well as the efficiency of risk hedges within the operations of the balance sheet.

Liquidity risk-

Liquidity risk management includes, at least, identification, measurement and establishment of limits and follow up on risks or potential losses arising from the impossibility or difficulty of renewing liabilities or of contracting others under normal Bank conditions due to early or forced sale of assets at unusual discounts to settle its obligations, or to the fact that a position cannot be promptly sold, acquired or hedged by means of establishing an equivalent contrary position.

The Bank's business model is based on its reputation as a solid institution that always responds to its customers' credit needs. Therefore, liquidity risk management is an essential element for timely prevention of the differences arising from the possible "gap" between its main positions in terms of liquidity risk: expected cash flows (payments on current loans) and projected outflows (current expenses, placement of new loans).

The measurement methodology used in liquidity risk management is:

- Liquidity gap analyses consider the Bank's main assets and liabilities, whether recorded on or off the balance sheet, establishing maturity bands according to the characteristics of the products offered. A limit is established for each bucket.

- Liquidity Value at Risk (liquidity VaR) for measurement of the market's liquidity risk determines the possible inability to liquidate positions in one day and is calculated in the same way as the market VaR with a 10-day horizon.

As of December 31, 2020, the quantitative information for the analysis of liquidity gaps is as shown in the following page.

(Continued)

(Millions of pesos)

Analysis of liquidity gaps (accumulated)[1] 2020			
Bucket	**Gap**	**Limit***	**Use of limit (%)**
0-1 days	$ 9,122	0.72	0%
2-7 days	9,149	0.72	0%
8-15 days	9,294	0.73	0%
16-23 days	9,445	0.74	0%
24-30 days	9,521	0.75	0%
31-60 days	12,717	1.00	0%
61-90 days	15,190	1.19	0%
91-180 days	21,663	1.70	0%
181-360 days	13,220	1.04	0%
361-720 days	6,541	0.51	0%
721-1,080 days	318	0.02	0%
1,081-1,440 days	(6,718)	(0.53)	(53)%
1,441-1,800 days	(11,154)	(0.88)	(88)%
> 1,800 days	(11,154)	(0.88)	(88)%

Analysis of liquidity gaps as of December 31, 2020			
Bucket	**Gap**	**Limit***	**Use of limit (%)**
0-1 days	$ 9,122	0.72	0%
2-7 days	27	0.00	0%
8-15 days	145	0.01	0%
16-23 days	151	0.01	0%
24-30 days	76	0.01	0%
31-60 days	3,196	0.25	0%
61-90 days	2,473	0.19	0%
91-180 days	6,473	0.51	0%
181-360 days	(8,443)	(0.66)	(66)%
361-720 days	(6,679)	(0.53)	(53)%
721-1,080 days	(6,223)	(0.49)	(49)%
1,081-1,440 days	(7,035)	(0.55)	(55)%
1,441-1,800 days	(4,436)	(0.35)	(35)%
> 1,800 days	-	-	-

1 The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists.

* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

The liquid assets plus available lines of the bank as of December 31, 2020, were $12,721.

(Continued)

(Millions of pesos)

As of December 31, 2019, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated)[1] 2019

Bucket		Gap	Limit*	Use of Limit (%)
0-1 days	$	2,215	20%	0%
2-7 days		2,291	21%	0%
8-15 days		2,641	24%	0%
16-23 days		3,161	28%	0%
24-30 days		3,840	34%	0%
31-60 days		4,730	42%	0%
61-90 days		10,608	95%	0%
91-180 days		14,001	125%	0%
181-360 days		5,364	48%	0%
361-720 days		1,334	12%	0%
721-1,080 days		(3,706)	(33)%	(33)%
1,081-1,440 days		(7,494)	(67)%	(67)%
1,441-1,800 days		(10,784)	(97)%	(97)%
> 1,800 days		(10,784)	(97)%	(97)%

Analysis of liquidity gaps December 31, 2019

Bucket		Gap	Limit*	Use of Limit (%)
0-1 days	$	2,215	0.20	0%
2-7 days		76	0.01	0%
8-15 days		351	0.03	0%
16-23 days		520	0.05	0%
24-30 days		679	0.06	0%
31-60 days		889	0.08	0%
61-90 days		5,878	0.53	0%
91-180 days		3,394	0.30	0%
181-360 days		(8,637)	(0.77)	(77)%
361-720 days		(4,030)	(0.36)	(36)%
721-1,080 days		(5,040)	(0.45)	(45)%
1,081-1,440 days		(3,788)	(0.34)	(34)%
1,441-1,800 days		(3,290)	(0.29)	(29)%
> 1,800 days	$	-	-	-

1 The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists.

* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

(Continued)

(Millions of pesos)

The liquid assets plus available lines of the bank as of December 31, 2019, were $11,158.

Differences in flows (gaps) show excesses (greater asset flows than liability flows) in the first buckets, which is natural for the type of operations handled by the Bank, as 90% of the assets considered correspond to cash flows arising from recovery of loans with an average term of four months and investments at terms below 180 days, while liability flows correspond to financing contracted at the short and medium term maturity date, giving rise to a positive accumulated gap over 360 days, at the end of 2020, of $13,220. The overall accumulated gap is positive.

At December 31, 2020 the quantitative information for liquidity risk of the Bank, is as follows:

		VaR Liquidity, 10 days 2020	
	Value	**Position**	**Use of limit (%)***
VaR Liquidity at 99%	$ 14.7	0.2%	116%
Money:	-	-	-
Purchase of securities	-	-	-
Call Money	-	-	-
Foreign currencies	14.6	0.18%	115.7%
Direct	-	-	-

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2020 with an exposure of $8.087.01 corresponds to a limit of $12.6.

The net capital of the Bank as of December 31, 2020 is $9,298.

At December 31, 2019 the quantitative information for liquidity risk of the Bank, is as follows:

		VaR Liquidity, 10 days 2019	
	Value	**Position**	**Use of limit (%)***
VaR Liquidity at 99%	$ 6.6	0.6%	41.7%
Money:			
Purchase of securities			
Call Money	0.02	0.001%	0.1%
Foreign currencies	6.6	0.557%	41.8%
Direct	0.001	0.0001%	0.01%

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2019 with an exposure of $888.02 corresponds to a limit of $15.8.

(Continued)

The net capital of the Institution as of December 31, 2019 is $10,886.

The average liquidity VaR of 2020 was $15.3, equivalent to 116.6% of the average limit calculated at December 31, 2020 ($13.1). Sensitivity and stress tests are also conducted for liquidity risk management. The average liquidity VaR for 2019 was $6.7, equivalent to 42.4% of average limit calculated as of December 31, 2019 ($15.8).

Diversification of the Institution's sources of financing are assessed periodically, assuming the related risk limits established in Chapter III of the General Provisions Applicable to Credit Institutions on Risk Diversification for conducting Asset and Liability Operations. The diversification is evaluated through the aforementioned liquidity indicators, mentioned above.

Additionally, in complying with the General Provisions Applicable to Credit Institutions, there is a Liquidity Contingency Plan in place, the purpose of which is to ensure that the Institution will be able to face its daily obligations under any circumstances, including a liquidity crisis; said Plan has been included in the policies and procedures manual for CRMU.

Operation risk (including legal and technological risk)-

Operational risk can be defined and is understanding in the bank as the potential loss due to defects or deficiencies in internal controls resulting from errors in processing and storing operations or in the transmission of information, as well as to adverse administrative and legal rulings, fraud or theft, and it includes legal and technological risks.

In the Bank's methodology, management and control of operational risks include the following matters, among others:

The processes that describe each area's of the bank duties are identified and documented. The Institution has areas engaged in developing and documenting methods, procedures and processes under the Internal Control Director's Office.

Inherent operational risks and the controls pertaining to the processes that describe the Institution's substantial processes under "Risk and Control Matrixes" are identified and documented. Additionally, the internal audit area has implemented its audit model based on risks.

Consequences for the business arising from materialization of identified risks are assessed and reported to the heads of the areas involved, to the Chief Executive Officer and the Risk Committee. Each area must be aware of and participate in the control and management of own risks.

A historical database is maintained through systematic recording of the different loss events and their effects on the accounting records. Those events are duly identified through classification per business unit within the Institution, and are recorded in the Operational risk system.

(Continued)

Loss events identified by both the Risk area and the other Institution's areas are recorded, which are responsible for reporting any operating risk event that could arise or that has represented a loss for the Institution, the mentioned above environment of a culture of risk.

The operational risk loss events, including technological and legal, are recorded systematically, associating them with the corresponding business lines or units as well as the type of risk (1. Internal Fraud, 2. Outside Fraud, 3. Labor Relations and occupational safety, 4. Clients, products and business practices, 5. External events, 6. Incidents in the business and flaws in the system, as well as 7. Execution, delivery and process management). The Bank considers fraud and damage to assets its main exposures.

A global tolerance level has been established for operational risk, taking into account the causes, origins or risk factors.

There is a Business Continuity Plan (BCM) that includes a Disaster Recovery Plan (DRP) aimed at technology risks and a Business Contingency Plan (BCP). The update of such plans is the responsibility of the leaders named for such purpose.

At the end of December 2020 and 2019, the Tolerance Level, which by the way it is defined can be understood as the Institution Exposure to Operational Risk, is 0.30% of annual income, estimated monthly, equivalent to $52.0 for 2020 and $53.8 for 2019. The materialized loss events, associated to operational risk, added up to 0.25% in 2020 and 0.23% in 2019 as a percentage of annual income.

Technological risk-

One important aspect of operational risk management is that pertaining to technological risk, which involves potential loss due to damage or failure from use or reliance on hardware, software, systems, applications, networks and any other means of conveying information in the Institution's supply of services to its customers.

The Bank has different internal controls that have the objective of minimizing the negative impacts due to the materialization of technology risks, internal controls such as:

i. Government structuring aimed at maintaining an adequate control of technological risks, ensuring an agile response capacity.

ii. Have the Operation Continuity Plan, through criteria such as criticality of applications and technological risk.

iii. Risk assessment, determination of treatment actions and evaluation of technological controls.

iv. Database backup and restoration procedures to ensure the availability and integrity of the historical archive of operations in case of contingency.

(Continued)

v. Automated processes for carrying out daily reconciliations, in addition to generation of control figures to ensure the integrity of transactions between systems.

Legal risk-

The Bank's legal risk management, defined as the potential loss due to non-compliance with the applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of sanctions, in relation to the Operations that the Institution carries out, has implemented policies and procedures to mitigate this risk that consider, among other things:

i. The review and approval of all agreements by the Legal Director's Office to ensure proper instrumentation of agreements and contracts.

ii. Procedures for filing and safeguarding agreements and other legal information.

iii. Detailed management of powers granted to the Board of Directors, so as to avoid misuse.

iv. Procedures to ensure adequate action in response to litigation, defend efficiently and effectively, be able to take action to protect and preserve the rights of the Institution.

v. Preparation of reports on the likelihood of issuance of adverse legal or administrative rulings. The reports are prepared at least on a quarterly basis.

vi. Procedures established to ensure that the Legal department safeguards the correct use of the Institution's trademarks, local trademarks, commercial notices and copyrights.

(25) Recently issued financial reporting and regulatory standars-

Changes in the provisions of the Commission

On December 4, 2020, the amendment to the Transitory Fourth Article of the Resolution that modifies the General Provisions Applicable to Credit Institutions was published in the Official Gazette (DOF for its acronym in Spanish), such amendment modified the previously published on November 4, 2019, November 15, 2018 and December 27, 2017, remaining as follows: Financial Reporting Standards B-17 "Determination of fair value", C-3 "Accounts receivable", C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Financial instruments to collect principal and interest", D-1 "Revenue from contracts with clients", D-2 "Costs for contracts with clients" and D-5 "Leases", issued by the Mexican Board of Financial Information Standards (Consejo Mexicano de Normas de Información Financiera, A. C. - CINIF) and referred to in paragraph 3 of accounting criteria A-2 "Application of particular rules", will become effective on January 1, 2022.

Management is the process of quantifying the effects for the adoption of accounting criteria that will become effective on January 1st, 2022.

(Continued)

MFRS and improvements MFRS

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the MFRS and Improvements listed below:

MFRS C-15 "Impairment of long-lived assets"-. This MFRS becomes effective for periods beginning January 1, 2022, and early application is allowed. It supersedes Bulletin C-15 "Impairment or disposal of long-lived assets". The initial-adoption accounting changes must be recognized based on the prospective method. The main changes presented are:

— adds new examples of evidence to assess whether there is impairment and classifies it into internal or external sources of information and those applicable to investments in subsidiaries, associates or joint ventures.

— changes the requirement to use a net sales price for the fair value, less costs of disposal to carry out impairment tests;

— establishes the option of using estimates of future cash flows and a discount rate, in actual terms;

— incorporates standards for the treatment of future cash flows in foreign currency in determining the recoverable amount;

— modifies MFRS C-8, Intangible Assets, to indicate that goodwill must be allocated at a level of a cash-generating unit (CGU) that is expected to benefit from the synergy of the business acquisition;

— incorporates the recognition of goodwill impairment in two steps: i. first, by comparing the carrying amount of the CGU including goodwill with the recoverable amount, and if the latter is less, an impairment loss is generated; and ii. second, by having this loss affect goodwill first and foremost, even leaving it at zero, and later, if there is an excess loss to be allocated, distribute it pro rata among the other long-lived assets that are part of the CGU;

— eliminates the calculation of impairment through the perpetual value of intangible assets with indefinite useful lives, by modifying the impairment test.

— establishes the determination of impairment of corporate assets as follows: i. first, they are allocated to the CGU to which they belong fairly and consistently, ii. second, the carrying amount of the CGU, including corporate assets, is compared to the recoverable amount and if the latter is less, an impairment loss is generated, which is distributed pro rata among all long-lived assets that are part of the CGU, including corporate assets.

— modifies the disclosures in accordance with the changes described above.

Management is the process of quantifying the effects for the adoption of accounting criteria that will become effective on January 1st, 2022.

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2021 MFRS Revisions

In December 2020, CINIF issued a document called "2021 MFRS Revisions" containing precise modifications to some of the existing MFRS. Management estimates that the adoption of these improvements to MFRS will not generate significant effects.

During 2020, by means of official letters P417/2020, P477/2020 and P481/2020 and due to the negative impact that the COVID19 pandemic has generated in several activities of the economy, the Commission optionally issued additional temporary regulatory facilities in accounting matters, which to date have not been applied by the Bank.

Signature

Enrique Majós Ramírez
Chief Executive Officer

Signature

Mario Ignacio Langarica Ávila
Chief Financial Officer

Signature

Marco Antonio Guadarrama Villalobos
Controller

Signature

Oscar Luis Ibarra Burgos
General Internal Auditor